
new Which / Bank

Progress Update

David Murray

Chief Executive Officer

11 February 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, 11 February 2004. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.



Speaker's Notes

- 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."

Growth through service transformation

- Strong business mix
- Extensive distribution footprint
- Large customer base
- Leading brand



- Service transformation

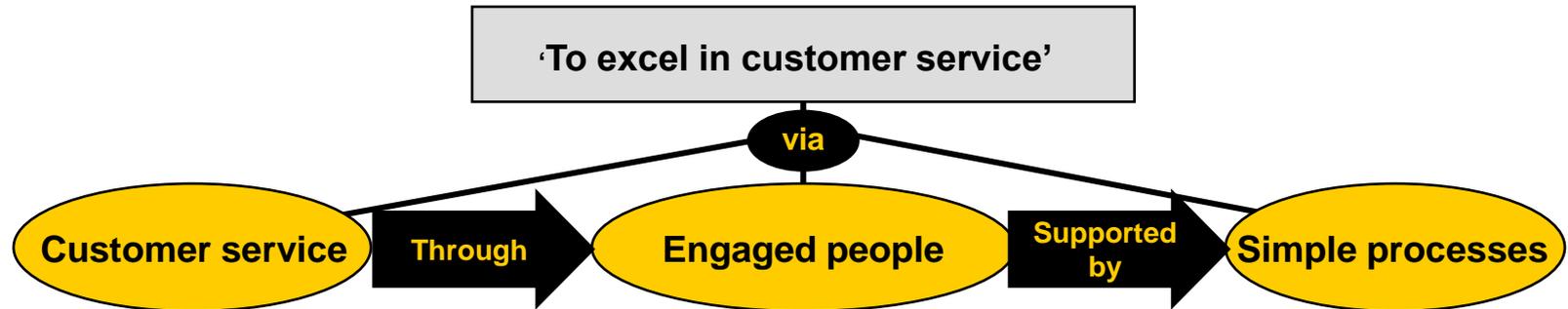


- Competitive superiority

- Superior EPS growth



Service transformation



- Service/Sales (4)
Effectiveness

- Performance Culture (1)

- Support (1)

- IT Enablers (2)

- Process/product (3)

- Distribution Efficiency (3)

- IT Efficiency (2)

- Product (2)

- Purchasing (2)

() = Number of workstreams



Which new Bank milestones

	June 04	June 05	June 06
Customer	<ul style="list-style-type: none"> Centre for Adviser Development - launch Service & Sales management - 13,000 staff Branch sales effectiveness - 3,000 staff CommSee - Launch in Tasmania Branches - refurbish 125 Business banking redesign - complete Queue management - implement new approach Enhanced FirstChoice - launch 	<ul style="list-style-type: none"> Service models - align Advice Model - implement Service & Sales management - 30,000 staff 'One Team' referral process - implement CommSee - continue implementation Branches - refurbish 250 (total) 	<ul style="list-style-type: none"> CommSee - complete implementation Branches - refurbish 375 (total)
People	<ul style="list-style-type: none"> Performance culture program - design and commence 	<ul style="list-style-type: none"> Performance management and people development systems - implement CBA leadership and management learning curriculum - implement 	
Process	<ul style="list-style-type: none"> Home Loan End to End - new platform and branch service model World Class Processing principles - implement in retail operations Support functions - redesign and commence implementation of 10 Wealth management systems - 17 to 11 IT efficiency & purchasing - commence 	<ul style="list-style-type: none"> End to End home loans - complete World Class Processing principles - implement in 5 additional sites Support functions - redesign and commence implementation of 3 Wealth management systems - 11 to 7 Asset finance systems - 5 to 1 	<ul style="list-style-type: none"> Support functions - complete implementation Wealth management systems - 7 to 5



Progress report on activities

Complete by	31 Dec 03		30 Jun 04		30 Jun 05		30 Jun 06	
	To do	Done						
Customer Service								
• S/S Effectiveness	9	9	15	2	11		2	
• IT Enablers	3	3	11		9		8	
• Distribution Efficiency	2	2	6	2	2		1	
• Product	2	2	5		2			
Engaged People								
• Performance Culture	1	1	5		1			
Simple Processes								
• Support	3	3	4		3		2	
• Process/Product	4	4	8		7		1	
• IT Efficiency			4		3		3	
• Purchasing					1		1	
	24	24	58	4	39		18	



Progress highlights

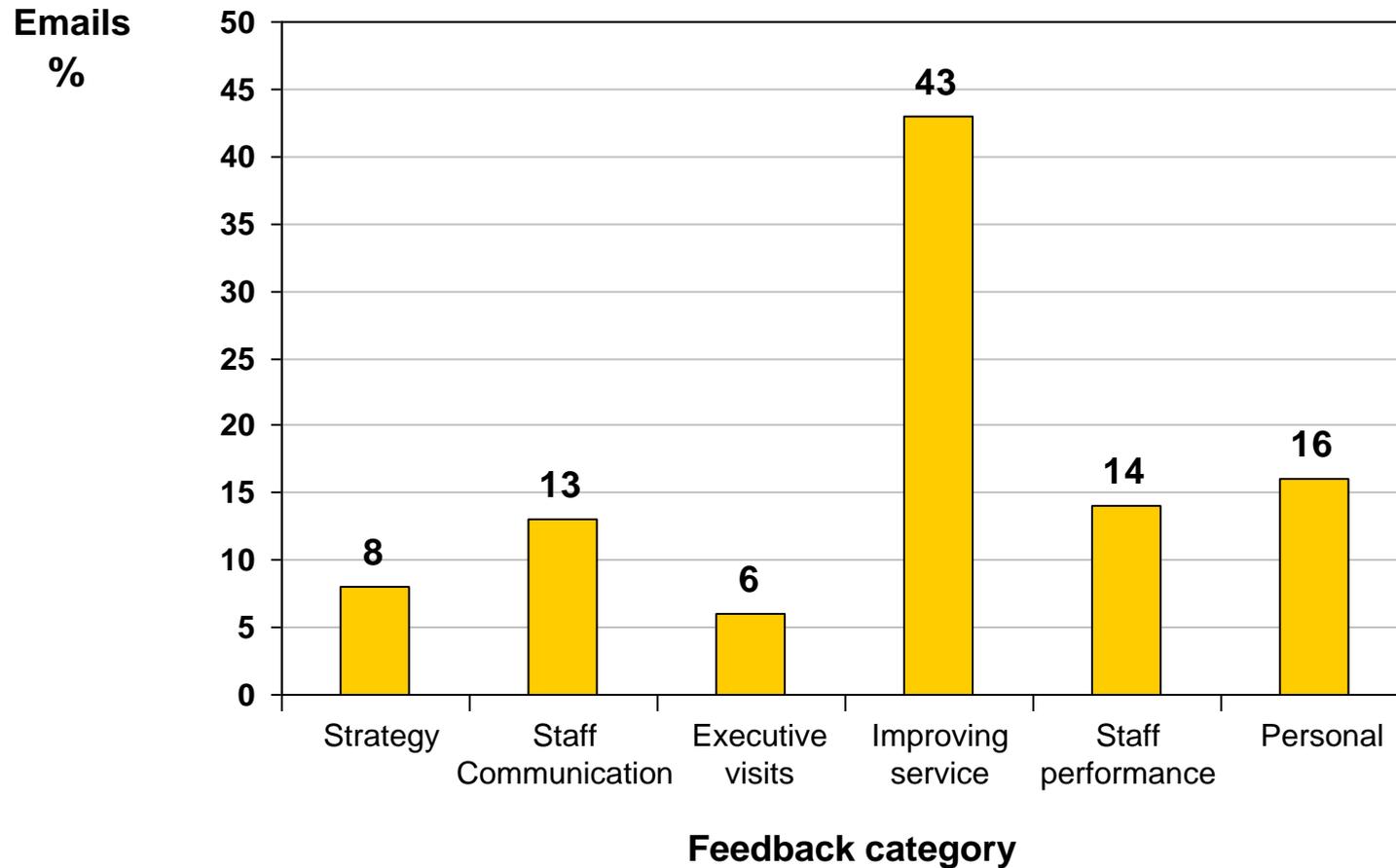
- Performance culture
- Service and sales management
- 'CommSee' in Tasmania
- Home Loan End to End
- Branch refurbishment



Performance culture

- Cultural diagnostic completed
- Program implementation next half
- Leading from the front
- Staff involvement

Staff feedback to CEO



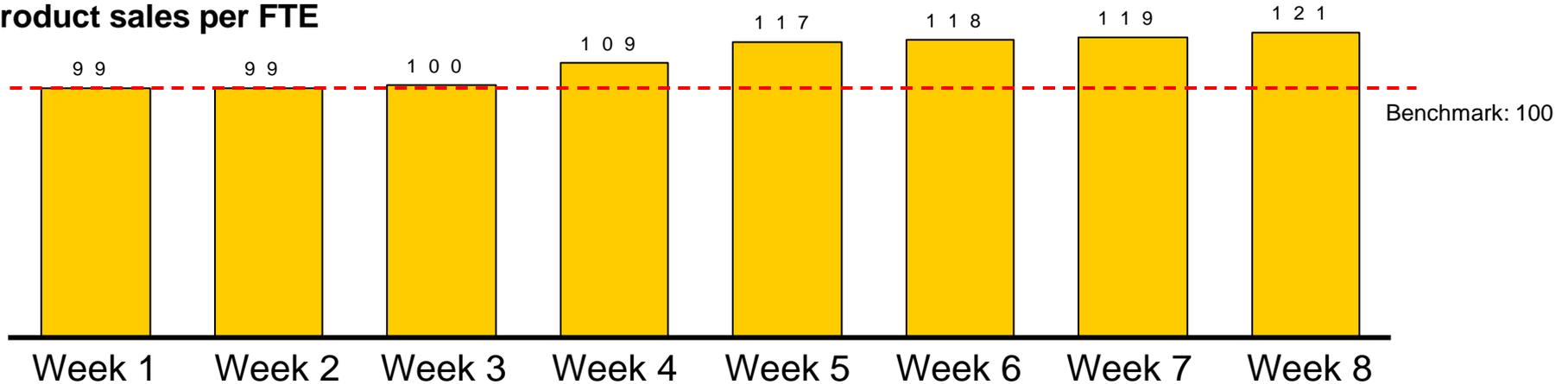
Service and Sales management

- Transforming the way we serve customers
- Realising full potential of customer serving staff
- Improving service & sales skills and effectiveness
- Applicable to everyone

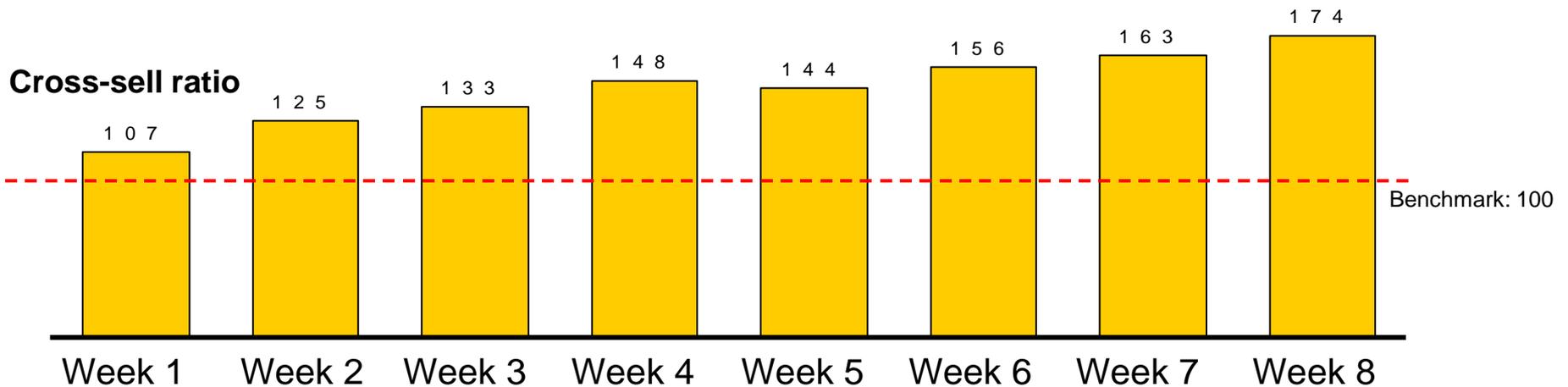


Service and Sales - early results

Product sales per FTE



Cross-sell ratio



CommSee - Service Excellence Everyday

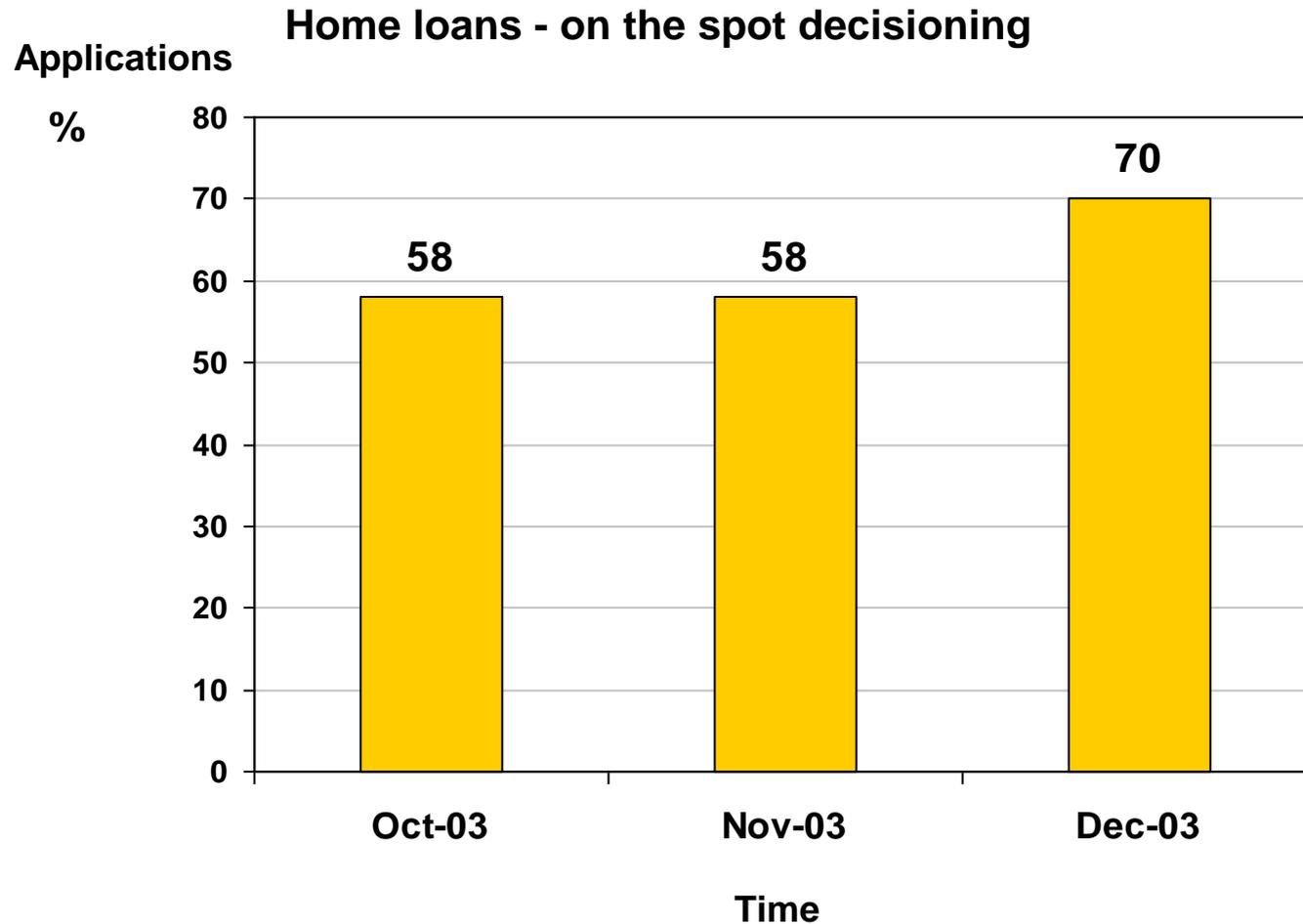
- Bank-wide customer management system
- Provides single view of customer
- Starting in Tasmania
- Improving service for 250,000 customers



Home Loan End to End

- Single home loan origination system
- Processing, turnaround and service improvements
- Efficiency gains

Conditional home loan approvals on the spot



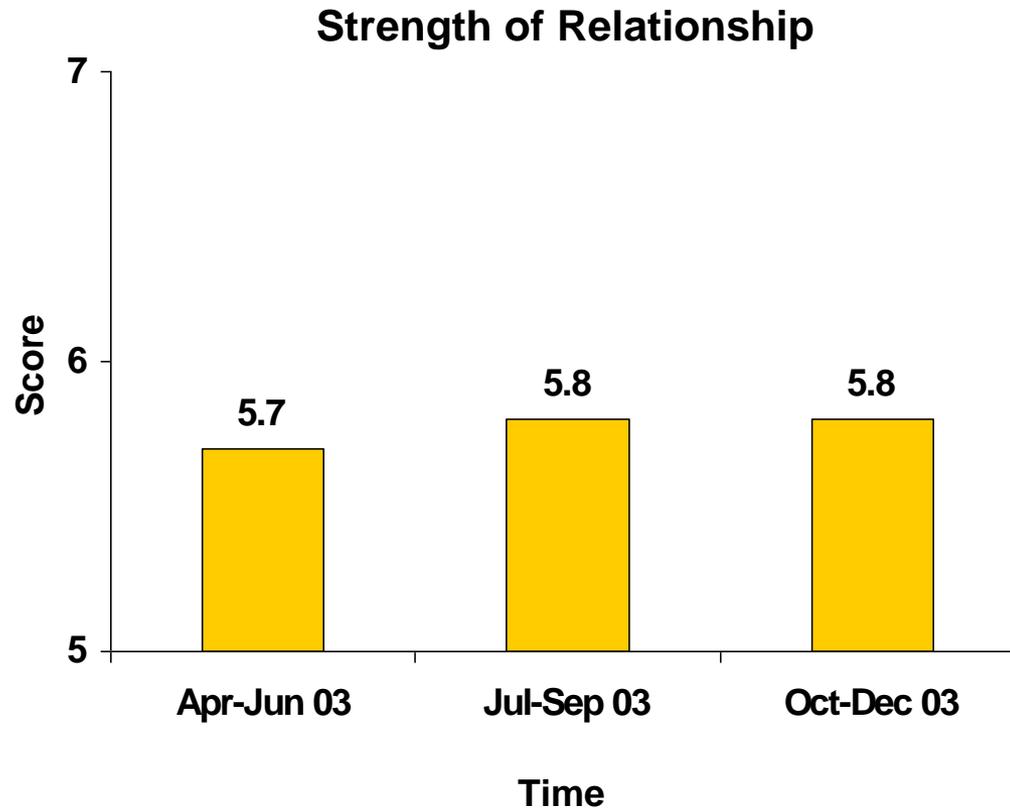
Branch refurbishment



- A better experience for our customers



Customer service tracking



Strong market share position

	Dec 2003	June 2003
Retail and Business Deposits ¹	24.1%	24.2%
Credit Cards	22.7% ⁴	22.8%
Transaction Services ²	23.1% ⁵	22.7%
Home Loans	19.3% ⁶	19.5% ⁷
Business Lending	14.2%	14.0%
New Zealand Lending	21.6%	20.6%
New Zealand Deposits ¹	17.2%	16.4%
Asset Finance ³	15.5%	15.1%
Managed Investments ⁸	14.7% ⁶	14.9%
New Zealand Managed Investments	14.7%	14.5%

Notes:

(1) - Note sale of Commonwealth Custodial Services during period

(2) - Mid-Corporates (turnover \$20m-100m)

(3) - Excludes consumer and commercial finance

(4) - November Data

(5) - August Data

(6) - September Data

(7) - March Data

(8) - Retail only

Source: RBA, APRA, East and Partners, AELA, Reserve Bank of NZ

Strong business momentum

Business Growth		Better than expected Market share pick-up in business banking
Margins		Consistent with assumptions
Productivity		Within 4-6% target range
Earnings growth		Exceeding assumptions
Dividend growth		Exceeding assumptions



Which new Bank summary

- Early days, but confident we are on right track
- Evidence of earnings and productivity impact emerging
- Bank's leadership is fully committed to successful implementation
- Early adoption of cultural change by staff
- Next progress update mid-year



Outlook - Economy

■ Global

- Continued strong growth short term
- Medium-term structural issues remain

■ Domestic

- Influence factors to remain positive on balance for 1H04
- Subsequent period open to number of potential influences
- Credit growth expected to slow down due to home loan contraction



Outlook - Bank

■ Earnings

- Economic momentum to support solid growth for full year
- Growth in cash EPS exceeding 10% CAGR over three years till 30 June 2006

■ Productivity

- Productivity improvement of 4-6% CAGR over a three years till 30 June 2006

■ Dividend

- Which new Bank initiative expenses added back to determine 2004 DPS
- Pattern of dividend increase continues uninterrupted



Summary

- Good result: underlying profit growth of 17%
- Another record dividend
- Productivity improvements in all businesses
- Capital strengthening, buy-back, share purchase plan in place
- Which new Bank underway and meeting expectations
- Full year outlook positive
- Confidence in longer term growth objectives



new Which / Bank

Progress Update

David Murray

Chief Executive Officer

11 February 2004