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# Half Year Results

## Presentation to Media

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Chief Executive Officer

11 February 2004

# Disclaimer

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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.

# Agenda

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- Half Year Results
- Which new Bank
- Outlook

# A good result in line with 2003 outlook

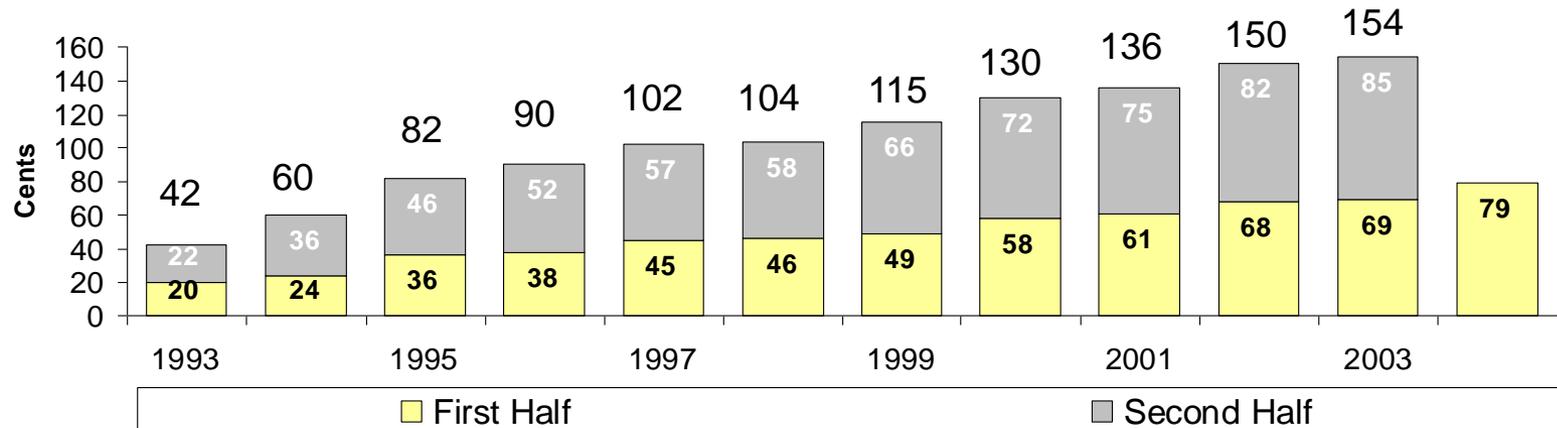
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	31/12/03 \$m	31/12/02 \$m	change
■ Statutory NPAT	1,243	622	100%
■ Cash NPAT	1,240	1,208	3%
■ Underlying cash NPAT	1,487	1,274	17%

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# Highest interim dividend increase in nine years continues record series...

	31/12/03	31/12/02	change
■ Dividends per share	79c	69c	14%
■ Payout ratio	82.9%	72.7%	14%



# Segment breakdown: Across-the-board progress

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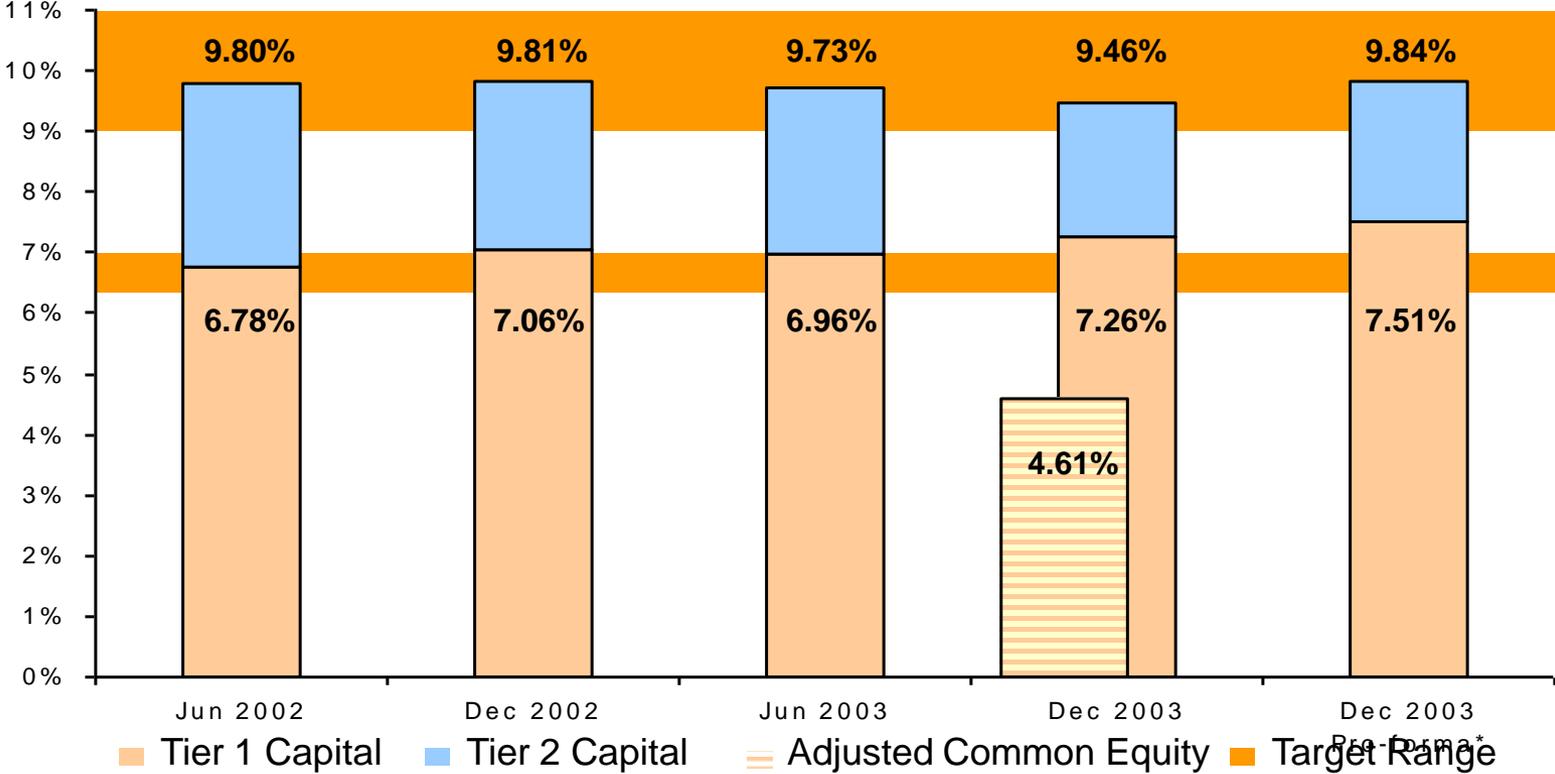
## Underlying Net Profit After Tax

	31 Dec 03 \$m	30 Jun 03 \$m	31 Dec 02 \$m	Change YoY%
Banking	1294	1240	1136	14%
Funds Management	126	108	125	1%
Insurance	67	52	13	large

- Banking: strong result driven by continued home lending growth and pick up in growth in business market
- Funds Management: rebound from June 2003 back to December 2002 levels
- Insurance: improved underlying performance in Asia and Australia



# Capital ratios remain strong



\* Pro-forma figures represent actual December 2003 capital ratios adjusted for \$750m PERLS II, an issue and redemption of subordinated debt (net \$200m increase), a \$500m share buy-back, and a \$150m Share Purchase Plan.

# Off-market share buy-back

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## Structure

- Offer to buy back approximately \$450 to \$550 million (up to 1.7%) of issued capital
- All shareholders eligible to participate via tender
- Shareholders can tender any number of their shares within the range \$26.00 to \$31.25
- The buy back price will comprise:
  - Cash capital component of \$11.00
  - Fully franked dividend being difference between buy-back price and \$11.00
- New ATO approach to “market value” may increase the deemed capital component for tax purposes only

## Benefits

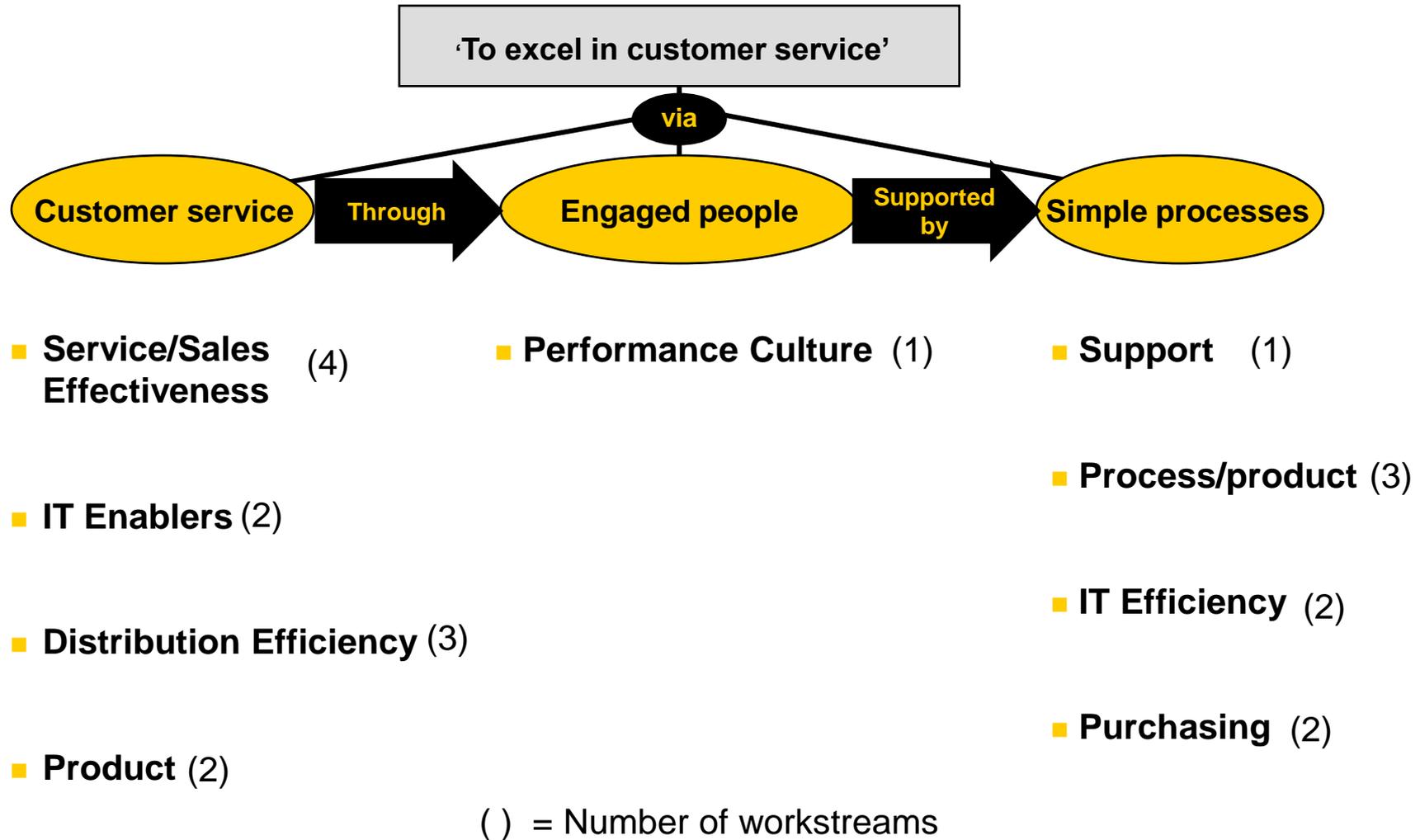
- Expected to enhance earnings per share and increase return on equity
- Efficiently distribute surplus capital and franking credits to shareholders
- Retain capital flexibility



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*new*  
**Which / Bank**

# Service transformation



# Progress report on activities

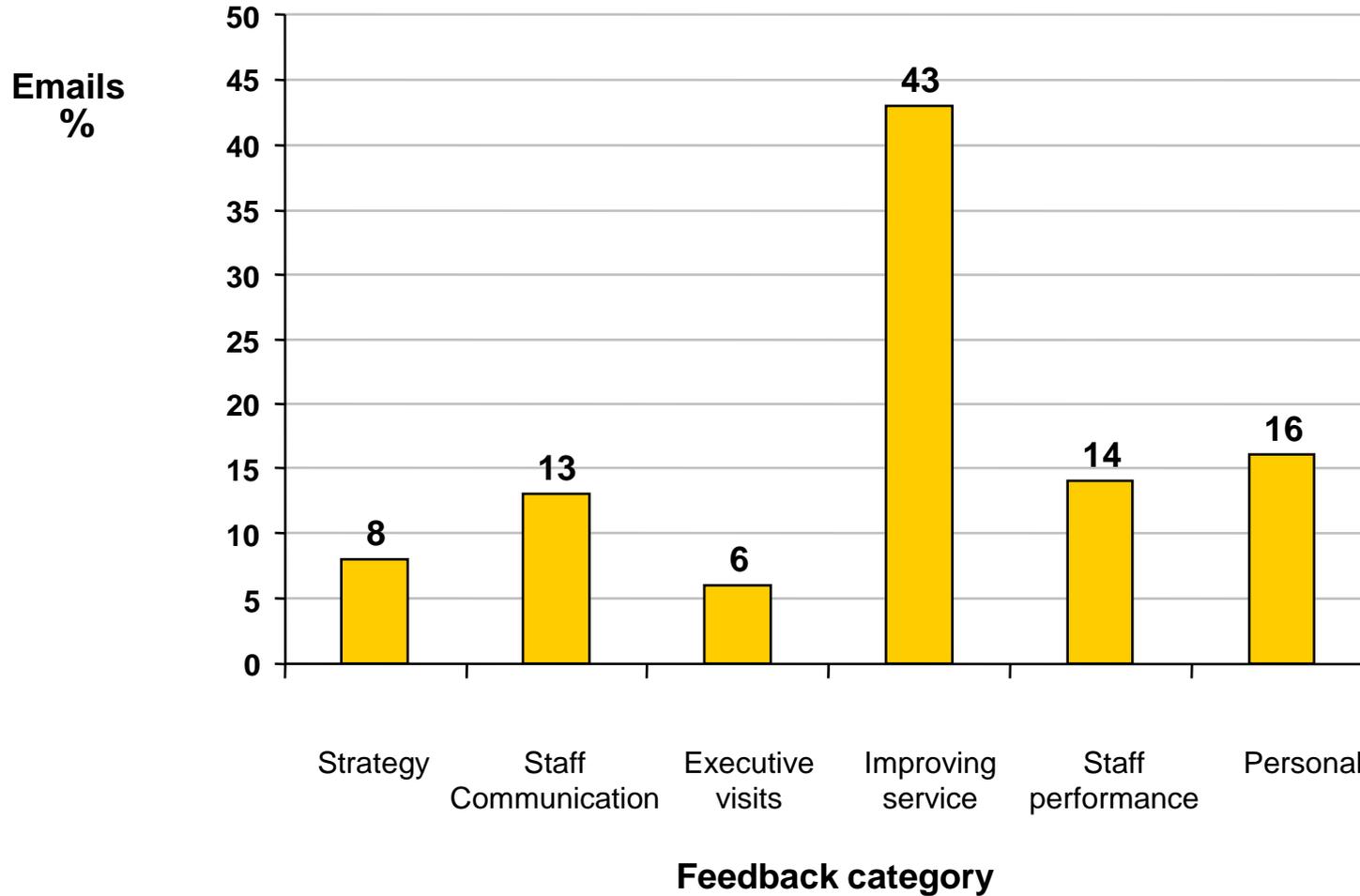
Complete by	31 Dec 03		30 Jun 04		30 Jun 05		30 Jun 06	
	To do	Done						
<b>Customer Service</b>								
• S/S Effectiveness	9	9	15	2	11		2	
• IT Enablers	3	3	11		9		8	
• Distribution Efficiency	2	2	6	2	2		1	
• Product	2	2	5		2			
<b>Engaged People</b>								
• Performance Culture	1	1	5		1			
<b>Simple Processes</b>								
• 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	

# Performance culture

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

# Staff feedback to CEO



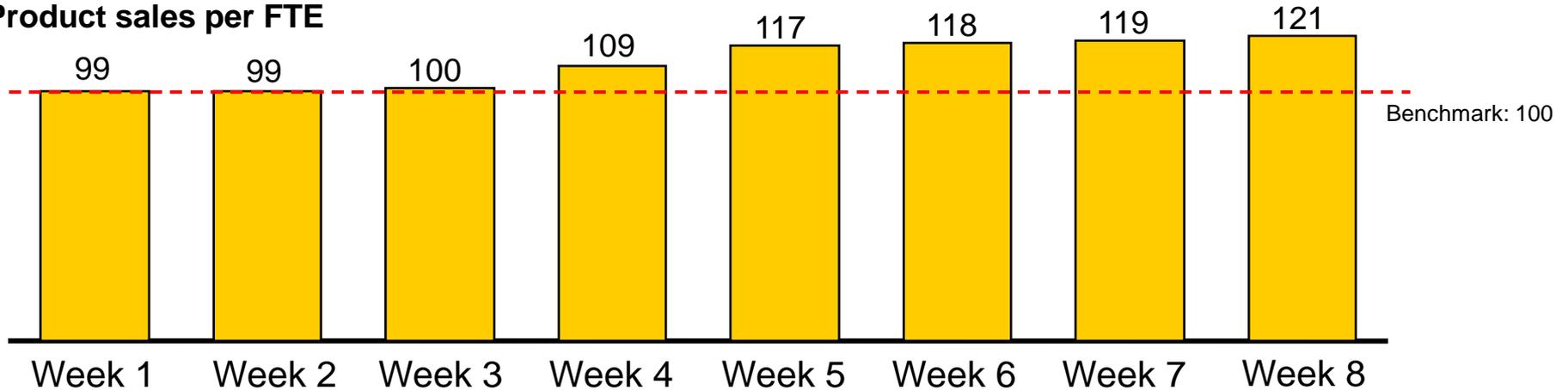
# Service and Sales management

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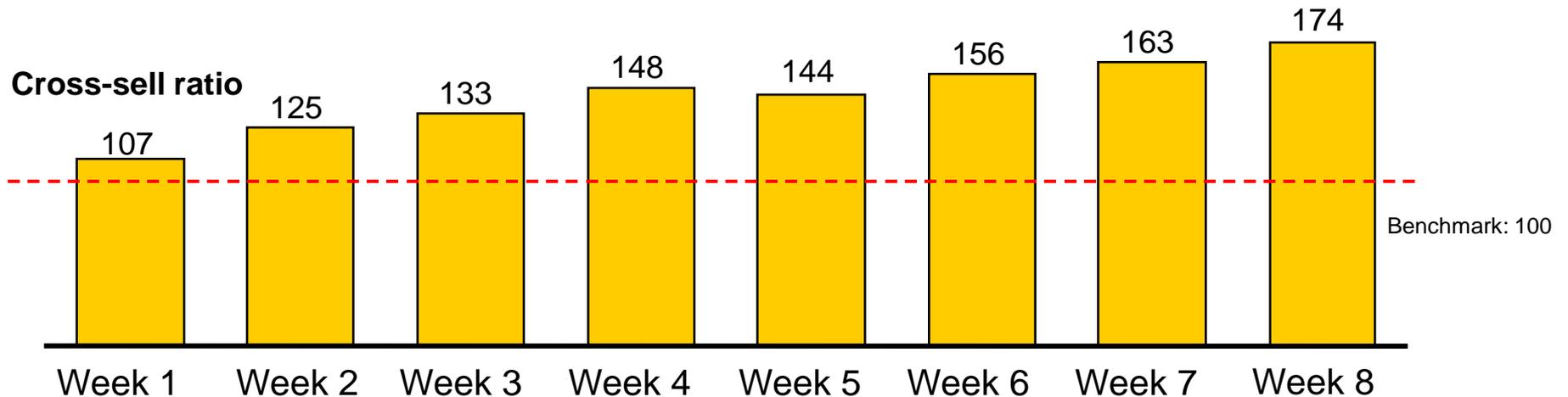
- Transforming the way we serve customers
- Realising full potential of customer serving staff
- Improving service & sales skills and effectiveness
- Applicable to everyone

# Service and Sales - early results

Product sales per FTE



Cross-sell ratio



# CommSee - Service Excellence Everyday

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

# Strong business momentum

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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

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- 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

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- 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

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## ■ 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

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- 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

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# Half Year Results

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