
new Which / Bank

Progress Update

David Murray

Chief Executive Officer

11 August 2004



Disclaimer

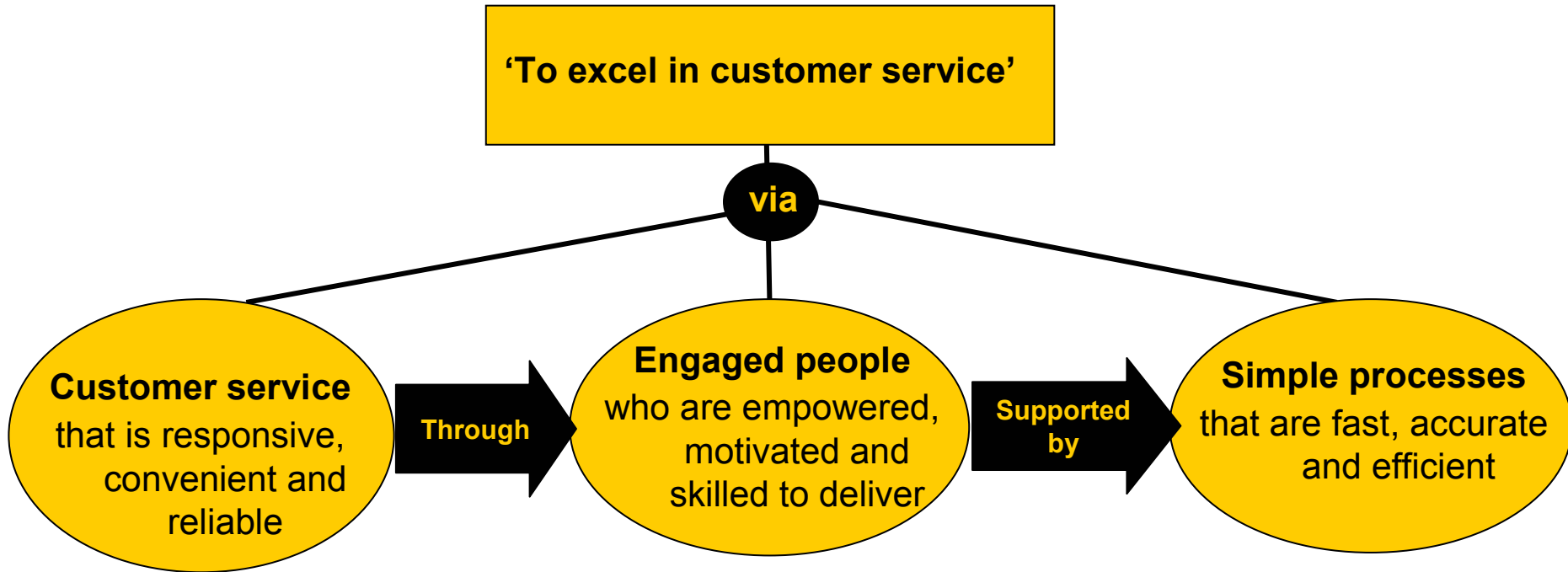
The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 11 August 2004. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or 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.



Which new Bank

- Our achievements - first nine months completed successfully
- Our progress - we are changing the way we do things
- Our people - engagement in excess of expectations
- Our customers - relationship is strengthening
- Our focus - executing 2004/05 priorities

Reminder - there are three themes to our service transformation



Customers are saying: "Know me, give me what I want and do it reliably"

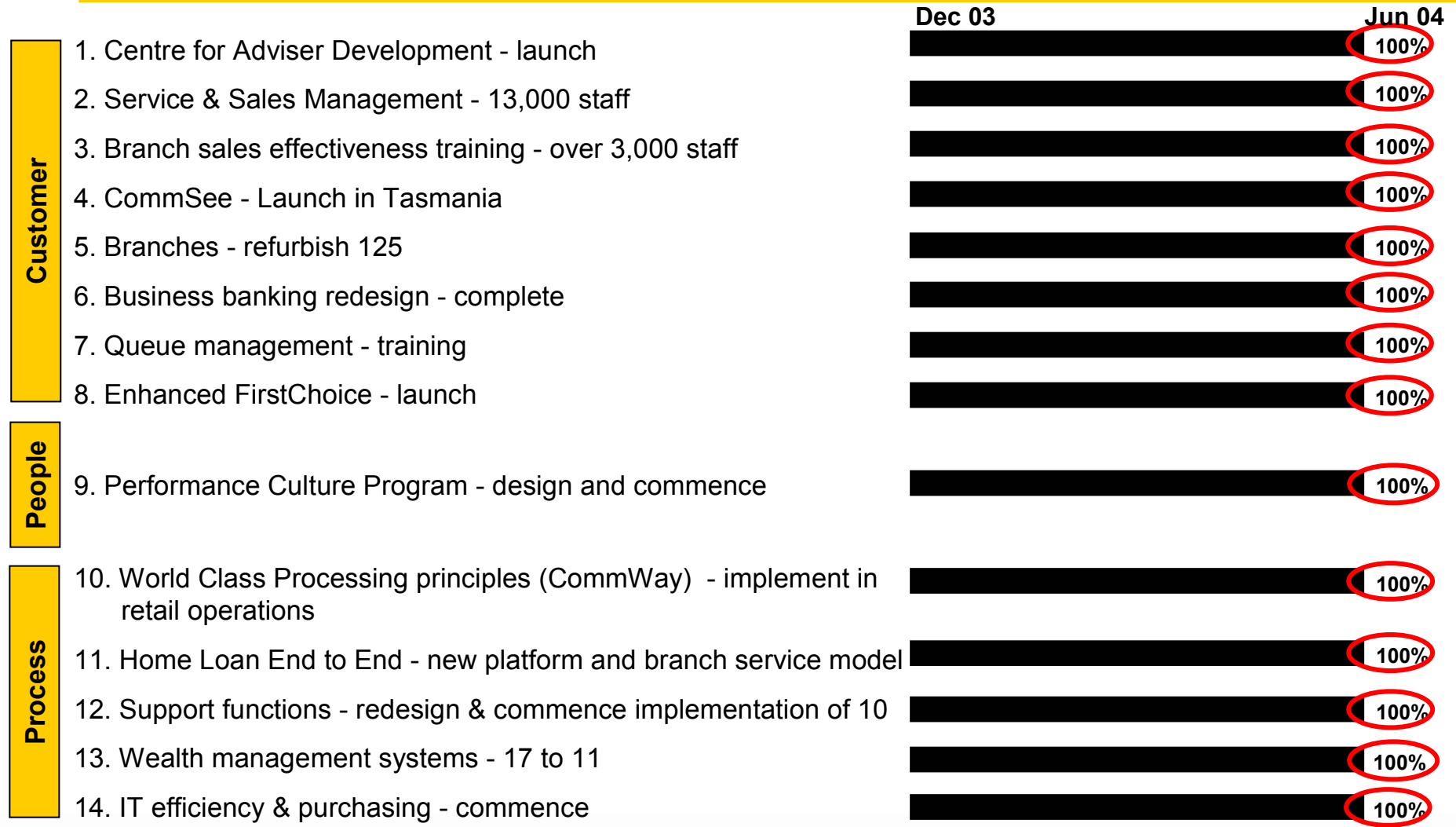


Our achievements - first nine months completed successfully

- June 2004 milestones completed as planned
- 2003/04 spend delivered within planned investment
- 2003/04 benefits exceeded targets
- Market shares broadly stable
- Staff are engaged



Our achievements - June 04 milestones completed as planned



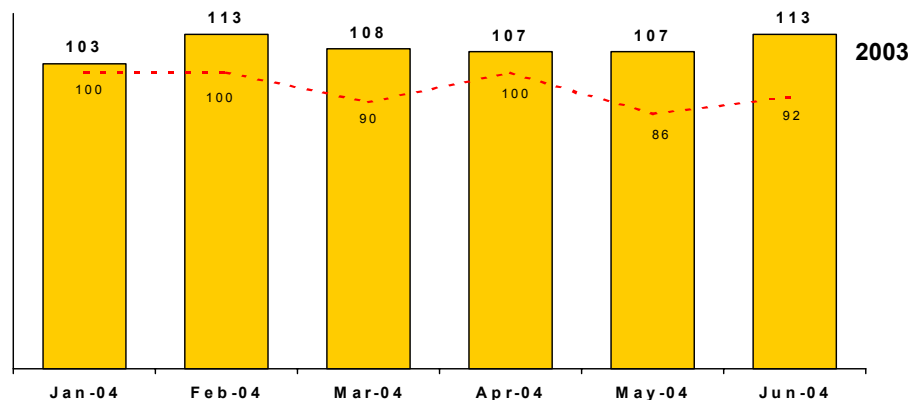
We are changing the way we do things

- Service and Sales Management

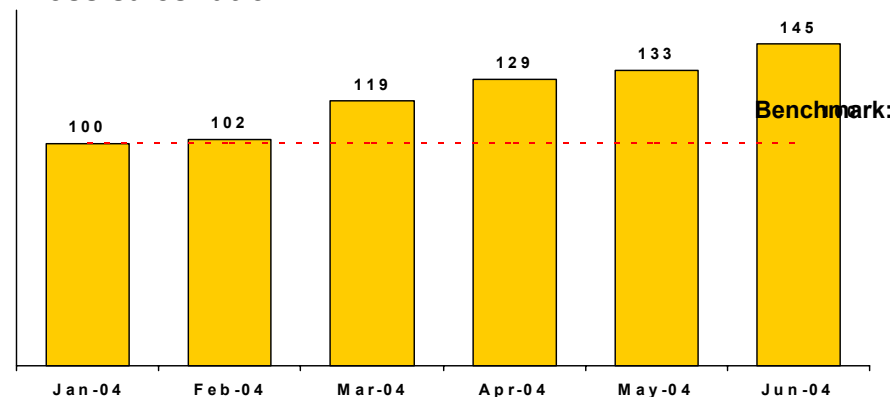
- Focussing on service in everything we do
- Continuous reinforcement of service behaviours
- Implementing Bank-wide approach to leads and referrals

Results of national retail implementation

Product sales per staff member



Cross sales ratio*



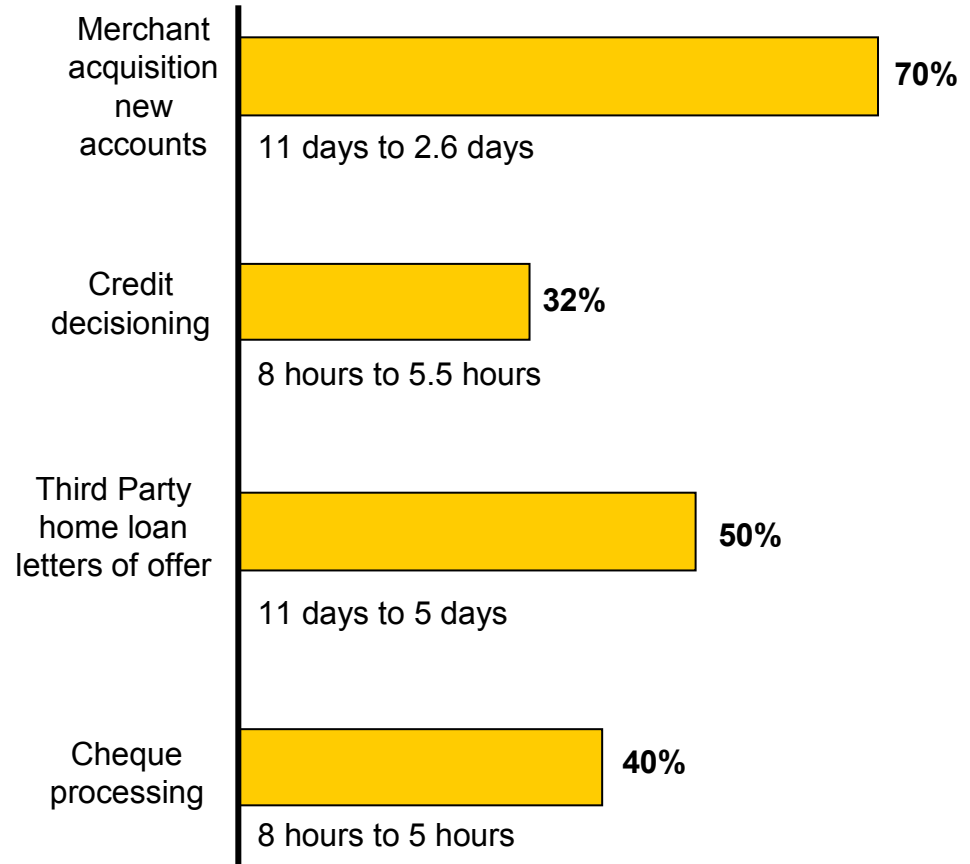
* Cross sales ratio is a measure based on the number of additional products at the opening of a new Transaction or Savings account.



We are changing the way we do things - CommWay

- Viewing processes from the customer's perspective
- Emphasis on training and continuous improvement
- Aiming for 15% efficiency and up to 50% turnaround time improvements

Turn around time improvements



We are changing the way we do things - Support Function Redesign

- Aligning head office functions to support customer-facing areas
- Implementation of 14 redesigned functions commenced
- Benefit realisation of >\$100m pa on track

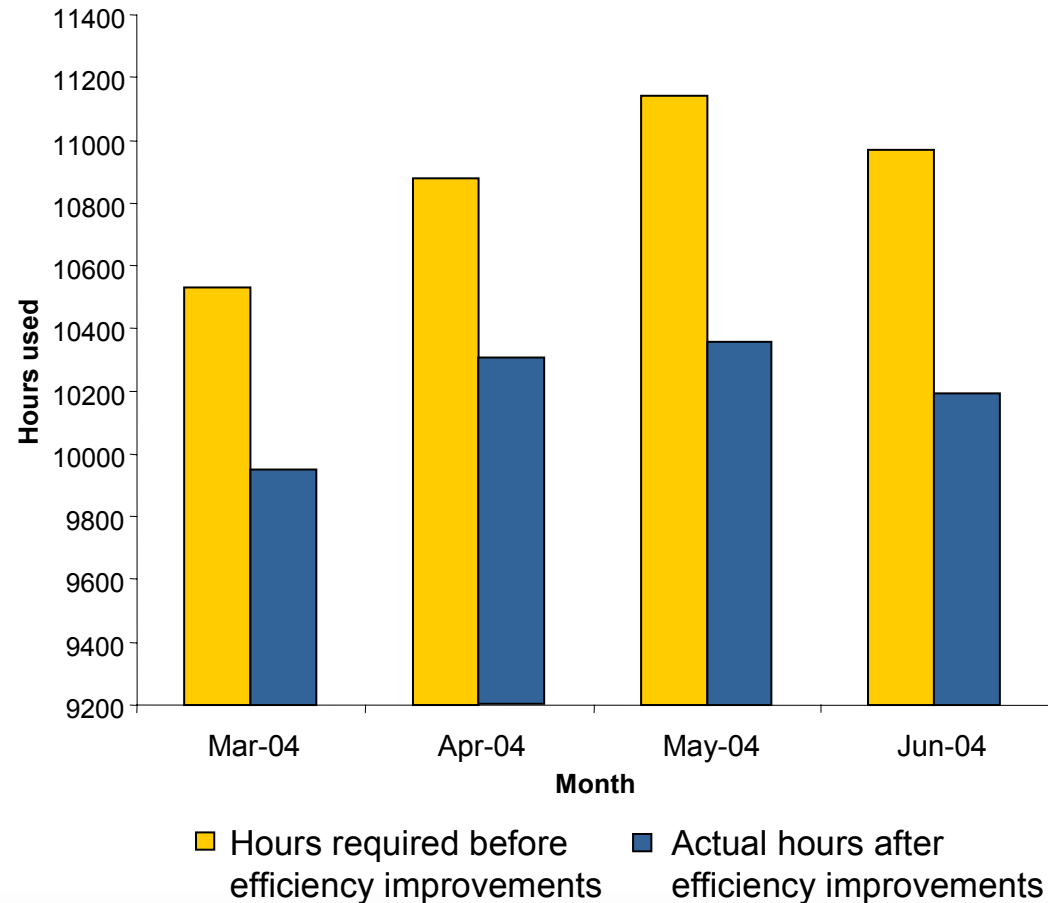
Redesigning support function areas

Function	Example of change
<ul style="list-style-type: none">• Finance	<ul style="list-style-type: none">• Eliminate duplication and unnecessary activities
<ul style="list-style-type: none">• Human Resources	<ul style="list-style-type: none">• Develop easily accessible advice centre
<ul style="list-style-type: none">• Legal	<ul style="list-style-type: none">• Reduce panel of external legal providers from over 100 to 20

We are changing the way we do things - IT Efficiency and Procurement

- Key IT services reviewed
- Systematic approach to all procurement being implemented
- Targeting efficiency savings >\$100m pa

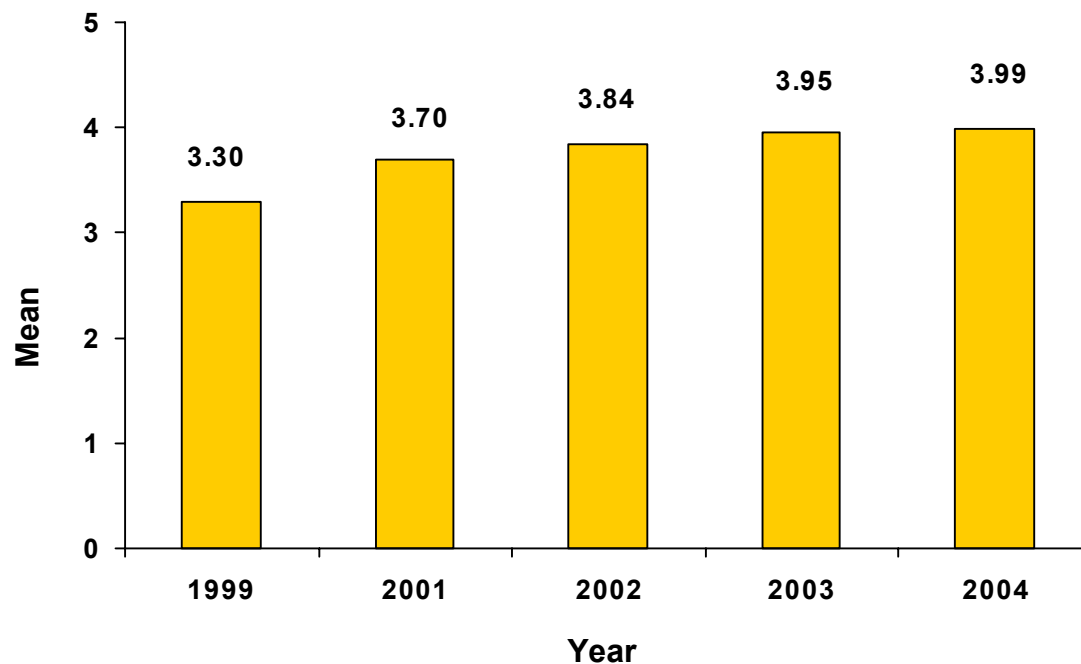
Example: Mainframe processing efficiencies



Our People - Engagement in excess of expectations

- Leading by example
- Reinforcing behaviours as well as outcomes
- Staff have been significantly engaged throughout Which new Bank

2004 Gallup Workplace survey

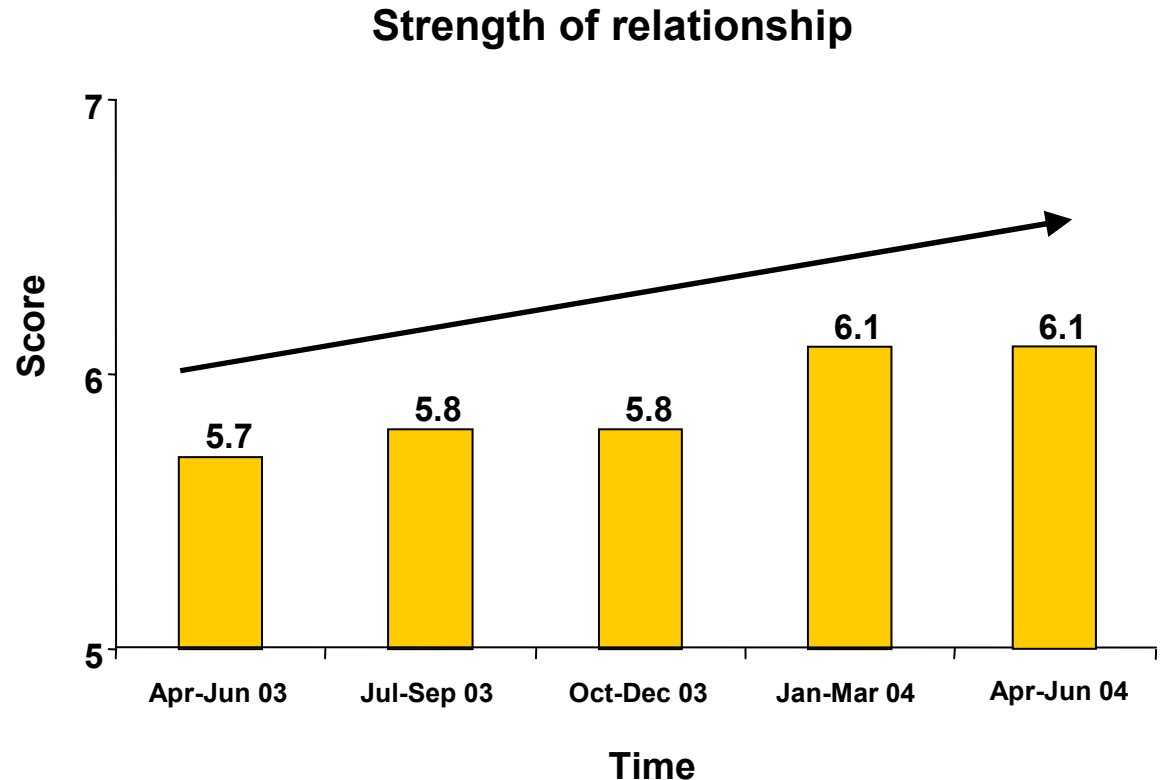


Source: Gallup Organisation
Note: Gallup Workplace Survey was not commissioned by the Bank in 2000



Our customers - Relationship is strengthening

- Strength of relationship building
- Rigorous monitoring of customer service standards
- Results are encouraging



Our focus - June 05 milestones

		Percentage complete	Target date
Customer	1. Service & Sales Management - remaining staff trained	5%	Jun 05
	2. Branch Refurbishment - refurbish 125	0%	Jun 05
	3. NetBank - new service implemented	50%	Mar 05
	4. CommSee - platform built and deployment commenced	30%	Apr 05
	5. CommSee - 40% customer-facing staff trained	5%	Jun 05
	6. Segment Model - pilot completed	0%	Jun 05
People	7. Performance Culture - performance management system implemented	40%	Dec 04
	8. Performance Culture - new learning curriculum available	20%	Jun 05
Process	9. CommWay - 40 process simplification initiatives completed	10%	Jun 05
	10. Support Function Redesign - implementation of 14 functions completed	15%	Jun 05
	11. Wealth management systems - reduced from 11 to 7	10%	Jun 05
	12. Procurement - 10 key categories renegotiated	15%	Jun 05
	13. IT Efficiency - run-rate savings of \$80m realised	5%	Jun 05

Which new Bank – our approach is different

- Across the Bank we share a single vision – **to excel in customer service**
- Our people, systems, performance and culture are all being interconnected and aligned
- Evidence is that there is collaboration and development of common systems across the business

2005 outlook - Economy

■ Global

- Noticeable improvement
- Expected monetary tightening

■ Domestic

- Continued good performance
- Domestic spending growth slowing
- Housing slow down manageable

2005 outlook - Bank

Subject to current market conditions continuing:

- **Over the three years 2004-2006 we will deliver:**
 - Cash EPS growth exceeding 10% CAGR
 - 4-6% CAGR productivity improvements
 - Profitable market share growth across major product lines
 - Increases in dividend per share each year
- **Significantly higher cash earnings in 2005 and 2006**

Highlights

- **Results** – very good
- **Which new Bank** – meeting expectations
- **Staff** – enthusiastic, participating and engaged
- **Outlook** – positive for the Bank



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