



Westpac NZ

Half Year Results

**Solid, sustainable and well positioned
for growth**

3 May 2013



*Westpac New Zealand is a management divisional view only, and is not the same as Westpac New Zealand Limited. The financial results of Westpac New Zealand Limited will be available in the Disclosure Statement.



Peter Clare
Chief Executive Officer



Westpac NZ delivered a solid performance

Return

	1H12	1H13	1H13 v 1H12
Core earnings (\$m)	577	582	1%
Cash earnings (\$m)	346	370	7%
Return on avg assets	1.17%	1.20%	3bps

Growth

	1H12	1H13	1H13 v 1H12
Net loans (\$b)	58.2	59.9	3%
Deposits (\$b)	39.4	45.0	14%
FUM (\$b)	3.2	4.1	28%

Productivity






	1H12	1H13	1H13 v 1H12
Expense to income	42.0%	42.5%	(50bps)
Revenue per FTE (\$000s)	215	216	0%
No. of Smart ATMs	34	71	109%

Strength

	1H12	1H13	1H13 v 1H12
Deposit to loan ratio	67.7%	75.1%	740bps
Wholesale % of funding	26%	20%	600bps
90+ day mortgage delinq	0.55%	0.39%	16bps



Westpac NZ's strategy to drive sustainable returns remains unchanged

	Five Strategic Imperatives		Examples
1	Transition to next generation distribution – Banking Everywhere, all the time		<ul style="list-style-type: none"> 24/7 in branch; online or mobile. Further branch format innovation. More personalised marketing, utilising digital.
2	Building a Faster Moving , more responsive and flexible business		<ul style="list-style-type: none"> Continued front-line empowerment/capability. Responding more rapidly to change. Enhanced payments capability.
3	Deepen Customer Relationships in target segments		<ul style="list-style-type: none"> Further implementation and development of MyBank¹ approach across consumer and business customers. Closer links between private bank and wealth.
4	Continue to Simplify the business to improve productivity and enhance the customer experience		<ul style="list-style-type: none"> Home loan approvals online. Productivity programme delivering expense control and incremental investment.
5	Optimise the Portfolio to strengthen the balance sheet and improve returns		<ul style="list-style-type: none"> New products including 32 day deposit product (Institutional). Rebalance segment exposure to better reflect structure of NZ economy (for example, Agri).

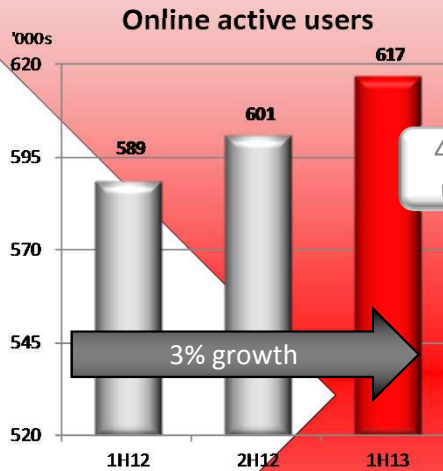
1. MyBank is an internal measure of customers who use Westpac NZ as their main transactional provider (>\$1k & >10 transactions per month) and have two or more additional needs met by Westpac NZ (ie. Savings, credit cards, borrowings, insurance and/or wealth).



Banking Everywhere, all the time – continued investment in distribution

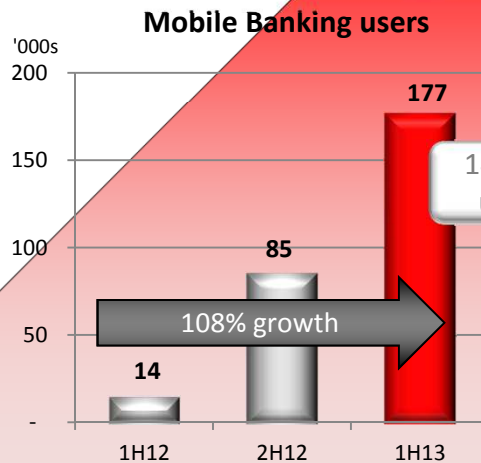
Customers increasingly self-serving their transactional needs and utilising digital channels to apply for products

Traction with innovation agenda to meet changing customer needs



48% of customer base up from 46% at 1H12

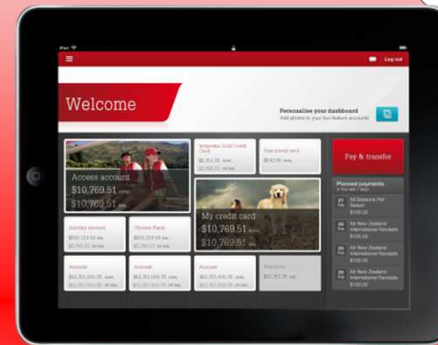
3% growth



14% of customer base up from 1% at 1H12

108% growth

iPad Banking



Mobile Banking



Customers want to interact with us in different ways....

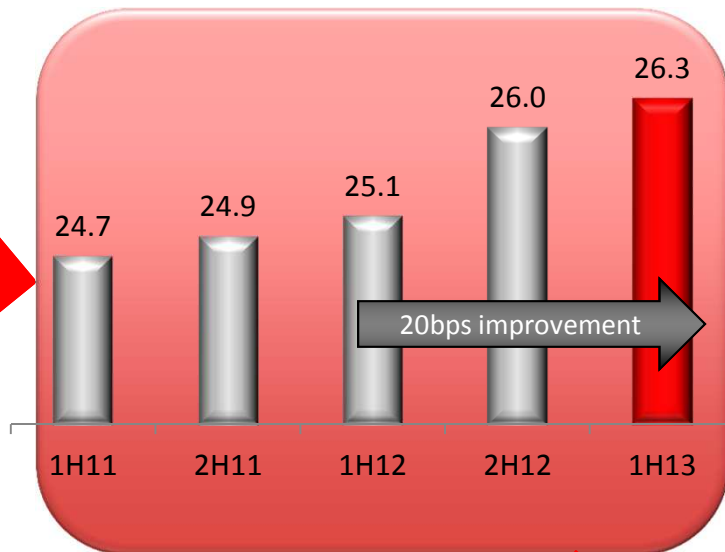
.....we are responding



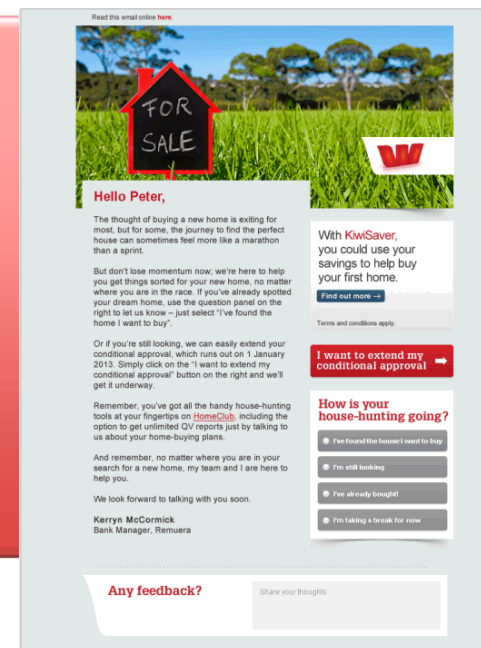
Customer relationships – deepened with investment in simplification, personalisation and MyBank

- Providing real time credit decisions through online origination, already operational for home loans
- Launched personalised digital marketing to engage with customers around their specific needs
- Encouraging customers to transact as well as interact with us to build a closer connection and a deeper relationship

MyBank strategy customers¹ (%)



Email engagement

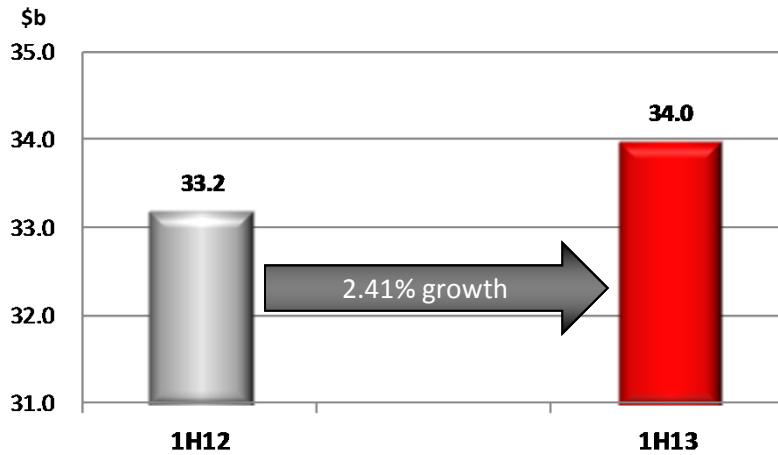


1. MyBank is an internal measure of customers who use Westpac NZ as their main transactional provider (>\$1k & >10 transactions per month) and have two or more additional needs met by Westpac NZ (ie. Savings, credit cards, borrowings, insurance and/or wealth).

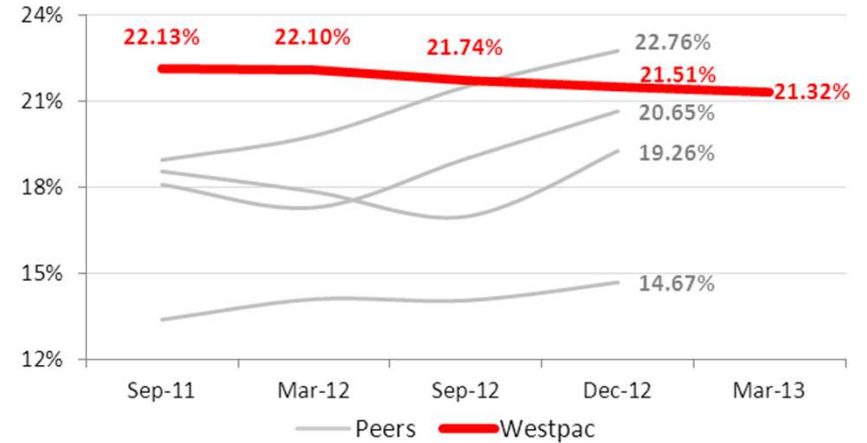


Optimise the Portfolio – focus on targeted segments and industries

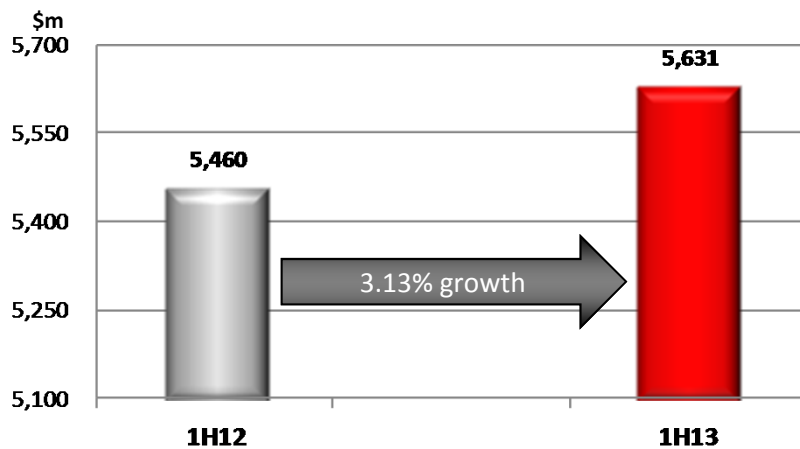
Housing growth < 80% LVR incl. undrawn commitments



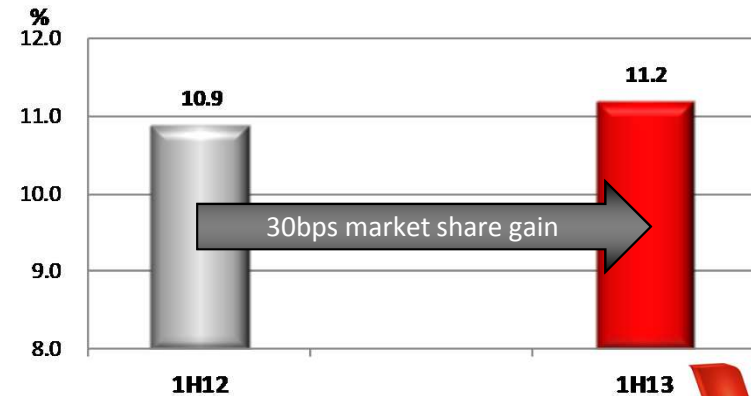
>80% LVR % of housing book against peers



Agri-lending (\$m)

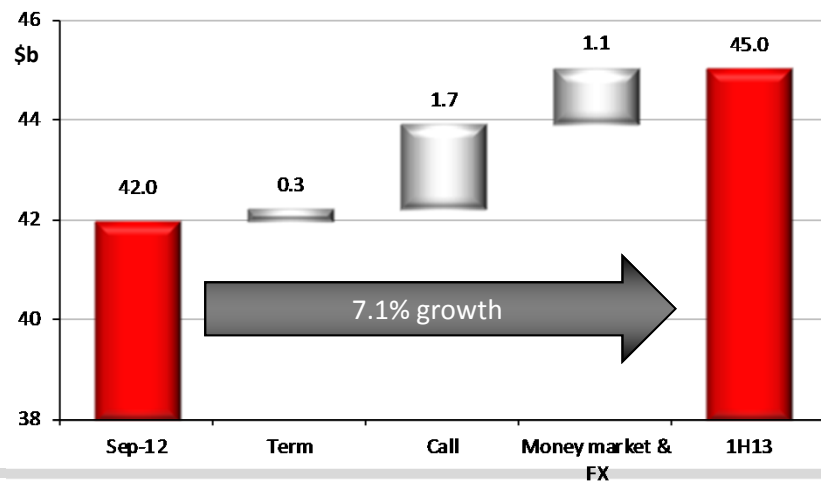


Agri-lending market share (%)

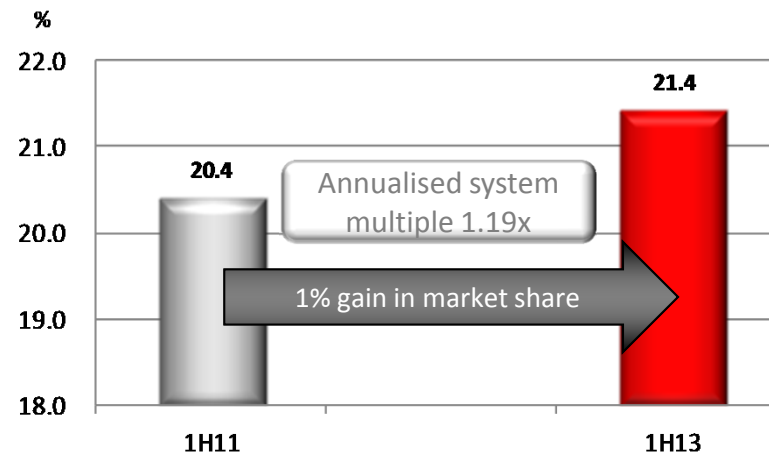


Optimise the Portfolio – deposits and improved cross sell

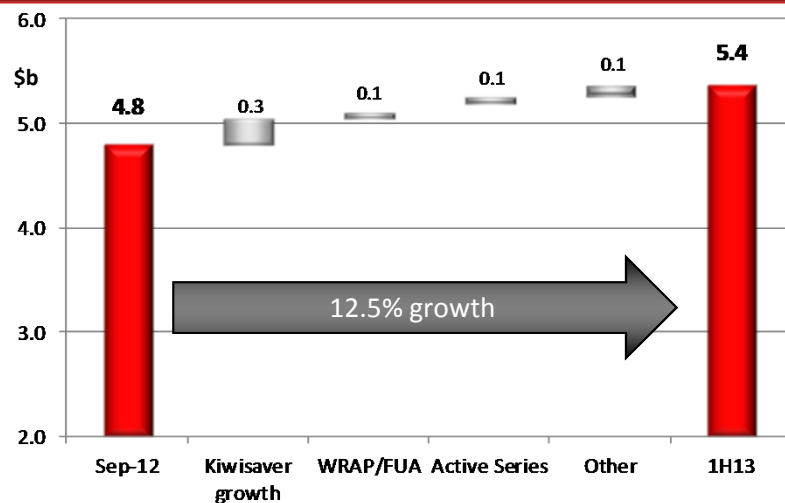
Deposits (\$bn)



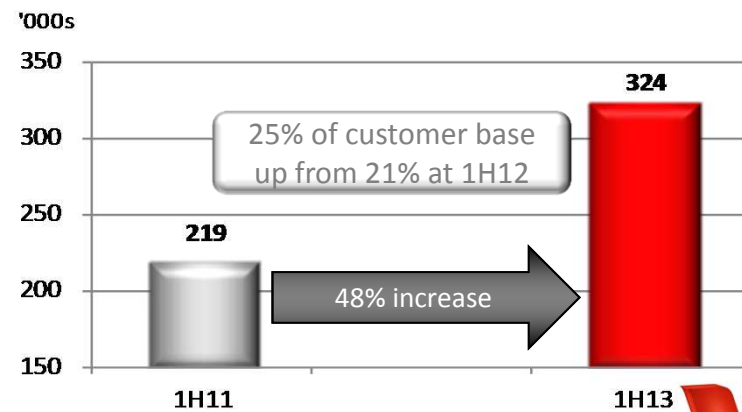
Deposits market share (%)



FUM / FUA (\$bn)



Number of customers with a Wealth product



Westpac NZ's Brand, Community and Sustainability

Brand refresh



ANZAC Day Wellington 2013

Brand consideration:

Increased from 37% 1H12 to 40% at 1H13

Westpac NZ broke the insurance deadlock in **Christchurch**



(BeckerFraserPhotos)

Overall winner of Large Business category **Sustainable 60 Award**



Richie McCaw
Westpac
Ambassador



Winner of Private Sector Category 2012 **Maori Language Award**



Partnership with **NZ Blood**





Leigh Bartlett
Chief Financial Officer

*Westpac New Zealand is a management divisional view only, and is not the same as Westpac New Zealand Limited. The financial results of Westpac New Zealand Limited will be available in the Disclosure Statement.



Return – solid performance delivered and strengthening balance sheet

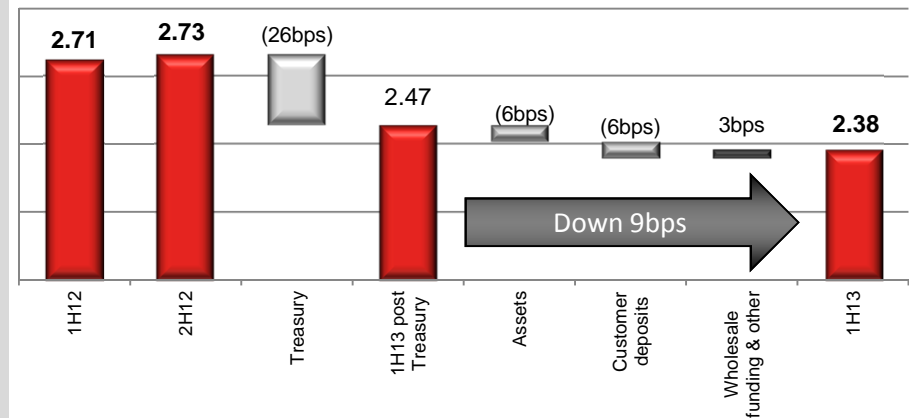
P&L key items

Summary P&L (\$m)	1H12	2H12	1H13	Chg on 2H12 (%)	
CASH EARNINGS	346	361	370	↑	2
Net interest income	779	798	790	↓	(1)
Non interest income	215	220	223	↑	1
Operating expenses	(417)	(424)	(431)	↓	(2)
Impairment charges	(98)	(93)	(67)	↑	28

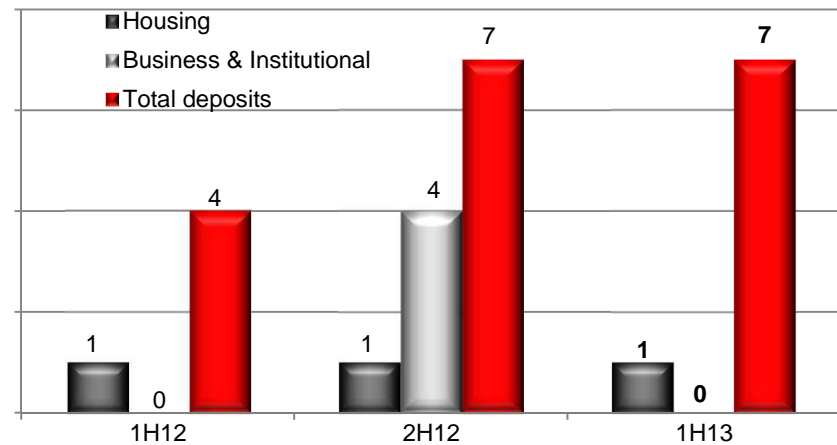
Balance Sheet key items

Summary Balance sheet (\$bn)	1H12	2H12	1H13	Chg on 2H12 (%)	
DEPOSIT TO LOAN	67.7%	70.7%	75.1%	↑	440bps
Total deposits	39.4	42.0	45.0	↑	7
Net loans	58.2	59.4	59.9	↑	1
Housing	35.4	35.9	36.4	↑	1
Business & Institutional	21.0	21.8	21.7	-	0

Net Interest Margin (%)

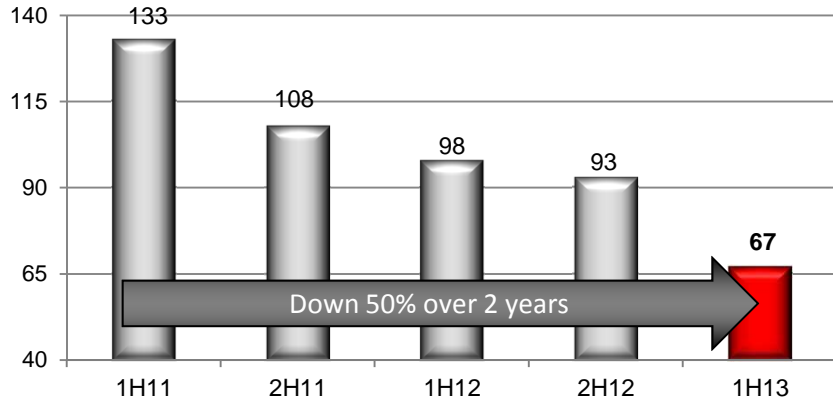


Balance Sheet growth (6 month % chg)

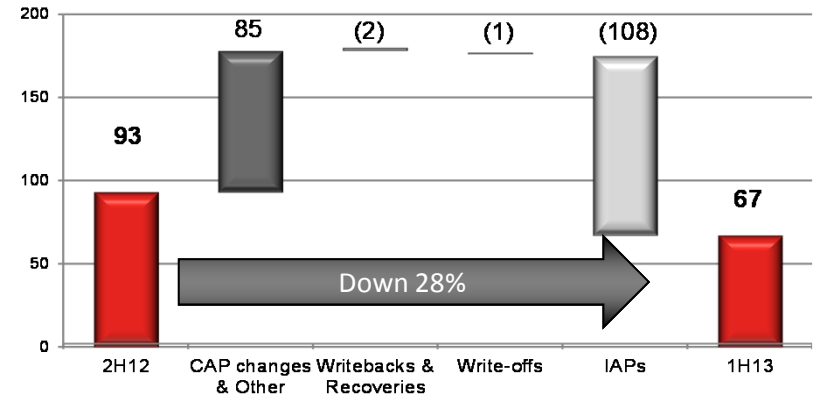


Strength – Investment in credit decisioning and targeted growth improving the Risk profile of the Bank

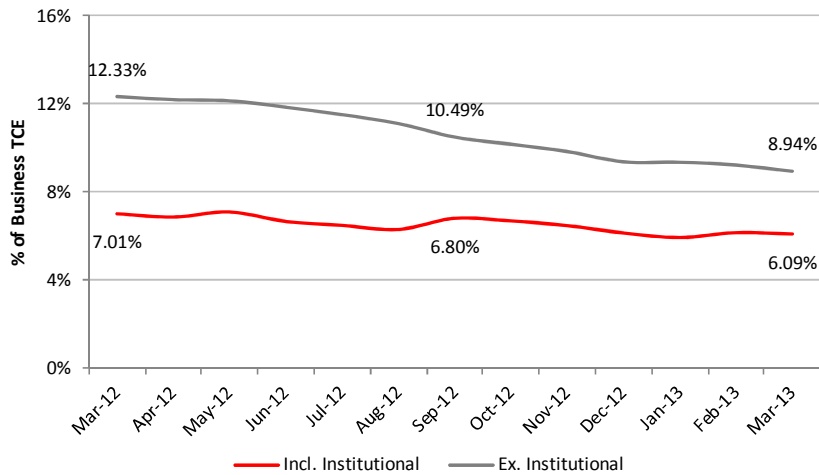
Impairment charges (\$)



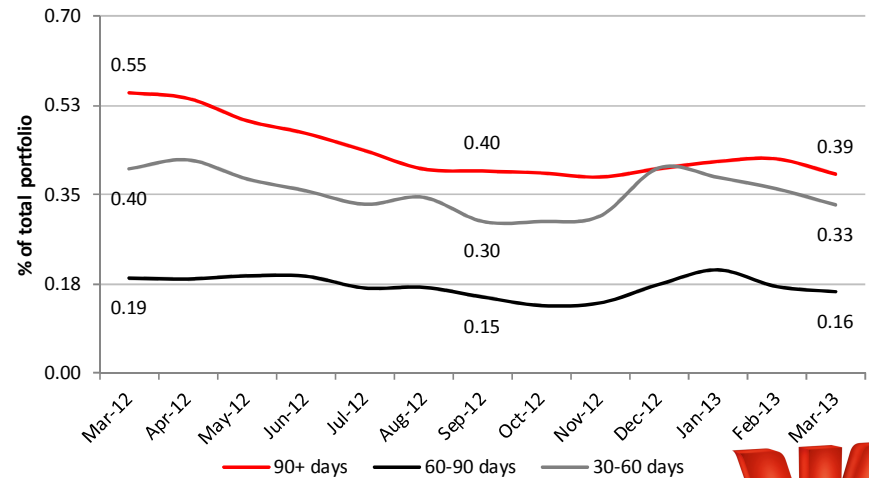
Impairment charge movements



Business stressed to Business TCE

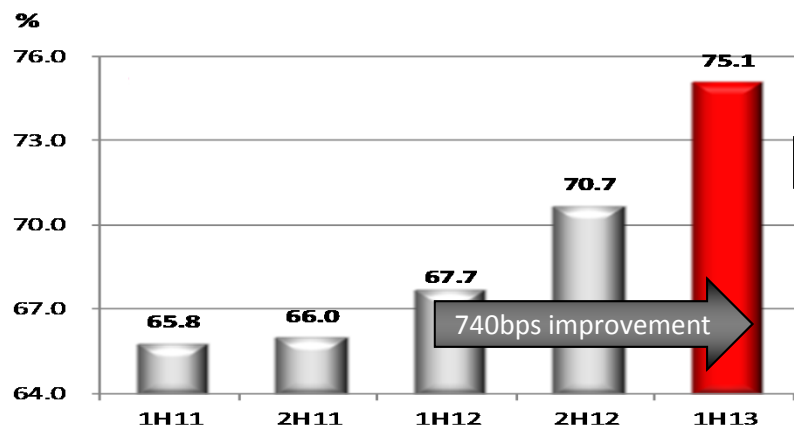


Housing delinquencies (%)

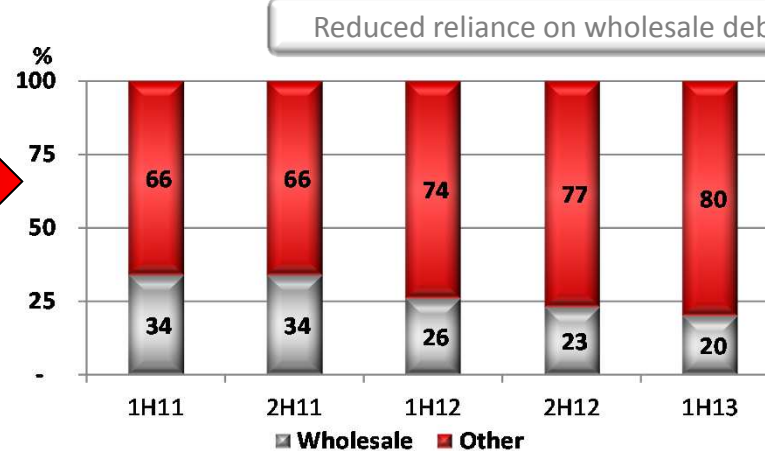


Strength – Above market growth in deposits lead to a reduced reliance on international wholesale markets

Deposit to loan ratio (%)

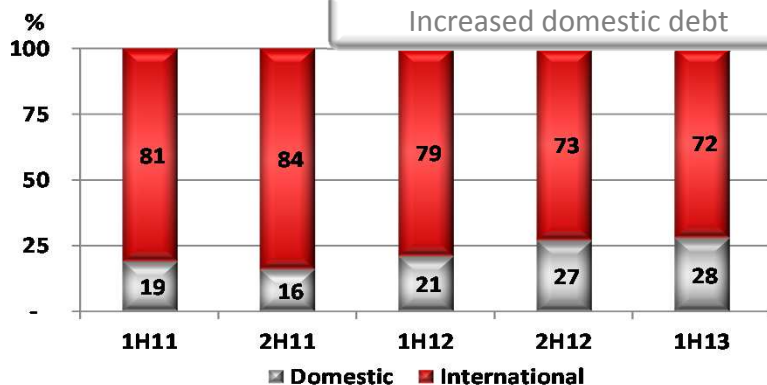


Wholesale funding % of total liabilities

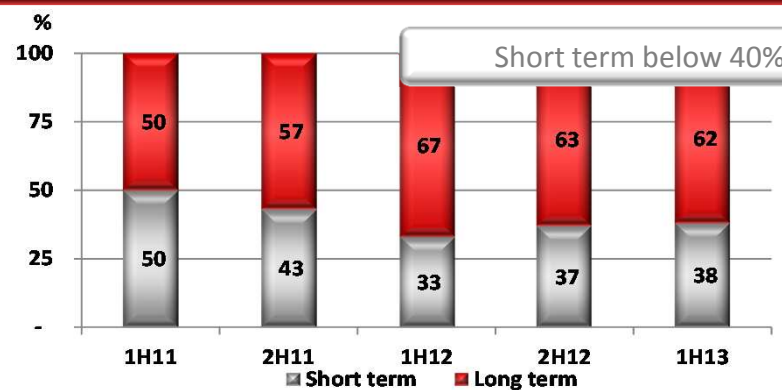


And an improved profile of wholesale funding

Source of funding (%)



Term funding diversification (%)





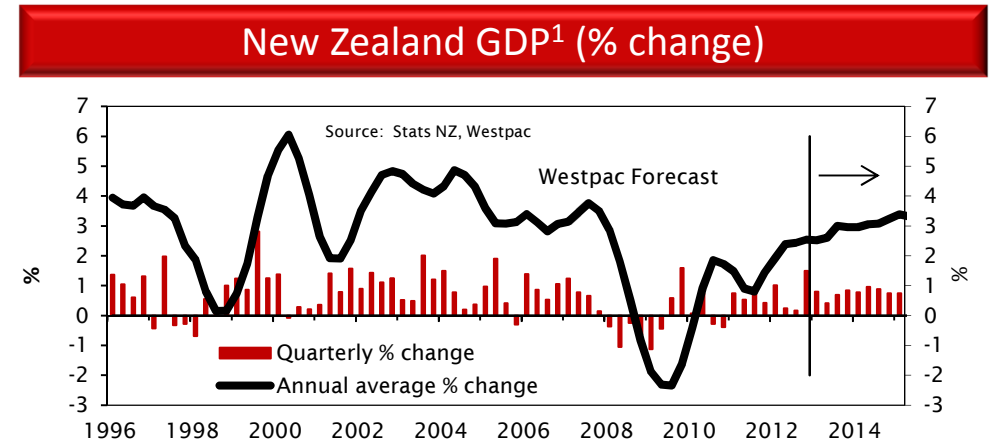
Peter Clare
Chief Executive Officer



We see the NZ economy well positioned

- Expect growth to continue increasing over 2013
- Christchurch rebuild – pace of activity to double over the next two years
- High exchange rate and government spending caps are headwinds to the economy, and are expected to remain so over the coming years
- Drought will severely hamper agricultural production in 2013. Sharply rising dairy prices are expected to offset the hit as a whole, though individual circumstances will vary widely
- House prices are rising, especially in Auckland and Christchurch.

1. Sources Statistics NZ, Westpac Economics.
2. Includes agri.



Key NZ economic indicators April 2013	Calendar year			
	2011	2012	2013f	2014f
GDP growth	1.4	2.5	3.0	3.2
Unemployment – end period	6.4	6.9	6.3	5.3
Inflation	1.8	0.9	1.7	2.0
Interest rates – cash rate	2.5	2.5	2.75	4.0
Credit growth – Total	0.9	3.6	4.5	5.3
Credit growth – Housing	1.2	3.7	5.4	5.9
Credit growth – Business ²	0.8	3.6	3.7	4.8



Summary

- Solid result in subdued and competitive market
- Continuing to strengthen balance sheet
- Targeted growth and MyBank strategy
- Banking Everywhere, all the time

Start Asking.
Help is what we do.





Westpac NZ

Half Year Results

**Solid, sustainable and well positioned
for growth**

3 May 2013

*Westpac New Zealand is a management divisional view only, and is not the same as Westpac New Zealand Limited. The financial results of Westpac New Zealand Limited will be available in the Disclosure Statement.

