

12 July 2007
MEDIA RELEASE

A new force in Australian banking

- **BankWest opening more than 160 new east coast branches**
- **Largest banking network roll-out ever undertaken in Australia from scratch**
- **Expansion program reaches more than 11 million potential new customers**
- **3,000 new jobs created**

BankWest, part of HBOS plc, is stepping up its assault on the Australian banking industry with the roll-out of a major new retail and commercial banking network. It is the largest branch expansion program ever undertaken in Australia from scratch and will challenge the dominance of the Big Four banks.

BankWest is opening more than 160 new branches in NSW, Victoria, Queensland and South Australia over the next three to four years. Servicing the needs of both retail customers and businesses is a key part of the program. The expansion program involves opening more than 125 retail banking branches and 35 branches focused on business customers.

Up to 3,000 new jobs will be created to support the expansion, increasing the existing workforce by 60%. A major recruitment drive is already underway to fill customer-facing, support and managerial roles in both retail and commercial banking.

During 2007 and 2008, \$380 million will be expensed on the project. The investment encompasses the branch program and other related costs, such as IT infrastructure, as well as the development of the Group's insurance and investment business.

Challenging the status quo

Value for money and customer convenience are at the centre of BankWest's retail banking strategy. Through the expansion program, BankWest will concentrate on winning new customers, especially from the Big Four, which have a relationship with about 70% of Australian customersⁱ.

A Newspoll survey commissioned by BankWestⁱⁱ found that better interest rates and convenience were the main reasons for Australians to switch from one bank to another. Nearly 70% of Australians regard better interest rates and more competitive products as being the main switching driver.

Australians are looking for an alternative to the Big Four. Nearly six in 10 Australians surveyed by Newspoll said that if they were to switch banks tomorrow, they would move to a bank other than the Big Four.

Focused on the customer

The new BankWest branches will be located in major east coast shopping centres, retail precincts or commercial districts. Through this expansion program, BankWest will, for the first time, have access to more than 11 million potential new customers on the east coast through a branch networkⁱⁱⁱ.

Extended opening hours including weekends and innovative product offerings will be features of the new branches. BankWest is currently recruiting staff from a mix of banking and retail backgrounds.

The new look retail branches will be unveiled along with an expanded suite of market-leading customer friendly products when the roll-out commences in the last quarter of this year and will complement BankWest's well-established broker network and successful direct business.

The retail expansion program will be led by newly appointed BankWest Retail Chief Executive Ian Corfield, who led a recent, innovative branch expansion for HBOS in Ireland. BankWest Commercial and Business CEO Paul Clark is leading the business banking expansion.

A value for money product range

Over the last two years BankWest has been Australia's fastest growing retail bank (source: APRA), overtaking Suncorp in 2006 as the country's 6th biggest retail bank, and also Australia's fastest growing business bank (APRA and Reserve Bank data).

This growth has been driven by a sharp focus on innovative, value for money products, including Lite MasterCard, TeleNet direct deposit and Kids' Bonus Saver. Most recently the BankWest More MasterCard was launched.

A force for change

In announcing the roll-out today, HBOS Australia Chief Executive David Willis said:

"We are now in a position to move into this new phase in our growth strategy because of our success over the past four years.

"BankWest is a significant force for change in Australian banking. We have challenged the status quo with a number of innovative products and services, attracting thousands of customers from across Australia. This initiative offers customers a real alternative to the Big Four and a better deal."

HBOS plc Chief Executive Andy Hornby said:

"Australia is one of the fastest growing major economies in the world. Its prospects are very good.

"BankWest's major expansion is about a better deal for Australian customers and enhanced returns for our shareholders. This expansion builds on the great success of the business over the last four years."

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About BankWest:

BankWest is a wholly owned subsidiary of HBOS plc, one of the world's largest financial services groups. BankWest is a full service bank which originated in Western Australia in 1895 and services more than 860,000 customers. Nationally, BankWest promotes a range of products using cost-effective direct and third party distribution channels, including 24-hour telephone and internet services and mortgage brokers. In WA BankWest is a market leader with about one quarter of all bank advances and deposits and an extensive network of branches. Standard & Poors short-term credit rating for BankWest is "A-1+" and "AA-" for the long term, providing customers with investment grade security.

About HBOS plc:

HBOS is one of the UK's largest companies. The Group provides retail, business and corporate banking, and insurance and investment services through its multi-brand strategy in the UK and internationally. About 74,000 people are employed worldwide across the Group. In the UK, the group has 23 million customers and a relationship with 2 out of every 5 households

ⁱ APRA Monthly Bank Statistics (April 2007)

ⁱⁱ BankWest commissioned Newspoll to question a representative sample of 700 adult Australians in Sydney, Melbourne, Brisbane, Adelaide and Perth in June 2007.

ⁱⁱⁱ Based on ABS Census 2006 data for total population of Sydney, Melbourne, Brisbane and Adelaide