



Australia's First Bank

# Investor Discussion Pack

**March 2005**

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All amounts in \$A unless otherwise specified

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# 2004 Result: maintaining consistent growth and return

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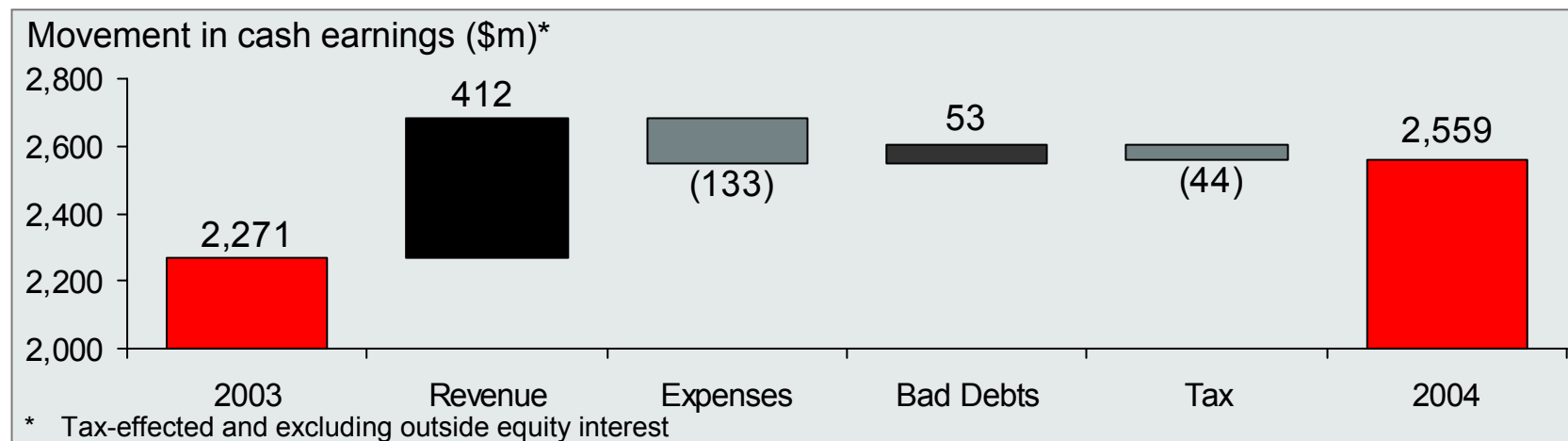
- High quality result – maintaining the balance
  - Cash earnings \$2,559m up 13%
  - Cash earnings per share of 139 cents up 11%
  - Cash return on average equity 21%
  - Full year dividend of 86 cents, fully franked up 10%
  - Expenses up 5%
  - Cost to income ratio 49.2% down 210 basis points
- Key drivers of growth
  - Solid growth in loans and acceptances up 14%
  - Disciplined pricing - margins down 9 bps
  - All businesses delivering double-digit growth in cash earnings
- Quality of earnings maintained
  - Strong asset quality: net impaired assets to equity and general provisions down 40 bps
- Maintained leading sustainability position

All comparatives on prior corresponding period

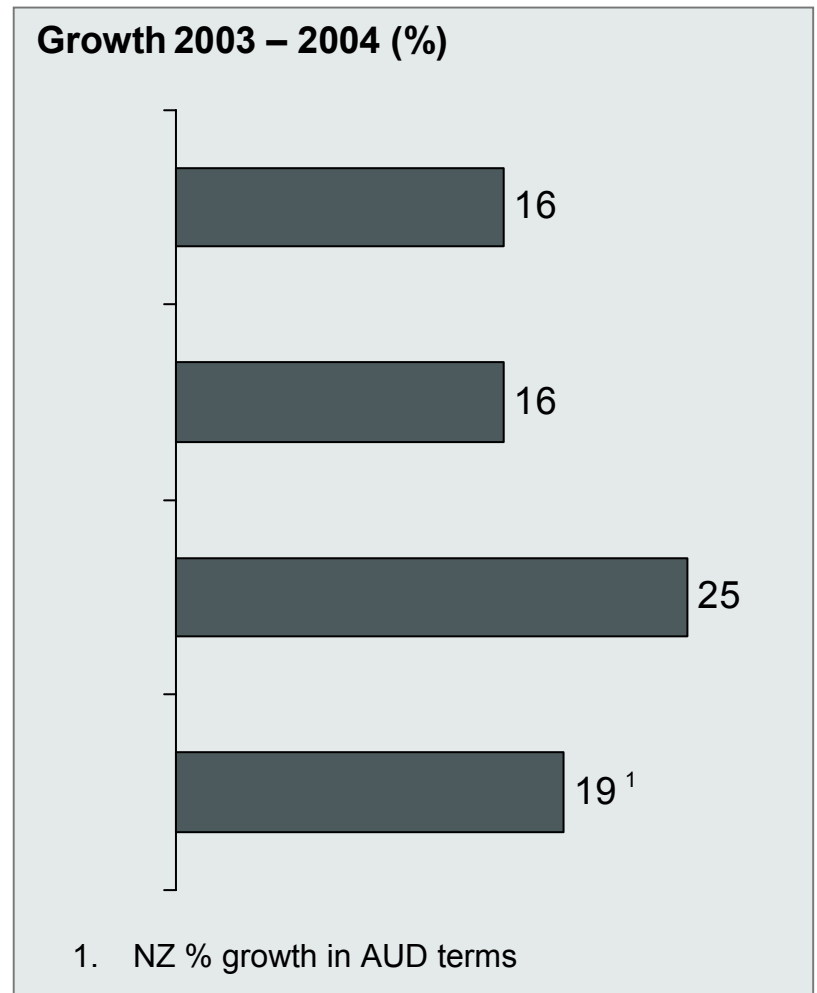
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# 2004 Cash earnings – maintaining the growth

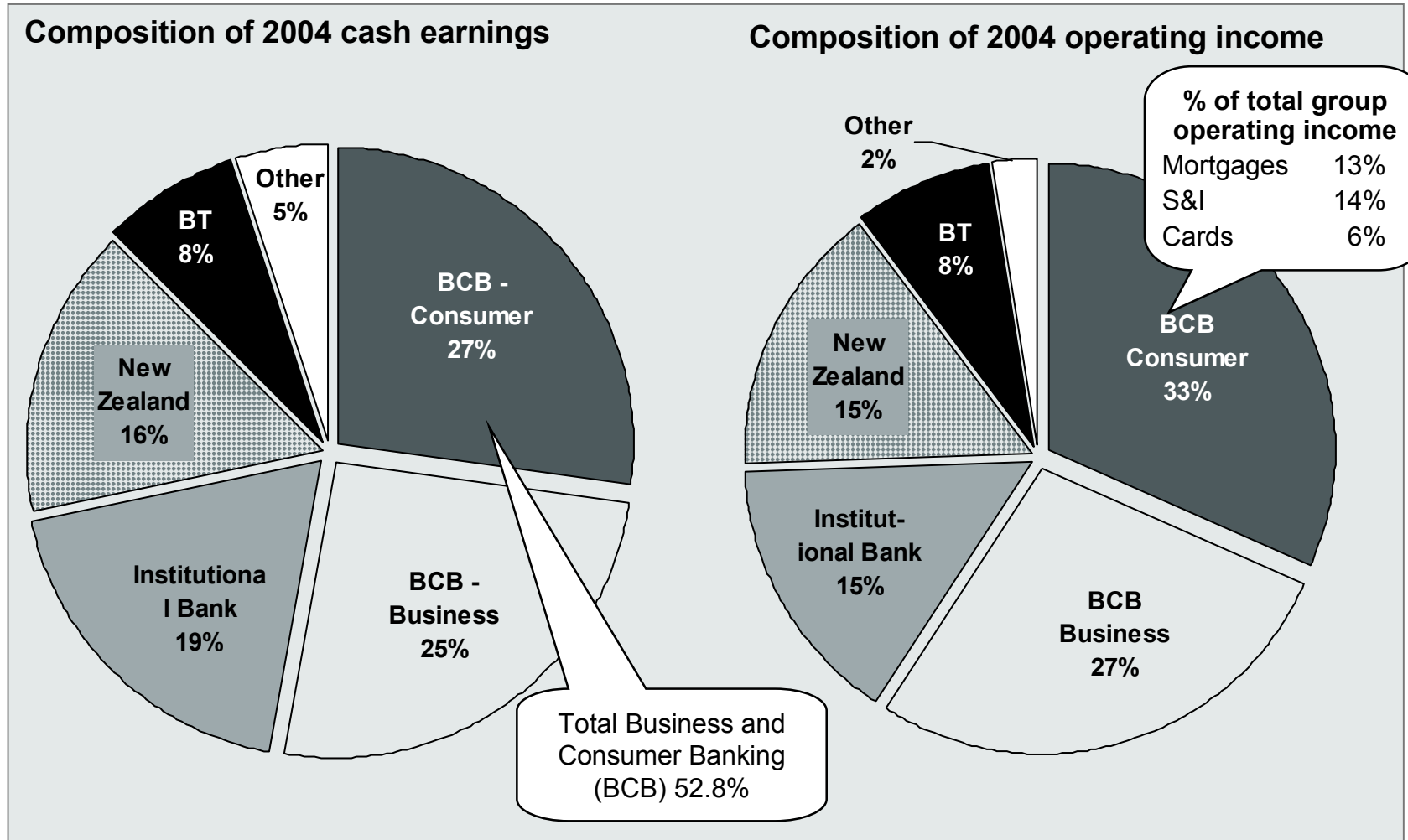
\$m	FY04	FY03	% Change
Net interest income	4,755	4,326	10
Non-interest income	3,255	3,004	8
Operating income	8,010	7,330	9
Operating expenses	(3,940)	(3,763)	(5)
Bad debts	(414)	(485)	15
Net profit before tax	3,492	2,919	20
Net profit after tax & OEI	2,539	2,183	16
<b>Cash earnings</b>	<b>2,559</b>	<b>2,271</b>	<b>13</b>



# Sound contribution across all businesses

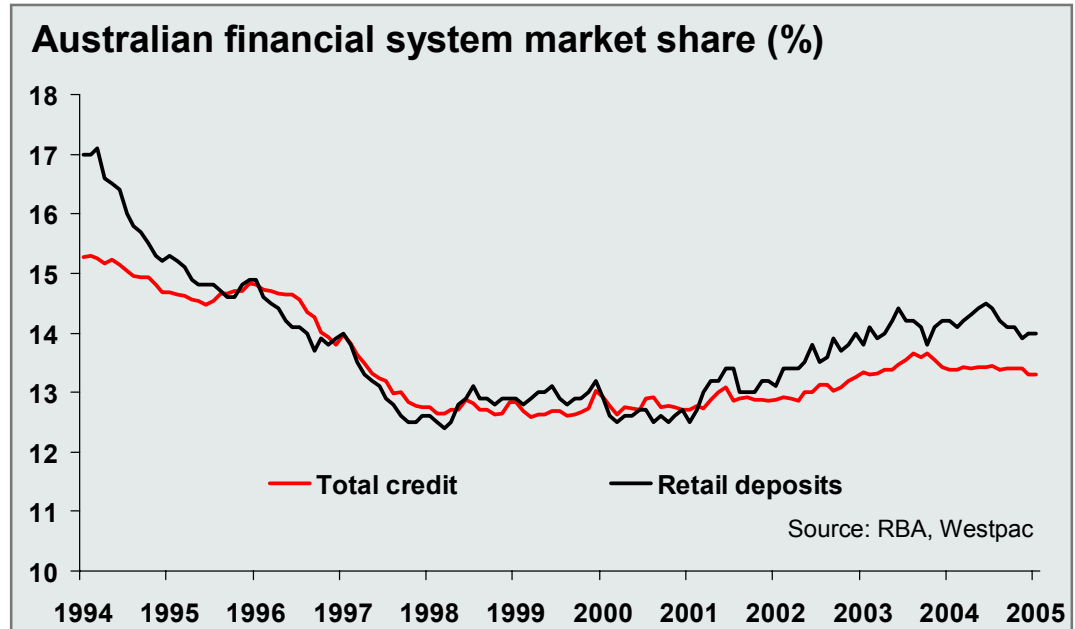


# Composition of cash earnings and operating income



# Aggregate market share

- Westpac has consistently maintained or increased its market share in key segments over the last three years (to 30 September 2004):
  - Business lending up 220bps
  - Retail deposits up 130bps
- Cautious approach to housing and personal unsecured lending over the last three years has seen household credit down 110 basis points (to September 2004).



Australian market share – RBA financial system aggregates	Dec 04 %	Sep 04 %	Sep 03 %	Change (bps) Sept– Dec qtr
<b>Credit</b>				
Household (housing & other personal)	<b>13.7%</b>	13.9%	14.6%	-20bps
Other (mainly business)	<b>12.5%</b>	12.5%	11.9%	0bps
<b>Total credit</b>	<b>13.3%</b>	<b>13.4%</b>	<b>13.6%</b>	<b>-10bps</b>
<b>Retail deposits</b>	<b>14.0%</b>	14.1%	14.1%	-10bps

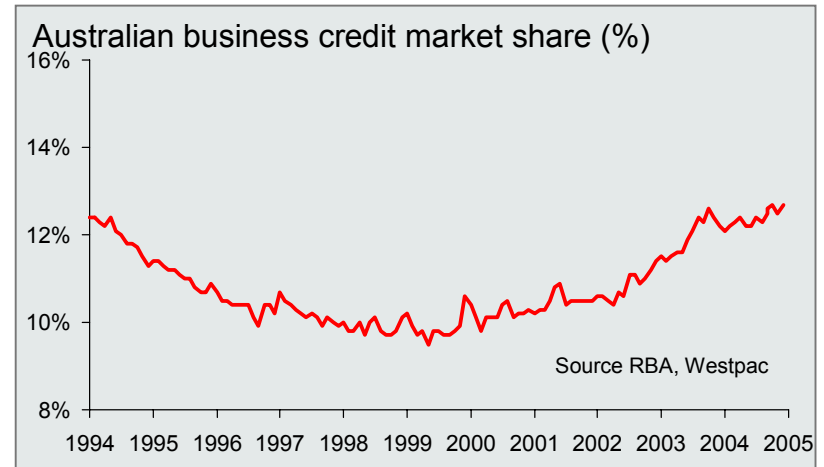
Note: Westpac's 'household' and 'other' market share statistics have been adjusted following the RBA's revision of its methodology for calculating credit data to better reflect the impact of securitisation, announced 31 May 2004.



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# Consistent strategy since 1999 to capture business market

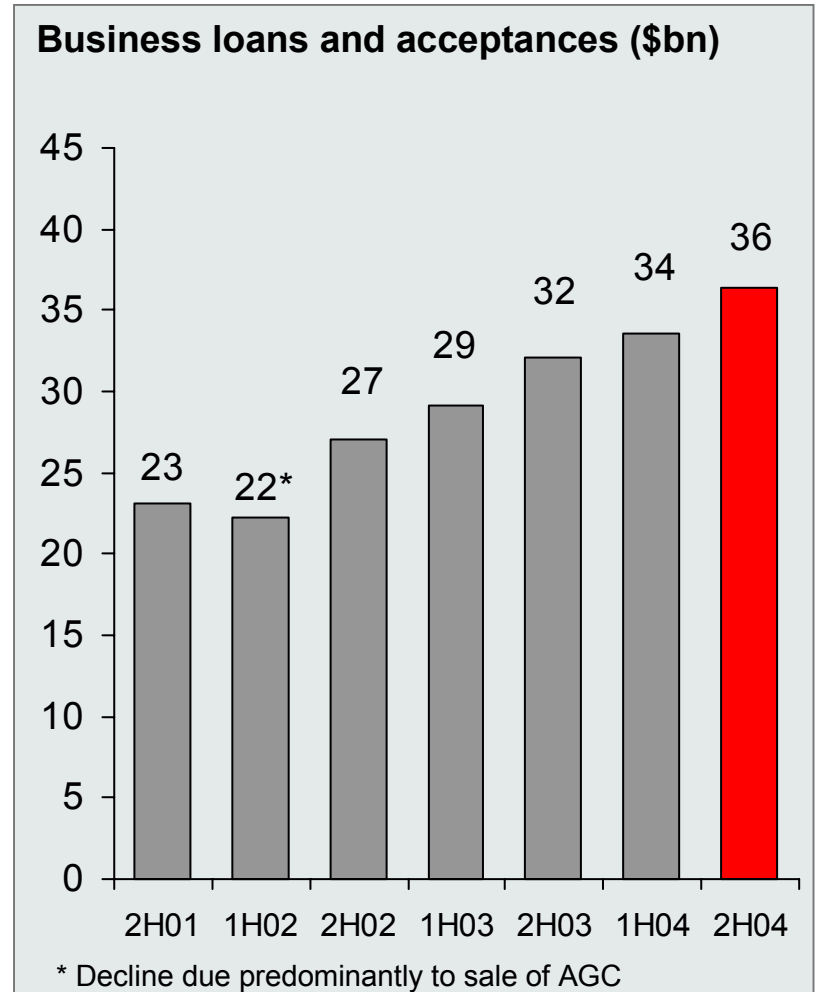
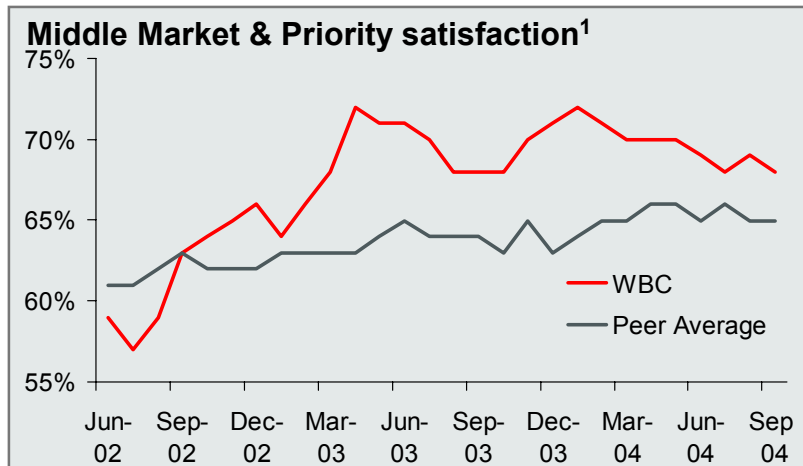
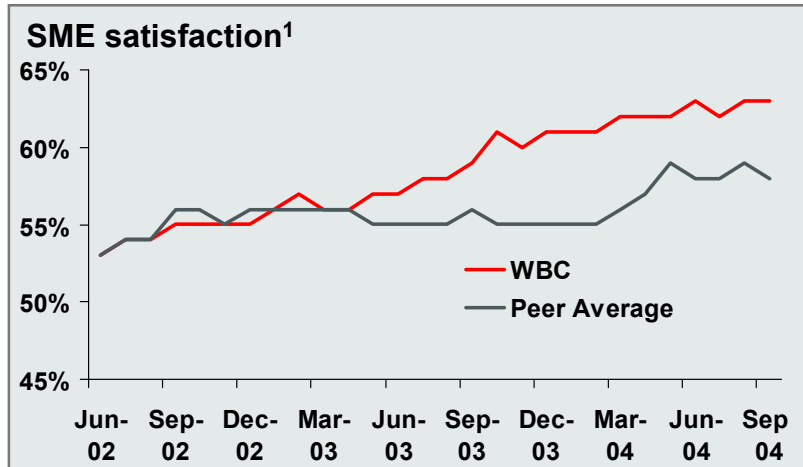
- In 2004, business lending (SME and Middle Market) was up 15% against market growth of around 8%
- Strategy focused on better meeting the needs of small and medium businesses



## What small and medium businesses are after

Know my business	Fast decision making	Better relationships
Implementation of industry specialist teams	Decision making process streamlined in 1999	Business Online revamped and updated
Roll-out of business CRM underway	Further process improvement being rolled-out under re-engineering project (Pinnacle)	Selective return of business bankers back to the branches

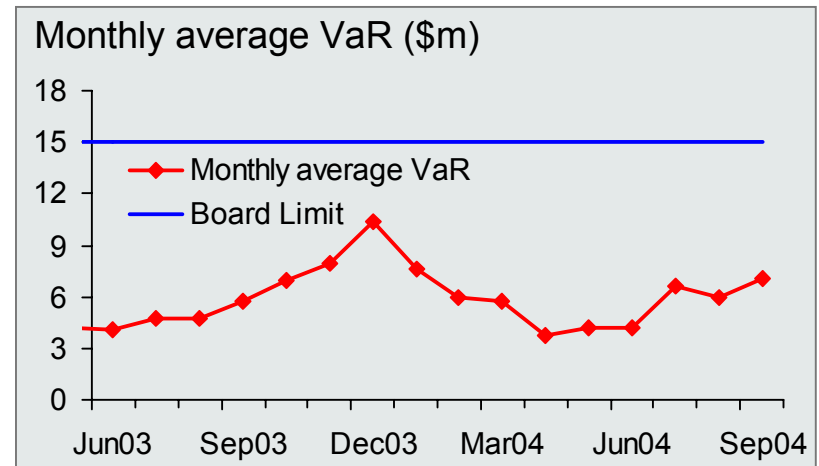
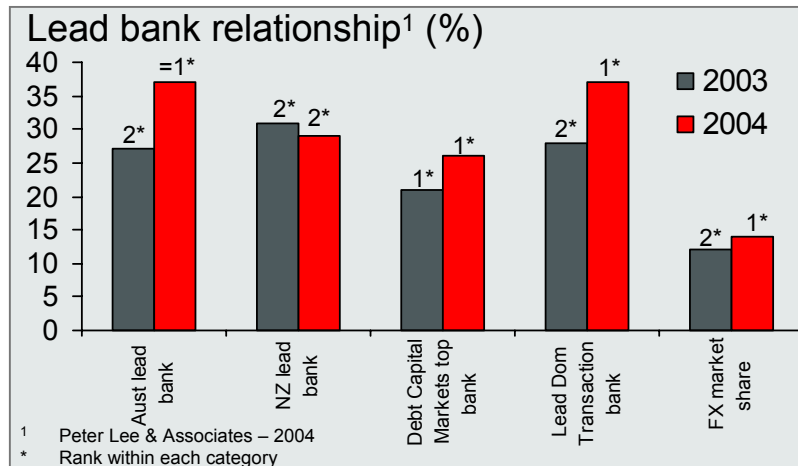
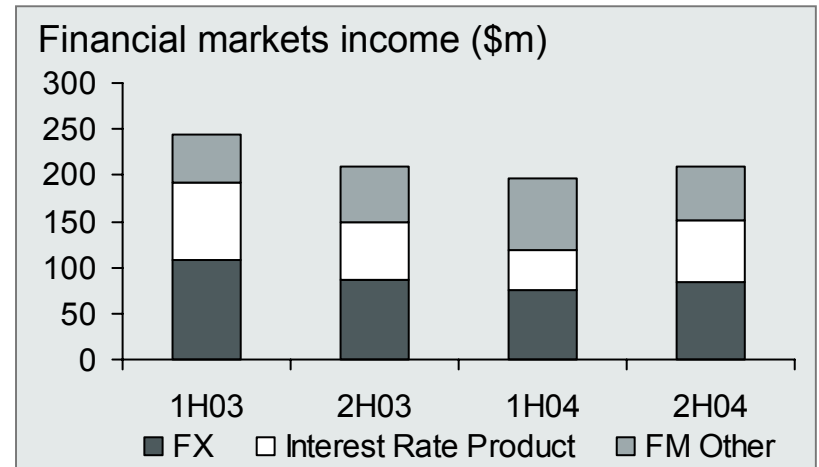
# Business strategy is delivering



<sup>1</sup> TNS Business Finance Monitor since June 2002.

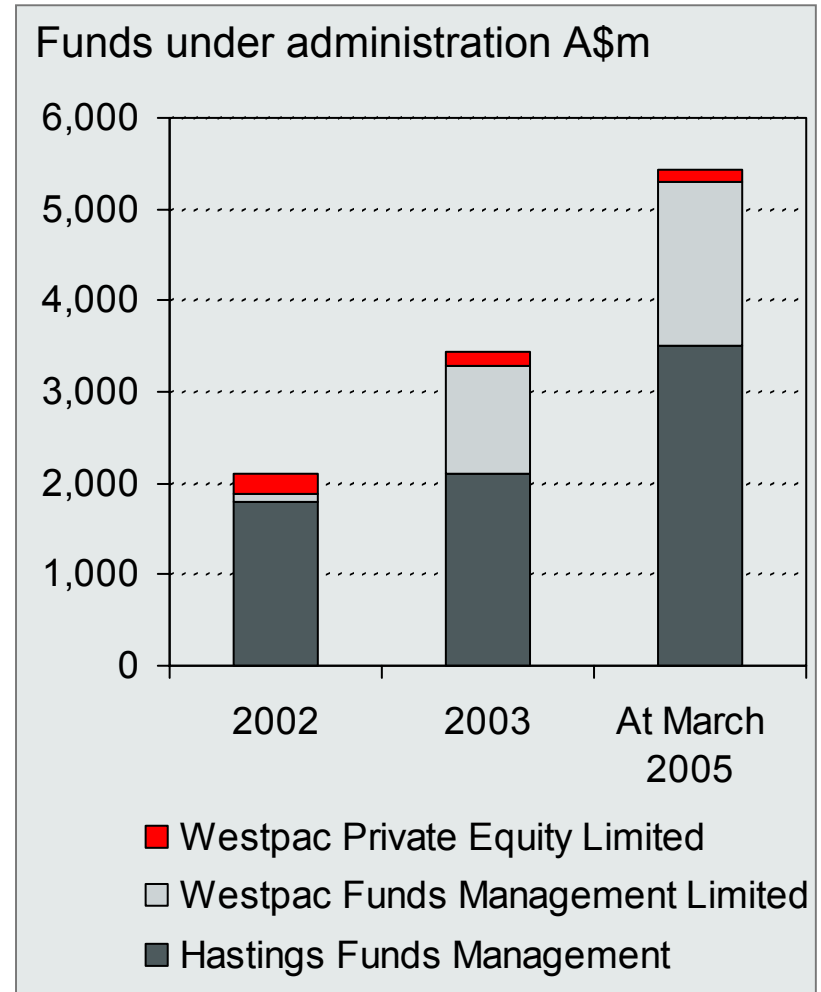
# Institutional Bank – reclaiming lead bank status

- Solid revenue growth of 10%
- New income streams established (SCG)
- Higher expenses from
  - Restructuring charge \$11m
  - Private equity performance fees \$13m
  - Epic consolidation \$22m
- In 2004, Financial markets result was consistent with expected volatility



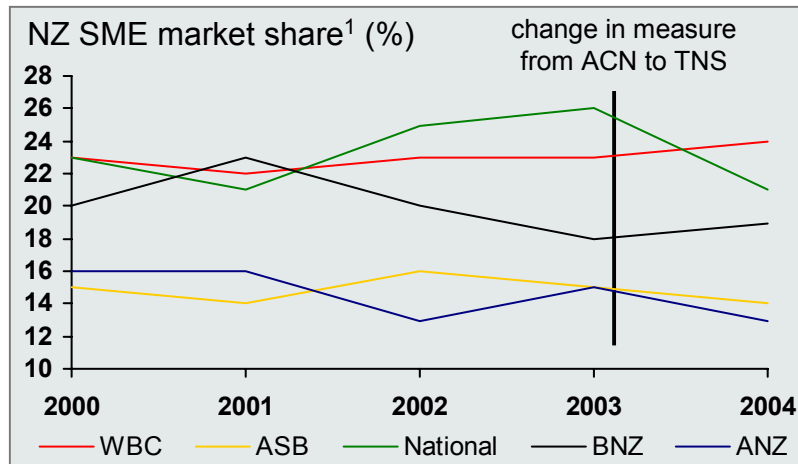
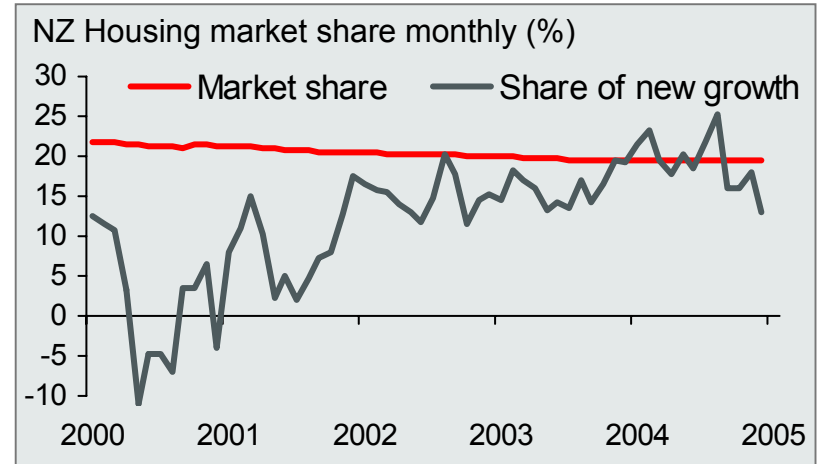
# Specialised Capital Group – a growing business

- The specialised capital group is an alternative investment fund manager and asset arranger
- Established capability boosted by ownership of Hastings Funds Management (51% ownership moving to 100% after June 2005)
- Strong governance model
- Leverage Westpac's key strengths
  - Extension of intermediation capability
  - Detailed understanding of Australian and New Zealand corporates
  - Established distribution channels
  - Complementary wealth management operation
- High growth business creating a sustainable annuity income stream

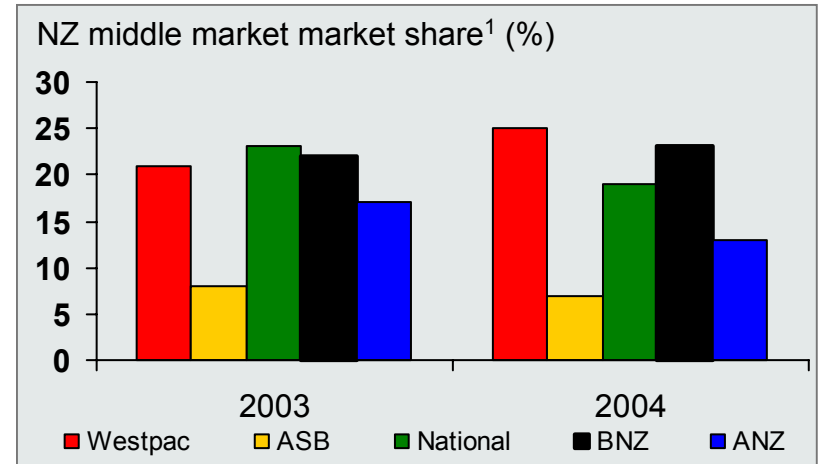


# New Zealand – repositioning delivers growth

- Benefits from repositioning the business
  - Improved lending growth, particularly housing
  - Increased brand awareness
- Momentum in all key segments
- Effectively managing margins in a competitive market
- Total lending in New Zealand for year to September 2004 increased 15% compared to total Private Sector Credit Growth of 12% for the same period.



1. TNS Business Finance Monitor Results



1. TNS Business Finance Monitor Results



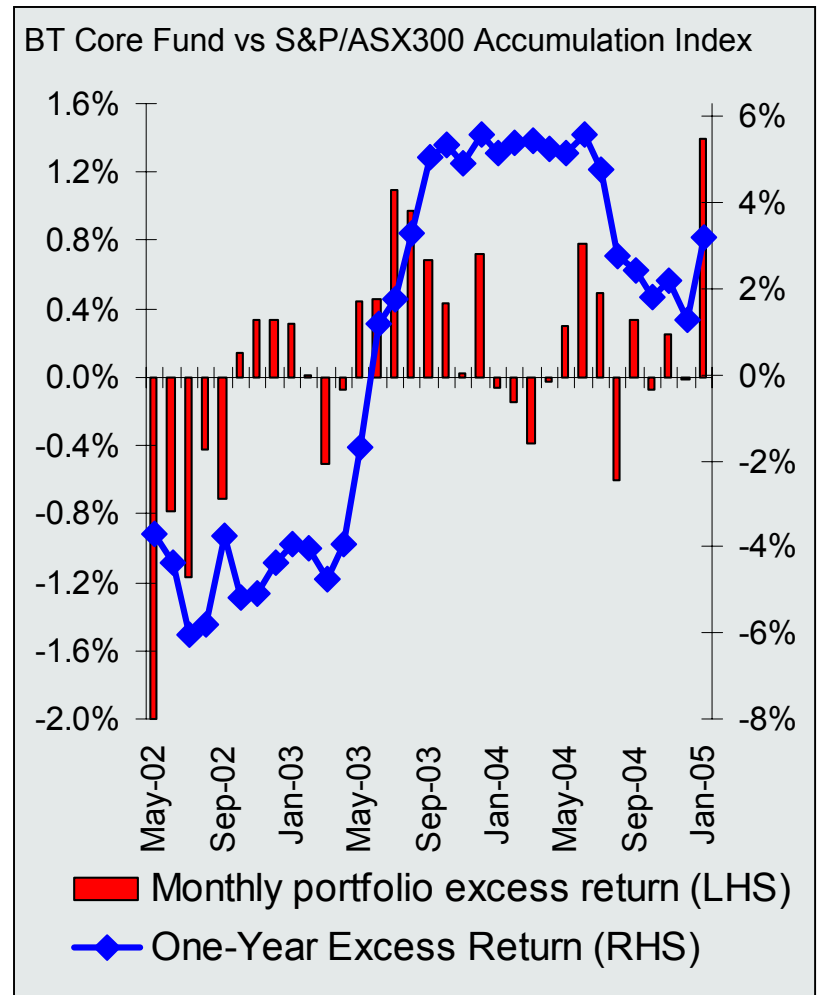
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# BT Financial Group – sustained improvement

- Sustained fund performance improvement and ratings upgrades
- Well linked into Westpac customer base
  - 28% rise in corporate super FUA in 2004
  - Wrap FUA up 44% in 2004, including \$800m rise in Wrap from internal planners
- Good claims experience assisting life insurance performance

2004 BTFG Expenses (\$m)	
2003 expenses <sup>1</sup>	369
During 2004	
Integration synergies realised	(39)
Increase in share of group allocated costs	6
Investments in integration	9
Review of bank owned planner channel (Sunrise)	4
Organic growth	29
<b>2004 Expenses</b>	<b>378</b>

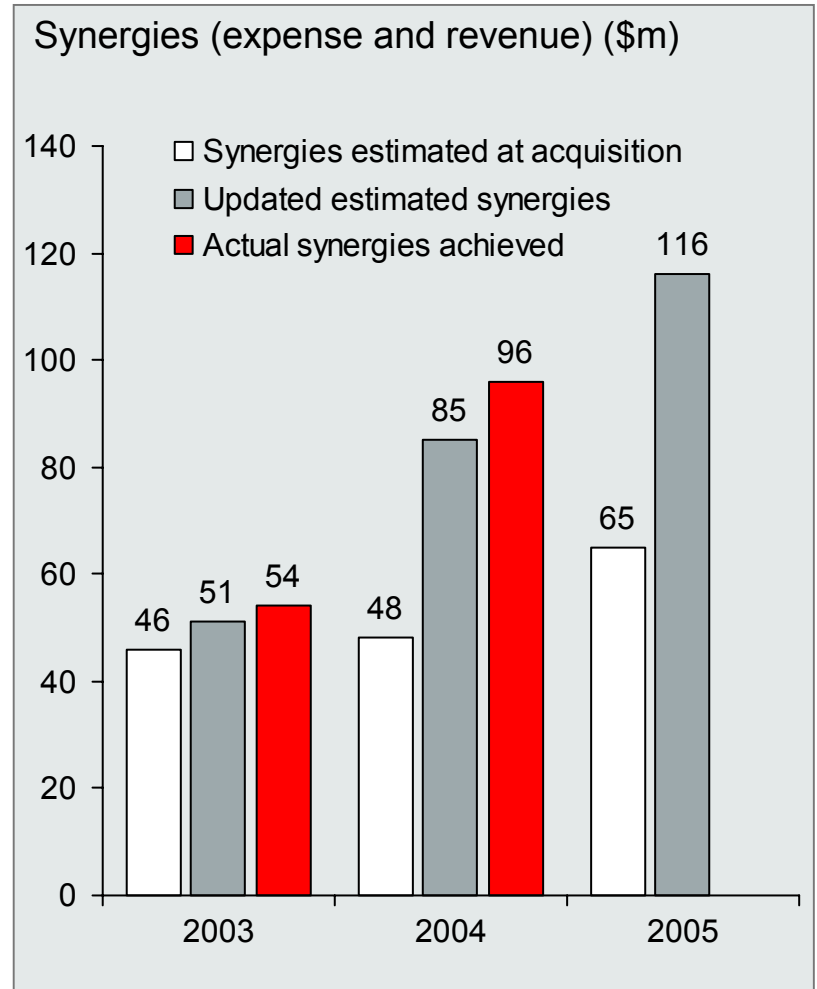
1. Grossed up for 1 month of BTFM



# BTFG integration complete

- Project delivered on time and ahead on synergies
- \$96m in synergies achieved in 2004 - \$48m more than estimated at acquisition
- Incremental cost synergies of \$20 in 2005
- Of the \$116m in synergies
  - \$5m are ongoing revenue benefits.
  - \$111m are cost synergies (\$5m of which relate to BT New Zealand)
- Finalisation of acquisition accounts resulting in reduction to goodwill of \$26m in Australia and \$7m in New Zealand
- Goodwill charge in 2005 expected to be \$64m

Acquisition provisions			
\$m	Sep 03	Sep 04	
Restructuring provision	25	8	
Fair value provision	34	3	



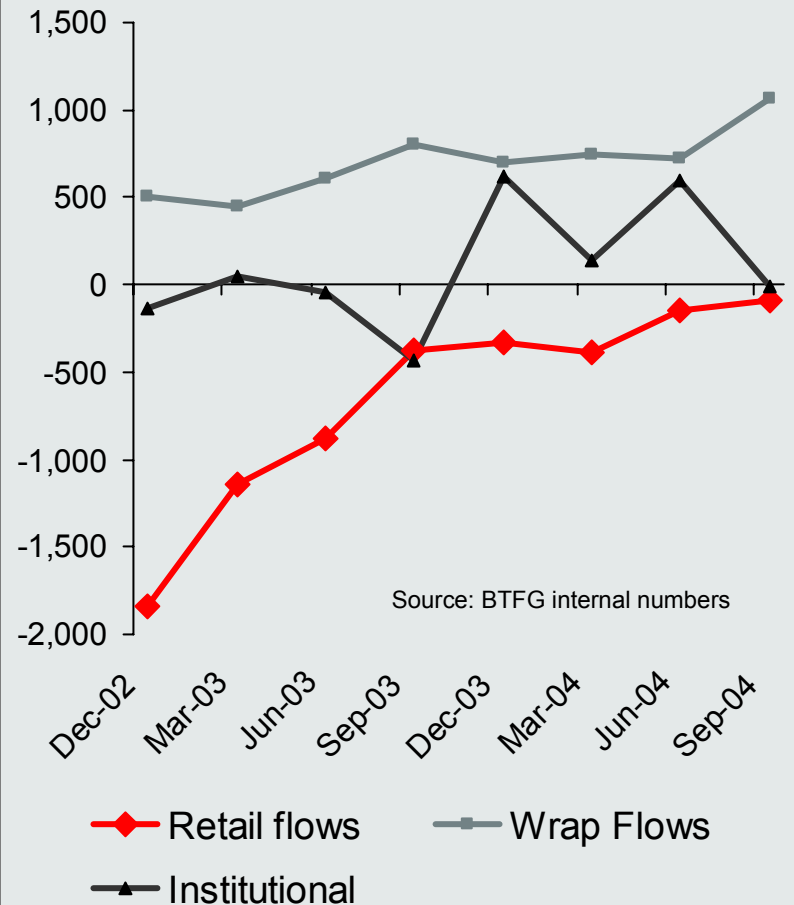
# Improved researcher ratings/net fund flows

Large Cap Australian Equities – Flagship Retail Fund Ratings\*

Researcher	Rating	
	Dec 03	Jan 05
Van Eyk	B	A
ASSIRT	1 star	3 star
Lonsec	Hold	Recommend
Morningstar	1 Star	2 Star
Investorweb	Sell	Buy
360	Sell	Buy
Navigator	2 Star	4 Star

\*Retail flagship fund is the BT Australian Share fund

Quarterly net funds flows (\$m)



# Growth in wealth products remains strong

Current Australian market share			Share of new business	
Product	Market share (%)	Rank	Market share (%)	Rank
Retail	8.0	5	10.0	5
Corporate super	6.5	5	13.8	2
Wrap and master trust	9.8	4	20.0	3
Life and risk	6.6	7	8.4	5
Margin lending	13.7	n/a	16.3	n/a
Broking	10.6	3	10.4	3
Institutional	1.4	23	n/a	n/a

*Sources:*

*Retail & Wrap & M'trust*

*Corporate super*

*Life and risk*

*Margin lending*

*Broking*

*Institutional*

*- ASSIRT Preliminary market share report Sept 2004*

*- Dext&r Employer Super League Table Sept 2004*

*- Dext&r Life analysis, Quarterly Statistics ending Sept 2004*

*- BT loan book verses RBA industry total – Dec 2004*

*- ASX market analysis Dec 2004*

*- Investor Supermarket Dec 2004*

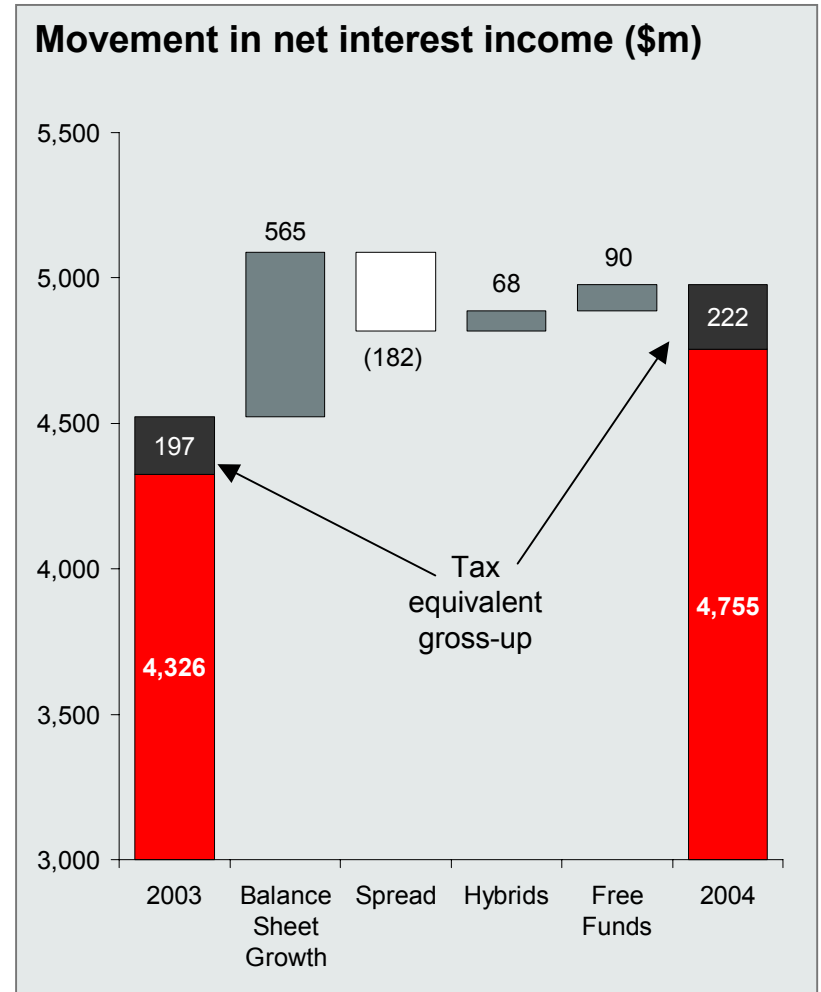
# Australian funds under management

Asset class \$bn	Sept 03	Sept 04		
		Total	Retail	Retail %
Cash	7.6	6.9	4.2	61%
Australian Fixed Interest	5.2	5.6	3.1	55%
International Fixed Interest	2.8	4.6	1.5	33%
Property	3.1	3.2	2.6	81%
Australian Equities	10.0	11.0	9.2	84%
International Equities	8.1	8.0	6.5	81%
Other*	3.7	4.2	0.5	12%
<b>TOTAL</b>	<b>40.5</b>	<b>43.5</b>	<b>27.6</b>	<b>63%</b>

\*Includes FX, currency & asset allocation

# Net interest income analysis

- Net interest income in 2004 up 10%
- Behind these movements has been
  - Balance sheet growth up \$565m
  - Rising interest rates supporting deposit margins and earnings on free funds
  - Additional hybrid capital contributing to reported spreads
  - Business mix changes led to a decline in overall margins



# 2004 Loan & deposit growth robust

Loan growth \$bn	% Change <sup>1</sup>				
	2H04	1H04	2H03	2H03- 2H04	1H04 - 2H04
<b>Business Unit</b>					
Consumer (Australia)	99	92	89	11	7
<i>Housing</i>	92	88	82	12	5
<i>Personal (loans &amp; cards)</i>	7	7	7	5	0
Business (incl. equip. finance)	36	33	32	15	9
Westpac Institutional Bank	26	23	22	15	13
<i>New Zealand (\$NZ)</i>	28	27	25	15	6
BT Financial Group	2	2	2	13	6
<b>Group</b>					
Net loans and acceptances	188	175	164	14	7
Avg. interest earning assets	202	191	185	13	6
<b>Deposit Growth \$bn</b>					
<b>Business Unit</b>					
Consumer (Australia)	50	49	47	8	3
Business (Australia)	24	24	23	7	2
Westpac Institutional Bank	14	12	11	28	13
<i>New Zealand (\$NZ)</i>	19	18	17	8	3
Other <sup>2</sup>	41	35	34	21	16
<b>Group</b>					
Total deposits	147	136	129	14	8
Ave interest bearing liabilities	179	172	157	14	8

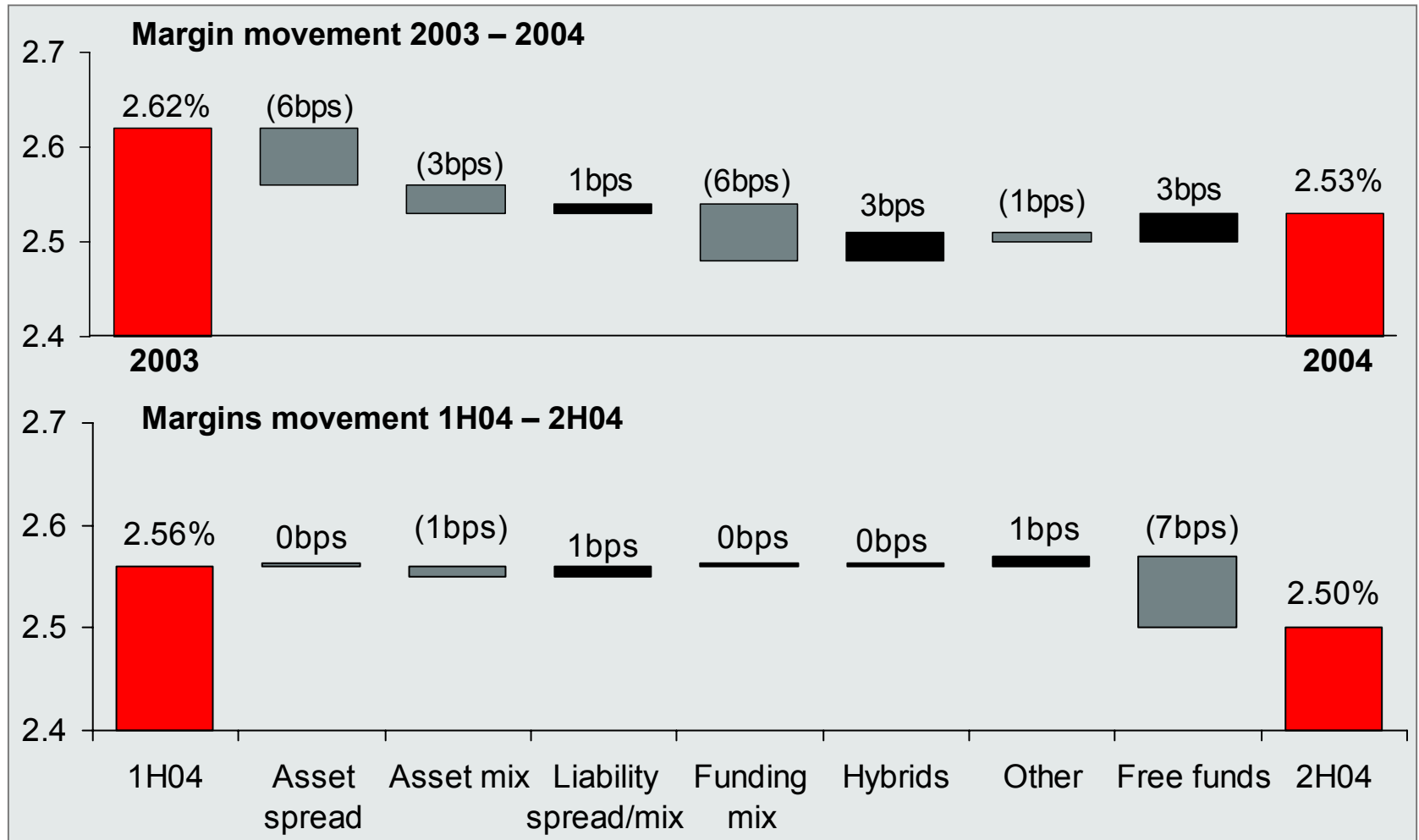
1. % changes have been calculated before rounding of numbers

2. Other include Treasury and Pacific Banking



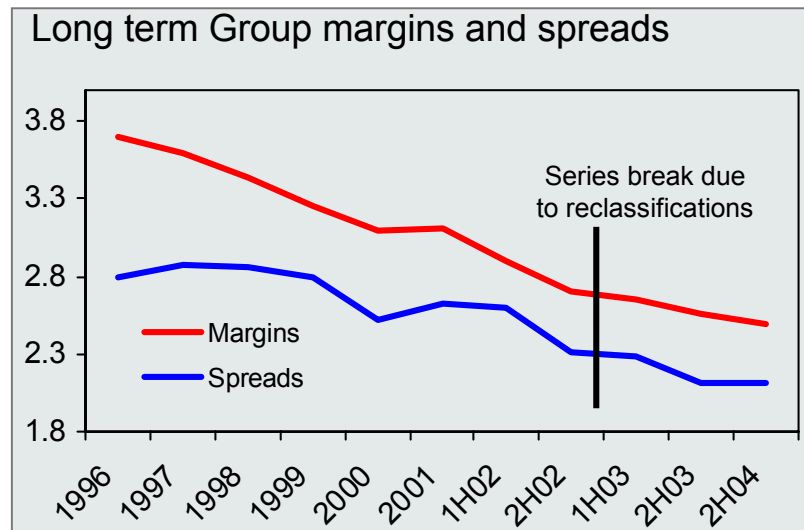
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# Analysis of group margin movements



# 2004 Margin and spread trends

- Margins down 9 basis points over the year in line with long term expectations
- Spread down 12 basis points over year but flat over second half. 1H decline due to normal trend and some cyclical factors including the change in the monetary policy cycle
- Most of the easing in margins can be traced back to lower Australian spreads in the first half
- Impacting Australian spreads in 1H04:
  - Transitory change in the cash/bills spread
  - Funding portfolio composition as strong lending not matched by deposit growth
  - Mortgage spreads lower from product mix changes
  - Cards spreads lower due to launch of a low rate card(Virgin) and reduced revolver rates

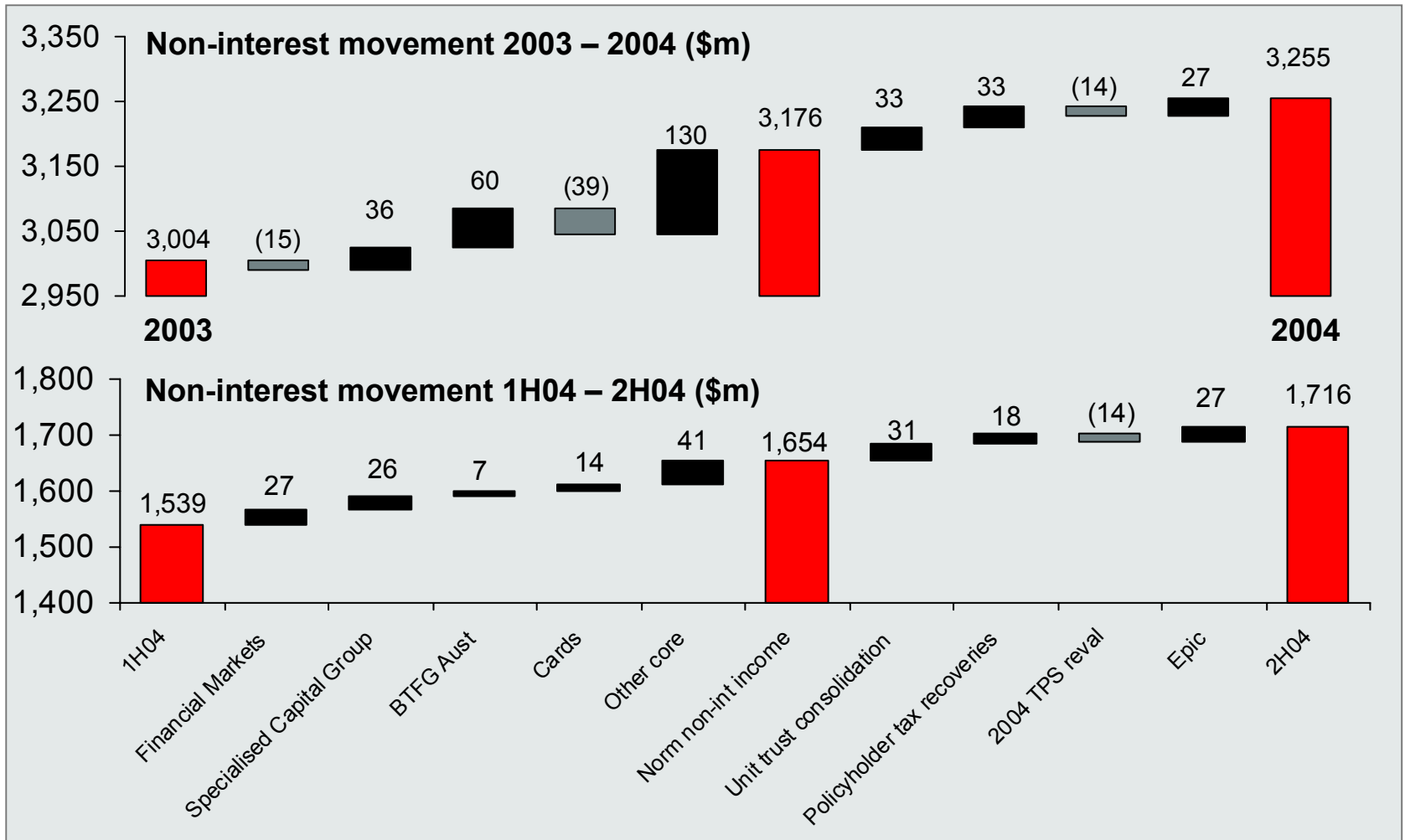


Australian product spreads

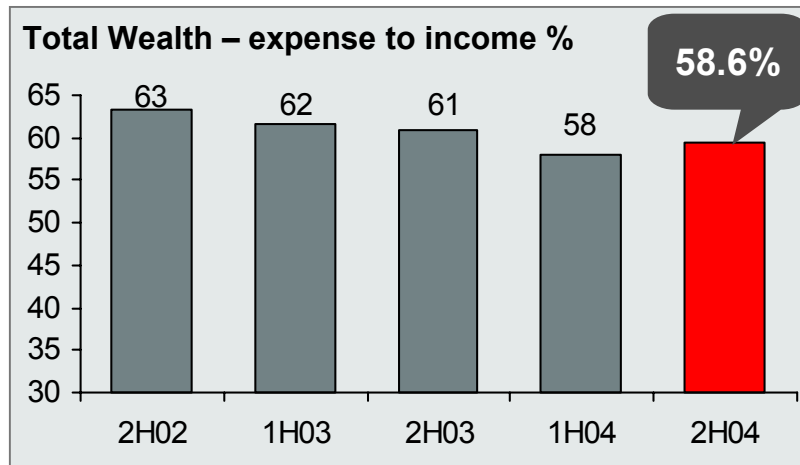
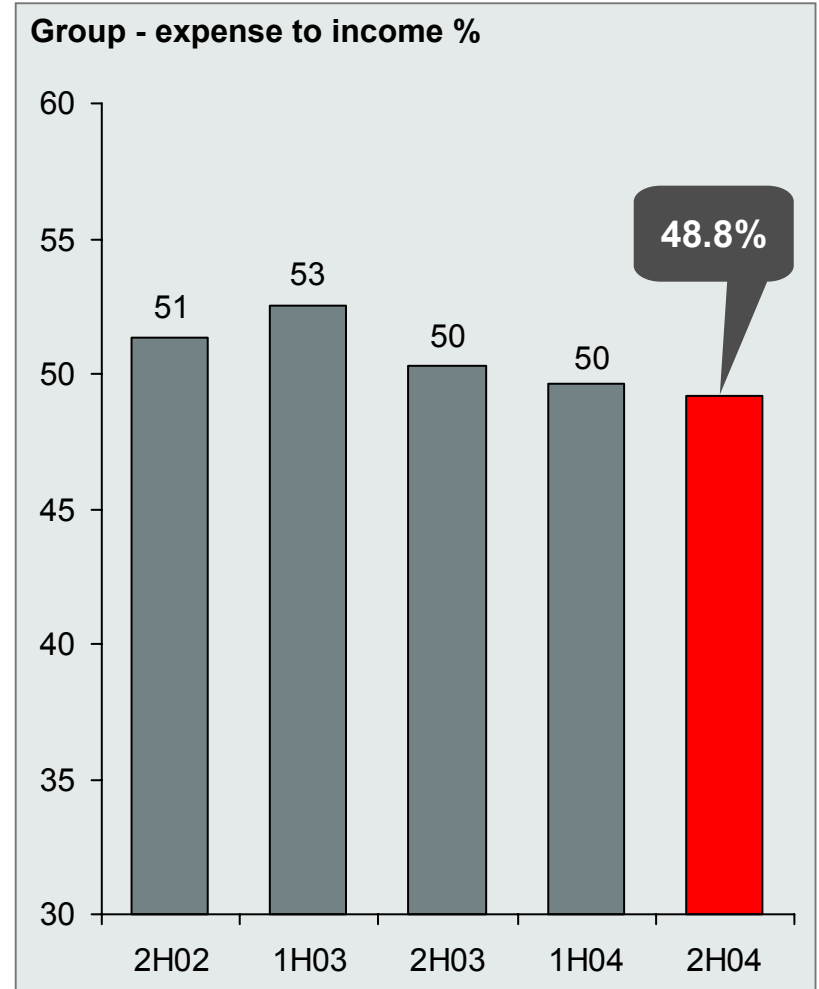
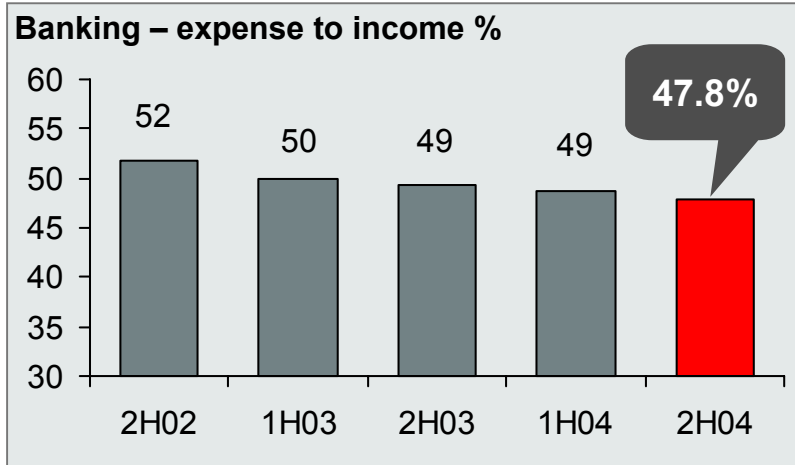
Product	1H03	2H03	1H04	2H04
Mortgages	1.22	1.22	1.18	1.18
Cards	7.50	7.76	6.77	6.94
Business	1.76	1.81	1.78	1.79
Equipment Finance	2.26	2.33	2.16	2.02
Consumer Deposits	1.52	1.56	1.66	1.62
Business Deposits	2.51	2.60	2.76	2.81

Indicative

# Non-interest income analysis



# Expense to income – comfortably under 50%



# Expenses – continued tight management

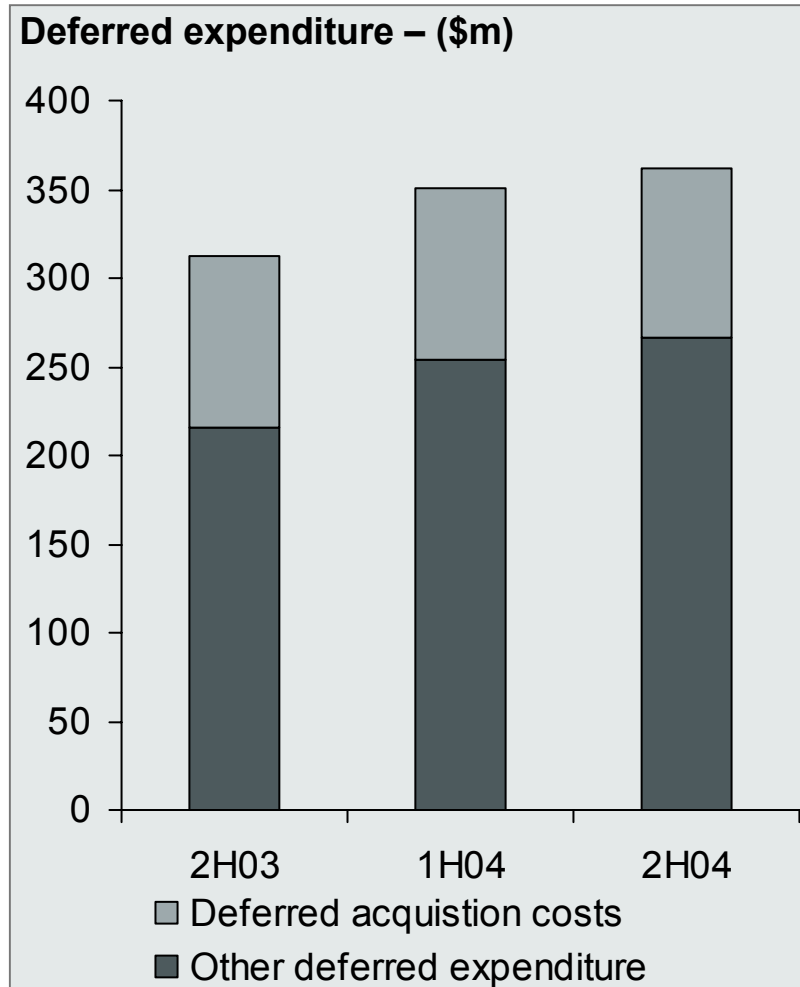
\$m	2004	2003	% Change
Operating expenses	3,940	3,763	4.7%
<i>Epic</i>	(22)		
<i>Unit Trusts</i>	(3)		
<i>Private equity performance fees</i>	(13)		
<i>Gross up – 1 mth BTFM</i>	-	15	
<i>\$NZ impact</i>	6		
Adjust operating exp.	3,908	3,778	3.4%

Cost Efficiency Pipeline \$m	2005(f)	2006(f)
Outsourcing	9	9
Wealth integration	20	20
Lending processes	14	44
Productivity Improvement Programme	38	156
Other efficiency initiatives	41	42
<b>Cumulative total</b>	<b>122</b>	<b>271</b>

Major compliance spending - \$m	Spend to 2004	2005 Expected	Expected spend after FY05
Basel II	7.0	10.0	3.0
IFRS	6.4	11.0	4.0
FSR	1.0	-	
Sarbanes Oxley	0.9	4.5	
Anti-Money Laundering	2.1	5.0	20.0 - 25.0
Other (incl revised code of banking practice)	4.3	1.9	

- Strong revenue growth enabled an increase in investment spend leading cost growth to top of target range
- What we absorbed:
  - Compliance spend \$12m
  - Project costs expensed \$214m
  - Restructuring charges \$24m

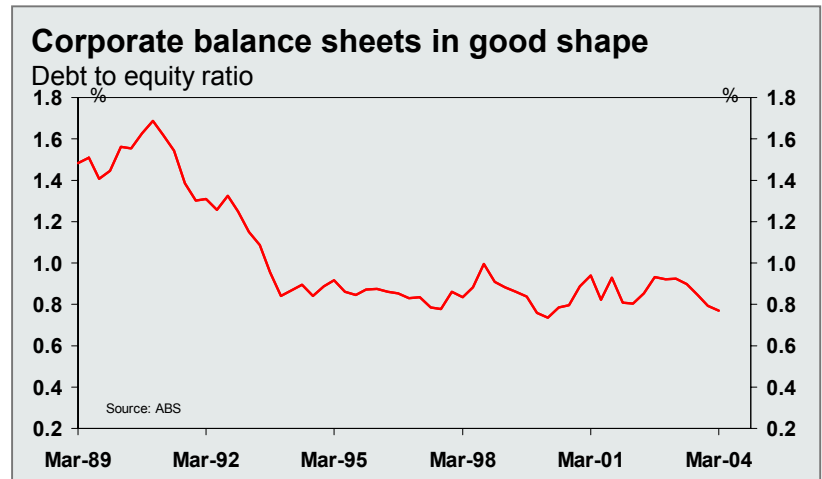
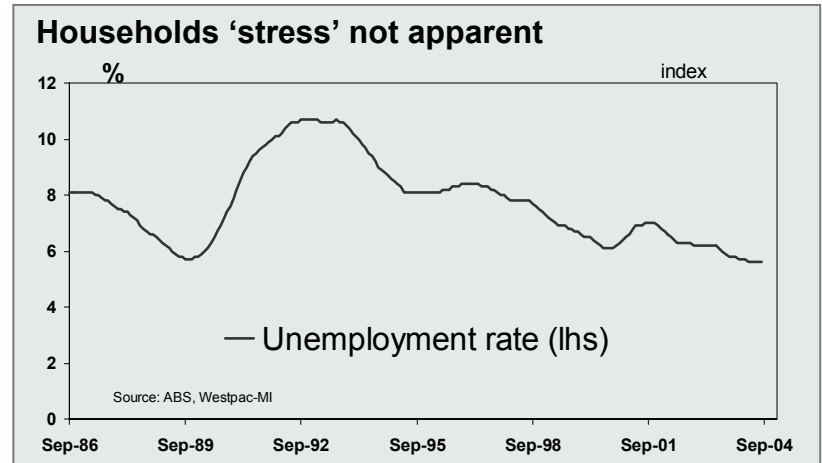
# Deferred expenditure and capitalised software



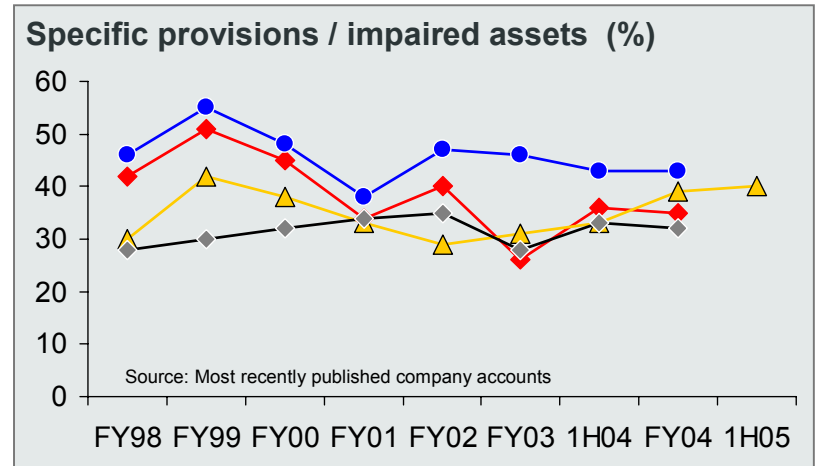
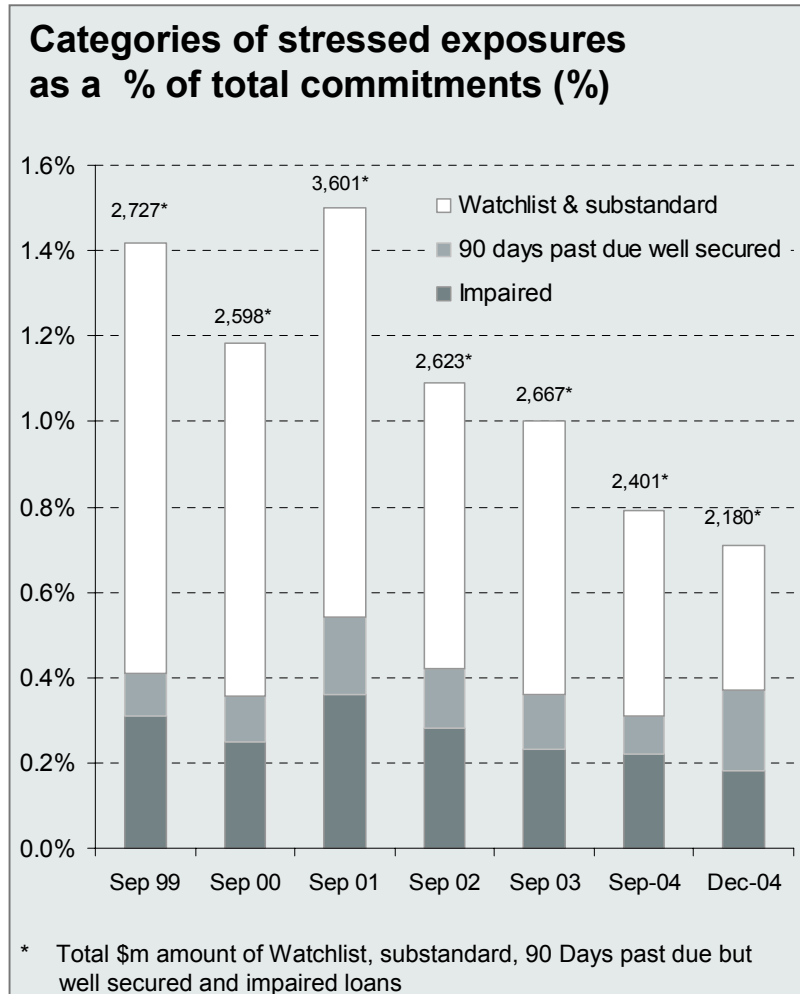
Capitalised software - major projects \$m	Amortisation period (years)	Sep 2003	Sep 2004
Loan process re-engineering (Pinnacle)	3	45	76
Institutional Bank (incl. Financial markets systems)	3	31	36
Standardised platform (One Bank)	3	26	58
Channel development and distribution	3	11	21
Product enhancement	3	13	12
Customer relationship management (Reach)	3	29	45
Other - Australia	3	61	36
Teller platform, New Zealand	5	19	29
Other - New Zealand	3	66	64
<b>Total</b>		<b>300</b>	<b>377</b>

# Supportive credit quality environment

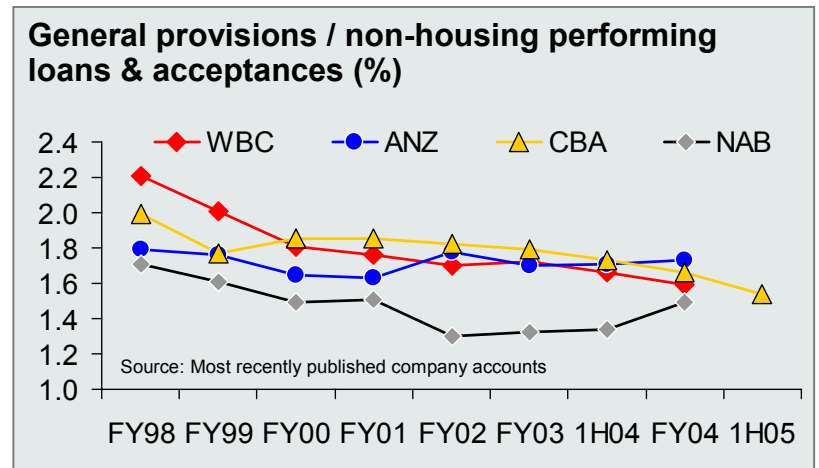
- Forward indicators of credit quality remain strong
  - Unemployment at generational low
  - Consumer confidence is at a decade high, households positive about their finances
  - Robust corporate profits
  - Comfortable levels of business gearing
  - No major corporate defaults
  - Low delinquency rates across portfolio



# Stressed exposures continue to decline

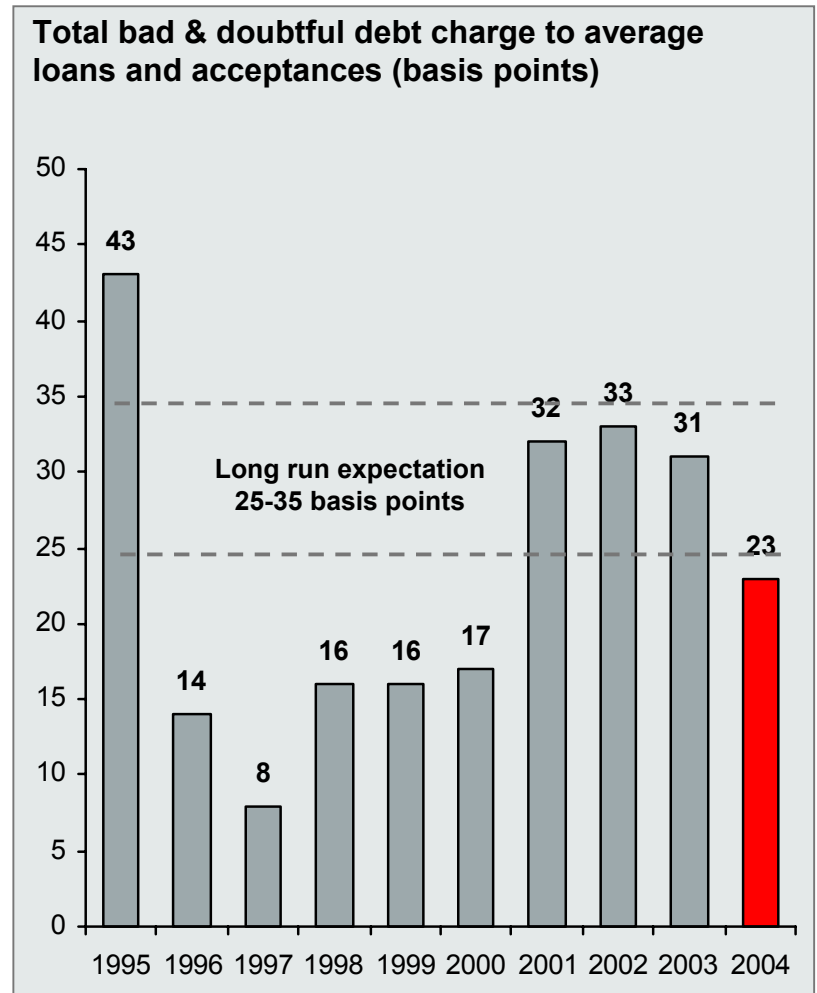


- FY 04 coverage ratio is 2.5x.



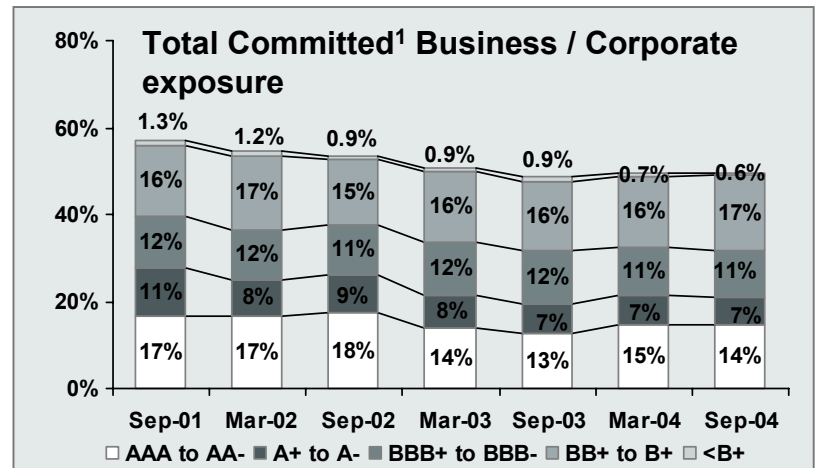
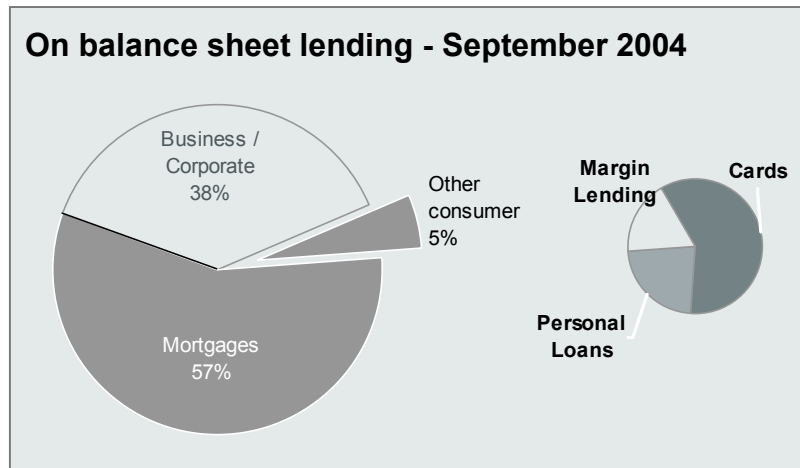
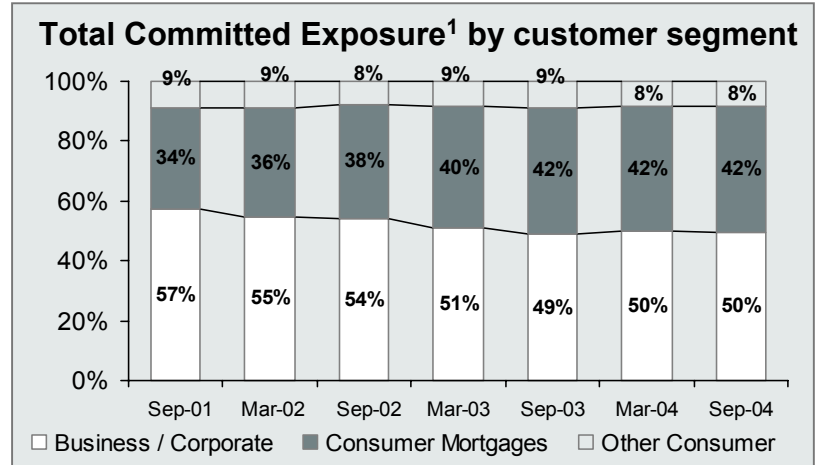
# Bad debt analysis

2004 Bad debts by business unit			
BCB	New specific	82	
	Write-offs	236	
	W'backs/Recoveries	(68)	
	Dynamic provision	90	340
WIB	New specific	79	
	Write-offs	3	
	W'backs/Recoveries	(22)	
	Dynamic provision	(65)	(5)
NZ	New specific	11	
	Write-offs	34	
	W'backs/Recoveries	(24)	
	Dynamic provision	16	37
Other	New specific	2	
	Write-offs	1	
	W'backs/Recoveries	(2)	
	Dynamic provision	41	42
<b>Total</b>			<b>414</b>



# Composition of portfolio

- Mortgages represent 42% of total commitments and 57% of funded lending
- 64% business / corporate exposure exceed investment grade
- Other consumer includes credit cards, personal lending and margin lending



1. Total committed exposures include outstanding facilities and un-drawn commitments that may give rise to lending risk or pre-settlement risk

# Total exposure by region

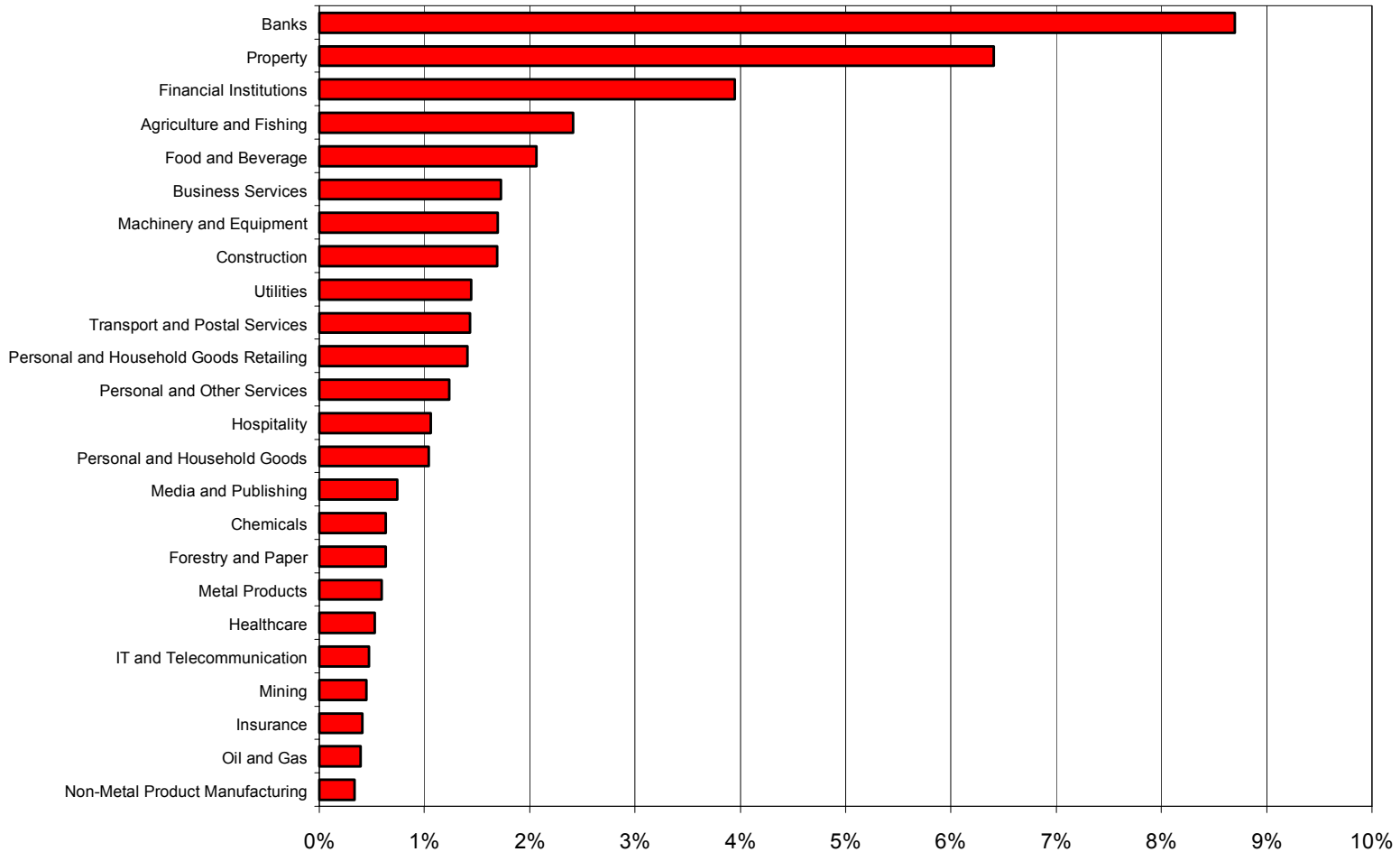
- Exposures outside core markets represent less than 3% of total committed exposures – sub investment grade represent less than 0.3% of total exposures (excluding core markets of Australia and New Zealand)

\$m	Australia	NZ/ Pacific	Americas	Europe	Asia ex Japan	Japan	Group
<b>AAA to AA-</b>	35,950	6,631	777	367	127	113	<b>43,965</b>
<b>A+ to A-</b>	14,195	2,649	1,284	1,717	-	-	<b>19,845</b>
<b>BBB+ to BBB-</b>	25,419	5,374	686	1,198	59	-	<b>32,736</b>
<b>BB+ to B+</b>	42,715	8,295	32	327	4	30	<b>51,402</b>
<b>&lt;B+</b>	1,362	521	49	231	3	-	<b>2,165</b>
<b>Secured consumer</b>	110,128	20,946	-	-	-	-	<b>131,075</b>
<b>Unsecured consumer</b>	18,268	3,199	-	-	-	-	<b>21,467</b>
	<b>248,037</b>	<b>47,614</b>	<b>2,828</b>	<b>3,841</b>	<b>192</b>	<b>143</b>	<b>302,654</b>

1. Total committed exposures by booking office at 30 September 2004

# Industry concentrations

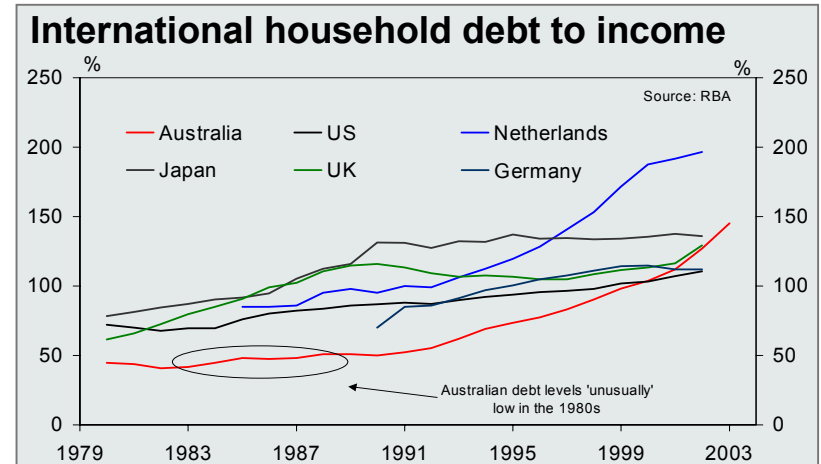
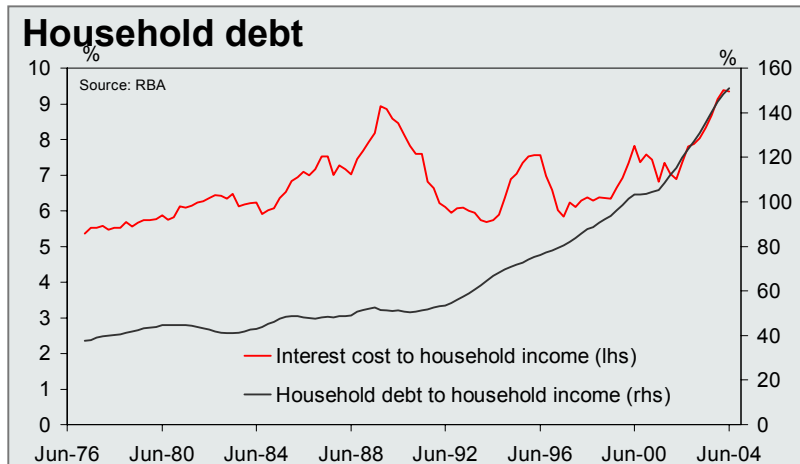
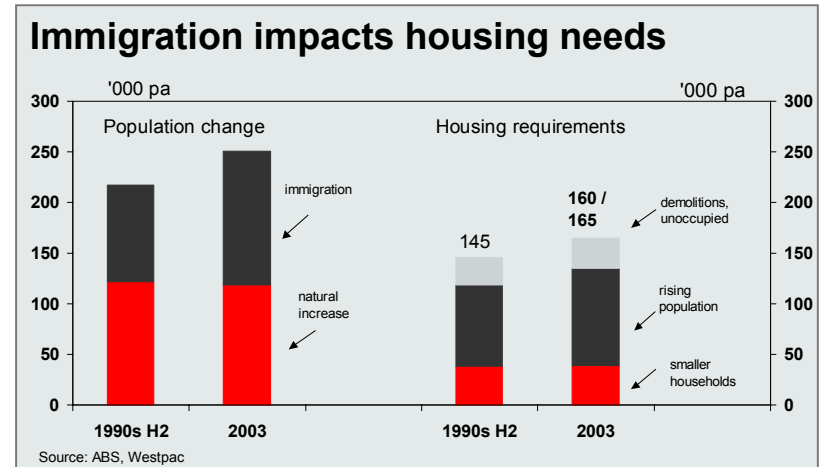
% of Total Committed Exposure - September 04



Note: Excludes governments

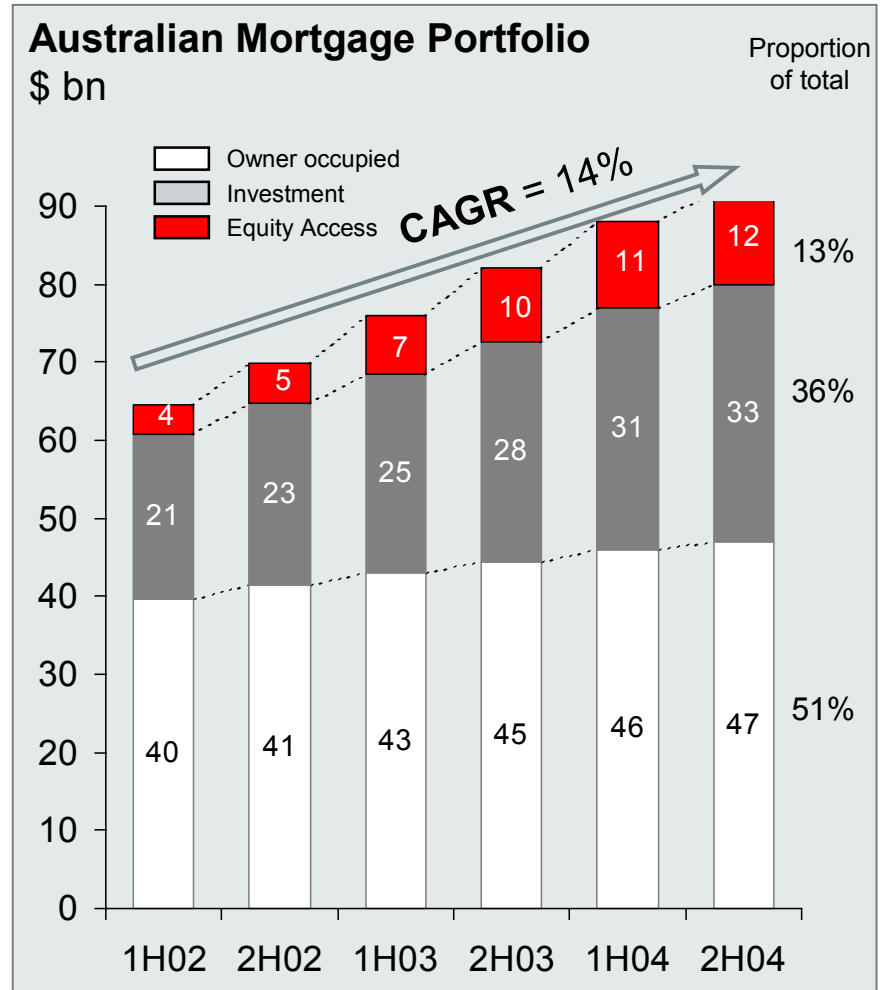
# Housing demand and household debt

- The housing construction downturn is set to be mild compared with past cycles.
- Net overseas migration is up a third from the second half of the 1990s. This has boosted housing requirements by almost 15% from the late 1990s.
- Australian household debt levels lifted higher over the last decade from below average levels by international standards.
- This catch-up reflected Australia's delayed shift to a low inflation, low interest rate environment.
- Household debt servicing costs are up, but may be at a peak



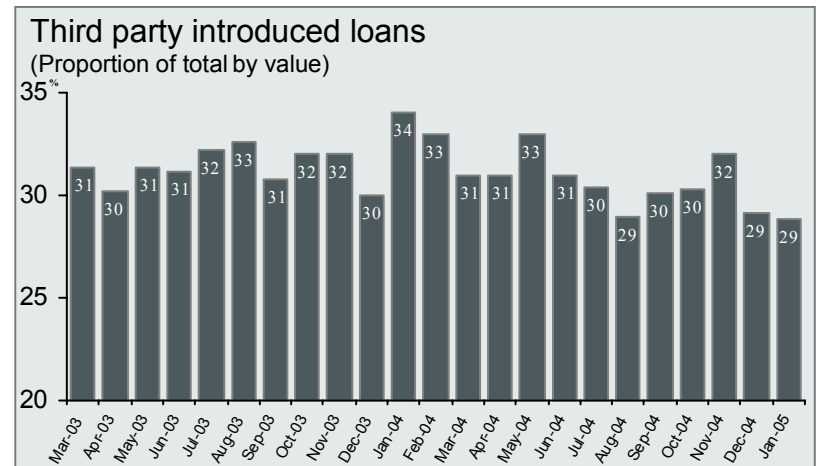
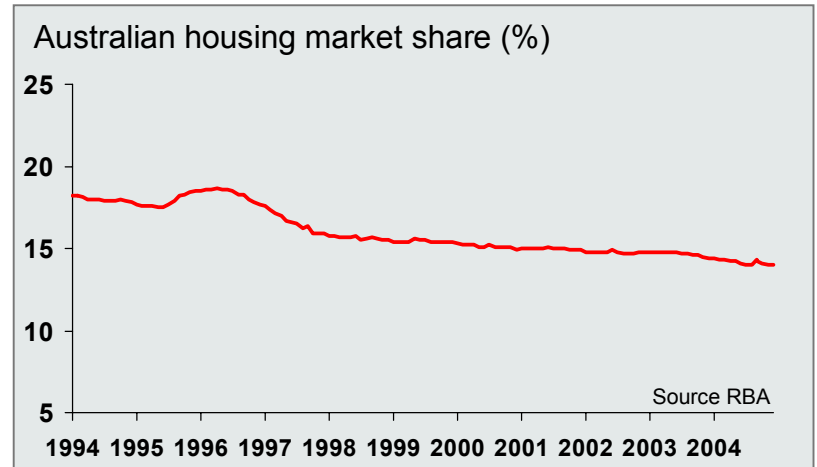
# Mortgage portfolio – characteristics

- Housing growth remained solid in 2004
  - Owner occupied up 4%
  - Investment up 18%
  - Equity Access up 20%
- Funding for alterations and additions boosted equity access lending
- Average LVR of new loans in 2004 was 65%—up from 63% in 2003
- Total bad debts (excluding dynamic provisioning) are less than 1 basis point



# Mortgage – delivering profitable growth

- Mortgages lending up 12% in 2004
- Mortgages spreads down 4 basis points
- Mortgage growth below system (with market share easing) due to:
  - Holding the proportion of lending via brokers constant
  - Not aggressively pursuing low-doc lending
  - Avoiding higher risk investment lending
- Opportunity to improve sales force effectiveness remains
- Third party introduced loans represent 30% of new loans in 2H04 by value
- 26% of outstanding mortgage portfolio is broker originated



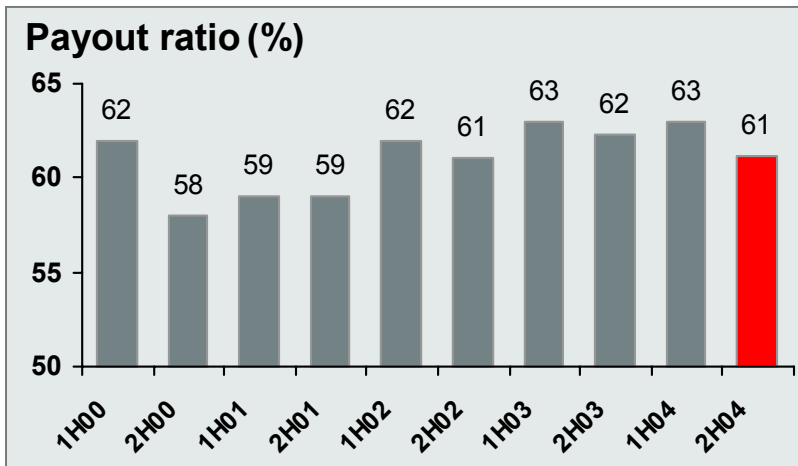
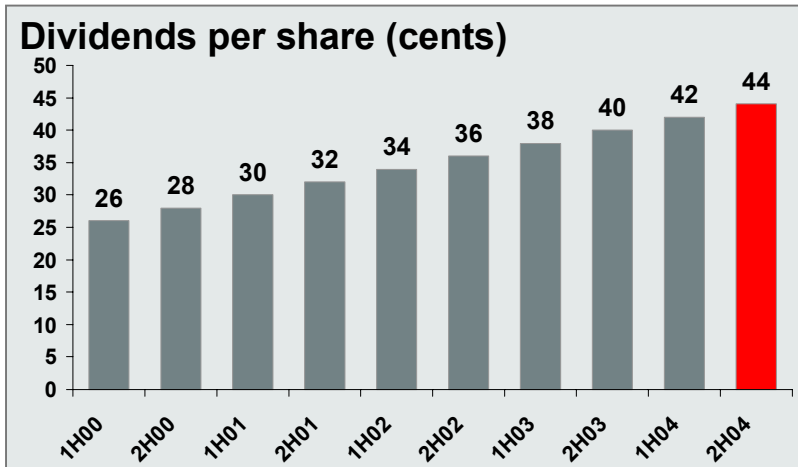
	\$bn	% of portfolio
CBD and Low-Doc		
Low Doc Portfolio	0.2	< 1%
CBD Apartments	2.0	2%

# Housing portfolio quality

- Nominal changes in sensitivities in 2004 compared to 2003
- Changes due to portfolio growth and levelling out of house prices
- Capacity to absorb interest rate rises strong with 75% of amortising borrowers repaying in excess of required minimum

<b>Westpac 2004 Stress Test Results</b>	<b>Base case</b>	<b>Scenario A</b>	<b>Scenario B</b>
Interest rates - % pa	<b>7.1</b>	<b>9.1</b>	<b>11.1</b>
Individual effect \$m	0.0	3.7	9.3
Housing prices fall - %	<b>0</b>	<b>10</b>	<b>20</b>
Individual effect \$m	0.0	7.2	24.6
Unemployment rate - %	<b>5.6</b>	<b>6.6</b>	<b>7.6</b>
Individual effect \$m	0.0	2.3	6.8
Combined effect \$m	0.0	20.0	112.7
Combined effect - bps	0.0	2.2	12.5

# Strong dividend – sustainable pay-out ratio



## Illustrative pay-out ratio analysis<sup>1</sup> Presented July 2004

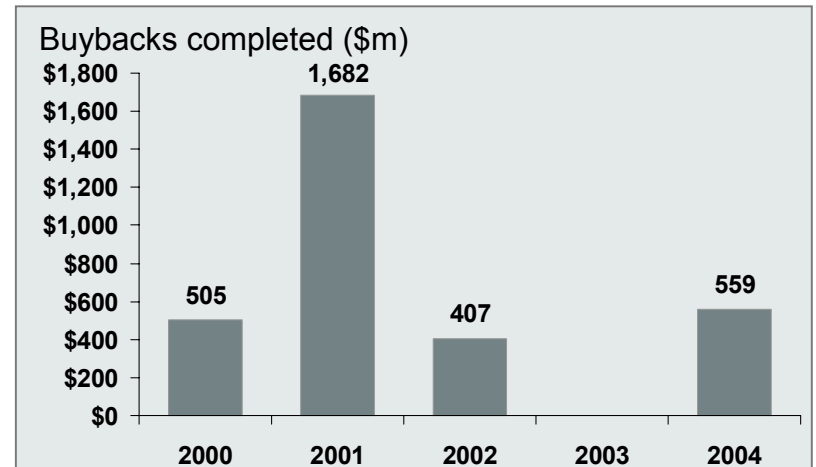
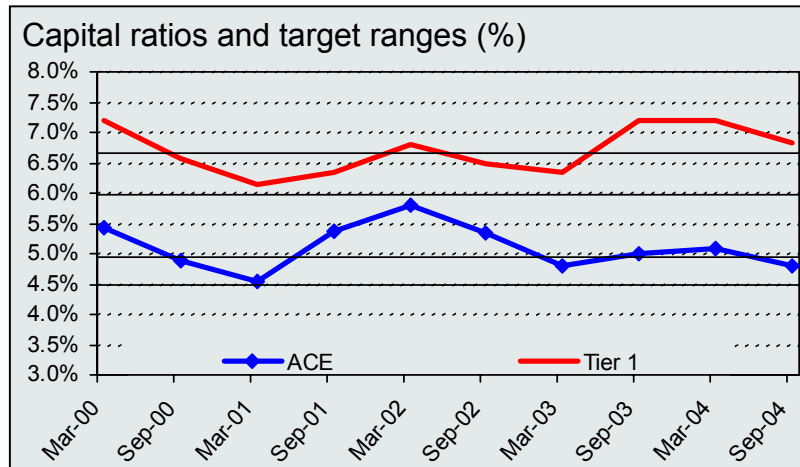
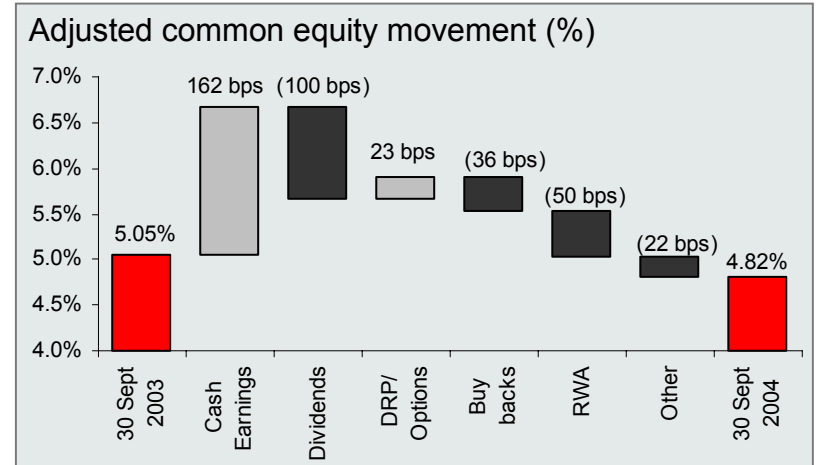
RWA Growth Scenarios	Derived maximum payout ratio
7%	75%
8%	72%
9%	69%
10%	66%
<b>11%</b>	<b>64%</b>
12%	61%

### 1 Assumptions:

- Return on equity 20%, ACE Ratio of 4.75%
- Maximum payout ratio assumes Wealth business continues to grow at current levels
- Includes no buffer for volatility in earnings and deductions (FITB/FCTR)
- DRP dilution neutralised through stock repurchases
- Strong franking capacity, current balance \$571m

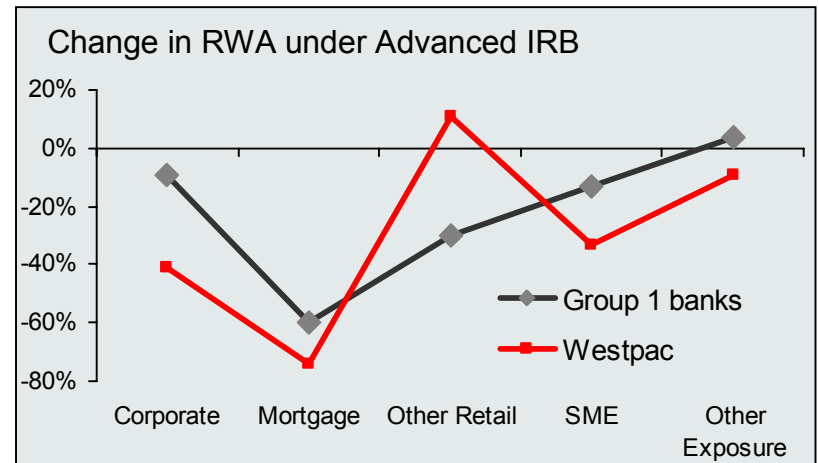
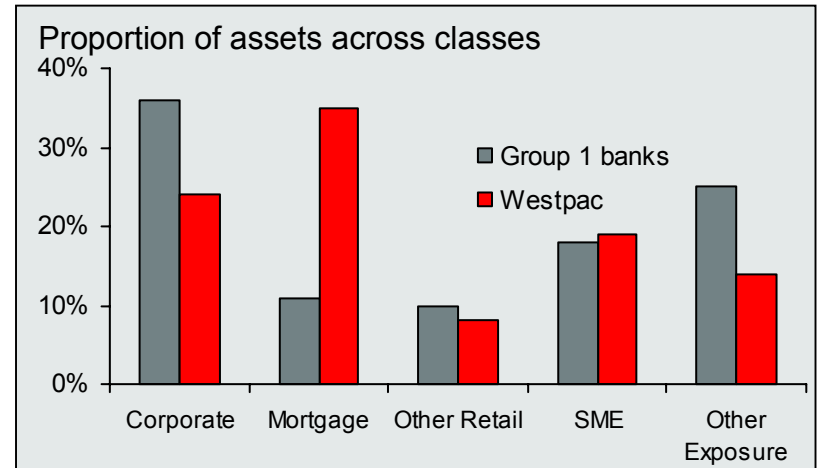
# Capital - target ranges

- Capital levels at or above target ranges
- ACE ratio calculated on consistent basis ie. APRA deduction of deferred expenses (\$269m) not removed
- Westpac will review its target capital ranges once impact of IFRS and Basel II becomes fully clear



# Basel II progress

- Basel II developments:
  - Final accord released end June 2004 – recalibration of factors could still occur
  - Start date delayed to 2008
- Westpac will be capable of Basel II reporting by end 2006
- Repeated quantitative impact studies show Westpac's risk weighted assets falling by at least 25%

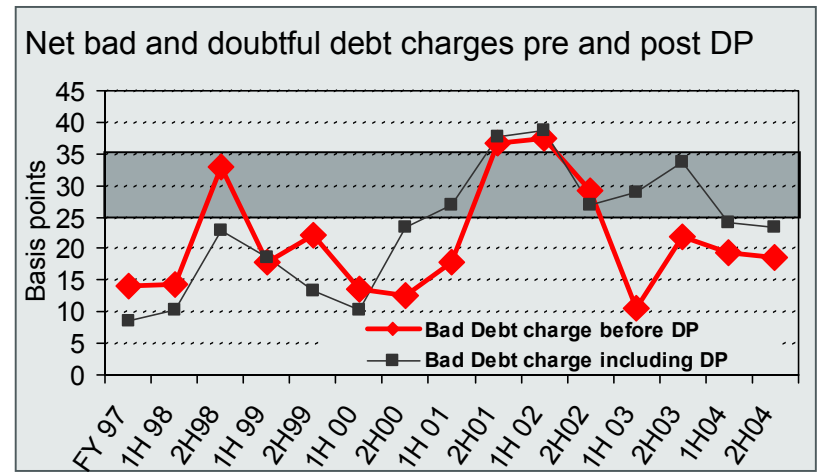


Group 1 banks are large, diversified with Tier 1 capital in excess of Euro 3bn

# IFRS – key issues

- IFRS project costs are within normal compliance spend and arise over 3 years
- Start date for comparatives may be delayed to 1 October 2004 following SEC ruling
- Planning to run the general ledger in parallel for 2005 (and potentially 2006) with only a summarised reconciliation on how pre IFRS reporting matches post IFRS reporting
- Ability to provide multi-year trend information is limited as no comparatives for IAS 32 & 39
- Short to medium term earnings volatility a key issue
- Conclusion on acceptable degrees of earnings volatility being assessed along with viability and cost/benefit of volatility-mitigating actions e.g. externalising hedges
- APRA released discussion paper on their proposed approach to adopting IFRS. This has somewhat reduced the uncertainty of overall implementation

Key areas of impact	Comments
Hedge Accounting	<b>High impact</b> - significant volatility if hedge accounting not achieved.
Bad debt charges	<b>Moderate increase</b> - volatility moves with economic cycle



# Structured Finance – portfolio

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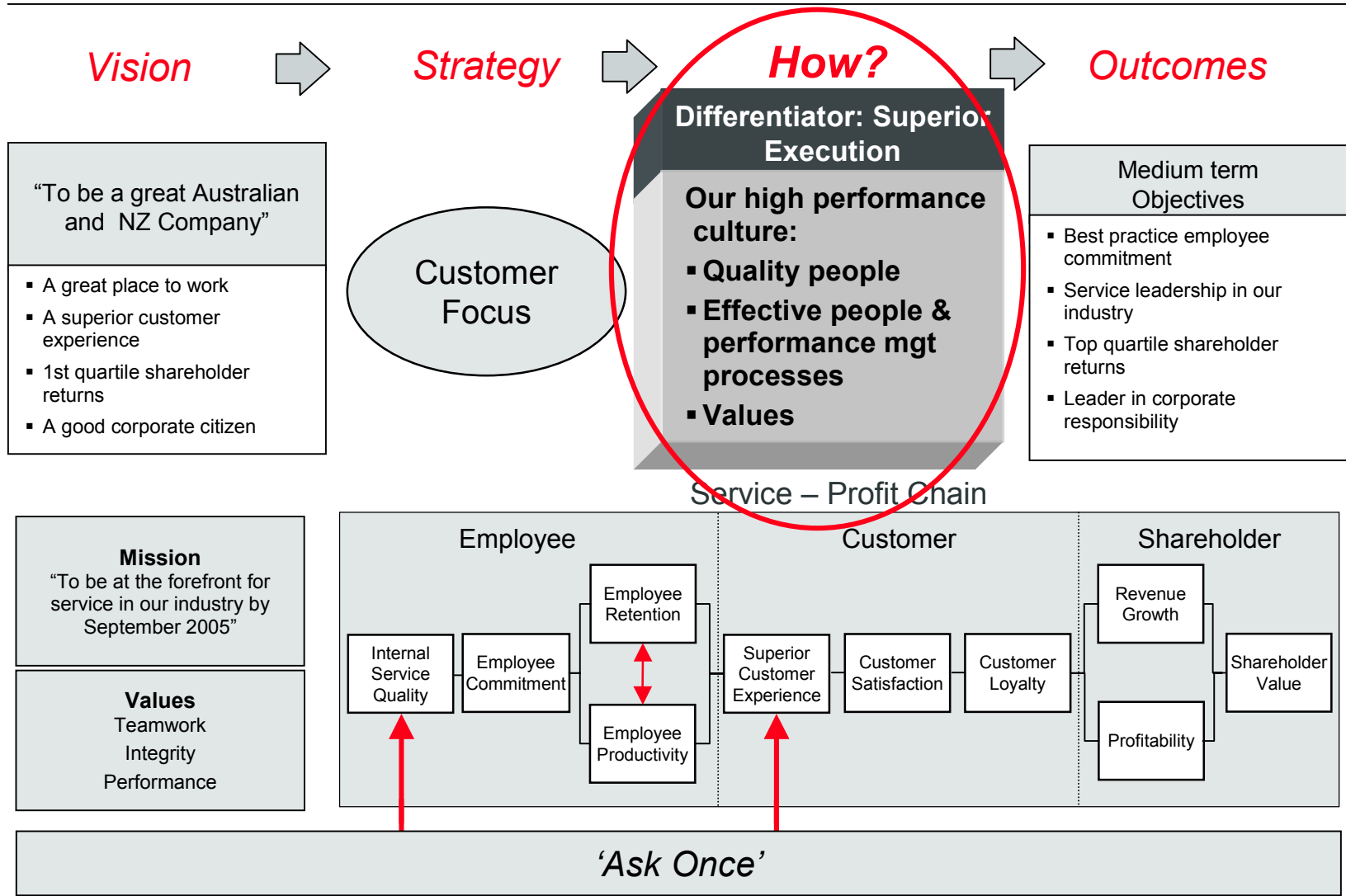
- Westpac conducts certain structured finance transactions with exposure primarily to global financial institutions
- Total portfolio size approx \$10.6bn in 2004 with a mix of asset and liability transactions
- Structured Finance transactions currently under review by the New Zealand Inland Revenue Department since late 2003
- Westpac initially sought multiple layers of advice to ensure the transactions conformed with New Zealand tax law and this was confirmed by the IRD in a binding ruling on one transaction. Other transactions were modelled on this ruling, and new recent advice confirms earlier view
- On 30 September 2004 Westpac received amended assessments relating to transactions in the 1999 year from the IRD. The maximum tax liability reassessed for the 1999 year is NZ\$25m (including interest)
- Should the NZIRD take the same position across all of these transactions for the periods up to and including the year ended 30 September 2004, Westpac has calculated that the maximum potential overall primary tax liability in dispute would be approximately NZ\$647m (tax effected) including interest
- On 21 September 2004 the NZ government announced a change in taxation rules with the introduction of a thin capitalisation regime to apply by 1 July 2005. New rules specific to banks will deny interest deductions if the Bank does not hold a level of capital equivalent to four percent of New Zealand risk weighted assets
- Change will make current structured finance activities in New Zealand uneconomic (no new transaction in over 2 years)
- Impact on Westpac:
  - Reduction in NZ Structured Finance revenue going forward, reducing from ~\$85m 30 September 04, ~\$39m to 30 June 05 and nil in 2006
  - Total Structured Finance portfolio revenue \$173m at 30 September 04
  - Alternate transactions in other jurisdictions may see loss of NZ revenue offset by around half by 2006

# Sarbanes-Oxley Act Section 404

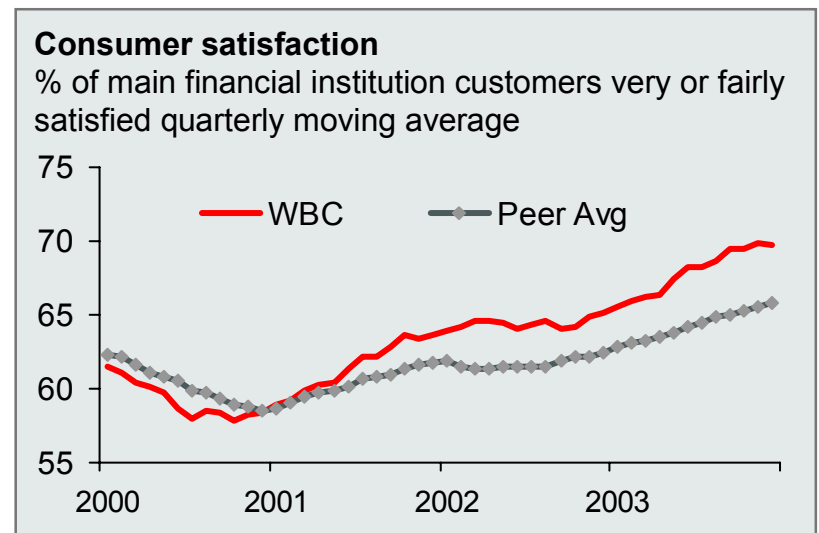
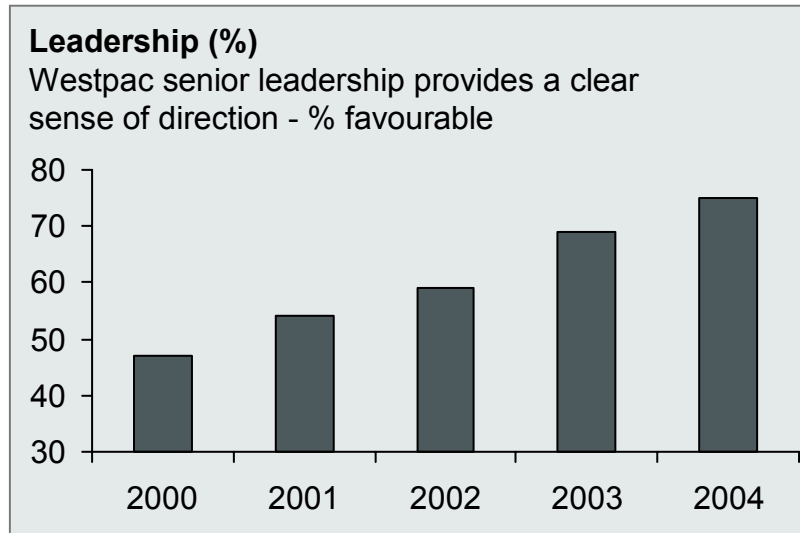
- Westpac is required to comply with US Sarbanes-Oxley legislation as a result of its equity (ADR's) and debt issuance program in the US.
- The key challenge with Sarbanes-Oxley is section 404. This section requires substantially increased management and external auditor attestation over the internal controls underpinning the financial statements including:
  - Detailed documentation of controls
  - Testing of key controls
  - Assessing a company's pervasive control environment and culture
- Non US companies are required to comply for 2006 year ends.
- Market commentators are expecting up to 20% of registrants will disclose non-compliant 404 attestations.

Westpac's Sarbanes Oxley project	
Scope	Total project spend expected to be \$5m in 2005. Dedicated project team of 30
Timeframe	Commenced June 2004, detailed assessment and testing underway, project complete by October 2005
Key objectives	Deliver clean attestation by October 2005 Seek to leverage project investment to deliver substantial improvement in control environment Capture synergies across all compliance programs

# Clear and simple strategy



# Improving sustainability – staff, customers, community



GovernanceMetrics International – One of 26 (out of 2,588) companies globally to achieve a **top 10.0 score** for corporate governance

**Number 1** In the global banking sector 2004/2005 – **for third consecutive year**



Australia - **Number 1** company overall – only company to receive a AAA rating.



Australia's First Bank

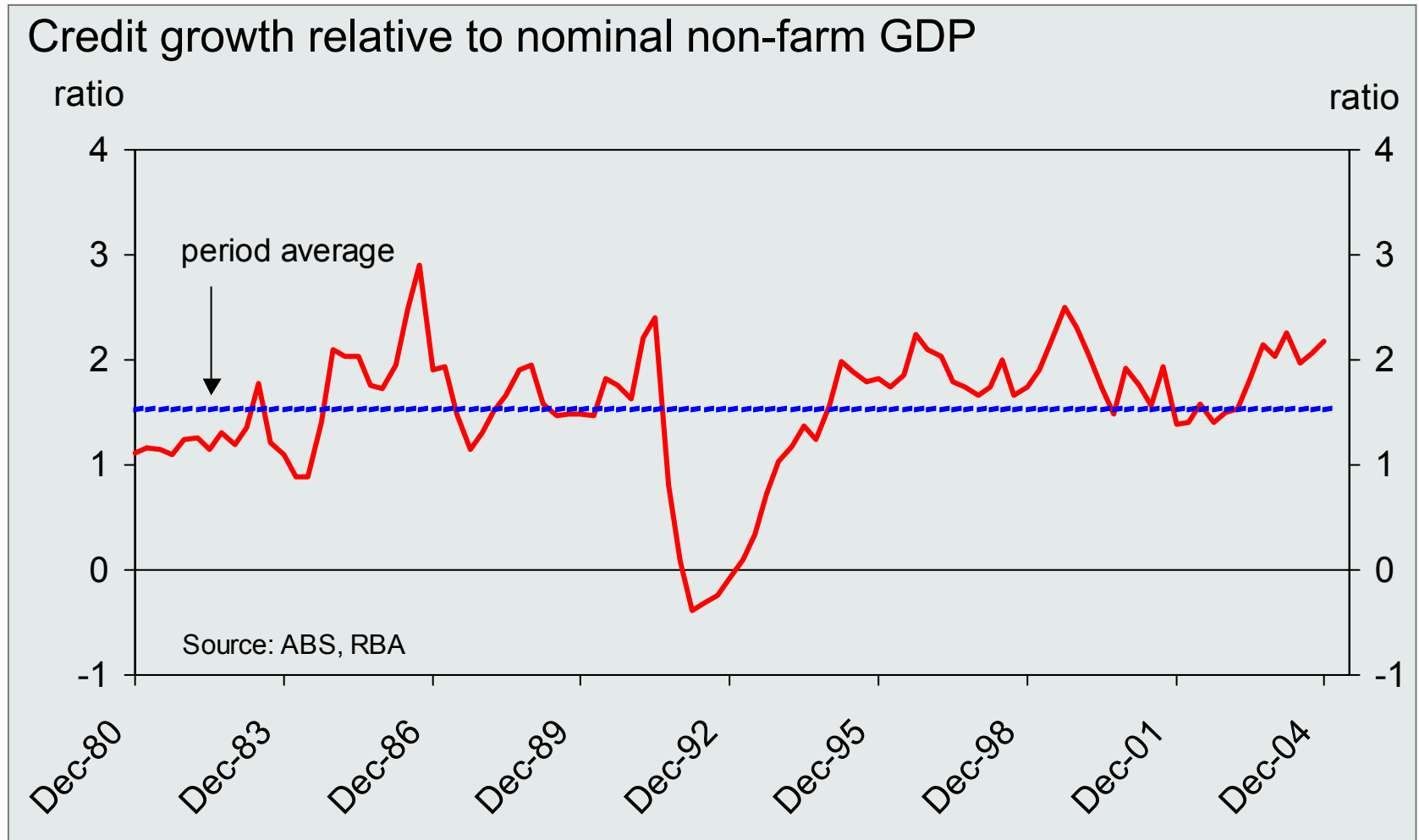
# Strategic options

Option	Comments	Status
<b>Organic growth</b>	<ul style="list-style-type: none"><li>• Aust/NZ lowest risk and highest value available</li><li>• Significant opportunities still remain within existing customer franchise</li><li>• No diversion risk</li></ul>	Aggressively pursue
<b>Acquisition</b>	<ul style="list-style-type: none"><li>• No major capability gaps</li><li>• Very limited opportunity to generate value at current prices</li><li>• Disciplined adherence to criteria has served us well<ul style="list-style-type: none"><li>-Aligned with strategic direction</li><li>-Strict valuation criteria</li><li>-Not unduly diverting</li></ul></li></ul>	Maintain watching brief
<b>International expansion</b>	<ul style="list-style-type: none"><li>• No compelling offshore competitive advantage</li><li>• Low synergies</li><li>• Learn from others' mistakes</li></ul>	Keep open mind but low probability

# An experienced executive team

Name	Title	Date joined Group Executive	Biography
David Morgan	Chief Executive Officer	Oct 1990	Joined 1990, CEO since 1999. Headed all major business units in Westpac prior to CEO appointment in March 1999. Extensive prior experience in financial sector including in the IMF and the Australian Federal Treasury
Ilana Atlas	Group Executive People and Performance	Nov 2002	Joined Westpac 2000, as Group Secretary and General Counsel. Previously Partner of a Major Law firm, Mallesons Stephen Jaques. In current role since 2002
Philip Chronican	Chief Financial Officer	Jan 2001	Joined Westpac 1982, Appointed CFO in Feb 2001. Previously Deputy CFO and has held CFO roles in both retail and institutional banking
Philip Coffey	Group Executive Westpac Institutional Bank	May 2002	Joined Westpac 1996, in current role since 2002. Previously with AIDC, Citicorp Global Asset Management and Citigroup
Rob Coombe	Chief Executive Officer BT Financial Group	Feb 2005	Joined Westpac in 2002 with acquisition of BT. First joined BT in 1991 holding various roles across the organisation.
Michael Coomer	Group Executive Business & Technology Solutions & Services	Jan 2002	Joined Westpac to current role in January 2002. Michael has 30 years experience in Information Technology covering a broad range of industries
Mike Pratt	Group Executive Business and Consumer Banking	Apr 2002	Joined Westpac in April 2002 as Group Executive New Zealand & Pacific Banking. Appointed to current role in August 2002. Extensive experience in retail banking including CEO Australian Financial Services for National Australia Bank and CEO Bank of New Zealand
Ann Sherry	Group Executive New Zealand & Pacific Banking	Mar 1999	Joined Westpac in 1994, in current role since October 2002. Ann has headed People and Performance for the Group and was CEO Bank of Melbourne following the Merger in 1997

# Credit growth supported by GDP multiplier



# Known influences on 2005 earnings – at Nov 2004

	Medium term ranges (%)	Specific influences in 2005
<b>Interest Income</b>	5-8	<ul style="list-style-type: none"> <li>• Lower credit growth</li> <li>• Income loss from NZ structured finance. Impact expected to be \$20m to \$40m in 2005 depending on alternative transactions</li> <li>• Continuing competition – particularly in deposits</li> </ul>
<b>Non-Interest Income</b>	5-9	<ul style="list-style-type: none"> <li>• Cards impact will not be repeated</li> <li>• Financial markets environment more stable</li> </ul>
<b>Expenses</b>	2-4	<ul style="list-style-type: none"> <li>• Compliance project spend increasing</li> <li>• Higher superannuation charges</li> <li>• Increased amortisation of capitalised software</li> <li>• Sticking to 2-4% target, although likely to be at top of range</li> </ul>
<b>Bad Debts</b>	25-35 bps	<ul style="list-style-type: none"> <li>• Current environment suggests we will continue to be at the bottom of the range</li> </ul>
<b>Tax Rate</b>	29-31	<ul style="list-style-type: none"> <li>• Nothing to suggest would be outside current range</li> </ul>

Conversion to IFRS likely to alter the treatment of key drivers and broaden the range of outcomes in any one year  
 NB: This is not earnings guidance

# Where are the risks?

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## Risk

- Further intensified competition
- Impact of new entrants
- Housing market collapse
- Blow-out in bad debts
- Greater than expected funds outflows
- Re-regulation
- New wave of corporate collapses
- Global economic recession

## Probability of occurrence

Medium

Medium

Low

Low

Low

Low

Low

Low

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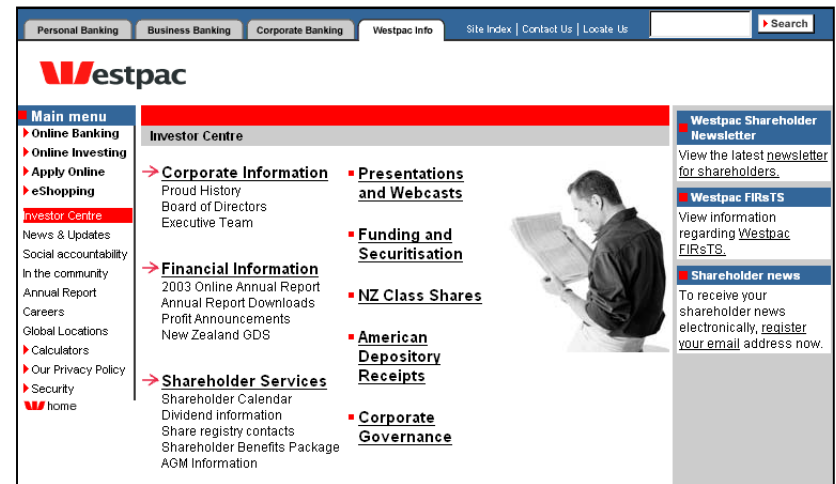
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