Westpac Update

18 February 2009

Overview — Robust performance in challenging environment

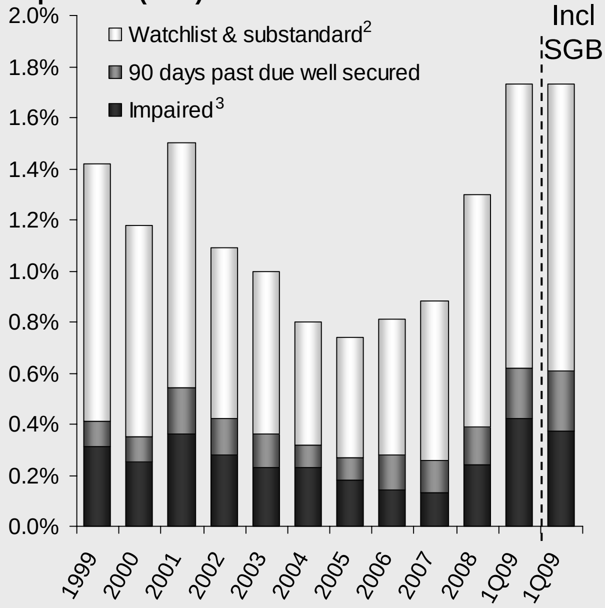
- Solid first quarter with strong revenue growth
- Good customer volumes, especially in deposits
- Weakening economy with further stress in institutional, commercial business and New Zealand
- Significantly higher impairment charges
- Australian consumer portfolio continues to perform well
- St.George merger integration progressing to plan – no surprises in the portfolio
- Continuing to invest in identified strategic areas
- Balance sheet strengthened:
  - Between September 2008 and January 2009 raised over $3.8bn in capital
  - Increased provisioning
  - Strong funding and liquidity position

Risk trends

Stressed exposures increasing consistent with environment

- Stressed exposures increased to 1.73% at December 2008 from 1.30% at September 2008:
  - Increase in impaired assets mainly due to 3 large corporate exposures
  - Impaired assets includes $300m exposure to Babcock and Brown International
  - Rise in watchlist & substandard predominantly due to institutional, commercial and New Zealand segments
- Australian consumer 90+ day delinquencies rising in line with cycle, but still relatively benign:
  - Mortgages 43bps (up 7bps[1])
  - Consumer unsecured 99bps (up 6bps[1])
- New Zealand consumer 90+ day delinquencies showing signs of increasing stress as economic conditions deteriorate:
  - Mortgages 66bps (up 19bps[1])
  - Consumer unsecured 131bps (up 4bps[1])
- Westpac Group stressed exposure profile little changed from inclusion of St.George stressed exposures

Stressed exposures as a % of total committed exposures (TCE)



2. Watchlist & substandard reflects loan facilities that are performing although customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
3. Westpac's impaired assets include consumer accounts > 90 days past due but not well secured

1. Increase from September 2008

Pillar 3 Disclosures

Key points from the 1Q09 Pillar 3 Report

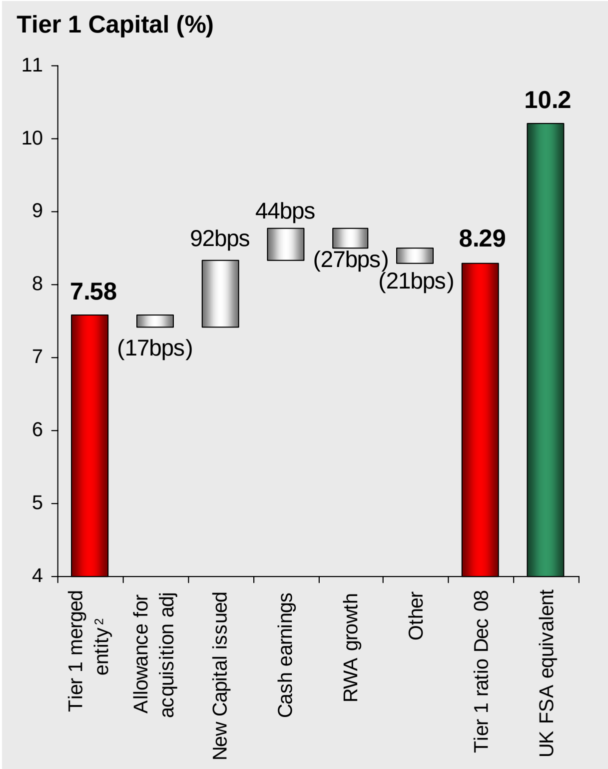
Background

- Report covers Westpac only; St.George is treated as a non-consolidated subsidiary for this quarter only. Approximately $40bn increase in Bank exposures reflects an undrawn Westpac lending limit to St.George Bank
- Some changes in parameters over the period :
  - Credit card LGD's have increased following annual parameter review
  - Some adjustments to EAD calculations across the portfolio

Key points	Drivers
Exposure at default up 10%	• Change in mortgage methodology, business growth and incorporating an undrawn lending limit to St.George
Credit risk weighted assets up 5.9%	• 5% due to growth in portfolio and the St.George facility • 0.9% due to change in risk profile
Impaired loans up $930m	• 74% from corporate, mostly 3 large names • 9% from mortgages (mostly New Zealand)
Regulatory Expected Loss up $702m	• 78% due to increase in impaired facilities predominantly corporate • 22% of the increase from portfolio growth and some migration in the portfolio
Individually Assessed Provisions up $501m	• IAP coverage increased to 50% • Provisions for recent corporate impaired assets above long run average
Collectively Assessed Provisions up $129m	• Volume growth combined with new watchlist/substandard in institutional, commercial banking and New Zealand partly offset by movement of some CAP into IAP
Strong capital position remains	• Tier 1 ratio of 8.3% fully consolidated (Reported Tier 1 ratio of 9.8% with St.George treated as a non-consolidated subsidiary) • Pro-cyclicality 21bps for the quarter

Capital Maintaining a healthy capital position

- Tier 1 ratio of 8.3%, if St.George fully consolidated
  - Excludes Share purchase plan (+16bps)
  - Excludes future redemption of St.George hybrids of $875m (-31bps)
  - Considering issue of replacement hybrid[1]
- Institutional capital raising added $2.5bn to share capital
- Movement in RWA due mainly to portfolio growth
- Target Tier 1 capital ratio of 6.75% to 7.75% and seek to maintain a healthy capital position



1. Any offer of a new hybrid instrument will be made under a prospectus issued at the time of offer
2. At 30 September 2008 and includes the underwritten portion of Westpac's dividend reinvestment and the $350m redemption of the St.George SAINTS

Earnings Robust performance 1Q09

Volumes	• Customer deposit growth of 9.6% over prior quarter • Total lending up 2.4% over prior quarter
Margins	• Wholesale funding costs continue to increase • Margins strong over the quarter including benefiting from Treasury income
Non-interest income	• Strong WIB markets performance • Wealth earnings remain under pressure from declines in asset markets
Expenses	• Continuing to invest in strategic initiatives • Expense run rate is easing from FY08 growth rate • One-off impacts[1] expected to add 1-2% to FY09 cost growth
Impairment charges	• Impairment charge of $800m
Tax	• Similar tax rate to prior periods
Cash earnings	• Unaudited pro-forma[2] cash earnings of $1.2bn for 3 months to end December 2008, down 2% on prior corresponding period

1. One off impacts include additional defined benefit plan expense, full period impact of RAMS, BTIM share based payments and from FX translation
2. The current and prior corresponding period pro-forma accounts have been prepared on the basis that St.George earnings were consolidated into the Westpac Group from 1 October 2007

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