

In a great service organisation the customer only has to **ask once.**



This year Westpac received around 4,000 complaints a month from customers and some 40% of them had to approach us four or more times before their issue was fully acknowledged, let alone satisfactorily resolved.

This is clear evidence that for all the progress we have made over recent years and despite yet another record profit result, we are still falling well short of our customers' expectation for better service.

The reality is our staff share our customers' frustration. They want to help but many feel they lack the tools and training they need. We could tell them they have to cope with the situation, but then we would lose some of our best people. We could say we have higher satisfaction ratings than most of our competitors, but, in truth, it's only by a small margin. We could say it doesn't really matter because we're still very profitable, but we could easily see our profits evaporate along with our reputation if we did.

We've concluded we must act and act decisively. Our ongoing prosperity depends on it. We owe it to our customers and our shareholders to make service quality a top priority. But, more than anything, we owe it to our staff to start a revolution they can all take part in and be proud of. This Annual Report is just the beginning...



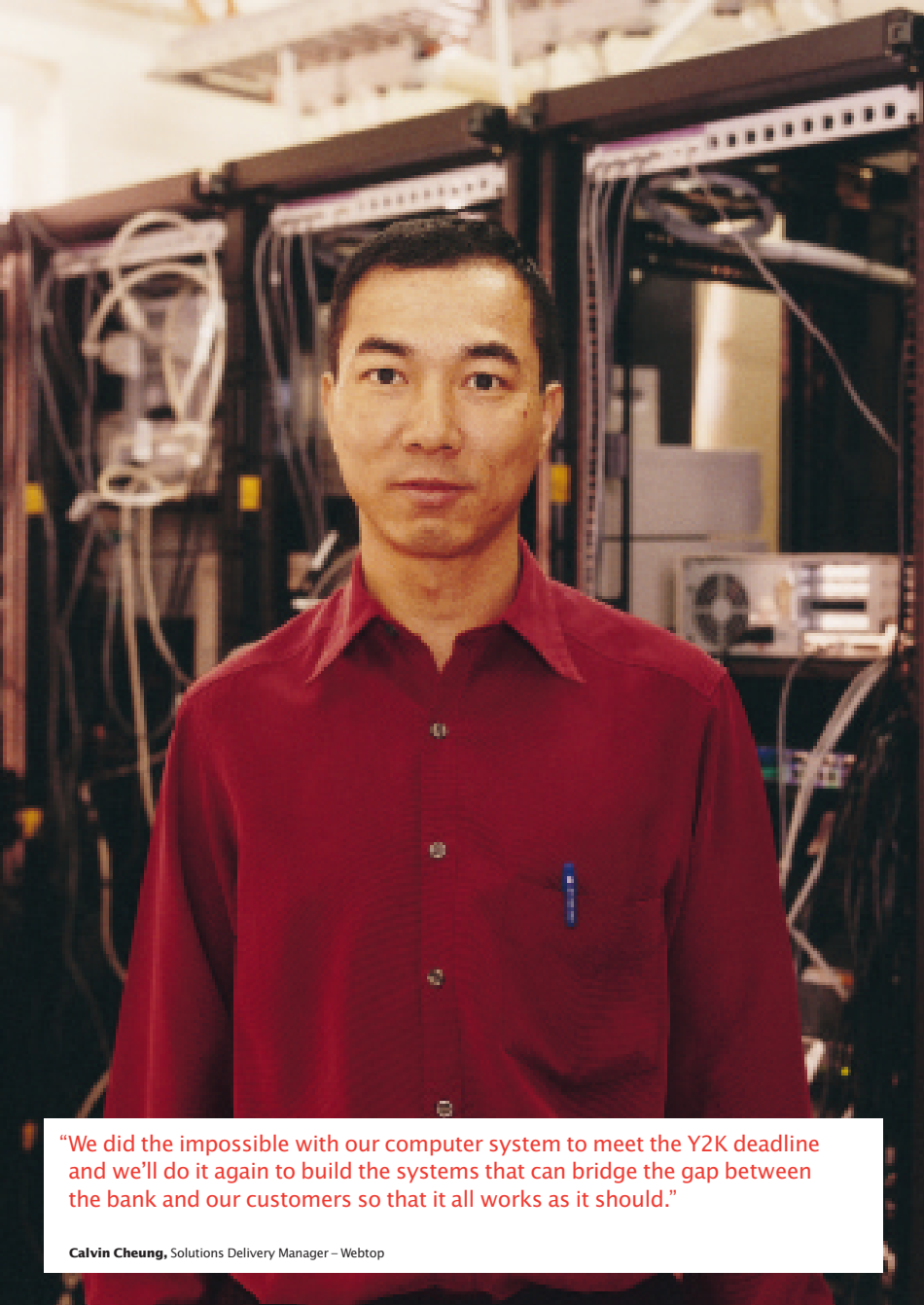
“It’s a huge relief when a customer knows that one person is going to take ownership of their issue. Too often in the past they were left feeling it’s their problem, not the bank’s and that no one wants to know.”

Annalisa Martello, Call Centre Representative



"I must admit, it was often easier to pass a customer's problem on to someone else rather than taking responsibility for solving it myself. Knowing that I'm part of a team that won't tolerate this any more is changing everything."

Jesse McCrimmon, Customer Services Representative



“We did the impossible with our computer system to meet the Y2K deadline and we’ll do it again to build the systems that can bridge the gap between the bank and our customers so that it all works as it should.”

Calvin Cheung, Solutions Delivery Manager – Webtop



“Of course a customer should only have to ask once. But they should only have to give us their details once as well. Getting this right will instantly solve the most common complaint I hear from my customers when I ask them for information they’ve already given the bank three times.”

Allan Brown, Business Banking Manager



“Currently there are around 30 of us dedicated to resolving customer problems and complaints, so imagine the power of having 25,000 people dedicated to dealing with the issues before they even need to come to us.”

Deanne Arbuckle, Customer Relations Manager

Westpac
customers
will only
have to ask
once. An
impossible
promise?

A lot of people may think that only having to ask once is an impossibly ambitious promise for a bank to make. We don't think it is.

Our people have shown, time and time again, that with the right focus and support they can achieve amazing things and rising to this challenge is no exception. They have shown they understand and believe in the value of great customer experiences.

But this revolution in customer service won't happen on its own, it requires a major commitment from us if it is to become a reality. This is why we've rethought our business processes and are investing significantly in our people and technology to achieve it. We recognise that the time for big talk is over, it's now time for big actions.

This year we're using our report to set out our plan to deliver on our 'ask once' promise. A brave initiative that will see everyone in Westpac, not just frontline staff, become better equipped to take ownership for delivering great customer outcomes and resolving any problems customers may have. This doesn't mean having to know all the answers, just where to find the answers. Ultimately, it means whomever the customer asks first about a problem will be the person who takes responsibility for getting it solved.

This will apply from the Board down, no exceptions. Let the revolution begin.

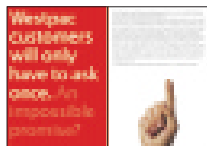


Find what you're looking for

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Our service promise

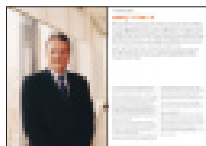
Ensuring our ongoing prosperity by rethinking the way we work so our customers should only have to ask once.



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Chairman's report

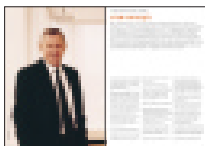
Chairman Leon Davis sets the record straight on the business case for good corporate governance and reviews the year's performance.



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Chief Executive Officer's review

David Morgan shares his vision of Westpac becoming a service leader by 2005 and what's being done to achieve this.



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What we've achieved against the five key community concerns featured in last year's report.



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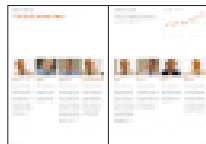
An overview of our businesses. Our achievements and opportunities for future growth.



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Board of directors

Where the buck stops. Our directors and their credentials.



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A statement covering the role of the Board, its committees, codes of conduct, policies and other good governance issues.



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Directors' report

Reviews the state of affairs of Westpac and the Board, directors' interests, remuneration details and other matters.



Who are we

Westpac Banking Corporation was founded in Sydney in 1817 as the Bank of New South Wales; and in 1982 we changed our name. With more than seven million customers, Westpac today is a leading provider of banking and financial services in Australia, New Zealand and eight Pacific Island nations. In these markets we operate through more than 1,300 points of bank representation.

We maintain offices in the key financial centres around the world. Across the company we provide a broad range of banking and financial services for personal, business and institutional customers. Our activities include a full range of banking services, plus investment management and insurance services.

What we value

Our values represent the essential spirit of our company – our corporate religion.

We have three core values.

Teamwork – Working together to achieve common goals.

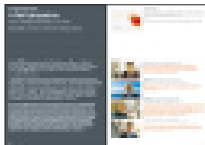
Integrity – Acting honestly. Doing what we say we will do.

Performance – Staying focused, delivering superior results.

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Social impact

A summary of our first social impact report. Measuring our performance against the expectations of the community.



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Social accountability and environmental responsibility

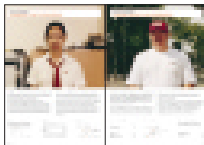
Looking out for employees and keeping the corporate conscience green.



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Service commitment and community involvement

Earning the respect of our customers and ensuring a future for our communities.



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Going about our business. Who's responsible for what and key facts and figures.



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A financial summary of Westpac's last 10 years, ratios and share information.

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Where to find us

Phone numbers, addresses and other contact information.



Leon Davis, Chairman

Seeing it like it is

While a significant portion of this report focuses on our strategy for dramatically improving our customer experience and its link to shareholder value, I would like to take the opportunity to address an equally important issue that impacts on our reputation. That is, the growing outrage in the community over what is seen as a breakdown in the corporate oversight system. People are understandably frustrated and angry at what they see as a lack of corporate transparency and accountability. After a number of record corporate collapses, poor disclosure practices and some highly questionable behaviour by a few, who can blame them.

We are under no illusions. With corporate integrity under question globally, the challenge facing Australian business is to continually demonstrate a genuine commitment to good governance and social responsibility, both of which are fundamental to our future.

Our result shows continued improvement and growth, culminating in our tenth consecutive annual profit improvement. We have delivered a sound result in an increasingly volatile market, and begun to win back the public's faith through our decisive actions. In doing so we have significantly enhanced our reputation and sustainability. But we remain under no illusions. Only by continuing to deliver for all stakeholders, especially our customers and staff, will we be able to achieve even better results for our shareholders.

We are upbeat about our positive financial performance, our improvements in customer satisfaction, and our progress on social responsibility. But, equally, we are serious about the negative consequences if we as a business community don't embrace the new realities. Companies such as Westpac need more than a legal licence to operate – they require a community licence as well. It's quite clear that customers and shareholders alike will flee from companies who fail to meet acceptable community standards for ethical and moral behaviour.

In the wake of recent breakdowns in the corporate oversight system, evident from the recent high-profile company collapses, public confidence in the corporate world has been severely shaken. While decisive action is required, the issue of corporate governance itself needs to be looked at within a broader framework of corporate responsibility and regulatory oversight.

Some new regulation will be unavoidable and we have already seen new requirements emerge in Australia and overseas. These are welcome, but we should not take comfort in believing the solution lies simply, or even mainly, in a stringent new regulatory regime.

After all you can't regulate morality. And poorly directed regulation is a recipe for complexity and cost. What we need is a more enlightened approach by corporations in making the necessary changes to governance, combined with sensibly targeted regulation.

It is of no surprise that a company's level of governance and responsibility has emerged as a significant indicator of its overall health as a business. The business case is so very compelling.

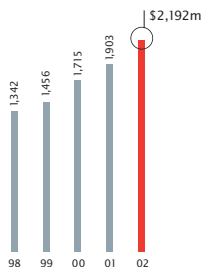
At its base, a mindset of corporate responsibility is simply having a set of decent values that underpin the company's everyday activities: its transparency; its desire for fair dealing; its human resources policies; its attitudes to customers; as well as its links into the community. And aren't these the values we need for good corporate governance?

At Westpac, the buck stops with the Board and we have in place processes to oversee good governance and social responsibility matters, particularly our new Committee on Social Responsibility.

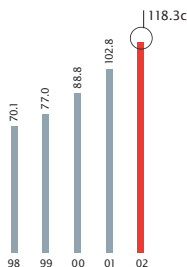
This year we have again reviewed and enhanced our corporate governance program as set out in this report. Though the challenges in remaining at the forefront are considerable, the rewards will be great for our company and for our society as a whole.

I invite you to turn to the next page for my overview of our financial performance and the other events of significance for you, our owners, in the past year.

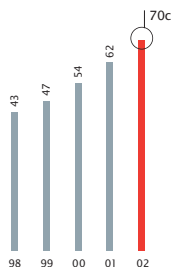
How the numbers stack up



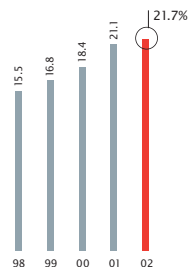
Profit
Operating profit after tax and before abnormals, attributable to shareholders.



Earnings
Earnings per share, before abnormals.

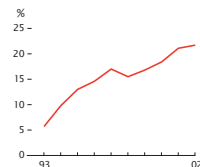
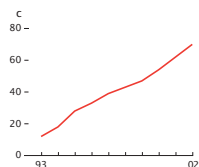
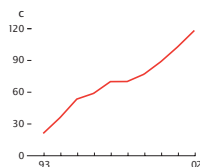
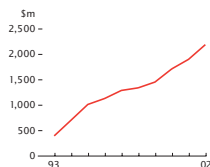


Dividends
Dividends per ordinary share.



Return
Return on average ordinary equity, before abnormals.

Ten year trends



Westpac's net profit after tax was \$2,192 million, an increase of 15% over last year, and our tenth consecutive annual profit improvement. It resulted from solid revenue growth balanced with continued cost containment.

Earnings per share (EPS) were up 15% to 118.3 cents per share.

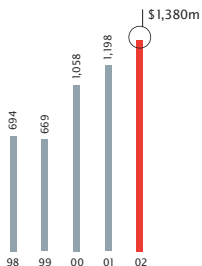
This strong result for investors allowed your Board to declare a final dividend of 36 cents per ordinary share, fully franked, which, together with the first half dividend of 34 cents, took the total dividend to 70 cents. This represented an increase of 13% on 2001 and maintained the policy of increasing the dividend in line with sustainable growth in cash earnings and our franking capacity. The dividend payout ratio fell marginally to 59.2%, down from 60.3% in 2001.

Economic profit increased 15% to \$1,380 million from \$1,198 million, through improved profitability and ongoing capital management.

The result was particularly pleasing given the significant transformation in our business composition delivered in this year through the sale of Australian Guarantee Corporation Limited (AGC) and the acquisition of Rothschild Australia Asset Management Limited, key parts of the Australian and New Zealand operations of the BT Financial Group, and a 51% stake in Hastings Funds Management Limited.

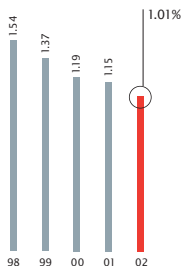
In the year, several non-recurring significant items were also recognised in the accounts. These items were either a direct result of our acquisition and divestment activity or resulted from decisions to adopt more conservative and transparent accounting standards and treatments.

Excluding the impact of the significant items, our cash earnings were up 9% and our cash EPS were up 8%. This was a strong performance given the loss of four months of AGC income in 2002 following its sale.



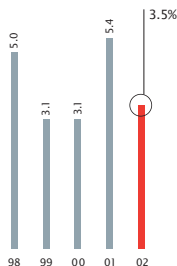
Economic Profit

The excess of net profit after tax, plus 70% of the face value of franked dividends, over the minimum required rate of return on equity invested of 12%.



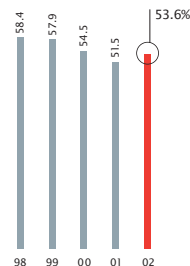
Provisions

Total provisions to total loans and acceptances.



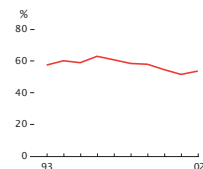
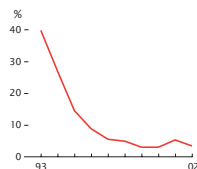
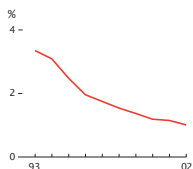
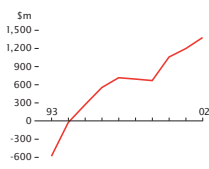
Asset Quality

Net impaired assets to equity and general provisions.



Efficiency

Expense to income ratio, before amortisation of goodwill.



The sale of AGC and the acquisitions also impacted our efficiency. Consequently, on a reported basis the expense to income ratio was up slightly to 53.6%, from 51.5% in 2001. We expect to continue to contain expense growth by accessing enhanced economies of scale from our outsource arrangements and from other efficiency initiatives.

Key features of the result included the 24% lift in profit from our Australian Business and Consumer Banking operations. Second half performance also benefited from a sharp turnaround in our New Zealand retail operations with profit up 50% half on half.

The performance of the Institutional Banking operations was disappointing, however, with profits down 25% reflecting the combined impact of poor trading performance in volatile markets and an increase in bad debts, albeit confined to a small number of corporate exposures.

Despite the continued turmoil in world financial markets our asset quality improved in the year. The performance of our core portfolios remained strong, with the proportion of stressed loans (comprising impaired and watchlist loans) declining 0.5% to just 1.2% of total lending commitments.

Our net impaired assets to equity and general provisions ratio also improved significantly, falling to 3.5% from 5.4%. Total provisions to total loans and acceptances declined to 1.01% from 1.15%, as at year-end. We remain confident that our level of provisioning prudently covers us for any residual problem exposures.

Overall, the result has maintained our recent record of delivering consistent, strong earnings growth and returns for shareholders.

Chairman's report

“These strategic acquisitions have brought additional product, distribution and scale capabilities to the Group in higher growth markets.”

As already mentioned, this has been another significant year in enhancing our medium term growth trajectory. In the mid-90s, we undertook a series of successful acquisitions that grew our customer numbers and addressed some geographic market share deficiencies. This year we have greatly enhanced our wealth management capabilities through a further series of acquisitions.

In May 2002 we took the first step, finalising the acquisition of Rothschild Australia Asset Management for \$323 million and integrating it with Westpac Financial Services Group. This acquisition substantially strengthened our distribution capability and provided rated investment funds.

The final leg of our wealth management strategy was the acquisition of the key parts of the Australian and New Zealand business of the BT Financial Group for \$900 million, targeted for completion early in our 2003 financial year. The BT acquisition complements the Rothschild purchase in adding the leading BT wrap platform. Combined with our master trusts, we now have the second largest master trust and wrap capability in Australia. Importantly, we acquired BT's corporate superannuation business and platform, filling a key capability gap that will allow us to strengthen our offerings to our business customers. We also acquired the BT New Zealand business and BT's distribution and margin lending businesses.

Following these acquisitions, we will become the fourth largest retail fund manager in Australia and the fourth largest fund manager in New Zealand.

In August 2002, we also announced the purchase of an initial 51% shareholding in Hastings Funds Management and the option to acquire the remaining 49% in 2005, subject to certain performance hurdles being met. Hastings provides us with significant capabilities in the infrastructure, private equity and asset management markets, complementing the existing strengths of our Institutional Bank.

These strategic acquisitions have brought additional product, distribution and scale capabilities to the Group in higher growth markets.

“Your Board is confident that these strategic initiatives enhance our prospects to continue the growth in profits and dividends delivered to shareholders over the past 10 years.”

The sale of Australian Guarantee Corporation Limited (AGC) to GE Capital in May 2002 was a further key initiative in enhancing our growth profile. Although a profitable business, AGC had lower growth prospects in areas of our business that were increasingly competitive, higher risk, and not core to our focus on direct customer distribution. This sale heralded the passing of a long and valued association dating back to 1957, with what was arguably Australia's foremost finance company. A profit on sale of \$754 million was realised this year.

Your Board is confident that these strategic initiatives enhance our prospects to continue the growth in profits and dividends delivered to shareholders over the past 10 years.

The year also saw our continued focus on capital efficiency. We remain committed to making the most prudent use of your capital invested in the business.

In March 2002 we announced a buy-back of up to 50 million shares, representing approximately 2.7% of Westpac's issued capital. This on-market buy-back was proportionately split between our ASX listed ordinary shares and NZSE listed New Zealand Class shares.

The buy-back commenced on 24 May 2002, but was suspended on 12 August 2002 and then terminated with the BT Financial Group acquisition. At the time, the buy-back was slightly more than 50% completed, with 24.8 million ordinary shares bought back at an average price of \$15.99 and 0.7 million New Zealand Class shares at an average price of NZ\$17.48.

After taking into account the buy-back impact, the sale of AGC, and the acquisitions in the year of Rothschild Australia Asset Management and a majority of Hastings Funds Management, our capital ratios remain at prudent levels. At the end of September 2002 our Tier 1 ratio stood at 6.5%, which is at the upper end of our stated targeted range of 6% to 6.5%.

Following completion of the acquisition of BT Financial Group, our capital ratio will move to the lower end of our targeted range, but

“At Westpac, the buck stops with the Board and we have in place processes to ensure good governance and social responsibility matters...”

“Your Board is confident that the Company is well positioned to take advantage of the growth opportunities across our expanded and repositioned businesses.”

we anticipate our Tier 1 ratio will continue to grow through strong capital accumulation, provided by retained earnings and the dividend reinvestment plan.

Consideration is being given to a further issue of Tier 1 hybrid equity, the timing of which will be governed by market conditions.

I would now like to focus briefly on an area about which your Board is very passionate. That is, the clear link between delivering on our broader responsibilities as a company and our financial sustainability.

In July 2002, Westpac issued its first social impact report, which looks at our performance across social, environmental and economic dimensions. It recognises that Westpac has an extensive impact on society and our longer-term sustainability goes beyond just the financial dimension. The report is another step in what we must continue to do to produce sound and sustainable financial results, while being a good corporate citizen.

Our activities in the area of social responsibility and the environment have been recognised and rewarded globally, culminating in Westpac being ranked as the number one bank globally in corporate sustainability, as measured by the Dow Jones Sustainability Index for 2002–2003. At the end of October, our achievements were further recognised with Westpac rated number one among the top 100 companies in Australia in the Good Reputation Index for 2002.

Our achievements in all areas would not be possible without the efforts of our staff. Wherever they may be and whatever they do, daily they accept and meet new challenges that result in benefits to all stakeholders. On behalf of the Board, I thank them for their continued dedication and commitment.

We have also seen a number of changes, including external appointments, to our senior executive team during the past year, and I am confident that we have a first rate team to lead Westpac as we go forward.

Since the 1850s, Westpac has been a joint stock company governed by an Act of the New South Wales Parliament, a heritage of its founding in 1817 as Australia's first bank and company.

Following approval by shareholders at the 1999 Annual General Meeting, in August 2002 we completed the final steps for incorporation and are now governed by the Corporations Act.

Your Board has had further changes this year and I would like to take this opportunity to recognise the valuable contribution of Peter Ritchie who has left us, and to welcome David Crawford who brings unique talents and experiences to the table.

Peter Ritchie resigned as a non-executive Director on 30 September 2002, having been a member of the Board since January 1993. His background in consumer marketing and his commercial experience have been highly valued by Westpac during his time as a Director.

On 3 May 2002, David Crawford joined the Board as a non-executive Director. David has had extensive experience in accounting and in the restructuring of corporations until his retirement from KPMG in 2001, where he was a partner and national chairman.

As I have said before, these times of uncertainty and greater focus on corporate responsibility and transparency necessitate an even stronger focus on, and proactive management of, risk in all its categories.

Although Australia and New Zealand cannot be isolated from the influences of global events, we remain positive that these markets will continue to enjoy relatively sound growth.

In conclusion, your Board is confident that the Company is well positioned to take advantage of the growth opportunities across our expanded and repositioned businesses. This, combined with even stronger staff commitment and the continued focus on the interests of all stakeholders, provides a solid platform for future growth.



Leon A. Davis
Chairman



Once is enough!

Our continued success on the financial scoreboard can't be divorced from the quality of our customers' experience with us. And when you're in the service game and only one in seven in the community see you as a company with a reputation for outstanding service, it's well and truly time to move past just listening and start acting. Which is why we are devoting a significant part of this annual report to tell you about our determination to be the clear service leader in our industry. We've put a stake in the ground, put together a clear game plan, and are determined that 'customers should only have to ask once' in getting the service they deserve. Undoubtedly brave and difficult – but impossible? We don't think so.

Recently, 20 of our most senior retail banking executives from Australia, New Zealand and the Pacific Islands met to review what our customers were telling us. They wanted to understand why there was so much emotion around banking services.

The reason was simple. Many customers see us as happily taking and holding their money, but often showing them little or no respect in return. Customers tell us they don't mind paying fees, as long as they get something tangible for the fees and we are open and honest about it all. They even go so far to say that if we provided significantly improved customer service, they would happily seek us out for more of their financial services needs.

That's why we have embarked on this tangible 'ask once' customer experience initiative. We not only want to correct the imbalance our customers see, and provide the sought after value for money they seek, we want to galvanise our people right across our company around a very simple determination.

And we are making solid, tangible progress. At the day-to-day product and customer contact level, we know that our service is improving. Customer satisfaction is a lagging example, but we've seen the percentage of our satisfied customers increase recently. Some 65% of our consumer customers in

Australia now state they are satisfied, up from 59% last year.

In terms of having a reputation for outstanding service, however, we may lead the major banks, but only 15% of the population see us this way. The top regional banks continue to hold a substantial premium on us, with 25% of people seeing them as having a reputation for outstanding service – still well below the 65% for top service organisations.

It goes without saying that we have a long way to go to fulfil our aspirations to be the outstanding performer in our industry.

We have given ourselves three years to do this. We know it will require us to no less than completely revolutionise the customer experience. We've been listening more deeply to our customers and gaining a better understanding of their needs on two critically important levels.

First, getting the basics right – the practical parts of our customers' everyday experience without which our customers will simply write us off. And secondly, the more emotional or value-added elements of a great service experience.

We are in no doubt we need to excel in both these areas if we are to deliver on our 'ask once' promise.

We have a clear plan and initial focus has been on getting the building blocks of our relationships with our customers right. That's why we're making continued investment in customer information systems and we're making significant systems and process changes to simplify things, not only for customers, but also for our staff.

Most importantly, we are investing heavily in our staff to take them on this journey. We know they are the key to how we deal with our customers.

But we're not just waiting for these major projects to happen; we've been making changes that will have immediate effect.

As you will experience in the following pages, our initial four step plan involves greatly enhancing our problem resolution processes; engineering a resurgence in our branches; anticipating customer demand for value-added services; and better equipping our people.

These and other customer driven refinements to the way we deliver our service are behind our determination to make 'ask once' a reality for our customers, and to be widely seen as the leader for service in our industry by 2005.

Our staff have performed magnificently in recent years and I am confident they will again rise to this challenge.



“Only having to ask once is a nice promise to make to customers, but I need to be able to deliver on this. Having the right backup and support will be the key.”

Xuan Ly, Branch Team Leader

1. One call, one contact, one solution

Together with others in our industry, we have built perhaps the most comprehensive and accessible customer service platform of any consumer business over the past 20 years. During this time we've moved from making customers conform to our constraints to enabling them to access and conduct most of their banking at their own convenience.

Despite this relentless growth in the ways that customers can bank with us, service efficiency and quality have simply not kept pace.

To put it bluntly, our considerable investment in home banking, ATMs and other channels has not delivered the significant improvements in customer service we had hoped.

Many customers tell us they feel like they're in a maze. They feel lost in the system and their experience varies depending on the way they access us.

They're frustrated by having to give us the same information time and time again, and being passed around as they seek a simple answer to their request. We may have given them many more choices and helped them to readily consume, but they see it all happening without personal touch or real satisfaction.

The problem is that we have failed to adequately create the roadmap for our customers and, perhaps more importantly, for our staff to navigate the new world of banking and financial services.

Needless to say, customers believe we have some way to go to fulfil our 'ask once' commitment.

While we are confident we will get our service network, delivery systems, operational centres and so on better integrated and configured to meet our customers' needs, we know this alone won't be sufficient. While day to day service quality is critical, the number one thing that impacts our customers' satisfaction is how well we resolve their problems.

In Australia, research tells us that up to 20% of our customers experience some sort of an issue with us that leaves them less than fully satisfied. Only 4% of these customers go to the trouble to report their issue to us.

Most problems are fixed first go, but too many are not and we end up receiving around 4,000 complaints per month. What's worse is that 70% of the complaints that reach one of our Customer Relations Officers could and should have been handled and corrected for the customer at the first point of contact.

As a backstop, customers also have the option to take complaints to the Australian Banking Industry Ombudsman (ABIO). Around 1,000 customers do so each year and, of these complaints, 98% are resolved before the need for any formal determination by the ABIO. Again, these complaints could and should have been resolved much earlier.

The upside for customers, staff and Westpac itself is enormous in the way we resolve customer issues and complaints, if we can get close to our 'ask once' objective.

The good news is that of those customers who have their complaints resolved satisfactorily, some 60% actually grow their business with us and are three times more likely to refer others to us.

That's why we aim to respond to every customer concern within 24 hours and resolve it within five days. Despite this aim, less than 50% of our customers in a recent study said that their complaints were acknowledged within 24 hours, while between 70% and 80% said they were resolved within the five days.

One of the problems is that on average our processes typically involve three of our people to resolve each customer issue. Clearly, this is not satisfactory and we will need to dramatically improve to meet our 'ask once' target.

As part of our determination to get there, we have revamped our customer relations unit, improving both skills and productivity.

As we progress, we will embed the international quality standard ISO 9000 in our approach, and measure our success against global best practice standards.

Most importantly, we recognise all staff need to be empowered to be able to solve problems at the first point of contact. Our goal is one call, one contact, and one solution.



“It’s great that we’re not closing any more branches here, but our customers want to know what we’re doing to make the ones we’ve got work a lot better.”

Mary Premetis, Branch Manager

2. The branch is back

Notwithstanding the explosive growth in alternate channels such as ATMs, EFTPOS, telephone and internet banking, the branch still plays a very important role for the majority of our customers’ dealings with us; and, importantly, in their opinion of us.

Although 90% of transactions are now done outside of the branch, it is a fact that some 70% of our customers visit a branch at least once every two months. So the branch is still vitally important in both the hearts and minds of our customers.

That was behind our decision in 1998 to halt any further reduction in face-to-face branch services across regional and rural Australia. And last year we drew the same line in the sand in metropolitan areas.

During the same period we’ve been coming to grips with reshaping our branch features and functionality, so that they reflect advances in retailing practices and better cater for our customers’ needs in a multi-channel environment.

In short, the branch is well and truly back because our customers want and need to access many of our services there. And they’re back because they provide the most meaningful opportunity for face-to-face contact that is crucial to identifying and meeting our customers’ needs.

Our approach is clear – we want our branches to be part of the local community fabric and a key to our customers’ relationships with us. They are critical to our ‘ask once’ promise.

That’s why we’re taking the lead in getting antiquated regulations removed that restrict our opening hours.

Additionally, we will be providing specialist business queues and express queues, just like supermarkets.

But we are not stopping there. We now have 40% of our branch staff moved from behind the counters to the front of the house, providing proactive contact to show customers better, easier and potentially cheaper ways of banking.

This respects customers’ value-for-time priorities while rebuilding their trust in our branches. Today, around 40% of branch activities occur front of house, with traditional teller-based transactions making up the rest.

To boost our branch resurgence, we asked our customers to describe their ideal, modern and accessible branch. And we will put their responses into play in nine, fully operational prototype branches to fully assess the difference it makes to the actual customer experience.

In these revolutionised branches, customers see that we have reinstated the power of the branch manager and will be treating them again like a franchise owner, with greater authority, and enhanced business and commercial skills. We will also be looking to redefine job roles in these branches and put in place personal relationship managers equipped to meet

routine loan and investment needs on the spot and to eliminate unnecessary hand offs. Complex sales and investment requests continue to be handled by specialist-qualified professionals.

Extended opening hours is a top priority. Today we have over 115 sites open on Thursday nights and Saturday mornings. The new prototype branches will vary in opening hours from 8am through to 6pm, depending on market needs. The frustration for customers of lining up, only to find they are in the wrong place, will be overcome with more easily understood in-branch signage.

After monitoring customers’ responses to the prototypes, we intend to do some fine-tuning and then roll out the positive findings across our branch network.

We will also be making branches more accessible, even though our call centres have eliminated the need for customers to phone branches on everyday enquiries. It’s all part of the personal relationship customers want with a branch.

We’ve also launched our Personal Customer Charter to staff and will be spending the next six months ensuring we live up to this charter to such a degree that our customers begin to notice a real change in how we deal with them.

What it all boils down to is convenience and personal service and customers getting the answer and service they want at the first point of call.



“Anticipation is the key to our relationship with business customers. When we’re on the ball, we get to them with a solution before they even ask once.”

Jeff James, Business Banking Manager

3. Taking the initiative

Meeting and exceeding our customers' expectations for service is one thing. The ultimate test for excellence in any customer-centric organisation is the ability to anticipate needs and develop solutions ahead of time.

This is not just about rolling out another product or service to customers. It's about having a proactive attitude and anticipating genuine customer needs. It's about thinking like a customer, while being aware of the ever-changing nature of the business, social and community landscape.

In just one example, our business banking managers, through developing a genuine and deeper understanding of their customers, have taken the initiative to help them with targeted business solutions.

We've recognised that, at various stages in the life of a business, customers have very different needs. Success in business life is not just about a product or service, but equally about the right philosophy. So rather than provide generic solutions based solely on the size of a business, we take the important step in identifying where the business sits in its life cycle. From this our relationship managers can more confidently recommend the combination of solutions that best meet the business' needs now, while underpinning its future growth.

We start by recognising each business has unique needs depending upon the industry in which it operates. That's why we've adopted an industry approach in servicing business customers using extensive industry and customer research. Comprehensive financial solutions for the wholesale, pharmacy, independent schools and manufacturing

industries have resulted, while a dairy package was successfully developed to proactively address the impact of deregulation on customers in that industry. We also ensure that this industry knowledge does not reside with just one person, so that if a relationship manager changes, this will have much less impact on a customer's relationship with us.

We know how tough it can be in business to acquire critical financial management skills, and not just when starting out. That's why we developed a series of innovative, 'Beyond Survival' business workshops that are held regularly throughout Australia. Since 1998, more than 4,000 business owners have benefited from these seminars.

Our 'Beyond Survival' workshops focus on the key financial drivers in a business, providing world's best practice tools that could mean the difference between a business surviving or thriving. And in anticipation of customer needs, we are leading the way in online offerings. We have nearly 148,000 online business customers, in addition to our 1.5 million personal customers. The philosophy we've applied is to increase accessibility to important information and services to our customers via the internet.

This has allowed us to deliver genuine, value-added services like our Business Activity Statement (BAS) product, 'ezyBAS', available as a downloadable tool. 'ezyBAS' assists our customers to capture information and populate their BAS tax statement ready for dispatch.

Our online credit checking facility enables a business owner to quickly vet a prospective

client, before extending credit, while our secure account aggregation and safe payment services help both personal and business customers to better manage their day to day operations.

We have also invested in a business succession advisory group that provides a unique service targeted at family owned businesses. It not only assists in developing an appropriate succession plan, but can go that bit extra to find a suitable investor, should the owners want to retire. And, we have partnered with a legal firm to provide access to estate planning. A further example of anticipating needs has been our search for the best account for personal customers to manage their transactional and savings needs. Our launch of 'Westpac One' in September 2002 responded to the everyday hassle of customers trying to manage different transaction and savings accounts.

By providing up to six savings and transactional accounts in one account package, customers can set different savings targets and monitor them, with all information supplied on just one statement. Graphs compare savings activity over time and we provide tips on how to reach savings goals sooner. And account balances are combined before we calculate interest for customers.

Essentially, being innovative is all about being aware of the world in which our customers live and operate, and empowering our staff to treat innovation as another opportunity to be that one step ahead of our customers – to be there before they even have to ask once.



“I don’t deal directly with customers in my role, but I can see the benefit of going to our Service Academy. At the end of the day I’m serving the people who are serving our customers.”

Jo Coulter, Senior Manager, Consumer Marketing

4. Putting 25,000 people into the frontline

To reach our goal of being the clear service leader in our industry by 2005, we must equip our staff with everything they need to deliver outstanding service to our customers.

This means giving staff more than just the right computers and work environment. It means helping them develop their abilities to relate to customers and to understand their needs. To be outstanding in service, we need to do more than just look after people’s money. We must also get all 25,000 people in Westpac into the frontline in delivering on our ‘customers only having to ask once’ objective.

Today, we realise that just focusing on giving our staff a solid understanding of how to do their jobs is not enough. It is time to look more deeply at the staff behaviours and customer experience that define outstanding service in our industry.

Many of our experienced staff have learned how to get things done for customers, by bypassing the apparent hurdles and administrative mazes that can get in the way of a speedy solution. They have also developed the skill to mix high tech with high touch. They relate to their customers as individuals and respond genuinely to their needs, while still fully meeting the important procedures and controls necessary to safeguard both our customers’ and Westpac’s interests.

These are just a few of the factors that have led us to put more emphasis on service training for our staff and the launching of the Westpac Service Academy.

Learning is a key part of our competitive advantage and we intend to exploit it to build our reputation as an employer of choice. Our Service Academy will not just buy in a range of new courses for staff to attend; we intend to partner with recognised tertiary institutions for our staff to acquire accredited skills. The academy will also use progressive, interactive multimedia to promote distance learning for our staff.

We intend to provide our staff with the ability to be the best in their profession, not just with the daily services they provide to their customers. We will support staff to take the initiative to increase their expertise, for example, by completing the Wealth Management Diploma.

We know we can learn from others in the airline, hospitality, travel, tourism and retail sectors. Leaders in these industries have shown over time that they know how to treat their customers, how to recover when problems occur, and how to consistently deliver outstanding service.

We are also placing new emphasis on the make up of our workforce, helping new recruits enter with greater confidence. It seems obvious, but if our staff are to be confident in assisting our customers in money matters, they also need to have the relevant life experiences, skills and knowhow.

That’s why we have developed a unique workshop and interactive learning experience called ‘Financial First Steps’ to give our new recruits and young staff greater confidence in money matters.

The workshop gives young people, not only our own staff, a solid understanding of how they can avoid the traps that many fall into, through poor money management decisions and behaviours when they first start earning a regular income.

At the other end, the average age of our customers is over 45. It’s no secret that one of the fastest growing and key customer groups are the over 55s, swollen as they will be in coming years by the baby boomers. Also it is no secret that these customers often prefer to discuss their financial affairs with someone closer to their own age.

But just 2% of our staff are aged over 55. So we plan to recruit up to 900 mature aged staff over the next three years, largely over 55s, as financial planners and advisers.

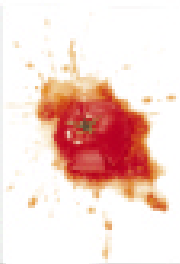
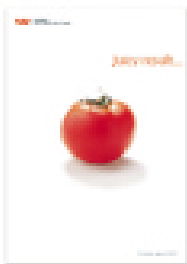
And, early next year, everyone in the company will participate in an innovative learning exercise to make sure we are all in the frontline for our customers.

In the end, the ‘ask once’ revolution is all about determination, innovation, people-friendly processes and, most of all, a skilled and committed workforce.



David Morgan
Chief Executive Officer

Actions speak louder than words



2001 annual report

In last year's report we set ourselves a clear challenge: to front up and tackle the issues that our customers are most concerned about. We identified five key areas and laid out what we were doing to find the remedies. This is how we went.

Our 2001 Report was judged Best in Show for international annual reports at the 2002 Annual Report Competition (ARC) Awards for Excellence in Annual Reports – New York, July 2002.

The report also received the Communications Award at the 2002 Australasian Annual Report Awards – Sydney, May 2002.



Improving access to banking

To address our customers' concerns about access to banking services – easy access, convenient, and the right kind, we have:

- Maintained the number of our branches in rural and metropolitan Australia and delivered on our public commitments.
- Reconfigured our branches with the result that 40% of our staff are out in the public space, 'front of house', proactively interacting with customers.
- Launched nine prototype branches for the future based upon customer feedback, providing greater autonomy and expertise where customers need it.

- Added more than 30 ATMs to our network, and refurbished an additional 41 branches, with 60% now refurbished.
- Commenced Saturday trading in Queensland in high traffic areas and are seeking government approval to expand this initiative into New South Wales, adding to our Saturday trading in Victoria.
- Increased our internet banking customer numbers by 47% this year to 1.6 million.



Acting on customer complaints

In an attempt to not only listen better, but also to hear and act more promptly on our customers' problems, we have:

- Launched a Personal Customer Charter that sets out our commitments to our customers.
- Achieved between 70% and 80% resolution of all complaints within our five-day target.
- Resolved 98% of matters referred to the Australian Banking Industry Ombudsman (ABIO) without the need for ABIO determination.
- Commenced a major reshaping of our Customer Relations Units and processes for managing customer problem resolution.

- Continued to have quarterly meetings of our Complaints Review Committee, which is chaired by Dr Simon Longstaff from the St James Ethics Centre.
- Developed improved booklets that clearly indicate fees and charges associated with each account, along with advice on how to choose the most appropriate account.



Delivering value for money

Our customers want value for money and the right to choose the way they do their banking. They also want to know what fees they are up for to assist them make those choices. During the past year we have:

- Developed 'Westpac One', an innovative package of up to six accounts consolidated into one statement, with interest calculated on the total balance, in response to customer feedback.
- Launched a unique internet home loan service that provides home loan approvals online within one hour.
- Introduced a package of initiatives to support women, including specialist services,

sponsorships, financial education, role models and business networking opportunities.

- Added genuine value-added business services like our 'ezyBAS' product that makes Business Activity Statement compliance much simpler, and our online credit checking facility for quick vetting of a prospective client, before extending credit.
- Enhanced our Shareholder's Benefits Package with a credit card benefit and extended the property loan benefit access to spouses and children.
- Led the way in calling for reform of foreign ATM fees.



Reaching everyone

In recognising that we can no longer separate our economic or financial interests from our social and environmental responsibilities we have:

- Contributed in excess of \$25 million into financial inclusion and community initiatives in Australia and NZ\$5 million in New Zealand.
- Most notably, released our first triple bottom line, social impact report, measuring our performance against more than 70 indicators.
- Responded to community needs in times of natural disasters with monetary support, access to finance and assistance with existing financial obligations.

- Installed 'talking' ATMs for people with vision impairment, in nine locations initially, with more locations planned in a progressive roll out.
- Supported staff through our Matching Gifts program providing over \$3.8 million to more than 340 charities since 1998.
- Seconded 45 of our staff for four weeks to lend hands-on guidance and assistance to the Aboriginal people of Cape York in a unique community program.
- Helped more than 100 community organisations to improve their effectiveness, by providing financial and management training specifically designed for non-profit organisations.



Backing our people

Our staff, who live with customer issues and constant change every day, are Westpac. We are determined to make our employment practices and culture second to none. That's why this year we have:

- Reached agreement with staff on a three-year Enterprise Development Agreement, which provides staff with a range of family friendly initiatives to assist them balance work and family commitments.
- Signed an agreement with the ABC Learning Group to provide around 1,000 places for the children of Westpac staff at 30 childcare centres around the country.

- Been recognised at the Australian Chamber of Commerce and Industry (ACCI) National Work and Family Awards with a High Commendation for our family-friendly policies.
- 36% of managerial positions held by females.
- Achieved a significant increase in staff morale, now well above the median performance for Australian companies.
- Seen an 8% rise in staff commitment to a level that places Westpac in line with global best practice companies.

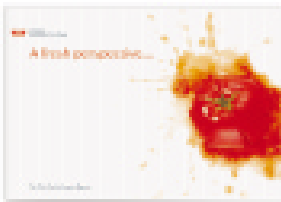
A fresh perspective.

Our responsibility to the society from which we profit.

In July 2002 we issued our first Social Impact Report, 'A fresh perspective', showing clear measures of our performance against more than 70 indicators covering social, environmental and economic dimensions.

This report is one of the first to conform to the new Sustainability Reporting Guidelines developed within the Global Reporting Initiative framework. We remain the only Australian financial institution to release such a report. The following pages summarise some key focus areas extracted from our full Social Impact Report, which is available on our website at www.westpac.com.au

We know that the task of ensuring the longer-term sustainability of our company goes beyond just the financial dimension. Our customers and the community more generally are telling us very clearly that they expect us to take greater account of our impact on society, by improving the transparency of all our business practices, thereby charting a path to a healthy and sustainable future for our company and the communities we serve.



Scope of the report

The extracts presented on pages 25 to 29 of this report refer to the policies, practices and performance of Westpac Banking Corporation in Australia for the year ending 30 September 2001, unless otherwise stated. All dollar figures are AUD.

Disclaimer

The social commentary on page 25 of this report by the four representatives in no way represents an endorsement of Westpac or the content of this report.



Looking out for our employees **page 26**

“Australians need family-friendly workplaces to ensure an appropriate balance between work and family commitments, and some sensible remedies to address continuing demands for long, unpredictable working hours.”

Sharan Burrow, President, Australian Council of Trade Unions (ACTU)



Keeping our corporate conscience green **page 27**

“Public relations, spin and green-washing will provide no lasting boost to corporate reputation. It will, in many cases, detract from reputation.”

David Butcher, CEO, World Wide Fund for Nature Australia (WWF)



Earning the respect of customers **page 28**

“The banks, and other Australian companies which have reassessed their thinking, have done so as part of a growing global movement that understands that the ‘business as usual’ paradigm is becoming increasingly unacceptable to societies – the excuse that the ‘bottom line made me do it’ is wearing very thin.”

Louise Sylvan, CEO, Australian Consumers' Association (ACA)



Ensuring a future for our communities **page 29**

“We must strive to identify and remove the barriers that prevent people from participating in economic and social life, especially the most vulnerable among us.”

Andrew McCallum, President, Australian Council of Social Service

Looking out for employees



Hayley Anderson, Childcare Assistant

Our employee policies and practices are keystones in ensuring we develop a successful and sustainable business. To ensure our policies continue to keep pace with our employees' expectations, we regularly tap the views of employees. We also encourage our employees to develop new competencies and to enhance their range of skills.

We agree objectives with all employees against which their performance is evaluated. Our practice is to evaluate staff performance on their contribution to developing long-term shareholder value in meeting the needs of our customers.

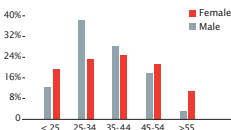
Individual executive performance objectives include measures linked not only to financial objectives, but also to delivering for

staff, customers and the broader community. We also recognise that many employees have obligations, responsibilities and interests outside the workplace and we strive to be an employer of choice by promoting a work/life balance.

Specific programs include paid maternity, paternity and adoption leave, mutual negotiation of work hours for part-time staff, as well as innovative home-based work, job sharing and childcare arrangements.

We also seek to embed diversity into our key employment policies and programs to advance equitable outcomes for women. In this, we have been achieving similar rates of promotion for men and women at all levels.

Gender and age profile

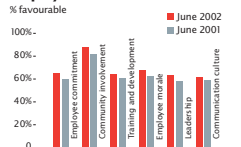


Male/female salary relations

| Grade | Average salary (\$) | |
|----------------|---------------------|---------|
| | Male | Female |
| Executive | 323,640 | 321,688 |
| Management | 89,120 | 75,363 |
| Non-management | 37,645 | 34,896 |

Westpac pays equal pay for equal work. Differences in the average salary for male and female employees reflect the higher proportion of males in more senior roles within these grades.

Employee satisfaction



Keeping our corporate conscience green



Johnnie Kalaboukas, Building Operations

Overall responsibility for our environmental policies and performance, including our environmental management system, rests with the CEO. The Board Social Responsibility Committee reviews performance and approves policy as set by management.

Our policy is to screen lending proposals for environmental risk. Proposals from small to medium size businesses are initially screened using industry classification codes to assess the possible environmental risk.

Where security offered might be subject to high environmental risk, we require evidence of responsible and adequate management of the environmental issues by the borrower. In industries with the most significant environmental impacts, we may require an

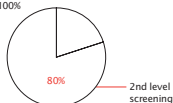
external environmental assessment to be carried out before any loan is approved.

Westpac Institutional Bank assesses environmental risk at the individual corporation or institutional level, based on its industry category.

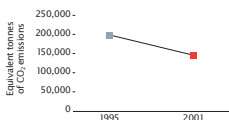
Together with Monash Sustainability Enterprises (MSE), we have established processes to also screen for socially responsible investments. MSE independently rates each company's performance against world's best practice benchmarks. Our best of sector approach utilises these ratings in stock selection for both the Westpac Australian Sustainability Share Fund and the Westpac Australian Eco Share Fund.

Environmental screening of institutional lending

1st level screening – 100%



Total greenhouse gas emissions



Emissions source

| Emissions source | Equivalent tonnes of CO ₂ emissions |
|------------------|--|
| energy | 126,500 |
| car fleet | 4,200 |
| paper | 16,700 |
| Total | 147,400 |

Earning the respect of customers



Diane Huynh, Customer Services Representative

In 1998 we committed to maintain face to face banking capability in every Australian country town in which we operated at that time. This followed widespread community concerns in Australia and we have delivered on that commitment.

We also introduced fee-free basic banking accounts.

Our policy is to provide full transparency of fees and charges. Full information is available in our branches or via our internet sites. In the sensitive area of deposit and transaction accounts, we provide a booklet to all new account holders (also available for existing account holders) which clearly indicates the fees

and charges associated with each account. It also provides advice to assist in choosing the right accounting fees while saving time.

As part of the challenge to adopt sustainable business practices, one of our important responses has been to strengthen our personal lending policies to ensure they don't lead to debt over-commitment by individuals. This has involved enhancing part of our credit risk management principles to better cover responsible lending.

We use credit risk scorecards and credit policy that incorporates a number of critical variables. Both are regularly reviewed to take account of emerging community concerns and changes in the market place.

Low income access

Percentage of customers* receiving pension or welfare payments (excluding family allowance).



* Transaction and savings accounts customers

Points of access

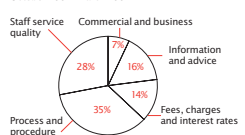
as at 30 September 2002

| | No. |
|----------------------------------|-----------|
| Branches | 806 |
| ATMs | 1,552 |
| EFTPOS | 75,853 |
| Mobile lenders | 600 |
| Internet customers | 1,448,000 |
| Other specialist banking centres | 225* |

* Includes business/commercial and agribusiness centres, international, financial planning centres and private banks.

Complaints types

October 2001 – March 2002



Community involvement

Ensuring a future for our communities



Mark Doran, Senior Funds Administrator

As one of the nation's oldest institutions – not simply its first bank, but also its first company – we have been an integral part of the Australian social fabric since 1817. With around 19,000 Australians employed by us, some six million Australians choosing to do business with us, and millions of direct and indirect shareholders, we are not only pervasive in Australian life, we also represent a microcosm of the Australian nation.

From this privileged position, we recognise our obligation to conduct our business in a way that contributes to building social capital. We live in a pluralist society and the price of sustaining it means that as a business we must accept our responsibilities.

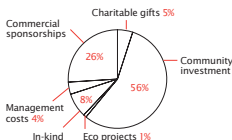
Our direct community assistance programs reach across a range of causes – from charitable and welfare support, research into juvenile diabetes, rescue services, youth education, indigenous programs, to overseas aid.

In total, we put in excess of \$25 million each year into these financial inclusion and community initiatives to help strengthen Australia's social capital. This represented 1.5% of our Australian pre-tax profits. We also support our staff in getting out and working with the community. Each year, every Westpac employee is entitled to a day of paid leave for volunteering. Around 70% of our employees are involved in their local community in fund raising or volunteering work.

Community contributions

| Area of involvement | \$m |
|-------------------------|-------------|
| Charitable gifts | 1.3 |
| Community investment | 15.1 |
| Eco projects | 0.3 |
| In-kind | 2.05 |
| Management costs | 1.05 |
| Commercial sponsorships | 7.1 |
| Total | 26.9 |

Community involvement



Community contributions as a percentage of pre-tax profits

| | |
|--|-------|
| Total excluding commercial sponsorship | 1.10% |
| Total community involvement | 1.50% |

Getting down to business



David Morgan

BEC, MSc, PhD
Chief Executive Officer

Appointed CEO in 1999, David has led all the major businesses in Westpac, including Westpac Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking, and International Banking, since joining the company in 1990. David has extensive experience in the financial sector, having worked in the International Monetary Fund in the 1970s, and the Federal Treasury in the 1980s as Senior Deputy Secretary.



David Clarke

LLB
Group Executive, Wealth Management

Since joining Westpac in July 2000, David has led both Banking and Financial Solutions and the Australian Business and Consumer Bank. In September 2002, he assumed responsibility for developing Westpac's expanded wealth management business, which includes asset accumulation, investment management, life insurance and our New Zealand wealth management activities. David was previously an Executive Director with the Lend Lease Group and Chief Executive of MLC Limited.



Philip Coffey

BEC(Hons)
Group Executive, Institutional Bank

Phil joined Westpac in 1996 and leads our global wholesale banking operation, with offices spanning Australia, New Zealand, USA, UK and Asia. Previously with AIDC and Citicorp Global Asset Management, he has extensive experience in financial and capital markets. Phil began his career with the Reserve Bank of Australia and has had over 10 years' experience with Citibank in London and New Zealand.



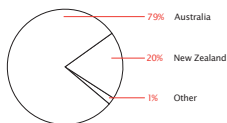
Mike Pratt

CBkg, GradDipOrgBeh, FAIBF, MAIM
Group Executive, Business & Consumer Banking

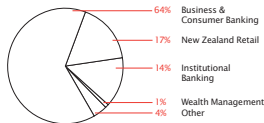
Mike joined the Westpac Executive Team in April 2002 as Group Executive for New Zealand and Pacific Banking. In August 2002, he was appointed Group Executive, Business and Consumer Banking for Australia, New Zealand and the Pacific. Mike has had an extensive career in retail banking and was previously CEO, Australia, National Australia Bank and CEO of Bank of New Zealand.

Facts and figures

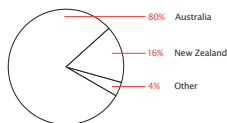
Operating revenue by region



Revenue by key business unit



Assets by region



Customers

million

| | |
|--------------|------------|
| Australia | 6.0 |
| New Zealand | 1.3 |
| Other | 0.2 |
| Total | 7.5 |

Personnel by region (FTE)

| | |
|--------------|---------------|
| Australia | 18,564 |
| New Zealand | 4,936 |
| Other | 1,276 |
| Total | 24,776 |

Total assets

\$billion

| | |
|--------------|--------------|
| Australia | 151.9 |
| New Zealand | 30.9 |
| Other | 8.2 |
| Total | 191.0 |



Philip Chronican
BCom(Hons), MBA, FAIFB
Chief Financial Officer

Phil was appointed Chief Financial Officer in February 2001 with responsibility for Westpac's finance, tax, treasury, risk management, legal, strategy, and investor relations functions. He was previously Deputy Chief Financial Officer and has held business group CFO roles in both retail and institutional banking. Phil has been with Westpac for 20 years in a variety of positions in Australia and in New Zealand.



Ann Sherry
BA, GradDipIR, MAICD, FAIFB, FIPAA
Group Executive, People & Performance
and CEO, Bank of Melbourne

After joining Westpac in 1994, Ann headed the Human Resources function for the International and Institutional Bank, and subsequently led the team managing human resources, change management and public affairs for the merger with the Bank of Melbourne. She was appointed Head of Westpac Group Human Resources in 1999 and Group Executive in 2000. Ann has had extensive experience in government. She was First Assistant Secretary of the Office of the Status of Women, advising the Prime Minister. Ann is also the Chief Executive Officer of the Bank of Melbourne.



Michael Coomer
CEng, GradDipDigitalComms,
AMPJ(Harvard), FAIFB, FAIM, ATS, MAICD
Group Executive, Business &
Technology Solutions & Services

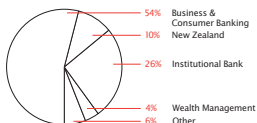
Michael joined Westpac in January 2002 to head up the Information Technology, eBusiness, Strategic Sourcing Governance, Operations and Corporate Services businesses. He has almost 30 years of experience at the forefront of information technology, having had associations in the telecommunications, financial services, aerospace and defence industries, primarily in senior executive roles.



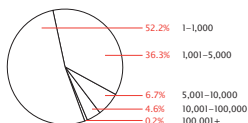
Ilana Atlas
BJuris, LLB, LLM
Group Secretary and General Counsel

Ilana joined Westpac in 2000. She works closely with the Chairman of the Board and the other directors. She is responsible for Westpac's legal, secretariat, compliance and regulatory functions. Prior to joining Westpac, she was a partner of Mallesons Stephen Jaques where she worked extensively as a corporate lawyer and in managerial roles including responsibility for human resources and as managing partner.

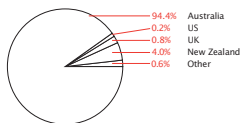
Assets by key business unit



Shareholders by size



Shareholders by region



Points of distribution

| | Branches/Instore | ATMs |
|--------------|------------------|--------------|
| Australia | 806 | 1,552 |
| New Zealand | 200 | 484 |
| Other | 51 | 13 |
| Total | 1,057 | 2,049 |

Credit ratings

| | Short term | Long term |
|-------------------|------------|-----------|
| Moody's | P-1 | Aa3 |
| Investor Services | | |
| Standard & Poor's | A-1+ | AA- |
| Fitch IBCA | F1+ | AA- |

Market capitalisation

| 30 September 2002 | \$25 billion* |
|-------------------|---|
| Listed on | <ul style="list-style-type: none"> Australian Stock Exchange New York Stock Exchange (ADRS) Tokyo Stock Exchange New Zealand Stock Exchange |

*Based on Westpac ordinary and N2 Class shares.

Westpac at a glance

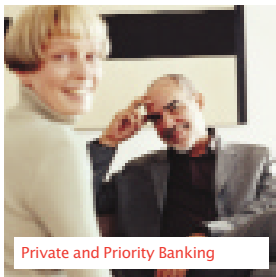
Business and Consumer Banking

Who we are and what we do

Business and Consumer Banking represents the Australian regional bank operations branded 'Westpac' in New South Wales, Queensland, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory; 'Bank of Melbourne' in Victoria; and 'Challenge Bank' in Western Australia. It has more than five million customers, 806 branches and in-store branches, 1,552 ATMs, and over 75,000 EFTPOS terminals, as well as our 24hour/7day telephone and internet banking services.

Our business and consumer banking operations include deposit taking, transaction accounts, credit cards and other lending. We are a major home loan provider, and we meet the finance needs of business customers with turnover up to \$20 million. Investment, superannuation and general and life insurance products are also sold through our branch network.

| Financials | 2002 | 2001 | 2000 |
|----------------------------------|-----------|----------|----------|
| Profit on Operations (after tax) | \$1,774m | \$986m | \$895m |
| Economic Profit | \$1,631m | \$834m | \$657m |
| Total Assets | \$102.2bn | \$98.5bn | \$90.7bn |
| Expense to income ratio | 46.3% | 54.8% | 59.2% |
| Personnel numbers | 11,662 | 12,834 | 12,615 |



Private Banking

Leadership position

- 24,100 high net worth clients, a growing market share
- Industry leader through dedicated executive managers
- Complete client account planning service inclusive of advising on investment solutions and banking services.

Opportunities for growth

- Greater share of clients' total financial and investment services
- Superior customer relationship management and product innovation
- Organic growth from quality customer referrals and migration from our growing base of priority customers.

Priority Banking

Leadership position

- 1.1 million customers and expanding rapidly
- 77 dedicated Priority Banking Relationship Managers, supported with CRM technology
- Specially tailored product offerings and packages for professionals.

Opportunities for growth

- Improve customer retention and grow cross-sales through superior customer service and targeted product initiatives
- Special offers, including packaging, for professionals and other high income groups based upon specific needs
- Migration from our personal customers.

Leadership position

- 3.6 million customers, 25% market reach
- Commitment, since 1998, to maintain face to face banking services in Australia
- First bank in Australia to establish 'talking ATMs' for visually impaired customers
- Won the 2002 Teleperformance CRM Grand Prix award for customer service excellence in call centres
- Specialist offerings to market segments, including youth and the elderly.

Opportunities for growth

- Structure our products and ourselves to align with our customers' needs throughout the different stages of their lives
- Develop the capability to recognise the extent and potential of a customer's relationship with us when interacting with them
- Accredit branch staff to sell a broader range of products
- Recognise potential long-term customer value and grow to priority customer status
- Continue to e-enable customer services and processes
- Speed up our credit decisions via customer scoring and improved credit scorecards.

Leadership position

- 440,000 customers serviced through either Business Banking or the branch network
- 280,000 customers managed by Business Direct, providing access to specialised business banking managers
- Highest penetration of small business customers using internet services, with our Business Online customer satisfaction at over 90%
- Business Life introduced for our small business customers, providing unique packaged solutions based on lifecycle stages
- Ranked No. 1 among the major banks for small business customer satisfaction (very satisfied)
- Purchased a licence for Beyond Survival, a market leading customer business skills program which has achieved a satisfaction rating of higher than 90% from all participants.

Opportunities for growth

- New service delivery model provides a more extensive level of personal service for small business customers
- Explore opportunity to offer customers self selection of service, based on value and remuneration
- Better use of customer information to anticipate and respond to customers' needs, thereby realising the potential for expanded relationships and multiple product sales
- Broaden services available through Business Online.

Wealth Management

Who we are and what we do

Our wealth management business comprises our asset accumulation, investment management and life insurance operations in Australia and New Zealand.

It designs, manufactures and services financial products to enable customers to build, manage and protect their wealth. These products include managed investments, life insurance, superannuation and discount broking.

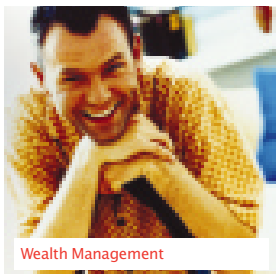
We also manage assets for, and provide custody and settlement services to, institutional customers and fund managers.

Distribution of products is undertaken through our consumer distribution networks and our financial advisers and planners.

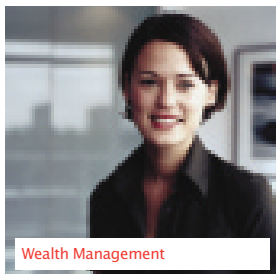
| Financials | 2002 | 2001 | 2000 |
|----------------------------------|----------|---------|---------|
| Profit on Operations (after tax) | \$(62)m | \$181 m | \$191 m |
| Economic Profit | \$(158)m | \$143m | \$136m |
| Total Assets | \$8.5bn | \$8.5bn | \$8.1bn |
| Expense to income ratio | 149.9% | 43.6% | 44.1% |
| Personnel numbers | 812 | 680 | 690 |



Middle Market Banking



Wealth Management



Wealth Management

Leadership position

- 100,000 customers managed by senior relationship managers
- Offer customers a full range of financial services, covering local and global operations, with wide distribution of business banking teams throughout the branch network
- Quality loan book with business banking impaired assets at five year lows
- Sector specialists provide advice including agribusiness, franchising, imports/exports, property finance, with industry specific business packages launched for the pharmaceutical, education (independent schools) and manufacturing industries
- A comprehensive Business Sale and Succession planning service introduced
- Ranked No. 1 among major banks for middle market customer satisfaction (very satisfied), with market penetration now 31% (up from 25% in 1999).

Opportunities for growth

- Realise the potential from expanded customer relationships by meeting more of their financial needs
- Continue to target industries with opportunity gaps, such as health and community services and agribusiness growth sectors.

Leadership position

- Fifth largest retail fund manager in Australia (ASSIRT June 2002)
- More than \$32 billion total Australian funds under management
- 700 internal financial planners and advisers
- Relationships with nearly 5,000 independent financial advisers
- One of largest Australian equities teams in Australia
- The largest ethical and socially responsible funds manager
- Provide funds actively rated by key research houses
- Largest provider of domestic custody services.

Opportunities for growth (after BT acquisition)

- Deepen customer relationships by offering an enhanced product range and administration platforms, including a 'best in class' wrap platform
- Extend customer reach by servicing clients through their chosen financial planner
- Capture benefits of increased scale
- Leverage opportunities offered by the BT acquisition, including scale efficiencies:
 - fourth largest retail fund manager
 - second largest wrap/master trust provider
 - 17% margin lending market share (up from 6%)
 - sixth largest corporate superannuation provider
- Offer clients products manufactured by 'best of breed' international partners
- Leverage our position with leading research houses
- Consolidate systems and process to optimise efficiencies.

Business group results

To enable a more detailed analysis of our results, the results of our business operations shown on pages 32 to 35 of this report have been presented on a management reporting basis. Internal charges and adjustments have been included in the performance of each business group to reflect the management of our business rather than our legal structure. Therefore these results cannot be compared directly to public disclosure of the performance of our individual legal entities or geographic disclosures elsewhere in this report.

Westpac at a glance

Institutional Bank

Who we are and what we do

Westpac Institutional Bank (WIB) provides financial services to the corporate and institutional customer base, assisting and advising in the management of cash, funding, capital and market risk for companies and institutions in Australia and New Zealand.

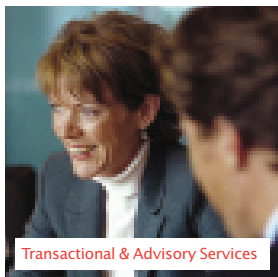
WIB operates through dedicated industry groups, supported by specialised product expertise in Financial Markets, Corporate Finance, Advisory and Transactional Services.

The Institutional Bank has a strong Australasian focus and supports its customers through branches and subsidiaries located in Australia, New Zealand, New York, London, Tokyo, Singapore and Hong Kong. It is also represented in Thailand, Indonesia and China.

WIB's superior customer service and market leadership position is backed up by diverse independent research. Westpac is rated equal first as Australia's Leading Principal Corporate Banker with a 15.2% share by East and Partners

(June 2002). Additionally, 31% of respondent Australian companies cited Westpac as one of their two Lead Bankers in the 2002 Greenwich Large Corporate Banking Survey.

| Financials | 2002 | 2001 | 2000 |
|---------------------------------|----------|----------|----------|
| Profit on Operation (after tax) | \$132m | \$374m | \$314m |
| Economic Profit | \$18m | \$258m | \$223m |
| Total Assets | \$49.1bn | \$51.6bn | \$48.6bn |
| Expense to income ratio | 51.0% | 38.5% | 46.7% |
| Personnel numbers | 1,295 | 1,264 | 1,227 |



Leadership position

- Australian Derivatives House of the Year – Asia Risk Magazine – September 2002
- No. 1 Bank in AUD Interest Rate Swaps (10+ years), AUD Interest Rate Caps/Floors, US/AUD Currency Options, US/AUD Currency Forwards, US/AUD Cross Currency Swaps – Risk Magazine – September 2002
- FXAll No. 1 multi bank platform – in straight through processing, research and execution – Euromoney – May 2002
- Leaders in industry-based research with publications such as the Westpac-Melbourne Institute Index of Consumer Sentiment and the Westpac-ACCI Survey of Industrial Trends.

Opportunities for growth

- Grow the manufacture and distribution of structured investment products into the retail market
- Increase the cross-sell of institutional products and services to smaller business banking customers
- Continue development of new products in commodities, including energy trading
- Increase efficiencies through internet-enabled products
- Expand development of risk management.

Leadership position

- Business Lender of the Year – Personal Investor Banking Awards – August 2002
- No. 2 Lead Manager of Domestic Australian Dollar Bonds – IFR Asia – August 2002
- Westpac Managed Top Domestic Deal of the Year (BHP Billiton AS1 billion dual tranche bond) – AsiaMoney – February 2002
- No. 1 Arranger of New Zealand Syndicate Loans in 2001 – IFR Asia – January 2002
- Well developed capability to cross-sell into retail markets
- Leading provider of on-balance sheet finance.

Opportunities for growth

- Increase equity capital markets activities
- Enhance the range of capital offerings for retail customers
- Focus on the development of more structured products for customers with specific needs
- Leverage off our strong distribution capability in debt syndication and capital markets.

Transactional services

Leadership position

- Cash Management House of the Year for 2001 – Insto Magazine – January 2002
- No. 2 Overall Cash Management Bank in Australia – AsiaMoney – June 2002
- Principal transaction banker to 28.9% of the top 500 companies in Australia – East and Partners (June 2002).

Opportunities for growth

- Leverage strong product offering and eCommerce position to enhance customers' operating efficiency
- Expand solutions across the supply chain to assist customers to manage payment relationships with their customers
- Continue to expand application and transactional solutions to business customers.

Advisory services

Leadership position

- Australian and New Zealand expertise
- Capacity to leverage intellectual capital of the entire Westpac group
- Capacity to enhance the growth strategies of customers.

Opportunities for growth

- Improve cross-sale of advisory services to transactional customers and introduce advisory clients to transactional services
- Continue promotion of the specialised understanding of business in Australia and New Zealand.

New Zealand

Who we are and what we do

Westpac has been operating in New Zealand since 1861 and is one of New Zealand's leading full service banks. With 1.3 million customers, more than one in three New Zealanders have a banking relationship with Westpac. It is the leading provider of banking services to small to medium business and is the banker of the New Zealand government.

Westpac has 4,687 staff, 200 branches and 484 ATMs nationwide, as well as its phone assist call centres and 24-hour phone banking services.

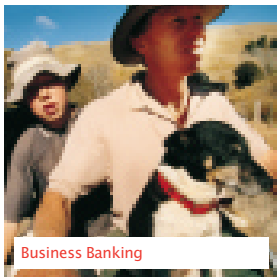


Personal Banking

Its online banking service was launched in April 2000 and reached 230,000 registered users by end September 2002.

| Financials | 2002 | 2001 | 2000 |
|----------------------------------|----------|----------|----------|
| Profit on Operations (after tax) | \$362m | \$280m | \$251m |
| Economic Profit | \$241m | \$138m | \$115m |
| Total Assets | \$19.9bn | \$18.5bn | \$16.0bn |
| Expense to income ratio | 44.0% | 49.4% | 51.5% |
| Personnel numbers | 4,687 | 5,228 | 5,310 |

The figures above relate to retail operations in New Zealand. Any institutional banking activities carried out are included in the figures for Westpac Institutional Bank.



Business Banking

Pacific Banking

Who we are and what we do

Pacific Banking provides a full range of deposit, loan, transaction account and international trade facilities to personal and business customers.

In selected locations finance company and motor vehicle loans are also offered.

| Financials | 2002 | 2001 | 2000 |
|----------------------------------|------------|------------|----------|
| Profit on Operations (after tax) | \$51.6m | \$53.9m | \$31.1m |
| Economic Profit | \$40m | \$42m | \$20m |
| Total Assets | \$1,150.7m | \$1,251.3m | \$840.8m |
| Expense to income ratio | 44.4% | 39.2% | 44.4% |
| Personnel numbers | 1,121 | 1,290 | 1,083 |



Pacific Banking

Leadership position

- Largest New Zealand bank by customers, staff and ATM network
- 141 years of business in New Zealand
- Strong community focus
- Supporter of important community initiatives, including Rescue Helicopters and Life Education Trust.

Opportunities for growth

- Increase market share in Auckland
- Increase focus on wealth management solutions and risk management products
- Distribute third party solutions through Westpac network
- Leverage Private and Priority banking relationships
- Improve credit card take-up and usage
- Extend online banking services
- Develop more tailored product packages
- Leverage business and corporate relationships
- Increase mobility of sales force (ie mobile mortgage managers).

Leadership position

- Relationships with a third of small to medium businesses
- Largest provider of card processing (merchant) services
- Dominant in payments and transactional business
- Commitment to supporting New Zealand business through Business Excellence Awards and educational seminars.

Opportunities for growth

- Leverage small/middle business relationships through development of distribution capability
- Continue to improve market share in middle business market
- Win disproportionate share of market growth in the agribusiness sector
- Integrate products and services in targeted packages
- Further leverage our relationships with corporates and professional associations.

Leadership position

- Depth of experience, represented in eight Pacific nations
- Breadth of representation, operates through 51 branches, 13 ATMs and an extensive EFTPOS network
- Low cost operation
- Local focus, global strength.

Opportunities for growth

- Continue enhancement of electronic banking channel functionality
- Leverage branding
- Develop eBusiness capability
- Further develop electronic interchange arrangements with other financial institutions
- Further leverage wider Westpac group to achieve greater synergies, lower costs, and strengthened risk management
- Leverage Australian wealth management capabilities
- Adapt a standardised business operating model across all Pacific business units
- Leverage our relationships with professional and community organisations.

The buck stops here



Leon Davis

ASAIT, DSc(h.c.), FRACI, FAustIMM.
Age 63.

Appointed Chairman December 2000. Director since November 1999. Leon Davis has had many years of experience in resource management, both in Australia and overseas. He has lived and worked in senior positions in Australia, Papua New Guinea, Singapore and the United Kingdom. He was formerly Chief Executive of Rio Tinto and now is Deputy Chairman. He is a director of Huysmans Pty Limited, Codan Limited and Trouin Pty Limited and a Board Member of The Walter and Eliza Hall Institute of Medical Research. Trustee of The Westpac Foundation and the Rio Tinto Aboriginal Foundation.



Barry Capp

BE(Civil), BCom, BA.
Age 69.

Director since May 1993. Barry Capp was employed for many years in financial and commercial roles and has had experience in company reconstructions. Chairman of National Foods Limited. Director of Australian Infrastructure Fund Limited, Hellaby Holdings Limited, Melbourne University Private Limited and Touchcorp Limited.



David Crawford

BCom, LLB, FCA, FCPA.
Age 58.

Director since May 2002. He was National Chairman of KPMG from 1998 until 2001, a member of KPMG's International Board and, prior to that, Chairman of KPMG's Southern Regional Practice (1996-1998). He was the Chairman of the State Electricity Commission in Victoria from 1993 to 1994. He was Chief Executive Officer of the Rural Finance Corporation in Victoria managing the integration and merger of the activities of the Victorian Economic Development Corporation with the Rural Finance Corporation. Director of BHP Billiton Limited, Foster's Group Limited, Lend Lease Corporation Limited and National Foods Limited. Deputy Chairman of the Australian Ballet, a Member of the Council of the University of Melbourne and Treasurer of the Melbourne Cricket Club.



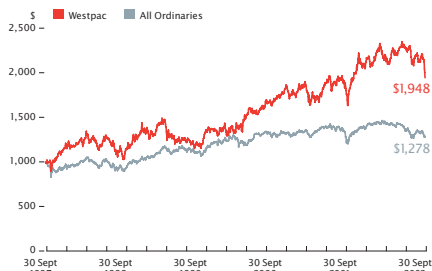
The Hon. Sir Llewellyn Edwards

AC, MB, BS, FRACMA, LLD(h.c.), FAIM.
Age 67.

Director since November 1988. Sir Llewellyn Edwards has had extensive experience in Queensland state politics (including five years as Treasurer), business and in community service (Chairman World Expo 88 Authority and Chancellor of University of Queensland). Chairman of AMACA Pty Limited, AMABA Pty Limited and the Medical Research and Compensation Foundation. Also Chairman of UQ Holdings Pty Limited and Pacific Film & Television Commission. Director of Uniseed Pty Limited and Trustee of The Westpac Foundation. He also acts as a consultant to business and government.

Westpac's Share Performance

One thousand dollars invested in Westpac on 1 October 1997 would have grown in value to \$1,948 (assuming dividends were reinvested) as at 30 September 2002, which represents a compound annual return of 14.3%. The same investment in the All Ordinaries Accumulation Index (which adjusts for all dividends paid on stocks in the index) would have grown to \$1,278, representing a compound annual return of 5.0%.



Ted Evans
AC, BEcon.
Age 61.

Director since November 2001. Ted Evans has extensive experience in the financial sector, having joined the Australian Treasury in 1969, heading the Fiscal and Monetary Policy Branch in 1980 and the General Financial and Economic Policy Division in 1982. From 1984 to 1989 he held the position of Deputy Secretary and was Secretary to the Treasury from 1993 to 2001. From 1976 to 1979 he was a member of the Australian Permanent Delegation to the OECD in Paris and, from 1989 to 1993, Executive Director on the Board of the International Monetary Fund, representing Australia and a number of other countries, mainly in the Asia Pacific region. Director of the Reserve Bank of Australia from 1993 to 2001 and the Commonwealth Bank of Australia from 1993 to 1996.



John Fairfax
AM.
Age 60.

Director since December 1996. John Fairfax has considerable understanding of the financial services needs of the commercial and rural sectors and of the impact of production and information technology on industry strategy. He has extensive experience in the media industry and takes an active interest in community organisations including the Royal Agricultural Society of NSW. Chairman of Rural Press Limited and a director of Crane Group Limited. He is the Chairman of Trustees of The Westpac Foundation.



Helen Lynch
AM.
Age 59.

Director since November 1997. Helen Lynch had 35 years' experience in Westpac including membership of Westpac's executive team before retiring in 1994. She is a director of Coles Myer Limited and Southcorp Limited. Deputy Chairman of OPSM Group Limited and Chairman of the Sydney Symphony Orchestra Holdings Pty Limited.



David Morgan
BEC, MSc, PhD.
Age 55.

Appointed Managing Director and Chief Executive Officer March 1999, Executive Director since November 1997. David Morgan has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington in the 1970s and the Federal Treasury in the 1980s where he headed all major areas before being appointed Senior Deputy Secretary. Since joining Westpac in 1990, he has had responsibility for all major operating divisions including Westpac Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking and International Banking.

Everyone's business

Our approach

What corporate governance means at Westpac

We believe how we govern ourselves to meet our responsibilities to our customers, shareholders, employees and the community is of interest to everybody.

For us, corporate governance encompasses the principles that guide us, the practices that protect us and the controls that govern us in serving our stakeholders.

The Board is committed to the highest standards of corporate governance, which it recognises as fundamental to all its activities. This year the Board again committed to consolidate Westpac's position as a leader in corporate governance. In so doing we will continue to:

- review and improve our governance practices;
- monitor global developments in best practice corporate governance; and
- contribute wherever we can to local and overseas debates on what represents best corporate governance practice.

We welcome feedback on how we can improve.

Our governance standards – principles and processes

When there are so many valid views on what constitutes good corporate governance, how can you gauge which one is right? The fact is there may be no single model of best practice corporate governance because legal and regulatory, government, investor and community expectations and requirements differ from country to country and sometimes between industry sectors. We think that the best approach is to assess and be guided by the principles and practices that are in our stakeholders' interests ensuring full compliance with legal requirements.

What is in this statement?

In this corporate governance statement we discuss the following:

- the Board – putting governance into practice;
- Board Committees and their role;
- the Chief Executive Officer and the role of the Executive Office;
- audit governance and independence;
- paying and rewarding executives;
- ensuring the market is fully informed;
- controlling and managing risk;
- 'doing the right thing' – ethics, compliance and our code of conduct; and
- meeting our wider corporate responsibility.

Date of this statement

This statement reflects our corporate governance policies and procedures as at 31 October 2002.

External assessment

We endorse the principle of having our corporate governance assessed externally, and are proud to have achieved the following positions in the latest surveys:

- 'The Dow Jones Sustainability Index'
No. 1 globally for overall sustainability in the finance and banking sector. This index includes measures of corporate governance and codes of conduct and compliance.
- 'The Sydney Morning Herald/The Age Good Reputation Index 2002'
No. 1 company overall ranked against Australia's top 100 companies based on stakeholder and research group perceptions of the key elements contributing to corporate reputation, including ethics and governance.
- 'Standard & Poor's company transparency and disclosure survey'
One of only six top 100 Asia Pacific companies to achieve the highest score assigned for transparency and disclosure.
- 'Corporate Monitor'
Five stars for social and environmental performance and four stars for corporate governance out of a possible five as reported in Ethical Investor magazine.
- 'Horwarth 2002 Corporate Governance Report'
Four and half out of five stars based on disclosure in our 2001 Annual Report.
- 'Oekom Research AG'
Number three of 93 global banking and financial services companies, ranked for their comprehensive corporate responsibility practices covering social and environmental factors.

We formally consult with a broad range of stakeholders on responsible and sustainable business practices. We continue to seek ways to promote good corporate governance practices and will support new measures being developed, such as assisting the Monash University Governance Research Unit in developing a governance index.

The Board – putting governance into practice

Role of the Board

The Board of Directors is accountable to shareholders for how Westpac Banking Corporation and its subsidiaries perform.

The Board's specific responsibilities include:

- providing strategic direction and approving corporate strategies;
- selecting and evaluating future directors, the Chief Executive Officer (CEO) and senior management;
- planning for executive succession;
- monitoring management and financial performance;
- ensuring that we maintain adequate risk management controls and reporting mechanisms; and
- ensuring our business is conducted ethically and transparently.

Board size and composition

The full Board determines our board size and composition, subject to the limits imposed by our Constitution. Our Constitution requires a minimum of seven and a maximum of 15 non-executive directors. In addition, up to three members of the Board may be

executive directors. Currently, there are seven non-executive directors and only one executive director on the Board – the CEO, David Morgan.

The current composition of the Board and Board Committees is set out in the table below, with further details on each director provided on pages 36 and 37 of this report.

Board and Board Committee membership

| Director | Board Membership | Appointed Director | Committee Membership | | | | |
|--------------------------------|------------------|--------------------|----------------------|----------------------|-------------|--------------|-----------------------|
| | | | Audit & Compliance | Credit & Market Risk | Nominations | Remuneration | Social Responsibility |
| Leon Davis | Chairman | Dec 2000 | | | | | |
| | Non-executive | Dec 1999 | ■ | ■ | ■ | ■ | ■ |
| David Morgan | CEO | Mar 1999 | | | | | |
| | Executive | Nov 1997 | | | | | ■ |
| Barry Capp | Non-executive | May 1993 | ■ | | ■ | ■ | |
| David Crawford | Non-executive | July 2002 | ■ | | | | |
| The Hon. Sir Llewellyn Edwards | Non-executive | Nov 1988 | | | ■ | ■ | ■ |
| Ted Evans | Non-executive | Nov 2001 | | ■ | ■ | | |
| John Fairfax | Non-executive | Dec 1996 | | ■ | | | ■ |
| Helen Lynch | Non-executive | Nov 1997 | ■ | | ■ | | |

Selection and role of the Chairman

The Chairman is a non-executive director, appointed by the Board. The Chairman's role includes:

- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual directors; and
- reviewing the contributions made by Board members.

Board independence

Having an independent Board is a key to good corporate governance. We have structures and procedures in place to ensure that the Board operates independently of executive management. These include appointing an independent, non-executive director as chairman, and ensuring we have a large majority of independent, non-executive directors who can bring special professional expertise to the Board. As an additional independence measure, four of our five Board Committees are composed only of independent non-executive directors.

Our definition of an independent director is one who is independent of management and free from any business or other relationship that could materially interfere with the exercise of independent judgment. It is the Board's view that each of its non-executive directors is independent.

Meetings of the Board and their conduct

The Board meets formally at least 10 times a year. In addition, it meets whenever necessary to deal with special matters needing attention between the scheduled meetings.

Meeting agendas are established by the Chairman and the CEO to ensure adequate coverage of financial, strategic and major risk areas throughout the year. In addition to its formal meetings, the Board undertakes regular and relevant workshops. Over the past year these included workshops on executive and senior management succession planning, liquidity and market risk, wealth management, the portfolio management unit, operational risk, our outsourcing strategy, our New Zealand operations and a two day Board strategy review.

Copies of Board papers are circulated in advance of meetings. Directors are always encouraged to participate with a robust exchange of views and to bring their independent judgments to bear on the issues and decisions at hand. The Board highly values its relationship with executive management which is based on openness and trust. The non-executive directors meet with executive management once a year and otherwise on an as requested basis.

Meetings attended by directors for the past financial year are reported in the Directors' Report on page 54 of this report.

Avoidance of conflicts of interest of directors

In accordance with the Corporations Act 2001 (Cth), any director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

Corporate governance

The expertise of our Board

Our Board has a broad range of expertise and experience to meet its objectives. The current Board composition, with details of each member's expertise and experience and other current directorships, is set out on pages 36 and 37 of this report.

Succession planning

The Board plans succession of its own members in conjunction with the Board Nominations Committee, taking into account the skills and experience required and currently represented, and our future direction. The Board is also responsible for CEO succession planning.

Nomination and appointment of new directors

Recommendations for nominations of new directors are made by the Board Nominations Committee, and considered by the Board as a whole.

We use external consultants to access a wide potential base of directors. When directors are nominated, the Board assesses them against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board, and their availability to commit themselves to the Board's activities.

If these criteria are met and the Board appoints a new director during the year, that person will stand for election by shareholders at the next Annual General Meeting. Shareholders are provided with relevant information on the candidates for election.

When appointed to the Board, all new directors receive an induction appropriate to their experience to familiarise them with matters relating to our business, our strategy and current issues before the Board.

Retirement and re-election of directors

One-third of the directors must offer themselves for re-election each year at each Annual General Meeting. There is a formal procedure to evaluate the contribution of directors retiring by rotation, prior to the Board endorsing their candidature.

Retirement age and maximum tenure of directors

Our Constitution requires that all directors must retire at the age of 70.

In early 2000, the Board adopted a requirement that directors must not hold office for more than nine years, except for the Chairman who may be on the Board as a director or chairman for up to 12 years. The Board also adopted transitional arrangements for directors who were on the Board in 2000 to ensure ongoing experience and expertise while the new policy was implemented.

Review of Board performance

The Board regularly reviews its overall performance, as well as the performance of individual directors, the company and management.

The performance of non-executive directors (including the Chairman) is subject to annual peer and senior management review. The process is facilitated externally. The Chairman discusses each director's review with the relevant director.

Board access to independent information

The Board needs high quality, unfiltered information on which to base decisions. All directors have unrestricted access to company records and information, and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties.

Our Group Secretary and General Counsel provides directors with ongoing guidance on issues such as corporate governance, the Constitution and the law. The Chairman and other independent non-executive directors also regularly consult with Group Audit, the Chief Financial Officer (CFO) and the Group General Manager Stakeholder Communications and may consult with, and request additional information from, any Westpac employee.

The Board collectively, and each director individually, has the right to seek independent professional advice at Westpac's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

Directors' indemnity and insurance cover

Our Constitution sets out rules dealing with the indemnification of, and insurance cover for, our directors and former directors. Any arrangements are subject to limitations imposed by law. At the December 1999 Annual General Meeting shareholders approved Westpac and each director entering into a deed of access and indemnity.

Board Committees

We currently have five Board Committees whose powers and procedures are governed by the Constitution and the relevant committee's terms of reference, as approved by the Board.

The five Board Committees are: Board Audit and Compliance Committee, Board Credit and Market Risk Committee, Board Nominations Committee, Board Remuneration Committee and the Board Social Responsibility Committee. Other committees may be established from time to time to consider matters of special importance.

Operation of the committees

The Board Committees meet quarterly and at any other times as necessary. Each committee is entitled to the resources and information it requires, including direct access to employees and advisers. Executive directors, senior managers and other employees are invited to attend committee meetings. All directors receive all committee papers and can attend all committee meetings.

Composition and independence of the committees

Committee members are chosen for the skills, experience and other qualities they bring to the committees. Four of our five committees are currently composed of only independent non-executive directors. The CEO is a member of the Board Social Responsibility Committee.

How the committees report to the Board

As soon as possible following each committee meeting, the full Board is given a verbal report. All committee minutes are tabled.

How committees' performance is evaluated

Each committee's performance is reviewed as part of the Board's performance review.

Board Audit and Compliance Committee

The Board Audit and Compliance Committee oversees all matters concerning:

- internal audit, operational risk and compliance controls;
- suitability of the Group's accounting policies and principles; and
- financial reporting, including reviewing the interim and annual financial statements.

The Board Audit and Compliance Committee considers whether the management chosen accounting methods are consistent and comply with accounting standards and concepts, and monitors the methods used to account for unusual transactions. It reviews and assesses any significant estimates and judgments in financial reports. In addition it assesses processes used to monitor and ensure compliance with laws, regulations and other requirements relating to external Group reporting of financial and non-financial information.

Within Westpac, responsibility for risk management is divided between this Committee and the Board Credit and Market Risk Committee. The Board Audit and Compliance Committee is responsible for overseeing all aspects of operational risk and internal control including compliance activities, the appropriateness of accounting policies and the adequacy of financial reporting.

It reviews and assesses the internal processes used to determine, monitor and assess operational key risk areas, and ensures the Group has an effective operational risk management system and clear policies and procedures for reporting, actioning and documenting breaches of laws including fraud and theft. It also meets periodically with management and the external and internal auditors to discuss the Group control environment and the processes in place for improvement.

The Board Audit and Compliance Committee is responsible for reviewing and recommending to the Board the terms of engagement of our external auditors. The independent external auditors report directly to the Board Audit and Compliance Committee and the Board. The Board Audit and Compliance Committee Chairman also approves certain non-audit services provided by the external auditor.

Additionally, the Board Audit and Compliance Committee sets the scope of the internal audit function, reviews the internal auditors' charter, its resources and the output of its work.

Composition of the Committee

The current committee membership is: Helen Lynch (Chairman), Barry Capp, David Crawford and Leon Davis.

Board Credit and Market Risk Committee

The Board Credit and Market Risk Committee oversees matters relating to managing credit and market risks inherent in our operations. It:

- reviews and approves our risk management framework, particularly prudential policies, credit and market risk limits and controls;
- delegates authority to the CEO and the Chief Credit Officer to approve risk exposures;
- monitors management's credit and market risk performance; and
- monitors whether provisions for credit loss, both specific and general, are adequate through management reporting and independent reports from Portfolio Risk Review.

As mentioned above, responsibility for risk management is divided between this Committee and the Board Audit and Compliance Committee. The Board Credit and Market Risk Committee is responsible for reviewing and approving our prudential policies and practices, and credit and market risk limits and controls. It delegates authority to the CEO and Chief Credit Officer to approve credit within predetermined limits, and monitors credit and market risk performance.

Composition of the Committee

The current committee membership is: Ted Evans (Chairman), Leon Davis and John Fairfax.

Board Nominations Committee

The Board Nominations Committee develops and reviews policies on:

- board composition, strategic function and size;
- eligibility criteria for nominating directors; and
- the effectiveness of the full Board and Board Committees.

In addition, the Board Nominations Committee periodically reviews our criteria for appointing directors and considers and recommends to the Board, candidates to be nominated as directors.

Composition of the Committee

The current committee membership is: Helen Lynch (Chairman), Barry Capp, Leon Davis, The Hon. Sir Llewellyn Edwards and Ted Evans.

Board Remuneration Committee

The Board Remuneration Committee reviews pay and reward policies and practices. It also:

- approves the reward levels for our senior management group;
- approves merit recognition arrangements and long and short term incentive arrangements; and
- makes recommendations to the Board on directors' fees, including the CEO's remuneration.

We use independent remuneration consultants to support the Board Remuneration Committee in ensuring our pay and reward practices are consistent with the market practice.

Corporate governance

Composition of the Committee

The current committee membership is: Barry Capp (Chairman), Leon Davis and The Hon. Sir Llewellyn Edwards.

Board Social Responsibility Committee

Our Board Social Responsibility Committee was established in 2001. Its purpose is to review the social and ethical impacts of our policies and practices, and oversee initiatives to enhance our reputation as a socially responsible corporate citizen.

Composition of the Committee

The current committee membership is: The Hon. Sir Llewellyn Edwards (Chairman), Leon Davis, John Fairfax and David Morgan.

Non-executive directors' fees and equity participation

Fees for non-executive directors reflect the demands on and responsibilities of our directors. The Board takes the advice of independent remuneration consultants to ensure directors' fees and payments are in line with the market.

A directors' fee pool limit of \$1.5 million was approved by shareholders in December 1999 and is currently not fully taken up.

Non-executive directors do not receive options but they can opt to receive a percentage of their fees in Westpac shares, which will be acquired at market price. These shares are bought on-market through the Westpac Employee Share Plan (WESP1) that was last considered and approved by shareholders on 15 December 2000. Westpac also pays the Superannuation Guarantee Charge in relation to its eligible directors.

Income received, or due to be received, by Westpac non-executive directors for the year to 30 September 2002 is set out in the Directors' Report in the table on page 50.

Audit governance and independence

Best practice in financial and audit governance is evolving rapidly. We are committed to three basic principles:

- that management must produce true and fair financial reports;
- we have independent auditors who serve shareholder interests by ensuring shareholders know the company's true financial position; and
- our accounting and auditing standards are comprehensive and relevant.

We consistently monitor local and overseas developments and review our practices accordingly. Our current policies and practices follow.

Engagement of auditors

Our independent external auditors are Rahoul Chowdry and Michael Codling, partners of PricewaterhouseCoopers (PwC). They were appointed by shareholders, under the terms of the Deed of Settlement, at the Annual General Meeting in December 2001.

Under our new Constitution, our auditors will be appointed by the shareholders at the 2002 Annual General Meeting in accordance with the provisions of the Corporations Act 2001 (Cth).

Certification and discussions with auditors on independence

The Board Audit and Compliance Committee requires our external auditors to confirm that they maintained their independence at the half-year and full-year. For the past year, our external auditors also positively assured the Board Audit and Compliance Committee and the Board that they have complied with the Independence of Australian Company Auditors (Ramsay) Report recommendations.

Periodically, the Board Audit and Compliance Committee meets separately with the internal and external auditors.

Rotation of external audit partners

Subject to applicable regulatory requirements, from our next financial year we will require rotation of the signing and review audit partners on a staggered basis at least every five years. We will also require a minimum three years' 'cooling off' period before an audit partner is allowed back on to the audit team.

Relationship with our external auditors

Our current policies on employment and other relationships with our external auditors are:

- the audit partners and any audit firm employee on the audit of our company are prohibited from being an officer of our company;
- an immediate family member of an audit partner or any audit firm employee on the audit of our company is prohibited from being a director or an officer in a significant position at our company;
- a former audit firm partner or employee on the audit of our company is prohibited from becoming a director or officer in a significant position at our company until the lapse of a 'cooling off' period of at least five years and, after the five years' 'cooling off' period, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with our company or any officer of our company unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the audit of our company, and their immediate family members are prohibited from having loans or guarantees with us;
- the audit firm, its partners, its employees on the audit of our company, and their immediate family members are prohibited from having a direct or material indirect investment in us;
- our officers of Westpac are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any entity with a controlling interest in us;
- the audit firm engagement team in any given year cannot include a person who had been a former officer of our company during that year.

Restrictions on non-audit work by the audit firm

Our external auditors will not be able to carry out the following types of non-audit work for us:

- preparation of accounting records and financial statements;
- IT systems design and implementation;
- valuation services and other corporate finance activities;
- internal audit services;
- temporary senior staff assignments, management functions;
- broker or dealer, investment adviser or investment banking;
- legal services; and
- litigation services.

For all other non-audit related services that are required, if our external audit firm is selected it will continue to be assessed in accordance with our policy that requires an 'independence assessment' to be done by the business manager requiring the service and the approval of the General Manager Group Audit and the Chairman of the Board Audit and Compliance Committee.

Attendance at Annual General Meeting

Our auditors attend, and are available to answer questions at, the Annual General Meeting.

The CEO and the role of the Executive Office

The CEO oversees the way Board approved strategies are implemented. He is also responsible for running Westpac's day-to-day business with the help of the Group Executives.

To strengthen accountability and leadership, the CEO has established an Executive Office structure that emphasises communication, efficiency and responsiveness across functions and geography. The CEO and the Executive Office are responsible for implementing the Board approved strategy and developing policies, controls, processes and procedures to implement the strategy and to identify and manage the risks in all of our activities.

The CEO holds Executive Office meetings at least fortnightly. These regular discussions review financial performance, organisational strength, and progress on strategic implementation, while considering and approving new business initiatives. The Executive Office ensures that openness, customer focus, and participative management is promoted at all levels and across boundaries.

The Executive Office also reviews management resourcing and succession planning and oversees the annual remuneration review process.

Current membership of the Executive Office, including their personal details, is shown on pages 30 and 31 of this report.

CEO and executive pay and reward schemes

Overview

Our goal in rewarding the CEO and other executives is to provide base pay plus performance-linked rewards and other benefits that will attract and retain key executives and align their financial interests with those of our shareholders. Our policy is to provide individual performers with a level of income that:

- recognises the market value of each position in a competitive market;
- rewards the individual's capabilities and experience;
- recognises the performance of individuals; and
- assists in executive retention.

To do this we have designed a fair and transparent structure for rewarding our executives that matches the total reward for our better performers with the top 25% of comparable remuneration in the marketplace. The structure provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority in the company, the balance of this mix shifts to a higher proportion of 'at risk' rewards.

Our philosophy is that:

- executive pay and reward schemes should emphasise performance which goes beyond our shareholders' expectations, including superior shareholder return growth relative to a peer group of companies;
- the balance between fixed and variable components should reflect market conditions at each job and seniority level;
- the objectives set for all executives reflect the need to deliver sustainable outcomes for shareholders;
- all variable pay should be tightly linked to measurable personal and business group objectives within clearly defined time frames; and
- our long-term incentive schemes use straightforward and transparent performance hurdles that are expressly aligned to the creation of value for our shareholders. If the hurdles are not met, the incentives are forfeited.

Performance contracts are agreed with each executive incorporating objectives designed around group, business unit and individual goals, with agreed short and long-term performance incentives.

Details of the pay and rewards for Westpac's top six executives are set out in the Directors' Report on page 52.

Who decides how individuals should be paid and rewarded?

The full Board sets the CEO's pay and reward package. The Board Remuneration Committee sets the reward levels for other executive directors (currently there are none) and for the Group Executives after considering recommendations from the CEO.

The CEO and the Group Executive team approve the pay and reward packages for key senior managers at General Manager level and below.

Corporate governance

Independent remuneration consultants are used to support both the Board Remuneration Committee and the CEO in ensuring that our pay and reward policies reflect market practice.

The structure of our executive pay and reward system

Executive pay and reward is made up of four parts:

- base pay;
- short-term performance incentives;
- long-term equity-linked performance incentives; and
- other compensation such as superannuation.

The combination of these comprises the executive's total compensation.

Base pay

Executives are offered a competitive base pay that reflects the fixed component of pay and rewards. Base pay is set to reflect the marketplace for each position. It is generally not revised annually unless an executive has been promoted or there has been a marked structural shift in marketplace rates.

Short-term performance incentives

If individual performance objectives are met – always designed around key and specific business goals – a short-term incentive may be provided.

Long-term equity-linked performance incentives

Our long-term incentives for the CEO and senior executives are designed to align their financial interests with those of our shareholders by making use of carefully designed share-based incentives. We believe that this will provide an extra incentive to ensure Westpac has a healthy and growing share price, and delivers sustained growth in value for all shareholders.

Our new plan, which is described later in this statement, is designed around strict performance hurdles that result in rewards only being paid if all shareholders have benefited from the company's performance. Also, the new plan is specifically designed to avoid rewarding short-term gains at the expense of our performance over the longer-term. This means that our executives are exposed to the downside as well as the upside in our share performance.

Other benefits – superannuation

All executives and staff are required to be members of one of Westpac's staff superannuation funds. Westpac previously provided a defined benefit scheme, which is now closed to new members.

Chief Executive share option agreements

Separate Chief Executive Share Option Agreements were approved by shareholders in 1999 and in 2001 for the current CEO, David Morgan. Both agreements tie the vesting of share options to performance hurdles as approved by shareholders.

Details of the CEO's compensation and share option arrangements are set out in the Directors' Report on page 51.

Westpac Performance Plan

Revised equity-linked incentive plan from 2002

During 2002 we have committed substantial organisational effort to revise our equity-linked incentive schemes.

This revision was based on three key principles:

- strengthening the link of performance to shareholder value;
- making delivery of equity dependent on tough performance hurdles;
- delivering equity only to key employees who can make an impact on the growth in shareholder value.

Following these principles the new Westpac Performance Plan replaces our previous General Management Share Option Plan and Senior Officers' Share Option Plan. The new plan has two methods of providing an allocation to executives – performance options and performance share rights. The new plan has a much tougher performance hurdle that will result in executives, in future, forfeiting rights to all performance options and performance share rights for below median returns relative to the peer group of companies. The new plan only delivers equity to employees if performance hurdles are met. The number of employees who are eligible to participate in this plan is limited to key employees. In the case of performance option allocations, participants must pay the market price applicable at the time of offer if they wish to exercise any entitlement.

Performance hurdle applying to the plan

Executives will only receive unconditional ownership of any shares if strict performance hurdles (which compare Westpac's total shareholder return (TSR) with the TSR of our industry peers) are met. The TSR measures the return to investors on their investment, reflecting both share price growth and the reinvestment of dividends in additional shares.

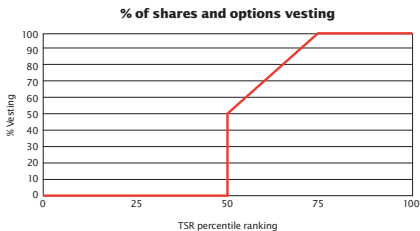
As a peer group, we use the Australian Stock Exchange Limited's top 50 listed industrial companies by market capitalisation (excluding property and investment trusts).

Following a review of market best practice, the performance hurdle used in the new plan has been made tougher than in the previous plans. Under this new hurdle, all rights to performance options and performance share rights are lost if our TSR performance fails to be at or above the middle (median) performance of the peer group over the specific performance periods.

If our TSR performance is at or above this median position for the performance period, the proportion of shares originally granted that actually vests depends entirely on where our TSR ranks against the peer group TSRs.

- If Westpac's TSR is at the median position of our peer group, then executives can choose to take unconditional ownership of 50% of the grant. If they choose to take ownership, then the remaining 50% are forfeited.
- If Westpac's TSR ranking is above the median, an additional 2% can be vested for each 1% improvement in our ranking against the peer group. If Westpac's TSR slots in at the 60th percentile for example, 70% (50 + (10 x 2)) can be vested.
- If Westpac's TSR ranking is at or above the 75th percentile of our peer group, 100% of the original grant can be vested.

The proportion that can be vested by executives is illustrated in the chart below.



Performance share rights

Under the new performance share rights allocation, performance share rights are granted to eligible executives and senior management at no cost, but subject to the performance hurdle being met.

Either a two-year or three-year initial performance-testing period will apply to these allocations. Two-year TSRs are calculated and tested against the performance hurdle on the second anniversary of the date of issue. The executives can elect to vest based on the result of this testing or opt to test again on the third anniversary using the three-year TSRs.

Executives can again then elect to have their performance share rights vest based on the result of this testing on the third anniversary or opt to do a final test on the fourth anniversary using the four-year TSRs. Executives do not have the option to revert to the results based on the earlier testing. Any performance share rights that do not vest are forfeited. Performance share rights with three-year initial testing periods operate in the same way except that the testing occurs on the third, fourth or fifth anniversaries. Any performance share rights that vest can be held in the plan for a maximum of 10 years.

Performance options

Under the new performance option allocation, eligible executives are given the opportunity to buy shares, subject to the meeting of the above performance hurdle. The price to be paid by the executive, or the exercise price, is equal to the average market price of Westpac ordinary shares over the five trading days up to the date the offer is made.

The initial period for testing against the performance hurdles is three years. The three-year TSRs are calculated and tested against the performance hurdle on the third anniversary of the date of issue. The executives can elect to have their performance options vest based on the result of this testing or opt to test again on the fourth anniversary using the four-year TSRs. Executives can again then elect to have their performance options vest based on the result of this testing on the fourth anniversary or opt to do a final test on the fifth anniversary using five-year TSRs.

Executives do not have the option to revert to the results based on the earlier testing. Any performance options that do not vest are forfeited. Once the performance options vest, the executives have to fund the issue price of the performance options to receive the shares (ie exercise the performance options) at any time after vesting up to a maximum of 10 years from the date of grant.

Shareholding guidelines

In the same way that equity participation via the long-term incentive plan is designed to deliver sustained growth in value for all shareholders, we believe that executives who participate in the plan should be prepared to put their own money at risk and establish a shareholding of Westpac shares in parallel with the plan.

The Board Remuneration Committee administers guidelines in this respect. It is expected that:

- the current CEO will hold at least 500,000 shares;
- Group Executives will hold at least 60,000 shares; and
- General Managers will hold at least 15,000 shares.

Transition arrangements give executives reasonable time to build up these shareholding guidelines.

Other equity schemes in Westpac

The Deferral Share Plan

Westpac's Deferral Share Plan (DSP) was introduced in September 2002, replacing the previous similar Westpac Employee Share Plan (WESP). Under the DSP, employees have the opportunity to pre-elect to receive any prospective short-term incentive bonus as Westpac shares in the DSP. Participants pay the current market price and acquisition costs. The shares are acquired on-market and must generally remain in the plan for 12 months but can remain for up to 10 years.

The opportunity to take the bonus or part of it as shares is another opportunity to become involved with, and share in, Westpac's future growth and profitability.

Employee Share Plan

The Employee Share Plan (ESP) replaces the previous similar Westpac Employee Share Plan 2 (WESP2). Under the ESP, shares may be allocated to employees at no cost to recognise their contribution to Westpac's financial performance over the previous financial year. The plan operates as a tax-exempt scheme with a maximum \$1,000 value allocation per employee each year. However, the actual allocation depends on the performance of Westpac's share price over the year and includes a performance hurdle before any allocation is made.

The shares are normally locked within the plan for one year unless the employee leaves Westpac.

The ESP is designed to:

- further align the interests of staff and shareholders;
- motivate employees to drive growth over the long term for sustainable shareholder value;
- attract, retain and motivate key, high performing individuals; and
- help our staff achieve a better standard of living.

Corporate governance

All full-time and part-time employees who have been in six month continuous employment as at 30 September each year are eligible, although they must register for the plan each year – allocation is not automatic. Executives who participate in the Westpac Performance Plan are not eligible to participate in the ESP.

A separate Employee Share Plan offers similar benefits to New Zealand employees, and again excludes executives who receive performance shares or options.

Accounting treatment of equity-linked incentives

We support accounting treatments that clearly and transparently recognise the true cost of executives incentives.

Total salaries and other staff expenses do not include a charge for options granted during the year and performance options and performance share rights to be granted under the new Westpac Performance Plan.

Once a relevant international accounting standard is adopted as an Australian GAAP, and related potential tax implications for the share capital account are addressed, we will include the cost of our allocations as an expense in our financial statements.

Shares provided to employees under the Westpac Employee Plan and the Westpac Deferral Plan are purchased on the Australian Stock Exchange Limited and the cost of providing the shares is recognised as an expense.

Ensuring the market is fully informed

We have a comprehensive Board-approved market disclosure policy that governs how we communicate with shareholders and other stakeholders. In communicating with shareholders, we aim to exceed the Australian Investor Relations Association best practice guidelines. We are committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfilling our continuous disclosure obligations to the broader market.

The internet provides the quickest way of informing stakeholders. Our website includes annual reports, briefings and presentations given by our CEO and other executives, public announcements and economic updates. Consistent with best practice continuous disclosure, all market-sensitive data, corporate presentations and reports are, once released by the Australian Stock Exchange, released to the relevant overseas exchanges and the market via media releases, and posted on our website. We also post all information from briefings to analysts on our website.

For details on information we provide shareholders and how we deliver it on our website please refer to our Information for Shareholders on page 68 of this report. Shareholders can also elect to selectively receive, via the internet, market information disclosed by Westpac.

Our current Market Disclosure Policy is available on our website under 'Social Accountability'.

Controlling and managing risk

Our approach to risk management

Taking and managing risk are central to our business and to building shareholder value. To do this effectively we need to optimise our level of risk. Our risk approach links our vision and values, objectives and strategies, and procedures and training.

For management purposes we recognise three main types of risk:

- credit risk is the risk of financial loss from the failure of customers to honour fully the terms of their contract with us;
- market risk is the risk to earnings from changes in market factors such as interest and foreign exchange rates, or our liquidity and funding profiles; and
- operational risk is the risk of unexpected financial, reputational, or other damage arising from the way our organisation pursues its business objectives.

We recognise that these risk categories are interlinked and therefore we take an integrated approach to managing them. We have overarching risk principles that apply to each category of risk.

Risk management roles and responsibilities

The Board is responsible for approving and reviewing Westpac's risk management strategy and policy. Executive management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of our activities.

Internal review and risk evaluation

As delegated by the Executive Office, the Group Asset and Liability Committee is responsible for monitoring market risks arising from our core lending and deposit-taking activities. Similarly, the Trading Risk Committee is responsible for monitoring market risk and related credit and operational risk exposures arising from trading activity, as well as monitoring Group Treasury's financial markets activities.

Portfolio Risk Review is responsible for reviewing portfolio credit quality and business risks, assessing the quality and adequacy of credit management process, credit policy compliance and provisions.

Group Audit is responsible for independently evaluating the adequacy and effectiveness of management's control of operational risk.

Doing the right thing – ethics, compliance and social responsibility

We have a very comprehensive approach to 'doing the right thing' in the eyes of our peers, customers, shareholders, the community, regulators and the law. We believe that doing the right thing creates a positive work environment and great customer experiences, builds our reputation and relationships and helps reduce risk.

Social responsibility

Our Statement of Social Accountability Policies and Practices ('We Believe In') sets out what our stakeholders can expect from us across marketplace practice, human rights and employee practices, occupational health and safety, community involvement and responsible environmental practice. Our commitments to our personal customers are set out in our Personal Customer Charter.

Our Social Impact Report measures and reports our performance against over 70 social, environmental and financial key performance indicators.

These documents are available on our website under 'Social Accountability'.

Our approach to compliance

We take our industry's many legal, regulatory and prudential requirements seriously. Compliance is making sure we do the right thing at all times. We focus on the quality control of our practices and processes. When we identify weaknesses, we move to fix any gaps and to enhance our processes and practices.

Line management is primarily responsible for compliance and business heads are required to demonstrate that they have effective processes in place.

We share that responsibility by ensuring our employees and compliance officers have strong working relationships. We have a Chief Compliance Officer who reports regularly to the Board Audit and Compliance Committee on compliance matters.

Our Code of Conduct

Our Code of Conduct is the foundation of our ethical and compliance policy and practice and applies to all directors, executives, management and employees without exception. We believe in individuals making informed choices about their own behaviour, and ensuring it aligns with our core values of teamwork, integrity and performance. Our Code of Conduct is designed to help our officers carry out their duties and responsibilities to the highest ethical standards. It also governs workplace and human resources practice, risk management, and legal compliance.

The Code of Conduct was updated and reissued in June 2001 and will be reviewed regularly to ensure it reflects the standards of behaviour and corporate culture expected in the best corporations. We have specific policies in place that underpin the Code of Conduct and elaborate on various legal and ethical issues.

Westpac's Code of Conduct is available on our website under 'Social Accountability'.

Restrictions on securities dealings

All our employees, including our directors and other officers, are subject to the restrictions under the Corporations Act 2001 (Cth) relating to dealing in certain financial products, including securities in a company (including Westpac), if they are in possession of inside information.

Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

In addition and subject always to the above restriction, directors may only buy or sell Westpac securities or derivatives in the 30 day period commencing two days after announcement of our half-year and full-year financial results and in the 30 day period commencing two days after the Annual General Meeting, in every case with the approval of the Chairman.

The Chairman may only make such purchases or sales with the approval of the Chairman of the Board Audit and Compliance Committee. Any approvals are notified to the Board.

Concern reporting – blowing the whistle

We actively encourage our employees to bring any problems – activities or behaviour which may be breaking our Code of Conduct, insider trading policy, or other regulatory requirements or laws, including accounting, internal control and financial reporting irregularities – to our attention.

Concerns can be raised anonymously by phone and online, and are directed to our Chief Compliance Officer. This system is called Concern Online. There are other ways for employees to raise concerns and discuss issues with senior management directly, including contacting the CEO through the CEO's intranet site.

Occupational health and safety

Because our employees' safety and welfare is important to us, we are committed to continually improving our occupational health and safety (OH&S) practices while meeting our legislative responsibilities. The OH&S legislation passed in 2001 focuses more strongly on varied and flexible consultation with employees, and better accommodating the range of environments in which our businesses operate.

Political donations

Each year the Board considers making political donations. Our policy is that if we make political donations they should be on a generally even-handed basis to major political parties with a broad cross-section of parliamentary representation. All donations are declared according to electoral laws and are detailed on page 54 of the Directors' Report.

Across the board

The directors of Westpac Banking Corporation (Westpac) present their report together with the financial statements of the consolidated group, being Westpac and its controlled entities (collectively referred to as the Group), for the financial year ended 30 September 2002.

Directors

The names of the persons who have been directors of Westpac during the period since 1 October 2001 are Leonard Andrew Davis, Chairman, David Raymond Morgan, Managing Director and Chief Executive Officer, William Barrett Capp, David Alexander Crawford (appointed 3 May 2002), The Hon. Sir Llewellyn Edwards, Edward Alfred Evans (appointed 5 November 2001), John Brehmer Fairfax, Ian Rainy Lance Harper (retired 13 December 2001), Professor Warren Pat Hogan (retired 13 December 2001), Helen Ann Lynch, Eve Mahlab (retired 13 December 2001) and Peter David Ritchie (retired 30 September 2002). Particulars of the qualifications, experience and responsibilities of the directors at the date of this report are set out under the headings 'Board of Directors' on pages 36 and 37 and 'Corporate Governance' on pages 38 to 47 and form part of this report.

In respect of those directors who have retired, Ian Harper had been a director since July 1987, Warren Hogan had been a director since August 1986, Eve Mahlab had been a director since October 1993 and Peter Ritchie had been a director since January 1993.

Principal activities

The principal activities of the Group during the financial year which ended on 30 September 2002 were the provision of financial services including lending, deposit taking, payments services, investment portfolio management and advice, unit trust and superannuation fund management, nominee and custodian facilities, insurance services, consumer finance, leasing, general finance, foreign exchange dealing and money market services. On 31 May 2002, Westpac sold its consumer finance company business (Australian Guarantee Corporation Limited).

Review and results of operations

A review of the operations of the Group for the financial year ended 30 September 2002 is set out on pages 58 through to 66 and forms part of this report.

The operating result of the Group attributable to shareholders for the financial year ended 30 September 2002 was a profit of \$2,192 million after tax.

Dividends

A final dividend for the financial year ended 30 September 2001 of 32 cents per fully paid ordinary share, totalling \$560 million, was paid by Westpac on 21 December 2001, as a fully franked dividend. \$560 million had been provided for in the financial statements for the year ended 30 September 2001. An interim dividend for the financial year ended 30 September 2002 of 34 cents per fully paid ordinary share, totalling \$597 million, was declared by the directors and paid as a fully franked dividend on 5 July 2002.

A final dividend for the financial year ended 30 September 2002 of 36 cents per fully paid ordinary share, estimated amount \$631 million, has been provided for in the financial statements for that year and will be paid on 20 December 2002. The final dividend will be fully franked.

Details of dividends provided for or paid are set out in Note 2 to the Concise Financial Report on page 63.

Significant changes in state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Transfer of incorporation

On 23 August 2002, Westpac was registered as a public company limited by shares under the Corporations Act 2001 (Cth). On the same date Westpac's previous constitution, known as the Deed of Settlement, was replaced by a new, modern constitution, which had been approved by shareholders at the Annual General Meeting on 15 December 2000. The special New South Wales legislation under which Westpac was incorporated in 1850, and subsequent amending and related legislation, is to be repealed.

Mortgage processing outsourcing

On 1 October 2001, Westpac entered into a 10 year agreement with EDS (Business Process Administration) Pty Limited (EDS). Under this agreement, EDS provides mortgage and other processing services in connection with Westpac's mortgage loan portfolio. Westpac continues to perform the sales, credit and collection functions related to its home loan mortgage business. The estimated costs to be paid over the life of the agreement will be approximately \$1 billion.

Sale of Australian Guarantee Corporation Limited and subsidiaries

On 31 May 2002, Westpac sold its 100% interest in Australian Guarantee Corporation Limited (AGC) to GE Capital Corporation (GE). In addition Westpac sold certain loan assets of AGC (N.Z.) Limited to GE. Westpac retained certain marketing rights in Australia to AGC business customers, enabling us to continue to offer a full range of products to its existing business customers. This transaction resulted in a profit on sale of \$754 million and a reduction in total Group assets of approximately \$9.9 billion being recorded in the second half of the 2002 financial year.

Acquisition of Rothschild Australia Asset Management Limited

On 1 June 2002, Westpac completed the acquisition of Rothschild Australia Asset Management Limited for \$323 million. The business was rebranded Sagitta Wealth Management Limited.

Acquisitions of BT Financial Group and Hastings Funds Management Limited

On 26 August 2002, Westpac announced the acquisition of most of the Australasian business of BT Financial Group for \$900 million. An additional payment of up to \$150 million may be paid contingent on exceeding certain performance hurdles in the future. The acquisition includes the funds management operations of BT Financial Group in New Zealand. It was completed on 31 October 2002 and was funded from existing financing sources.

On 19 August 2002, Westpac entered into agreements to purchase 100% of Hastings Funds Management Limited (Hastings). Westpac agreed to pay \$36 million for an initial 51% interest in Hastings. This agreement was completed in October 2002. Further payments to acquire the remaining 49% are dependent on Hastings' financial and operational performance over the next three years. The business will form part of Westpac's institutional banking division. Hastings, with approximately \$2 billion in assets under management, is involved in specialised funds management principally in infrastructure and also in private equity, forestry and high yield debt.

Cards servicing

On 30 September 2002 Westpac announced that it had signed an agreement with First Data Australia to provide a managed service for its cards processing in phases from October 2002.

Capital management

On 8 May 2002, an on-market buy-back scheme to repurchase up to 48.5 million fully paid ordinary shares was announced. This scheme concluded on 12 August 2002. 24.8 million fully paid ordinary shares were repurchased at an average price of \$15.99 per share.

Directors

Following the conclusion of our Annual General Meeting on 13 December 2001, Warren Hogan retired from the Board of Directors, as he had reached the compulsory retirement age under our Deed of Settlement. Ian Harper and Eve Mahlab did not seek re-election to the Board. On 30 September 2002, Peter Ritchie retired from the Board.

Ted Evans was appointed a non-executive director, effective 5 November 2001 and David Crawford was appointed a non-executive director, effective 3 May 2002.

Events after end of financial year

The first two tranches of the tax consolidation legislation became substantively enacted on 21 October 2002 when the New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002 was passed by the Senate. The financial effect of the legislation has been recognised in this financial report in accordance with UIG 39: Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances. It is not possible to disclose the financial effect of the legislation on the Group as it cannot yet be reliably estimated.

Other than as noted here, the directors are not aware of any matter or circumstance that has arisen since 30 September 2002 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results

Likely major developments in the operations of the Group in future financial years and the expected results of those operations are referred to in pages 11 through to 21 and 32 to 35 and form part of this report.

Directors' interests in securities

The following particulars for each director of Westpac are set out on page 50:

- (i) their relevant interests in shares of Westpac or any of its related bodies corporate;
- (ii) their relevant interests in debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate;
- (iii) their rights or options over shares in, debentures of, or interests in any registered managed investment scheme made available by Westpac or any of its related bodies corporate;
- (iv) any contracts:
 - (a) to which the director is a party or under which they are entitled to a benefit; and
 - (b) that confer a right to call for or deliver shares in, debentures of, or interests in any registered managed investment scheme made available by Westpac or any of its related bodies corporate.

Directors' report

Directors' holdings of shares and options as at 31 October 2002

| Name | Number of ordinary fully paid shares and options | Non-beneficial |
|-----------------------|--|----------------------|
| Leon Davis | 8,689 | 143,681 ¹ |
| David Morgan | 859,732 4,020,000 ² | – |
| Barry Capp | 14,338 | – |
| David Crawford | 4,082 | – |
| Sir Llewellyn Edwards | 12,488 | 143,681 ¹ |
| Ted Evans | 4,000 | – |
| John Fairfax | 270,439 | 293,681 ¹ |
| Helen Lynch | 16,518 | – |

1 Certain directors have relevant interests (non-beneficial) in shares, and shares subject to warrants, held beneficially by a staff/community related fund of which those directors are trustees.

2 Options issued under the 1999 Chief Executive Share Option Agreement and 2001 Chief Executive Share Option Agreement.

Other disclosable interests as at 31 October 2002

David Morgan holds interests in a managed investment scheme made available by a related body corporate: 290,979.63 units.

Remuneration philosophy and practice

Non-executive directors

Westpac's non-executive directors are remunerated by fees determined by the Board of Directors within the aggregate directors' fee pool limit of \$1.5 million approved by shareholders in December 1999. The pool limit is not at present fully utilised. The fee pool is utilised only for directors' fees and not other components of directors' emoluments.

In setting directors' fees, account is taken of the responsibilities inherent in the stewardship of Westpac and the demands made of directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources to ensure remuneration accords with market practice. Income received, or due and receivable by non-executive directors of Westpac for the year ended 30 September 2002 was:

| | Fees \$ | Superannuation guarantee charge \$ | Retirement/resignation payment \$ | Total cost \$ |
|---|--|------------------------------------|-----------------------------------|------------------|
| Leon Davis (Chairman) | 374,832 | – | | 374,832 |
| Barry Capp | 127,260 ¹ | 11,017 | | 138,277 |
| David Crawford (appointed 3 May 2002) | 45,632 | 1,694 | | 47,326 |
| Sir Llewellyn Edwards | 127,260 ¹ | 11,017 | | 138,277 |
| Ted Evans (appointed 5 November 2001) | 98,632 | 7,000 | | 105,632 |
| John Fairfax | 120,143 ² | 10,198 | | 130,341 |
| Ian Harper (retired 13 December 2001) | 23,932 ¹ | 5018 | 398,805 ⁴ | 427,755 |
| Warren Hogan (retired 13 December 2001) | 23,932 ¹ | – | 411,809 ⁴ | 435,741 |
| Helen Lynch | 146,598 ¹ 8,000 ³ | 11,017 | | 165,615 8,000 |
| Eve Mahlab (retired 13 December 2001) | 20,457 | 4,315 | 271,895 ⁴ | 296,667 |
| Peter Ritchie (retired 30 September 2002) | 107,923 | 9,019 | 292,841 ⁵ | 409,783 |

Notes:

1 Includes fees paid to Chairpersons of Board Committees.

2 Includes fees for services provided as Chairman of The Westpac Foundation which Mr Fairfax has donated to MacKillop Family Services, a charity supported by the Foundation.

3 Consultancy fee for service on a Westpac committee.

4 Retirement/resignation payments calculated in accordance with the formula contained in the Directors' Service Agreement approved by shareholders at the January 1989 Annual General Meeting.

5 Retirement benefit approved by the Board in accordance with the Corporations Act 2001 (Cth).

Executive director and senior executives

Westpac's goal in rewarding senior executives is to provide base pay plus performance-linked rewards and other benefits that will attract and retain key executives and align their financial interests with those of shareholders. The policy is to provide individual performers with a level of income that:

- recognises the market value of each position in a competitive market;
- rewards the individual's capabilities and experience;
- recognises the performance of individuals; and
- assists in executive retention.

Our philosophy is that:

- executive pay and reward schemes should emphasise performance which goes beyond shareholders' expectations, including superior shareholder return growth relative to a peer group of companies;
- the balance between fixed and variable components should reflect market conditions at each job and seniority level;
- the objectives set for all executives reflect the need to deliver sustainable outcomes for shareholders;
- all variable pay should be tightly linked to measurable personal and business group objectives within clearly defined time frames; and

- long-term incentive schemes should use straightforward and transparent performance hurdles that are expressly aligned to the creation of value for shareholders. If the hurdles are not met, the potential incentives are forfeited.

To do this, Westpac has designed a fair and transparent structure for rewarding its executives that matches the total reward for better performers with the top 25% of comparable remuneration in the marketplace. The structure provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority in the company, the balance of this mix shifts to a higher proportion of 'at risk' rewards.

Performance contracts are agreed with each executive, incorporating objectives designed around group, business unit and individual goals, with agreed short and long-term performance incentives.

This reward structure is administered by the Board Remuneration Committee, which is composed of non-executive directors.

The Board Remuneration Committee takes into account the recommendations of the Chief Executive Officer with respect to the remuneration of key executives. Independent remuneration consultants are used to support the Board Remuneration Committee and the CEO in ensuring our pay and reward policies reflect market practice.

Details of the nature and amount of each element of the emoluments of Westpac's executive director for the year ended 30 September 2002 are:

| Name and position | Compensation | | | | Option Grants ³ | | |
|---|-----------------------------|---|-----------------------|-----------|----------------------------|----------------------|---------------------------|
| | Base pay ¹ \$ | Short term incentive ¹ \$ | Other ² \$ | Total \$ | No. of shares | Exercise price \$ | Date first exercisable |
| David Morgan Managing Director & Chief Executive Officer | 1,450,000 | 1,650,000 | 480,986 | 3,580,986 | 1,100,000 | 16.71 | 1 March 2005 |

Notes:

- ¹ Base Pay is the total cost to Westpac of salary and packaged benefits (including motor vehicles and parking) received in the year to 30 September 2002 and includes fringe benefits tax. The short-term incentive figure reflects annual performance awards accrued but not yet paid in respect of the year ended 30 September 2002.
- ² Other compensation is determined on the basis of the cost to Westpac and includes notional surchargeable superannuation contributions (as determined by the Plan's actuary) and other benefits (such as staff discount on Westpac products) and all fringe benefits tax.
- ³ These options were granted on 1 March 2002 following the approval of shareholders at the Annual General Meeting on 13 December 2001 and are subject to performance hurdles which will determine the number of options that will vest at the end of the performance period. The notional value of these options has been assessed at \$2.37 per option.

Directors' report

Details of the nature and amount of each element of the emolument of each of our six most senior executives, in addition to the executive director, for the year ended 30 September 2002 are:

| Name | Short-Term Compensation | | | | Long-Term Incentive | | | |
|--|-----------------------------|--|--------------------------|-------------|------------------------------|---------------------------|---|--|
| | Base pay ¹ \$ | Short term incentive ¹ \$ | Other ² \$ | Total \$ | Option Grants ³ | | Westpac Performance Plan | |
| | | | | | No. and Exercise price | Date first exercisable | No. of Performance Options ⁴ | No. of Performance Share Rights ⁴ |
| David Clarke Group Executive Wealth Management | 725,000 | 950,000 | 802 | 1,675,802 | – | – | 428,870 | 120,873 |
| Philip Chronican Chief Financial Officer | 512,500 | 500,000 | 106,102 | 1,118,602 | – | – | 282,427 | 79,599 |
| Ann Sherry Group Executive People & Performance | 475,000 | 350,000 | 145,183 | 970,183 | – | – | 177,824 | 50,118 |
| Michael Coomer Group Executive Business & Technology Solutions & Services (started 29 January 2002) | 421,875 | 400,000 | 36,207 | 858,082 | 300,000 \$15.73 | 7 March 2005 | 198,745 | 56,014 |
| Phil Coffey Group Executive Westpac Institutional Bank (started new role 1 May 2002) | 444,683 | 250,000 | 35,691 | 730,374 | 100,000 \$16.03 | 6 August 2005 | 219,665 | 61,910 |
| Michael Pratt Group Executive Business & Consumer Banking (started 29 April 2002) | 249,792 | 300,000 | – | 549,792 | 100,000 \$16.21 | 27 May 2005 | 198,745 | 56,014 |

Notes:

- 1 Base Pay is the total cost to Westpac of salary and packaged benefits (including motor vehicles and parking) received in the year to 30 September 2002 and includes fringe benefits tax. Short-term incentive figures reflect annual performance awards accrued but not yet paid in respect of the year ended 30 September 2002.
- 2 Other compensation is determined on the basis of the cost to Westpac and includes notional surchargeable superannuation contributions (as determined by the Plan's actuary) for those executives who are members of the Staff Superannuation Plan, housing and other benefits (such as commencement incentives, relocation costs and separation payments) and all fringe benefits tax.
- 3 The options granted during the year were granted with a 10-year term pursuant to the General Management Share Option Plan, under which the number of options exercisable depends on performance against prescribed performance hurdles. The fair value of options granted has been estimated using pricing models which incorporate factors including the term, the risk free interest rate, volatility of the share price, the dividend yield and a discount factor to reflect the probability of reaching the performance hurdles. The grant of options first exercisable in March 2005, May 2005 and August 2005 have been assessed at \$2.23, \$2.30 and \$2.29 respectively.
- 4 The number of performance options and performance share rights to be granted under the new Westpac Performance Plan has been estimated as part of the year end performance review. The indicative value for performance options is \$2.39 and for performance share rights is \$8.48.

Note:

This table discloses remuneration for the six most highly paid senior executives involved in the management of Westpac's affairs. Other individuals who are rewarded under incentive-based systems according to results, consistent with market practice within the industry, may within any given year, receive remuneration at a level in excess of that received by some executives shown.

Share options

During the financial year ended 30 September 2002, there were 18,252,000 options granted under the General Management Share Option Plan (GMSOP), the Senior Officers' Share Purchase Scheme and the 2001 Chief Executive Share Option Scheme to 522 eligible officers for nil consideration, with exercise dates between November 2004 and August 2012 and a weighted average exercise price of \$14.82.

There were 9,742,767 shares issued during the year due to the exercise of options which resulted in a total consideration of \$90,989,324 being paid to Westpac.

Currently there are 45,041,858 options outstanding. The latest dates for exercise of these options range between December 2002 and October 2012 and the weighted average exercise price is \$12.68. Options issued under the GMSOP and the 2001 Chief Executive Share Option Agreement totalling 8,240,000 (weighted average exercise price \$14.87) are subject to performance requirements that will determine the particular proportion which may be exercised following the end of the performance period. The performance hurdles compare the total shareholder returns received by Westpac shareholders against those received by shareholders of a peer group over the performance period. The peer group is the 50 largest industrial companies (by market capitalisation, excluding property and investment trusts) listed on the Australian Stock Exchange Limited at the commencement of the performance period.

No person holding an option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Cost of long-term incentives as part of remuneration

Total salaries and other staff expenses do not include a charge for options granted during the year and performance options and performance share rights to be granted under the new Westpac Performance Plan. Westpac expects to include the cost of these incentives as an expense in its financial statements once a relevant international accounting standard is adopted as an Australian GAAP and related potential tax implications for the share capital account are addressed. Had Westpac expensed the cost of these incentives this year the charge would have been \$48 million based on their estimated fair value.

Shares provided to employees under the Westpac Employee Share Plan and the Westpac Deferral Share Plan are purchased on the Australian Stock Exchange Limited and the cost of providing the shares is recognised as an expense in the statement of financial performance. Where the shares relate to performance bonuses or profit sharing, the expected cost of providing the shares is recognised in the year to which the performance bonuses or profit share relate.

Indemnities and insurance

Under Westpac's constitution, Westpac must indemnify, unless the indemnity is forbidden or made void by statute, each director, secretary and employee of Westpac and each of its related bodies corporate against:

- (i) every liability incurred by each such person in their capacity as director, secretary or employee, as the case may be;
- (ii) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

Each of the directors named on pages 36 and 37 of this report and the secretary of Westpac, Ilana Atlas, has the benefit of this indemnity, which extends to all directors, secretaries and employees of Westpac and each of its related bodies corporate.

Following shareholder approval at the 2000 Annual General Meeting, Westpac entered into a Deed of Access and Indemnity with each of the directors which includes indemnification in identical terms to that provided in Westpac's constitution.

Following shareholder approval at the 2000 Annual General Meeting, Westpac entered into Deeds of Indemnity with Leon Davis, John Fairfax and Sir Llewellyn Edwards in their capacity as trustees of The Westpac Foundation, in identical terms to those set out in the 2000 Notice of Meeting.

No amount has been paid under any of these indemnities during the financial year ended 30 September 2002 or since that date.

The constitution permits Westpac, to the extent permitted by applicable laws, to pay or agree to pay premiums in respect of any contract of insurance, which insures any person who is or has been a director or secretary of Westpac or of any of its related bodies corporate against any liability incurred by that person in that capacity, including a liability for legal costs, unless:

- (a) Westpac is forbidden by statute to pay or agree to pay the premium; or
- (b) the contract would, if Westpac paid the premium, be made void by statute.

Westpac, on behalf of the Group, for the year ended 30 September 2002 arranged insurance cover in respect of the amounts which Westpac may have to pay under any of the indemnities set out above. The insurance policy prohibits disclosure of the premium payable and the nature of the liabilities covered.

Directors' report

Environmental disclosure

The operations of Westpac are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia. Westpac may, however, become subject to environmental regulation in enforcing securities over land for the recovery of loans.

Westpac has not incurred any liability (including for rectification costs) under any environmental legislation.

Rounding of amounts

Westpac is an entity to which ASIC Class Order 98/0100 dated 10 July 1998, relating to the rounding of amounts in directors' reports and financial reports, applies. Amounts in this report and the accompanying financial report have been rounded to the nearest million dollars, unless indicated to the contrary.

Directors' meetings

Each director attended the following meetings of the Board of Directors and Committees of the Board during the financial year, which ended on 30 September 2002.

Board Meetings

| Director | Notes | Regular Board Meetings | | Special Board Meetings | |
|-----------------------|-------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| | | No. of meetings held ¹ | No. of meetings attended | No. of meetings held ¹ | No. of meetings attended |
| Leon Davis | | 10 | 10 | 5 | 5 |
| David Morgan | | 10 | 10 | 5 | 5 |
| Barry Capp | | 10 | 10 | 5 | 4 |
| David Crawford | 2 | 3 | 3 | 5 | 4 |
| Sir Llewellyn Edwards | | 10 | 10 | 5 | 5 |
| Ted Evans | 4 | 8 | 8 | 5 | 5 |
| John Fairfax | | 10 | 9 | 5 | 5 |
| Ian Harper | 7 | 3 | 3 | – | – |
| Warren Hogan | 7 | 3 | 3 | – | – |
| Helen Lynch | | 10 | 9 | 5 | 4 |
| Eve Mahlab | 7 | 3 | 3 | – | – |
| Peter Ritchie | 8 | 10 | 8 | 5 | 2 |

See notes on page 55.

Political donations

During the financial year ended 30 September 2002, donations and other contributions totalling \$254,730 were made to political parties including:

| Party | Amount ¹ |
|-----------------------------|---------------------|
| Australian Labor Party | \$111,630 |
| Liberal Party of Australia | \$111,000 |
| National Party of Australia | \$32,000 |
| Other | \$100 |
| Total | \$254,730 |

Note:

¹ Represents aggregate amounts at both Federal and State/Territory levels and includes contributions made to political functions and events.

Board Committee Meetings

| Name | Notes | Board Audit and Compliance Committee | | Board Credit and Market Risk Committee | | Board Nominations Committee | | Board Remuneration Committee | | Board Social Responsibility Committee | |
|-----------------------|-------|--------------------------------------|--------------------------|--|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|---------------------------------------|--------------------------|
| | | No. of meetings held ¹ | No. of meetings attended | No. of meetings held ¹ | No. of meetings attended | No. of meetings held ¹ | No. of meetings attended | No. of meetings held ¹ | No. of meetings attended | No. of meetings held ¹ | No. of meetings attended |
| Leon Davis | 5 | 5 | 5 | 4 | 4 | 2 | 2 | 9 | 9 | 4 | 4 |
| David Morgan | | - | - | - | - | - | - | - | - | 4 | 4 |
| Barry Capp | | 5 | 4 | - | - | 2 | 2 | 9 | 8 | - | - |
| David Crawford | 2,3 | 1 | 1 | - | - | - | - | - | - | - | - |
| Sir Llewellyn Edwards | | - | - | - | - | 2 | 2 | 9 | 8 | 4 | 4 |
| Ted Evans | 4,6 | - | - | 3 | 3 | - | - | - | - | - | - |
| John Fairfax | | - | - | 4 | 4 | - | - | - | - | 4 | 3 |
| Ian Harper | 7 | 1 | 1 | - | - | - | - | - | - | - | - |
| Warren Hogan | 7 | - | - | 1 | 1 | 1 | 1 | - | - | - | - |
| Helen Lynch | | 5 | 5 | - | - | 2 | 2 | - | - | - | - |
| Eve Mahlab | 7 | - | - | 1 | 1 | - | - | - | - | - | - |
| Peter Ritchie | 8 | 5 | 2 | - | - | - | - | 9 | 6 | 4 | 2 |

While not shown above, executive directors and many non-executive directors who are not committee members also participated in scheduled Board committee meetings and special Board committee meetings throughout the year.

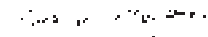
Notes:

- 1 Number of meetings held during the period the director was a member of the Board and/or relevant committee.
- 2 David Crawford was appointed as a director on 3 May 2002.
- 3 David Crawford was appointed to the Board Audit & Compliance Committee on 9 August 2002.
- 4 Ted Evans was appointed as a director on 5 November 2001.
- 5 Leon Davis was appointed as Chairman of the Board Credit & Market Risk Committee on 12 December 2001.
- 6 Ted Evans was appointed as Chairman of the Board Credit & Market Risk Committee on 9 August 2002.
- 7 Ian Harper, Warren Hogan and Eve Mahlab retired as directors on 13 December 2001.
- 8 Peter Ritchie retired as a director on 30 September 2002.

Signed in accordance with a resolution of the Board of Directors.



Leon Davis
Chairman
31 October 2002



David Morgan
Managing Director and
Chief Executive Officer
31 October 2002

Ten year summary

| \$m (unless otherwise indicated) | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---------|---------|---------|---------|---------|
| Statement of financial performance – year ended 30 September¹ | | | | | |
| Net interest income | 4,146 | 4,051 | 3,669 | 3,476 | 3,492 |
| Tax equivalent gross up ² | 139 | 149 | 169 | 127 | 128 |
| Net interest income (including gross up) | 4,285 | 4,200 | 3,838 | 3,603 | 3,620 |
| Non-interest income | 2,978 | 2,537 | 2,414 | 2,155 | 2,003 |
| Net operating income (including gross up) | 7,263 | 6,737 | 6,252 | 5,758 | 5,623 |
| Total operating expenses | (3,995) | (3,570) | (3,503) | (3,434) | (3,392) |
| Operating profit before bad and doubtful debts (including gross up) | 3,268 | 3,167 | 2,749 | 2,324 | 2,231 |
| Bad and doubtful debts | (461) | (433) | (202) | (171) | (168) |
| Profit from ordinary activities before income tax and abnormal items (including gross up) | 2,807 | 2,734 | 2,547 | 2,153 | 2,063 |
| Tax equivalent gross up ² | (139) | (149) | (169) | (127) | (128) |
| Income tax expense | (471) | (677) | (660) | (567) | (589) |
| Net profit attributable to outside equity interests | (5) | (5) | (3) | (3) | (4) |
| Profit from ordinary activities before abnormal items (including gross up) | 2,192 | 1,903 | 1,715 | 1,456 | 1,342 |
| Abnormal items (net of tax) ³ | – | – | – | – | (70) |
| Net profit attributable to equity holders of Westpac Banking Corporation | 2,192 | 1,903 | 1,715 | 1,456 | 1,272 |
| Statement of financial position at 30 September¹ | | | | | |
| Total assets | 191,037 | 189,845 | 167,618 | 140,220 | 137,319 |
| Loans | 135,870 | 122,250 | 107,533 | 97,716 | 91,738 |
| Acceptances | 4,788 | 15,700 | 15,665 | 10,249 | 10,325 |
| Deposits and public borrowings | 110,763 | 96,157 | 89,994 | 85,546 | 83,164 |
| Loan capital | 4,512 | 4,838 | 4,892 | 2,692 | 2,523 |
| Total equity | 10,468 | 9,705 | 9,262 | 8,997 | 8,611 |
| Total risk adjusted assets | 128,651 | 127,242 | 114,816 | 102,592 | 97,430 |
| Share information | | | | | |
| Earnings per share (cents): | | | | | |
| Before abnormals | 118.3 | 102.8 | 88.8 | 77.0 | 70.1 |
| After abnormals | 118.3 | 102.8 | 88.8 | 77.0 | 66.4 |
| Dividends per ordinary share (cents) | 70.0 | 62.0 | 54.0 | 47.0 | 43.0 |
| Net tangible assets per ordinary share (\$) ⁴ | 4.56 | 4.28 | 3.96 | 3.71 | 3.59 |
| Share price (\$): | | | | | |
| High | 17.01 | 14.55 | 12.97 | 12.06 | 11.45 |
| Low | 13.11 | 11.87 | 9.16 | 8.36 | 7.10 |
| Close | 13.85 | 13.29 | 12.75 | 9.45 | 9.28 |
| Ratios | | | | | |
| Total equity to total assets (%) | 5.5 | 5.1 | 5.5 | 6.4 | 6.3 |
| Net capital ratio (%) | 9.4 | 9.9 | 9.9 | 9.2 | 9.3 |
| Dividend payout ratio (%) | 59.2 | 60.3 | 60.8 | 61.0 | 64.8 |
| Return on average ordinary equity before abnormals (%) | 21.7 | 21.1 | 18.4 | 16.8 | 15.5 |
| Productivity ratio ⁵ | 4.07 | 4.03 | 3.53 | 3.17 | 3.30 |
| Expense to income ratio (excluding amortisation of goodwill) (%) | 53.6 | 51.5 | 54.5 | 57.9 | 58.4 |
| Net interest margin | 2.80 | 3.11 | 3.10 | 3.25 | 3.44 |
| Economic profit/(loss) (\$m) | 1,380 | 1,198 | 1,058 | 669 | 694 |
| Other information | | | | | |
| Points of bank representation (number at year end) | 1,371 | 1,347 | 1,375 | 1,625 | 1,832 |
| Core full time equivalent staff (number at year end) ⁶ | 23,637 | 27,088 | 29,510 | 31,731 | 33,222 |

Notes:

- The above statements of financial performance extracts for 2002, 2001 and 2000 and statements of financial position extract for 2002 and 2001 are derived from the consolidated financial statements included in this report, and for prior years are derived from financial statements previously published, each of which have been presented in accordance with Australian GAAP.
- We have entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a tax equivalent basis.
- For reporting periods ending on or after 30 June 2001, we are no longer permitted (under Australian GAAP) to disclose abnormal items on the face of the statement of financial performance. Where a revenue or expense is of such a size, nature or incidence that its disclosure is relevant in explaining our financial performance, we are required to disclose its nature and amount on the face of the statement of financial performance or in the notes to the financial statements.
- After deducting preference share capital and goodwill.
- Operating income (including gross up)/personnel costs excluding restructuring expenses.
- Core full time equivalent staff includes pro-rata part-time staff and excludes unpaid absences (eg maternity leave) and excludes temporary staff and contractors.

| \$m (unless otherwise indicated) | 1997 | 1996 | 1995 | 1994 | 1993 |
|---|---------|---------|---------|---------|---------|
| Statement of financial performance – year ended 30 September¹ | | | | | |
| Net interest income | 3,353 | 3,254 | 2,982 | 2,761 | 2,628 |
| Tax equivalent gross up ² | 127 | 68 | 45 | 62 | 86 |
| Net interest income (including gross up) | 3,480 | 3,322 | 3,027 | 2,823 | 2,714 |
| Non-interest income | 1,739 | 1,472 | 1,391 | 1,555 | 1,841 |
| Net operating income (including gross up) | 5,219 | 4,794 | 4,418 | 4,378 | 4,555 |
| Total operating expenses | (3,228) | (3,049) | (2,654) | (2,637) | (2,629) |
| Operating profit before bad and doubtful debts (including gross up) | 1,991 | 1,745 | 1,764 | 1,741 | 1,926 |
| Bad and doubtful debts | (78) | (121) | (330) | (695) | (1,292) |
| Profit from ordinary activities before income tax and abnormal items (including gross up) | 1,913 | 1,624 | 1,434 | 1,046 | 634 |
| Tax equivalent gross up ² | (127) | (68) | (45) | (62) | (86) |
| Income tax expense | (493) | (421) | (371) | (276) | (146) |
| Net profit attributable to outside equity interests | (2) | (3) | (3) | (3) | (5) |
| Profit from ordinary activities before abnormal items (including gross up) | 1,291 | 1,132 | 1,015 | 705 | 397 |
| Abnormal items (net of tax) ³ | – | – | (68) | – | (358) |
| Net profit attributable to equity holders of Westpac Banking Corporation | 1,291 | 1,132 | 947 | 705 | 39 |
| Statement of financial position at 30 September¹ | | | | | |
| Total assets | 118,963 | 121,513 | 105,835 | 93,861 | 104,712 |
| Loans | 77,874 | 81,201 | 64,365 | 61,242 | 64,601 |
| Acceptances | 11,242 | 11,197 | 11,656 | 12,219 | 12,851 |
| Deposits and public borrowings | 72,636 | 74,886 | 58,198 | 54,925 | 57,669 |
| Loan capital | 1,895 | 2,199 | 2,881 | 2,929 | 3,333 |
| Total equity | 8,206 | 7,891 | 7,583 | 7,299 | 7,129 |
| Total risk adjusted assets | 87,133 | 86,503 | 74,930 | 72,567 | 82,777 |
| Share information | | | | | |
| Earnings per share (cents): | | | | | |
| Before abnormals | 70.0 | 58.9 | 53.5 | 36.0 | 21.1 |
| After abnormals | 70.0 | 58.9 | 49.8 | 36.0 | 0.9 |
| Dividends per ordinary share (cents) | 39.0 | 33.0 | 28.0 | 18.0 | 12.0 |
| Net tangible assets per ordinary share (\$) ⁴ | 3.69 | 3.39 | 3.81 | 3.67 | 3.51 |
| Share price (\$): | | | | | |
| High | 9.10 | 6.59 | 5.51 | 5.55 | 4.20 |
| Low | 6.43 | 5.20 | 3.90 | 3.83 | 2.39 |
| Close | 8.70 | 6.54 | 5.36 | 4.20 | 3.94 |
| Ratios | | | | | |
| Total equity to total assets (%) | 6.9 | 6.5 | 7.2 | 7.8 | 6.8 |
| Net capital ratio (%) | 10.5 | 10.8 | 13.9 | 13.8 | 12.3 |
| Dividend payout ratio (%) | 55.7 | 56.0 | 56.2 | 50.0 | large |
| Return on average ordinary equity before abnormals (%) | 17.0 | 14.6 | 13.0 | 9.8 | 5.7 |
| Productivity ratio ⁵ | 2.97 | 2.77 | n/a | n/a | n/a |
| Expense to income ratio (excluding amortisation of goodwill) (%) | 60.7 | 62.9 | 59.9 | 60.1 | 57.4 |
| Net interest margin | 3.59 | 3.7 | 3.8 | 3.5 | 3.0 |
| Economic profit/(loss) (\$m) | 716 | 554 | 270 | (24) | (581) |
| Other information | | | | | |
| Points of bank representation (number at year end) | 1,547 | 1,788 | 1,547 | 1,616 | 1,827 |
| Core full time equivalent staff (number at year end) ⁶ | 31,608 | 33,832 | 31,416 | 31,396 | 33,724 |

Notes:

- The above statements of financial performance extracts for 2002, 2001 and 2000 and statements of financial position extract for 2002 and 2001 are derived from the consolidated financial statements included in this report, and for prior years are derived from financial statements previously published, each of which have been presented in accordance with Australian GAAP.
- We have entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a tax equivalent basis.
- For reporting periods ending on or after 30 June 2001, we are no longer permitted (under Australian GAAP) to disclose abnormal items on the face of the statement of financial performance. Where a revenue or expense is of such a size, nature or incidence that its disclosure is relevant in explaining our financial performance, we are required to disclose its nature and amount on the face of the statement of financial performance or in the notes to the financial statements.
- After deducting preference share capital and goodwill.
- Operating income (including gross up)/personnel costs excluding restructuring expenses.
- Core full time equivalent staff includes pro-rata part-time staff and excludes unpaid absences (eg maternity leave) and excludes temporary staff and contractors.

The bottom line

The financial statements and specific disclosures included in this Concise Financial Report have been derived from the Annual Financial Report of Westpac Banking Corporation and its controlled entities (the Group) and do not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the Annual Financial Report for the year ended 30 September 2002.

A copy of the 2002 Annual Financial Report, including the independent audit report, is available and will be sent to any shareholder without charge upon request. The Annual Financial Report can be requested by phoning Australia 612 9226 3143 and can be accessed via the internet at www.westpac.com.au

Management discussion and analysis of the statement of financial performance¹

Net profit attributable to equity holders was \$2,192 million for the year ended 30 September 2002. This represents an increase of \$289 million or 15% over the 2001 result of \$1,903 million, which was \$188 million or 11% higher than the 2000 result of \$1,715 million.

Net interest income increased \$85 million or 2% in 2002, compared to an increase of \$362 million or 9% in 2001. The improvement in 2002 and 2001 was driven by a growth in average interest earning assets, partly offset by tighter interest margins. This was offset by a decrease in AGC net interest income of \$174 million in 2002, and an increase of \$15 million in 2001.

Non-interest income increased \$441 million or 17% in 2002, compared an increase of \$123 million or 5% in 2001.

This includes:

- a decrease in AGC non-interest income of \$10 million in 2002, and an increase of \$30 million in 2001;
- profit on sale of AGC of \$751 million in 2002;
- the impact of the change in wealth accounting treatment² which was a charge of \$142 million in 2002 (credits of \$63 million in 2001 and \$80 million in 2000); and
- the write-down of securities of \$149 million in 2002.³

We continued to experience strong growth in our core retail products with an increase in net fees and commissions. In both years this increase was driven by increases in loan volumes and transaction activities. Growth in wealth management income was constrained, with declines in equity markets. The performance of our financial markets business was disappointing in 2002, after an improved result in 2001.

Operating expenses increased \$425 million or 12% in 2002, compared to an increase of \$67 million or 2% in 2001.

This includes:

- a decrease in AGC operating expenses of \$49 million in 2002, and \$5 million in 2001;
- integration expenses associated with our wealth management business acquisitions of \$86 million in 2002;
- the write-off of outsourcing costs² of \$136 million in 2002; and
- the charge associated with the superannuation accounting policy change² of \$221 million in 2002.

After adjusting for these items operating expenses were steady compared to 2001. Increases were due to volume and inflationary increases offset by efficiency savings. In addition, expenses relating to goods and services tax and restructuring costs were included for the first time in 2001.

Bad and doubtful debts increased \$28 million or 6% in 2002, compared to an increase of \$231 million or 114% in 2001. This includes a decrease in AGC bad and doubtful debts of \$57 million in 2002, and an increase of \$50 million in 2001. After adjusting for these items bad and doubtful debts increased \$85 million or 31% in 2002 (\$181 million or 193% increase in 2001). In both 2002 and 2001, the increase was predominantly due to a small number of downgrades in our corporate book and write-offs in consumer and personal lending products.

Earnings per share (EPS) increased to 118.3 cents in 2002, a 15% increase from 102.8 cents in 2001, which was an increase of 16% from 88.8 cents in 2000.

Notes:

- 1 In May 2002 the Group sold its 100% interest in Australian Guarantee Corporation Limited (AGC) in Australia and certain loan assets of Australian Guarantee Corporation (N.Z.) Limited. References are made in this discussion to the effect on the results of this sale.
- 2 Refer to note 1 to the concise financial report for further details.
- 3 In 2002, management changed their intention with respect to a portfolio of high yield investments. These securities had previously been intended to be held-to-maturity. The portfolio has now been made available for sale and an after tax accounting treatment charge of \$149 million has been recognised.

Statement of financial performance for the years ended 30 September
Westpac Banking Corporation and its controlled entities

| | Notes | 2002 \$m | Consolidated 2001 \$m | 2000 \$m |
|---|-------|--------------|-----------------------------|--------------|
| Interest income | | 9,220 | 10,258 | 9,390 |
| Tax equivalent gross up ¹ | | 139 | 149 | 169 |
| Interest expense | | (5,074) | (6,207) | (5,721) |
| Net interest income (including gross up) | | 4,285 | 4,200 | 3,838 |
| Non-interest income: | | | | |
| Fees and commissions received | | 2,266 | 2,090 | 1,832 |
| Fees and commissions paid | | (560) | (485) | (338) |
| Proceeds from sale of assets | | 3,594 | 755 | 2,107 |
| Carrying value of assets sold | | (2,760) | (717) | (2,070) |
| Wealth management revenue | | 92 | 575 | 1,482 |
| Life insurance claims and change in policy liabilities | | 238 | (51) | (915) |
| Other non-interest income | | 108 | 370 | 316 |
| Total non-interest income | | 2,978 | 2,537 | 2,414 |
| Net operating income (including gross up) | | 7,263 | 6,737 | 6,252 |
| Operating expenses: | | | | |
| Salaries and other staff expenses | | (1,829) | (1,744) | (1,815) |
| Equipment and occupancy expenses | | (589) | (648) | (632) |
| Other expenses | | (1,577) | (1,178) | (1,056) |
| Total operating expenses | | (3,995) | (3,570) | (3,503) |
| Operating profit before bad and doubtful debts (including gross up) | | 3,268 | 3,167 | 2,749 |
| Bad and doubtful debts | | (461) | (433) | (202) |
| Tax equivalent gross up ¹ | | (139) | (149) | (169) |
| Profit from ordinary activities before income tax expense | | 2,668 | 2,585 | 2,378 |
| Income tax expense | | (471) | (677) | (660) |
| Net profit | | 2,197 | 1,908 | 1,718 |
| Net profit attributable to outside equity interests | | (5) | (5) | (3) |
| Net profit attributable to equity holders of Westpac Banking Corporation | | 2,192 | 1,903 | 1,715 |
| Foreign currency translation reserve adjustment | | (76) | 74 | 115 |
| Premises revaluation adjustment | | – | – | (25) |
| Total revenues, expenses and valuation adjustments attributable to equity holders of Westpac Banking Corporation recognised directly in equity | | (76) | 74 | 90 |
| Total changes in equity other than those resulting from transactions with owners as owners | | 2,116 | 1,977 | 1,805 |
| Earnings (in cents) per ordinary share after deducting distributions on other equity instruments | | | | |
| Basic | 4 | 118.3 | 102.8 | 88.8 |
| Fully diluted | 4 | 117.9 | 102.4 | 88.4 |

Note:

The above statement of financial performance should be read in conjunction with the accompanying notes and discussion and analysis.

¹ The Group has entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a tax equivalent basis.

Concise financials

Management discussion and analysis of the statement of financial position

Assets

Total assets at 30 September 2002 were \$191.0 billion, an increase of \$1.2 billion from \$189.8 billion at 30 September 2001. Discussion of the changes in significant assets follows.

Loans and acceptances increased by \$2.7 billion during 2002 to \$140.7 billion. The primary determinants of this increase were as follows:

- continued strong growth in housing loans. Housing loans increased by 13% or \$7.2 billion (adjusting for securitisation) in Australia and 11% or \$1.3 billion (adjusting for securitisation) in New Zealand. This growth was offset by the sale of housing loans through our securitisation program amounting to \$2.4 billion;
- own acceptances discounted increased by \$9.8 billion to \$13.0 billion. This was a result of funding bill acceptances via the issuing of certificates of deposit, rather than accepting, discounting and on-selling to investors in the secondary market. The increase in own acceptances discounted reflects a corresponding decrease in acceptances of customers of \$10.9 billion to \$4.8 billion; and
- the sale of our finance company, AGC, in Australia and the loan book of AGC in New Zealand caused a decrease of \$10.1 billion. This was partially offset by the rebuilding of the business receivables portfolio of \$2.2 billion.

Life insurance assets increased marginally by \$0.2 billion during 2002 to \$7.6 billion. These assets primarily represent investments held in life insurance statutory funds.

Other assets decreased by \$3.0 billion during 2002 to \$18.3 billion. This movement was primarily due to a decrease in other financial market assets of \$1.7 billion to \$12.4 billion. These assets primarily represent the positive fair value of trading derivative instruments. The decrease was due to an increase in the volume and the revaluation of derivative financial instruments, largely driven by the movement in the value of the Australian dollar against the US dollar during the year.

Liabilities

Total liabilities at 30 September 2002 were \$180.6 billion, an increase of \$0.5 billion from \$180.1 billion at 30 September 2001. Discussion of the changes in significant liabilities follows.

Deposits and public borrowings increased by \$14.6 billion during 2002 to \$110.8 billion. This movement was primarily due to the following factors:

- an increase in certificates of deposit of \$10.1 billion to \$20.9 billion. As noted in our loans and acceptances commentary the change to funding of acceptances was the primary factor in this increase;
- an increase in at call and term deposits of \$10.2 billion to \$85.1 billion. This was caused primarily by favourable market conditions with an increase in retail funds received; and
- a partial offset to these increases due to the sale of our finance company operations (AGC) causing controlled entity public borrowings to decrease by \$5.7 billion.

Debt issues and loan capital balances remained relatively static during the year with decreases in total of \$0.7 billion to \$32.1 billion.

Equity increased by \$0.8 billion during 2002 to \$10.5 billion. The 2002 movement reflects an increase in accumulated earnings partially offset by share buy-backs and dividends during the year.

Statement of financial position as at 30 September
Westpac Banking Corporation and its controlled entities

| | Notes | Consolidated 2002 \$m | 2001 \$m |
|---|-------|-----------------------------|----------------|
| Assets | | | |
| Cash and balances with central banks | | 1,669 | 1,079 |
| Due from other financial institutions | | 5,242 | 5,094 |
| Trading securities | | 10,643 | 10,629 |
| Investment securities | | 3,313 | 2,960 |
| Loans | | 135,870 | 122,250 |
| Acceptances of customers | | 4,788 | 15,700 |
| Life insurance assets | | 7,566 | 7,352 |
| Regulatory deposits with central banks overseas | | 455 | 482 |
| Goodwill | | 1,754 | 1,501 |
| Fixed assets | | 815 | 1,034 |
| Deferred tax assets | | 587 | 441 |
| Other assets | | 18,335 | 21,323 |
| Total assets | | 191,037 | 189,845 |
| Liabilities | | | |
| Due to other financial institutions | | 4,731 | 5,954 |
| Deposits and public borrowings | | 110,763 | 96,157 |
| Debt issues | | 27,575 | 27,989 |
| Acceptances | | 4,788 | 15,700 |
| Tax liabilities | | 617 | 706 |
| Life insurance policy liabilities | | 7,163 | 7,123 |
| Provisions | | 1,093 | 1,038 |
| Other liabilities | | 19,327 | 20,635 |
| Total liabilities excluding loan capital | | 176,057 | 175,302 |
| Loan capital | | | |
| Subordinated bonds, notes and debentures | | 3,795 | 4,045 |
| Subordinated perpetual notes | | 717 | 793 |
| Total loan capital | | 4,512 | 4,838 |
| Total liabilities | | 180,569 | 180,140 |
| Net assets | | | |
| | | 10,468 | 9,705 |
| Equity | | | |
| Share capital | | 3,974 | 2,233 |
| Trust originated preferred securities (TOPRS SM) | | 465 | 465 |
| Reserves | | 82 | 2,819 |
| Retained profits | 3 | 5,930 | 4,174 |
| Total equity attributable to equity holders of Westpac Banking Corporation | | 10,451 | 9,691 |
| Outside equity interests in controlled entities | | 17 | 14 |
| Total equity | | 10,468 | 9,705 |

The above statement of financial position should be read in conjunction with the accompanying notes and discussion and analysis.

Concise financials

Statement of cash flows for years ended 30 September Westpac Banking Corporation and its controlled entities

| | 2002 \$m | Consolidated 2001 \$m | 2000 \$m |
|--|-----------------|-----------------------------|-----------------|
| Cash flows from operating activities | | | |
| Interest received | 9,130 | 10,080 | 10,135 |
| Interest paid | (5,269) | (6,461) | (6,232) |
| Dividends received | 27 | 51 | 43 |
| Other non-interest income received | 3,711 | 3,367 | 655 |
| Operating expenses paid | (3,291) | (3,330) | (3,174) |
| Net (increase)/decrease in trading securities | (791) | (143) | 764 |
| Income tax paid | (699) | (527) | (497) |
| Life business: | | | |
| receipts from policyholders and customers | 2,531 | 2,427 | 3,366 |
| interest and other items of similar nature | 58 | 138 | 135 |
| dividends received | 323 | 362 | 430 |
| payments to policyholders and suppliers | (1,961) | (2,249) | (3,428) |
| income tax paid | (3) | (64) | (27) |
| Net cash provided by operating activities | 3,766 | 3,651 | 2,170 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investment securities | 492 | 508 | 1,441 |
| Proceeds from matured investment securities | 335 | 139 | 94 |
| Purchase of investment securities | (1,873) | (866) | (1,907) |
| Proceeds from securitised loans | 2,472 | 202 | 255 |
| Net (increase)/decrease in: | | | |
| due from other financial institutions | (212) | (1,598) | 778 |
| loans | (25,501) | (13,304) | (11,322) |
| life insurance assets | (316) | 134 | (118) |
| regulatory deposits with central banks overseas | (19) | 193 | (135) |
| other assets | (967) | 186 | 410 |
| Purchase of fixed assets | (284) | (299) | (418) |
| Proceeds from disposal of fixed assets | 262 | 171 | 525 |
| Proceeds from disposal of other investments | 246 | - | - |
| Controlled entities acquired, net of cash acquired | (328) | 5 | - |
| Controlled entities and businesses disposed, net of cash held | 2,136 | 44 | 139 |
| Net cash used in investing activities | (23,557) | (14,485) | (10,258) |
| Cash flows from financing activities | | | |
| Issue of loan capital | - | 350 | 1,924 |
| Redemption of loan capital | - | (813) | (112) |
| Proceeds from issue of shares | 91 | 110 | 91 |
| Proceeds from issue of New Zealand Class shares (net of issue costs of 2001 Nil, 2000 \$16m) | - | 203 | 279 |
| Buyback of shares | (408) | (753) | (1,273) |
| Net increase/(decrease) in: | | | |
| due to other financial institutions | (949) | 1,799 | 379 |
| deposits and public borrowings | 20,095 | 3,553 | 3,909 |
| debt issues | 2,495 | 7,007 | 3,962 |
| other liabilities | 46 | 447 | 179 |
| Payment of distributions and dividends | (977) | (836) | (761) |
| Payment of dividends to outside equity interests | (2) | (1) | (3) |
| Net cash provided by financing activities | 20,391 | 11,066 | 8,574 |
| Net increase in cash and cash equivalents | 600 | 232 | 486 |
| Effect of exchange rate changes on cash and cash equivalents | (10) | 11 | 5 |
| Cash and cash equivalents at the beginning of year | 1,079 | 836 | 345 |
| Cash and cash equivalents at year end | 1,669 | 1,079 | 836 |

The above statement of cash flows should be read in conjunction with the accompanying notes and discussion and analysis.

Note 1. Summary of significant accounting policies

This Concise Financial Report has been derived from or is consistent with the Annual Financial Report of Westpac Banking Corporation (Westpac) and its controlled entities (the Group), for the year ended 30 September 2002, which has been prepared in accordance with the requirements for an authorised deposit-taking institution under the Banking Act 1959 (as amended), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001 (Cth). This Concise Financial Report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the relevant provisions of the Corporations Act 2001 (Cth).

A full description of the accounting policies adopted by the Group is provided in the 2002 Annual Financial Report. Comparative information is restated where appropriate to enhance comparability.

Changes in accounting policy

Earnings per share

Revised Accounting Standard AASB 1027: Earnings Per Share has been applied for the year ended 30 September 2002. The standard introduces changes to the method of calculating diluted earnings per share. In previous years, diluted earnings per share included notional earnings related to dilutive options had they been exercised. This is not a requirement of the revised standard as the determination of the weighted average number of shares has been revised to include only potential ordinary shares assumed to have been issued for no consideration. These changes have not had a material impact on earnings per share. Comparatives, where applicable, have been restated to present the comparative amounts on a consistent basis with the current period.

Wealth management acquisition costs

In prior years, the Group expensed acquisition costs associated with its life insurance and funds management activities as incurred. These costs were generally incurred by a controlled entity of the life company, and hence were reported on a market value basis in accordance with AASB 1038: Life Insurance Business. The accounting treatment for acquisition costs did not impact the reported results of the Group's wealth management business in a market value accounting environment.

During September 2002, the Group's wealth management business was restructured. The restructure included transferring ownership of the controlled entity of the life company to a non-life company, and accordingly, into an accrual accounting environment (at 30 September 2002, the Group's life company does not have an investment in any controlled entities).

As a consequence, the Group changed its accounting policy in respect of acquisition expenses, such that acquisition expenses for profitable business are deferred and amortised over a period not exceeding the expected duration of the relevant product or policy sold. In an accrual accounting environment, the deferral and amortisation of wealth management acquisition costs provides more relevant information about the financial performance of the underlying business. Accordingly, effective 1 October 2001 the Group recognised an asset of \$119 million in the statement of financial position, representing life insurance and funds management acquisition costs which were previously expensed. Had this policy always been applied, deferred acquisition costs of \$71 million and \$48 million would have been recognised as an asset in the years ended 30 September 2001 and 30 September 2000, respectively.

Superannuation

Effective 1 October 2001, the Group changed its accounting policy in respect of superannuation to adopt the principles of International Accounting Standard 19: Employee Benefits (IAS 19). The Group's previous superannuation accounting policy was based on the principles of UK accounting standard SSAP 24: Accounting for Pension Costs. The Group's policy was changed after a new standard was released in the UK to replace SSAP 24. Consistent with the requirements of AASB 1001: Accounting Policies and in anticipation of the international harmonisation of Australia's accounting standards by 2005, the Group has adopted the principles of IAS 19.

The impact of the change in superannuation accounting policy was to write-down the related asset, and recognise a charge of \$221 million before tax (\$160 million after tax) in the 2002 statement of financial performance. Comparatives have not been restated as it is not practical to do so.

Capitalised expenses

Start-up costs in relation to the outsourcing of technology operations and mortgage processing activities have previously been capitalised and amortised over a period not exceeding the life of the outsourcing contracts. Effective 1 October 2001, the accounting policy for outsourcing start-up costs was changed so that such costs are now expensed as incurred. The new policy was adopted to provide greater transparency of the Group's cost base and greater reliability in measuring the Group's financial position.

On 1 October 2001, the net carrying amount of capitalised start-up costs of \$44 million was expensed in the statement of financial performance. During the year a further \$92 million has been expensed relating to current year start-up costs. Had this new accounting policy always been applied, an additional start-up cost of \$44 million and nil would have been recognised in the years ended 30 September 2001 and 2000, respectively.

Note 2. Dividends and distributions provided for or paid

| | 2002 \$m | Consolidated 2001 \$m | 2000 \$m |
|---|--------------|-----------------------------|--------------|
| Ordinary dividends | | | |
| Interim ordinary dividend paid: | | | |
| Ordinary shares 34 cents per share; 2001 30 cents per share; 2000 26 cents per share (all fully franked at 30%, 30% and 34% respectively) | 597 | 520 | 475 |
| New Zealand Class shares 34 cents per share; 2001 30 cents per share; 2000 26 cents per share (all fully imputed) | 18 | 16 | 13 |
| Final ordinary dividend provided for: | | | |
| Ordinary shares 36 cents per share; 2001 32 cents per share; 2000 28 cents per share (all fully franked at 30%, 30% and 34% respectively) | 631 | 560 | 497 |
| New Zealand Class shares 36 cents per share; 2001 32 cents per share; 2000 28 cents per share (all fully imputed) | 20 | 17 | 15 |
| (Over)/under provision of dividend in prior year | - | (7) | 13 |
| Total ordinary dividends provided for or paid | 1,266 | 1,106 | 1,013 |

Concise financials

Note 2. Dividends and distributions provided for or paid (continued)

| | 2002 \$m | Consolidated 2001 \$m | 2000 \$m |
|---|-------------|-----------------------------|--------------|
| Distributions on other equity instruments | | | |
| Distributions paid or provided for: | | | |
| TOPRS | 48 | 51 | 43 |
| TOTAL distributions on other equity instruments | 48 | 51 | 43 |
| Franking account balance | | | |
| Franking account balance at the end of the financial year | 104 | 2 | (56) |
| Franking credits arising from payment of current income tax payable | 466 | 353 | 180 |
| Franking credits utilised for payment of proposed final dividend | (270) | (240) | (256) |
| Adjusted franking account balance at the end of the financial year | 300 | 115 | (132) |

Under legislation effective from 1 July 2002, the franking account is to be maintained on an Australian income tax paid basis rather than on Australian taxed profit basis as was previously the case. In accordance with this legislation, the franking account balances as at 30 June 2002 are converted so that the opening balances on 1 July 2002 reflects the Australian income tax paid amounts. Amounts debited to the franking account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends. The 2002, 2001 and 2000 franking account balances disclosed above have been determined on an Australian income tax paid basis.

Note 3. Retained profits

| | 2002 \$m | Consolidated 2001 \$m | 2000 \$m |
|--|--------------|-----------------------------|--------------|
| Balance at beginning of year | 4,174 | 3,435 | 2,788 |
| Transfer from reserve fund | 876 | - | - |
| Aggregate of amounts transferred (to)/from other reserves | 2 | (7) | (12) |
| Operating profit after tax attributable to equity holders of Westpac Banking Corporation | 2,192 | 1,903 | 1,715 |
| Dividends provided for or paid | (1,266) | (1,106) | (1,013) |
| Distributions on other equity instruments | (48) | (51) | (43) |
| Balance at year end | 5,930 | 4,174 | 3,435 |

Note 4. Earnings per ordinary share

| | 2002 | | Consolidated 2001 | | 2000 | |
|--|--------------|--------------|----------------------|--------------|--------------|--------------|
| | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| Reconciliation of earnings used in the calculation of earnings per ordinary share (\$million) | | | | | | |
| Net profit | 2,197 | 2,197 | 1,908 | 1,908 | 1,718 | 1,718 |
| Net profit attributable from outside equity interest | (5) | (5) | (5) | (5) | (3) | (3) |
| TOPRS distribution | (48) | (48) | (51) | (51) | (43) | (43) |
| Earnings | 2,144 | 2,144 | 1,852 | 1,852 | 1,672 | 1,672 |
| Weighted average number of ordinary shares (millions) | | | | | | |
| Weighted average number of ordinary shares | 1,812 | 1,812 | 1,801 | 1,801 | 1,883 | 1,883 |
| Potential dilutive adjustment: | | | | | | |
| Exercise of options | - | 7 | - | 8 | - | 8 |
| Total weighted average number of ordinary shares | 1,812 | 1,819 | 1,801 | 1,809 | 1,883 | 1,891 |
| Earnings per ordinary share (cents) | 118.3 | 117.9 | 102.8 | 102.4 | 88.8 | 88.4 |

During the year, 9,742,767 options were converted to ordinary shares. The diluted earnings per share calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The estimated weighted average number included is 1,774,778. In determining diluted earnings per share, options with an exercise price greater than the market price of Westpac shares on 30 September 2002 have not included, as these are not considered dilutive.

Subsequent to year-end, 155,000 options were granted to employees under the General Management Share Option Plan and the Senior Officers' Share Purchase Scheme. These options have not been included in the determination of diluted earnings per share.

Note 5. Group segment information

The basis of reporting reflects the management of the business within the Group, rather than the legal structure of the Group. The business segment results have been presented on a management reporting basis and consequently internal charges and transfer pricing adjustments have been reflected in the

performance of each business segment. Intersegment pricing is determined on an arm's length basis.

The business segments are defined by the customers they service and the services they provide. The Business and Consumer Banking segment consists of the combined results of Consumer Distribution, Business and Regional Banking Distribution and Consumer and Business Products. The Wealth Management segment provides investment, retirement planning and insurance services to our retail and wholesale customers. The Institutional Banking segment represents primarily corporations and institutional customers either based in, or with interests in, Australia and New Zealand, and also provides certain services to middle-market business banking customers in Australia and New Zealand. The New Zealand Retail segment comprises the retail operations of this region. Other includes the results of Business and Technology Services and Solutions, Group Treasury, Pacific Banking and Head Office functions. The majority of the direct operating expenses of Other are recharged back to the business segments as indicated in the internal charges line within operating expenses.

Primary reporting – business segments

| | Business and Consumer Banking \$m | Wealth Management \$m | Consolidated 2002 Institutional Banking \$m | New Zealand Retail \$m | Other \$m | Total \$m |
|--|---|-----------------------------|--|------------------------------|--------------|--------------|
| Revenue from external customers | 9,423 | 62 | 1,656 | 2,599 | 1,540 | 15,280 |
| Internal revenue | 279 | 37 | 519 | 34 | (869) | – |
| Total segment revenue | 9,702 | 99 | 2,175 | 2,633 | 671 | 15,280 |
| Interest income ¹ | 6,811 | – | 1,072 | 1,273 | 203 | 9,359 |
| Interest expense | (3,084) | – | (499) | (629) | (862) | (5,074) |
| Internal charges ² | (600) | 23 | (98) | 7 | 668 | – |
| Net interest income | 3,127 | 23 | 475 | 651 | 9 | 4,285 |
| Net non-interest income | 1,771 | 360 | 243 | 402 | 202 | 2,978 |
| Internal charges ² | 123 | (200) | 33 | 2 | 42 | – |
| Total operating income | 5,021 | 183 | 751 | 1,055 | 253 | 7,263 |
| Depreciation and goodwill amortisation | (73) | (13) | (10) | (75) | (202) | (373) |
| Other non-cash expenses | (75) | (5) | (11) | (3) | (297) | (391) |
| Other operating expenses | (1,491) | (226) | (278) | (407) | (829) | (3,231) |
| Internal charges ² | (746) | (34) | (84) | (16) | 880 | – |
| Total operating expenses | (2,385) | (278) | (383) | (501) | (448) | (3,995) |
| Bad and doubtful debts | (368) | – | (96) | (51) | 54 | (461) |
| Operating profit before income tax | 2,628 | (95) | 272 | 503 | (141) | 2,807 |
| Income tax expense ¹ | (494) | 33 | (140) | (140) | 131 | (610) |
| Outside equity interest | – | – | – | (1) | (4) | (5) |
| Net profit ³ | 1,774 | (62) | 132 | 362 | (14) | 2,192 |
| Total assets | 102,164 | 8,541 | 49,123 | 19,944 | 11,265 | 191,037 |
| Total liabilities | 76,526 | 7,330 | 37,358 | 21,403 | 37,952 | 180,569 |
| Acquisition of fixed assets and goodwill | 200 | 333 | 6 | 74 | 1 | 614 |

| | Consolidated 2001 | | | | | |
|--|-------------------|-------|--------|--------|---------|---------|
| Revenue from external customers | 7,905 | 550 | 2,413 | 1,931 | 1,251 | 14,050 |
| Internal revenue | 754 | 70 | 726 | 72 | (1,622) | – |
| Total segment revenue | 8,659 | 620 | 3,139 | 2,003 | (371) | 14,050 |
| Interest income ¹ | 7,588 | – | 1,383 | 1,550 | (114) | 10,407 |
| Interest expense | (4,135) | – | (653) | (964) | (455) | (6,207) |
| Internal charges ² | (362) | 20 | (208) | 61 | 489 | – |
| Net interest income | 3,091 | 20 | 522 | 647 | (80) | 4,200 |
| Net non-interest income | 1,068 | 519 | 501 | 322 | 127 | 2,537 |
| Internal charges ² | 54 | (144) | 10 | – | 80 | – |
| Total operating income | 4,213 | 395 | 1,033 | 969 | 127 | 6,737 |
| Depreciation and goodwill amortisation | (95) | (14) | (11) | (71) | (202) | (393) |
| Other non-cash expenses | (81) | (5) | (12) | (3) | (48) | (149) |
| Other operating expenses | (1,357) | (103) | (274) | (429) | (865) | (3,028) |
| Internal charges ² | (834) | (54) | (101) | (11) | 1,000 | – |
| Total operating expenses | (2,367) | (176) | (398) | (514) | (115) | (3,570) |
| Bad and doubtful debts | (311) | – | (114) | (31) | 23 | (433) |
| Operating profit before income tax | 1,535 | 219 | 521 | 424 | 35 | 2,734 |
| Income tax expense ¹ | (549) | (38) | (147) | (144) | 52 | (826) |
| Outside equity interest | – | – | – | – | (5) | (5) |
| Net profit | 986 | 181 | 374 | 280 | 82 | 1,903 |
| Total assets | 98,474 | 8,491 | 51,621 | 18,509 | 12,750 | 189,845 |
| Total liabilities | 72,883 | 7,266 | 39,492 | 19,301 | 41,198 | 180,140 |
| Acquisition of fixed assets and goodwill | 107 | – | 6 | 48 | 148 | 309 |

1 Interest income and income tax expense includes tax equivalent gross up of \$139 million (\$149 million in 2001).

2 Internal charges are eliminated on consolidation.

3 Includes the net profit on sale of Australian Guarantee Corporation Limited of \$662 million in Business and Consumer Banking, and \$92 million in New Zealand Retail for the sale of certain assets of Australian Guarantee Corporation (N.Z.) Limited.

Concise financials

Note 5. Group segment information (continued)

Primary reporting – business segments

| | Consolidated 2000 | | | | | Total \$m |
|--|-----------------------------------|-----------------------|---------------------------|------------------------|-----------|-----------|
| | Business and Consumer Banking \$m | Wealth Management \$m | Institutional Banking \$m | New Zealand Retail \$m | Other \$m | |
| Revenue from external customers | 7,245 | 1,568 | 2,450 | 1,802 | 2,063 | 15,128 |
| Internal revenue | 1,235 | 39 | 882 | 73 | (2,229) | – |
| Total segment revenue | 8,480 | 1,607 | 3,332 | 1,875 | (166) | 15,128 |
| Interest income ¹ | 5,971 | 1 | 1,523 | 1,375 | 689 | 9,559 |
| Interest expense | (2,004) | – | (595) | (809) | (2,313) | (5,721) |
| Internal charges ² | (1,152) | (7) | (474) | 34 | 1,599 | – |
| Net interest income | 2,815 | (6) | 454 | 600 | (25) | 3,838 |
| Net non-interest income | 887 | 497 | 335 | 297 | 398 | 2,414 |
| Internal charges ² | 89 | (114) | 50 | – | (25) | – |
| Total operating income | 3,791 | 377 | 839 | 897 | 348 | 6,252 |
| Depreciation and goodwill amortisation | (96) | (5) | (7) | (69) | (190) | (367) |
| Other non-cash expenses | (80) | (5) | (9) | (4) | (46) | (144) |
| Other operating expenses | (1,324) | (106) | (269) | (417) | (876) | (2,992) |
| Internal charges ² | (809) | (50) | (107) | (7) | 973 | – |
| Total operating expenses | (2,309) | (166) | (392) | (497) | (139) | (3,503) |
| Bad and doubtful debts | (172) | – | 6 | (26) | (10) | (202) |
| Operating profit before income tax | 1,310 | 211 | 453 | 374 | 199 | 2,547 |
| Income tax expense ¹ | (415) | (20) | (139) | (123) | (132) | (829) |
| Outside equity interest | – | – | – | – | (3) | (3) |
| Net profit | 895 | 191 | 314 | 251 | 64 | 1,715 |
| Total assets | 90,690 | 8,143 | 48,558 | 15,951 | 4,276 | 167,618 |
| Total liabilities | 66,133 | 7,183 | 31,151 | 17,454 | 36,435 | 158,356 |
| Acquisition of fixed assets and goodwill | 158 | – | 7 | 64 | 189 | 418 |

1 Interest income and income tax expense includes tax equivalent gross up of \$169 million in 2000.

2 Internal charges are eliminated on consolidation.

Secondary reporting – geographical segments

| | 2002 | | 2001 | | 2000 | |
|---|---------|-------|---------|-------|---------|-------|
| | \$m | % | \$m | % | \$m | % |
| Operating revenue (excluding gross up) | | | | | | |
| Australia | 12,130 | 79.4 | 10,481 | 74.6 | 10,972 | 72.6 |
| New Zealand | 3,051 | 20.0 | 2,382 | 17.0 | 1,898 | 12.5 |
| Other ¹ | 99 | 0.6 | 1,187 | 8.4 | 2,258 | 14.9 |
| Total | 15,280 | 100.0 | 14,050 | 100.0 | 15,128 | 100.0 |
| Assets | | | | | | |
| Australia | 151,918 | 79.5 | 151,421 | 79.8 | 133,758 | 79.8 |
| New Zealand | 30,972 | 16.2 | 28,977 | 15.3 | 24,973 | 14.9 |
| Other ¹ | 8,147 | 4.3 | 9,447 | 4.9 | 8,887 | 5.3 |
| Total | 191,037 | 100.0 | 189,845 | 100.0 | 167,618 | 100.0 |
| Acquisition of fixed assets and goodwill | | | | | | |
| Australia | 539 | 87.8 | 249 | 80.6 | 340 | 81.4 |
| New Zealand | 74 | 12.0 | 48 | 15.5 | 64 | 15.3 |
| Other ¹ | 1 | 0.2 | 12 | 3.9 | 14 | 3.3 |
| Total | 614 | 100.0 | 309 | 100.0 | 418 | 100.0 |

Note:

1 Other includes Pacific Islands, Asia, Americas and Europe.

Note 6. Events subsequent to balance date

The first two tranches of the tax consolidation legislation became substantively enacted on 21 October 2002 when the New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002 was passed by the Senate. The financial effect

of the legislation has not been recognised in this financial report in accordance with UIG 39: Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances. It is not possible to disclose the financial effect of the legislation as it cannot yet be reliably estimated.

Directors' Declaration

In accordance with a resolution of the Directors of Westpac Banking Corporation, the Directors declare that the accompanying Concise Financial Report of the consolidated entity, for the year ended 30 September 2002, set out on pages 58 to 66:

- (a) has been derived from or is consistent with the Annual Financial Report for the financial year; and
- (b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

Dated at Sydney this 31st day of October 2002.

For and on behalf of the Board.

L.A. Davis
Chairman

D.R. Morgan
Managing Director and
Chief Executive Officer

Independent Audit Report to the Members of Westpac Banking Corporation

Matters relating to the electronic presentation of the audited concise financial report

This audit report relates to the concise financial report of Westpac Banking Corporation ('Westpac') for the year ended 30 September 2002 included on Westpac's web site. Westpac's Directors are responsible for the integrity of Westpac's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the concise financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited concise financial report to confirm the information included in the audited concise financial report presented on this web site.

Audit opinion

In our opinion, the concise financial report of Westpac Banking Corporation for the year ended 30 September 2002, set out on pages 58 to 67, complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The concise financial report – responsibility and content

The preparation and content of the concise financial report for the year ended 30 September 2002 are the responsibility of the Directors of Westpac Banking Corporation.

The auditor's role and work

We conducted an independent audit of the concise financial report in order to express an opinion on it to the shareholders of Westpac. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement.

We have also performed an independent audit of the full financial report of Westpac for the financial year ended 30 September 2002. Our audit report on the full financial report was signed on 31 October 2002, and was not subject to any qualification. Our audit

did not involve an analysis of the prudence of business decisions made by the Directors or management.

In conducting the audit of the concise financial report, we carried out a number of procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

The procedures included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report
- selecting and examining evidence, on a test basis, as required by auditing standards, to support amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report. We did not examine every item of available evidence
- reviewing the overall presentation of information in the concise financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of Westpac and its controlled entities and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we and/or PricewaterhouseCoopers were engaged to undertake other services for Westpac and its controlled entities. In our opinion the provision of these services has not impaired our independence.

R. Chowdry
Chartered Accountants
Sydney, Australia. 31 October 2002

M.J. Codling

Information for shareholders

Annual general meeting

The Annual General Meeting (AGM) will be held in the John Batman Theatre, Level 3, The Melbourne Convention Centre, Corner of Spencer and Flinders Streets, Melbourne, Vic on 12 December 2002 at 1.30pm.

To assist those who are unable to attend in Melbourne, the AGM will be transmitted live to an information meeting that will be held for shareholders in the Heritage Ballroom, Level 6, The Westin Sydney, 1 Martin Place, Sydney, NSW commencing at 1.30pm. You will be able to observe the live audio-visual broadcast but not participate in the AGM from Sydney.

The AGM will be web cast live on the Internet at www.westpac.com.au

Shareholders' calendar

| | |
|---|--------------------|
| Record Date for final dividend | 27 November 2002 |
| Record Date for final dividend (New York) | 26 November 2002 |
| Annual General Meeting | 12 December 2002 |
| Final dividend payable | 20 December 2002 |
| Half year end | 31 March 2003 |
| Interim results and dividend announcement | 8 May 2003 |
| Record Date for interim dividend | 12 June 2003* |
| Record Date for interim dividend (New York) | 11 June 2003* |
| Interim dividend payable | 4 July 2003* |
| Year end | 30 September 2003 |
| Final results and dividend announcement | 30 October 2003 |
| Record Date for final dividend | 26 November 2003** |
| Record Date for final dividend (New York) | 25 November 2003** |
| Annual General Meeting | 11 December 2003# |
| Final dividend payable | 19 December 2003** |

* Dates will be confirmed at the time of announcing 2003 interim results.

** Dates will be confirmed at the time of announcing 2003 final results.

Details regarding the date of this meeting and the business to be dealt with will be contained in the separate Notice of Meeting sent to shareholders in November 2003.

Voting rights

Ordinary shares

On a show of hands, each shareholder present in person, each proxy who is not a shareholder and each duly appointed corporate representative who is not a shareholder, shall have one vote.

On a poll, each shareholder shall have:

- one vote for each fully paid share held; and
- one vote for each 100 shares held which are paid to one cent.

New Zealand class shares

Holders of this class of share are not personally able to vote at a general meeting, but may give voting directions on agenda items in the event of a poll.

Dividends payment

Holders of shares traded on the Australian Stock Exchange Limited may elect, by written notification to the Share Registry in Sydney:

- to receive their Westpac ordinary share dividends by **cheque** or by **direct credit** to an account with Westpac or any other bank in Australia, New Zealand, or the United Kingdom, or with any building society or credit union in Australia. Any change to direct credit details should be promptly notified to the Share Registry in Sydney, in writing; or
- if they are resident in, or their address on the register of shareholders is in, Australia or New Zealand, to have the dividends on some or all of their ordinary shares automatically reinvested in additional shares by participating in the **Dividend Reinvestment Plan**. Full details of the Plan can be obtained from the Share Registry in Sydney or at www.westpac.com.au under the 'Westpac Info' tab, into 'Investor Information' and click on 'Dividend Payment Options'.

Stock exchange listings

Westpac ordinary shares are listed on the:

Australian Stock Exchange Limited (code WBC), New York Stock Exchange (code WBK), Tokyo Stock Exchange and New Zealand Stock Exchange.

New Zealand Class Shares are listed on the New Zealand Stock Exchange.

No limit on size of shareholdings under constitution

Previously, under Westpac's Deed of Settlement, no person (including corporations) was permitted to hold more than 10% of the total number of ordinary shares allotted. This restriction no longer applies under Westpac's Constitution, which replaced Westpac's Deed of Settlement on and from 23 August 2002.

The limitations on the acquisition of a shareholding in a bank under the Financial Sector (Shareholdings) Act 1998 still apply. Under this Act, a person (including a company) must not acquire an interest in an Australian financial sector company (which includes banks) where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 15% of the voting power of the financial sector company, without first obtaining the Treasurer's approval. Even if a person has less than 15% of the voting power, the Treasurer has the power to declare that a person has practical control of that company and, by applying for an order from the Federal Court of Australia, may require the person to relinquish that control.

Sources of Information for shareholders

Westpac's internet site – www.westpac.com.au

The **Investor Information** section found at the 'Westpac Info' tab in www.westpac.com.au provides key information about investing in Westpac Banking Corporation shares, including annual reports, financial results, news and information, contacts and important dates. It also has a link to the Australian share registry for information about your shareholding via 'Shareholder Information'.

An overview of Westpac's businesses and history can be found under 'At Westpac'.

Annual report

We are providing our report to shareholders in two parts:

- a Concise Annual Report; and
- an Annual Financial Report.

Both parts will be lodged with the Australian Stock Exchange Limited (ASX) and the Australian Securities and Investments Commission (ASIC) and are available on www.westpac.com.au under the 'Westpac Info' tab, at 'Investor Information'.

The main source of information is the Concise Annual Report, available at westpac.com.au, or which is mailed to shareholders in November.

Shareholders who do not wish to receive the Concise Annual Report, or who are receiving more than one copy, or who wish to also receive an Annual Financial Report, should notify the Share Registry in Sydney in writing, including the shareholder number with the notification. Irrespective of individual elections regarding receipt of an annual report, all shareholders will continue to receive all other shareholder information.

Shareholders can register their email address and receive information electronically. This provides fast access to information and by reducing printing, paper usage and mail delivery, is friendlier to the environment. To register, go to www.westpac.com.au and under the 'Westpac info' tab, through 'Investor information' to 'Shareholder information' and click on/register your email under 'Shareholder News'. At the time of registration, you can choose which information you would like to receive by email.

Share registries

For information about your shareholding you should contact the appropriate share registry.

Addresses and phone numbers for the share registries can be found on page 72.

Other information

Other sources of information produced during the year include:

- an annual summary of performance published in Japanese for shareholders in Japan;
- a review of the half yearly performance mailed to shareholders with dividend statements in July;
- documents lodged from time to time in the USA to comply with that country's regulatory requirements (such documents are submitted concurrently to the Australian Stock Exchange Limited); and
- annual reports and information booklets produced by controlled entities and operating divisions of Westpac Banking Corporation.

Information for shareholders

Top twenty ordinary shareholders at 1 October 2002

| | No. of fully paid ordinary shares | % held |
|---|-----------------------------------|--------|
| J P Morgan Nominees Australia Limited | 321,927,082 | 18.36 |
| Westpac Custodian Nominees Limited | 169,970,873 | 9.69 |
| National Nominees Limited | 162,841,942 | 9.29 |
| Citicorp Nominees Pty Limited | 116,182,801 | 6.63 |
| RBC Global Services Australia Nominees Pty Limited | 89,234,338 | 5.09 |
| ANZ Nominees Limited | 41,151,809 | 2.35 |
| Commonwealth Custodial Services Limited | 35,418,222 | 2.02 |
| AMP Life Limited | 31,675,772 | 1.81 |
| MLC Limited | 27,678,511 | 1.58 |
| Queensland Investment Corporation | 23,623,041 | 1.35 |
| Cogent Nominees Pty Limited | 20,743,056 | 1.18 |
| HSBC Custody Nominees (Australia) Limited | 14,961,206 | 0.85 |
| Australian Foundation Investment Company Limited | 10,961,616 | 0.63 |
| The National Mutual Life Association of Australasia Limited | 7,450,189 | 0.42 |
| ING Life Limited | 6,664,703 | 0.38 |
| Government Superannuation Office | 6,317,743 | 0.36 |
| Victorian Workcover Authority | 4,831,067 | 0.28 |
| CSS Board | 4,319,069 | 0.25 |
| Zurich Australia Limited | 3,972,918 | 0.23 |
| Transport Accident Commission | 3,870,147 | 0.22 |
| | 1,103,796,105 | 62.97 |

Top twenty shareholders hold 62.97 per cent of total fully paid ordinary shares issued.

Substantial shareholders as at 1 October 2002

Shareholders appearing on the Register of Substantial Shareholders as at 1 October 2002 are:

| | No. of shares held | % of shares held |
|---|--------------------|------------------|
| Fully paid ordinary shares | | |
| The Commonwealth Bank Group (by notice dated 8 November 2001) | 87,807,078 | 5.01 |

Analysis of holdings at 1 October 2002

By class:

| | Ordinary fully paid | % | No. of ordinary shares (000) | % | Options to subscribe for ordinary shares* |
|------------------|---------------------|-------|------------------------------|-------|---|
| 1 – 1,000 | 104,323 | 52.2 | 45,396 | 2.6 | – |
| 1,001 – 5,000 | 72,669 | 36.3 | 166,316 | 9.5 | 49 |
| 5,001 – 10,000 | 13,339 | 6.7 | 94,875 | 5.4 | 141 |
| 10,001 – 100,000 | 9,135 | 4.6 | 197,953 | 11.3 | 462 |
| 100,001 and over | 438 | 0.2 | 1,248,773 | 71.2 | 78 |
| Totals | 199,904 | 100.0 | 1,753,313 | 100.0 | 730 |

* Issued under Senior Officers' Share Purchase Scheme, General Management Share Option Plan or Chief Executive Share Option Agreement.

Percentage of total securities held by

| | | |
|--|-------|-------|
| Top 20 holders in each class | 62.97 | 34.83 |
| Holdings less than a marketable parcel | 7,727 | |

By domicile:

| | No. of holdings ^a | % of holdings | No. of issued shares and options (000) | % of issued shares and options |
|----------------|------------------------------|---------------|--|--------------------------------|
| Australia | 189,489 | 94.45 | 1,768,591 | 98.32 |
| New Zealand | 7,978 | 3.98 | 17,054 | 0.95 |
| United Kingdom | 1,642 | 0.82 | 5,609 | 0.31 |
| Japan | 31 | 0.01 | 302 | 0.02 |
| United States | 326 | 0.16 | 1,381 | 0.08 |
| Other overseas | 1,168 | 0.58 | 5,847 | 0.32 |
| Totals | 200,634 | 100.00 | 1,798,784 | 100.00 |

^a Some registered holders own more than one class of security.

Top twenty NZ Class shareholders at 1 October 2002

| | No. of fully paid NZ Class | % held |
|---|----------------------------|--------|
| New Zealand Central Securities Depository Limited | 8,869,382 | 16.30 |
| Eltub Nominees Limited | 3,633,372 | 6.68 |
| ABN Amro Nominees NZ Limited | 1,020,072 | 1.87 |
| Forbar Custodians Limited | 525,648 | 0.96 |
| Custodial Services Limited | 441,007 | 0.81 |
| Moturua Properties Limited | 283,600 | 0.52 |
| Galt Nominees Limited | 273,650 | 0.50 |
| Leveraged Equities Custodians Limited | 198,526 | 0.36 |
| Paradise Finance Limited | 188,000 | 0.34 |
| Surrey Charles Innes Kent | 171,937 | 0.31 |
| Investment Custodial Services Limited | 161,483 | 0.29 |
| Ace Finance Limited | 131,000 | 0.24 |
| Auckland Medical Research Foundation | 129,060 | 0.23 |
| Amalgamated Dairies Limited | 115,100 | 0.21 |
| Dublin Nominees Limited | 100,000 | 0.18 |
| First NZ Securities Nominees Limited | 89,085 | 0.16 |
| Avalon Investment Trust Limited | 86,700 | 0.15 |
| AMI Insurance Limited | 85,878 | 0.15 |
| Henry Michael Horton | 77,700 | 0.14 |
| University of Otago | 75,000 | 0.13 |
| | 16,656,200 | 30.53 |

Top twenty shareholders hold 30.53 per cent of total NZ Class shares issued.

Note: WestpacTrust Investments Limited holds 698,375 (1.28%) NZ Class shares as treasury stock. These shares were purchased through an on-market share buy-back between 24 May 2002 and 12 August 2002. The shares, while held as treasury stock, are non-voting and not eligible for dividends.

Analysis of NZ Class holdings at 1 October 2002

By class:

| | NZ Class fully paid | % | No. of NZ Class shares (000) | % |
|--|------------------------|--------|---------------------------------|--------|
| 1 – 1,000 | 24,116 | 75.96 | 9,954,455 | 18.30 |
| 1,001 – 5,000 | 6,578 | 20.72 | 14,951,123 | 27.49 |
| 5,001 – 10,000 | 712 | 2.24 | 5,330,446 | 9.80 |
| 10,001 – 100,000 | 328 | 1.03 | 7,399,920 | 13.60 |
| 100,001 and over | 17 | 0.05 | 16,757,362 | 30.81 |
| Totals | 31,751 | 100.00 | 54,393,306 | 100.00 |
| Holdings less than a marketable parcel | 1,231 | | | |

By domicile:

| | No. of holdings | % of holdings | No. of issued shares (000) | % of issued shares |
|----------------|--------------------|------------------|----------------------------------|-----------------------|
| New Zealand | 31,341 | 98.96 | 54,110,857 | 99.47 |
| Australia | 182 | 0.57 | 165,047 | 0.30 |
| United Kingdom | 47 | 0.15 | 36,345 | 0.07 |
| United States | 15 | 0.05 | 12,831 | 0.02 |
| Hong Kong | 11 | 0.03 | 17,720 | 0.03 |
| Other overseas | 155 | 0.24 | 50,506 | 0.11 |
| Totals | 31,751 | 100.00 | 54,393,306 | 100.00 |

Useful information

Online

Australia

Westpac's internet site www.westpac.com.au provides information for shareholders and customers, and is the gateway to Westpac's internet banking and broking services. The site also provides information on Westpac's products, economic updates, community sponsorships and support activities, media releases, and other information relating to Westpac's 185 year history. An overview of Westpac's businesses and history can be found via the 'Westpac Info' tab, under 'At Westpac'.

New Zealand

www.westpac.co.nz provides the gateway to Westpac's internet banking services. The site also provides a comprehensive home buying guide and information for customers on a range of Westpac products, economic updates, news and information, key financial results, sponsorships and other community activities.

Westpac investor relations

Information other than that relating to your shareholdings can be obtained from:

Investor Relations

Level 25, 60 Martin Place, Sydney NSW 2000 Australia

Australia: Telephone: (02) 9226 3143, Facsimile: (02) 9226 1539

Overseas: Telephone: 61 2 9226 3143, Facsimile: 61 2 9226 1539

Email: westpac@westpac.com.au

Share registries

For information about your shareholding you should contact the appropriate share registry. In the case of the Australian registry, this information is also available via a link on www.westpac.com.au under the 'Westpac Info' tab and through 'Investor Information' to the link at 'Shareholder Information'. Any changes to your address should be notified to the registry in writing.

Australia

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street, Sydney NSW
Postal address: GPO Box 7045, Sydney NSW 1115
Website: www.computershare.com.au

Shareholder Serviceline:

Telephone: (03) 9615 5970 or 1800 804 255 (toll free in Australia)

Facsimile: (02) 8234 5050

Email: sydney.services@computershare.com.au

New Zealand

Computershare Investor Services Pty Ltd
Level 2, 159 Hurstmere Road, Takapuna North Shore City
New Zealand

Postal address: Private Bag 92119, Auckland 1020, New Zealand

Shareholder Enquiries: (09) 488 8777, Facsimile: (09) 488 8787

Telephone: (09) 488 8700

Email: enquiry@computershare.co.nz

Depository in USA for American Depository Shares (ADS)*

listed on New York Stock Exchange (code WBK – CUSIP 961214301)

JPMorgan Chase Bank

One Chase Manhattan Plaza, 40th Floor, New York NY 10081 USA

Telephone: (212) 552 4880, Facsimile: (212) 552 4938

Shareholder Enquiries: (781) 575 4328

Website: www.adr.com

* Each ADS equals five fully paid ordinary shares

Paying and share handling agent in Japan for shares listed on Tokyo Stock Exchange

The Mitsubishi Trust and Banking Corporation
1-7-7 Nishi-Ikebukuro, Toshima-ku, Tokyo 171-8508, Japan
Telephone: (3) 5391 7029, Facsimile: (3) 5391 7031
Website: www.mitsubishi-trust.co.jp

Our contact numbers

Australia

Account enquiries and general information

– personal customers

– business customers

Home loan enquiries

Cardholder enquiries and lost and stolen cards

ATM enquiries and service difficulties

Financial Services

Westpac Broking

Westpac

132 032

132 142

131 900

1300 651 089

1800 022 022

131 817

131 331

Bank of Melbourne

132 575

131 919

131 575

1300 651 089

1800 022 022

131 817

131 331

Challenge Bank

131 862

132 885

131 900

1800 061 547

1800 022 022

131 817

131 331

New Zealand

Account enquiries and general information

– personal customers

– private and priority

– business customers

– agricultural customers

– self service

0800 400 600

0800 900 910

0800 177 377

0800 177 155

0800 172 172

Home loan enquiries

Cardholder enquiries and lost and stolen cards

ATM enquiries and service difficulties

Financial Services

0800 177 277

0800 888 111

0800 807 805

0800 738 641

Where to find us

Australia

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Bank of Melbourne

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Facsimile: (03) 9608 3304

Challenge Bank

109 St George's Terrace
Perth WA 6000
Telephone: (08) 9426 2211
Facsimile: (08) 9426 2880

International payments

Telephone: 1800 063 509
Facsimile: (02) 9806 4152

Asia

Hong Kong

Room 3303-05
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 2842 9888
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People's Republic of China

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22 Jianguomenwai Da Jie
Beijing
People's Republic of China
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Republic of Singapore

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77 Robinson Road
Singapore 068896
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Toranomon Waiko Building ii
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Facsimile: (813) 3438 3064

Republic of Indonesia

16th Floor
Wisma Standard Chartered Bank
Jl. Jend Sudirman Kav 33-A
Jakarta 10220, Indonesia
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Facsimile: (62 21) 574 3720

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Unit E, 8th Floor,
Kamol Sukosol Building
317 Silom Road
Bangkok 10500, Thailand
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Facsimile: (66 2) 234 2996

Pacific Banking

Cook Islands

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Rarotonga, Cook Islands
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Fiji

Chief Manager's Office
2nd Floor, Westpac House
73 Gordon Street, Suva, Fiji
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Facsimile: (679) 30 0718

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Main Street
Alofi, Niue Island
Telephone: (683) 4221
Facsimile: (683) 4043

Papua New Guinea

Westpac Bank-PNG-Limited
Level 9, Deloitte Tower
Douglas Street
Port Moresby, Papua New Guinea
Telephone: (675) 322 0800
Facsimile: (675) 321 3367

Samoa

Westpac Bank Samoa Limited
Beach Road
Apia, Samoa
Telephone: (685) 20000
Facsimile: (685) 22848

Solomon Islands

National Provident Fund Building
721 Mendana Avenue
Honiara, Solomon Islands
Telephone: (677) 21222
Facsimile: (677) 23419

Tonga

Westpac Bank of Tonga
Railway Road
Nuku'alofa, Tonga
Telephone: (676) 23933
Facsimile: (676) 23634

Vanuatu

Kumul Highway
Port Vila, Vanuatu
Telephone: (678) 22084
Facsimile: (678) 24773

Europe

United Kingdom

63 St Mary Axe
London EC3A 8LE
England
Telephone: (44 207) 621 7000
Facsimile: (44 207) 623 9428

New Zealand

188 Quay Street
Auckland, New Zealand
Telephone: (64 9) 367 3727
Facsimile: (64 9) 367 3729

United States of America

575 Fifth Avenue, 39th Floor,
New York, NY 10017-2422, USA
Telephone: (1 212) 551 1800
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