Westpac Banking Corporation

ARBN 007 457 141

18 November 1993

WESTPAC REPORTS PROFIT FOR 1993 YEAR

Westpac Banking Corporation today reported an operating profit after tax and abnormals of $39 million for the financial year ended 30 September 1993. This compares to a loss of $1,562 million for 1992.

Full year operating profit before abnormals was $397 million, against a loss of $1,077 million in 1992, while second half operating profit before abnormals was $346 million.

Underlying performance (operating income less non-interest expenses) was $1,543 million, 15% over 1992. Second half underlying performance was $814 million, 12% over the first half and 24% over the second half 1992.

These clearly positive trends reflect continuing focus on core markets in Australia and New Zealand, as well as improving efficiency and asset quality.

As a result of these trends, the Board proposes to declare a dividend of six cents per ordinary share unfranked, payable out of second half profits. This, together with the 6 cents interim fully franked dividend, makes 12 cents for the year (1992: 18 cents).

1993 HIGHLIGHTS

EARNINGS

- Net interest spreads and margins increased as a result of efforts to provide higher value added products to customers as well as a reduction in problem assets.
- Efficiency ratio (operating expenses as a percentage of revenues) improved to 63.8% for the second half of 1993 from 68.9% for the same period in 1992, reflecting both success in reducing operating expenses as well as the improvement in spreads.
- These operating successes allowed the Bank to record a strong return to profit after having absorbed the additional $492 million provision for doubtful debts in the second half.

ASSETS AND CAPITAL

- Assets were reduced to $105 billion from $111 billion reflecting continued efforts to narrow the strategic focus and to reduce problem assets. Risk adjusted assets fell $12.1 billion from $94.9 billion to $82.8 billion in line with the strategy to reduce non-core assets.
- Westpac's capital ratio increased to 12.3%, up from 9.7% at 30 September 1992, as a result of improved earnings, asset reductions and the successful issuance of $600 million converting preference shares issued in July.

ASSET QUALITY

- Asset quality continued to improve in the second half with the ratio of net problem assets to shareholders' funds, falling to 65.4% compared to 92.2% at 30 September 1992 and 115.4% at 31 March 1992.
- These improved ratios reflect (in part) a reduction of $1.4 billion in gross problem loans, including sale of $1.1 billion of property during 1993.
- The coverage of total problem assets (including net other real estate owned (OREO)) by total provisions (specific plus general) has been maintained and at 40.4%, is up slightly from 39.9% at 30 September 1992.

BAD AND DOUBTFUL DEBT PROVISIONS

The net charge for bad and doubtful debts for the year, $1,292 million (1992: $2,802 million), consisted of a net charge of $558 million (1992: $579 million) for non-property related loans and additional provisions of $734 million (1992: $2,223 million) due to revaluations of problem property assets. This comprised $525 million for a decline in property values to 31 March 1993, and $209 million arising from a further independent valuation of problem property assets at 30 September 1993, on the same basis as at 31 March 1993 i.e. a willing buyer, willing seller, and a two-year marketing period.

Proceeds from sale of properties related to problem loans and assets in Australia realised $700 million (gross book value $1.1 billion), exceeding aggregate net book values by 2.0% and providing confirmation of the appropriateness of the basis of valuation in earlier periods.

Approximately 65% of the gross new specific provisions of $1,512 million, related to adjustments of existing provisions for problem assets identified in prior years.

ASSET QUALITY

Gross problem loans reduced $1,429 million to $5,861 million (1992: $7,290 million). Specific provisions for problem loans at $1,983 million (1992: $1,870 million) are equal to 33.8% of gross problem loans (1992: 25.6%).

The improvement in asset quality over the year was evidenced by a slowing in the rate of emergence of high value (over $10 million) new problem loans which, at $578 million, were 66.6% below 1992. Only 35.0% of specific provisions in the year related to new problem loans.

The OREO portfolio of problem assets is now reported net at market value, $783 million (1992: $737 million on a comparable basis) in line with accounting practice of international banks having significant OREO portfolios. The provisions for loss of value have been written off against the gross asset values at 30 September 1993.

Net problem assets at $4,661 million were down $1,496 million from 30 September 1992, having reduced $757 million in the first half of 1993 and $739 million in the second half.

Specific plus general provisions at 30 September 1993 amounted to 40.4% of gross problem assets, up from 39.9% at 30 September 1992.

ABNORMALS

Abnormal items, amounting to a net charge of $358 million after tax, included:

- $163 million reduction in net future tax benefits due to the change in corporate tax rate from 39% to 33% effective for the 1993-1994 tax year

- $226 million charge for restructure expenses related to measures to improve future profitability

- $31 million credit due to a successful tax assessment appeal by AGC (Investments).

AUSTRALIAN GUARANTEE CORPORATION LIMITED

After two years of losses, the Bank's wholly-owned subsidiary, Australian Guarantee Corporation Limited, recorded an operating profit after tax and abnormals of $86 million. AGC now has a focussed strategy which builds on its strong market positions in motor dealer, consumer and commercial finance.

ASSETS

Total group assets were $104.7 billion at 30 September 1993, a reduction of 5.6% from 30 September 1992. Loans in Australia increased $455 million over this same period, while offshore assets decreased by 19.5% to $33.6 billion.

The reduction in balance sheet assets and the $12.1 billion reduction in total risk adjusted assets since 30 September 1992 is in line with previously announced strategies of reducing low yielding assets, particularly offshore, and disposing of non-strategic assets. The Bank's shareholding in Ord Minnett was sold effective 30 June 1993 at net book value.

BANK PREMISES

The value of premises owned and occupied by the Bank were re-assessed by Directors supported, in the case of major Australian properties, by independent valuers' advice. The value of premises was reduced by 9.6% principally to record a reduction in value of branches closed or scheduled for closure. As a result, the Premises Revaluation Reserve was reduced by $169 million to $545 million.

CONVERTING PREFERENCE SHARES

The issue of $600 million converting preference shares (80 million shares) was allotted as follows:

- $300 million (40 million shares) to institutions on 27 July 1993
- $300 million (40 million shares) to private investors, mainly Westpac shareholders in Australia and New Zealand on 6 September 1993.

The Board proposes to declare the following fully franked dividends payable on 31 December 1993:

- for the institutional issue - 20.9692 cents per share
- for the private issue - 15.4932 cents per share.

REVIEW OF OPERATIONS

Mr Joss said: `Important progress has been made toward restoring customer, staff and shareholder confidence in the Bank. The major actions taken over the past year include:

- a restructure of the Bank's state and regional office administration in Australia to meet customers' needs with improved efficiency
- the appointment of 16 zone managers specialising in either consumer or commercial business and appointment of new regional managers in 27 out of 42 regions
- restructure of the Bank's head office administration and central operations activities to improve efficiency and reduce staffing by 378 from 743 to 365
- a strategic redirection of the Bank's institutional banking activities, building on Westpac's strong position in global financial markets products and Australian and New Zealand corporate borrowers, resulting in a reduction of 900 staff positions, and $12.1 billion in risk adjusted assets
- concentration of efforts on selecting and promoting properties for sale resulting in the disposal of in Australia a total of 259 properties having a gross book value of $1,002 million; a total of 288 properties sold worldwide, with a gross book value of $1,096 million, realised $700 million net which provided a surplus to provisions of $14 million
- a focus of professional effort to manage the OREO portfolio and bring individual properties to a profitable level of operations that will facilitate recovery of the Bank's net exposure.

A highlight of the overall improvement in the Bank's performance in Australia was an increase in market share for new lending for residential housing. New loan approvals rose to $6.8 billion compared to $4.1 billion last year, with the total portfolio outstanding at 30 September 1993 up 22.0% from a year ago'.

Mr Joss said: `The fierce competitive pressures in Australia in recent months have resulted in pressure on net interest margins. This has been offset by initiatives to increase revenue, with the result that net interest spread on productive assets in Australia was higher in the second half than in the first six months of 1993. The price competition reinforces the importance of efforts to reduce costs and exposure in low yielding assets. The reduction in staff numbers from 39,253 at 30 September 1992 to 33,724 at 30 September 1993 has contributed to overall profitability.

We recognise that the key to success is to provide first class service to customers, offering better value through market focus and capitalising on the operational efficiencies being achieved.'

OUTLOOK

The Group's results in 1994 will be affected by the completion of projects in process or implemented in 1993 to improve underlying performance, the effect of further reductions in low-performing corporate assets, mainly offshore, and the diminishing impact of funding non-performing assets as cash from recoveries and sales proceeds is available for use in the Bank's operations.

While the key performance indicator, underlying performance, strengthened in the second half of 1993, competition in Australia is expected to be intense and to put pressure on net interest margins.

The trend in charges for bad and doubtful debts will depend on whether there is a sustained improvement in economic conditions affecting the Bank's commercial and consumer customers. Conditions in commercial property markets will be particularly important.

Restructuring expenses will continue to be incurred as further initiatives are approved for implementation to improve operating efficiency. The initiatives already approved should provide continued gains in expense performance in 1994.

Risk adjusted assets will reduce with achievement of the strategy to reduce offshore institutional portfolios and exit non-core businesses. Conclusion of negotiations to dispose of the Group's operations in Asia will involve $3 billion in risk adjusted assets and 700 staff.

As previously announced, it is expected that future ordinary dividends will be unfranked for several years until tax losses are absorbed and tax is payable in Australia.

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GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 1993

(All amounts in A$ million unless otherwise indicated)
(Based on audited results)
(Comparisons are to full year 1992 unless stated otherwise)

SUMMARY OF PERFORMANCE

Operating profit and loss	Six months to 30 Sept 1993	Six months to 31 March 1993	Twelve months to 30 Sept 1993	Twelve months to 30 Sept 1992
Group operating profit/(loss) after tax, before abnormal items	346.0	51.3	397.3	(1,076.8)
Underlying performance (total operating income less non-interest expense)	814.4	729.1	1,543.5	1,343.4
Group net interest margin	3.1%	3.0%	3.0%	2.9%
Total operating income (excluding OREO*)	2,211.6	2,167.2	4,378.8	4,325.5
Operating expenses (excluding OREO*)	1,410.3	1,420.1	2,830.4	2,971.2
Efficiency (expense to income) ratio (excluding OREO*)	63.8%	65.5%	64.6%	68.7%
Charge for bad and doubtful debts	491.8	799.7	1,291.5	2,802.2

** Other Real Estate Owned assets*

Assets and capital	As at 30 Sept 1993	As at 31 March 1993	As at 30 Sept 1992
Capital adequacy ratio	12.3%	10.0%	9.7%
Group assets (billions)	$104.7	$107.4	$110.9
Risk adjusted assets (billions)	$82.8	$90.4	$94.9
Net tangible asset backing per ordinary share:			
- including net future income tax benefit	$3.51	$3.39	$3.56
- excluding net future income tax benefit	$3.16	$2.99	$3.11
Problem loans	5,860.7	6,792.0	7,289.5
Total problem assets (OREO and loans)	6,643.9	8,566.7	9,083.9
Specific provisions for problem loans	1,982.6	2,174.4	1,869.6
Provisioning cover:			
- specific provisions/problem loans	33.8%	32.0%	25.6%
- specific and general provisions/problem assets	40.4%	45.1%	39.9%
General Provision ratio (after tax) to risk adjusted assets	0.57%	0.52%	0.45%

AUDITED GROUP RESULTS

	Six months to 30 Sept 1993	Six months to 31 March 1993	Twelve months to 30 Sept 1993	Twelve months to 30 Sept 1992	Full year Inc/(Dec) %
Interest income	3,277.8	3,578.7	6,856.5	8,259.0	(17.0)
Interest expense	(1,950.4)	(2,278.0)	(4,228.4)	(5,666.7)	(25.4)
Net interest income	1,327.4	1,300.7	2,628.1	2,592.3	1.4
Non-interest income	929.8	910.8	1,840.6	1,756.3	4.8
Total operating income (excluding Network Ten)	2,257.2	2,211.5	4,468.7	4,348.6	2.8
Non-interest expenses (excluding Network Ten and superannuation prepayment)	(1,442.8)	(1,482.4)	(2,925.2)	(3,005.2)	(2.7)
Underlying performance	814.4	729.1	1,543.5	1,343.4	14.9
Superannuation prepayment increase/(decrease)	184.9	111.2	296.1	(178.8)	
Network Ten income and expenses - net	-	-	-	15.2	
Bad and doubtful debts	(491.8)	(799.7)	(1,291.5)	(2,802.2)	
Operating profit/(loss) before tax and abnormals	**507.5**	**40.6**	**548.1**	**(1,622.4)**	
Tax credit/(expense)	(158.9)	12.6	(146.3)	547.8	
Outside equity interests	(2.6)	(1.9)	(4.5)	(2.2)	
Operating profit/(loss) after income tax before abnormals	**346.0**	**51.3**	**397.3**	**(1,076.8)**	
Abnormal items after tax	(102.2)	(255.9)	(358.1)	(485.6)	
Operating profit/(loss), after income tax, attributable to shareholders	**243.8**	**(204.6)**	**39.2**	**(1,562.4)**	

ABNORMAL ITEMS

	Six months to		Full Year to		Full year to	
	30-9-1993	31-3-1993	30-9-1993		30-9-1992	
	After Tax	After Tax	Gross	Tax	Gross	Tax
AGC tax settlement	0.2	31.0	14.9	16.3	-	-
Restructuring provisions and costs	(89.2)	(136.9)	(340.8)	114.7	(100.0)	26.4
Change in the Australian company tax rate	(13.2)	(150.0)	-	(163.2)	-	-
Write down of listed investments	-	-	-	-	(251.3)	-
US tax	-	-	-	-	-	(106.0)
FITB on foreign tax losses	-	-	-	-	-	(54.7)
	(102.2)	(255.9)	(325.9)	(32.2)	(351.3)	(134.3)

Net abnormal items after tax:	
- twelve months to 30 September 1993	(358.1)
- twelve months to 30 September 1992	(485.6)

- Following resolution of a High Court tax appeal in favour of AGC (Investments) on 27 April 1993, the unanimous verdict of the Federal Court in November 1992 was upheld and return of the tax payment of $22.1, made in 1988, plus interest was brought to account for a total credit after tax of $31.2.
- The extensive restructure program being undertaken by the Bank has resulted in redundancy payments of $256.0 to staff and other expenses related to downsizing of operations in Australia and offshore. An additional amount of $84.8 was provided for future expenses arising as a direct consequence of decisions made prior to 30 September 1993. Total provisions for restructuring expenses at year end amounted to $178.5.

  The full benefit of reduced operating expenses related to these abnormal restructure expenses will be realised in 1994.
- The reduction in the corporate tax rate from 39% to 33%, with effect from 1 October 1993, results in a net decrease of $163.2 on future tax benefits and deferred tax liabilities.

EVENTS SINCE BALANCE DATE

Como

A commercial agreement was concluded in September for the sale of the Como project comprising hotel, office and retail space. Sale was subject to FIRB approval which has now been received and the sale has been completed. Proceeds are equal to the written down carrying value in the accounts at 30 September 1993.

Mase Westpac

A commercial agreement was concluded in August 1993 for sale of the Bank's investment in Mase Westpac, subject to approval of the regulatory authorities in UK and USA. Approval of the UK authorities has been received. USA authorities are expected to review the transaction in late November 1993. Profit on sale of approximately $30 is anticipated.

Consex/Ord Minnett

On 15 November 1993, the litigation brought by Consex against Ord Minnett Ltd was settled out of court. The expected cost to the Bank is within the provision established at 30 September 1993.

GROUP CONSOLIDATED RESULTS

Key elements of the Bank's financial performance are set out below.

Underlying performance

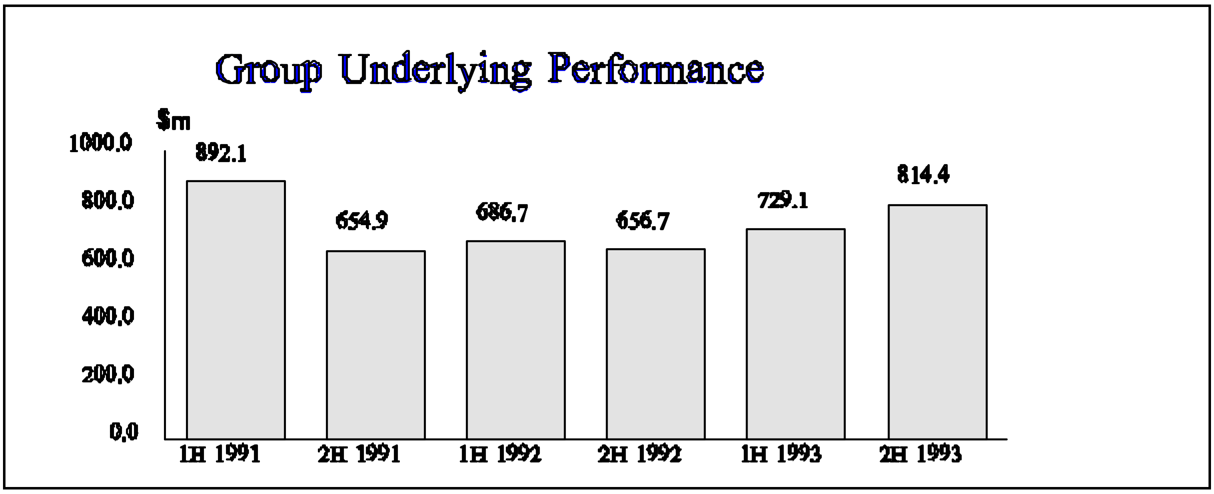
Underlying performance (the net of total operating income less non-interest expenses) increased to $814.4 in the second half, up $85.3, 11.7% over the first half of 1993. It was $1,543.5 for the year (1992: $1,343.4) an increase of 14.9% in spite of competitive conditions in the depressed Australian economy. The improvement is due to the success of initiatives directed at lowering the cost structure and increasing total operating income during a period when there was competitive pressure on lending rates.

The Group's net interest margin increased from 2.8% in the second half of 1992 to 3.1% in the second half of 1993. The absolute level of net interest income for the year increased by $35.8 (1.4%) to $2,628.1 (1992: $2,592.3). The cost of funding non-performing loans declined due to sales of assets and the beneficial effect of the lower interest rate structure in Australia.

Non-interest income for the year increased 4.8%, although transaction volumes and trading generally were adversely affected by the continued low level of economic activity. Total non-interest income of $1,840.6 included income of $89.9 (1992: $23.1) on OREO which are now consolidated, as full ownership of entities that operate the major property projects was progressively acquired in 1992.

Non-interest expenses at $2,830.4 (excluding OREO) were 4.7% below 1992, reflecting the benefit of cost savings and restructuring implemented during the year.

In addition, property management expenses of $94.8 were incurred on OREO (1992: $34.0) as the level of activity increased.



Superannuation funds

The combined surplus in the two main staff pension funds increased by $296.1 over September 1992 to $802.3 following an assessment by the independent actuaries applying the principles set out in accounting exposure draft ED 53. The resulting $296.1 credit to profit compares with a charge of $178.8 in 1992. The Bank's prepayment of contributions to the defined benefit plans is now $802.3. No contributions will be made while a surplus remains.

REVIEW OF OPERATIONS BY BUSINESS

CONTRIBUTION OF ENTITIES TO OPERATING PROFIT/(LOSS) BEFORE ABNORMALS

	Six months to		Twelve months to	
	30 Sept 1993	**31 March 1993**	**30 Sept 1993**	**30 Sept 1992**
Australian Banking*	264.9	61.5	326.4	(67.4)
New Zealand/Asia Pacific	69.3	78.7	148.0	103.4
Americas	1.2	47.1	48.3	(21.3)
Europe (including Westpac General Finance)	2.7	12.3	15.0	(285.8)
Asia (Hong Kong, Singapore, Tokyo)	(11.2)	10.7	(0.5)	49.0
Financial Services Group	16.6	23.0	39.6	57.1
Australian Guarantee Corporation	52.9	34.6	87.5	(726.0)
Asset Management*	(25.6)	(225.7)	(251.3)	(226.2)
Other businesses	(24.8)	9.1	(15.7)	25.2
Network Ten	-	-	-	15.2
Operating profit/(loss) after income tax and before abnormal items	**346.0**	**51.3**	**397.3**	**(1,076.8)**

** Asset Management now includes certain entities previously reported under AGC, Property Development Trusts and PPL/BAC. Intragroup funding costs previously charged to those subsidiaries and shown as income to Australian Banking have been eliminated and the comparative figures for 1992 have been re-stated.*

MANAGEMENT PERFORMANCE

Contribution to the Group's performance, (measured on a management basis in accordance with the organisational structure, which is distinct from the legal entities mentioned above), is shown below for 1993.

The major change is that the Asset Management Group includes the financial result of problem assets that are managed on behalf of the other business entities. These net losses are charged to those entities in the financial accounts. Results for 1992 are not comparable due to changes in organisational structure.

	Underlying Performance	**Bad debts**	**Net Profit Before Tax**	**Net Profit After Tax**	**Abnormal (Expense)/ Credit After Tax**
Retail Banking - Australia	896	(193)	703	411	(124)
Institutional Banking	410	(191)	219	194	(75)
Regional Offshore Banking	234	(19)	215	140	(13)
Australian Guarantee Corporation	204	(31)	173	107	21
Asset Management	(219)	(858)	(1,077)	(638)	(1)
Other	18	-	18	2	(166)
Superfund Surpluses	-	-	296	181	
Total	1,543	(1,292)	547	397	(358)

(References to net profit are after tax and before abnormal items unless stated otherwise)

The financial data and explanations of operating performance by business entity contained on the following pages have been derived from financial results that have been audited.

Australian Banking

Australian Banking embraces Retail Banking Group, the Australian operations of Institutional Banking Group, the Corporate Centre and the banking assets managed by the Asset Management Group.

In a period of continuing, slow economic recovery and in a highly competitive operating environment, Westpac's Australian Banking operations achieved a 2.7% increase in operating income and, with a strong focus on cost control, reduced expenses by 4.0%. Net profit increased to $326.4 from a loss of $67.4 in 1992. A major contributor to this turnaround was the change in surplus of the Bank's superannuation fund.

Staffing levels in Australian Banking were 23,323 at 30 September 1993, a reduction of 13.7% in the year.

Retail Banking Group – Australia

Retail Banking Group (RBG), is a principal contributor to the bank-wide recovery program. A wide-ranging revitalisation program achieved annualised revenue enhancements and cost reductions of $342.0, substantially above initial targets. The number of staff in Retail Banking was reduced by 3,300, or 12.8%, over the year to September 1993.

The new organisation structure announced on 15 March 1993 has improved business focus and reduced costs. It involved replacing the state divisions with nine consumer zones and seven commercial zones and the centralisation of management of most support services. This restructure combined with commensurate reductions in Retail Banking head office and central operation areas, resulted in the elimination of around 2,000 jobs by September 1993 and cost reductions of $150 for a full year.

In September 1993, a new Product Management Group was established, thereby separating Retail Banking Group's sales and marketing operations into distinct management streams. The Product Management Group will be responsible for profitably managing the retail bank's products while Consumer and Commercial Banking will be responsible for sales and delivering quality service to customers.

This change will further enhance the Retail Banking Group's marketing focus and efforts to lift the Bank's standing in the marketplace. Home loan approvals increased by 68.0% to $3.9 billion in the half year ended 30 September 1993 over the corresponding period in 1992 and by 66.0% in the year ended 30 September 1993. Home loans outstanding at 30 September 1993 were $14.4 billion compared with $11.8 billion at 30 September 1992.

Demand for business lending has not been strong, although lending levels have been maintained in most lending categories and overall growth of $0.5 billion has been achieved since 30 September 1992.

Overall, income was up 2% underpinned by growth in housing loans and solid non-interest income. Operating expenses have been reduced by 4%, principally as a result of a reduction in staffing. As a result, underlying performance increased by 15% and the expense to income ratio improved to 64% from 68% in the prior year.

(References to net profit are after tax and before abnormal items unless stated otherwise)

Financial Services Group

Net profit of $39.6 was down 30.6% on 1992 which had the benefit of a tax loss grouping. Pre tax operating profit was 7.6% below 1992 reflecting a difficult business environment. Funds under management increased by 4.4% to $11.8 billion. Funds under custody increased from $21.4 billion at 30 September 1992 to $36.6 billion at 30 September 1993.

Institutional Banking Group

A strategic redirection of the Bank's Institutional Banking activities was implemented in 1993. The new strategy focuses the role of the offshore operations to supporting the Bank's corporate banking franchise in Australia and New Zealand, serving local companies with Australasian operations and complementing Westpac's global financial markets business.

The new organisation structure, with its greater focus on global management, will be followed by implementation of new global cost/technology initiatives.

Australia

The core business activities within the Institutional Banking Group in Australia maintained strong income levels. Corporate business remained subdued in a generally flat global economic environment. Ord Minnett was sold with effect from 30 June 1993.

Offshore

In accordance with the new strategic direction, offshore corporate risk assets were reduced, falling to $8.8 billion at 30 September 1993, from $19.7 billion at 30 September 1992.

Americas

Americas Division recorded a net profit of $48.3 (1992: $21.3 loss), assisted by a lower charge for bad and doubtful debts and higher income. Abnormal expenses of $60.2 were incurred for restructuring the operations.

Risk adjusted assets reduced from $14.4 billion (US$10.3 billion) at 30 September 1992 to $6.0 billion (US$3.9 billion) at 30 September 1993. Nearly one-third of this rundown arose from the sale of risk assets at book value to the Toronto-Dominion Bank as announced in April 1993. The remaining reduction was due to selective sales and scheduled reduction of non-strategic assets.

Offices in Houston, Columbus, San Francisco, Los Angeles and Chicago have been closed. Staffing has been reduced by 166 to 251.

Implementation of the new strategy, with diminished asset size, will reduce profit contribution but result in an improved return on capital employed.

Europe

The improved contribution from Europe, a net profit of $15.0 (1992: $285.8 loss), reflects significantly reduced bad debts; the results of the revised strategy implemented in mid 1992 and a strong performance in financial markets activities during a period of market volatility.

Abnormal expenses of $11.6 were incurred.

Risk adjusted assets have been reduced by $2.2 billion, (32.1%), since 30 September 1992.

(References to net profit are after tax and before abnormal items unless stated otherwise)

Asia (Hong Kong, Singapore and Tokyo)

Asia operations were adversely affected by pressure on income, higher operating expenses and an isolated bad debt. The result for the year was a net loss of $0.5. Some consolidation of activities has occurred between Singapore and Hong Kong. Planned disposal of non-strategic risk assets has occurred.

In March 1993, a strategy was announced to focus the Group's Asian operations on financial markets operations in Tokyo, Hong Kong and Singapore and provision of banking services to Australia and New Zealand based customers operating in Asia, and Asian businesses operating in Australia and New Zealand.

New Zealand/Asia Pacific Group

The Group recorded a net profit of $148.0, 43.1% higher than in 1992.

The expense to income ratio has improved from 67.3% to 63.6%.

New Zealand

Net profit increased 19.3% to $101.3 as a result of continued tight management of expenses, operating improvements and higher levels of lending and fee income as the New Zealand economy recovered.

Current strategy is based on a fundamental refocussing on customer servicing, product marketing and selling with improvements in process efficiency and reductions in the cost of delivery of products and services. This strategy is expected to provide significant ongoing benefit to the New Zealand operation.

Assets increased over the year by 31.0% to $10.4 billion.

Expense to income ratio has improved to 64.3% from 65.6%.

Pacific Islands

The Pacific Islands operations achieved a net profit of $14.4 for the year, (1992: $0.4), reflecting the benefits of close management and performance enhancement initiatives, particularly in the French Territories.

Papua New Guinea

Net profit recovered to $9.1 from $3.6 in 1992 which was adversely affected by bad debts.

Asia (Indonesia, South Korea and Taiwan)

Net profit increased to $23.2 from $14.5 in 1992 due mainly to increases in non-interest income.

The Bank has signed an agreement for the sale of its 85% interest in PT Westpac Panin Bank. The South Korean operations are being wound down and negotiations have commenced for the sale of the Taiwan operations.

Australian Guarantee Corporation Group (AGC)

AGC recorded a strong turnaround in profitability with a net profit of $87.5 before net abnormal expenses of $1.0 comprising $10.2 for restructure, $22.0 for the writing down of future income tax benefits due to the reduction in corporate tax rate from 39% to 33% and a credit of $31.2 arising from a successful challenge to a tax assessment for AGC (Investments) in 1987.

(References to net profit are after tax and before abnormal items unless stated otherwise)

This result includes income of $39.4 and expenses of $39.1 for OREO now managed by the Asset Management Group.

New lending grew significantly as AGC concentrated on its traditional core businesses. Bad debts declined reflecting the changed business mix, strengthened lending policies and improved collection performance. Expenses were down 13.5%. Re-engineering of processes, which is achieving improved customer service at lower cost, is the driving force behind a lower cost structure.

Profitability was enhanced by sale to the Bank of A.G.C. (Advances) Limited from 1 October 1992. The sale at net tangible asset value relieved AGC of the cost of that company's problem asset portfolio.

At September 1993, the gearing ratio of total liabilities to shareholders equity (after deducting intangibles) for the AGC Group was 5.5:1.

As part of the restructuring of the Bank's Asian operations announced on 9 March 1993, AGC subsidiaries in Thailand, Hong Kong, Taiwan and a joint venture in Indonesia will be sold, as will minority interests in finance companies in Malaysia and Singapore.

Asset Management Group (AMG)

The Property Finance Group was reorganised on 7 December 1992 into an Asset Management Group which was strengthened by the recruitment of specialist property and asset managers from four major Australian real estate groups.

The Group, which manages the Bank's problem assets as the `internal bad bank', recorded a net loss of $251.3 for the year (1992: $226.2) for the legal entities under its control.

Australian property sales have resulted in $1,002 of impaired assets being removed from the Group's balance sheet.

The valuation of problem properties at 30 September 1993 resulted in an increase in provisions of $200, plus $9 offshore, in addition to the $525 recorded in the six months to 31 March 1993.

Major development projects recorded rental and other income of $50.5 in the year. Operating expenses were $55.7.

NET INTEREST INCOME, SPREAD AND MARGIN

	Six months to		Twelve months to	
	30 Sept 1993	31 March 1993	30 Sept 1993	30 Sept 1992
Net interest income (excluding Network Ten)	**1,327.4**	**1,300.7**	**2,628.1**	**2,592.3**
Network Ten net interest expense	-	-	-	12.7
Spread and margin analysis:	**%**	**%**	**%**	**%**
Group				
Interest spread on productive assets	2.9	2.9	2.9	2.8
Interest forgone	(0.5)	(0.6)	(0.6)	(0.7)
Interest spread	2.4	2.3	2.3	2.1
Benefit of net free liabilities and equity	0.7	0.7	0.7	0.8
Interest margin	3.1	3.0	3.0	2.9
Australia				
Interest spread on productive assets	3.6	3.5	3.6	3.5
Interest forgone	(0.8)	(0.9)	(0.9)	(1.1)
Interest spread	2.8	2.6	2.7	2.4
Benefit of net free liabilities and equity	0.9	1.0	1.0	1.2
Interest margin	3.7	3.6	3.7	3.6
Overseas				
Interest spread on productive assets	1.9	2.0	1.9	1.7
Interest forgone	(0.2)	(0.2)	(0.2)	(0.3)
Interest spread	1.7	1.8	1.7	1.4
Benefit of net free liabilities and equity	0.4	0.2	0.3	0.4
Interest margin	2.1	2.0	2.0	1.8

Interest spread on productive assets in Australia increased to 3.6% (1992: 3.5%) despite competitive pressures, especially in the second half of 1993.

The margin in Australia was also higher than in 1992 because the decline in benefit of free liabilities, due to the lower interest rate structure, was offset by the reduction in interest forgone on a lower level of non-performing loans.

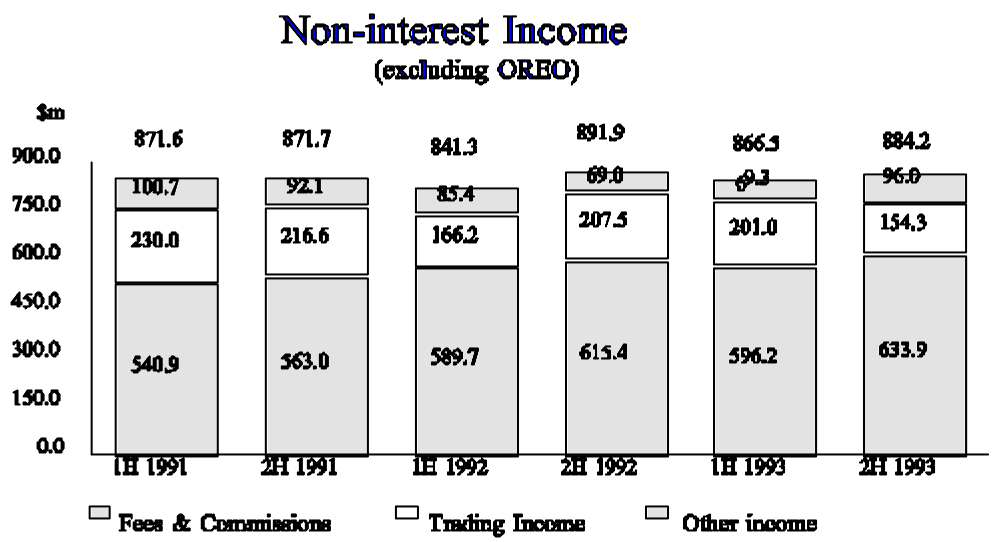
Spread on productive assets offshore increased as a result of the emphasis on improving the return on low yielding assets. This improvement carried into margin which was 2.0% (1992: 1.8%).

NON-INTEREST INCOME

	Six months to 30 Sept 1993	Six months to 31 March 1993	Twelve months to 30 Sept 1993	Twelve months to 30 Sept 1992
Fees and commissions				
Risk fees: Lending	100.4	110.3	210.7	199.5
Risk fees: Other	168.7	167.8	336.5	343.4
Non-risk fees: Brokerage	19.1	33.6	52.7	65.6
Non-risk fees: Other	345.7	284.5	630.2	596.6
	633.9	596.2	1,230.1	1,205.1
Foreign exchange trading income	91.2	114.4	205.6	224.1
Other trading income	63.1	86.6	149.7	149.6
Other income				
Dividends received	4.6	9.8	14.4	21.2
Insurance commissions and premiums, less claims	13.4	12.4	25.8	25.2
Lease rentals	17.8	20.6	38.4	43.9
Other	60.2	26.5	86.7	64.1
	96.0	69.3	165.3	154.4
Non-interest income (excluding OREO)	884.2	866.5	1,750.7	1,733.2
Income from OREO	45.6	44.3	89.9	23.1
Total	929.8	910.8	1,840.6	1,756.3
Network Ten income not included above	-	-	-	260.0

Non-interest income from banking and finance operations, $1,750.7, increased by 1.0%.

The increased income from other real estate assets (OREO) reflects the growth in business activity since 100% ownership was progressively acquired in 1992.



NON-INTEREST EXPENSES

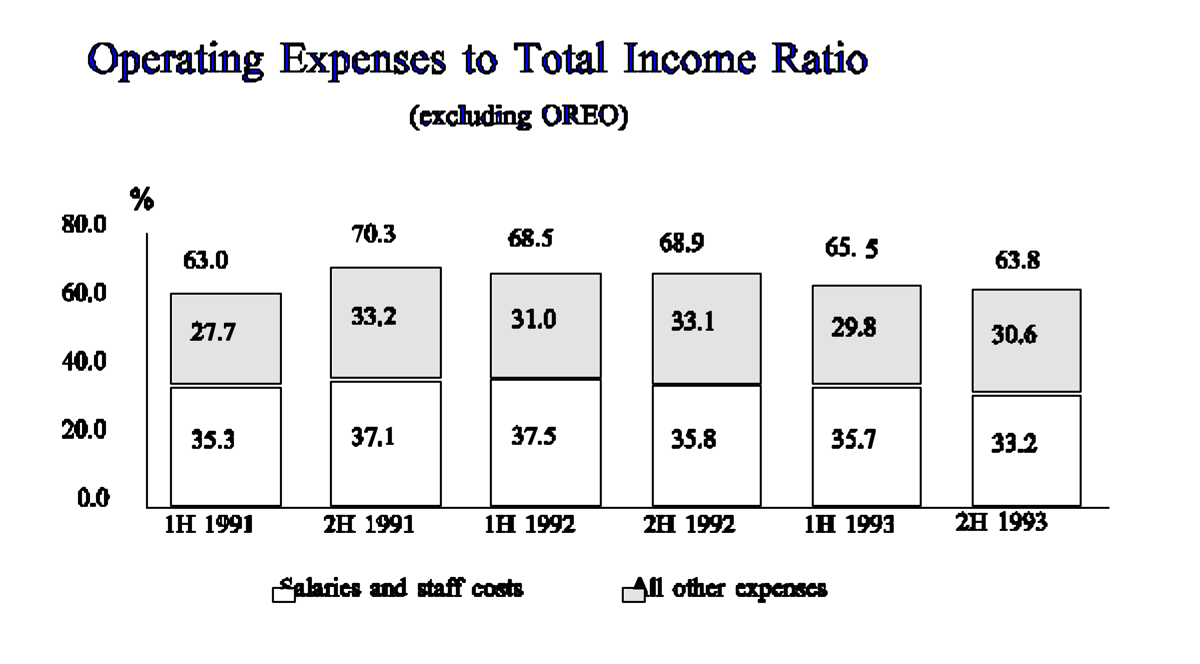
	Six months to 30 Sept 1993	Six months to 31 March 1993	Twelve months to 30 Sept 1993	Twelve months to 30 Sept 1992
Salaries and other staff expenses	733.1	774.3	1,507.4	1,587.0
Equipment and occupancy expenses	271.7	287.8	559.5	603.2
Other expenses	405.5	358.0	763.5	781.0
Total operating expenses	1,410.3	1,420.1	2,830.4	2,971.2
OREO expenses	32.5	62.3	94.8	34.0
Total non-interest expenses	1,442.8	1,482.4	2,925.2	3,005.2
Other expenses/(credit) not included above:				
Superannuation prepayment adjustment	(184.9)	(111.2)	(296.1)	178.8
Network Ten expenses	-	-	-	232.1
Operating expense/total income (excluding OREO)	63.8%	65.5%	64.6%	68.7%

Salaries and staff expenses declined 5.0% due to reduced staffing levels, down 5,529 or 14.1% from 30 September 1992.

Total operating expenses, excluding OREO, fell by 4.7%, reflecting benefits of the staff reductions and generally tight controls on expenses.

OREO expenses reflect a full year's expense and increased operating and occupancy levels due to growth in business activity. The first half $62.3 was affected by one-off adjustments.

The ratio of expense to income (excluding OREO) continued to improve through 1993 and reached 63.8% for the second half, down from a peak of 70.3% in the second half of 1991.



HUMAN RESOURCES

Staff levels reduced by 5,529 to 33,724, which represents a decline of 27.7% from a peak of 46,639 in May 1990.

The 3,695 reduction in Australian Banking since 30 September 1992 includes 378 in the corporate centre.

As at:	**30 Sept 1993**	**31 March 1993**	**30 Sept 1992**	**31 March 1992**
Australian Banking	23,323	25,650	27,018	27,449
New Zealand/Asia Pacific	5,625	5,988	6,255	6,380
Americas	251	348	417	438
Europe	322	388	435	446
Asia (Hong Kong, Singapore, Tokyo)	247	299	307	315
Financial Services Group	584	601	647	684
Australian Guarantee Corporation	3,013	3,218	3,383	3,426
Asset Management	228	236	152	136
Other businesses(1)	131	620	639	628
Total (Full time equivalent)	33,724	37,348	39,253	39,902

(1)*Includes Ord Minnett Group Limited (sold effective 30 June 1993) and Mase Westpac Ltd.*

BAD AND DOUBTFUL DEBTS

The total charge for bad and doubtful debts, $1,291.5 was 46.1% of 1992 ($2,802.2).

Loans over $1 accounted for $784 (60.7%) of the total charge. Only $230 related to problem loans that emerged in 1993, and this, plus $508 for loans under $1, is equal to 89 basis points of risk adjusted assets.

Twelve months to 30 September 1993

	$m	%
- Loans over $1		
OREO	182	14.1
Other problem loans pre 1993	372	28.8
Loans emerging in 1993	230	17.8
- Loans under $1	508	39.3
	1,292	100.0

Provisions for property problem assets increased by $734.0 for the year, reflecting the continued depressed market conditions for major properties that were identified as problem loans prior to 1993.

New specific provisions for loans not related to property increased by $777.8.

	Six months to		Twelve months to	
	30 Sept 1993	**31 March 1993**	**30 Sept 1993**	**30 Sept 1992**
Write-offs direct	73.3	121.0	194.3	238.0
Recoveries	(34.0)	(43.2)	(77.2)	(73.3)
Other	(3.4)	0.2	(3.2)	(2.7)
Net charge for bad debts	35.9	78.0	113.9	162.0
New specific provisions:				
- property related	209.0	525.0	734.0	2,222.9
- other	455.4	322.4	777.8	750.2
Specific provisions no longer required	(208.5)	(125.7)	(334.2)	(332.9)
Specific provisions (net)	455.9	721.7	1,177.6	2,640.2
Total charge for bad debts and provisions	491.8	799.7	1,291.5	2,802.2
Charge by operating unit:				
Australian Banking	246.8	327.6	574.4	540.5
New Zealand/Asia Pacific Islands	11.4	9.2	20.6	56.2
Americas	66.3	3.0	69.3	115.8
Europe (including Westpac General Finance)	7.1	31.2	38.3	320.5
Asia	64.0	18.6	82.6	9.9
Australian Guarantee Corporation	36.9	50.6	87.5	1,295.4
Asset Management	55.9	359.5	415.4	464.7
Other businesses	3.4	-	3.4	(0.8)
Total charge	491.8	799.7	1,291.5	2,802.2

PROVISIONS FOR DOUBTFUL DEBTS

Movements in Specific Provisions

New specific provisions for the year, $1,511.8, included $529.6 for loans that were classified as problem loans in the year and $982.2 for problem loans identified in prior years.

In addition to $764.2 write off for problem loans resolved in the year, there were $408.0 of writedowns where partial losses had been crystallised.

Provisions for anticipated losses on OREO, $1,064.0, were deducted from the gross values as these assets will now be reported net at market value.

Movements in General Provision

Bad debts, $194.3, for which no provisions existed, were written off direct by charge to the general provision. The balance in the account was restored by a $113.9 (1992: $162.0) charge to profit. The general provision after tax is equal to 0.57% of risk adjusted assets and thus exceeds the 0.5% ratio preferred by the Reserve Bank of Australia.

	Six months to		Twelve months to	
	30 Sept 1993	31 March 1993	30 Sept 1993	30 Sept 1992
Specific provisions				
Balance at beginning of period	3,234.5	3,016.7	3,016.7	836.1
Bad debts written off	(305.2)	(459.0)	(764.2)	(677.9)
OREO write down to market	(1,064.0)	-	(1,064.0)	-
Partial write offs	(408.0)	-	(408.0)	(250.0)
New provisions for loans	307.9	221.7	529.6	1,745.0
Additional provisions for existing loans	356.5	625.7	982.2	1,228.1
Provisions no longer required	(208.5)	(125.7)	(334.2)	(332.9)
Provisions of entities no longer controlled	-	-	-	(9.4)
Exchange rate and other adjustments	69.4	(44.9)	24.5	77.7
Transfer from general provision		-	-	400.0
Balance at end of period	1,982.6	3,234.5	1,982.6	3,016.7
General provision				
Balance at beginning of period	700.0	700.0	700.0	1,100.0
Write-offs	(73.3)	(121.0)	(194.3)	(238.0)
Recoveries of debts previously written off	34.0	43.2	77.2	73.3
Exchange rate adjustments	3.4	(0.2)	3.2	2.7
Charge to operating profit/(loss)	35.9	78.0	113.9	162.0
Transfer to specific provisions	-	-	-	(400.0)
Balance at period end	700.0	700.0	700.0	700.0

SUMMARY OF PROBLEM ASSETS

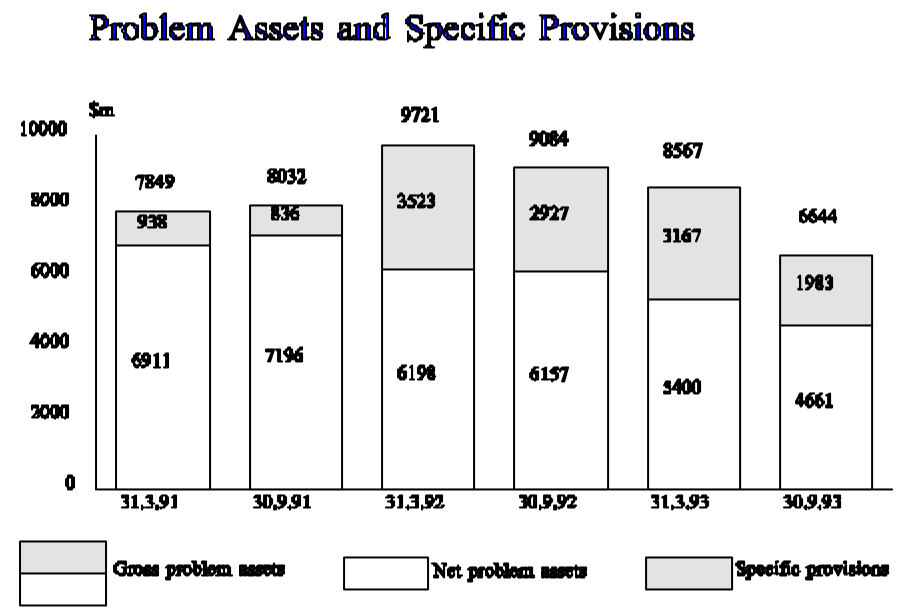
Total problem loans, $5,860.7, were $1,428.8 less than a year ago.

Specific provisions of $1,982.6 for problem loans provide a 33.8% coverage (25.6% a year ago).

Real estate assets owned by the Bank (OREO) are now stated net at market value mainly determined at 30 September 1993 by independent valuations or sales negotiations in progress. The anticipated loss in value has been charged against the specific provisions that had been established. This presentation is in accordance with the practice of international banks having an OREO portfolio.

	30 Sept 1993		31 March 1993		30 Sept 1992		31 March 1992	
As at:	Gross	Specific Provisions	Gross	Specific Provisions	Gross	Specific Provisions	Gross	Specific Provisions
Non-accrual loans	3,000.0	1,241.3	3,679.2	1,398.4	3,567.1	1,130.3	4,382.7	1,664.8
Restructured loans	1,323.8	326.5	1,457.2	361.3	1,933.2	369.8	1,768.0	366.1
Loans past due 90 days	193.4	41.6	256.4	79.3	343.4	66.3	349.8	41.3
Potential problem loans	1,343.5	373.2	1,399.2	335.4	1,445.8	303.2	1,532.8	352.3
Total problem loans	5,860.7	1,982.6	6,792.0	2,174.4	7,289.5	1,869.6	8,033.3	2,424.5
Real estate assets (OREO)	783.2	-	1,774.7	992.0	1,794.4	1,057.5	1,688.1	1,098.5
Total problem assets	6,643.9	1,982.6	8,566.7	3,166.4	9,083.9	2,927.1	9,721.4	3,523.0

In addition to the above, loans outstanding to countries rescheduling debt total $79.8 (30 September 1992: $179.7) against which no specific provisions are held (30 September 1992: $89.6).



PROBLEM ASSETS AND RATIOS
(excluding rescheduled country debt)

As at:		30 Sept 1993	31 March 1993	30 Sept 1992	31 March 1992
Total problem loans and OREO		6,643.9	8,566.7	9,083.9	9,721.4
Gross problem loans		5,860.7	6,792.0	7,289.5	8,033.3
Total loans and acceptances		80,134.1	81,382.4	81,230.6	79,324.0
Problem loans/total loans and acceptances	%	7.3	8.3	9.0	10.1
Specific provisions		1,982.6	3,166.4	2,927.1	3,523.0
Net problem assets (after deduction of specific provisions)		4,661.3	5,400.3	6,156.8	6,198.4
Shareholders' equity		7,129.1	6,253.9	6,676.4	5,369.2
Net problem assets to equity	%	65.4	86.4	92.2	115.4
Total provisions including $700 general provision		2,682.6	3,866.4	3,627.1	4,223.0
Ratio to gross problem assets	%	40.4	45.1	39.9	43.4
General provision after tax to risk adjusted assets	%	0.57	0.52	0.45	0.47

PROBLEM ASSETS BY BUSINESS

	30 Sept 1993		31 March 1993		30 Sept 1992		31 March 1992	
As at:	Gross	Specific Provisions	Gross	Specific Provisions	Gross	Specific Provisions	Gross	Specific Provisions
Australian Banking	2,374.6	761.6	2,525.5	633.5	3,529.8	718.9	3,222.0	759.8
AGC	207.4	42.9	269.1	55.6	1,559.3	466.6	1,887.3	634.3
Other in Australia	1,991.4	690.0	2,852.2	1,109.0	939.6	277.7	1,353.9	420.1
Total Australia	4,573.4	1,494.5	5,646.8	1,798.1	6,028.7	1,463.2	6,463.2	1,814.2
Offshore								
- New Zealand / Asia Pacific	366.4	106.5	374.7	108.1	445.3	128.5	446.5	142.7
- Americas	315.0	96.8	175.7	38.2	232.4	37.0	457.3	112.7
- Europe	464.7	183.9	479.5	197.3	541.8	228.5	592.7	333.8
- Asia / other	141.2	100.9	115.3	32.7	41.3	12.4	73.6	21.1
Total problem loans	5,860.7	1,982.6	6,792.0	2,174.4	7,289.5	1,869.6	8,033.3	2,424.5
Real estate assets (OREO)	783.2	-	1,774.7	992.0	1,794.4	1,057.5	1,688.1	1,098.5
Total problem assets	6,643.9	1,982.6	8,566.7	3,166.4	9,083.9	2,927.1	9,721.4	3,523.0

MOVEMENT IN PROBLEM ASSET PORTFOLIO

New major problem loans (over $10) identified in the year amounted to $578 (1992: $1,728).

Exposure to existing major problem assets (over $10) increased by $303 (1992: $418), representing additional drawdowns on committed lines, mainly for potential problem loans.

OREO funding of $221 (1992: $705) for the year includes the balance of planned expenditures to achieve complete ownership of all projects; complete construction of Southgate and provide for promotion expense and fitout costs incurred to secure rental agreements for major properties.

Six months to:	**30 Sept 1993**	**31 March 1993**	**30 Sept 1992**	**31 March 1992**
Opening balance	8,567	9,084	9,721	8,032
Major additions	589	513	966	1,885
Net deletions	(2,512)	(1,030)	(1,603)	(196)
Closing balance	6,644	8,567	9,084	9,721
New problem assets over $10	334	244	493	1,235
Increases in existing problem assets over $10	165	138	180	238
OREO funding	90	131	293	412
Total major additions	589	513	966	1,885
Deletions:				
OREO sales and reductions	(1,081)	(151)	(188)	(42)
Property sales	(744)	(277)	(180)	-
Major non-property sales	-	(154)	(333)	-
Other write offs, exchange variance and net change in loans below $10	(687)	(448)	(902)	(154)
Total net deletions	(2,512)	(1,030)	(1,603)	(196)

PROPERTY DISPOSALS

A total of 217 properties were sold in the second half having a gross book value of $743.9, making 288 properties for the year with a gross book value of $1,095.9 (1992: $247.0).

Net sales proceeds, $700.2, for the year were $14.3 over net book value.

	Six months to		**Twelve months to**	
	30 Sept 1993	**31 March 1993**	**30 Sept 1993**	**30 Sept 1992**
Gross book value	743.9	352.0	1,095.9	247.0
Net value after provisions	476.9	209.0	685.9	167.0
Net proceeds	478.2	222.0	700.2	185.0
Surplus/(deficit)	1.3	13.0	14.3	18.0

The majority of properties sold in 1993 were in the under $5 category with an average value of $1. Net proceeds of all properties in this category were 4.5% over the total written down value.

Gross Book Value Bands $m	Total $m	Sales Proceeds $m	Surplus (Shortfall) $m	No. of Sales
> $25	351.3	208.8	2.1	7
$10 - $25	255.3	157.7	4.2	20
$5 - $10	137.9	85.4	(2.6)	20
< $5	351.4	248.3	10.6	241
Total	1,095.9	700.2	14.3	288

In addition to the completed sales, there are many transactions in process in Australia and offshore that are not included in the financial results of 1993. Contracts have been exchanged on 48 properties having a gross book value of $274.2 resulting in a surplus of $5.8 to provisions. Further sales under negotiation, including the hotel portfolio, involve 36 properties with a gross value of $488.0.

As at:	30 Sept 1993	31 March 1993	30 Sept 1992
Contracts awaiting settlement - gross book value	274.2	134.0	106.0
Under negotiation - gross book value	488.0	127.0	81.0

COMMERCIAL PROPERTY PORTFOLIO VALUATION

Increased sales activity achieved by the Bank is evidence of increased demand in some sectors of the commercial property market, although prices have not strengthened universally. In order to ascertain the impact of these factors on the least marketable properties in the Bank's portfolio, a further number of problem property assets was independently valued at 30 September 1993 on the same basis as that applying at 31 March 1993, i.e. the amount realisable from a willing buyer to a willing seller allowing a period of up to 24 months from commencement of selling to settlement. This period has been retained since, although there has been increased interest in investment in commercial property, experience is that a period of up to two years is realistic to cover sales promotions and negotiations through to settlement.

Details of the valuations at 31 March 1993 and 30 September 1993 are as follows.

VALUATION AT 31 MARCH 1993

The 108 properties independently valued had an aggregate gross value of $4.5 billion. The current market value of these properties at 31 March 1993 reduced to $2.45 billion from $2.9 billion.

The sample comprised:

- all 30 properties with a market value, at the 31 March 1992 valuation, of $25 or greater
- 62 out of 110 properties with 1992 values between $5 and $25
- 16 properties with 1992 values of $5 or less.

On aggregate, the current market value of properties subject to independent valuation at 31 March 1993 was 16.4% below valuation at 31 March 1992.

In addition a further 220 properties offshore, with an average current market value of $2.9, had specific provisions of 40% confirmed.

VALUATION AT 30 SEPTEMBER 1993

Independent valuations were obtained for 111 properties, selected because of doubts that the previous valuations remained valid. In addition, a further 17 properties were subject to internal review. The gross value of $1.97 billion, covered approximately 50% of the commercial property problem portfolio.

The independent valuations comprised:

- 13 properties with a market value as at 31 March 1993 of $25 or greater; the other 8 properties in this value band were subject to internal review to ascertain if conditions determining the valuation at 31 March 1993 had varied appreciably
- 16 properties (out of 71 properties) with a value at 31 March 1993, between $5 and $25; a further 9 properties were internally reviewed
- 82 properties with values at 31 March 1993 in the $0.5 to $5 range, many of which had been valued by extrapolation at 31 March 1993 and for which there were indications of a reduction in value. The balance of properties in this category remained at 31 March 1993 net book value, since this category has been subject to most sales activity in the last six months and sales proceeds have realised 3.5% in excess of net book value.

In aggregate, the current market value of properties subject to independent valuation and internal review at 30 September 1993 was 7.9% below carrying value. Provisions were increased to reflect the change in valuations and, where appropriate, provision was also made for income guarantees where this would facilitate sale within 12 months.

As stated above, the Board resolved to carry the balance of assets under $5 at current net values, being of the view that, the overall value is reasonably likely to be recovered based on the Bank's sales experience in 1993 and this continues to be the sector of greatest investor activity.

Valuations relating to identified problem assets offshore are up to date and no additional provisioning was necessary at 30 September 1993.

With the return of more normal market conditions, all major properties will now be subject to progressive valuation rather than at six monthly rests.

COMMERCIAL PROPERTY EXPOSURE

The Group's world wide gross exposure to commercial property for individual properties of $1 or more is $11.9 billion at 30 September 1993 (1992: $14.3 billion).

Exposure to properties in Australia amounts to $8.6 billion of which $7.0 billion (1992: $8.6 billion) is represented by the top 500 exposures which comprise all individual exposures of more than $3. These 500 exposures are widely spread as shown below. Only 31% is located in CBD areas. Exposures in Victoria and Tasmania account for 28% of the total.

The balance of $1.6 billion for individual exposures between $1 and $3 is predominantly non-CBD and widely spread around Australia.

TOP 500 PROPERTY EXPOSURES AS AT 30 SEPTEMBER 1993 – AUSTRALIA

Location	Office	Retail	Hotel	Industrial	Residential	Land	Other	Total
CBD								
Sydney	439	186	138	7	52		18	840
Melbourne	645	80	71	25			15	836
Brisbane	9	10					13	32
Adelaide	13		215				19	247
Perth	112	86	6		9		4	217
Sub total	1,218	362	430	32	61		69	2,172
%	17.4	5.1	6.1	0.5	0.9		1.0	31.1
Non-CBD								
NSW	616	723	144	302	395	168	158	2,506
Vic/Tas	350	315	31	69	229	66	56	1,116
Qld	97	132	165	57	112	110	53	726
SA & NT	45	43			15	9		112
WA	30	246		26	15	22	21	360
Sub total	1,138	1,459	340	454	766	375	288	4,820
%	16.0	20.6	4.8	6.4	10.8	5.3	4.1	68.0
Total	**2,356**	**1,821**	**770**	**486**	**827**	**375**	**357**	**6,992**
STATES								
NSW	1,055	909	282	309	447	168	176	3,346
Vic	995	395	102	94	229	66	71	1,952
Qld	106	142	165	57	112	110	66	758
SA & NT	58	43	215		15	9	19	359
WA	142	332	6	26	24	22	25	577
Total	**2,356**	**1,821**	**770**	**486**	**827**	**375**	**357**	**6,992**
As at:								
31-3-1993	3,052	1,861	885	508	752	401	1,136	8,595
30-9-1992	3,090	2,127	881	499	851	535	550	8,533

Within the $6,992 of major exposures above, there are $2,257 of problem property loans, the provisioning for which is shown below, and $783 of OREO stated net at market value.

PROBLEM PROPERTY ASSETS AS AT 30 SEPTEMBER 1993 – AUSTRALIA

Location	Office	Retail	Hotel	Other	Total
CBD	314	244		16	574
Provisions	78	110		6	194
% cover	24.9%	45.2%		38.8%	33.8%
Non-CBD	419	238	232	794	1,683
Provisions	137	63	80	171	451
% cover	32.6%	26.5%	34.6%	21.5%	26.8%
OREO (CBD & Non-CBD)	567	92	90	34	783

Total provisions of $645 (1992: $602) for the above problem property loans represent an average provision cover of 29% (1992: 20%).

BALANCE SHEET

As at:	30 Sept 1993	31 March 1993	30 Sept 1992
Assets			
Cash, bullion and money at short call	717	1,349	1,096
Due from other banks	5,389	6,794	10,577
Trading securities	5,957	5,960	5,298
Investment securities	3,517	3,977	4,645
Statutory deposits	897	875	922
Productive loans	62,176	62,192	62,770
Non-accrual, restructured loans and OREO	5,107	6,911	7,295
Provisions for bad and doubtful debts	(2,682)	(3,935)	(3,717)
Acceptances of customers	12,851	12,280	11,166
Other investments	119	158	419
Fixed assets	1,853	1,953	2,228
Future income tax benefits	1,545	1,575	1,800
Accrued interest receivable	540	765	1,008
Securities sold not delivered	1,155	1,323	757
Securities purchased under agreements to resell	306	911	347
Other financial markets assets	3,160	2,617	2,606
Superannuation prepayment	802	617	506
Goodwill	98	103	113
Television licence	-	-	153
Other assets	1,205	989	959
Total assets	104,712	107,414	110,948
Liabilities and equity			
Due to other banks	12,634	15,187	18,701
Deposits and public borrowings	57,669	59,598	60,261
Bonds, notes and commercial paper	3,424	2,528	3,515
Acceptances	12,851	12,280	11,166
Provision for income taxes	13	133	216
Deferred income tax liability	917	867	1,012
Accrued interest payable	485	663	736
Securities sold under agreements to repurchase	605	742	401
Securities short sold	662	1,403	668
Securities purchased not delivered	1,200	951	526
Other financial markets liabilities	2,185	1,990	1,950
Other liabilities	1,605	1,701	1,858
Total liabilities excluding loan capital	94,250	98,043	101,010
Loan capital	3,333	3,117	3,261
Total liabilities	97,583	101,160	104,271
Shareholders' equity			
Share capital	1,999	1,901	1,885
Reserves	4,868	4,224	4,537
Retained profits	234	103	229
Outside equity interests	28	26	26
Total shareholders' equity	7,129	6,254	6,677

AVERAGE BALANCE SHEET AND INTEREST RATES

Twelve months to:	30 September 1993			30 September 1992		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	$m	$m	%	$m	$m	%
ASSETS						
Interest earning assets						
Due from other banks:						
- Australia	266	15	5.6	735	41	5.6
- Overseas	7,072	464	6.6	10,572	799	7.6
Investment and trading securities:						
- Australia	5,393	341	6.3	5,356	425	7.9
- Overseas	5,895	370	6.3	5,472	406	7.4
Statutory deposits with Reserve Bank of Australia	516	9	1.7	517	13	2.5
Loan and other receivables:						
- Australia	48,154	4,175	8.7	47,833	4,897	10.2
- Overseas	21,832	1,568	7.2	21,466	1,767	8.2
Total interest earning assets and interest income	**89,128**	**6,942**	**7.8**	**91,951**	**8,348**	**9.1**
Non-interest earning assets						
Cash, bullion, due from other banks and statutory deposits	1,388			1,763		
Other assets	10,243			10,300		
Provisions for doubtful debts:						
- Australia	(3,263)			(2,595)		
- Overseas	(500)			(440)		
Total non-interest earning assets	**7,868**			**9,028**		
Acceptances of customers:						
- Australia	12,197			10,515		
- Overseas	737			632		
Total assets	**109,930**			**112,126**		

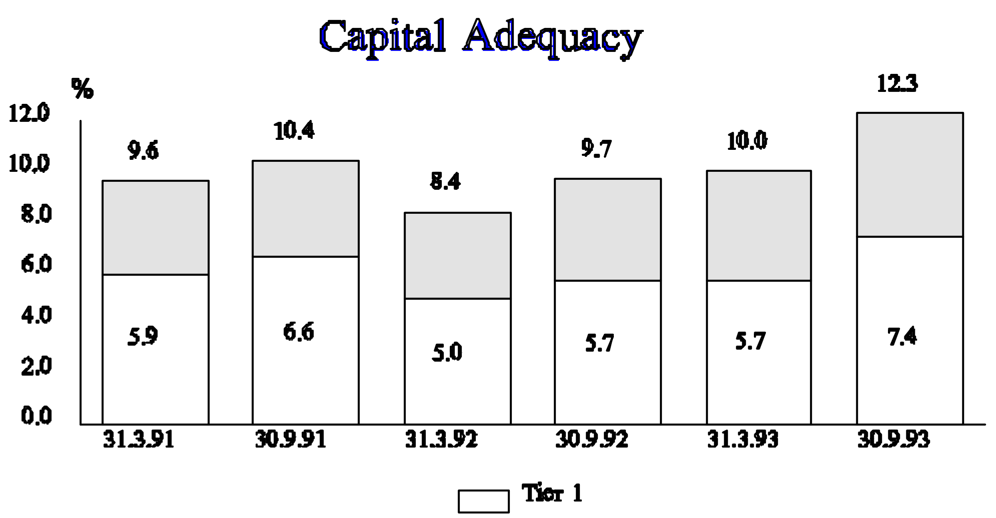
AVERAGE BALANCE SHEET AND INTEREST RATES

Twelve months to:	30 September 1993			30 September 1992		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	$m	$m	%	$m	$m	%
LIABILITIES AND SHAREHOLDERS EQUITY						
Interest bearing liabilities						
Saving deposits:						
- Australia	4,964	170	3.4	5,350	244	4.6
- Overseas	796	30	3.8	824	39	4.7
Other deposits:						
- Australia	29,664	1,602	5.4	30,082	2,166	7.2
- Overseas	12,346	677	5.5	13,884	971	7.0
Public borrowings by subsidiary borrowing corporations:						
- Australia	5,062	476	9.4	5,745	623	10.8
- Overseas	638	63	9.9	620	72	11.6
Due to other banks:						
- Australia	263	19	7.2	261	13	5.0
- Overseas	15,946	801	5.0	17,026	1,042	6.1
Loan capital:						
- Australia	3,161	178	5.6	2,631	204	7.8
- Overseas	3	-	-	41	4	9.8
Other interest bearing liabilities:						
- Australia	1,646	89	5.4	1,836	161	8.8
- Overseas	3,080	123	4.0	2,554	141	5.5
Total interest bearing liabilities and interest expense	**77,569**	**4,228**	**5.5**	**80,854**	**5,680**	**7.0**
Non-interest bearing liabilities						
Deposits and due to other banks:						
- Australia	3,656			3,450		
- Overseas	2,093			2,409		
Other liabilities	6,930			7,835		
Total non-interest bearing liabilities	**12,679**			**13,694**		
Acceptances:						
- Australia	12,197			10,515		
- Overseas	737			632		
Total liabilities	103,182			105,695		
Shareholders' equity	6,721			6,407		
Outside equity interests	27			24		
Total liabilities and shareholders' equity	**109,930**			**112,126**		

CAPITAL ADEQUACY

As at:	30 Sept 1993	31 March 1993	30 Sept 1992
Tier 1 capital			
Total shareholders' equity [1]	7,184.3	6,307.0	6,722.9
Mandatory convertible notes	-	-	7.3
Less: Asset revaluation reserves	(566.0)	(597.6)	(731.4)
Goodwill	(98.2)	(102.7)	(112.9)
Future income tax benefit net of deferred tax liability	(396.6)	(477.4)	(515.0)
Total tier 1 capital	6,123.5	5,129.3	5,370.9
Tier 2 capital			
Asset revaluation reserves	554.6	591.4	722.2
Subordinated undated capital notes	1,145.9	1,047.4	1,037.9
General provision for doubtful debts	700.0	700.0	700.0
Less: Future income tax benefit related to general provision	(231.0)	(231.0)	(273.0)
Eligible subordinated bonds, notes and debentures	1,927.8	1,871.2	1,935.1
Total tier 2 capital	4,097.3	3,979.0	4,122.2
Total tier 1 and tier 2 capital	10,220.8	9,108.3	9,493.1
Deduction relating to other banks' capital instruments	(17.5)	(56.5)	(328.5)
Net qualifying capital	10,203.3	9,051.8	9,164.6
Risk adjusted assets	82,776.7	90,379.8	94,904.3
Tier 1 capital ratio %	7.4	5.7	5.7
Tier 2 capital ratio %	4.9	4.4	4.3
Deduction %	-	(0.1)	(0.3)
Net capital ratio %	12.3	10.0	9.7

[1] *Includes an amount estimated to be re-invested pursuant to the Bank's Dividend Reinvestment Plan.*



INCOME TAX EXPENSE/(CREDIT)

	Six months to		Twelve months to	
	30 Sept 1993	31 March 1993	30 Sept 1993	30 Sept 1992
Prima facie tax expense/(credit) at 39%:				
- on operating profit/(loss) before abnormals	198.0	15.8	213.8	(633.1)
- on abnormal items	(57.6)	(69.5)	(127.1)	(137.0)
	140.4	(53.7)	86.7	(770.1)
Add/(deduct) reconciling items:				
Rebateable and exempt dividends	(25.8)	(28.2)	(54.0)	(50.5)
Taxes losses not tax effected	(0.9)	8.2	7.3	102.0
Adjustment for overseas tax rates	(16.2)	(4.4)	(20.6)	10.3
Non-assessable items	(12.4)	(16.6)	(29.0)	(18.0)
Non-deductible items	18.3	21.5	39.8	39.4
Other items and prior year adjustments (net)	(2.1)	(8.9)	(11.0)	2.1
Abnormal items:				
- AGC tax settlement	-	(22.1)	(22.1)	-
- write down of listed investments	-	-	-	98.0
- Group restructuring provisions and costs not/(now) tax effected	1.0	20.0	21.0	12.2
- future tax benefit written off/(recognised)	-	-	-	54.7
- US tax prospective liability	-	-	-	106.0
- change in Australian company tax rate	13.2	150.0	163.2	-
- adjustment for differences in overseas tax rates on abnormal items	(2.0)	(0.8)	(2.8)	0.4
Income tax expense/(credit) attributable to operating profit/(loss) after abnormal items	113.5	65.0	178.5	(413.5)
Effective tax rate (%):				
- after abnormals	31.5	(47.2)	80.3	21.0
- before abnormals	31.3	(31.0)	26.7	33.8

EARNINGS AND NET TANGIBLE ASSETS

	Six months to/ as at		Twelve months to/ as at	
	30 Sept 1993	31 March 1993	30 Sept 1993	30 Sept 1992
Earnings per ordinary $1 fully paid share (cents):				
- before abnormal items	18.6	2.4	21.1	-
- after abnormal items	12.9	-	0.9	-
Average number of fully paid ordinary shares on issue (millions)	1,777.8	1,759.0	1,768.4	1,292.8
Period end number of fully paid ordinary shares on issue (millions)	1,788.1	1,769.6	1,788.1	1,753.3
Net tangible asset backing per fully paid ordinary share:				
- including net future income tax benefit	$3.51	$3.39	$3.51	$3.56
- excluding net future income tax benefit	$3.16	$2.99	$3.16	$3.11

DIVIDENDS

	Six months to 30 Sept 1993	Six months to 31 March 1993	Twelve months to 30 Sept 1993	Twelve months to 30 Sept 1992
	c/share	c/share	c/share	c/share
Ordinary dividend				
100% franked				
- interim	-	6.0	6.0	12.0
- final	-	-	-	6.0
- ordinary shares qualifying for 50% of final dividend	N/A	N/A	N/A	3.0
Unfranked				
- final	6.0	-	6.0	-
Total dividend	**$m**	**$m**	**$m**	**$m**
Ordinary	107.3	106.2	213.5	251.0
Preference	15.0	8.9	23.9	16.7
	122.3	115.1	237.4	267.7
Ordinary dividend payout ratio	46.9%	-	1,395.4%	-

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Bank's equity in Television & Telecasters Limited was sold on 30 December 1992 enabling the Bank to recover its financing facility.

The Bank's equity in Ord Minnett was sold at book value effective from 30 June 1993.

ACCOUNTING CHANGES

There have not been any changes in accounting policies since 30 September 1992 which would have a material impact on the Group profit and loss account or balance sheet.

ACCOUNTING STANDARDS

The financial data, upon which this announcement is based, have been prepared in a manner which complies with Statements of Accounting Concepts and applicable accounting standards, and gives a true and fair view of the matters disclosed.

The Bank has a formally constituted Audit Committee of the Board of Directors.

This report was approved by a resolution of the Board of Directors at its meeting on 18 November 1993.

US GAAP PROFIT STATEMENT

The difference between the audited Group profit set out on page 7 and the loss determined in accordance with US GAAP is attributable mainly to different accounting treatments of superannuation items. For Australian reporting purposes, superannuation plan surpluses have been recognised as an asset of the Group in accordance with accounting standard exposure draft ED53. Movements in the surpluses are reflected in the profit and loss account as they occur. Under US GAAP, the initial surpluses are amortised over 15 years and certain gains and losses resulting from experience different from that assumed and from changed assumptions are deferred and amortised over the average remaining service period of active employees expected to receive benefits under the superannuation plans.

GROUP FINANCIAL INFORMATION FOR U.S. INVESTORS

Group operating profit/(loss) and shareholders' equity adjusted to comply with United States generally accepted accounting principles (US GAAP) are:

	Year to 30.9.93 USD*	Year to 30.9.92 USD*	Year to 30.9.93 AUD	Year to 30.9.92 AUD
Net profit/(loss) as reported	**26.9**	**(1,178.8)**	**39.2**	**(1,562.4)**
Depreciation on buildings	0.6	7.2	0.9	9.5
Gains on sale of properties (including amortisation of gains on sale of properties subject to lease back arrangements)	16.5	(0.9)	24.0	(1.2)
Goodwill amortisation and write-off	(21.5)	(16.6)	(31.3)	(22.0)
Adjustment for future tax benefits eliminated under US GAAP in prior years	-	153.9	-	204.0
Deferral and amortisation of non-refundable fees	4.4	4.8	6.4	6.4
Staff superannuation funds adjustment	(107.1)	143.1	(155.9)	189.6
Initial application of an accounting standard	-	(1.0)	-	(1.3)
Adjusted US GAAP net (loss)	**(80.2)**	**(888.3)**	**(116.7)**	**(1,177.4)**

Summary of operating profit/(loss) by half year:

Australian GAAP				
First half	(140.6)	(1,257.3)	(204.6)	(1,666.4)
Second half	167.5	78.5	243.8	104.0
	26.9	(1,178.8)	39.2	(1,562.4)
US GAAP				
First half	(168.7)	(1,045.5)	(245.4)	(1,385.7)
Second half	88.5	157.2	128.7	208.3
	(80.2)	(888.3)	(116.7)	(1,177.4)

** USD amounts are calculated using the following average rates:*
30 September 1992 AUD1 = USD0.75450
30 September 1993 AUD1 = USD0.68730

	As at 30.9.93 USD**	As at 30.9.92 USD**	As at 30.9.93 AUD	As at 30.9.92 AUD
Shareholders' equity as reported	**4,585.8**	**4,741.7**	**7,100.9**	**6,650.4**
Elimination of asset revaluation reserves	(365.6)	(521.5)	(566.0)	(731.4)
Depreciation of buildings	6.8	6.9	10.6	9.7
Deferred gains on sale of properties subject to leaseback arrangements	(10.5)	(17.6)	(16.2)	(24.7)
Goodwill not recognised on the acquisition of interest in AGC and The Commercial Bank of Australia Limited, less amortisation	74.6	93.2	115.5	130.7
Restoration of previously deducted goodwill, less amortisation and amounts written off	30.0	44.6	46.4	62.5
Deferral of non-refundable fees	-	(4.6)	-	(6.4)
Staff superannuation funds adjustment	(213.4)	(124.5)	(330.5)	(174.6)
Dividend proposed	69.3	66.3	107.3	93.0
Adjusted US GAAP shareholders' equity	**4,177.0**	**4,284.5**	**6,468.0**	**6,009.2**

***USD amounts are calculated using the following spot rates:*
30 September 1992 AUD1 = USD0.71300
30 September 1993 AUD1 = USD0.64580

ISSUED AND QUOTED SECURITIES - AT 30 SEPTEMBER 1993

Categories of securities	Number On Issue (millions)	Of Which Quoted (millions)	Par Value	Paid-up Value
Ordinary shares	1,788.09	1,788.09	$1	$1
	0.83	-	$1	10¢
	0.01	-	$1	1¢
	1,788.93	1,788.09		

Issued during the year ended 30 September 1993:

Dividend reinvestment plan/ dividend bonus plan	31.10	31.10	$1	$1
Conversion of mandatory convertible notes	1.35	1.35	$1	$1
Exercise of options	0.03	-	$1	1¢

During the year ended 30 September 1993, 1,465,500 ordinary $1 shares paid to 10 cents and 960,000 ordinary $1 shares paid to 1 cent were fully paid up and were listed.

Preference shares (12% non-cumulative)	131.2	131.2*	$1	$1

Dividend entitlements and rights to return of capital on redemption or winding up are determined on the basis of a par value of US$25 per 32 shares, based upon the applicable exchange rate at the time the shares were issued.

**Listed only on the New York Stock Exchange.*

Converting preference shares	80.0	80.0	$1	$1
Issued during the year ended 30 September 1993	80.0	80.0	$1	$1

Options held by staff under Senior Officers' Share Purchase Scheme or Chief Executive Share Option Agreement

	Number of Options (millions)	Exercise price	Last date for exercise of the option
	4.17	$5.76	8 December 1993
	0.62	$4.86	21 June 1994
	5.41	$6.06	19 February 1995
	5.27	$4.25	24 December 1995
	0.25	$3.57	24 June 1997

Upon exercise of options shown above, the officers involved would participate in the 3 for 10 rights issue at $3.00 made by the Bank in 1992.

Issued during the year ended 30 September 1993	1.67	$2.85	25 January 1998
	4.47	$3.73	1 July 1998
	0.08	$3.93	2 September 1998

BOOKS CLOSING

Westpac shares are listed on the Stock Exchanges of Australia, New Zealand, London, New York and Tokyo.

Books close for determination of dividend entitlement:

Australian and New Zealand Registers

At 5.00pm, 31 December 1993 (Sydney time) at:

KPMG Peat Marwick, 44 Market Street, Sydney, NSW 2000

London Register

At 5.00pm, 31 December 1993 (London time) at:

Barclays Registrars Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, UK

(Dividends payable to shareholders on the London and New Zealand registers will be converted to local currency at the ruling buying rate for telegraphic transfers at 11.00am on 31 December 1993).

New York

For American Depositary Receipts, at 5.00pm, 30 December 1993 (New York time) at:

Morgan Guaranty Trust Company, 60 Wall Street, New York, NY 10260, USA

(Dividends will be converted to local currency at the rate ruling on the date of payment of dividend).

Tokyo

At 3.00pm, 31 December 1993 (Tokyo time), for shares registered in the books of Tokyo Stock Exchange Members' securities companies. (Dividends will be converted to local currency at the rate ruling on date of receipt of the funds by the paying agent, Mitsubishi Trust and Banking Corporation, 7-7, Nishi-Ikebukuro 1-chome, Toshima-ku, Tokyo, 171, Japan.)

By order of the Board

R I Barrett
Group Secretary and General Counsel

18 November 1993

For further information contact:

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