

UBS Australian Financial Services Conference

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Today's agenda: proposed St.George merger

- Summary of proposed St.George merger
- Merger business model
- Accelerating current strategic initiatives
- Managing the risks
- Stakeholder feedback
- Progress to date

Robust start to 2008

- 1H08 cash earnings up 10%, revenue up 12%
- Strong financial position
 - \$29bn in term funding complete, >95% of 2008 plan
 - Healthy capital position Tier 1 of 7.4%
 - Tier 1 to be further enhanced by issue of Westpac SPS
- Planning an earnings update later in half
- Economic growth beginning to slow as expected
 - High interest rates and petrol prices impacting
 - Volatility expected to continue

Australia's leading financial services institution



Rationale	<ul style="list-style-type: none">• Building shareholder value by creating a stronger company with an enhanced growth profile
Transaction	<ul style="list-style-type: none">• All scrip offer; exchange ratio of 1.31 Westpac shares for each St.George share• Scheme of arrangement to be voted on by St.George shareholders• Subject to regulatory consent from Federal Treasurer, APRA and ACCC
Summary of merged group	<ul style="list-style-type: none">• 10m customers• >1,300 points of retail representation; >2,700 ATMs• \$400bn lending; \$75bn funds under administration• AA rated

Business model – benefiting from the best of both

Key features of preliminary operating model

Consumer and Business ¹ Banking	Retaining distinctive St.George and Westpac distribution for consumer and business, with separate management and dedicated CEOs Common product manufacture, processing and infrastructure to improve scale of respective brands
Institutional	Combine the institutional businesses under the Westpac brand with common infrastructure
Wealth	Combine the wealth businesses into a single business while preserving the individual brands
Support	Single support functions and corporate centre combining the best talent from each

1. Includes middle market and SME business banking

Further insight on the business model

- A contemporary business model – customer orientated
- Strong set of brands, with further investment over time – distinctiveness encouraged
- Retaining distribution, including regional and rural Australia
- Reciprocal ATM access, with no additional fees
- Single product manufacture and operations business – outputs tailored to support distribution businesses
- Strong risk and financial management framework to support customer-facing businesses
- Common, strengthened technology infrastructure and support

Merger is accelerating our strategic agenda

We are accelerating our strategic initiatives to make Westpac 'Merger ready'

Customer	<ul style="list-style-type: none"> • Drive a strong customer culture and implement compelling customer segment strategies
Distribution	<ul style="list-style-type: none"> • Strengthen and drive locally empowered businesses
Operations	<ul style="list-style-type: none"> • Transform service delivery, redesign processes from a customer perspective
Technology	<ul style="list-style-type: none"> • Strengthen capability, focus on simplicity, reliability and flexibility
People	<ul style="list-style-type: none"> • Drive "One Team" approach

Managing the risks

Risk	Mitigants
Funding	<ul style="list-style-type: none"> • Confident of maintaining AA rating for combined entity • Combined funding task extensively analysed and comfortably achievable
Attrition	<ul style="list-style-type: none"> • Proposed business model protects customer relationships • Early additional benefits to customers e.g. expanded ATM distribution • Further investment in products and services over time
Integration	<ul style="list-style-type: none"> • Implementation team established, led by Brad Cooper • Team focused on momentum, synergies and revenue opportunities • Deep knowledge and understanding of St.George and its culture
Government/ Regulatory	<ul style="list-style-type: none"> • Process underway with regulatory and government authorities • Confident of satisfying regulatory authorities given nature of transaction

Top investor queries

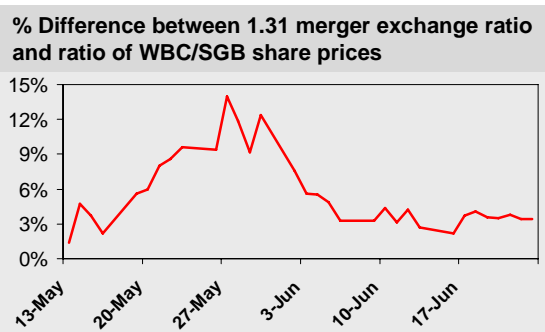
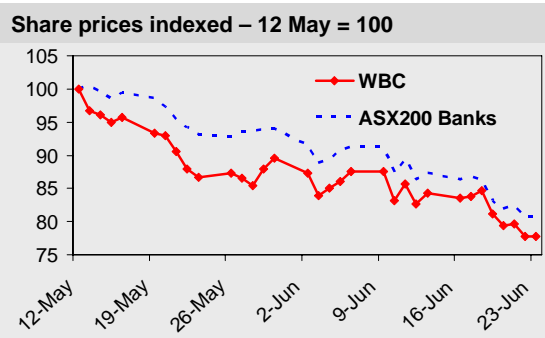
- How do you effectively manage both brands?
- How are you managing distraction and integration risks?
- What are the revenue opportunities?
- Integration costs appear high relative to synergies – why?
- Due diligence – any surprises?
- What does ‘No net branch closures’ mean?
- How are you progressing with the ACCC and regulators?

Response from the community

- Commenced extensive surveys of community and customers
- Key findings:
 - High awareness of the merger (>80%) although little understanding of the detail
 - Some scepticism on the benefits, and that distribution will be retained
 - Westpac/St.George merger most favoured over other possible combinations
- Broader concerns around environment with higher interest rates and oil prices

Progressing towards the completion

- Timetable on track
- ACCC expected to report by 30th July
- Solid market endorsement for completion:
 - Westpac share price trading in line with sector since merger announced
 - St. George share price trading closer to exchange ratio



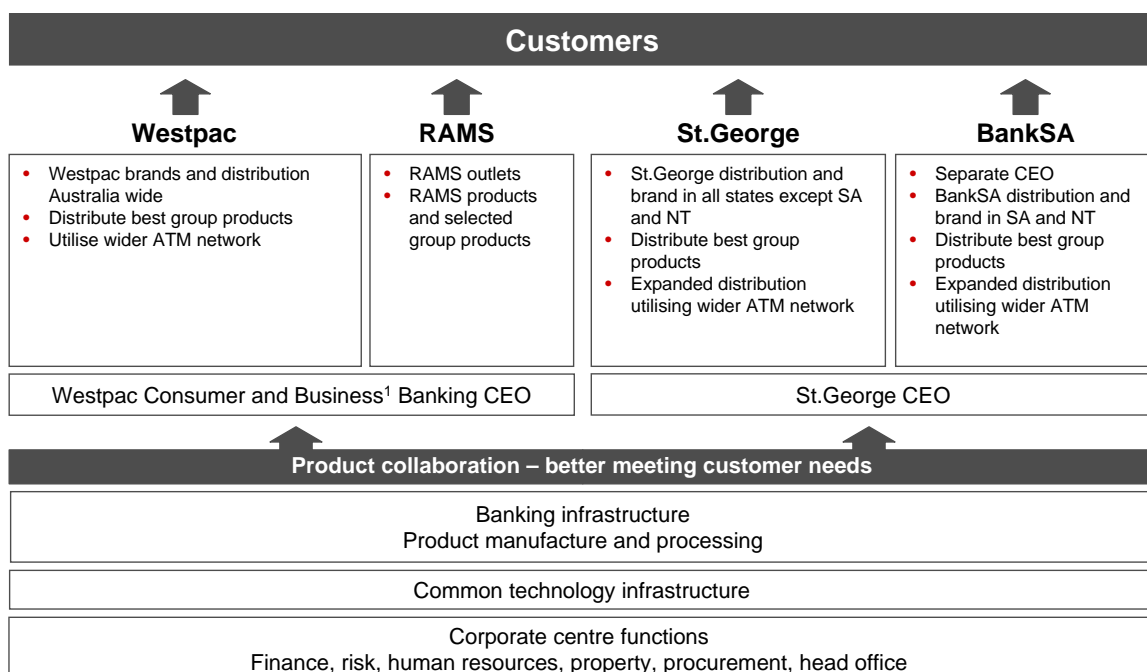
Summary

- Transforming transaction – strong upside
- Accelerating Westpac's strategic agenda
- Well understood by the market but recognise that we must deliver
- Good response from stakeholders
- Have the risks in sight, being actively addressed
- Confident of success

Appendices



Proposed model creates a stronger franchise



1. Includes middle market and SME business banking

Key valuation and model assumptions

Valuation models	<ul style="list-style-type: none"> • 10 year DCF model, 11% cost of capital • EPS accretion
Integration & transition costs	Allowance for \$700m in costs over 2 years includes: transaction costs (including already incurred), restructuring costs, stamp duty, technology
Cost synergies	Expect pre tax savings equivalent to 20% – 25% of St.George cost base by 2011. Cost savings sourced from the combined group
Funding synergies	Lower cost of wholesale funding from combined entities AA rating
Revenue opportunities	Revenue upside from combined entity over time from: sharing best practices, broader distribution, expanded capability in wealth, insurance and institutional banking
Revenue attrition	Nature of the operating model has seen us assume revenue attrition <5%. Similar models have typically achieved 2-5% revenue attrition
Capital and dividends	<p>Strong capital position maintained with Tier 1 ratio post merger expected to be at similar level to Westpac's 1H08 level</p> <p>Benefit from Westpac's Basel II accreditation experience</p> <p>Expected to maintain consistent dividend path through merger</p>

Merger is expected to be effective within 6 months

26 May	<ul style="list-style-type: none"> • Merger Implementation Agreement signed 	6 Nov	<ul style="list-style-type: none"> • St.George EGM and Scheme meeting • New Westpac shares approved for trading on ASX
30 Jul	<ul style="list-style-type: none"> • Initial ACCC report 	7 Nov	<ul style="list-style-type: none"> • Court Approval Date • Effective Date - lodge with ASIC copies of Court orders approving the Scheme • Final day of trading of St.George shares • St.George serves exchange notices for certain Hybrids (SPS, CPS and CPS II)
27 May to 30 Aug	<ul style="list-style-type: none"> • Regulatory approvals sought and obtained 	10 Nov	<ul style="list-style-type: none"> • New Westpac shares begin trading on a deferred settlement basis
1 Sept	<ul style="list-style-type: none"> • Draft of Scheme Booklet to ASIC 	11 Nov	<ul style="list-style-type: none"> • Westpac 2008 Final Dividend record date
19 Sept	<ul style="list-style-type: none"> • First court hearing 	14 Nov	<ul style="list-style-type: none"> • Scheme record date • St.George Final Dividend record date
19 Sept	<ul style="list-style-type: none"> • Scheme Booklet registered by ASIC and lodged with ASX 	21 Nov	<ul style="list-style-type: none"> • Implementation Date
By 29 Sept	<ul style="list-style-type: none"> • Mailing of Scheme Booklet to St.George shareholders 	24 Nov	<ul style="list-style-type: none"> • New Westpac shares begin trading on a normal settlement basis
29 Oct	<ul style="list-style-type: none"> • St.George 2008 final result announcement (and dividend) 		
30 Oct	<ul style="list-style-type: none"> • Westpac 2008 final result announcement (and dividend) 		
4 Nov	<ul style="list-style-type: none"> • Last date for lodgement of proxy forms 		

Timetable is preliminary based on the best estimates of the parties
Both companies will seek to complete the transaction as soon as practical

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For further information on Westpac including:

- Annual reports
- Financial results
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- Key policies

Please visit our dedicated investor website

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click on 'Analyst Centre'

The screenshot shows the Westpac Analyst Centre website. At the top, there are navigation tabs for Personal Banking, Business Banking, Corporate Banking, and Westpac Info. Below this is a sidebar menu with options like Company Profile, Shareholder Services, Financial Information, Annual Reports, Presentations, Analyst Centre (highlighted), Calendar, Annual General Meeting, Funding and Securitisation, FAQ, and Contact IR. The main content area is titled 'Analyst Centre' and contains a grid of links: Fact sheet, Presentations, 10 year summary, Results announcements, Investor Discussion Packs, Funding and Securitisation, Share price graphs, ASX announcements, Financial calendar, Annual reports, Credit ratings, Economic reports, Westpac New Zealand, Corporate Responsibility, and Media Centre.

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