Westpac
Australia's First Bank

Westpac Full Year Results 2003

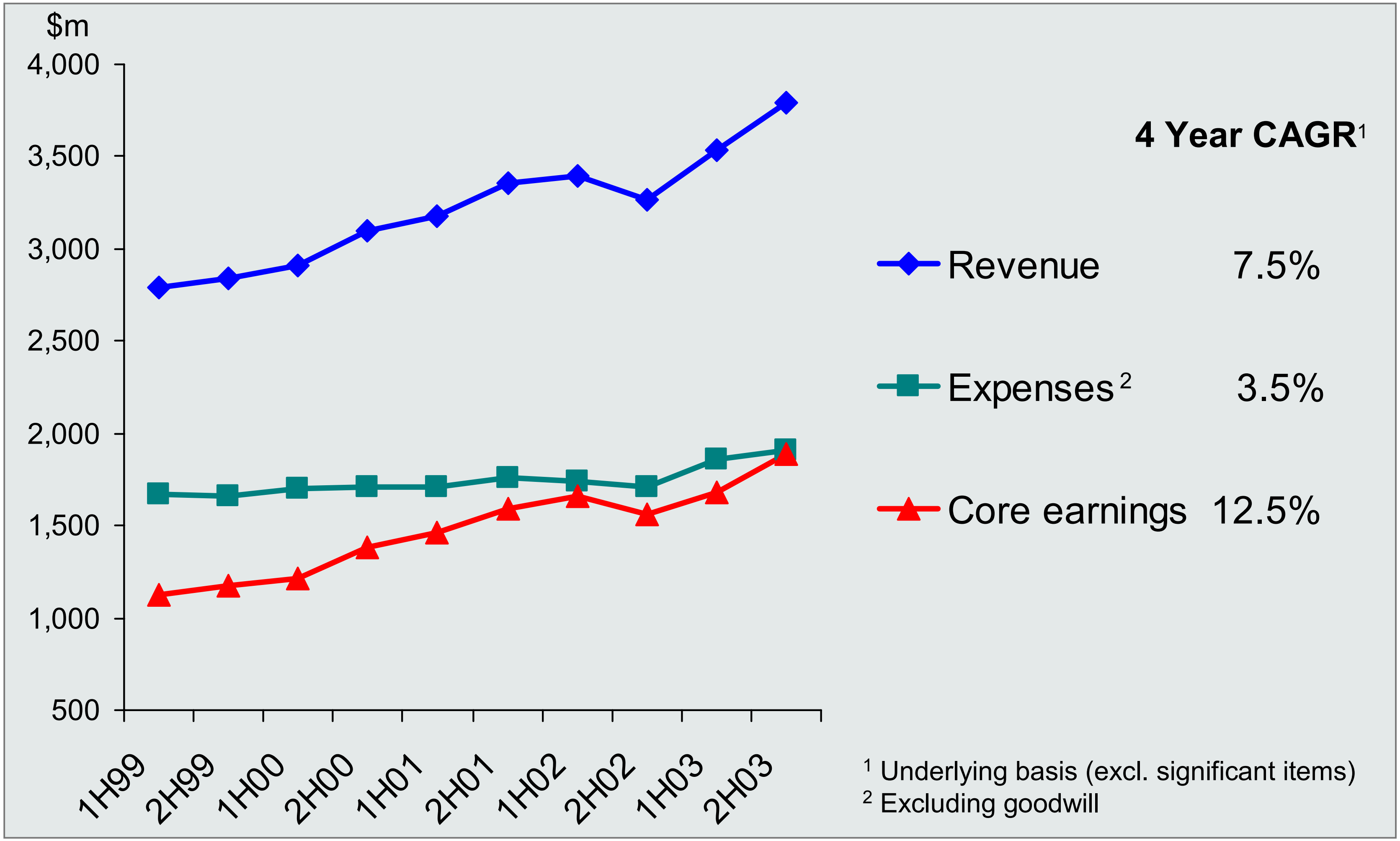
David Morgan	Chief Executive Officer
Philip Chronican	Chief Financial Officer

30 October 2003

Delivering on our focused strategy

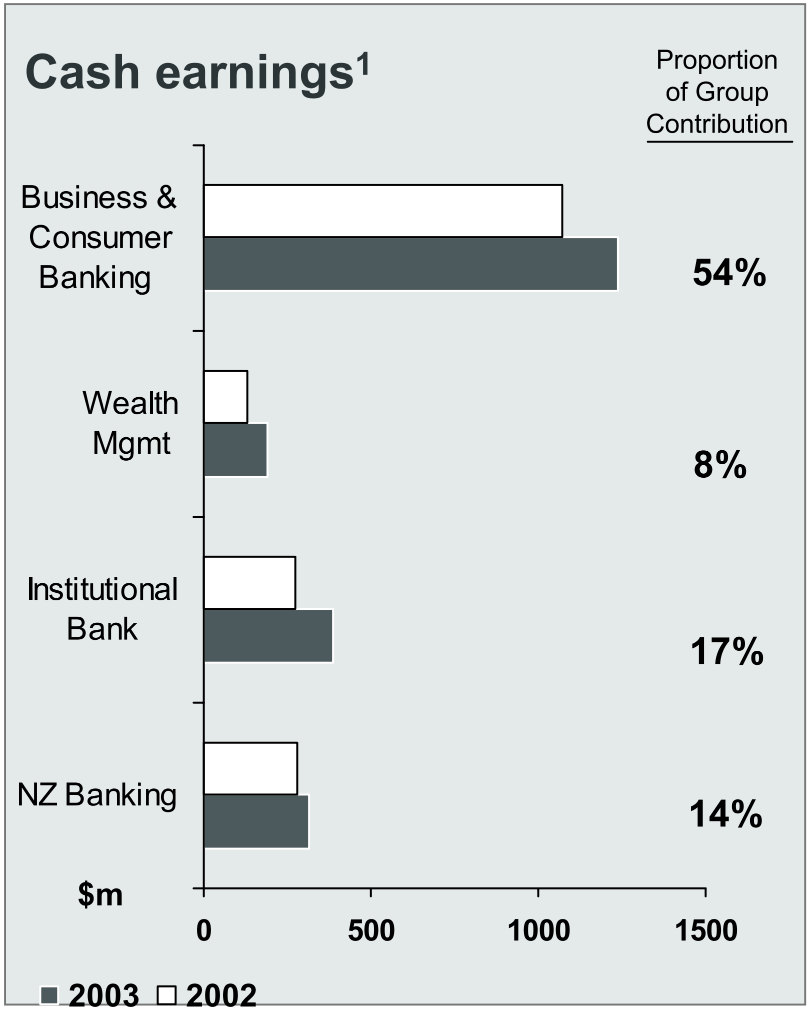
- High quality result
  - Underlying cash earnings $2,271m — up 10%
  - Cash return on equity — maintained at 21%
  - Dividend of 78 cents per share fully franked — up 11%
- Key drivers of growth
  - Robust growth in loans and acceptances — up 17%
  - Normal sector margin decline — down 7 bps
  - All business units delivering improved performance
- Quality of earnings continues to improve
  - No significant items in 2003
  - Improved asset quality: impaired assets to total loans & acceptances — down 13 bps
- Strategy is delivering

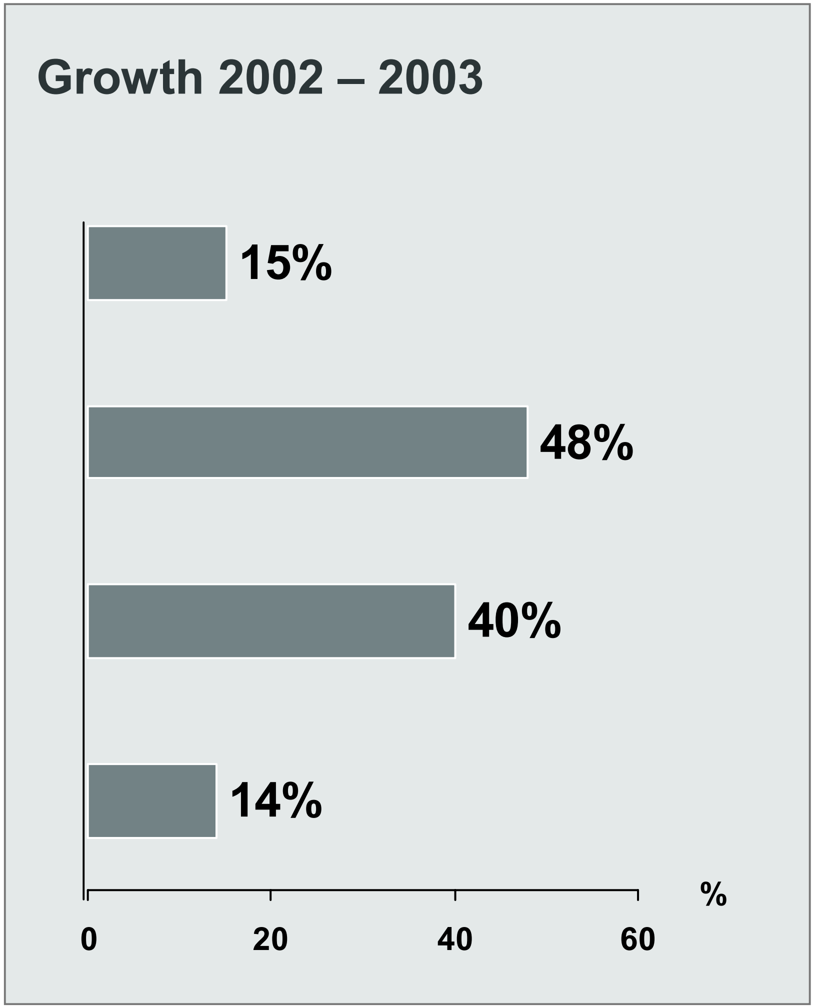
Driving the gap between revenue and expenses



[1] Underlying basis (excl. significant items)
[2] Excluding goodwill

All businesses contributing



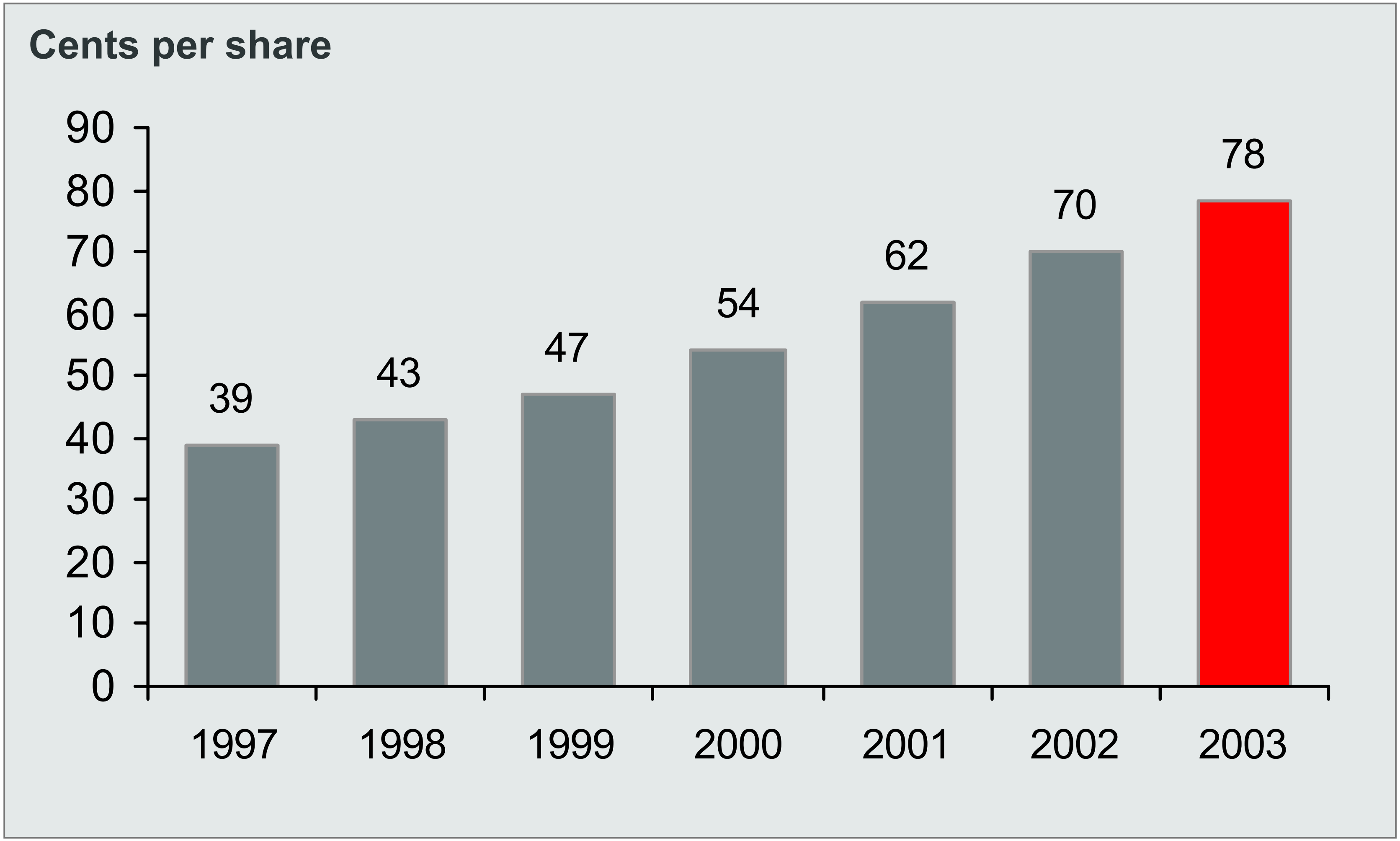


[1] Excluding significant items

A high quality result – getting the balance right

Outcome	Balance
EPS growth 9%	• ROE maintained at 21%
Strong loan growth 90 basis point improvement in market share in Australia	• Margin decline in line with sector trend - down 7 bps • Fee income stronger • Asset quality further improved
Expense to income ratio down 50 bps	• While enhancing investment spend • Absorbing restructuring charges as a normal expense
Maintained leading sustainability position	• Achieving returns for all stakeholders

Dividends up 11% on 2002 - fully franked



Delivering on our strategy

Vision

"To be a great Australian and NZ Company"

- A great place to work
- A superior customer experience
- 1st quartile shareholder returns
- A good corporate citizen

Strategy

Customer Focus

How?

Differentiator: Superior Execution

Our high performance culture:

- Quality people
- Effective people & performance management processes
- Values

Outcomes

Medium term Objectives

- Best practice employee commitment
- Service leadership in our industry
- Top quartile shareholder returns
- Leader in corporate responsibility

Mission

"To be at the forefront for service in our industry by September 2005"

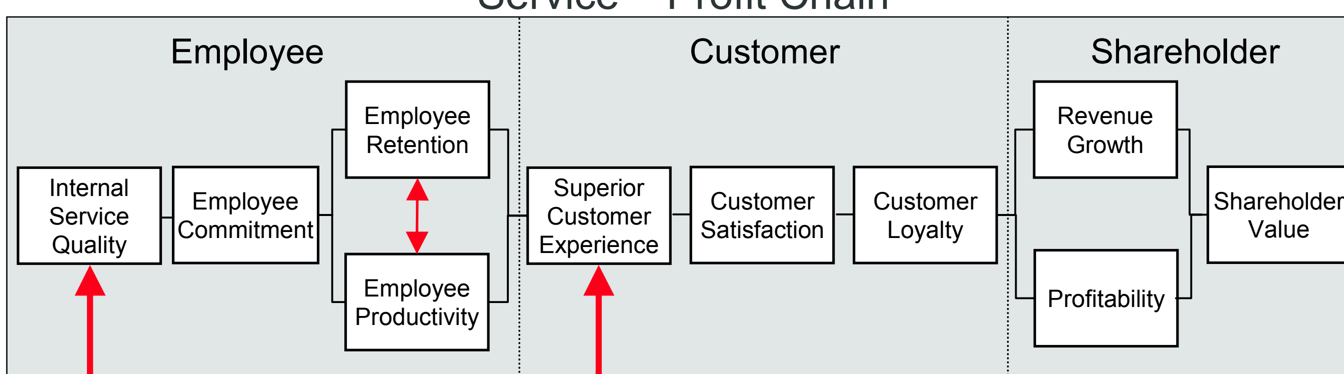
Values

Teamwork

Integrity

Performance

Service – Profit Chain



'Ask Once'

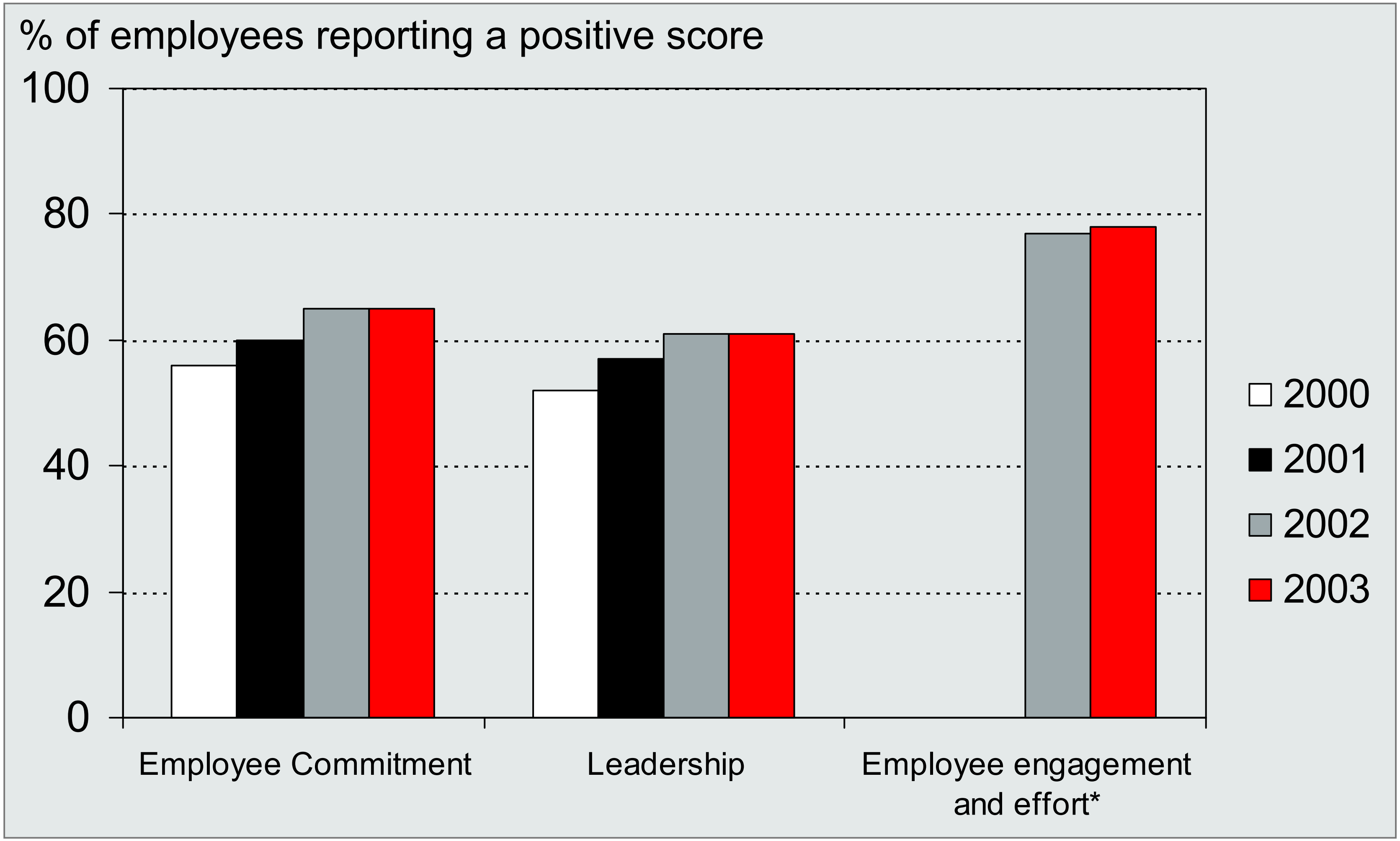
Strategy reflected in earnings

- Focus on core markets
- Delivering on the service-profit chain
  - Employee commitment
  - Customer experience
- Superior execution

Focus on core markets delivers

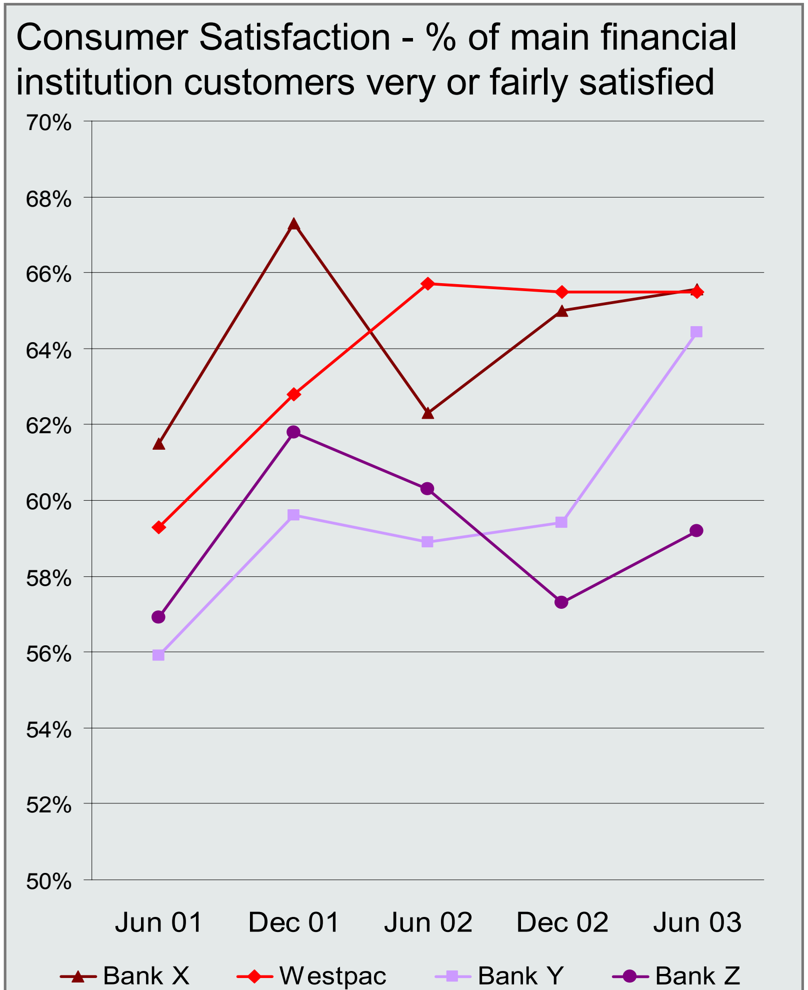
- Australia and New Zealand remain highly attractive banking markets
  - Australia credit growth 14%
  - New Zealand credit growth 7%
- Customer focused strategy delivering market share improvement
- Businesses focused on core markets – no diversion
- Wealth integration progressing quickly and smoothly

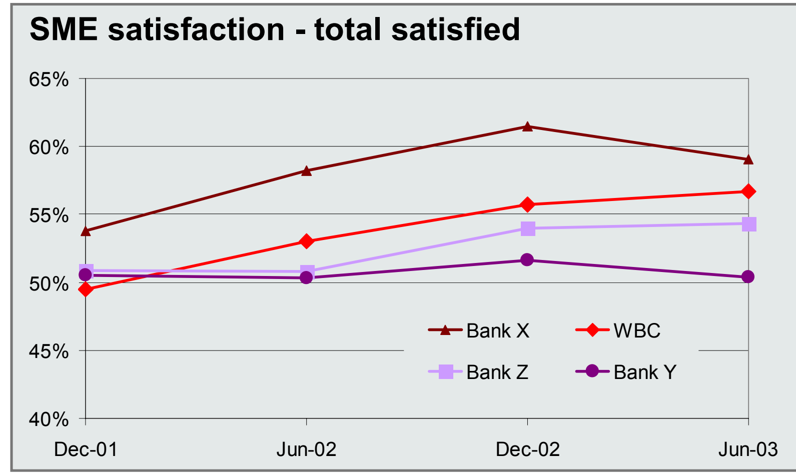
Well advanced in improving employee commitment

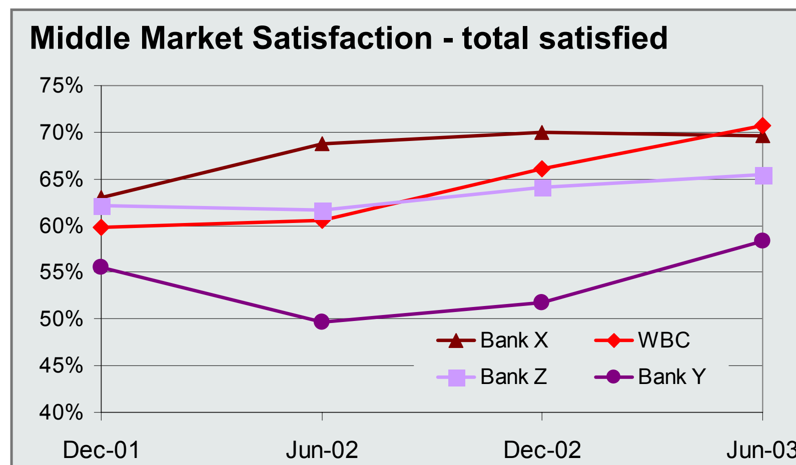


* New measure introduced in 2002

Customer satisfaction improving







Source: Consumer - Roy Morgan Research. Have deposit account with bank and regard it as MFI.
Business - TNS Business Finance Monitor

Improved customer experience leading to increased market share

Australian market share – RBA financial system aggregates	Aug 03 %	Sep 02 %	Change (bps)
Credit			
Housing	17.8	18.1	(30)
Personal	12.3	10.9	140
Other (mainly business)	11.8	10.4	140
Total credit	**14.7**	**13.8**	**90**
Total deposits	13.5	13.2	30

Growth in our wealth products has also been solid

Product	Market share	Rank	New business Market share	New business Rank
Retail	9.7%	5	Outflow	
Corporate super	5.4%	8	12.5%	3
Wrap & master trust	10.5%	5	11.8%	2
Life and risk	6.3%	7	10.2%	4
Margin lending	15.3%	2	8.4%	NA

Sources: ASSIRT, Dexx&r and RBA

Execution – delivering on our commitments

	Commitment	Status
Group	Cash EPS guidance 7% to 9% - October 2002 Disciplined acquisition approach	Delivered 9.3% Withdrew from NBNZ sale
BT	Deliver on budgeted synergies Enhance investment performance Grow Wrap and corporate super	Synergies upgraded and delivered Performance ahead of benchmark Growth momentum maintained
BCB	Deliver transformation program Reacquire AGC portfolio	$50m in ongoing cost savings Virtually all of the portfolio reacquired – one year ahead of schedule
NZ	Deliver on transformation program	New brand, lending up 14%, customer satisfaction higher
WIB	Restore Institutional Bank's performance	Financial markets income up 29%

Reputation/sustainability – enhancing returns

Sustainability - supporting the value chain

Employees → **Customers** → **Returns**

Employees

A company where people want to work

- Improved employees retention
- Enhanced ability to attract quality staff

Customers

An institution customers want to do business with

- Ethical and responsible
- Trustworthy
- Increased customer satisfaction

Returns

Enhance sustainability of returns

- Enhanced employee productivity
- Improve customer share of wallet

Number 1 In the global banking sector in Dow Jones Sustainability Index 2003/04 - for the second year in a row.

Australia Number 1 company overall – RepuTex Social Responsibility Ratings 2003. Only company to receive a AAA rating.

Westpac
Australia's First Bank

The Details

Philip Chronican Chief Financial Officer

30 October 2003

Earnings terminology – cash earnings

Cash earnings	-	strips out hybrid distributions, adds back goodwill amortisation
Reported	-	includes everything
Underlying	-	removes individually significant items in 2002
Ongoing	-	adjusted for acquisitions and AGC divestment

Focus on cash underlying, given:

- Significant items in 2002 were non-recurring
- Base on which dividends are determined
- No impact on 2003 numbers

Ongoing earnings used to highlight organic growth

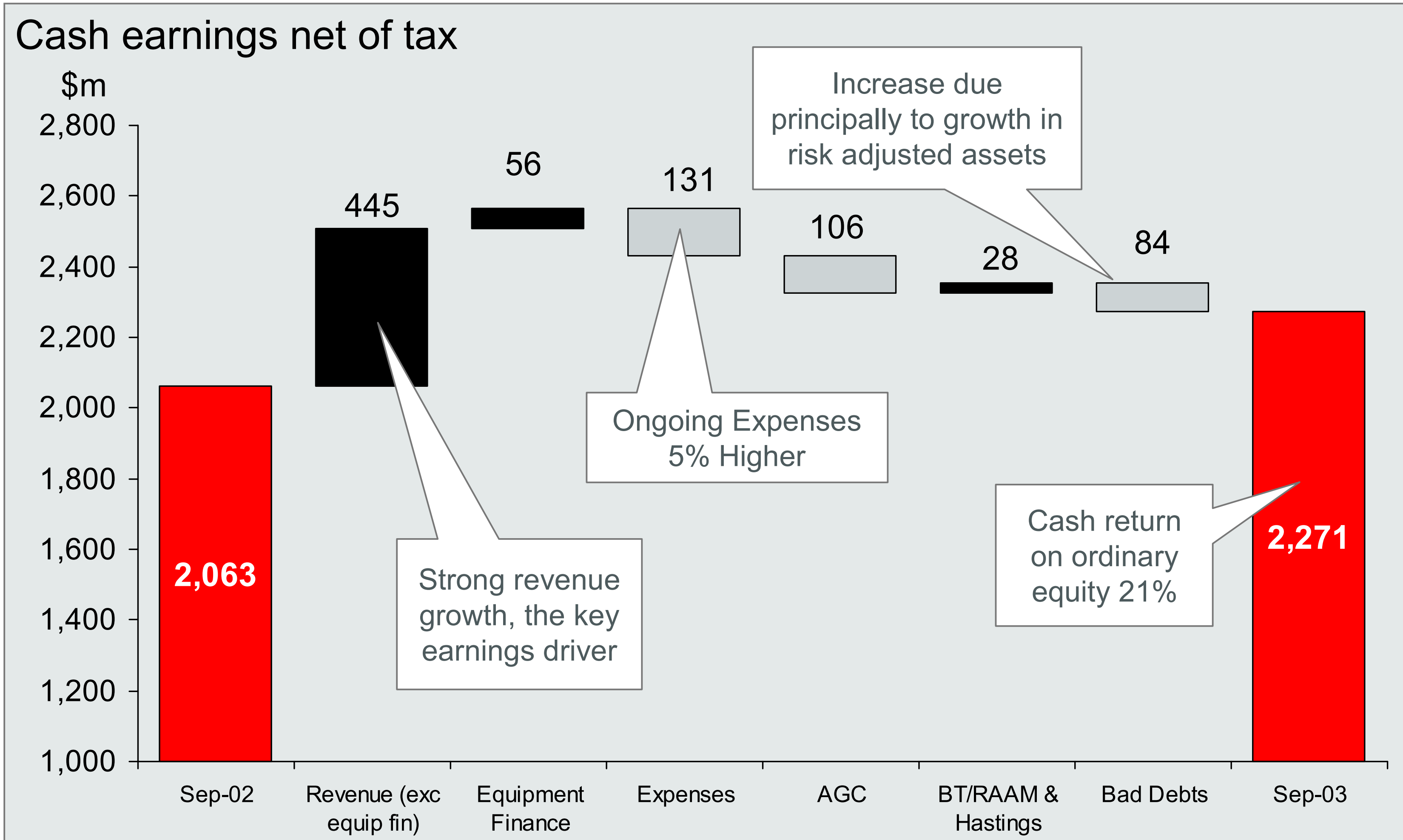
Underlying cash earnings – full year

$m	2003	2002	% Change
Net operating income	7,330	6,664	10
Operating expenses	(3,763)	(3,452)	(9)
Goodwill	(163)	(100)	(63)
Bad debts	(485)	(461)	(5)
Net profit before tax	2,919	2,651	10
Tax	(728)	(635)	(15)
Outside equity interests	(8)	(5)	(60)
Net profit after tax & OEI	**2,183**	**2,011**	**9**
Goodwill	163	100	(63)
Preference dividends	(75)	(48)	(56)
Cash earnings	**2,271**	**2,063**	**10**

Underlying cash earnings – half on half

$m	2H03	1H03	% Change
Net operating income	3,793	3,537	7
Operating expenses	(1,906)	(1,857)	(3)
Goodwill	(85)	(78)	(9)
Bad debts	(271)	(214)	(27)
Net profit before tax	1,531	1,388	10
Tax	(395)	(333)	(19)
Outside equity interests	(4)	(4)	-
Net profit after tax & OEI	**1,132**	**1,051**	**8**
Goodwill	85	78	(9)
Preference dividends	(41)	(34)	(21)
Cash earnings	**1,176**	**1,095**	**7**

Cash earnings up 10%

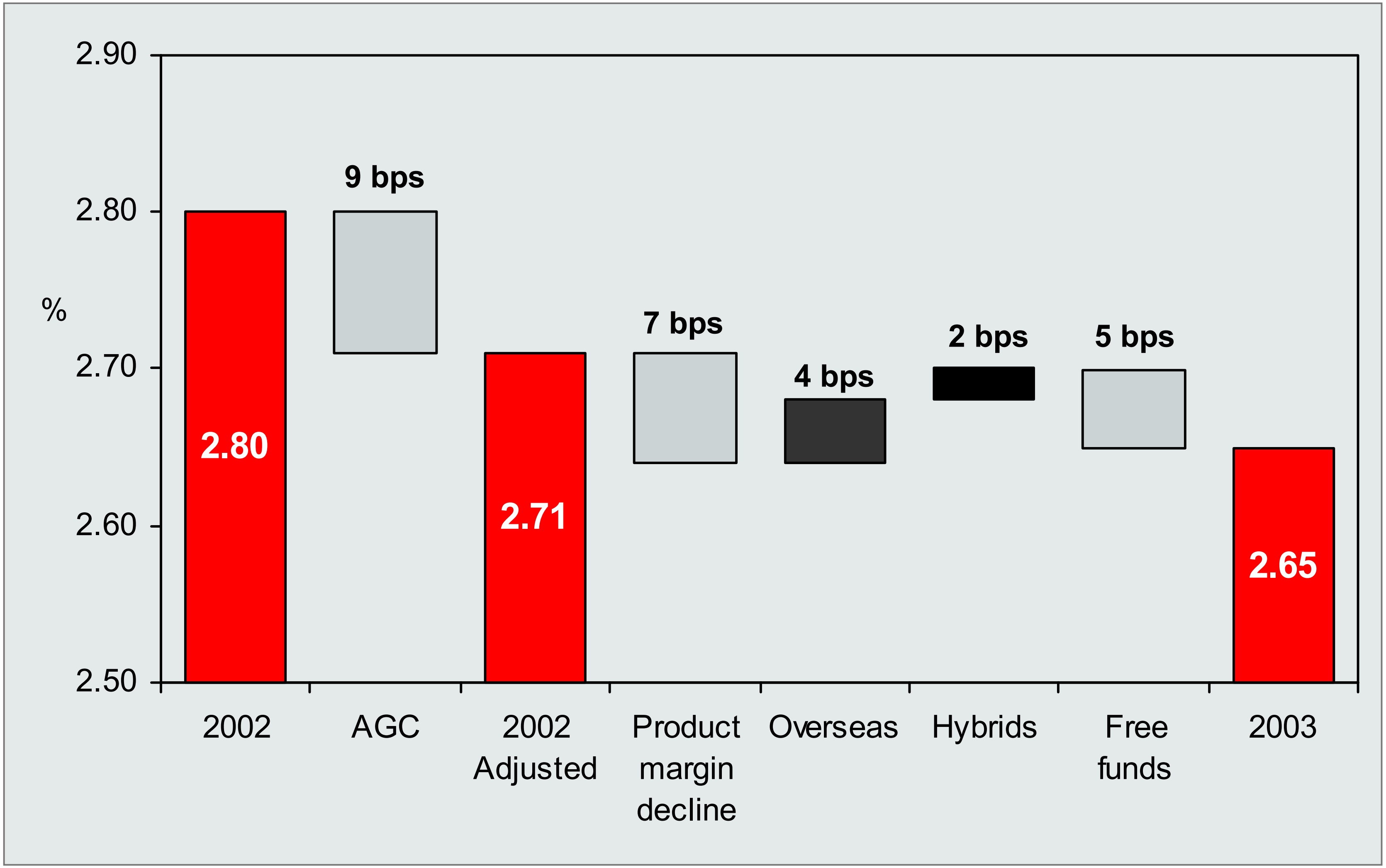


Loan growth

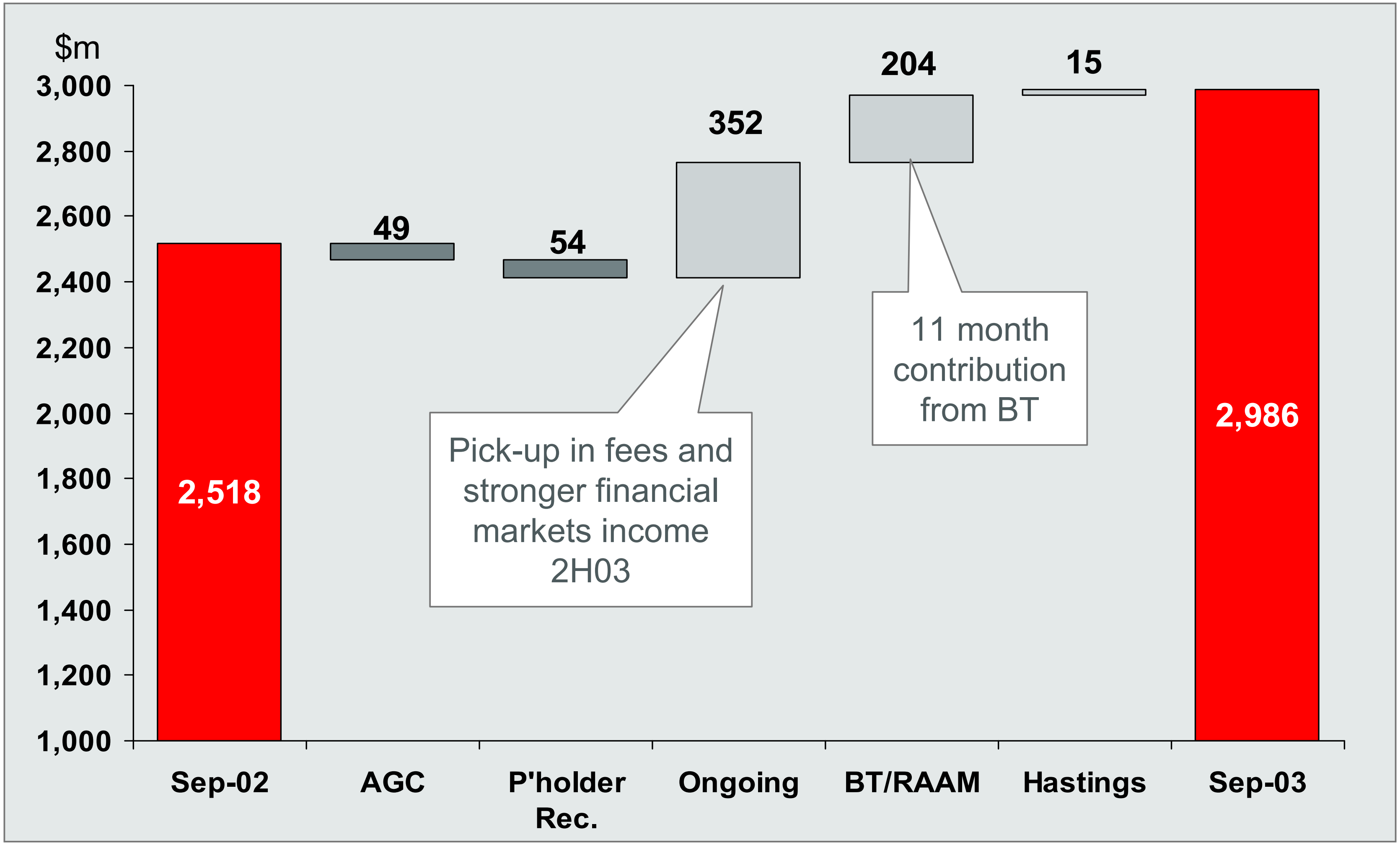
$bn	2H03	1H03	2H02	% Change Sep 02 - Sep 03
Business Unit				
Consumer	87.3	79.9	73.3	19
Housing[1]	79.9	72.8	66.4	20
Personal (loans & cards)	7.4	7.1	6.9	7
Business (excl. equip. finance)	27.2	25.5	24.5	11
Equipment Finance re-build	4.9	3.6	2.2	120
WIB	22.2	22.4	21.5	3
New Zealand Banking	21.4	21.2	18.9	13
BT Financial Group	1.5	1.5	0.6	150
Group				
Net loans and acceptances	164.1	153.7	140.6	17
Risk weighted assets	142.9	137.8	128.7	11
Avg int. earning assets	178.0	164.8	156.7	14

[1] Securitised loans deducted from total

Margin dynamics



Non-interest income analysis



Expense analysis

$m	2003	2002	% Change
Salaries & other staff expenses	1,836	1,688	9
Equipment & occupancy	596	589	1
Other expenses	1,331	1,255	6
Operating expenses	**3,763**	**3,452**	**9**
Net impact of change in composition of business	(148)	-	
Adjusted operating expenses	**3,615**	**3,452**	**5**

Composition of expense growth

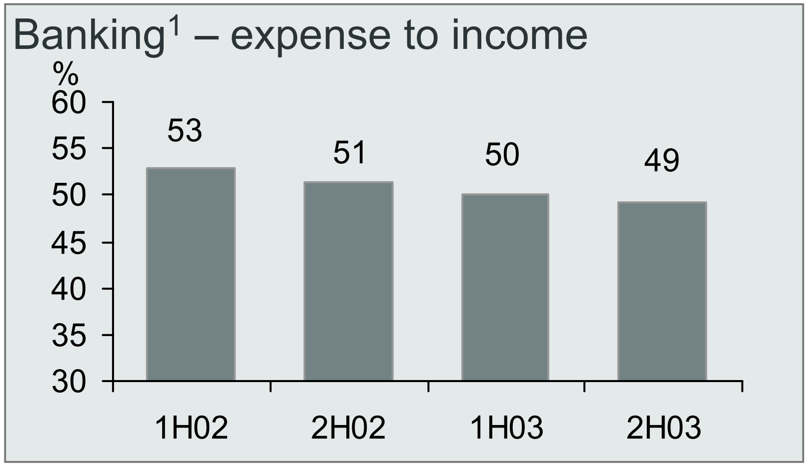
- 2003 expenses were impacted by the change in Westpac's business mix. Adjusting for this change, expenses rose 4.7%
- Other specific expenses are items previously identified as having a significant impact on 2003 cost growth.
- Adjusted expense growth includes the funding of:
  - Australian investments in CRM and additional staff (both permanent and casual)
  - Restoration of Institutional Bank incentives
  - New Zealand head office relocation and re-branding

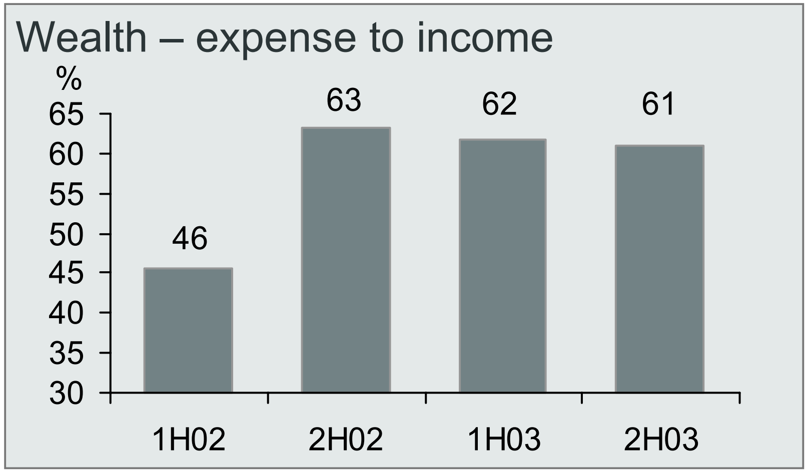
Composition of expenses $m	
2003 Expenses	3,763
Change in business composition	148[1]
Adjusted expenses	3,615
Increase on 2002	4.7%

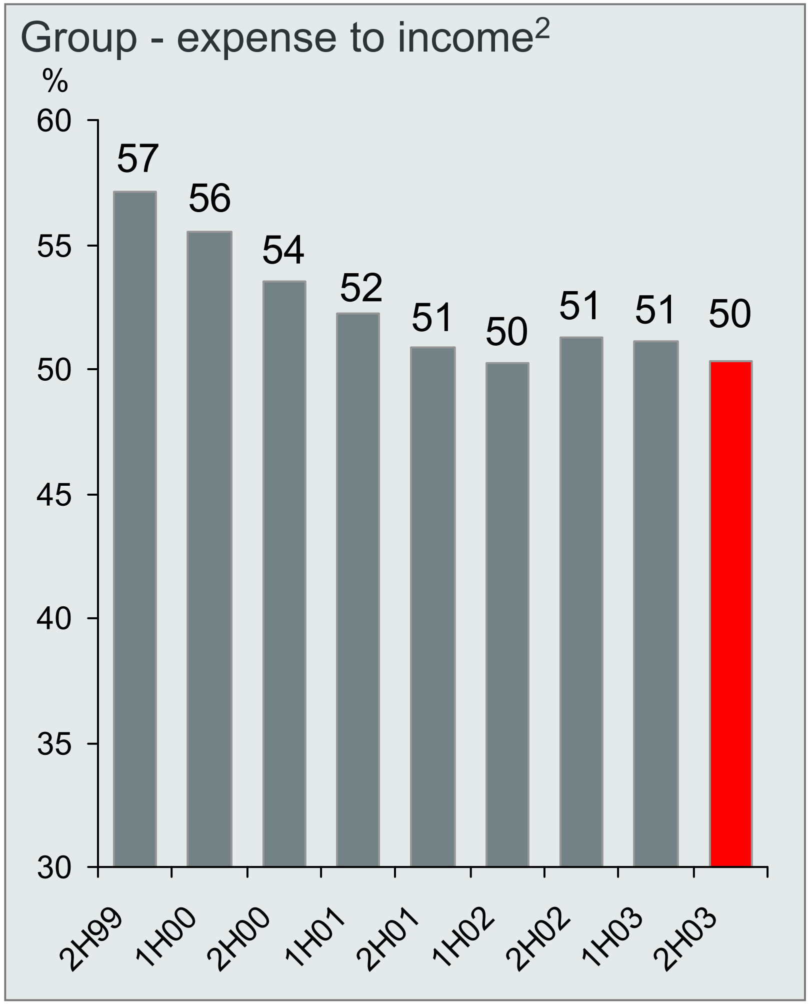
Other specific expense items $m	Expected	Outcome
NZD appreciation	22	42
IAS19	68	77
	90	119
% impact on 2003 expenses	2.6%	3.5%

1. Additional expenses associated with the change in business mix from the sale of AGC and the purchase of BT and RAAM

Expense to income







1. Excludes AGC

2. Underlying earnings basis

Expense outlook 2004

- Expense growth in 2004 expected to be lower than underlying expense growth for 2003 given:
  - No further pressure from NZD/AUD exchange rate
  - Decrease in temporary staff expected as project work eases
  - 2004 investment program likely to be less than 2003
  - Continued benefits from efficiency pipeline

Cost efficiency pipeline

$m	FY04F	FY05F	FY06F
Outsourcing	8	17	17
Wealth integration	21	42	42
Lending processes	19	60	74
Head Office relocation	-	-	12
Other efficiency initiatives	42	46	46
Cumulative total	**90**	**165**	**191**
Annual increment	**90**	**75**	**26**

Business and Consumer Banking

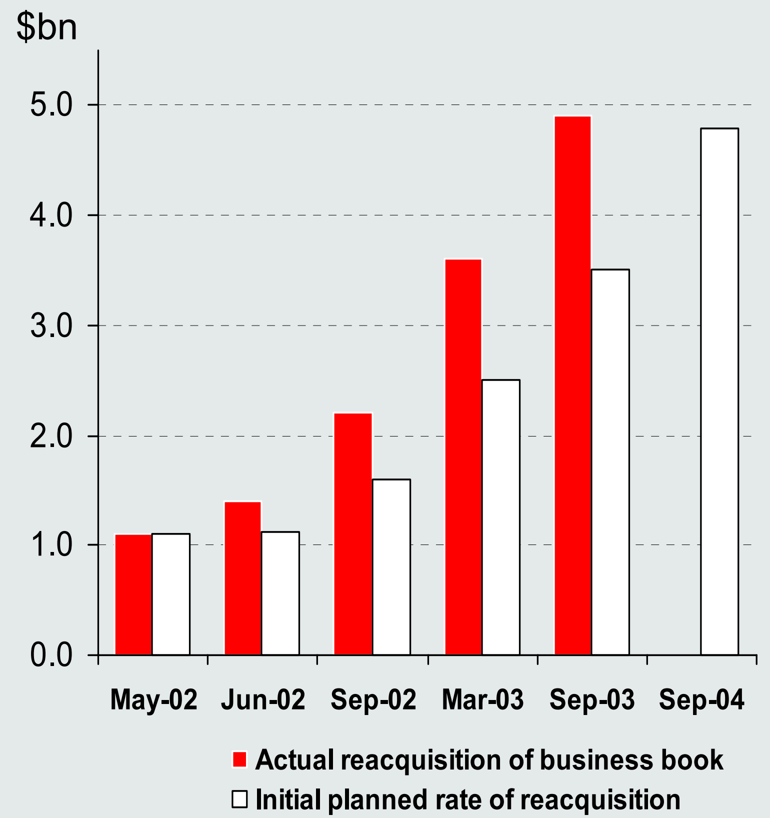
- Cash earnings up 15%
- Expense to income down 270bps
- Bad debt increase primarily due to dynamic provisioning for rebuild of equipment finance book
- Additional FTE to support business growth

$m	2003	2002	% Change
Operating income	4,447	4,026	10
Operating exp	(2,365)	(2,250)	(5)
Core earnings	2,082	1,776	17
Bad debts	(322)	(272)	(18)
Operating profit	1,760	1,504	17
Tax & OEI	(524)	(432)	(21)
Cash earnings	**1,236**	**1,072**	**15**
Goodwill	(58)	(58)	-
Profit on operations	**1,178**	**1,014**	**16**
Expense to income	**53.2%**	**55.9%**	**270 bps**

Reacquisition AGC equipment finance portfolio

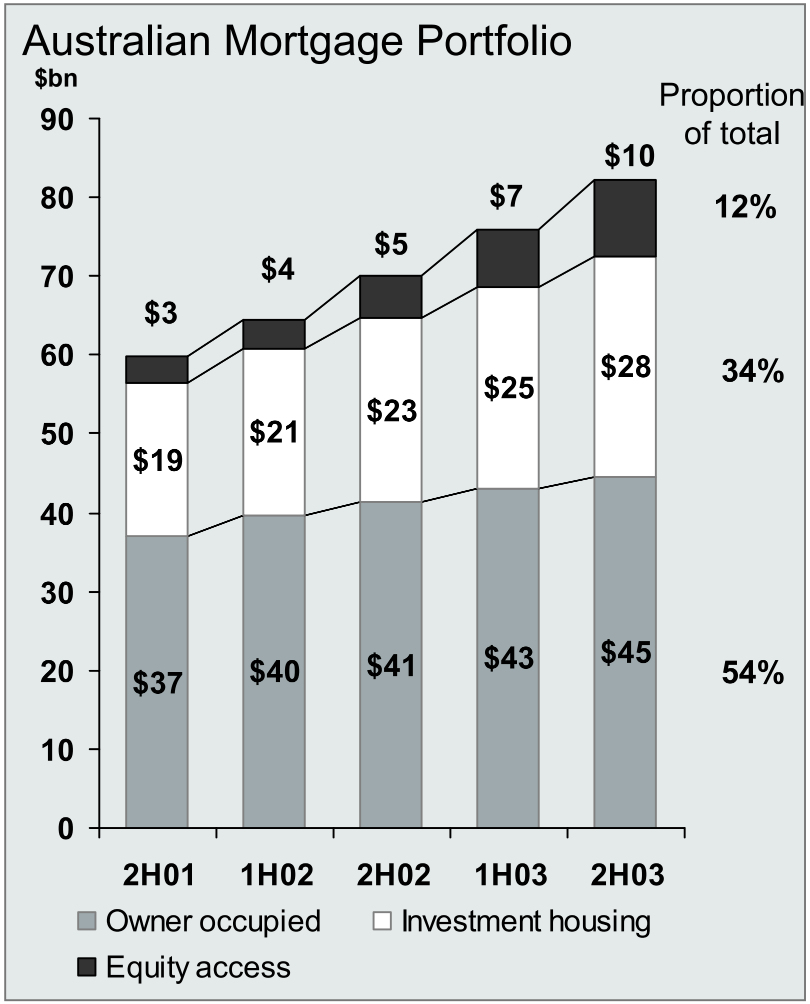
- Original reacquisition targets met – one year ahead of schedule
- Cash earnings from the re-build of the equipment finance portfolio 2002 – 2003 $49.3m
- Not a contributor to risk weighted asset growth
- Remarketing agreement expires May 2004

Equipment Finance portfolio
(Original balance - $5.1bn)



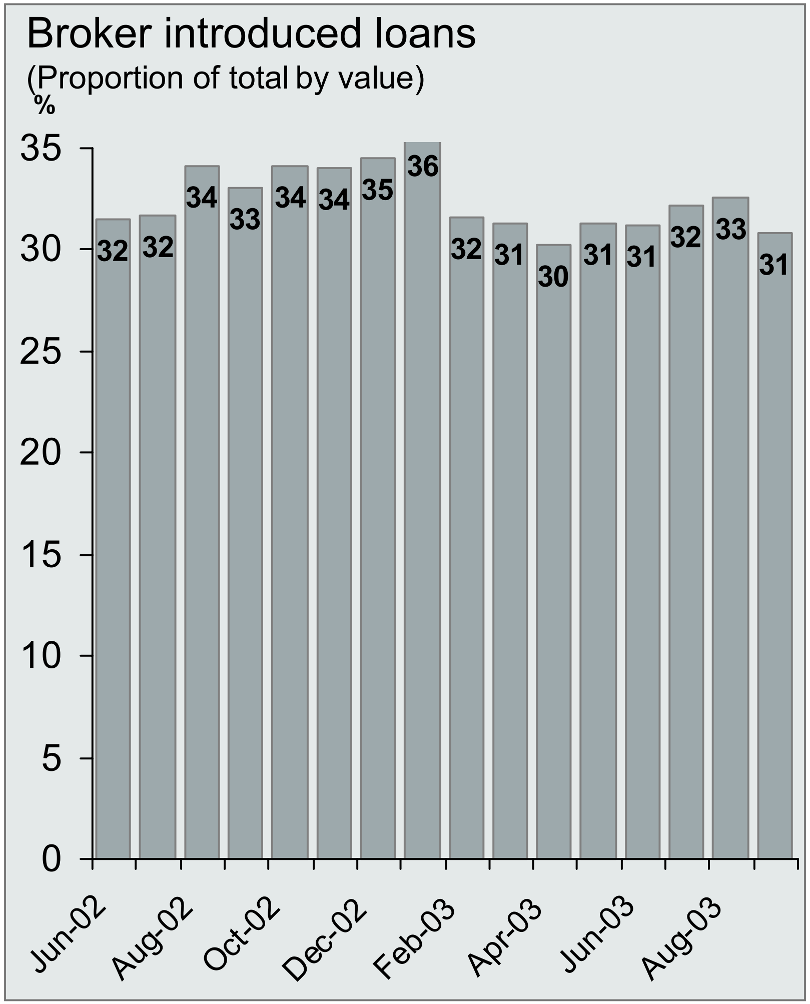
Mortgage portfolio characteristics

- Market share of housing eased marginally on strong volumes
  - Owner occupied up 10%
  - Investment up 22%
- Funding for alterations and additions has resulted in equity access loans growing 82% from a low base
- Average LVR of new loans 63% - up from 61% in 1999
- Average LVR for mortgage insured loans 88%
- 77% of loans from customers with an existing relationship



Mortgages - broker introduced loans

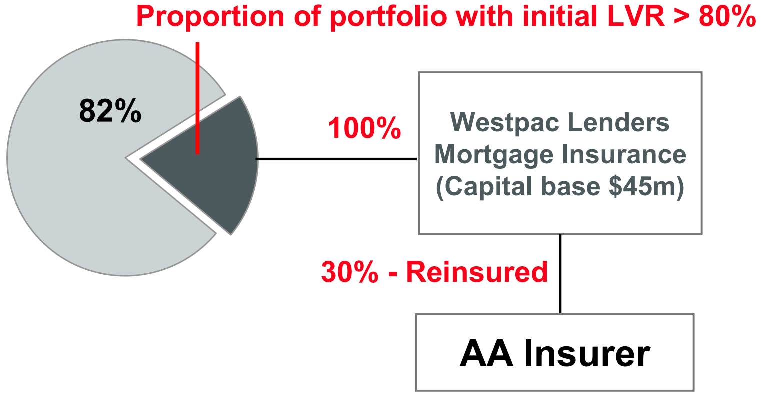
- 23% of outstanding mortgage portfolio is broker originated
- Brokers introduced 31% of new loans in 2003
- Average size of loan is up to 15% higher than branch originated loan
- Same underwriting standards applied to all applications, and more rigorous validation process
- Broker introduced loans have lower churn and longer average life than bank originated



Housing portfolio quality

- Total bad debts less than 3 basis points
- Delinquencies at low levels
- 100% mortgage insurance where loan to value (LVR) ratio > 80%
- Investment lending for CBD property stable at 2% of housing portfolio
  - strict criteria remain
  - average LVR 59%
- Revised mortgage insurance arrangements for new business in place

Mortgage insurance structure



Lending for CBD property $bn	
Sydney	1.0
Melbourne	0.4
Brisbane	0.3
Other	0.1
Total	**1.8**

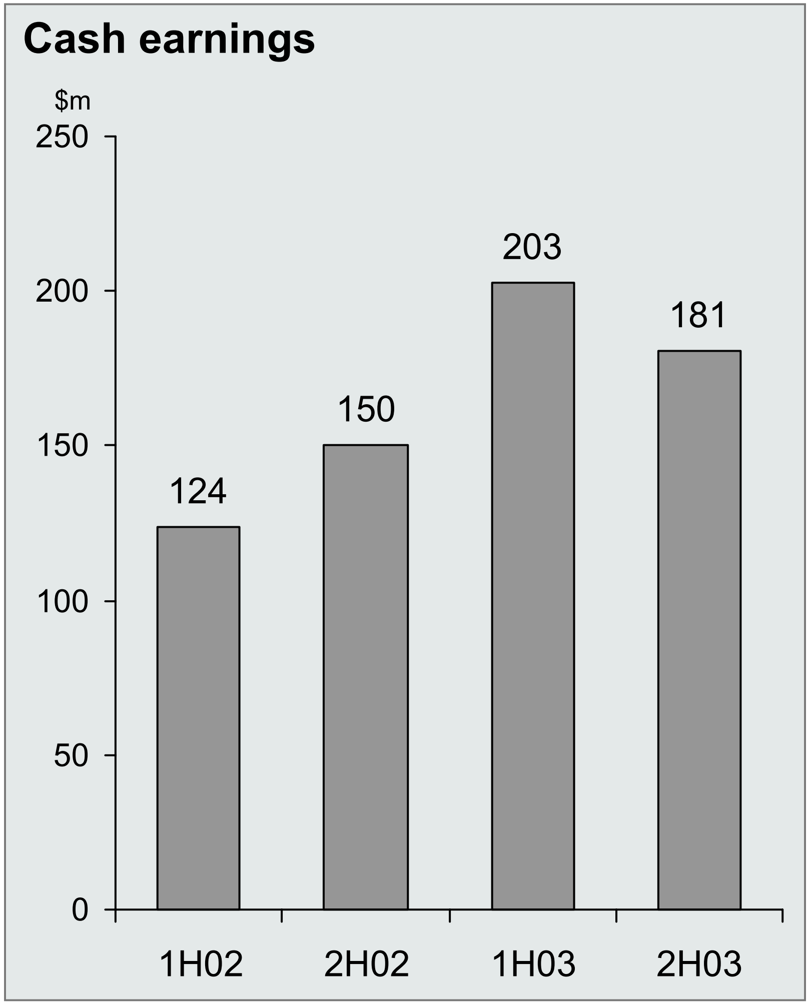
Housing portfolio quality

- APRA stress testing confirmed overall industry strength
- Westpac's updated stress testing provides further validation
- Increase in maximum losses previously estimated due to a lower base in key model variables - interest rates and unemployment rate
- Capacity to absorb interest rate rises strong with 73% of amortising borrowers repaying in excess of required minimum

Westpac 2003 stress testing results	Base case	Scenario A	Scenario B
Interest rates - % pa	**6.6**	**8.6**	**10.6**
Individual effect $m	0.0	2.8	7.1
Housing prices fall - %	**0**	**10**	**20**
Individual effect $m	0.0	7.5	25.5
Unemployment rate - %	**6.1**	**7.1**	**8.1**
Individual effect $m	0.0	1.4	3.9
Combined effect $m	0.0	19.1	113.0
Combined effect - bps	0.0	2.4	14.3

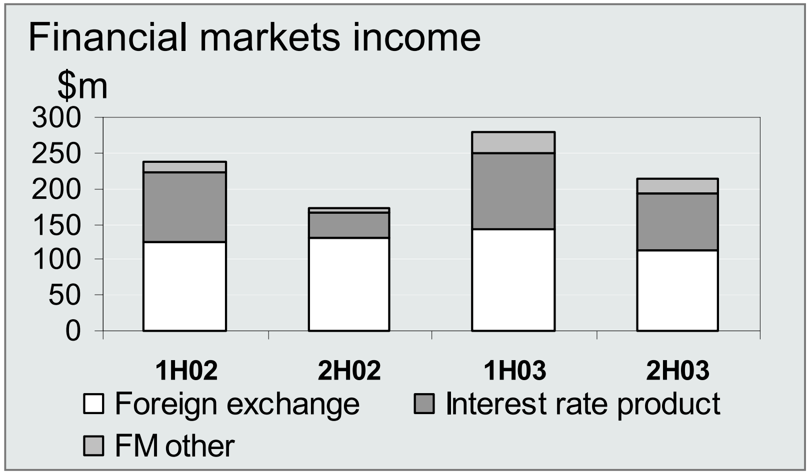
Institutional Bank

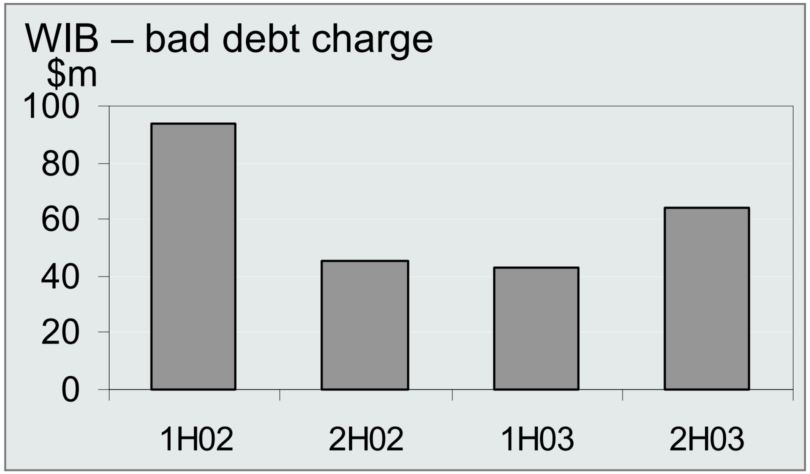
- Cash earnings up 40%
- Net interest income up 19% driven by higher financial markets income and high margin structured finance deals
- Financial markets income up 29%
- Other operating income up 14% with improved structured products contribution including $15m revenue from Hastings
- Expenses higher due to transformation project – full benefits yet to be realised



Institutional Bank

- Financial markets income within expected volatility bands
- Impaired assets stable, bad debts rose in 2H03 – increased provisions for a small number of corporate exposures
- Overall asset quality continues to improve
  - No material change to overseas investment securities carrying value

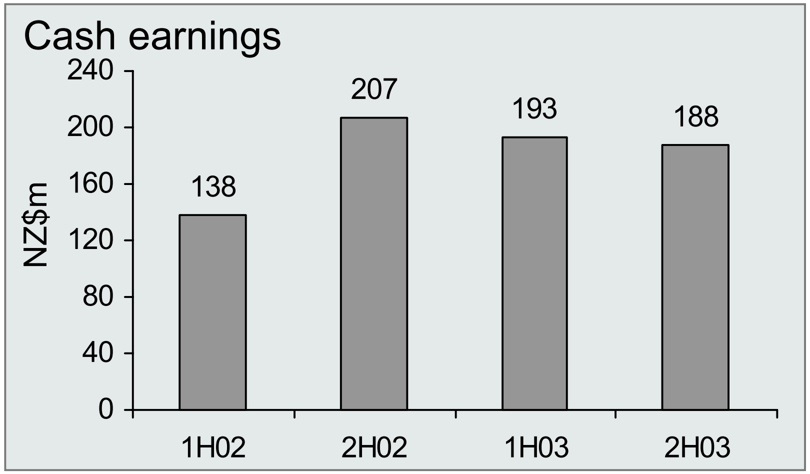


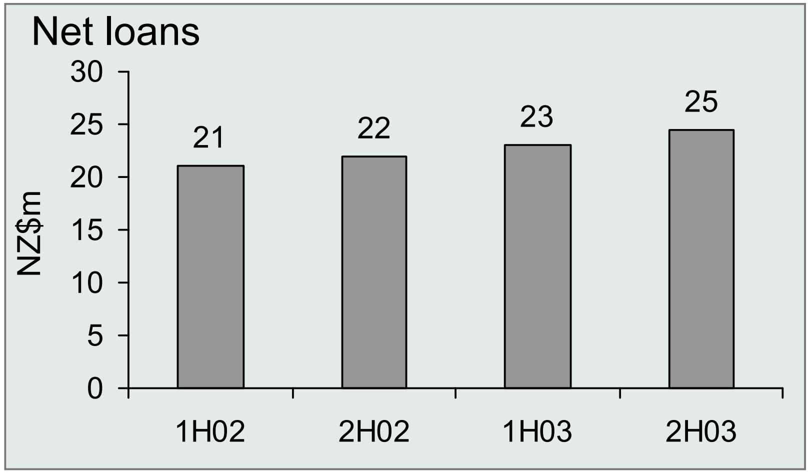


New Zealand Banking

- Cash earnings up 11%[1] (up 14% in A$)
- Performance improvement program delivering:
  - Increased focus on Auckland market including relocation of head office
  - Boosting specialist sales force numbers and productivity
- Expense to income down 60 bps[1] over the year, absorbing re-branding and relocation costs
- Net loans up 14%[1]

[1] NZ dollars





NZ dollar impact

- Rolling 12-month focus – timing main impact
- 2004 AUD/NZD hedge rate to be 1.11 compared to current market rate of 1.15
- Hedge gain/loss recognised in non-interest income

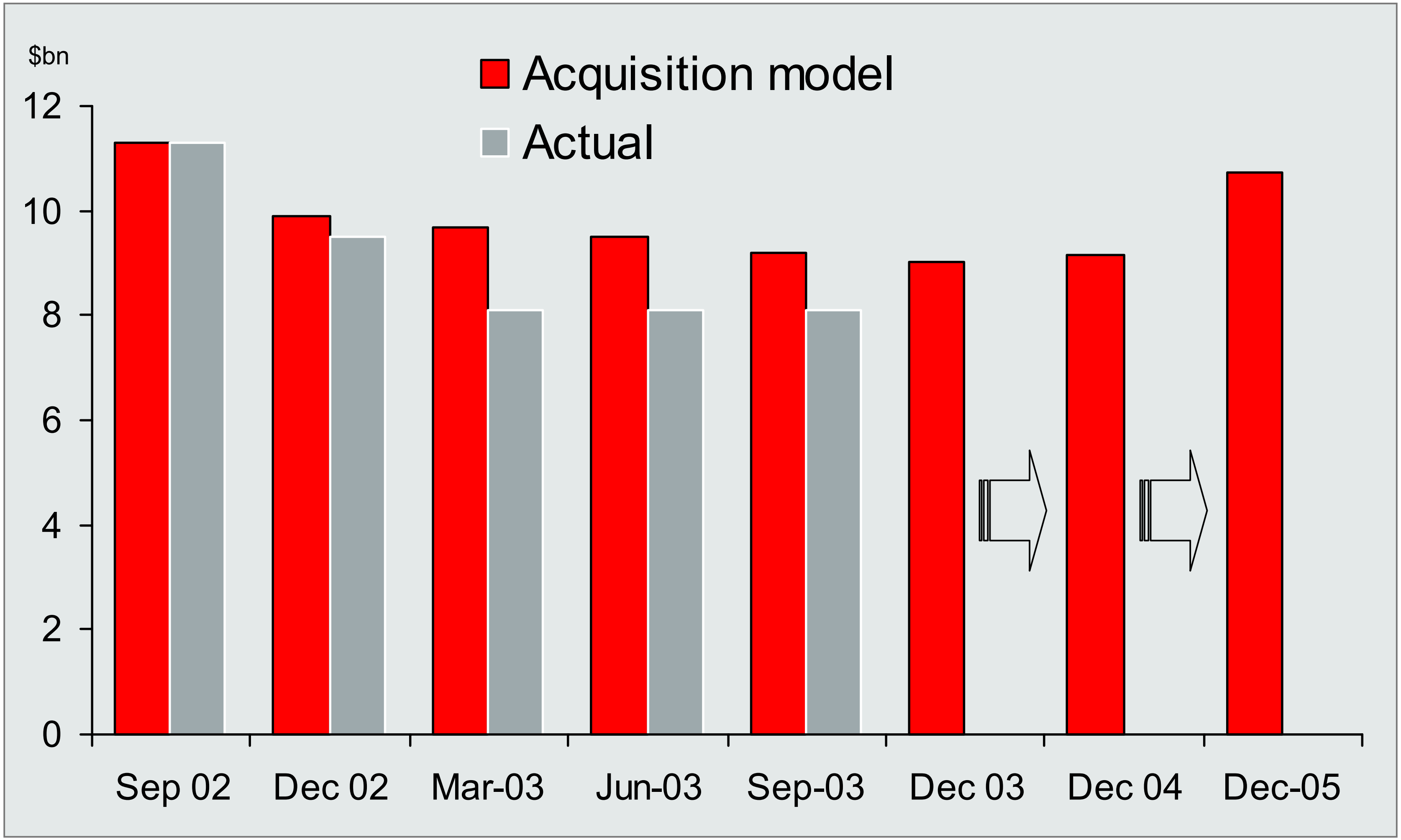
Impact on group financials (A$)	Currency impact	Hedge impact
Operating revenue	+95m	(42m)
Operating expenses	+42m	
Cash earnings	+37m[1]	(29m)
Loans and acceptances	+1bn	
Risk weighted assets (NZ Retail)	+0.7bn	

[1] WIB NZ earnings are not hedged

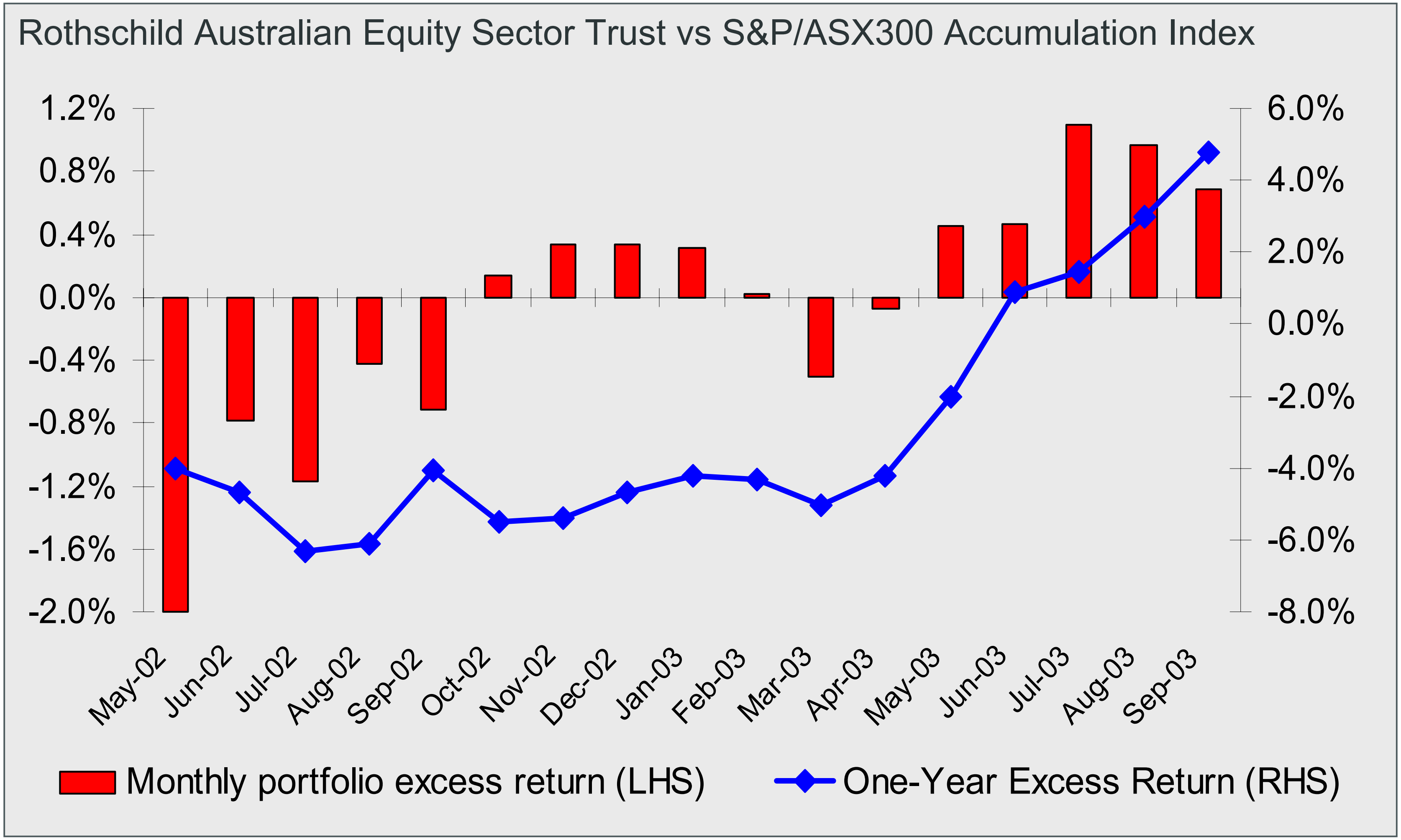
BT Financial Group

$m	2H03	1H03	2H02
Operating income	322	290	166
Operating expenses	(196)	(179)	(104)
Tax & outside equity interests	(22)	(25)	(12)
Cash earnings	**104**	**86**	**50**
Goodwill	(35)	(28)	(2)
Net profit after tax	69	58	48

Net retail FUM against acquisition model - BT

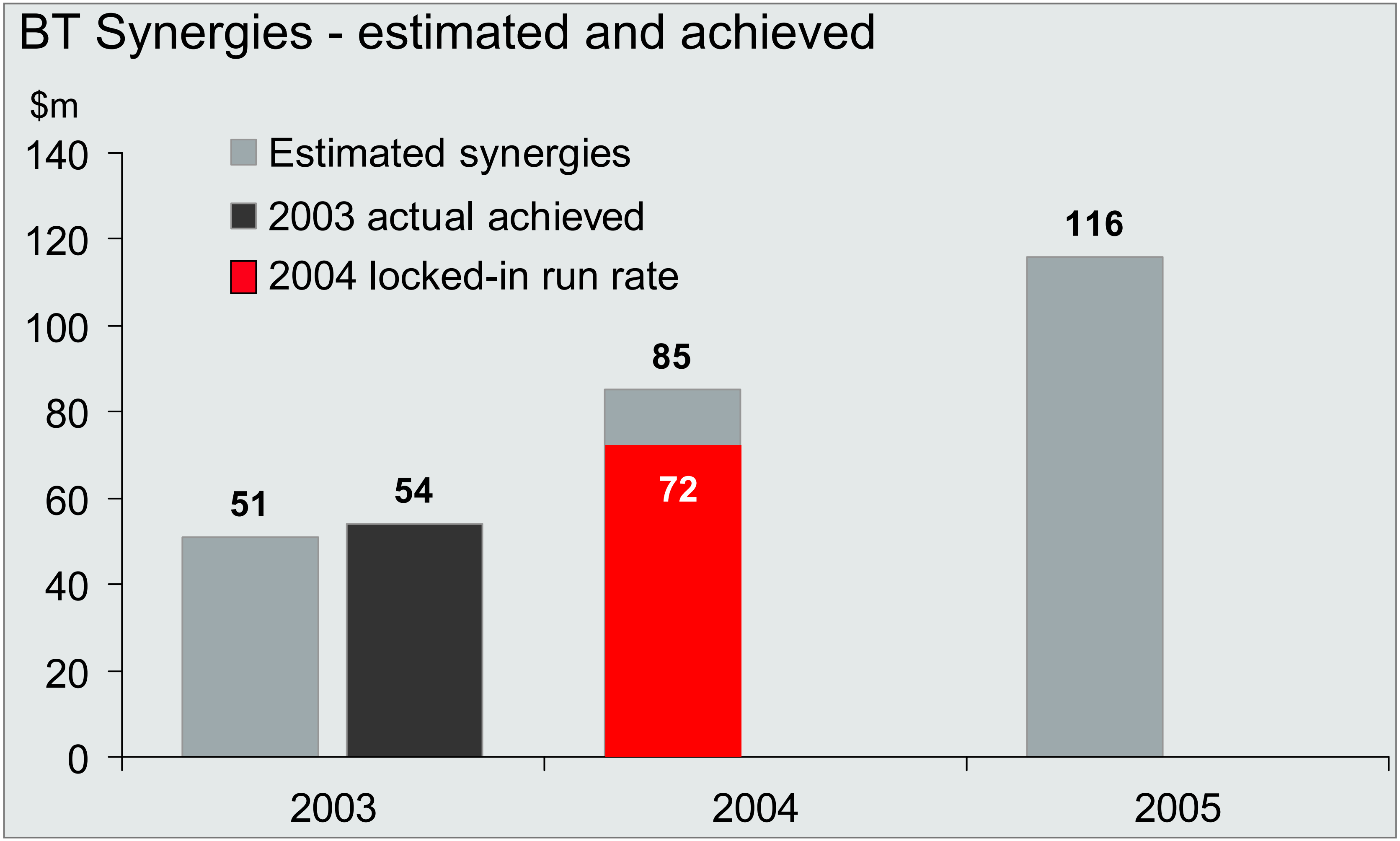


Performance turnaround: Australian equities

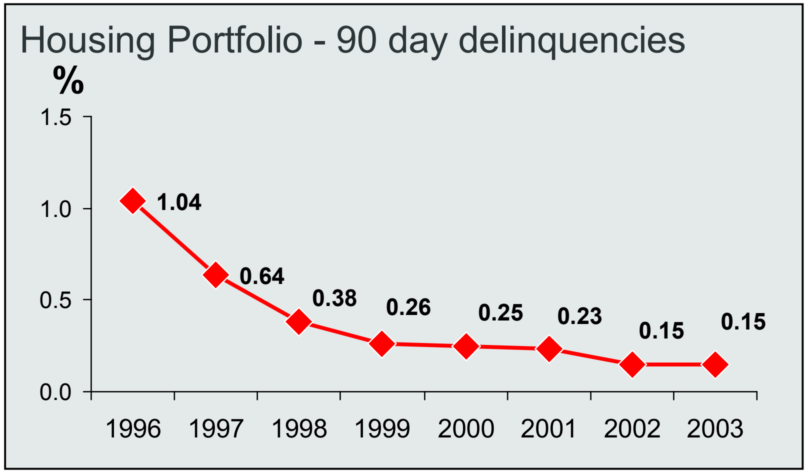


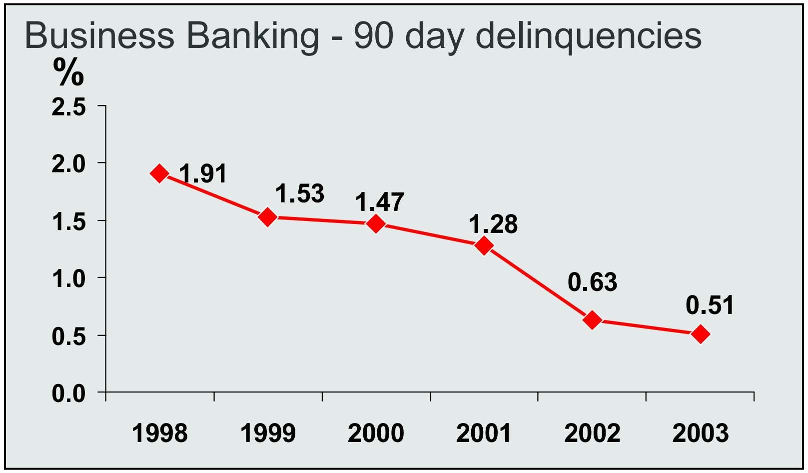
Source : BT

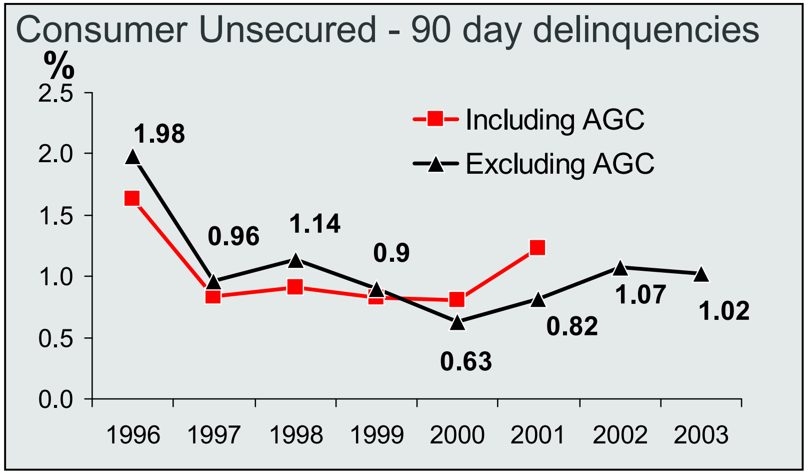
Continuing to over-achieve on synergies

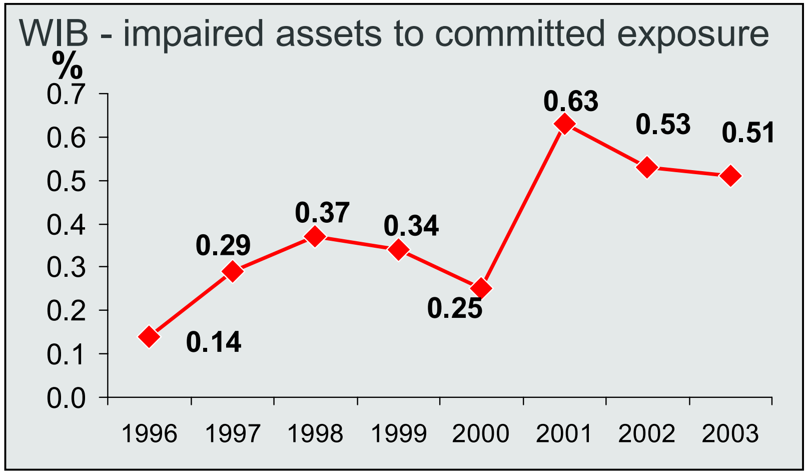


Asset quality - forward indicators in good shape







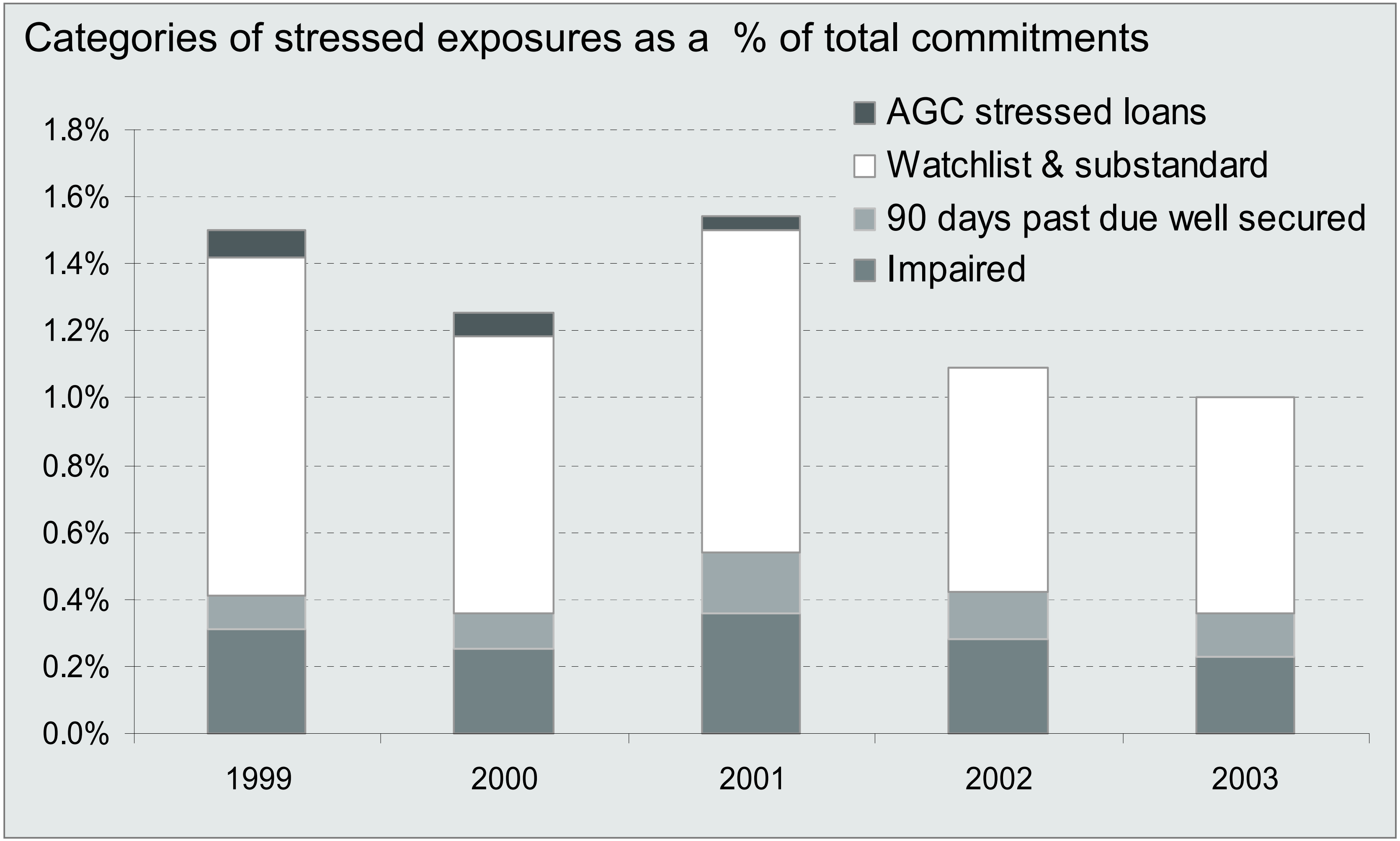


Bad debt analysis

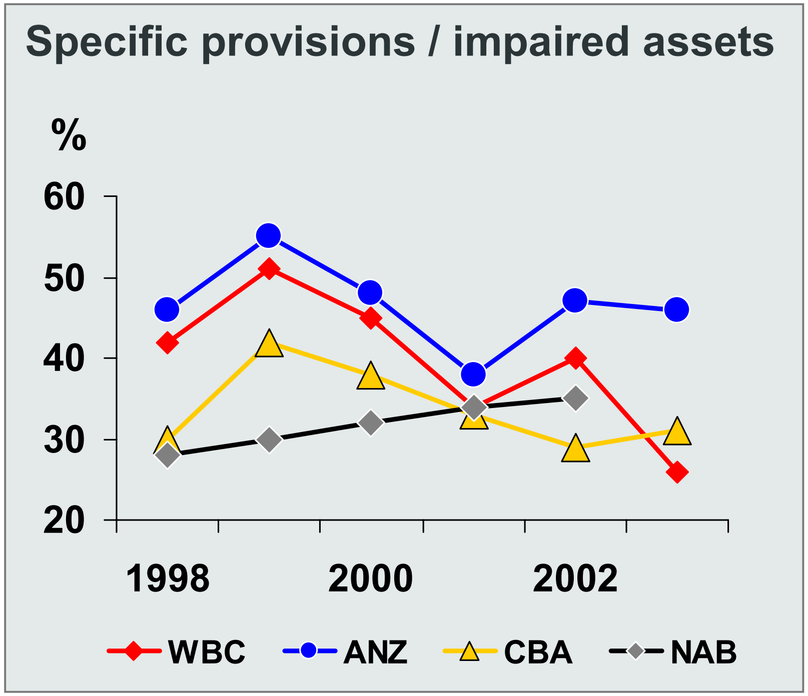
$m	2H03	1H03	2H02	1H02
Write-offs	(133)	(142)	(171)	(208)
Net transfer to/from specific provisions	(70)	17	(70)	(102)
Recovery of debts previously W/O	27	47	35	49
Bad debt charge-off	**(176)**	**(78)**	**(206)**	**(261)**
Increase in general provision	(95)	(136)	16[1]	(10)
Net bad debt expense	**(271)**	**(214)**	**(190)**	**(271)**
General provision	1,394	1,309	1,162	1,301
General provision to non-housing loans & acceptances	1.7%	1.7%	1.7%	1.8%

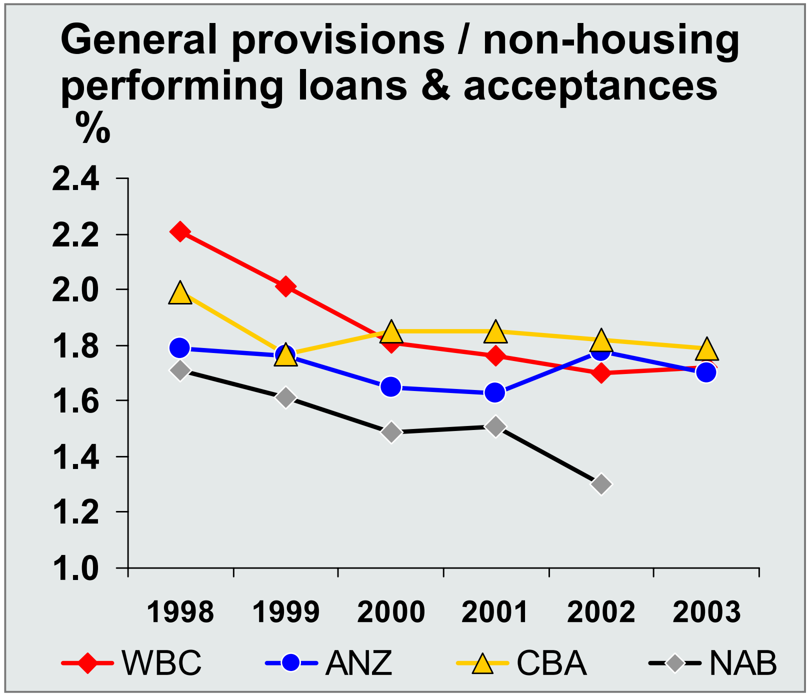
1. Adjusted ($133m) for provisions transferred on sale of AGC

Stressed exposures remain near historic lows



Provisioning cover





- Specific provision for impaired assets decreased to 26%, from 41% at 1H03.
- Reduction primarily due to the partial write-off of specific provisions for a couple of large corporate exposures

Tax breakdown

$m	2003	2002[1]
Tax expense	728	471
Tax expense as a % NPBT	24.9%	17.7%
Adjustments		
Policy holder tax recoveries	(7)	46
Normalised tax expense	721	517
Normalised tax rate	24.7%	19.4%
Effective tax rate inc gross up	31.7%	21.7%
Effective tax rate inc gross up and excl significant items	31.7%	29.0%

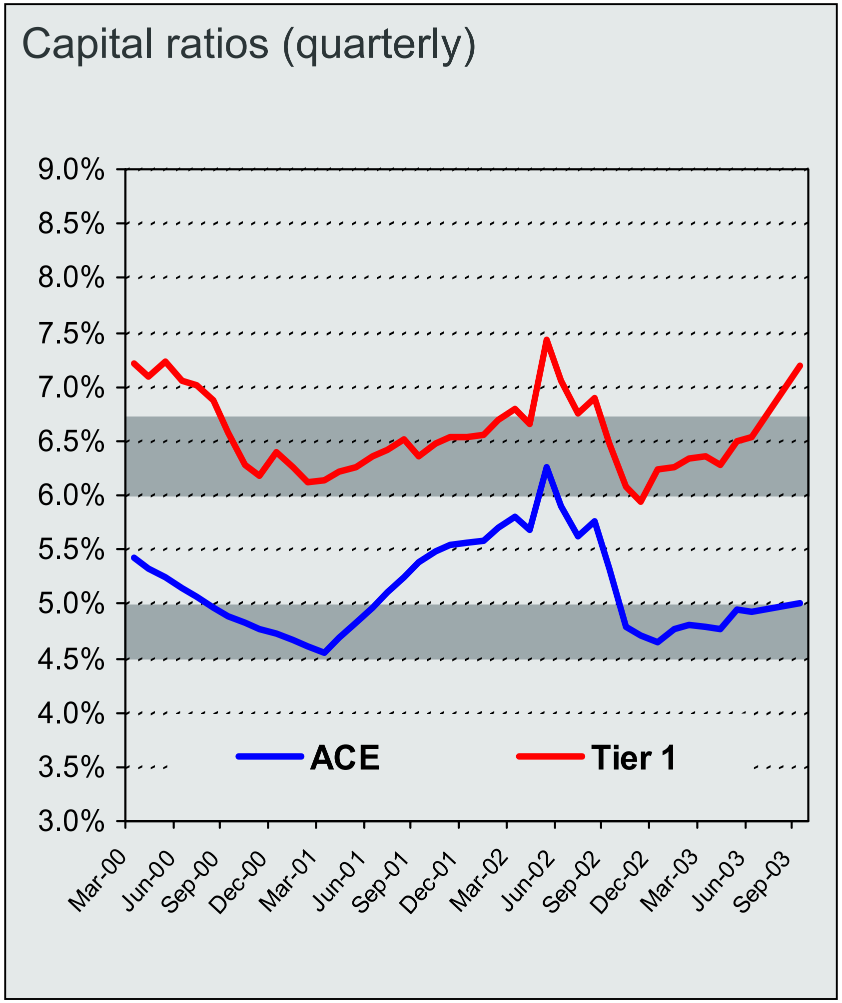
1 – September 2002 tax expense has been restated for comparative purposes, removing the tax equivalent gross up. The tax equivalent gross up represents the economic benefit the Group derives from entering into various structured financing transactions that generate income subject to either a reduced or zero rate of income tax.

New target capital ranges – ACE & Tier 1

- New target ranges:

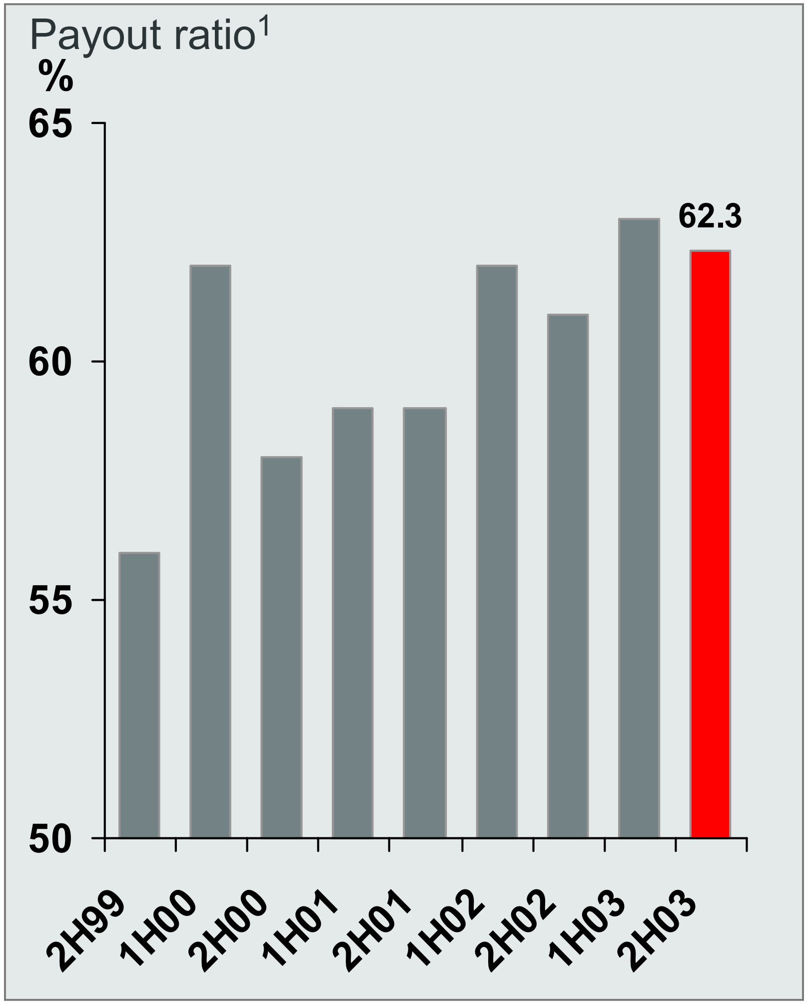
Tier 1	6.00 – 6.75%
ACE	4.50 – 5.00%

- Maintain AA rating
- Tier 1 further strengthened via hybrids:
  - FIRsTS Dec 2002
  - TPS August 2003
- Average share count expected to rise in 2004



Payout ratio has been rising through time

- Dividend growing at or above earnings:
  - Cash EPS 9%
  - Dividends 11%
- Payout ratio likely to increase near term
- Medium term drivers of payout ratio:
  - Cash earnings
  - Franking capacity
  - Organic capital requirements
- Franking balance $604m



1. Based on underlying cash earnings

Earnings guidance

- Medium term earnings drivers, revised at July 2003 market update, are still appropriate
- No additional earnings guidance or EPS forecast to be provided for 2004 or beyond
- Westpac believes it is generally unwise to focus management on narrow range of outcomes
- The regulatory environment does not support specific guidance:
  - UK - LSE listing rules
  - US – Reg G and prospectus liability
- 2003 guidance was issued to maintain an informed market given the uncertainty generated by:
  - Acquisition of BT and RAAM and the sale of AGC
  - Significant items and accounting changes

A strong, broad based, high quality result

- Strong organic performance driven by revenue growth in all banking businesses and no one-offs
- Continued tight expense management while growing investment
- Robust loan growth with minimal margin deterioration
- Credit quality high and provisioning coverage strong
- Sound capital and franking position

Westpac
Australia's First Bank

Outlook and summary

David Morgan Chief Executive Officer

30 October 2003

Economic environment

- Australia and New Zealand economic fundamentals sound momentum due to:
  - Solid domestic demand
  - Buoyant housing
  - Strong business sentiment
- In year ahead activity will be boosted by an export recovery driven by the rural sector and a stronger global economy
- Interest rates in Australia expected to rise modestly in 2004

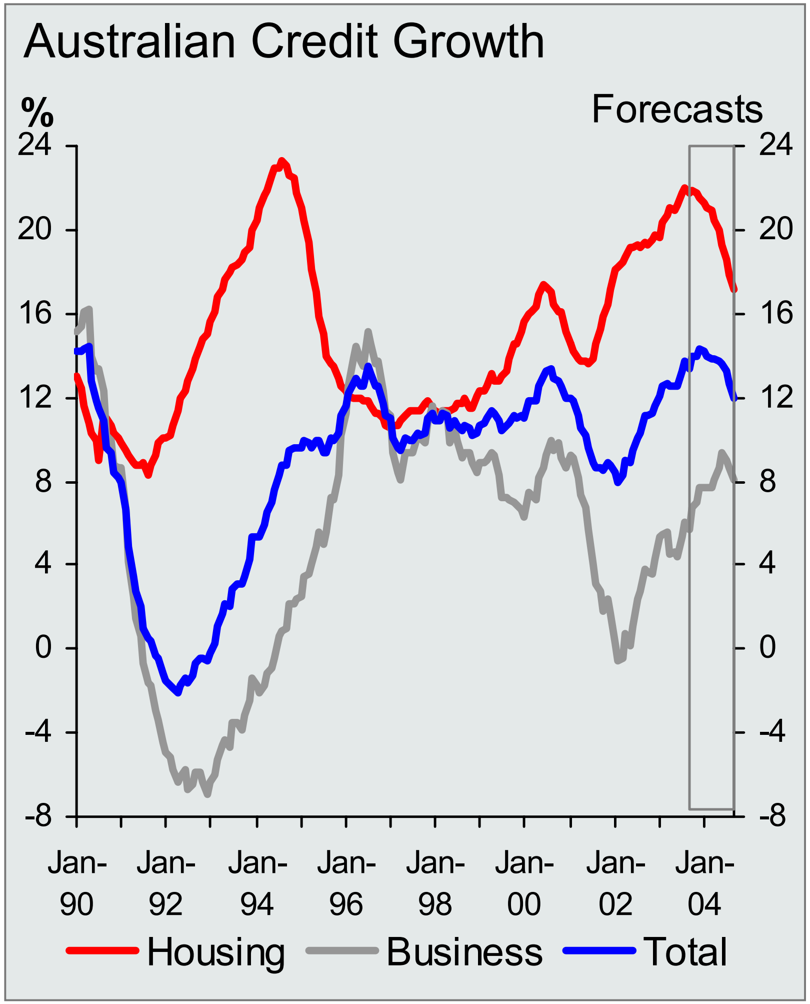
Key economic indicators

Year to Sept	2003	2004
World		
GDP	3.2%	4.0%
Australia		
GDP	2.5%	4.2%
Unemployment	6.0%	5.9%

Credit growth

- Credit growth expected to ease:
  - Housing credit growth expected to moderate from historic highs, but remain above the long-term average
  - Business credit growth to return to more normal levels as economic activity recovers

Australian Credit Growth forecasts	Sep-03 %(e)	Sep-04 %(f)
Housing	22	17
Other (mainly business)	7	8
Total	14	12



Source: RBA

Well positioned to maintain momentum

- Established track record
  - Consistent growth / return mix
  - Disciplined financial management / low risk profile
  - Superior execution
- Well advanced in improving customer experience
- Clear sustainability in earnings
- Quality management team

Outlook

- All businesses are in excellent shape
- Entering the 2004 year with good earnings momentum
- Operating environment expected to be tougher but still accommodating
- Medium term earnings drivers previously provided
- Outlook for 2004 remains positive

Westpac

Australia's First Bank

Westpac Full Year Results 2003

David Morgan Chief Executive Officer

Philip Chronican Chief Financial Officer

30 October 2003