

The Westpac Group

Investor Discussion Pack

March 2010

Westpac Banking Corporation ABN 33 007 457 141

Westpac Banking Corporation – at a glance

- Australia's second largest bank, and the world's 15th largest bank, ranked by market cap¹
- One of only 10 banks globally rated 'AA' or higher², and recognised as one of the 20 safest banks globally³
- Strategy focused on domestic markets of Australia, New Zealand and the near Pacific
- Broad, multi-brand franchise providing retail, business, institutional banking and wealth management services to around 10 million customers
- Strong capital, funding, liquidity and provisioning
- Solid earnings profile
- Leader in sustainability

Pro-forma⁴ 30 September 2009

Cash earnings	\$4,627m
Return on equity (cash basis)	13.8%
Total assets	\$590bn
Market cap ¹	\$78bn

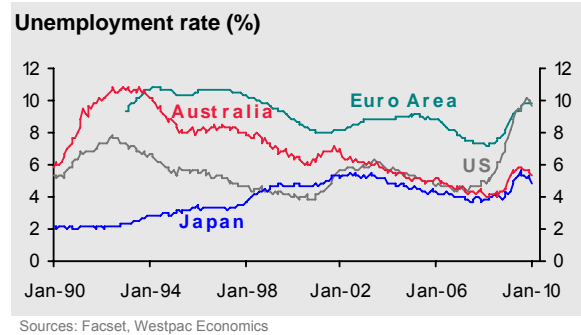
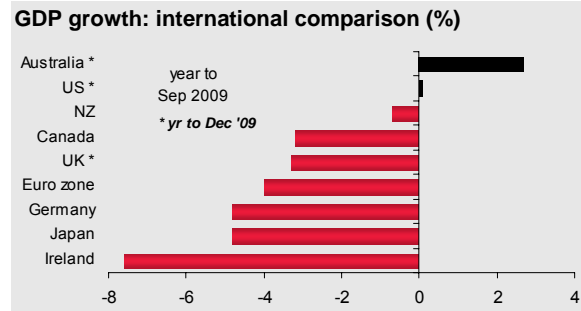
Capital Ratios

Standard & Poor's	AA / Stable / A-1+
Moody's Investor Services	Aa1 / Negative / P-1
Fitch Ratings	AA- / Stable / F1+

1. As at 28 September 2009. Source: IRESS, CapitalIQ 2. Rated AA and higher by Standard & Poor's. As at March 2010. Excluding government-owned banks. 3. Global Finance Magazine, August 2009. 4. Reported results adjusted to include the addition of the cash earnings of St George for the full period (pro forma adjustments) and for material items to ensure they appropriately reflect profits available to ordinary shareholders (cash earnings adjustments). Refer to Westpac's 2009 Full Year Results for basis of preparation.



Australia well positioned during global downturn

- Australia avoided recession and was one of few countries to expand in 2009. GDP increased by 1.3% (year avg) and by 2.7% (through the year)
- Unemployment is low by global standards and at 5.3% in January is down from a high of 5.8% in 2009
- Policy stimulus played a key supportive role:
 - Variable mortgage rates fell to a 41 year low. The RBA is in the process of lifting rates towards average levels given positive conditions
 - Fiscal stimulus has been timely, targeted and effective
 - 2008/09 stimulus represented 2.3% of GDP (focus on cash payments). Stimulus in 2009/10 also 2.3% of GDP (focus on building schools)
- Government debt remains low and manageable - Federal government had no net debt prior to crisis
- Strong banking system: 4 major banks all AA rated
- Other positives have been the momentum in mining infrastructure projects and the boost from Asia



Strategy and St. George merger

A Transformational year

		Sept 08	Sept 09	Movements
Customers	Customers	7m	10m	40% distribution uplift
	Branches (Aust)	1,045	1,645	
	NPS ¹ Westpac RBB	-24	-15	Improving NPS
	NPS ¹ St. George	-13	-9	
Australian Market share	Housing	14%	23%	Around 1% of the increase in mortgage and deposit market share has been from organic growth
	Business	13%	18%	
	Household Deposits	14%	23%	
	Wealth platforms	13%	20%	
Productivity	Expense/income ratio	44%	40%	\$400m in merger synergies
Balance sheet	Tier 1 Ratio	7.8%	8.1%	Positioned to support customers
	Stable funding ratio	70%	84%	
Brands				
Size	Market capitalisation	\$41bn	\$77bn	Up almost 90%

¹ Source for Consumer NPS (Net Promoter Score): Roy Morgan Research – NPS of main financial institution Aged 14+. Data at Sep09.

Westpac differentiated by its focus and strong franchise

Focus on core markets	<ul style="list-style-type: none"> Major Australian bank most focussed on Australia and New Zealand Leveraging customer-focussed, multi-brand strategy to grow both customers and products per customer
Strategically well placed	<ul style="list-style-type: none"> Westpac Bank of the Year 2009¹; St. George Home Lender of the Year¹; RAMS Best Non-Bank Lender of Year¹; Institutional Banking in lead position for relationships and products²; BTFG best investment platform³ Strong banking momentum, with consistent growth in market share in mortgages and deposits Growing share in wealth, with business model well suited to emerging industry changes including having transparent fees, open architecture Wrap, and low cost Super for Life product Portfolio of strong, distinctive brands increases strategic options
Transformational St. George merger	<ul style="list-style-type: none"> Adds multi-brand capability Increased Australian distribution network by 40%; total customers now around 10m Improved efficiency path, seeking a sub 40% expense to income ratio by FY11 Larger revenue base from which to leverage investment
Sustainability leader	<ul style="list-style-type: none"> Global sustainability leader Employer of choice

1. Money Magazine June 2009. 2. Peter Lee July 2009. 3. BT Wrap 'smart investor award for best investment platform and best margin loan' Aug 09.

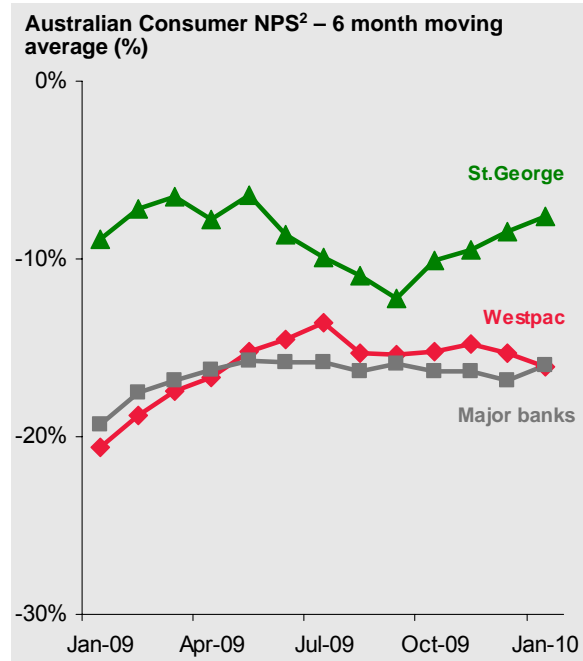
Good progress on our strategic priorities

	Objective	2009 and 1Q10 Progress
Customers	Earn all of our customers' business	<ul style="list-style-type: none"> Products per customer - best of Australian banks¹ Growing share across key products with Australian mortgages up 17% and total customer deposits up 17% in 2009 Improving cross sell – Insurance, BT Super for Life
Distribution	Strengthen and drive locally empowered business	<ul style="list-style-type: none"> Westpac Local being rolled out, largely complete. Continuing roll-out in NZ 13 new branches, 4 new business centres, and 124 new ATMs in 2009 St.George regional structure established, leveraging off successful BankSA model
Operations	Transform service delivery	<ul style="list-style-type: none"> Simplifying processes, eliminating unnecessary requests, improving online tools Effective use of overflow space and capacity between Westpac and St.George
Technology	Strengthen capability & improve flexibility / simplicity	<ul style="list-style-type: none"> Built IT management bench strength and completed strategic roadmap incorporating merger Projects focused on improving the customer experience, including online capabilities and an improved collections system Improved systems reliability
People	Drive one team approach	<ul style="list-style-type: none"> Staff engagement up 3 percentage points to 81%, results consistent across brands Successful head office integration
Merger	Integrate without customer disruption	<ul style="list-style-type: none"> Grew St.George customer numbers and had no disruption to Westpac RBB momentum St.George momentum has been restored, consistently increasing market share in key products Expense synergies progressing ahead of plan

1. Source: Business Intelligence Group based on August 2009 data.

Customers are at the centre of everything we do








- Fully supported customers through the more challenging times:
 - Institutional – continued to lend as capital markets closed
 - Consumer – funding for mortgage borrowers including first home buyers; improved deposits focus
 - Business – supporting debt reduction/consolidation through education
 - Extended Westpac Assist¹ across small business and introduced St.George Assist
 - New and fairer exception fee structure
- Investment focused on further improving customer experience:
 - Continued roll-out of Westpac Local business model (largely complete) putting more decision making in the front line. Model being rolled out in NZ
 - New regional operating structure in St.George bringing senior management closer to customers
 - 13 new branches, 4 new business centres, and 124 new ATMs across Westpac and St.George brands in 2009
- Work in progress:
 - Improved call centre management and complaint resolution
 - Installing St.George sales and service desktop to Westpac
 - Program of cultural change across the organisation
- Measuring success of putting customers at the centre is based on 'NPS'². NPS measures the propensity of customers to recommend our brands.



¹ Dedicated call centre designed to support customers in early stress, including through adjusting loan terms/duration. ² Net Promoter Score (NPS). Source for NPS: Roy Morgan Research – NPS of main financial institution Aged 14+. Major banks includes WBC, ANZ, CBA, and NAB (simple average).

Customer choice supported by multi-brand strategy

Following the St.George merger, Westpac has implemented a multi-brand strategy. Maintaining unique and distinct brands, enables the Group to support more customers and respect their choices

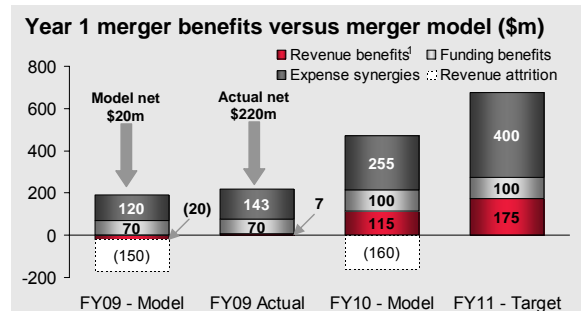
Business/Brand	Segment	Geography	Position/Share ^{1,2,3}
Westpac Retail & Business Banking 	Consumer & SME banking	Australia wide	<ul style="list-style-type: none"> 16% share of mortgages 15% share of household deposits
RAMS 	Specialist mortgage provider	Australia wide with focus on capital cities	<ul style="list-style-type: none"> Non-bank lender of the year 70 outlets, small market share given no back book
St.George 	Consumer, SME and some corporate lending	Australian wide but skewed to New South Wales & East Coast	<ul style="list-style-type: none"> 8% share of mortgages 9% share of household deposits
BankSA 	Consumer and SME	South Australia & Northern Territory	<ul style="list-style-type: none"> Largest bank in South Australia with 17% share of mortgages and 23% share of household deposits
Westpac New Zealand  Making the most of life	Consumer and SME	New Zealand wide	<ul style="list-style-type: none"> 20% share of mortgages 19% share of household deposits
BT Financial Group 	Wealth management, private banking & insurance for consumers. Superannuation for Corporate and SME	Australian wide	<ul style="list-style-type: none"> 20% share in wealth platforms (includes Wrap) 10% of advice market (second largest network) 7% in life insurance
Westpac Institutional Bank  Institutional Bank	Full suite of institutional & corporate banking products including, FX, Debt Markets & Equities	Australia & New Zealand wide plus major international centres	<ul style="list-style-type: none"> Lead Institutional bank in Australia/NZ with \$75bn in lending and \$51bn in deposits Leading provider of FX & Debt market products

1. Reserve Bank of Australia share of financial system (Dec 09). 2. For BankSA APRA share of banking system (Dec 09). 3. For Westpac New Zealand RBNZ Dec09

Merger benefits well ahead of plan

Expense synergies (\$m)	1H09	2H09	FY09	Annual run rate	Comment
Personnel	18	81	99	182	<ul style="list-style-type: none"> 1,275 reduction in roles
Non-personnel	4	40	44	52	<ul style="list-style-type: none"> Sourcing savings from a review of external contracts Rationalised head office costs Early technology and operations synergies
Total	22	121	143	234	<ul style="list-style-type: none"> Benefits 19% ahead of plan; 59% of planned expense synergies already achieved

- In FY09 merger benefits were \$200m ahead of initial merger model:
 - Customer growth removes \$150m drag per annum from the customer attrition assumed in the original business case
 - Expense synergies 19% ahead of plan at \$143m
 - Funding benefits fully achieved
 - Revenue benefits \$7m versus plan of \$20m cost:
 - Commenced selling of BT insurance products into St.George, early trends positive
 - Launched BT Super for Life to St.George customers in early 2010
- Utilised \$392 of \$700m integration spend



1. Revenue benefit in FY09 model was a cost of \$20m. Achieved \$7m in benefits in FY09.

Technology – focus on improving customer experience

- In 2009, the focus for Technology has been on improving the customer experience
- This has included improving system reliability, developing the technology strategy and architecture for the merged Group and implementing the merger with St.George
- Priority has now moved from strategy development to implementation, with a detailed 5 year plan now in place
- Major merger milestones completed:
 - Reciprocal ATM usage
 - Group-wide IT connectivity, including for secure email
- 2009 investment has significantly improved systems reliability:
 - Disruptive incidents down over 75% over the year
 - Time to restore incidents improved by over 50%
 - 76% decline in PC help desk calls

Technology investment focused on improving the customer experience

Completed in 2009:



- 12,700 new PCs installed across branches, contact centres and corporate sites. Supported by 12,200 new teller keyboards and pin-pads
- Upgraded bandwidth across network doubling capacity and reducing response times
- New Westpac website now up and running
- Systems investment to launch BT wealth/ insurance products into St.George
- General Ledger/Human Resource system integration complete

Under development:

- Group wide sales and service desktop (teller and contact centre system) utilising scalable St.George platform
- Implement new online system for internet banking

Embedded environment, social and governance management driving leading performance outcomes

Objective: to be a global leader in sustainability – and clearly recognised as such by customers, investors, employees and communities

Strategy	Enhanced Accountability	Measurement
<ul style="list-style-type: none"> ▪ Reduce direct and indirect emissions ▪ Transition to low carbon economy ▪ Sustainability led products and services ▪ Leading human capital management ▪ Responsible banking and investment ▪ Engage on local issues and concerns ▪ Leading risk management / governance 	<ul style="list-style-type: none"> ▪ Enhanced focus on material issues and performance ▪ Revised 2010 and 2013 objectives for focus areas, part of a five year plan ▪ Priorities integrated into business strategy, project investment, product development and individual performance scorecards ▪ Division plans roll up into Group objectives coordinated via Sustainability Council 	 <p>A leader in the global banking sector</p>  <p>CARBON DISCLOSURE PROJECT Included in the Global Carbon Leadership Index (CLI) for sixth consecutive year</p> <p>Top-rated (10.0) in 19 consecutive assessments</p>

2010 objectives across key focus areas

Environment		Going mainstream: products & services	People and places	Solid foundations: governance and risk management
<p>Tread lightly: footprint</p> <ul style="list-style-type: none"> ▪ Reduce scope one and two emissions by 12.5%; paper consumption by 7%; water consumption by 6% (all on 2008 levels) ▪ Increased accountability for scope three emissions 	<p>Transitioning to low carbon/water future</p> <ul style="list-style-type: none"> ▪ Provide carbon hedging and risk management products in Australia and New Zealand ▪ Embed carbon into credit and other risk processes ▪ Continue to engage with customers on impacts ▪ Finance the growth of renewable energy generation 	<ul style="list-style-type: none"> ▪ Embed sustainability criteria into product design and decisions ▪ Launch energy efficiency loans ▪ Launch innovative savings product 	<ul style="list-style-type: none"> ▪ Employee engagement 81% ▪ Roll-out branch-based management, recruitment, community engagement ▪ Roll-out \$1m cash and in-kind financial counselling support ▪ Report customer feedback on Assist (for customers with financial problems) 	<ul style="list-style-type: none"> ▪ Develop framework for ESG¹ analysis across all divisions ▪ Implement sustainable supply chain management across all countries and brands ▪ Enhanced governance and further implementation of UNPRI²

1 ESG is Environmental, Social and Governance. 2 UNPRI is United Nations Principles for Responsible Investment.

A large regulatory and reform agenda...

Westpac is actively engaged with regulators to support sensible and practical regulatory change

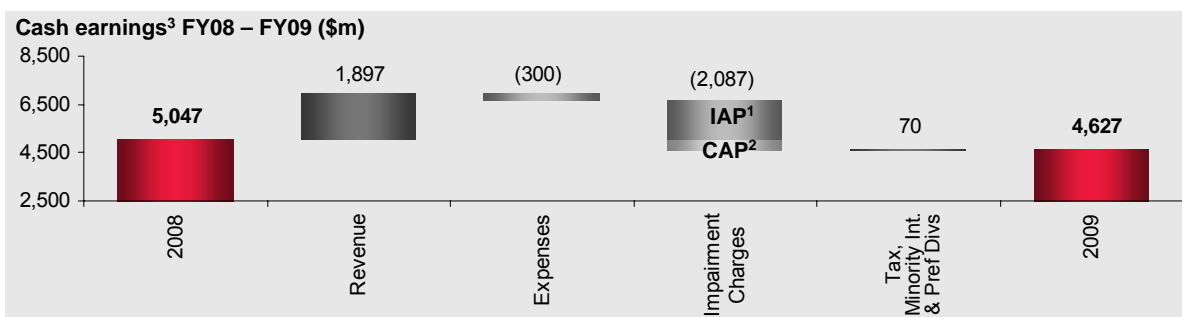
	Proposals	Possible outcomes/ implications	The Westpac Group position/response
Capital	<ul style="list-style-type: none"> More conservative assessment of capital under the Basel accord: <ul style="list-style-type: none"> Revised capital deductions Tougher treatment of hybrids Greater focus on fundamental capital and Tier 1 capital Considering leverage ratio 	<ul style="list-style-type: none"> In Australia impact is expected to be less given: <ul style="list-style-type: none"> APRA capital deductions are already conservative relative other jurisdictions Hybrids are already a small proportion of capital (<25%) Leverage ratio expected to be a supplementary ratio only. Still need to differentiate for different asset risk 	<ul style="list-style-type: none"> Westpac remains strongly capitalised: <ul style="list-style-type: none"> Tier 1 capital well above target range Fundamental capital ratio comparable with domestic peers and at upper end of UK and Canadian peers (most relevant comparators) Proportion of Hybrid equity in Tier 1 relatively small at 18%
Funding & Liquidity	<ul style="list-style-type: none"> Stricter liquidity requirements Narrow definition of what qualifies as liquidity Considering a net stable funding ratio 	<ul style="list-style-type: none"> Current proposals would lead to a significant increase in liquid assets and a change in the liquidity mix towards government securities and away from other bank paper 	<ul style="list-style-type: none"> Westpac has already significantly changed its funding mix boosting its stable funding ratio Holding \$74bn in liquid assets compared to pre GFC of \$17bn
Credit Provisioning	<ul style="list-style-type: none"> Moving to an expected cash flow provisioning model from an incurred loss provisioning methodology 	<ul style="list-style-type: none"> Concerned that current proposal would introduce unnecessary complexity to provisioning calculations and reporting 2014 implementation provides significant transition period 	<ul style="list-style-type: none"> Supportive of an expected loss approach although current proposal is overly complex Current high level of provisioning sees Westpac well placed

A large regulatory and reform agenda... cont.

	Proposals	Possible outcomes/ implications	The Westpac Group position/response
Wealth Management	<ul style="list-style-type: none"> Various industry reviews seeking to simplify the industry and reduce costs to the consumer (including Cooper review) 	<ul style="list-style-type: none"> Industry fees likely to gradually fall closer to 1% from closer to 2% Further move to a fee for service rather than a commission based advice model Introduction of a simple, low cost, no commission default fund for those not actively managing their superannuation 	<ul style="list-style-type: none"> BT Financial Group has little exposure to high fee legacy products and majority of platform fees are not 'all in' Super for Life fees already under 1%, has life stage funds as a default and no hidden commissions. Supporting the unbundling of advice fees, making financial advice tax deductible, delivering efficiencies and streamlining portability
Tax	<ul style="list-style-type: none"> Comprehensive review of Australian tax system (Henry tax review) Increased tax disclosure 	<ul style="list-style-type: none"> Possible changes in tax incentives for saving 	<ul style="list-style-type: none"> Supportive of change to encourage more national savings Working cooperatively with authorities on disclosure and mindful of impact on various counterparties
Remuneration	<ul style="list-style-type: none"> APRA and other national regulators introduced new provisions to ensure remuneration is appropriately risk adjusted 	<ul style="list-style-type: none"> APRA changes are principles based so a level of flexibility remains whilst ensuring appropriate risk adjustment and management 	<ul style="list-style-type: none"> Minimal changes required to existing remuneration practices to obtain full compliance with Standards, which will be achieved by 1 April 2010

Financial Performance

Sound performance in challenging conditions in 2009

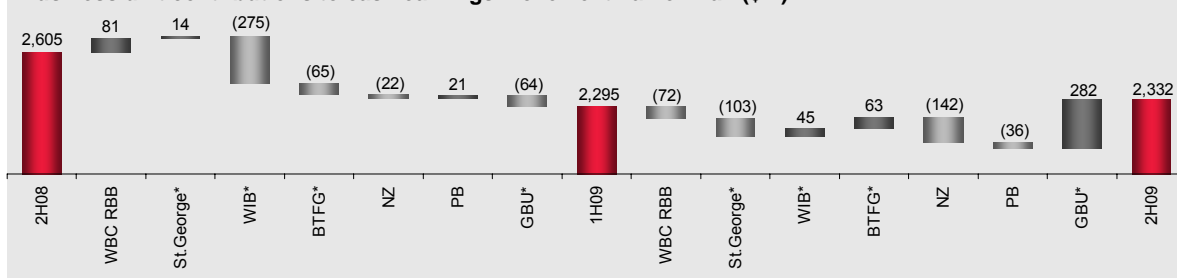


Key financial data for full year to 30 September 2009		% movement
Net profit after tax (reported)	\$3,446m	-11%
Cash earnings (pro forma) ³	\$4,627m	-8%
Revenue (cash earnings)	\$16,755m	13%
Cost to income ratio (cash earnings)	40.2%	320bps
Return on equity (reported)	10.8%	Large
Return on equity (cash earnings)	13.8%	Large
Total loans	\$463bn	7%
Total deposits	\$329bn	4%

1 Individually assessed provisions. 2 Collectively assessed provisions. 3 Reported results adjusted to include the addition of the cash earnings of St. George for the full period (pro forma adjustments) and for material items to ensure they appropriately reflect profits normally available to ordinary shareholders (cash earnings adjustments). See disclaimer for details of preparation

A diversified portfolio

Business unit contributions to cash earnings movement half on half (\$m)

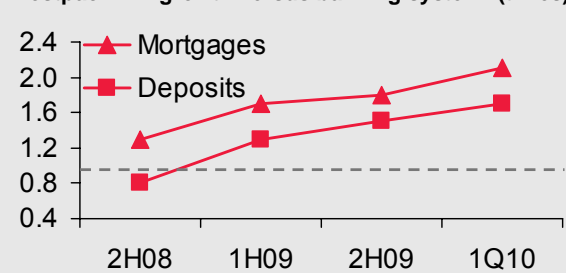


2009 cash earnings (\$m)	WBC RBB	St.George*	WIB*	BTFG*	NZ	PB	GBU*	Group
Operating income	6,217	3,285	3,072	1,585	1,339	253	1,004	16,755
Expenses	(2,943)	(1,200)	(1,028)	(856)	(604)	(85)	(24)	(6,740)
Core earnings	3,274	2,085	2,044	729	735	168	980	10,015
Impairment charges	(551)	(594)	(1,528)	(15)	(466)	(23)	(115)	(3,292)
Tax and minority interests	(815)	(448)	(155)	(221)	(75)	(43)	(339)	(2,096)
Pro forma cash earnings	1,908	1,043	361	493	194	102	526	4,627
Contribution to cash earnings (%)	41%	23%	8%	11%	4%	2%	11%	100%
Cash earnings growth over prior year (%)	9%	(5)%	(58)%	(8)%	(50)%	10%	66%	(8)%

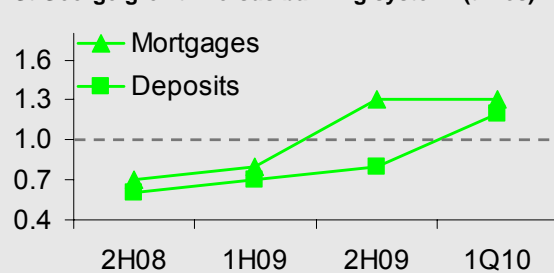
* Pro forma basis.

Supporting customers through the more challenging period

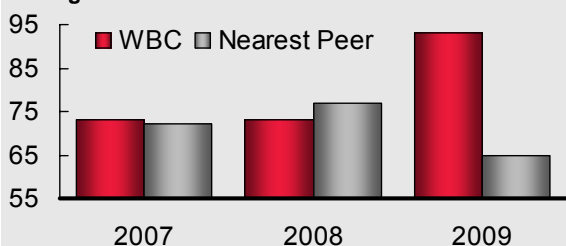
Westpac RBB growth versus banking system¹ (times)



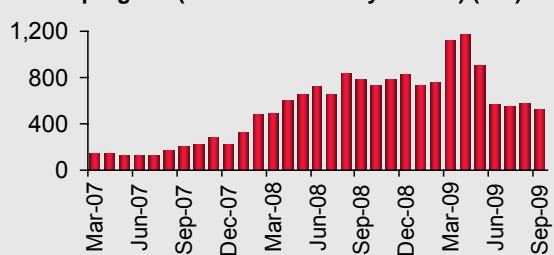
St.George growth versus banking system¹ (times)



Westpac Institutional Bank – Relationship Strength²



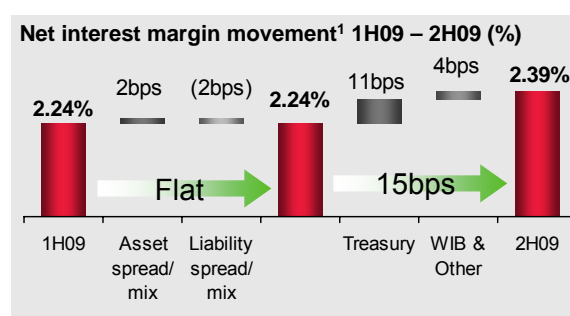
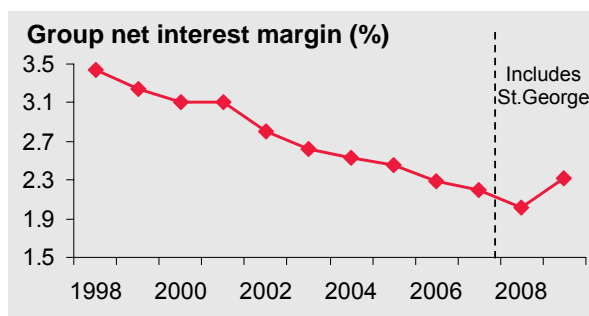
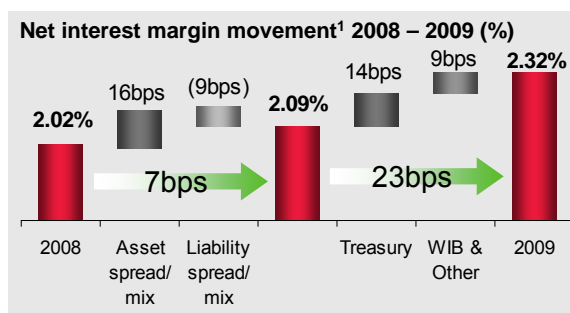
Australian mortgage customers supported via the assist program (customers in early stress³) (No.)



1. APRA Monthly Banking Statistics, December 2009. 2. The Relationship Strength Index is a single measure combining a range of service quality factors, including Relationship Manager capability, visibility, knowledge of client's business and industry, and understanding and advice. The number is a statistical combination of evaluations. Peter Lee (July/August 2009). Peer group includes ANZ, CBA and NAB. 3. Customers contacting the Assist program for assistance in managing their mortgage repayments

Small rise in customer margins

- Customer (consumer & business) margins
 - FY09 up 7 basis points
 - 1Q10 down 5 basis points on 2H09
- Treasury and Mix effects making up the rest of margin growth, with Treasury margin contribution likely to retrace in 2010
- 1Q10 reported margins flat on 2H09



¹ Pro forma basis.

Excellent Markets and Treasury performance

- Markets revenue in 2009 assisted by
 - Strong customer flows
 - Higher market spreads reverting in 2H09 from return of competition
 - Well positioned for market movements
- Very strong 2009 Treasury result
 - 1H09 driven by Bills/Libor spreads and global interest rate movements
 - 2H09 from positioning of liquidity portfolio for narrowing credit spreads
- VaR modestly higher in 2009
- Unlikely to maintain Treasury and Markets revenue at elevated levels in 2010

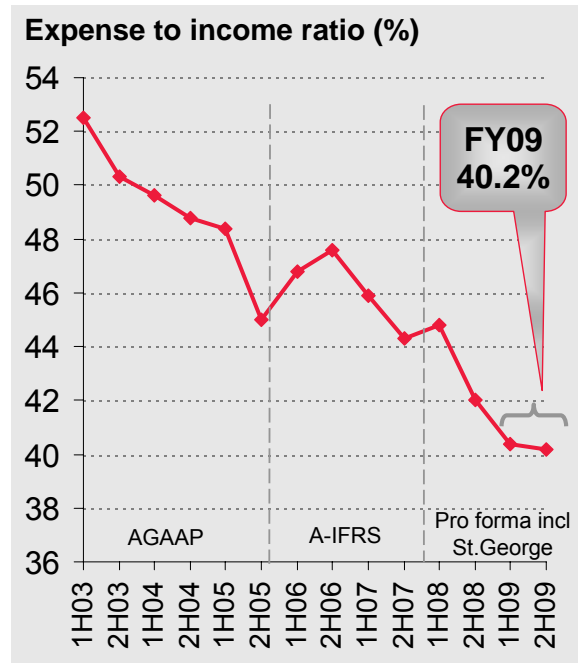
Markets revenue ¹ (\$m)	1H08	2H08	1H09	2H09
Customer activity	180	190	337	224
Trading	170	124	376	143
Total	350	314	713	367
Average VaR ²	7.1	9.5	9.3	10.6

Treasury revenue ¹ (\$m)	1H08	2H08	1H09	2H09
Net interest income	90	160	375	578
Non-interest income	(1)	57	14	3
Total	89	217	389	581
Average VaR ²	9.9	22.9	41.4	36.0

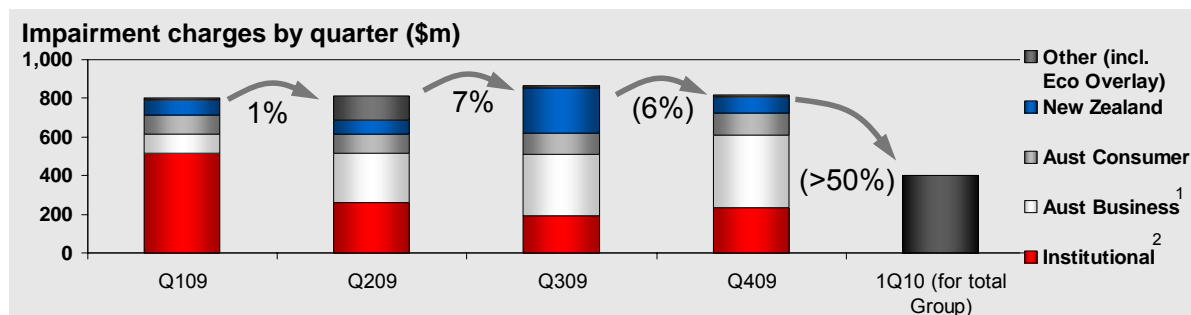
1. Pro forma basis.
2. VaR at 99% confidence level, 1 day hold period.

Expenses – maintaining investment

- 1Q09 expense growth lower than FY09, with a reduction in operating expense growth partly offset by increased strategic investment
- FY09 expense growth of 5%, with investment funded by productivity initiatives
- Continued investment
 - More employees in the front line
 - Additional branches and ATMs
 - Brand investment in St.George
 - Enhancing reliability of IT
- Productivity benefits
 - Merger benefits
 - Processing efficiencies in BT, and Product and Operations



Composition of quarterly impairment charges



1Q09	2Q09	3Q09	4Q09	1Q10
Dominated by companies directly impacted by GFC	Economy impacting commercial sector Margin lending (in Institutional) Higher economic overlay	Development property in Australia and New Zealand Early signs of small business stress	Development property in Australia, mostly WA and SE Qld Small business stress continuing	1Q10 impairment charge around half that of recent quarters due to a reduction in new stressed assets, particularly in institutional

1. Australian business includes business customers in St. George, Westpac RBB, and Premium Business Group (PBG) within the Institutional Bank.
 2. Includes Westpac Institutional Bank customers and Margin Lending excluding PBG (which are mostly commercial customers with exposures between \$10m to \$100m).

1Q10 Cash earnings around \$1.6bn

Volumes	<ul style="list-style-type: none"> ▪ Lending up 1.7% from September 2009, with virtually all growth in mortgages. Other personal and business flat, while corporate lower ▪ Customer deposits up 1.4%, particularly in term deposits
Margins	<ul style="list-style-type: none"> ▪ Customer margins down 5bps, reported margins little changed from 2H09 given mix effects
Non-interest income	<ul style="list-style-type: none"> ▪ Continued improvement in Wealth, with market recovery and improving sales ▪ Fee income impacted by exception fee reductions ▪ Markets income remained strong in 1Q10 although below 1Q09 levels
Expenses	<ul style="list-style-type: none"> ▪ Growth over prior corresponding quarter lower than FY09, with a reduction in operating expense growth partly offset by increased strategic investment
Impairment charges	<ul style="list-style-type: none"> ▪ 1Q10 impairment charge of around \$0.4bn with decline over prior quarters mainly from the Institutional Bank ▪ No change to economic overlays

2010 considerations – post strong 1Q10 start

Revenue	<ul style="list-style-type: none"> ▪ Good balance sheet momentum and wealth recovering ▪ Treasury and Markets income for FY10 unlikely to replicate FY09 levels ▪ System credit growth remaining low; expect Westpac to grow above system ▪ Higher funding costs, including deposits; ▪ Reduction in exception fees to impact revenue by approximately \$300m
Expenses	<ul style="list-style-type: none"> ▪ Merger synergies more prominent 2010, starting run rate \$234m ▪ Increased productivity focus gaining traction ▪ Further rise in IT expenditure as the IT strategy is implemented
Impairment charges	<ul style="list-style-type: none"> ▪ Impairment charges expected to ease in 2010, however 1Q10 impairment charge of around \$0.4bn was below expectations, and some variability in quarterly impairment charges expected throughout the year ▪ Commercial property portfolio being worked through with outlook improving. Valuations stabilised, investor sentiment improving and development presales continue to clear ▪ Consumer performing well although delinquencies expected to rise
St. George Merger	<ul style="list-style-type: none"> ▪ Proceeding ahead of plan, no change to \$700m integration costs or estimated cost savings ▪ Single ADI completed on 1 March 2010 and Basel II advanced accreditation on target for middle of 2010
Balance Sheet	<ul style="list-style-type: none"> ▪ We believe that we are well placed for changed environment with capital, funding and liquidity standards expected to evolve over the year ▪ Engaged in regulatory reform process – some way to go

Factors influencing the return on equity

- Westpac's return on equity was lower over the year at 13.8% (down from 22.3%). Key factors impacting the decline included:
 - St.George merger, including goodwill and associated equity (480bps)
 - The impact of lower cash earnings
 - Additional equity raised to strengthen the balance sheet, particularly in the first half of the year
- The further fall in the return on equity in 2H09 principally reflects the full period impact from capital issued through 1H09 (in December 2008 and February 2009)
- Return on equity is expected to trend higher over the coming years given:
 - Westpac's fundamental capital ratio is already high by international standards, limiting the need for additional equity
 - No further equity dilution in train as no additional fundamental equity raised since February 2009 (apart from normal DRP and employee share issues)
 - Amortisation of intangibles following the merger with St.George will add around 10bps per annum to cash ROE over the next 5 years (no impact on cash return on tangible ordinary equity)
 - Wealth earnings are expected to be a larger contributor to returns as markets improve and cross-sell increases
 - Improved returns in some businesses, including institutional, from margin expansion and less fee discounting
 - Impairment charges likely to trend lower
 - This will be partially offset by likelihood of lower returns from Treasury and Markets in 2010 – both of which are high return businesses

Returns on equity %	2H08	1H09	2H09
Cash return on ordinary equity	21.9	14.3	13.4
Cash return on tangible ordinary equity	25.6	21.7	19.6
Average ordinary equity \$bn	17.2	32.2	34.8
Average tangible ordinary equity \$bn	14.8	21.2	23.9

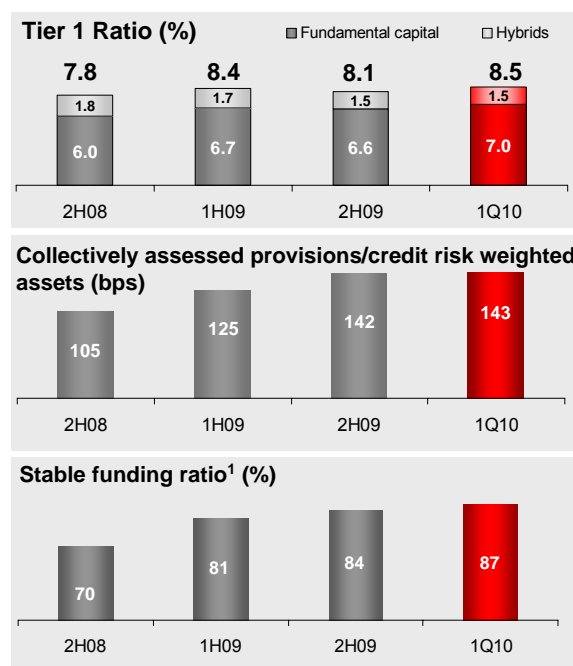
Return on tangible ordinary equity an important measure of returns

- Measures the return on equity deployed in the business
- More accurately measures businesses returns over time, not distorted by movements in intangible items
- A more relevant benchmark across companies
- Provides a better link to dividend payment capacity

Capital, funding and liquidity

Strong balance sheet

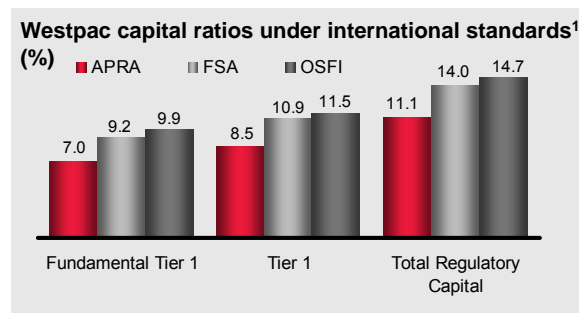
- Strong Tier 1 ratio at 8.5%
 - Healthy organic capital growth
 - Comfortably above target range
- High provision coverage
 - Economic overlay remains over \$500m
- Funding profile improved
 - Customer deposits up 17% in FY09 and 1.4% in 1Q10
 - Higher proportion of term wholesale funding, with a longer duration



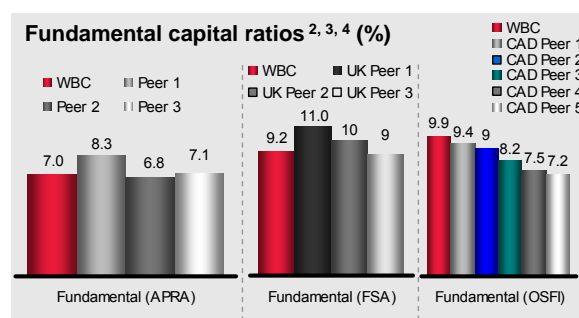
1. Stable funding ratio includes, customer deposits plus term funding with a residual maturity greater than one year and securitisation. Ratio for 1H08 and 2H08 are on a Westpac standalone basis (not including the merger with St. George)

Strong capital position

Key capital ratios	FY09	1Q10
Tier 1 ratio (%)	8.1	8.5
Tier 1 ratio (FSA basis) (%)	10.7	10.9
Total capital ratio (%)	10.8	11.1
Fundamental capital ratio (%)	6.6	7.0
Risk weighted assets (\$bn)	289	292



Summary of major differences in capital measurement	APRA	FSA (UK)	OSFI (Canada)
Net dividends deducted	Yes	No	No
DTA & certain capitalised expenses deducted	Yes	No	No
Only deduct intangibles excluding goodwill in excess of 5%	No	No	Yes
Deduction for investments in insurance and/or funds management subsidiaries	Yes	No	No
IRRBB RWA included	Yes	No	No
Downturn LGD floor for mortgages	20%	10%	10%

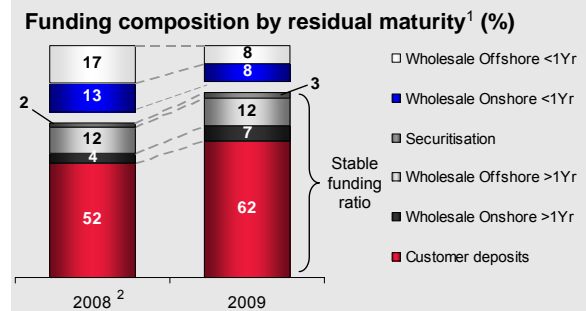


1 Financial Services Authority (FSA) and Office of the Superintendent of Financial Institutions (OSFI) calculations are estimates based on Westpac's application of publicly available standards. 2 Peer 1 as at 31 January 2010. Canadian Peer data as at October 2009 to January 2010. 3 UK Peers include Barclays, HSBC, and RBS. 4 CAD Peers include Bank of Montreal, CIBC, RBC, Scotia Bank and TD.

Strengthened funding profile & liquidity position

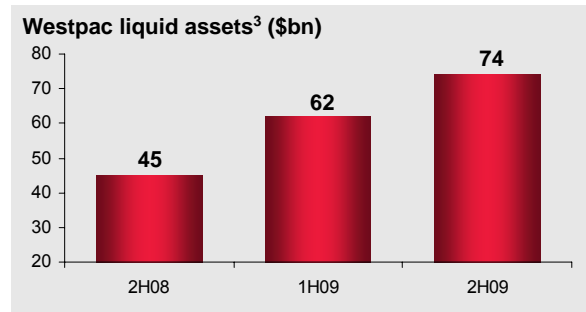
Funding:

- Stable funding ratio improved to 84% at FY09 and 87% at 1Q10:
 - Targeting above 75%
- Strong growth in customer deposits with the proportion increasing to 62% of the Group's funding, up from 52%
- Increased proportion of wholesale term funding to 19%, up from 16%
- Reduced proportion of short term wholesale funding to 16%, down from 30%
- Raised \$45bn of term funding over 2009 with weighted average maturity of 4.2 years
- Raised \$21bn of term funding in 1Q10 with a weighted average maturity of 4.8 years



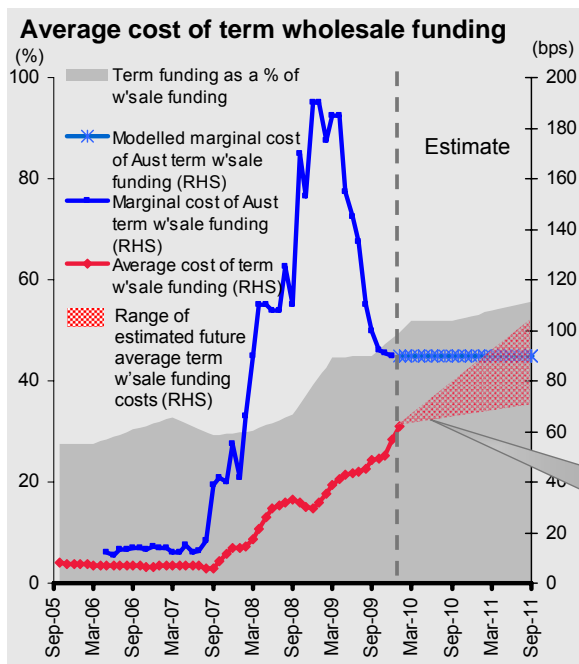
Liquidity:

- Liquidity position strengthened in 2009:
 - Treasury held liquid assets of \$74bn³ at FY09
 - Covers offshore maturities for more than 12 months
- Additional liquidity of \$2.6bn is also available, including trading assets held in WIB Financial Markets
- Formal review of liquidity framework underway with preliminary APRA paper released



¹ Represents % of total net funding. Less than 12 months includes liquid assets excess over minimum. Netted equally against onshore and offshore. ² Westpac standalone. ³ All assets are repo eligible with a central banks. 2008 comparatives have not been restated on a pro forma basis.

Wholesale Funding costs continuing to rise



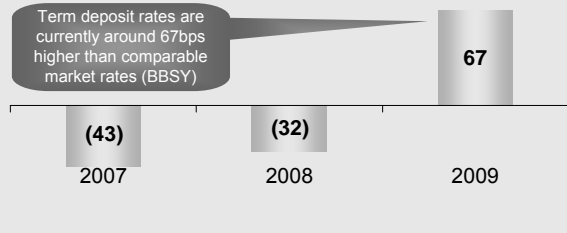
- Proactive in funding markets:
 - Supporting continued lending growth
 - Reverse enquiry from diverse investor base
 - Further lengthened funding profile with average tenor of new term issuance in 1Q10 of 4.8 years
- Funding markets remain open but cautious due to recent global events (e.g. Dubai World; Greece)

Range of potential future average wholesale funding costs. Actual outcome depends on loan growth, deposit growth and the cost of new funding. Average costs will be higher and may even be higher than the marginal cost given elevated offshore funding costs.

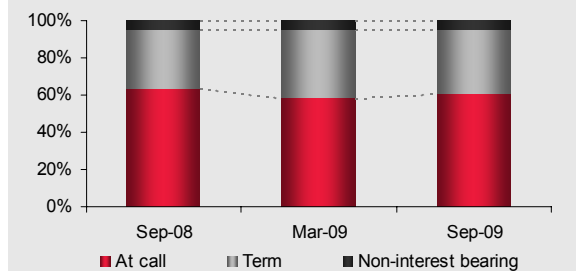
Retail funding costs higher over the year and rising

- Customers received much higher relative interest rates on retail deposits over the last 12 months (relative to market rates)
- Higher relative interest rates paid to customers impact Westpac's funding costs. The higher costs are principally due to increased competition with:
 - Term deposits rates relative to market (BBSY) up 99bps over the year
 - Online interest rates relative to market (cash rate) up over 40bps over the year
- A change in the mix of deposits, with more term deposits and more online accounts has further increased funding costs
- These trends will see retail funding costs continue to rise in the year ahead

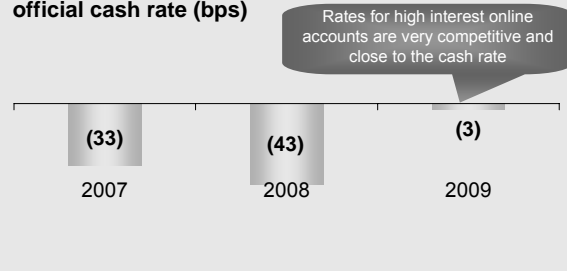
Australian term deposit interest rates over BBSY (bps)



Australian customer deposits % of total



Australian online account interest rates over official cash rate (bps)



Risk management

Stressed exposures stabilising in 1Q10

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

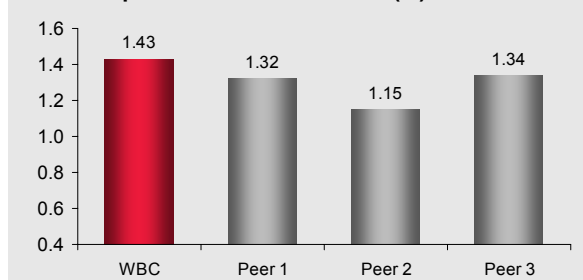


- Primarily focused on working through existing stressed facilities rather than uncovering new sources of stress
- New stressed assets smaller, fewer and spread across industries and geographies. Minimal write-offs in the quarter
- Watchlist/substandard lower from debt repayments/recapitalisations, particularly in Institutional Bank
- Commercial property being worked through with outlook improving:
 - Valuations stabilised, investor sentiment improving
 - Development presales continue to clear
 - Level of stressed assets likely to remain high for some time
 - Commercial property lending <10% of gross loans (down from 13% a year ago)
- Consumer performing well although delinquencies expected to rise

Increased provisioning levels, leading peers

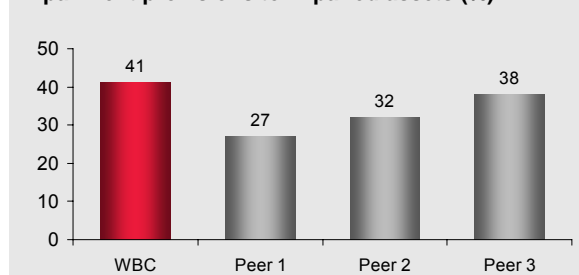
Key coverage ratios	1H09	2H09	1Q10
Collective provision to credit RWA	125bps	142bps	143bps
Collective provision to performing non-housing loans	152bps	182bps	188bps
Impairment provisions to impaired assets	48.4%	39.3%	40.7%
Total provisions to total RWA	160bps	164bps	169bps
Total provisions to gross loans	99bps	101bps	104bps

Collective provisions to credit RWA (%)



Source: Westpac, Company data as at December 2009. Peer 1 as at 31 January 2010.

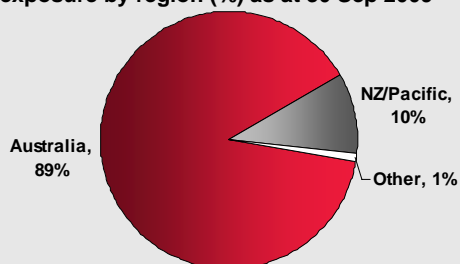
Impairment provisions to impaired assets (%)



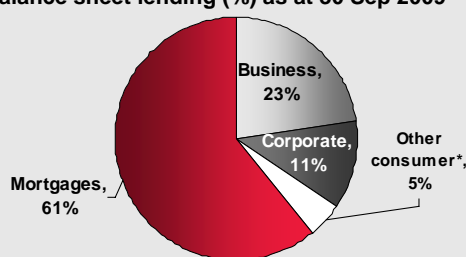
Source: Westpac, Company data as at December 2009. Peer 1 as at 31 January 2010.

Low risk balance sheet composition

Total exposure by region (%) as at 30 Sep 2009



On balance sheet lending (%) as at 30 Sep 2009

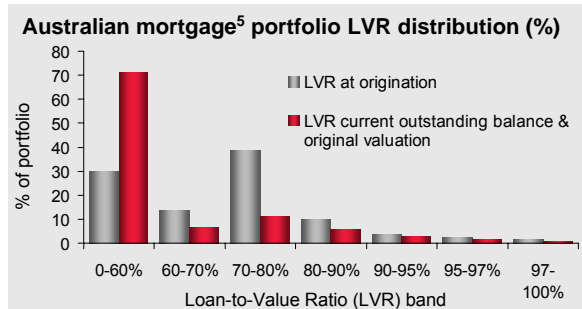
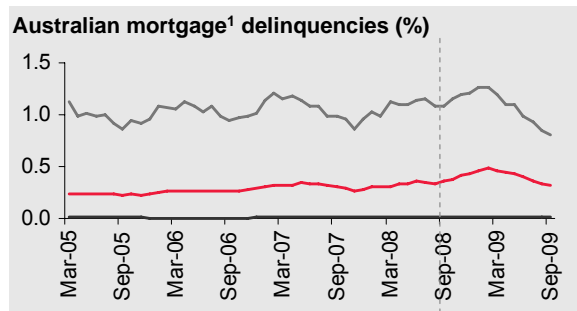
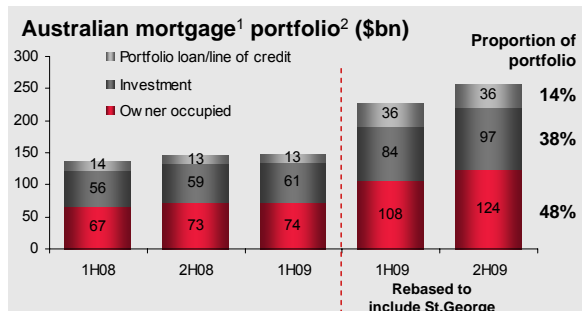


Exposure by risk grade¹ as at 30 September 2009 (\$m)

Risk grade	Australia	NZ / Pacific	Americas	Europe	Asia	Group	% of Total
AAA to AA-	59,008	4,744	699	445	484	65,380	10
A+ to A-	36,251	2,943	1,073	1,704	358	42,329	6
BBB+ to BBB-	46,281	7,281	1,141	1,345	440	56,488	9
BB+ to BB	51,941	7,153	589	452	91	60,226	9
BB- to B+	59,462	4,528	4	82	-	64,076	9
<B+	15,253	3,051	287	49	34	18,674	3
Secured consumer	284,413	30,931	-	-	-	315,344	48
Unsecured consumer	36,921	3,729	-	-	-	40,650	6
Total committed exposure	589,530	64,360	3,793	4,077	1,407	663,167	
Exposure by region (%)	89%	10%	<1%	<1%	<1%		

* Other consumer includes credit cards, margin lending and personal loans. 1 Exposure by booking office.

Australian mortgage portfolio risk profile remains sound



Australian mortgage portfolio	2H08	1H09	2H09
	WBC	Total ³	Total ³
Average LVR of portfolio at origination	67%	68%	67%
Average LVR based on current outstanding balances and value at origination	44%	49%	46%
Average LVR of new loans ⁴	70%	71%	70%

1 Represents all brands (Westpac, RAMS and St. George) as indicated. 2 Figures represent average balances over the half. 3 Includes Westpac and St. George excl. RAMS. 4 Average LVR of new loans is for the 12 months to 30 September 2009. 5 Includes Westpac and St. George excl. RAMS.

Commercial property - most stress in development and NZ

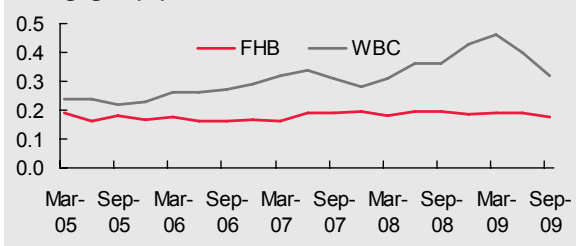
Segment ¹ Exposures Sept 09	TCE (\$m)	% Total	% Stressed ²	Comments	
Australia <\$10m	25,724	42%	10.3%	<ul style="list-style-type: none"> Diverse portfolio, with market turnover and development activity more resilient than for larger assets Significant increase in stressed exposures, particularly from downgrades in Qld and WA 	
Australia >\$10m	Diversified property groups and property trusts³	12,425	21%	9.1%	<ul style="list-style-type: none"> Stress is moderate for low-LVR, diversified exposures (multiple properties), and customers that have raised equity Most increase has been in watchlist & substandard categories, where lower property valuations have not been offset by equity raisings or asset sales
	Investment	10,525	17%	8.6%	<ul style="list-style-type: none"> Increase in stress mainly driven by valuation adjustments increasing LVRs, rather than debt servicing issues
	Development	7,785	13%	25.6%	<ul style="list-style-type: none"> Developers' cash flows have been impacted by weaker sales Stress most evident for regions that were subject to higher growth (WA and south-east Qld) Valuation adjustments more severe for development sites
New Zealand	3,959	7%	22.9%	<ul style="list-style-type: none"> Weaker activity and a more depressed property market has led to increased stress, particularly for development properties Market liquidity remains depressed 	
Total⁴	60,566	100%	12.5%	<ul style="list-style-type: none"> Less than 10% of gross lending December 2009 (down from 13% December 2008) 	

¹ Geographic segments are shown by booking office location. ² Stressed exposures include watchlist, substandard, 90 days past due well secured and impaired assets. ³ Includes exposures relating to both investment and development activities. ⁴ Total includes \$148m of Pacific Banking exposures.

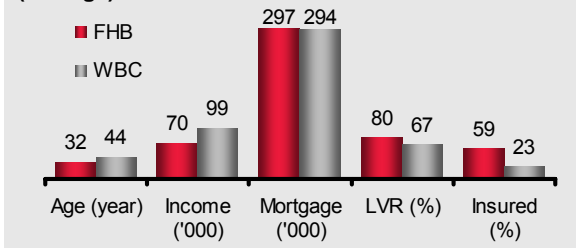
First home buyers (FHB) an important market segment

- FHB is an important market segment that the Group has continued to support through this cycle
- FHB represents 19% flows and 8% stock
- Solid growth in this sector due to:
 - RAMS whose activity targets FHB
 - Other lenders less active in this segment
- FHB traditionally perform better than overall portfolio through this cycle. Given:
 - Early in career and benefit from income growth
 - Loan often supported with two incomes in its early stages
 - Average borrower aged 32 and not just entering workforce
- FHB tightened credit standards again in April 09:
 - Increase servicing hurdles
 - More restrictive LVR
 - Additional genuine saving requirement
 - 170bps buffer to interest rates applied to assessing repayment serviceability

90+ days delinquencies: FHB v non-FHB mortgages (%)

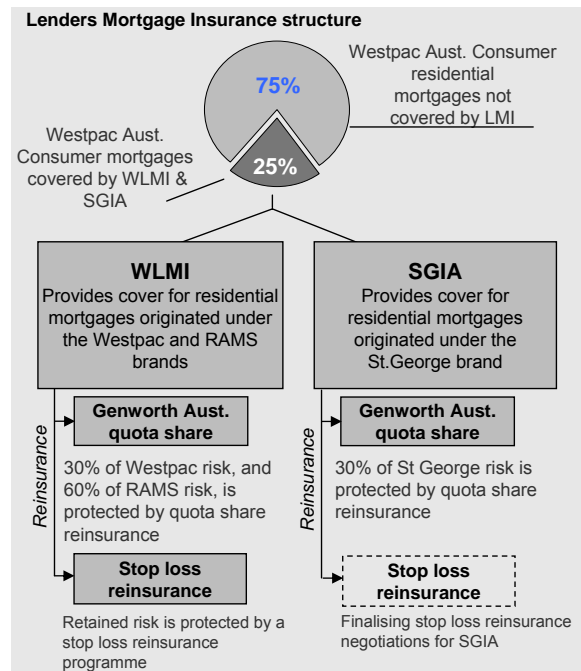


Characteristics of FHB v WBC Aust mortgage (average)



Lenders Mortgage Insurance – managing risk transfer

- The Group has aligned risk acceptance processes and reinsurance programmes of our two captive mortgage insurers, Westpac Lenders Mortgage Insurance (WLMI) and St. George Insurance Australia (SGIA)¹:
 - SGIA has recently implemented a quota share reinsurance agreement with Genworth for 30% of St. George risk
 - SGIA is close to finalising negotiations with new stop loss reinsurer
- Underwriting standards have been tightened – maximum LVR on new business risks lowered to 90% as the Group now sources mortgage insurance on residential mortgages with 90%+ LVR written since June 2009 directly from Genworth
- Conservatively positioned – focus on risk management and underwriting profit
- All investments are in cash
- Reinsurance arrangements transfer risk away from the bank and provide cover during periods of extremely high claims
- Both WLMI and SGIA are strongly capitalised (separate from bank capital) and subject to APRA regulation:
 - WLMI capitalised at 1.30 MCR² and SGIA at 1.54 MCR² at September 2009
- Scenarios confirm sufficient capital to fund claims arising from events with return periods of up to 1 in 250 years:
 - In a 1 in 250 years loss scenario, estimated losses for WLMI \$256m and SGIA \$314m (net of re-insurance recoveries)



¹ SGIA is rated AA-/Aa3, Stable outlook. ² The MCR is an insurers Minimum Capital Requirement. The MCR is determined having regard to a range of risk factors that may threaten the ability of the insurer to meet policyholder obligations.

Australian mortgage market – significantly different from the US

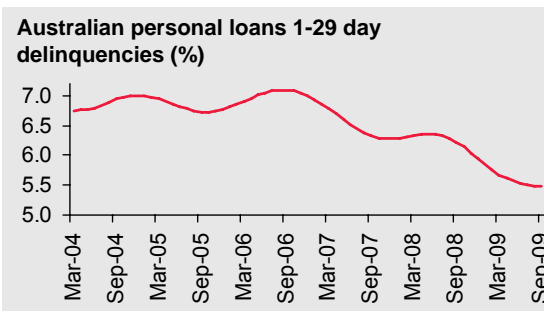
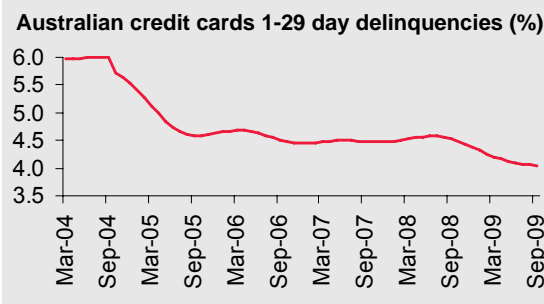
Australian mortgage market:

- Majority of housing loans are variable rate – approx. 80% of Westpac portfolio
- Low loan-to-value ratios – Westpac average LVR at origination 67%
- For mortgage-insured loans, mortgage insurance covers the entire loan
- Interest payments on primary residence are not tax deductible – generally leads to mortgages being paid off quicker
- Banks in Australia have recourse to the borrower’s mortgaged property and other assets
- Serviceability assessed on current income + interest rate buffer not assessed on “honeymoon rates”
- House prices have begun to improve

United States	Australia
<ul style="list-style-type: none"> RBA estimates sub-prime lending approx. 15% of the US market Decline in house prices has coincided with riskier lending (e.g. no equity home loans, stated income loans to wage earners) Adjustable rate mortgages have exposed borrowers to rising interest rates US mortgage market oversupplied prior to crisis 	<ul style="list-style-type: none"> RBA estimates sub-prime lending approx. 1% of the Australian market – no NINJA loans or other high risk products Housing market fundamentals are sound – price depreciation not as severe as US market Non-conforming and sub-prime loans small proportion of the market Australian mortgage market undersupplied prior to crisis

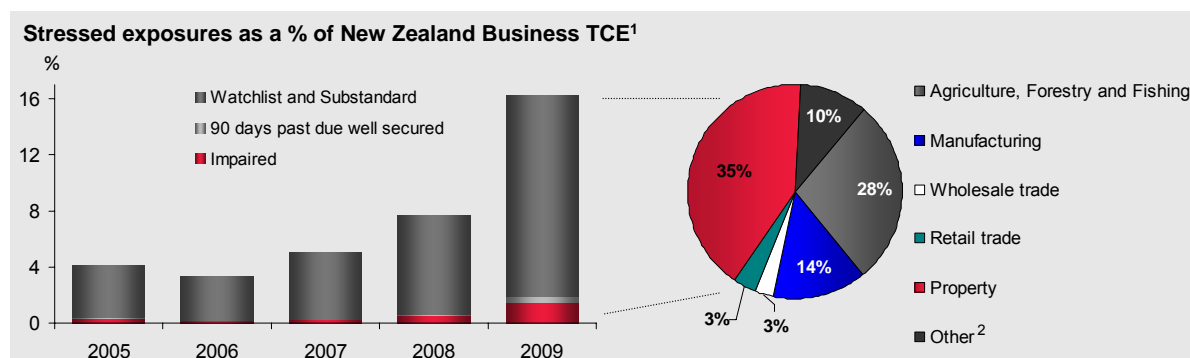
Prior investments in risk management systems have positioned portfolio well

- Investment in collections capabilities in prior years has seen early cycle delinquencies trend down over a long period of time. Over year to Sep 09:
 - Credit Cards 1-29 day delinquencies down 50bps
 - Personal loan 1-29 day delinquencies down 74bps, despite tougher economic conditions
- Limits the number of customers entering late cycle delinquencies and enhances recovery rates
- Attributable to:
 - Improved income for consumers as a result of interest rate reductions and government stimulus
 - Introduction of advanced risk segmentation in originating accounts and within collections strategies
 - Further improvements in matching resource levels to appropriate customer risk profiles
- Expect consumer delinquencies to rise in 2010 due to lagged effect from rising unemployment



New Zealand business portfolio experiencing higher stress with prolonged economic downturn

- New Zealand economy in recession for five quarters, from Q208 and ending in Q209
- New Zealand business stressed exposures up 855bps to 16.24%:
 - Most stress being felt in the property sectors with early signs of stress in the agribusiness sector
- Watchlist and Substandard business exposures up 731bps to 14.38%:
 - Watchlist focus covers all sectors given length of recession in NZ
- Impaired business exposures up 93bps to 1.44%, mainly in property
- Top 10 stressed exposures increased by 90bps to 4% of business TCE



¹ TCE is total committed exposure. ² Other includes accommodation, cafes and restaurants, transport, finance and insurance.

Economics

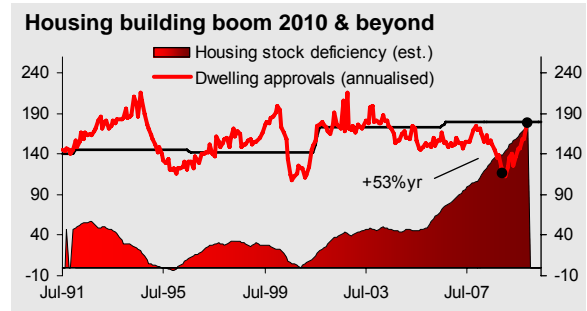
Australian and New Zealand economic outlook

Key economic indicators as at February 2010		Calendar year		
		2008	2009	2010f
World	GDP	3.0	-1.0	3.8
Australia ¹	GDP ³	2.4	1.3	3.3
	Private consumption ³	2.7	2.2	3.6
	Business investment ^{2,3}	12.5	-1.0	4.5
	Unemployment – end period	4.6	5.5	5.2
	CPI headline – year end	3.7	2.1	2.6
	Interest rates – cash rate	4.25	3.75	4.50
	Credit growth, Total – year end	6.8	1.5	5.0
	Credit growth, Housing – year end	7.8	8.2	9.0
	Credit growth, Business – year end	8.0	-7.1	-1.0
New Zealand	GDP	-1.4	3.7	4.3
	Unemployment – end period	4.7	7.3	6.5
	Consumer prices	3.4	2.0	2.7
	Interest rates – official cash rate	5.0	2.5	4.0
	Credit growth – Total ³	10.5	4.4	3.1
	Credit growth– Housing ³	8.5	3.1	3.7
	Credit growth– Business (incl. agriculture) ³	14.1	6.8	2.3

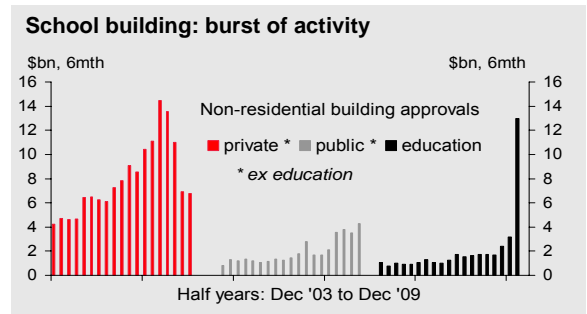
1 GDP and component forecasts were updated following the release of quarterly national accounts. 2 Business investment adjusted to exclude the effect of private sector purchases of public assets. 3 Annual average percentage change basis. Source: Westpac Economics.

Australia – upbeat prospects for 2010

- The Australian economy, after gaining momentum over the second half of 2009, is set to return to trend growth in 2010 – if not better
- GDP growth is forecast to be around 3.3% yr avg in 2010, and to be 3.5% (with upside risks) through the year
- In response to policy stimulus, two building booms (housing and schools) will be key growth engines
- Dwelling approvals jumped 48% in the year to January, given very favourable fundamentals:
 - 41 year low in interest rates; government incentives for First Home Buyers, brisk population growth and pent-up demand
- Federal Government is spending about \$7bn on public housing and \$15bn on schools over two years
- Firms are hiring again (employment surged 1.8% over the 5 months of January) and are revising up investment plans (capacity utilisation levels have rebounded to be a little above historic average)
- Consumers, buoyed by greater job security and rising wealth, are upbeat and spending more freely – even with the end of the governments cash handouts

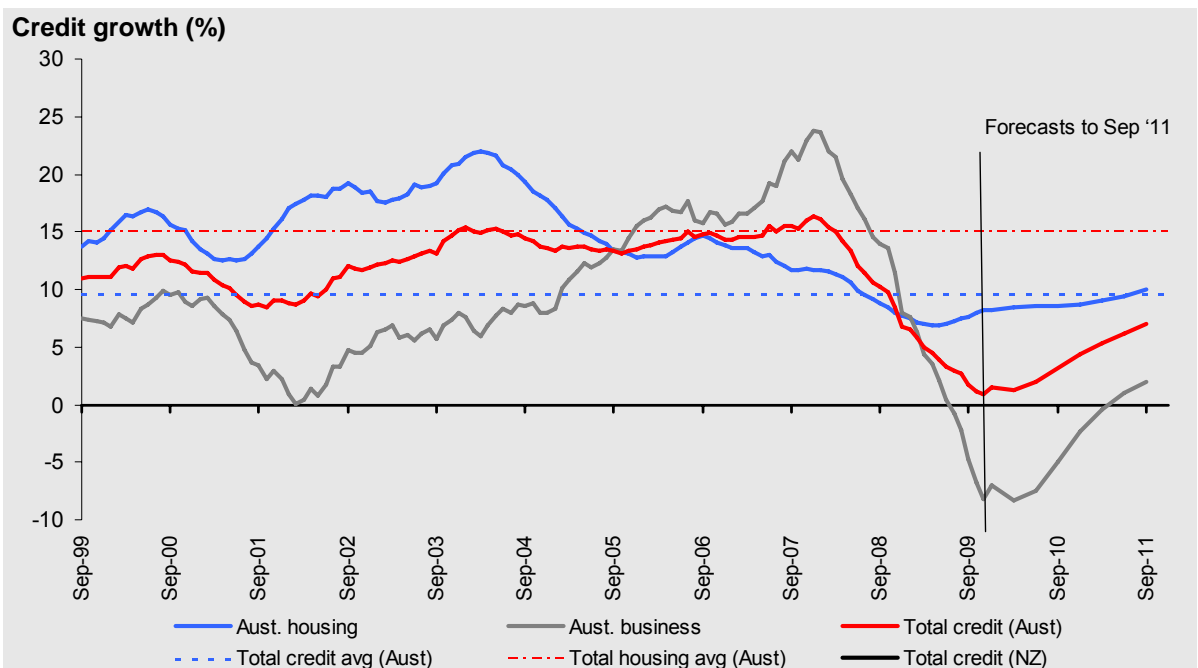


Sources: ABS, Westpac Economics



Sources: ABS, Westpac Economics

Credit growth expected to improve

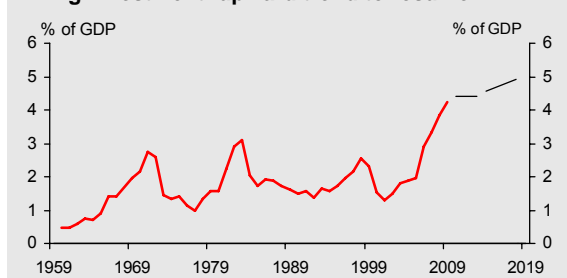


Source: RBA, RBNZ, Westpac Economics

Australia – positive medium-term growth prospects

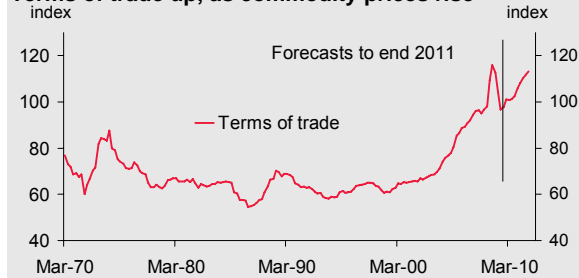
- Australia is unique among advanced countries
- Like other advanced economies, the services sectors dominate and are continuing to grow in importance
 - Communications was the fastest growing sector over last 20 years. Education and tourism are major exports, with a focus on the Asian region
- The difference is that Australia is a major commodity producer and resources are the dominant export
- The growing emergence of commodity hungry China has driven a sharp lift in Australia's terms of trade – thereby boosting national income:
 - A rebound to historic highs is expected, with coal & iron ore prices to rise in 2010 by 20%–to– 40%
- Mining investment has responded, doubling over the last four years to be 4.25% of GDP in 2008/09
- Population growth has accelerated to 2.1% p.a., as job opportunities increase
- The outlook is very positive – particularly for energy:
 - Investment in the LNG sector could rise from 0.5% of GDP to 2.5% within 5 years. Notable is the commencement of the \$50bn Gorgon project

Mining investment: upward trend to resume



Sources: ABS, Westpac Economics

Terms of trade up, as commodity prices rise



Sources: ABS, Westpac

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All amounts are in Australian dollars unless otherwise indicated.

Presentation of financial information

Unless otherwise noted, financial information in this presentation is presented on a cash earnings basis. Refer to Westpac's Full Year 2009 Results (incorporating the requirements of Appendix 4E) for the financial year ended 30 September 2009 available at www.westpac.com.au ("Profit Announcement") for details of the basis of preparation of cash earnings.

The material contained in this presentation includes pro forma financial information. This pro forma financial information is prepared on the assumption that Westpac's merger with St. George Bank Limited ("St. George") was completed on 1 October 2007 with the exception of the impact of the allocation of purchase consideration, associated fair value adjustments and accounting policy alignments, which are only incorporated from the actual date of the merger, 17 November 2008. The pro forma financial information is unaudited. It is provided for illustrative information purposes to facilitate comparisons of the latest period with prior periods and is not meant to be indicative of the results of operations that would have been achieved had the merger actually taken place at the date indicated.

The pro forma financial information should be read in conjunction with the reported financial information in the Profit Announcement. Refer to the Profit Announcement for a description of the basis of preparation of pro forma financial information for the year ended 30 September 2009 and prior comparative periods.

Future operating results may differ materially from the unaudited pro forma financial information presented in this presentation due to various factors including those described below in the section "Disclosure regarding forward-looking statements".

Disclosure regarding forward-looking statements

This presentation contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the US Securities Exchange Act of 1934. The forward-looking statements include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from the expectations described in this presentation. Factors that may impact on the forward-looking statements made include those described in the section entitled "Risk and risk management" in Westpac's 2009 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 13 November 2009. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation, and do not intend, to update any forward-looking statements contained in this presentation.