The Westpac Group 2010 Interim Results

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Key messages

- Good result benefiting from a diversified portfolio and lower impairments
- Result reflects key strategic choices:
  - Enhanced capital and funding position
  - Strongly supported customers by remaining open for business, which delivered good momentum and an uplift in market share
  - Significant investment in distribution, people and technology
- Delivered key St.George merger milestones with benefits flowing through
- Advancing well on our strategic transformation
- Improved economic conditions although prudent to remain conservative

Good financial performance

	1H10	% change 1H09 – 1H10
Cash earnings	$2,983m	+ 30
Reported NPAT	$2,875m	+ 32
Core earnings[1]	$5,183m	+ 5
Impairment charges to average loans	37 bps	- 36 bps
Cash EPS	100.8c	+ 22
Return on ordinary equity (cash basis)	16.6%	+ 230 bps
Expense to income ratio (cash basis)	39.9%	- 50 bps
Fully franked dividend	65c	+ 16

1 Core earnings equals cash earnings before impairment charges, tax and non-controlling interests.

Benefiting from a diversified portfolio of businesses

Cash earnings by half ($m)

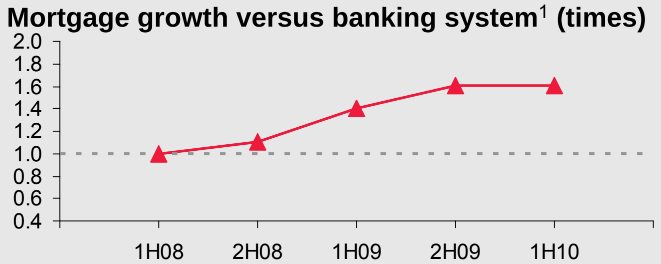
	2H08	1H09	2H09	1H10
Westpac RBB	909	▲9 990	▼7 918	▼5 873
Westpac Institutional Bank	433	▼64 158	▲28 203	▲298 807
St.George Bank	515	▲11 573	▼18 470	▲0 472
BT Financial Group	275	▼22 215	▲29 278	▲8 301
Westpac New Zealand	190	▼12 168	▼85 26	▲285 100

Represents % change over prior half

Supporting customers through the cycle provides long-run benefits

- A sustainable increase in customer relationships, and mortgage share from:
  - Supporting customers through the cycle
  - Increasing front line investment
  - Over 600 new Bank Managers
- In Australia over the last 12 months:
  - Two percentage point increase in mortgage market share, to 27%
  - $43 billion rise in mortgages (up 18%)
  - 355,000 new mortgages
  - 60,000 customers buying their first home

Mortgage growth versus banking system[1] (times)



Profile of mortgage customers

- Customer relationships >11 years
- Portfolio run-off at 10%, lower than 12 months ago
- 3 products per customer, on average

1 Source: APRA Monthly Banking Statistics

Strengthened institutional and business relationships

Institutional and corporate:
- Built stronger relationships through the crisis
- Transaction banking leadership
- Leader in opening capital markets

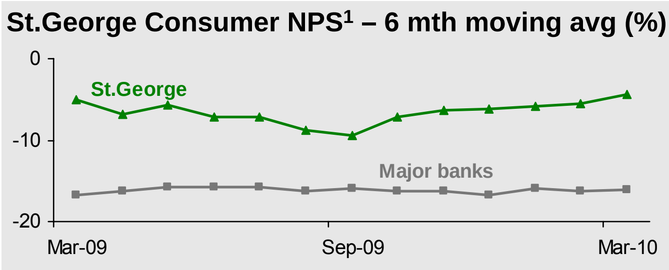
Small and medium businesses:
- Added 470 new business and specialist bankers to the network
- 7% rise in new transaction accounts opened
- Loans outstanding little changed given soft demand

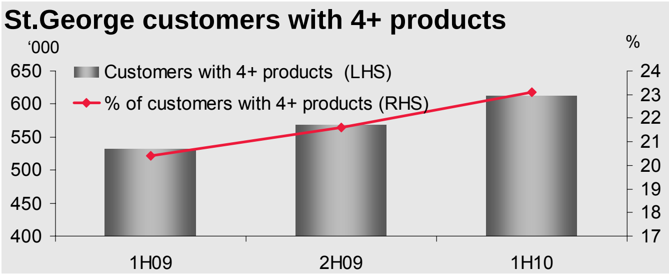
Leader in opening of capital markets ($m)	1Q09	1Q10
Australian Debt (excl. self-funded)[1]	4,757	5,356
Australian Securitisation[1]	-	2,424
Australian Domestic Bonds (excl. self-led)[2]	2,205	4,884
Australian Domestic Non-Kangaroo Bonds[2]	4,130	4,924

1 Thomson Reuters Debt Capital Markets. 2 Bloomberg Australia & NZ Capital Markets. (All results based on 1 January 2010 – 31 March 2010).

Significant merger milestones and enhanced St.George position

- With the merger completed well over a year ago, St.George is stronger than ever:
  - Customer numbers up 2% over year
  - Net Promoter Score ahead of majors
  - Merger synergies 12% ahead of plan
- Major merger milestones:
  - Single general ledger
  - One ADI completed
  - Expanded products with launch of insurance and Super for Life products
- BankSA continues to perform and is a role model for multi-brand





1 Source for NPS: Roy Morgan Research – NPS of main financial institution Aged 14+. Major banks includes simple average of WBC, ANZ, CBA, NAB and St.George Group (St.George and BankSA). Data till Mar10. Net Promoter Score is a service mark of Bain & Company, Inc., Satmetrix Systems Inc. and Mr Frederick Reichheld

Advancing well on our strategic transformation

	Pre GFC	2010
Customer	Product oriented	Distribution oriented
	Customer satisfaction	Customer advocacy
	Lending focused	Relationship focused
Brand	Predominantly one brand	Multi-brand
Culture	Siloed business units	One team
	Bank centric	Integrated financial services
Technology	Unreliable, fragmented technology	Stable technology, clear roadmap
Balance sheet	Focus on balance sheet efficiency	Stronger funding mix, liquidity and capital

Transformation priorities

- Consolidate and leverage customer gains
- Realise the value of on-going investment in people, technology and distribution
- Improve productivity via both efficiency and effectiveness
- Extend multi-brand capabilities
- Continue to position The Westpac Group, and the balance sheet, for post GFC environment

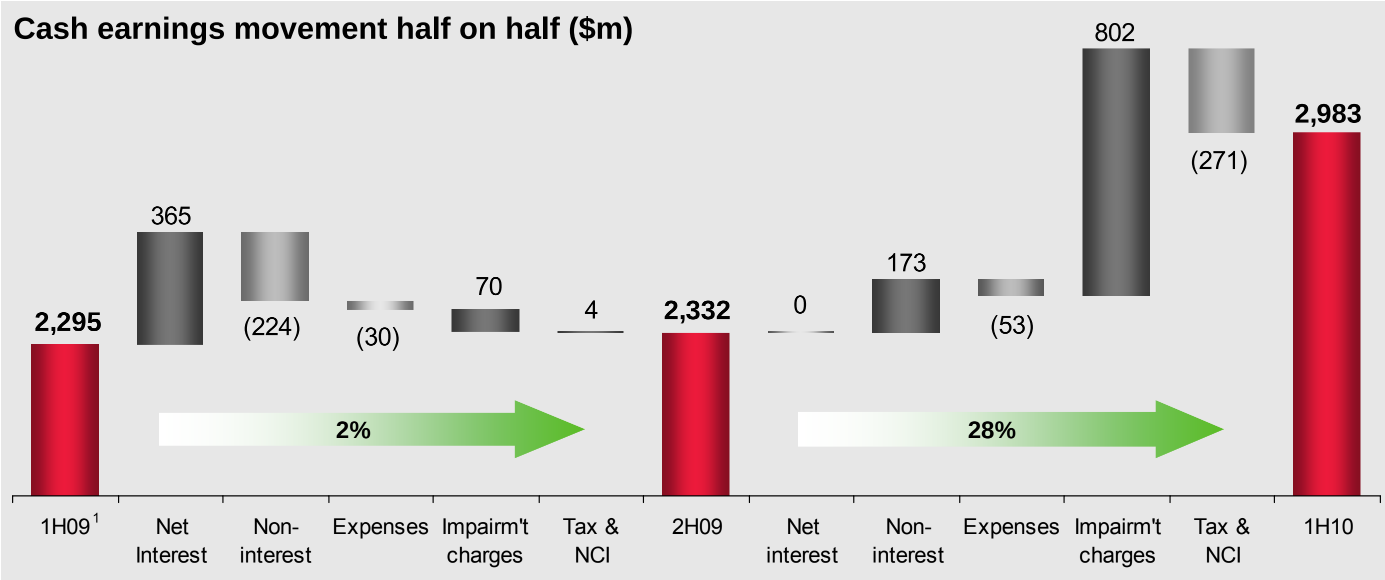
The Westpac Group 2010 Interim Results

Philip Coffey
Chief Financial Officer

The key statistics

($m)	1H09	2H09	1H10	% change 1H09-1H10	% change 2H09-1H10
Revenue	8,307	8,448	8,621	4	2
Expenses	3,355	3,385	3,438	2	2
Core earnings	4,952	5,063	5,183	5	2
Impairment charges	1,611	1,681	879	(45)	(48)
Cash earnings	2,295	2,332	2,983	30	28
Reported earnings	2,175	1,271	2,875	32	126
Cash earnings per share (cents)	82.4	79.7	100.8	22	26
Dividends per share (cents)	56	60	65	16	8

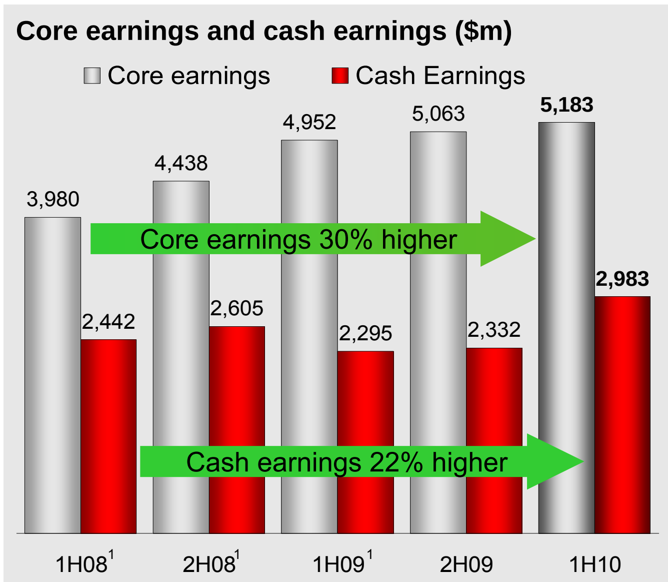
Strong cash earnings recovery in 1H10



1 Pro-forma incorporates St.George earnings from 1 October 2007.

Material uplift in core earnings

- The investment in our franchise has substantially lifted both core earnings and cash earnings
- 1H10 core earnings were 30% higher than pro-forma[1] core earnings in 1H08
- Business unit change in core earnings from 1H08:
  - Westpac RBB 14% higher
  - St.George Bank 27% higher
  - Westpac Institutional Bank 52% higher
  - BT Financial Group 28% higher
  - New Zealand (NZ$) 8% lower



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Growth in customer related net interest income

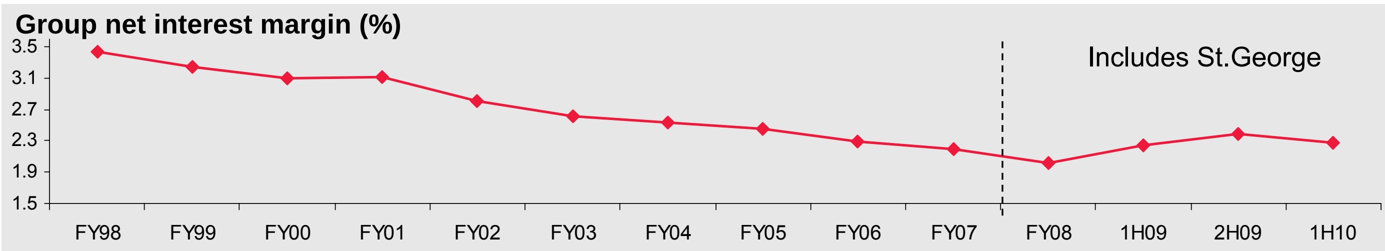
Net interest income ($m)		1H09	2H09	1H10
Customer related	Westpac RBB	2,410	2,533	2,572
	St.George	1,266	1,340	1,327
	WIB (excluding markets)	803	796	856
	New Zealand ($A)	516	491	465
	Other[1]	206	221	344
	Total customer related	5,201	5,381	5,564
Market related	WIB Markets	102	84	60
	Treasury	375	578	419
	Total markets related	477	662	479
	Total net interest income	5,678	6,043	6,043

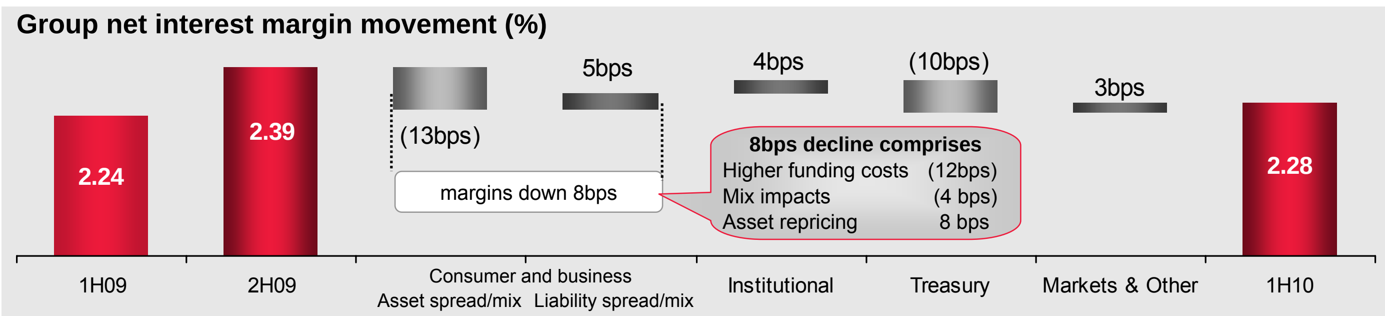
Customer related net interest income up 3.5% and 3.4% over each of the last 2 halves

Total net interest income 6.4% and 'flat' over each of the last 2 halves

1. 'Other' Includes BT and Pacific Banking

Margins reflect market dynamics





Funding costs and balance sheet shifts impacted margins

Support Customers

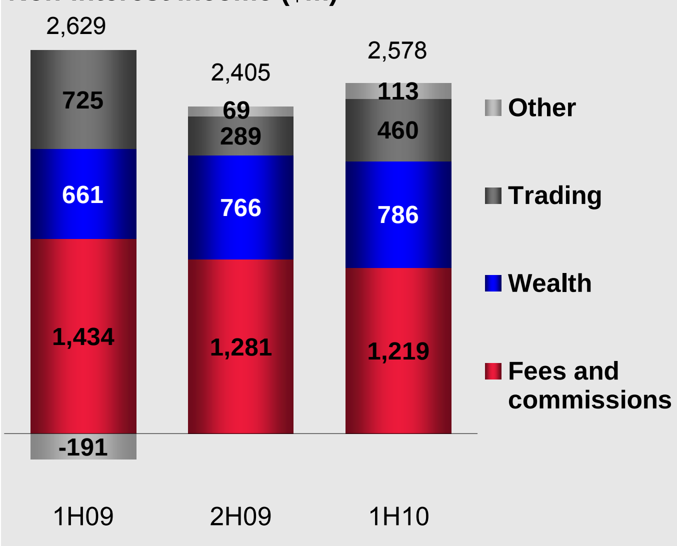
Strengthen balance sheet

Funding view of the balance sheet ($bn)

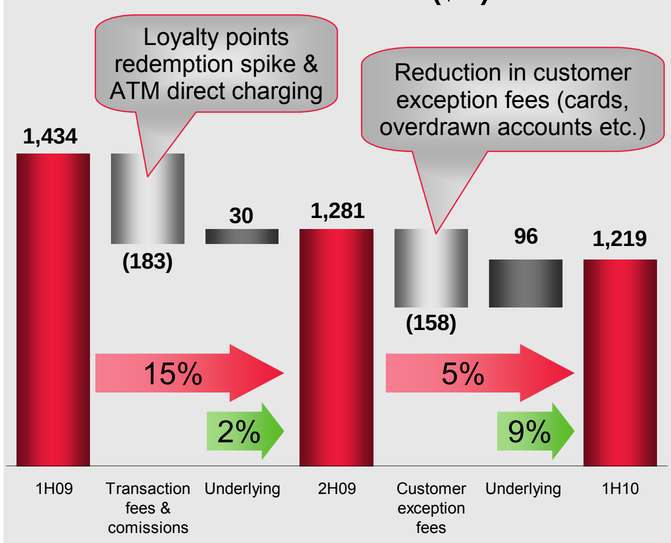
	2H09	1H10	Change $bn		2H09	1H10	Change $bn
Lending				**Customer deposits**			
Mortgages	285.1	304.4	19.3	At call	167.0	158.2	(8.8)
Other lending	178.4	170.2	(8.2)	Term	100.3	113.4	13.1
Total	463.5	474.6	11.1	Total	267.3	271.6	4.3
Liquidity				**Funding**			
Funded liquid assets	33.5	45.4	11.9	Short term wholesale	117.3	113.8	(3.5)
				Long term wholesale	81.8	104.2	22.4

Non-interest income impacted by lower customer fees

Non-interest income ($m)



Fees and Commissions income ($m)



Solid Markets and Treasury performance

- 1H10 markets revenue remained solid from improved credit spreads boosting Debt Markets
- Solid Treasury result:
  - Correct positioning for interest rate increases
  - Narrowing credit spreads assisted liquids portfolio
  - Narrowing of Bills/LIBOR spread
- Lower VaR reflects roll-off of volatility peaks experienced during the GFC

Markets revenue ($m)	1H09	2H09	1H10
Debt Markets sales & trading and Equities[1]	202	207	256
FX, Commodities, Carbon & Energy	511	160	203
Total	**713**	**367**	**459**
Average VaR[2]	9.3	10.6	8.8

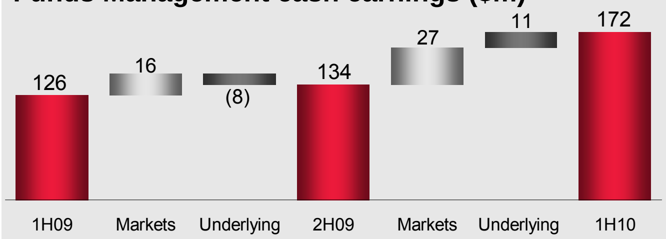
Treasury revenue ($m)	1H09	2H09	1H10
Net interest income	375	578	419
Non-interest income	14	3	10
Total	**389**	**581**	**429**
Average VaR[2]	41.4	36.0	29.5

1 Represents Equity Derivatives component of Equities business only. 2 VaR at 99% confidence level, 1 day hold period.

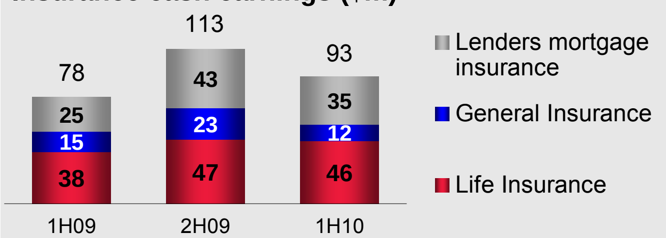
BTFG good flows and improving markets lift returns

- BTFG 1H10 cash earnings of $301m, up 40% on 1H09; up 8% on 2H09
- Funds management
  - Improved markets a major contributor
  - Higher average balances
  - Partially offset by lower FUA margins
- Insurance:
  - Good growth over the year
  - 1H10 impacted by higher claims (Melbourne/Perth storms) and decision to reinsure a higher portion of lenders mortgage insurance

Funds Management cash earnings ($m)

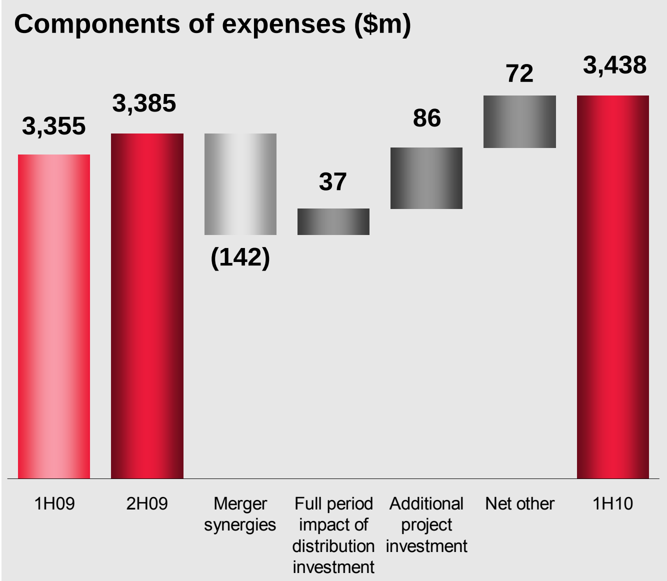


Insurance cash earnings ($m)



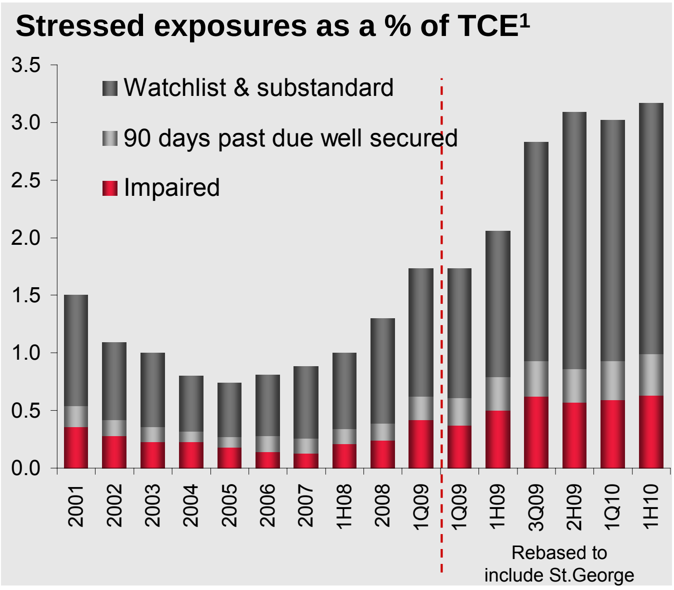
Expenses up 2%, with investment funded by productivity

- Merger synergies and productivity gains utilised for investment
- Continued investment
  - Full period impact of Westpac Local
  - Brand investment in St.George
- Increased project investment
  - Set of well defined projects to boost front-end capability and capacity
  - Incremental P&L impact of $86m in 2010
  - Deliver scale benefits from common platforms



Asset quality stabilising

- Stressed exposures at 3.18% of TCE, up 9 bps from 2H09
  - Impaired assets up 4bps, with some watchlist facilities downgraded and only $125m written off over the half
  - 90+ days past due well secured up 7bps
  - Watchlist and substandard down 4bps
- Commercial property the dominant sector behind the downgrades
- Mortgage sector represents 50% of total TCE and remains resilient



1 TCE is Total Committed Exposure.

Commercial property the source of most stress

- Commercial property continues to be the sector most under stress:
  - Total commercial property stress increased 8% over 1H10
  - Deterioration within stressed categories continued
- Most new stress in development
- 10% decline in the commercial property exposure
- Strength of security means significant future losses unlikely

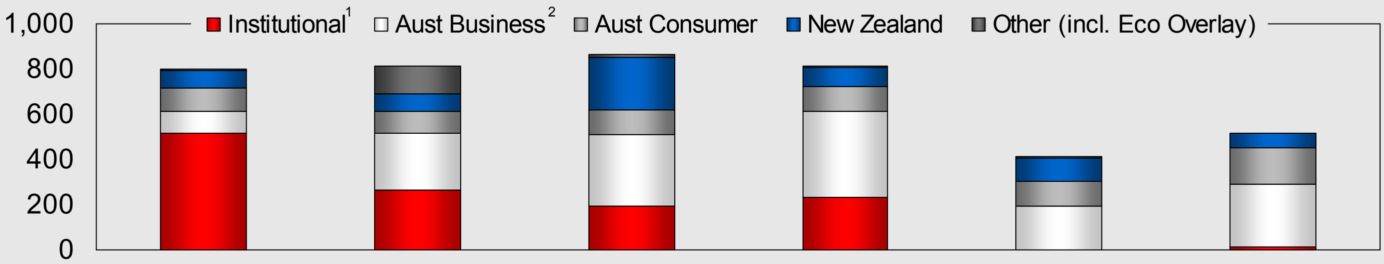
Segment[1] exposures ($m)		TCE	% of Group TCE	% Stressed[2]
Australia <$10m		23,638	3.5	12.4
Australia >$10m	Diversified property & property trusts[3]	10,214	1.5	11.3
	Investment	10,091	1.5	8.2
	Development	6,475	1.0	39.5
New Zealand		3,675	0.5	20.8
Total[4]		54,311	8.0	15.2

9.6% of gross lending at March 2010 down from 13% at December 2008

1. Geographic segments are shown by booking office location. New Zealand excludes WIB managed exposures
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 $218m of Pacific Banking exposures.

Composition of impairment charges

Impairment charges by quarter ($m)

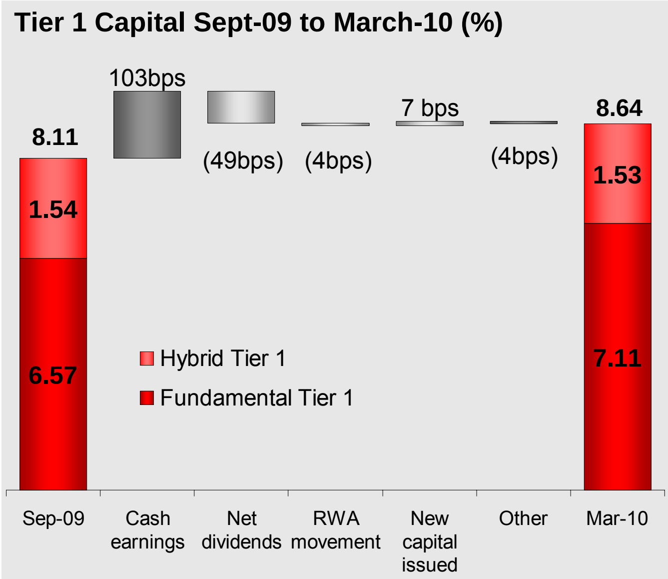


1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Dominated by companies directly impacted by GFC	Economy impacting commercial sector Margin lending Higher economic overlay	Development property in Australia and New Zealand Early signs of small business stress	Development property in Australia, mostly WA and SE Qld Small business stress continuing	No institutional charge given provision releases Lower NZ and Australian business	Consumer stress increased from lag effects of slowing economy Downgrades in commercial property

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

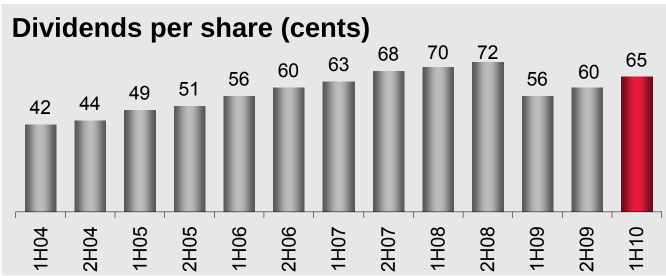
Strong capital generation

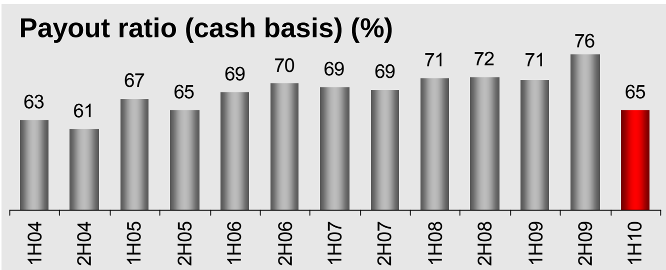
- Tier 1 ratio increased 53 bps over the half:
  - Improved return on equity, now at 16.6%
  - Modest RWA growth, < 0.5%
  - High 2009 final DRP participation at 39%
  - Other variable factors mostly positive
- RWA growth modest given:
  - Most growth in low risk mortgages
  - Business exposures lower, including off-balance sheet
  - Higher RWA for operational risk and interest rate risk



Dividend considerations

- 1H10 dividend 65 cents, up 16%, with:
  - Higher earnings per share, up 22%
  - Pay-out ratio of 65%, slightly lower than recent periods given strong pay-out ratio in 2H09
- Long-run pay-out ratio of 70% seen as sustainable
- DRP to be satisfied by new share issuance, with no DRP discount
- Significant franking balance, $2.0bn





Good momentum although challenges remain

- Good balance sheet and wealth momentum
- Margin pressure will continue to reflect the growth and strengthening of the balance sheet
- Treasury and Markets unlikely to replicate 1H10 levels given stabilising markets
- Project expenses continuing to rise, largely funded by merger synergies and productivity gains
- Impairment charges to reflect more stable asset quality

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All amounts are in Australian dollars unless otherwise indicated.

Pro forma financial information

All references made to pro forma results in this presentation relate to the half year ended 31 March 2009, unless otherwise indicated. These were prepared on the assumption that Westpac's merger with St.George Bank Limited was completed on 1 October 2008 (unless pro forma information is stated to relate to an earlier period, in which case such data is presented on the assumption that the merger 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 adjustments, which were only incorporated from and including 18 November 2008 being the accounting consolidation date. The pro forma results are unaudited. They are provided for illustrative information purposes to facilitate comparisons of the half year ended 31 March 2010 with the half year ended 31 March 2009 (or such earlier period) and are 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. For additional information please refer to Westpac's Interim Results (incorporating the requirements of Appendix 4D) for the half year ended 31 March 2010.

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