

2.1 Reported Results

2.1.1 Reported Results

\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Net interest income		6,013			11,646	
Non-interest income		2,568			4,859	
Net operating income before operating expenses and impairment charges on loans		8,581			16,505	
Operating expenses		(3,692)			(7,171)	
Core earnings		4,889			9,334	
Impairment charges on loans		(879)			(3,238)	
Profit before income tax		4,010			6,096	
Income tax expense		(1,103)			(2,579)	
Net profit for the period		2,907			3,517	
Profit attributable to non-controlling interests		(32)			(71)	
NET PROFIT ATTRIBUTABLE TO OWNERS OF WESTPAC BANKING CORPORATION		2,875			3,446	

2.2 Reported Balance Sheet

2.2.1 Balance Sheet

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	% <i>Mov't</i> Mar 10- Sept 10	% <i>Mov't</i> Sept 09- Sept 10
Assets					
Cash and balances with central banks		4,319	3,272		
Receivables due from other financial institutions		9,642	9,974		
Trading securities, financial assets designated at fair value and available-for-sale securities		54,020	47,807		
Derivative financial instruments		26,482	33,187		
Loans		474,644	463,459		
Life insurance assets		12,393	12,384		
Other assets		19,275	19,504		
Total assets		600,775	589,587		
Liabilities					
Payables due to other financial institutions		8,299	9,235		
Deposits		335,313	329,456		
Trading liabilities and other financial liabilities designated at fair value		6,362	10,848		
Derivative financial instruments		29,830	36,478		
Debt issues and acceptances		151,674	133,024		
Life insurance liabilities		11,761	11,737		
Loan capital		9,691	11,138		
Other liabilities		9,435	11,100		
Total liabilities		562,365	553,016		
Equity					
Total equity attributable to owners of Westpac Banking Corporation		36,477	34,637		
Non-controlling interests		1,933	1,934		
Total equity		38,410	36,571		

2.3 Key Financial Data

2.3.1 Key Financial Data – Earnings

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	%Mov't Sept 09- Sept 10
Shareholder value						
Earnings per ordinary share (cents)		97.5			125.3	
Weighted average ordinary shares (millions)		2,947			2,747	
Fully franked dividends per ordinary share (cents)		65			116	
Net tangible assets per ordinary share (\$)		8.42			7.89	
Productivity and efficiency						
Expense to income ratio		43.0%			43.4%	
Business performance						
Interest spread		2.03%			2.18%	
Benefit of net-non interest bearing liabilities and equity		0.24%			0.20%	
Interest margin		2.27%			2.38%	
Average interest earning assets (\$m)		531,541			490,669	

2.3.2 Key Financial Data – Profitability and Capital Adequacy

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	%Mov't Sept 09- Sept 10
Return on average ordinary equity		16.0%			10.8%	
Average ordinary equity (\$m)		35,981			32,008	
Average total equity (\$m)		37,895			33,923	
Total committed exposures (TCE) (\$m)		678,606			663,167	
Tier 1 capital ratio		8.6%			8.1%	
Total regulatory capital ratio		10.8%			10.8%	
Risk weighted assets (\$m)		290,097			288,739	

2.3.3 Key Financial Data – Asset Quality

	As at 30 Sept 2010	As at 31 March 2010	%Mov't Mar 10- Sept 10	As at 30 Sept 2010	As at 30 Sept 2009	%Mov't Sept 09- Sept 10
Net impaired assets to equity and collectively assessed provisions		5.8%			5.7%	
Total impaired assets to gross loans		0.9%			0.8%	
Total impaired assets to equity and total provisions		9.8%			9.1%	
Total impairment provisions to total impaired assets		43.1%			39.3%	
Total stressed exposures as a % of total committed exposures		3.2%			3.1%	
Total provisions to gross loans		110bps			101bps	
Collectively assessed provisions to performing non-housing loans		201bps			182bps	
Collectively assessed provisions to risk weighted assets		127bps			121bps	
Collectively assessed provisions to credit risk weighted assets		150bps			142bps	
Total provisions to risk weighted assets		182bps			164bps	

3.1 Cash Earnings Results

Reconciliation of Statutory Results and Cash Earnings

\$m			% Mov't			% Mov't
	Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	Sept 09- Sept 10
NET PROFIT ATTRIBUTABLE TO OWNERS OF WESTPAC BANKING CORPORATION		2,875			3,446	
St.George Cash Earnings prior to merger		-			163	
Cash Earnings Adjustments (post-tax):						
Non-merger related Cash Earnings adjustments:						
TPS revaluations		11			(5)	
Treasury shares		10			32	
Ineffective hedges		(9)			4	
FV gain/(loss) on economic hedges		24			(7)	
Significant items		-			85	
NZ structured finance transactions		(106)			703	
Total non-merger related Cash Earnings adjustments		(70)			812	
St.George merger related Cash Earnings adjustments:						
Merger transaction and integration expenses		106			234	
Amortisation of intangible assets		72			128	
Fair value amortisation of financial instruments		(34)			(108)	
Tax consolidation adjustment		-			-	
Total St.George merger related Cash Earnings adjustments		144			254	
Total Cash Earnings adjustments		74			1,066	
Cash Earnings		2,949			4,675	

Cash Earnings Result

Analysis of Cash Earnings by key line item			% Mov't			% Mov't
	Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	Sept 09- Sept 10
\$m						
Net interest income		5,995			11,789	
Non-interest income		2,578			5,034	
Net operating income		8,573			16,823	
Operating expenses		(3,438)			(6,740)	
Core earnings		5,135			10,083	
Impairment charges		(879)			(3,292)	
Operating profit before income tax		4,256			6,791	
Income tax expense		(1,275)			(2,045)	
Net profit		2,981			4,746	
Net profit attributable to non-controlling interests		(32)			(71)	
Cash Earnings		2,949			4,675	
<i>Effective tax rate</i>		30.0%			30.1%	

3.2 Key Financial Data

3.2.1 Key Financial Data – Cash Earnings

	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Shareholder Value						
Cash Earnings per ordinary share (cents)		99.6			163.7	
Economic profit (\$m)		1,804			2,175	
Weighted average ordinary shares (millions) - Cash Earnings		2,960			2,856	
Dividend payout ratio - Cash Earnings		65.3%			72.7%	
Productivity and efficiency						
Expense to income ratio - Cash Earnings		40.1%			40.1%	
Total Banking expense to income ratio - Cash Earnings		39.3%			38.1%	
Reported full - time equivalent employees (FTE)		36,845			36,199	
Business performance						
Interest spread		2.03%			2.12%	
Interest margin		2.26%			2.33%	
Average interest earning assets (\$m)		531,541			508,133	

3.2.2 Key Financial Data – Profitability

	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Cash Earnings to average ordinary equity		16.4%			14.0%	
Cash Earnings to average tangible ordinary equity		23.5%			20.7%	
Average ordinary equity (\$m)		35,981			33,488	
Average tangible ordinary equity (\$m)		25,127			22,568	

3.2.3 Key Financial Data – Impairment Charges

	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Impairment charges to average loans annualised		37bps			73bps	

3.3 Market Share and System Multiple Metrics

3.3.1 Market Share

Australia - Market Share	Full Year Sept 10	Half Year March 10	Full Year Sept 09	Half Year March 09
Banking System (APRA)				
Housing credit		27%	26%	25%
Cards		25%	26%	26%
Household deposits		24%	23%	23%
Business deposits		21%	21%	20%
Financial System (RBA)				
Housing credit		24%	23%	22%
Business credit		17%	18%	17%
Retail deposits		22%	21%	21%
New Zealand - Market Share				
Consumer lending		20%	19%	19%
Deposits		19%	19%	19%
Australian Wealth Management - Market Share by product				
Platforms (includes Wrap)		20%	20%	20%
Retail (excludes Cash)		19%	19%	18%
Corporate Super		10%	10%	10%
Funds Management - BTM		4%	4%	4%
Wholesale - BTM		3%	3%	3%
Australian Life Insurance - Market Share by product				
Life Insurance - inflow s		7%	7%	7%
Life Insurance - new business		8%	7%	7%

3.3.2 System Multiples

Australia - System Multiples	Full Year Sept 10	Half Year Sept 10	Half Year March 10	Full Year Sept 09	Half Year Sept 09	Half Year March 09
Banking System (APRA)						
Housing credit			1.6	1.5	1.6	1.4
Cards			0.5	0.3	n/a	0.5
Household deposits			1.3	1.1	1.2	1.1
Business deposits			1.2	1.2	2.0	0.8
Financial System (RBA)						
Housing credit			2.0	2.2	2.3	2.0
Business credit			n/a	n/a	n/a	n/a
Retail deposits			0.8	1.8	2.0	1.6
New Zealand - System Multiples						
	Full Year Sept 10	Half Year Sept 10	Half Year March 10	Full Year Sept 09	Half Year Sept 09	Half Year March 09
Consumer lending			2.4	1.2	1.1	1.0
Deposits			1.5	1.2	5.0	0.8

4.1 Cash Earnings Summary

Analysis of Cash Earnings by key line item			% Mov't			% Mov't
	Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	Sept 09- Sept 10
\$m						
Net interest income		5,995			11,789	
Non-interest income		2,578			5,034	
Net operating income		8,573			16,823	
Operating expenses		(3,438)			(6,740)	
Core earnings		5,135			10,083	
Impairment charges		(879)			(3,292)	
Operating profit before income tax		4,256			6,791	
Income tax expense		(1,275)			(2,045)	
Net profit		2,981			4,746	
Net profit attributable to non-controlling interests		(32)			(71)	
Cash Earnings		2,949			4,675	
Effective tax rate		30.0%			30.1%	

Impact of Movements in the A\$/NZ\$ Exchange Rate

	Half Year Sept 10 vs Half Year March 10			Full Year Sept 10 vs Full Year Sept 09		
	Cash Earnings grow th	FX impact \$m	Grow th ex-FX	Cash Earnings grow th	FX impact \$m	Grow th ex-FX
Net interest income						
Non-interest income						
Net operating income						
Operating expenses						
Core earnings						
Impairment charges						
Operating profit before tax						
Income tax expense						
Net Profit						
Net profit attributable to non-controlling interests						
Cash Earnings						

Divisional Cash Earnings Summary

Twelve months to 30 September 2010	Westpac							
	Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Core Earnings								
Impairment charges								
Profit before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
Cash Earnings								
<i>Change in Cash Earnings %</i>								

Divisional Cash Earnings Summary

Six months to 30 September 2010	Westpac							
	Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Core Earnings								
Impairment charges								
Profit before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
Cash Earnings								
<i>Change in Cash Earnings %</i>								

4.2 Review of Earnings

4.2.1 Net Interest Income

Loans

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Australia		426,177	412,247		
Housing		277,373	257,601		
Personal (loans and cards)		15,734	15,215		
Business		133,118	138,179		
Margin lending		3,996	3,900		
Other (including provisions)		(4,044)	(2,648)		
New Zealand (NZ \$)		56,224	55,588		
Housing		33,509	32,363		
Personal (loans and cards)		1,601	1,548		
Business		21,737	22,098		
Other (including provisions)		(623)	(421)		
Other overseas		4,885	5,633		
Total loans		474,644	463,459		

Deposits

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Australia		282,706	281,463		
At Call		131,823	141,321		
Term		94,529	80,887		
Certificates of deposit		44,686	48,796		
Non-interest bearing		11,668	10,459		
New Zealand (NZ \$)		36,935	36,412		
At Call		13,101	12,963		
Term		18,760	17,571		
Certificates of deposit		2,426	3,468		
Non-interest bearing		2,648	2,410		
Other overseas		23,970	18,137		
Total deposits		335,313	329,456		

Customer and Treasury Deposits

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Total customer deposits		271,602	267,293		
Australia		238,021	232,667		
New Zealand (\$A)		26,757	27,012		
Other		6,824	7,614		
Treasury deposits		63,711	62,163		
Total		335,313	329,456		

Margins

	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
\$m						
Net interest income		5,995			11,789	
Tax equivalent gross-up		-			45	
Adjusted net interest income		5,995			11,834	
Markets net interest income		60			186	
Treasury net interest income		399			905	
Net interest income excluding Treasury & Markets		5,536			10,743	
Average interest earning assets		531,541			508,133	
Group interest margin		2.26%			2.33%	
Group interest margin excluding Treasury & Markets		2.09%			2.11%	

4.2.2 Non-Interest Income

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
\$m						
Fees and commissions		1,219			2,715	
Wealth management and insurance income		786			1,427	
Trading income		460			1,014	
Other income		113			(122)	
Non-interest income		2,578			5,034	

Wealth management and insurance income

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
\$bn					
FUM					
BT		36.3	35.2		
Advance Asset Management		6.8	6.7		
Westpac Institutional Bank		9.0	8.9		
New Zealand		1.7	1.7		
Group FUM		53.8	52.5		
Average FUM for the Group		52.4	48.0		
FUA					
BT		48.4	45.3		
Asgard		32.6	31.4		
New Zealand		0.7	0.7		
Group FUA		81.7	77.4		
Average FUA for the Group		77.9	69.9		

WIB Markets Income

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
\$m						
Net interest income		60			186	
Non-interest income		399			894	
<i>Trading income</i>		346			809	
<i>Other non-interest income</i>		53			85	
Total WIB Markets income		459			1,080	

4.2.3 Operating Expenses

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
\$m						
Salaries and other staff expenses		(1,931)			(3,744)	
Equipment and occupancy expenses		(513)			(959)	
Other expenses		(994)			(2,037)	
Total expenses		(3,438)			(6,740)	

Full Time Equivalent Employees (FTE)

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	% Mov't Mar 10- Sept 10	% Mov't Sept 09- Sept 10
Analysis of movement in FTE					
Permanent employees		34,303	34,189		
Temporary employees		3,143	2,843		
Total employees		37,446	37,032		
Integration employees		601	833		
Reported FTE		36,845	36,199		
Average Reported FTE		36,188	36,533		

4.2.4 Impairment Charges

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
\$m						
New IAPs		(637)			(2,114)	
Write-backs		136			106	
Recoveries		21			49	
Total IAP, w rite-backs and recoveries		(480)			(1,959)	
Write-offs		(315)			(652)	
Other changes in CAPs		(84)			(681)	
Total new CAPs		(399)			(1,333)	
Total impairment charges		(879)			(3,292)	

4.3 Credit Quality

4.3.1 Credit Quality Key Metrics

Stressed Exposures by Credit Grade as a % of Total Committed Exposures	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Impaired		0.63%	0.57%	0.50%
90 days past due, well secured		0.36%	0.29%	0.29%
Watchlist and substandard		2.19%	2.23%	1.27%
Total Stressed Exposures		3.18%	3.09%	2.06%
Business and Institutional Impairments	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Business impaired assets to divisional business total committed exposures:				
Business Australia		2.05%	1.68%	0.99%
Business New Zealand		2.18%	1.44%	0.96%
Institutional		0.44%	0.40%	0.60%
Other Consumer Loans	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
90 days past due:				
Group		1.34%	1.04%	1.25%
Australia		1.32%	0.99%	1.19%
New Zealand		1.54%	1.56%	1.91%
Mortgage Loans	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
90 days past due:				
Group		0.40%	0.37%	0.51%
Australia		0.35%	0.32%	0.46%
New Zealand		0.75%	0.75%	0.82%
Other	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Total impaired assets to gross loans		0.90%	0.81%	0.73%
Total impairment provisions to total impaired assets		43.1%	39.3%	48.4%
Total provisions to gross loans		110bps	101bps	99bps
Collectively assessed provisions to performing non-housing loans		201bps	182bps	152bps
Collectively assessed provisions to risk weighted assets		127bps	121bps	110bps
Collectively assessed provisions to credit risk weighted assets		150bps	142bps	125bps
Total provisions to risk weighted assets		182bps	164bps	160bps
Other	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Impairment charges to average loans annualised		37bps	73bps	73bps
Annualised write-offs to average loans		18bps	66bps	17bps

4.4 Balance Sheet and Funding

4.4.1 Balance Sheet

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Assets					
Cash and balances with central banks		4,319	3,272		
Receivables due from other financial institutions		9,642	9,974		
Trading securities, financial assets designated at fair value and available-for-sale securities		54,020	47,807		
Derivative financial instruments		26,482	33,187		
Loans		474,644	463,459		
Life insurance assets		12,393	12,384		
Other assets		19,275	19,504		
Total assets		600,775	589,587		
Liabilities					
Payables due to other financial institutions		8,299	9,235		
Deposits		335,313	329,456		
Trading liabilities and other financial liabilities designated at fair value		6,362	10,848		
Derivative financial instruments		29,830	36,478		
Debt issues and acceptances		151,674	133,024		
Life insurance liabilities		11,761	11,737		
Loan capital		9,691	11,138		
Other liabilities		9,435	11,100		
Total liabilities		562,365	553,016		
Equity					
Total equity attributable to owners of Westpac Banking Corporation		36,477	34,637		
Non-controlling interests		1,933	1,934		
Total equity		38,410	36,571		

4.4.2 Funding and Liquidity

Funding by residual maturity

	As at 30 Sept 2010		As at 31 March 2010		As at 30 Sept 2009	
	\$m	Funding Ratio %	\$m	Funding Ratio %	\$m	Funding Ratio %
Customer deposits			271,602	50	267,293	52
Wholesale funding - residual maturity						
Securitisation			13,596	3	14,141	3
Greater than 12 months			104,230	19	81,819	16
Equity			37,071	7	35,074	7
Stable Funding Ratio (SFR)			426,499	79	398,327	78
Less than 6 months			89,614	17	98,967	19
6 to 12 months			24,146	4	18,291	3
Short term wholesale funding			113,760	21	117,258	22
Total funding			540,259	100	515,585	100

Deposits to net loans ratio

	As at 30 Sep 2010		As at 31 March 2010		As at 30 Sept 2009	
	\$m	%	\$m	%	\$m	%
Customer deposits			271,602		267,293	
Net customer loans			474,644	57%	463,459	58%

Funding view of the balance sheet

\$m	As at 30 September 2010					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
Total assets						
Total liabilities						
Total equity						
Total						
Net customer loans						

\$m	As at 31 March 2010					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
Total assets	79,732	-	-	458,900	62,143	600,775
Total liabilities	-	(271,602)	(229,653)	-	(61,110)	(562,365)
Total equity	-	-	(1,933)	(37,071)	594	(38,410)
Total	79,732	(271,602)	(231,586)	421,829	1,627	-
Net customer loans	34,324	-	-	440,320	-	474,644

\$m	As at 30 September 2009					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
Total assets	78,607	-	-	441,024	69,956	589,587
Total liabilities	(4,951)	(267,293)	(211,284)	-	(69,488)	(553,016)
Total equity	-	-	(1,934)	(35,074)	437	(36,571)
Total	73,656	(267,293)	(213,218)	405,950	905	-
Net customer loans	40,138	-	-	423,321	-	463,459

4.5 Capital and Dividends

Risk Weighted Assets

	Loans (per Section 6)			Basel II (Advanced / Standardised) RWA		
	As at 30 Sept 2010	As at 30 Sept 2009	% Mov't Sept 09- Sept 10	As at 30 Sept 2010	As at 30 Sept 2009	% Mov't Sept 09- Sept 10
\$m						
Business purposes						
On-balance sheet		164,713			125,225	
Off-balance sheet		-			37,455	
Total business purposes		164,713			162,680	
Consumer purposes						
On-balance sheet		303,130			78,509	
Off-balance sheet		-			5,490	
Total consumer purposes		303,130			83,999	
Provision for impairment		(4,384)				
Total credit risk		463,459			246,679	
(% of total RWA)					85%	
<i>Total on-balance sheet credit risk</i>					203,734	
<i>Total off-balance sheet credit risk</i>					42,945	
Equity risk					1,331	
Market risk					6,838	
Operational risk					21,725	
IRRBB					9,624	
Other assets					2,542	
Total non-credit					42,060	
(% of total RWA)					15%	
		463,459			288,739	

Capital Deductions for Regulatory Expected Credit Loss

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009
\$m			
Provisions associated with eligible portfolios			
Total provisions for impairment charges (Section 6 Note 12)		5,273	4,734
plus general reserve for credit losses adjustment		-	-
less ineligible provisions		(1,845)	(1,643)
less certain deferred tax assets		(653)	(619)
Total eligible provisions		2,775	2,472
Regulatory expected loss		3,579	3,231
Capital deduction in provisions for regulatory expected downturn loss		(804)	(759)
Deducted from Capital as follows:			
Tier 1 reduction		(402)	(379)
Tier 2 reduction		(402)	(379)

Dividends

Ordinary dividend (cents per share)	As at 30 Sept 2010	As at 31 March 2010	Full Year 30 Sept 2010	Full year 30 Sept 2009
Interim (fully franked) - determined dividend		65		56
Final (fully franked)		65		60
				116

5.0 Divisional Results

5.1 Westpac Retail and Business Banking

\$m	Half Year Sept 10	Half Year March 10	% Mov't		Full Year Sept 09	Full Year Sept 10
			Mar 10- Sept 10	Sept 09- Sept 10		
Net interest income		2,572			4,943	
Non-interest income		501			1,274	
Net operating income		3,073			6,217	
Operating expenses		(1,521)			(2,943)	
Core earnings		1,552			3,274	
Impairment charges		(302)			(551)	
Operating profit before tax		1,250			2,723	
Tax and non-controlling interests		(377)			(815)	
Cash Earnings		873			1,908	
Economic profit		793			1,827	
Expense to income ratio		49.5%			47.3%	
	\$bn	\$bn			\$bn	\$bn
Deposits						
Term deposits		43.3			34.7	
Other		65.7			69.1	
Total deposits		109.0			103.8	
Net loans						
Mortgages		179.2			164.9	
Business		40.1			41.3	
Other		9.6			9.4	
Total net loans		228.9			215.6	
Total assets		233.7			219.6	

5.1.1 Westpac RBB Key Metrics

Lending and Deposit Growth	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Consumer lending		17%	21%	15%
Business lending		(6)%	(3)%	(1)%
Deposits		10%	10%	27%
Third Party Origination	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Consumer lending (mortgages)		41%	45%	43%
Divisional Interest Margin	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Westpac RBB		2.21%	2.32%	2.34%
Credit Quality	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Mortgage delinquencies > 90 days		0.34%	0.31%	0.45%
Other consumer loans delinquencies > 90 days		1.32%	0.99%	1.05%
Business impaired assets to total committed exposure		0.89%	0.79%	0.42%
Net Promoter Score (NPS)	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Westpac - Consumer		(17)	(15)	(17)
Westpac - Business		(24)	(21)	(22)
Peer group - Consumer		(13)	(15)	(14)
Peer group - Business		(20)	(25)	(19)

5.2 Westpac Institutional Bank

\$m	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
Net interest income		916			1,785	
Non-interest income		811			1,287	
Net operating income		1,727			3,072	
Operating expenses		(519)			(1,028)	
Core earnings		1,208			2,044	
Impairment charges		(73)			(1,528)	
Operating profit before tax		1,135			516	
Tax and non-controlling interests		(328)			(155)	
Cash Earnings		807			361	
Economic profit		644			(361)	
Expense to income ratio		30.1%			33.5%	
	\$bn	\$bn		\$bn	\$bn	
Deposits		48.0			51.0	
Net loans		70.2			75.3	
Total assets		103.0			114.6	
Funds under management		9.0			8.9	

5.2.1 WIB Key Metrics
Revenue Contribution by Business Segments

\$m	Full Year Sept 10	Pro forma	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Pro forma
		Full Year Sept 09				Half Year March 09
Debt Markets		1,119		712	568	551
Foreign Exchange and Commodities, Carbon and Energy		666		203	159	507
Equities		126		95	57	69
Transactional and Client Services		445		251	224	221
Premium Business Group		372		201	191	181
Hastings		53		50	30	23
Other		291		215	195	96
Total		3,072		1,727	1,424	1,648

5.3 St.George Bank

\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
Net interest income		1,327			2,606	
Non-interest income		287			679	
Net operating income		1,614			3,285	
Operating expenses		(602)			(1,200)	
Core earnings		1,012			2,085	
Impairment charges		(331)			(594)	
Operating profit before tax		681			1,491	
Tax and non-controlling interests		(209)			(448)	
Cash Earnings		472			1,043	
Economic profit		329			793	
Expense to income ratio		37.3%			36.5%	
	\$bn	\$bn		\$bn	\$bn	
Deposits						
Term deposits		28.1			24.5	
Other		35.6			36.6	
Total deposits		63.7			61.1	
Net loans						
Mortgages		87.7			82.7	
Business		32.1			33.3	
Other		5.4			5.2	
Total net loans		125.2			121.2	
Total assets		132.8			127.6	

5.3.1 St.George Bank Key Metrics

Lending and Deposit Growth	Half Year	Half Year	Half Year	Pro forma
	Sept 10	March 10	Sept 09	Half Year March 09
Consumer lending		12%	16%	8%
Business lending		(7)%	(1)%	10%
Deposits		9%	15%	10%

Third Party Origination	Half Year	Half Year	Half Year	Half Year
	Sept 10	March 10	Sept 09	March 09
Consumer lending (mortgages)		44%	50%	46%

Divisional Interest Margin	Half Year	Half Year	Half Year	Pro forma
	Sept 10	March 10	Sept 09	Half Year March 09
St.George Bank		1.92%	2.07%	2.01%

Credit Quality	Half Year	Half Year	Half Year	Half Year
	Sept 10	March 10	Sept 09	March 09
Mortgage delinquencies > 90 days		0.36%	0.35%	0.52%
Other consumer loans delinquencies > 90 days		1.35%	0.97%	1.39%
Corporate/Business impaired assets to total committed exposure		3.05%	2.35%	1.46%

Net Promoter Score (NPS)	Half Year	Half Year	Half Year	Half Year
	Sept 10	March 10	Sept 09	March 09
St.George Bank - Consumer		(4)	(9)	(5)
St.George Bank - Business		(17)	(21)	(9)
Peer group - Consumer		(16)	(17)	(17)
Peer group - Business		(21)	(25)	(22)

5.4 BT Financial Group (Australia)

			<i>% Mov't</i>		<i>Pro forma</i>	<i>% Mov't</i>
\$m	Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	Sept 09- Sept 10
Net interest income		140			269	
Non-interest income		724			1,316	
Net operating income		864			1,585	
Operating expenses		(422)			(856)	
Core earnings		442			729	
Impairment charges		(5)			(15)	
Operating profit before tax		437			714	
Tax and non-controlling interests		(136)			(221)	
Cash Earnings		301			493	
Economic profit		227			329	
Expense to income ratio		48.8%			54.0%	
Income on invested capital		52			79	
	\$bn	\$bn		\$bn	\$bn	
Total assets		26.9			26.1	
Funds under management		43.1			41.9	
Average Funds under management		41.8			37.0	
Funds under administration		81.0			76.7	
Average Funds under administration		77.2			65.9	

			<i>% Mov't</i>		<i>Pro forma</i>	<i>% Mov't</i>
\$m	Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	Sept 09- Sept 10
Cash Earnings						
Funds management business		172			260	
Insurance		93			191	
Total funds management and insurance		265			451	
Capital and other		36			42	
Total Cash Earnings		301			493	

5.4.1 Funds Management Business

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
\$m						
Net interest income		116			232	
Non-interest income		657			1,192	
Gross operating income		773			1,424	
Commission expense		(155)			(277)	
Net operating income		618			1,147	
Operating expenses		(355)			(741)	
Core earnings		263			406	
Impairment charges		(5)			(15)	
Operating profit before tax		258			391	
Tax and non-controlling interests		(86)			(131)	
Cash Earnings		172			260	
Expense to income ratio		57.4%			64.6%	

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
Cash Earnings						
\$m						
Other Funds Management business		166			252	
BTIM		6			8	
Total Cash Earnings		172			260	

Movement of FUM/FUA

	Sept 2009	Sales	Redns	Net Flows	Other Mov't	Sept 2010	March 2010	% Mov't Mar10- Sept 10	% Mov't Sept 09- Sept 10
\$bn									
Retail	16.9						17.0		
Institutional	12.6						12.9		
Wholesale	12.4						13.2		
Total FUM	41.9						43.1		
Wrap	65.8						69.3		
Corporate Super	8.0						8.4		
Other	2.9						3.3		
Total FUA	76.7						81.0		

5.4.2 Insurance Business

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
\$m						
Net interest income		11			21	
Non-interest income		224			447	
Gross operating income		235			468	
Commission expense		(44)			(80)	
Net operating income		191			388	
Operating expenses		(56)			(116)	
Core earnings		135			272	
Tax and non-controlling interests		(42)			(81)	
Cash Earnings		93			191	
Expense to income ratio		29.3%			29.9%	

Cash Earnings	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% Mov't Sept 09- Sept 10
\$m						
Life Insurance		46			85	
General Insurance		12			38	
Lenders Mortgage Insurance		35			68	
Total Cash Earnings		93			191	

Premiums for Risk Businesses

Life Insurance in-force premiums			% Mov't		Pro forma	% Mov't
\$m	Half Year	Half Year	Mar 10-	Full Year	Full Year	Sept 09-
	Sept 10	March 10	Sept 10	Sept 10	Sept 09	Sept 10
Life Insurance in-force premiums at start of period		405			360	
Sales		48			96	
Lapses		(29)			(58)	
Net Inflows		19			38	
Other Movements		-			7	
Life Insurance in-force premiums at end of period		424			405	

Loss ratios for Insurance Business			% Mov't		Pro forma	% Mov't
(%)	Half Year	Half Year	Mar 10-	Full Year	Full Year	Sept 09-
	Sept 10	March 10	Sept 10	Sept 10	Sept 09	Sept 10
Life Insurance		40			38	
General Insurance		76			65	
Lenders Mortgage Insurance		16			13	

Gross written premiums			% Mov't		Pro forma	% Mov't
\$m	Half Year	Half Year	Mar 10-	Full Year	Full Year	Sept 09-
	Sept 10	March 10	Sept 10	Sept 10	Sept 09	Sept 10
General Insurance gross written premium		136			223	
Lenders Mortgage Insurance gross written premium		61			280	

5.4.3 Wealth Management Income Reconciliation

			% Mov't		Pro forma	% Mov't
\$m	Half Year	Half Year	Mar 10-	Full Year	Full Year	Sept 09-
	Sept 10	March 10	Sept 10	Sept 10	Sept 09	Sept 10
BTFG non-interest income		724			1,316	
Net commission, premium, fee and banking income		(36)			(79)	
BTFG wealth management and insurance income		688			1,237	
NZ wealth management & insurance		35			69	
WIB wealth management		55			119	
Other		8			2	
Total wealth management & insurance income (Pro forma Cash Earnings basis, Section 7, Note 5)		786			1,427	

5.5 New Zealand

NZ\$m	Half Year Sept 10	Half Year March 10	% Mov't		Full Year Sept 09	% Mov't Sept 09- Sept 10
			Mar 10- Sept 10	Full Year Sept 10		
Net interest income		585			1,235	
Non-interest income		169			407	
Net operating income		754			1,642	
Operating expenses		(371)			(741)	
Core earnings		383			901	
Impairment charges		(208)			(572)	
Operating profit before tax		175			329	
Tax and non-controlling interests		(50)			(93)	
Cash Earnings		125			236	
Economic profit		(36)			(68)	
Expense to income ratio		49.2%			45.1%	
	\$bn	\$bn		\$bn	\$bn	
Deposits						
Term deposits		17.0			16.0	
Other		13.0			12.8	
Total deposits		30.0			28.8	
Net loans						
Mortgages		33.2			32.0	
Business		14.2			14.0	
Other		1.6			1.7	
Net loans		49.0			47.7	
Total assets		50.5			49.0	
Funds under management		2.1			2.1	

5.5.1 New Zealand Key Metrics

Lending Growth	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Mortgages		7%	4%	3%
Other consumer lending		(1)%	(2)%	1%
Consumer lending		7%	4%	2%
Business lending		3%	-	3%
Total lending		6%	2%	3%

Deposit Growth	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Consumer deposits		6%	1%	5%
Business deposits		13%	18%	10%
Total deposits		8%	6%	6%

Divisional Interest Margin	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
New Zealand		2.07%	2.22%	2.25%

Credit Quality	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Mortgage delinquencies > 90 days		0.75%	0.75%	0.82%
Other consumer delinquencies > 90 days		1.54%	1.56%	1.91%
Impaired assets to total committed exposure		1.27%	1.06%	0.88%

Net Promoter Score (NPS)	Half Year Sept 10	Half Year March 10	Half Year Sept 09	Half Year March 09
Consumer		(18)	(21)	(13)
Peer group - Consumer		2	1	3
Business		(36)	(38)	(32)
Peer group - Business		(19)	(21)	(16)

5.6 Pacific Banking

\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Net interest income		56			130	
Non-interest income		40			123	
Net operating income		96			253	
Operating expenses		(39)			(85)	
Core earnings		57			168	
Impairment charges		(4)			(23)	
Operating profit before tax		53			145	
Tax and non-controlling interests		(19)			(43)	
Cash Earnings		34			102	
Economic profit		23			78	
Expense to income ratio		40.6%			33.6%	
	\$bn	\$bn		\$bn	\$bn	
Deposits		1.8			1.7	
Total assets		2.2			2.1	

5.7 Group Businesses

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
\$m						
Net interest income		519			1,049	
Non-interest income		81			23	
Net operating income		600			1,072	
Operating expenses		(41)			(24)	
Core earnings		559			1,048	
Impairment charges		2			(115)	
Operating profit before tax		561			933	
Tax and non-controlling interests		(199)			(359)	
Cash Earnings		362			574	
Group Treasury						
\$m						
Net interest income		419			953	
Non-interest income		10			17	
Cash Earnings		273			624	
Structured Finance						
\$m						
Cash Earnings		7			30	
	\$bn	\$bn		\$bn	\$bn	
Net loans		0.0			1.0	
Total assets		1.1			2.3	

6.1 Consolidated Income Statement

\$m	Note			% Mov't			% Mov't
		Half Year Sept 10	Half Year March 10	Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	Sept 09- Sept 10
Interest income	3		16,133			30,446	
Interest expense	3		(10,120)			(18,800)	
Net interest income			6,013			11,646	
Non-interest income	4		2,568			4,859	
Net operating income before operating expenses and impairment charges on loans			8,581			16,505	
Operating expenses	5		(3,692)			(7,171)	
Impairment charges on loans	11		(879)			(3,238)	
Profit before income tax			4,010			6,096	
Income tax expense	7		(1,103)			(2,579)	
Net profit for the period			2,907			3,517	
Profit attributable to non-controlling interests			(32)			(71)	
Net profit attributable to owners of Westpac Banking Corporation			2,875			3,446	

6.2 Consolidated Balance Sheet

\$m	Note	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Assets						
Cash and balances with central banks			4,319	3,272		
Receivables due from other financial institutions			9,642	9,974		
Derivative financial instruments	19		26,482	33,187		
Trading securities			43,418	43,114		
Other financial assets designated at fair value			3,227	3,063		
Available-for-sale securities			7,375	1,630		
Loans - housing and personal	10		324,154	300,249		
Loans - business	10		150,490	163,210		
Life insurance assets			12,393	12,384		
Regulatory deposits with central banks overseas			1,327	766		
Deferred tax assets			1,831	1,985		
Goodwill and other intangible assets			11,420	11,541		
Property, plant and equipment			881	888		
Other assets			3,816	4,324		
Total assets			600,775	589,587		
Liabilities						
Payables due to other financial institutions			8,299	9,235		
Deposits at fair value	17		60,030	58,491		
Deposits at amortised cost	17		275,283	270,965		
Derivative financial instruments	19		29,830	36,478		
Trading liabilities and other financial liabilities designated at fair value			6,362	10,848		
Debt issues			150,592	131,353		
Acceptances			1,082	1,671		
Current tax liabilities			731	1,932		
Deferred tax liabilities			38	35		
Life insurance liabilities			11,761	11,737		
Provisions			1,495	1,628		
Other liabilities			7,171	7,505		
Total liabilities excluding loan capital			552,674	541,878		
Loan capital						
Subordinated bonds, notes and debentures			6,725	8,127		
Subordinated perpetual notes			426	443		
Trust Preferred Securities			617	647		
Westpac SPS			1,025	1,024		
Westpac SPS II			898	897		
Total loan capital			9,691	11,138		
Total liabilities			562,365	553,016		
Net assets			38,410	36,571		
Shareholders' equity						
Share capital:						
Ordinary share capital			24,414	23,684		
Treasury shares and RSP Treasury shares			(188)	(188)		
Reserves			(102)	(56)		
Retained profits			12,353	11,197		
Total equity attributable to owners of Westpac Banking Corporation			36,477	34,637		
Non-controlling interests						
Trust preferred securities 2003 (TPS 2003)			1,137	1,137		
Trust preferred securities 2006 (TPS 2006)			755	755		
Other			41	42		
Total non-controlling interests			1,933	1,934		
Total shareholders' equity and non-controlling interests			38,410	36,571		

6.3 Consolidated Cash Flow Statement

\$m	Note	% Mov't		% Mov't		
		Half Year Sept 10	Half Year March 10	Full Year Sept 10	Full Year Sept 09	Sept 09- Sept 10
Cash flows from operating activities						
Interest received			15,586		30,762	
Interest paid			(9,167)		(19,149)	
Dividends received excluding life business			9		21	
Other non-interest income received			2,014		3,575	
Operating expenses paid			(3,279)		(5,250)	
Net (increase)/decrease in trading and fair value assets			(964)		12,428	
Net increase/(decrease) in trading and fair value liabilities			(4,419)		(13,104)	
Net (increase)/decrease in derivative financial instruments			(3,827)		15,000	
Income tax paid excluding life business			(2,073)		(1,346)	
Life business:						
Receipts from policyholders and customers			1,127		2,679	
Interest and other items of similar nature			19		29	
Dividends received			183		489	
Payments to policyholders and suppliers			(1,319)		(2,732)	
Income tax paid			(174)		(65)	
Net cash (used in)/provided by operating activities	20		(6,284)		23,337	
Cash flows from investing activities						
Proceeds from sale of available-for-sale securities			735		5,417	
Purchase of available-for-sale securities			(6,417)		(3,271)	
Net (increase)/decrease in:						
Receivables due from other financial institutions			57		2,576	
Loans			(15,001)		(35,345)	
Life insurance assets			10		(33)	
Regulatory deposits with central banks overseas			(600)		30	
Other assets			424		(3,747)	
Purchase of computer software			(144)		(295)	
Purchase of property, plant and equipment			(101)		(285)	
Proceeds from disposal of property, plant and equipment			-		19	
Controlled entities and businesses acquired, net of cash held and transaction costs			-		-	
Merger with St.George net of transaction costs			-		374	
Net cash used in investing activities			(21,037)		(34,560)	
Cash flows from financing activities						
Issue of loan capital (net of issue costs)			-		897	
Redemption of loan capital			(1,141)		(1,869)	
Proceeds from share placement and share purchase plan			-		2,890	
Purchase from exercise of employee options			36		10	
Purchase of shares on exercise of employee options and rights			(5)		(10)	
Net increase/(decrease) in:						
Payables due to other financial institutions			(689)		(12,562)	
Deposits			8,373		20,427	
Debt issues			24,197		3,327	
Other liabilities			(1,247)		(1,468)	
Purchase of treasury shares			(6)		(41)	
Sale of treasury shares			7		7	
Payment of dividends - Westpac shareholders			(1,066)		(1,973)	
Proceeds from DRP underwriting agreement			-		887	
Payments of dividends - former St.George shareholders			-		(708)	
Payment of distributions to non-controlling interests			(36)		(71)	
Net cash provided by/(used in) financing activities			28,423		9,743	
Net increase/(decrease) in cash and cash equivalents			1,102		(1,480)	
Effect of exchange rate changes on cash and cash equivalents			(55)		(57)	
Cash and cash equivalents as at the beginning of the period			3,272		4,809	
Cash and cash equivalents as at the end of the period			4,319		3,272	

6.4 Consolidated Statement of Comprehensive Income

\$m	Half Year Sept 10	% Mov't		Full Year Sept 10	% Mov't	
		Half Year March 10	Mar 10- Sept 10		Full Year Sept 09	Sept 09- Sept 10
Net profit for the period		2,907			3,517	
Other comprehensive income:						
Gains/(losses) on available-for-sale securities:						
Recognised in equity		96			33	
Transferred to income statement		-			18	
Gains/(losses) on cash flow hedging instruments:						
Recognised in equity		(186)			(435)	
Transferred to income statement		(3)			(11)	
Defined benefit obligation actuarial gains/(losses) recognised in equity (net of tax)		43			41	
Exchange differences on translation of foreign operations		(71)			(121)	
Income tax on items taken directly to or transferred directly from equity:						
Available-for-sale securities reserve		(26)			(15)	
Cash flow hedging reserve		56			136	
Foreign currency translation reserve		9			7	
Other comprehensive income for the period (net of tax)		(82)			(347)	
Total comprehensive income for the period		2,825			3,170	
Attributable to:						
Owners of Westpac Banking Corporation		2,793			3,099	
Non-controlling interests		32			71	
Total comprehensive income for the period		2,825			3,170	

6.5 Consolidated Statement of Changes in Equity

\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Share capital						
Balance as at beginning of period		23,496			6,593	
Shares issued:						
Under dividend reinvestment plan		696			1,015	
DRP Underwriting Agreement		-			887	
Under option and share right schemes		37			10	
St. George Merger		-			12,123	
Institutional placement		-			2,465	
Share Purchase Plan		-			440	
Final settlement of Hastings Fund Management Limited acquisition		-			9	
Shares purchased for delivery upon exercise of options and share rights (net of tax)		(3)			(9)	
Disposal/(acquisition) of treasury shares		-			(26)	
Acquisition of RSP treasury shares		-			(11)	
Balance as at period end		24,226			23,496	
Available-for-sale securities reserve						
Balance as at beginning of period		66			28	
Current period movement due to changes in other comprehensive income:						
Net gains/(losses) from changes in fair value		96			33	
Exchange differences		7			2	
Income tax effect		(26)			(10)	
Transferred to income statements		-			18	
Income tax effect		-			(5)	
Balance as at period end		143			66	
Share based payment reserve						
Balance as at beginning of period		420			346	
Current period movement due to transactions with employees		72			74	
Balance as at period end		492			420	
Cash flow hedging reserve						
Balance as at beginning of period		(371)			(61)	
Current period movement due to changes in other comprehensive income:						
Net gains/(losses) from changes in fair value		(186)			(435)	
Income tax effect		55			134	
Transferred to income statements		(3)			(11)	
Income tax effect		1			2	
Balance as at period end		(504)			(371)	
Foreign currency translation reserve						
Balance as at beginning of period		(171)			(57)	
Current period movement due to changes in other comprehensive income:						
Foreign currency translation adjustment		(71)			(121)	
Tax on foreign currency translation adjustment		9			7	
Balance as at period end		(233)			(171)	
Total reserves		(102)			(56)	
Retained profits						
Balance as at beginning of period		11,197			10,698	
Current period movement due to changes in comprehensive income:						
Actuarial gains/(losses) on defined benefit obligations (net of tax)		43			41	
Profit attributable to owners of Westpac Banking Corporation		2,875			3,446	
Transactions with owners:						
Final dividend		(1,762)			(1,362)	
Interim dividend		-			(1,626)	
Balance as at period end		12,353			11,197	
Total comprehensive income attributable to non-controlling interests		32			71	
Total comprehensive income attributable to owners of Westpac Banking Corporation		2,793			3,099	
Total comprehensive income for the period		2,825			3,170	

6.6 Notes to Full Year 2010 Reported Financial Information

Note 2. Average balance sheet and interest rates

	Full Year 30 September 2010			Full Year 30 September 2009		
	Average Balance	Interest Income	Average Rate	Average Balance	Interest Income	Average Rate
	\$m	\$m	%	\$m	\$m	%
Assets						
Interest earning assets						
Receivables due from other financial institutions				12,836	290	2.3%
Trading securities				47,215	2,149	4.6%
Available-for-sale securities				1,686	118	7.0%
Other financial assets designated at fair value				1,219	43	3.5%
Regulatory deposits				868	17	2.0%
Loans and other receivables				426,845	27,874	6.5%
Total interest earning assets and interest income				490,669	30,491	6.2%
Non-interest earning assets						
Cash, receivables due from other financial institutions and regulatory deposits				1,188		
Life insurance assets				11,374		
All other assets				74,600		
Total non-interest earning assets				87,162		
Total assets				577,831		

	Full Year 30 September 2010			Full Year 30 September 2009		
	Average Balance	Interest Expense	Average Rate	Average Balance	Interest Expense	Average Rate
	\$m	\$m	%	\$m	\$m	%
Liabilities						
Interest bearing liabilities						
Deposits				302,194	11,382	3.8%
Payables due to other financial institutions				13,940	365	2.6%
Loan capital				11,565	582	5.0%
Other interest bearing liabilities				138,143	6,471	4.7%
Total interest bearing liabilities and interest expense				465,842	18,800	4.0%
Non-interest bearing liabilities						
Deposits and payables due to other financial institutions				13,036		
Life insurance policy liabilities				10,775		
All other liabilities				54,255		
Total non-interest bearing liabilities				78,066		
Total liabilities				543,908		
Shareholders' equity				32,008		
Non-controlling interests				1,915		
Total equity				33,923		
Total liabilities and equity				577,831		

Note 2. Average balance sheet and interest rates (continued)

	Full Year 30 September 2010			Full Year 30 September 2009		
	Average Balance \$m	Interest \$m	Average Rate %	Average Balance \$m	Interest \$m	Average Rate %
Loans and other receivables:						
Australia				373,855	24,012	6.4%
New Zealand				46,425	3,547	7.6%
Other overseas				6,565	315	4.8%
Deposits:						
Australia				254,848	9,718	3.8%
New Zealand				28,560	1,295	4.5%
Other overseas				18,786	369	2.0%

Note 3. Net interest income

\$m	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Interest income						
Loans		14,806			27,772	
Receivables due from other financial institutions		100			194	
Available-for-sale securities		91			118	
Regulatory deposits with central banks overseas		2			17	
Trading securities		1,070			2,228	
Net ineffectiveness on qualifying hedges		4			(9)	
Other financial assets designated at fair value		25			43	
Other		35			83	
Total interest income		16,133			30,446	
Interest expense						
Current and term deposits		(4,812)			(9,293)	
Payables due to other financial institutions		(72)			(365)	
Debt issues		(1,914)			(3,712)	
Loan capital		(273)			(582)	
Trading liabilities		(1,065)			(725)	
Deposits at fair value		(845)			(2,089)	
Other		(1,139)			(2,034)	
Total interest expense		(10,120)			(18,800)	
Net interest income		6,013			11,646	

Note 4. Non-interest income

\$m	Half Year Sept 10	% Mov't		Full Year Sept 10	% Mov't	
		Half Year March 10	Mar 10- Sept 10		Full Year Sept 09	Sept 09- Sept 10
Fees and commissions						
Banking and credit related fees		456			804	
Transaction fees and commissions received		655			1,600	
Service and management fees		4			5	
Other non-risk fee income		104			228	
Total fees and commissions		1,219			2,637	
Wealth management and insurance income						
Life insurance and funds management net operating income		686			1,216	
General insurance and Lenders mortgage insurance premiums less claims incurred		83			152	
Total wealth management and insurance income		769			1,368	
Trading income						
Foreign exchange income		224			707	
Other trading securities		236			194	
Total trading income		460			901	
Other income						
Dividends received		9			21	
Rental income		3			5	
Net gain/(loss) on ineffective hedges		10			3	
Hedging overseas operations		17			20	
Net gain/(loss) on derivatives held for risk management purposes		4			54	
Gain/(loss) on disposal of assets		25			(8)	
Net gain/(loss) on financial instruments designated at fair value		29			-	
Other		23			(142)	
Total other income		120			(47)	
Total non-interest income		2,568			4,859	

Note 5. Expense analysis

\$m	Half Year	Half Year	%Mov't	Full Year	Full Year	%Mov't
	Sept 10	March 10	Mar 10- Sept 10	Sept 10	Sept 09	Sept 09- Sept 10
Salaries and other staff expenses						
Salaries and wages		1,529			2,856	
Other staff expenses		455			834	
Restructuring costs		24			116	
Total salaries and other staff expenses		2,008			3,806	
Equipment and occupancy expenses						
Operating lease rentals		238			435	
Depreciation, amortisation and impairment:						
Premises		10			18	
Leasehold improvements		29			52	
Furniture and equipment		30			62	
Technology		32			63	
Software		134			206	
Equipment repairs and maintenance		38			74	
Electricity, water and rates		5			11	
Land tax		2			5	
Other		2			-	
Total equipment and occupancy expenses		520			926	
Other expenses						
Amortisation of deferred expenditure		1			12	
Amortisation of intangible assets		104			182	
Impairment charges - goodwill		-			2	
Non-lending losses		17			182	
Purchased services:						
Technology and information services		124			249	
Legal		20			41	
Other professional services		238			409	
Credit card loyalty programmes		60			210	
Stationery		41			80	
Postage and freight		67			123	
Outsourcing costs		275			514	
Insurance		9			19	
Advertising		79			155	
Training		10			22	
Travel		35			63	
Other expenses		84			176	
Total other expenses		1,164			2,439	
Total		3,692			7,171	

Note 6. Deferred expenses and capitalised software

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Capitalised software		634	629		
Deferred acquisition costs		180	126		
Other		20	13		

Note 7. Income tax

\$m	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	%Mov't Sept 09- Sept 10
The income tax expense for the year is reconciled to the profit before income tax as follows						
Profit before income tax expense		4,010			6,096	
Prima facie income tax based on the Australian company tax rate of 30%		1,203			1,829	
The effect of amounts which are not deductible (assessable) in calculating taxable income						
Change in tax rate		-			-	
Rebateable and exempt dividends		(5)			(19)	
Tax losses not previously recognised now brought to account		-			(5)	
Life insurance:						
Tax adjustment on policy holders earnings		(5)			5	
Adjustment for life business tax rates		1			(1)	
Other non-assessable items		(14)			(24)	
Other non-deductible items		13			68	
Adjustment for overseas tax rates		2			(16)	
Income tax (over)/under provided in prior years		3			19	
Other items		(95)			723	
Total income tax expense in the income statement		1,103			2,579	
Average effective income tax rate		27.5%			42.3%	
Tax equivalent gross up		-			45	
Effective tax rate (excluding life company)		27.6%			42.2%	
Effective tax rate (including gross up)		27.5%			42.7%	
Effective tax rate (including gross up and excluding life company accounting)		27.6%			42.7%	

Note 8. Dividends

	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Full Year Sept 09
Ordinary dividend (cents per share)				
Interim (fully franked)		65		56
Final (fully franked) - determined dividend		-		60
		65		116
Total dividends paid (\$m)				
Ordinary dividends paid		1,762		2,988
		1,762		2,988
Ordinary dividend payout ratio		66.7%		92.6%

Note 9. Earnings per ordinary share

	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Earnings per ordinary share (cents)						
Basic		97.5			125.3	
Fully diluted		95.0			123.2	
Weighted average number of fully paid ordinary shares (millions)						
Basic		2,947			2,747	
Fully diluted		3,086			2,879	

	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Full Year Sept 09
Reconciliation of ordinary shares on issue before the effect of own shares held (millions)				
Opening balance		2,941		1,895
Number of shares issued for St.George Merger		-		743
Number of shares issued under the Dividend Reinvestment Plan (DRP)		29		59
Number of shares issued under Underwritten DRP		-		54
Number of shares issued under the Employee Share Plan (ESP)		1		1
Number of shares issued under option and share right schemes		5		4
Number of shares issued under Share Purchase Plan		-		28
Number of shares issued relating to acquisition of Hastings FML		-		1
Number of shares issued relating to Institutional Placement		-		156
Closing balance		2,976		2,941

Note 9. Earnings per ordinary share (continued)

	Half Year 30 Sept 2010		Half Year 31 March 2010		Full Year 30 Sept 2010		Full Year 30 Sept 2009	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Reconciliation of earnings used in the calculation of earnings per ordinary share (\$m)								
Net profit			2,907	2,907			3,517	3,517
Net profit attributable to non-controlling interests			(32)	(32)			(71)	(71)
Distribution on RSP treasury shares			(3)	-			(5)	-
2004 TPS distributions			-	11			-	22
Westpac SPS distributions			-	16			-	34
Westpac SPS II distributions			-	17			-	16
2007 convertible notes distributions			-	12			-	30
Earnings			2,872	2,931			3,441	3,548
Weighted average number of ordinary shares (millions)								
Weighted average number of ordinary shares			2,960	2,960			2,758	2,758
Effect of own shares held			(13)	(13)			(11)	(11)
Potential dilutive adjustment:								
Exercise of options			-	5			-	4
Conversion of 2004 TPS			-	21			-	24
Restricted share plan			-	3			-	3
Conversion of Westpac SPS			-	38			-	42
Conversion of Westpac SPS II			-	34			-	18
Conversion of 2007 convertible notes			-	38			-	41
Total weighted average number of ordinary shares			2,947	3,086			2,747	2,879
Earnings per ordinary share (cents)			97.5	95.0			125.3	123.2

Note 10. Loans

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Loans are classified based on the location of the lending office:					
Australia					
Overdrafts		3,770	3,880		
Credit card outstandings		9,696	9,429		
Overnight and at call money market loans		310	231		
Acceptance of finance		46,149	49,103		
Term loans:					
Housing		241,585	221,902		
Housing - line of credit		35,898	35,699		
Total housing		277,483	257,601		
Non-housing		81,090	81,552		
Finance leases		5,301	5,468		
Margin lending		3,996	3,900		
Other		2,540	4,907		
Total Australia		430,335	416,071		
New Zealand					
Overdrafts		1,040	1,122		
Credit card outstandings		950	969		
Overnight and at call money market loans		1,282	1,356		
Term loans:					
Housing		25,934	26,536		
Non-housing		14,621	15,771		
Other		345	326		
Total New Zealand		44,172	46,080		
Other Overseas					
Overdrafts		175	183		
Term loans:					
Housing		967	969		
Non-housing		3,527	4,228		
Finance leases		38	38		
Other		363	274		
Total Other Overseas		5,070	5,692		
Total loans		479,577	467,843		
Provision on loans		(4,933)	(4,384)		
Total net loans		474,644	463,459		

Note 11. Provisions for impairment charges

\$m	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Full Year Sept 09
Collectively assessed provisions				
Balance at beginning of the period		3,506		1,761
St.George provisions including merger adjustments		-		893
New provisions raised		399		1,282
Write-offs		(315)		(632)
Discount unw ind		136		230
Exchange rate and other adjustments		(29)		(28)
Closing balance		3,697		3,506
Individually assessed provisions				
Balance at beginning of the period		1,228		413
St.George provisions including merger adjustments		-		120
New individually assessed provisions		637		2,111
Write-backs		(136)		(106)
Write-offs		(125)		(1,291)
Discount unw ind		(17)		(11)
Exchange rate and other adjustments		(11)		(8)
Closing balance		1,576		1,228
Total provisions for impairment charges on loans and credit commitments		5,273		4,734
Less: provisions for credit commitments		(340)		(350)
Total provisions for impairment charges on loans		4,933		4,384

\$m	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Full Year Sept 09
Reconciliation of impairment charges				
New individually assessed provisions		637		2,111
Write-backs		(136)		(106)
Recoveries		(21)		(49)
New collectively assessed provisions		399		1,282
Impairment charges		879		3,238

Note 12. Impaired Loans

	Australia			New Zealand			Overseas			Total		
	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009
\$m												
Non-Performing Loans:												
Gross amount		3,247	2,975		578	495		174	56		3,999	3,526
Impairment provision		(1,395)	(1,139)		(190)	(145)		(71)	(24)		(1,656)	(1,308)
Net		1,852	1,836		388	350		103	32		2,343	2,218
Restructured loans:												
Gross amount		64	67		-	-		5	4		69	71
Impairment provision		(26)	(25)		-	-		(1)	(1)		(27)	(26)
Net		38	42		-	-		4	3		42	45
Overdrafts, personal loans and revolving credit greater than 90 days:												
Gross amount		206	151		20	21		1	1		227	173
Impairment provision		(149)	(136)		(17)	(11)		(1)	(1)		(167)	(148)
Net		57	15		3	10		-	-		60	25
Total Impaired loans:												
Gross amount		3,517	3,193		598	516		180	61		4,295	3,770
Impairment provision		(1,570)	(1,300)		(207)	(156)		(73)	(26)		(1,850)	(1,482)
Net		1,947	1,893		391	360		107	35		2,445	2,288

Note 13. Movement in gross impaired assets

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
\$m					
Balance as at beginning of period		3,770	3,299		
St.George impaired assets including merger adjustments		-	12		
New and increased		1,218	2,149		
Write-offs		(440)	(1,550)		
Returned to performing or repaid		(568)	(531)		
Portfolio managed - new /increased/returned/repaid		315	392		
Exchange rate and other adjustments		-	(1)		
Balance as at period end		4,295	3,770		

Note 14. Items past 90 days but well secured

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
\$m					
Australia					
Housing products		816	705		
Other products		1,418	1,013		
Total Australia		2,234	1,718		
New Zealand					
Housing products		106	123		
Other products		47	61		
Other Overseas		58	24		
Total Overseas		211	208		
Total		2,445	1,926		

Note 15. Impaired assets and provisioning ratios

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Net impaired assets to equity and collectively assessed provisions		5.8%	5.7%		
Total impaired assets to gross loans		0.90%	0.81%		
Total impaired assets to equity and total provisions		9.8%	9.1%		
Total impairment provisions to total impaired assets		43.1%	39.3%		
Total provisions to gross loans		110bps	101bps		
Collectively assessed provisions to performing non-housing loans		201bps	182bps		
Collectively assessed provisions to risk w eighted assets		127bps	121bps		
Collectively assessed provisions to credit risk w eighted assets		150bps	142bps		
Total provisions to risk w eighted assets		182bps	164bps		

Note 16. Delinquencies (90 days past due loans)

	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Mortgages		0.40%	0.37%		
Other personal lending		1.34%	1.04%		
Total personal lending		0.45%	0.41%		

Note 17. Deposits

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Australia					
Deposits at fair value					
Certificates of deposit		41,275	45,534		
Total deposits at fair value		41,275	45,534		
Deposits at amortised cost					
Non-interest bearing, repayable at call		11,528	10,459		
Certificates of deposit		3,411	3,262		
Other interest bearing:					
At Call		131,945	141,321		
Term		94,547	80,887		
Total deposits at amortised cost		241,431	235,929		
Total Australia		282,706	281,463		
New Zealand					
Deposits at fair value					
Certificates of deposit		1,881	2,844		
Total deposits at fair value		1,881	2,844		
Deposits at amortised cost					
Non-interest bearing, repayable at call		2,053	1,976		
Other interest bearing:					
At Call		10,157	10,629		
Term		14,546	14,407		
Total deposits at amortised cost		26,756	27,012		
Total New Zealand		28,637	29,856		
Other Overseas					
Deposits at fair value					
Certificates of deposit		16,874	10,113		
Total deposits at fair value		16,874	10,113		
Deposits at amortised cost					
Non-interest bearing, repayable at call		380	381		
Certificates of deposit		271	410		
Other interest bearing:					
At Call		2,158	2,217		
Term		4,287	5,016		
Total deposits at amortised cost		7,096	8,024		
Total Other Overseas		23,970	18,137		
Total deposits		335,313	329,456		

Note 19. Derivative financial instruments

As at 30 September 2010 \$m	Notional Amount	Fair Value (Asset)	Fair Value (Liability)
<u>Held for trading</u>			
<i>Interest rate</i>			
Futures			
Forw ards			
Sw aps			
Options			
<i>Foreign exchange</i>			
Futures			
Forw ards			
Sw aps			
Options			
<i>Commodities</i>			
<i>Equities</i>			
<i>Credit</i>			
Total held for trading derivatives			
<u>Fair value hedges</u>			
<i>Interest rate</i>			
Sw aps			
<i>Foreign exchange</i>			
Sw aps			
Total fair value hedging derivatives			
<u>Cash flow hedges</u>			
<i>Interest rate</i>			
Futures			
Sw aps			
<i>Foreign exchange</i>			
Sw aps			
Total cash flow hedging derivatives			
<u>Net investment hedges</u>			
Other			
Total net investment hedges			
Total derivatives			
As at 31 March 2010	1,961,310	26,482	29,830
As at 30 September 2009	1,765,359	33,187	36,478

Note 19. Derivative financial instruments (continued)

WIB Markets - Daily value at risk (VaR)

\$m	High	Low	Average
Six months ended 30 September 2010			
Six months ended 31 March 2010	15.1	4.3	8.8
Six months ended 30 September 2009	15.0	5.9	10.6

Average	Half Year 30 Sept 2010	Half Year 31 March 2010	Half Year 30 Sept 2009
\$m			
Interest rate risk		8.4	10.1
Foreign exchange risk		1.6	3.2
Equity risk		0.9	1.4
Commodity risk		1.1	3.6
Other market risks		2.9	3.0
Diversification benefit		(6.1)	(10.7)
Net market risk		8.8	10.6

Treasury's traded risk and non-traded interest rate risk

\$m	High	Low	Average
Six months ended 30 September 2010			
Six months ended 31 March 2010	52.3	17.4	29.5
Six months ended 30 September 2009	53.1	25.3	36.0

Note 20. Notes to the cash flow statement

\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Reconciliation of net cash (used in)/provided by operating activities to net profit						
Net profit		2,907			3,517	
Adjustments:						
Depreciation, amortisation and impairment (Decrease)/increase in sundry provisions and other non-cash items		342			610	
Impairment charges on loans		(500)			435	
		900			3,287	
(Decrease)/increase in derivative financial instruments		(3,827)			15,000	
(Increase)/decrease in trading assets		(964)			12,428	
Increase/(decrease) in trading liabilities		(4,419)			(13,104)	
(Increase)/decrease in accrued interest receivable		(532)			345	
Increase/(decrease) in accrued interest payable		953			(349)	
(Increase)/decrease in current and deferred tax		(1,144)			1,168	
Net cash (used in)/provided by operating activities		(6,284)			23,337	
Details of assets and liabilities of controlled entities and businesses acquired:						
Total assets (financial and tangible) excluding cash		-			147,939	
Identifiable intangible assets		-			2,493	
Total liabilities		-			(144,845)	
Identifiable net assets acquired		-			5,587	
Goodwill		-			6,162	
Shares issued		-			(12,116)	
Non-controlling interests		-			(7)	
Cash paid/(acquired) (net of transaction costs)		-			(374)	

Note 22. Funding view of the balance sheet

	As at 30 September 2010					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
\$m						
Assets						
Cash						
Receivables due from other financial institutions						
Trading securities, financial assets and available-for-sale securities						
Derivative financial instruments						
Loans						
Life insurance assets						
Goodwill and other intangibles						
Fixed assets						
Other assets						
Total assets						
Liabilities						
Payables due to other financial institutions						
Deposits						
At call						
Term deposits						
Medium term deposit notes						
Certificates of deposit						
Derivative financial instruments						
Trading liabilities and other financial liabilities designated at fair value						
Acceptances						
Debt issues						
Life insurance liabilities						
Other liabilities						
Loan capital						
Total liabilities						
Total equity						
Total net						

Note 22. Funding view of the balance sheet (continued)

\$m	As at 31 March 2010					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
Assets						
Cash	677	-	-	3,642	-	4,319
Receivables due from other financial institutions	2,343	-	-	2,637	4,662	9,642
Trading securities, financial assets and available-for-sale securities	42,069	-	-	-	11,951	54,020
Derivative financial instruments	-	-	-	-	26,482	26,482
Loans	34,324	-	-	440,320	-	474,644
Life insurance assets	-	-	-	-	12,393	12,393
Goodwill and other intangibles	-	-	-	11,420	-	11,420
Fixed assets	-	-	-	881	-	881
Other assets	319	-	-	-	6,655	6,974
Total assets	79,732	-	-	458,900	62,143	600,775
Liabilities						
Payables due to other financial institutions	-	-	4,577	-	3,722	8,299
Deposits						
At call	-	158,221	-	-	-	158,221
Term deposits	-	113,381	-	-	-	113,381
Medium term deposit notes	-	-	-	-	-	-
Certificates of deposit	-	-	63,711	-	-	63,711
Derivative financial instruments	-	-	-	-	29,830	29,830
Trading liabilities and other financial liabilities designated at fair value	-	-	-	-	6,362	6,362
Acceptances	-	-	1,082	-	-	1,082
Debt issues	-	-	150,592	-	-	150,592
Life insurance liabilities	-	-	-	-	11,761	11,761
Other liabilities	-	-	-	-	9,435	9,435
Loan capital	-	-	9,691	-	-	9,691
Total liabilities	-	271,602	229,653	-	61,110	562,365
Total equity	-	-	1,933	37,071	(594)	38,410
Total net	79,732	(271,602)	(231,586)	421,829	1,627	-

Note 22. Funding view of the balance sheet (continued)

\$m	As at 30 September 2009					Total
	Liquid Assets	Customer Deposits	Wholesale Funding	Customer Franchise	Market Inventory	
Assets						
Cash	356	-	-	2,916	-	3,272
Receivables due from other financial institutions	2,286	-	-	2,358	5,330	9,974
Trading securities, financial assets and available-for-sale securities	35,734	-	-	-	12,073	47,807
Derivative financial instruments	-	-	-	-	33,187	33,187
Loans	40,138	-	-	423,321	-	463,459
Life insurance assets	-	-	-	-	12,384	12,384
Goodwill and other intangibles	-	-	-	11,541	-	11,541
Fixed assets	-	-	-	888	-	888
Other assets	93	-	-	-	6,982	7,075
Total assets	78,607	-	-	441,024	69,956	589,587
Liabilities						
Payables due to other financial institutions	-	-	4,959	-	4,276	9,235
Deposits						
At call	-	166,983	-	-	-	166,983
Term deposits	-	100,310	-	-	-	100,310
Medium term deposit notes	-	-	170	-	-	170
Certificates of deposit	-	-	61,993	-	-	61,993
Derivative financial instruments	-	-	-	-	36,478	36,478
Trading liabilities and other financial liabilities designated at fair value	4,951	-	-	-	5,897	10,848
Acceptances	-	-	1,671	-	-	1,671
Debt issues	-	-	131,353	-	-	131,353
Life insurance liabilities	-	-	-	-	11,737	11,737
Other liabilities	-	-	-	-	11,100	11,100
Loan capital	-	-	11,138	-	-	11,138
Total liabilities	4,951	267,293	211,284	-	69,488	553,016
Total equity	-	-	1,934	35,074	(437)	36,571
Total net	73,656	(267,293)	(213,218)	405,950	905	-

7.1 Full Year 2010 Pro forma Financial Information

Note 2. Pro forma interest spread and margin analysis

	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Pro forma Full Year Sept 09
Group				
Average external interest earning assets (\$m)		531,541		508,133
Net interest income (\$m)		5,995		11,834
Interest spread		2.03%		2.12%
Benefit of net non-interest bearing liabilities and equity		0.23%		0.21%
Interest margin		2.26%		2.33%
Analysis by division				
Average external interest earning assets (\$m)				
Westpac Retail & Business Banking		217,620		197,166
Westpac Institutional Bank		86,656		94,217
St.George Bank		123,135		112,509
New Zealand (A\$)		38,373		38,332
BT Financial Group		10,152		10,139
Pacific Banking		1,903		2,152
Group Businesses		53,702		53,618
Group total		531,541		508,133
<i>New Zealand (NZ\$)</i>		48,423		47,018
Net interest income (\$m) (excluding capital benefit)				
Westpac Retail & Business Banking		2,397		4,588
Westpac Institutional Bank		715		1,347
St.George Bank		1,181		2,299
New Zealand (A\$)		395		856
BT Financial Group		65		116
Pacific Banking		50		118
Group Businesses		1,192		2,510
Group total		5,995		11,834
Tax equivalent gross up		-		(45)
Reported net interest income		5,995		11,789
<i>New Zealand (NZ\$)</i>		499		1,051
Interest margin				
Westpac Retail & Business Banking		2.21%		2.33%
Westpac Institutional Bank		1.65%		1.43%
St.George Bank		1.92%		2.04%
New Zealand (A\$)		2.07%		2.24%
BT Financial Group		1.28%		1.14%
Pacific Banking		5.27%		5.48%
Group Businesses		4.45%		4.68%
<i>New Zealand (NZ\$)</i>		2.07%		2.24%

Note 3. Pro forma average balance sheet and interest rates

	Full Year 30 September 2010			Pro forma Full Year 30 September 2009		
	Average Balance	Interest Income	Average Rate	Average Balance	Interest Income	Average Rate
	\$m	\$m	%	\$m	\$m	%
Assets						
Interest earning assets						
Receivables due from other financial institutions				12,709	294	2.3%
Trading securities				49,262	2,325	4.7%
Available-for-sale securities				1,746	127	7.3%
Other financial assets designated at fair value				1,211	43	3.6%
Regulatory deposits				868	17	2.0%
Loans and other receivables				442,337	29,097	6.6%
Total interest earning assets and interest income				508,133	31,903	6.3%
Non-interest earning assets						
Cash, receivables due from other financial institutions and regulatory deposits				1,234		
Life insurance assets				11,374		
All other assets				76,777		
Total non-interest earning assets				89,385		
Total assets				597,518		

	Full Year 30 September 2010			Pro forma Full Year 30 September 2009		
	Average Balance	Interest Expense	Average Rate	Average Balance	Interest Expense	Average Rate
	\$m	\$m	%	\$m	\$m	%
Liabilities						
Interest bearing liabilities						
Deposits				312,506	12,266	3.9%
Payables due to other financial institutions				14,560	385	2.6%
Loan capital				12,010	593	4.9%
Other interest bearing liabilities				143,698	6,825	4.7%
Total interest bearing liabilities and interest expense				482,774	20,069	4.2%
Non-interest bearing liabilities						
Deposits and payables due to other financial institutions				13,275		
Life insurance policy liabilities				10,775		
All other liabilities				55,290		
Total non-interest bearing liabilities				79,340		
Total liabilities				562,114		
Shareholders' equity				33,488		
Non-controlling interests				1,916		
Total equity				35,404		
Total liabilities and equity				597,518		

Note 3. Pro forma average balance sheet and interest rates (continued)

	Half Year 30 September 2010			Half Year 31 March 2010		
	Average Balance	Interest Income	Average Rate	Average Balance	Interest Income	Average Rate
	\$m	\$m	%	\$m	\$m	%
Assets						
Interest earning assets						
Receivables due from other financial institutions				9,054	100	2.2%
Trading securities				50,092	1,070	4.3%
Available-for-sale securities				2,889	91	6.3%
Other financial assets designated at fair value				1,313	25	3.8%
Regulatory deposits				1,215	2	0.4%
Loans and other receivables				466,978	14,802	6.4%
Total interest earning assets and interest income				531,541	16,090	6.1%
Non-interest earning assets						
Cash, receivables due from other financial institutions and regulatory deposits				960		
Life insurance assets				12,335		
All other assets				57,167		
Total non-interest earning assets				70,462		
Total assets				602,003		

	Half Year 30 September 2010			Half Year 31 March 2010		
	Average Balance	Interest Expense	Average Rate	Average Balance	Interest Expense	Average Rate
	\$m	\$m	%	\$m	\$m	%
Liabilities						
Interest bearing liabilities						
Deposits				320,193	5,657	3.5%
Payables due to other financial institutions				9,621	72	1.5%
Loan capital				10,648	260	4.9%
Other interest bearing liabilities				160,185	4,106	5.1%
Total interest bearing liabilities and interest expense				500,647	10,095	4.0%
Non-interest bearing liabilities						
Deposits and payables due to other financial institutions				14,357		
Life insurance policy liabilities				11,520		
All other liabilities				37,584		
Total non-interest bearing liabilities				63,461		
Total liabilities				564,108		
Shareholders' equity				35,981		
Non-controlling interests				1,914		
Total equity				37,895		
Total liabilities and equity				602,003		

Note 3. Pro forma average balance sheet and interest rates (continued)

	Full Year 30 September 2010			Pro forma Full Year 30 September 2009		
	Average Balance	Average Interest	Average Rate	Average Balance	Average Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%
Loans and other receivables						
Australia				389,348	25,325	6.5%
New Zealand				46,425	3,547	7.6%
Other overseas				6,564	315	4.8%
Deposits						
Australia				265,160	10,602	4.0%
New Zealand				28,560	1,295	4.5%
Other overseas				18,786	369	2.0%

	Half Year 30 September 2010			Half Year 31 March 2010		
	Average Balance	Average Interest	Average Rate	Average Balance	Average Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%
Loans and other receivables						
Australia				415,830	13,240	6.4%
New Zealand				45,164	1,467	6.5%
Other overseas				5,984	95	3.2%
Deposits						
Australia				270,740	5,076	3.8%
New Zealand				27,364	463	3.4%
Other overseas				22,089	118	1.1%

Note 4. Pro forma net interest income (Cash Earnings basis)

\$m	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Interest income						
Loans		14,767			28,986	
Receivables due from other financial institutions		100			294	
Available-for-sale securities		91			127	
Regulatory deposits with central banks overseas		2			17	
Trading securities		1,070			2,308	
Net ineffectiveness on qualifying hedges		-			-	
Other financial assets designated at fair value		25			43	
Other		35			83	
Total interest income		16,090			31,858	
Interest expense						
Current and term deposits		(4,812)			(10,177)	
Payables due to other financial institutions		(72)			(385)	
Debt issues		(1,806)			(3,803)	
Loan capital		(260)			(593)	
Trading liabilities		(1,162)			(912)	
Deposits at fair value		(845)			(2,089)	
Other		(1,138)			(2,110)	
Total interest expense		(10,095)			(20,069)	
Net interest income (Cash Earnings basis)		5,995			11,789	

Note 5. Pro forma non-interest income (Cash Earnings basis)

\$m	Half Year Sept 10	Half Year March 10	% <i>Mov't</i> Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	% <i>Mov't</i> Sept 09- Sept 10
Fees and commissions						
Banking and credit related fees		456			829	
Transaction fees and commissions received		655			1,653	
Service and management fees		4			5	
Other non-risk fee income		104			228	
Total fees and commissions		1,219			2,715	
Wealth management and insurance income						
Life insurance and funds management net operating income		703			1,265	
General insurance and Lenders mortgage insurance premiums less claims incurred		83			162	
Total wealth management and insurance income		786			1,427	
Trading income						
Foreign exchange		224			697	
Other trading securities		236			317	
Total trading income		460			1,014	
Other income						
Dividends received		9			23	
Rental income		3			6	
Hedging overseas operations		17			20	
Net gain/(loss) on derivatives held for risk management purposes		7			2	
Gain/(loss) on disposal of assets		25			(8)	
Net gain/(loss) on financial instruments designated at fair value		29			(13)	
Other		23			(152)	
Total other income		113			(122)	
Total non-interest income (Cash Earnings basis)		2,578			5,034	

Note 6. Pro forma expense analysis (Cash Earnings basis)

\$m	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
Salaries and other staff expenses						
Salaries and wages		1,469			2,851	
Other staff expenses		451			859	
Restructuring costs		11			34	
Total salaries and other staff expenses		1,931			3,744	
Equipment and occupancy expenses						
Operating lease rentals		232			447	
Depreciation, amortisation and impairment:						
Premises		10			20	
Leasehold improvements		29			52	
Furniture and equipment		30			65	
Technology		32			65	
Software		134			213	
Equipment repairs and maintenance		38			79	
Electricity, water and rates		5			11	
Land tax		2			6	
Other		1			1	
Total equipment and occupancy expenses		513			959	
Other expenses						
Amortisation of deferred expenditure		1			12	
Amortisation of intangible assets		-			-	
Impairment charges - goodwill		-			2	
Non-lending losses		17			61	
Purchased services:						
Technology and information services		124			248	
Legal		20			40	
Other professional services		202			336	
Credit card loyalty programmes		60			210	
Stationery		41			84	
Postage and freight		67			126	
Outsourcing costs		273			516	
Insurance		9			21	
Advertising		79			151	
Training		10			23	
Travel		35			64	
Other expenses		56			143	
Total other expenses		994			2,037	
Total (Cash Earnings basis)		3,438			6,740	

**Full Year 2010 Cash Earnings Including Pro forma
Financial Information - Comparative (continued)**

Note 7. Pro forma earnings per share

	Half Year Sept 10	Half Year March 10	%Mov't Mar 10- Sept 10	Full Year Sept 10	Pro forma Full Year Sept 09	%Mov't Sept 09- Sept 10
Cash Earnings per ordinary share (cents)		99.6			163.7	
Weighted average number of fully paid ordinary shares (millions)		2,960			2,856	

	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Pro forma Full Year Sept 09
Reconciliation of ordinary shares on issue before the effect of own shares held (millions)				
Opening balance		2,941		1,895
Number of shares issued for St.George Merger		-		743
Number of shares issued under the Dividend Reinvestment Plan (DRP)		29		59
Number of shares issued under Underwritten DRP		-		54
Number of shares issued under the Employee Share Plan (ESP)		1		1
Number of shares issued under option and share right schemes		5		4
Number of shares issued under Share Purchase Plan		-		28
Number of shares issued relating to acquisition of Hastings FML		-		1
Number of shares issued relating to Institutional Placement		-		156
Closing balance		2,976		2,941

	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Pro forma Full Year Sept 09
Reconciliation of earnings used in the calculation of earnings per ordinary share (\$m)				
Net profit		2,981		4,746
Net profit attributable to non-controlling interests		(32)		(71)
Cash Earnings		2,949		4,675
Weighted average number of ordinary shares (millions)		2,960		2,856
Earnings per ordinary share (cents)		99.6		163.7

Note 8. Pro forma provisions for impairment charges

\$m	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Pro forma Full Year Sept 09
Collectively assessed provisions				
Balance at beginning of the period		3,506		2,131
Merger adjustments		-		491
New provisions raised		399		1,333
Write-offs		(315)		(652)
Discount unw ind		136		230
Exchange rate and other adjustments		(29)		(27)
Closing balance		3,697		3,506
Individually assessed provisions				
Balance at beginning of the period		1,228		458
Merger adjustments		-		76
New individually assessed provisions		637		2,114
Write-backs		(136)		(106)
Write-offs		(125)		(1,294)
Discount unw ind		(17)		(11)
Exchange rate and other adjustments		(11)		(9)
Closing balance		1,576		1,228
Total provisions for impairment charges on loans and credit commitments		5,273		4,734
Less: provisions for credit commitments		(340)		(350)
Total provisions for impairment charges on loans		4,933		4,384

\$m	Half Year Sept 10	Half Year March 10	Full Year Sept 10	Pro forma Full Year Sept 09
Reconciliation of impairment charges				
New individually assessed provisions		637		2,114
Write-backs		(136)		(106)
Recoveries		(21)		(49)
New collectively assessed provisions		399		1,333
Impairment charges		879		3,292

Note 9. Pro forma movement in gross impaired assets

\$m	As at 30 Sept 2010	As at 31 March 2010	As at 30 Sept 2009	%Mov't Mar 10- Sept 10	%Mov't Sept 09- Sept 10
Balance as at beginning of period		3,770	3,299		
Merger adjustments		-	12		
New and increased		1,218	2,149		
Write-offs		(440)	(1,550)		
Returned to performing or repaid		(568)	(531)		
Portfolio managed - new /increased/returned/repaid		315	392		
Exchange rate and other adjustments		-	(1)		
Balance as at period end		4,295	3,770		

9.1 Full Year Segment Reported Results

Twelve months to 30 September 2010	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Impairment charges								
Profit from ordinary activities before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC								
WBC Cash Earnings adjustments:								
TPS revaluations								
Treasury shares								
Unrealised NZ retail earnings hedges								
Ineffective hedges								
Merger transaction and integration expenses								
FV gain / (loss) on economic hedges								
Amortisation of intangible assets								
Fair value amortisation of financial instruments								
NZ structured finance transaction								
Tax consolidation adjustment								
Cash Earnings								

9.1 Full Year Segment Reported Results (continued)

Twelve months to 30 September 2009	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income	4,943	1,761	2,313	263	1,007	130	1,229	11,646
Non-interest income	1,274	1,248	589	1,285	332	123	8	4,859
Net operating income	6,217	3,009	2,902	1,548	1,339	253	1,237	16,505
Operating expenses	(2,943)	(1,011)	(1,188)	(850)	(604)	(85)	(490)	(7,171)
Impairment charges	(551)	(1,516)	(547)	(17)	(466)	(23)	(118)	(3,238)
Profit from ordinary activities before income tax expense	2,723	482	1,167	681	269	145	629	6,096
Tax expense	(815)	(143)	(350)	(208)	(73)	(36)	(954)	(2,579)
Net profit	1,908	339	817	473	196	109	(325)	3,517
Net profit attributable to non-controlling interests	-	-	-	(4)	(2)	(7)	(58)	(71)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF WBC	1,908	339	817	469	194	102	(383)	3,446
St.George cash earnings prior to merger	-	22	113	9	-	-	19	163
WBC cash earnings adjustments								
TPS revaluations	-	-	-	-	-	-	(5)	(5)
Treasury shares	-	-	-	-	-	-	32	32
Unrealised NZ retail earnings hedges	-	-	-	-	-	-	(7)	(7)
Ineffective hedges	-	-	-	-	-	-	4	4
Merger transaction and integration expenses	-	-	-	-	-	-	234	234
Amortisation of intangible assets	-	-	113	15	-	-	-	128
Fair value amortisation of financial instruments	-	-	-	-	-	-	(108)	(108)
One-off expenses	-	-	-	-	-	-	85	85
NZ structured finance transaction	-	-	-	-	-	-	703	703
Pro forma cash earnings	1,908	361	1,043	493	194	102	574	4,675

9.2 Half Year Segment Reported Results

Six months to 30 September 2010

\$m	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Impairment charges								
Profit from ordinary activities before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC								
WBC Cash Earnings adjustments:								
TPS revaluations								
Treasury shares								
Ineffective hedges								
Merger transaction and integration expenses								
FV gain / (loss) on economic hedges								
Amortisation of intangible assets								
Fair value amortisation of financial instruments								
NZ structured finance transaction								
Tax consolidation adjustment								
Cash Earnings								

9.2 Half Year Segment Reported Results (continued)

Six months to 31 March 2010	Westpac Retail & Business Banking	Westpac Institutional Bank	St. George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income	2,572	916	1,327	140	465	56	537	6,013
Non-interest income	501	811	287	724	134	40	71	2,568
Net operating income	3,073	1,727	1,614	864	599	96	608	8,581
Operating expenses	(1,521)	(519)	(694)	(434)	(294)	(39)	(191)	(3,692)
Impairment charges	(302)	(73)	(331)	(5)	(166)	(4)	2	(879)
Profit from ordinary activities before income tax expense	1,250	1,135	589	425	139	53	419	4,010
Tax expense	(377)	(328)	(181)	(128)	(38)	(17)	(34)	(1,103)
Net profit	873	807	408	297	101	36	385	2,907
Net profit attributable to non-controlling interests	-	-	-	(4)	(1)	(2)	(25)	(32)
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC	873	807	408	293	100	34	360	2,875
WBC Cash Earnings adjustments:								
TPS revaluations	-	-	-	-	-	-	11	11
Treasury shares	-	-	-	-	-	-	10	10
Ineffective hedges	-	-	-	-	-	-	(9)	(9)
Merger transaction and integration expenses	-	-	-	-	-	-	106	106
FV gain / (loss) on economic hedges	-	-	-	-	-	-	24	24
Amortisation of intangible assets	-	-	64	8	-	-	-	72
Fair value amortisation of financial instruments	-	-	-	-	-	-	(34)	(34)
NZ structured finance transaction	-	-	-	-	-	-	(106)	(106)
Cash Earnings	873	807	472	301	100	34	362	2,949

9.3 New Zealand Division Performance (A\$ Equivalent to Section 5.5)

A\$m	Half Year Sept 10	Half Year March 10	% Mov't Mar 10- Sept 10	Full Year Sept 10	Full Year Sept 09	% Mov't Sept 09- Sept 10
Net interest income		465			1,007	
Non-interest income		134			332	
Net operating income		599			1,339	
Operating expenses		(294)			(604)	
Core earnings		305			735	
Impairment charges		(166)			(466)	
Operating profit before tax		139			269	
Tax and non-controlling interests		(39)			(75)	
Net profit after tax/Cash Earnings		100			194	
Economic profit		(28)			(54)	
Expense to income ratio		49.2%			45.1%	
	\$bn	\$bn		\$bn	\$bn	
Deposits		23.2			23.6	
Net loans		38.0			39.1	
Total assets		39.1			40.1	
Funds under management		1.7			1.7	

10.1 Group Full Year Earnings Reconciliation

Notes (refer to page xxx)		1	2	3	4	5	7	4	6	7	7	4		
		Cash earnings adjustments												
Twelve months to 30 September 2010	WBC	Policy		Unrealised						Fair value	NZ			
\$m	Reported	Holder Tax	TPS	NZ Retail	Earnings	Ineffective	Merger	GG Fee	FX	Amortisation	amortisation	Structured	Tax	
	Results	Recoveries	Revaluations	Treasury	Hedges	Hedges	T&I	Hedge		of intangible	of financial	Finance	Hedging consolidation	
				Shares						assets	instruments	Transaction	of MTM	
													adjustment	
													Earnings	
Net interest income														
<i>Fees and commissions</i>														
<i>Wealth management and insurance income</i>														
<i>Trading income</i>														
<i>Other income</i>														
Non-interest income														
Net operating income														
<i>Salaries and other staff expenses</i>														
<i>Equipment and occupancy expenses</i>														
<i>Other expenses</i>														
Operating expenses														
Core earnings														
Impairment charges														
Operating profit before tax														
Income tax expense														
Net profit														
Net profit attributable to non-controlling interests														
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC														
WBC Cash Earnings adjustments:														
TPS revaluations														
Treasury shares														
Unrealised NZ retail earnings hedges														
Ineffective hedges														
Merger transaction and integration expenses														
FV gain / (loss) on economic hedges														
Amortisation of intangible assets														
Fair value amortisation of financial instruments														
NZ structured finance transaction														
Tax consolidation adjustment														
Cash Earnings														

10.1 Group Full Year Earnings Reconciliation (continued)

Notes (refer to page xxx)	1	2	3	4	5	7	6	7	7	7	7		
	Cash earnings adjustments												
Twelve months to 30 September 2009	WBC Reported Results	St.George Cash Earnings prior to merger	Policyholder Tax Recoveries	TPS Revaluations	Treasury Shares	Unrealised NZ Retail Earnings Hedges	Ineffective Hedges	Merger T&I	Amortisation of intangible assets	Fair value amortisation of financial instruments	One-off expenses	NZ Structured Finance Transaction	Pro Forma Cash Earnings
\$m													
Net interest income	11,646	288	-	-	-	-	9	1	-	(155)	-	-	11,789
<i>Fees and commissions</i>	2,637	78	-	-	-	-	-	-	-	-	-	-	2,715
<i>Wealth management and insurance income</i>	1,368	31	(7)	-	35	-	-	-	-	-	-	-	1,427
<i>Trading income</i>	901	113	-	-	-	-	-	-	-	-	-	-	1,014
<i>Other income</i>	(47)	(20)	-	(43)	-	(9)	(3)	-	-	-	-	-	(122)
Non-interest income	4,859	202	(7)	(43)	35	(9)	(3)	-	-	-	-	-	5,034
Net operating income	16,505	490	(7)	(43)	35	(9)	6	1	-	(155)	-	-	16,823
<i>Salaries and other staff expenses</i>	(3,806)	(127)	-	-	-	-	-	189	-	-	-	-	(3,744)
<i>Equipment and occupancy expenses</i>	(926)	(33)	-	-	-	-	-	-	-	-	-	-	(959)
<i>Other expenses</i>	(2,439)	(46)	-	-	-	-	-	145	182	-	121	-	(2,037)
Operating expenses	(7,171)	(206)	-	-	-	-	-	334	182	-	121	-	(6,740)
Core earnings	9,334	284	(7)	(43)	35	(9)	6	335	182	(155)	121	-	10,083
Impairment charges	(3,238)	(54)	-	-	-	-	-	-	-	-	-	-	(3,292)
Operating profit before tax	6,096	230	(7)	(43)	35	(9)	6	335	182	(155)	121	-	6,791
Income tax expense	(2,579)	(67)	7	38	(3)	2	(2)	(101)	(54)	47	(36)	703	(2,045)
Net profit	3,517	163	-	(5)	32	(7)	4	234	128	(108)	85	703	4,746
Net profit attributable to non-controlling interests	(71)	-	-	-	-	-	-	-	-	-	-	-	(71)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF WBC	3,446	163	-	(5)	32	(7)	4	234	128	(108)	85	703	4,675
St.George cash earnings prior to merger	163	(163)	-	-	-	-	-	-	-	-	-	-	-
WBC cash earnings adjustments:													
TPS revaluations	(5)	-	-	5	-	-	-	-	-	-	-	-	-
Treasury shares	32	-	-	-	(32)	-	-	-	-	-	-	-	-
Unrealised NZ retail earnings hedges	(7)	-	-	-	-	7	-	-	-	-	-	-	-
Ineffective hedges	4	-	-	-	-	-	(4)	-	-	-	-	-	-
Merger transaction and integration expenses	234	-	-	-	-	-	-	(234)	-	-	-	-	-
Amortisation of intangible assets	128	-	-	-	-	-	-	-	(128)	-	-	-	-
Fair value amortisation of financial instruments	(108)	-	-	-	-	-	-	-	-	108	-	-	-
One-off expenses	85	-	-	-	-	-	-	-	-	-	(85)	-	-
NZ structured finance transaction	703	-	-	-	-	-	-	-	-	-	-	(703)	-
Pro forma cash earnings	4,675	-	-	-	-	-	-	-	-	-	-	-	4,675

10.2 Group Half Year Earnings Reconciliation

Notes (refer to page xxx)		1	2	3	4	5	7	4	6	7	7	4			
		Cash earnings adjustments													
Six months to 30 September 2010	WBC	Policy		Unrealised						Fair value	NZ		Tax	Cash	
\$m	Reported	Holder Tax	TPS	Treasury	Earnings	Ineffective	Merger	GG Fee	FX	of intangible	amortisation	Structured	Hedging	consolidation	Earnings
	Results	Recoveries	Revaluations	Shares	Hedges	Hedges	T&I	Hedge	assets	of financial	Finance	Transaction	of MTM	adjustment	
Net interest income															
<i>Fees and commissions</i>															
<i>Wealth management and insurance income</i>															
<i>Trading income</i>															
<i>Other income</i>															
Non-interest income															
Net operating income															
<i>Salaries and other staff expenses</i>															
<i>Equipment and occupancy expenses</i>															
<i>Other expenses</i>															
Operating expenses															
Core earnings															
Impairment charges															
Operating profit before tax															
Income tax expense															
Net profit															
Net profit attributable to non-controlling interests															
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC															
WBC Cash Earnings adjustments:															
TPS revaluations															
Treasury shares															
Ineffective hedges															
Merger transaction and integration expenses															
FV gain / (loss) on economic hedges															
Amortisation of intangible assets															
Fair value amortisation of financial instruments															
NZ structured finance transaction															
Tax consolidation adjustment															
Cash Earnings															

10.2 Group Half Year Earnings Reconciliation (continued)

Notes (refer to page xxx)		1	2	3	4	5	7	4	6	7	7	4	
		Cash earnings adjustments											
Six months to 31 March 2010	WBC	Policy			Unrealised				Amortisation	Fair value	NZ		
\$m	Reported Results	Holder Recoveries	Tax Revaluations	TPS Treasury Shares	NZ Retail Earnings Hedges	Ineffective Hedges	Merger T&I	GG Fee Hedge	of intangible assets	of financial instruments	Structured Finance Transaction	Hedging of MTM	Cash Earnings
Net interest income	6,013	-	-	-	-	(4)	1	15	-	(48)	-	18	5,995
<i>Fees and commissions</i>	1,219	-	-	-	-	-	-	-	-	-	-	-	1,219
<i>Wealth management and insurance income</i>	769	7	-	10	-	-	-	-	-	-	-	-	786
<i>Trading income</i>	460	-	-	-	-	-	-	-	-	-	-	-	460
<i>Other income</i>	120	-	2	-	1	(10)	-	-	-	-	-	-	113
Non-interest income	2,568	7	2	10	1	(10)	-	-	-	-	-	-	2,578
Net operating income	8,581	7	2	10	1	(14)	1	15	-	(48)	-	18	8,573
<i>Salaries and other staff expenses</i>	(2,008)	-	-	-	-	-	77	-	-	-	-	-	(1,931)
<i>Equipment and occupancy expenses</i>	(520)	-	-	-	-	-	7	-	-	-	-	-	(513)
<i>Other expenses</i>	(1,164)	-	-	-	-	-	66	-	104	-	-	-	(994)
Operating expenses	(3,692)	-	-	-	-	-	150	-	104	-	-	-	(3,438)
Core earnings	4,889	7	2	10	1	(14)	151	15	104	(48)	-	18	5,135
Impairment charges	(879)	-	-	-	-	-	-	-	-	-	-	-	(879)
Operating profit before tax	4,010	7	2	10	1	(14)	151	15	104	(48)	-	18	4,256
Income tax expense	(1,103)	(7)	9	-	-	5	(45)	(3)	(32)	14	(106)	(7)	(1,275)
Net profit	2,907	-	11	10	1	(9)	106	12	72	(34)	(106)	11	2,981
Net profit attributable to non-controlling interests	(32)	-	-	-	-	-	-	-	-	-	-	-	(32)
NET PROFIT ATTRIBUTABLE TO OWNERS OF WBC	2,875	-	11	10	1	(9)	106	12	72	(34)	(106)	11	2,949
WBC Cash Earnings adjustments:													
TPS revaluations	11	-	(11)	-	-	-	-	-	-	-	-	-	-
Treasury shares	10	-	-	(10)	-	-	-	-	-	-	-	-	-
Ineffective hedges	(9)	-	-	-	-	9	-	-	-	-	-	-	-
Merger transaction and integration expenses	106	-	-	-	-	-	(106)	-	-	-	-	-	-
FV gain / (loss) on economic hedges	24	-	-	-	(1)	-	-	(12)	-	-	-	(11)	-
Amortisation of intangible assets	72	-	-	-	-	-	-	-	(72)	-	-	-	-
Fair value amortisation of financial instruments	(34)	-	-	-	-	-	-	-	-	34	-	-	-
NZ structured finance transaction	(106)	-	-	-	-	-	-	-	-	-	106	-	-
Cash Earnings	2,949	-	-	-	-	-	-	-	-	-	-	-	2,949

10.3 Full Year Segment Results – Cash Earnings Basis

Twelve months to 30 September 2010								
	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Core Earnings								
Impairment charges								
Profit from ordinary activities before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
Cash Earnings								

Twelve months to 30 September 2009								
	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income	4,943	1,785	2,606	269	1,007	130	1,049	11,789
Non-interest income	1,274	1,287	679	1,316	332	123	23	5,034
Net operating income	6,217	3,072	3,285	1,585	1,339	253	1,072	16,823
Operating expenses	(2,943)	(1,028)	(1,200)	(856)	(604)	(85)	(24)	(6,740)
Core Earnings	3,274	2,044	2,085	729	735	168	1,048	10,083
Impairment charges	(551)	(1,528)	(594)	(15)	(466)	(23)	(115)	(3,292)
Profit from ordinary activities before income tax expense	2,723	516	1,491	714	269	145	933	6,791
Tax expense	(815)	(155)	(448)	(217)	(73)	(36)	(301)	(2,045)
Net profit	1,908	361	1,043	497	196	109	632	4,746
Net profit attributable to non-controlling interests	-	-	-	(4)	(2)	(7)	(58)	(71)
Cash Earnings	1,908	361	1,043	493	194	102	574	4,675

10.3 Half Year Segment Results – Cash Earnings Basis

Six months to 30 September 2010								
	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income								
Non-interest income								
Net operating income								
Operating expenses								
Core Earnings								
Impairment charges								
Profit from ordinary activities before income tax expense								
Tax expense								
Net profit								
Net profit attributable to non-controlling interests								
Cash Earnings								
Six months to 31 March 2010								
	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking	Group Businesses	Group
\$m								
Net interest income	2,572	916	1,327	140	465	56	519	5,995
Non-interest income	501	811	287	724	134	40	81	2,578
Net operating income	3,073	1,727	1,614	864	599	96	600	8,573
Operating expenses	(1,521)	(519)	(602)	(422)	(294)	(39)	(41)	(3,438)
Core Earnings	1,552	1,208	1,012	442	305	57	559	5,135
Impairment charges	(302)	(73)	(331)	(5)	(166)	(4)	2	(879)
Profit from ordinary activities before income tax expense	1,250	1,135	681	437	139	53	561	4,256
Tax expense	(377)	(328)	(209)	(132)	(38)	(17)	(174)	(1,275)
Net profit	873	807	472	305	101	36	387	2,981
Net profit attributable to non-controlling interests	-	-	-	(4)	(1)	(2)	(25)	(32)
Cash Earnings	873	807	472	301	100	34	362	2,949

10.4 Reconciliation of Full Year 2009 Pro Forma Group Cash Earnings

	Cash Earnings reconciliation		
	Including St.George from 18 November 2008	St.George Cash Earnings 1 October 2008 to 17 November 2008	Pro forma Cash Earnings Full Year Sept 2009
\$m			
Net interest income	11,501	288	11,789
Non-interest income	4,832	202	5,034
Net operating income	16,333	490	16,823
Operating expenses	(6,534)	(206)	(6,740)
Core earnings	9,799	284	10,083
Impairment charges	(3,238)	(54)	(3,292)
Operating profit before tax	6,561	230	6,791
Income tax expense	(1,978)	(67)	(2,045)
Net profit	4,583	163	4,746
Net profit attributable to non-controlling interests	(71)	-	(71)
Cash Earnings	4,512	163	4,675

11.0 Economic Profit

Twelve months to 30 September 2010	Group	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking
\$m							
Cash earnings							
Franking benefit							
Adjusted cash earnings							
Average ordinary equity							
Equity charge							
Economic profit							

Twelve months to 30 September 2009	Group	Westpac Retail & Business Banking	Westpac Institutional Bank (Pro forma)	St.George Bank (Pro forma)	BT Financial Group (Australia) (Pro forma)	New Zealand	Pacific Banking
\$m							
Cash earnings	4,675	1,908	361	1,043	493	194	102
Franking benefit	1,184	571	54	314	152	-	-
Adjusted cash earnings	5,859	2,479	415	1,357	645	194	102
Average ordinary equity	33,488	5,927	7,056	5,125	2,870	2,253	216
Equity charge	(3,684)	(652)	(776)	(564)	(316)	(248)	(24)
Economic profit	2,175	1,827	(361)	793	329	(54)	78

Six months to 30 September 2010	Group	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking
\$m							
Cash earnings							
Franking benefit							
Adjusted cash earnings							
Average ordinary equity							
Equity charge							
Economic profit							

Six months to 31 March 2010	Group	Westpac Retail & Business Banking	Westpac Institutional Bank	St.George Bank	BT Financial Group (Australia)	New Zealand	Pacific Banking
\$m							
Cash earnings	2,949	873	807	472	301	100	34
Franking benefit	829	264	215	146	92	-	-
Adjusted cash earnings	3,778	1,137	1,022	618	393	100	34
Average ordinary equity	35,981	6,278	6,894	5,275	3,024	2,330	200
Equity charge	(1,974)	(344)	(378)	(289)	(166)	(128)	(11)
Economic profit	1,804	793	644	329	227	(28)	23