



**Westpac Banking Corporation
2006 Annual General Meeting
Brisbane
Thursday, 14 December 2006**

Chief Executives Officer's Address

**David R Morgan
Chief Executive Officer
Westpac Banking Corporation**

Thank you Chairman. Good afternoon.

I too am very pleased to be here in Brisbane for the first Westpac Annual General Meeting to be held in Queensland, addressing some of the more than 35,000 shareholders who live here in one of Australia's fastest growing regions.

We were the first bank in Queensland having opened for business in Brisbane on the 14th November 1850, nine years before Queensland became a separate colony. We are finally here with an AGM.

The Chairman

Before outlining our progress, let me first say a few words on the Chairman, following his announcement that he will be retiring in March, and on the CEO succession.

Leon has made an invaluable contribution to Westpac – not only through his strong leadership of the Board but also the very high standards he has set for corporate governance and for doing the right thing as a company. He was instrumental in establishing the Board Committee on Corporate Responsibility and Sustainability.

For five of his six years as Chairman, Westpac has been independently assessed as the most responsible bank in the world.

But it is his strong leadership on your behalf that we have so much to thank him for. It is no surprise that we have delivered successive record profits each year that he has been Chairman. In fact, dividends have lifted from 54 cents per share to \$1.16 per share under his six year Chairmanship - an increase of 115%. That is a truly outstanding achievement.

So I am sure you will all join with me in wishing him well when he retires in March.

CEO succession

As the Chairman mentioned, I have been working closely with the Board over the last year to ensure a smooth CEO succession following the completion of my contract in December next year.

Given that I am now entering the last year of my contract, I felt it was important at this time to advise that I will not be seeking to renew my current CEO contract. It had always been my intention to retire from executive life at that time, following my 60th birthday, and after nine years serving this great company as its CEO.

As the Chairman has said, I will continue to work closely with the Board to ensure we have the best possible succession arrangements in place come December 2007.

I look forward to working with the Board, and with Ted Evans as Chairman from March next year, which will give us 12 months of working together towards a smooth CEO succession.

What makes us different?

The Chairman has discussed our performance in some detail, so I thought that you might appreciate more flavour around the drivers of our performance and some of the things that we are focused on to ensure we achieve sustainable prosperity for your company.

On any measure, this was a very sound result. We again delivered record profits and good lending, deposit and wealth management growth. In fact we delivered the best lending growth of all the major banks this year.

For the 8th year in a row, we have achieved double-digit earnings growth on a like-for-like basis, driven by solid revenue growth and controlled expense growth. And we've delivered a sector-leading return on equity.

In addressing shareholders in Sydney last year, I set out the really important things that were sustaining our track record of performance. I talked about the quality and character of our people; our absolute determination to be a clear No.1 in helping people achieve their financial aspirations; and our commitment to always doing the right thing in the way we conduct our business.

It's been these things that have underpinned our consistently good performances, and they continue to do so.

This year, we spent considerable time looking further into the things that lie at the heart of Westpac. We kept coming back to our deep commitment to our employees and customers, our local communities, the environment, and to creating long-term security and wealth through what we do. We kept coming back to building strong and prosperous communities.

This was the idea originally conceived nearly two centuries ago in Sydney's penal settlement. It was the idea for a bank, the idea for Australia's first bank.

It is why our determination to help our customers achieve their financial aspirations is as relevant as ever.

After all, the only constant is change, and the necessity to anticipate and adapt to it to preserve the future. Leaving things in a better state for future generations is paramount.

Which is why 'every generation should live better than the last' is at the core of our new advertising and marketing.

We are not just Australia's first bank; we are Australia's first company and we are a central and unbroken thread in Australian economic history. We've learnt through long experience the importance of creating wealth, fulfilling ambitions, looking after our people, and contributing to community and nation building.

A clear plan

A vision and an idea by themselves, however, are not enough. We need a plan to achieve that vision, and we need to execute against that plan efficiently and effectively. It's all about a clear strategy and great execution.

Our focus is on the twin goals of driving strong income growth, whilst improving operational efficiency. And our game plan to achieve these goals is to: put more 'feet on the street', invest in growth businesses and opportunities; and further enhance our productivity.

In an environment of narrowing profit margins and heightened competition, it's all about remaining strong and competitive by continuing to deliver for customers while being more productive in everything we do.

At the same time we are maintaining a watchful eye on the risk and return trade-offs in our business. In this, our portfolio diversification provides great risk balance and serves our shareholders well.

But as a full-service financial firm, the safest and most sustainable way for us to achieve our growth aspirations is help our existing customers satisfy more of their financial needs with our products and services. We are well placed to achieve this with our suite of leading products and strong cross-business partnerships and the growth momentum we have underway. And we are well positioned to capture the opportunities presented by the recent superannuation reforms through our BT wealth management business.

Redefining the future of banking

In our 'new look' Concise Annual Report this year we provided a snapshot of our products and services that are at the cutting edge in redefining how people can more easily and more simply satisfy their banking and investment needs.

These include innovative offerings such as: our award-winning credit card products; our ground breaking Business One transaction and savings product; our payments solutions; our structured investments; our benchmark setting Wrap platform; and our environmentally friendly e-statements and home loan initiatives.

Executive movements

In the Executive ranks, as foreshadowed in December last year, Phil Chronican and Phil Coffey switched roles in taking up the roles of Group Executive for the Westpac Institutional Bank and Chief Financial Officer respectively, and Robert Whitfield was elevated to the Executive Team as Chief Risk Officer.

The most recent change to my team was the announcement last month of the appointment of Brad Cooper, currently Chairman GE Capital Bank and CEO of GE Money's UK and Ireland business, as CEO Westpac New Zealand to replace Ann Sherry whose term in New Zealand will end in early 2007.

The future

As for 2007, we believe it will again be a year in which our financial performance sets new benchmarks.

We will continue to prioritise growth in the segments that provide the most attractive risk-adjusted returns. At the same time, we will maintain a cautious approach to credit, recognising the affordability pressures and the price competitiveness of select segments.

Importantly, we feel well prepared to deliver sustainable growth:

- we're in strong financial shape;
- we've put around 580 more 'feet on the street' in customer sales and service roles this year;
- we're managing all the things that drive longer-term performance well, being judged for the fifth year in a row the world's most sustainable bank;
- our employee commitment is high; and
- we're in an enviable position in terms of our high value customer base.

With this momentum, we have no intention of taking our eyes off the ball. We'll continue to focus on providing excellent service, on being an employer of choice, and on being a global leader in responsible business practices, while making a real and ongoing contribution to the communities we serve.

There are more than 27,000 of us. We are unique individuals and a unique team. We are confident in our ability to continue to deliver for you our shareholders and for the communities that we are privileged to serve. I want to pay tribute to the enormous commitment, dedication, hard work and character of our people.

I hope that you are able to take some time out after the meeting to speak with some of our fine people who are manning the information stands outside this room.

Finally, we go into 2007 in good shape. With our improved performance momentum during 2006, we expect to deliver strong earnings growth in 2007.

Thank you.

End.