



Australia's First Bank

2004 Full Year Results

David Morgan **Chief Executive Officer**

Philip Chronican **Chief Financial Officer**

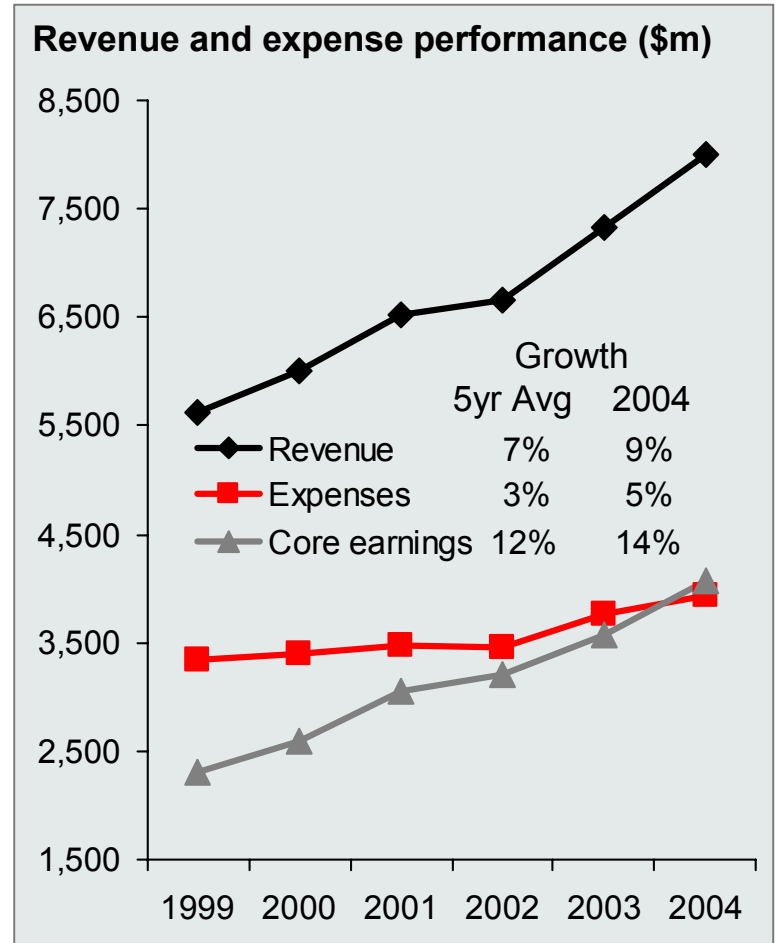
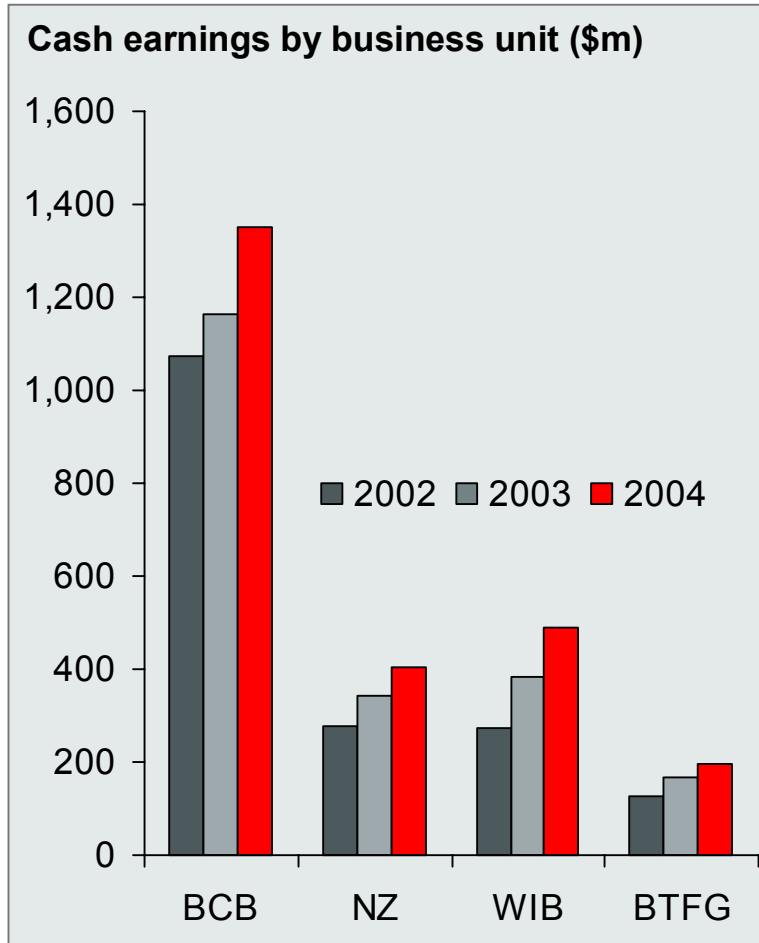
8 November 2004

A strong, high quality result

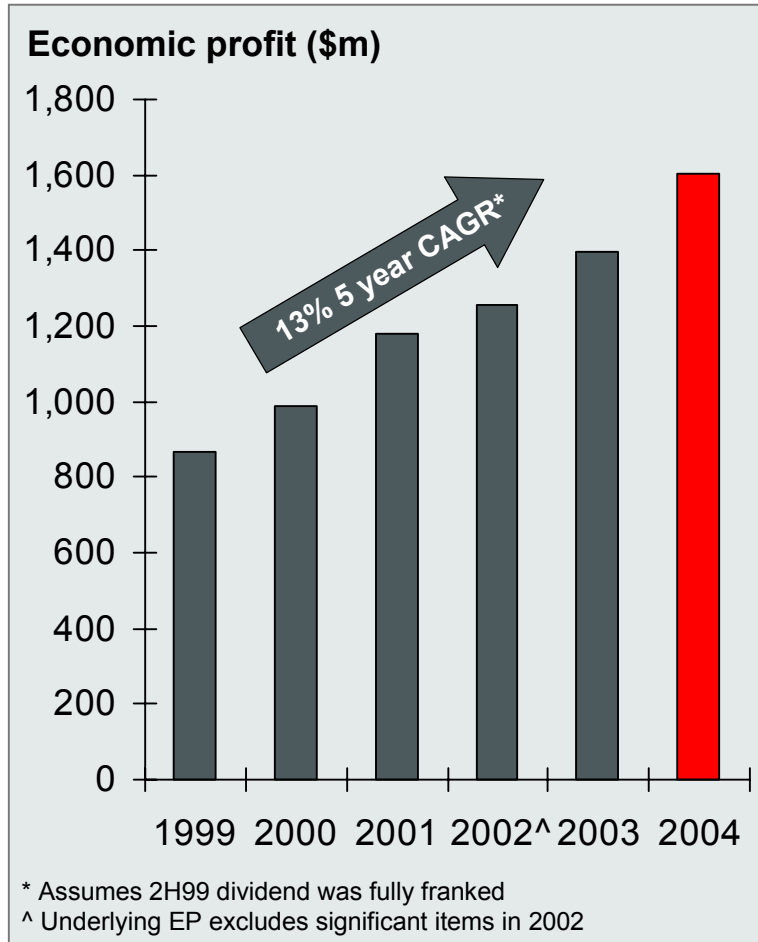
- Strong top line *revenue growth up 9%*
- Strong bottom line *cash earnings up 13%*
- Balance across the business *all double digit growth*
- Balancing growth and return *cash ROE 21%*
- Providing for known risks
- Investing in the future
- Consistency and momentum

All comparatives on prior corresponding period

Strong momentum across the group



Consistently delivering strong growth and returns



**Total Shareholder Return (TSR)
for period 1 Oct 01 - 30 Sep 04**

Company	TSR (%)
Westpac	41
ANZ	36
Commonwealth	21
NAB	0

Source: Mellon

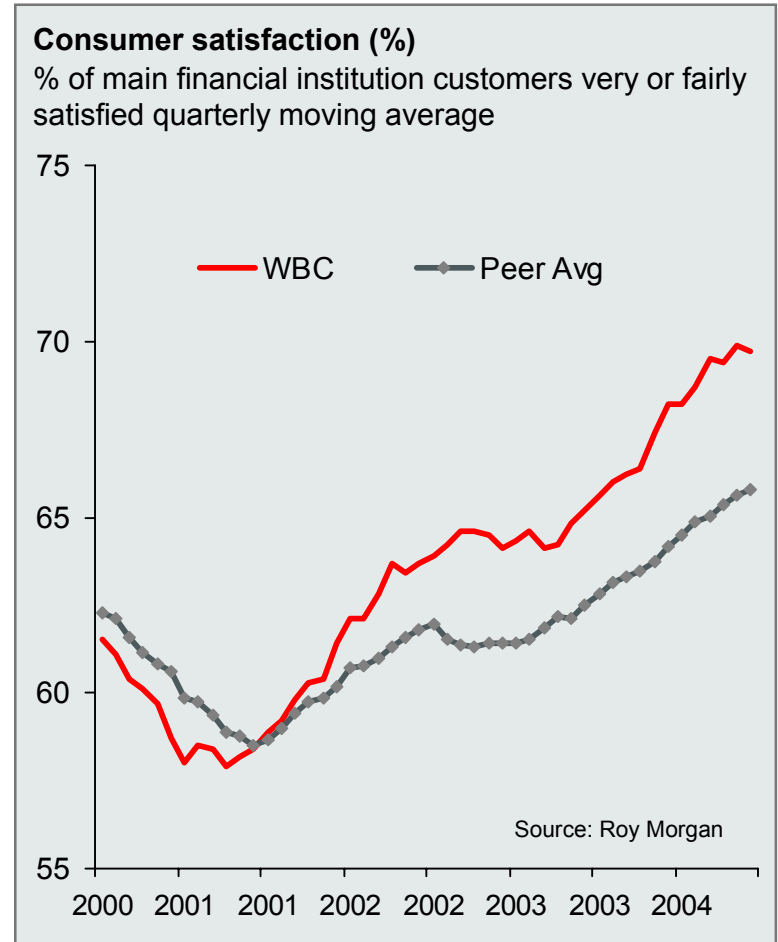
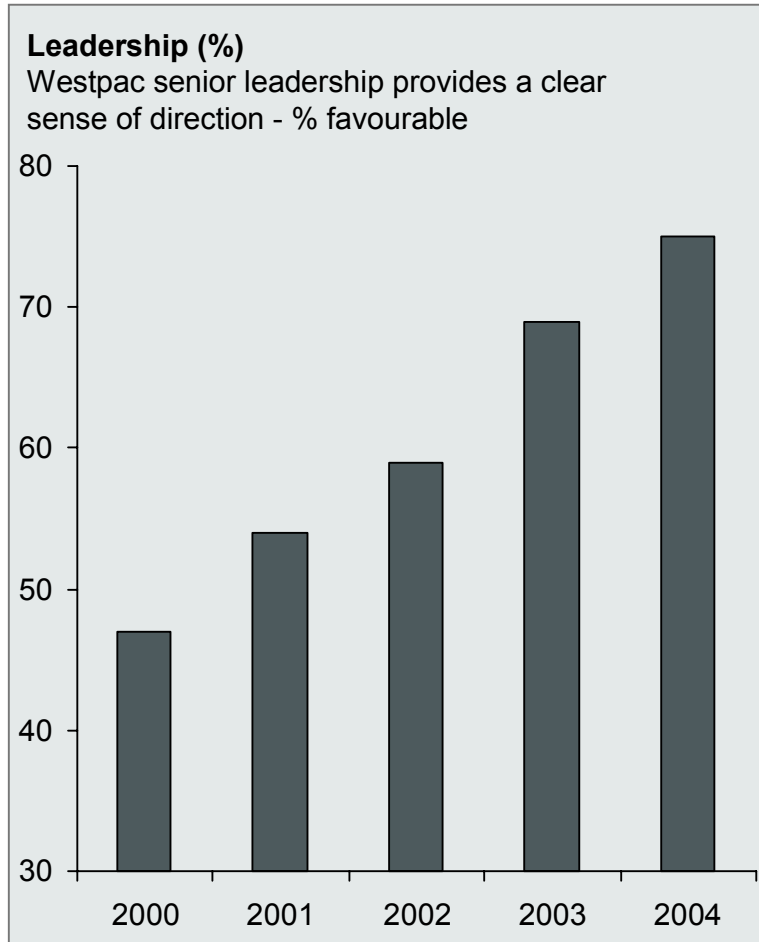


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Disciplines maintained – no distractions

- Strategic discipline
 - Maintained focus on areas generating the greatest value
 - Demonstrated track record in M&A
- Operating discipline
 - Strong spread performance in face of competitive environment
- Using expense capacity to drive revenues
- Bad debts outcome the result of progressive repositioning of our risk profile since 2001

Service / profit chain dynamics are delivering



Sustainability – creating real value

- Improved brand equity and employee commitment
- Attracting new shareholders to the register
- Sustainability position helping to win important government contracts
- Cost savings from reduced waste and resource usage



GovernanceMetrics International – one of 22 (out of 2,100) companies globally to achieve a **top 10.0 score** for corporate governance



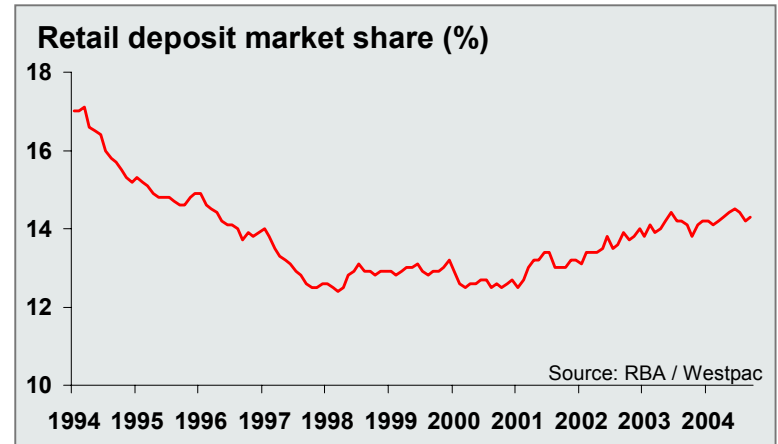
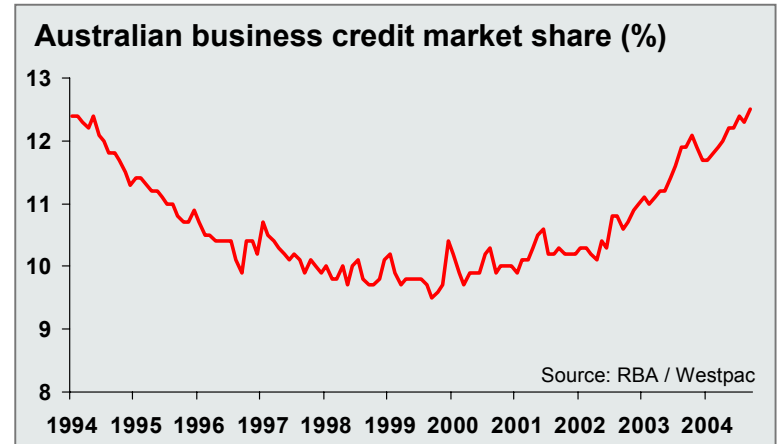
Number 1 In the global banking sector 2004/2005 **for third consecutive year**



Australia - Number 1 company overall – only company to receive a **AAA rating for second consecutive year**

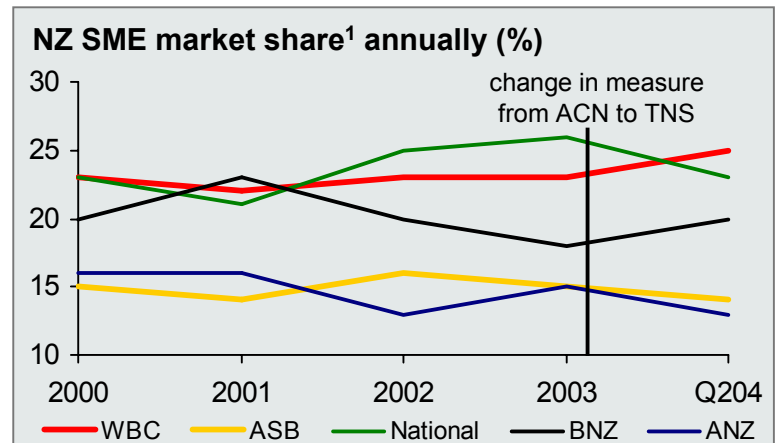
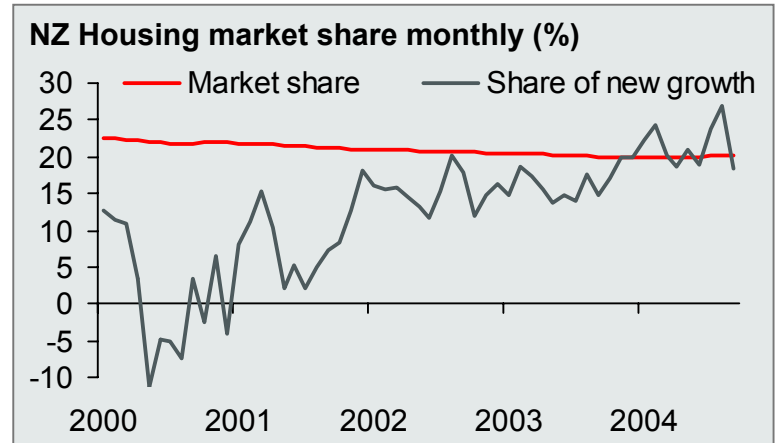
BCB – profitable growth momentum

- Substantial improvement in returns – cash earnings up 16%
- Continued success in business lending - up 15%
- Substantially enhanced customer satisfaction
 - Business banker roles
 - Extended opening hours
 - Additional Ask Once co-ordinators
- Retail deposit share up 20 basis points



New Zealand – repositioning delivers growth

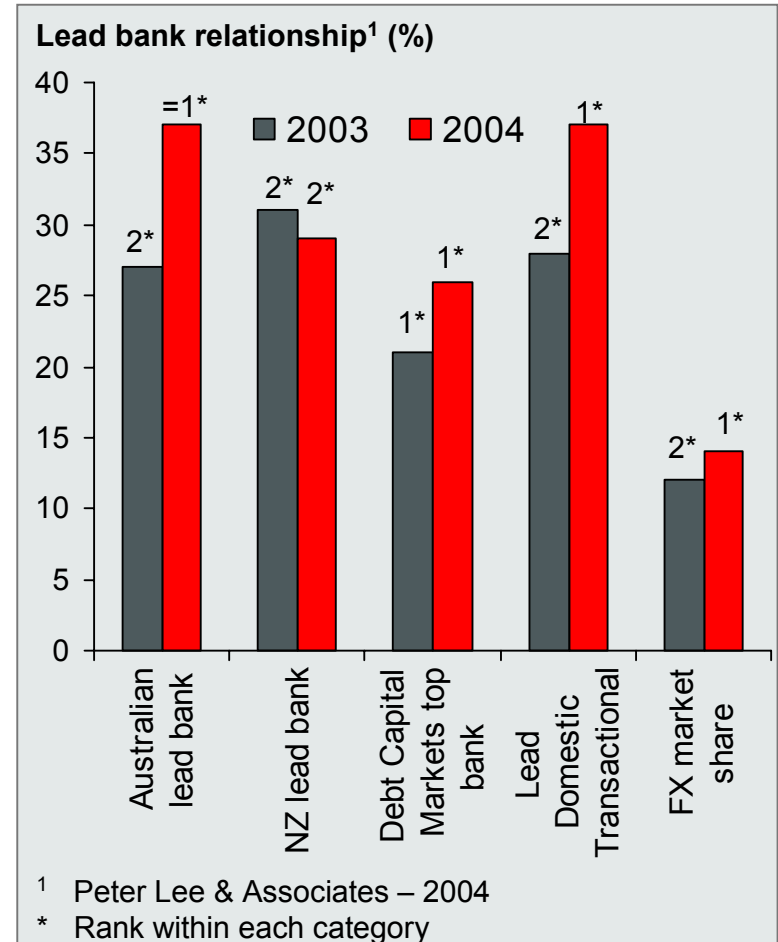
- Cash earnings up 10% (NZ\$)
- Benefits from repositioning the business
 - Improved lending growth, particularly housing
 - Increased brand awareness
- Momentum in all key segments
- Effectively managing margins in a competitive market



1. TNS Business Finance Monitor Results

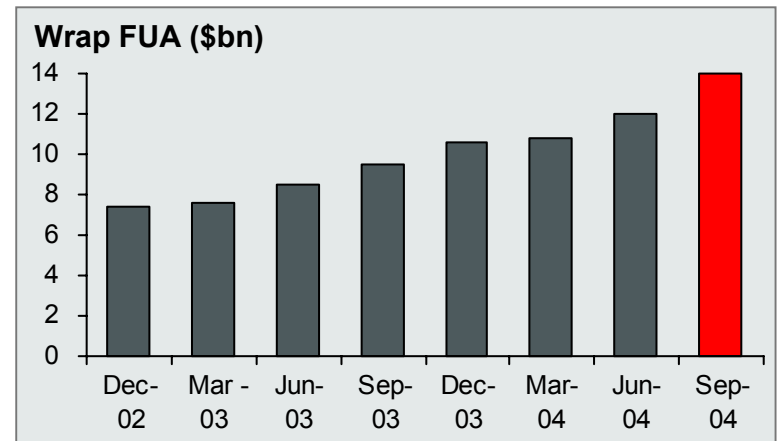
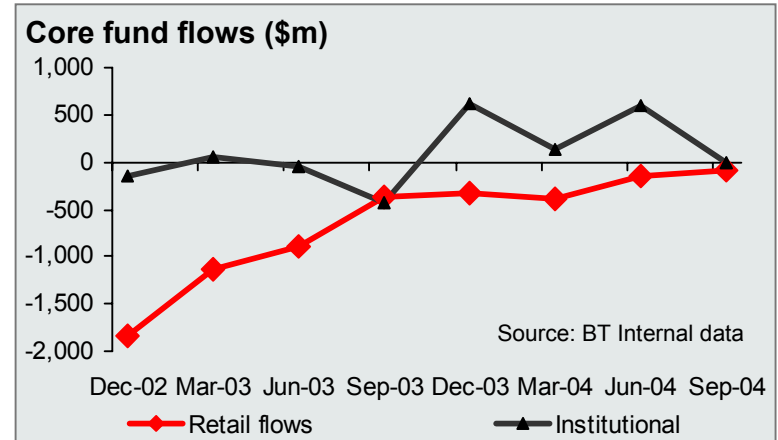
Institutional Bank – reclaiming lead bank status

- Transformation program delivering
- New income streams established (Specialised Capital Group)
- Enhanced risk profile



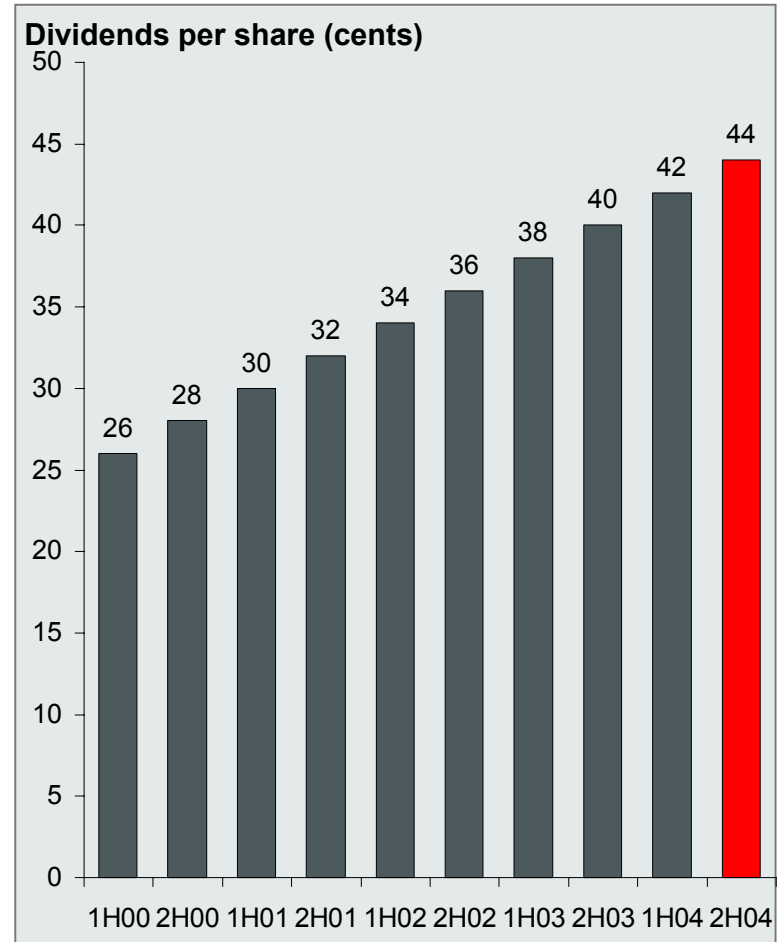
BT Financial Group – sustained improvement

- Integration virtually complete
 - On time
 - Ahead on synergies
- Sustained fund performance improvement and ratings upgrades
- Well linked into Westpac customer base
 - 28% improvement in corporate super FUA
 - Wrap FUA up 44%, including \$800m rise in Wrap from internal planners



Consistently returning value to shareholders

- Consistent dividend growth
 - No franking constraints
 - High, sustainable pay-out
- Track record of actively managing capital base
- Over 5 years, on average \$630m per annum of shares repurchased via buy-backs





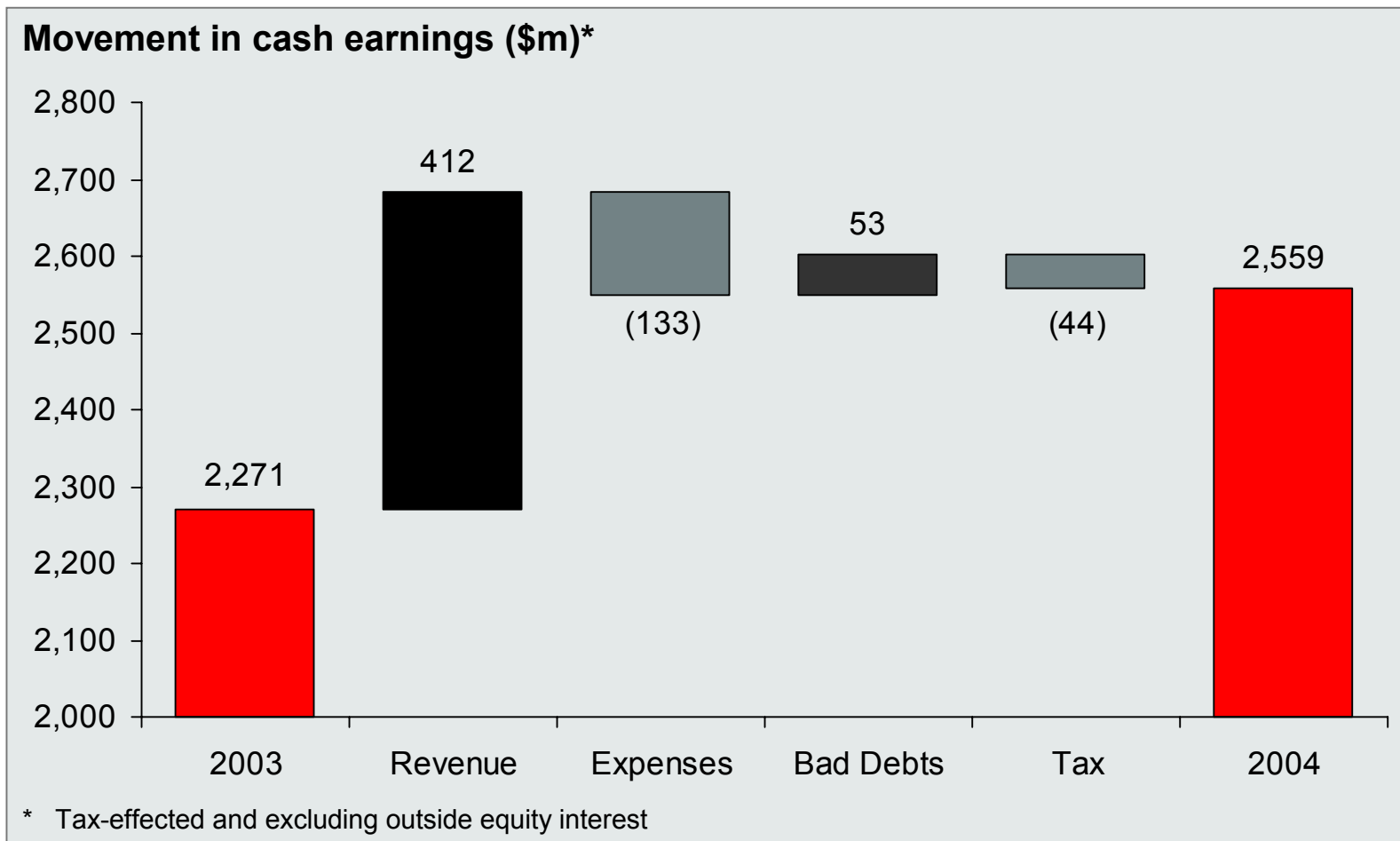
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The Details

Philip Chronican Chief Financial Officer

8 November 2004

A revenue driven result

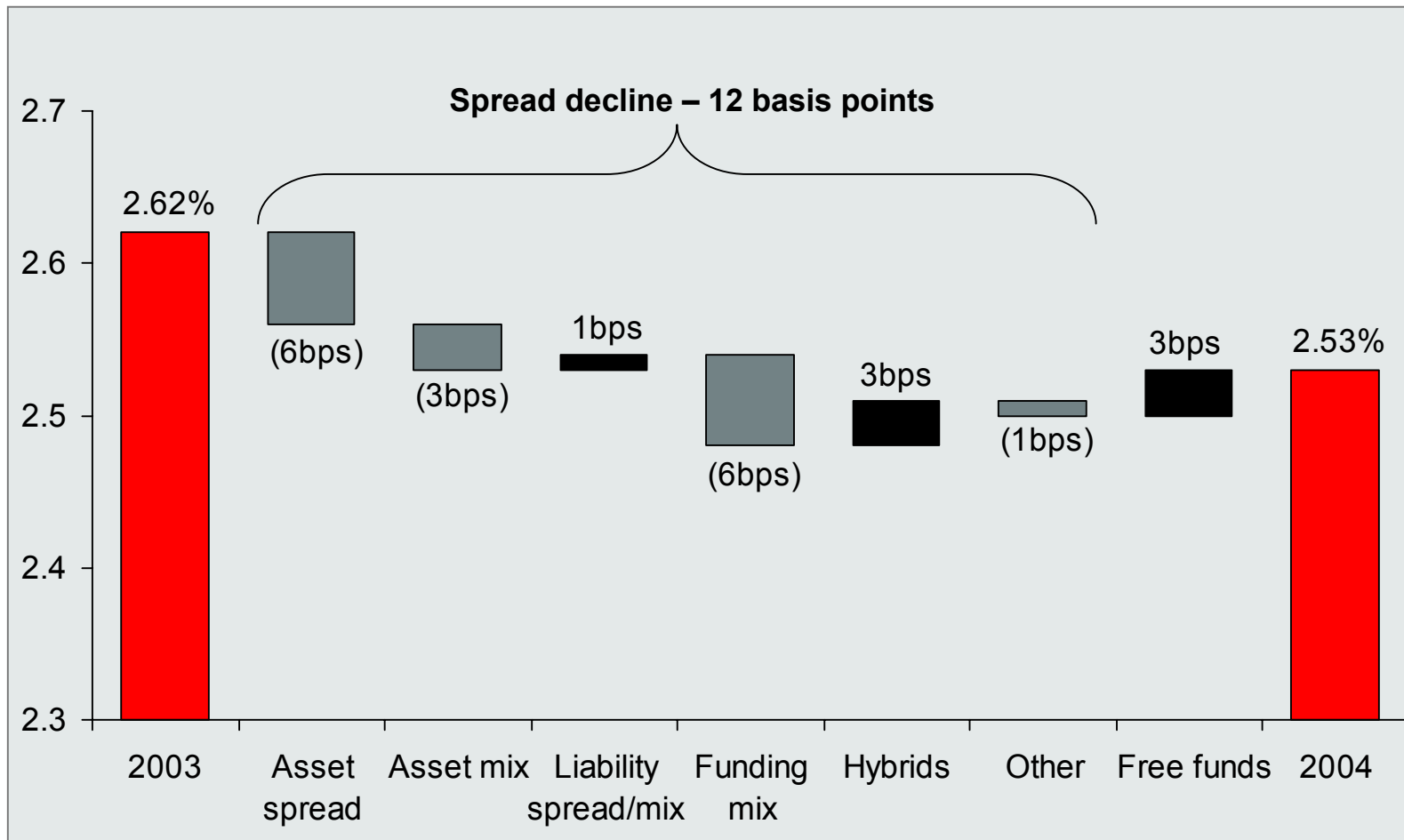


Loan growth robust

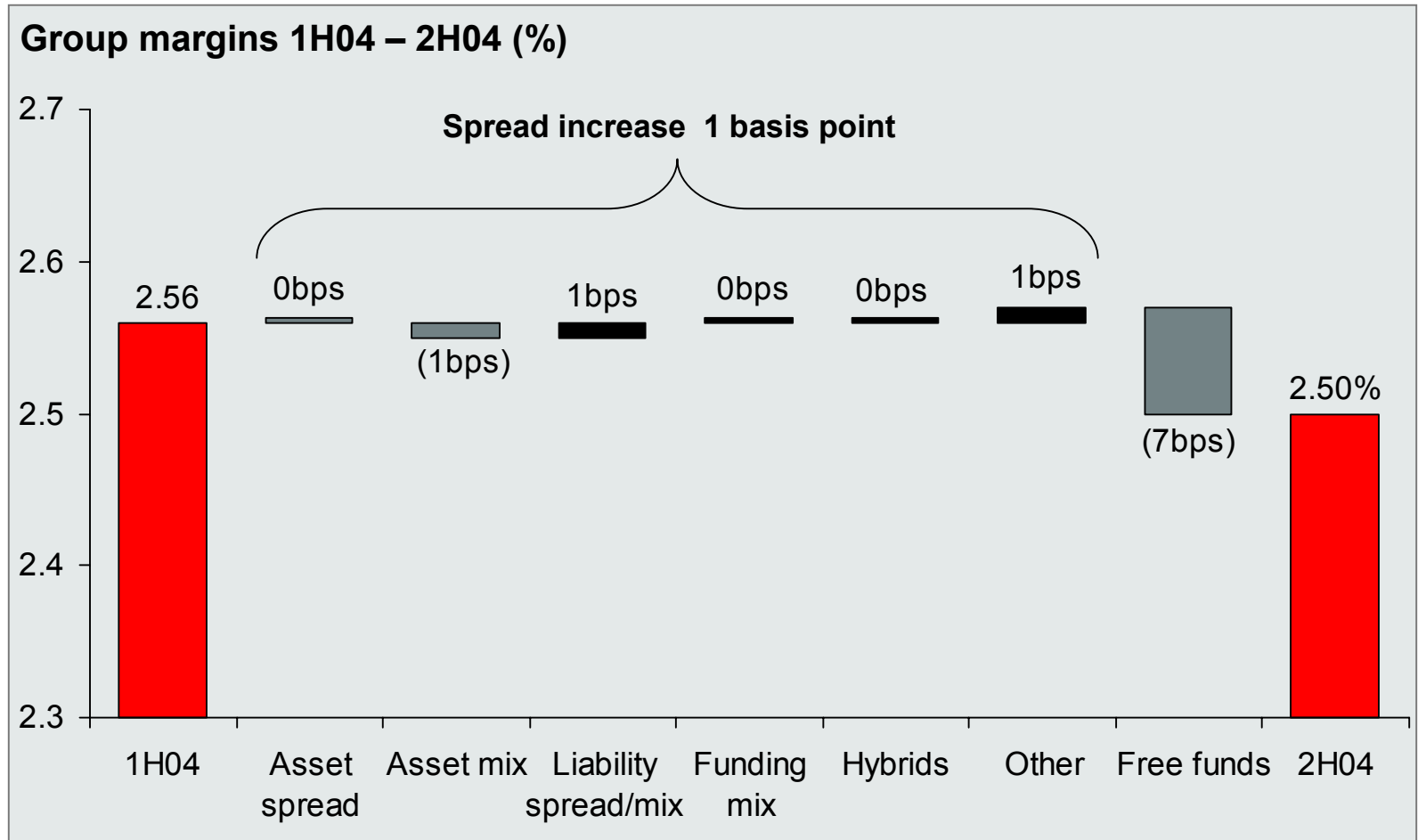
\$bn	2H04	1H04	2H03	% Change ¹	
				2H03-2H04	1H04-2H04
Business Unit					
Consumer (Australia)	99	92	89	11	7
<i>Housing</i>	92	88	82	12	5
<i>Personal (loans & cards)</i>	7	7	7	5	0
Business (incl. equip. finance)	36	33	32	15	9
Westpac Institutional Bank	26	23	22	15	13
<i>New Zealand (\$NZ)</i>	<i>28</i>	<i>27</i>	<i>25</i>	<i>15</i>	<i>6</i>
BT Financial Group	2	2	2	13	6
Group					
Net loans and acceptances	188	175	164	14	7
Avg. interest earning assets	202	191	185	13	6
1 % changes have been calculated before rounding of numbers					

Analysis of margin movements

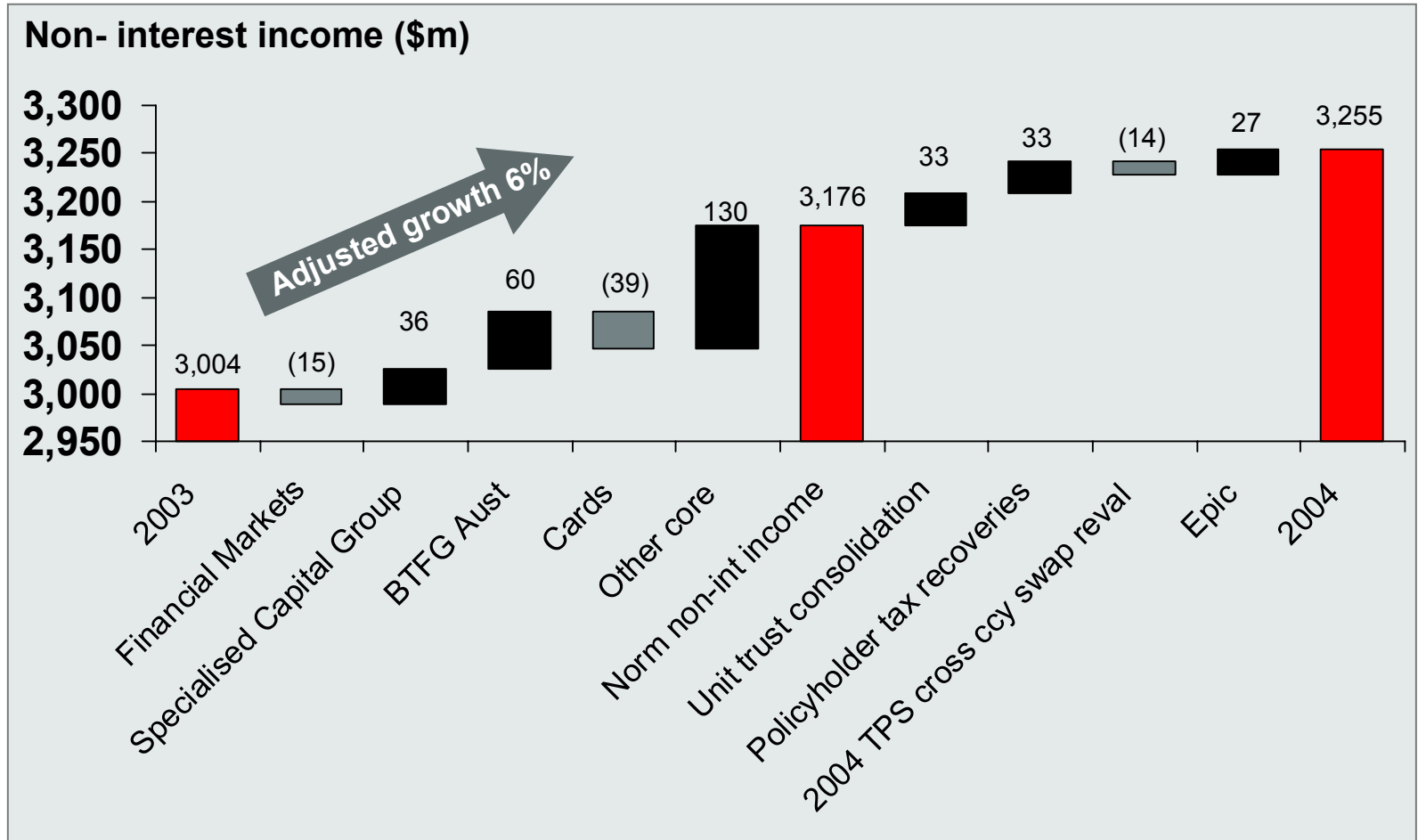
Group margins FY03 – FY04 (%)



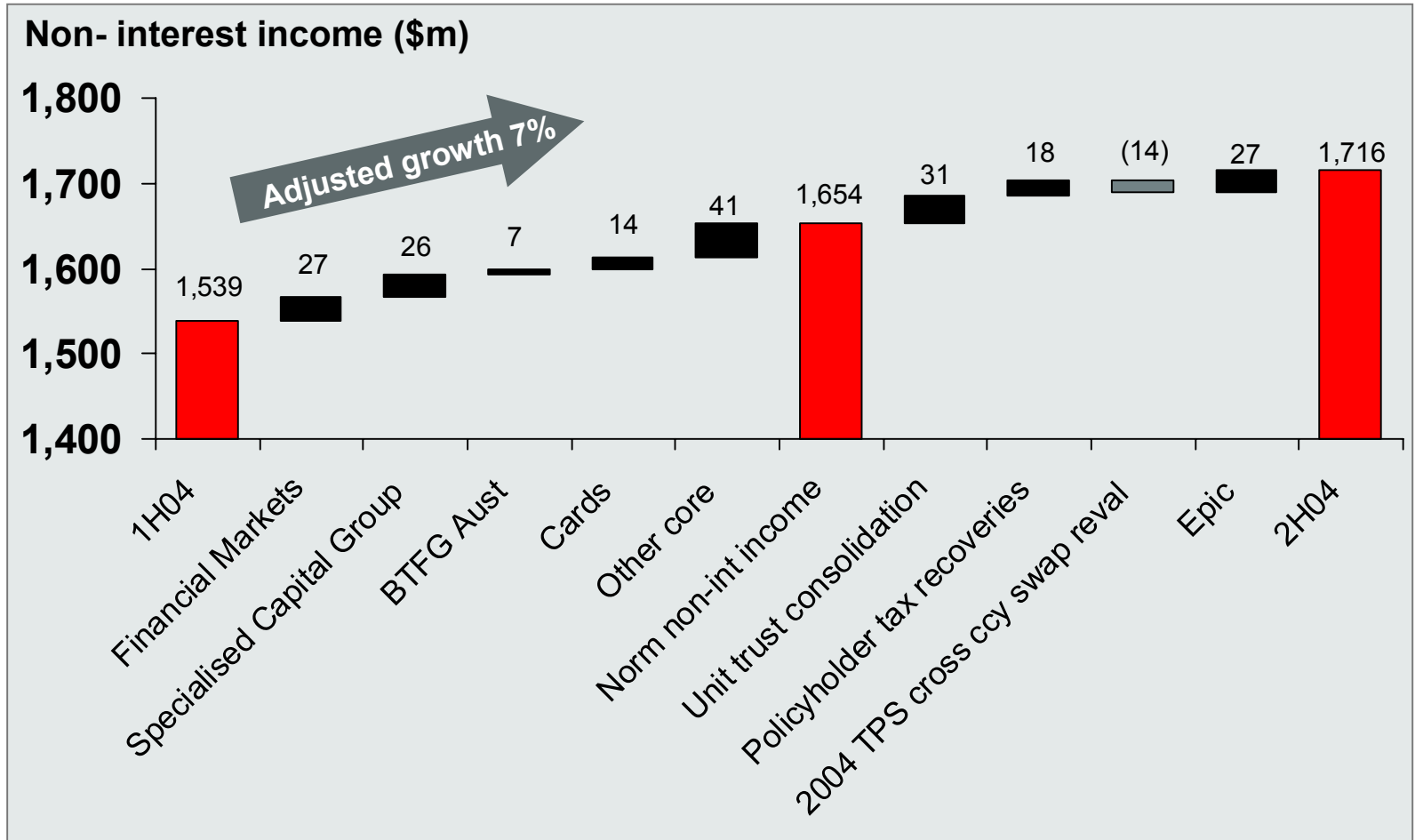
Second half margin analysis



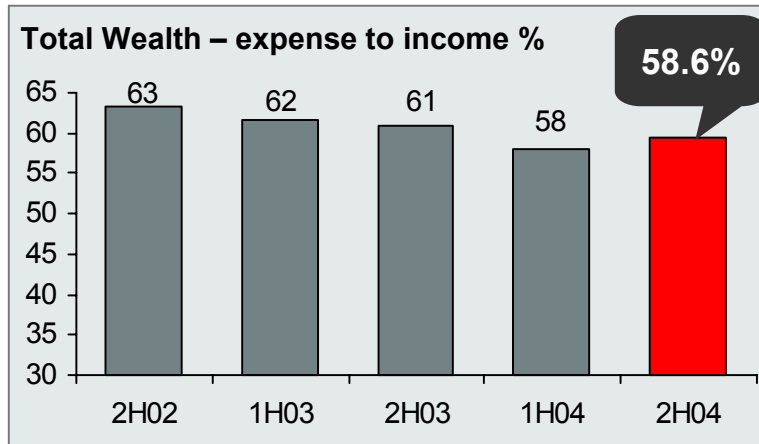
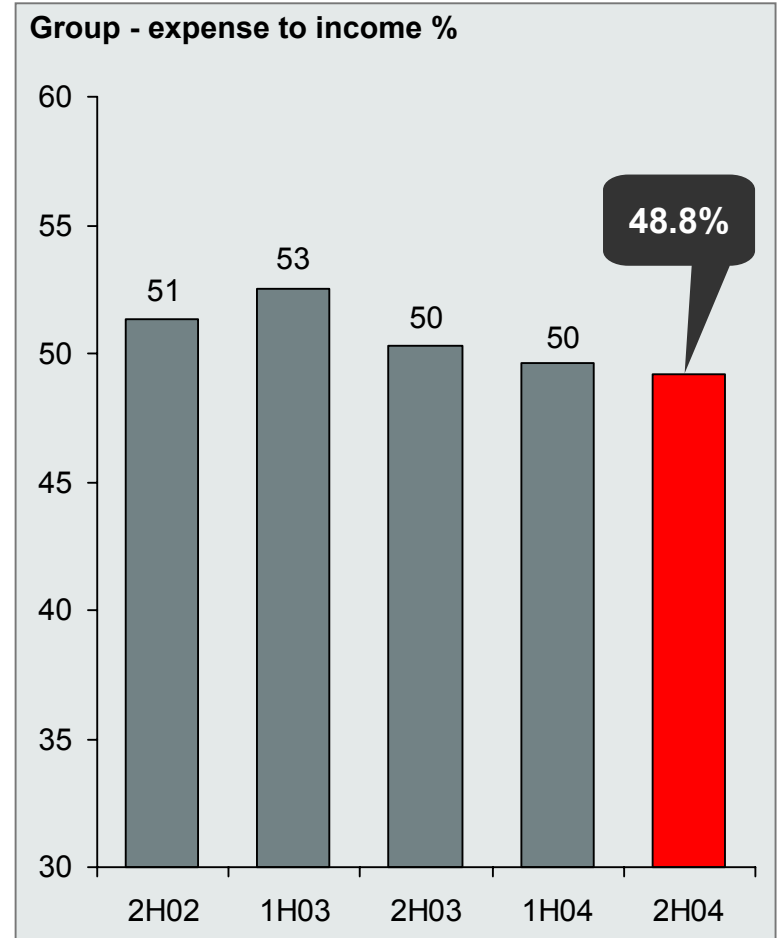
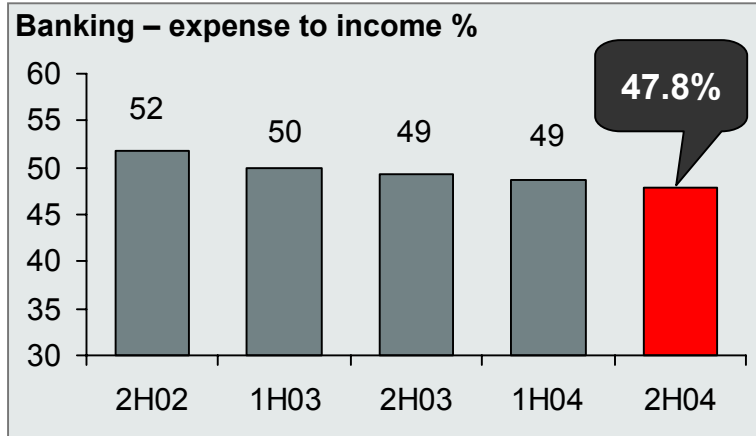
Non-interest income analysis – year on year



Non-interest income – second half



Expense to income – comfortably under 50%

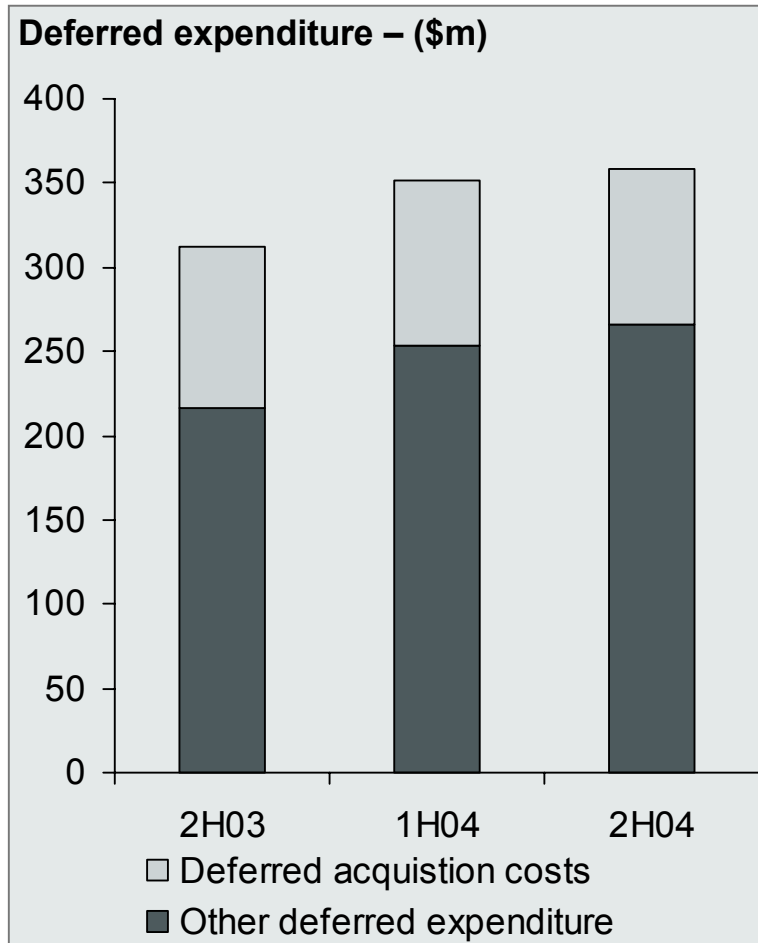


Expenses – continued tight management

\$m	2004	2003	% Change 2003– 2004
Operating expenses	3,940	3,763	4.7%
<i>EPIC</i>	(22)		
<i>Unit Trusts</i>	(3)		
<i>Private equity performance fees</i>	(13)		
<i>Gross up – 1 month of BTFM</i>	-	15	
<i>\$NZD impact</i>	6		
Adjusted operating expenses	3,908	3,778	3.4%

- Strong revenue growth enabled an increase in investment spend leading cost growth to top of target range
- What we absorbed:
 - Compliance spend \$12m
 - Project costs expensed \$214m
 - Restructuring charges \$24m

Deferred expenditure trends



- Deferred expenditure increased 15% over year
 - Higher mortgage broker fees from increased volumes
 - Capitalisation of 3rd party credit card acquisition costs
- Deferred acquisition costs incurred in wealth business
- Deferred expenditure is largely amortised against income
- \$269m of deferred expenditure is an APRA deduction from capital

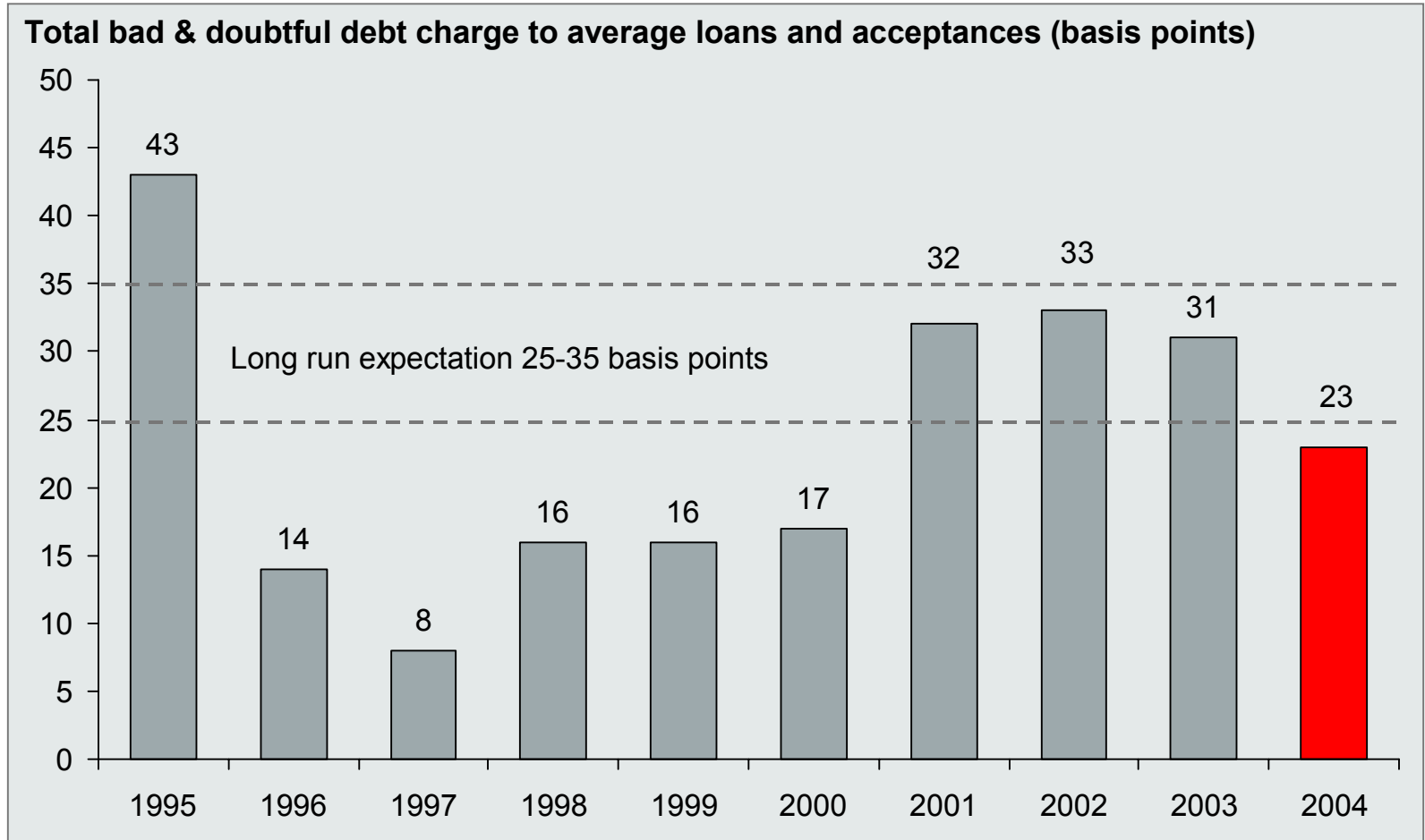
Movements in capitalised software

- Major investments in Reach, Pinnacle and the One Bank Platform are the major contributors to the increase
- Growth in capitalised software expected to ease in 2005

\$m	2003 Actual	2004 Actual	2005 Forecast
Capitalised software	300	377	390
Annual amortisation	89	104	160

Capitalised software - major projects \$m	Amortisation period (years)	Sep 2003	Sep 2004
Loan process re-engineering (Pinnacle)	3	45	76
Institutional Bank (incl. Financial markets systems)	3	31	36
Standardised platform (One Bank)	3	26	58
Channel development and distribution	3	11	21
Product enhancement	3	13	12
Customer relationship management (Reach)	3	29	45
Other - Australia	3	61	36
Teller platform, New Zealand	5	19	29
Other - New Zealand	3	66	64
Total		300	377

Bad debt trend analysis

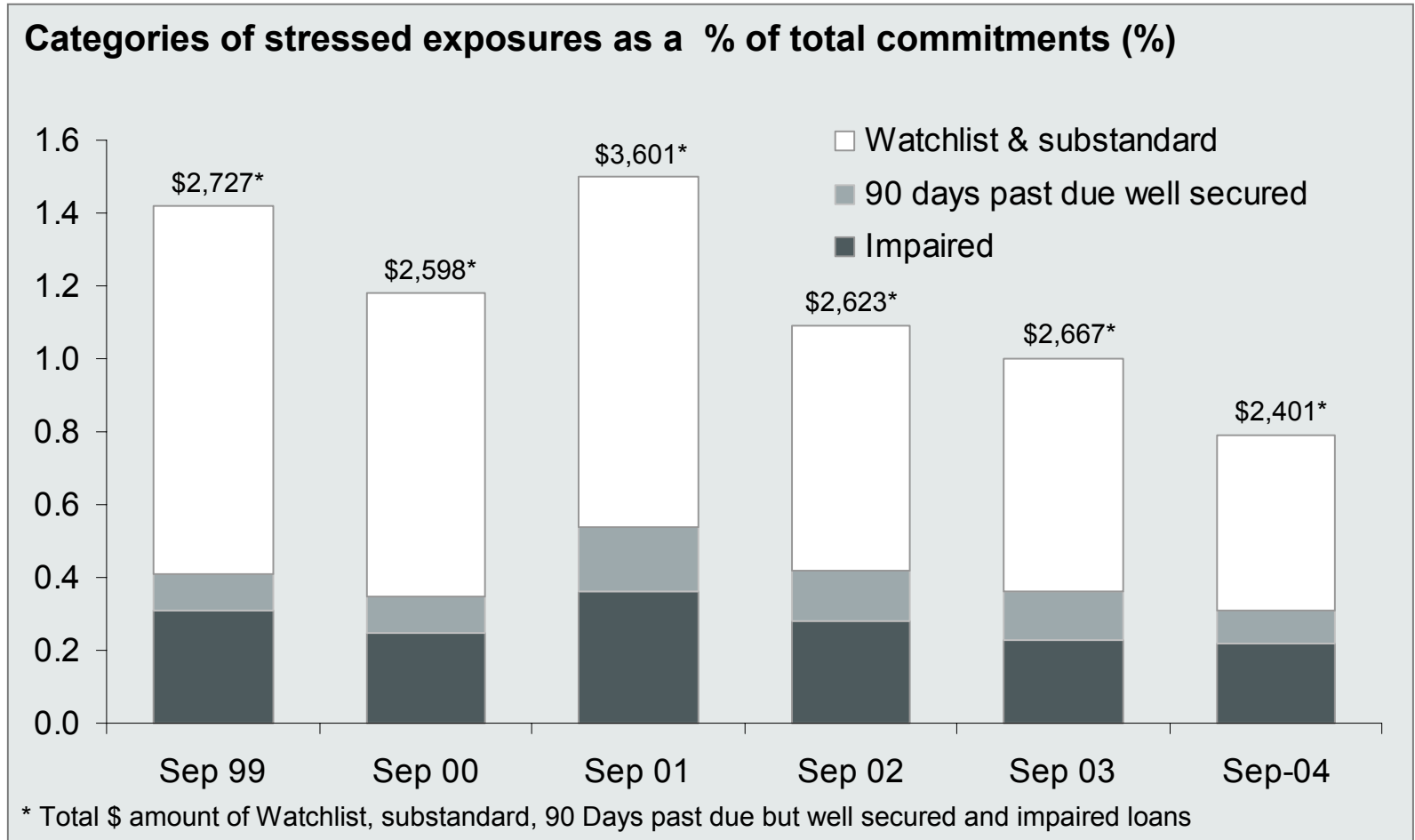


Bad debt component analysis

Group bad debts	2003	2004
Dynamic Provision	231	82
Net specific	53	131
Write-offs	275	274
Recoveries	(74)	(73)
Total	485	414

- Conversion of DP charge to new specific in WIB \$37m
- \$335m reduction in watch list and sub-standard loans
- Factor change reduced DP charge in 2004 by \$27m
- No change in dynamic provision buffer since 2001

Stressed loans lower



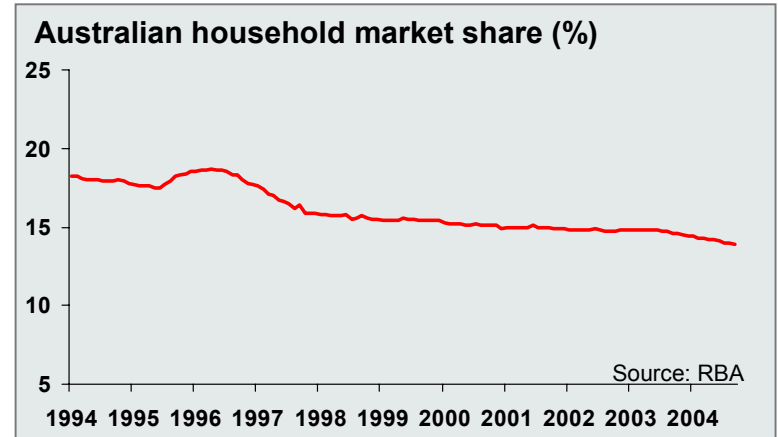
BCB – strong top-line growth

\$m	2003	2004	% Change
Net interest income	3,043	3,423	12
Non-interest income	1,298	1,307	1
Operating exp	(2,361)	(2,471)	(5)
Core earnings	1,980	2,259	14
Bad debts	(321)	(340)	(6)
Tax & OEI	(494)	(569)	(15)
Cash earnings	1,165	1,350	16

- Strong asset growth
- Solid margin performance
- Non-interest income suppressed by change in interchange fees in 1H04
- Expenses incorporate continued investment in front-end capabilities
 - Reach
 - Pinnacle

Household credit – delivering profitable growth

- Mortgage portfolio grew 12%
- Other personal lending up 5%, strong credit card growth partially offset by lower personal lending
- Strong margin performance particularly in the second half
- Mortgage growth below system partly due to:
 - Holding the proportion of lending via brokers constant
 - Not aggressively pursuing low-doc lending
 - Avoiding higher risk investment lending
- Opportunity to improve sales force effectiveness remains



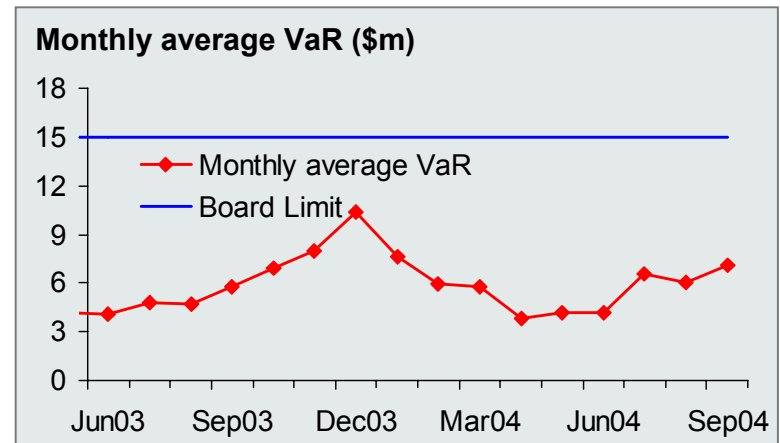
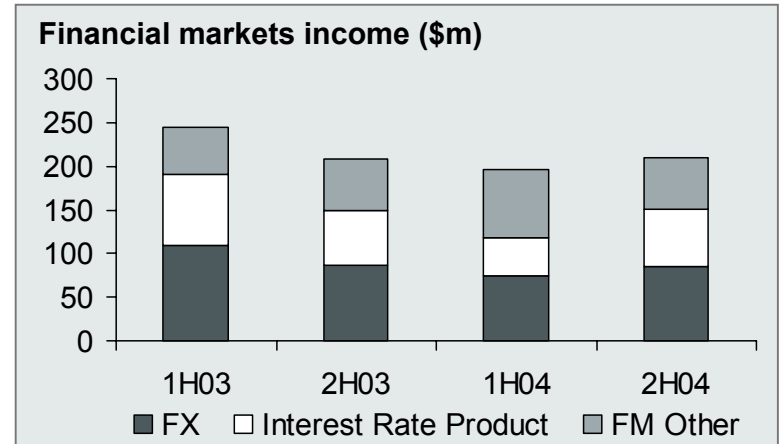
Institutional Bank – improved performance

\$m	2003	2004	% Change
Operating income	1,121	1,236	10
Operating exp.	(472)	(553)	(17)
Core earnings	649	683	5
Bad debts	(107)	5	105
Tax & OEI	(158)	(207)	(31)
Cash earnings	384	481	25

- Solid revenue growth 10%
- Financial markets softer
- Higher expenses from
 - Restructuring charge \$11m
 - Private equity performance fees \$13m
 - Epic consolidation \$22m
- Significant improvement in bad debts
- Investment securities portfolio positively re-valued by \$17m
- Write-off of New York FITB, \$12m

Financial markets - enhancements underway

- Financial markets result consistent with expected volatility, although recent performance has been below average
- Measures to improve performance implemented:
 - Changes to coverage of interbank markets
 - Operational changes
- Higher return for risk taken evident in 2H04



BTFG - good momentum

\$m	2003	2004	% Change
Operating income	571	628	10
Operating exp.	(354)	(378)	(7)
Core earnings	217	250	15
Tax & OEI	(48)	(54)	(13)
Cash earnings	169	196	16

- Improved momentum from stronger funds flows
 - Funds under management boosted by market performance
 - Strong Wrap and corporate super performance boosting funds under administration
- Good claims experience assisting life insurance performance
- Costs higher to support solid business growth

Growth in wealth products remains strong

Current Australian market share			Share of new business	
Product	Market share (%)	Rank	Market share (%)	Rank
Retail	8.0	5	4.0	9
Corporate super	6.5	5	15.4	1
Wrap and master trust	10.7	3	17.5	2
Life and risk	6.7	7	10.3	4
Margin lending	13.6	2	4.8	n/a
Broking	10.4	3	10.4	3
Institutional	2.1	14	n/a	n/a

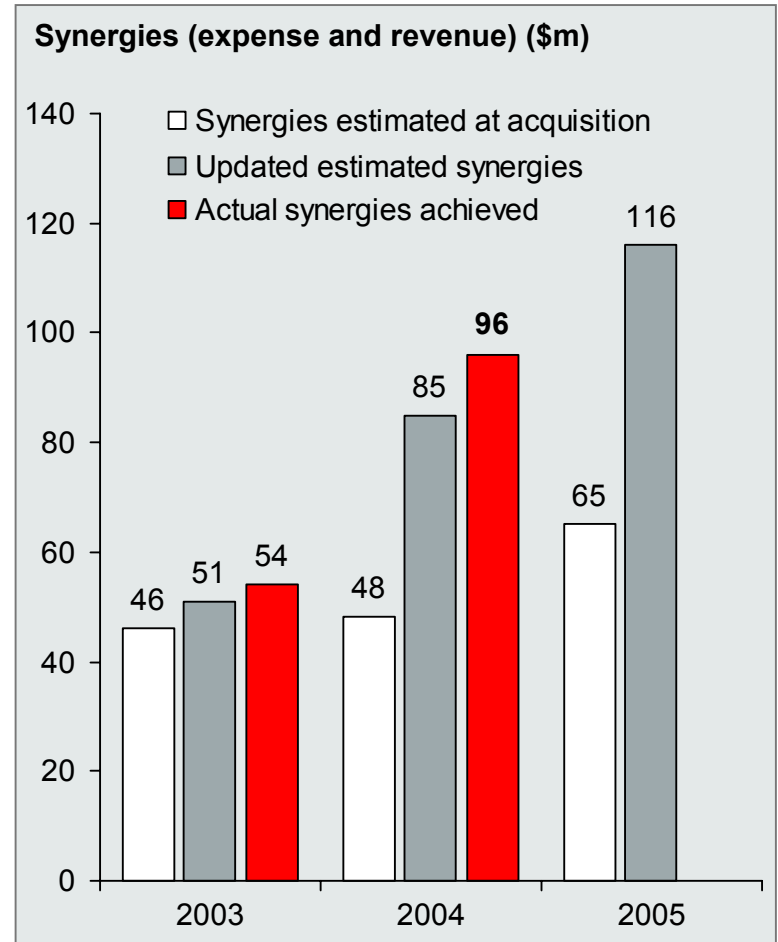
Sources:

Retail & Wrap & M'trust
 Corporate super
 Life and risk
 Margin lending
 Broking
 Institutional

- ASSIRT Preliminary market share report August 2004, data as at 30 June 2004
 - DEXX & Employer Super League Table June 2004
 - DEXX & Life analysis, Quarterly Statistics ending 31 March 2004
 - BT loan book versus RBA industry total – June 2004
 - ASX market analysis August 2004
 - Investor Supermarket March 2004

BTFG integration largely complete

- Project delivered on time and ahead on synergies
- \$96m in synergies achieved in 2004 - \$48m more than originally estimated at acquisition
- Expected 2005 synergies remain at \$116m
- Finalisation of acquisition accounts resulting in reduction to goodwill of \$26m in Australia and \$7m in New Zealand



BTFG synergies reconciliation

- \$42m in incremental synergies in 2003-04
- \$39m expense synergies
- Organic growth includes:
 - Wage increases
 - Cost increases to support business growth
 - Additional productivity initiatives

2004 BTFG Expenses (\$m)	
2003 expenses ¹	369
During 2004	
Integration synergies realised	(39)
Investments in integration	9
Increase in share of group allocated costs	6
Review of bank owned planner channel (Sunrise)	4
Organic growth	29
2004 Expenses	378

1. 2003 expenses grossed up for 1 month of BTFM

New Zealand – earnings back on growth path

NZ\$m	2003	2004	% Change
Net interest income	838	893	7
Non-interest income	422	462	9
Operating exp.	(620)	(653)	(5)
Core earnings	640	702	10
Bad debts	(54)	(41)	24
Tax & OEI	(177)	(210)	(19)
Cash earnings	409	451	10

- Strong loan growth up 15%
- Non-interest income supported by loan growth and repricing initiatives
- Higher expenses to support an increase in customer facing staff
- Dynamic provision factor changes, \$9m benefit

Pacific Banking – continued solid contribution

\$m	2003	2004	% Change
Net interest income	71	72	1
Non-interest income	61	67	10
Operating exp.	(51)	(51)	-
Core earnings	81	88	9
Bad debts	2	(2)	Na
Tax & OEI	(25)	(30)	(20)
Cash earnings	58	56	(3)

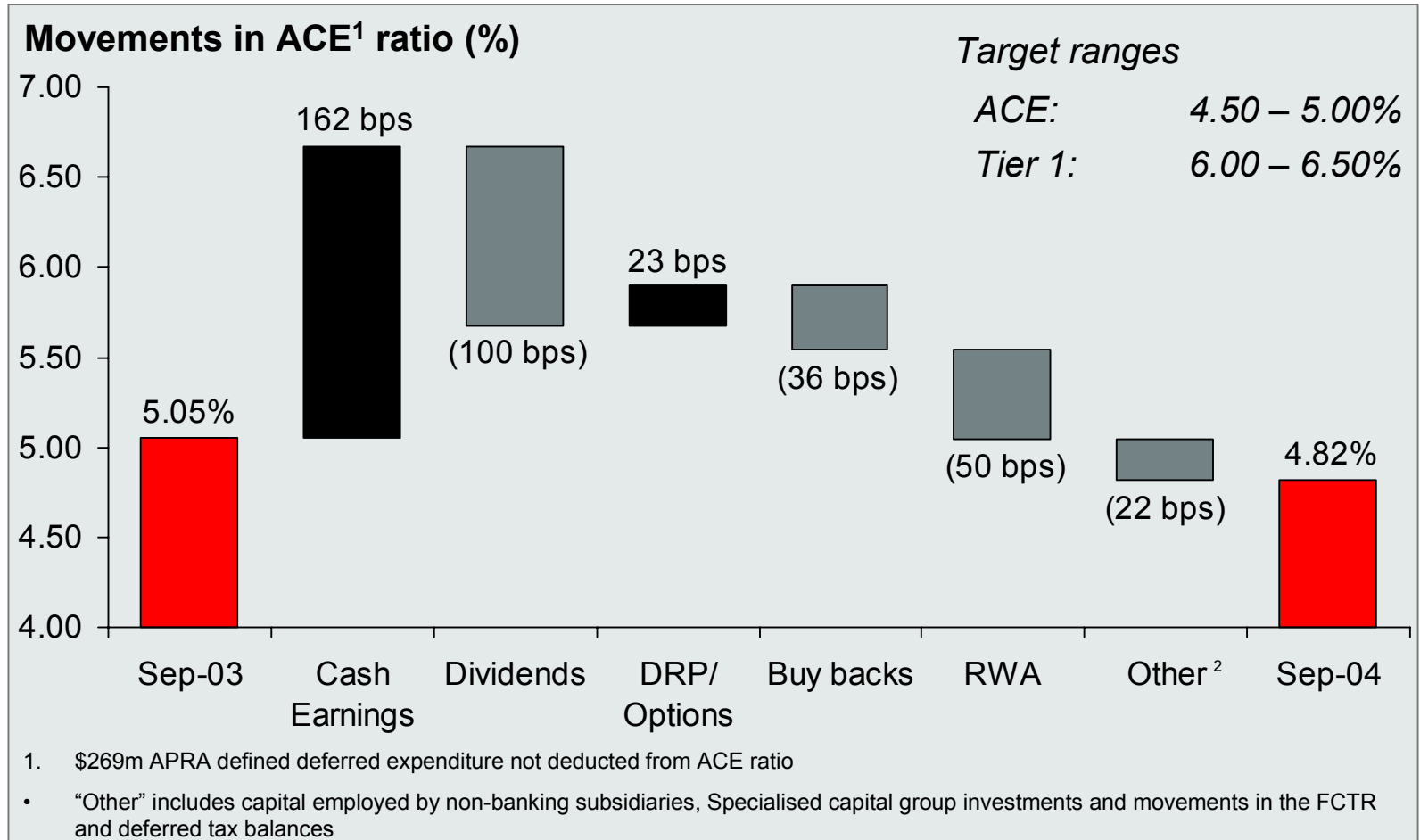
- Presence in 7 Pacific Island Nations
- Remains a valuable contributor to the Group

Group business unit – managing the risks

\$m	2003	2004	% Change
Operating income	111	58	(48)
Operating exp.	(6)	101	Large
Core earnings	105	159	51
Bad debts	(14)	(40)	(Large)
Tax	137	95	(31)
Other equity dist	(75)	(154)	(Large)
2004 TPS	na	10	na
Cash earnings	153	70	(54)

- No change to composition of Group business unit over year
- Cash earnings from Treasury down \$9m
- Increase in general tax provision of \$35m
- Bad debt charge from provision against a group level counterparty exposure
- Lower earnings on surplus capital following buy-back
- 2004 TPS hedge impact excluded from cash earnings

Strong capital position maintained



Higher dividend – sustainable payout ratio

- Fully franked dividend increased 10% over the year
- Sustainable 62% pay-out in line with illustrative analysis and 11% RWA growth scenario
- Capital utilised and dividend payable sees ACE ratio in middle of target range
- Resolution of IFRS impact required before a higher sustainable payout could be achieved

Illustrative pay-out ratio analysis¹ Presented July 2004

RWA Growth Scenarios	Derived maximum payout ratio
7%	75%
8%	72%
9%	69%
10%	66%
11%	64%
12%	61%

1 Assumptions:

- Return on equity 20%, ACE Ratio of 4.75%
- Maximum payout ratio assumes Wealth business continues to grow at current levels
- Includes no buffer for volatility in earnings and deductions
- DRP dilution neutralised through stock repurchases

New Zealand – status on regulatory issues

1	Corporate Status	Buttressed branch proposal before RBNZ
2	IBM Outsourcing	Migration of mainframe on hold while RBNZ considers conformance with emerging outsourcing policy
3	Tax	In dispute over past transactions Forward position resolved
4	NZ Class Shares	Now subject to Australian franking Restructure being considered

Known influences on 2005 earnings

	Medium term ranges (%)	Specific influences in 2005
Interest Income	5-8	<ul style="list-style-type: none"> • Lower credit growth • Income loss from NZ structured finance. Impact expected to be \$20m to \$40 in 2005 depending on alternative transactions • Continuing competition – particularly in deposits
Non-Interest Income	5-9	<ul style="list-style-type: none"> • Cards impact will not be repeated • Financial markets environment more stable
Expenses	2-4	<ul style="list-style-type: none"> • Compliance project spend increasing • Higher superannuation charges • Increased amortisation of capitalised software • Sticking to 2-4% target, although likely to be at top of range
Bad Debts	25-35 bps	<ul style="list-style-type: none"> • Current environment suggests we will continue to be at the bottom of the range
Tax Rate	29-31	<ul style="list-style-type: none"> • Nothing to suggest would be outside current range

Conversion to IFRS likely to alter the treatment of key drivers and broaden the range of outcomes in any one year
 NB: This is not earnings guidance

A balanced, high quality result

- Result has both quality and balance
- Business risk profile improved over recent years
 - AGC sale in 2002
 - Abandoned embedded value accounting
 - Reduced offshore institutional credit exposures
 - Consistent and rigorous approach to credit provisioning
- Result confirms this theme
 - Business reinvestment maintained
 - Known risks provided for
- Westpac is well positioned for emerging environment



Australia's First Bank

Outlook

David Morgan

Chief Executive Officer

8 November 2004

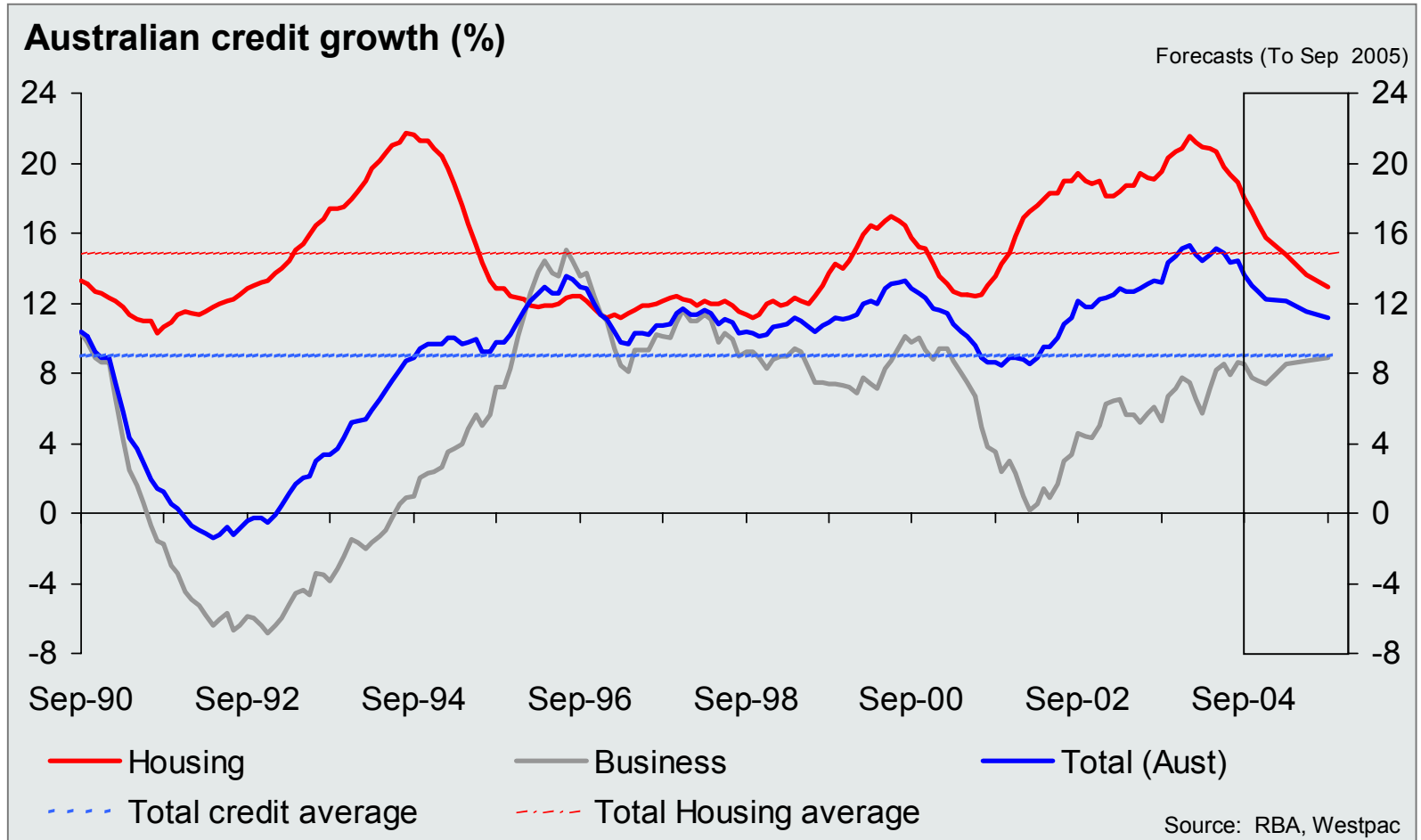
Economic outlook remains supportive

- Australia and New Zealand economic fundamentals sound:
 - Solid domestic demand
 - Low unemployment
- Business surveys continue to paint a positive outlook
- Further slight rise in interest rates not expected in Australia until 2005

Key economic indicators		
Financial year ended	Sep 04 %	Sep 05 %
World (Calendar year)		
GDP	4.5	4.0
Australia		
GDP	3.7	3.3
Unemployment	5.7	5.7
New Zealand		
GDP	4.7	2.8
Unemployment	4.2	3.8

Source: Westpac

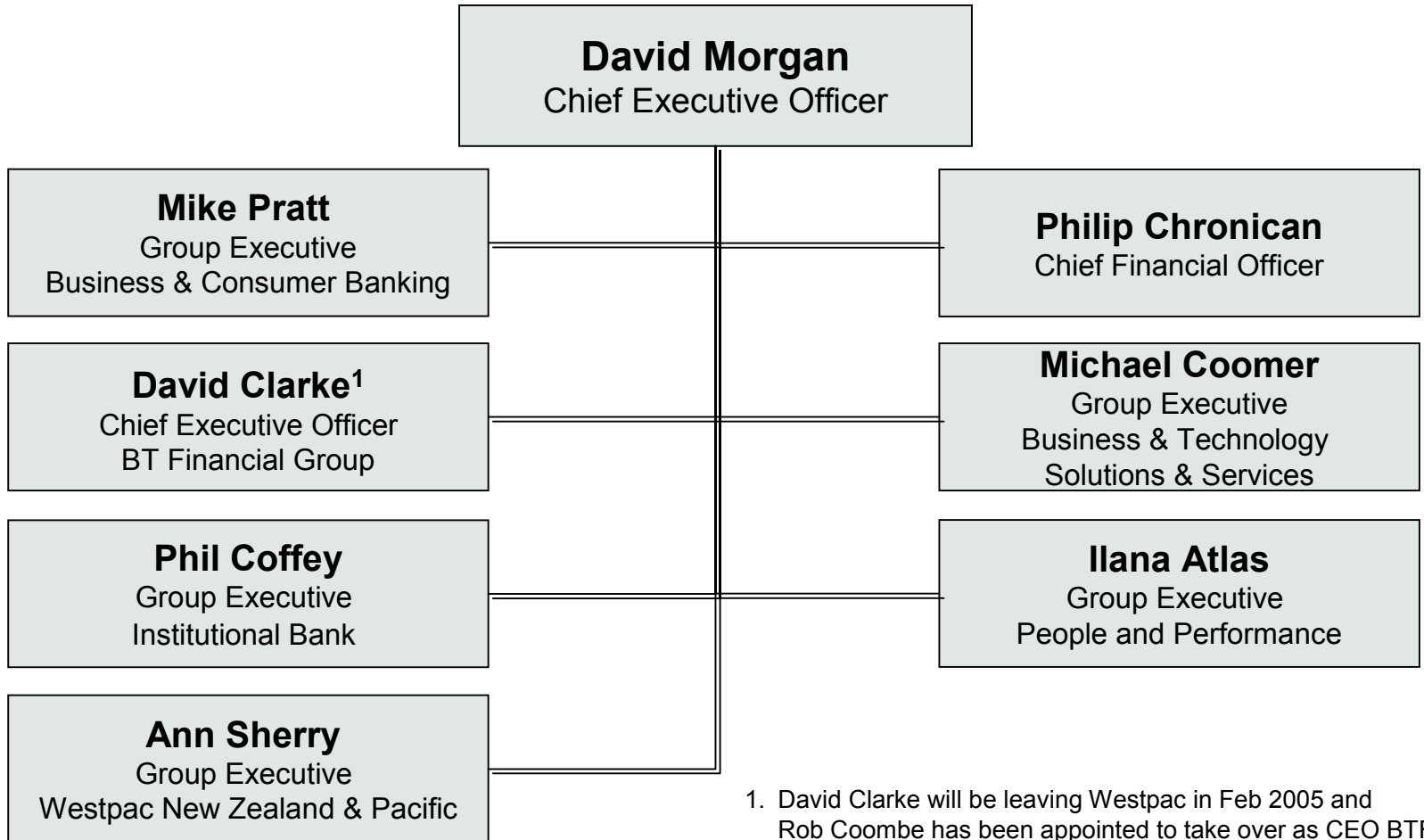
Credit growth returning to long term trends



Upside potential remains across the business

- Fully tap cross sell opportunities within our strong customer franchise
- Enhance sales effectiveness to rebuild mortgage share
- Deliver stronger fund flows in BT given the sustained improvement in investment performance post integration distraction
- Ensure the institutional bank capitalises on the significant improvement in its market position

Experienced and energised executive team



Westpac's in great shape

- Delivering strong top-line and bottom-line returns
- Robust financial position
 - Business portfolio de-risked
 - Capital position optimised
 - Well provisioned
- Growing track record of delivering upper end earnings performance

Positive outlook

- More challenging environment
- Asset quality remaining first class
- Good earnings momentum across all businesses
- Continue to deliver strong results at the upper end of the sector

Disclaimer

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation and its activities.

The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.

The financial information contained in this presentation includes non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measure, please refer to full year financial statements filed with the Securities Exchange Commission and Australian Stock Exchange.