

Outlook and summary

David Morgan
Chief Executive Officer

29 July 2004

Priorities

- Continue improving the sustainability of earnings
 - Delivering sustainable returns for shareholders by delivering for all stakeholders, including employees, customers, the community and shareholders
 - Keep a watching brief on acquisition opportunities but maintain proven disciplines
- Continue to capture profitable growth through the further refinement of current successful strategies

Points of differentiation

- A simple strategy
 - Customer focus built on the service – profit chain
 - Focused on core markets - Australia, New Zealand & near Pacific
- Customer franchise
 - Large, high quality customer base with untapped potential
- Low risk
 - High resilience to external shocks
 - Leading asset quality and strong provisioning coverage
- Leader in sustainability
- High quality management team
- Execution: people leaders, processes, values

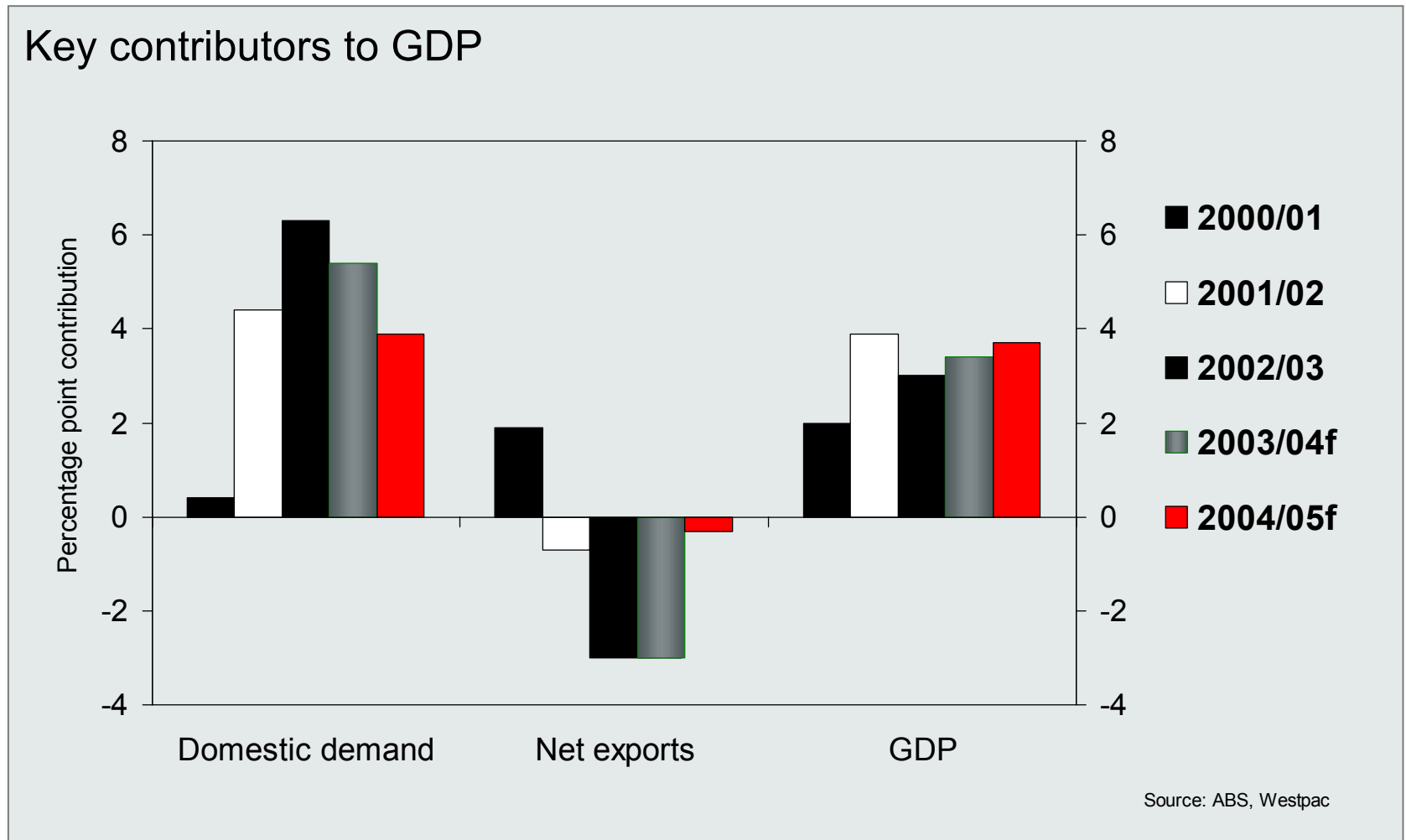
Australian and New Zealand economic outlook

- Australia and New Zealand economic fundamentals sound due to:
 - Solid domestic demand
 - Low unemployment
- Export recovery to boost economy in 2004, driven by particularly favourable international conditions and recent rebound in farm output
- Further slight rise in interest rates possible in late 2004

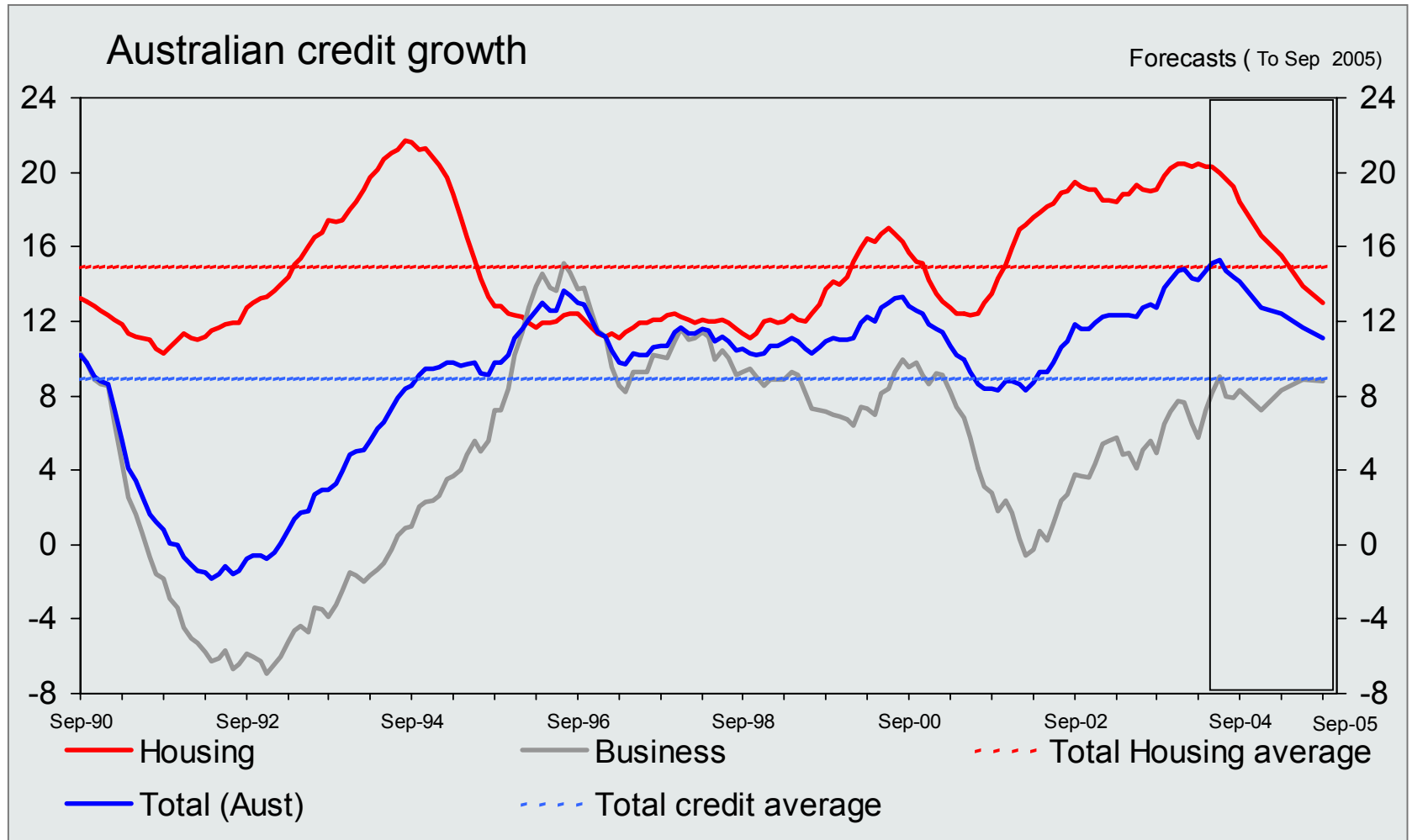
Key economic indicators		
Financial year ended	Jun 04 %	Jun 05 %
Australia		
GDP	3.4	3.7
Unemployment	5.8	5.7
New Zealand		
GDP	4.2	3.0
Unemployment	4.5	4.4

Source: Westpac

Economy operating with a more sustainable mix



Credit growth expected to ease as housing cools



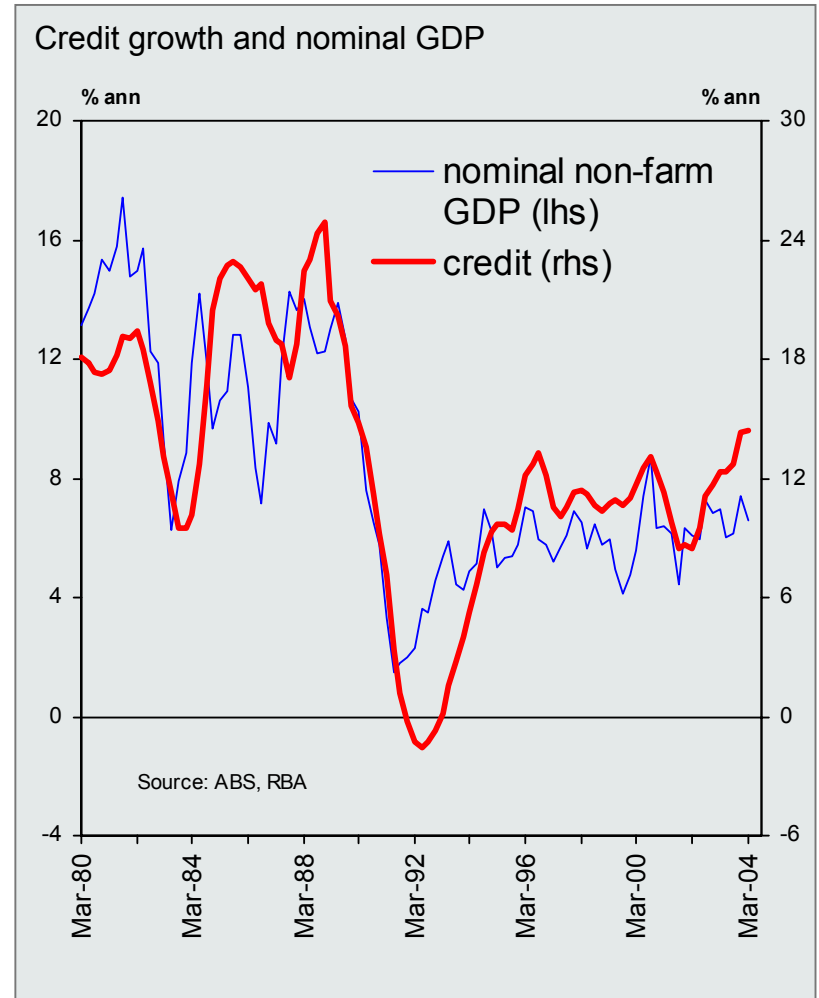
Source: RBA, Westpac



Australia's First Bank

Credit growth and nominal non-farm GDP

- Credit growth tracks the direction of nominal GDP growth but with a multiplier of around 1.5 times
- Currently credit growth is tracking above this long term trend at twice nominal GDP
- Looking forward, credit growth is expected to remain higher than nominal GDP but moderate to be more in line with this longer term trend



Financial sector short-term outlook

- Credit growth moderating to more sustainable levels
- Ongoing competitive intensity
- Rising demands around customer experience
- Wealth management environment remaining favourable
- Bad debt environment benign
- Overall sector dynamics are broadly favourable

Well positioned to maintain momentum

- Established track record in delivering growth and executing well
 - Consistent growth / return mix
 - Disciplined management
- All businesses well positioned with options for growth
- Improved sustainability of earnings
 - Employee commitment
 - Increased customer satisfaction
 - Market share improvements
- Focused strategy and a quality management team

Significant momentum across the group

Key Messages

BCB	<ul style="list-style-type: none">• Significant success across the business• Sustainable momentum in SME and middle markets
New Zealand	<ul style="list-style-type: none">• Traction now being achieved across the business• Leveraging off the Australian business model
BT	<ul style="list-style-type: none">• BT now a single, diversified wealth operation• Strategy delivering – good momentum across business
WIB	<ul style="list-style-type: none">• New capability delivering growth and group benefits• Continuing to focus on lead bank strategy to maximise franchise earnings
BTSS	<ul style="list-style-type: none">• Projects delivering improved customer experience• Further efficiencies supporting expense management
People and performance	<ul style="list-style-type: none">• Quality, committed people delivering on objectives• High performance culture - the right values and mindset
Financial management	<ul style="list-style-type: none">• Key compliance projects tracking to plan• Financial and capital positions are strong; dividend capacity is comfortable



Sustainable
Financial
Performance

No change in our full year earnings outlook

- Some emergence of intensified priced based competition at the margin
- Notwithstanding this, the operating environment remains accommodating:
 - Credit growth lower but still above the 15 year average
 - No immediate signs of asset quality deterioration
- Good momentum with first half earnings
- Unchanged full year outlook for solid earnings growth in 2004