Westpac
Australia's First Bank

Investor Discussion Pack

November 2004

Index

Westpac Australia's First Bank

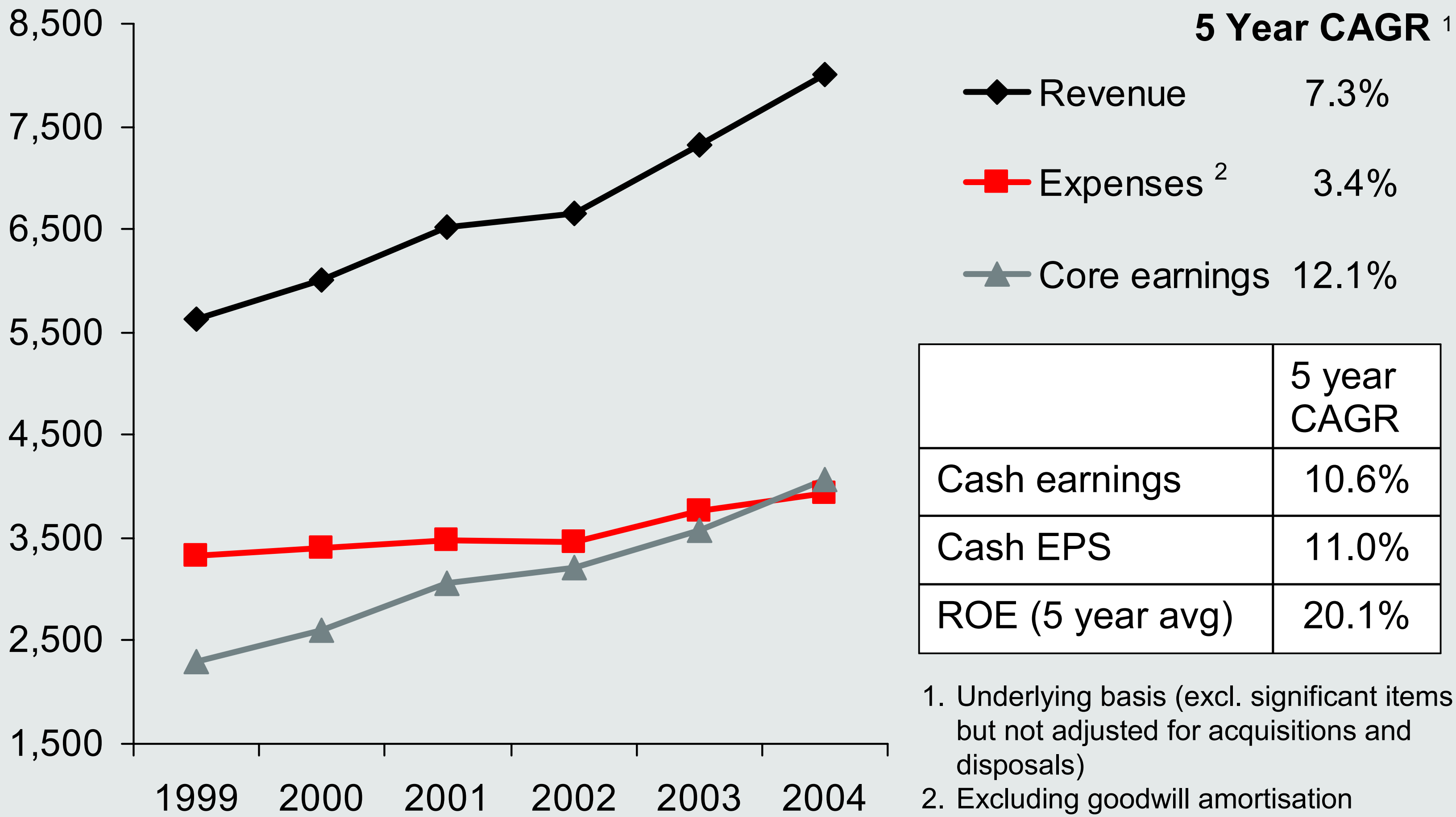
Maintaining consistent growth and return

- High quality result – maintaining the balance
  - Cash earnings $2,559m — up 13%
  - Cash earnings per share of 139 cents — up 11%
  - Cash return on average equity — 21%
  - Full year dividend of 86 cents, fully franked — up 10%
  - Expenses — up 5%
  - Cost to income ratio 49.2% — down 210 basis points
- Key drivers of growth
  - Solid growth in loans and acceptances — up 14%
  - Disciplined pricing - margins — down 9 bps
  - All businesses delivering double-digit growth in cash earnings
- Quality of earnings maintained
  - Strong asset quality: net impaired assets to equity and general provisions — down 40 bps
- Maintained leading sustainability position

All comparatives on prior corresponding period

Driving the gap between revenue and expenses

Revenue and expense performance ($m)



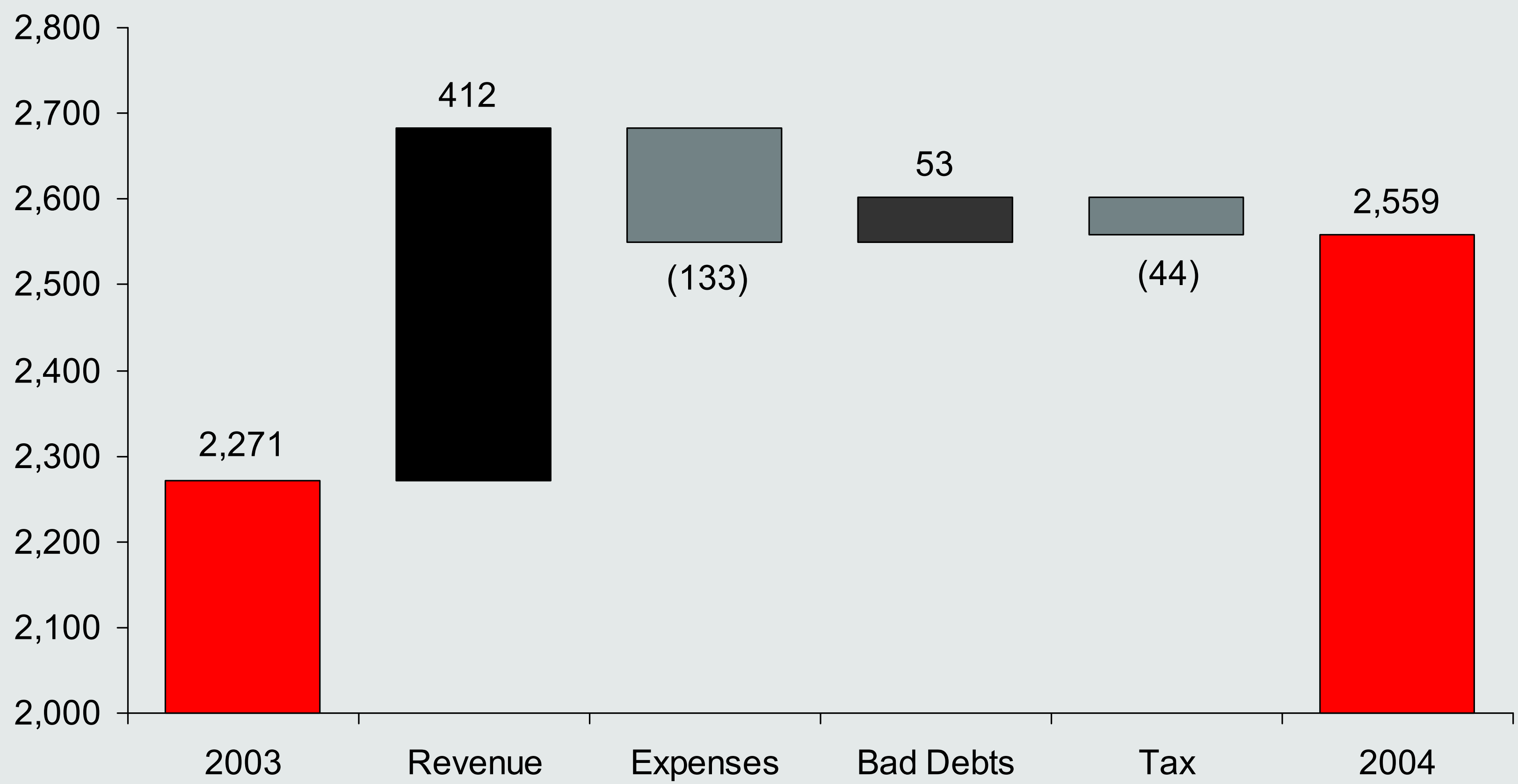
	5 year CAGR
Cash earnings	10.6%
Cash EPS	11.0%
ROE (5 year avg)	20.1%

1. Underlying basis (excl. significant items but not adjusted for acquisitions and disposals)
2. Excluding goodwill amortisation

Westpac
Australia's First Bank

A revenue driven result

Movement in cash earnings ($m)*



* Tax-effected and excluding outside equity interest

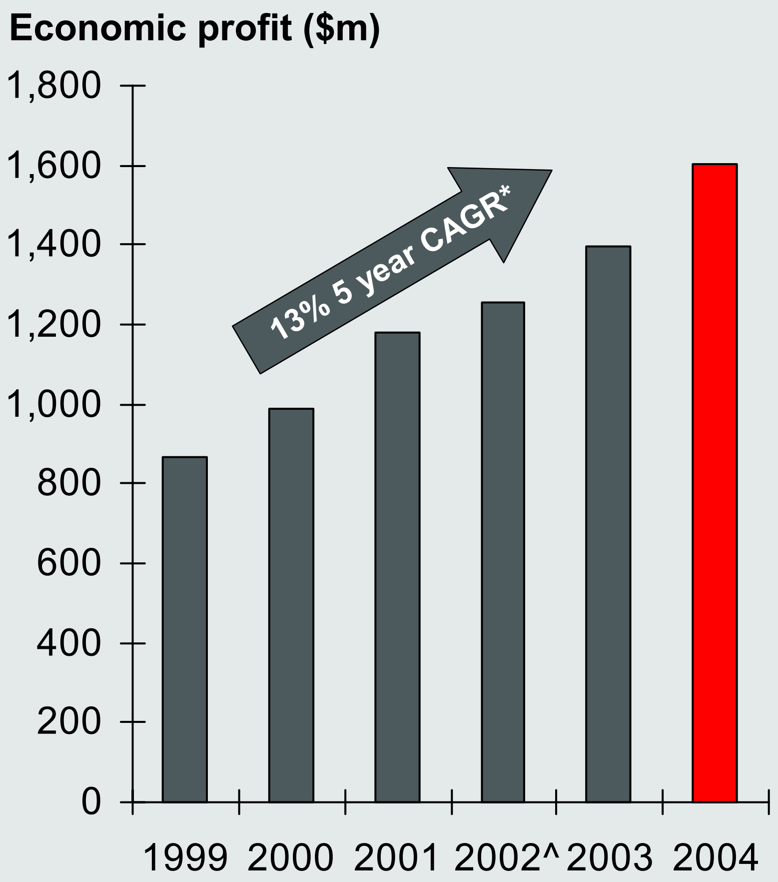
Australia's First Bank

Cash earnings – maintaining the growth

$m	FY04	FY03	% Change FY03 – FY04
Net interest income	4,755	4,326	10
Non-interest income	3,255	3,004	8
Operating income	8,010	7,330	9
Operating expenses	(3,940)	(3,763)	(5)
Bad debts	(414)	(485)	15
Net profit before tax	3,492	2,919	20
Net profit after tax & OEI	2,539	2,183	16
Cash earnings	**2,559**	**2,271**	**13**

Westpac Australia's First Bank

Consistently delivering strong growth and returns



* Assumes 2H99 dividend was fully franked
^ Underlying EP excludes significant items in 2002

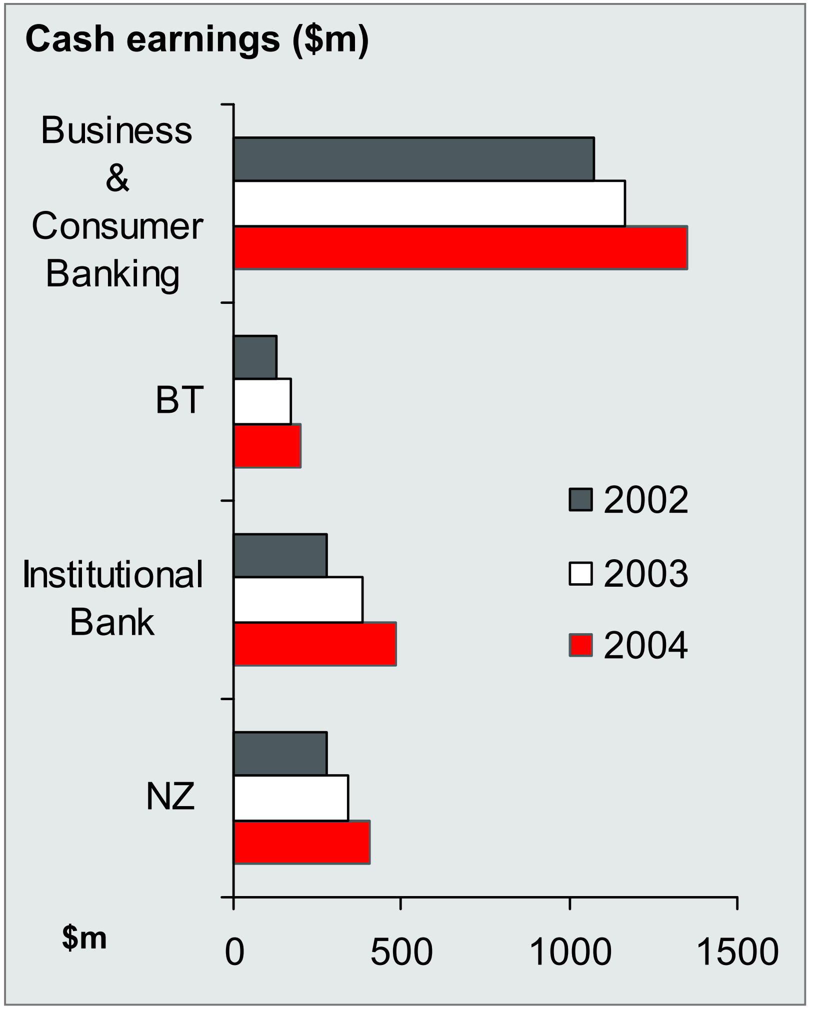
Total Shareholder Return (TSR) for period 1 Oct 01 - 30 Sep 04

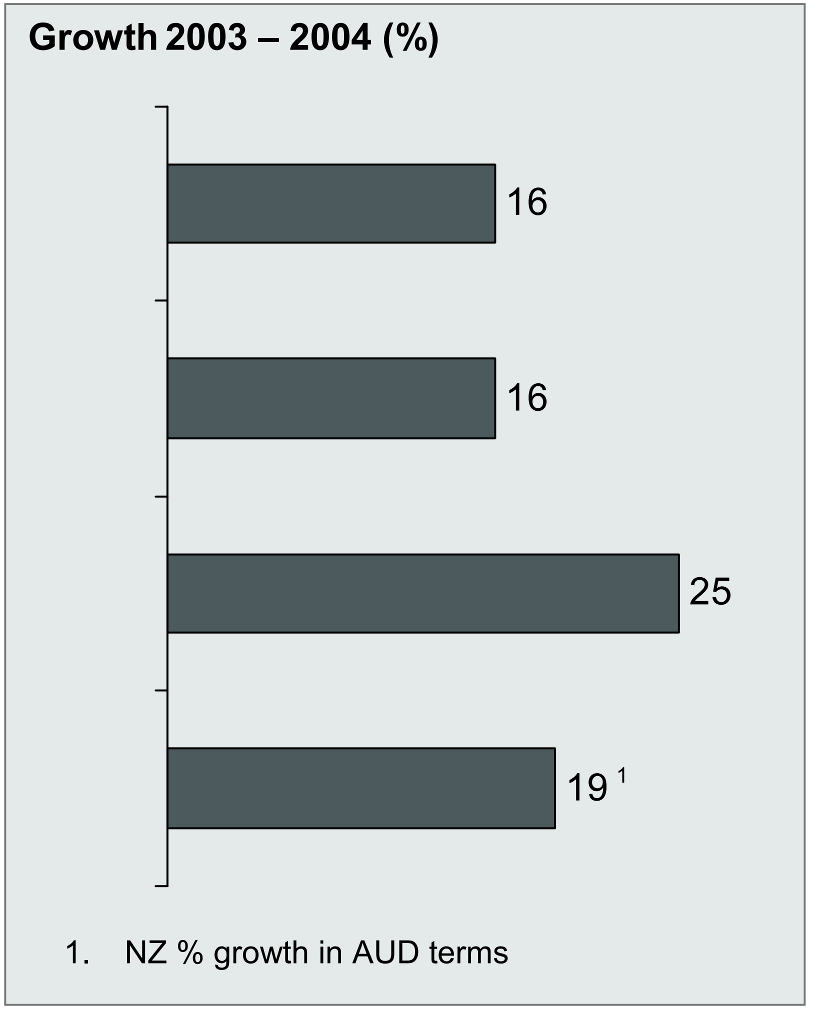
Company	TSR (%)
Westpac	**41**
ANZ	36
Commonwealth	21
NAB	0

Source: Mellon

Westpac Australia's First Bank

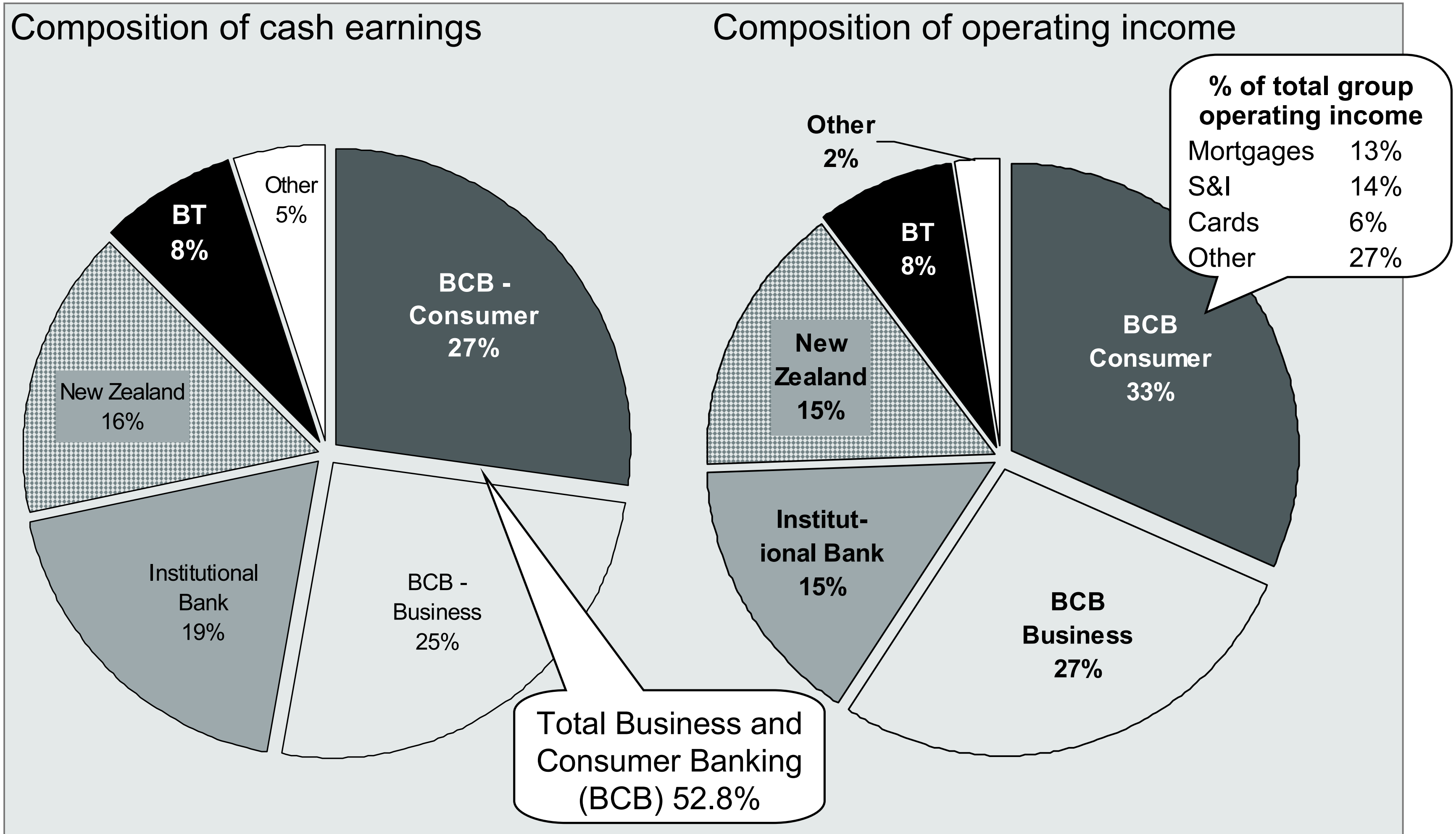
Sound contribution across all businesses





Australia's First Bank

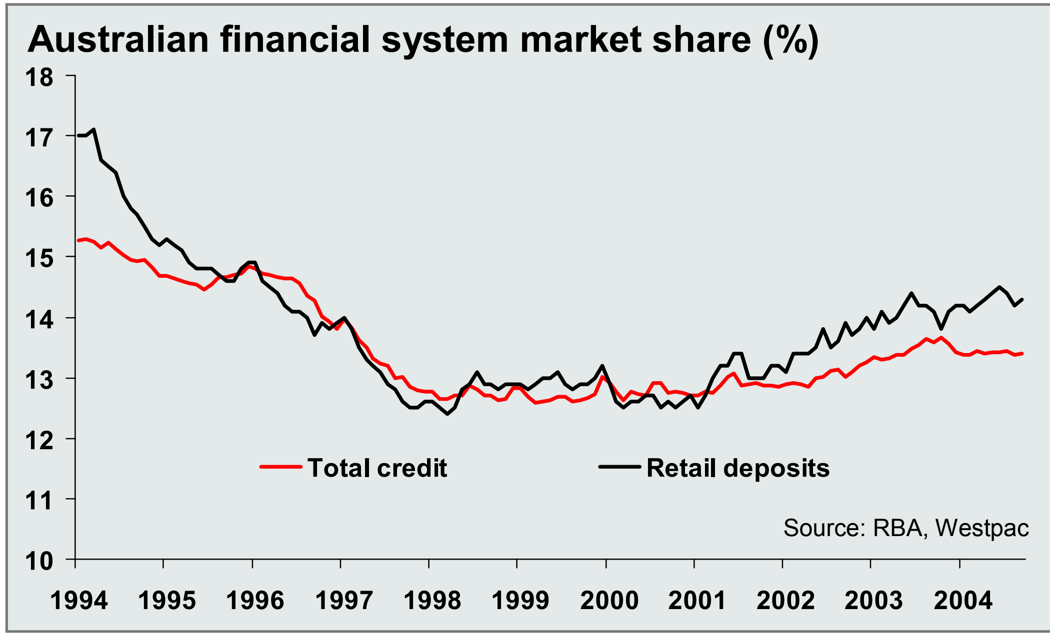
Composition of cash earnings and operating income



Westpac Australia's First Bank

Aggregate market share

- Westpac has consistently increased its market share in key segments over the last three years (to 30 Sep):
  - Business lending up 220bps
  - Retail deposits up 130bps
- Cautious approach to housing and personal unsecured lending over the last three years (to 30 Sep):
  - Household down 110bps



Australian market share – RBA financial system aggregates	Sep 04 %	Sep 03 %	Change (bps) – full year
Credit			
Household (housing & other personal)	13.9%	14.6%	-80bps
Other (mainly business)	12.5%	11.9%	+60bps
Total credit	**13.4%**	**13.6%**	**-20bps**
Retail deposits	14.3%	14.1%	+20bps

Note: Westpac's 'household' and 'other' market share statistics have been adjusted following the RBA's revision of its methodology for calculating credit data to better reflect the impact of securitisation, announced 31 May 2004.

Westpac
Australia's First Bank

BCB – profitable growth momentum

- The powerhouse of Westpac's earnings with 16% growth in cash earnings from a business contributing 53% of Group earnings
- Substantially enhanced customer satisfaction due to:
  - Business banker roles
  - Extended opening hours
  - Additional Ask Once co-ordinators
- Solid margin performance in face of strong competition
- Non-interest income suppressed by change in interchange fees in 1H04
- Expenses incorporate continued investment in front-end capability

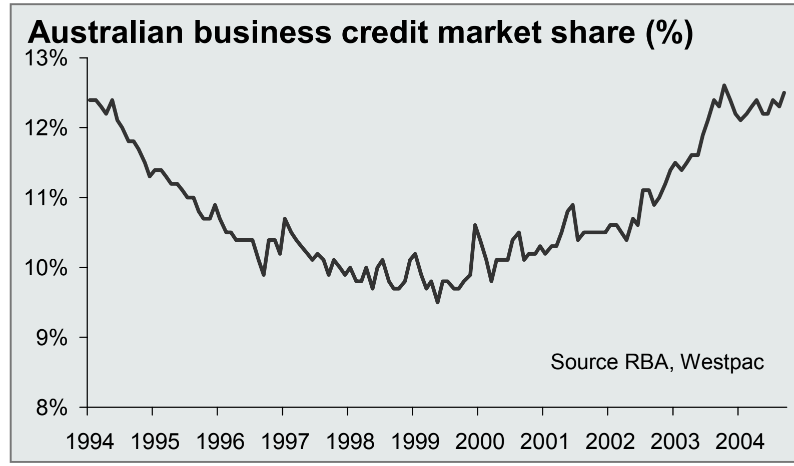
$m	2004	2003	% Change
Operating income	4,730	4,341	9
Operating exp	(2,471)	(2,361)	(5)
Core earnings	2,259	1,980	14
Bad debts	(340)	(321)	(6)
Operating profit	1,919	1,659	16
Tax & OEI	(569)	(494)	(15)
Cash earnings	**1,350**	**1,165**	**16**
Expense to income	**52.2%**	**54.4%**	**220bps**

Westpac

Australia's First Bank

Consistent strategy since 1999 to capture business market

- Business lending (SME and Middle Market) up 15% against market growth of around 8%
- Strategy focused on better meeting the needs of small and medium businesses



What small and medium businesses are asking …

Know my business	Fast decision making	Better relationships
Implementation of industry specialist teams Roll-out of business CRM underway	Decision making process streamlined in 1999 Further process improvement being rolled-out under re-engineering project (Pinnacle)	Business Online revamped and updated Selective return of business bankers back to the branches

Westpac Australia's First Bank

Industry specialisation – a key differentiator

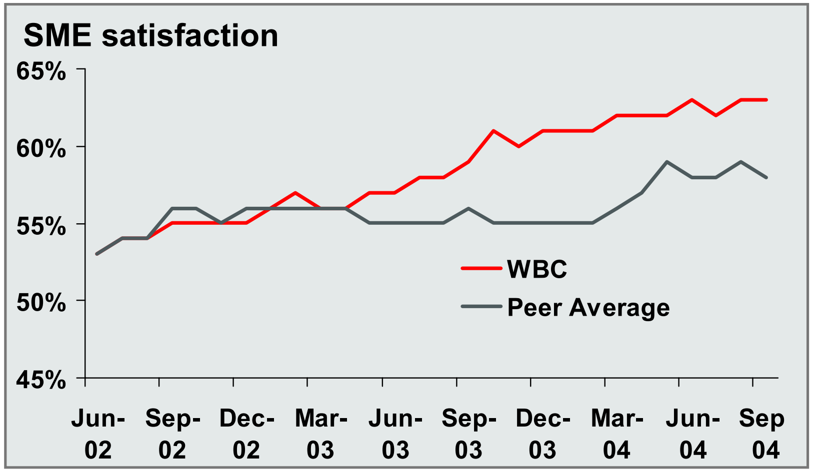
- Industry specialisation work started in 2000
- Ten industry sectors targeted including:
- Packages represent unique solutions for each sector
- Supported by a nationwide network of industry specialist managers and relationship managers

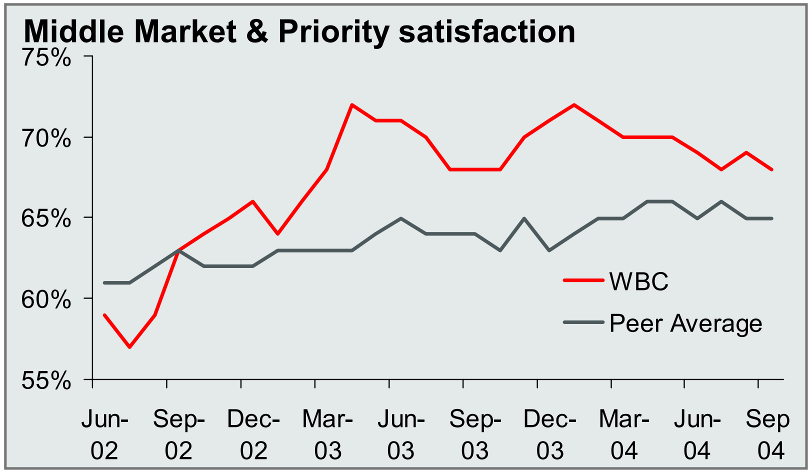
Industry	Improvement since package introduced*		
	Number of Connections	Average footings per connection	Average product penetration per connection
Industry A (2002)	⬆ 24%	⬆ 18%	⬆ 4%
Industry B (2002)	⬆ 29%	⬆ 14%	⬆ 4%
Industry C (2001)	⬆ 33%	⬆ 7%	⬆ 9%
Industry D (2003)	⬆ 2%	⬆ 7%	⬆ 5%
Industry E (2003)	⬆ 5%	⬆ 40%	⬆ 5%
Industry F (2002)	⬆ 8%	⬆ 17%	⬆ 2%
Industry G (2001)	⬆ 4%	⬆ 17%	⬆ 1%

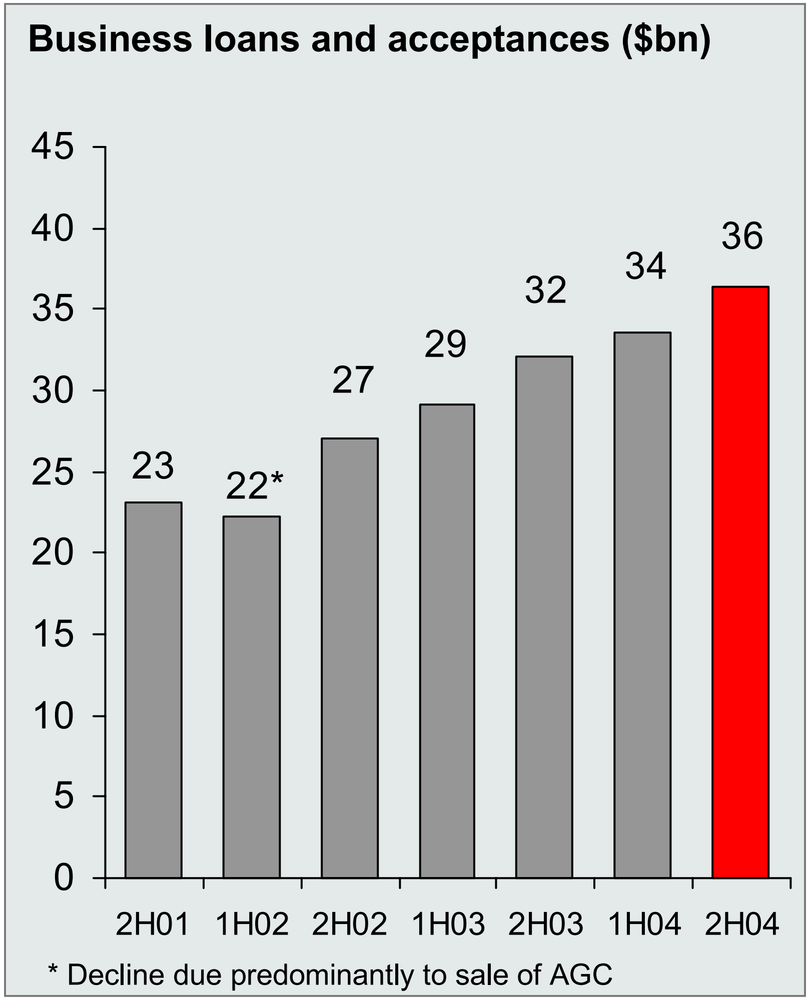
* Improvement on existing customer base before solution launch, after runoff

Westpac Australia's First Bank

Business strategy is delivering





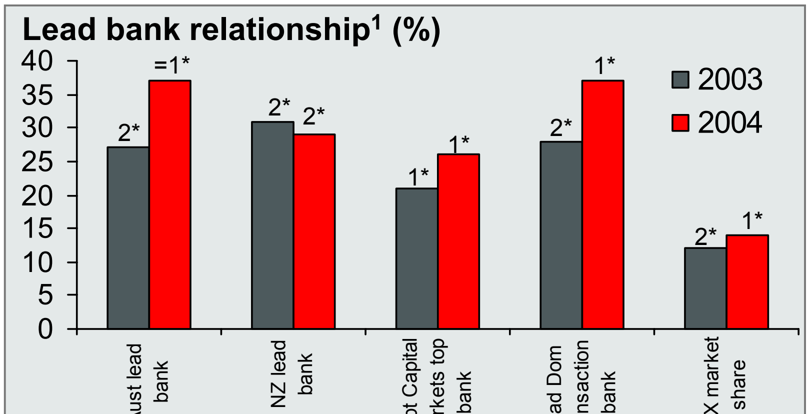


Business - TNS Business Finance Monitor is since June 2002.

Westpac Australia's First Bank

Institutional Bank – reclaiming lead bank status

- Solid revenue growth of 10% although Financial markets softer
- New income streams established (SCG)
- 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 in New York FITB - $12m



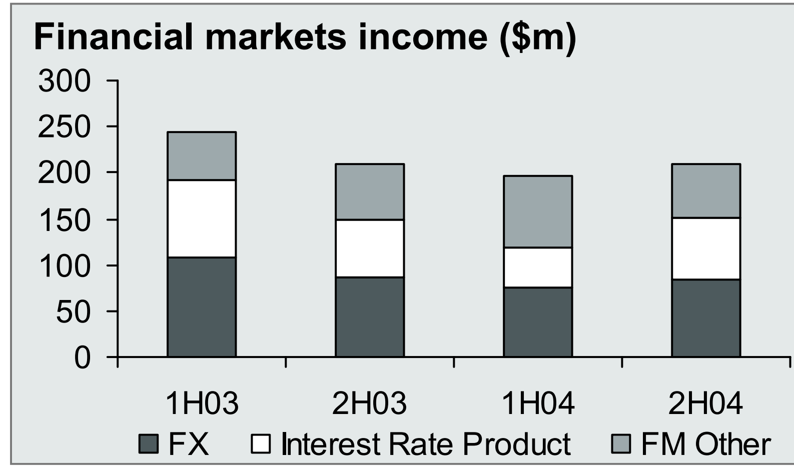
1 Peter Lee & Associates – 2004
* Rank within each category

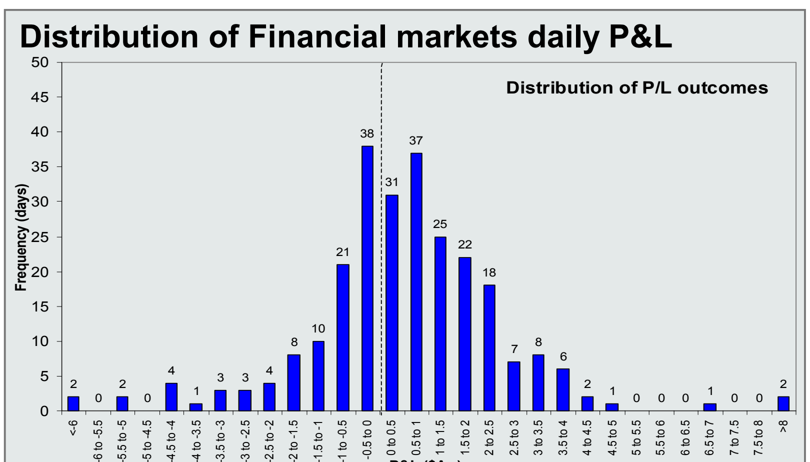
$m	2004	2003	% Change
Operating income	1,236	1,121	10
Operating exp	(553)	(472)	(17)
Core earnings	683	649	5
Bad debts	5	(107)	105
Operating profit	688	542	27
Tax & OEI	(207)	(158)	(31)
Cash earnings	**481**	**384**	**25**
Expense to income	**44.7%**	**42.1%**	**(260bps)**

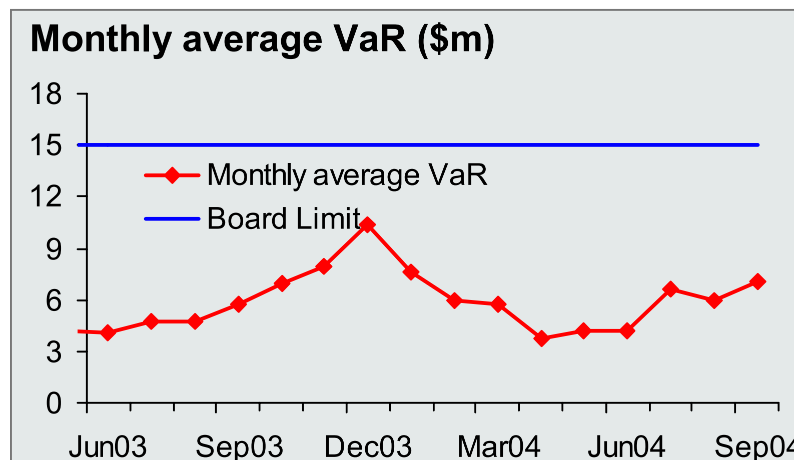
Westpac
Australia's First Bank

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



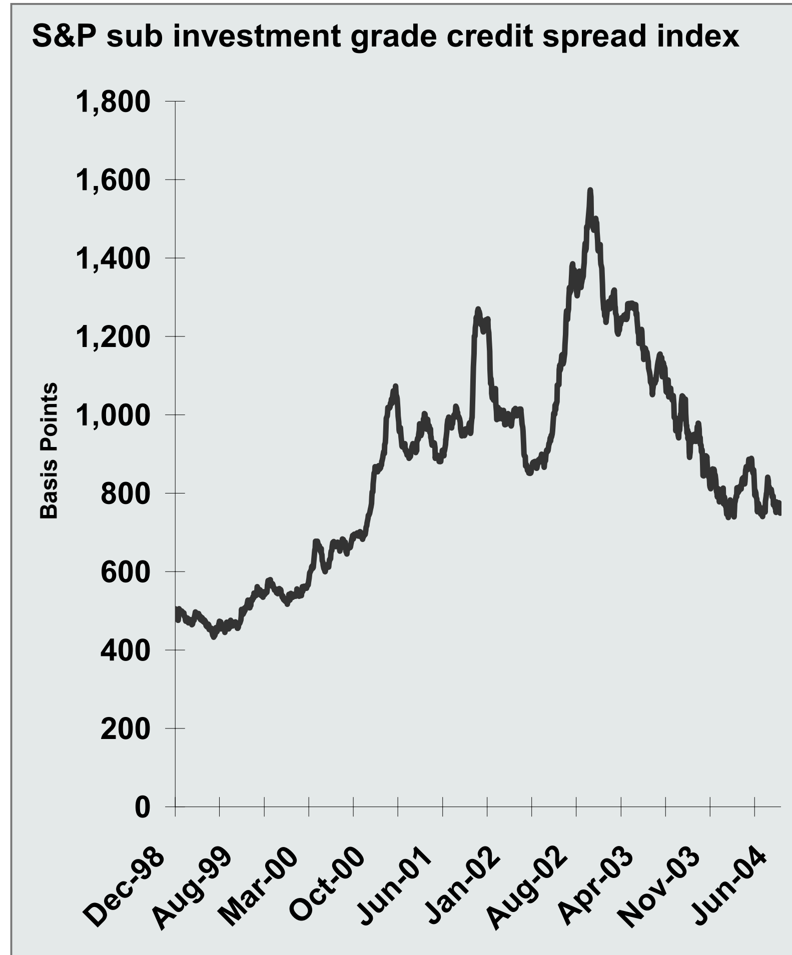




Westpac
Australia's First Bank

Investment securities

- Upward revaluation in portfolio of investment securities $17m – based on current quoted prices
- Continue to actively manage exposure however markets remain relatively illiquid
- Modelling suggests value to be had from retaining some investments until maturity
- Portfolio being managed down progressively
  - 30 Sept 03 US$110m
  - 30 Sept 04 US$86m



Source: www.standardandpoors.com

Westpac
Australia's First Bank

WIB - Structure and distribution of alternative assets

	$m	Listed	Unlisted	Retail	Whole-sale	IPO	Trust Structure	Single Asset	Multi Asset
Westpac Office Trust	365	✓		✓	✓		✓	✓	
Electranet (Hastings Infrastructure Fund)	30		✓	✓	✓		✓		✓
Halcyon Notes	66	✓		✓					✓
Hastings Income Trust	40		✓	✓			✓		✓
FAL Property Trust	82		✓	✓			✓		
Hastings Diversified Utilities Fund (Epic)	379	✓		✓	✓	✓			✓
Australian Energy Income Fund	300	✓		✓	✓		✓	✓	

Westpac
Australia's First Bank

Epic

- On 2 June 2004, Hastings Funds Management (51% owned by Westpac) acquired a 100 per cent holding in three strategically placed natural gas transmission pipeline assets (“Epic”) via a trust structure including:
  - The Moomba to Adelaide Pipeline System in South Australia;
  - the South West Queensland Pipeline in Queensland; and
  - the Pilbara Pipeline System in Western Australia
- Assets to be sold to investors via the Hastings Diversified Utilities Fund – IPO announced on 29 October 2004

	Impact FY04
Risk Weighted Assets	+$360m
Deduction to Total Regulatory Capital and ACE	-$297m
Expenses	+$22m
Cash Earnings	Minor

- Assets consolidated as 100% of seed equity provided by Westpac
- Assets remained on balance sheet as at 30 September 2004

Westpac Australia's First Bank

Quadrant – Westpac's private equity business

- Westpac operates a number of small private equity funds principally investing in a small number of unlisted companies – the Quadrant funds
- The funds have a 10 year life and source money from high net worth individuals along with seed capital from Westpac
- In 2004, one of those funds achieved a very high return from investments in Pumpkin Patch, Village Life, Law & Economics Consulting Group (LECG) and Tasman building products. This performance had the following financial consequences:
  - an increase in reported revenues by around $43m, a combination of a direct return on funds investment and performance fees from the management of the funds; and
  - an increase in reported expenses of around $13m related to performance fees payable to managers
- These results have been reported in the Institutional Bank

Westpac
Australia's First Bank

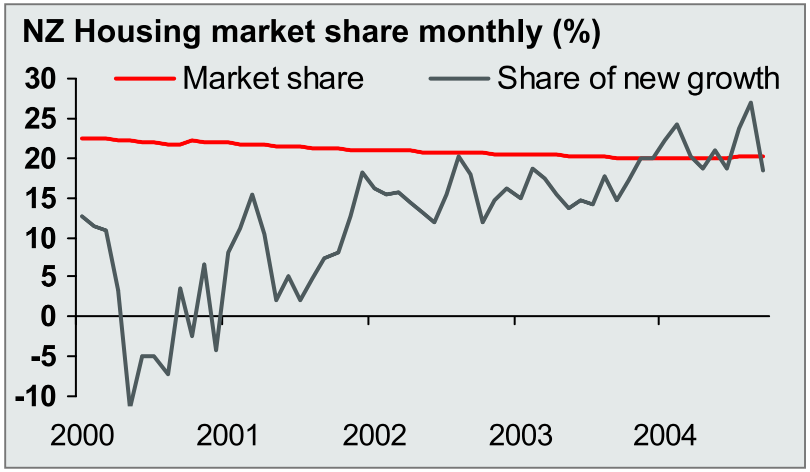
New Zealand – repositioning delivers growth

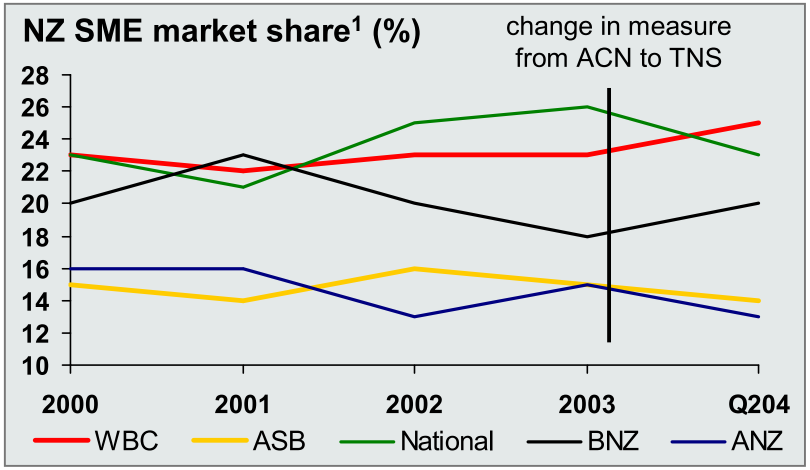
- Benefits from repositioning the business
  - Improved lending growth, particularly housing
  - Increased brand awareness
- Momentum in all key segments
- Effectively managing margins in a competitive market
- Higher expenses to support an increase in customer facing staff
- Dynamic provision factor changes, $9m benefit

NZD$m	FY04	FY03	% Change
Operating income	1,355	1,260	8
Operating exp	(653)	(620)	(5)
Core earnings	702	640	10
Bad debts	(41)	(54)	24
Operating profit	661	586	13
Tax & OEI	(210)	(177)	(19)
Cash earnings	**451**	**409**	**10**
Expense to income	**48.2%**	**49.2%**	**100bps**

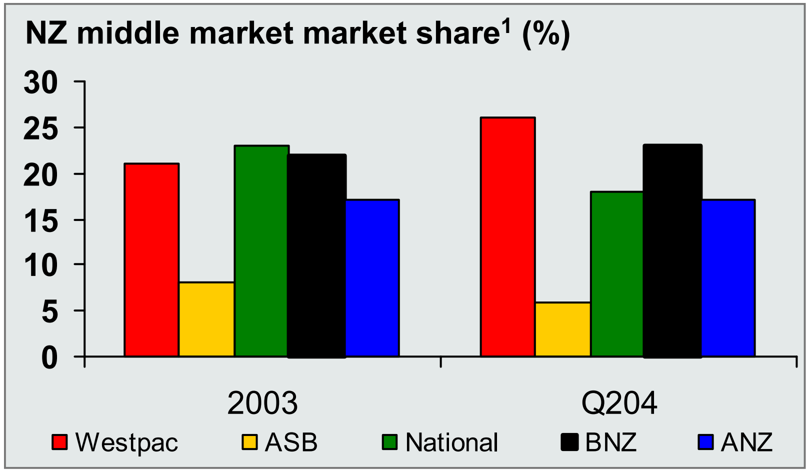
New Zealand – improving market share

- Total lending in New Zealand has increased 15% compared to total Private Sector Credit Growth of 12% for the same period.
- Growth in lending has occurred across the board.





1. TNS Business Finance Monitor Results



1. TNS Business Finance Monitor Results

Westpac Australia's First Bank

BT Financial Group – sustained improvement

- Integration virtually complete on time and ahead on synergies
- Sustained fund performance improvement and ratings upgrades
- Well linked into Westpac customer base
  - 28% rise in corporate super FUA
  - Wrap FUA up 44%, including $800m rise in Wrap from internal planners
- Good claims experience assisting life insurance performance

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

1. Grossed up for 1 month of BTFM

$m	FY04	FY03	% Change
Operating income	628	571	10
Operating exp	(378)	(354)	(7)
Core earnings	250	217	15
Bad debts	-	-	
Operating profit	250	217	15
Tax & OEI	(54)	(48)	(13)
Cash earnings	**196**	**169**	**16**
Expense to income	**60.2%**	**62.0%**	**180bps**

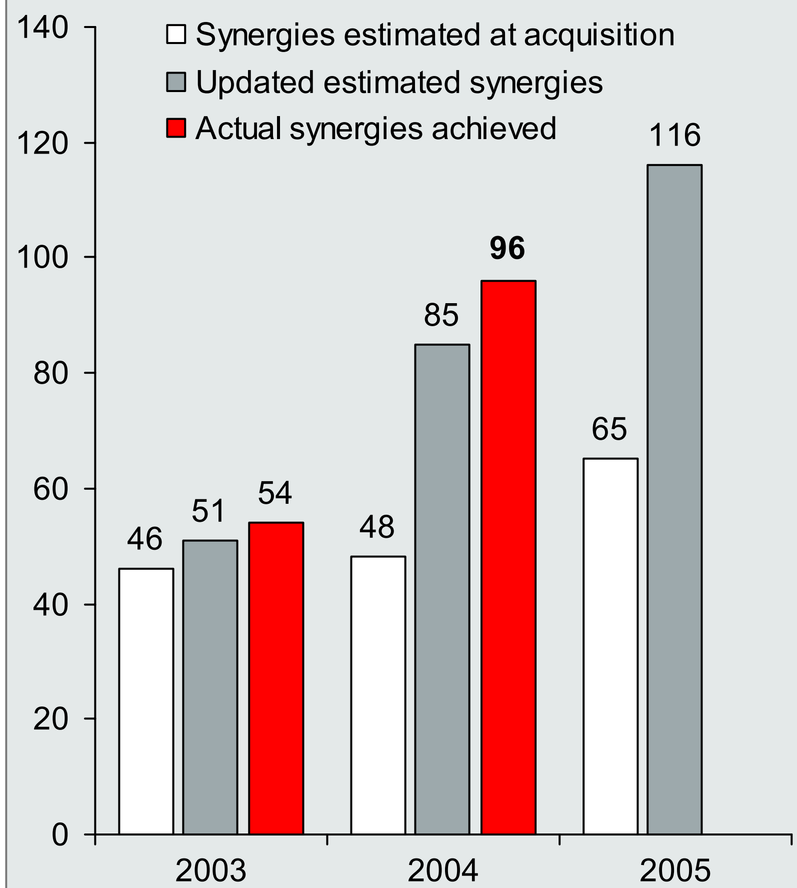
Westpac Australia's First Bank

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

Acquisition provisions		
$m	Sep 03	Sep 04
Restructuring provision	25	8
Fair value provision	34	3

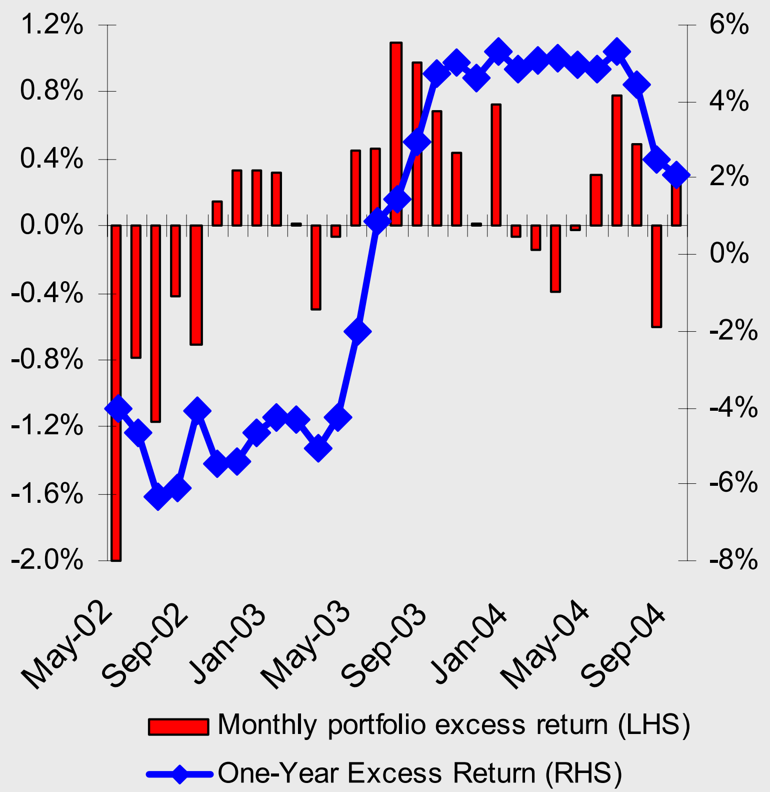
Synergies (expense and revenue) ($m)



Westpac
Australia's First Bank

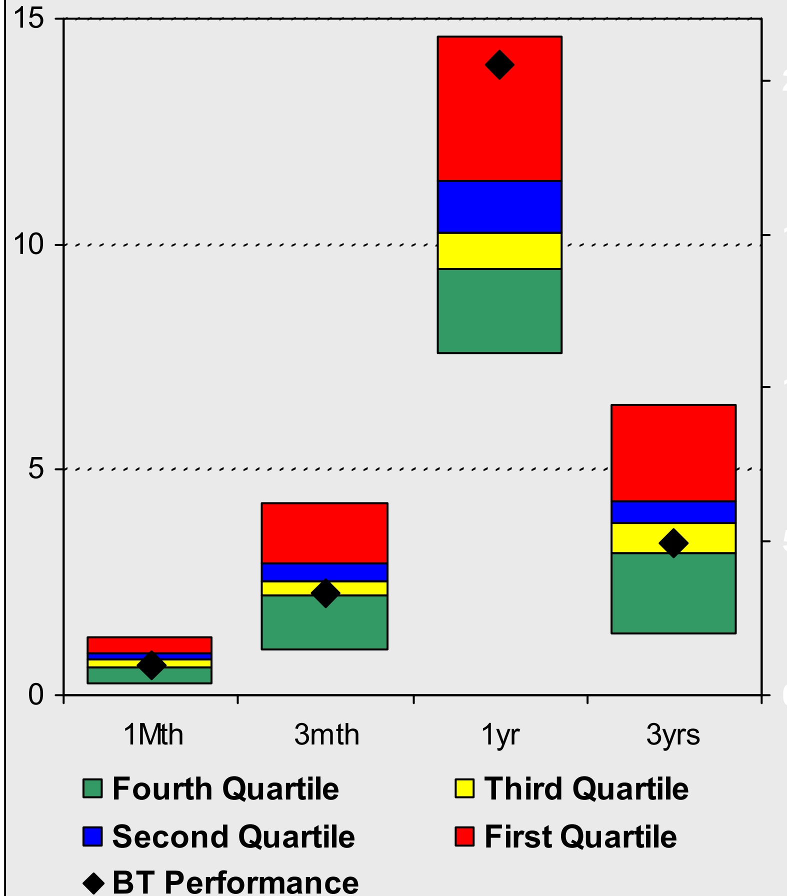
Performance turnaround: Australian equities

BT Core Fund[1] vs S&P/ASX300 Accumulation Index



1. BT Institutional Core Australian Share Sector Trust. Benchmark: ASX300, Pre Fee / Pre Tax

BT Balanced fund performance against market



Source: Intech Interim Survey – periods to 31 August 2004

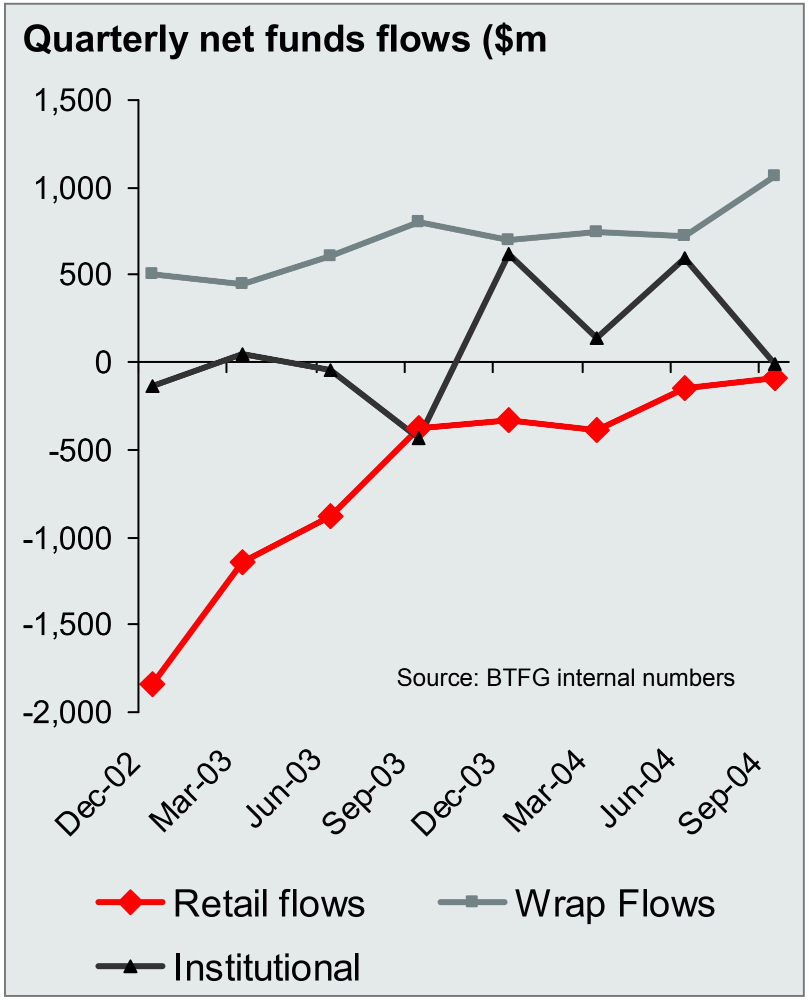
Westpac Australia's First Bank

Improved researcher ratings/net fund flows

Large Cap Australian Equities – Flagship Retail Fund Ratings*

Researcher	Rating	
	Last year	This year
Van Eyk	B	A
ASSIRT	1 star	3 star
Lonsec	Sell and then Hold	Recommend
Morningstar	1 Star	2 Star
Investorweb	Sell	Buy

*Retail flagship fund is the BT Australian Share fund



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 - ASSIRT Preliminary market share report August 2004, data as at 30 June 2004
Corporate super - Dexx&r Employer Super League Table June 2004
Life and risk - Dexx&r Life analysis, Quarterly Statistics ending 31 March 2004
Margin lending - BT loan book verses RBA industry total – June 2004
Broking - ASX market analysis August 2004
Institutional - Investor Supermarket March 2004

Westpac Australia's First Bank

Australian funds under management

Asset class $bn	Sept 03	Sept 04		
		Total	Retail	Retail %
Cash	7.6	6.9	4.2	61%
Australian Fixed Interest	5.2	5.6	3.1	55%
International Fixed Interest	2.8	4.6	1.5	33%
Property	3.1	3.2	2.6	81%
Australian Equities	10.0	11.0	9.2	84%
International Equities	8.1	8.0	6.5	81%
Other*	3.7	4.2	0.5	12%
TOTAL	40.5	43.5	27.6	63%

**Includes FX, currency & asset allocation*

Insurance business

- Insurance operations have continued to perform well
- Solid growth in risk in-force premiums, up 3%. Performance supported by positive claims experience
- General insurance focused on consumer insurances particularly home and contents insurance. Earnings supported:
  - Strong housing growth
  - Good underwriting conditions
- Lenders mortgage insurance is an attractive business given synergies with home lending and low losses on mortgage loans. Continued growth given:
  - Continued solid housing activity
  - Continued low levels of delinquencies

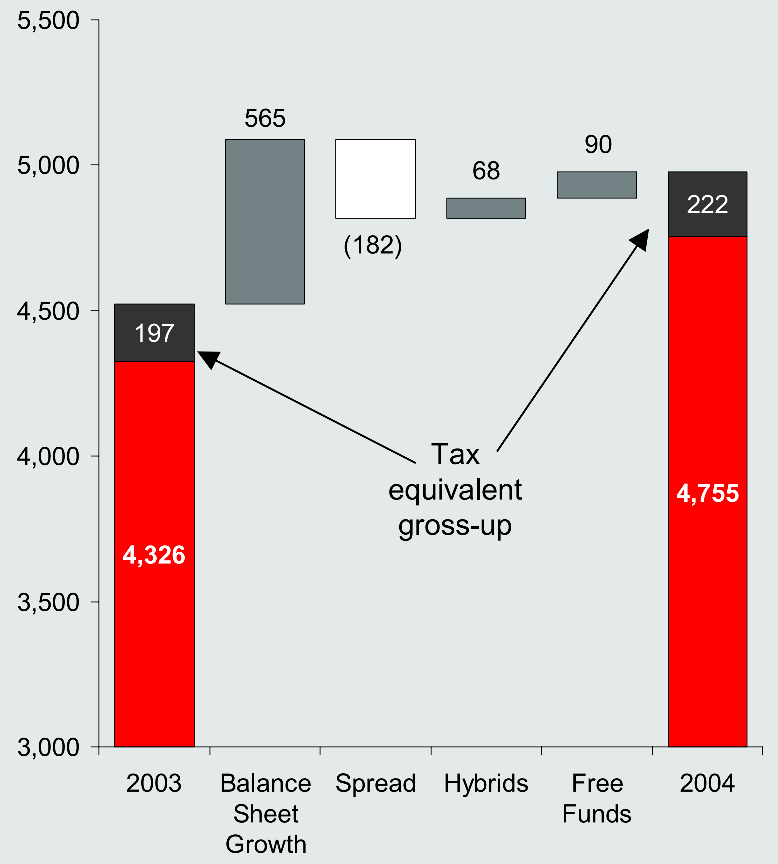
Cash earnings	FY04 $m	FY03 $m	% growth FY03 – FY04
Life insurance			
Australia	47	43	9
NZ	18	20	(10)
General Insurance (Australia)	33	32	3
Lenders mortgage insurance (Australia)	17	14	21
Total	115	109	6

Westpac Australia's First Bank

Net interest income analysis

- Net interest income up 10%
- Behind these movements has been
  - Balance sheet growth up $565m
  - Rising interest rates supporting deposit margins and earnings on free funds
  - Additional hybrid capital contributing to reported spreads
  - Business mix changes led to a decline in overall margins

Movement in net interest income ($m)



Westpac Australia's First Bank

Loan growth robust

$bn	2H04	1H04	2H03	% Change[1] 2H03-2H04	1H04 - 2H04
Business Unit					
Consumer (Australia)	99	92	89	11	7
Housing	92	88	82	12	5
Personal (loans & cards)	7	7	7	5	0
Business (incl. equip. finance)	36	33	32	15	9
Westpac Institutional Bank	26	23	22	15	13
New Zealand ($NZ)	*28*	*27*	*25*	*15*	*6*
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

Westpac Australia's First Bank

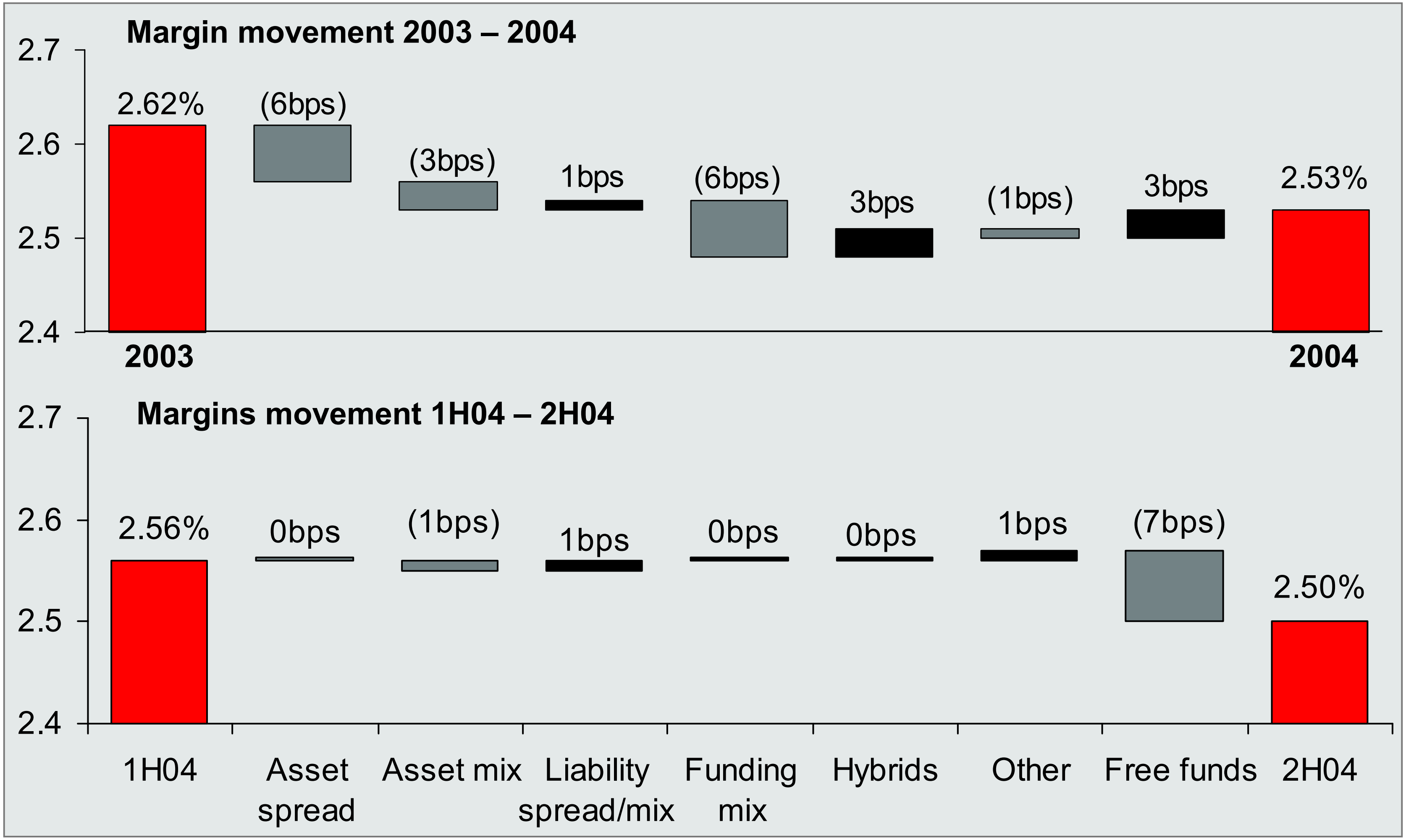
Deposit growth

$bn	2H04	1H04	2H03	% Change[1] 2H04 – 2H03	% Change[1] 2H04 – 1H04
Business Unit					
Consumer (Australia)	50	49	47	8	3
Business (Australia)	24	24	23	7	2
Westpac Institutional Bank	14	12	11	28	13
New Zealand ($NZ)	*19*	*18*	*17*	*8*	*3*
Other [2]	41	35	34	21	16
Group					
Total deposits	147	136	129	14	8
Ave interest bearing liabilities	179	172	157	14	8

1. % changes have been calculated before rounding of numbers
2. Other include Treasury and Pacific Banking

Westpac
Australia's First Bank

Analysis of group margin movements



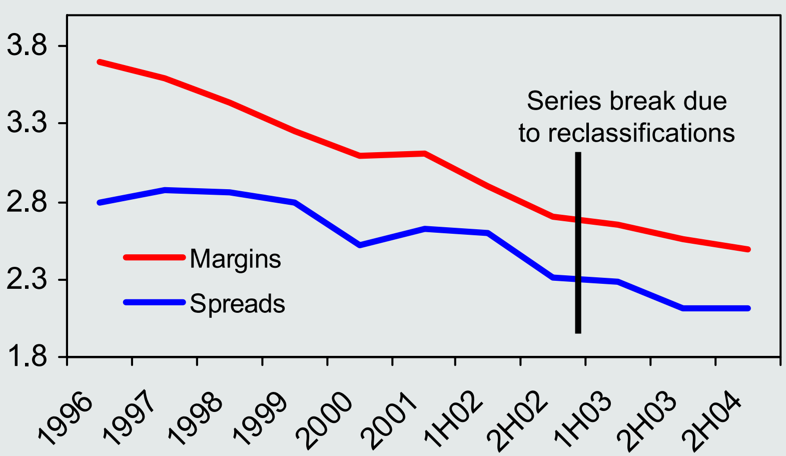
Westpac
Australia's First Bank

Margin and spread trends

- Margins down 9 basis points over the year in line with long term expectations
- Spread down 12 basis points over year but flat over second half. 1H decline due to normal trend and some cyclical factors including the change in the monetary policy cycle
- Most of the easing in margins can be traced back to lower Australian spreads in the first half

- Impacting Australian spreads in 1H04:
  - Transitory change in the cash/bills spread
  - Funding portfolio composition as strong lending not matched by deposit growth
  - Mortgage spreads lower from product mix changes
  - Cards spreads lower due to launch of a low rate card(Virgin) and reduced revolver rates

Long term Group margins and spreads



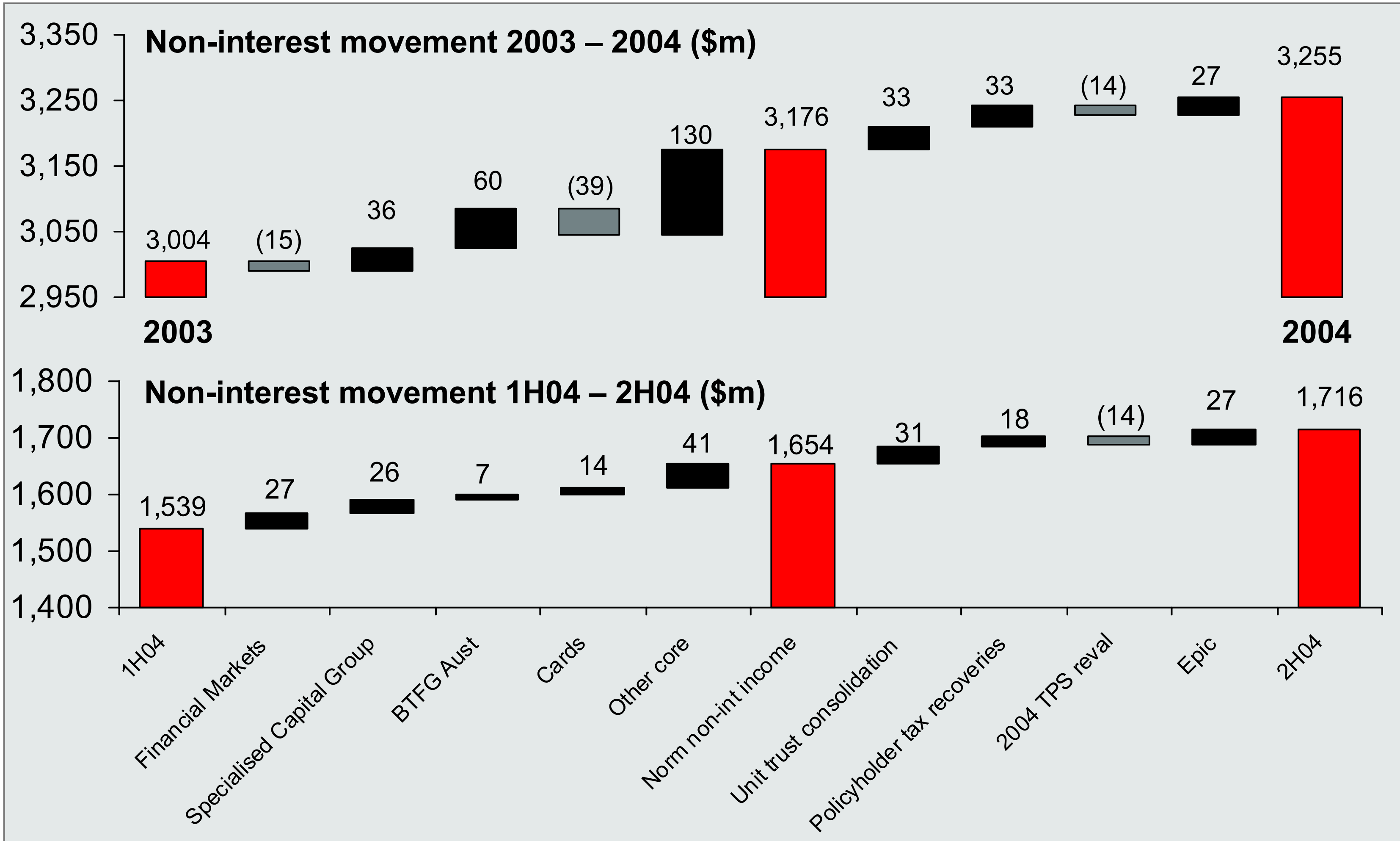
Indicative

Australian product spreads

Product	1H03	2H03	1H04	2H04
Mortgages	1.22	1.22	1.18	1.18
Cards	7.50	7.76	6.77	6.94
Business	1.76	1.81	1.78	1.79
Equipment Finance	2.26	2.33	2.16	2.02
Consumer Deposits	1.52	1.56	1.66	1.62
Business Deposits	2.51	2.60	2.76	2.81

Westpac Australia's First Bank

Non-interest income analysis



Westpac
Australia's First Bank

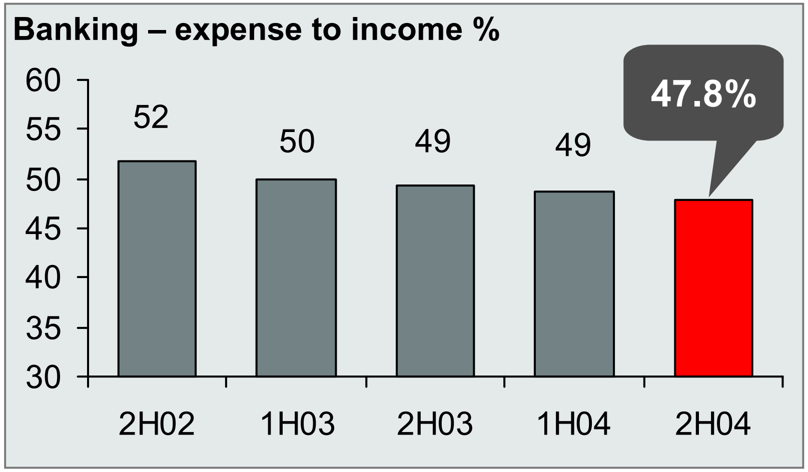
Credit cards – fee impact of recent changes

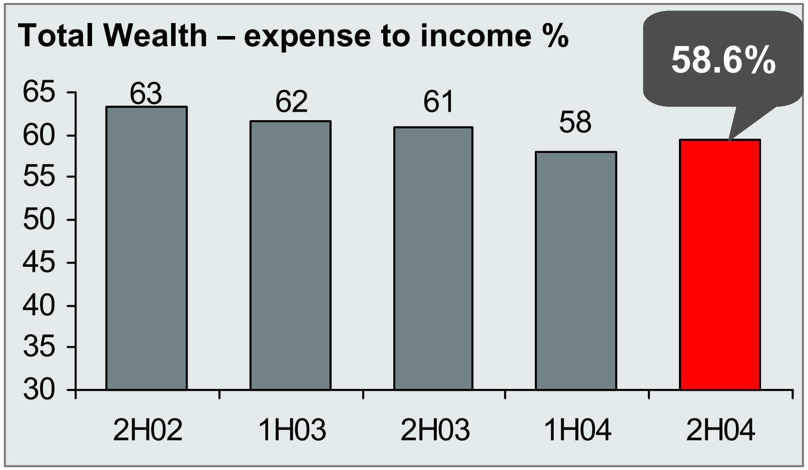
- Net impact of interchange reforms and our strategic response will be broadly earnings neutral by 2005 and beyond.
- Repricing implemented in 1H03
- Interchange reforms Oct 03
- Reward point changes to impact in 2H04
  - Airline point changes
  - Reward point adjustments

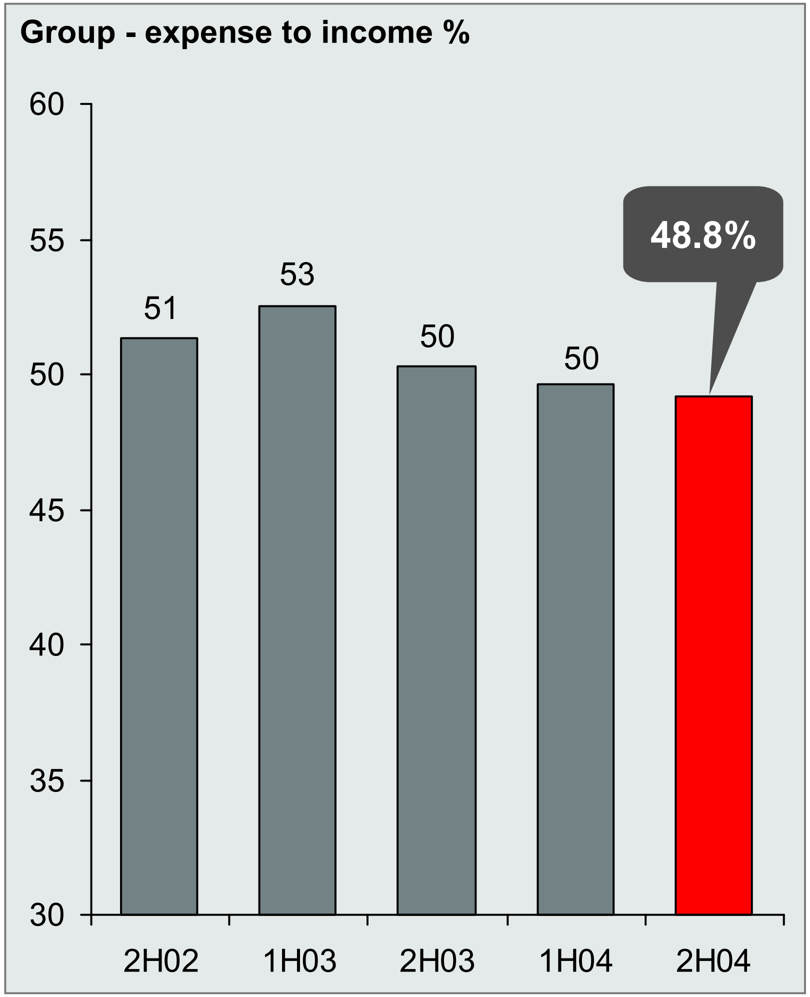
$m	1H03	2H03	1H04	2H04
Interchange income	103	106	73	75
Rewards costs	(74)	(80)	(80)	(71)
Fee repricing	-	30	30	30
Other fee income	29	27	21	24
Cards non-interest income	**58**	**83**	**44**	**58**

Westpac
Australia's First Bank

Expense to income – comfortably under 50%







Westpac
Australia's First Bank

Expenses – continued tight managment

$m	2004	2003	% Change
Operating expenses	3,940	3,763	4.7%
Epic	*(22)*		
Unit Trusts	*(3)*		
Private equity performance fees	*(13)*		
Gross up – 1 mth BTFM	-	*15*	
$NZ impact	6		
Adjust operating exp.	3,908	3,778	3.4%

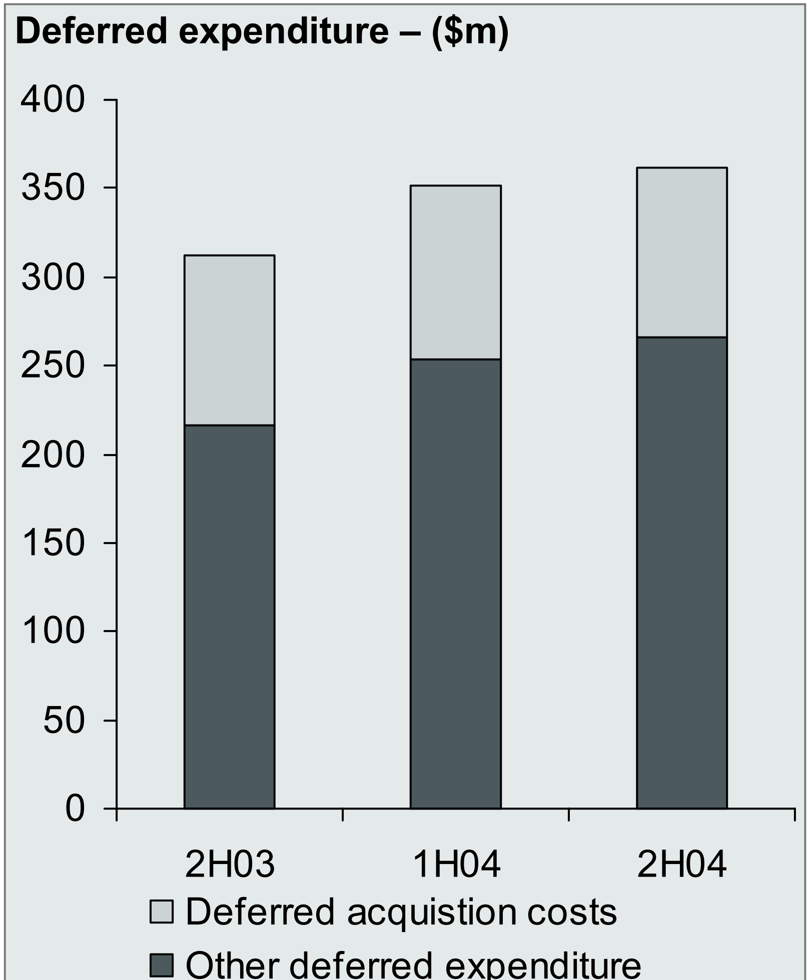
Cost Efficiency Pipeline $m	2005(f)	2006(f)
Outsourcing	9	9
Wealth integration	20	20
Lending processes	14	44
Productivity Improvement Programme	38	156
Other efficiency initiatives	41	42
Cumulative total	**122**	**271**

Major compliance spending - $m	Spend to 2004	2005 Expected	Expected spend after FY05
Basel II	7.0	10.0	3.0
IFRS	6.4	11.0	4.0
FSR	1.0	-	
Sarbanes Oxley	0.9	4.5	
Anti-Money Laundering	2.1	5.0	20.0 - 25.0
Other (incl revised code of banking practice)	4.3	1.9	

- 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

Westpac Australia's First Bank

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

Westpac
Australia's First Bank

Movements in capitalised software

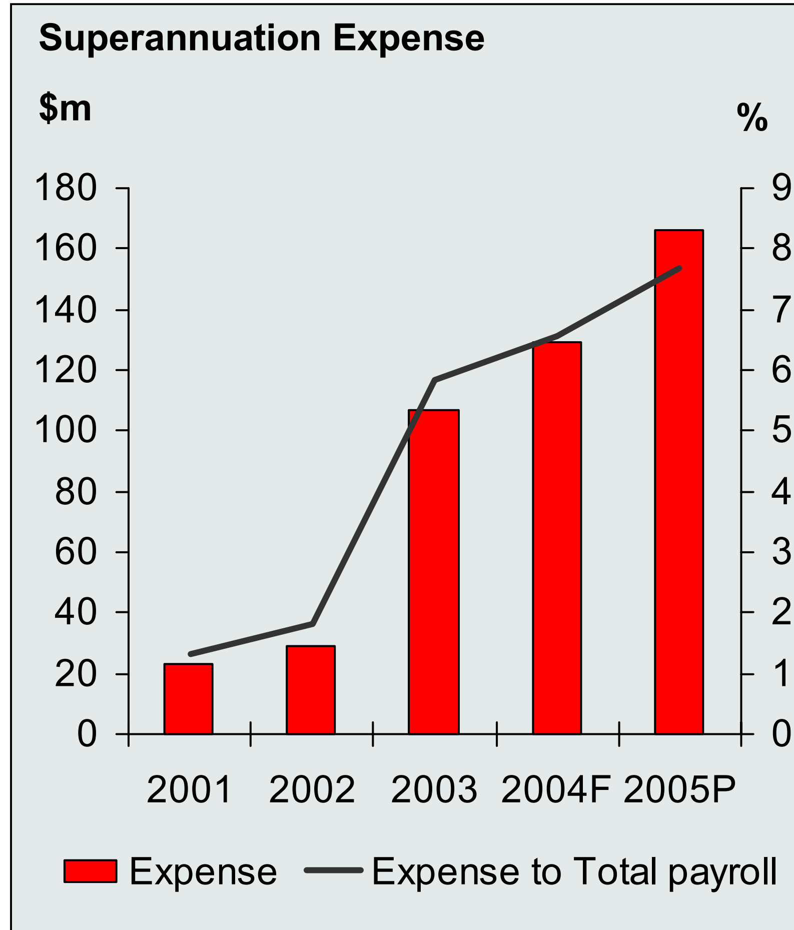
- Major investments in Reach, Pinnacle and the One Bank Platform are the major contributors to the increase
- Growth in capitalised software expected to ease in 2005

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

Capitalised software - major projects $m	Amort-isation 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**

Superannuation expense

- Westpac adopted IAS 19 in 2002, with a one-off after tax adjustment of $160m
- We have absorbed the lift to more ‘normal’ superannuation expense within our normal expense growth
- Total expense has the potential to go above 9% as the full economic cost of defined benefit obligations are recognised
- Defined Benefit scheme closed to new members in 1999
- Carrying value at 30 Sep 04, $284m
- Actuarial surplus at 30 Jun 04, $142m

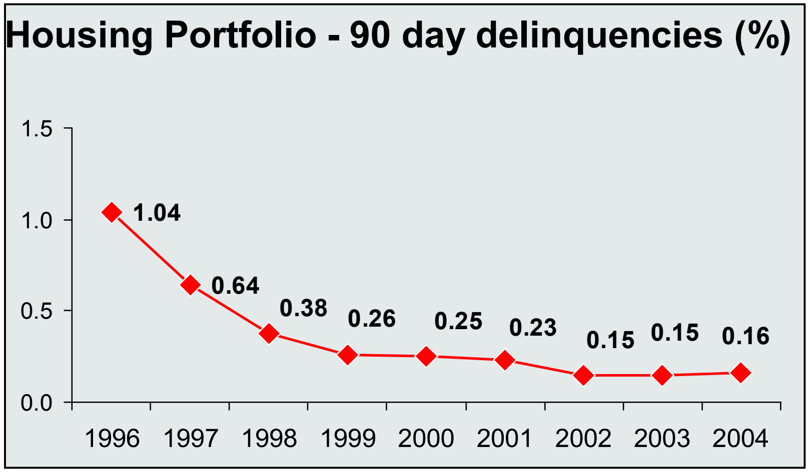


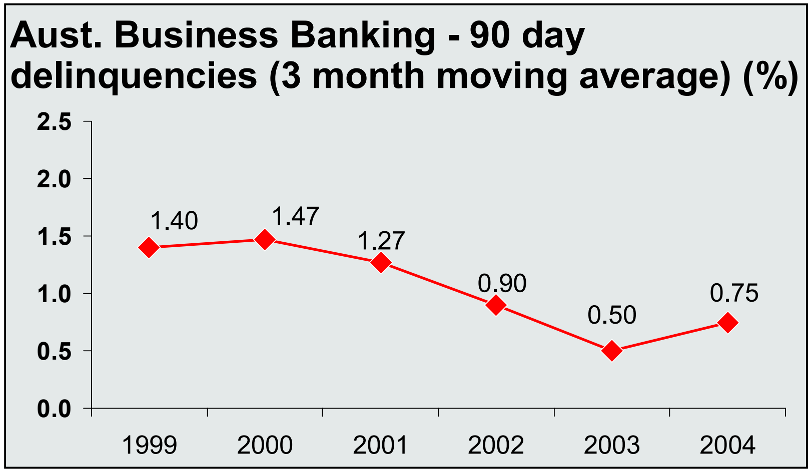
Risk management framework

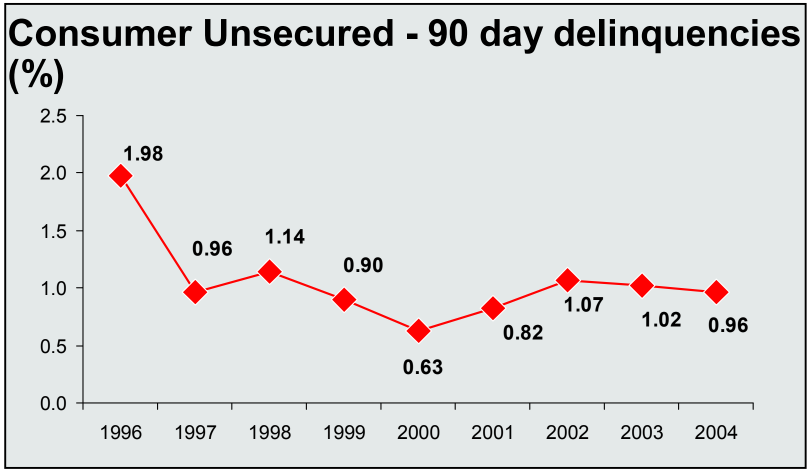
<table>
<tr><td>Board</td><td colspan="3">Considers and approves the risk / reward strategy of the Group
Approves key risk parameters and monitor the effectiveness of risk management by Westpac
Review and approve Westpac's Group risk management policies relating to credit risk, market risk, operational risk and compliance
Ensure appropriate internal control mechanisms are in place and are being implemented
Maintain a direct and ongoing dialogue with Westpac's auditors and, where appropriate, principal regulators</td></tr>
<tr><td>Board Committees</td><td>Board Risk Management Committee
Assists Board fulfil oversight responsibilities for matters relating to the management of credit, market and operational risks and compliance with legal and regulatory requirements. Approves credit and other transactions beyond executive management authority.</td><td>Board Audit Committee
Assists the Board in fulfilling its oversight responsibilities for integrity of financial reporting, internal and external audit .</td><td>Board Social Responsibility Committee
Assists the Board in fulfilling its oversight responsibilities for corporate responsibility and sustainability including matters relating to the monitoring and management of reputation risk.</td></tr>
<tr><td>Independent internal review</td><td colspan="3">Group Assurance
Independent reviews and evaluation of the adequacy and effectiveness of management's control of operational risk
Independent evaluation of credit portfolio quality and performance</td></tr>
<tr><td>Group Risk Reward Committee</td><td colspan="3">Membership CEO (Chair), Group Executives and Group General Managers
Sets and leads the risk optimisation agenda for the Group
Recommends to Board appropriate risk reward positioning and links this to decisions on overall capital levels and composition
Initiates and oversees strategies that alter the Group's risk reward profile and sets boundaries for risk appetite and earnings volatility
Oversees the performance, role and membership of the Group Credit Risk, Group Market Risk & Group Operational Risk and Compliance committees</td></tr>
<tr><td>Executive risk committees</td><td>Group Credit Risk Committee
Optimisation of credit risk / reward and oversight of portfolio performance, determination of limits and authority levels within Board approved parameters</td><td>Group Market Risk Committee
Optimisation of market risk / reward for traded and non traded market risk. Oversight of portfolio performance, determination of limits with Board approved parameters</td><td>Group Operational Risk & Compliance Committee
Risk decisions and governance of operational risk and compliance including framework and Group policies as well as oversight of the Group's operational & reputation risk profile</td></tr>
<tr><td>Corporate Core - Group Risk</td><td colspan="3">Enterprise wide view of risk and its impact on performance
Development of Group wide strategy, framework and policies for all major risk classes
Responsible for consistency, standardisation and control across the Group
Define and promote Group wide risk management culture</td></tr>
<tr><td>Business units</td><td colspan="3">Managing risks inherent in their business including the development of business specific policies, controls, procedures and reporting for relevant risk classes, including reputation risk, within Group Framework and in consultation with Group Risk</td></tr>
</table>

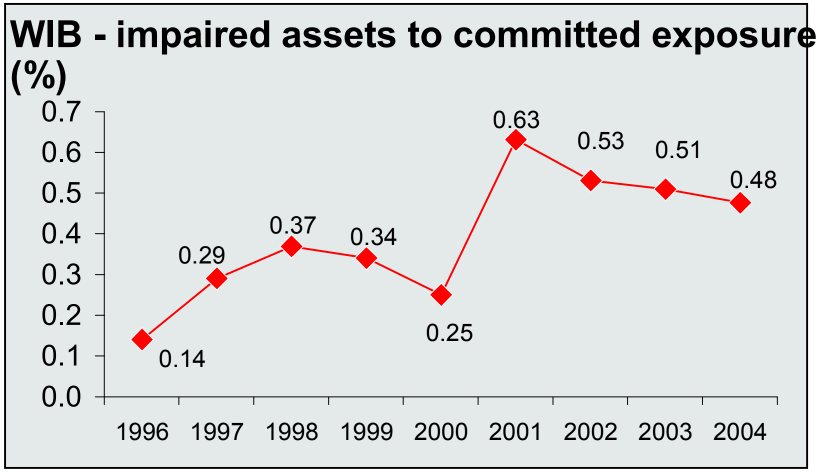
Westpac
Australia's First Bank

Forward credit indicators in good shape





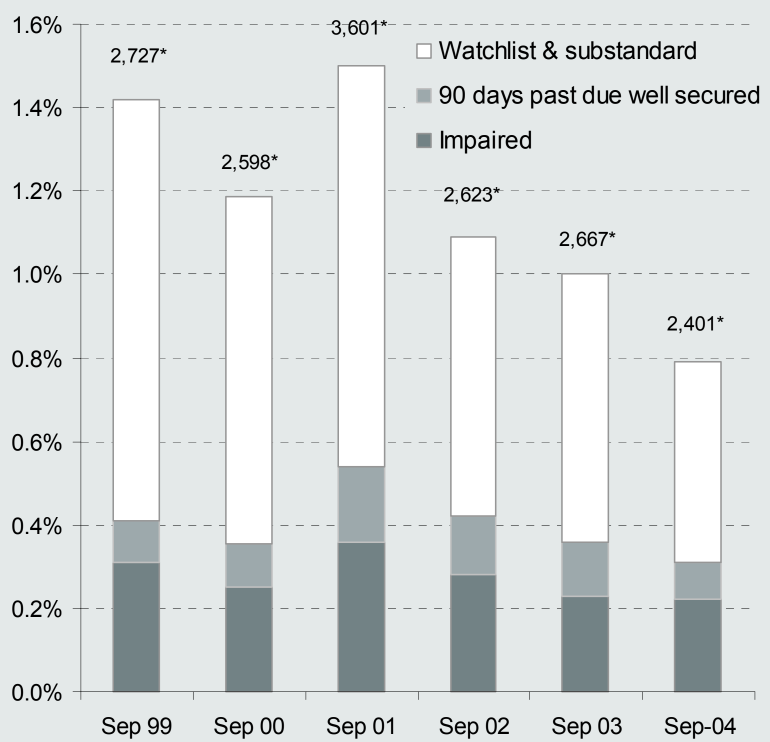




Westpac
Australia's First Bank

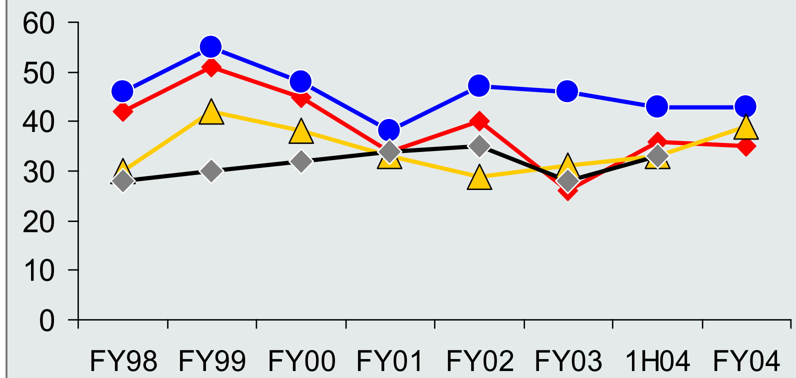
Stressed exposures continue to decline

Categories of stressed exposures as a % of total commitments (%)



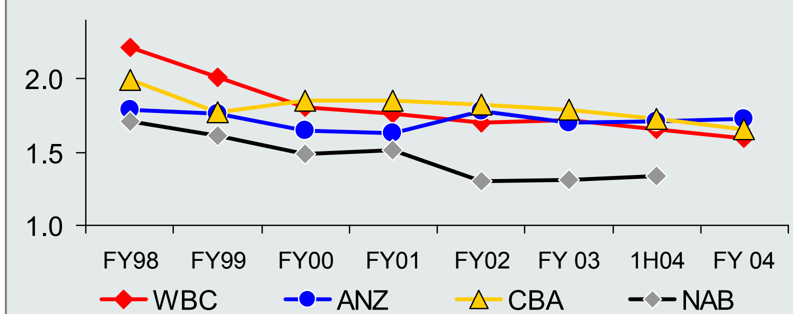
* Total $ amount of Watchlist, substandard, 90 Days past due but well secured and impaired loans

Specific provisions / impaired assets (%)



- FY 04 coverage ratio is 2.5x.

General provisions / non-housing performing loans & acceptances (%)



Westpac Australia's First Bank

Bad debt analysis

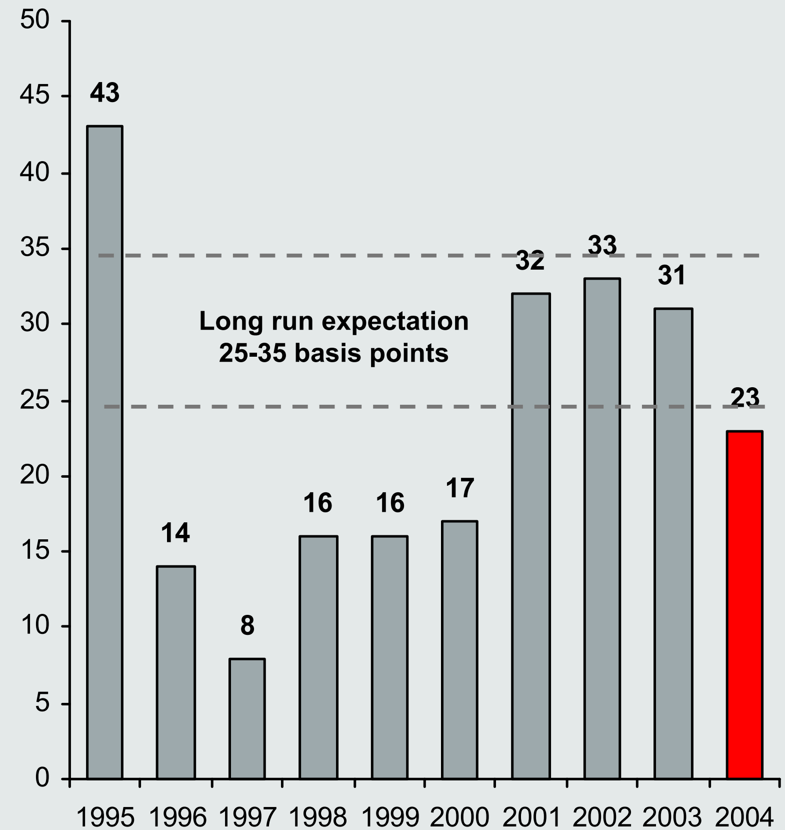
$m	2H04	1H04	2H03
Write-offs	(146)	(128)	(133)
Net transfer (to)/from specific provisions	(58)	(73)	(70)
Recoveries of debts previously W/O	38	35	27
Bad debt charge	**(166)**	**(166)**	**(176)**
Increase in general provision	(41)	(41)	(95)
Net bad debt expense	**(207)**	**(207)**	**(271)**
General provision	1,487	1,432	1,393
General provision to non-housing loans & acceptances	1.6%	1.7%	1.7%

Westpac Australia's First Bank

Bad debt analysis

2004 Bad debts by business unit			
BCB	New specific	82	
	Write-offs	236	
	W'backs/Recoveries	(68)	
	Dynamic provision	90	340
WIB	New specific	79	
	Write-offs	3	
	W'backs/Recoveries	(22)	
	Dynamic provision	(65)	(5)
NZ	New specific	11	
	Write-offs	34	
	W'backs/Recoveries	(24)	
	Dynamic provision	16	37
Other	New specific	2	
	Write-offs	1	
	W'backs/Recoveries	(2)	
	Dynamic provision	41	42
Total			**414**

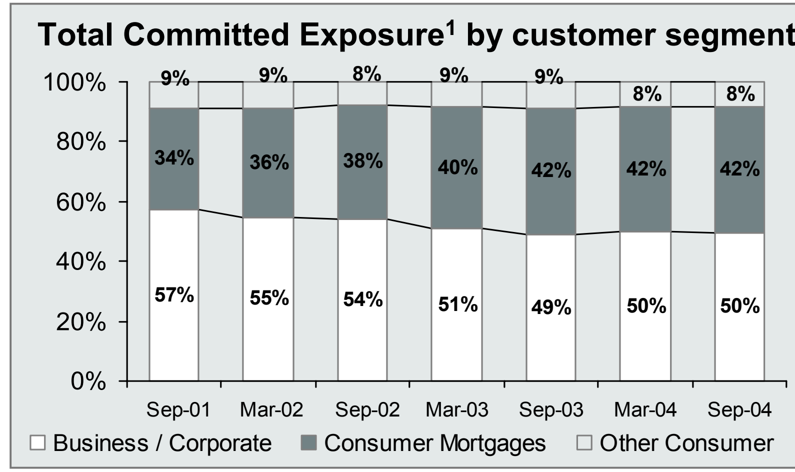
Total bad & doubtful debt charge to average loans and acceptances (basis points)

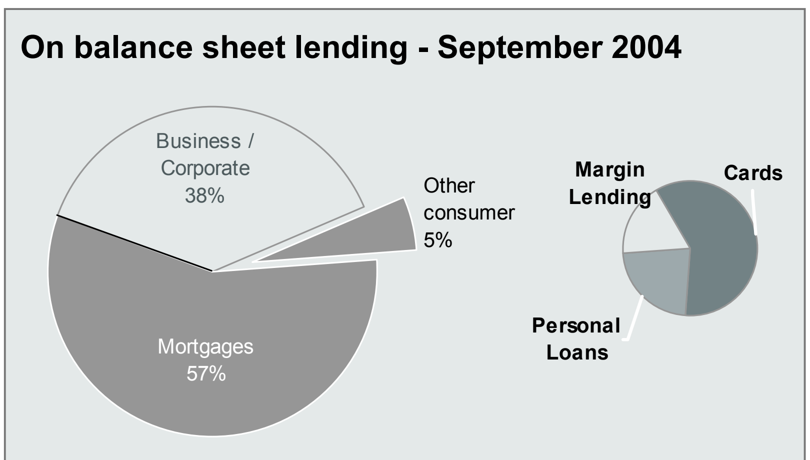


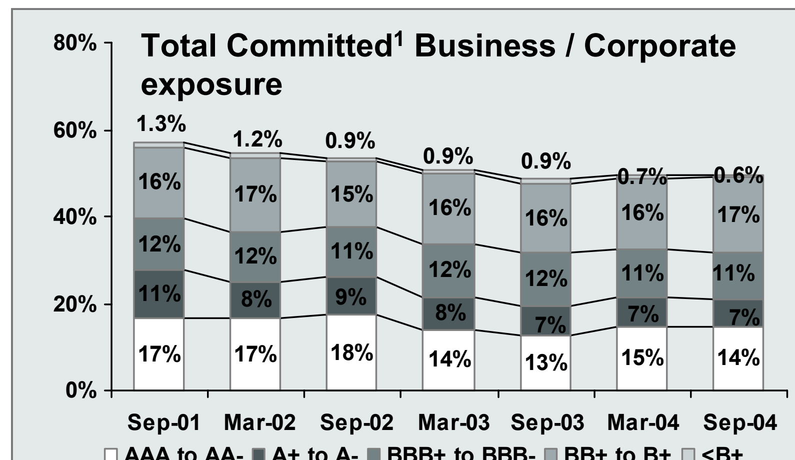
Westpac
Australia's First Bank

Composition of portfolio

- Mortgages represent 42% of total commitments and 57% of funded lending
- 64% business / corporate exposure exceed investment grade
- Other consumer includes credit cards, personal lending and margin lending







1. Total committed exposures include outstanding facilities and un-drawn commitments that may give rise to lending risk or pre-settlement risk

Australia's First Bank

Total exposure by region

- Exposures outside core markets represent less than 3% of total committed exposures – sub investment grade represent less than 0.3% of total exposures (excluding core markets of Australia and New Zealand)

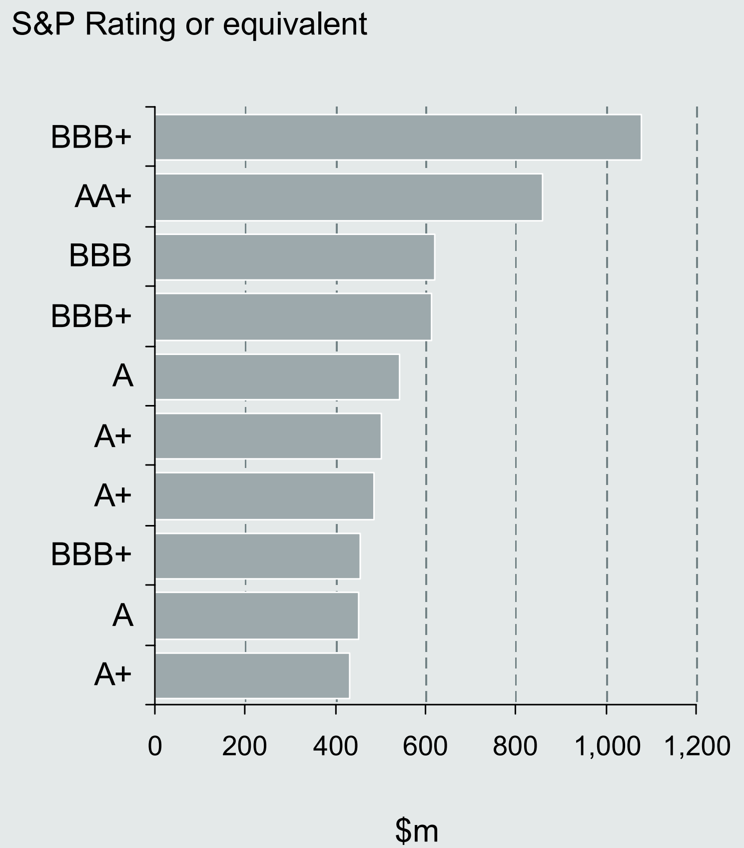
$m	Australia	NZ/ Pacific	Americas	Europe	Asia ex Japan	Japan	Group
AAA to AA-	35,950	6,631	777	367	127	113	**43,965**
A+ to A-	14,195	2,649	1,284	1,717	-	-	**19,845**
BBB+ to BBB-	25,419	5,374	686	1,198	59	-	**32,736**
BB+ to B+	42,715	8,295	32	327	4	30	**51,402**
<B+	1,362	521	49	231	3	-	**2,165**
Secured consumer	110,128	20,946	-	-	-	-	**131,075**
Unsecured consumer	18,268	3,199	-	-	-	-	**21,467**
	248,037	**47,614**	**2,828**	**3,841**	**192**	**143**	**302,654**

1. Total committed exposures by booking office at 30 September 2004

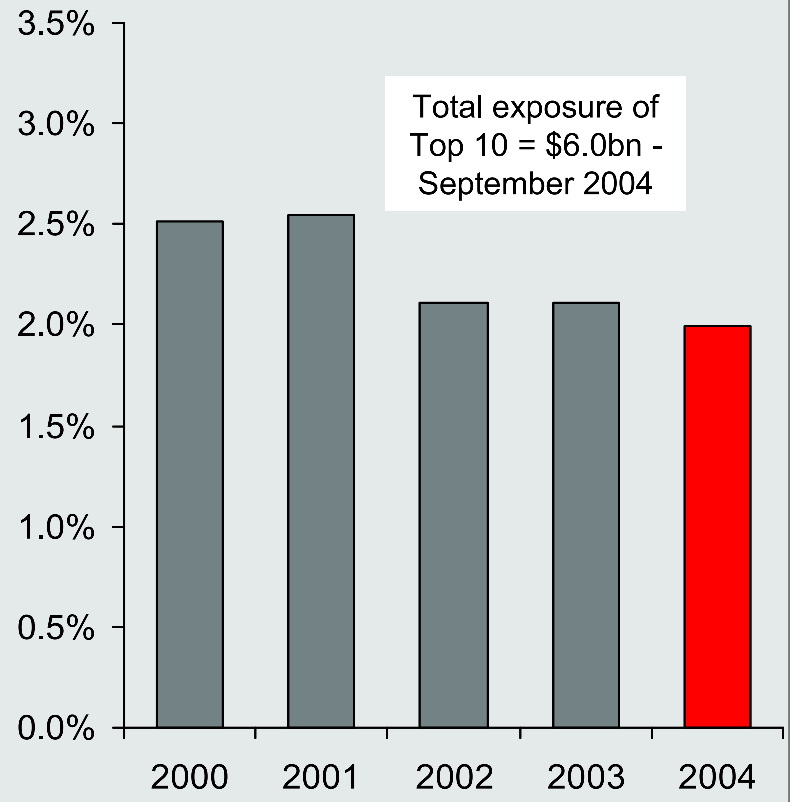
Westpac
Australia's First Bank

Reduced single name concentrations

Top 10 exposures to corporations and NBFIs – September 04

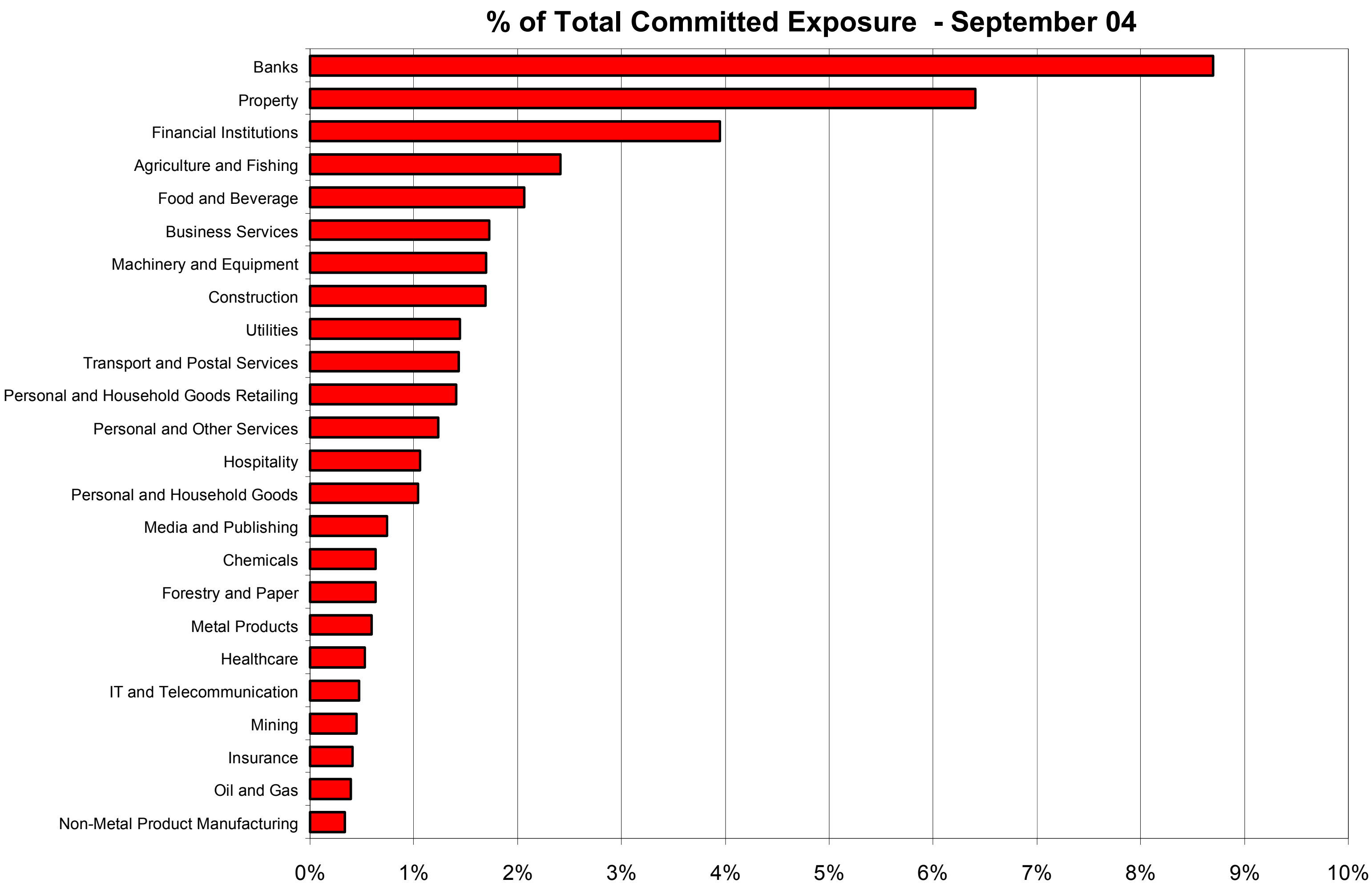


Top 10 exposures as a % of total committed exposure – September 04



Westpac Australia's First Bank

Industry concentrations

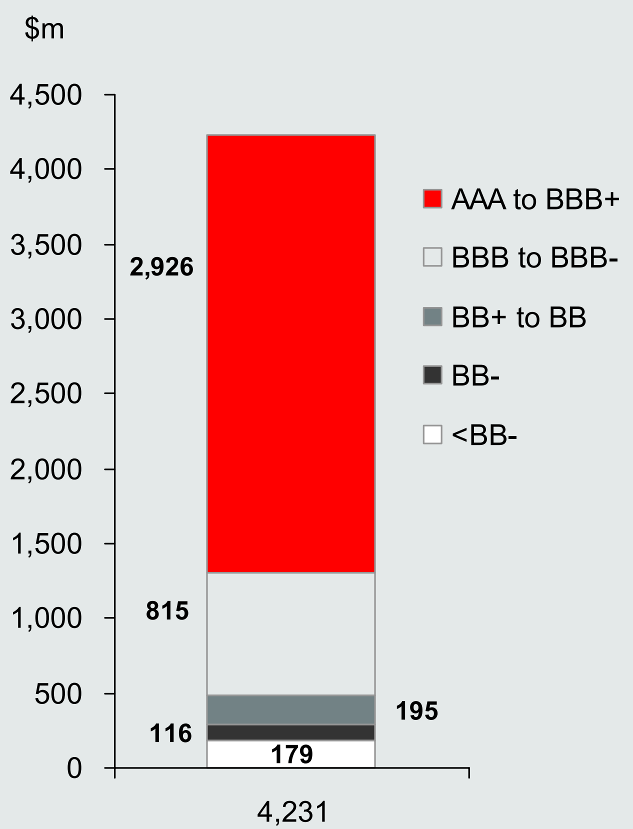


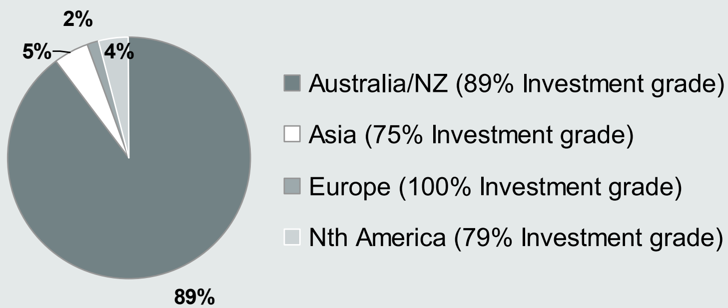
Note: Excludes governments

Westpac Australia's First Bank

Key portfolio exposures - Energy

Global energy portfolio





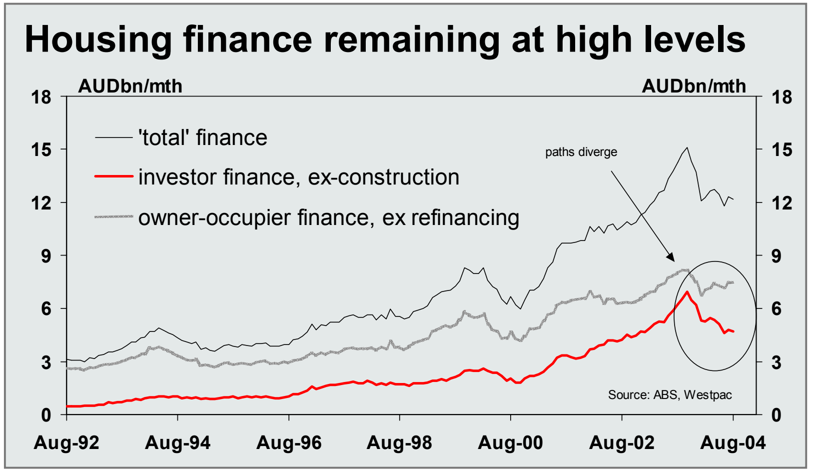
$m	Energy	Total non-investment grade
WBC	4.2	0.5
NAB*	11.4	2.3
ANZ*	9.7	na
CBA*	4.5	0.7

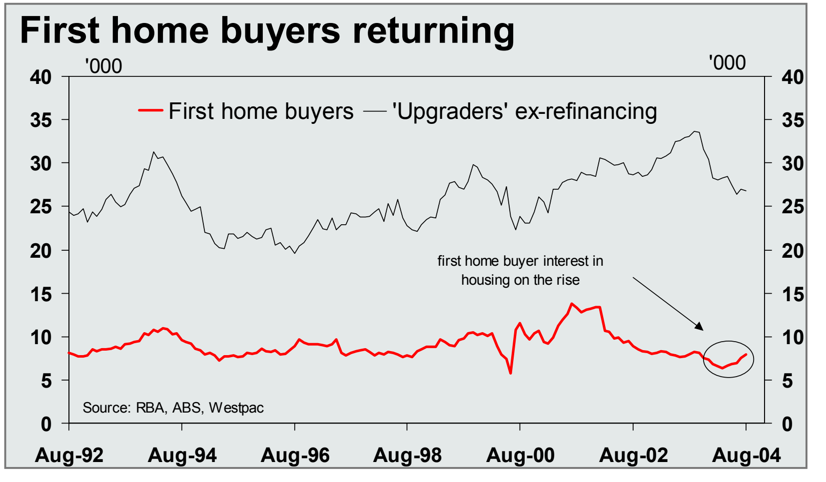
*Source: Most recently available company reports

Westpac
Australia's First Bank

Housing market cools, but still healthy

- Housing has cooled following a strong run-up and after the RBA lifted rates late in 2003.
- Total finance, after an initial fall, has stabilised, with monthly new lending of $12bn.
- That is still about 50% above the previous peak of 1999.
- Lending to owner-occupiers is now moving higher.
- First home-buyers are coming back into the market, suggesting that affordability is not prohibitive.

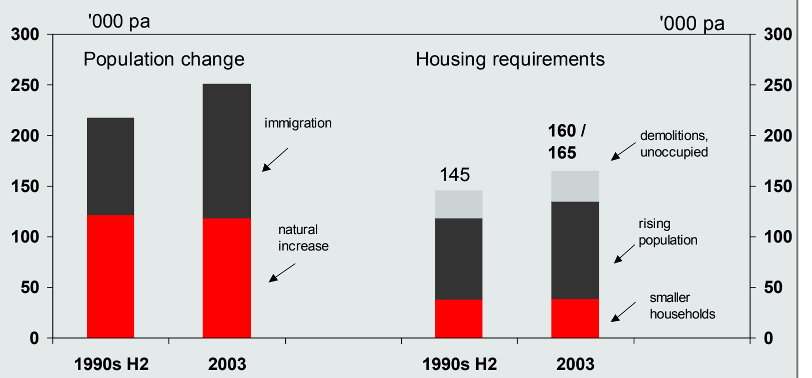




Housing demand

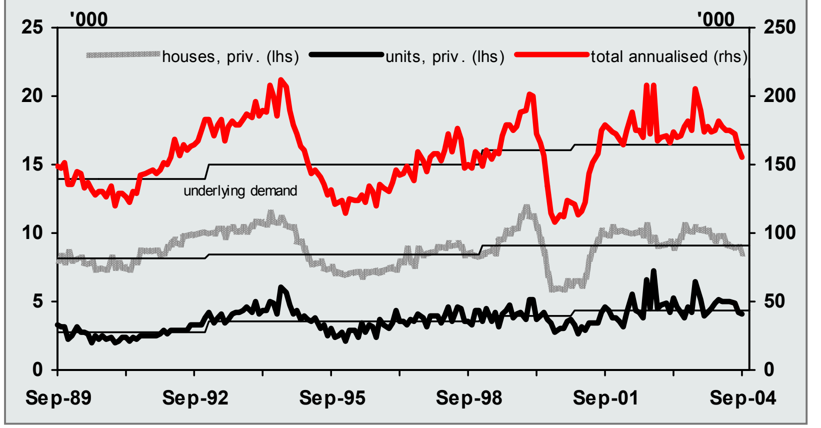
- The housing construction downturn is set to be mild compared with past cycles.
- Net overseas migration numbers are up a third from the second half of the 1990s.
- This has boosted housing requirements by almost 15% from that of the late 1990s.
- Dwelling approvals are 17% lower so far ~ a moderate fall compared with 30% to 40% declines in past downturns

Immigration impacts housing needs



Source: ABS, Westpac

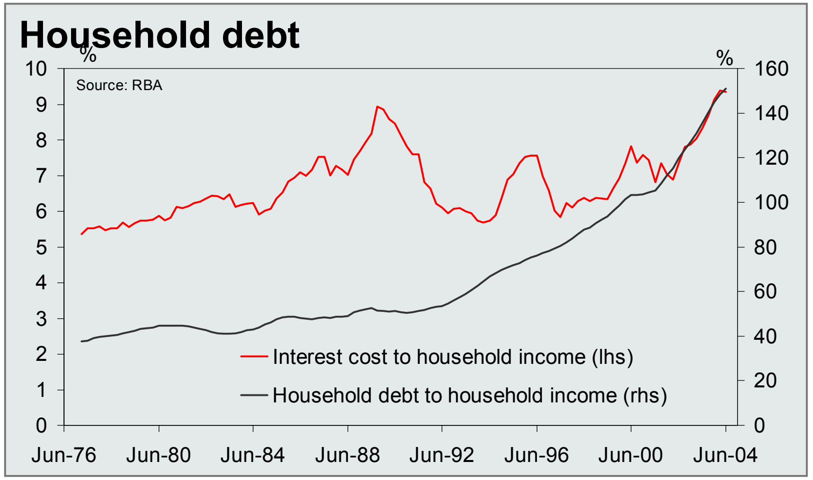
Approvals only modestly off 2003 highs

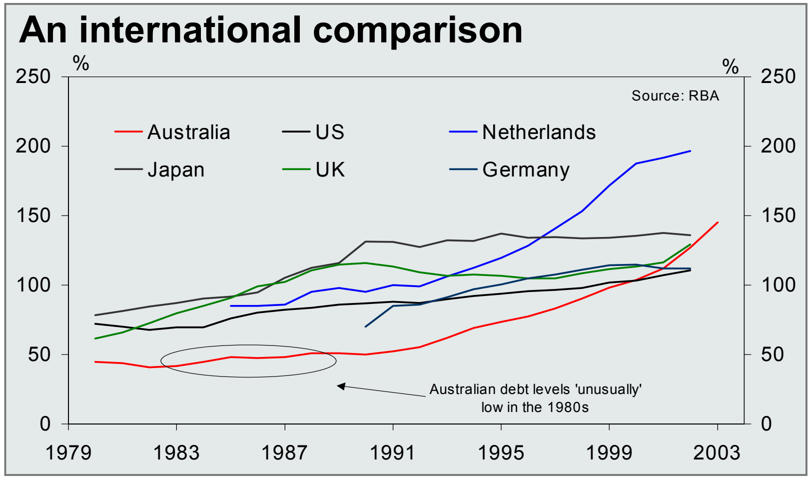


Westpac Australia's First Bank

Household debt - a 'catch-up' phase

- Australian household debt levels lifted higher over the last decade.
- This was from below average levels by international standards.
- This catch-up reflected Australia's delayed shift to a low inflation, low interest rate environment.
- Household debt servicing costs are up, but may be at a peak ~ with a slight fall in Q2.

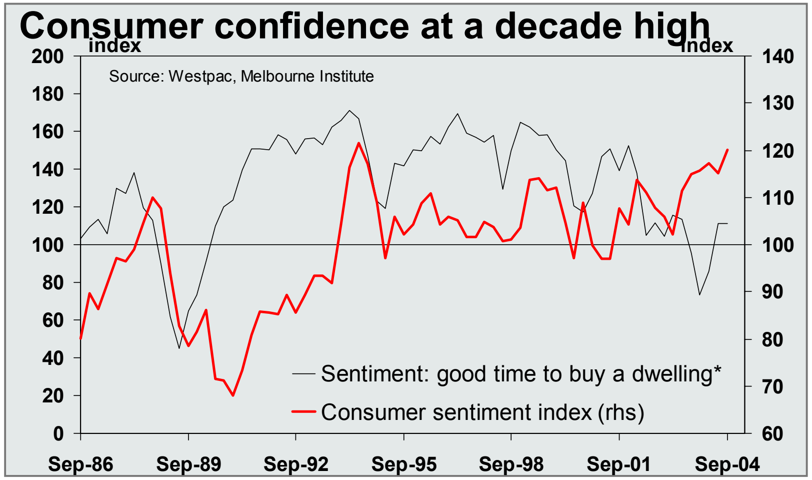


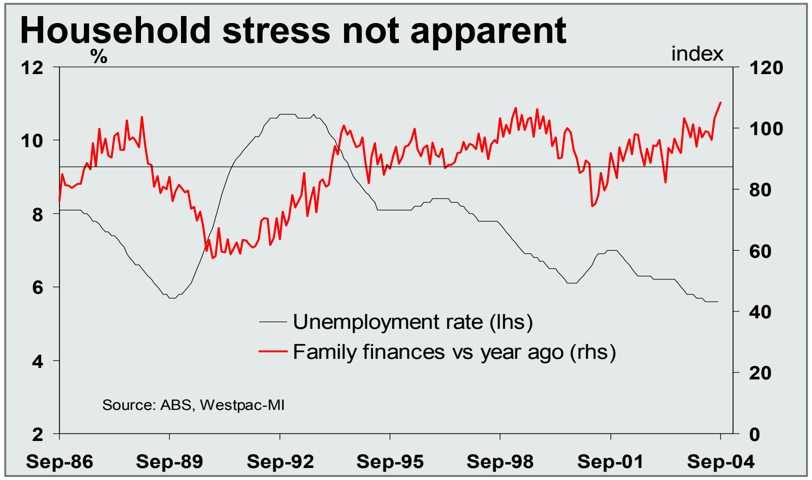


Westpac
Australia's First Bank

Households are still feeling good

- Consumer confidence is the best in a decade.
- Households feel a sense of job security, with the unemployment rate the lowest in 23 years.
- Families judge their finances to be in a healthy position ~ in part boosted by payments in the May Federal budget.
- Sentiment towards buying a dwelling has bounced back from a sharp fall in 2003.



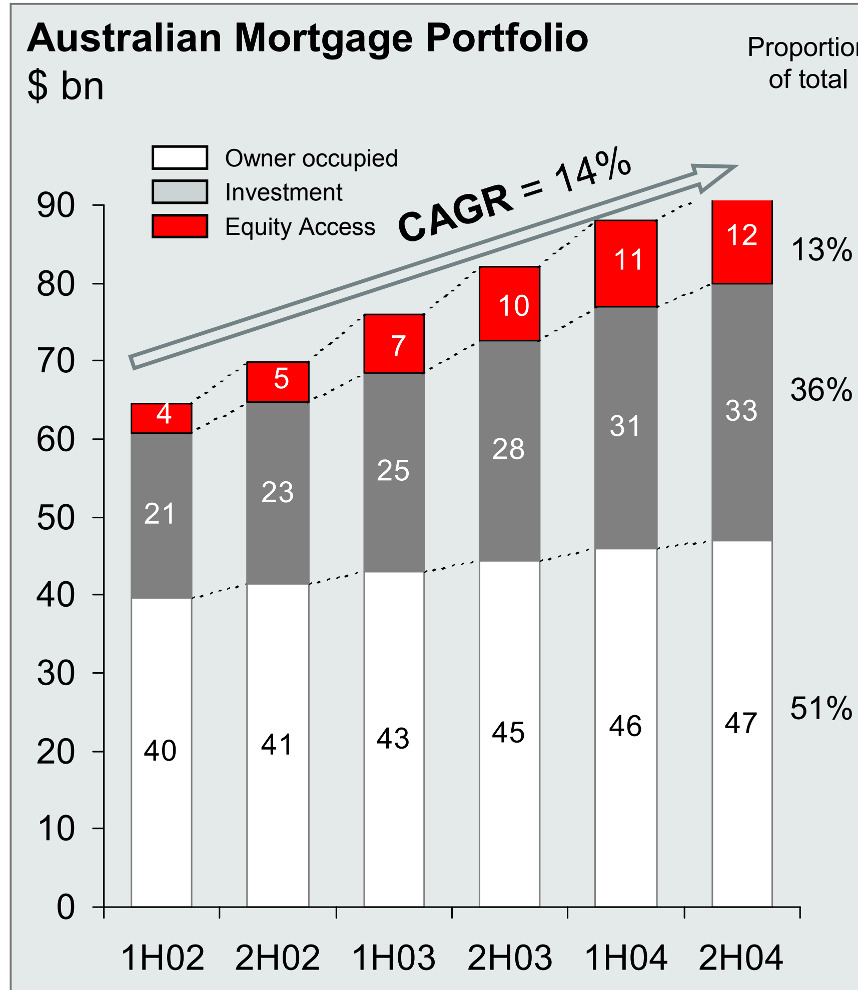


* Family finances –Westpac Melbourne Institute Consumer Sentiment Index Aug- 04

Westpac
Australia's First Bank

Mortgage portfolio – characteristics

- Housing growth has remained solid
  - Owner occupied up 4%
  - Investment up 18%
  - Equity Access up 20%
- Funding for alterations and additions has boosted equity access lending
- Average LVR of new loans 65%—up from 63% in 2003
- Total bad debts (excluding dynamic provisioning) are less than 1 basis point

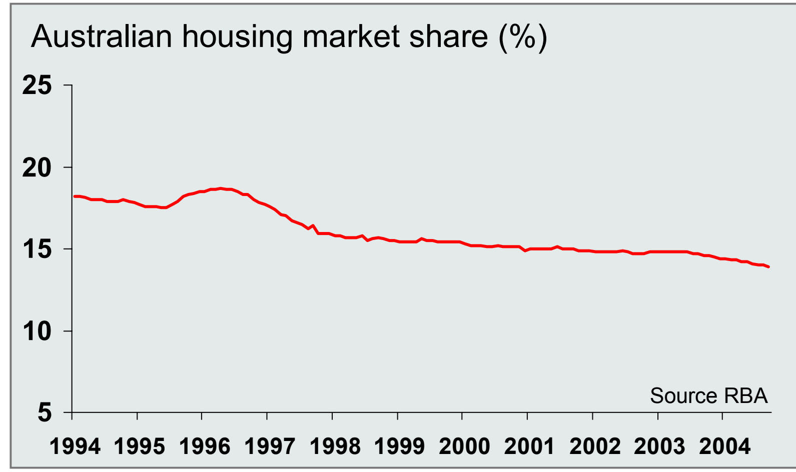


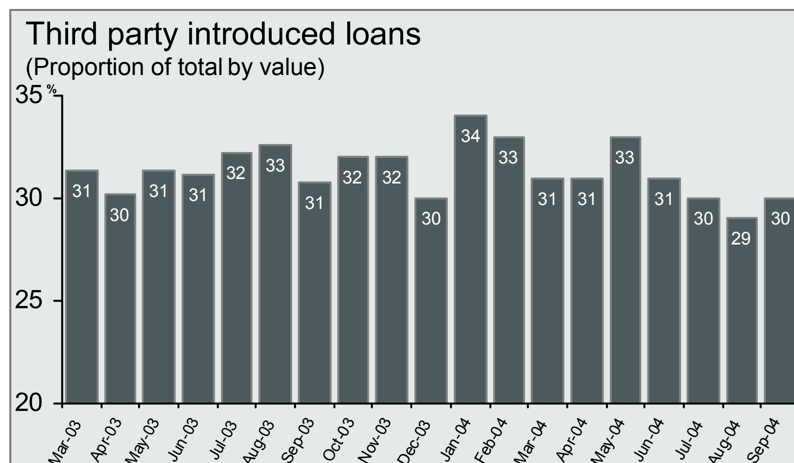
Westpac
Australia's First Bank

Mortgage – delivering profitable growth

- Mortgages lending up 12%
- Mortgages margins down 4 basis points
- Mortgage growth below system (with market share easing) 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
- Third party introduced loans represent 30% of new loans in 2H04 by value
- 26% of outstanding mortgage portfolio is broker originated

CBD and Low-Doc	$bn	% of portfolio
Low Doc Portfolio	0.2	< 1%
CBD Apartments	2.0	2%



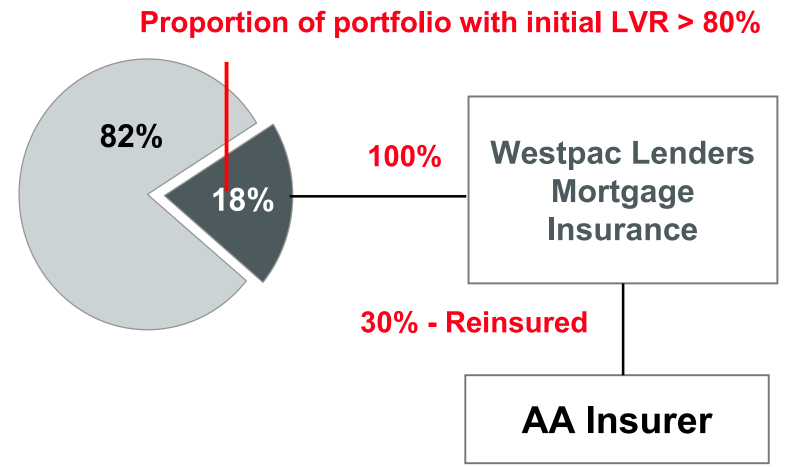


Westpac
Australia's First Bank

Mortgage Insurance

- 100% mortgage insurance where loan to value (LVR) ratio > 80%. Some exceptions include LVR 80-80.99, short-term /bridging loans and some employee loans – this represents approx. $2b in exposure.
- Stop loss reinsurance cover over all retained Lenders Mortgage Insurance underwriting risk in place with a "AA" rated reinsurer. Stop loss reinsurer assumes abnormally high claim costs incurred in any year above a 1 in 25 years loss event through to a 1 in 70 years loss event
- From 1 July 2005, Australian Lenders Mortgage insurers, including captive insurers, will be required to meet revised APRA capital requirements. Westpac intends maintaining its current captive mortgage insurance model under the new capital framework

Mortgage insurance structure



Westpac Australia's First Bank

Housing portfolio quality

- Nominal changes in sensitivities since last year
- Changes due to portfolio growth and levelling out of house prices
- Capacity to absorb interest rate rises strong with 75% of amortising borrowers repaying in excess of required minimum

Westpac 2004 Stress Test Results	Base case	Scenario A	Scenario B
Interest rates - % pa	**7.1**	**9.1**	**11.1**
Individual effect $m	0.0	3.7	9.3
Housing prices fall - %	**0**	**10**	**20**
Individual effect $m	0.0	7.2	24.6
Unemployment rate - %	**5.6**	**6.6**	**7.6**
Individual effect $m	0.0	2.3	6.8
Combined effect $m	0.0	20.0	112.7
Combined effect - bps	0.0	2.2	12.5

Westpac
Australia's First Bank

Group business unit and Pacific Banking

Pacific Banking

$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)	(Large)
Tax & OEI	(25)	(30)	(20)
Cash earnings	**58**	**56**	**(3)**

Group business unit

$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)**

Westpac Australia's First Bank

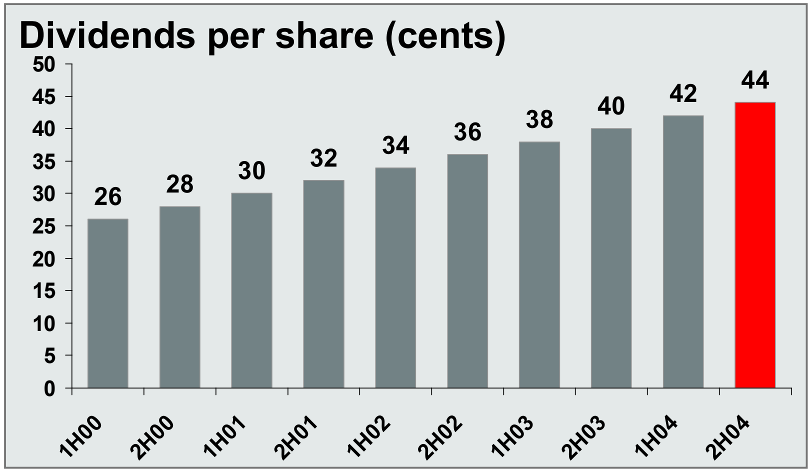
Group business unit

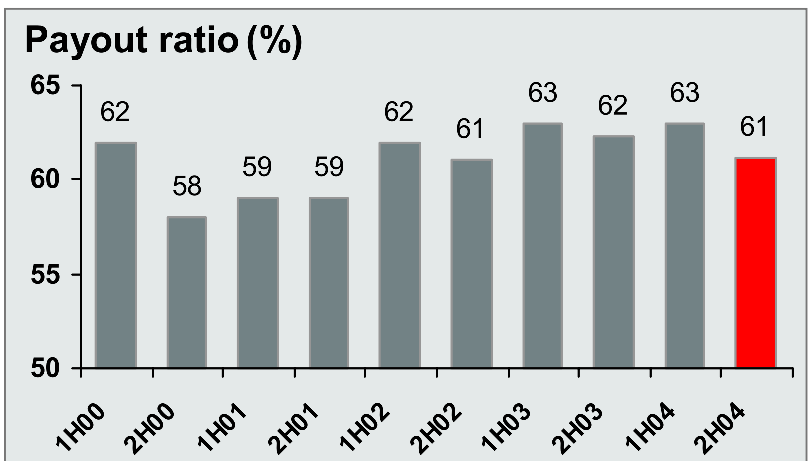
Other Includes Group Treasury and Corporate Office activities

Components	Comment
Group Treasury	Management of centralised funding and asset and liability management. Cash earnings down $9m on prior period.
Earnings on unallocated equity	Surplus equity over that required by business. 2H04 buy-back reduced level of earnings on centrally held equity.
Financial/management accounting adjustments	Includes policy holder tax recoveries (no cash earnings impact) and elimination of tax effective gross-up.
Centrally held one-off gains/provisions	Generally since late 1990's we have sought to minimise reliance on one-off items. Increase in general tax provision of $35m. Bad debts increased from provision against a group level counterparty exposure
Unallocated corporate centre costs	Most group costs allocated to business units.

Westpac Australia's First Bank

Strong dividend – sustainable pay-out ratio





Illustrative pay-out ratio analysis[1]
Presented July 2004

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

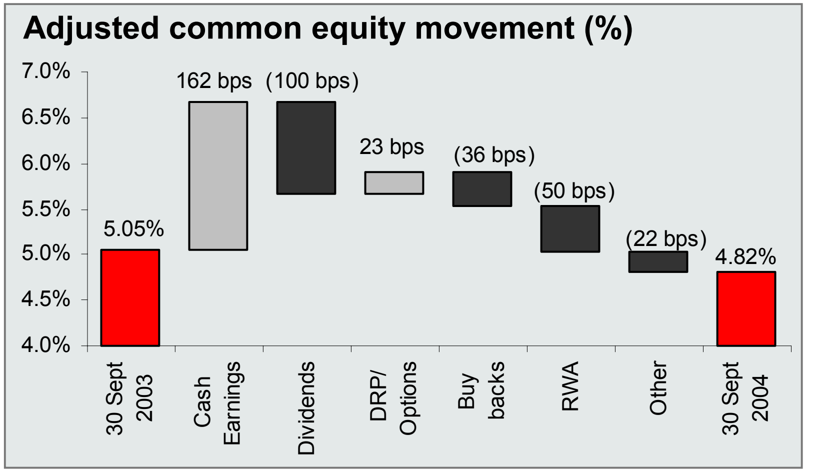
1 Assumptions:

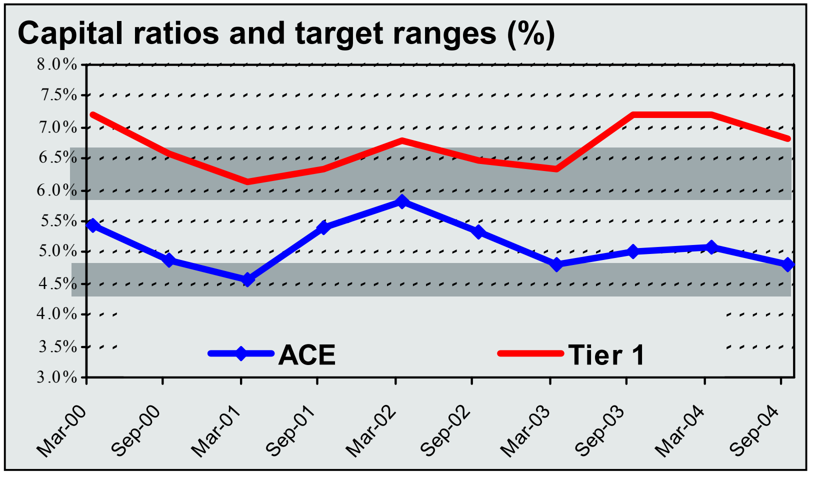
- Return on equity 20%, ACE Ratio of 4.75%
- Maximum payout ratio assumes Wealth business continues to grow at current levels
- Includes no buffer for volatility in earnings and deductions (FITB/FCTR)
- DRP dilution neutralised through stock repurchases
- Strong franking capacity current balance $571m

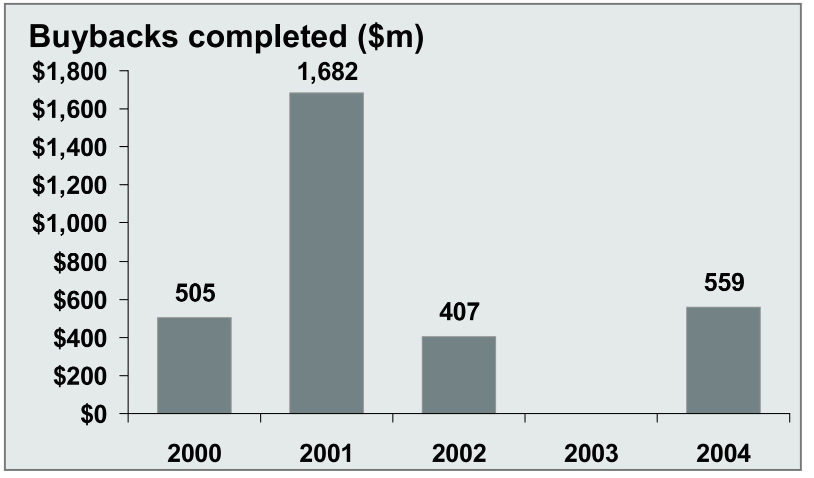
Westpac
Australia's First Bank

Capital - target ranges

- Capital levels at or above target ranges
- ACE ratio calculated on consistent basis ie. APRA deduction of deferred expenses ($269m) not removed
- Westpac will review its target capital ranges once impact of IFRS and Basel II becomes clear







Westpac
Australia's First Bank

2004 hybrid issue complicates reporting

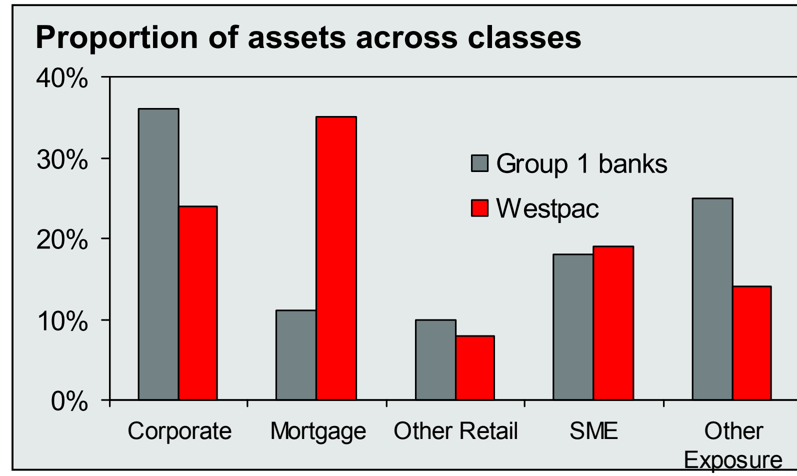
Historical practice	2004 Trust Preferred Securities
USD issues accounted for as equity, no hedge accounting available	Issued in USD (525m) and funds used in NZ (NZD)
Typically swapped into NZD	Swap put in place for risk management but not given hedge treatment
Hedge achieved through offsetting USD capital invested in UK/US	Post IFRS implementation the instrument will be debt and swap will be effective hedge
Sufficient capital deployed to offshore branches for commercial and regulatory purposes providing natural hedge	Mark to market of swap will impact NPAT until 1 Oct 2005 (IFRS transition date) but we will isolate from cash earnings. Revaluation of the hedge taken through the non-interest income line.

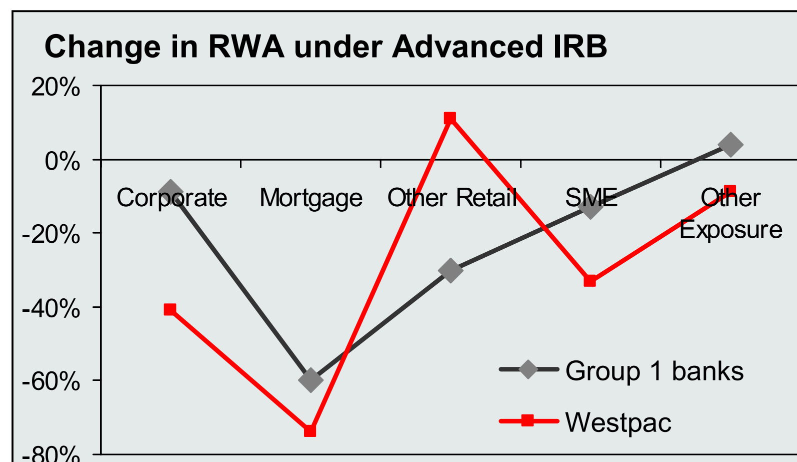
Net profit after tax	**2,539**
Goodwill amortisation	**164**
Preference Dividends	**(154)**
MTM TPS Hedge	**10**
Cash earnings	**2,559**

Westpac
Australia's First Bank

Basel II progress

- Basel II developments:
  - Final accord released end June 2004 – recalibration of factors could still occur
  - Start date delayed to 2008
- Westpac will be capable of Basel II reporting by end 2006
- Repeated quantitative impact studies show Westpac's risk weighted assets falling by at least 25%



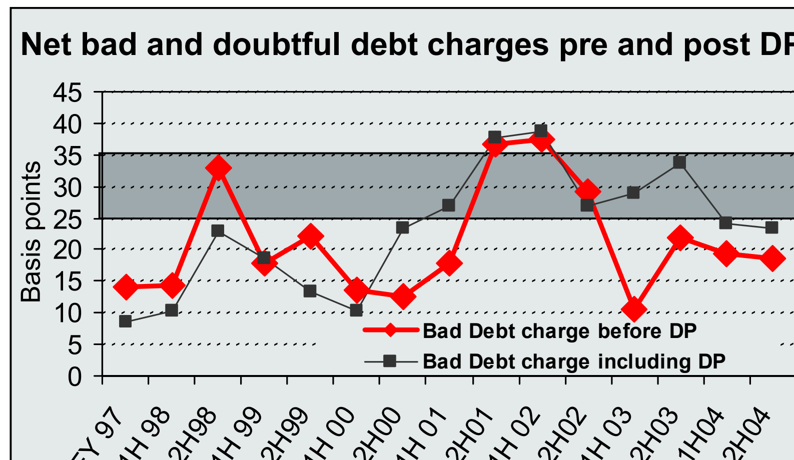


Group 1 banks are large, diversified with Tier 1 capital in excess of Euro 3bn

IFRS – key issues

- IFRS project costs are within normal compliance spend and arise over 3 years
- Start date for comparatives may be delayed to 1 October 2004 following SEC ruling
- Planning to run the general ledger in parallel for 2005 (and potentially 2006) with only a summarised reconciliation on how pre IFRS reporting matches post IFRS reporting
- Ability to provide multi-year trend information is limited as no comparatives for IAS 32 & 39
- Short to medium term earnings volatility clearly the biggest issue
- We have yet to reach a conclusion on acceptable degrees of earnings volatility
- Preliminary assessment of potential volatility conducted
- Assessing viability and cost/benefit of volatility-mitigating actions e.g. externalising hedges and the investment mix of super fund.

Key areas of impact	Comments
Hedge Accounting	**High impact** - significant volatility if hedge accounting not achieved.
Bad debt charges	**Moderate increase** - volatility moves with economic cycle
Superannuation	**Significant increase** - volatility as mark to market of fund surplus subject to market movements



Westpac
Australia's First Bank

Structured Finance – portfolio

- Westpac conducts certain structured finance transactions with exposure primarily to global financial institutions
- Total portfolio size approx $10.6bn with a mix of asset and liability transactions
- Structured Finance transactions currently under review by the New Zealand Inland Revenue Department (IRD) since late 2003
- Westpac initially sought multiple layers of advice to ensure the transactions conformed with New Zealand tax law and this was confirmed by the IRD in a binding ruling on one transaction Other transactions were modelled on this ruling, and new recent advice confirms earlier view
- On 30 September 2004 Westpac received amended assessments relating to transactions in the 1999 year from the IRD. The maximum tax liability reassessed for the 1999 year is NZ$25m (including interest)
- Should the NZIRD take the same position across all of these transactions for the periods up to and including the year ended 30 September 2004, Westpac has calculated that the maximum potential overall primary tax liability in dispute would be approximately NZ$647m (tax effected) including interest

Westpac
Australia's First Bank

Structured Finance – portfolio

- On 21 September 2004 the NZ government announced a change in taxation rules with the introduction of a thin capitalisation regime
- New rules specific to banks will deny interest deductions if the Bank does not hold a level of capital equivalent to four percent of New Zealand risk weighted assets
- Change will make current structured finance activities in New Zealand uneconomic (no new transaction done in NZ in over 2 years)
- New rules apply from 1 July 2005
- Impact on Westpac:
  - Reduction in NZ Structured Finance revenue going forward, reducing from ~$85m 30 September 04, ~$39m to 30 June 05 and nil in 2006
  - Total Structured Finance portfolio revenue $173m at 30 September 04
  - Alternate transaction structures in other jurisdictions may see loss of NZ revenue offset by around half by 2006

Clear and simple strategy

Vision → *Strategy* → ***How?*** → *Outcomes*

Vision

"To be a great Australian and NZ Company"

- A great place to work
- A superior customer experience
- 1st quartile shareholder returns
- A good corporate citizen

Strategy

Customer Focus

How?

Differentiator: Superior Execution

Our high performance culture:

- **Quality people**
- **Effective people & performance mgt processes**
- **Values**

Outcomes

Medium term Objectives

- Best practice employee commitment
- Service leadership in our industry
- Top quartile shareholder returns
- Leader in corporate responsibility

Mission
"To be at the forefront for service in our industry by September 2005"

Values
Teamwork
Integrity
Performance

Service – Profit Chain

Employee: Internal Service Quality → Employee Commitment → Employee Retention / Employee Productivity

Customer: Superior Customer Experience → Customer Satisfaction → Customer Loyalty

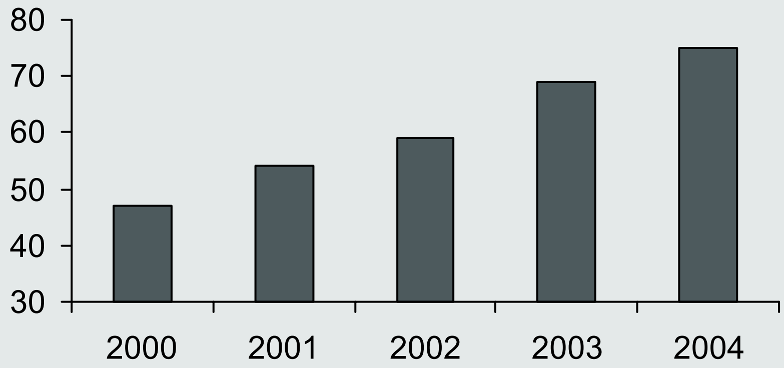
Shareholder: Revenue Growth / Profitability → Shareholder Value

'Ask Once'

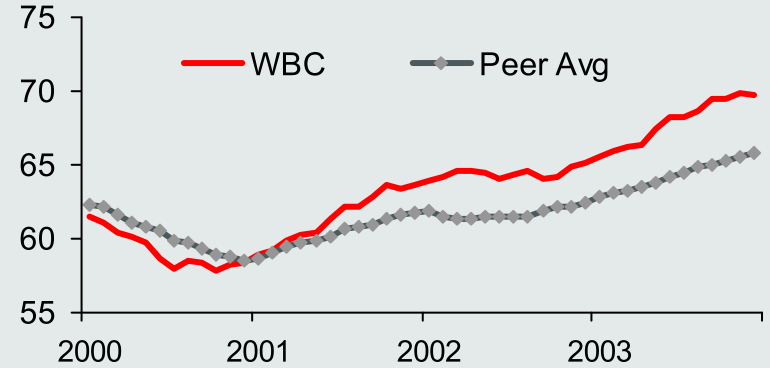
Westpac Australia's First Bank

Improving sustainability – staff, customers, community

Leadership (%)
Westpac senior leadership provides a clear sense of direction - % favourable



Consumer satisfaction
% of main financial institution customers very or fairly satisfied quarterly moving average



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.

Westpac
Australia's First Bank

Strategic options

Option	Comments	Status
Organic growth	• Aust/NZ lowest risk and highest value available • Significant opportunities still remain within existing customer franchise • No diversion risk	Aggressively pursue
Acquisition	• No major capability gaps • Very limited opportunity to generate value at current prices • Disciplined adherence to criteria has served us well -Aligned with strategic direction -Strict valuation criteria -Not unduly diverting	Maintain watching brief
International expansion	• No compelling offshore competitive advantage • Low synergies • Learn from other's mistakes	Keep open mind but low probability

Westpac Australia's First Bank

An experienced executive team

Name	Title	Date joined Group Executive	Biography
David Morgan	Chief Executive Officer	Oct 1990	Joined 1990, CEO since 1999. Headed all major business units in Westpac prior to CEO appointment in March 1999. Extensive prior experience in financial sector including in the IMF and the Australian Federal Treasury
Ilana Atlas	Group Executive People and Performance	Nov 2002	Joined Westpac 2000, as Group Secretary and General Counsel. Previously Partner of a Major Law firm, Mallesons Stephen Jaques. In current role since 2002
Philip Chronican	Chief Financial Officer	Jan 2001	Joined Westpac 1982, Appointed CFO in Feb 2001. Previously Deputy CFO and has held CFO roles in both retail and institutional banking
David Clarke[1]	Chief Executive Officer BT Financial Group	Jul 2000	Joined Westpac 2000, and appointed to current role September 2000. Prior to that headed the Australian Business & Consumer Bank. Before joining Westpac was an Executive Director of Lend Lease and CEO of MLC Ltd
Philip Coffey	Group Executive Westpac Institutional Bank	May 2002	Joined Westpac 1996, in current role since 2002. Previously with AIDC, Citicorp Global Asset Management and Citigroup
Michael Coomer	Group Executive Business & Technology Solutions & Services	Jan 2002	Joined Westpac to current role in January 2002. Michael has 30 years experience in Information Technology covering a broad range of industries
Mike Pratt	Group Executive Business and Consumer Banking	Apr 2002	Joined Westpac in April 2002 as Group Executive New Zealand & Pacific Banking. Appointed to current role in August 2002. Extensive experience in retail banking including CEO Australian Financial Services for National Australia Bank and CEO Bank of New Zealand
Ann Sherry	Group Executive New Zealand & Pacific Banking	Mar 1999	Joined Westpac in 1994, in current role since October 2002. Ann has headed People and Performance for the Group and was CEO Bank of Melbourne following the Merger in 1997

1. David Clarke will be leaving Westpac in Feb 2005 and Rob Coombe has been appointed to take over as CEO BT

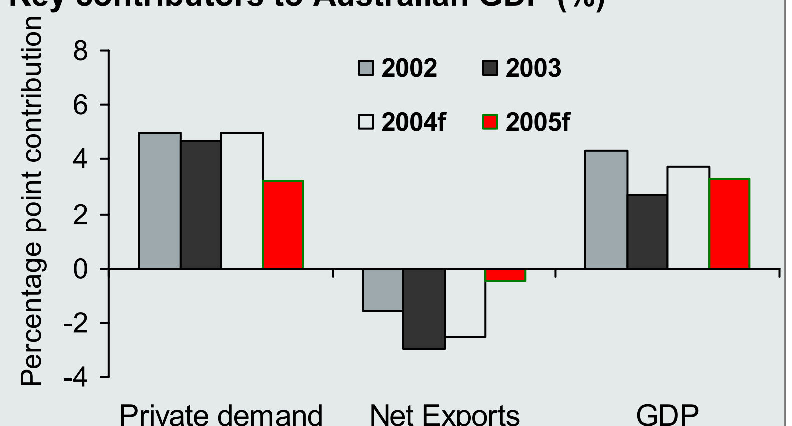
Australian and New Zealand economic outlook

- 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

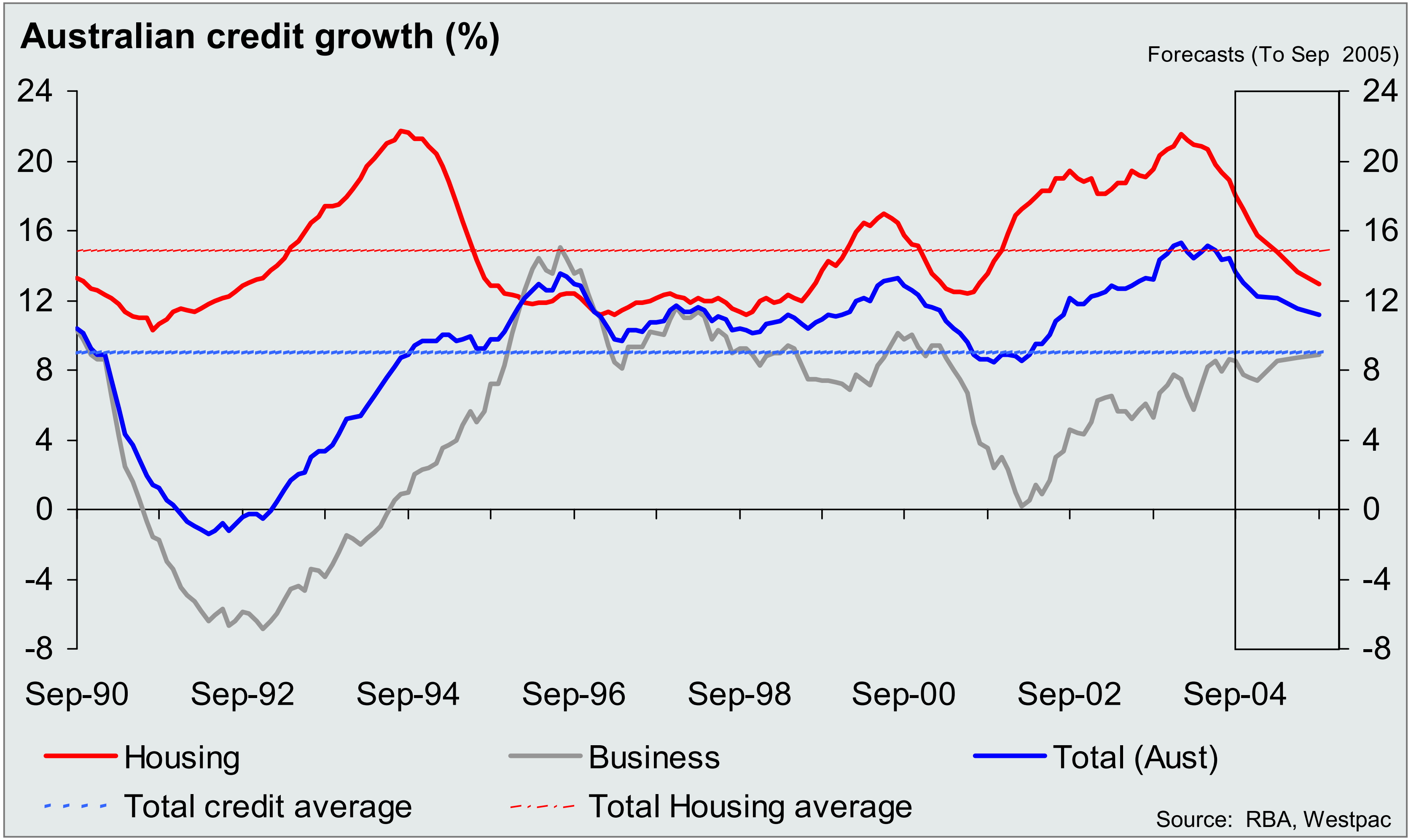
Financial year ended	Jun 04 %	Jun 05 %
World (Calendar year)		
GDP	4.5	4.0
Australia		
GDP	3.7	3.3
Unemployment	5.7	5.7
New Zealand		
GDP	4.7	2.8
Unemployment	4.2	3.8

Key contributors to Australian GDP (%)



Westpac Australia's First Bank

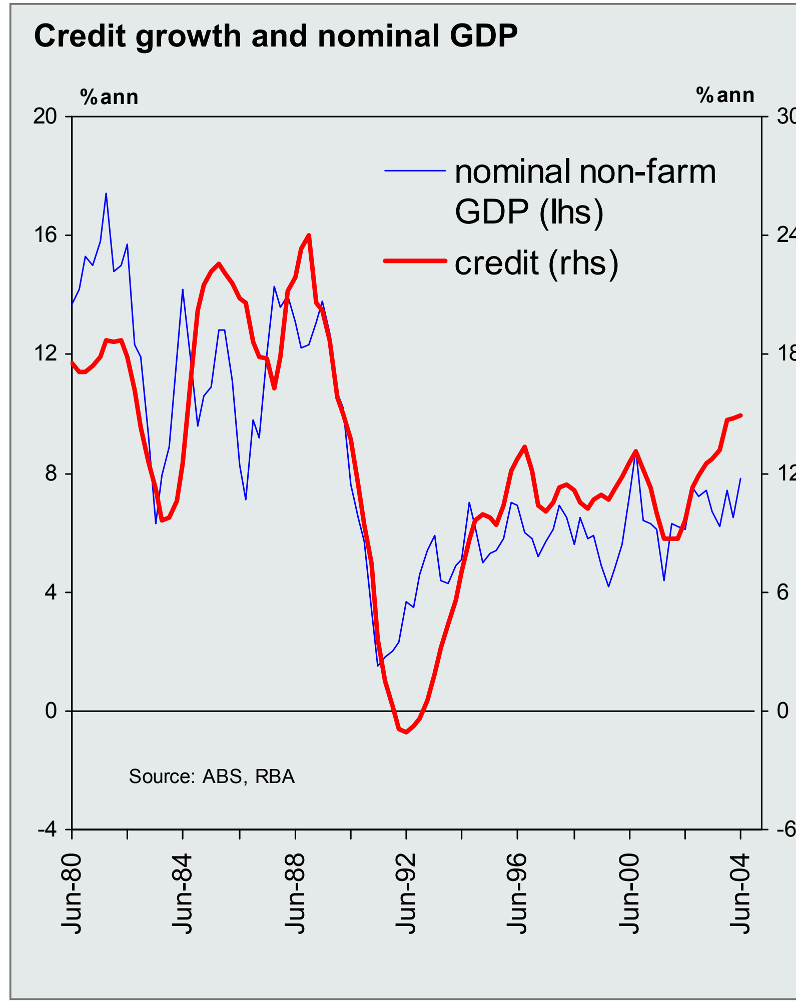
Credit growth expected to ease as housing cools



Australia's First Bank

Credit growth and nominal non-farm GDP

- Credit growth has historically tracked 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

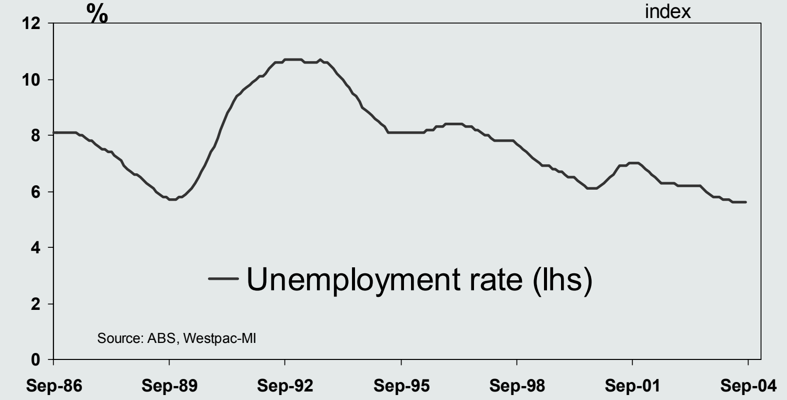


Westpac
Australia's First Bank

Supportive credit quality environment

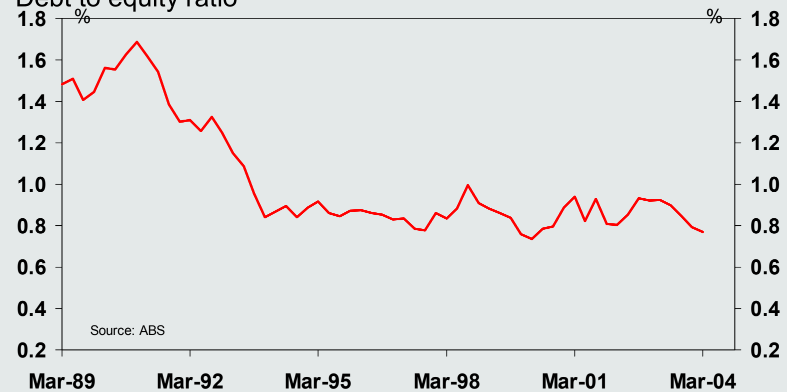
- Forward indicators of credit quality remain strong
  - Unemployment at generational low
  - Consumer confidence is at a decade high, households positive about their finances
  - Robust corporate profits
  - Comfortable levels of business gearing
  - No major corporate defaults
  - Low delinquency rates across portfolio

Households 'stress' not apparent



Corporate balance sheets in good shape

Debt to equity ratio



Westpac Australia's First Bank

Known influences on 2005 earnings

	Medium term ranges (%)	Specific influences in 2005
Interest Income	5-8	• 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	• Cards impact will not be repeated • Financial markets environment more stable
Expenses	2-4	• 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	• Current environment suggests we will continue to be at the bottom of the range
Tax Rate	29-31	• 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

Westpac Australia's First Bank

Where are the risks?

Risk	Probability of occurrence
• Further intensified competition	Medium
• Impact of new entrants	Medium
• Housing market collapse	Low
• Blow-out in bad debts	Low
• Greater than expected funds outflows	Low
• Re-regulation	Low
• New wave of corporate collapses	Low
• Global economic recession	Low

Positive outlook

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

Westpac Australia's First Bank

Investor relations contacts

Westpac's Investor Relations Team

Andrew Bowden 61 2 9226 4008
andrewbowden@westpac.com.au

Hugh Devine 61 2 9226 1047
hdevine@westpac.com.au

Suzanne Evans 61 2 9226 3133
suzanneevans@westpac.com.au

Natasha O'Reilly 61 2 9226 3143
noreilly@westpac.com.au

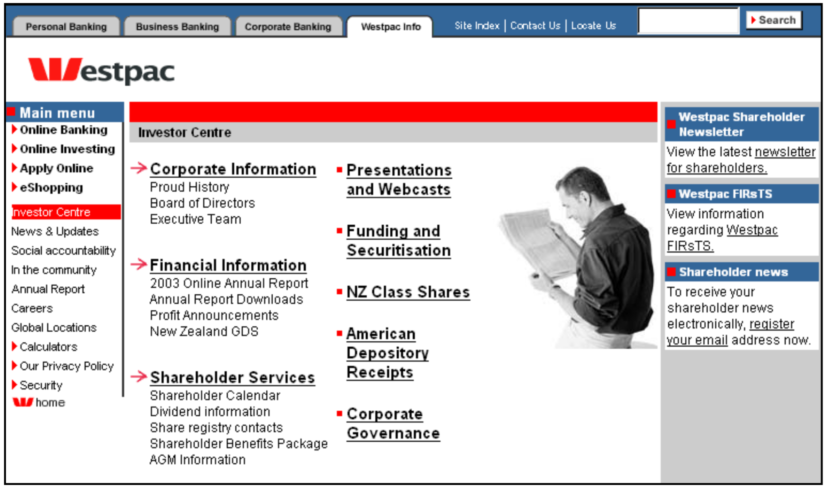
Address
Level 25
60 Martin Place
Sydney NSW 2000
Australia
Fax 61 2 9226 1539

For further information on Westpac including:

- Annual reports
- Financial result announcements
- Presentations and webcasts
- Corporate history
- Key policies

Please visit our dedicated investor website

www.westpac.com.au/investorcentre



Australia's First Bank

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 financial statements filed with the Securities Exchange Commission and Australian Stock Exchange.