Westpac
Australia's First Bank

Investor Discussion Pack

June 2004

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Westpac
Australia's First Bank

Maintaining consistent growth and return

- High quality result – maintaining the balance
  - Cash earnings $1,233m — up 13%
  - Cash earnings per share of 66.7 cents — up 11%
  - Cash return on equity — 20%
  - Interim dividend of 42 cents — up 11%
- Key drivers of growth
  - Solid growth in loans and acceptances — up 14%
  - Achieved profitable growth - margins — down 9 bps
  - All businesses delivering improved cash earnings
- Quality of earnings maintained
  - Strong asset quality: impaired assets to total loans & acceptances — stable
- Actively managing the capital base
  - Approximately $500m structured off-market share buy-back
- Strategy is delivering
- Maintained leading sustainability position

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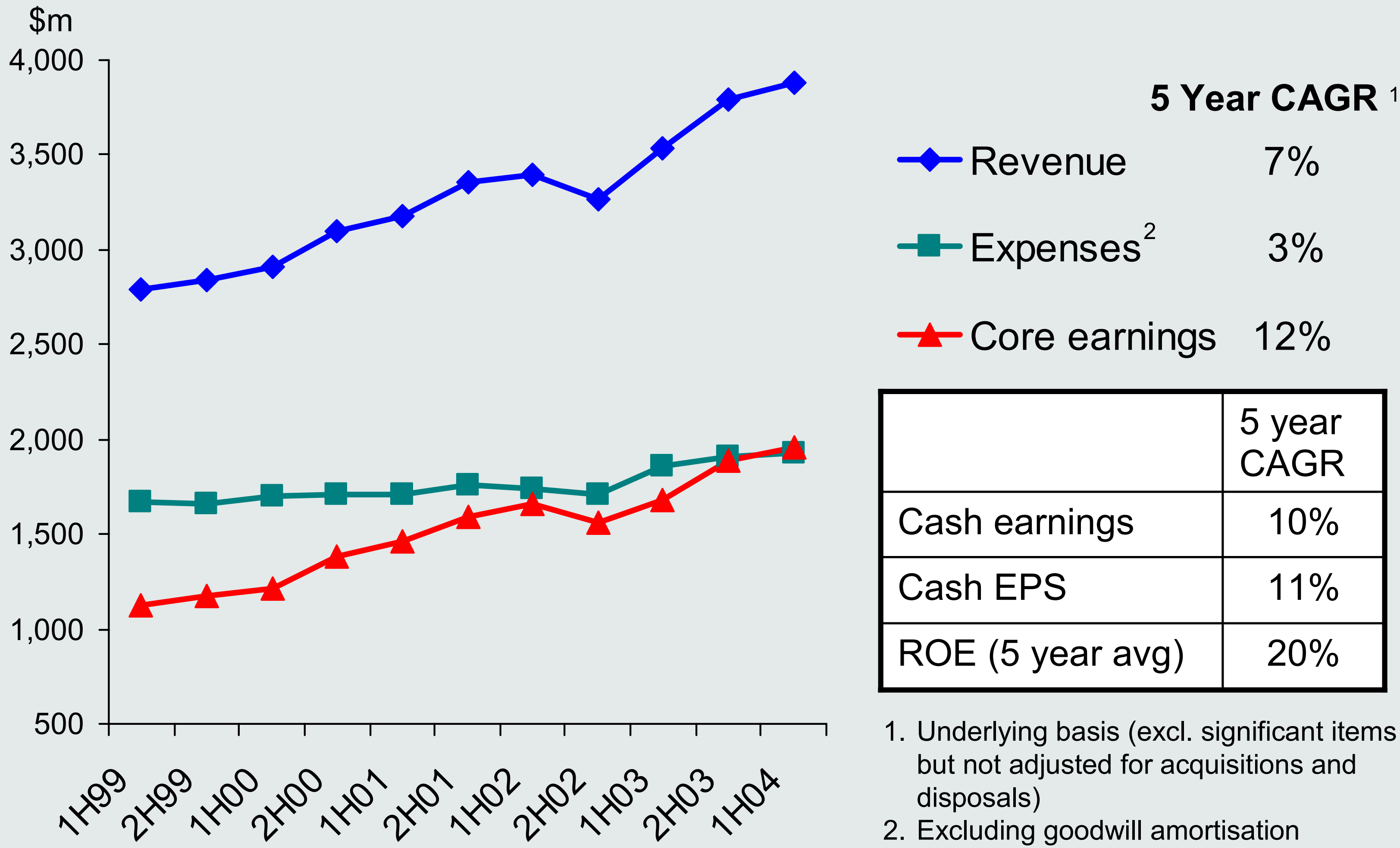
Driving the gap between revenue and expenses



	5 year CAGR
Cash earnings	10%
Cash EPS	11%
ROE (5 year avg)	20%

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

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Cash earnings – maintaining the growth

$m	1H04	1H03	% Change 1H03 – 1H04
Net interest income	2,339	2,098	11
Non-interest income	1,539	1,439	7
Operating income	3,878	3,537	10
Operating expenses	(1,925)	(1,857)	(4)
Bad debts	(207)	(214)	3
Net profit before tax	1,662	1,388	20
Net profit after tax	**1,225**	**1,051**	**17**
Cash earnings	**1,233**	**1,095**	**13**

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Cash earnings – half on half patterns

- Movement in 2H03 to 1H04 is more subdued than annual growth
- This pattern of growth has been consistent over time given:
  - Dec/Jan are more subdued months
  - June business refinancing cycle
- In 1H04 this pattern has been exacerbated by credit card interchange fee changes which reduced the delta in operating income between 2H03 and 1H04 by $33m

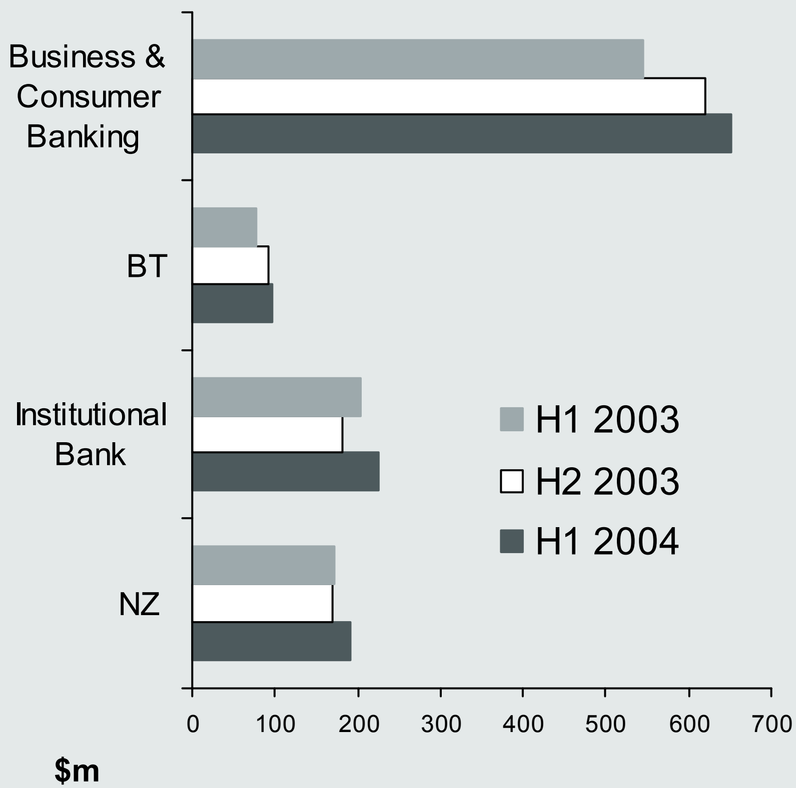
$m	1H	2H	% 2H-1H	% 1H-2H
2001	920	981	2.6	6.6
2002	996	1,067	1.5	7.1
2003	1,095	1,176	2.6	7.4
2004	1,233	-	4.8	na

Net impact of recent credit card changes on operating income relative to 1H03

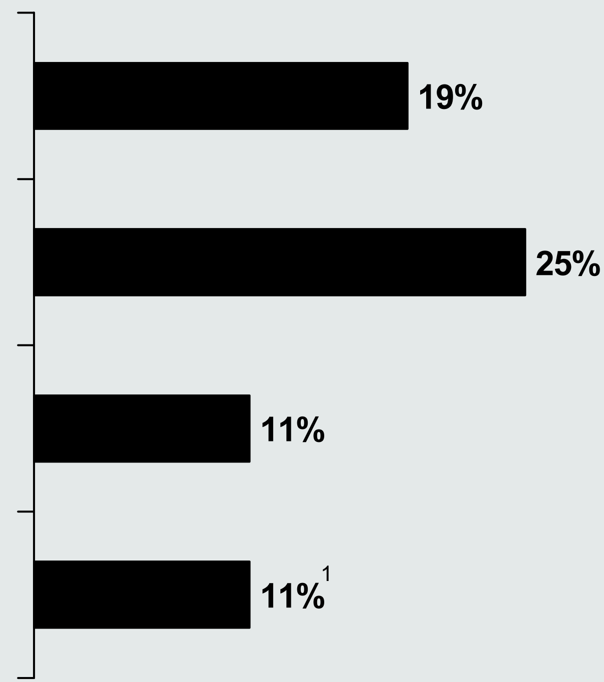
$m	2H03	1H04
Net impact	+24	(9)

Sound contribution across all businesses

Cash earnings



Growth[1] 1H03 - 1H04



1. NZ % growth in AUD terms

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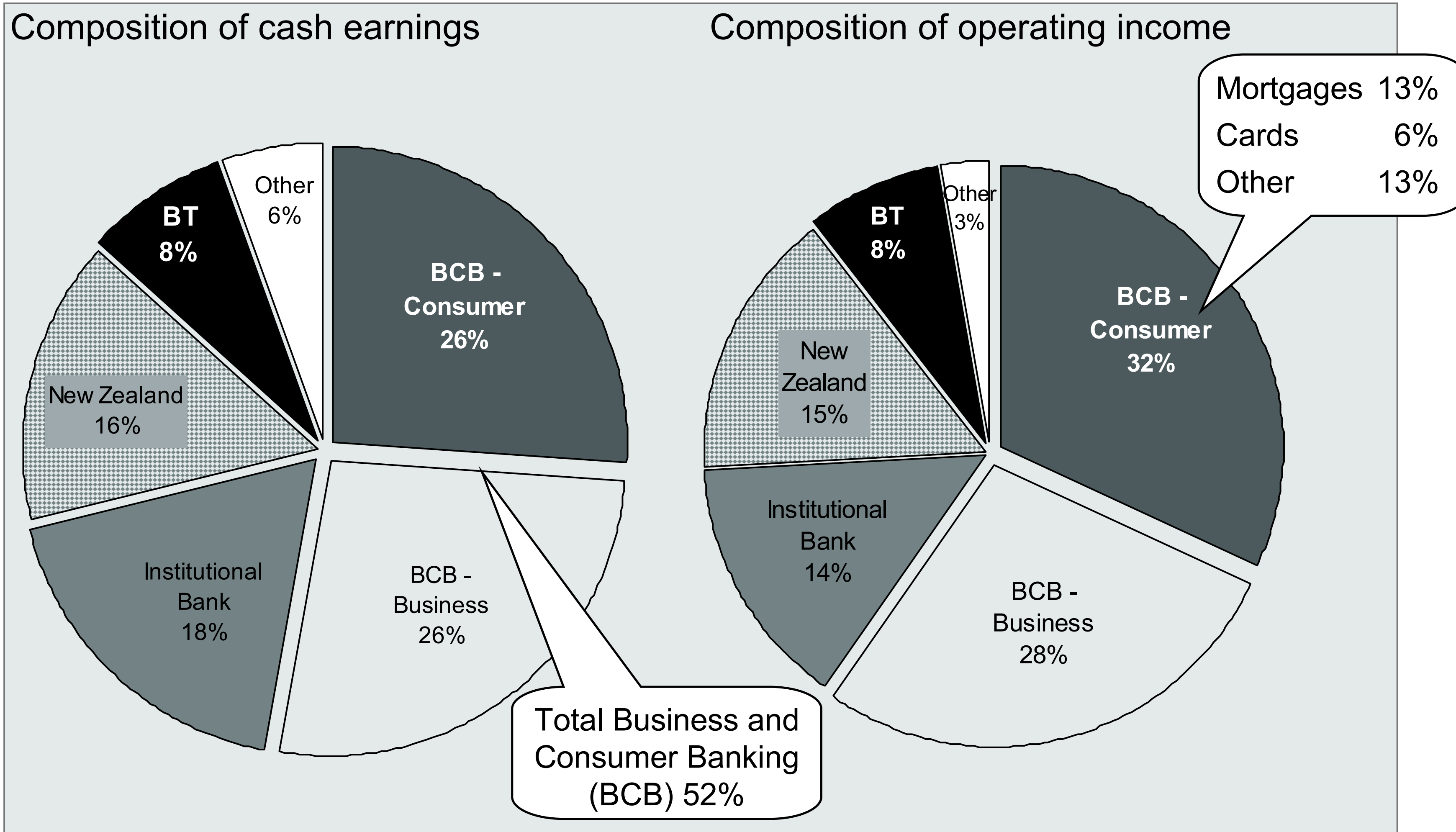
Composition of cash earnings and operating income



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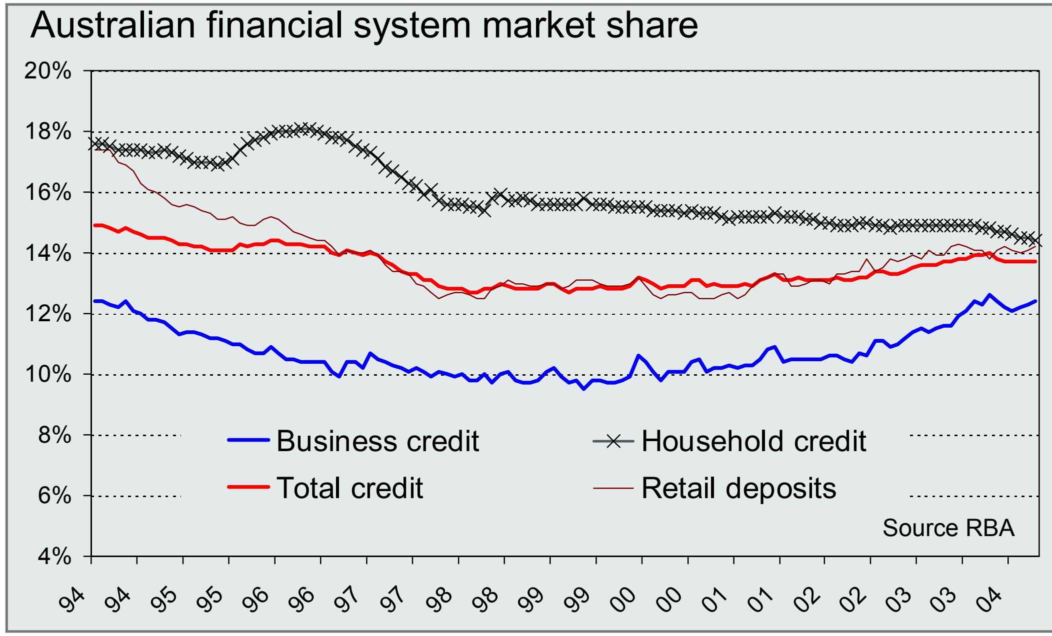
Market share enhanced over year

- Westpac has consistently increased its market share of financial system credit over the last 3 years (year to 30 September):
  - 2001 - 30 basis point increase
  - 2002 - 10 basis point increase
  - 2003 - 60 basis point increase

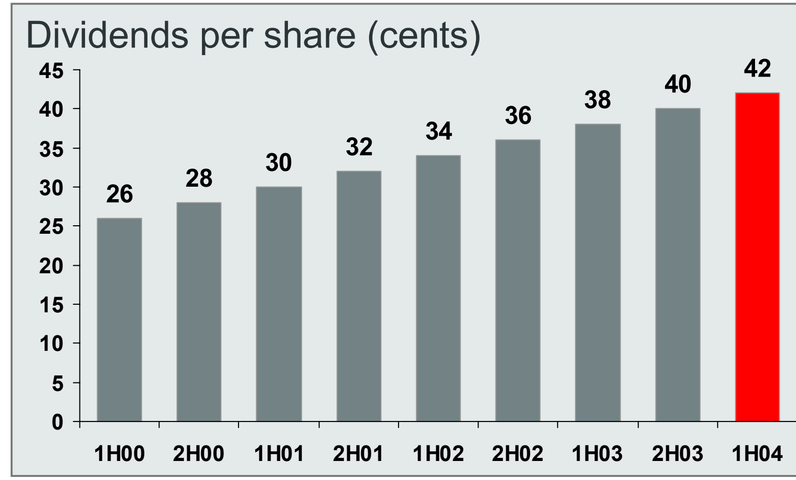


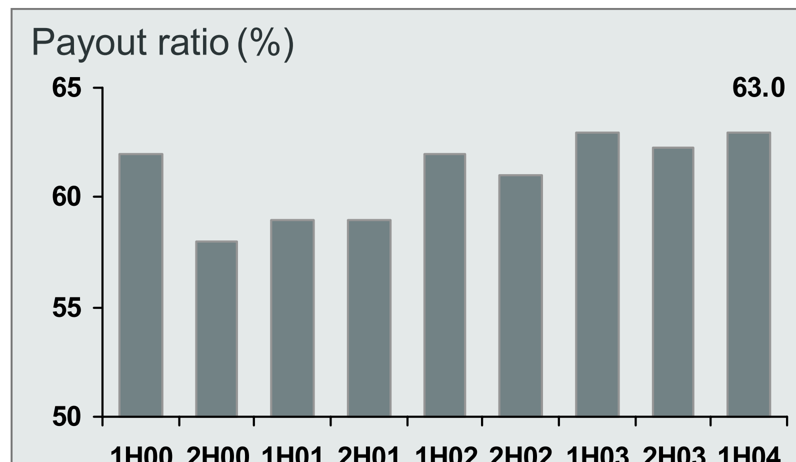
Australian market share – RBA financial system aggregates	Mar 04 %	Mar 03 %	Change (bps) – half year
Credit			
Household (housing & other personal)	14.4	14.9	-50 bps
Other (mainly business)	12.4	11.5	+90 bps
Total credit	**13.7**	**13.6**	**+10 bps**
Retail deposits	14.1	13.9	+20 bps

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.

Consistent dividend growth

- Dividends growing at or above earnings:
  - Cash EPS up 11%
  - Dividends up 11%
- Medium term drivers of payout ratio:
  - Sustainable cash earnings growth
  - Organic capital requirements
- Franking capacity remains strong - $686m pre buy-back; in excess of $400m post buy-back





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Tax breakdown

$m	1H04	2H03	1H03
Tax expense	431	395	333
Tax expense as a % NPBT	25.9%	25.8%	24.0%
Adjustments			
Policy holder tax recoveries	(11)	(18)	13
Normalised tax expense	420	377	346
Normalised tax rate	25.3%	24.6%	24.9%
Effective tax rate inc gross up[1]	31.8%	30.7%	29.2%

1. The tax equivalent gross up represents the economic benefit the Group derives from entering into various structured financing transactions that generate income subject to either a reduced or zero rate of income tax.

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Business and Consumer Banking (BCB)[1]

- The powerhouse of Westpac's earnings with 19% growth in cash earnings from a business contributing 52% of Group earnings
- Profitable growth delivered, strong increase in loans and deposits, partially offset by softer margins
- Continued success in business sector strategy – business lending 18% higher
- Expenses absorbed significant compliance spend

$m	1H04	1H03	% Change
Operating income	2,313	2,072	12
Operating exp	(1,210)	(1,143)	(6)
Core earnings	1,103	929	19
Bad debts	(171)	(147)	(16)
Operating profit	932	782	19
Tax & OEI	(280)	(236)	(19)
Cash earnings	**652**	**546**	**19**
Expense to income	**52.3%**	**55.2%**	**290bps**

[1] BCB – Business and Consumer Banking, Australia

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Institutional Bank (WIB)[1]

- Core performance flat - improved revenues across most divisions offset by weaker financial markets performance
- Improved results from Financing and Specialised Capital Group
- Financial Markets impacted by softer trading income and stronger AUD. Programs are underway to improve performance
- Bad debts sharply lower

$m	1H04	1H03	% Change
Operating income	561	560	0
Operating exp	(238)	(234)	(2)
Core earnings	323	326	(1)
Bad debts	2	(43)	Large
Operating profit	325	283	15
Tax & OEI	(100)	(80)	(25)
Cash earnings	**225**	**203**	**11**
Expense to income	**42.4**	**41.8**	**(60bps)**

[1] WIB – Westpac Institutional Bank, including corporate and institutional business in New Zealand

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BT Financial Group

- Integration on track, on time and 2004 synergies expected to be higher than planned based on current run-rate
- Investment performance turnaround now achieved, assisting improved future fund flows
- Insurance continues to perform well

$m	1H04	1H03[1]	% Change
Operating income	308	270	14
Operating exp	(186)	(169)	(10)
Core earnings	122	101	21
Bad debts	-	-	-
Operating profit	122	101	21
Tax & OEI	(26)	(24)	(8)
Cash earnings	**96**	**77**	**25**
Expense to income	**60.4**	**62.6**	**220bps**

1. Period 1H03 included only five months of BTFM contribution

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New Zealand

- Strong business momentum since September 2003
- Lending up 16% (in $NZ)
- Mortgage market share improving - captured 23% of growth in period
- Business transformation continues to be successful
- Expenses 8% higher over year (in NZ$ terms) but were 1% lower over prior half

$m	1H04	1H03	% Change
Operating income	591	523	13
Operating exp	(289)	(248)	(17)
Core earnings	302	275	10
Bad debts	(20)	(22)	9
Operating profit	282	253	11
Tax & OEI	(90)	(80)	(13)
Cash earnings	**192**	**173**	**11**
Expense to income	**48.9**	**47.4**	**(150bps)**

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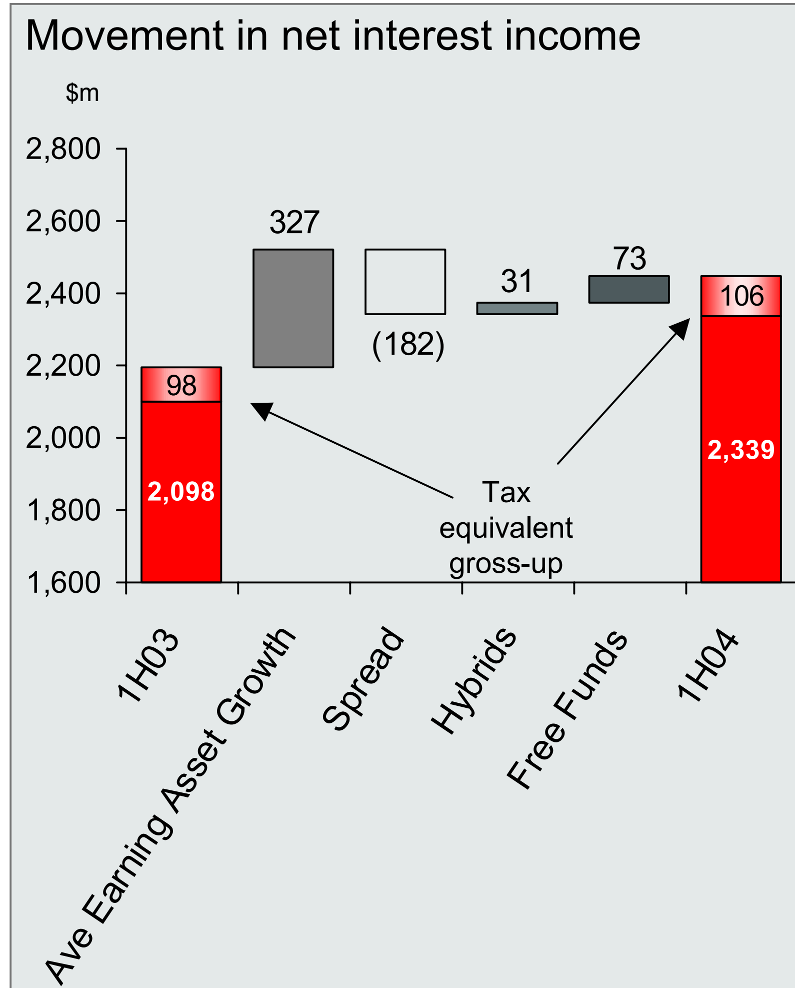
Net interest income analysis

- Net interest income up 11%
- Behind these movements has been
  - Average interest earning assets up 15%
  - 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
- Removing the impact of new hybrid issuance would see net interest income rise by 10%



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Loan growth robust

$bn	1H04	2H03	1H03	% Change 1H03 - 1H04
Business Unit				
Consumer (Australia)	92.1	85.9	78.5	17
Housing[1]	85.2	79.3	72.1	18
Personal (loans & cards)	6.9	6.6	6.4	8
Business (incl. equip. finance)	33.3	31.2	28.3	18
Westpac Institutional Bank	22.6	22.2	22.4	1
New Zealand ($NZ)	*26.7*	*24.5*	*23.1*	*16*
BT Financial Group	1.7	1.6	1.5	13
Group				
Net loans and acceptances	174.9	164.3	153.8	14
Risk weighted assets	148.9	142.9	137.8	8
Avg int. earning assets	190.5	179.3	166.2	15

[1] Securitised loans have been deducted from the total

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Deposit growth

$bn	1H04	2H03	1H03	% Change 1H03 – 1H04
Business Unit				
Consumer (Australia)	49.0	46.8	44.1	11
Business (Australia)	23.8	22.7	21.1	13
Westpac Institutional Bank	12.3	10.9	11.7	5
New Zealand ($NZ)	*18.0*	*17.3*	*16.6*	*8*
Other [1]	35.0	33.6	29.9	17
Group				
Non-interest bearing	5	4	5	0
Certificates of deposit	29	30	27	7
Other interest bearing – At call	62	61	56	11
Other interest bearing – Term	40	34	34	18
Total deposits	**136**	**129**	**122**	**11**

[1] Other include Treasury and Pacific Banking

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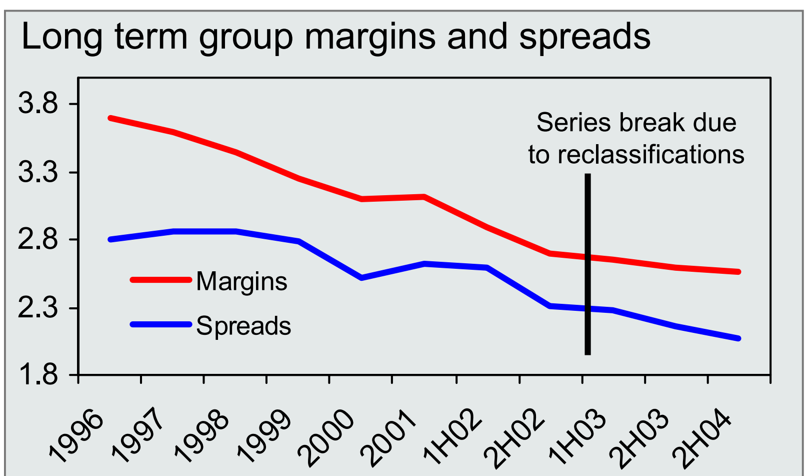
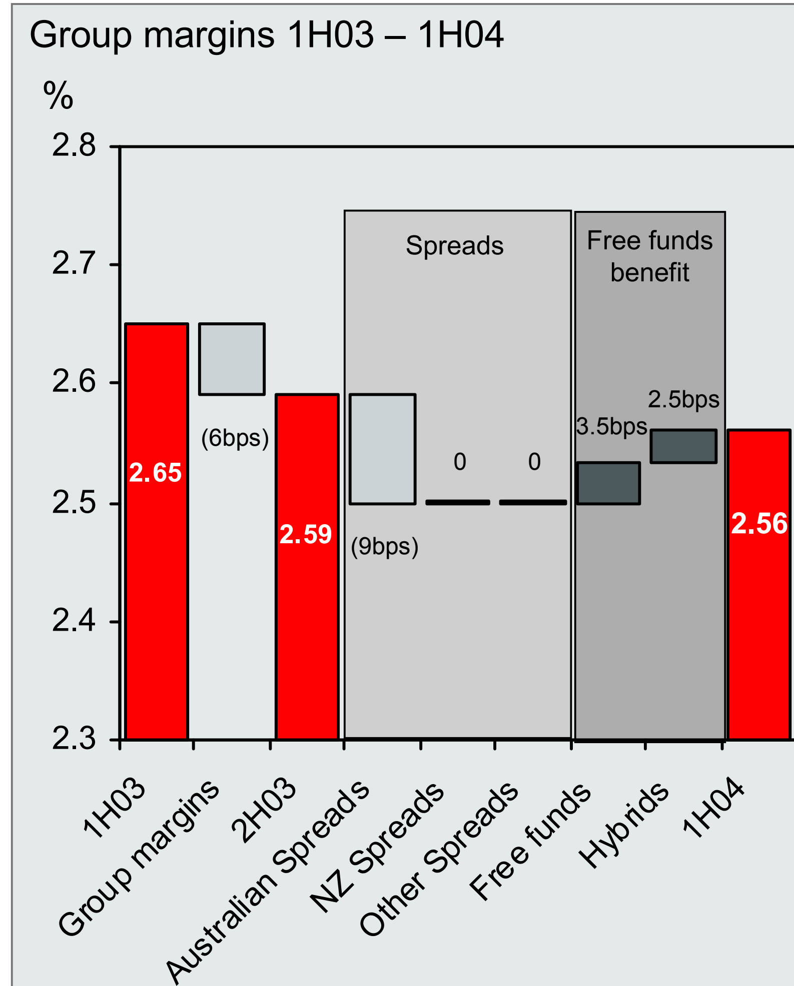
Group margin dynamics

- Margins down 9 basis points over the year in line with long term expectations
- Spread down 21 basis points over year driven by normal decline and some cyclical factors including the change in the monetary policy cycle
- Of the 9 basis point fall in margins over the year, two thirds of the decline occurred in 2H03
- Most of the easing in margins 1H04 can be traced back to lower Australian spreads





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Australian margins

- The decline in Australian margins has been due to a variety of factors:
  - Transitory change in the cash/bills spread has impacted spread by around 6 basis points in 1H04
  - Funding portfolio composition impacted by strong lending growth not fully matched by deposit growth
  - Mortgage spreads lower from product mix changes, more specifically an increase in both the proportion of fixed rate lending and packaged products which typically have lower spreads
  - Cards spreads lower due to introduction of Virgin card (low card rate) and reduced revolver rates across the portfolio
- Reduced asset spreads almost fully offset by improved liability spreads
- Australian deposits spreads increased 10 – 16 basis points following increases in official cash rates

Indicative

Function	2H03 to 1H04
Cash /30 Day bills spread	(6bps)
Funding & portfolio	(5bps)
Assets mix	(6bps)
Liabilities	4bps
Change in Australian spread	(13bps)
Impact on Group margins	(9bps)

Australian product spreads

Product	2H02	1H03	2H03	1H04
Mortgages	1.21	1.22	1.22	1.18
Cards	8.11	7.50	7.76	6.77
Business	1.81	1.81	1.88	1.86
Consumer Deposits	1.60	1.52	1.56	1.66
Business Deposits	2.41	2.51	2.60	2.76

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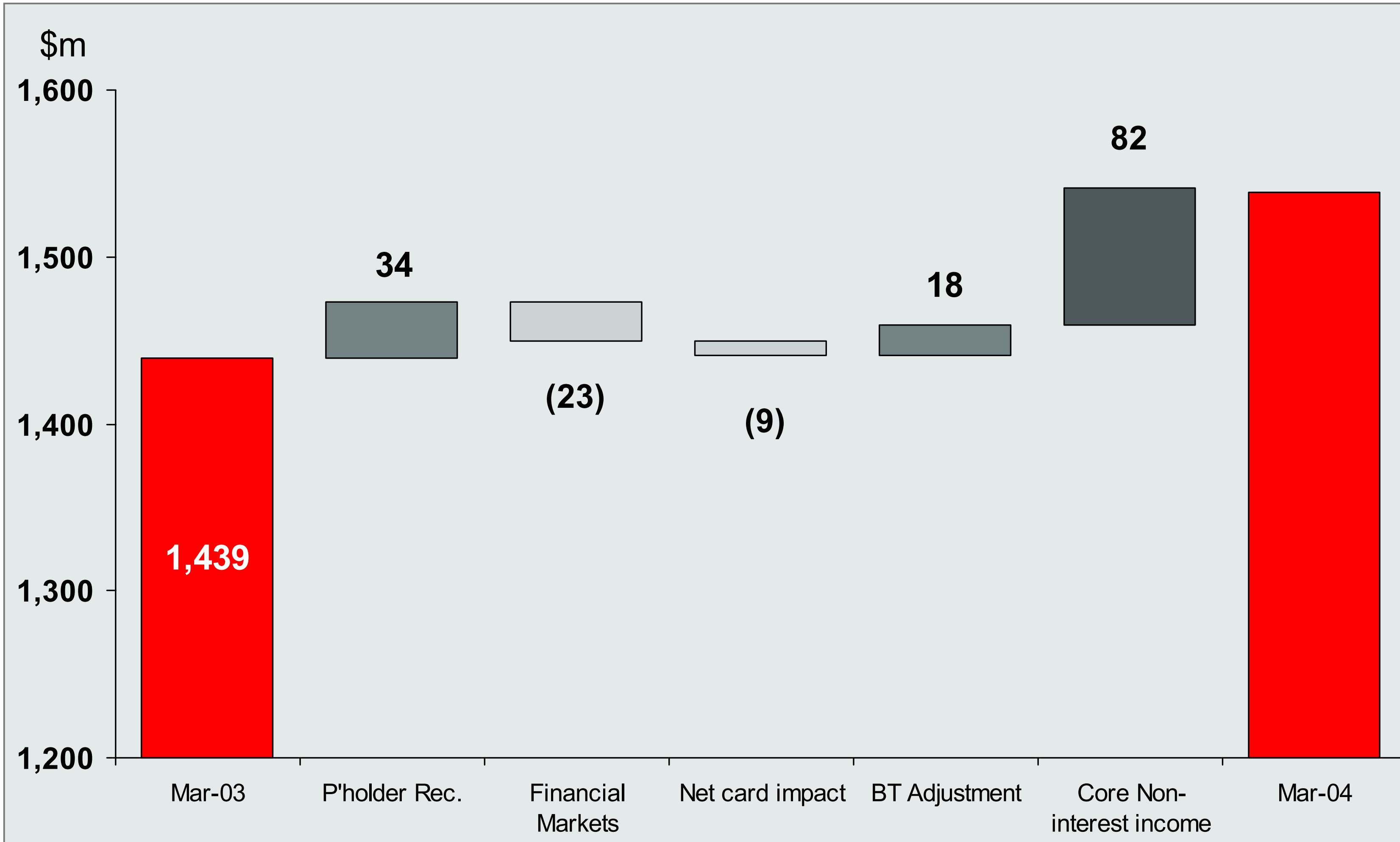
Non-interest income analysis



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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 and beyond

$m	1H03	2H03	1H04
Interchange income	103	106	76
Rewards costs	(76)	(82)	(81)
Fee repricing		30	30
Other fee income	35	32	28
Cards non-interest income	**62**	**86**	**53**

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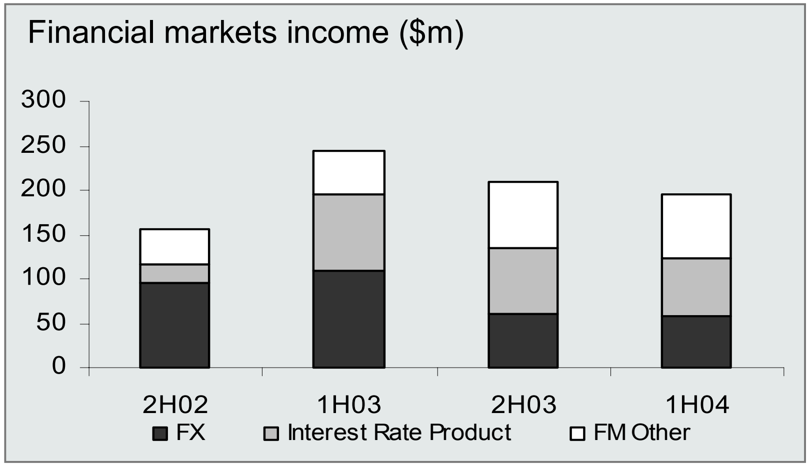
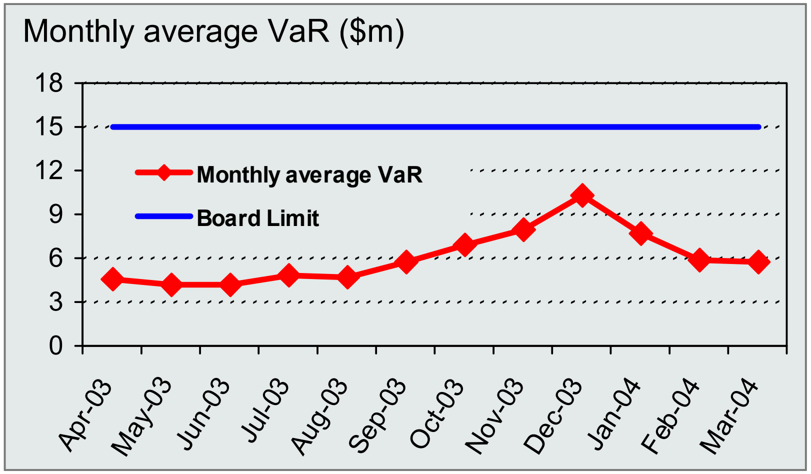
Credit cards – a market undergoing great change

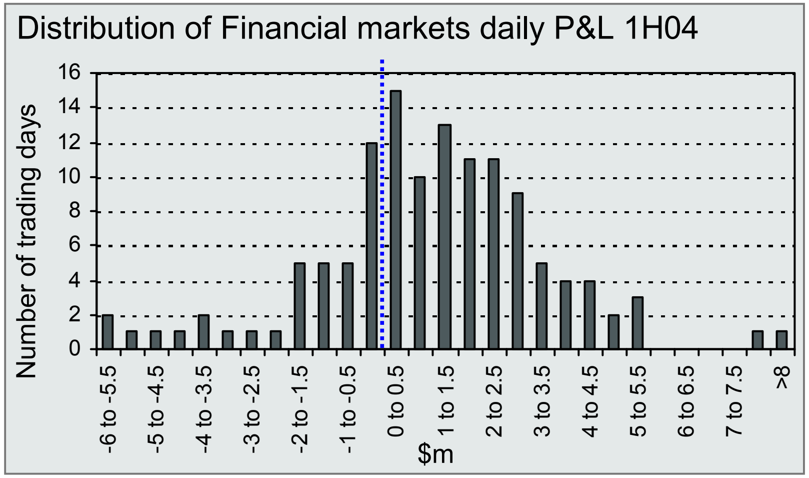
- Interchange reforms have been accompanied by a significant increase in competitive intensity:
  - Introduction of new lower rate cards
  - Entry of companion cards
  - More card users taking advantage of interest free periods (lower revolver rates)
- Our strategic response has been successful
  - Growing balances from success of Virgin card
  - Market share of outstandings 19.3% from 18.5% a year earlier
  - Market share of accounts 16.3% from 15.8% a year earlier
  - Successful roll-out of Amex companion card

Financial markets income

- Financial markets income 20% lower than prior corresponding period and 6% below previous half.
- Result consistent with expected volatility, although recent performance has been below average
- Recent period accompanied by a small rise in the average value at risk (VaR). VaR is well within approved limits
- Measures to improve performance have been implemented
  - Ceasing coverage of interbank markets where we no longer have a competitive advantage
  - A number of operational changes







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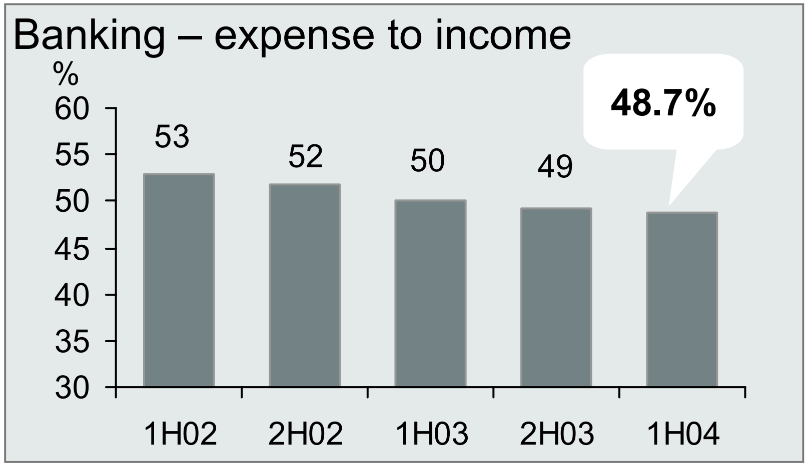
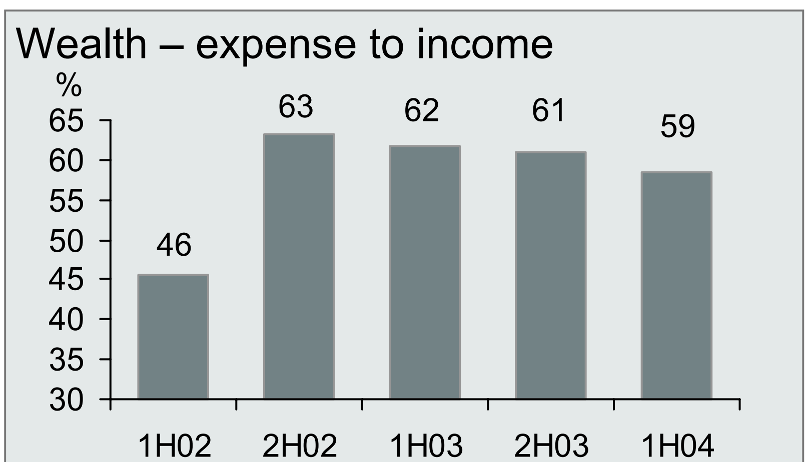
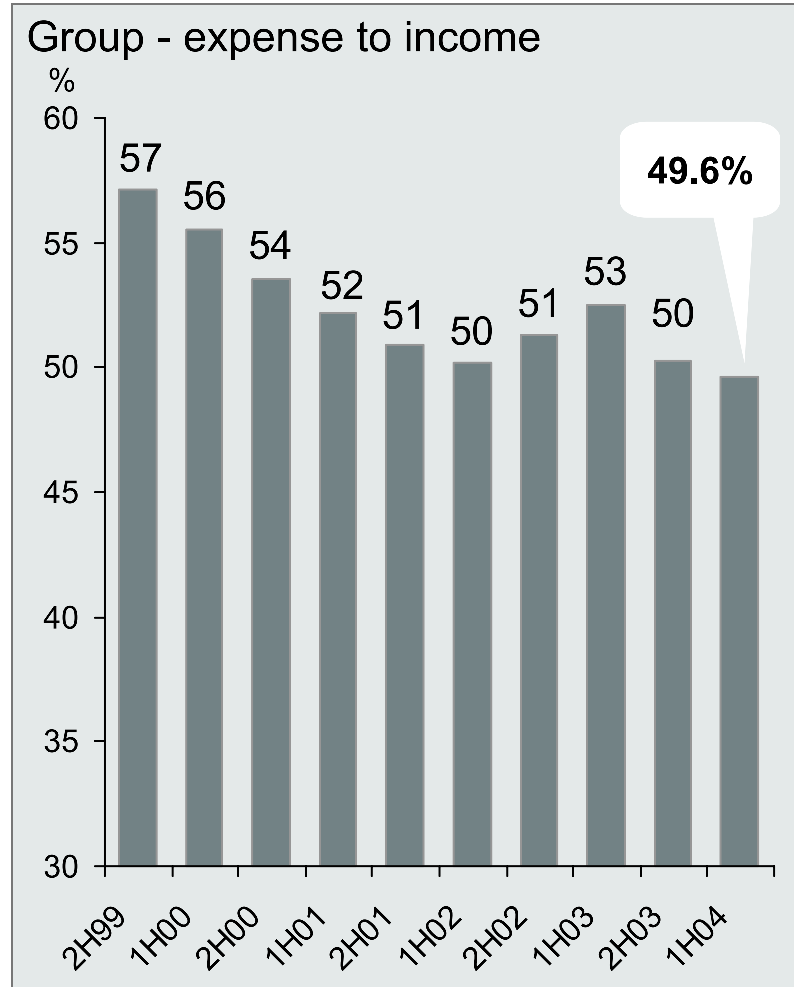
Expense to income – now under 50%







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Expenses – tightly managed

On target for 2 - 4% annual expense growth for year

$m	1H04	2H03	1H03	% Change 1H03 – 1H04
Salaries & other staff expenses	948	938	898	6%
Equipment & occupancy	305	300	296	3%
Other expenses	672	668	663	1%
Operating expenses	**1,925**	**1,906**	**1,857**	**4%**
Gross up – 5 months of BT	***-***	***-***	***15***	
Adjusted operating expenses	**1,925**	**1,906**	**1,872**	**3%**

What we have said on expenses

Comment	Outcome in 1H04
Absorb major compliance spending	Significant compliance spend in 1H04 compared to 1H03 (FSR, IFRS, Sarbanes Oxley, Basel II)
Increase in superannuation costs	Additional costs of $10m in 1H04
No further pressure from NZD/AUD exchange rate	Net impact of AUD/NZD exchange rate reduced costs by $10m
Decrease in temporary staff expected as project work eases	Temporary staff reduced by 327
Higher capitalised software amortisation expense	Up to $57 in 1H04 from $40 in 2H02 and $49m in 1H02.

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Deferred expenses

$m	1H04	2H03	1H03	% Change 1H03 – 1H04
Capitalised software	328	300	284	15
Other deferred expenditure	268	233	207	29
Deferred acquisition costs (funds management)	97	96	90	8

Capitalised software - major projects $m	**Amortisation period (years)**	**1H04**	**1H03**	**% Change 1H03 – 1H04**
Loan process re-engineering (Pinnacle)	3	62	45	38
Institutional Bank (incl. Financial markets systems)	3	33	31	6
Standardised PC platform (One Bank)	3	39	26	50
Channel development and distribution	3	15	11	27
Product enhancement	3	14	13	8
Customer relationship management (Reach)	3	33	29	14
Other Australia	3	46	60	(23)
Teller platform upgrade, New Zealand	3 - 5	21	19	11
Other New Zealand	3	65	66	(2)
Total		**328**	**300**	**9**

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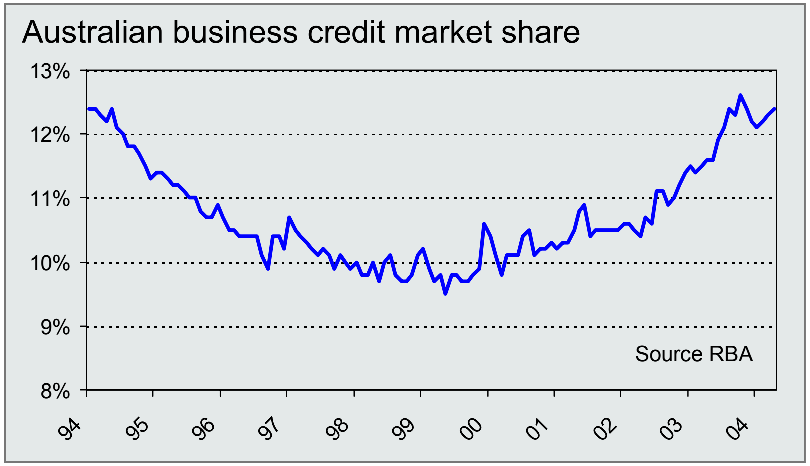
Consistent strategy since 1999 to capture business market

- Business lending (SME and Middle Market) up 18% against market growth of around 6%
- 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

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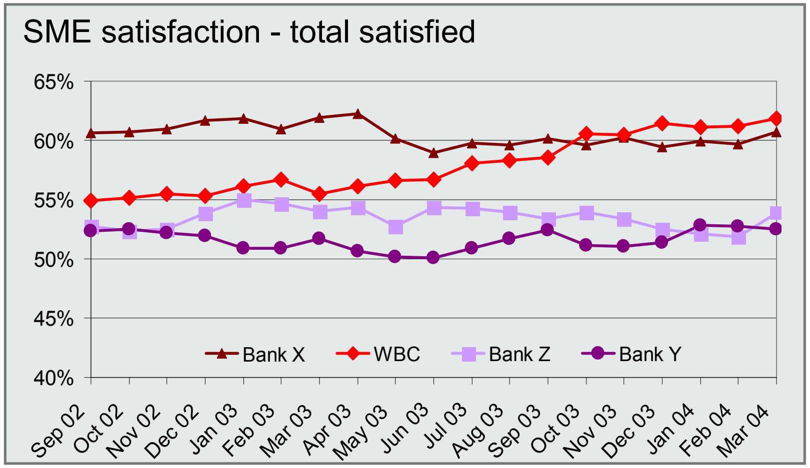
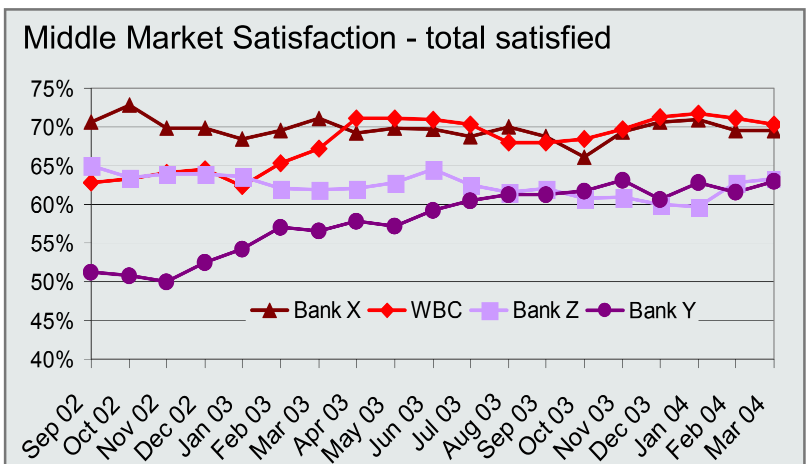
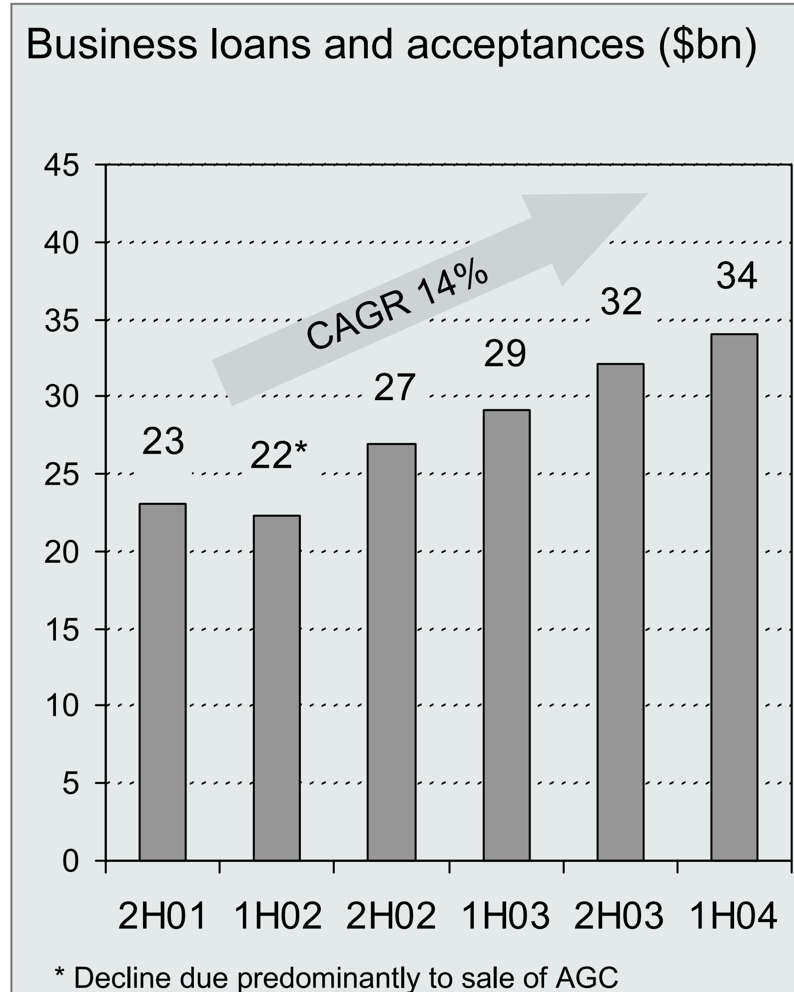
Business strategy is delivering







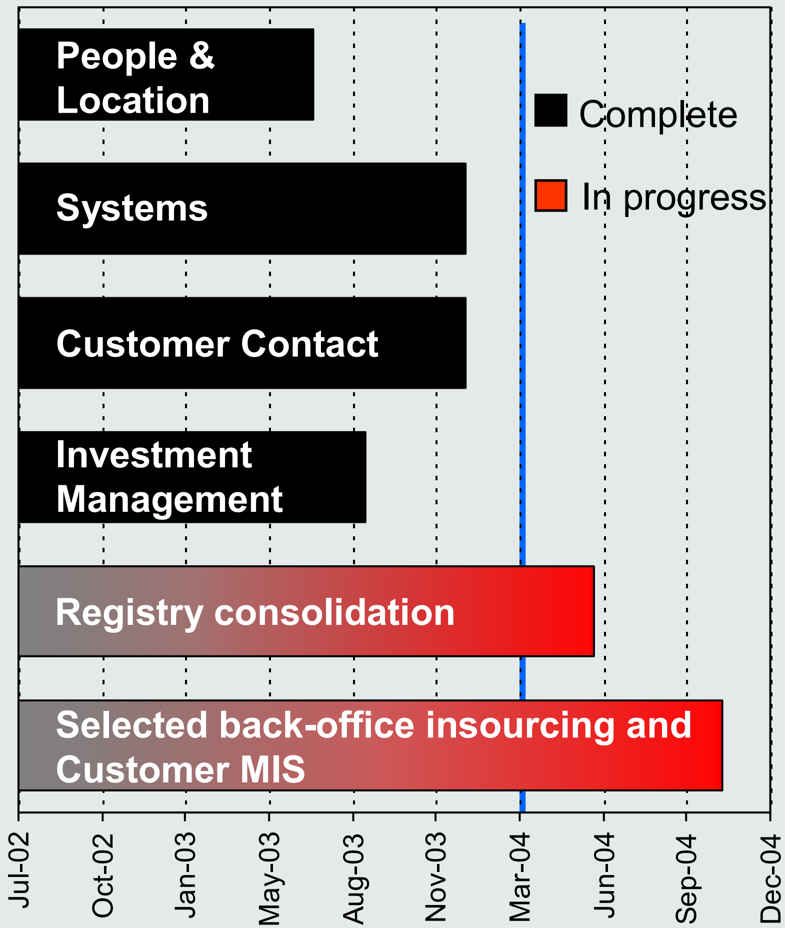
Source: TNS Business Finance Monitor is since June 2002.

Wealth position–represented across value chain

Customers	Distribution & Advice	Bundling Platform	Product Manufacture	Investment Management	Back Office
Access to 7.7m existing customers and through External Financial Advisor (EFA) channels	Westpac planners & advisers Broad access to independent financial advisors via Wrap and rated products	Leading wrap and corporate super platforms 37 financial groups using Wrap platform approx 4,500 advisors Corporate super and Wrap platforms now in use by Westpac planners	Broad product range Proven servicing capability Commenced restructuring of product range	Manage funds where comparative advantage Use external managers elsewhere particularly internationally BT partner series – manager of managers approach launched	Outsourced partners for funds admin Centralised back office servicing centre

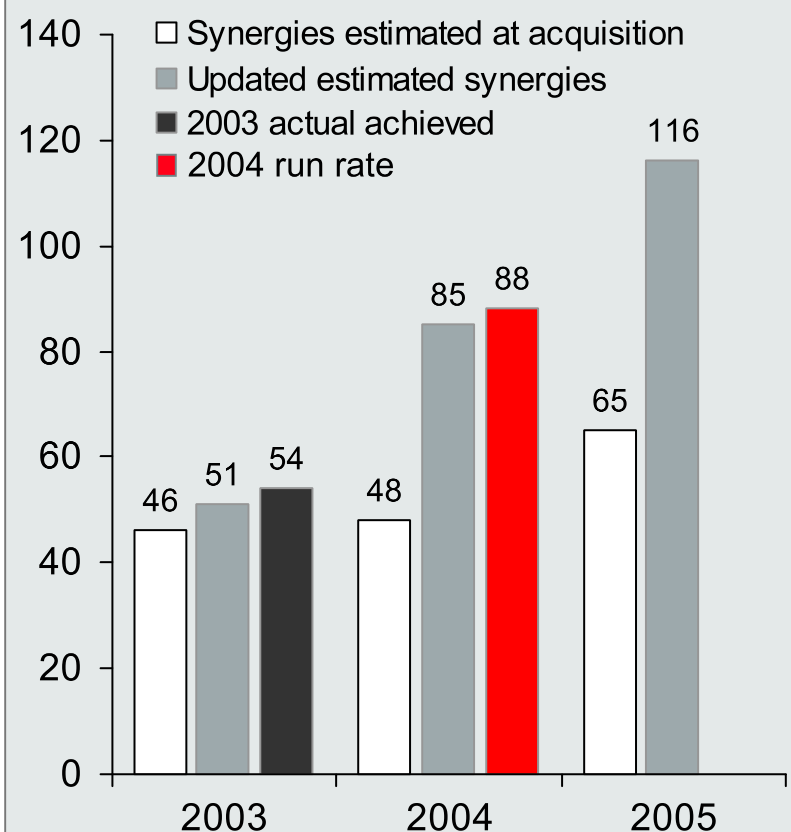
BT integration – on track

Integration progress



Synergies

$m



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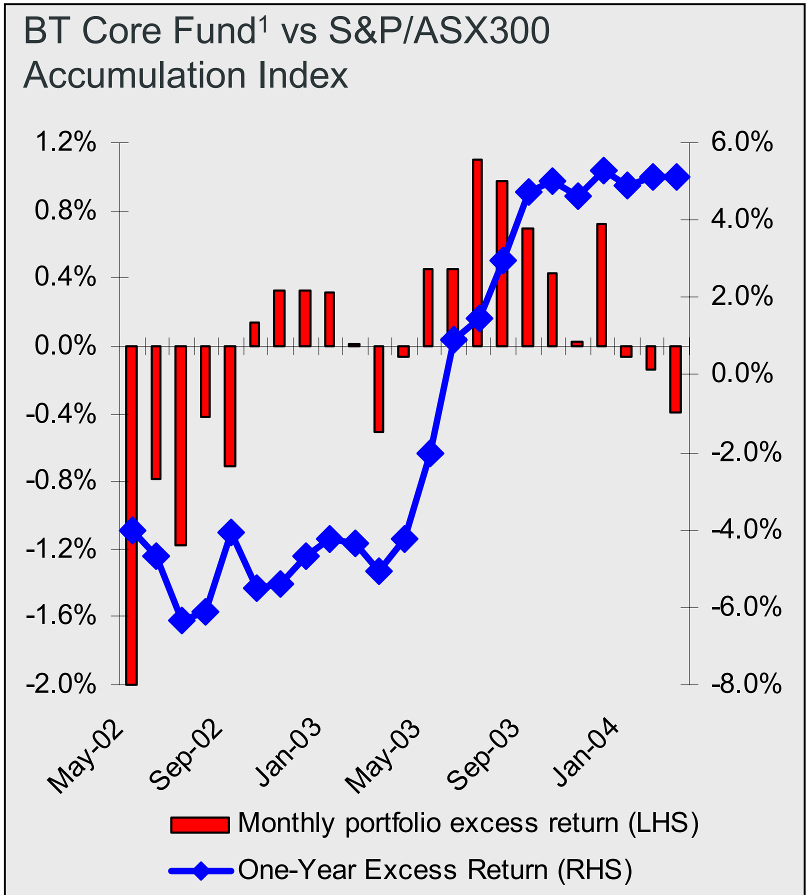
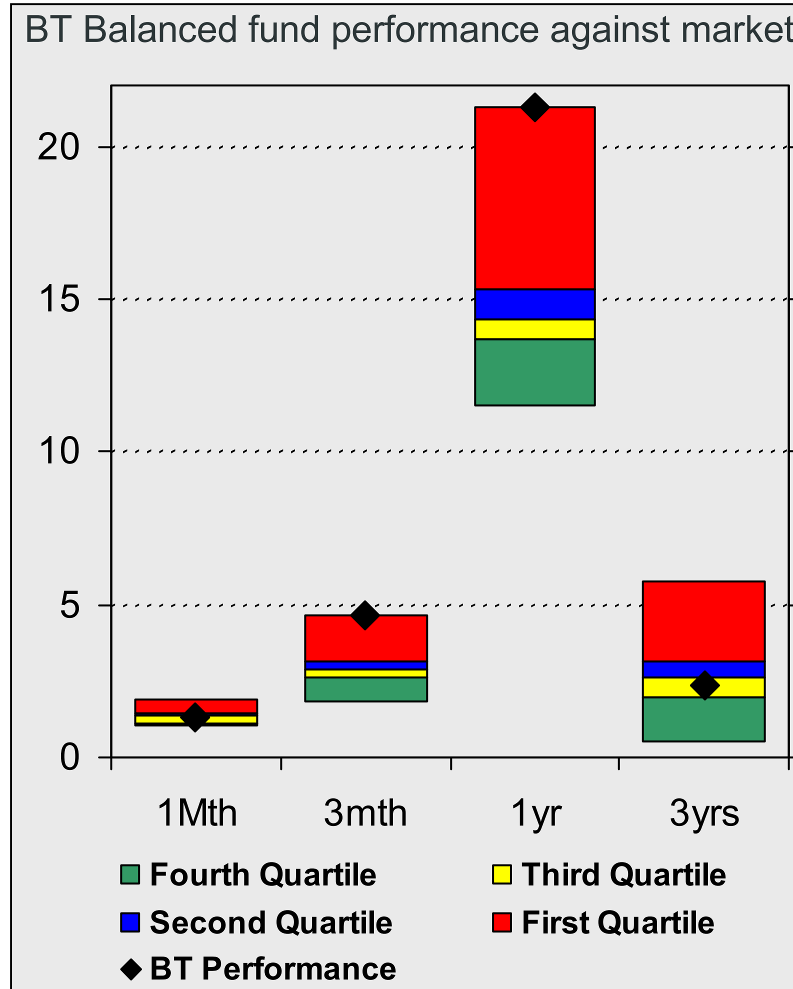
Performance turnaround: Australian equities



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



Source: Intech Interim Survey – periods to 30 September

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Improved researcher ratings

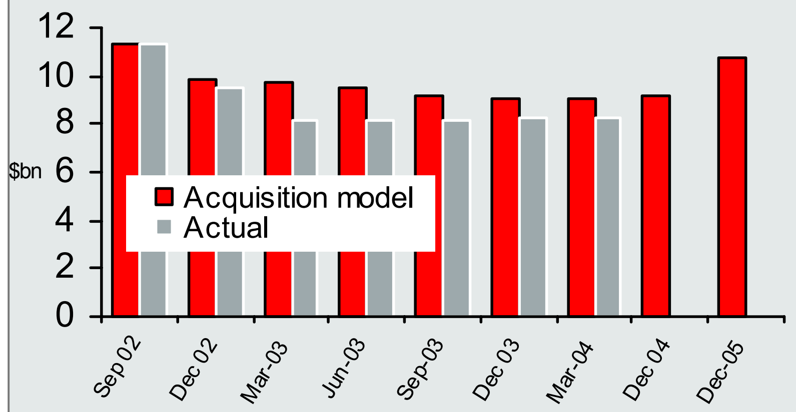
Large Cap Australian Equities – Flagship Retail Fund Ratings*

Researcher	Rating		Comments
	Last year	April 04	
Van Eyk	B	A	Upgraded Feb 04.
ASSIRT	1 star	3 star	Upgraded in April 04.
Lonsec	Sell and then Hold	Investment Grade	Hold rating in place since Oct 03, moved to Inv Grade in Apr 04.
Morningstar	1 Star	1 Star	Qualitative component upgraded Jan 04, no impact on star rating.
Investorweb	Sell	Buy	Upgraded from Investment Grade to Buy in Nov 03

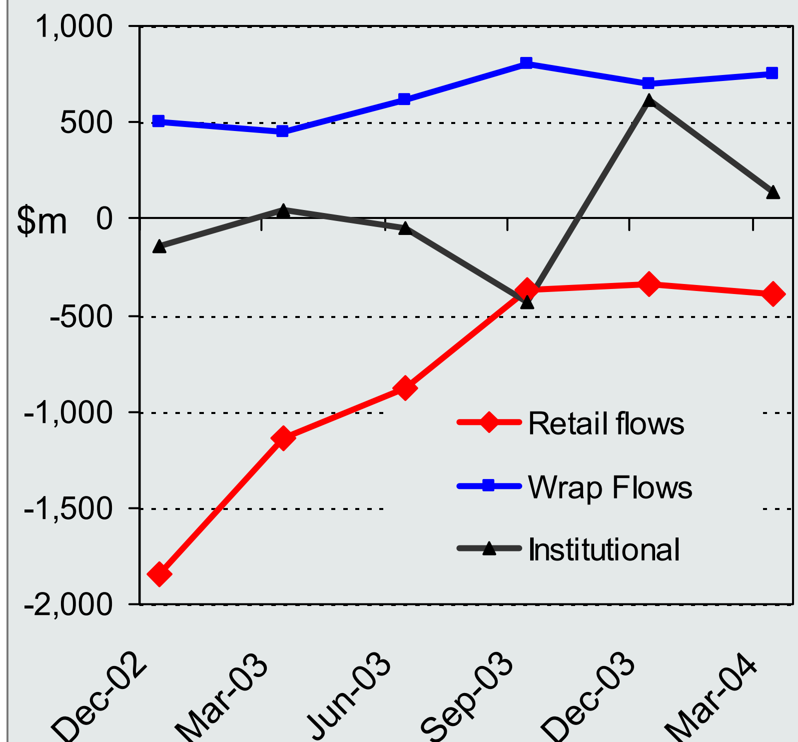
*Retail flagship fund is the BT Australian Share fund

Net fund flows

Net retail FUM against acquisition model Tracking BT funds acquired from September 02



Quarterly net funds flows – Total BT



Notes:

- Retail includes super, retail investment, mezzanine, corporate super and pensions.
- Wrap is all wrap flows
- Institutional includes PPM, institutional business and structured investment product flows.

Acquisition – value buffer	Impact on assessed NPV
Paid 80% of NPV	$305m
Additional BT synergies	$328m
Every $1bn in retail FUM below acquisition model reduces NPV by $40m	$40m

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Growth in most wealth products remains strong

Current Australian market share			Share of new business	
Product	**Market share (%)**	**Rank**	**Market share (%)**	**Rank**
Retail	9.2	5	7.7	7
Corporate super	6.2	5	14.3	2
Wrap and master trust	11.1	3	15.1	3
Life and risk	6.7	7	10.6	3
Margin lending	14.4	2	9.3	n/a
Broking	10.4	3	10.4	3
Institutional	2.6	12	7.2	n/a

Sources:

Retail& Wrap & M'trust	*- ASSIRT February 2004 (as at Dec 2003)*
	- New Business – September 2003 – ASSIRT Market share report September 2003
Corporate super	*- Dexx&r Employer Super League Table December 2003*
Life and risk	*- Dexx&r Life analysis, Quarterly Statistics ending 30 September 2003*
Margin lending	*- BT loan book verses RBA industry total – 31 December 2003*
Broking	*- ASX market analysis March 2004*
Institutional	*- Institutional Rainmaker Mandate Analysis 2003 – 04 (does not include externally managed FUM)*

Westpac
Australia's First Bank

Australian funds under management

Asset class $bn	Sept 03	March 2004		
		Total	Retail	Retail %
Cash	7.6	8.5	4.9	57%
Australian Fixed Interest	5.2	5.6	3.8	68%
International Fixed Interest	2.8	3.6	1.1	31%
Property	3.1	3.2	2.2	31%
Australian Equities	10.0	10.7	9.5	89%
International Equities	8.1	7.3	5.6	77%
Other*	3.7	3.5	0.2	6%
TOTAL	40.5	42.4	27.3	64%

**Includes FX, currency & asset allocation*

Westpac Australia's First Bank

Insurance business

- Insurance operations have continued to perform well
- Solid growth in risk in-force premiums, up 5%. 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	1H04 $m	2H03 $m	1H03 $m	% growth 1H03 – 1H04
Life insurance				
Australia	25	22	21	19
NZ	10	12	8	25
General Insurance (Australia)	16	20	12	33
Lenders mortgage insurance (Australia)	8	7	7	14
Total	59	61	48	23

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Continued focus on risk management

Credit Risk	• Rigorously managed with the most advanced tools of our risk monitoring systems • Further enhancements in pipeline with Basel II implementation
Market Risk	• Re-assessed position following NAB report • Confident that same issues could not have emerged • Increased awareness of areas we can strengthen some tools and processes
Operational Risk	• Detailed systems in place • More recently the emphasis has focused on documented control regime prompted by: - APRA / NAB report - Sarbanes Oxley 404 requirements - Basel II

Risk management framework

<table>
<tr><td>Board</td><td colspan="4">Considers and approves the risk / reward strategy of the Group
Sets key risk parameters
Review and approve Westpac's Group risk management policies relating to credit risk, market risk, operational risk
Monitor the effectiveness of risk management by Westpac
Satisfy itself 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 colspan="2">Board Credit & Market Risk Committee
Assists Board fulfill oversight responsibilities for matters relating to the management of credit risk and market risk. Approves credit and other transactions beyond executive management authority</td><td colspan="2">Board Audit & Compliance Committee
Assists the Board in fulfilling its oversight responsibilities for integrity of financial reporting, internal Audit, operational risk, and compliance with legal and regulatory requirements.</td></tr>
<tr><td>Independent internal review</td><td colspan="4">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="4">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
Sets boundaries for risk appetite and earnings volatility
Oversees the performance, role and membership of the Group Credit Risk, Group Market Risk and 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 colspan="2">Group Market Risk Committee
Optimisation of market risk / reward for traded and non traded market risk. Oversight of portfolio performance, determination of limits within Board approved parameters</td><td>Group Operational Risk & Compliance Committee
Risk decisions and governance of operational risk and compliance including framework and Group polices. Oversight of the Group's operational risk profile</td></tr>
<tr><td>Corporate Core - Group Risk</td><td colspan="4">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="4">Managing risks inherent in their business including the development of business specific policies, controls, procedures and reporting for relevant risk classes within Group Framework and in consultation with Group Risk</td></tr>
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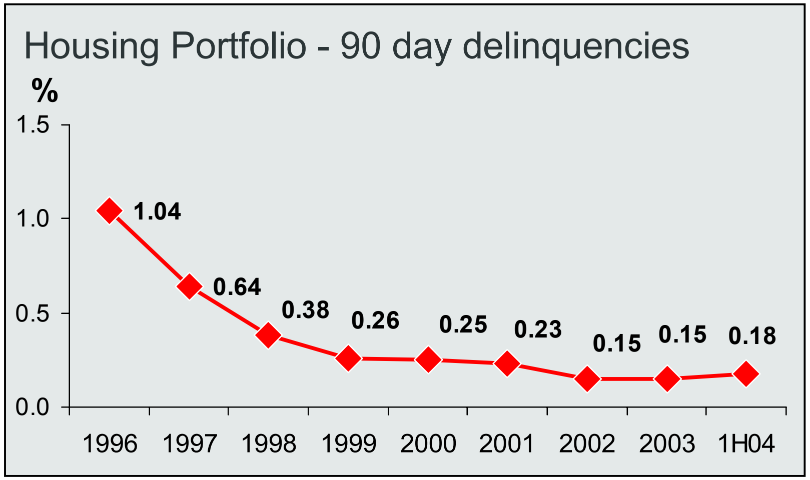
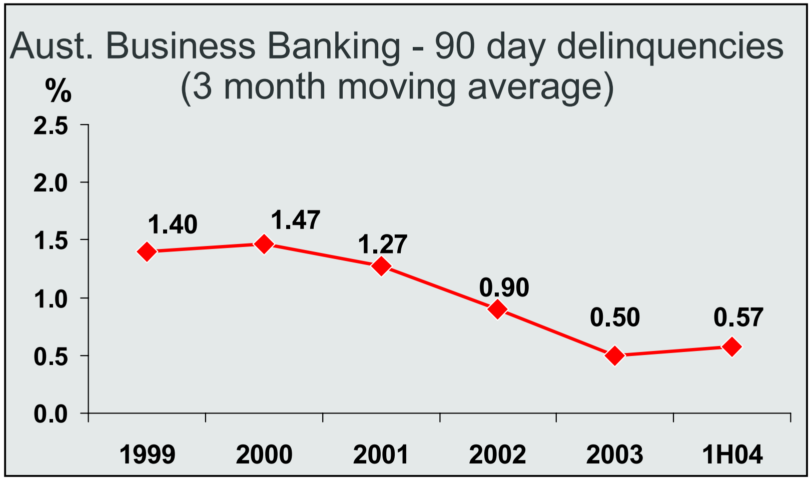
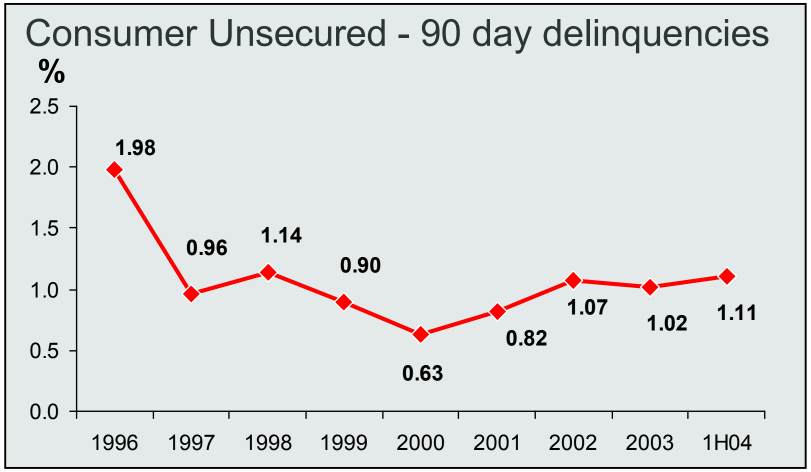
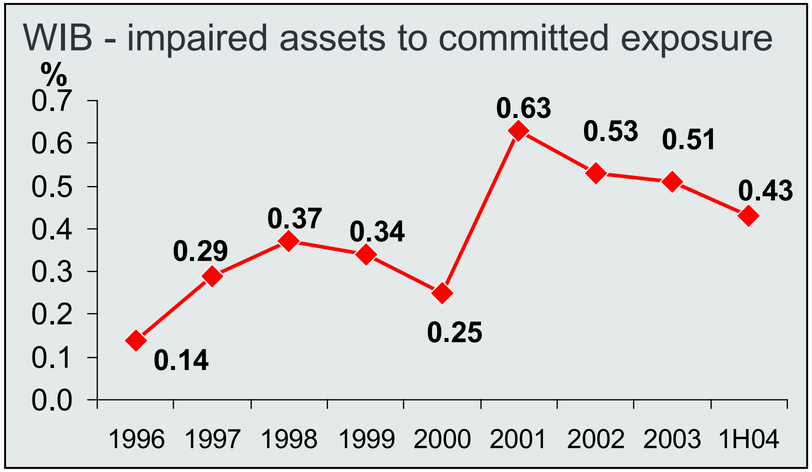
Forward credit indicators in good shape









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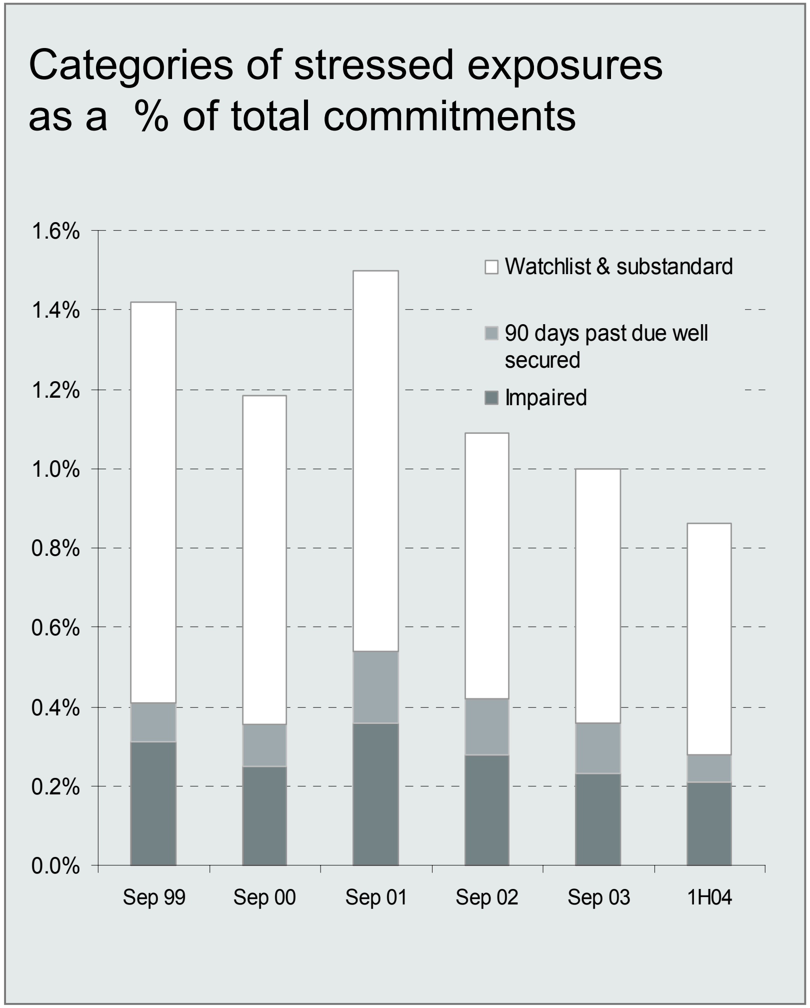
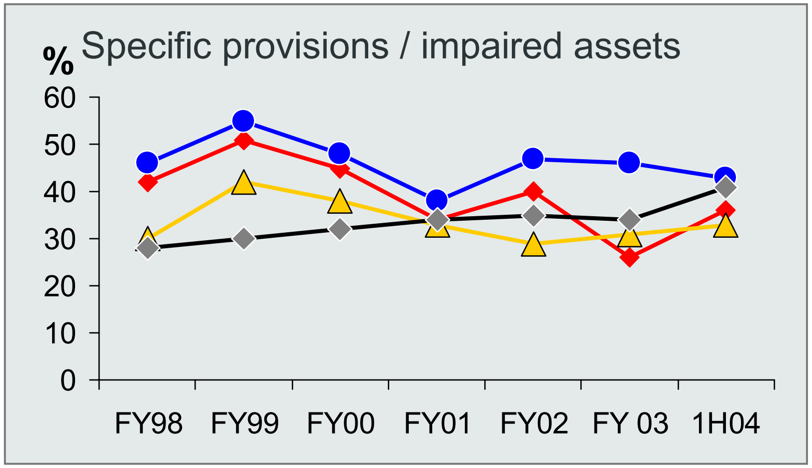
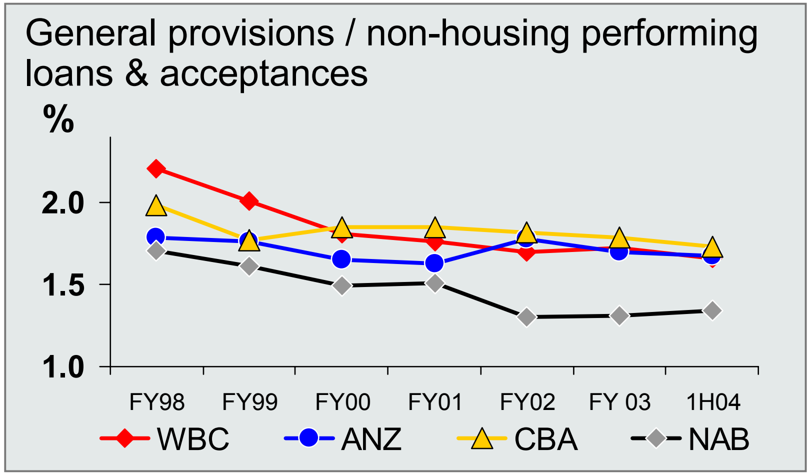
Stressed exposures continue to decline





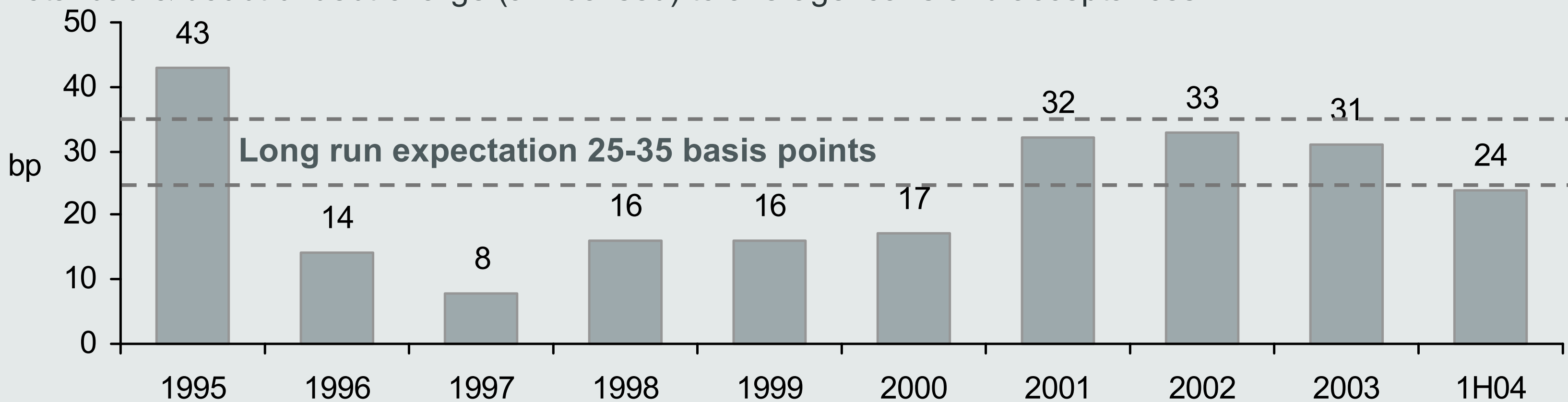


Westpac Australia's First Bank

Bad debt analysis

$m	1H04	2H03	1H03
Write-offs	(128)	(133)	(142)
Net transfer to/from specific provisions	(73)	(70)	17
Recoveries of debts previously W/O	35	27	47
Bad debt charge-off	**(166)**	**(176)**	**(78)**
Increase in general provision	(41)	(95)	(136)
Net bad debt expense	**(207)**	**(271)**	**(214)**
General provision	1,432	1,394	1,309
General provision to non-housing loans & acceptances	1.7%	1.7%	1.7%

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



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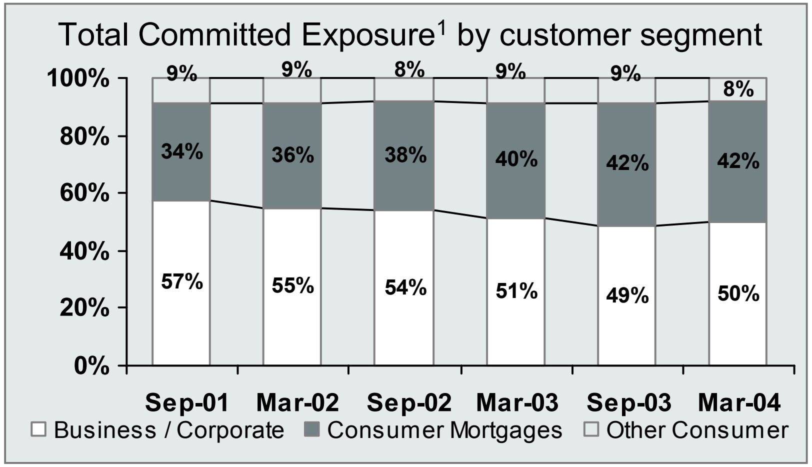
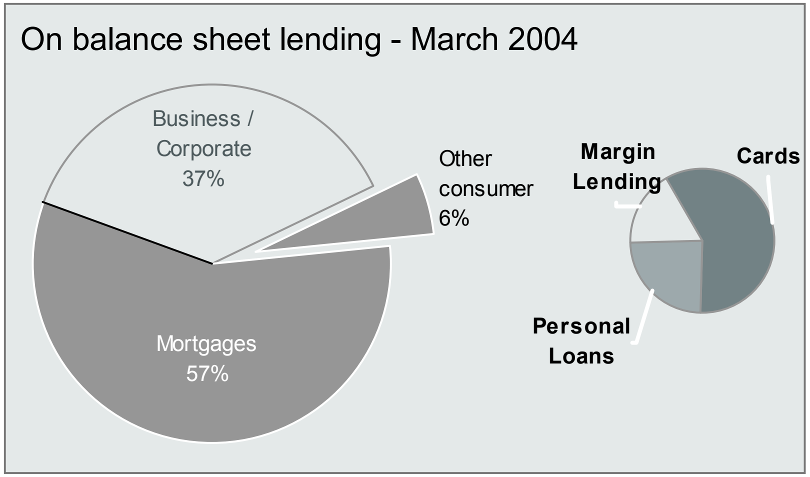
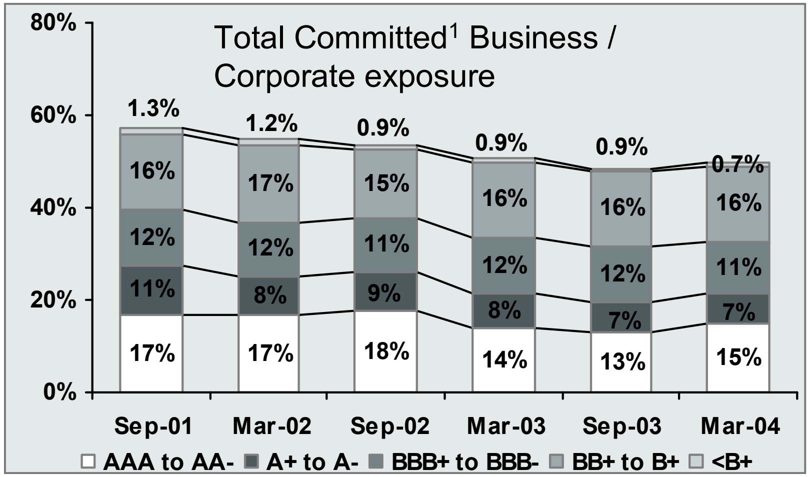
Composition of portfolio

- Mortgages represent 42% of total commitments and 57% of funded lending
- 65% business / corporate exposure exceed investment grade
- Other consumer includes credit cards, personal lending and margin lending







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

Westpac 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 0.4% 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-	34,908	5,814	623	293	129	133	**41,900**
A+ to A-	14,786	1,914	1,350	1,232	-	-	**19,282**
BBB+ to BBB-	23,894	5,852	638	1,314	57	-	**31,755**
BB+ to B+	39,649	7,330	45	403	13	42	**47,481**
<B+	1,162	469	177	229	13	-	**2,050**
Secured consumer	101,928	18,017	-	-	-	-	**119,945**
Unsecured consumer	20,486	2,935	-	-	-	-	**23,421**
	236,813	**42,332**	**2,833**	**3,469**	**212**	**175**	**285,834**

1. Total committed exposures by booking office at 31 March 2004

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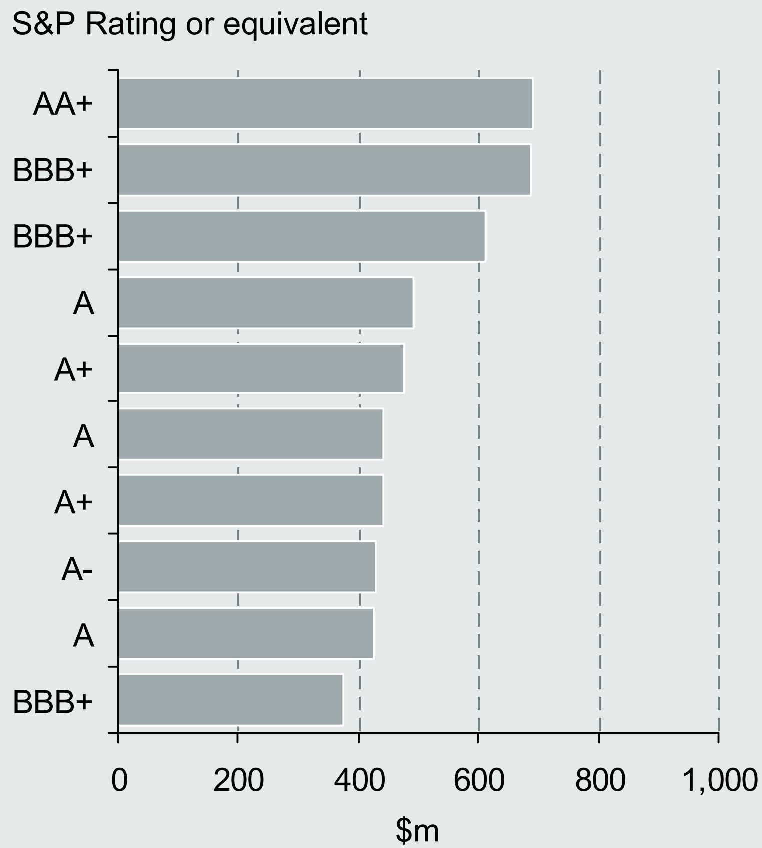
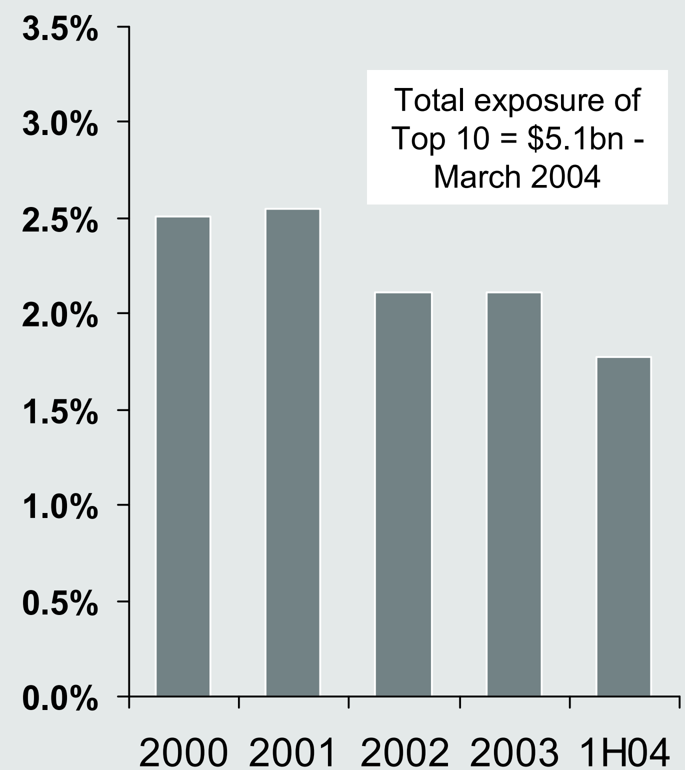
Reduced single name concentration

Top 10 exposures to corporations and NBFIs – March 04



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



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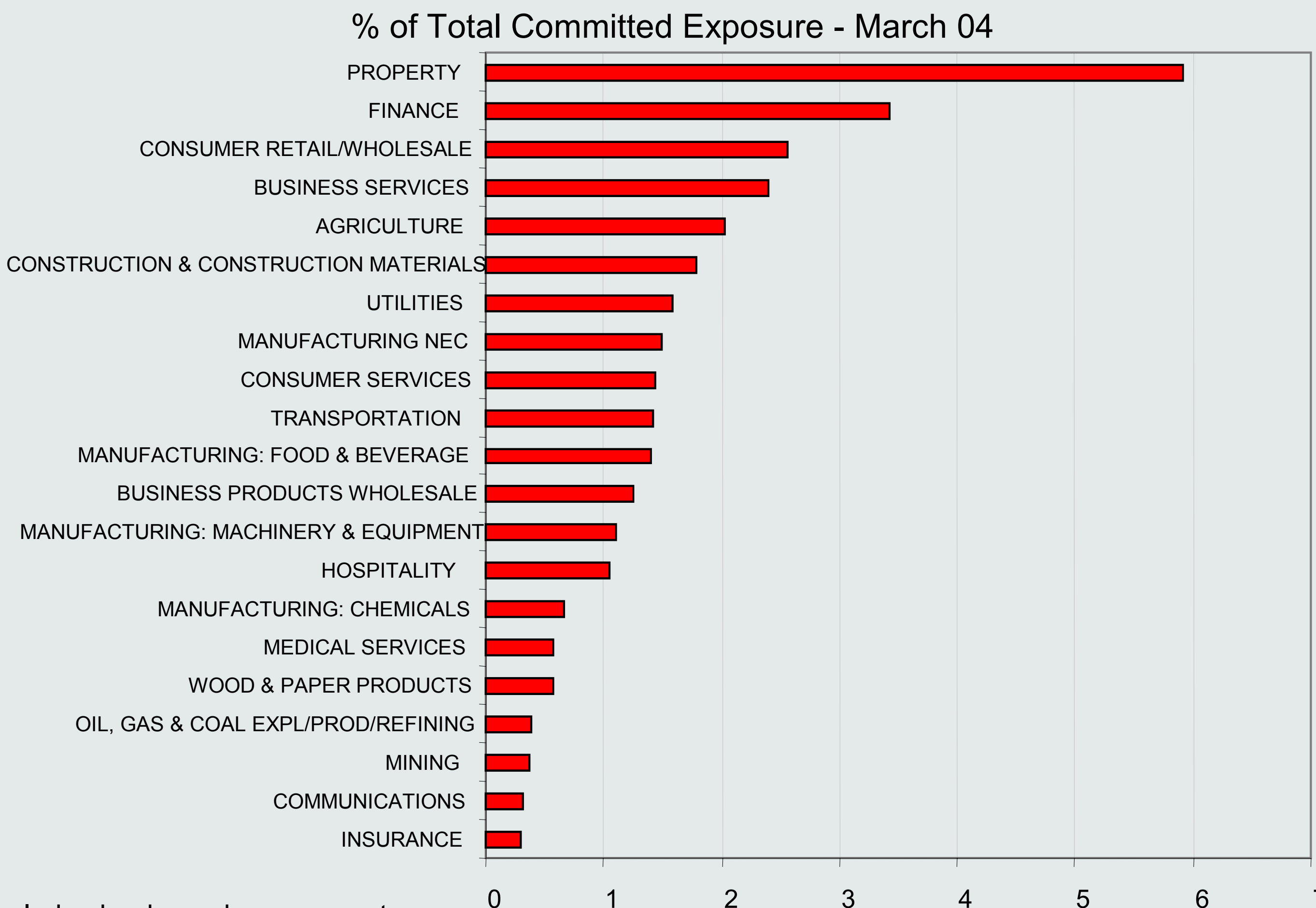
Industry concentrations



Note: Excludes banks and governments

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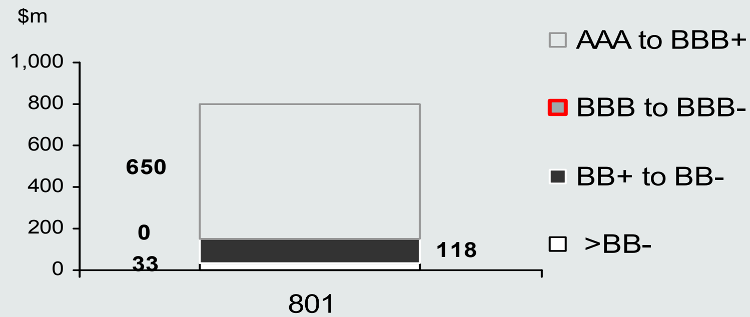
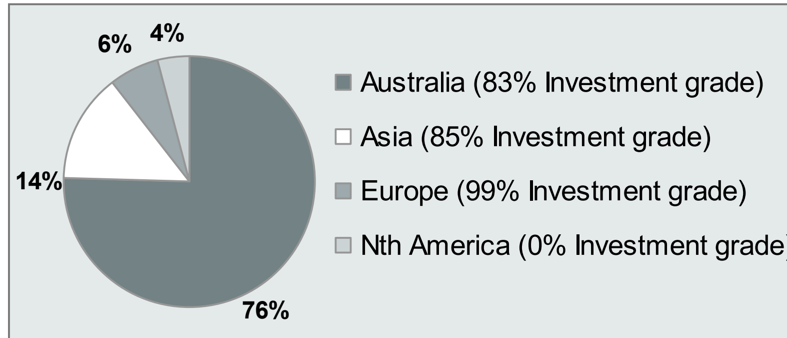
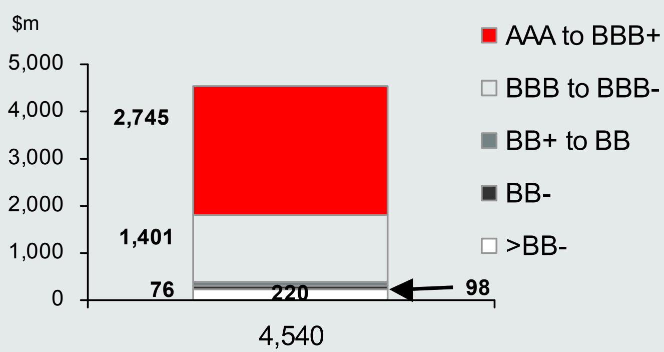
Key portfolio exposures including telco/energy

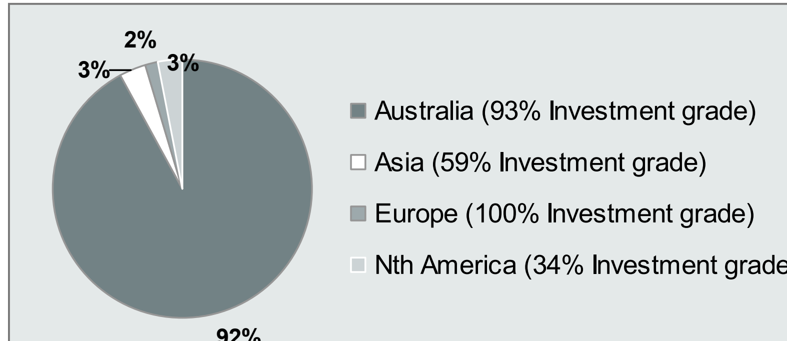
Telco exposure





Global energy portfolio





	Telco	Energy	Total non-investment grade
WBC	0.8	4.5	0.5
NAB*	2.8	11.4	2.8
ANZ*	3.5	9.0	2.2
CBA*	0.8	4.3	1.0

*Source: Most recently available company reports

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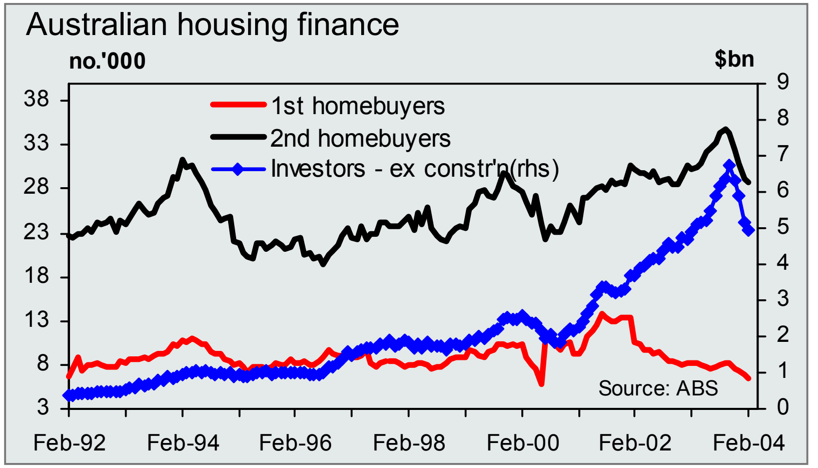
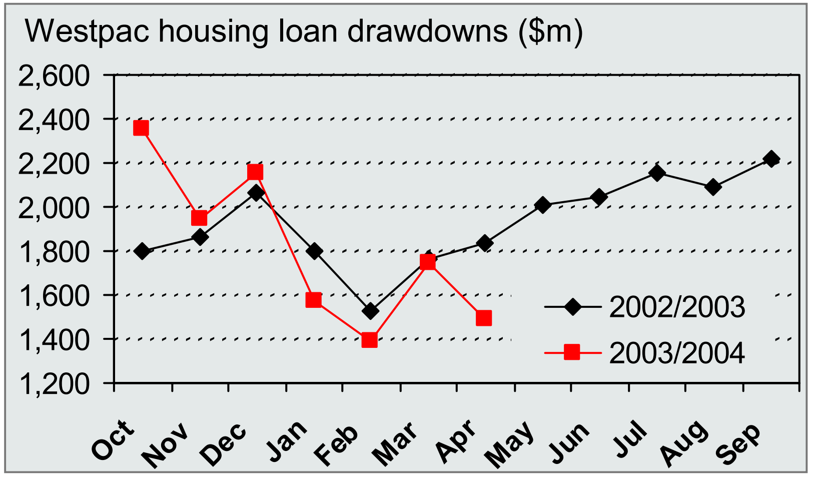
Housing market – beginning to slow

- Overall housing lending up 18% against system growth of 20% leading to market share easing by 70 basis points over past year
- Strategy has been to focus on profitable growth:
  - Proportion of third party originated loans constant at 30%
  - Investor housing growing 22% against market growth closer to 30%
  - Cautious approach to ‘low-doc’ loans





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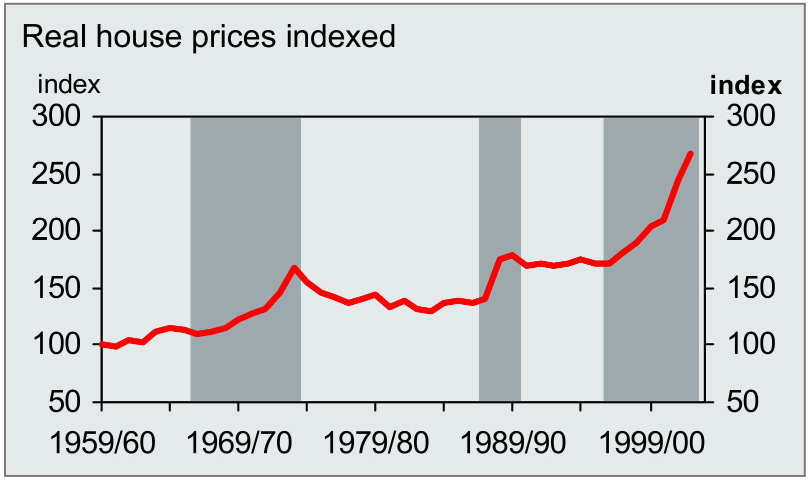
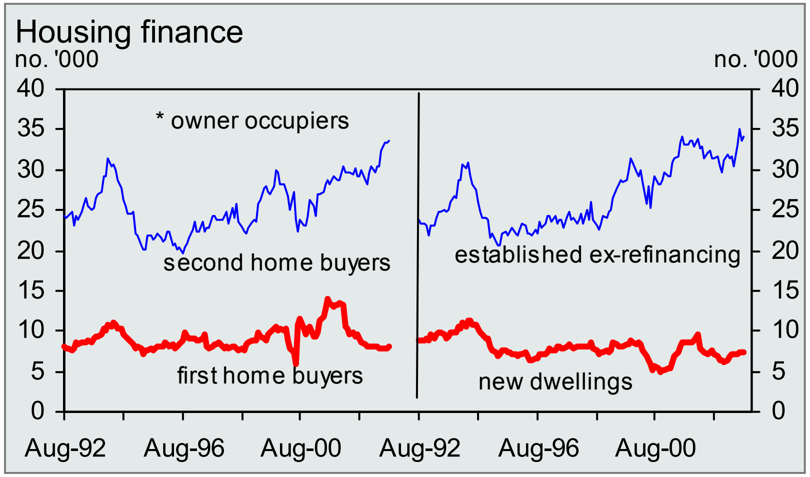
Housing market – state of play

- Real housing prices have risen 76% over last 5 years
- Credit growth similarly strong, averaging 16% over last 5 years
- Recent growth driven by:
  - Second and subsequent home buyers
  - Spending on existing dwelling
  - Investment property lending (not by first home buyers and not for new dwelling construction)





Source: ABS

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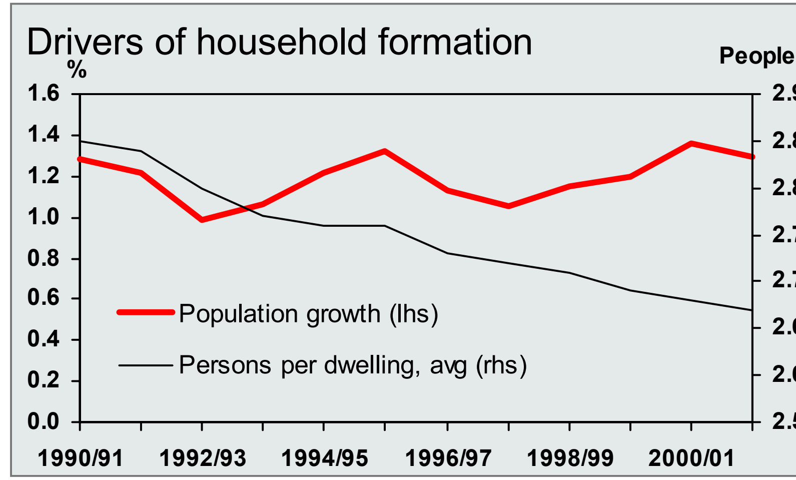
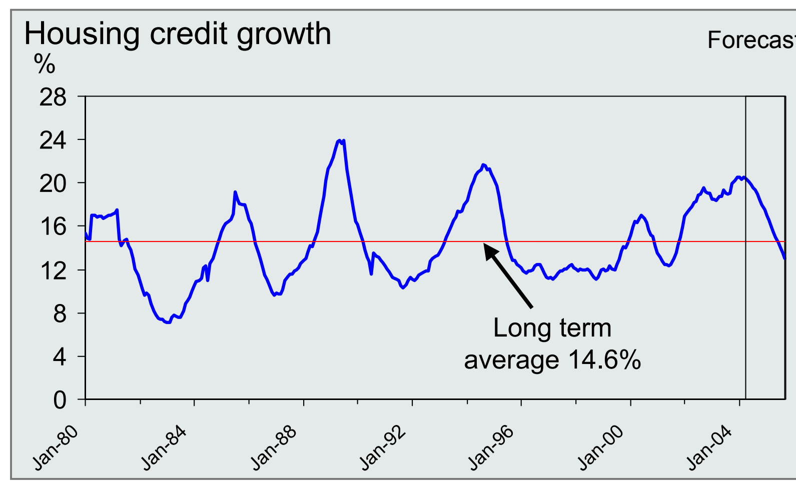
Drivers of housing credit growth

- Housing credit growth will, on average, continue to grow ahead of nominal GDP, supported by:
  - Continuing positive population growth
  - Decrease in average household size
  - A higher proportion of earnings is devoted to dwelling investment as standards of living increase
- Growth expected to ease considerably in year ahead



Source: ABS



Source: RBA

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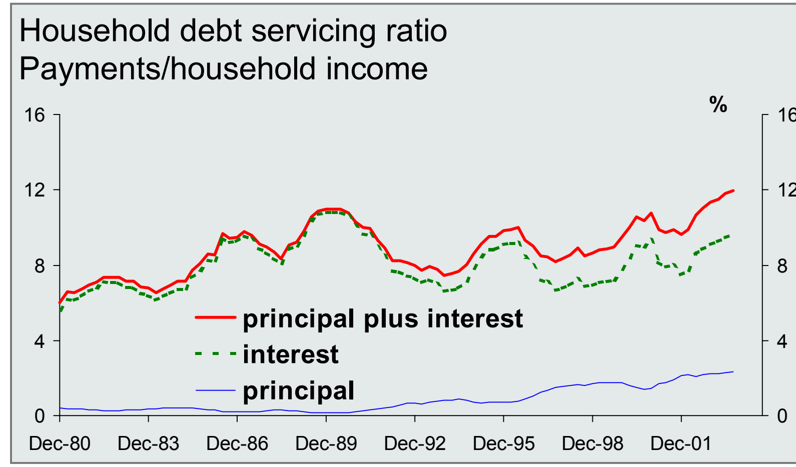
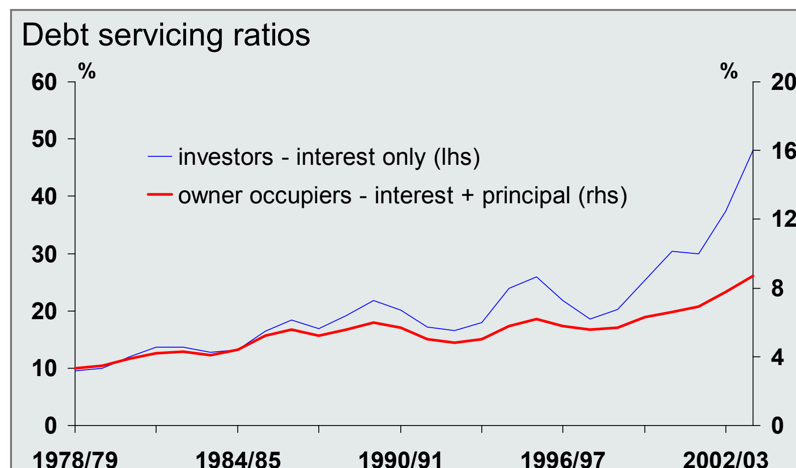
Housing market – affordability and debt servicing

- Housing has become less affordable as house prices have risen
- Average repayment burden up 15% on March ’02 but still at acceptable levels
- Debt servicing for investors has risen more sharply than for owner occupiers



Source: ABS; Westpac



Source: ABS

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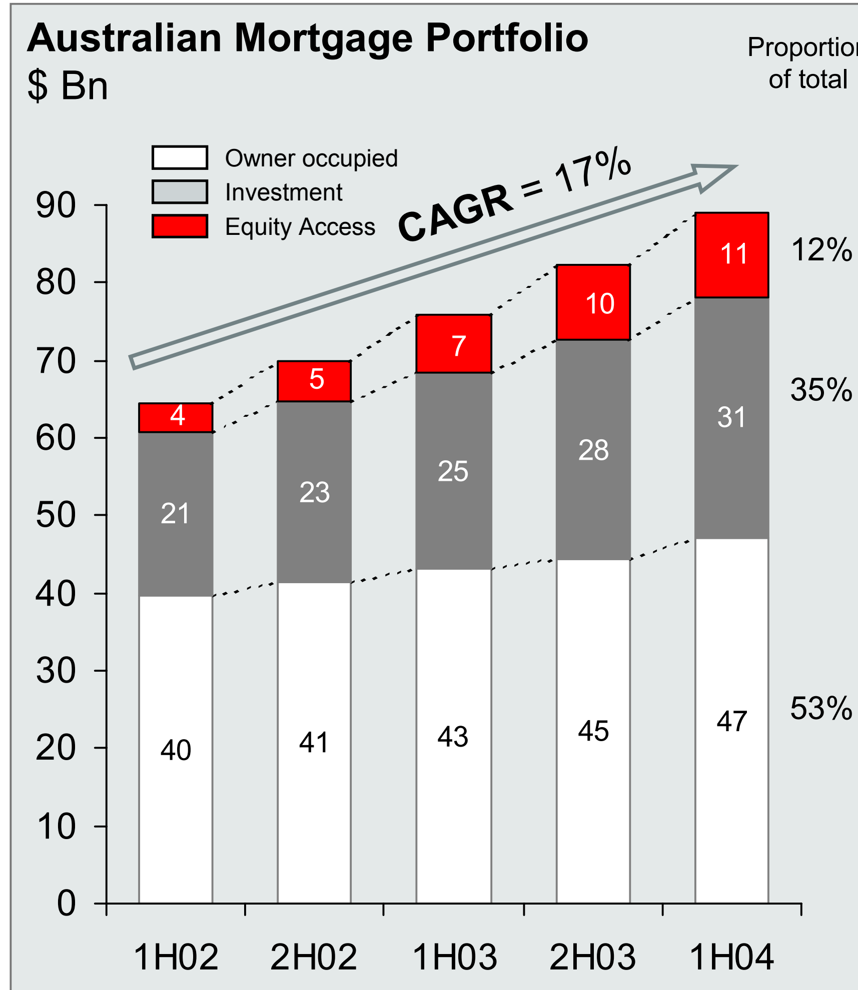
Mortgage portfolio characteristics

- Market share of housing eased on strong volumes
  - Owner occupied up 8%
  - Investment up 22%
  - Equity Access up 66%
- Funding for alterations and additions has boosted equity access lending
- Average LVR of new loans 64%—up from 63% in 2003
- Impact of recent NSW Land Tax and Stamp Duty changes across Australia will be closely monitored.



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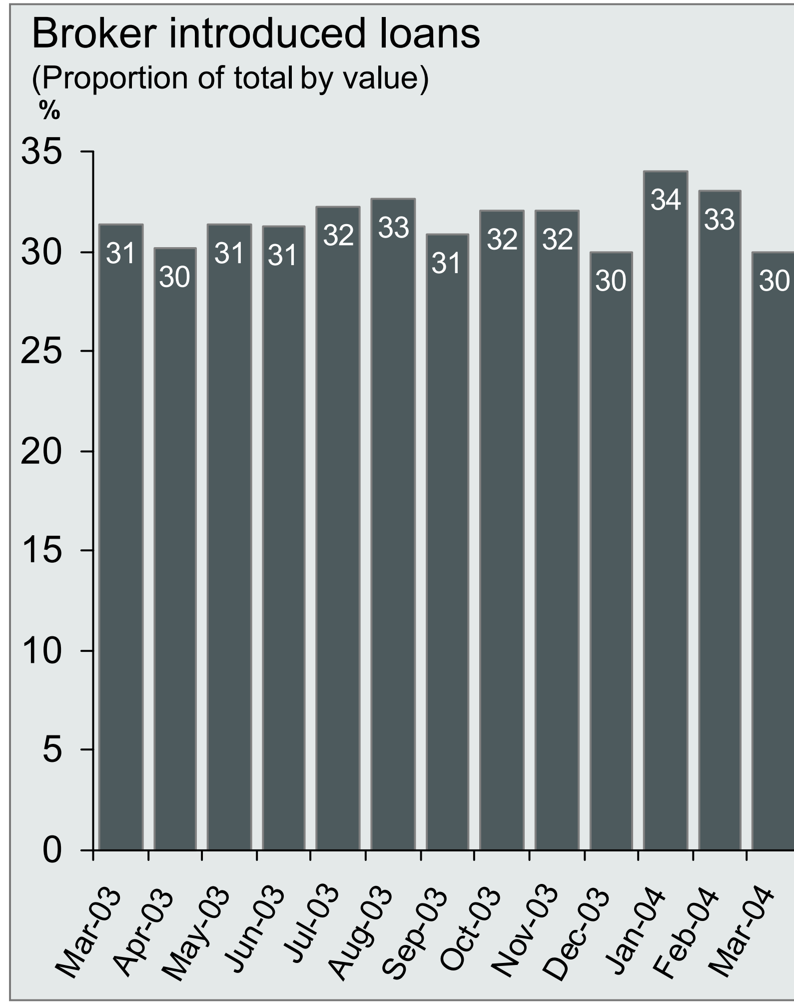
Mortgages - broker introduced loans

- 27% of outstanding mortgage portfolio is broker originated
- Third party introduced loans represent 30% of new loans in 1H04 by value
- Same underwriting standards applied to all applications, and more rigorous validation process
- Broker introduced loans have shown lower churn and longer average life than bank originated



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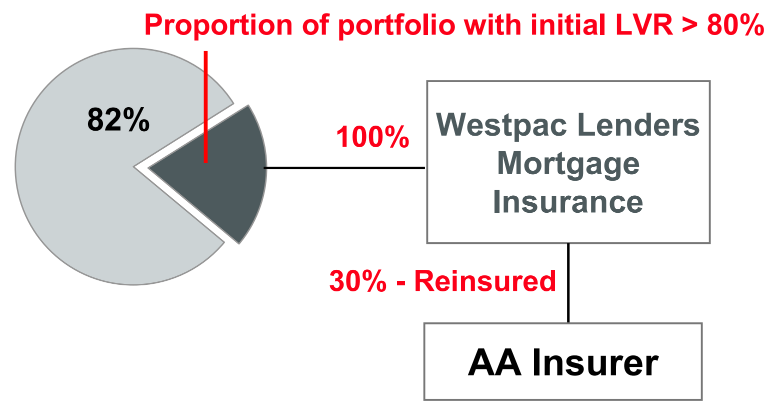
Housing portfolio quality

- Total bad debts less than 3 basis points
- Delinquencies at acceptable levels
- 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.
- Mortgage insurance also required for loans >$1.3m and LVR>70%
- 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.
- Investment lending for CBD property stable at 2% of housing portfolio.
- Minimal impact expected from APRA proposed changes to risk weightings for Low Doc loans. Low doc loans currently outstanding represent less than $150m – all are mortgage insured.

Mortgage insurance structure



Lending for CBD property $bn	
Sydney	1.1
Melbourne	0.4
Brisbane	0.3
Other	0.1
Total	**1.9**

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Housing portfolio quality

- APRA stress testing confirmed overall industry strength
- Westpac's updated stress testing provides further validation
- Capacity to absorb interest rate rises strong with 73% of amortising borrowers repaying in excess of required minimum

Westpac 2003 Stress Test Results	Base case	Scenario A	Scenario B
Interest rates - % pa	**7.1**	**9.1**	**11.1**
Individual effect $m	0.0	3.0	7.5
Housing prices fall - %	**0**	**10**	**20**
Individual effect $m	0.0	8.2	27.7
Unemployment rate - %	**5.6**	**6.6**	**7.6**
Individual effect $m	0.0	1.1	3.0
Combined effect $m	0.0	18.8	106.0
Combined effect - bps	0.0	2.2	12.4

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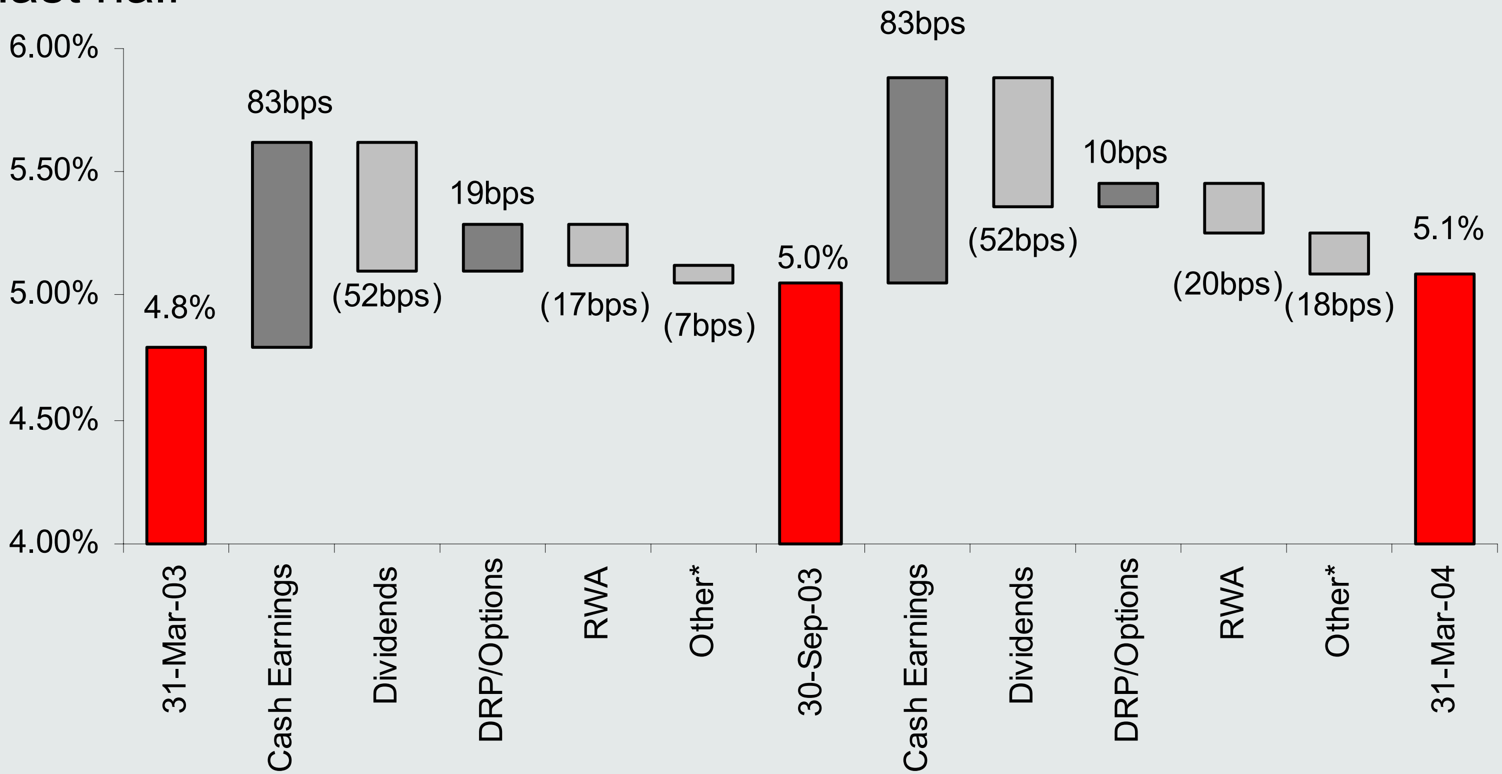
Business units: Other

- Other Includes Pacific Banking and Corporate Office activities

Components	Comment
Pacific Banking	Includes 8 pacific island nations. Earnings have been relatively stable and changed little in 1H04
Group Treasury	Management of centralised funding and asset and liability management. Earnings slightly higher in 1H04
Earnings on unallocated equity	Surplus equity over that required by business. In 1H04 more capital has been allocated to the business following changes in target capital ratios in 2003
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
Unallocated corporate centre costs	Most group costs allocated to business units. Includes distributions on preference capital

Adjusted common equity movement

- Surplus capital[1] grew $429m over the year but only $80m over the last half



1 ACE capital in excess of 4.75% (mid point of our target range)

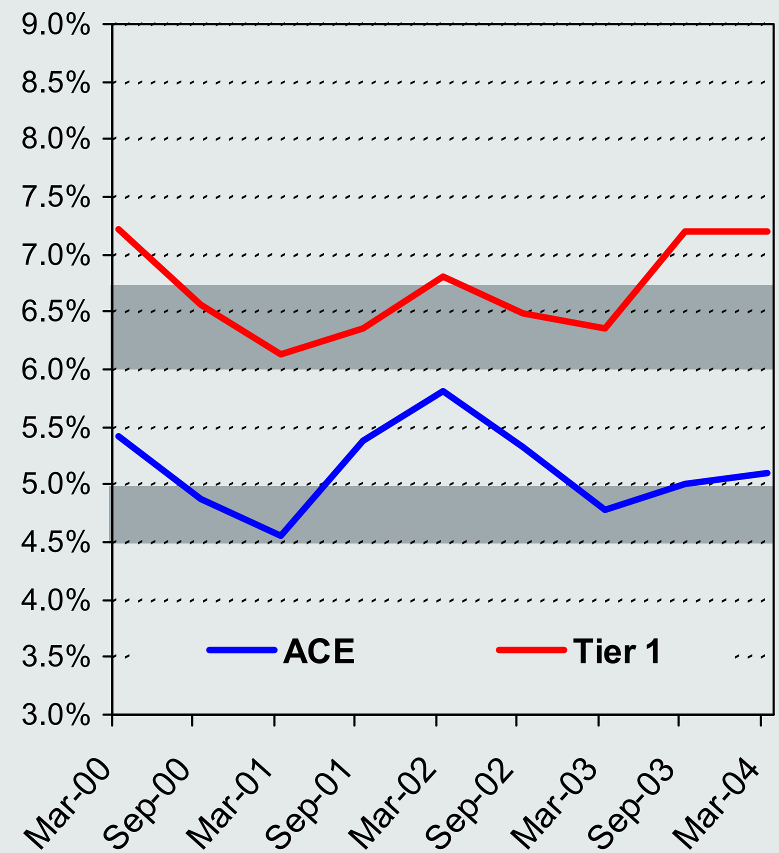
* "Other" includes capital employed by non-banking subsidiaries, Specialised capital group investments and movements in the FCTR and deferred tax balances

Tier 1 and ACE ratios above target levels

	ACE	Tier 1
Ratios as at 31 March 2004	**5.1%**	**7.2%**
2004 TPS raising in April 04 (US$ 525m)	-	+46bps[1]
May/June 2004 structured off-market buyback (~$500m)	-34bps	-34bps
July 2004 – TOPrS called (US$ 322.5m)	+3bps	-29bps
Pro-forma ratios 31 March 2004[2]	**4.8%**	**6.8%**

1. A portion of this 46bps exceeds the APRA 25% hybrid limit
2. Does not include the impact of capitalised expenses which based on balances at 31 March 2004 would be a deduction of $291m or 20 basis points on both ACE and Tier 1. This will not be applied until July 04.

Capital ratios and target ranges



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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 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

Net profit after tax	1,225
Goodwill amortisation	84
Preference Dividends	(76)
MTM TPS Hedge	0
Cash earnings	1,233

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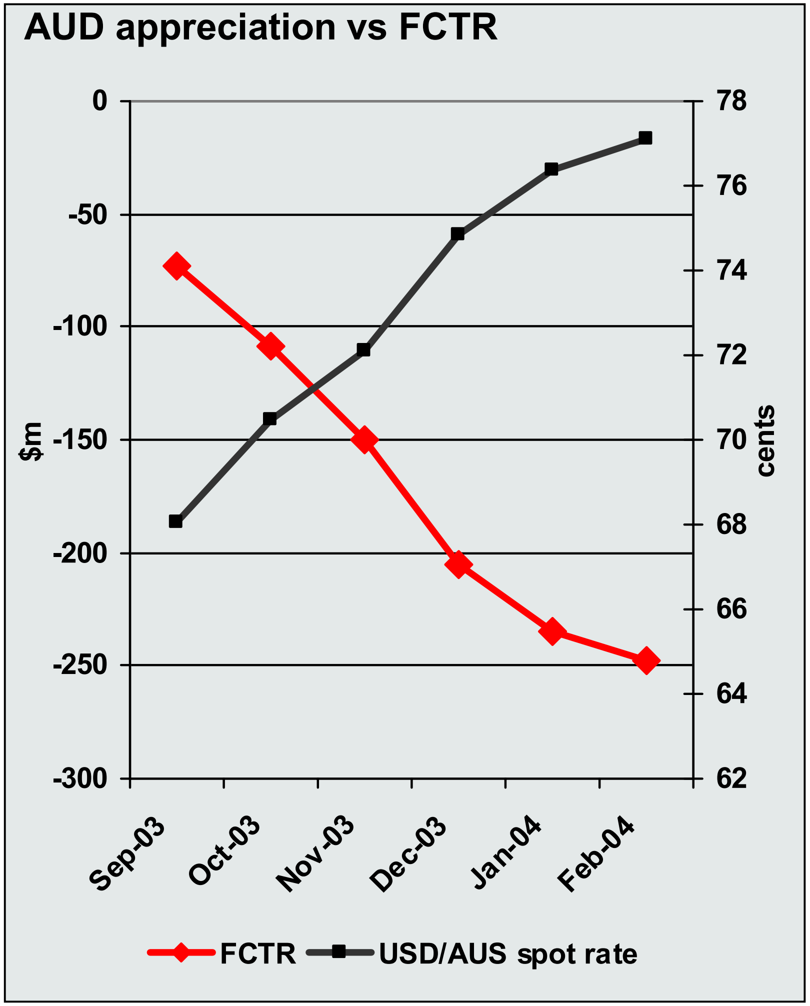
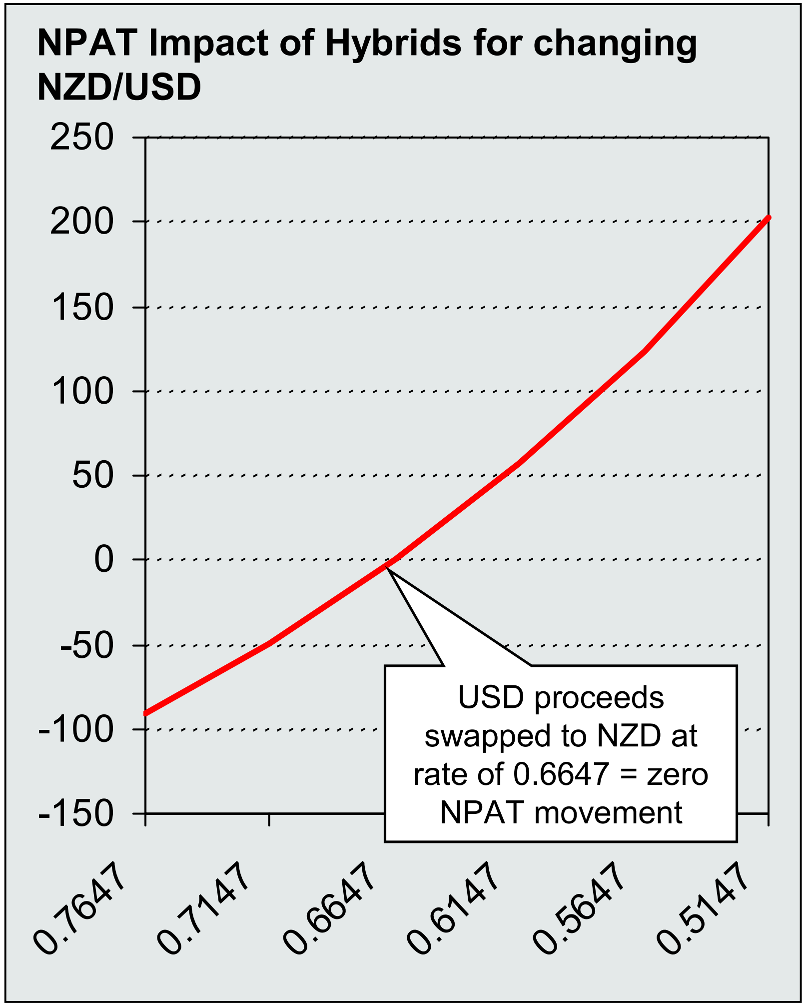
P&L and Foreign Currency Translation Reserve volatility





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Buy-back overview

- Target buy-back size approximately $500m (approximately 2% of ordinary shares)
- Also conducting on-market buy-back of an equivalent proportion of our NZ Class Shares (approximately 1m)
- Off-market tender buy-back structure
- Buy-back price includes a $4.00 capital component, with balance treated as a fully franked dividend for tax purposes
- The tender range is $14.00 to $18.00 with 9 specific prices at 50c intervals. Tenders can be lodged at any of the specified prices, or as a Final Price Tender
- Shareholders will be entitled to receive the interim dividend even if they tender into the buy-back

Key Dates	2004
Announcement	6 May [1]
Ex-date for Buy-Back	12 May
Buy-Back record date	18 May
Dispatch of booklets	26 May
Tender period opens	31 May
Tender period closes	18 June
Buy back price announced	21 June
Credit buy-back proceeds	30 June

1. Shares acquired on or after 7 May will not qualify for franking entitlements under 45 day rule

Buy-back key facts

Components of the Buy-Back Price

As agreed with the Australian Taxation Office (ATO), the Buy-Back Price will have two components:

- A $4.00 capital component
  - ATO's view on "market value" may increase capital component for tax purposes only
- A fully franked dividend component
  - equal to the difference between the Buy-Back Price and $4.00
- Australia resident individuals and super funds will generally be deemed to have sold their shares in the Buy-Back for $4.00, subject to the ATO's view on "market value"

- Draft Taxation Determination TD2004/D1 provides the ATO's view on the appropriate methodology to calculate market value ("Tax Value")

Tax Value calculation

$$\$17.11 \times \frac{\text{Closing level of S\&P/ASX200 Index on 18/6/04}}{3407.6^{*}}$$

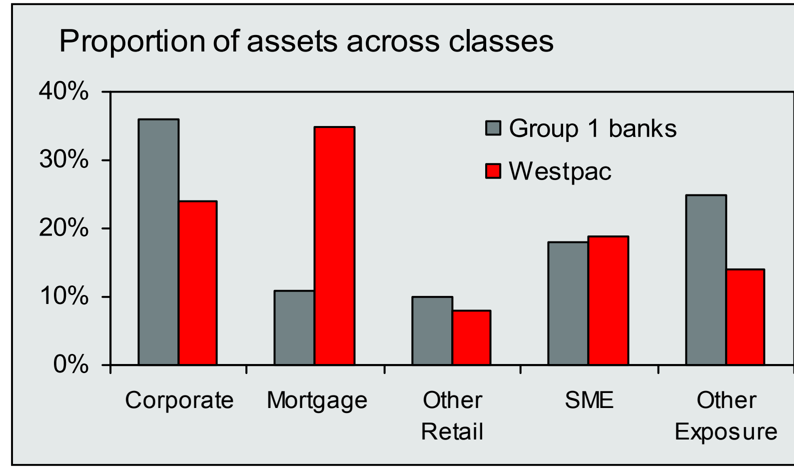
**3407.6 was the closing level of the S&P/ASX 200 Index on 5 May 2004.*

- If the Buy-Back Price is below this Tax Value, the difference will be added to the $4.00 capital component for tax purposes only
- Westpac does not intend to set the Buy-Back Price at a price in excess of the Tax Value. Doing so would result in the excess being an unfranked dividend

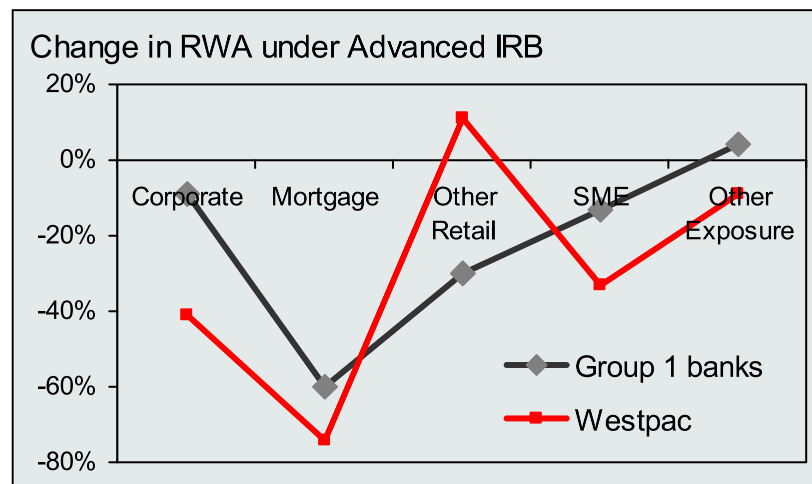
Westpac Australia's First Bank

Basel II highlights the low risk of the balance sheet

- Westpac has more of its balance sheet in assets with a higher average reduction in risk weight than the average Group 1 banks



- Across asset classes, Westpac has a lower average risk weight (except for other retail) than Group 1 banks leading to a larger reduction in risk assets



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

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Conversion to international reporting standards

Feb 2003 – May 2003	May 2003 – October 2004		October 2004 – October 2005
Phase I	**Phase II**		**Phase III**
Preliminary study	Analysis & valuation		Embedding

• Accounting and financial information diagnosis completed
  • High level analysis of financial impacts and issues
  • Understanding likely business impacts
	• Issues resolved
	• Accounting policies agreed
	• Conversion strategy options identified
	• IFRS reporting requirements determined
		• Opening balance sheet as at 1 October 2003 restated
		• Systems modification design completed
			• Full IFRS reporting embedded across organisation
			• Systems modifications completed
			• Group financial statements prepared under IFRS
			• Management reporting

- All Australian companies are required to move to new International Financial Reporting Standards (IFRS) standards on, or after, 1 Jan 2005
- Westpac is well placed in its preparations for conversion to IFRS. We commenced our project in February 2003 and have set up business and functional work streams across the bank.
- Analysis is being finalised to assess the impact of adoption on our opening balance sheet position as at 1 October 2003; we are planning to present the preliminary opening balance sheet to the Board in August 2004.
- We have also commenced analysis on IAS 32 and 39 which will have a significant impact on our business.
- We have completed an initial assessment of the impact of adoption on capital measurement pending communication from APRA on the impact to prudential standards
- We are aiming to have full IFRS shadow data in place to allow for management of future earnings expectations well before the required date of 30 September 2005, and expect to be in full compliance with IFRS by 1 October 2005.
- To reduce impact of IFRS 39 on our business a compliance framework has been established for all existing and new transactions maturing after October 2005.
- We have also held workshops with our customers to discuss the likely impacts of IFRS on their businesses and to help minimise the impact on their businesses.

Conversion to international reporting standards

Key areas of impact	Business impact	Financial impact	Comments
Hedge Accounting	H	H	All derivatives at fair value, stricter hedge accounting requirements. Potential for significant volatility if hedge accounting not achieved.
Provisions for doubtful debts	M	H	Current general provision levels may significantly reduce, general provision may only cover incurred losses.
Life insurance	H	M	Insurance contract vs investment contract, significant impact on reporting systems and disclosures.
Debt vs equity	H	M	Stricter debt/equity classifications, may impact Tier 1 capital levels.
Superannuation	L	H	Further transitional adjustment on completion adoption following removal of corridor.
Special purpose vehicles (SPVs)	L	M	Interpretation of “control” to converge under International Financial Reporting Standards (IFRS), consolidation of additional SPVs.
Business combinations	M	L	Amortisation of goodwill replaced by rigorous impairment testing, identifiable intangible assets must be identified and valued.
Transaction costs and fees & interest calculations	M	L	Included in the initial measurement and recognised over the life of the asset or liability on an effective yield basis, system enhancements required.
Share based payments	L	L	Need to recognise an expense for all share based remuneration and amortise over the relevant vesting period.

H = High M = Medium L = Low

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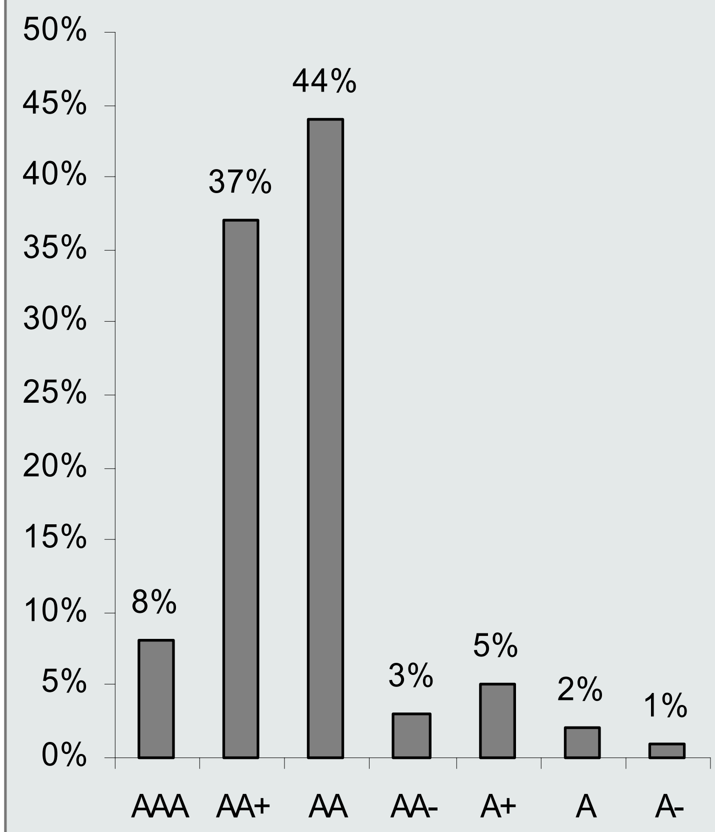
Structured finance business

- Westpac conducts certain structured finance transactions with exposure primarily to global financial institutions.
- Key characteristics of the portfolio:
  - Total portfolio size approx $9bn
  - Most transactions booked for 5 years with unilateral rights to break afforded to each party.
  - Early termination can be triggered with short notice (usually 5-30 days)
  - Strong Australasian focus with 92% of exposures domiciled in Australia or New Zealand
  - High credit quality with 80% of exposures rated AA or above
- Balanced spread of deal type across jurisdictions including:
  - Exempt income
  - Infrastructure bonds
  - Offshore carry forward losses
  - Film financing
- Tax rulings and/or strong legal opinions on transactions sought to control tax, legal and regulatory issues
- The New Zealand Inland Revenue Department is conducting an industry wide audit and review of structured finance transactions. Westpac is working co-operatively with the NZIRD. No formal notices or amended assessments have been received in relation to these transactions. Westpac sought a binding tax ruling on an initial transaction in 1999, which was granted by the NZIRD in early 2001 following extensive discussions.
- Westpac has voluntarily waived its statute bar protection for six months on the 1999 tax year to allow the IRD review to proceed without undue time pressure

Structured finance portfolio exposure by rating,March 04



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Specialised Capital – strategic rationale

- Develops structured investment products to meet investor appetite for alternative investment classes
- Attractive market with strong long term growth potential
- Intermediation – traditional role, different asset classes and both debt and equity
- Acquisition of Hastings a catalyst
- Opportunity to leverage some valuable assets
  - WBC customer base and existing retail distribution capability
  - Supporting product expertise across WIB
- Key competitive advantages:
  - Access to assets
  - Access to investors
  - Investor driven approach
  - Strong governance framework
  - Balance sheet capacity

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Specialised Capital – Key Success Factors

Customers	**Capital Providers** Retail HNW Institutions		**Investment opportunities** Corporate customers Government outsourcing Other asset owners
Function	**Distribute**	**Underwrite**	**Procure**
Key Success Factors	Product performance – sound due diligence and track record of effective ongoing management Strong governance framework-trust Knowledge of investor needs Access to target investors - channel depth and breadth	Sound investment decisions on behalf of investors Accurate assessment of investor appetite Balance sheet	Access to owners of assets Certainty of delivery Fair price

Australian and New Zealand economic outlook

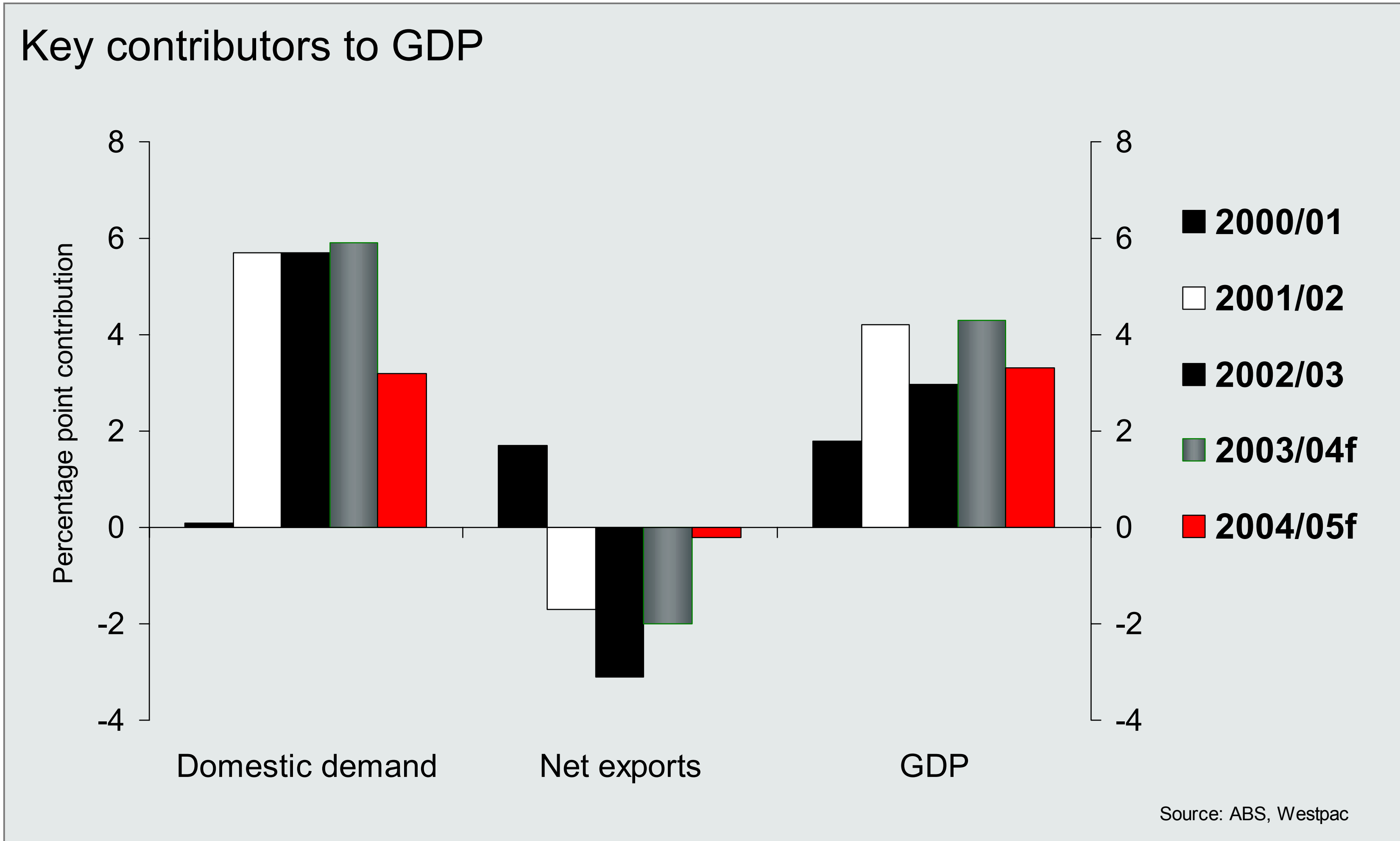
- Australia and New Zealand economic fundamentals sound due to:
  - Solid domestic demand
  - Low unemployment
- Export recovery to boost economy in 2004, driven by stronger global economy and the recent rebound in farm output
- Further slight rise in interest rates expected later in 2004

Key economic indicators

Financial year ended	Jun 04 %	Jun 05 %
World (Calendar year)		
GDP	4.4	4.0
Australia		
GDP	4.3	3.3
Unemployment	5.7	5.7
New Zealand		
GDP	3.1	2.3
Unemployment	4.6	4.8

Source: Westpac

Economy operating with a more sustainable mix



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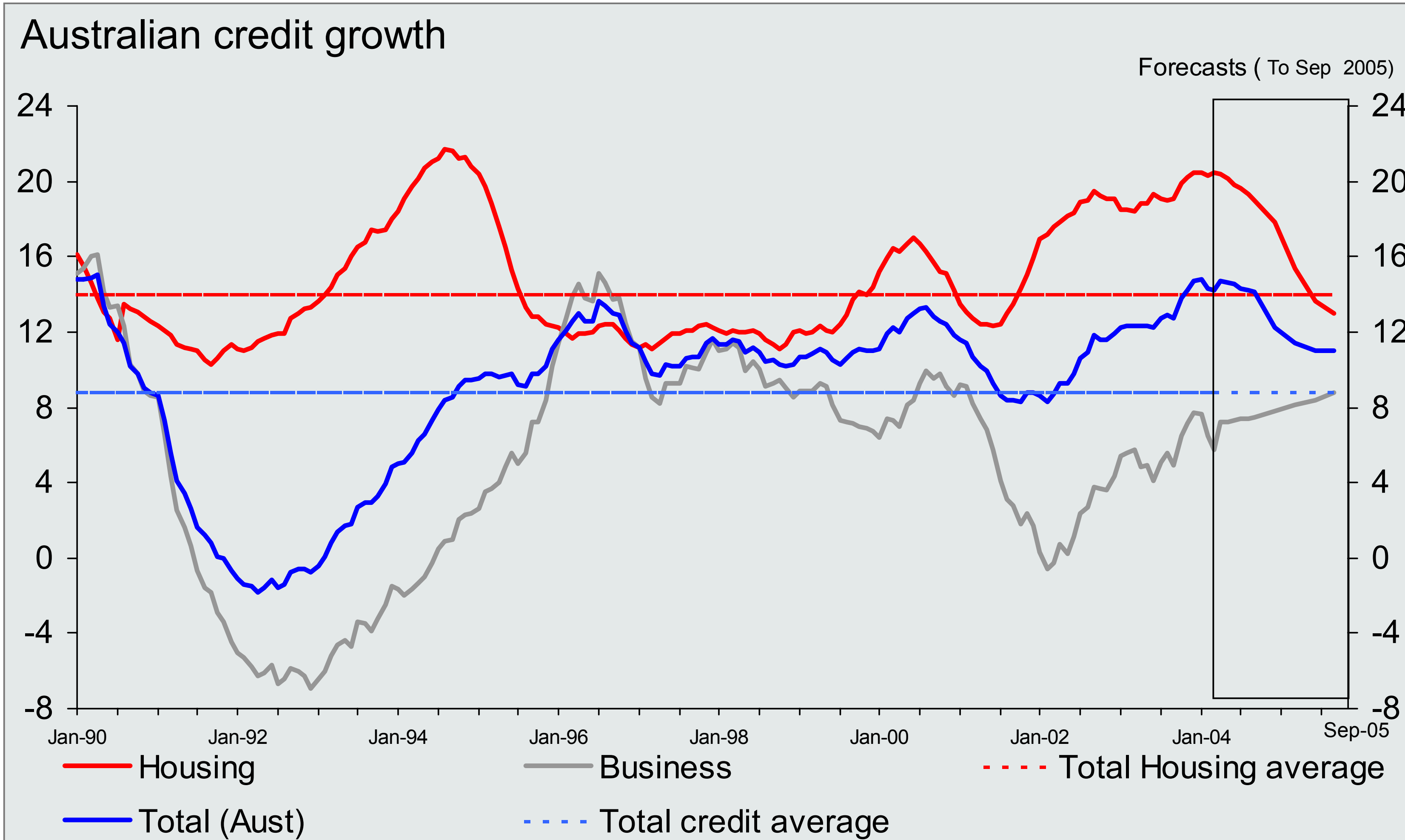
Credit growth returning to longer term average



Source: RBA

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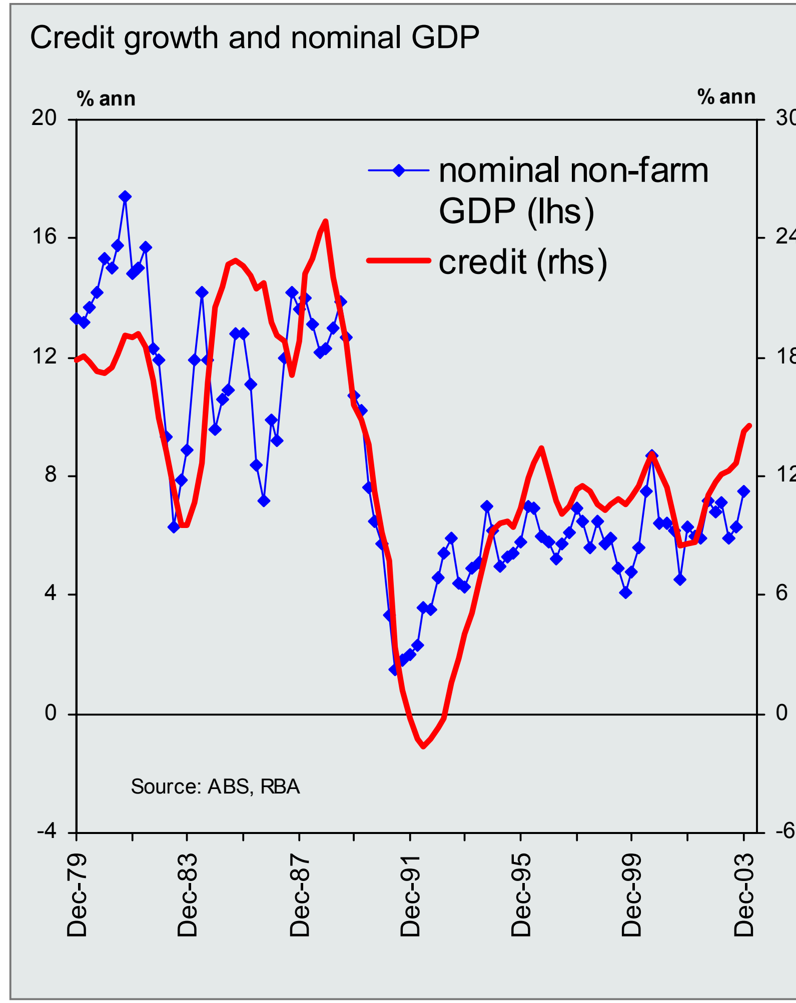
Credit growth and nominal non-farm GDP

- 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 fall to be more in line with this longer term trend



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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

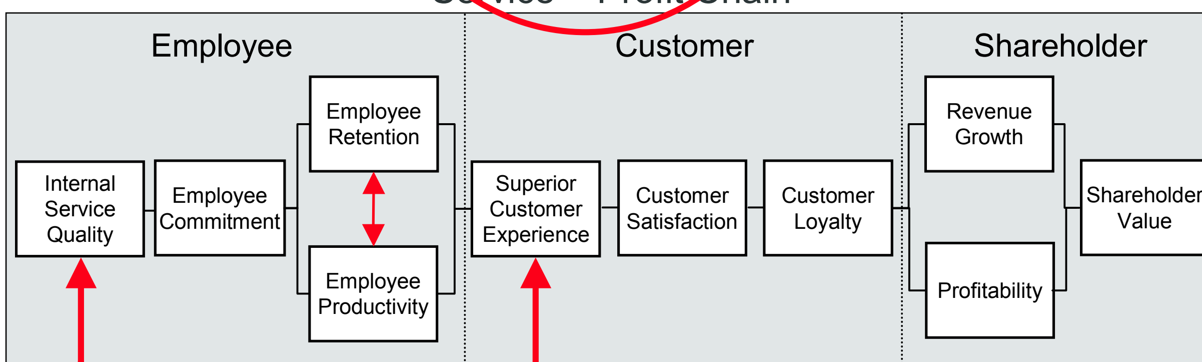
Medium term Objectives

- 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



'Ask Once'

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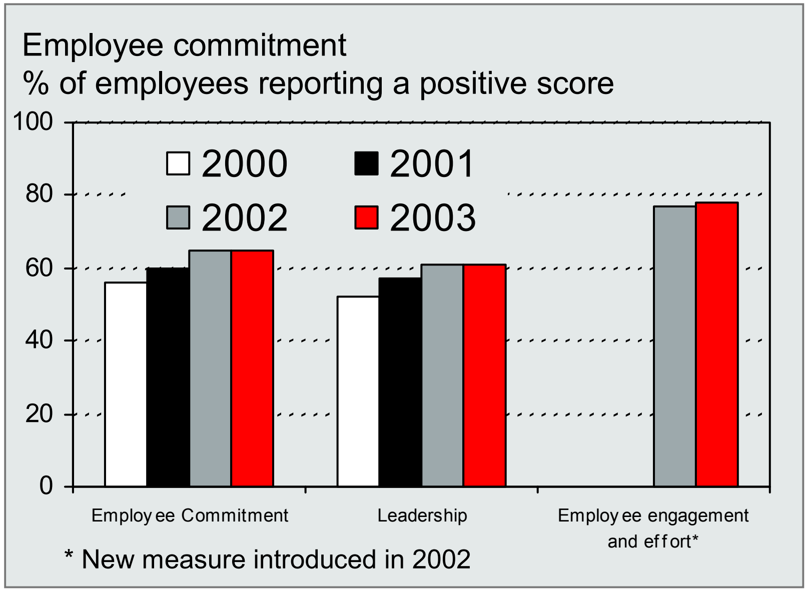
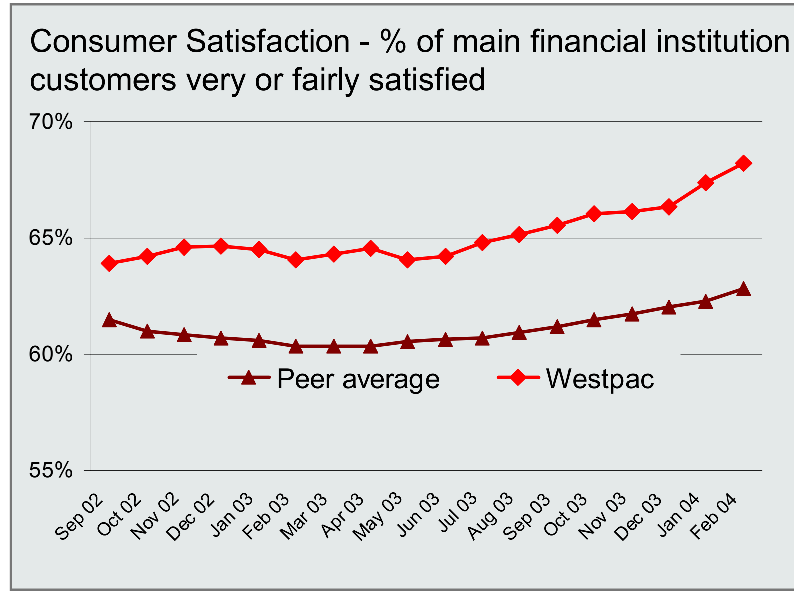
Improving sustainability – staff, customers, community





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 2003/04 - for the second year in a row.

Australia - Number 1 company overall – only company to receive a AAA rating.

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Sources of future growth

Australia, New Zealand and the near Pacific are highly attractive markets and will remain Westpac's primary focus given:

- Economic growth expected to remain solid
- Superior growth/return profile relative to risk than other developed and emerging markets
- Sustainable competitive advantage

Sources of future growth will emanate from three strategic themes

Strategic theme	Explanation	Examples
Core value maximisation	Optimising returns from current franchise	• Superior employee skill/commitment • Refresh cost efficiency pipeline • Profit pool analysis
Business transformation	Introducing enhanced systems to deliver more effective growth from current franchise	• Transformation programs complete in Australia and New Zealand - beginning to deliver • CRM platform for business in roll-out • Further development of structured investments
Extending business reach	Natural extension of current capabilities	• Strategic alliances - Virgin credit card • Leading technology - Development of Wrap platform • Superior customer franchise - Wealth distribution • Untapped opportunities - Migrant flows into core markets

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Acquisition guidelines

- No particular requirement to acquire customers
  - Customer franchise enhanced in Australia and New Zealand with three regional bank acquisitions 1995 – 1998
- Filled major strategic gaps
  - Wealth management capability enhanced with three acquisitions in 2002
- Subject to acquisition disciplines, some opportunities remain in core markets with not all assets in the hands of their natural owners
- Disciplined approach
  - Aligned with strategic direction
  - Strict valuation criteria
  - Not unduly diverting

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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	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

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Medium term earnings scenarios

Assuming stable macro-economic environment, medium term drivers of earnings would lead to following outcomes in most scenarios

	Likely Ranges (%)
Interest Income Implicit within this range is credit growth of 7-11% and margin contraction of 5-10 bps per annum	5-8
Non-Interest Income	5-9
Operating Revenue	5-8
Expenses	2-4
Bad debts	25-35 bps
Tax Rate	29-31
Post-Tax Cash Earnings	6-10

Surplus capital generation can leverage cash earnings up by 1 – 3% in cash EPS terms

NB: This is not earnings guidance

Financial sector short-term outlook

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

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Where are the risks?

Risk	Probability of occurrence
• Irrational competition	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

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Outlook

- 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 growth above medium-term guidance
- Positive full year outlook for solid earnings growth in 2004

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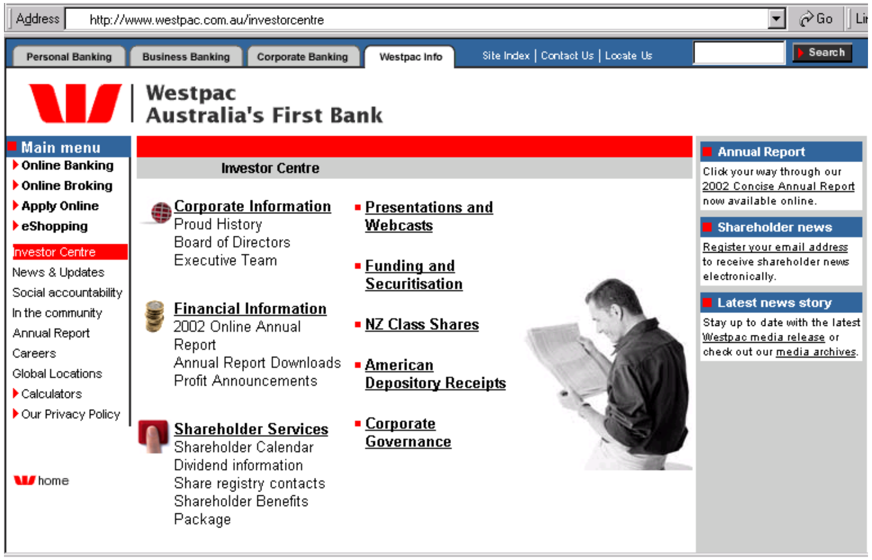
For further information on Westpac including:

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

Please visit our dedicated investor website

www.westpac.com.au/investorcentre



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