



Westpac
Australia's First Bank

2002 Interim Results

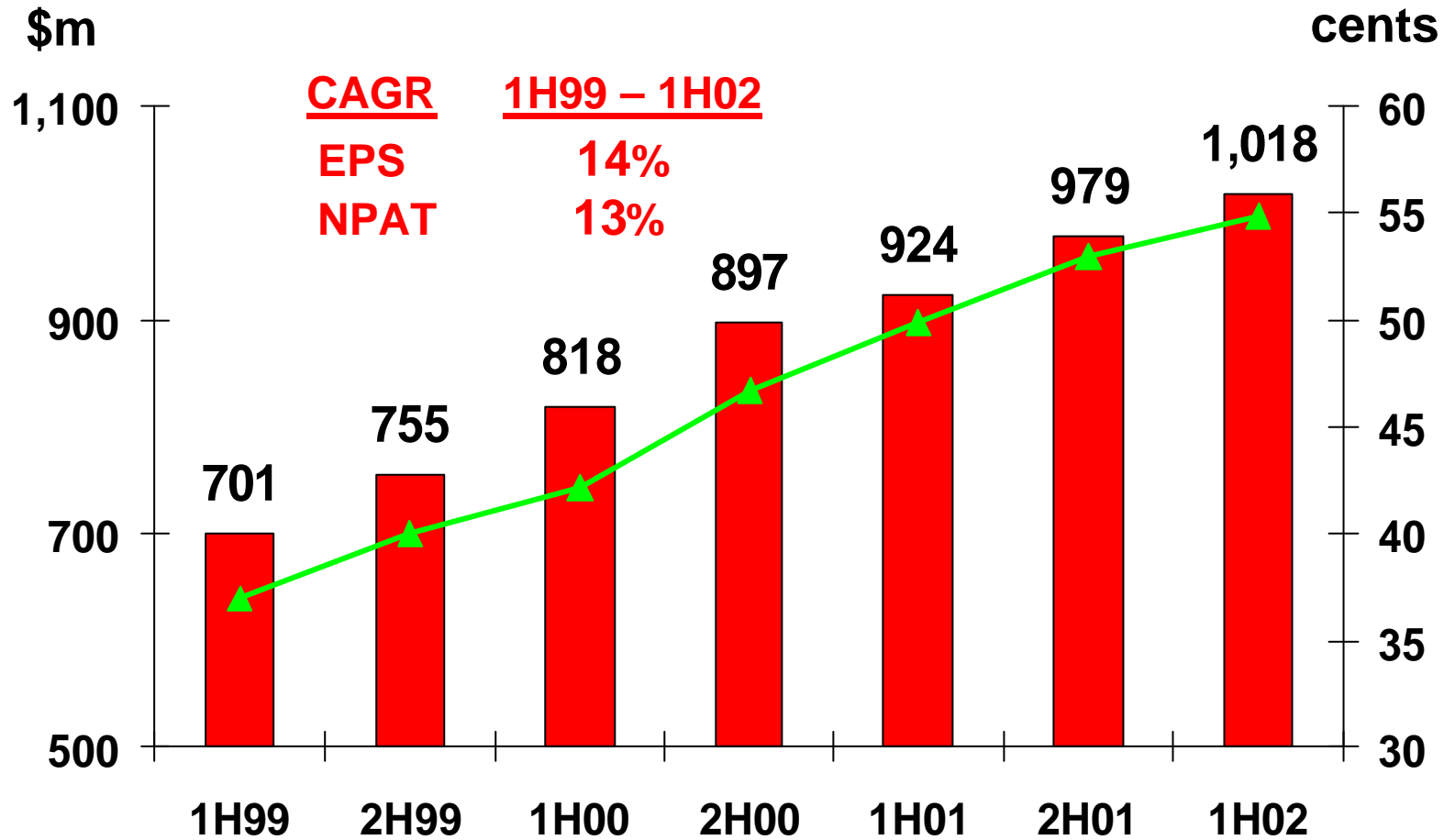
David Morgan, Chief Executive Officer
Philip Chronican, Chief Financial Officer

2 May 2002

www.westpac.com.au

Another record result

Net Profit After Tax & EPS



2002 Interim Results

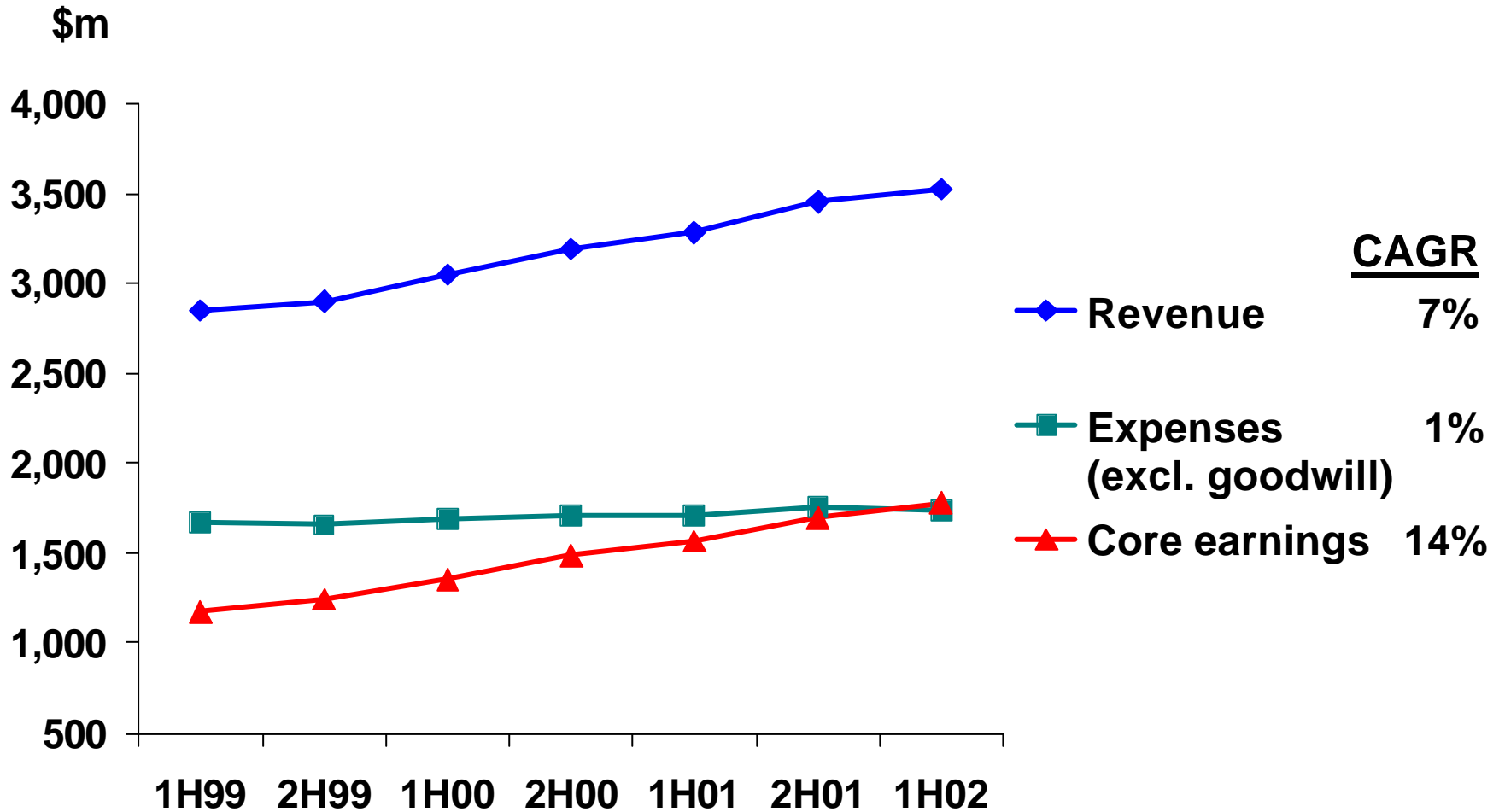
A strong and balanced result

- **Double digit growth in key earnings measures**
 - Core earnings +14%
 - Net profit +10%
 - Economic profit +12%
 - EPS +10%
 - Dividends +13%
- **Expense to income down from 52% to 49%**
- **Return on equity steady at 21%**
- **Credit quality sound, provisioning strengthened**

Strategy delivering

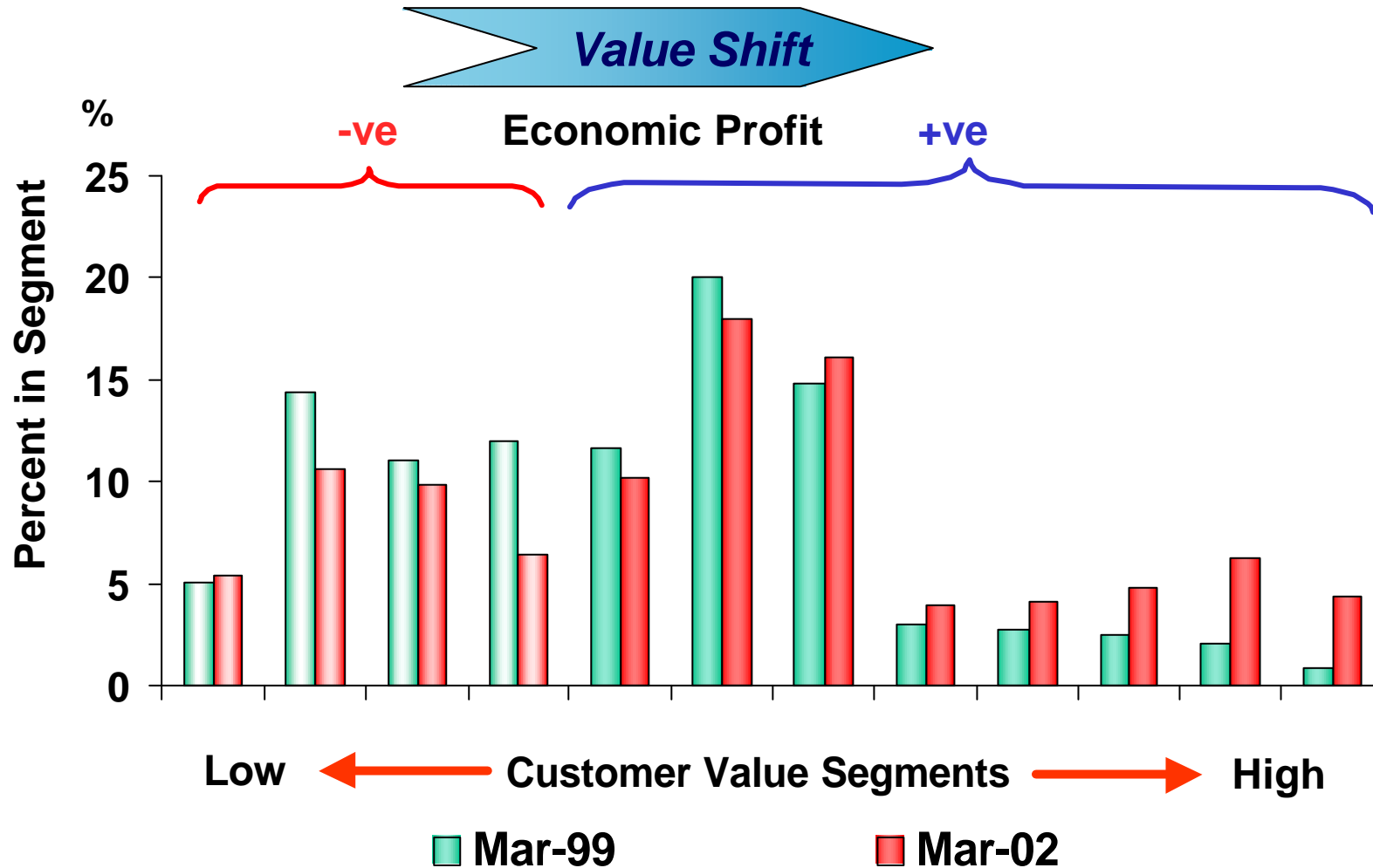
- **A revenue driven result**
- **Built on deeper customer relationships**
- **Enhanced by improved efficiency**
- **Balancing growth and returns**
- **Delivering for all stakeholders**

Revenue growth the key driver



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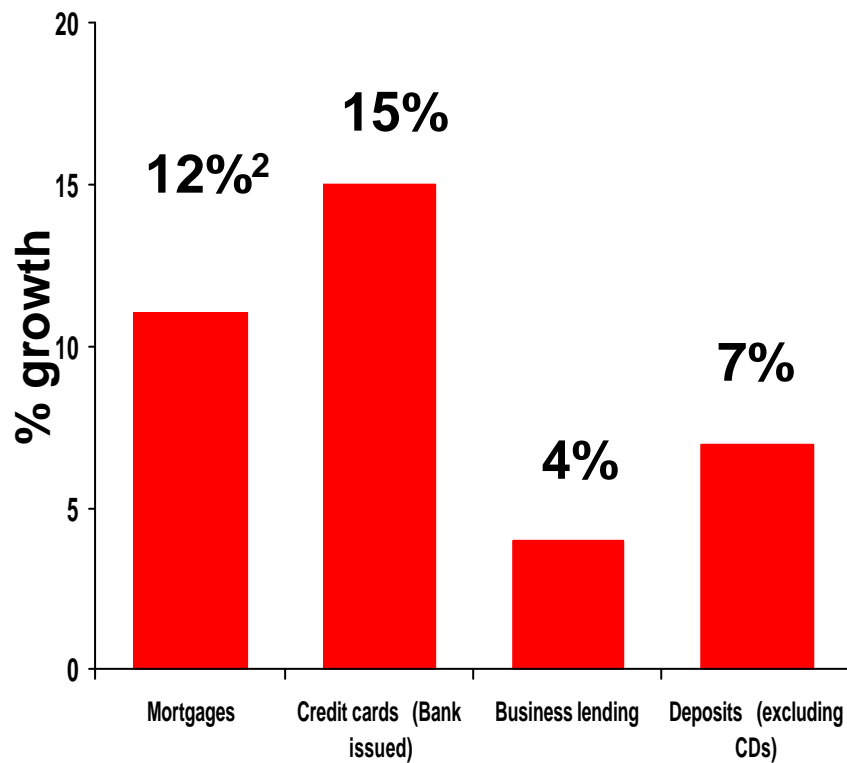
Built on deeper customer relationships ¹



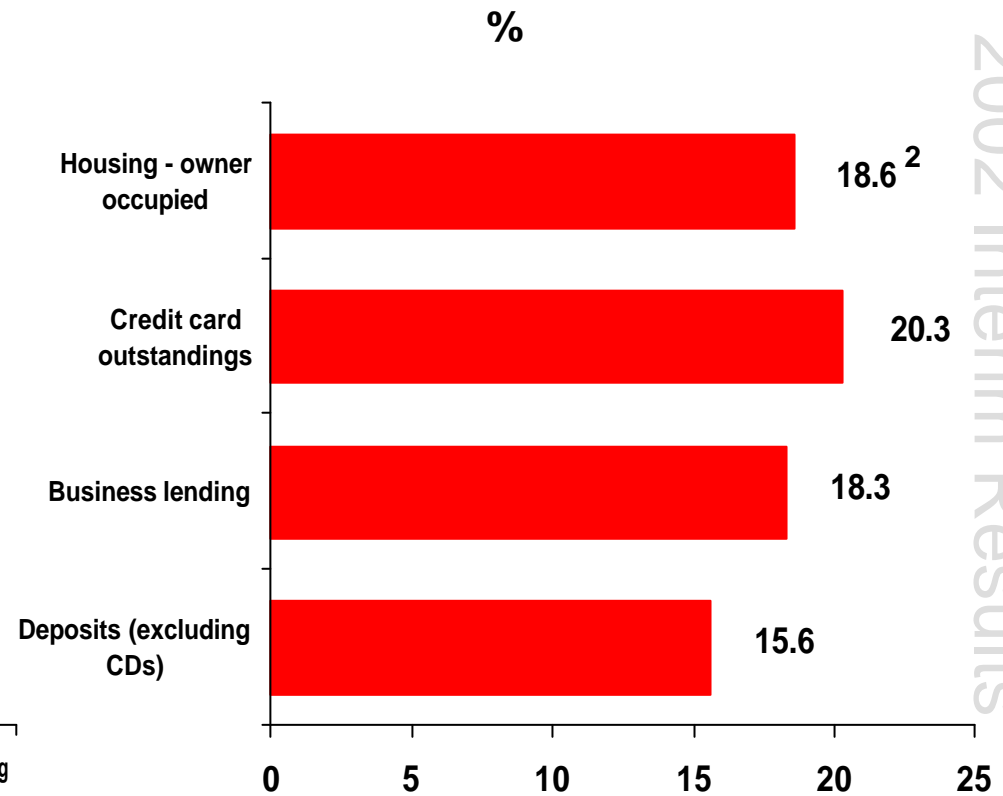
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Growth in core products ¹

Outstandings

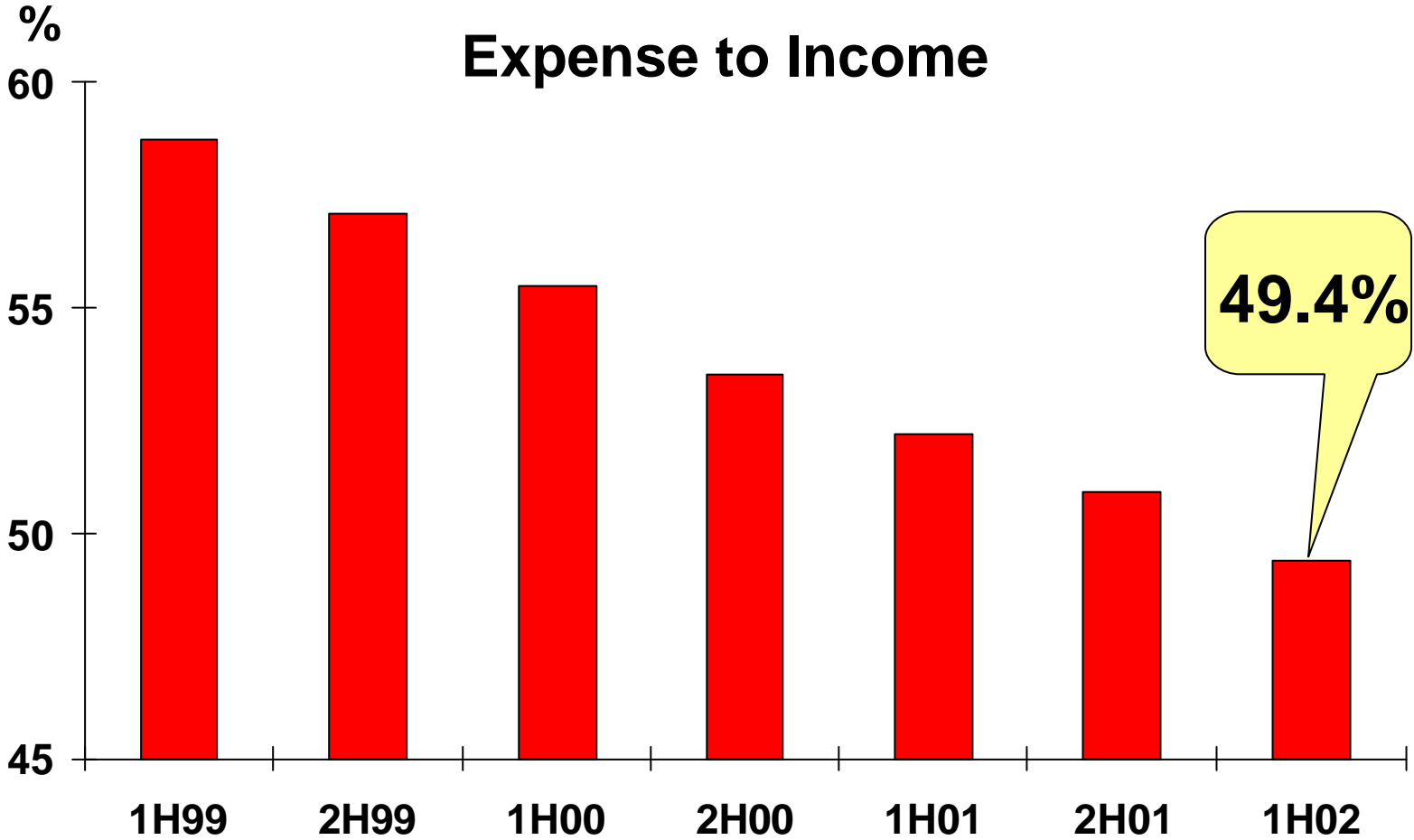


Market share



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With strong focus on costs driving efficiency gains *



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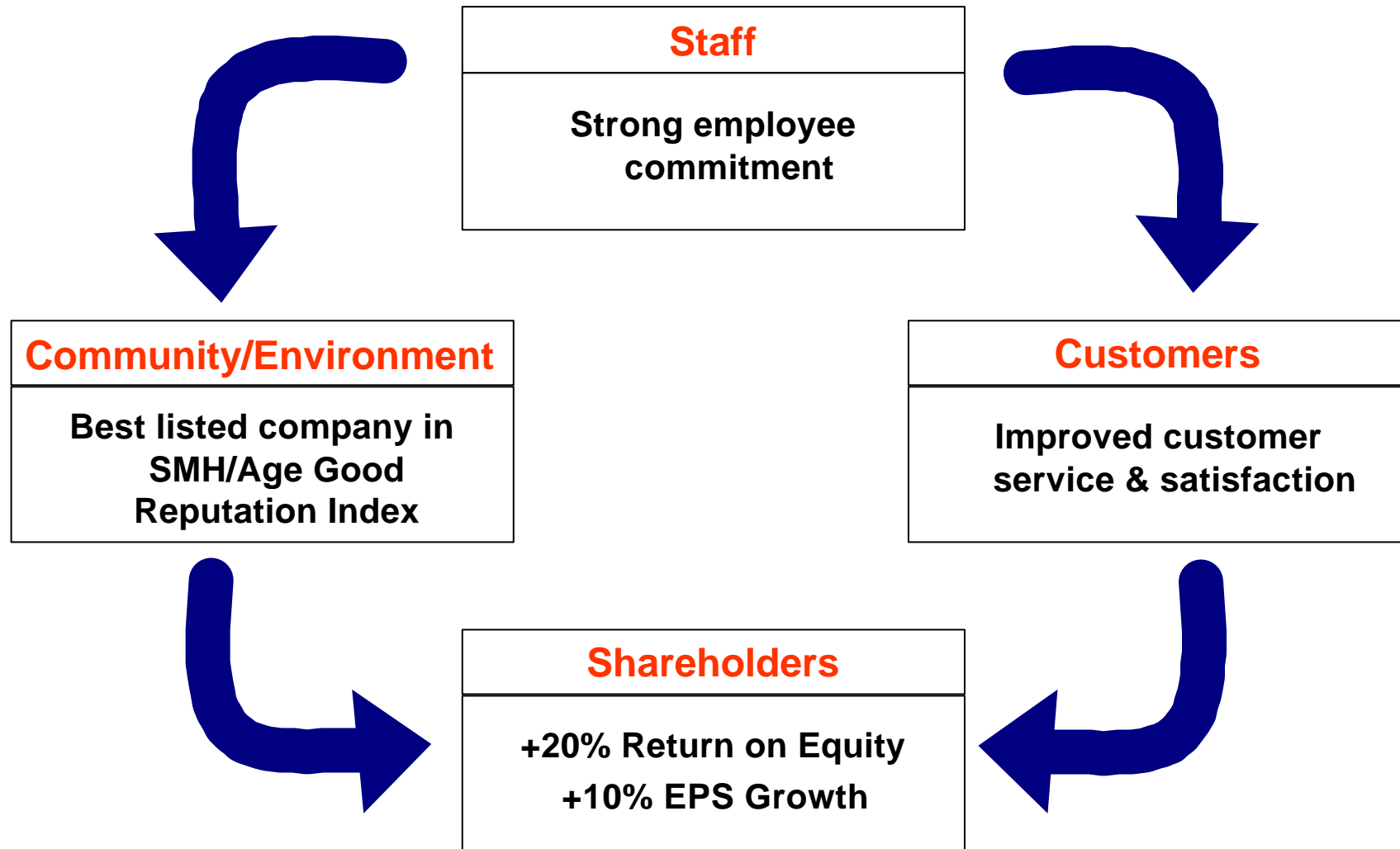
* Excludes goodwill

And meeting performance targets

Measure	Target	Result	
EPS Growth	10%	10%	Ö
ROE	18 - 22%	21%	Ö
Cost growth	£ 2%	1%	Ö
TSR (rolling 3yr)	Top quartile	77 th percentile	Ö
Capital	Tier 1, 6.0 – 6.5	6.8% #	Ö
Risk profile	AA- rating	Maintained	Ö

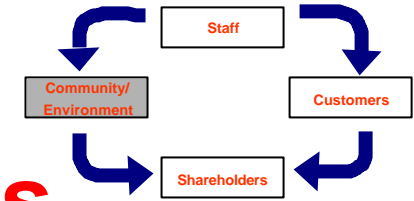
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Balancing all stakeholder needs



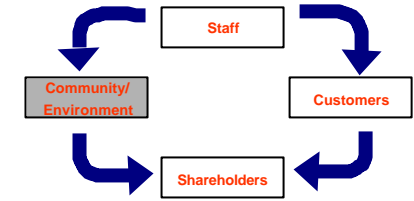
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Delivering on social/ environmental responsibilities



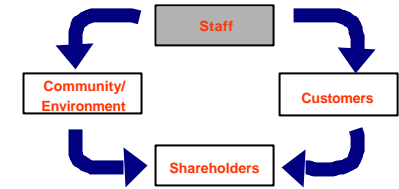
- **Contributing >\$25 million per annum through community and social programs**
- **Maintaining rural and regional services**
- **Introduced social safety net accounts**
- **Launched Disability Discrimination Action Plan**
- **Producing first social impact report**

Clear leadership in corporate social responsibility



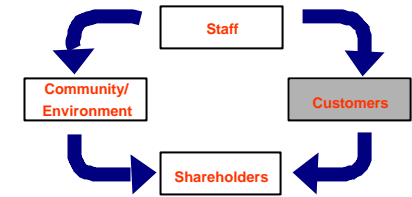
- **Top 3 bank worldwide on social and environmental performance**
(Dow Jones Sustainability Index)
- **Only major Australian company with 5 star social and environmental rating**
(Corporate Monitor Sustainability Rating-Ethical Investor April 2002)
- **No. 1 listed company on good reputation**
(SMH/AGE Good Reputation Index 2001)
- **Best corporate governance disclosure**
(Annual Report Awards 2001)

Strong staff satisfaction



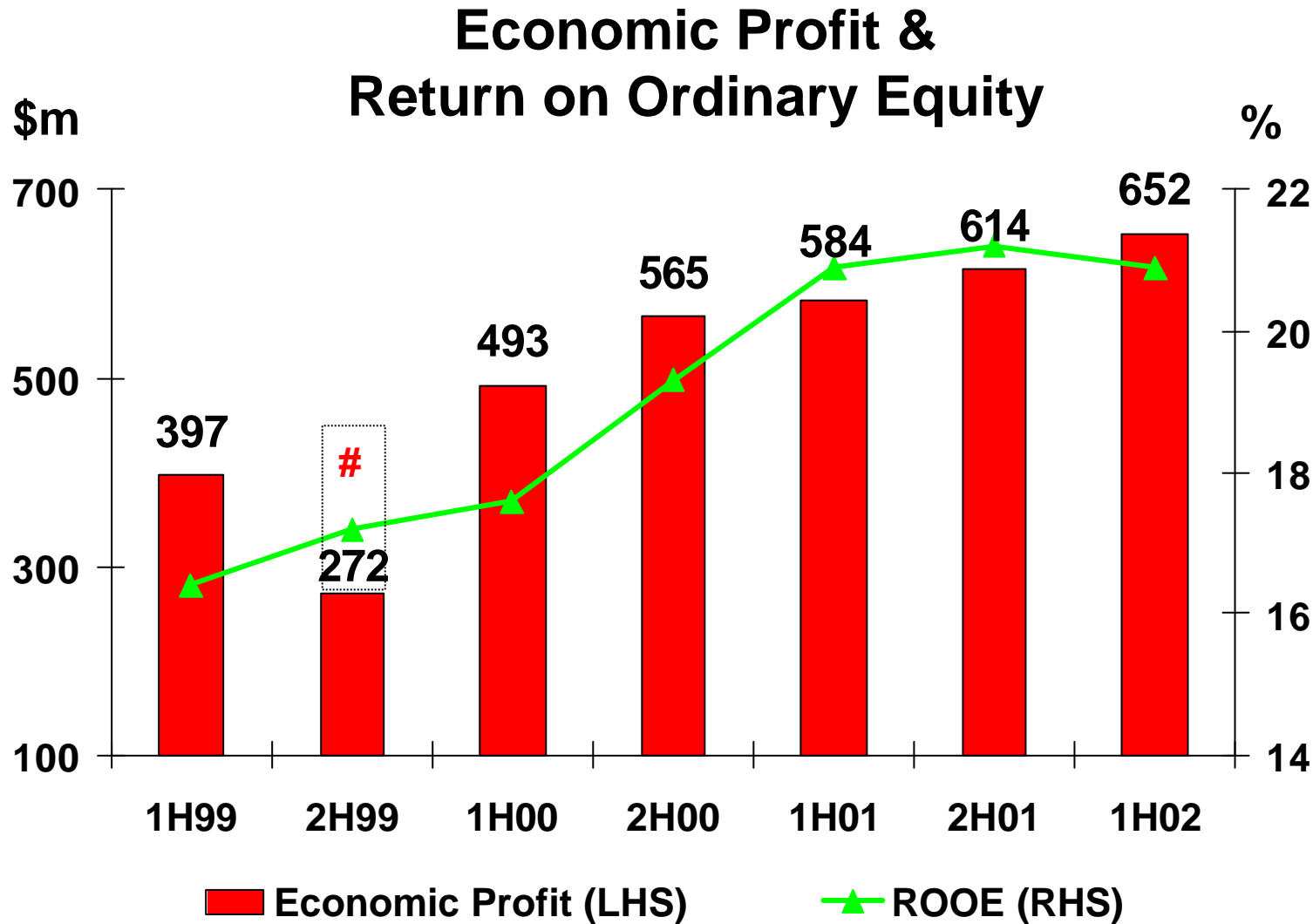
- Tracking above the industry norm and in 75th percentile
- Staff commitment up 16% over year
- Agreement on Enterprise Development Agreement

Helping customers achieve a better standard of living



- **Delivering on our 1998 commitment to maintain regional and rural services**
- **Refurbished over 400 branches with ‘front of house’ services**
- **Expanding services via Saturday trading**
- **Accessible ATMs for the vision impaired**
- **Put in place a customer advocate and impartial complaints review committee**

Adding up to improved shareholder value



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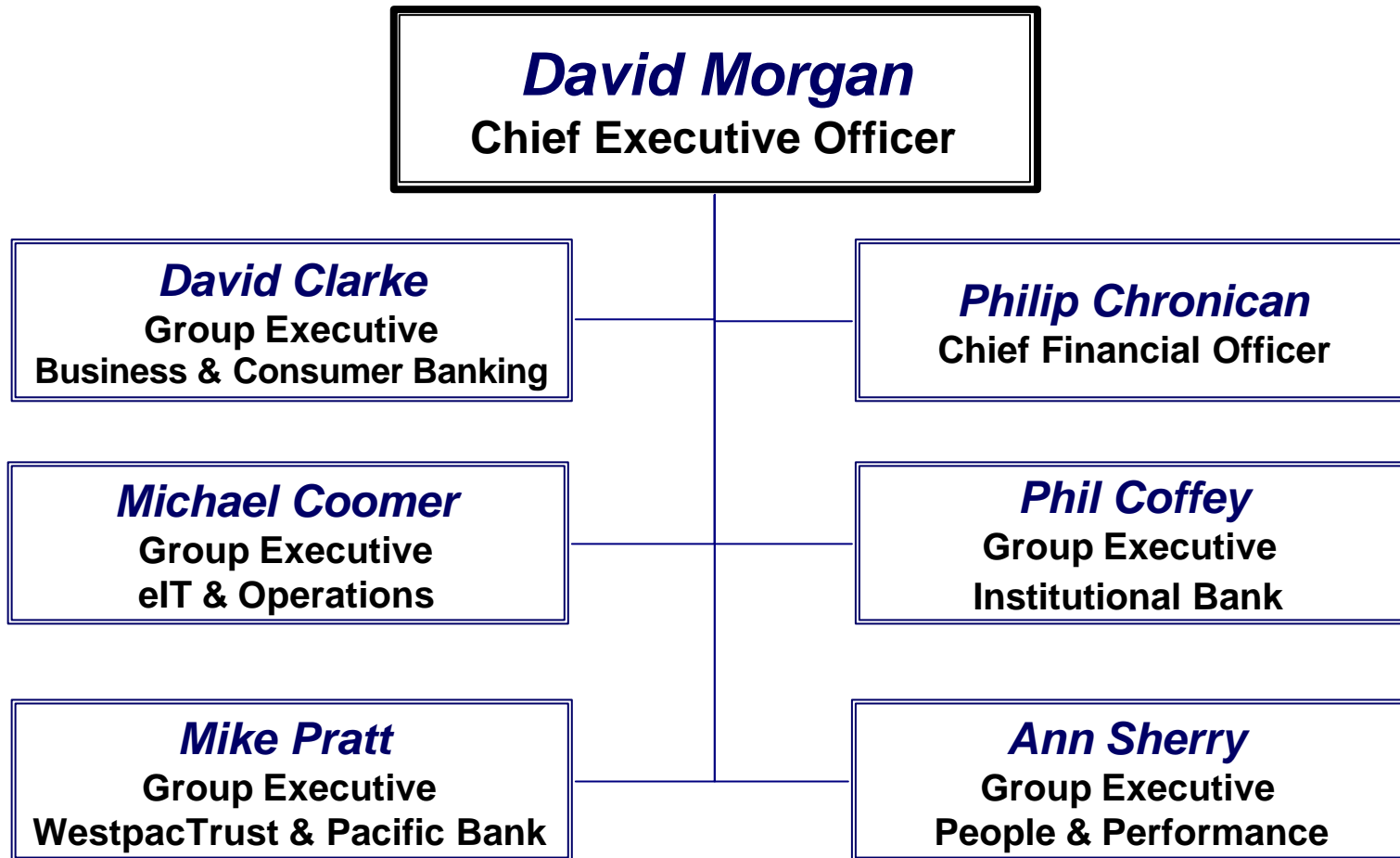
Rothschild – Springboard for growth

- **Addressing key wealth management capability gaps**
- **Manufacturing capability**
 - Strong consultant ratings
 - Combining ‘best of breed’ to create a broad, high quality product suite
- **Additional distribution grunt**
 - 1,000 independent premier planners
 - Superior sales and service platform
- **Accessing growth options without compromising returns**

AGC – Tighter focus on core businesses

- **Consistent with customer centric strategy**
- **Stacks up against strict valuation criteria**
- **Business finance now being originated on Westpac's balance sheet**
- **Finalisation subject to ACCC**
- **Provides additional strategic flexibility**

Strengthened the management team





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The details

Philip Chronican
Chief Financial Officer
2 May 2002

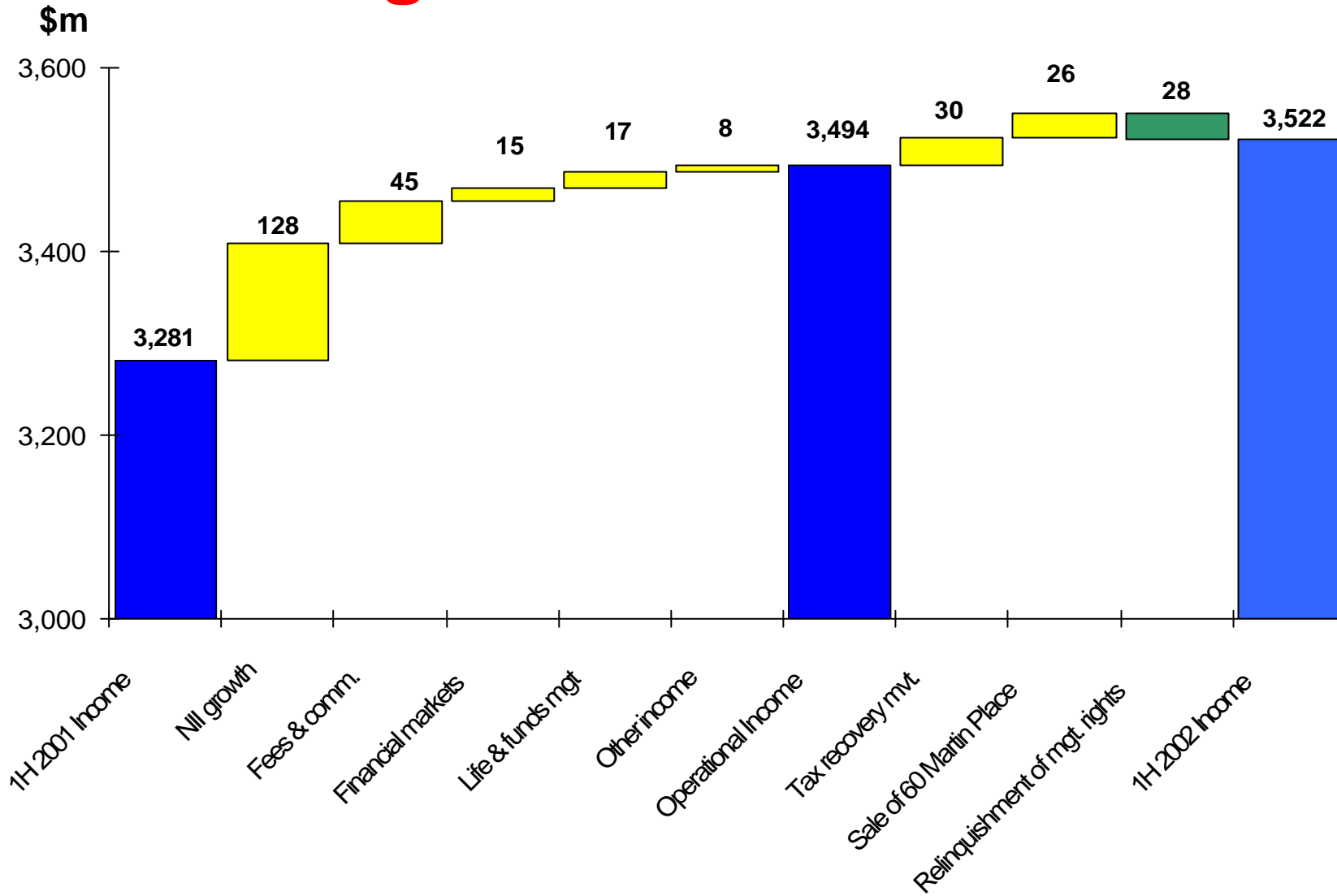
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Core earnings up 14%

\$m	1H01	1H02	% Change
Net interest income	2,032	2,160	6
Non-interest income	1,249	1,362	9
Operating income	3,281	3,522	7
Expenses	(1,714)	(1,739)	1
Core earnings	1,567	1,783	14
Bad debts	(176)	(271)	54
Goodwill	(49)	(49)	-
NPBT	1,342	1,463	9
Tax and OEI	(418)	(445)	6
NPAT	924	1,018	10

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Revenue growth maintained



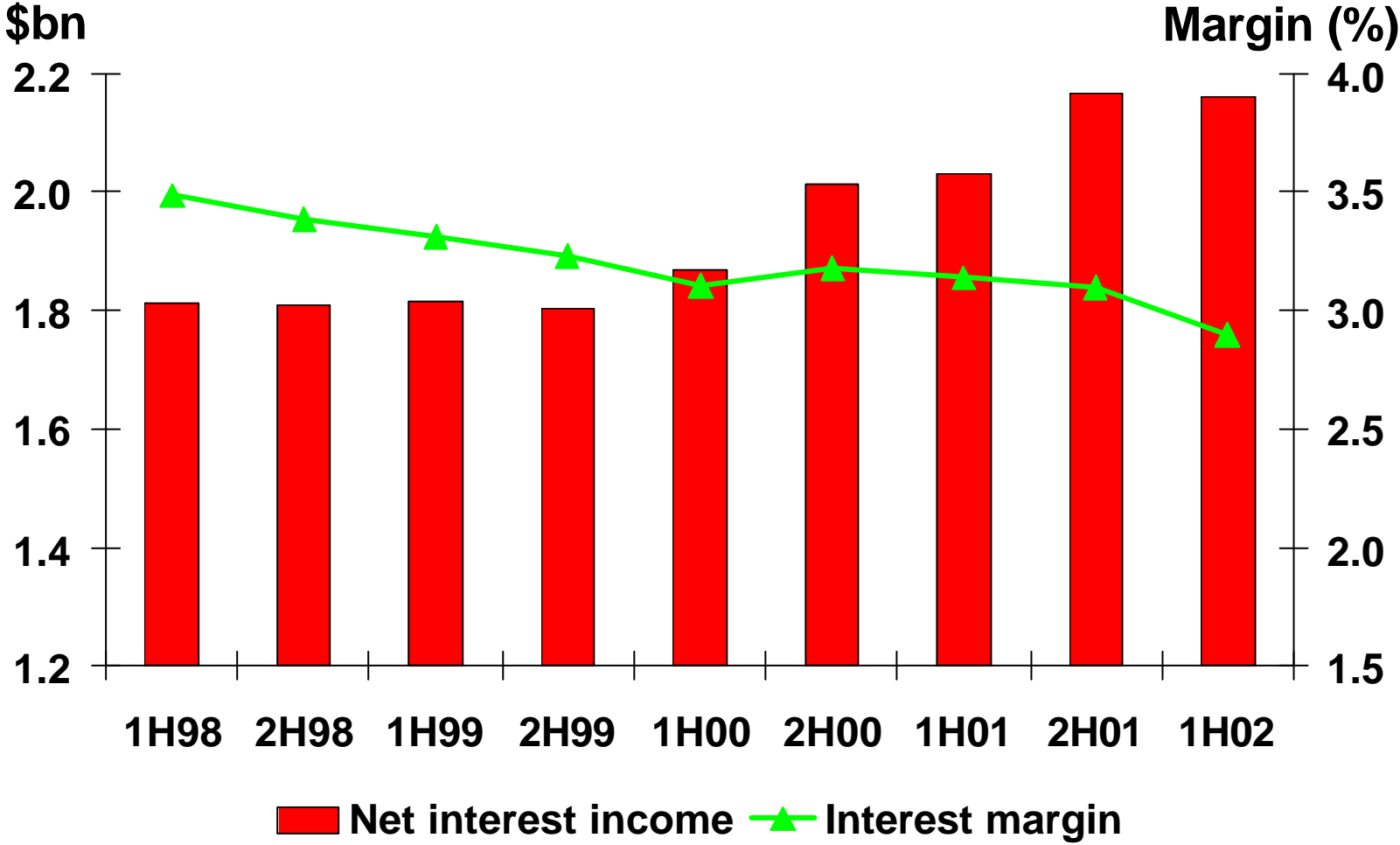
2002 Interim Results

Operating income growth

\$m	1H01	1H02	% Change
Operating income as reported	3,281	3,522	7
One off and non-cash items			
Embedded value uplift	(36)	(60)	
Policy holder tax recoveries	16	(14)	
Property management rights	(28)		
Sale of 60 Martin Place		(26)	
Net other		(9)	
Normalised operating income	3,233	3,413	6

2002 Interim Results

Net interest income & margin trends



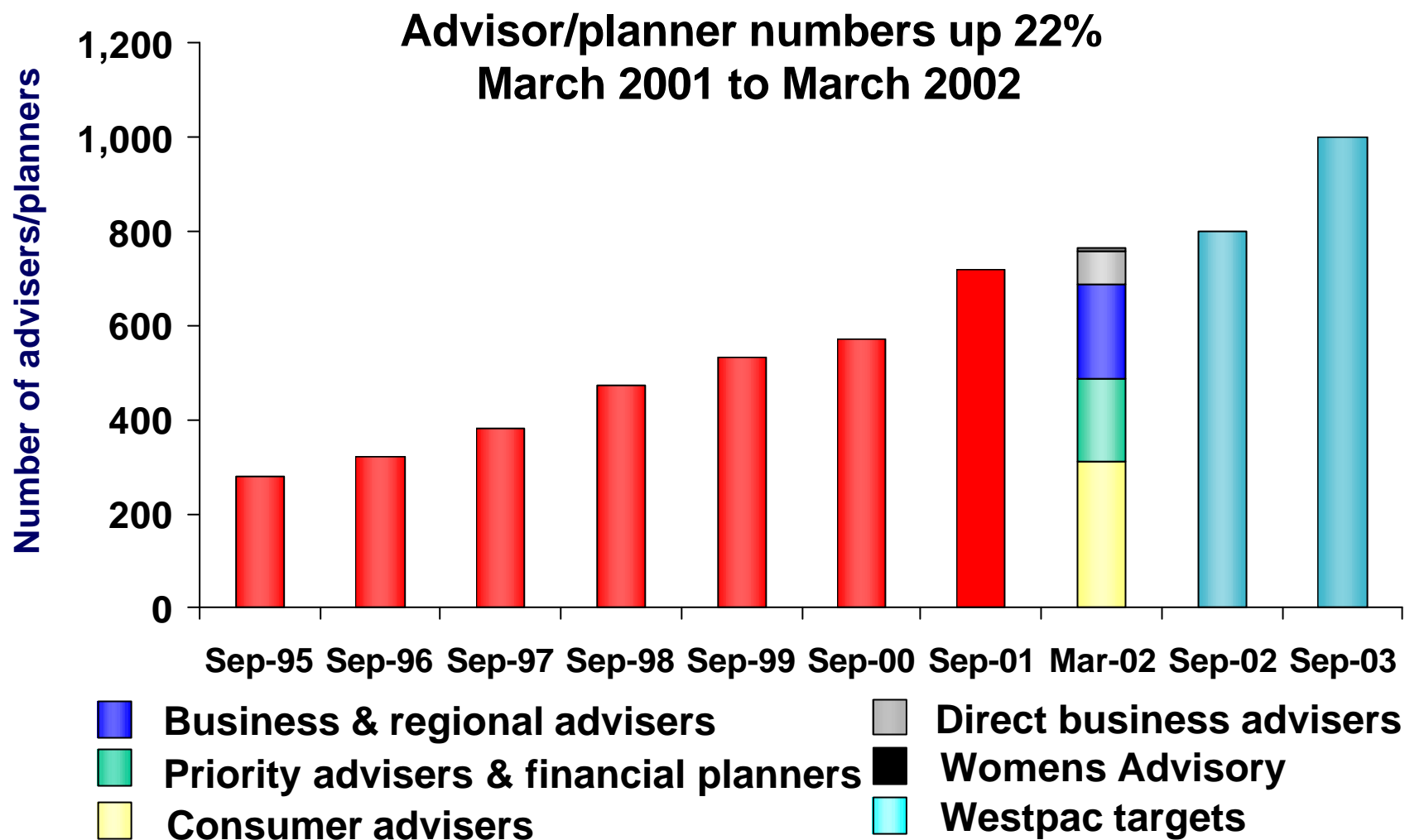
2002 Interim Results

Wealth management business

\$m	1H01	1H02	% Change
Reported after tax profit	109	124	14
Embedded value uplift (post tax)	(28)	(46)	
Total	81	78	
Property mgt rights to property trust	(28)	-	
Core after tax performance	53	78	47
Operating profit after tax by line of business	1H01	1H02	% Change
Funds management	41	53	29
Life insurance & risk	17	23	35
Other	51	48	(6)

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Advisor/planner network ¹



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Expense growth within target range

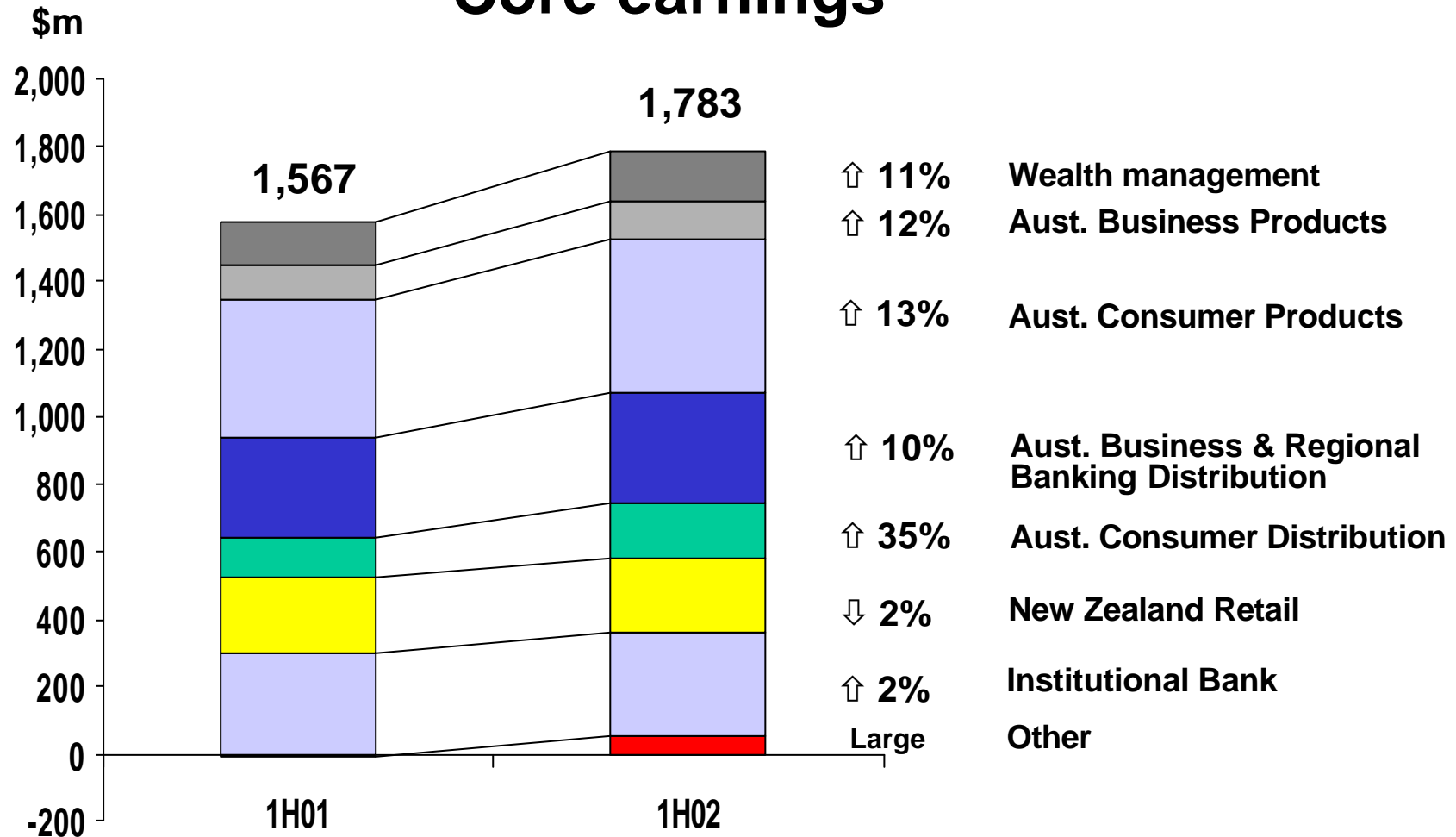
\$m	1H01	1H02	% Change
Salaries & other staff expenses	888	823	(7)
Equipment & occupancy	315	291	(8)
Other expenses	511	625	22
Operating expenses (excl goodwill)	1,714	1,739	1
FTE	29,241	26,704	(9)
Productivity ratio ¹	3.87	4.49	16

Tax breakdown

\$m	1H01	1H02	% Change
Tax expense as reported	416	443	6
Tax expense as a % NPBT	31.0%	30.3%	
One off adjustments			
Policy holder tax recoveries	16	(14)	
Offshore provision not tax effected		(20)	
Normalised Tax expense	432	409	(5)
Normalised tax expense as a % of reported NPBT ¹	31.8%	28.2%	

Business unit contributions

Core earnings



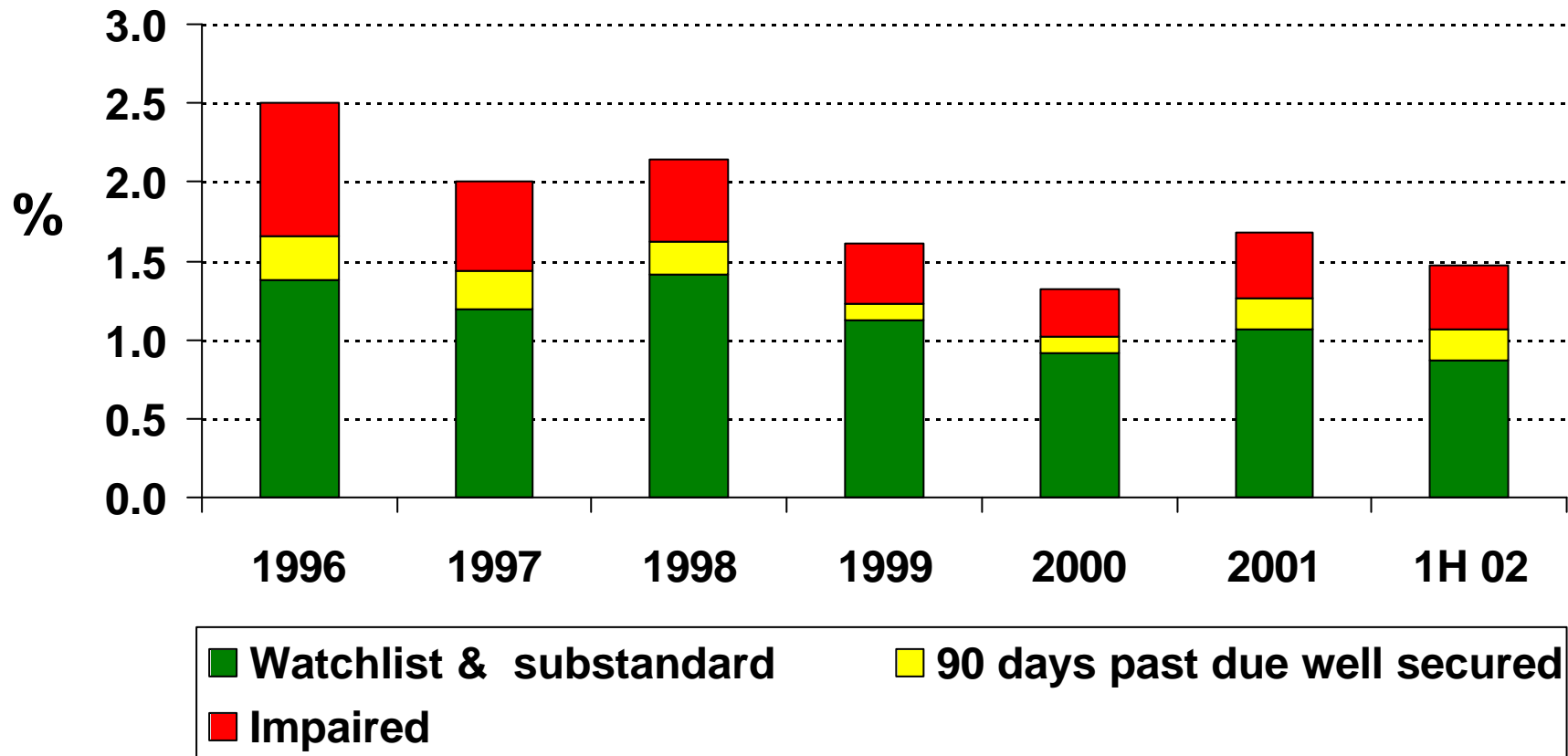
2002 Interim Results

Credit environment

- **Signs that the corporate downgrades and defaults are easing**
- **Business Banking credit remains sound**
- **Future bad debt expense linked to consumer debt and interest rates**
- **Westpac maintains leading coverage ratios and asset quality**

Stressed loans reduced from September 2001

Stressed loans by category % of total commitments



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Controlled single name exposure concentrations

Credit exposures* to Top 10 corporations and NBFIs

S&P Rating or Equivalent

AAA

A+

BBB+

A

A-

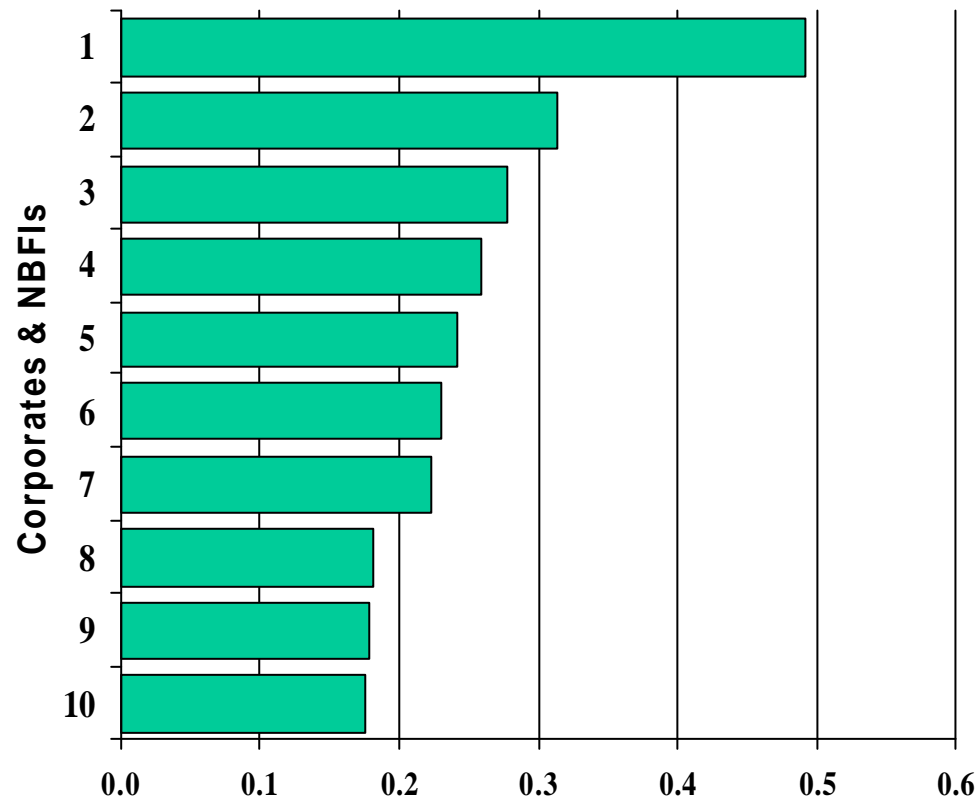
AA-

A

A+

A+

BBB-

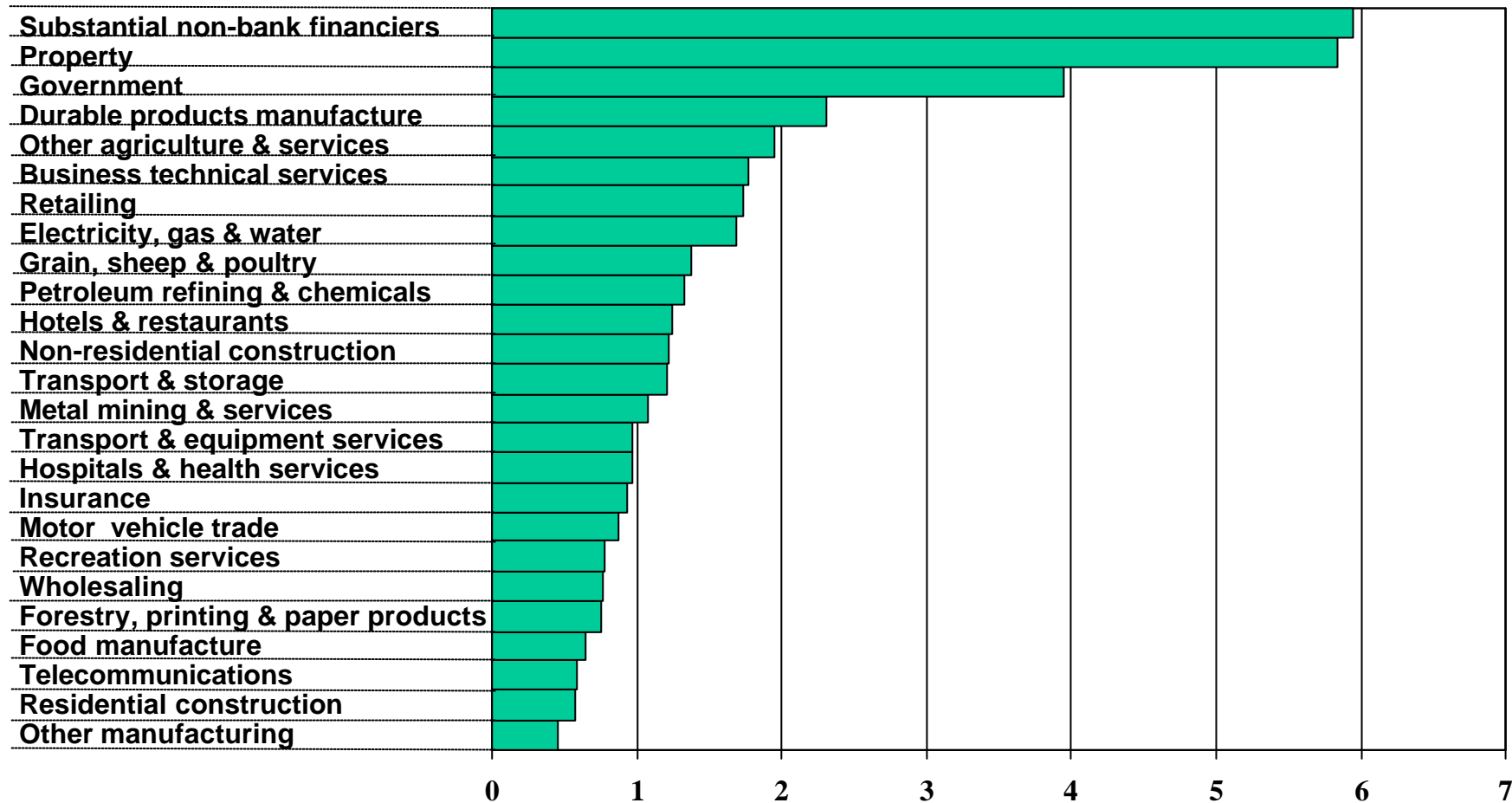


* Customer exposure as a percentage of Total Committed Exposure - March 2002.

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Diversified industry exposure

Credit exposure to governments, corporations and businesses – as a percent of total committed exposure*

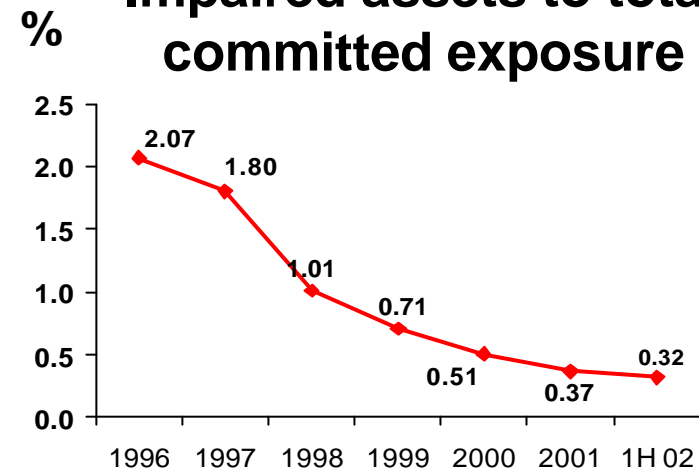


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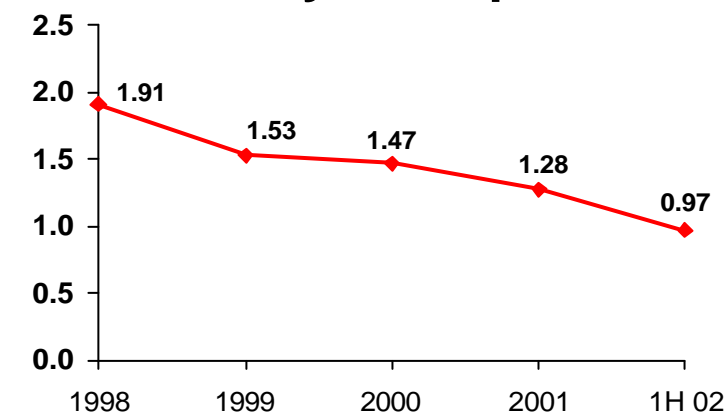
Improving business banking portfolio*

- Impaired assets ratio at historical low
- Delinquencies relatively stable
- No signs of any systemic credit problems

Impaired assets to total committed exposure

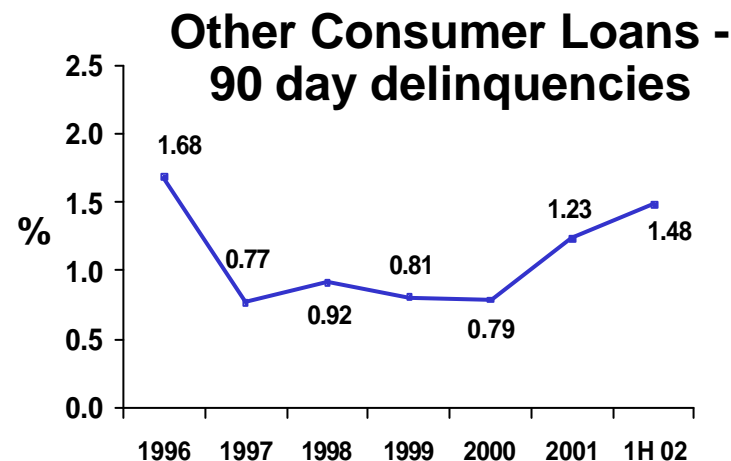
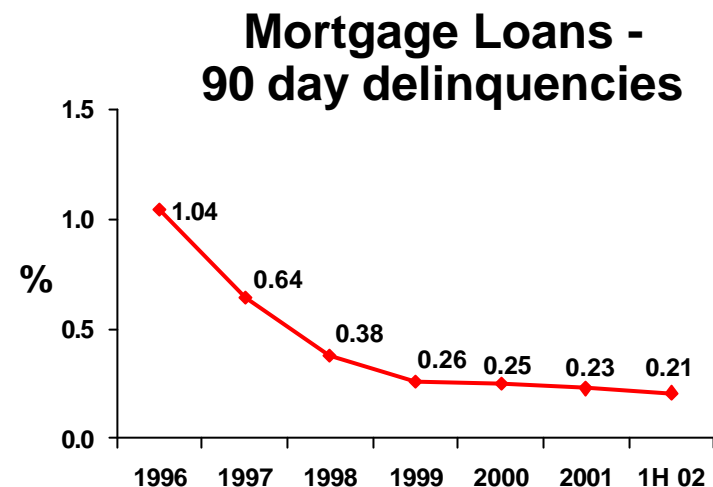


90 day delinquencies

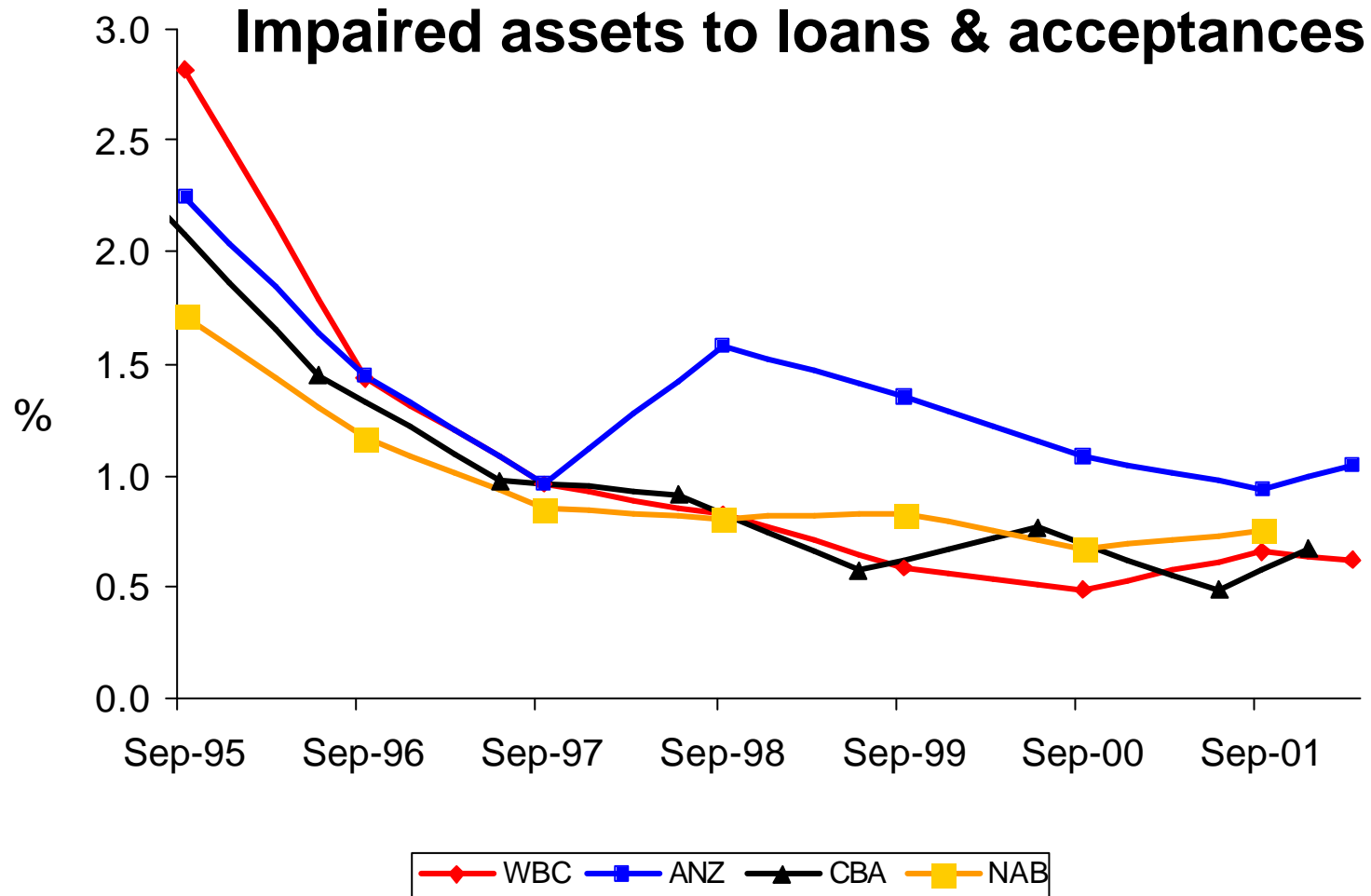


Mortgage and other consumer loan portfolios *

- Mortgages represent more than 51% of total loans & acceptances
- Other consumer loans represent less than 8% of total loans & acceptances

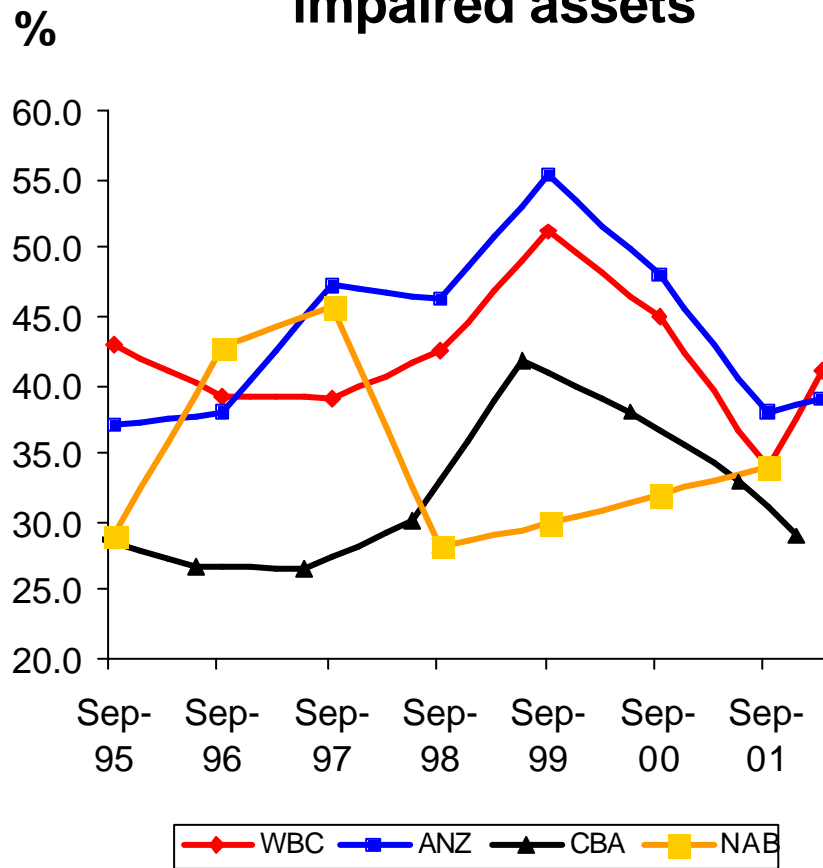


Impaired loans continue to rank well against our peers

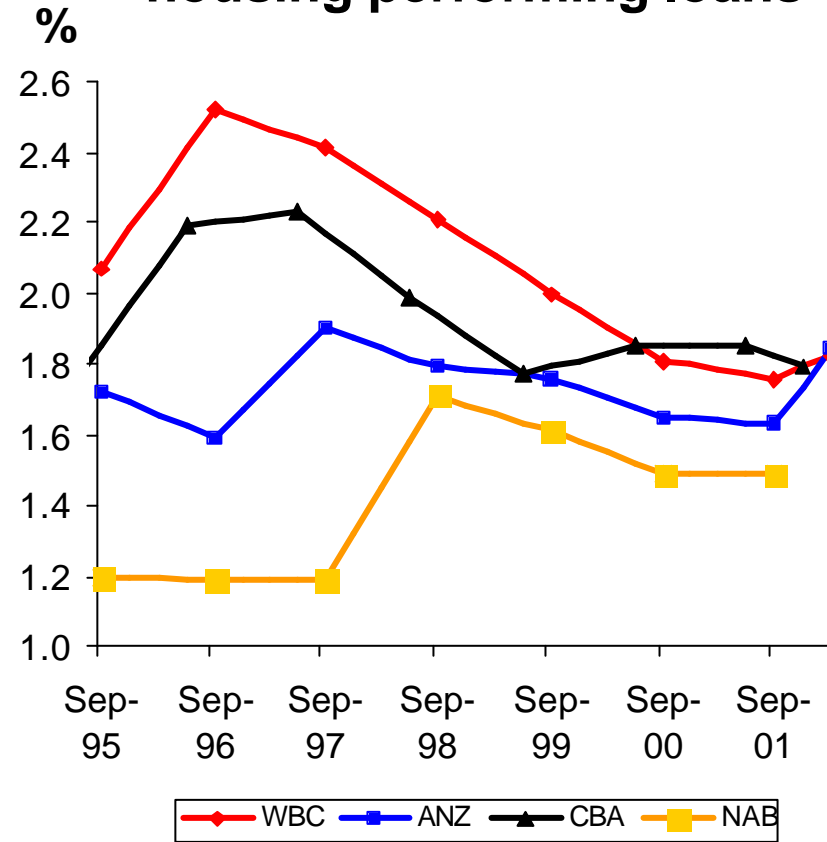


Provisioning coverage relative to peers

Specific provisions to impaired assets



General provisions to non-housing performing loans

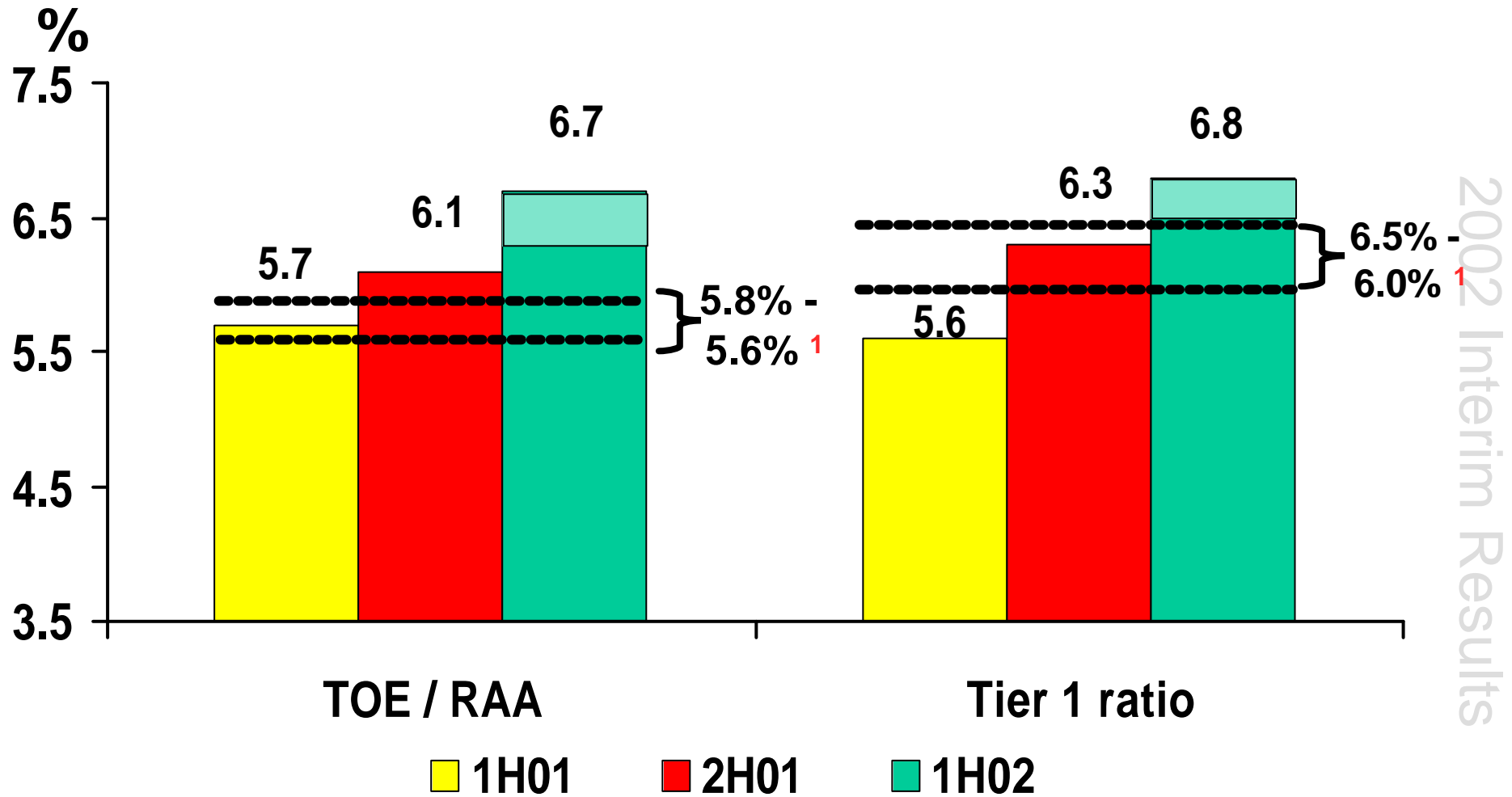


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Active capital management

- Target ranges re-affirmed
- No specific announcement on capital management activities until AGC sale is confirmed
- Intention to access additional hybrid capital in time
- Small increase in dividend payout ratio consistent with franking capacity
- Intend to hold capital at upper levels of target ranges at this point in cycle

Well capitalised



2002 Interim Results

AGC – background

	A\$m
Net profit after tax	143
Loans and Advances	9,796
Loan loss provisions	196
Net assets	907

AGC New Zealand

Book value of Receivables	NZ\$837
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Australia's First Bank

Outlook

David Morgan

Chief Executive Officer

2 May 2002

2002 Interim Results

Strategy is delivering

- **Disciplined and consistent execution**
- **Customer centric strategy deepening relationships**
- **Benefits of efficiency programs continuing to flow**
- **Balancing all stakeholder needs is enhancing sustainability of returns**

Outlook

- **Australian economy remains robust**
 - GDP growth to June 2003 ~4%
 - Housing to slow; business investment & exports up
 - Unemployment down from 7% peak, to 6% in 2002
 - Credit growth slowing to 6% - 8% range
 - Inflation back in 2% - 3% range
- **Expected rise in official rates**
- **No signs of portfolio stress across segments or industries**

Scenario consistent with maintaining earnings momentum, a high ROE and double-digit EPS growth



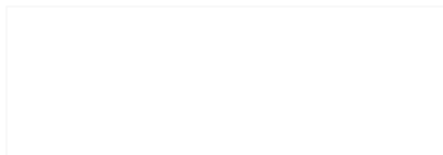
Official Partner



Official Partner



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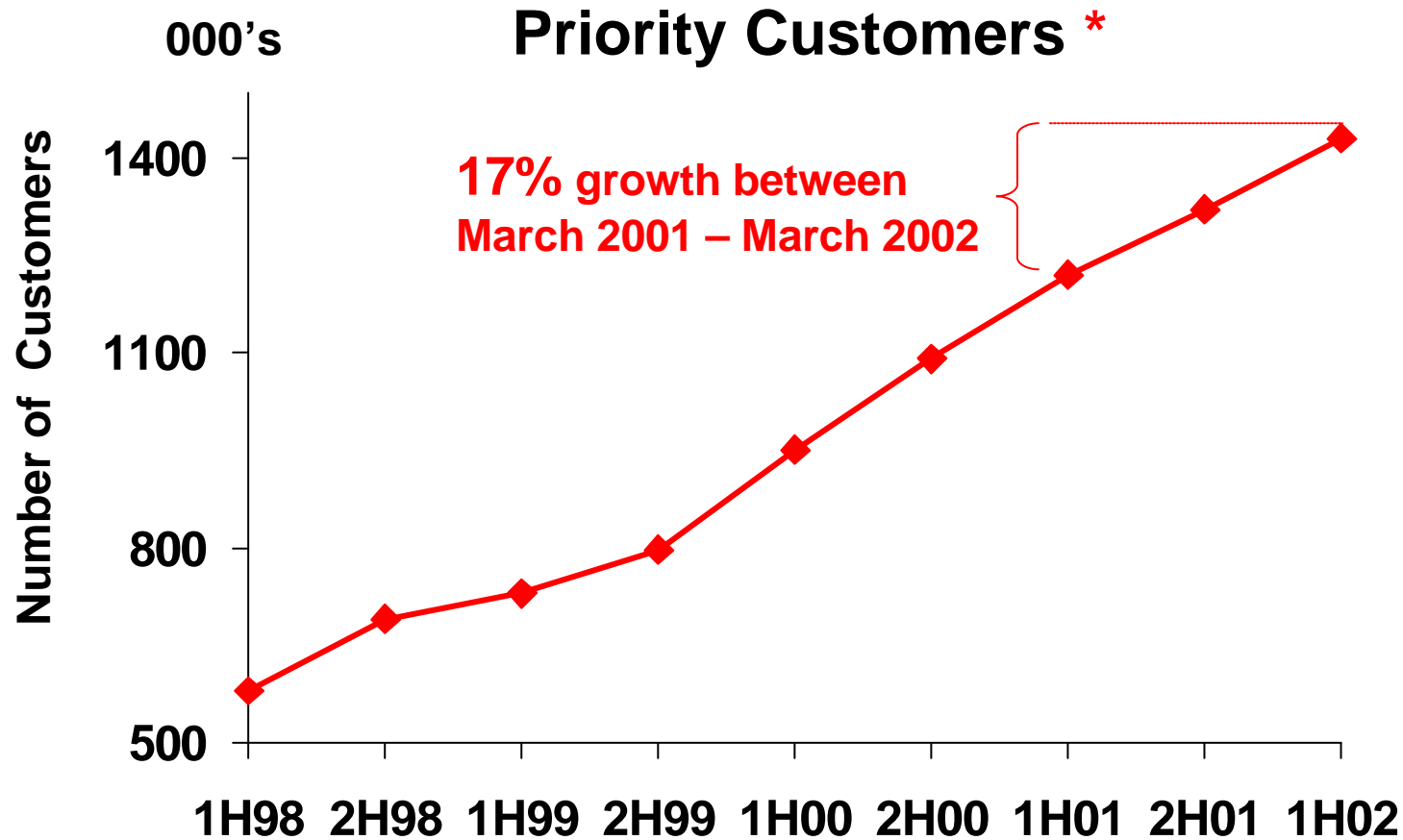


Supplementary Information

2 May 2002

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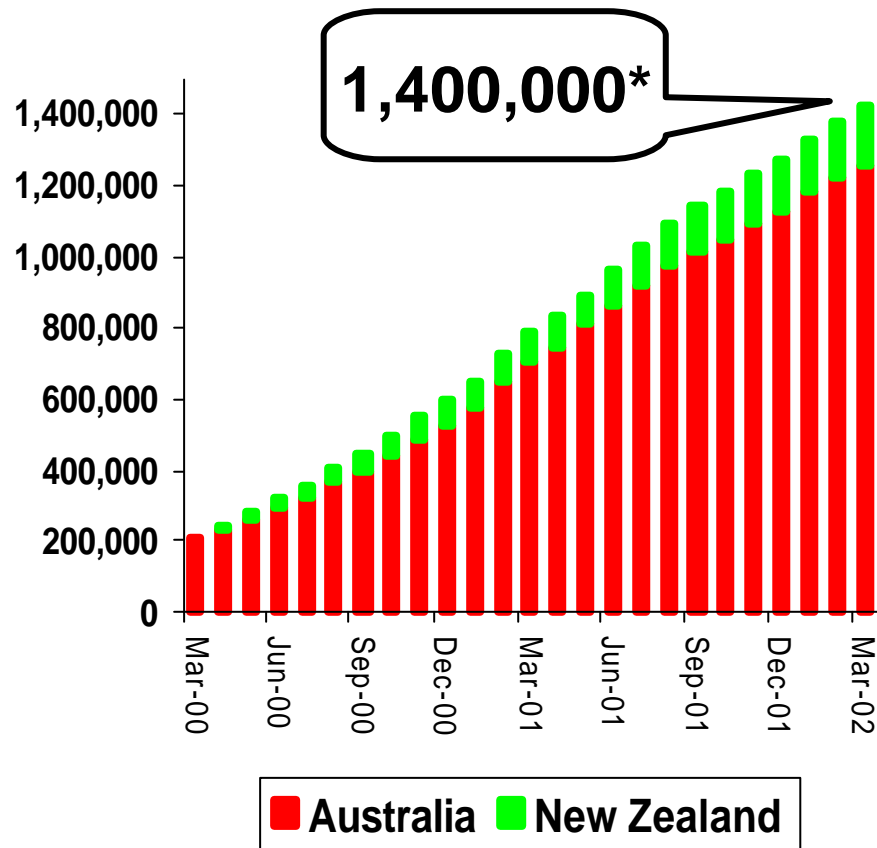
Successfully deepening customer relationships



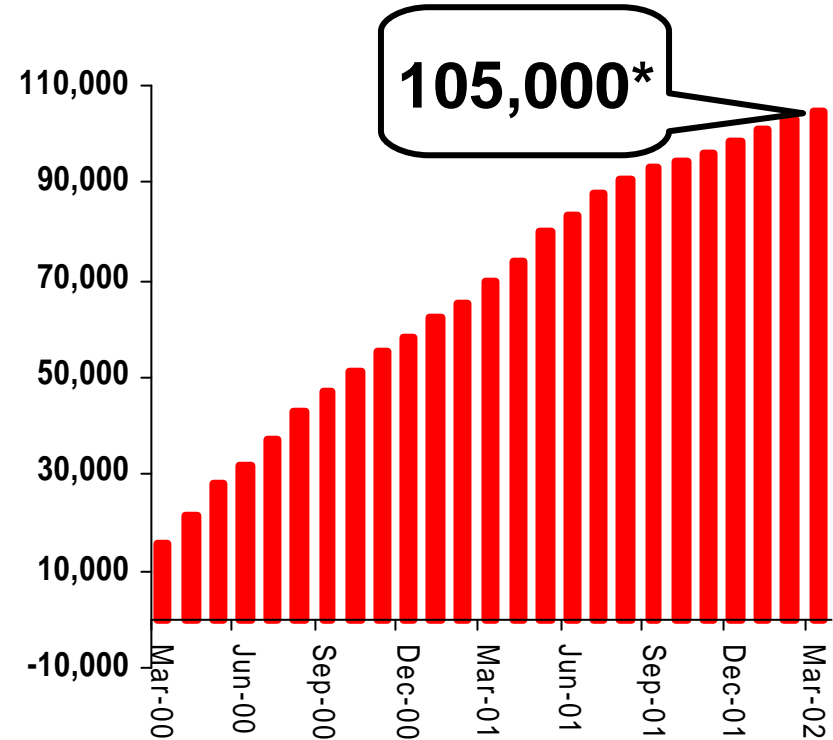
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Online growth

On-line Banking



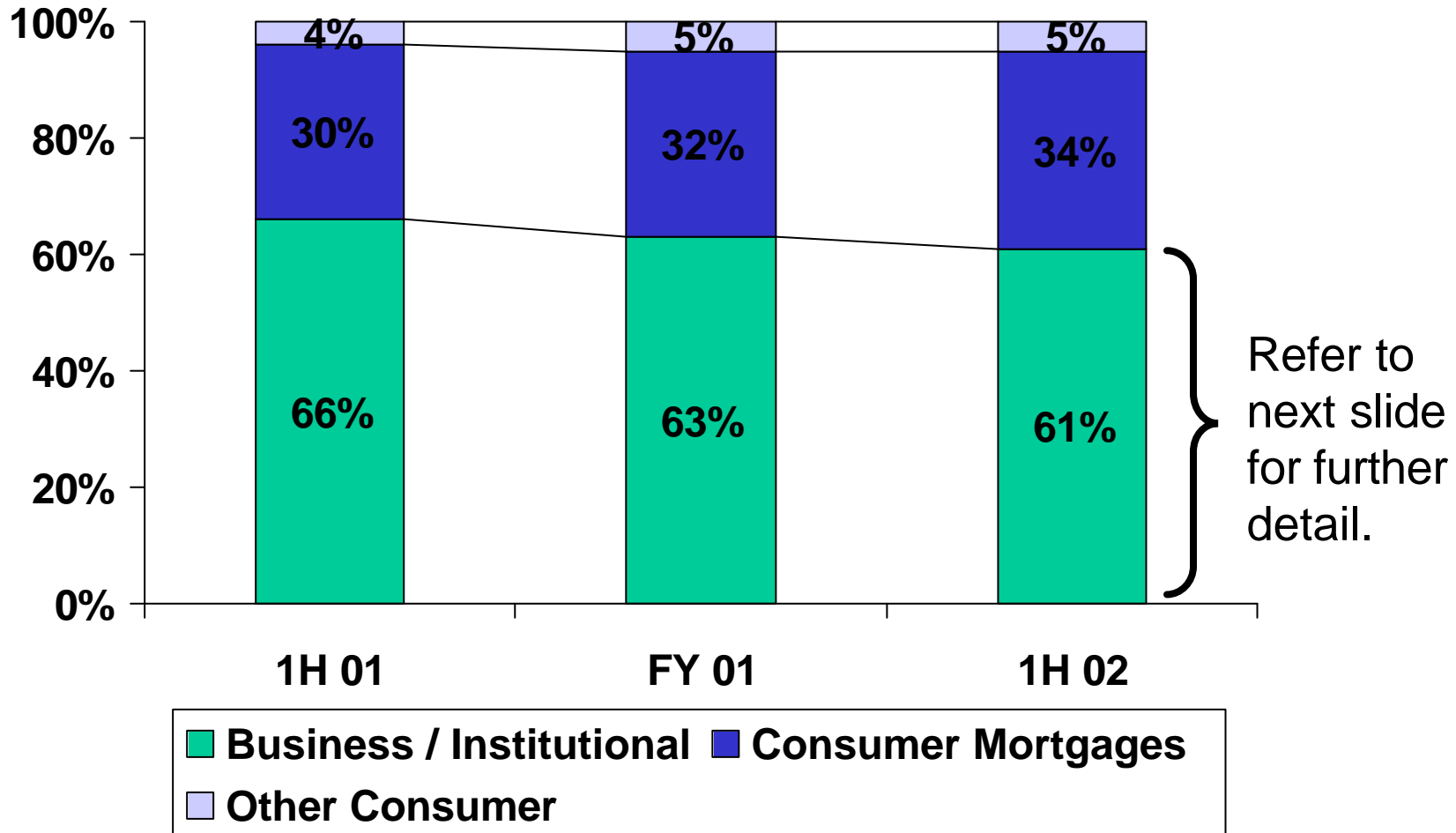
On-line Broking - Australia



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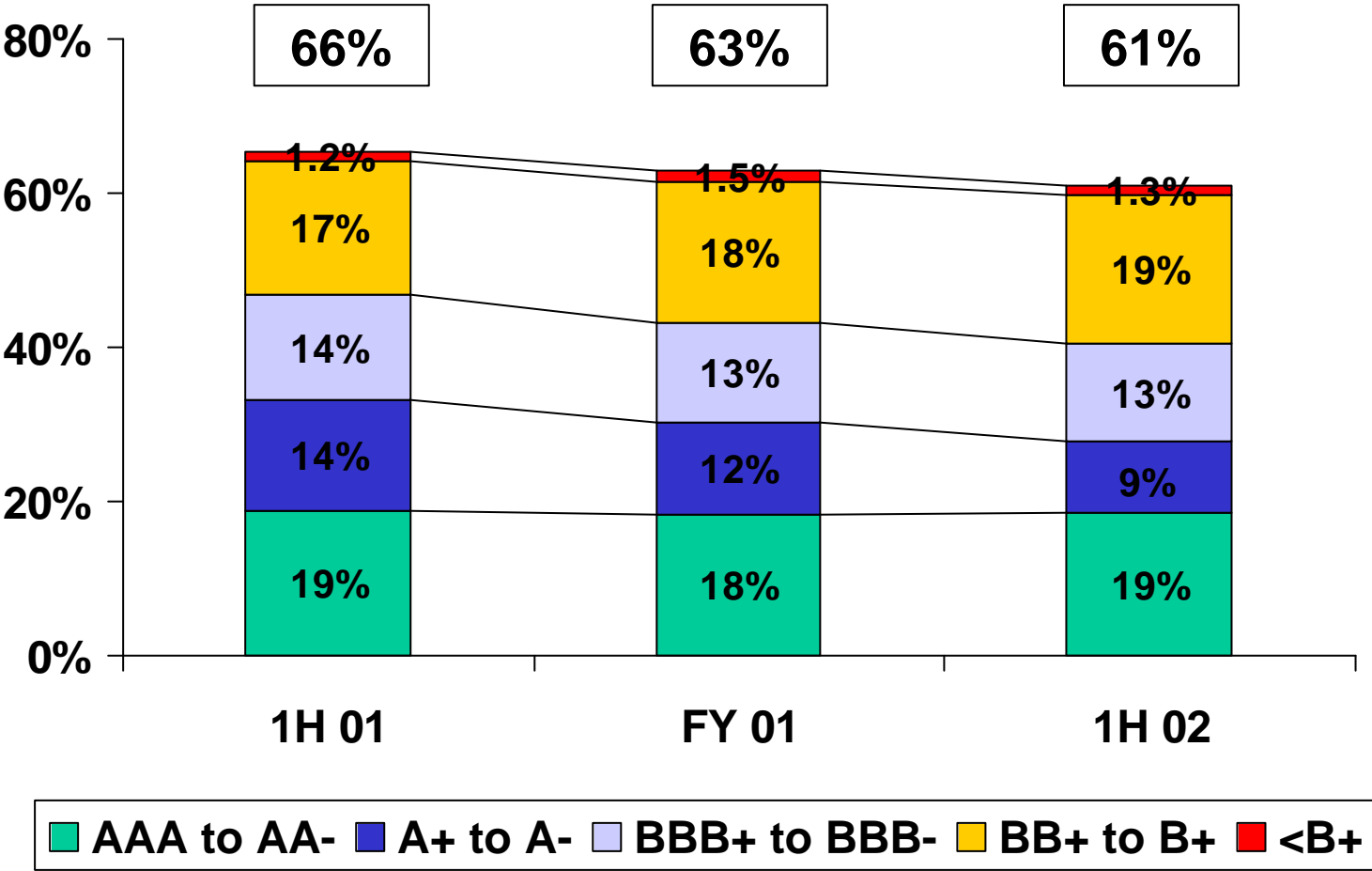
* 31 March 2002

Breakdown of portfolio by customer segment*



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Business / Corporate risk grade profile *



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