Westpac
Australia's First Bank

Investor Discussion Pack

November/December 2002

Index

A transformational year

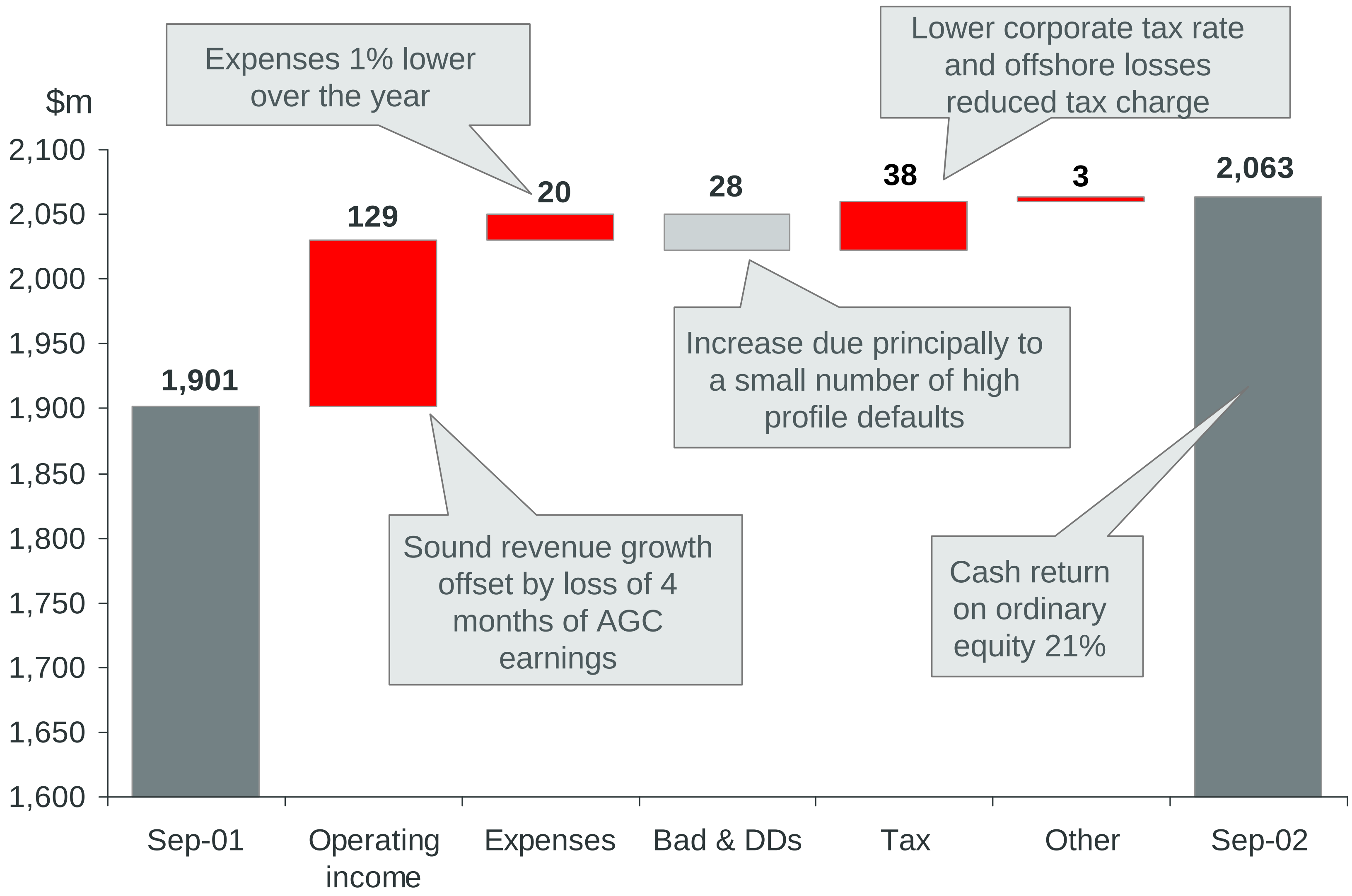
- **Earnings momentum maintained**
  - Record reported earnings of $2,192m — up 15%
  - Underlying cash earnings (before significant items) — up 9%
  - Ongoing cash earnings — up 12%
  - Dividend of 70 cents per share fully franked — up 13%
  - Return on equity — maintained above 20%
- **Business repositioned for growth**
  - Sold AGC
  - Acquired Rothschild Australia Asset Management
  - Acquired BT Financial Group
  - Acquired Hastings Funds Management
- **Quality of earnings significantly improved**
  - Exited higher risk finance company and acquired lower risk wealth management business further diversifying income streams
  - Brought significant items to account:
    - Removed embedded value
    - Ceased capitalising expenditure for outsourcing of operations
    - High yield debt portfolio written down to fair value
    - Adopted international accounting standard for superannuation asset
  - Improved asset quality, with net impaired assets declining 32%

Reconciliation of ongoing earnings

$m	2002	2001	% Change
Reported NPAT	**2,192**	**1,903**	**15%**
Less individually significant items[1]	(181)	(49)	Large
Underlying NPAT	**2,011**	**1,854**	**8%**
Add goodwill	100	98	2%
Less distributions on other equity instruments	(48)	(51)	6%
Underlying cash earnings	**2,063**	**1,901**	**9%**
Less AGC profit after tax	(106)	(152)	(30%)
Ongoing cash earnings	**1,957**	**1,749**	**12%**

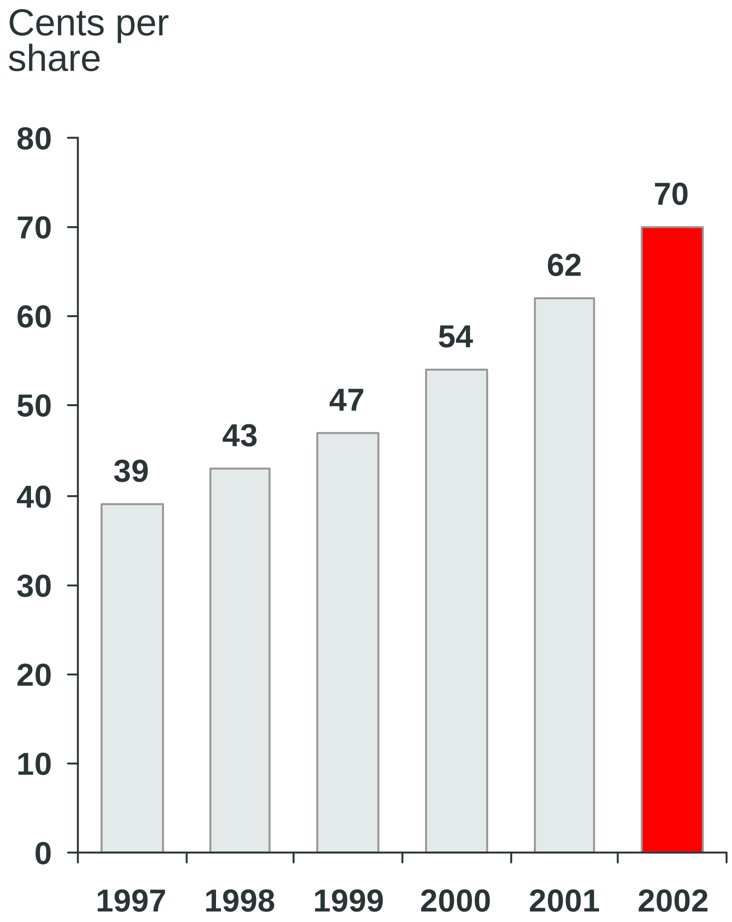
[1]Individually significant items in 2001 includes embedded value uplift

Underlying cash earnings up 9%

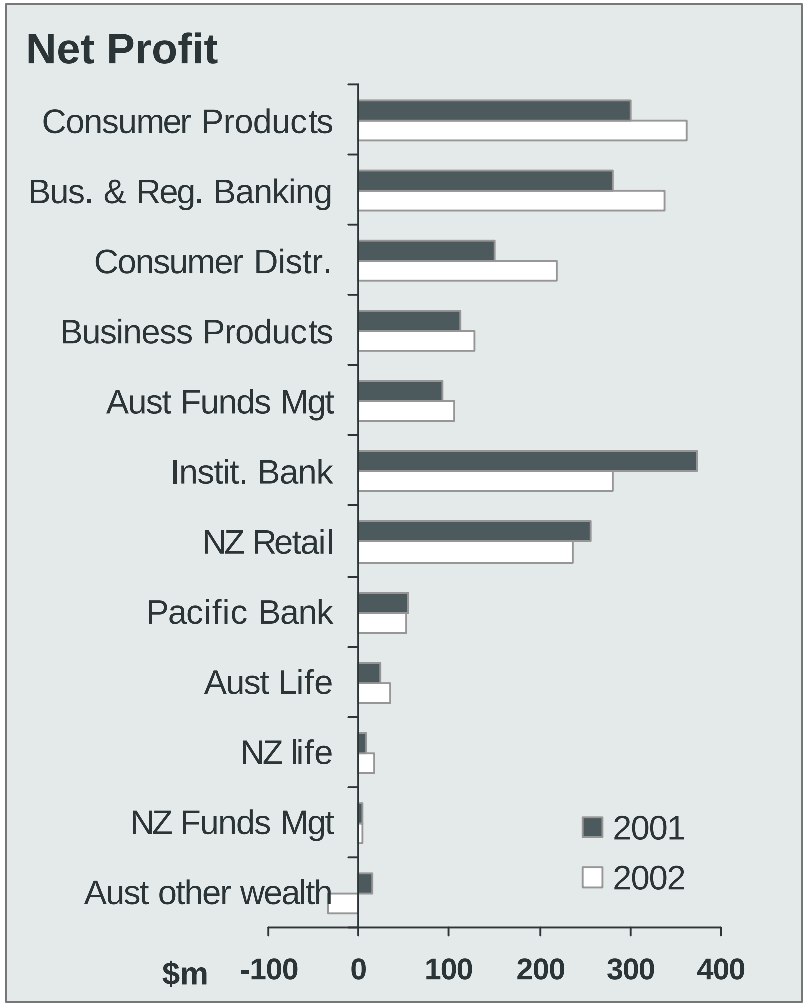


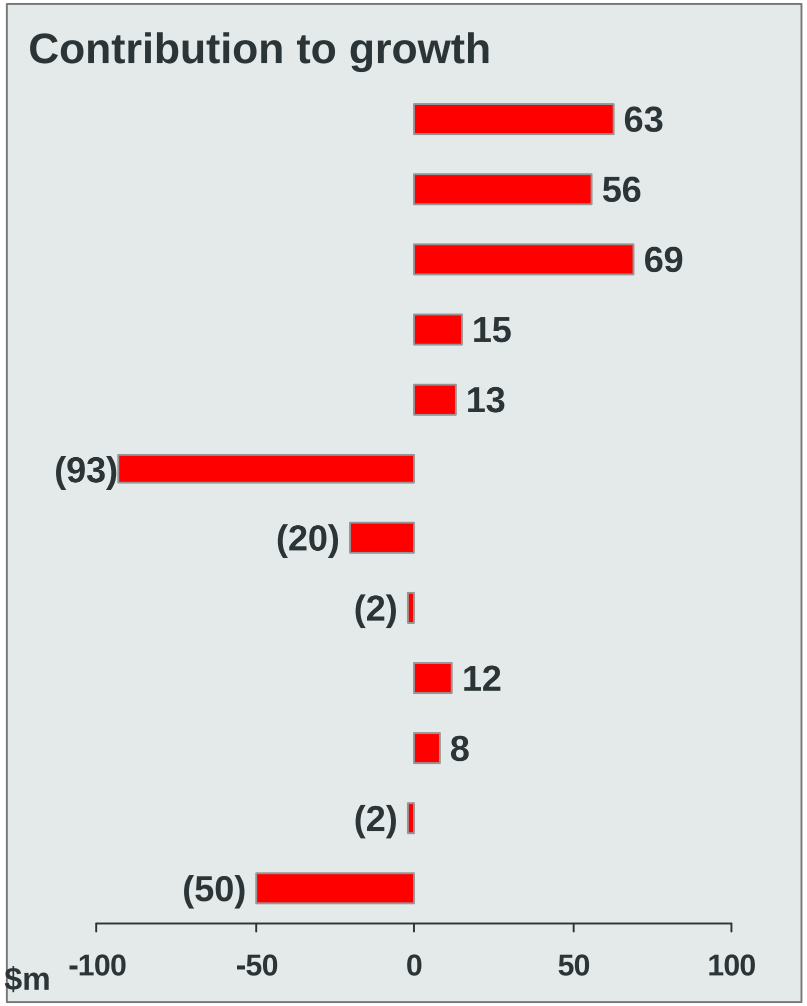
Dividends

- Dividends up 13%
- 5 year CAGR 12% p.a.
- Pay-out ratio on underlying cash earnings increased from 59% to 61%
- Fully franked dividend yield 5.1% approx
- $400m returned to shareholders via buy-back



Business unit performance





* Ongoing businesses (excludes group items)

Rebalanced business mix

Corporate activity	Core strategic rationale
AGC divestment	Low growth/higher risk business
Rothschild acquisition	Rated funds & distribution
Hastings acquisition	Infrastructure expertise
BT Financial Group acquisition	Platform and product capability, funds scale

- Near-term strategic agenda complete
- Integration and transition of BT and Rothschild creating some near term earnings dilution
- Rebalancing business mix has improved growth path while retaining a ROE above 20%

Cumulative earnings impact of recent transactions

	2003	2004	2005
Net AGC earnings foregone[1]	**(68)**	**(51)**	**(56)**
Acquisitions			
RAAM	6	10	13
BT	(18)	(11)	7
Hastings	4	5	6
Total	**(8)**	**4**	**26**
Funding of buyback	(14)	(14)	(14)
Net cash earnings	**(90)**	**(61)**	**(44)**
Number of shares pre buy-back	1,832	1,852	1,872
Post buyback shares	1,807	1,827	1,847
Earnings impact	**(2.6%)**	**(1.1%)**	**(0.3%)**

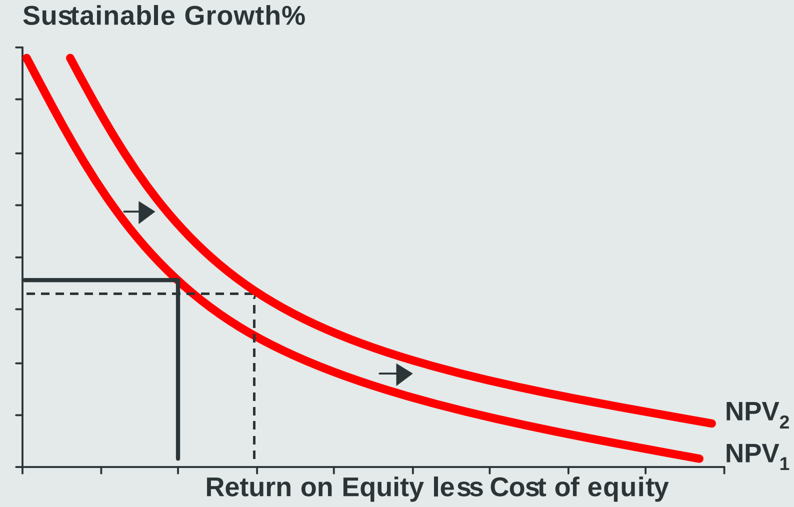
1. Includes AGC earnings forgone, earnings on cash proceeds received and earnings on business portfolio re-acquired

Improving growth trajectory

Strategy based on premise that value is a function of return and growth

- Value = $\dfrac{\text{Economic profit}}{\text{r-g}}$
- Growth rates a critical value determinate
- Underlying profit from the AGC auto and consumer businesses had declined in the two years prior to 2002
- Industry consensus estimates wealth management businesses to grow in the order of 10% - 12%.

The return/growth indifference curve



	Growth rate	Typical P/E[1]
Growth rate in AGC consumer & auto businesses	<0%	12-14
Growth in wealth management businesses	10%-12%	18-22

1. Typical PEs from comparable companies

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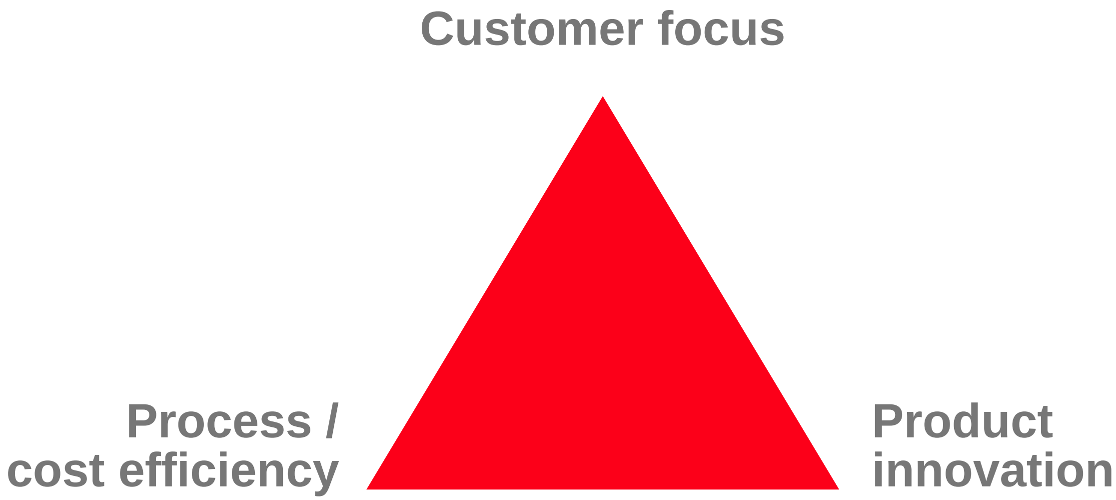
Points of differentiation

November/December 2002

Points of differentiation

- **Strategy**
  - Focused on core markets of Australia, New Zealand and near Pacific
  - Customer centric organisational structure
  - Balanced wealth management position
- **Customer franchise**
  - # 1 or # 2 market share in major customer segments in Australia and New Zealand
  - Customer based skewed to higher value segments
- **Low risk**
  - De-risked income streams
  - Further improvement in asset quality, and sound provisioning coverage
  - Strong surplus capital generation capacity
- **Leader in sustainability**
  - Highly committed workforce
  - Number 1 Dow Jones Sustainability Index
  - Number 1 *Sydney Morning Herald* / *The Age* Good Reputation Index

A straightforward strategy – well executed



- Broadening customer relationships
- Wealth management integration
- Driving operational efficiency
- Embedding a high performance culture
- Building strong corporate reputation

Customer base skewed to higher value demographics

Customer numbers

Australia	6.0m
New Zealand	1.3m
Other	0.2m
Total	**7.5m**

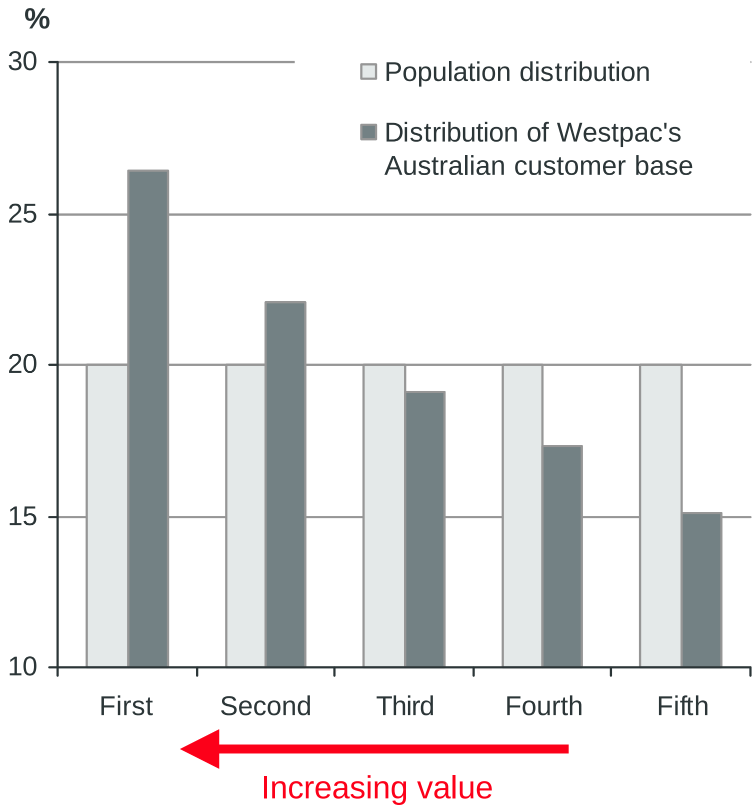
Position in core markets

	Australia	New Zealand
Consumer	2[1]	1[2]
Business	2[3]	2[2]
Corporate	1[4]	2[5]
Wealth management	4[6]	5[7]

Sources

1. Reported customer numbers
2. KPMG FIPS NZ 2002, AC Nielson, Greenwich
3. Greenwich Associates
4. Corporate transactional business – Greenwich Associates
5. Greenwich large corporate banking survey (9/01)
6. Retail funds under management ASSIRT Sept 2002
7. Melville Jessup Weaver, Investment Survey, March 2002

Australian value quintiles[1]

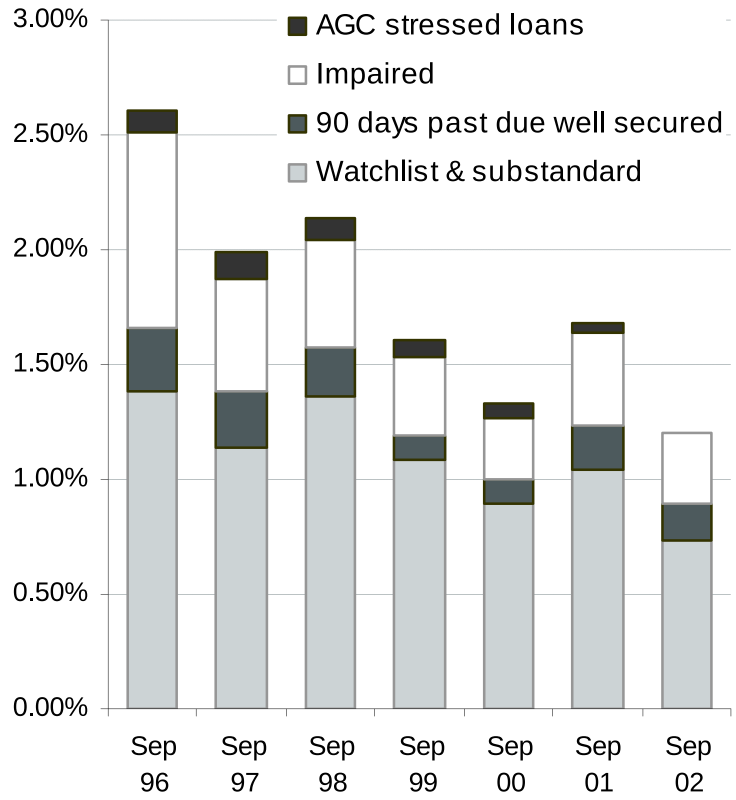


[1]Source: Roy Morgan Research : Ranking of Australians by education, income and occupation

Low risk - stressed loans remain near historic lows

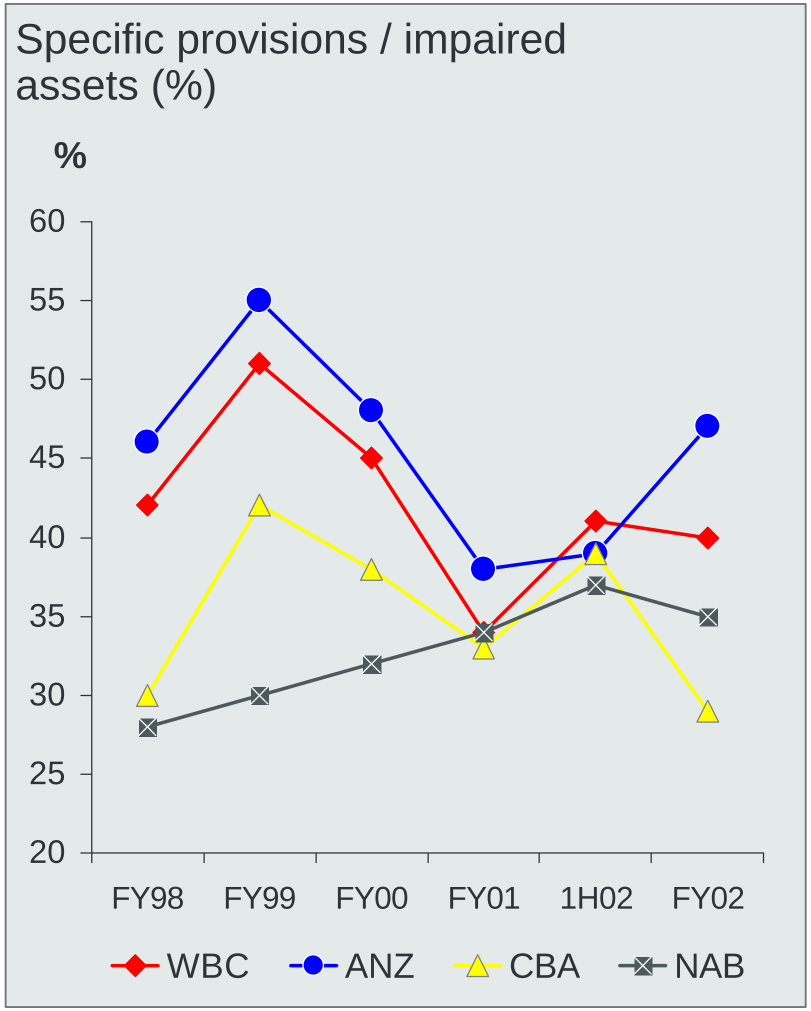
- Net impaired assets down $223m on September 2001
  - $95m from 2 large write-offs
  - $51m from sale of AGC
- Signs that corporate downgrades and defaults are easing
- Business banking credit quality remains strong
- Quality of mortgage book outstanding
- Expected increase in stressed unsecured consumer loans remains within planned tolerances

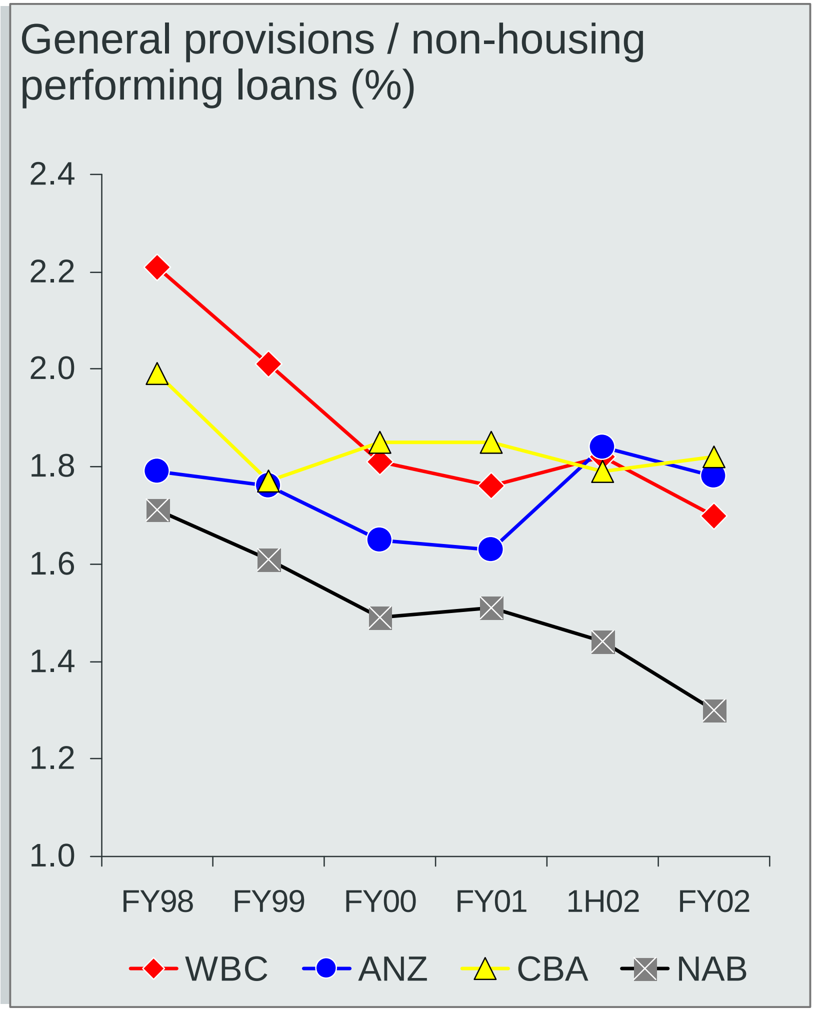
Exposure by credit grade - stressed loans*
% of total commitments



* Includes retail stressed loans

Low risk – sound provisioning cover





Surplus capital generation continues to be a strength

	$ million	% of avg ordinary equity	Comments
Average ordinary equity	10,269		
Cash earnings	2,063	20.1%	Strong cash returns
Dividends paid	(1,266)	12.3%	Payout ratio 61.3%
Clawback through Dividend Reinvestment Plan (DRP)	289	2.8%	DRP participation 23%
Reinvested for growth	(597)	5.8%	To fund 8% growth in risk weighted assets
Growth in surplus capital	489	4.8%	Delivers 3-4 bps increase in Tier 1 ratio per month

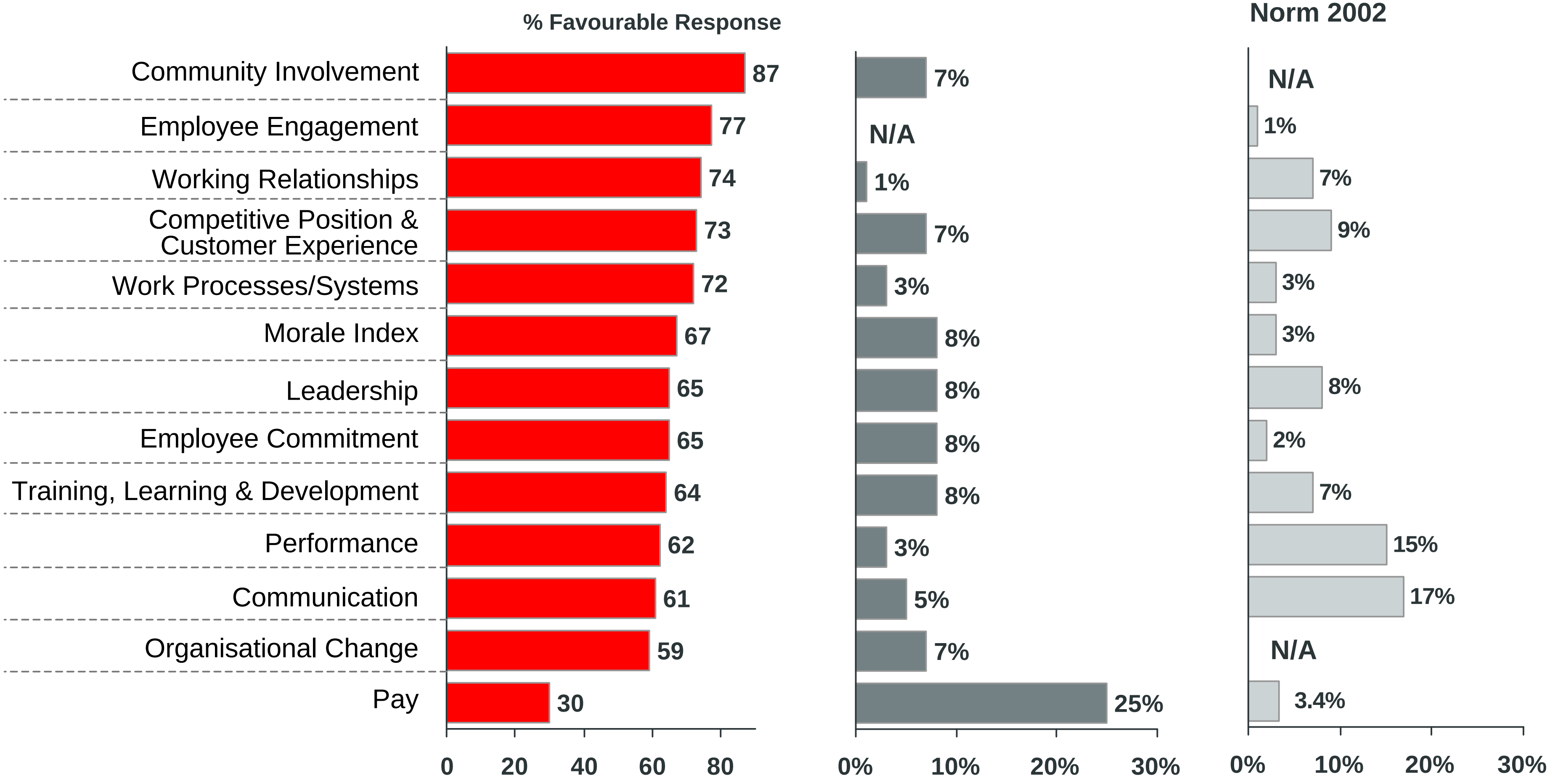
Enhanced sustainability - staff

Staff perspectives survey 2002

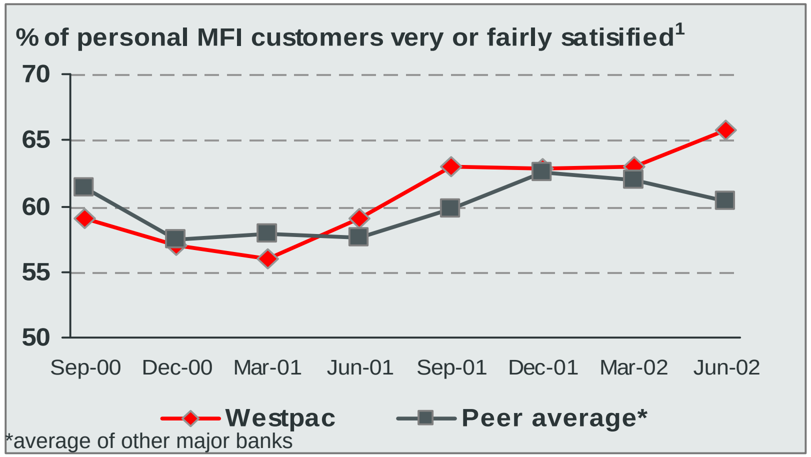
Westpac Overall 2002 Category Summary

2002 vs 2001 percent increase over year

Percent above / below Global Financial Services Norm 2002

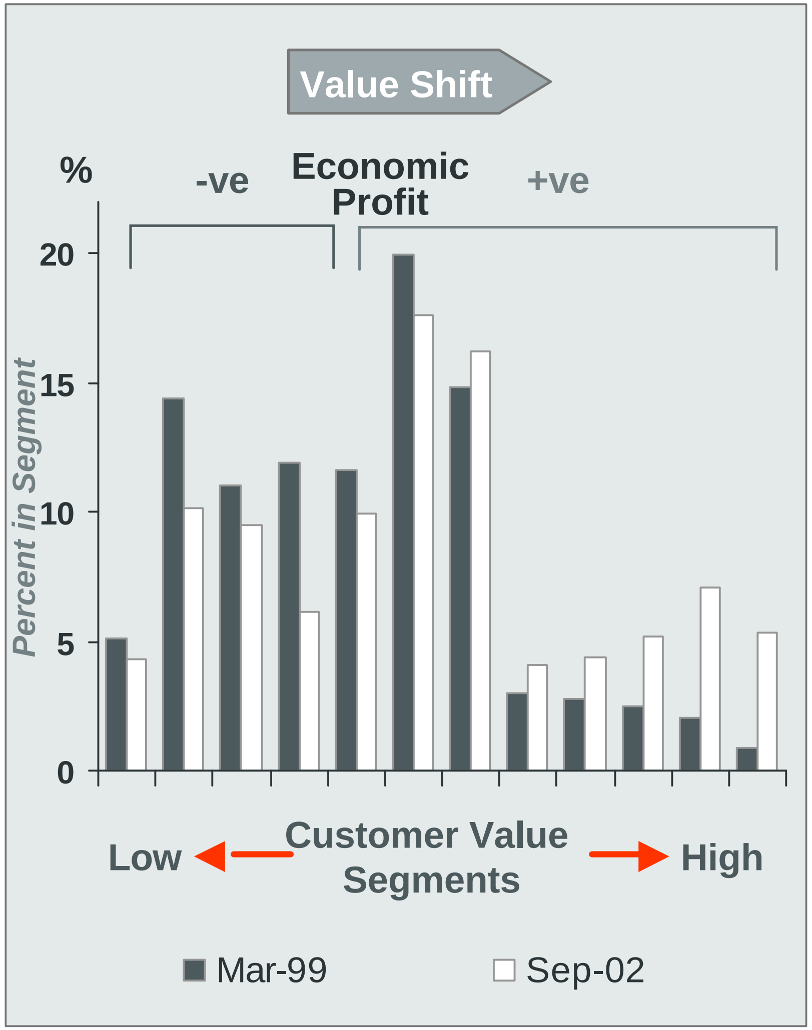


Enhanced sustainability - customers



1 Source Roy Morgan Research June 2002

2 Source Greenwich Associates



Enhanced sustainability - governance and reputation

Number 1 *Sydney Morning Herald / The Age* Good Reputation Index 2002

Number 1 bank globally in Dow Jones Sustainability Index 2002/03

First social impact report produced

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What the market is saying

November/December 2002

What the market is saying

- What is Westpac's wealth management strategy and how is value going to be created?
- What are the risks in the wealth management integration?
- What are the risks in the housing cycle?
- What are the significant items?
- Overseas exposures - what is Westpac's position?
- Why was the 2002 tax rate so low?
- What are the business drivers behind the 2003 outlook?
- SME business, when do we expect a pick-up and what is the quality of new lending?

Wealth management - operating across the value chain

Customers	Distribution & Advice	Bundling Platform	Product Manufacture	Investment Management	Back Office
7.5 Million Westpac customers Access to non-Westpac customers though EFA networks	700 Westpac planners & advisers 1,000 premier planners Over 15,000 EFAs	Leading wrap and corporate super platforms	Broad product range Proven servicing capability	Core Australian equites style External mangers for International equities, hedge funds, property and fixed interest	Outsourced partners for funds admin Centralised servicing centre for wrap

- Wealth management position now complete with strong capability across the value chain
- Open architecture model provides significant benefits:
  - Ensures each element of the chain remains efficient by competing in the market
  - Provides optionality in business model, resources can be redirected to elements of the chain generating the greatest value
- Focused on the 'new' and growing elements of wealth management without excess baggage of lower growth life insurance business

Wealth management - BT acquisition and value acquired

- Price $900m - net asset value $128m
- EPS positive end 2004
- Retail funds outflow assumed to continue into 2003, turning around by end 2004 - base case
- Price represents 81% of assessed value with all revenue benefits and 25% of cost synergies retained

Components of value – as at 29 Aug 2002

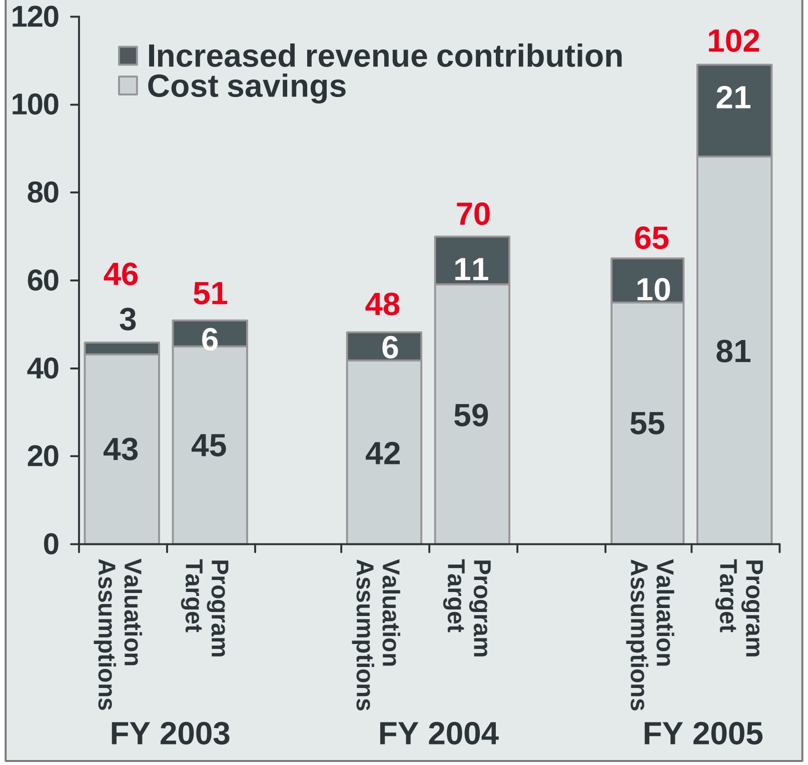
	Total
Portfolio services–Wrap & Corp Super	**34%**
Retail product and distribution	**41%**
New Zealand	5%
Margin lending and wholesale funds	20%
Total	**100%**

76% of value attributed to portfolio services and retail distribution

Wealth management - BT synergies higher than expected

- Following nine week design phase, consolidated synergies are now estimated at $102m pa in FY05 with implementation costs of ~$142m

Synergies identified ($m)



Implementation costs ($m)

Charged in Westpac	67
Fair Value Adjustment to BT	70
Future expense	5
Total	**142**

Wealth management – controlling integration risks

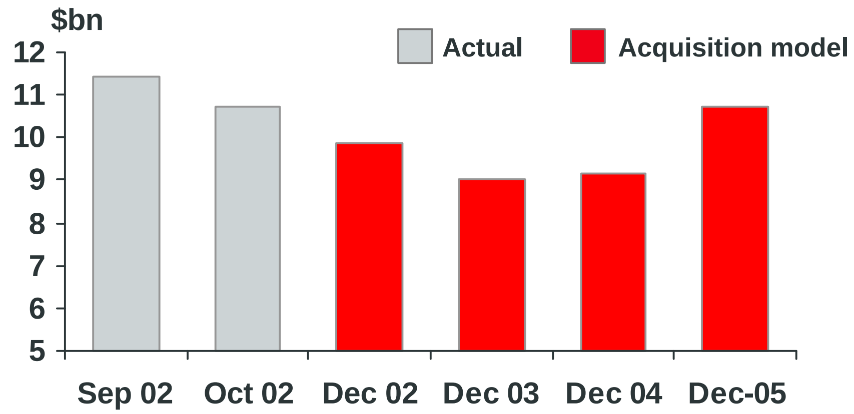
	Mitigating strategies/actions
Diversion	➔ Dedicated integration team in place ➔ Internal distribution network is quarantined from integration
Retail funds outflows	➔ BT investment management team not acquired ➔ Putnam appointed for international equities ➔ Transfer of BT funds to the rated investment management team
People/ systems	➔ Key management team appointed ➔ Organisational structure confirmed ➔ Operating model confirmed ➔ Office location confirmed ➔ Rapidly implementing integration program
Delivery on synergies	➔ Review of cost and revenue synergies completed ➔ Accountability for delivery in place

Wealth management – key milestones

	Q3 '02	Q4 '02	Q1 '03	Q2 '03	
Management team confirmed	★				
Investment team confirmed	★				
Putnam selected	★				
Brand approved		★			
1st Co-Locations		★			
BT Wrap rollout			★		
Corporate Super rollout			★		
Call centre consolidation				★	
Single customer view					★

- Funds flow tracking expectations
- Expect funds net outflow until Dec 03, tracking the market in 04 before rising in 05
- Should funds outflow exceed expectations by $1bn this impacts valuation by $40m

Net retail FUM against model*



* Indicative stock of funds under management assuming 0% investment returns

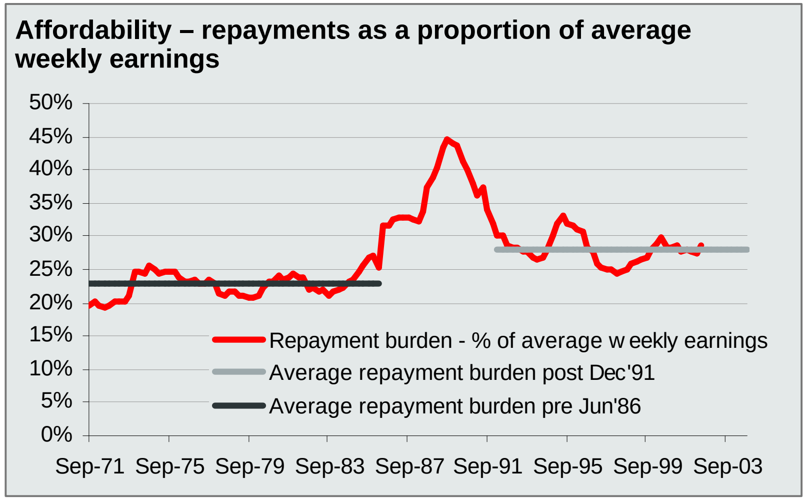
Wealth management – combined funds under management

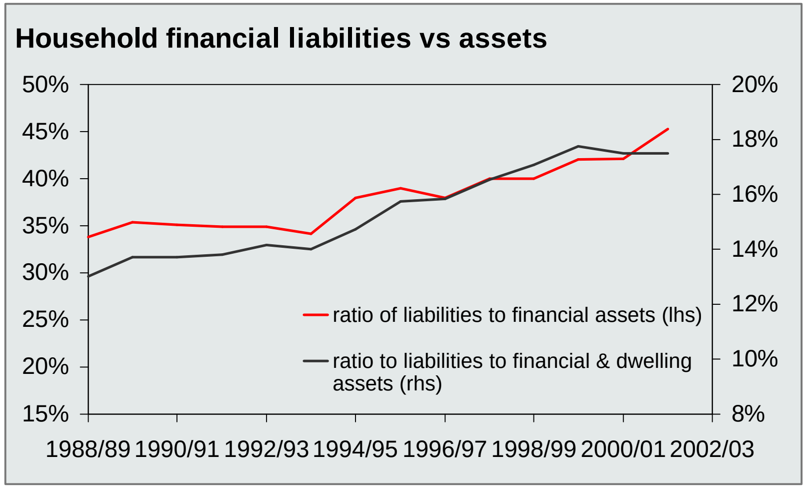
Asset class	WBC $bn	Rothschild $bn	BT $bn	Total $bn
Cash and liquid assets	6.5	0.5	2.5	**9.5**
Australian fixed interest	3.8	2.2	1.9	**7.9**
International fixed interest	1.0	0.6	1.0	**2.6**
Property	1.6	1.6	0.8	**4.0**
Australian equities	**5.1**	**3.0**	**3.1**	**11.2**
International equities	2.6	1.6	4.4	**8.6**
Other	2.2	0.1	1.0	**3.3**
Total FUM	22.8	9.6	14.7	**47.1**

Other includes FX, currency, and asset allocation

Housing market - state of play

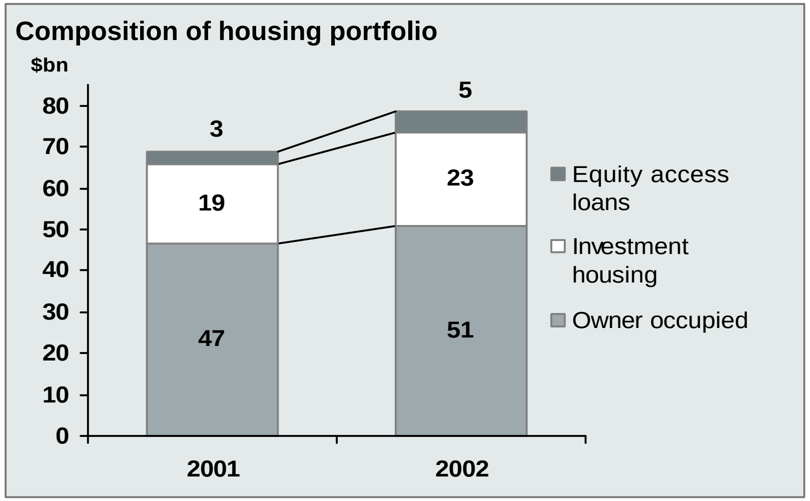
- Growth in system housing lending has been strong, increasing over 19% for year to September 2002
- Market growth supported by:
  - Increase in investment loans
  - Government subsidy for first home owners
  - Regearing of the housing sector as Australia has shifted to a lower inflationary environment
- Led to significant house price increases of circa 40% over last two years
- Despite these factors, affordability is not stretched and household debt has not significantly increased as a proportion of household wealth
- System housing volumes expected to ease in the year ahead

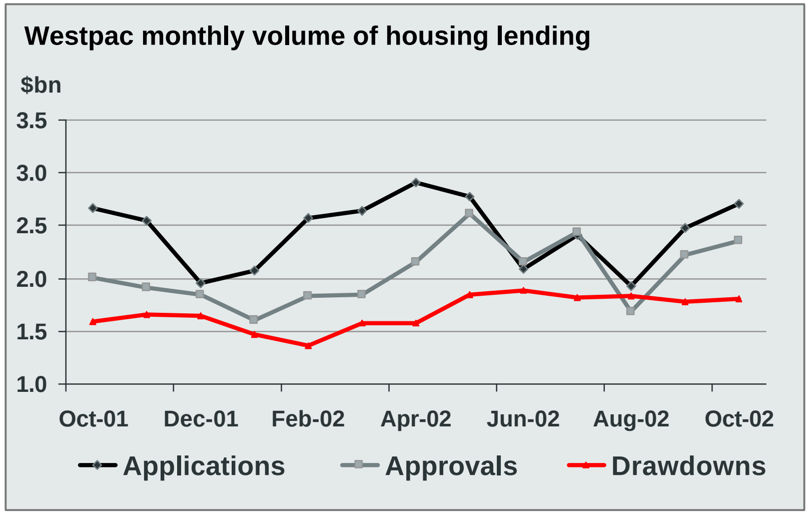




Westpac mortgage portfolio

- Housing lending grew 15% (16% including securitised loans)
- Securitised $2.1bn in March 2002
- Portfolio biased to upgrading borrowers not new home owners
- Investment property loans grew more rapidly (19%) over the year, but only represent 29% of portfolio
- Pipeline of applications and approvals points to continuing growth, at least until the first half of the new financial year
- Key statistics
  - Average maturity 3.7 yrs
  - Average initial loan to value ratio 61%

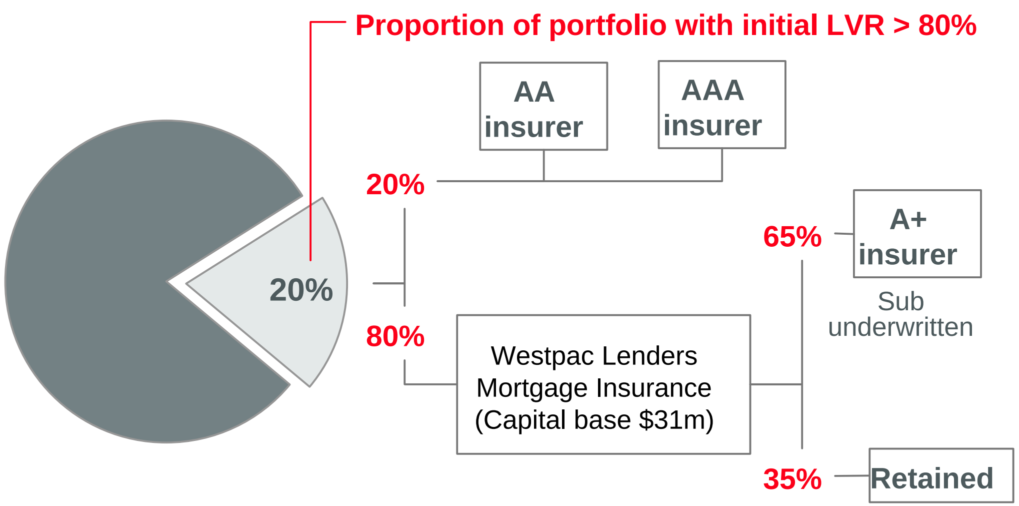


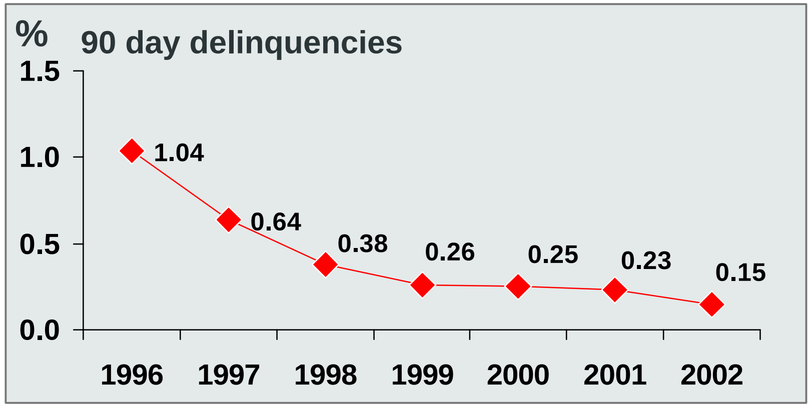


Housing portfolio quality

- 100% mortgage insurance where Loan to value (LVR) ratio > 80%
- Insurance required for loans > $1.3M and LVR > 70%
- Overall delinquencies continue to decline to record lows
- Over 70% of borrowers paying in excess of scheduled repayments
- Long run losses less than 3 basis points
- More rigorous criteria for potential property hot spots, i.e. CBD apartments

Mortgage portfolio $78bn at 30 Sept 2002





Stress testing mortgage portfolio

- Detailed stress testing completed to determine expected losses under more severe economic conditions. Tested separately and jointly for:
  - up to a 4 percentage point increase in cash rates;
  - 20 per cent decline in housing prices; and
  - a 200 basis point increase in the unemployment rate
- Behaviour of the investment portfolio closely tracks that of the owner occupied portfolio

Interest rate % pa	6.5%	8.5%	10.5%
Individual effect $m	0.0	2.2	5.2
Price fall %	0%	10%	20%
Individual effect $m	0.0	6.8	20.3
Unemployment rate	6.3%	7.3%	8.3%
Individual effect $m	0.0	1.6	3.3
Total effect $m [1]	**0.0**	**15.5**	**64.3**
Total write-offs $m [2]	6.7	22.2	71.0
Total write-offs bps [2]	0.9	3.1	10.1

1. Individual effects do not sum to the total effect because the impact of each of the individual effects is multiplicative in the model
2. Total write-offs on residential mortgage products should all factors coincide

Maximum additional expected loss if all economic factors coincided

Offshore exposures

- Offshore exposures primarily supporting customer relationships in Australia and New Zealand
- Total portfolio 5.5% of committed exposures
- Proportion of total portfolio that is sub investment grade, 0.5%
- Investment grade securities portfolio (value included in committed exposures)
  - Face value $1,224m
  - Fair value $1,122m
  - Shortfall $ 102m
- Portfolio of high yield securities also held US$146m (not included in table opposite)

Offshore committed exposures $bn

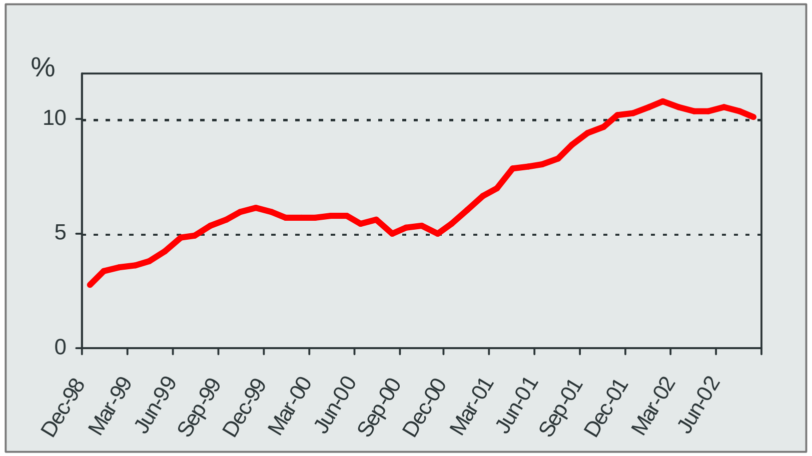
	US	Europe	Japan	Asia	Total
AAA to AA-	1,786	803	160	85	**2,834**
A+ to A-	2,619	2,334	3	5	**4,961**
BBB+ to BBB-	1,043	2,068	0	26	**3,137**
BB+ to B+	277	273	60	29	**639**
<B+	250	91	13	61	**415**
	5,975	5,569	236	206	**11,986**

Offshore exposures - investment securities

History

- Portfolio acquired in 1997 to 1998
- Proposition was that a widely diversified portfolio of BBB and BB rated securities would perform in a predictable manner and generate reliable income to consume US and UK tax losses
- Rise in credit spreads and default rates in 1998 led to decision in 1999 to freeze the portfolio at $US800m and commence a run-down to the current level of $US255m (fair value $US146m)

Moody's sub investment grade default rates



S&P sub investment grade credit spread index

- Yield adjustments not previously realised given "hold to maturity" intention.
- Move to fair value reflects changed intention to actively manage exposure
- $149m charge is a yield adjustment (reflecting credit spreads) not an expected credit loss

Tax reconciliation on ongoing business

$ million	Ongoing Business
INCOME TAX EXPENSE	
Operating profit before income tax (including gross up)	2,620
	(139)
Operating profit before income tax (excluding gross up)	**2,481**
Prima facie income tax on operating profit before income tax (excluding gross up) based on the company tax rate of 30%	**744**
Add (or deduct) permanent diff expressed on a tax effect basis	
Rebatable & exempt dividends	(127)
Tax losses & timing differences now tax effected	24
Life insurance and funds management impacts	(49)
Other non-assessable items	(47)
Other non-deductible items	44
Adjustment for overseas tax rates	18
Prior period adjustments	(23)
Sale of AGC	-
Other items	(13)
Total income tax expense attributable to operating profit	571
Fully taxable equivalent gross up	139
Total income tax expense (including gross up)	**710**
Effective tax rate (%) (including gross up)	**27%**
Effective tax rate (%) (excluding life company accounting)	**29%**

Increase in rebatable dividends from structured transactions

Predominately tax recoveries on policy holder investment earnings ($33m)

Includes revaluations and other non assessable items

Principally offshore losses not tax effected

Summary of significant items

Acquisition and divestment		
AGC sale	➔	$754m after tax profit
Integration expenses (RAAM/BT)	➔	Integration expenses of $60m post tax
More conservative treatments		
Embedded value and goodwill	➔	Written off embedded value ($109m post tax) and recognise goodwill on acquisitions
Superannuation prepayment	➔	Adoption of International Accounting Standard - $160m post tax write-down
Outsourcing transition expense	➔	Previously capitalised expenses written off - $95m post tax
Improving risk management		
High yield investment securities	➔	Change portfolio to mark to market $149m post tax

- **Recognition of significant items driven by**
  - Major repositioning of the company
  - Strong ongoing earnings
  - Improving transparency of earnings and better alignment to analyst conventions
  - Adoption of International Accounting Standards due 2005

Significant items - wealth management financial impact

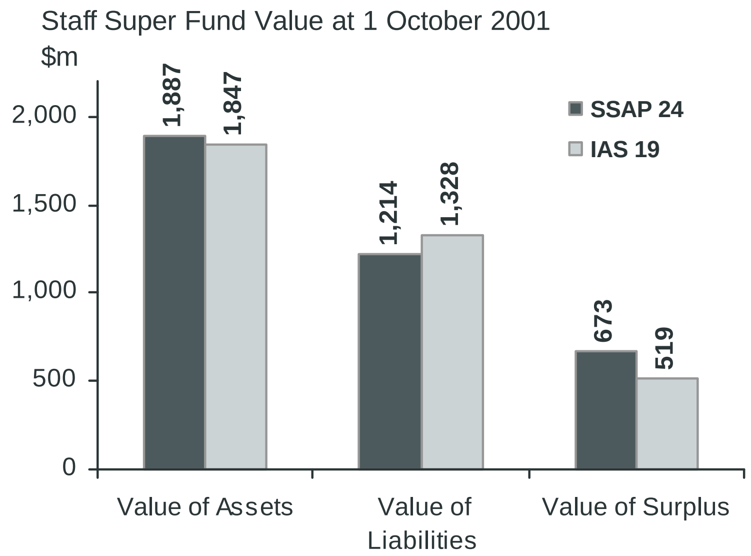
Accounting rules require three approaches:	Before tax $m	
	RAAM	**BT**
Expenses incurred in acquiring entity – charge when known	19	67
Expense incurred in target entity – fair value adjustment (increase in goodwill)	9	70
Uncertain future expenses – expense as incurred	2	5
Total	**30**	**142**

- Move to accrual accounting for wealth management business
- Consequences
  - Eliminates embedded value in Westpac Financial Services Group (WFSG)
  - Recreates deferred acquisition costs
  - Moves RAAM from Life Company to WFSG at 30 September creating goodwill asset of $330 m
  - BT goodwill estimate

BT goodwill estimate	From purchase price	$772
	Transaction Costs	$30
	Integration Expenses	$49
		$851

Significant items - superannuation prepayment

- Superannuation fund surplus brought to account in 1991 and treated as a prepayment of superannuation expense. Decided to adopt International Accounting Standard (IAS19) given redundancy of current standard (UK standard SSAP24) and Australia's move to IAS in 2005
- Surplus utilised to meet payments to both defined benefit and defined contribution sections of the fund
- Access closed to defined benefit plans in the late 1990's. Current membership:
  - Defined benefit 11,434
  - Defined contribution 13,176
- Superannuation expense in 2001 - $20m, in 2002 - $75m. Estimated expense of $92m in 2003



Differences in accounting policies

	SSAP 24	IAS 19
Value of assets	Actuarially assessed on a three year cycle	Market Value assessed each year
Value of liabilities	Actuarially assessed using discount rate equivalent to projected funds earnings	Actuarially assessed using long-term bond rate (lower rate)
Changes in value recognised	Variations amortised over average life of membership	Variations within 10 percent corridor amortised over life of membership

Significant items - outsourcing transition expenses

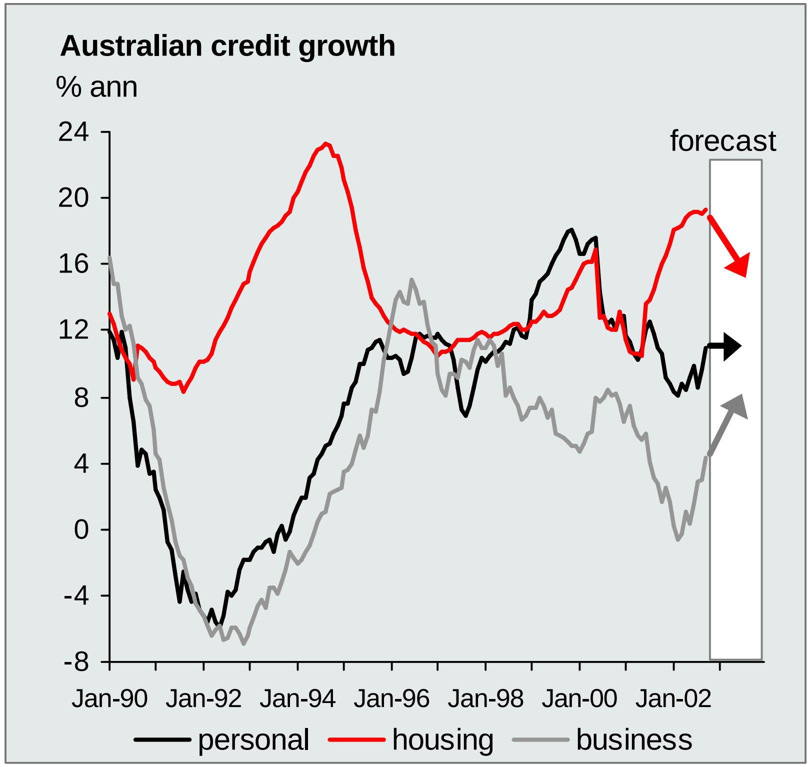
- Reviewed all categories of deferred expenditure and decided to change the policy to write-down $136m ($95m after tax) covering all outsourcing transition expenses relating to technology and telecommunications, the mortgage processing centre and other outsourced operations
- Decision improves clarity of contract costs in future operating expenses. If change had not been implemented, previously deferred expenses would otherwise have been charged-off as follows:
  - 2003 $37
  - 2004 $37
  - 2005 $24
- Other categories of deferred expenditure in the accounts are:

Nature $m	**Balance at 30.09.2002**	**Policy**
Software	$232	Software development costs capitalised and amortised over three years, but no greater than five. In line with likely IAS standard. None currently over 3 years
Deferred Acquisition Costs[1]	$86	Matched with underlying products in wealth business
Other deferred expenditure	$162	Includes debt issue costs, mortgage broker costs etc.

[1] Relates to Funds Management, excludes life business

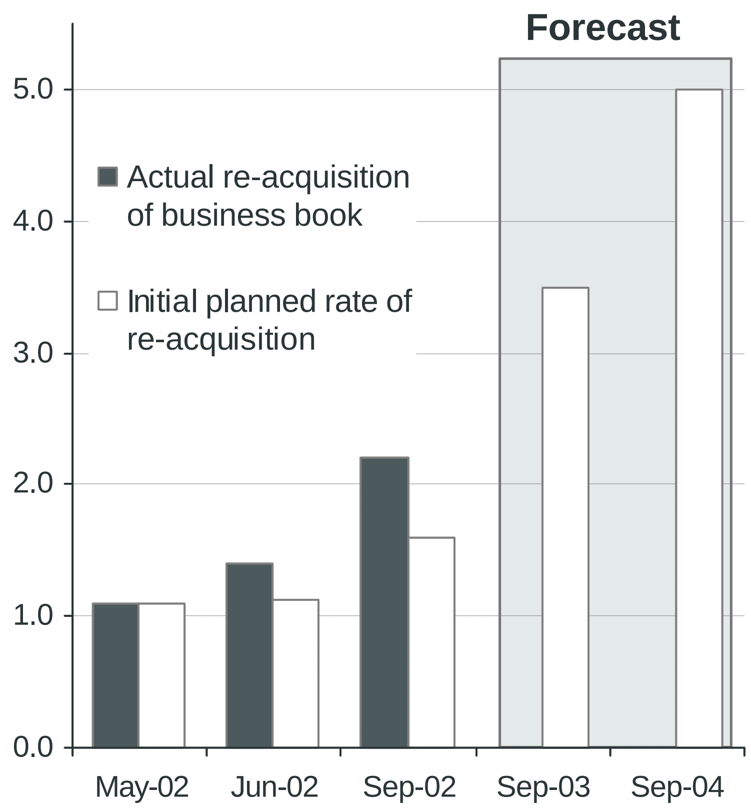
Assumptions underlying growth outlook

- Credit growth in the 8% to 10% range
- At least maintain market share momentum across core products
- Expense to income trending lower against re-based costs
- No material change in strong asset quality
- Net retail funds inflow to stabilise vs. market in 2004
- Return to more ‘normal’ financial markets performance



Growth outlook - re-acquisition of AGC business portfolio

- Between Jan 02 and May 02 Westpac re-acquired $1.1bn of AGC business receivables
- Sold $4.1bn to AGC May 02
- $2.2bn re-acquired by end Sept 02
- No capital implications due to business finance indemnity



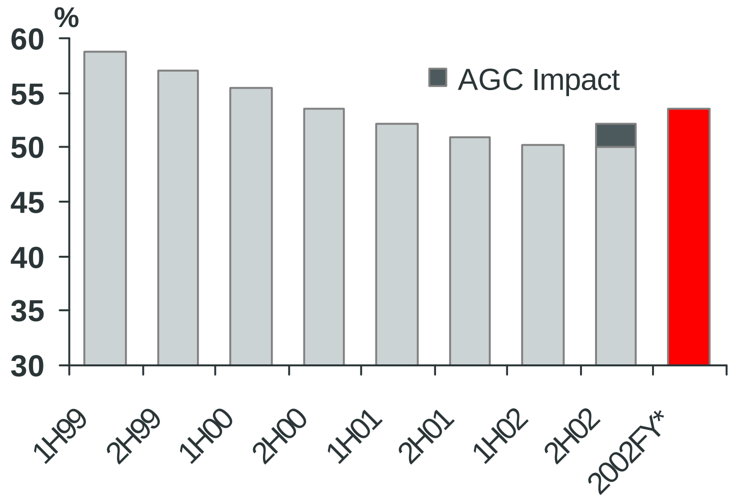
Based on the current run-rate we expect over $4.0bn of the book will be re-acquired by Sept 03, ahead of our planned schedule

Growth outlook – expense analysis

- Efficiency momentum expected to be maintained in 2003
- Higher cost to income base of 53.6% following AGC sale and wealth management acquisitions, including BT
- Banking cost to income ratio[1] 50% (down from 52% in 2001)
- Given reduction in cost base in 2002, headline cost growth expected to be marginally higher in 2003 at around 4%
- Increase driven by:
  - Higher NZ dollar
  - Restructuring expenses associated with NZ performance improvement program
  - Increase in superannuation expenses
  - Variable compensation in institutional banking returning to normal
- Offsetting cost increases is the pipeline of initiatives already in place

1. The Banking cost to income ratio includes Westpac's Australian Business and Consumer banking, Institutional banking and New Zealand and Pacific Island banking operations.

Cost to income ratio



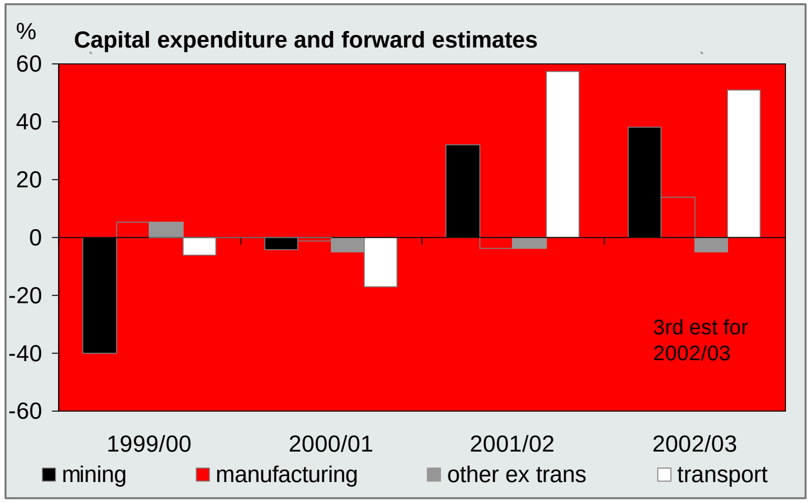
* 2002FY represents the full year ratio adjusted for BT and Hastings acquisitions.

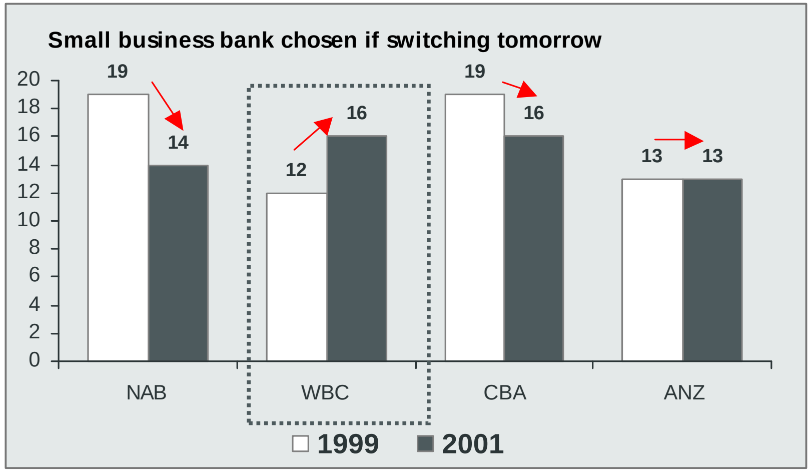
Pipeline of efficiency initiatives

Initiative $m	2002	2003	2004	2005
Outsourcing	83	112	119	127
Organisational simplification	4	77	77	77
Other programs	5	62	76	85
Annual savings	**92**	**251**	**272**	**289**

Small and medium enterprise (SME) portfolio growth

- Small and medium businesses are in excellent shape, with strong cash reserves and modest gearing
- In 2003, expected pick-up in business lending driven by capacity constraints from solid consumer demand
- Business intention surveys expect increased investment in 2002/03, a portion of which is expected to be funded from borrowings
- Credit to businesses has shown recent improvement with growth expected to rise from 4% to between 6% to 8% in 2003
- Westpac well positioned in sector having improved its position as the preferred business bank

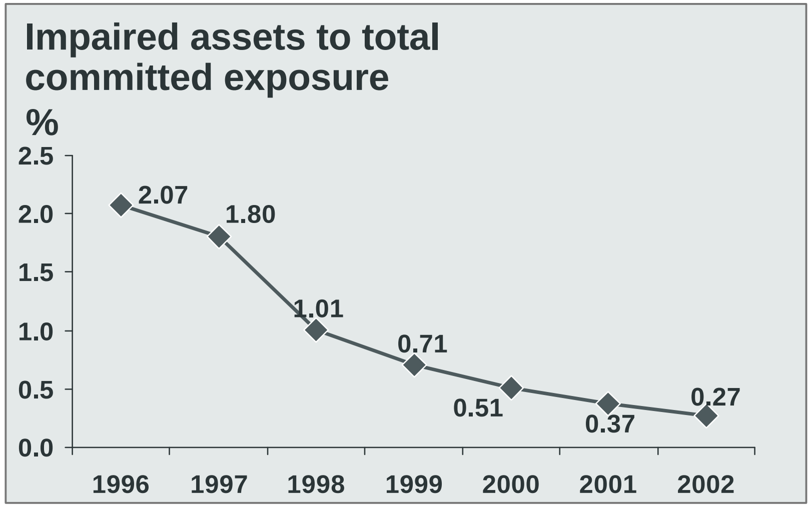


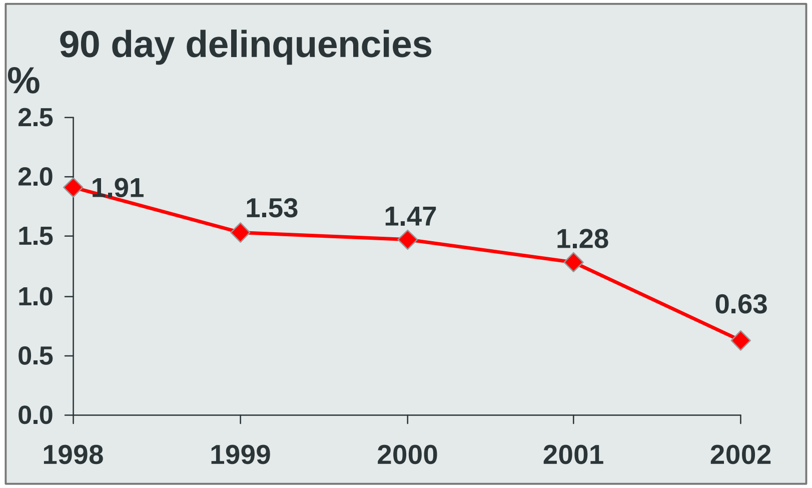


Source: Greenwich Associates

Business banking* portfolio quality

- Total portfolio exposure $33bn*
- In growing the portfolio, Westpac has maintained its credit standards, with the overall quality of the book improving
- Most growth expected from existing customers.
- Business acquired from other financial institutions subject to rigorous review and higher approval authorities
- No signs of any systemic credit problems



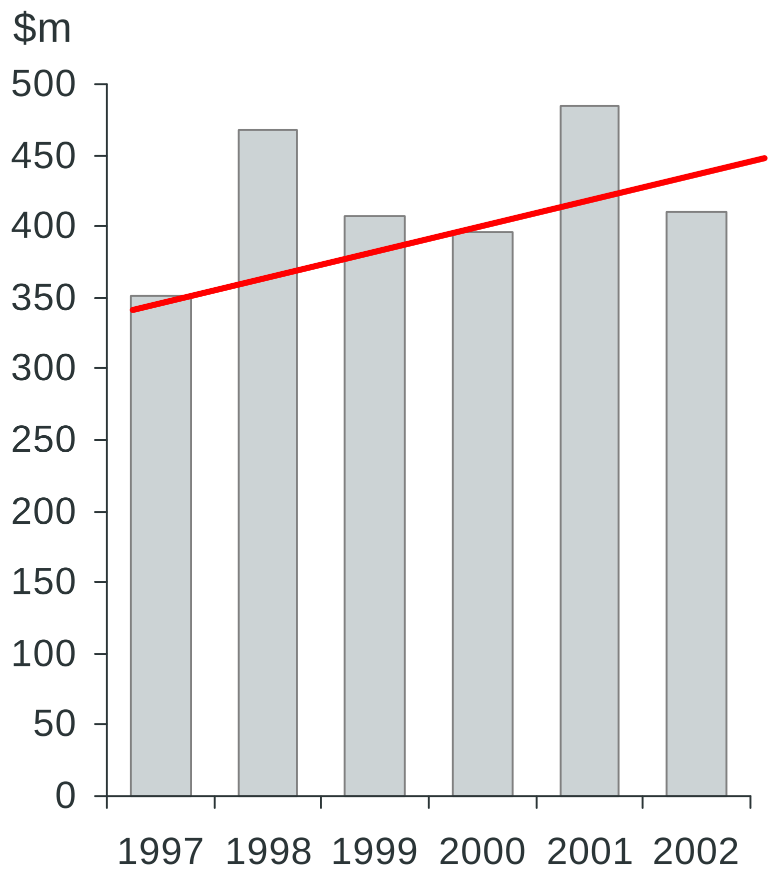


* Australian Business Banking portfolio

Institutional banking performance

- Disappointing performance from institutional banking with profit falling 25%
- Results impacted by:
  - Write down and charges against investment securities portfolio
  - Bad debts associated with a small number of high profile defaults
  - Poor financial markets trading
- Trading performance consistent with expected volatility
- Detailed performance enhancement program now commenced
- Expect financial markets earnings to return to more ‘normal’ levels in 2003

Financial markets earnings



Westpac
Australia's First Bank

Outlook

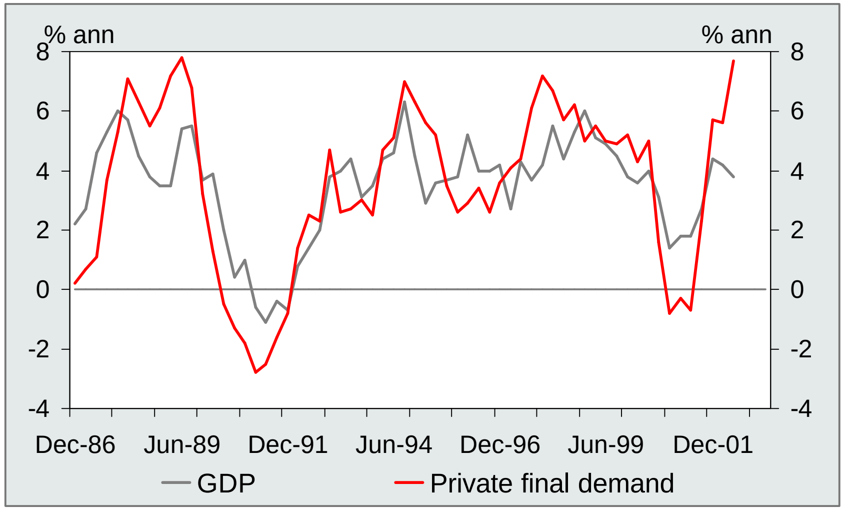
November/December 2002

Priorities for 2003

- **Maintain momentum in ongoing businesses**
  - Complete initiatives arising from NZ program review
  - Implement program reviews of Australian Banking and Institutional Banking
  - Complete end-to-end re-engineering of lending processes
- **Deliver value from new acquisitions**
  - Complete wealth management integration
  - Capture value across 7.5m customer base using wrap and corporate super
- **The customer promise**
  - Transform customer service levels

Economic environment

- Australian economy in good shape
- GDP growth in 3.0% to 3.5% range
- Housing to slow; business investment and exports up
- Unemployment falling into the 6% to 6.5% range
- Underlying inflation back in 2% - 3% range
- Rise in official rates not expected near term



Key economic indicators

	2001/02	2002/03f	2003/04f
GDP	3.8%	3.3%	3.8%
Unemployment rate	6.7%	6.5%	6.4%
CPI	2.8%	2.2%	2.9%

Where are the risks?

Risk	Probability of occurrence
• Australian economy stalls	Low
• Irrational competition	Low
• New entrants	Low
• Re-regulation	Medium / low
• Acquisition risk	Very low
• New wave of corporate collapses	Low

Regulatory issues

- **Credit card reform**
  - Reforms released by Reserve Bank of Australia 27 Aug 02
  - Affects interchange fees, ends restrictions on cost recovery by merchants and removes restrictions on new entrants
  - Interchange reforms apply from October 03
  - Assuming average reduction of 40 bps in interchange fees from 2004
- **EFTPOS reform**
  - RBA currently reviewing submissions
  - Westpac expected to be a net beneficiary
- **Expected earnings impact**
  - Full year impact approximately $30-40m p.a (post tax) from 2004

Summary and earnings expectations

- Core businesses continuing to deliver
- Transformed the business underpinning medium term growth trajectory
- Lower risk and higher quality earnings

Earnings Expectations	**2003**
Core business EPS growth	9%-11%
Dilution of recent transactions	(2%)
Cash EPS expectations	7% – 9%

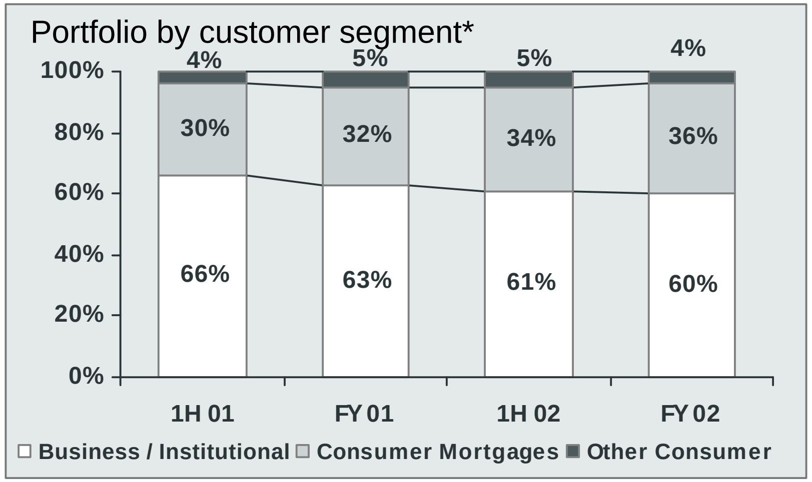
Westpac
Australia's First Bank

Supplementary Information

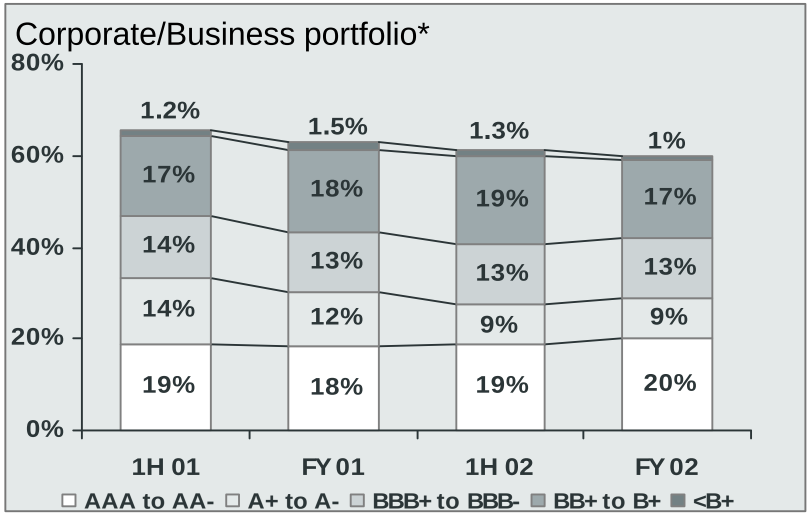
November/December 2002

Composition of portfolio - % of total committed facilities

- Other consumer includes credit cards, personal lending and margin lending
- Mortgages represent 36% of total commitments and 55% of funded lending

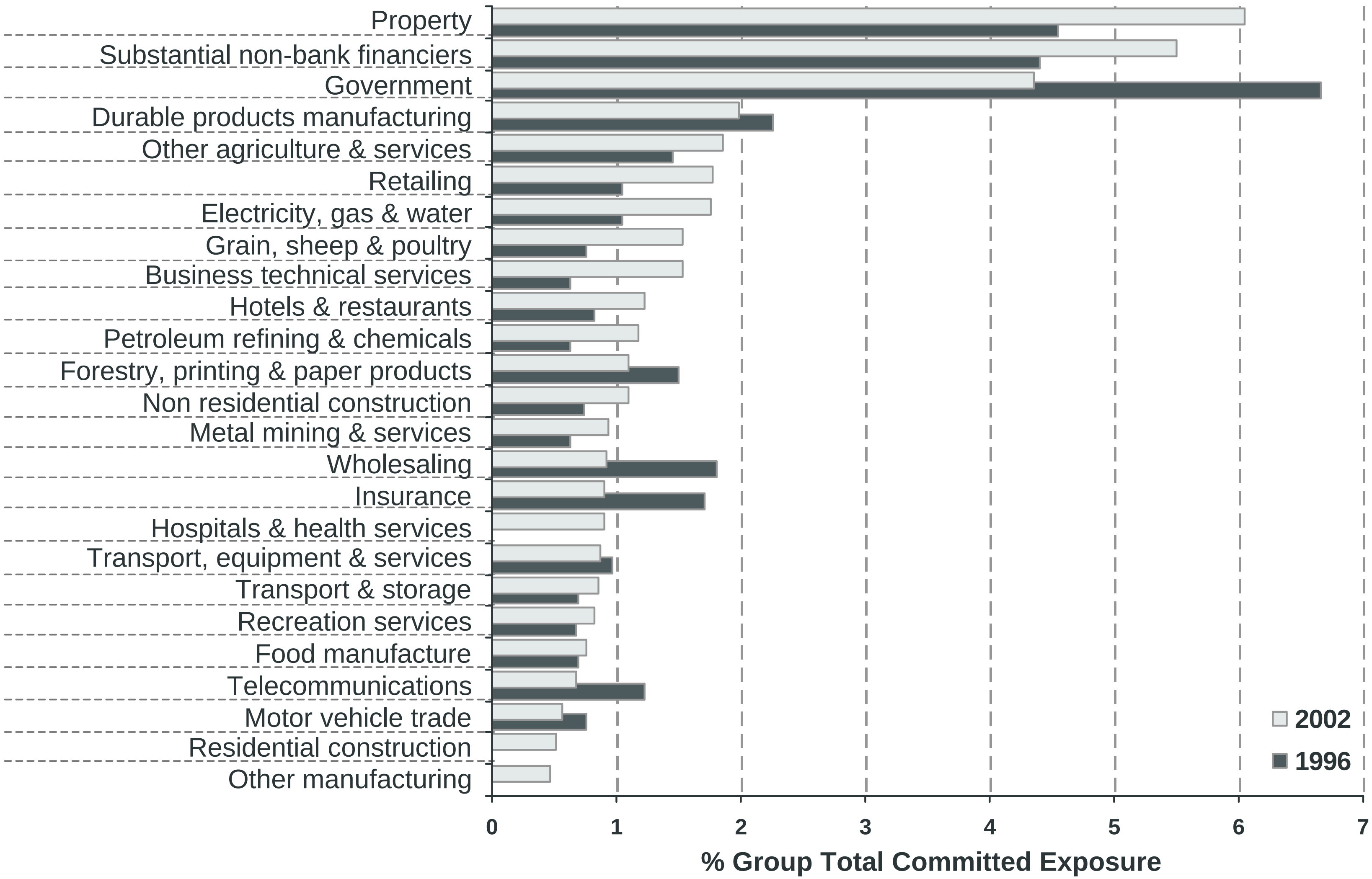


- 70% business / corporate portfolio exceeding investment grade



*** % of Total Exposure - 30 September 2002**

Industry exposure – 1996 to 2002



Total exposure by booking office[1]

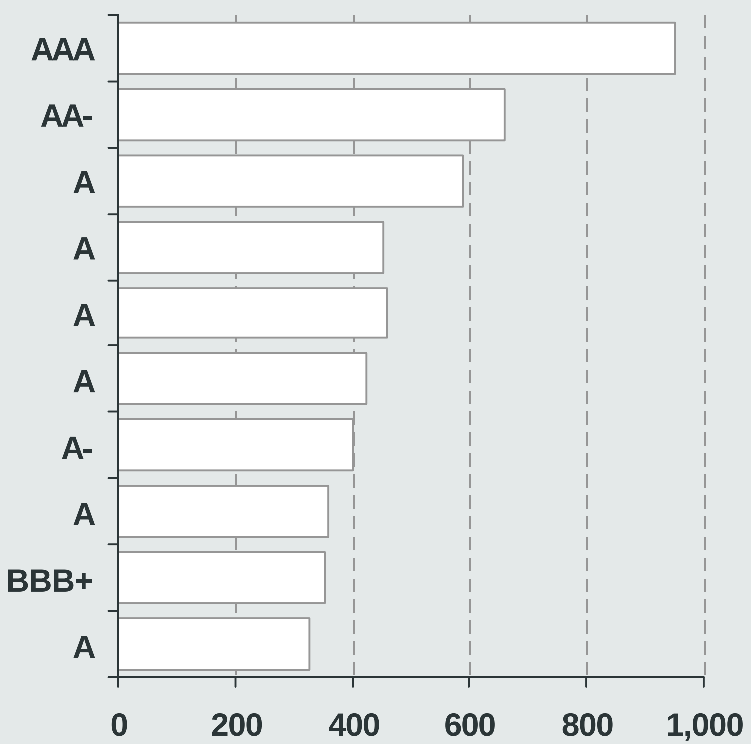
	Australia	NZ / Pacific	Americas	Europe	Asia ex Japan	Japan	Group
AAA to AA-	32,833	6,663	1,786	803	85	160	**42,331**
A+ to A-	12,978	2,704	2,619	2,334	5	3	**20,643**
BBB+ to BBB-	19,385	4,772	1,043	2,068	26	0	**27,293**
BB+ to B+	30,542	6,080	**277**	**273**	**29**	**60**	**37,260**
<B+	1,324	518	**250**	**91**	**61**	**13**	**2,256**
Secured consumer[2]	67,835	12,352	**0**	**0**	**0**	**0**	**80,187**
Unsecured consumer[3]	6,482	937	**0**	**0**	**0**	**0**	**7,419**
	171,380	**34,025**	**5,974**	**5,570**	**206**	**236**	**217,390**

1. As at 30 September 2002
2. Includes mortgages for housing, investment property loans, equity access loans and margin lending.
3. Credit cards and personal loans.

Remaining offshore sub investment grade exposures represents 0.5% of TCE.

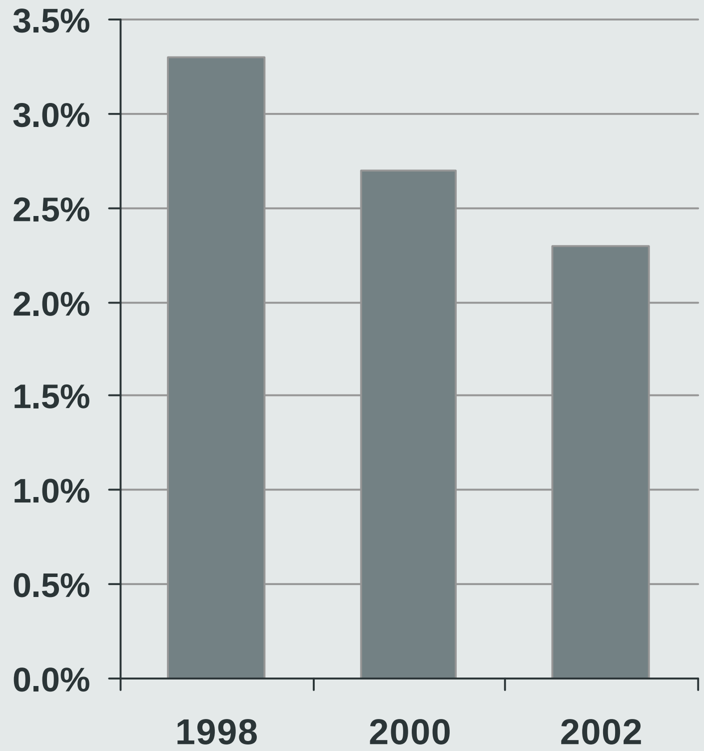
Single name exposure concentrations

Top 10 exposures to corporations and NBFIs



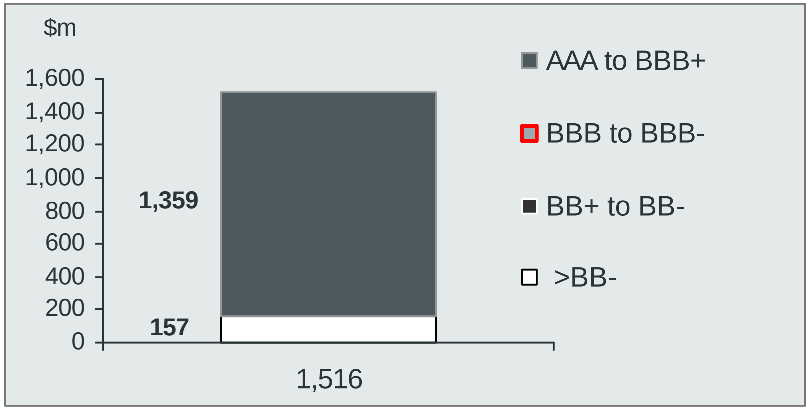
* Exposure $m - September 2002.

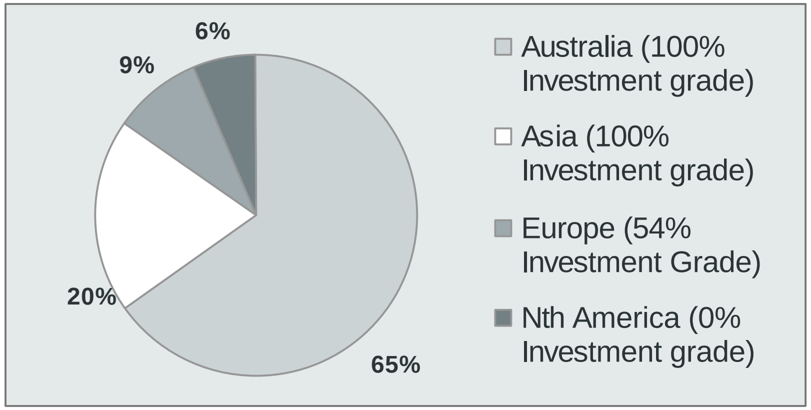
Top 10 exposures as a % of total committed exposure



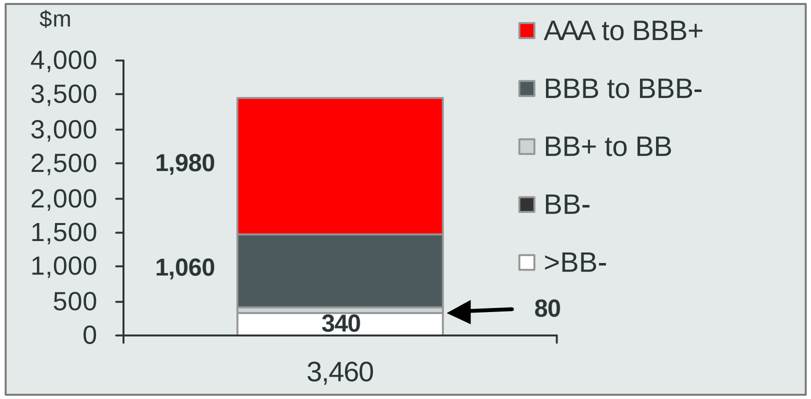
Telco and energy exposures

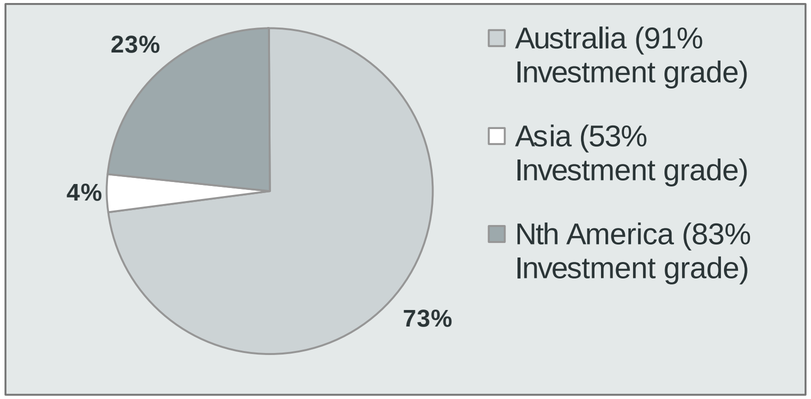
Telco exposure





Global energy portfolio





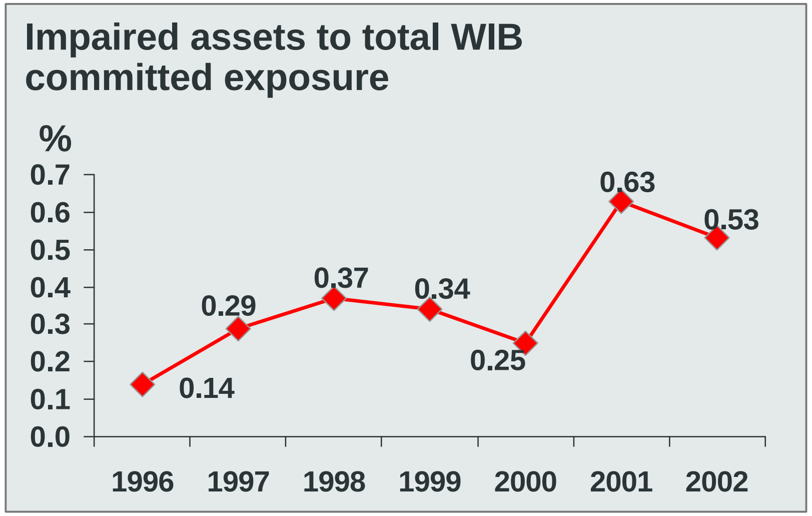
Exposure to telco and energy sectors*

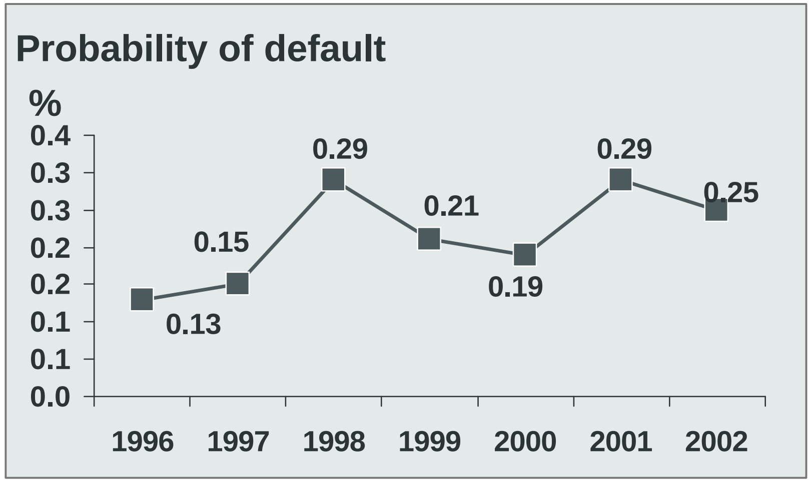
$bn	Telco	Energy	Total non investment grade
WBC	1.5	3.5	0.7
NAB	2.7	10.9	2.0
ANZ	5.5	9.6	4.0

*Source: Merrill Lynch

Institutional banking portfolio quality

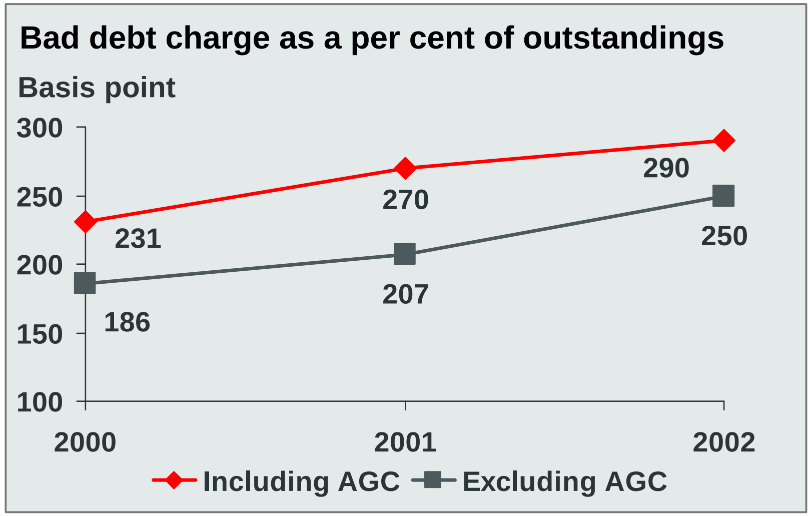
- Increase in impaired assets since 2000 due to small number of high profile defaults
- Decline in impaired assets in 2002 related to write-down in two major impaired assets of $95m

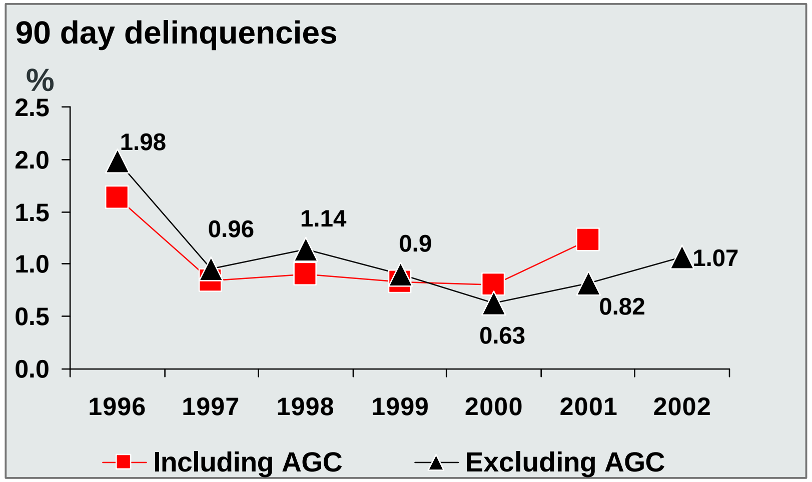




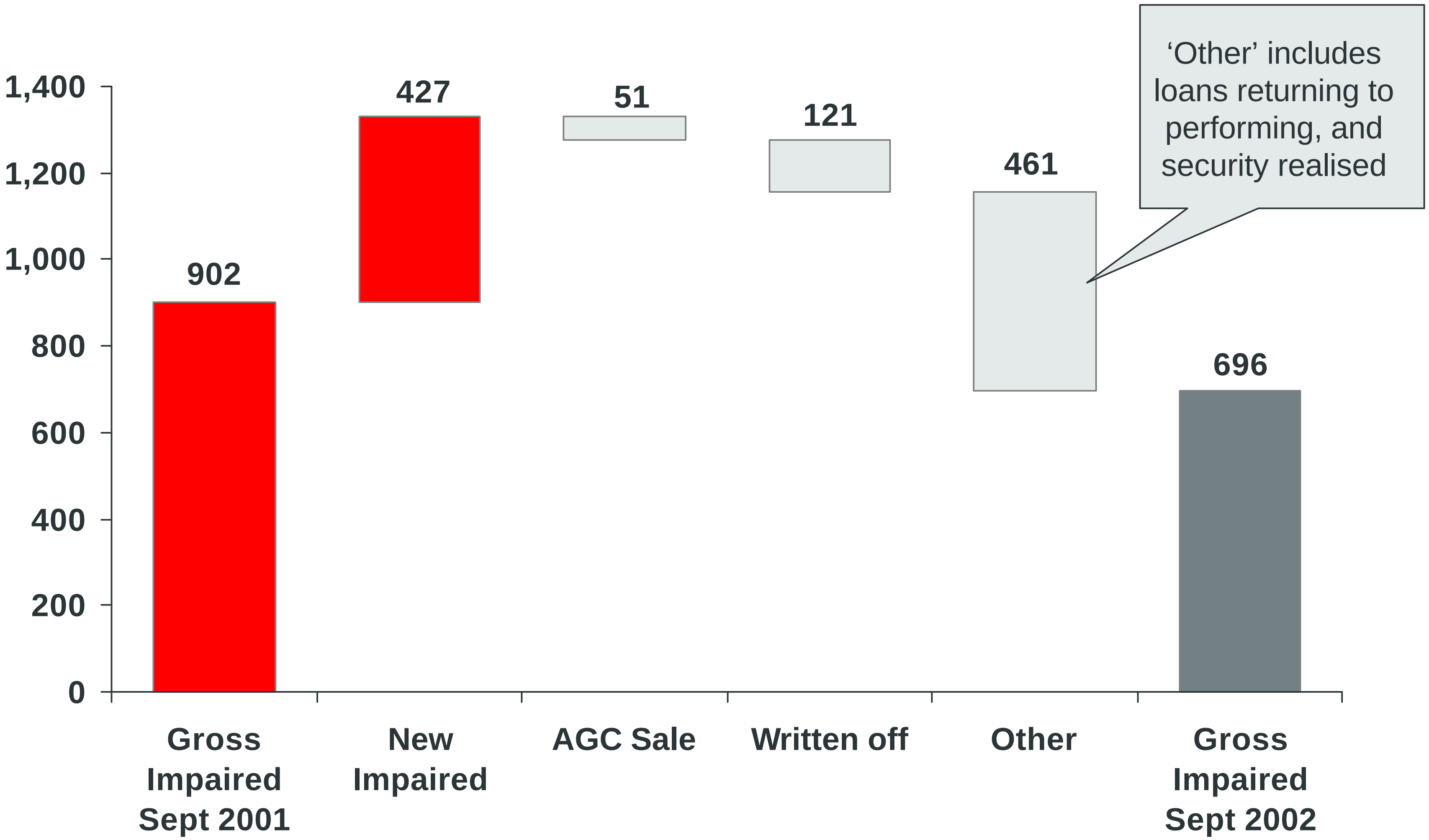
Consumer unsecured portfolio

- Strong growth in portfolio led to increase in bad debts
- Planned pick-up in delinquencies in line with credit scoring adjustments
- Modest increase in bad debts in 2002

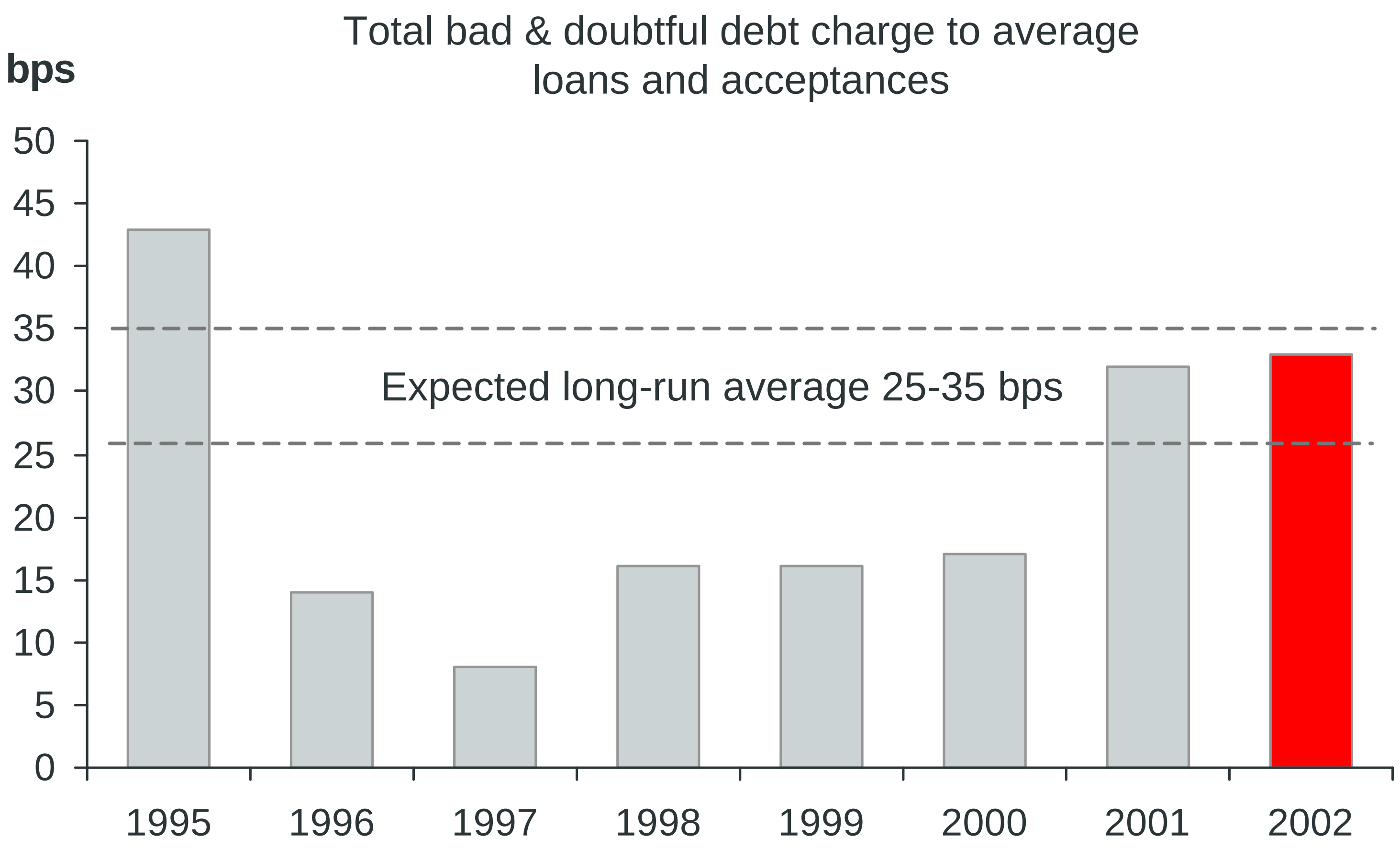




Impaired assets – reconciliation of balance

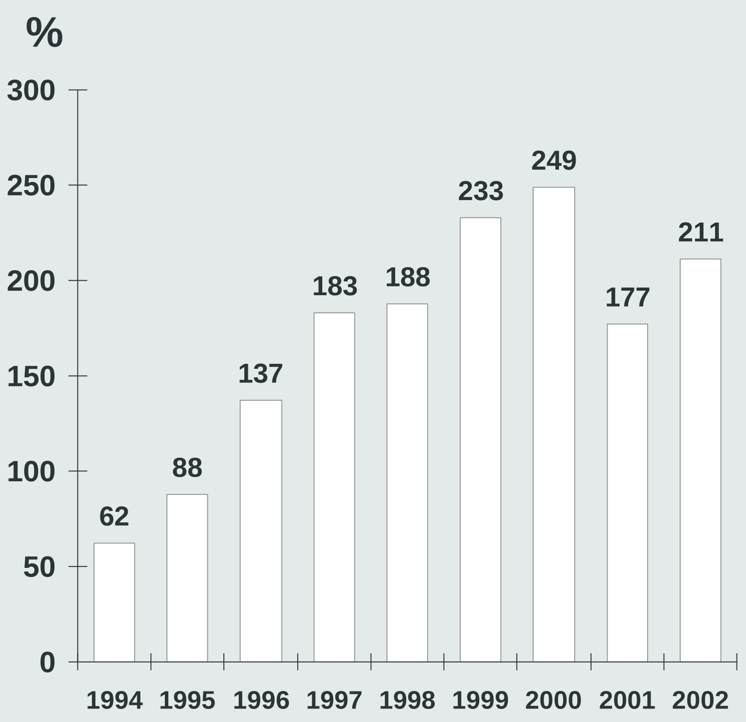


Bad debts within long-run averages

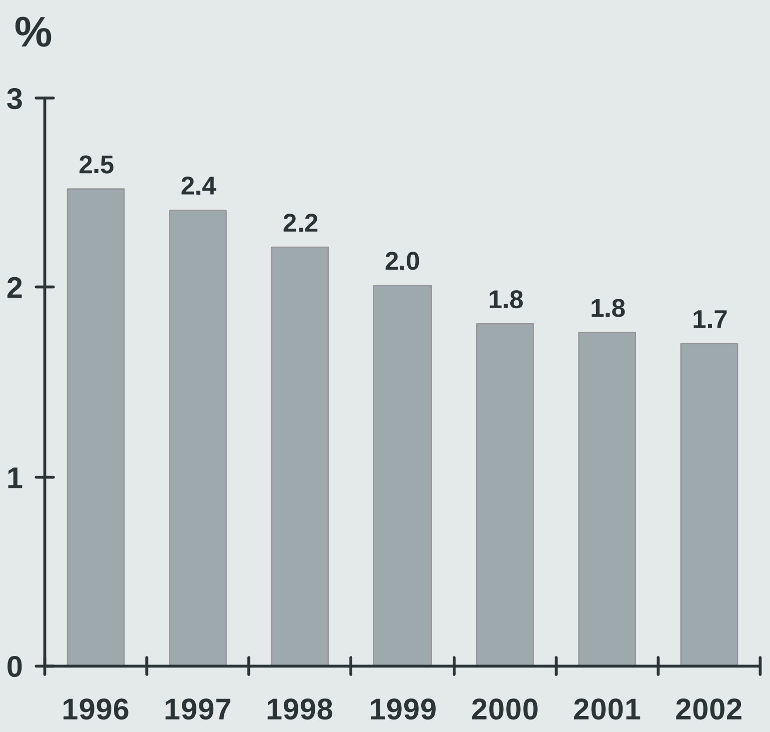


Provisioning coverage

Total provisions to total impaired assets



General provision to non-housing performing loans & acceptances



Analysis of margin dynamics

	2001	H1 2002	H2 2002	2002	2003*
Reported margin	3.11	2.90	2.70	2.80	
Impact of bill acceptance funding	-	0.15	0.20	0.18	0.20
Impact of AGC sale	-	-	0.09	0.05	0.16
Normalised margin	3.11	3.05	2.99	3.03	

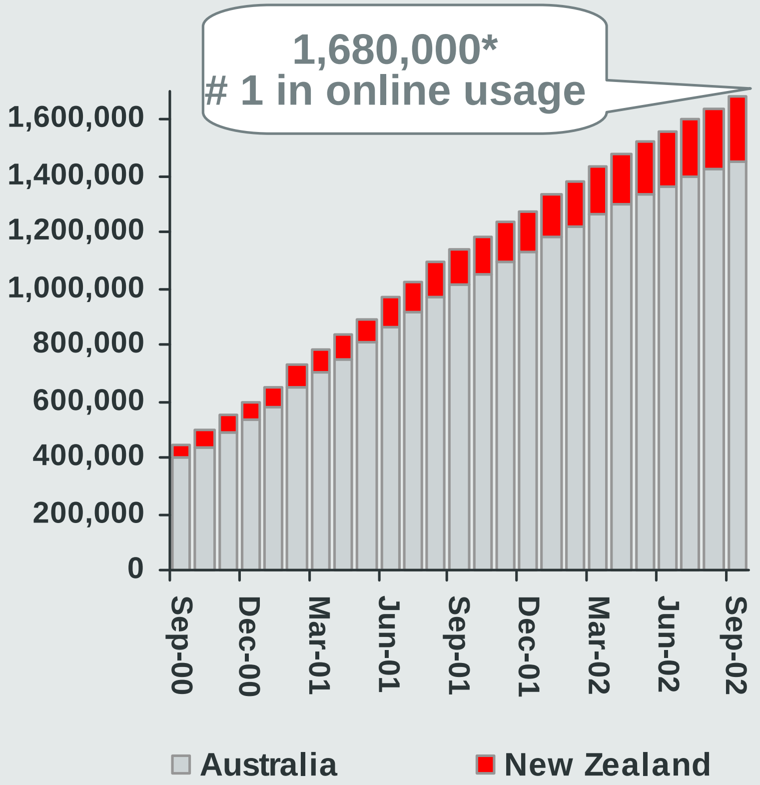
** Full year impact of 2002 items*

	2001	2002		
	Margin	Net Interest Income $m	Average Balance $m	Margin
Australia (excl bills)	3.08	3,270	109,428	2.99
Bill acceptances	-	-	9,338	-
Australia reported	3.08	3,270	118,766	2.75
New Zealand	3.28	861	26,372	3.26
Other overseas	1.03	154	23,825	0.65
Group	**3.11**	**4,285**	**153,124**	**2.80**

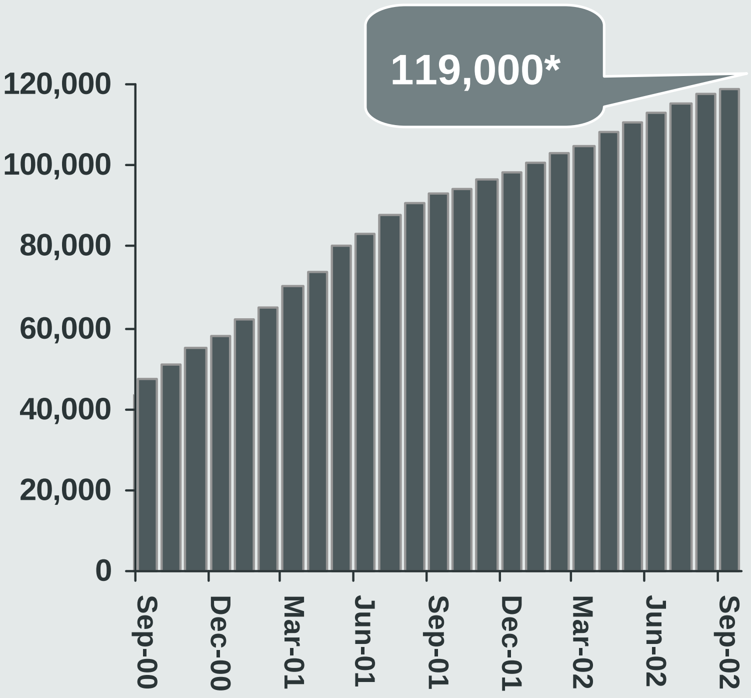
***Note**: Bill acceptances equal average increase in interest bearing assets*

Online growth

On-line Banking



On-line Broking - Australia



www.westpac.com.au

* 30 September 2002

Executive compensation

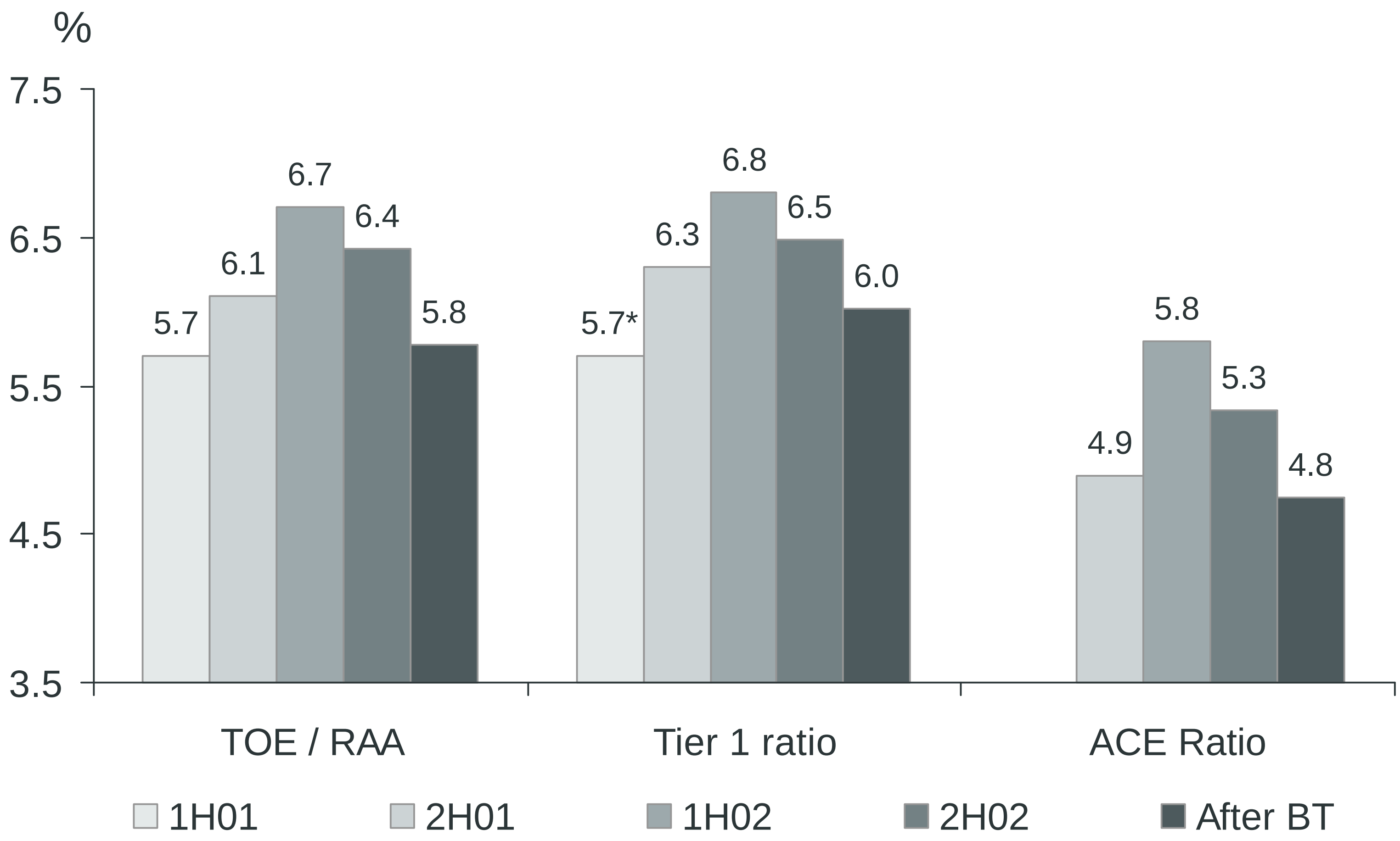
- Retained and reshaped long-term incentives
  - All long-term incentives hurdled and eligibility reduced
  - Hurdles tightened (no vesting at <50^{th} percentile)
  - Moving from 100% options to - 50% performance options, 50% performance share rights
- Cost of equity based compensation in 2002 $48m (pre tax)
- Will expense options when Australian accounting standard in place (expensed in US GAAP in 2002)

Wealth management business

NPAT $ million	2002	2001	% Change
Funds management (Australia)	105	92	14%
Funds management (New Zealand)	3	5	(40%)
Total funds management	**108**	**97**	**11%**
Life insurance and risk (Australia)	36	24	50%
Life insurance and risk (New Zealand)	17	9	89%
Total life insurance	**53**	**33**	**61%**
Other – business as usual (Australia)	(23)	(12)	91%
Total before one-off items	**138**	**118**	**17%**
Other – one-off items (Australia)	(11)[1]	28[2]	Large
Total wealth management	**127**	**146**	**(13%)**

[1] 2002 write-down of Hartleys ($16m) and sale of properties Investa $5m
[2] 2001 sale property trust $28m

Capital levels comfortable



* Prior to change in APRA deductions

Reconciliation of provisioning

Provisioning Balance Movements from 31 March 2002

Reconciliation of provisioning	
Opening balance	1,657
Sold with AGC	(165)
Write-off of two major impaired assets	(95)
Sub total	**1,397**
Net new provisions	37
Closing balance	**1,434**

Full year earnings reconciliation

$m	Reported results	Individually significant items	Underlying Business	AGC1	Ongoing business	Reported results	Accounting change	Underlying Business	AGC	Ongoing business
	twelve months to: 30 Sept. 2002					twelve months to: 30 Sept. 2001				
Interest income(incl.gross up)	9,359	-	9,359	713	8,646	10,407	-	10,407	1,105	9,302
Interest expense	(5,074)	-	(5,074)	(397)	(4,677)	(6,207)	-	(6,207)	(615)	(5,592)
Net interest income (incl. gross up)	4,285	-	4,285	316	3,969	4,200	-	4,200	490	3,710
Total non-interest income	2,978	460	2,518	49	2,469	2,537	63	2,474	59	2,415
Net operating income(incl. gross up)	7,263	460	6,803	365	6,438	6,737	63	6,674	549	6,125
Operating expenses								-		-
Salaries and other staff expenses	(1,829)	(221)	(1,608)	(39)	(1,569)	(1,744)	-	(1,744)	(59)	(1,685)
Equipment and occupancy	(589)	-	(589)	(18)	(571)	(648)	-	(648)	(33)	(615)
Other expenses	(1,477)	(222)	(1,255)	(37)	(1,218)	(1,080)	-	(1,080)	(51)	(1,029)
Total operating expenses (excl amortisation of goodwill)	(3,895)	(443)	(3,452)	(94)	(3,358)	(3,472)	-	(3,472)	(143)	(3,329)
Core earnings			0	271	-271	3,265		3,265	406	2,859
Amortisation of goodwill	(100)	-	(100)	-	(100)	(98)	-	(98)	-	(98)
Operating profit before bad & doubtful debts (incl gross up)	3,268	17	3,251	271	2,980	3,167	63	3,104	406	2,698
Bad and doubtful debts	(461)	-	(461)	(101)	(360)	(433)	-	(433)	(158)	(275)
Profit from ordinary activities before income tax (incl. gross up)	2,807	17	2790	170	2620	2,734	63	2,671	248	2,423
Fully tax equivalent gross up	(139)		(139)	-	(139)	(149)	-	(149)	-	(149)
Profit before income tax	2,668	17	2,651	170	2,481	2,585	63	2,522	248	2,274
Income tax expense	(471)	164	(635)	(64)	(571)	(677)	(14)	(663)	(96)	(567)
Net profit attributable to outside equity interests	(5)	-	(5)	-	(5)	(5)	-	(5)	-	(5)
Net profit attributable to equity holders	**2,192**	**181**	**2,011**	**106**	**1,905**	**1,903**	**49**	**1,854**	**152**	**1,702**
Net profit attributable to equity	2,192	181	2,011	106	1,905	1,903	49	1,854	152	1,702
Goodwill	100	-	100	-	100	98	-	98	-	98
Distributions on other equity instruments	(48)	-	(48)	-	(48)	(51)	-	(51)	-	(51)
Cash earnings	**2,244**	**181**	**2,063**	**106**	**1,957**	**1,950**	**49**	**1,901**	**152**	**1,749**
Cash earnings (cents) per ordinary share	**123.8**		**113.9**		**108.0**	**108.3**		**105.6**		**97.1**

[1] Includes 8 months of AGC profit

Half-on-half earnings reconciliation

$m	30 Sept. 2002 Reported results	Individually significant items	Underlying business	AGC	Ongoing business	31 March 2002 Reported results	Accounting change	Underlying business	AGC	Ongoing business
Interest income (incl. gross up)	4,688	-	4,688	178	4,510	4,671	-	4,671	535	4,136
Interest expense	(2,563)	-	(2,563)	(105)	(2,458)	(2,511)	-	(2,511)	(292)	(2,219)
Net interest income (incl. gross up)	2,125	-	2,125	73	2,052	2,160	-	2,160	243	1,917
Total non-interest income	1,616	400	1,216	12	1,204	1,362	60	1,302	37	1,265
Net operating income (incl. gross up)	3,741	400	3,341	85	3,256	3,522	60	3,462	280	3,182
Operating expenses										
Salaries and other staff expenses	(1,006)	(221)	(785)	(10)	(775)	(823)	-	(823)	(29)	(794)
Equipment and occupancy expenses	(298)	-	(298)	(5)	(293)	(291)	-	(291)	(13)	(278)
Other expenses	(852)	(222)	(630)	(10)	(620)	(625)	-	(625)	(27)	(598)
Operating expenses (excl goodwill)	(2,156)	(443)	(1,713)	(25)	(1,688)	(1,739)	-	(1,739)	(69)	(1,670)
Amortisation of goodwill	(51)	-	(51)	-	(51)	(49)	-	(49)	0	(49)
Operating profit before bad debts	1,534	(43)	1,577	60	1,517	1,734	60	1,674	211	1,463
Bad and doubtful debts	(190)	-	(190)	(31)	(159)	(271)	-	(271)	(70)	(201)
Profit from ordinary activities before income tax (incl. gross up)	1,344	(43)	1,387	29	1,358	1,463	60	1,403	141	1,262
Fully tax equivalent gross up	(72)	-	(72)	-	(72)	(67)	0	(67)	-	(67)
Profit before income tax	1,272	(43)	1,315	29	1,286	1,396	60	1,336	141	1,195
Income tax expense	(95)	178	(273)	(16)	(257)	(376)	(14)	(362)	(48)	(314)
Net profit attributable to outside equity	(3)	-	(3)	-	(3)	(2)	-	(2)	-	(2)
Net profit	**1,174**	**135**	**1,039**	**13**	**1,026**	**1,018**	**46**	**972**	**93**	**879**
Net profit attributable to equity holders	1,174	135	1,039	13	1,026	1,018	46	972	93	879
Goodwill	51	-	51	-	51	49	-	49	-	49
Distributions on other equity	(23)	-	(23)	-	(23)	(25)	-	(25)	-	(25)
Cash earnings	**1,202**		**1,067**	**13**	**1,054**	**1,042**		**996**	**93**	**903**
Cash earnings (cents) per share	**66**		**59**		**58**	**58**		**55**		**50**

Disclaimer

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation and its activities as at 12 November 2002.

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