2005 First Half Results

David Morgan — **Chief Executive Officer**
Philip Chronican — **Chief Financial Officer**

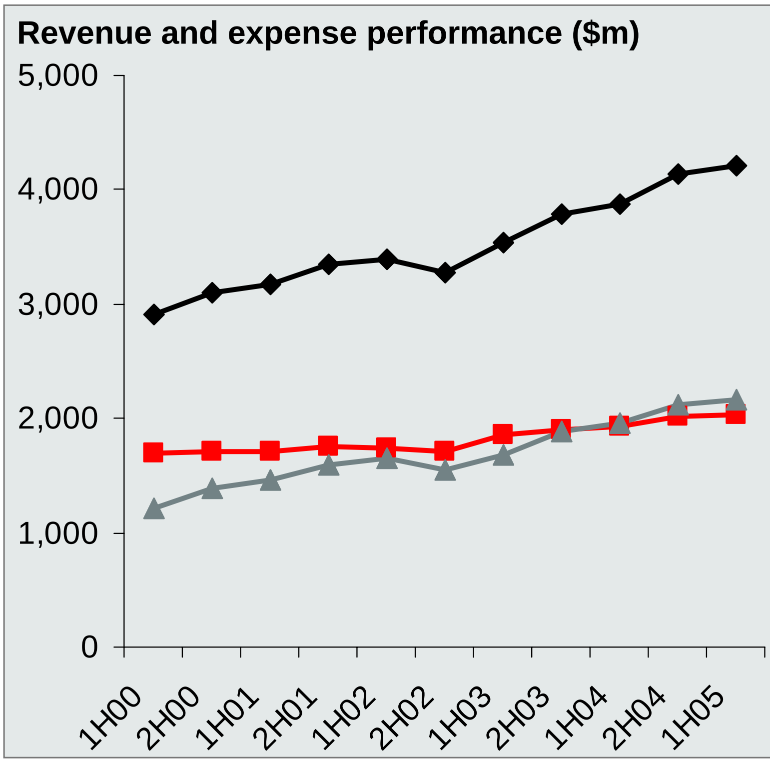
5 May 2005

Profitable and resilient growth

• Strong cash earnings per share	*up 12%*
• Revenue driven result	*operating income up 8%*
• Cash return on equity improved	*21%*
• Higher sustainable dividend	*up 17%*
• Solid margin performance	*margins down 8bps*
• Productivity improved	*cost to income 120bps lower*

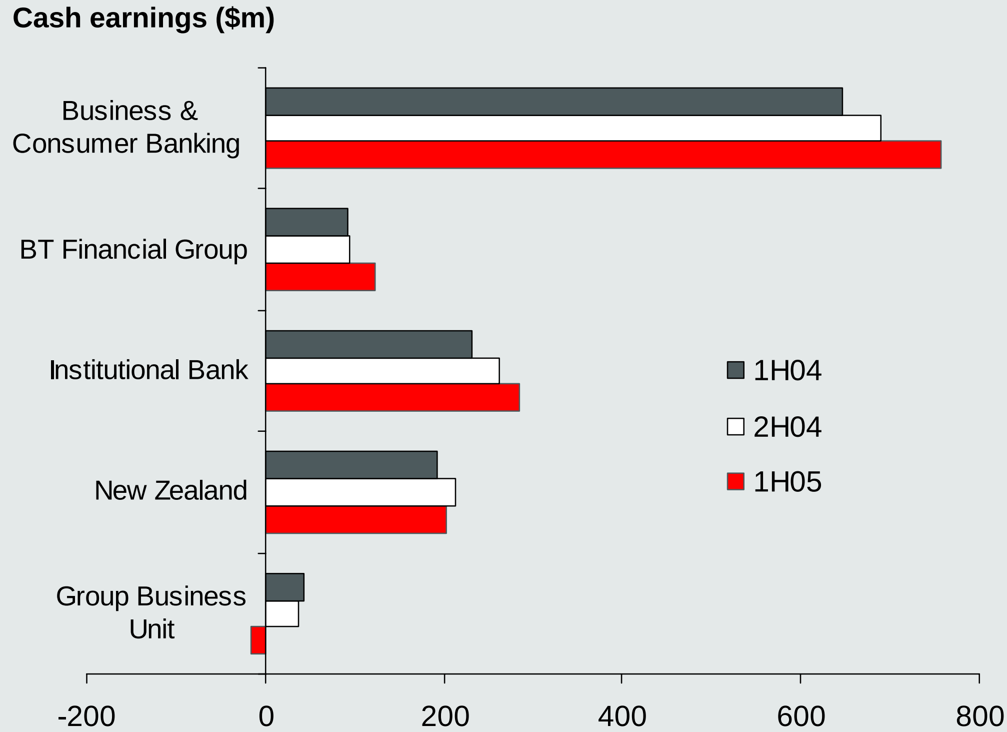
All comparatives on prior corresponding period

Robust revenue growth in excess of expenses



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

Solid contribution across all businesses



Growth 1H04 – 1H05 (%)
17%
33%
23%
8%[1]
Na

1. NZ growth in NZ dollar terms

Disciplines maintained

- Strategic discipline
  - Focused on areas generating the greatest value
- Pricing discipline
  - Strong spread performance despite competitive intensity
- Cost discipline
  - Contained cost growth while absorbing additional investment and compliance spend
- Risk discipline
  - Prudent credit and risk approach

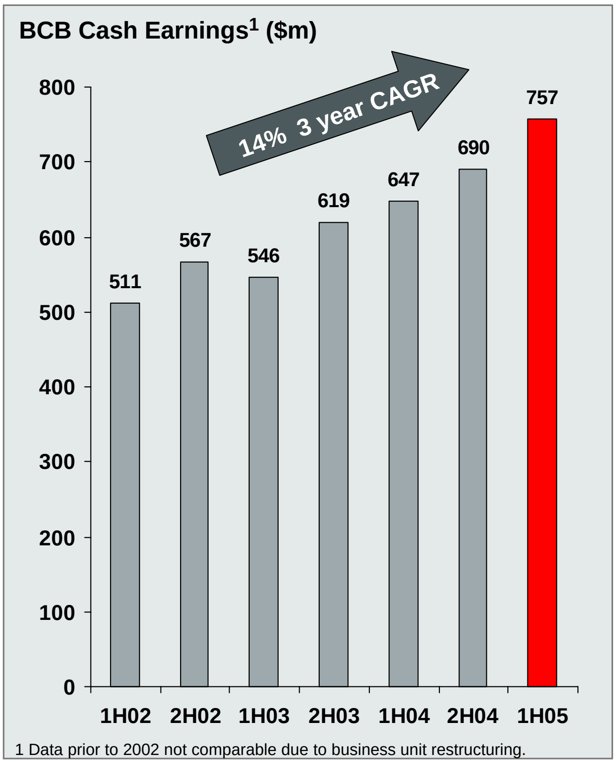
Successfully managed the growth / margin mix

- Disciplined response to more intense competition:
  - Prepared to forego unprofitable growth
  - Resisted participation in unsustainable price competition

	Australian mortgages	NZ Mortgages	Australian deposits
Change in market	• Aggressive pricing • Higher broker commissions	• Two-year fixed rate price war	• Many new online accounts with rates at or above the cash rate
Response	• Selective pricing adjustments • Held broker commissions • Maintained risk/reward standards	• Chose not to compete head-on • Responded with higher rate on alternative term	• Max-i Direct - Tiered rate product - Top rate in line with cash rate

BCB – a revenue led result

- Cash earnings up 17%
- Revenue growth twice expense growth
- Profitable growth
  - Slower asset growth 8%
  - Margins little changed
- Reconfigured deposit products
- Consumer customer satisfaction up 3% over the year

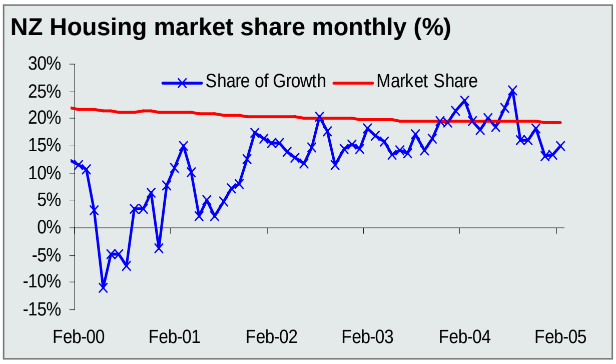


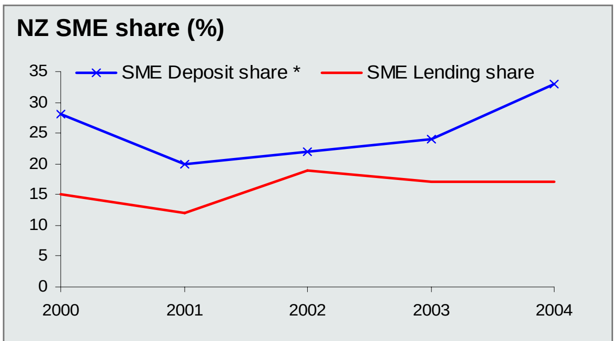
1 Data prior to 2002 not comparable due to business unit restructuring.

Westpac Australia's First Bank

New Zealand – growth in a tough environment

- Cash earnings up 8% in NZ dollar terms
- Solid lending growth, up 13%
  - Mortgage lending up 15%
  - Business lending up 8%
- Housing margin compression offset in part by strong deposit margins



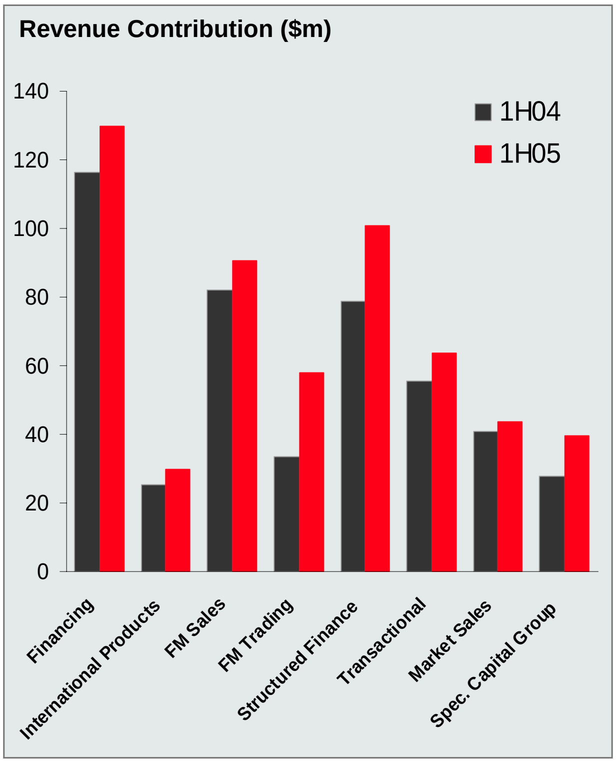


* 2004 data from TNS following change from ACN

Westpac Australia's First Bank

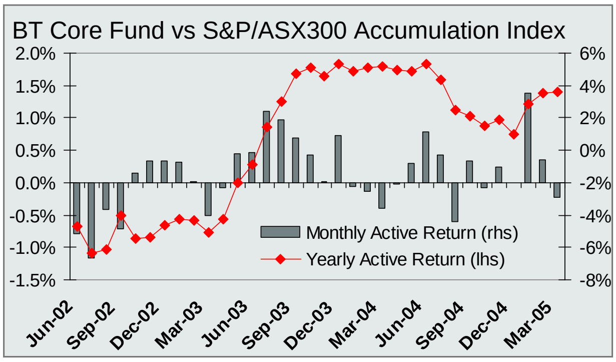
Institutional Bank – broadening revenue base

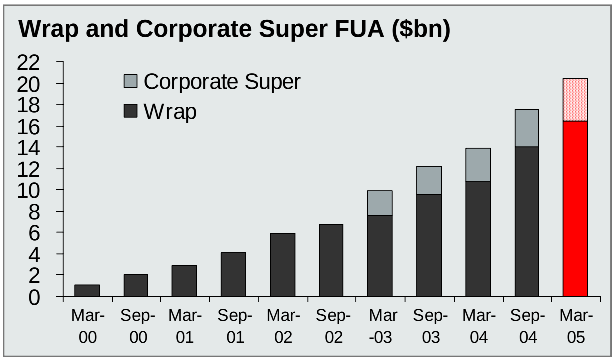
- Cash earnings up 23%
- Strengthened customer relationships through transactional business
- Specialised Capital Group continued to grow
  - $4.6bn in FUM
  - Hastings Diversified Utilities Fund
- Strong deal flow
- Sound financial markets income



BT Financial Group – building strong momentum

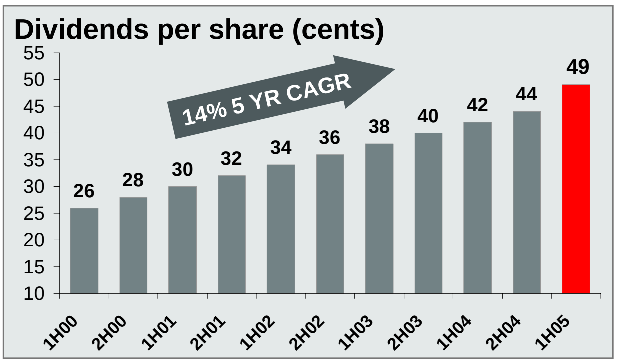
- Cash earnings up 33%
- Significant business momentum, with integration behind us
- Continued top-quartile fund performance
- Innovative new products launched
- Additional mandates:
  - FUM $40bn (up 6%)
  - Platform FUA $27bn (up 48%)

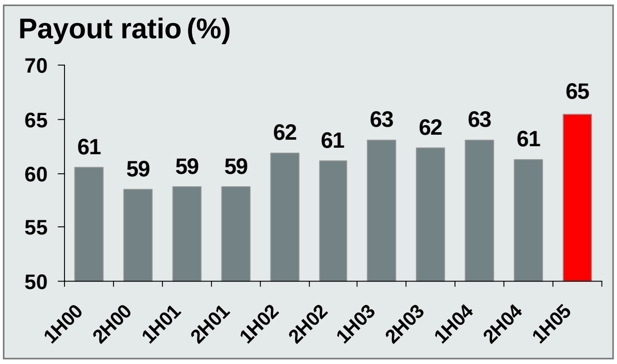




Step-up in dividend trajectory

- Increased dividend by 7 cents or 17%, reflecting:
  - Strong earnings growth
  - Confidence in outlook
- Envisage maintaining consistent dividend path of at least a 2 cent increase per half

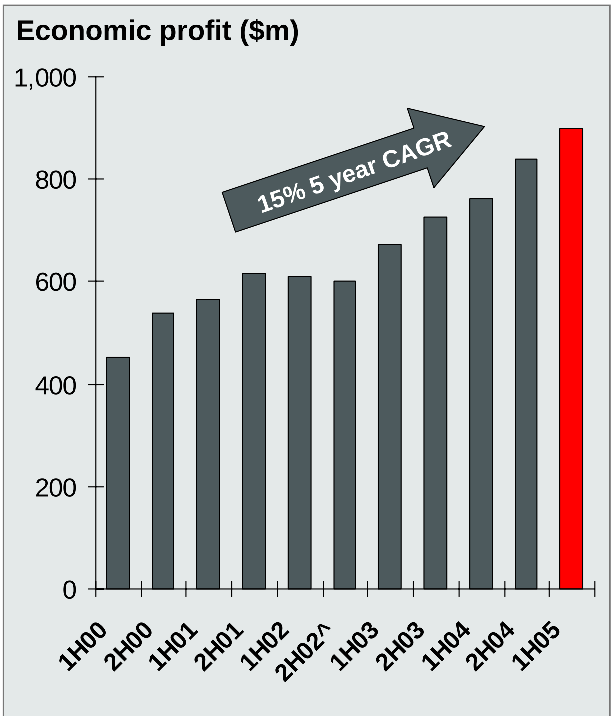




Westpac Australia's First Bank

Long-run consistency in growth and returns

- Consistently strong performance
- True to form on managing growth/margin mix
- Maintained franchise investment
- Cash earnings per share up 12%
- Return on equity 21%
- Delivering value to shareholders with higher dividend



^ Underlying EP excludes significant items in 2002

Westpac Australia's First Bank

Westpac
Australia's First Bank

The Details

Philip Chronican Chief Financial Officer

5 May 2005

Revenues continue to drive earnings

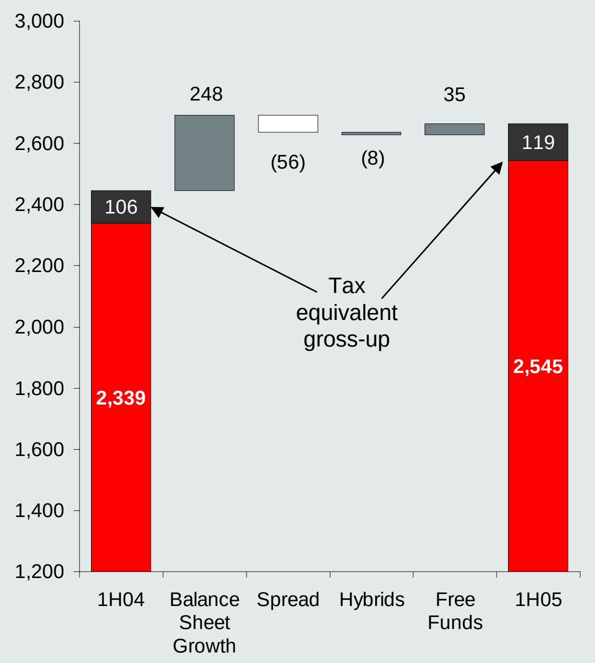
Movement in cash earnings ($m)

Westpac
Australia's First Bank

Net interest income

- Net interest income increased 9%
  - 13% growth in average interest earning assets
  - Offset by 8 bps spread contraction
- Modest slowing of growth in 1H05 with smaller margin decline
- One-off factors increased net interest income in 1H05:
  - $9m from change in broker commission amortisation
  - $15m in GST recoveries on broker commissions

Net interest income analysis ($m)



Westpac Australia's First Bank

Loan growth

$bn	1H05	2H04	1H04	Change[1] 1H04- 1H05
Net loans and acceptances	194	188	175	*11%*
Key contributors				
Australia				
Housing [2]	94	92	88	*8%*
Personal (loans & cards)	7	7	7	*0%*
Business	37	36	34	*10%*
Institutional Bank	28	25	23	*23%*
New Zealand ($NZ)	*30*	*28*	*27*	*13%*

1. Percentage changes have been calculated before rounding of numbers
2. Grossed up for mortgages securitised

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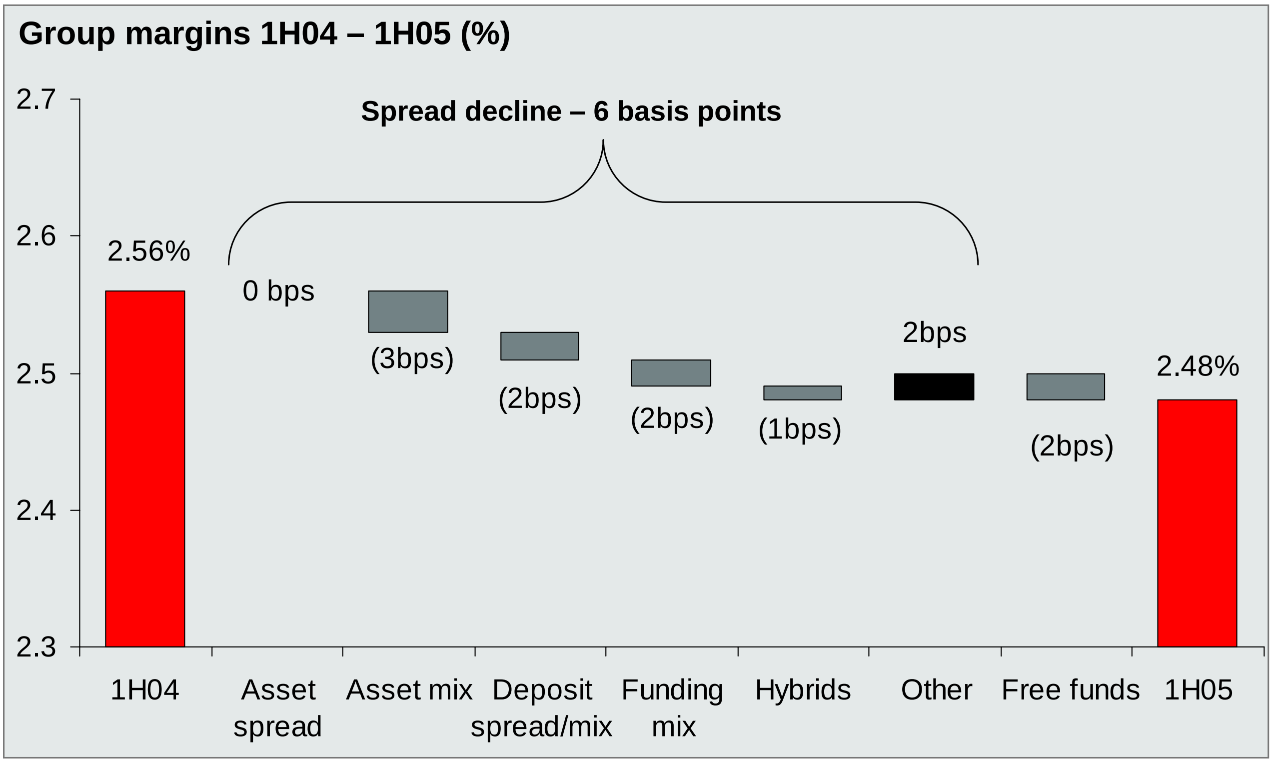
Analysis of margin movements



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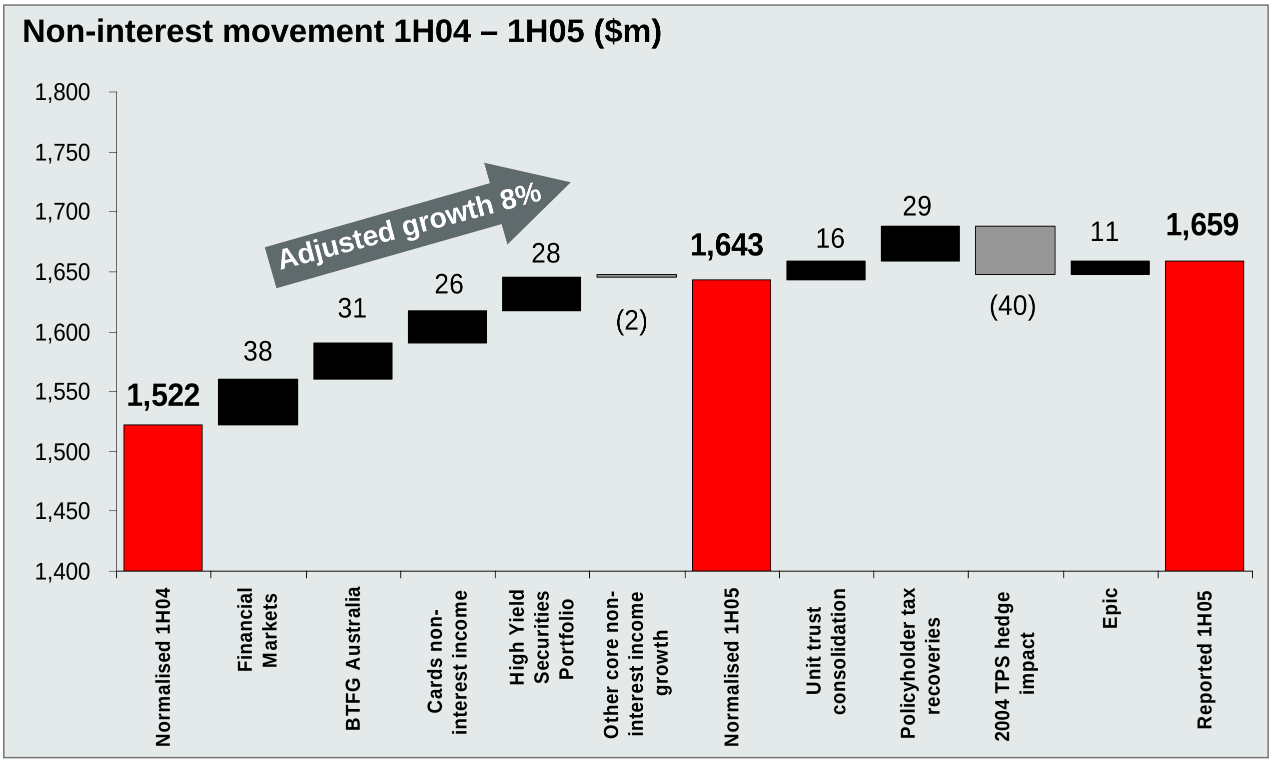
Non-interest income analysis



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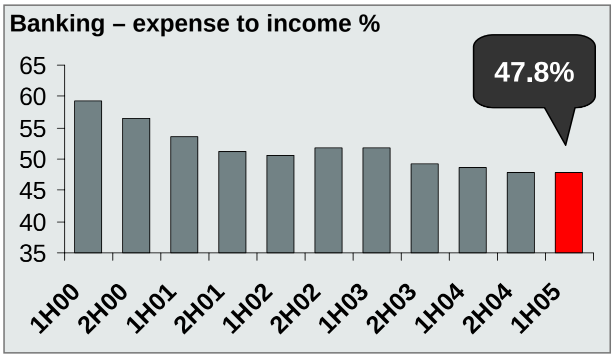
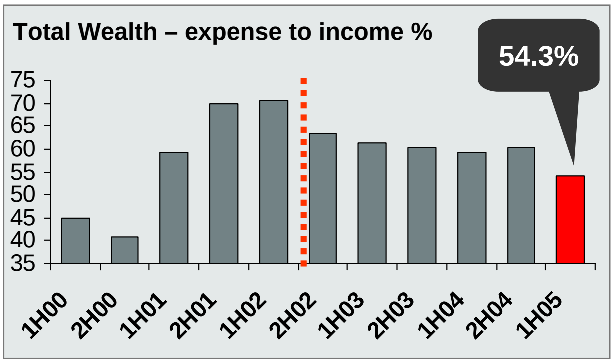
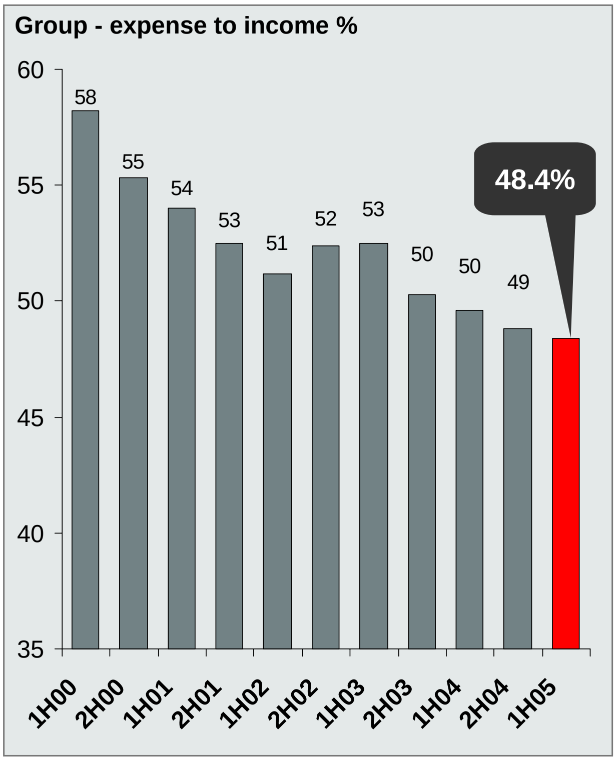
Expense to income – downward trend continues







Note: Pre BT acquisition – data not comparable. Data for 2000 does not include NZ wealth business.

Expenses – continued tight management

$m	1H05	1H04	% Change
Operating expenses	**2,034**	**1,925**	**6%**
Consolidation of Epic	(8)		
Consolidation of Life Company MIS	(2)	(1)	
$NZD impact	(16)		
Adjusted operating expenses	**2,008**	**1,924**	**4%**

- Expenses, adjusted for non-core items increased 4.4%
- Benefited from prior restructuring of cost base
- Held expense growth low while absorbing:
  - project costs expensed $80m
  - compliance spend $7m

Movements in capitalised software

- Major investments in Reach, Pinnacle and the One Bank Platform are the major drivers of the increase

$m	1H04	2H04	1H05
Capitalised software	328	377	**409**
Half-yearly amortisation	57	47	**68**

Capitalised software - major projects $m	**Amort-isation period (years)**	**1H04**	**2H04**	**1H05**
Loan process re-engineering (Pinnacle)	3	62	76	85
Standardised platform (One Bank)	3	39	58	66
Customer relationship management (Reach)	3	33	45	52
Teller platform, New Zealand	5	21	29	33
Other		173	169	173
Total		**328**	**377**	**409**

Cost efficiency offsetting compliance spend

Cost Efficiency Pipeline $m	**2005(f)**	**2006(f)**
Outsourcing	9	9
Wealth integration	18	18
Lending processes	14	29
Productivity improvement programme	85	113
Other efficiency initiatives	21	29
Cumulative total	**147**	**198**

Major compliance projects[1] $m	**Spend in 1H05**	**Expected in 2H05**	**Expected spend after FY05**
Basel II	4	13	10
IFRS	4	5	5
Sarbanes Oxley	3	3	5
Anti-Money Laundering	1	3	25
Other	1	1	5
Total	**13**	**25**	**50**

1. Includes project spend capitalised

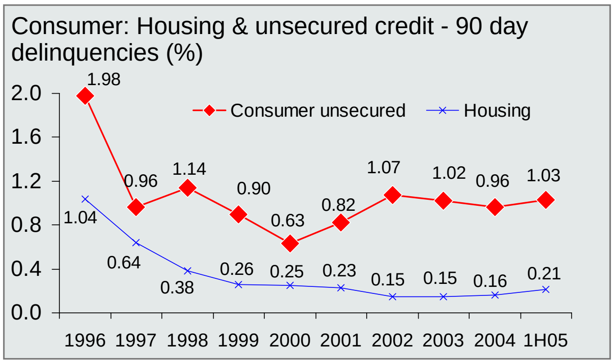
Bad debt component analysis

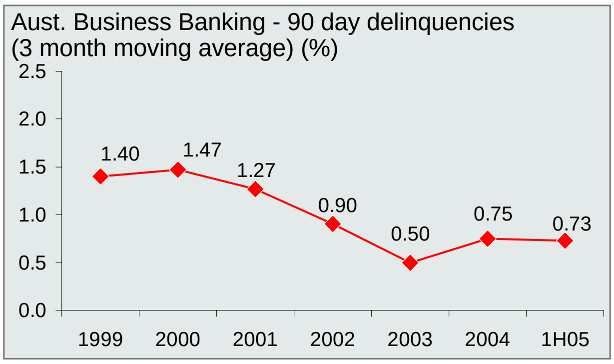
	2H04	1H05
New specific provisions	87	124
Write-offs	146	149
Write backs & recoveries	(67)	(84)
Dynamic provision	41	14
Total	**207**	**203**

1H 05	
New business/composition change	$37
Factor changes	$ 8
Write-back of credit related litigation provision	($31)

Forward credit indicators in good shape

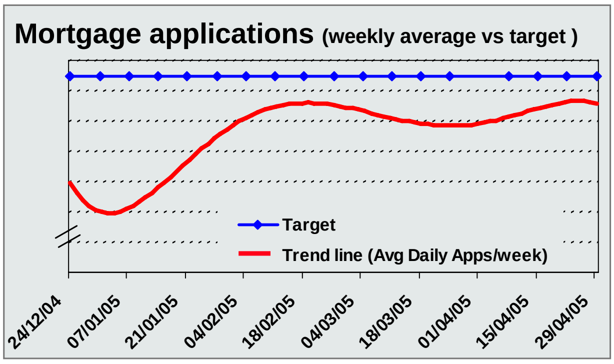
- Increase in housing delinquencies from:
  - Easing in loan growth rate
  - Temporary collections backlog due to early Easter break
- Consumer increased moderately in the half:
  - Maturing of Virgin card portfolio
  - Lower personal loan balances





Mortgage lending – targeting profitable growth

- Mortgage income up 10%
- 8% growth with spreads 1 basis point lower
- Mortgage growth below system partly due to:
  - Reduced sales productivity
  - Below weight broker lending
  - Below market growth in Low-doc lending
- Initiatives to enhance growth underway with some improvement evident



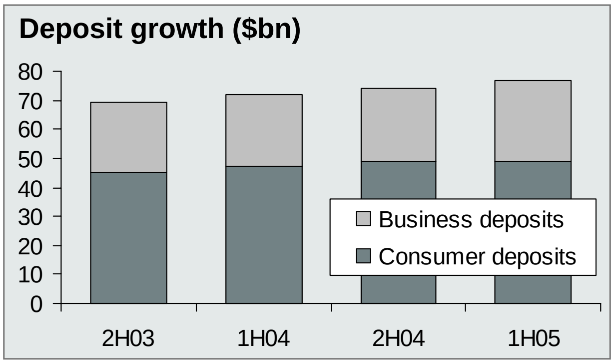
Australian mortgage spreads (%)

2H03	1H04	2H04	1H05
1.22	1.18	1.18	1.17

Westpac Australia's First Bank

Retail deposits – balancing the product and price mix

- Achieved competitive growth of 6% with modest spread contraction
- Strategy responded to customer needs:
  - Grew term deposits in 2004
  - Westpac One – 130,000 new accounts since November 2004
  - Launched Max-i Direct - $3bn growth in cash management balances since March 2004



Deposit spreads

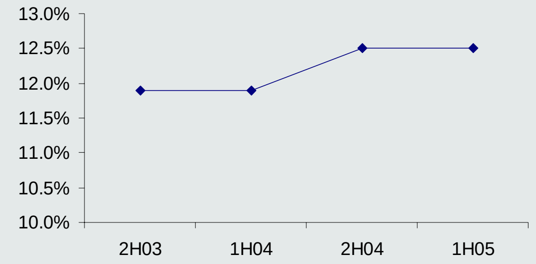
	2H03	1H04	2H04	1H05
Consumer Deposits	1.56	1.66	1.62	1.59
Business Deposits	2.60	2.76	2.81	2.77

Westpac Australia's First Bank

Business lending – solid growth

- Maintained market share in total business credit, with growth of 15% comprising:
  - Institutional lending up 23%
  - SME and Middle Market lending up 10%
- Lending slower in latest half:
  - 65% of annual loan growth typically occurs in the second half
  - Maintained growth/return disciplines
  - Lending redesign project diverted resources in first quarter

Business Credit Market Share - Australia



Source: RBA, Westpac

Australian business spreads (%)

	2H03	1H04	2H04	1H05
Business	1.81	1.79	1.80	1.78
Equipment Finance	2.33	2.16	2.02[1]	2.15

[1] Spread in 2H04 impacted by repurchase of portfolio of equipment finance loans under the terms of the sale of AGC to GE Capital Finance in 2002

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Strong institutional loan growth

- Lending within the Institutional Bank increased 23% over the period
- Strong loan growth across all sectors
- No change in the average risk grade of the portfolio
- Margins lower from tighter credit spreads
- Financing (term and bridging) margins down from 61bps to 50bps

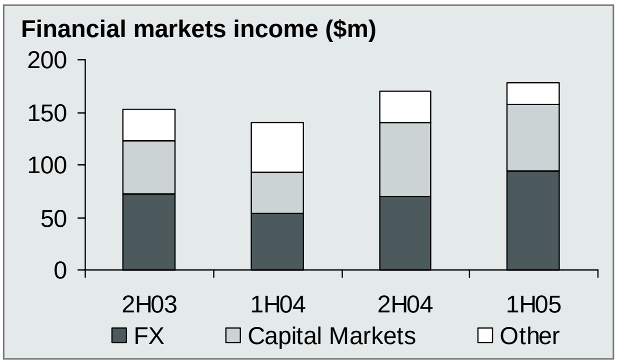
Institutional loans & acceptances ($bn)

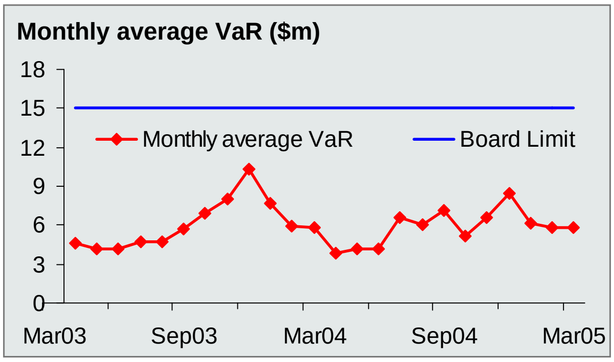
31 March 2004	**22.6**
Term lending	3.3
Bridging finance	0.8
International	0.5
Warehoused assets	1.1
Asset finance	0.2
Other	(0.6)
31 March 2005	**27.9**

Westpac Australia's First Bank

Financial markets – sound performance

- Improved customer flow increasing sales and trading opportunities
- Particularly strong foreign exchange performance – up 77%
- Solid financial markets performance without taking additional risk





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Group business unit

$m	1H05	2H04	1H04	% Change 1H04 - 1H05
Operating income	(18)	24	45	Na
Operating expenses	29	87	16	81
Core earnings	11	111	61	(82)
Bad debts	(4)	(25)	(15)	73
Tax & OEI	5	19	73	(93)
Other eq.distr.	(68)	(78)	(76)	11
2004 TPS rev	40	10	-	large
Cash earnings	**(16)**	**37**	**43**	**Na**

- No change to composition of Group business unit over year
- Result lower from:
  - Revenue from Treasury down $41m over year
  - $30m tax charge relating to prior period activities
- 2004 TPS hedge has no impact on cash earnings but reduced operating income by $40m

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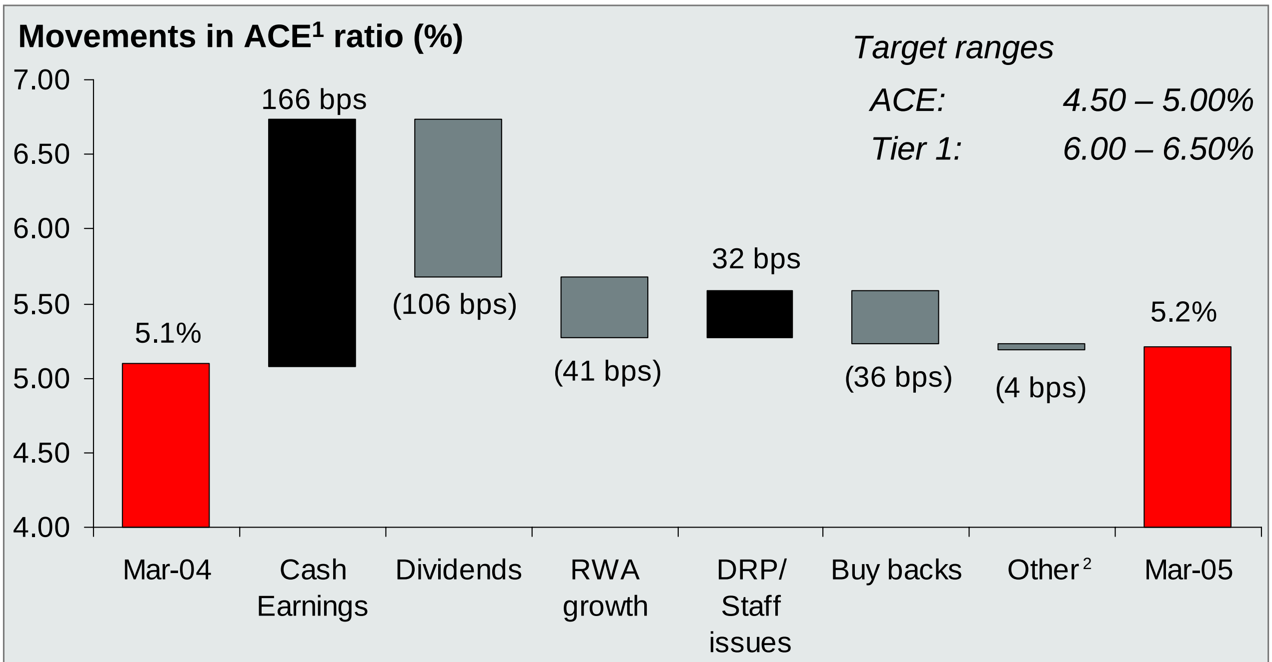
Strong capital generation



1. $287m APRA defined deferred expenditure not deducted from ACE ratio
2. "Other" includes capital employed by non-banking subsidiaries, Specialised Capital Group investments and movements in the FCTR and deferred tax balances

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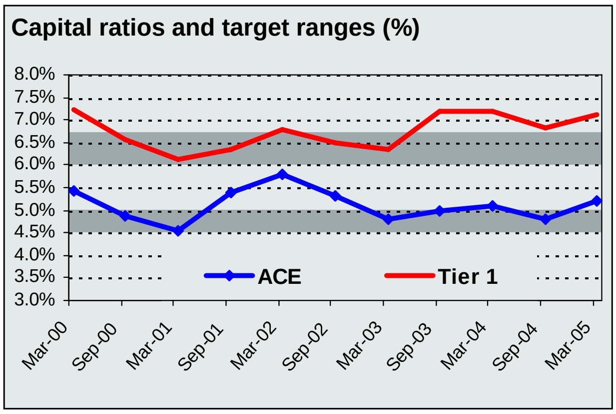
Capital – above target capital ranges

- Strong capital generation has increased capital flexibility
- New IFRS capital directives from APRA unresolved:
  - Treatment of hybrids
  - Innovative equity levels
  - Grandfathering/transition arrangements
  - Treatment of bad debt reserve
- Additional capital management initiatives on hold pending clarity APRA treatment



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Higher dividend – sustainable path

Key considerations

- Ensure dividend growth broadly in line with cash EPS growth
- New share issues do not dilute EPS in medium term
- Consistency in dividend path given more volatile earnings under IFRS
- Full franking
- Market feedback for a higher payout
- Strong capital position

Outcome

- Dividend up 7 cents or 17% to 49 cents, fully franked
- Step-up in dividend delivers a higher pay-out
- Future dividend trajectory expected to remain at least at 2 cents per half
- Strong franking position maintained
- Capital ratios above target ranges

Preparing for New Zealand incorporation

- Agreed to incorporate systemically important operations in NZ
- Incorporation model yet to be determined. Westpac intends to operate a branch and an incorporated entity concurrently
- Impact on earnings and capital for the group is yet to be quantified, but is expected to be manageable
- Required legislative change will impact timing

Structured finance transactions – update

- NZ Structured Finance transactions have been under review by the New Zealand Inland Revenue Department (IRD) since 2003
- Amended assessments received relating to 1999 and 2000 years
- Maximum potential exposure of NZ$711m (tax effected and including interest) up to 31 March 2005
- Confident in our original tax treatment and no provision has been raised
- Current transactions to be unwound in 2H05 as the NZ thin capitalisation regime to apply from 1 July 2005 renders them uneconomic

Revenues from NZ Structured Finance Transactions ($m)

2004 Full year	1H05	2H05 (est.)	1H06 (forecast)
85	44	11	Nil

- Revenue impact from the unwinding of these transactions, will impact earnings in 2H05
- Alternate structured transactions have already been undertaken to assist in offsetting loss of revenue

Westpac Australia's First Bank

Exchange of NZ Class shares

What occurred	• Australian tax rule changes enabled Westpac to invoke an exchange of the NZ Class shares • Efforts to restructure NZ Class shares could not satisfactorily resolve all issues • Board decided to exercise its right to exchange
What changes	• NZ Class shares held on 11 July 2005 will be exchanged for Westpac ordinary shares on a 1 for 1 basis • A New Zealand register will be established to enable ordinary shares to be traded on NZX
The impact	• No impact on EPS or published capital ratios • NZ Class shareholders will receive their final imputed dividend on 1 July 2005 • Improved capital flexibility as NZ Class shares were deemed 'innovative equity' and were not classified as Level 1 Tier 1 capital for regulatory purposes

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A balanced, high quality result

- Diverse sources of growth maintaining earnings quality
- True to form on managing growth/margin mix
- Ongoing efficiency improvements adding value
- Risks managed effectively
- Higher dividend reflecting
  - Quality and strength of result
  - Confidence in future

Westpac Australia's First Bank

Outlook

David Morgan **Chief Executive Officer**

5 May 2005

Environment more challenging

- Economic
  - Slower domestic demand and credit growth
  - Higher interest rate environment
- Regulatory
  - Numerous regulatory changes under way (Basel II, IFRS, Sarbanes Oxley, Anti Money Laundering)
  - Increased regulatory oversight
- Competitive intensity increasing
  - Existing players focusing more on market share
  - New entrants with price based propositions
  - Regional banks venturing outside core markets

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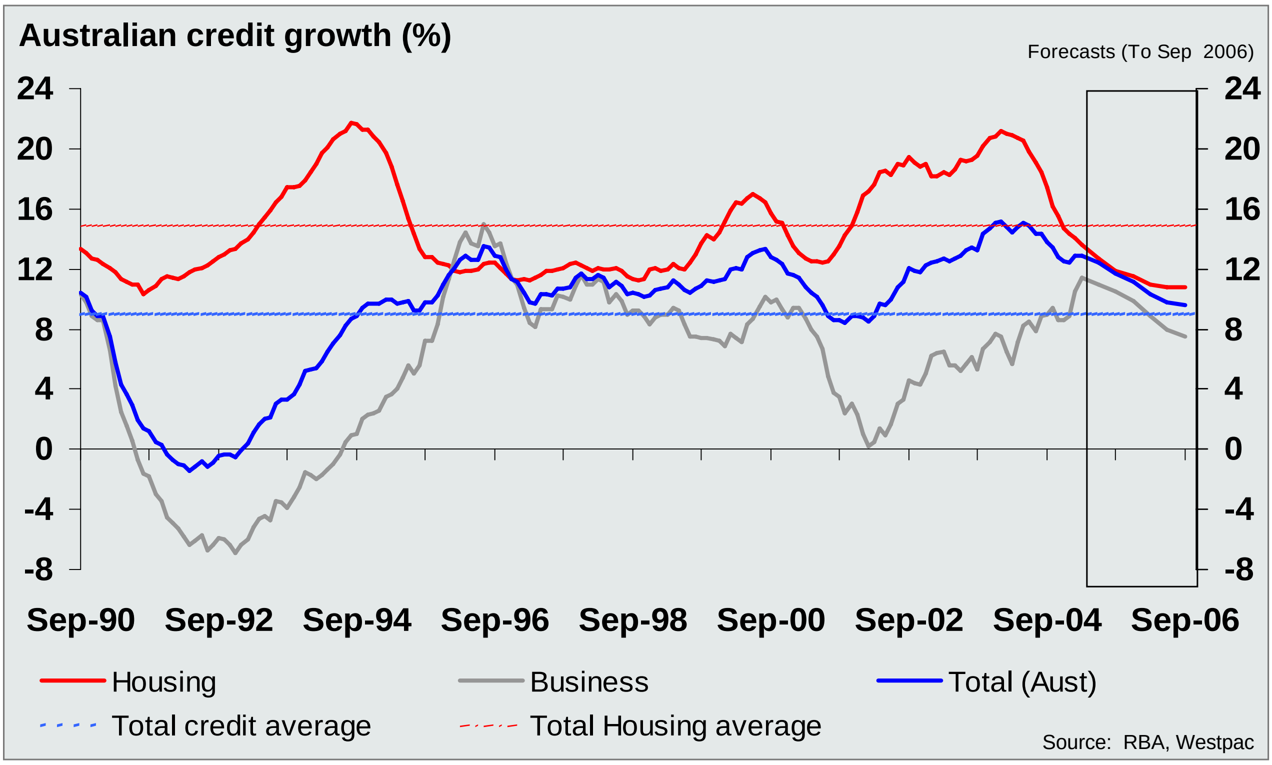
Credit growth expected to ease



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Upside potential remains across the business

BCB	• Potential from revamped deposit suite • Full roll-out of CRM capability • Improve sales productivity
BTFG	• Capitalise on sustained improvement in fund performance • Increase penetration of Westpac customer base
WIB	• Grow alternative funds under management • Cross sell opportunities from strong client and product positioning
BTSS	• Strategic initiatives to support expense management
New Zealand	• Deepen the share of wallet • Continued growth in business banking • Build on momentum in deposits and cards

Experienced executive team

David Morgan
Chief Executive Officer

- **Mike Pratt** — Group Executive, Business & Consumer Banking
- **Phil Coffey** — Group Executive, Institutional Bank
- **Ann Sherry** — Group Executive, Westpac New Zealand & Pacific
- **Rob Coombe** — Chief Executive Officer, BT Financial Group
- **Philip Chronican** — Chief Financial Officer
- **Michael Coomer** — Group Executive, Business & Technology Solutions & Services
- **Ilana Atlas** — Group Executive, People and Performance

Westpac well positioned for future

- Long term strategy has increased the resilience of the organisation
- Strategy has delivered:
  - Right business mix
  - Right financial and capital structure
  - Right team
  - Right culture
- Accordingly, well positioned for the evolving competitive environment

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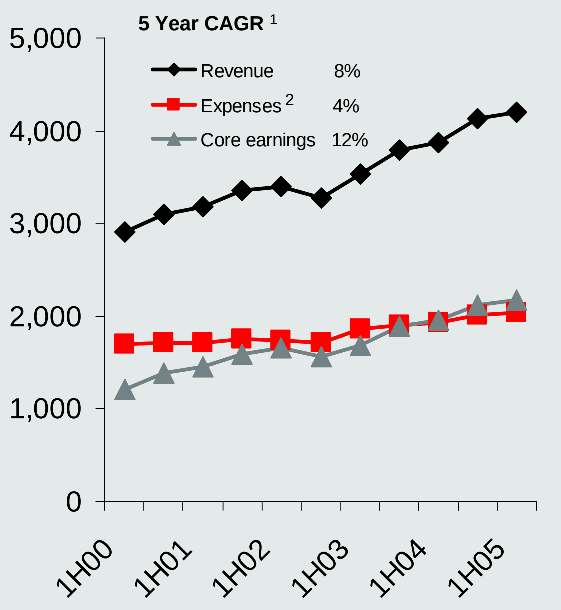
A balanced, high quality result

- Earnings momentum maintained in lower growth environment
- Growth/margin mix managed well
- Efficiency improved despite compliance spend
- Higher dividend with stronger capital position
- Consistency in long-run growth and returns

Revenue and expense performance ($m)



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2. Excluding goodwill amortisation

Westpac Australia's First Bank

Positive outlook for Westpac

- Well positioned for the more challenging environment
- Good earnings momentum across all businesses
- Earnings model continues to deliver solid results in changing environment
- Credit quality continues to be favourable
- Continue to deliver strong results at the upper end of the major bank sector

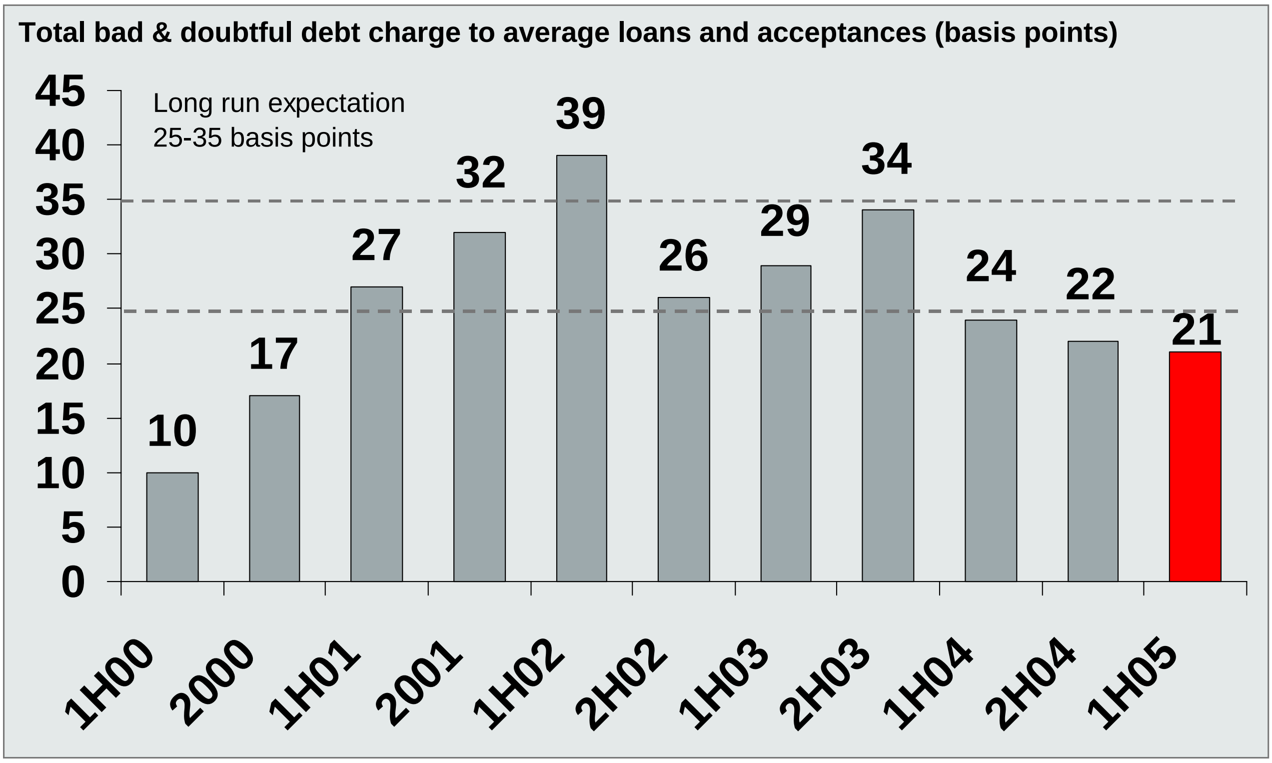
Westpac Australia's First Bank

Westpac Australia's First Bank

2005 First Half Results

5 May 2005

Bad debt trend analysis – half year trend



Westpac Australia's First Bank

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The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.

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Westpac Australia's First Bank