

2007 Interim Results

David Morgan, Chief Executive Officer
3 May 2007

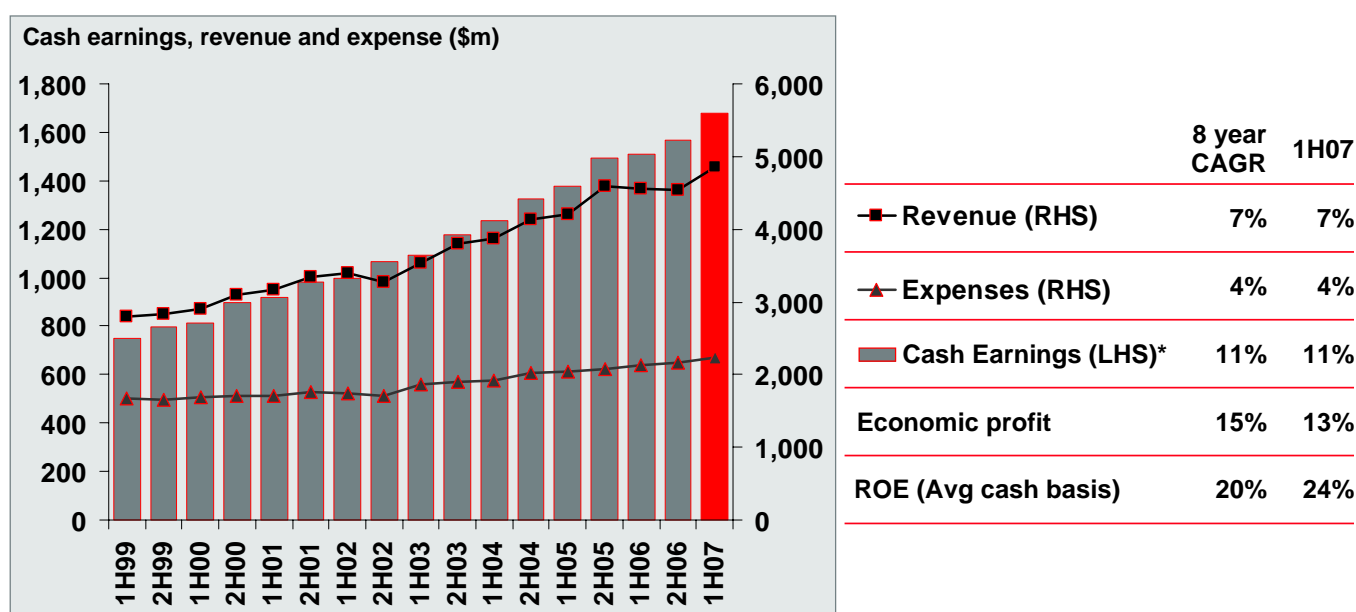
A high quality result

- Solid earnings growth and high return on equity
- Improved operational momentum driving income
- Expense discipline maintained
- Investment in high growth businesses
- Provisioned for all known risks
- Addressing the challenges – particularly New Zealand

A strong set of numbers: growth and return

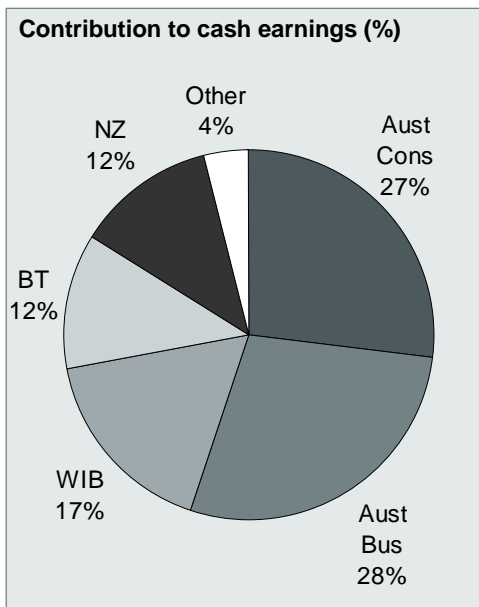
| | | |
|-----------------------------------|-----------------|---------------|
| Cash earnings | \$1,678m | up 11% |
| Reported net profit | \$1,641m | up 12% |
| Cash EPS | 91 cents | up 11% |
| Economic profit | \$1,281m | Up 13% |
| Cash ROE | 24% | up 60 bps |
| Cost to income ratio (cash basis) | 46% | down 90 bps |
| Fully franked dividend | 63 cents | up 13% |

Consistent long-run performance



* AGAAP 1999 to 2005; A-IFRS 2006 and 2007. Source: Westpac

Balanced performance across the business



Australian Consumer

▲ 12% • Profitable growth broadly in line with system

Australian Business

▲ 12% • Prior investments paying off

Westpac Institutional Bank (WIB)

▲ 12% • Lift in customer activity driving returns

BT Financial Group

▲ 22% • Growing market share in a fast growing market

New Zealand

▼ 3%¹ • Early steps in turnaround challenge

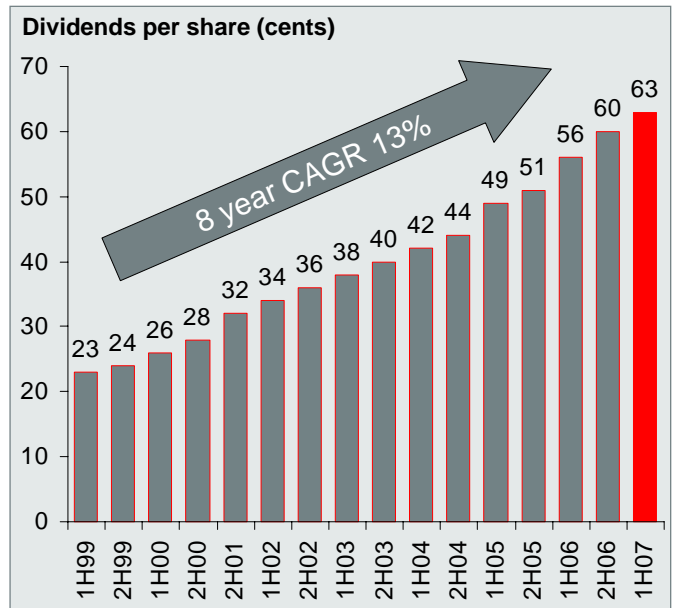
1. In NZ\$ terms

Delivering on our strategy

| | | |
|--|--|--|
| Focused on core markets | <ul style="list-style-type: none"> Better leveraging Australian growth opportunities | <ul style="list-style-type: none"> Superannuation Corporate re-leveraging High growth in QLD and WA |
| Oriented to growth | <ul style="list-style-type: none"> Greater investment in high growth opportunities Expanding franchise footprint and front-line employees | |
| Sector leading platforms | <ul style="list-style-type: none"> Driving value from existing markets with Pinnacle, Reach and Corporate Online Leveraging Wrap and Super platforms in wealth | |
| Disciplined and controlled risk | <ul style="list-style-type: none"> Growing revenues well above expense growth Provisioning fully in line with growth and credit environment | |
| Sustainably led | <ul style="list-style-type: none"> Creating longer term value and lower risk | <ul style="list-style-type: none"> Employer of choice Brand differentiation |

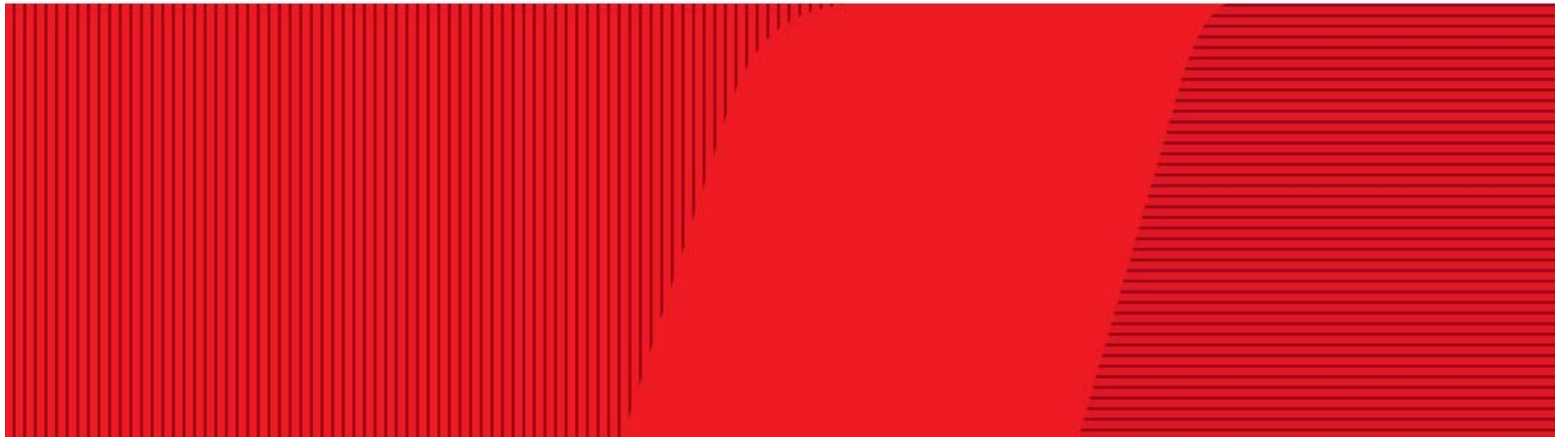
Strong outcomes for shareholders - dividend up 13%

- Increased capital reinvested in the business
- Strong dividend increase supported by:
 - 24% ROE, up 60 bps
 - Significant franking surplus of \$555m
 - Strong capital position
- Higher pay-out ratio maintained

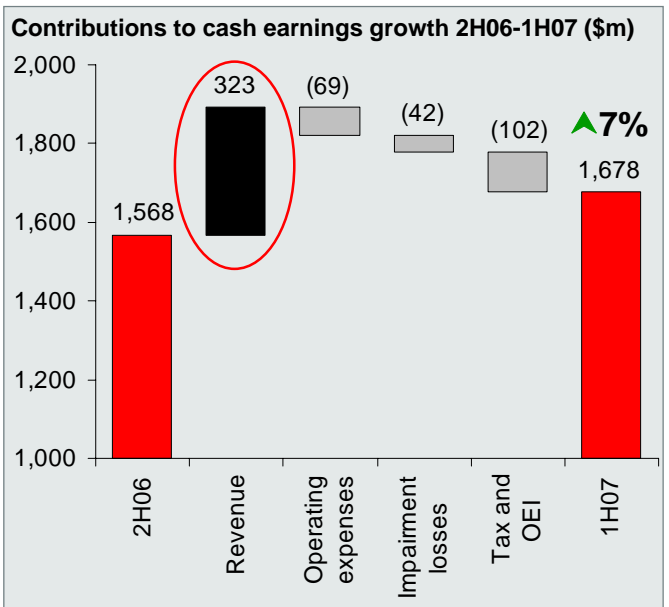
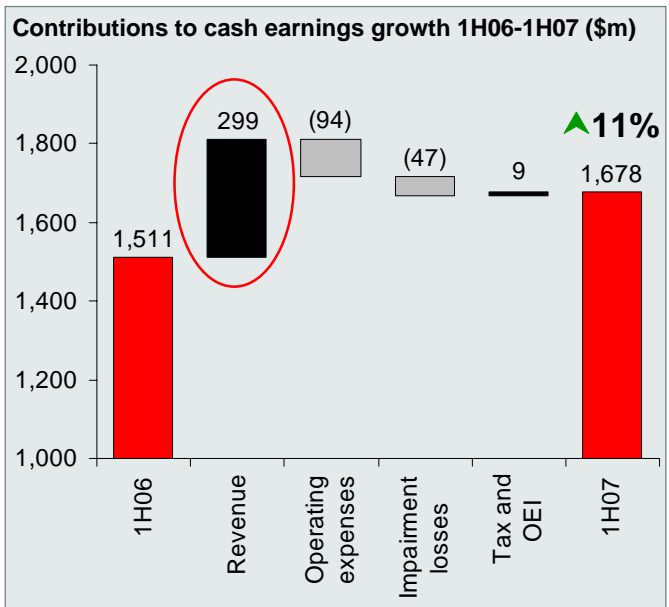


The Details

Phil Coffey, Chief Financial Officer
3 May 2007



A revenue driven performance



Source: Westpac

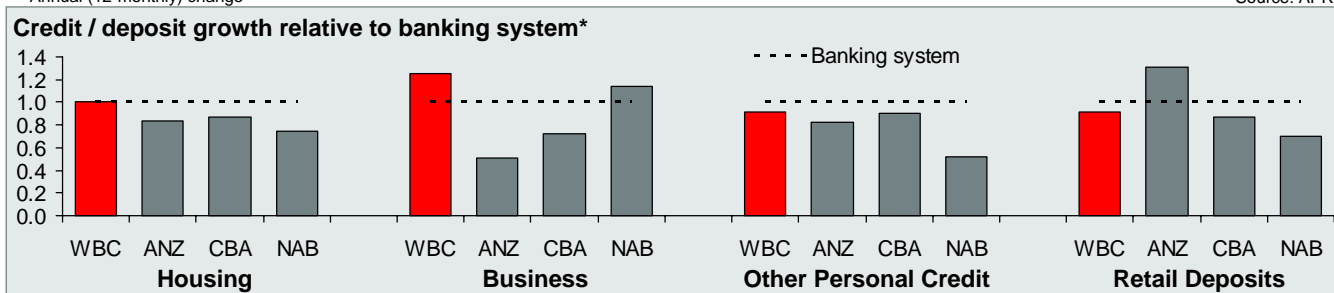
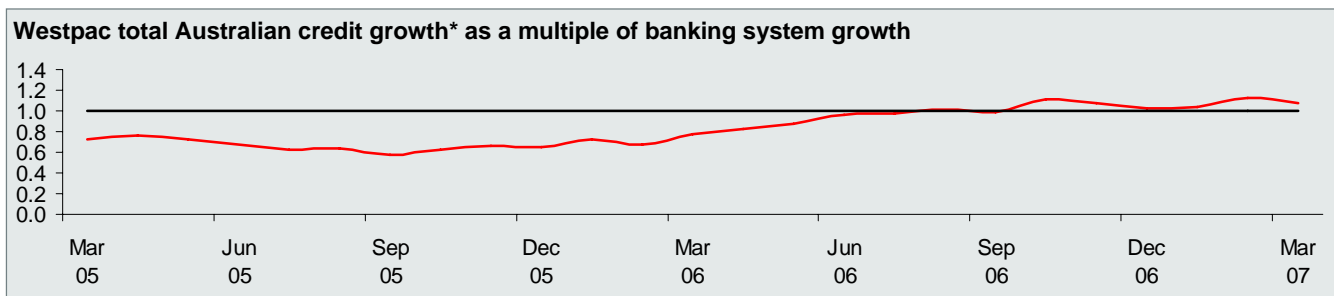
A high quality revenue growth

| \$m | | | | % Change | % Change |
|---|--------------|--------------|--------------|-------------|-------------|
| | 1H06 | 2H06 | 1H07 | 1H06 – 1H07 | 2H06 – 1H07 |
| Operating income (cash earnings) | 4,561 | 4,537 | 4,860 | 7% | 7% |
| Credit card income over-accrual | (23) | 49 | - | | |
| Fair value of securities portfolios | (32) | (13) | (4) | | |
| MasterCard profit | - | (15) | (21) | | |
| Asset sales | (10) | - | (1) | | |
| NZ\$ Impact ¹ | - | 35 | 44 | | |
| Underlying operating income | 4,496 | 4,593 | 4,878 | 8% | 6% |

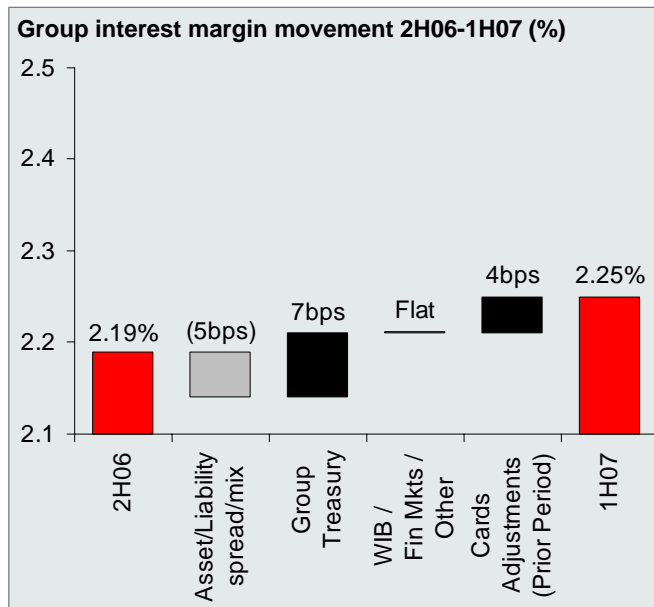
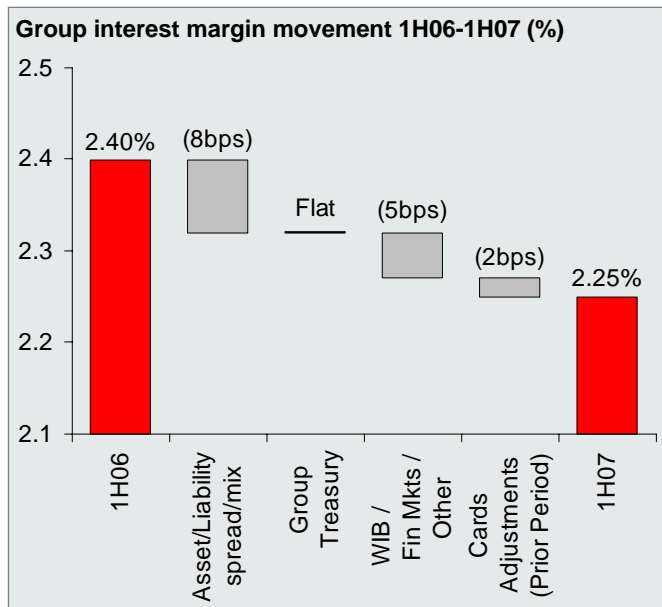
1. The NZ\$ impact eliminates the impact of movements in the NZD/AUD exchange rate by restating all NZD income at the 1H06 average exchange rate. Gains/losses on NZD hedges are also excluded

Source: Westpac

Growing balance sheet around system in Australia



Margin movements in line with expectations

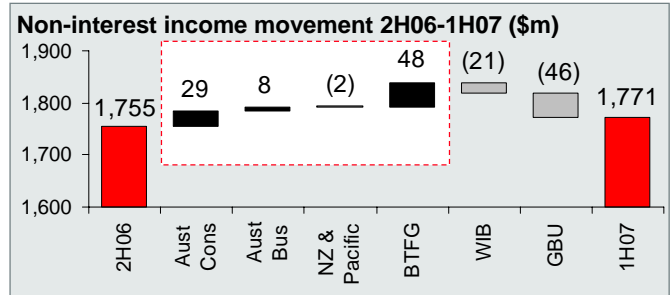
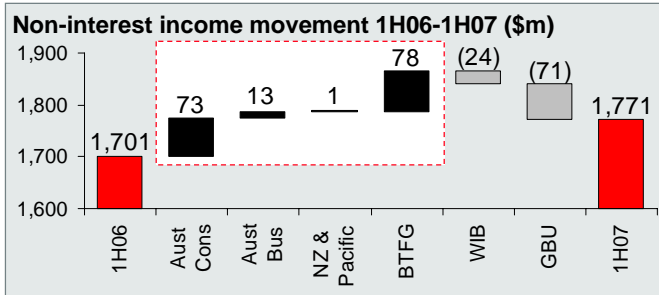


Source: Westpac

Spreads lower from asset spread and mix

| | Asset / Liability spread/mix decline (bps) | Asset Mix / Spread (bps) | Liability Mix / Spread (bps) |
|-----------|--|---|--|
| 1H06-1H07 | (8) | (8) | 0 |
| 2H06-1H07 | (5) | (5) | 0 |
| | | Mix | Mix |
| | | <ul style="list-style-type: none"> Solid growth in mortgages particularly in fixed rate lending Strong growth in low rate cards | <ul style="list-style-type: none"> Increased wholesale funding Proportion of deposits in high interest on-line accounts rising |
| | | Spread | Spread |
| | | <ul style="list-style-type: none"> Strong growth and turnover in portfolio Overall competitive impact | <ul style="list-style-type: none"> Rising rates assist deposit spreads |

Customer flows driving non-interest income growth

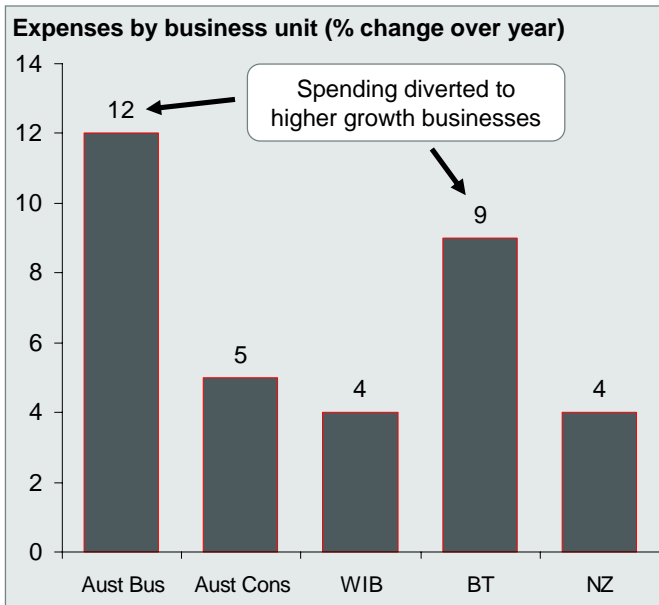


Source: Westpac

- BT non-interest income up 17% over year, 10% on prior half; Strong volume growth in BCB and WIB
- Consumer segment up 22% over the year with sale of MasterCard and full period impact of prior fee changes
- Trading income lower from above trend performance in the prior corresponding period
- NZ fee realignment in Oct 06 reducing fee scales to market
- Losses on NZ\$ hedges (GBU)
- Higher SCG origination revenue in WIB in 2H06

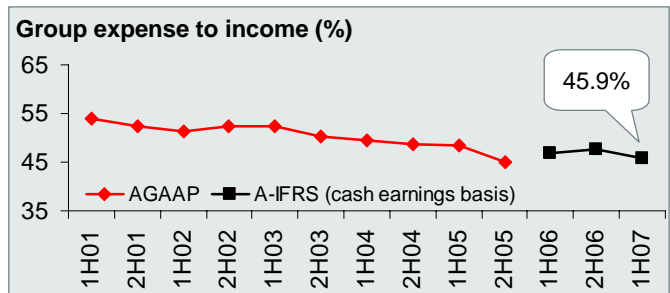


Expenses skewed to higher growth businesses



Source: Westpac

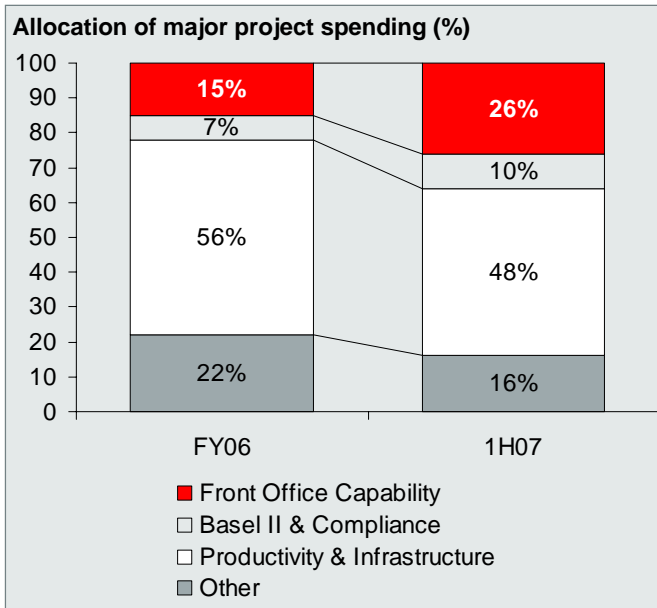
- Expenses up 4%
 - Employee costs up 5%, given focus on investing in additional customer serving employees
- Expense to income ratio down 90bps



Source: Westpac



More investment directed to the front line



Source: Westpac

- More resources devoted to growth businesses – BT and business segment
- Large scale infrastructure platforms now operating
- More investment devoted to smaller projects focussed on revenue and productivity

Deferred expenses and capitalised software

| \$m | 1H06 | 2H06 | 1H07 |
|------------------------------|------|------|------|
| Capitalised software balance | 439 | 480 | 485 |
| Amortisation | 77 | 98 | 92 |

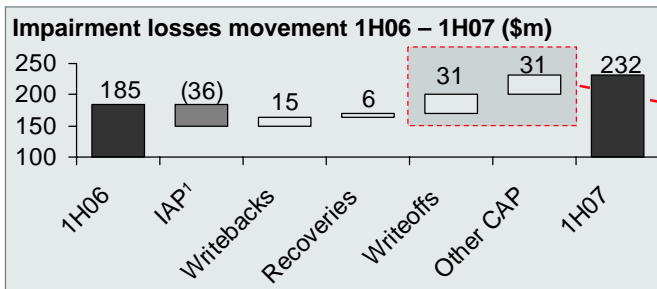
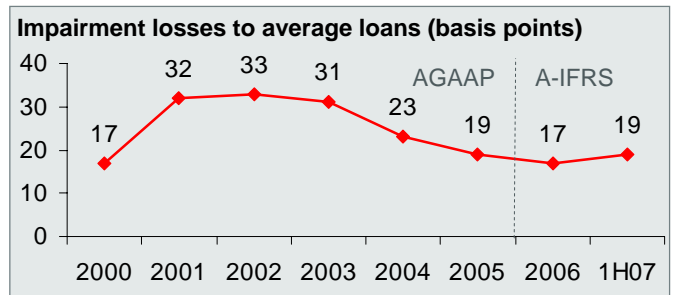
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Westpac 2007 Interim Results

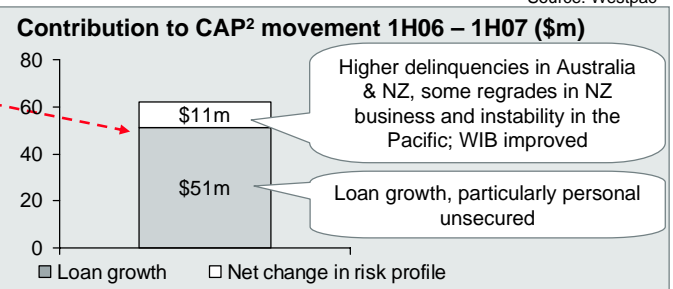


Impairment losses consistent with loan growth

- Total impairment losses rising off a low base
- New collectively assessed provisions up \$62m
- Individually assessed provisions lower, mainly due to the Institutional bank
- Net writebacks and recoveries \$21m lower over 1H06, \$57m lower over 2H06



1 IAP – Individually Assessed Provision



2 CAP – Collectively Assessed Provision

Source: Westpac

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Westpac 2007 Interim Results



Responding to changes in the economic cycle

Portfolio is reflecting changes in the environment

Australia

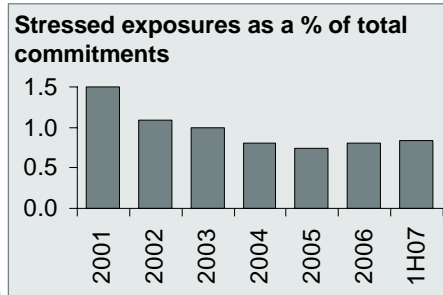
- Higher interest rates

New Zealand

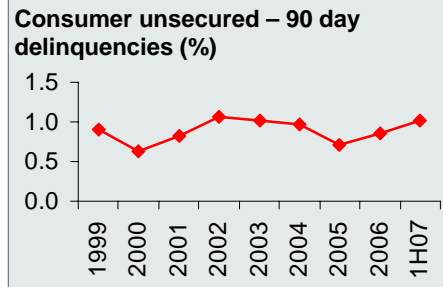
- Very high interest rates
- High exchange rate

Pacific

- Tensions in certain markets



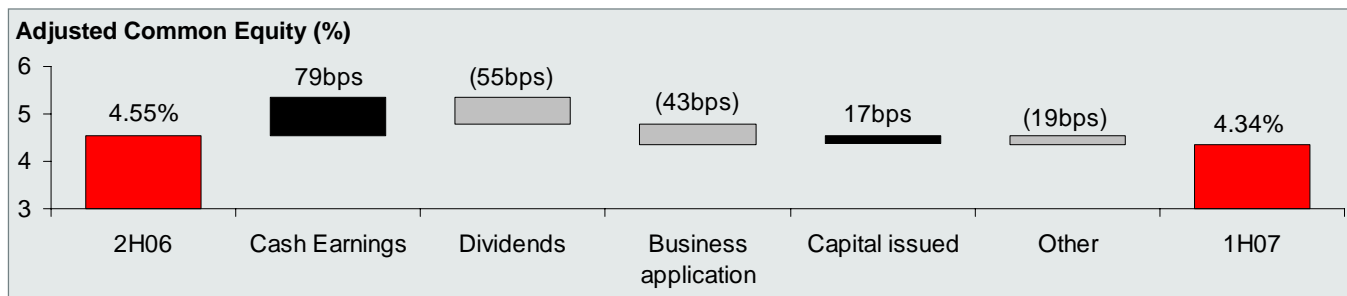
Source: Westpac



Source: Westpac

- Fully provisioned against portfolio – collectively assessed provisions to non-housing loans to 114bps
- Enhanced analytics improving our understanding of customers
- Increased collections capability with new systems and more than 17% increase in resources
- Beginning to leverage Basel II data and experience

Reinvesting capital in the business



Source: Westpac

- Growth demands higher – risk weighted assets up 10% over half
- Capital position remains solid – all ratios within target ranges

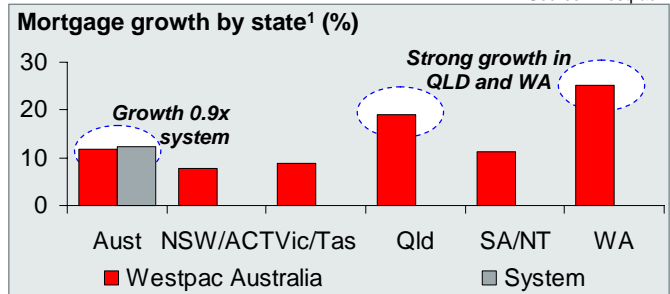
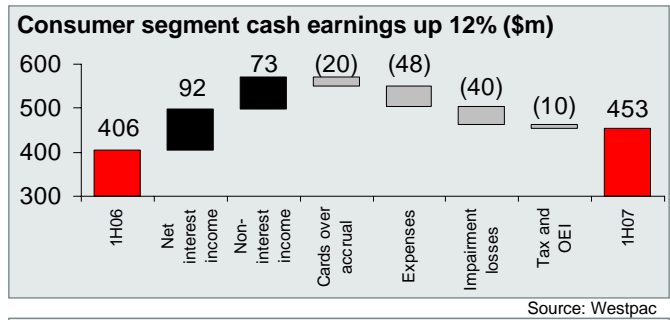
Ratio Target Ranges

- Tier 1 6.50% 6.00 – 6.75%
- ACE 4.34% 4.00 – 4.75%

- Higher 'other' principally includes increased deductions for foreign currency translation reserve and deferred tax assets

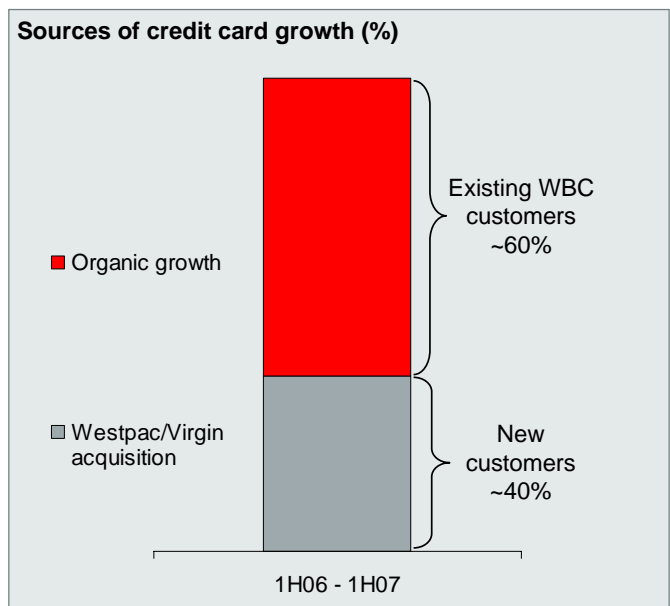
Consumer – profitable growth broadly in line with system

- Growth driven by
 - Investment in front line people (173 additional customer serving staff)
 - Capturing growth in high growth states (WA and Qld)
 - Maximising use of Reach and improved sales practices
- Over 12 months, total mortgage growth verses financial system 0.9x, against banking system 1.0x
- Impairment losses growing in line with larger unsecured consumer portfolio



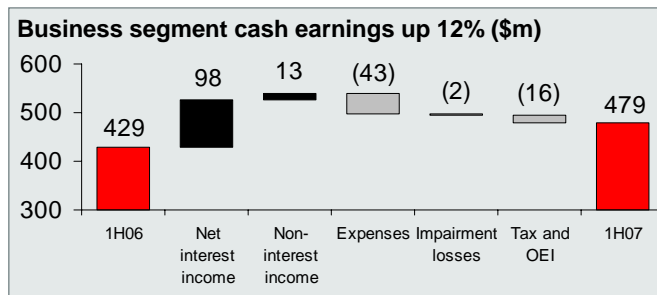
Cards – delivering controlled growth

- Annualised growth of 16%, 1.2 times system – predominately from existing customers
- Spreads 76bps lower given
 - Change in portfolio mix toward low rate cards
 - Increase in low rate balance transfers
 - Higher interest rates increasing the interest cost of transactors
- Fully provisioned for growth and changes in credit environment
- Growth expected to slow in 2H07 as one-off uplift in volumes in last 12 months is not repeated

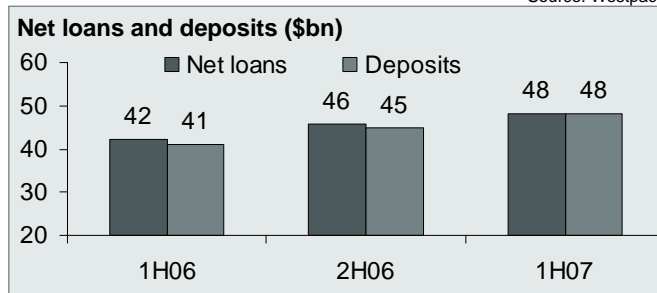


Business segment – benefiting from prior investments

- Solid balance sheet growth (loans 14%, deposits 17%)
 - 193 additional bankers added in 2006 now fully productive
 - Pinnacle embedded, with 80% of deals automatically assessed
 - Enhanced relationship focus improving cross-sell
- Credit quality remains sound, 90+ days delinquent steady at 0.61%



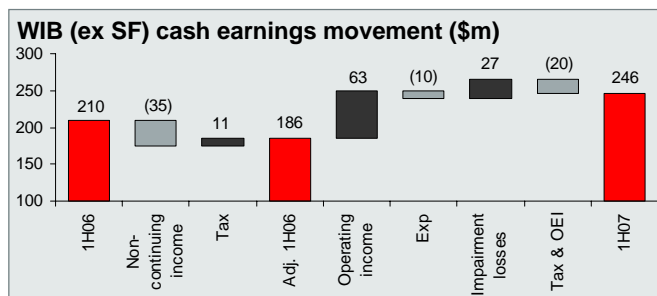
Source: Westpac



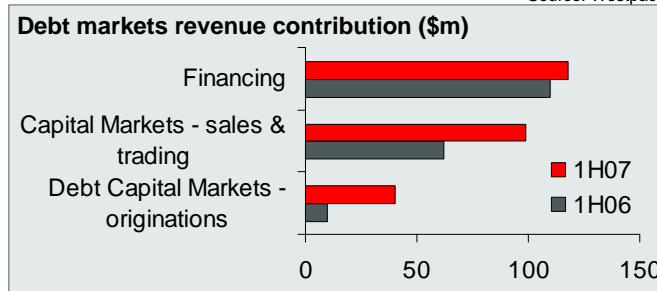
Source: Westpac

WIB – strong business growth

- Cash earnings up 17% (excluding structured finance)
- Operating income growth of 5%
 - Growth in customer activity and FUM
 - Strong contribution from capital markets
 - Margin down 2bps
- Income growth offset by
 - Lower FX income
 - Sale of Sub-Custody business (\$7m)
 - Run-off in investment securities portfolio (\$28m)
- Impairment losses down \$27m - no new impaired assets



Source: Westpac



Source: Westpac

Financial Markets and Treasury – solid contributions

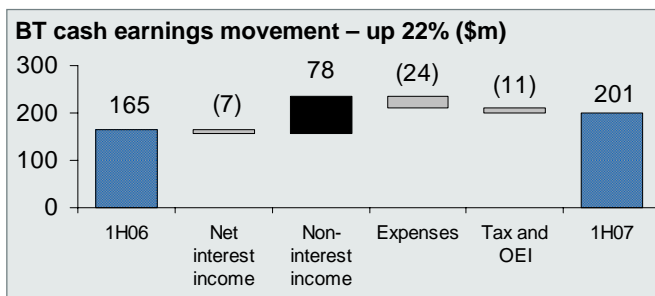
| Financial Markets product income (\$m) | 1H06 | 2H06 | 1H07 |
|---|------------|------------|------------|
| Foreign exchange | 148 | 120 | 128 |
| Capital markets | 62 | 34 | 99 |
| Equity and energy | 46 | 30 | 17 |
| Total Financial Markets product income | 256 | 184 | 244 |

| Group Treasury (\$m) | 1H06 | 2H06 | 1H07 |
|------------------------------|------------|-----------|------------|
| Net interest income | 125 | 17 | 123 |
| Non-interest income | 25 | 23 | - |
| Total Treasury income | 150 | 40 | 123 |

Source: Westpac

BT – continues to be a growth driver

| Key performance indicators | % Change 1H06-1H07 |
|----------------------------|-----------------------|
| Wrap FUA | ▲ 34% |
| Corporate Super FUA | ▲ 14% |
| Total FUM | ▲ 6% |
| Margin lending | ▲ 40% |
| Net insurance revenue | ▲ 22% |
| Advice sales revenue | ▲ 20% |
| Broking revenue | ▲ 40% |



Source: Westpac

- Strong growth across the business
- Solid FUM and FUA flows
- Cross sell improving in Advice and Insurance
- Insurance returns improving off a low base

BT – improving share in a fast growing market

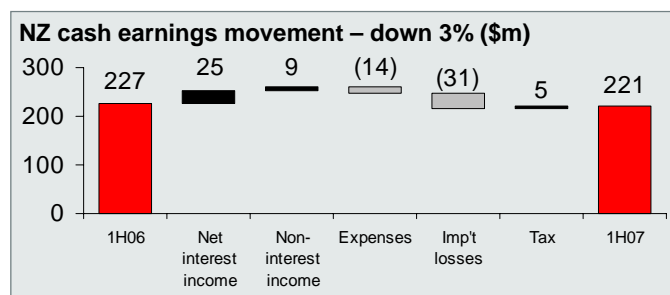
- Fund management flows solid with good pipeline of new business
- Wrap FUA driving platforms growth
- In insurance we have seen a pick-up in cross sell (insurance products sold as a percent of banking products sold) from 2H06-1H07
 - Home and contents sold by HFMs up from 38% to 45%
 - Credit card protection insurance rates up from 12% to 21%

| Product | Market share (%) | Latest quarterly share of new business (%) |
|-----------------|------------------|--|
| Retail | 11 | 14 |
| Wholesale | 3 | 23 |
| Platforms | 12 | 21 |
| Corporate Super | 7 | 10 |
| Margin Lending | 15 | 10 |
| Life Insurance | 6 | 6 |
| Broking | na | 10 |

Source: Retail – S&P Dec 2006; Wholesale – S&P Dec 2006; Platforms – S&P Dec 2006; Corporate Super – Dexx&r Dec 2006; Margin Lending – RBA Quarterly Statistics Dec 2006, ranking data for margin lending is based on an internally generated estimate; Life insurance – Plan for Life data Dec 2006.

NZ – revenue growth offset by higher impairment losses

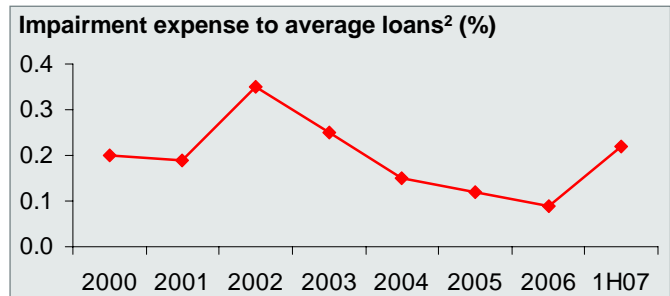
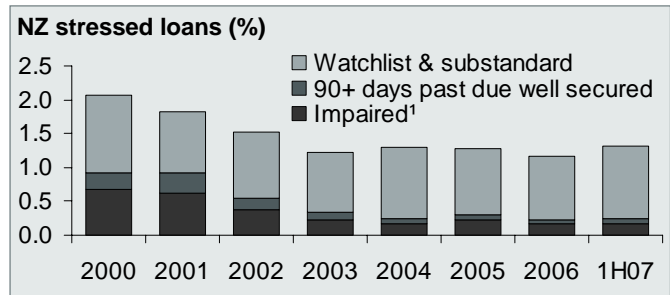
- Solid volume growth, lending up 17%, deposits up 11%
 - Delivering on Auckland focus
 - Aligning policies, product and pricing to market
- Margins declined by 24bps
 - 13bps in lending spread/mix
 - 9bps in deposit spread/mix
- Modest non-interest income growth given fee changes to enhance competitiveness



Source: Westpac

NZ impairment losses consistent with economic environment

- Impairment losses up rising off a low base responding to the economic environment
 - Sustained higher interest rates
 - Strong currency
- Composition of NZ\$31m increase in impairment losses
 - NZ\$14m increase from business regrades
 - NZ\$15m rise in consumer provisioning



Source: Westpac; 1. Impaired assets for FY05 & Mar06 include 90+ days credit cards, personal loans & overdrafts to reflect APRA's prudential approach to the adoption of A-IFRS by ADI's, which came into effect 1 July 06. 2. Prior to 2006 data was on an AGAAP basis

Indicative drivers for FY 2007

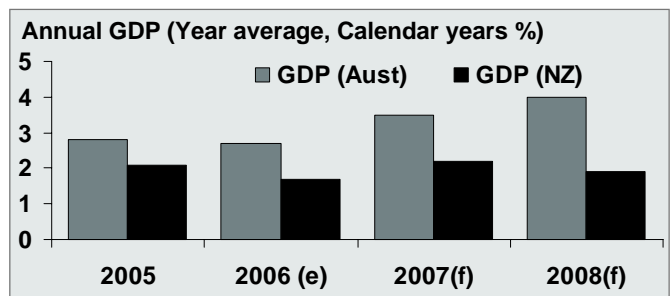
| | |
|--------------------------|--|
| Revenue | <ul style="list-style-type: none"> • Lending expected to grow broadly in line with banking system • Margin decline at top end of 5-10 basis points contraction • Solid non-interest income with continuing strong contributions from BT and WIB |
| Expenses | <ul style="list-style-type: none"> • Sustain higher investment spending while maintaining gap to revenue growth |
| Impairment losses | <ul style="list-style-type: none"> • Increase consistent with strong loan growth and changes in the operating environment – higher interest rates and a high exchange rate in NZ |

Outlook

David Morgan, Chief Executive Officer
3 May 2007

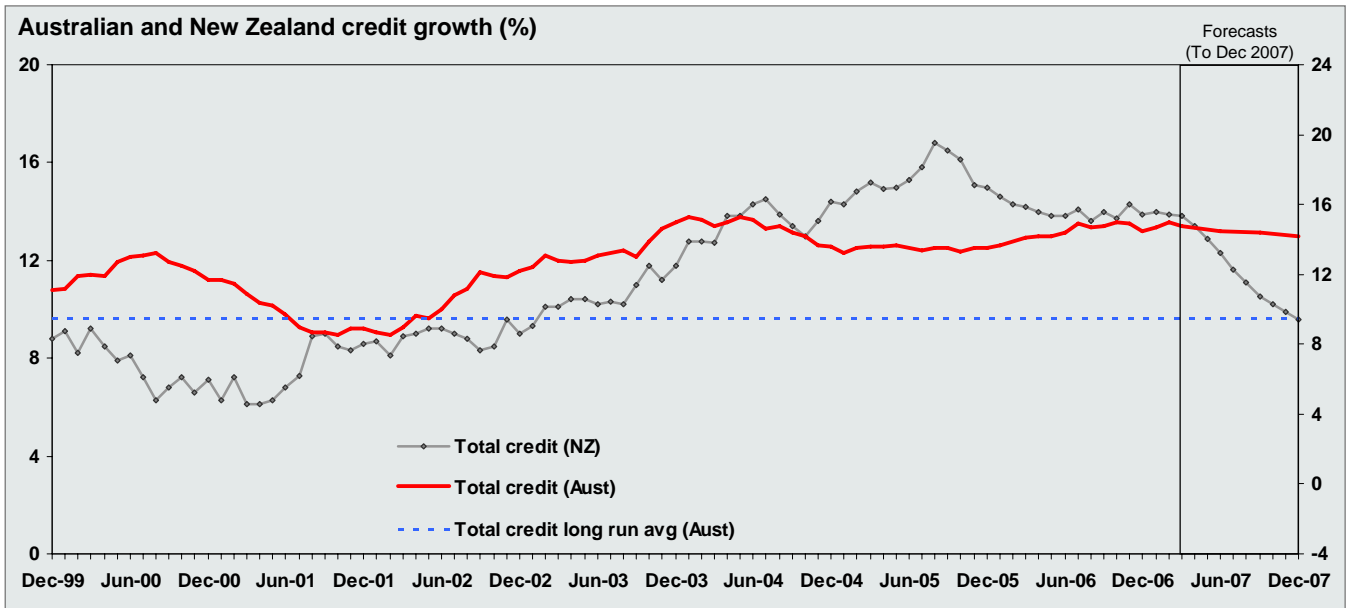
Economic environment remains sound

- In Australia:
 - Expansion continues in Australia, despite impact of drought
 - Inflation trending modestly higher, but under control
 - Unemployment at 31 year low
- By contrast, a period of slower growth in New Zealand
- Continuing solid global growth

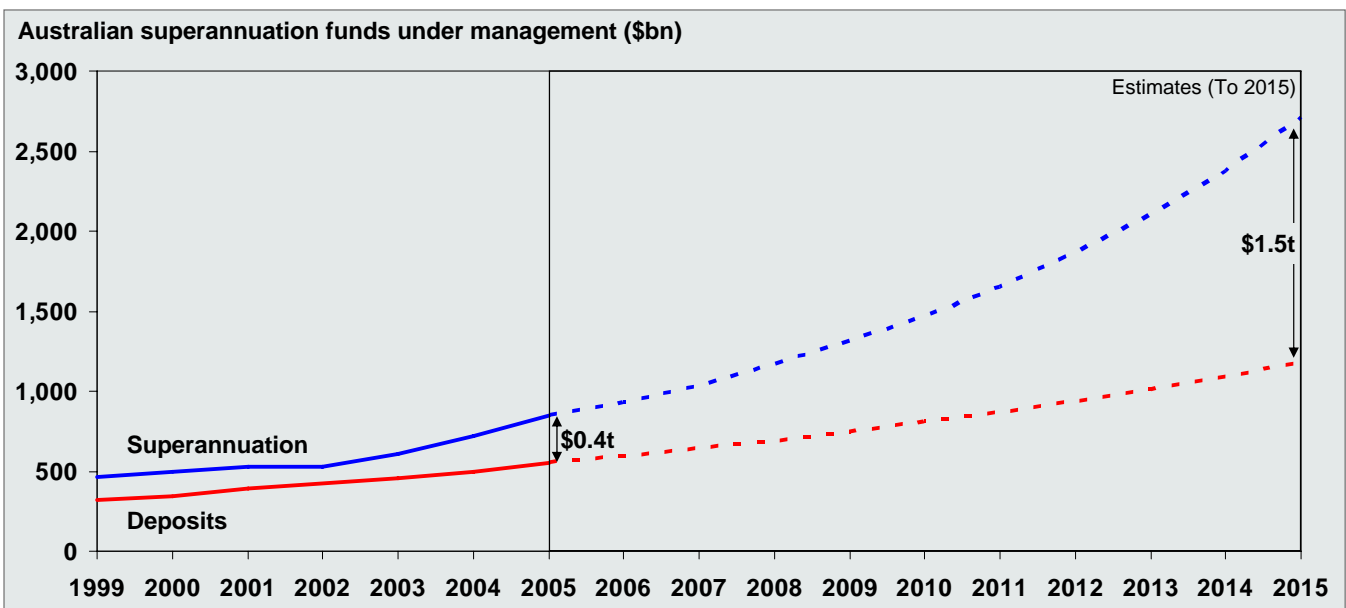


Source: RBA, RBNZ, Westpac Economics

Credit growth moderating but solid



Superannuation on a strong growth path



Sources: Dextx&R September 2006, RBA, BCB Savings and Investments, Westpac Economics

Key priorities

- Wealth management – actively growing our share
- Business Financial Services – capitalising on our investment
- New Zealand – executing on turnaround

Confident outlook

Confident we can continue to deliver strong results:

- Solid earnings growth
- Leading return on equity
- High quality and sustainable performance

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