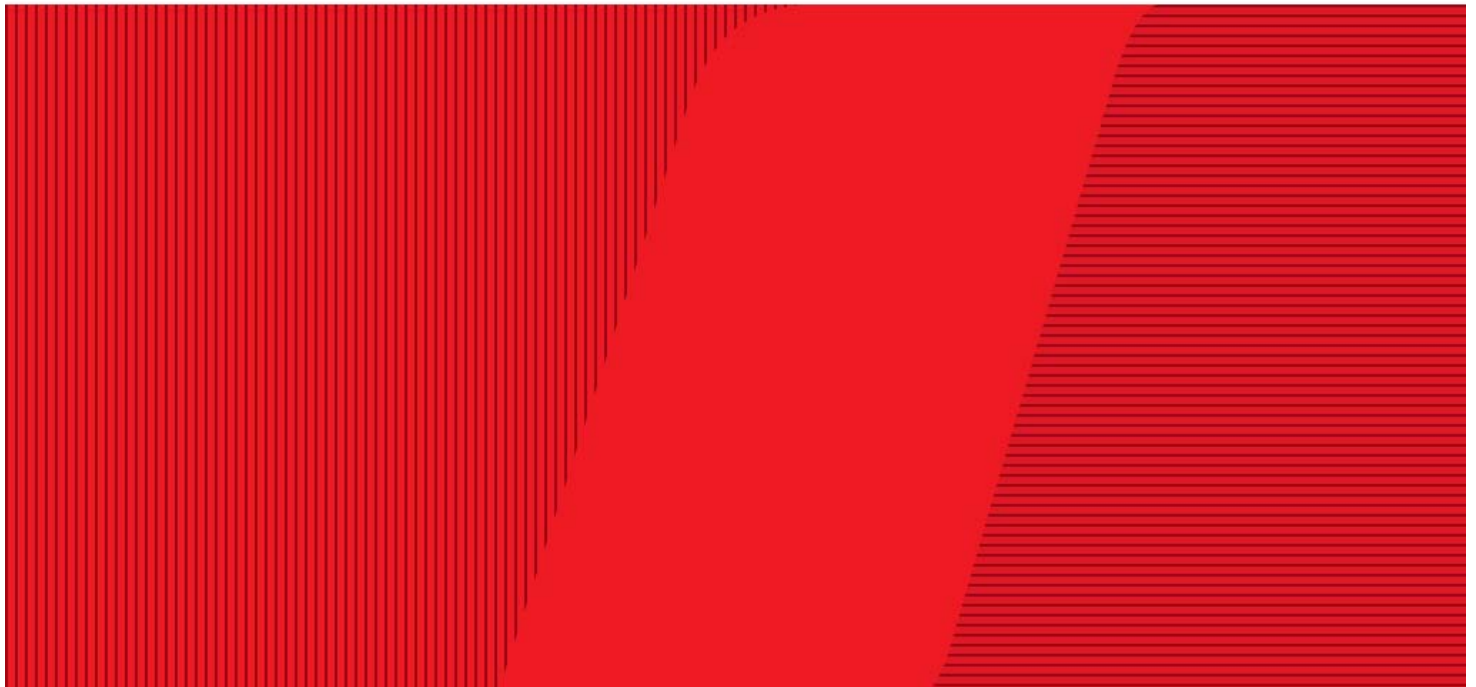


# Growing in our core markets

May 2007



## Westpac Banking Corporation – at a glance

- Australia's first bank – est. 1817
- Consistent earnings growth
- Strong franchise in core markets of Australia, New Zealand and the near Pacific
- Global sustainability leader
- Sound asset quality

	31 March 2007
Cash earnings	A\$1,678m US\$1,360m
Return on equity (cash basis)	24%
Tier 1 ratio	6.5%
Long-term credit ratings	AA/Aa1
Total assets	US\$265bn
Market cap <sup>1</sup>	US\$40bn
Customers	7 million

1. Market capitalisation as at 30 April 2007. Source: IRESS

# Balanced portfolio – significant growth opportunities

Major Business Units	Approx. Revenue Contribution by Portfolio		Indicative Medium Term Revenue Growth Potential
<b>BT Financial Group</b>	10%	Funds Mgt & Distribution	12% – 15%
	3%	Insurance	12% – 14%
<b>Business Financial Services</b>	17%	Business Banking	9% – 11%
	5%	Payments	8% – 10%
<b>Consumer Financial Services</b>	7%	Unsecured Lending	5% – 10%
	28%	Consumer Banking	5% – 8%
<b>Institutional Banking</b>	16%	Institutional Bank	6% – 9%
<b>NZ &amp; Pacific Banking</b>	14%	NZ & Pacific	5% – 7%

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## Delivering on our strategy

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

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# Points of differentiation

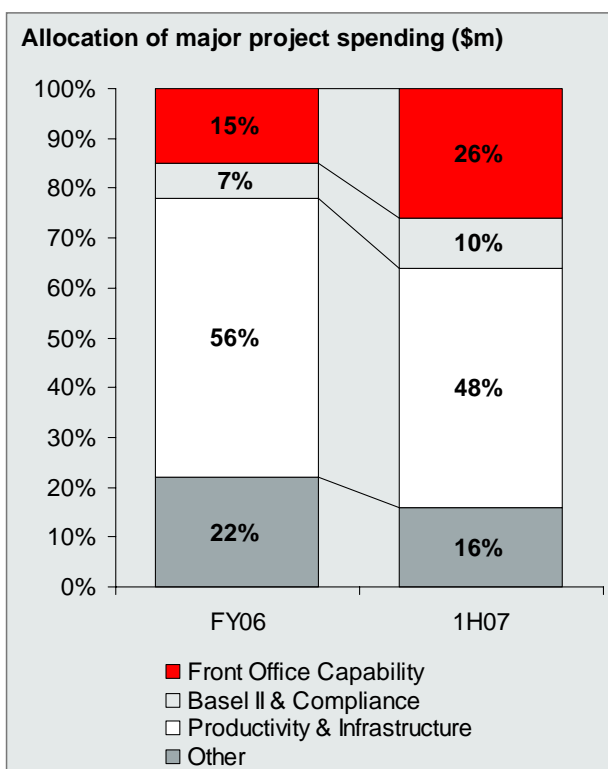
<b>Focus on core markets</b>	<ul style="list-style-type: none"> <li>Major Australian bank most focussed on Australian / New Zealand growth opportunities</li> </ul>
<b>Business banking momentum</b>	<ul style="list-style-type: none"> <li>Sector leading infrastructure, improved growth momentum</li> </ul>
<b>Leading institutional bank</b>	<ul style="list-style-type: none"> <li>Leader in debt capital markets, foreign exchange and transactional banking</li> </ul>
<b>Best positioned wealth franchise</b>	<ul style="list-style-type: none"> <li>Second tier in size</li> <li>First tier in capability – particularly platforms</li> </ul>
<b>Low risk profile</b>	<ul style="list-style-type: none"> <li>Balanced approach to risk</li> <li>Well provisioned for current environment</li> </ul>
<b>Leader in sustainability</b>	<ul style="list-style-type: none"> <li>Global banking leader Dow Jones Sustainability Index – 5 years in a row</li> </ul>

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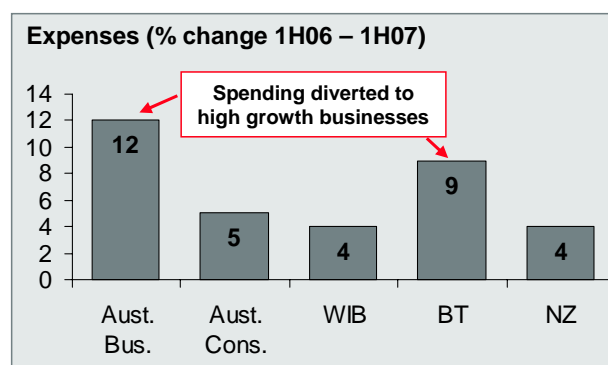
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## Already investing more in the front line



- Investment now skewed to smaller projects focused on revenue and productivity
- More resources devoted to growth businesses – BT and Business Banking

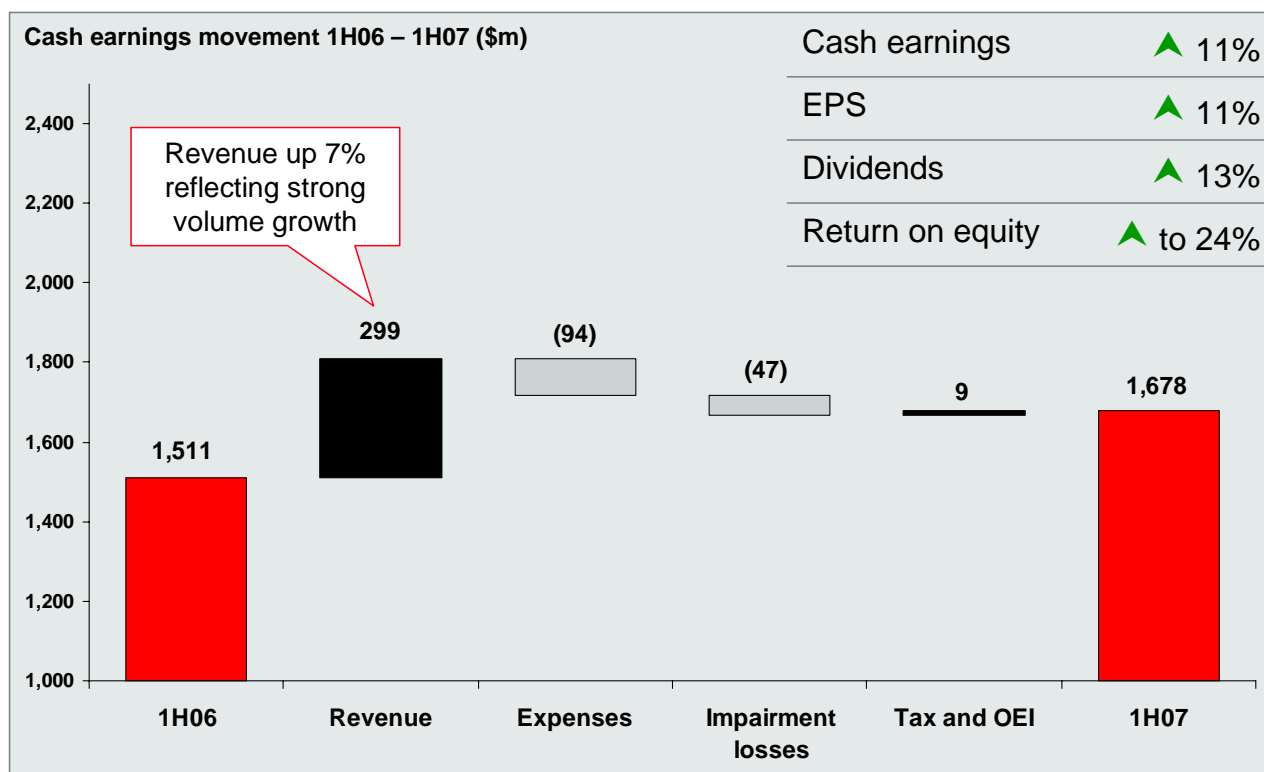


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# 1H07 - A revenue driven performance



Source: Westpac

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# Balanced performance across the business

1H06-1H07	Cash earnings growth
<b>Australian Consumer</b>	
• Profitable growth broadly in line with system	▲ 12%
<b>Australian Business</b>	
• Prior investments paying off	▲ 12%
<b>Westpac Institutional Bank (WIB)</b>	
• Lift in customer activity driving returns	▲ 12%
<b>BT Financial Group</b>	
• Growing market share in a fast growing market	▲ 22%
<b>New Zealand</b>	
• Early steps in turnaround challenge	▼ 3% <sup>1</sup>

1. In NZ\$ terms

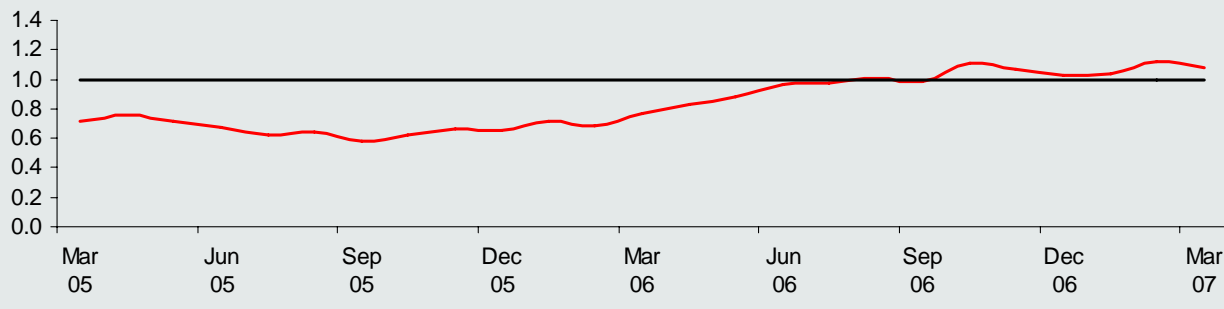
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# Growing balance sheet around system in Australia

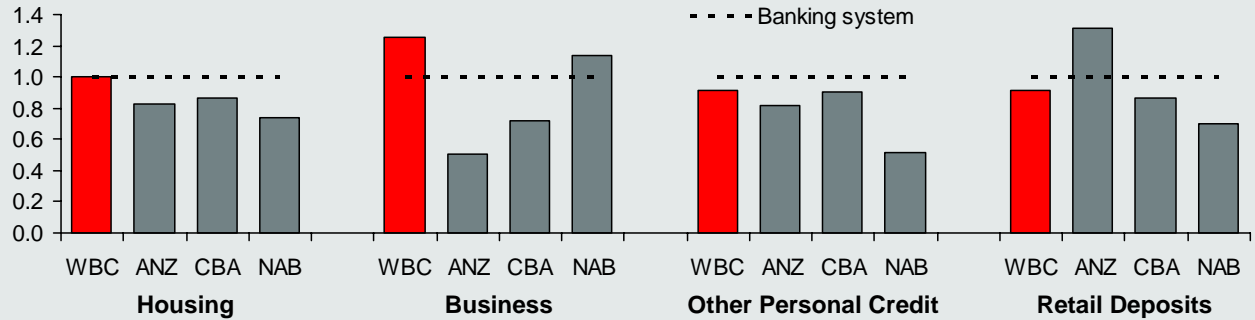
Westpac total Australian credit growth\* as a multiple of banking system growth



\* Annual (12-monthly) change

Source: APRA

Credit / deposit growth relative to banking system\*



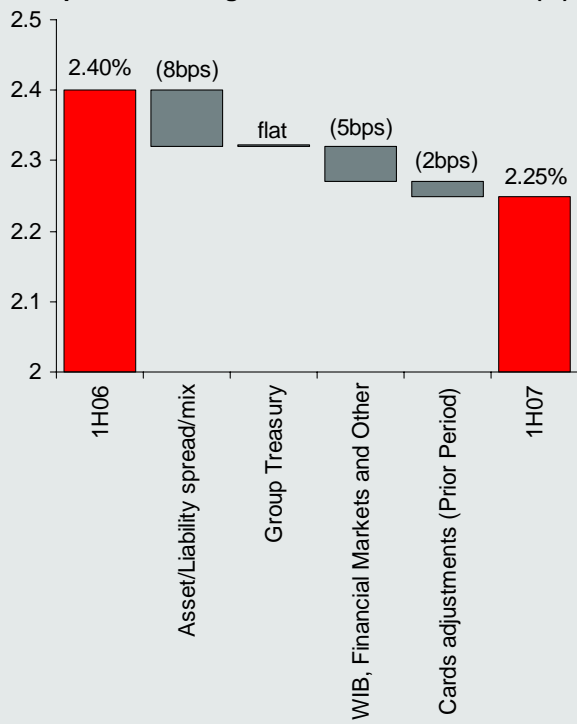
\* 12 months to March 2007

Source: APRA

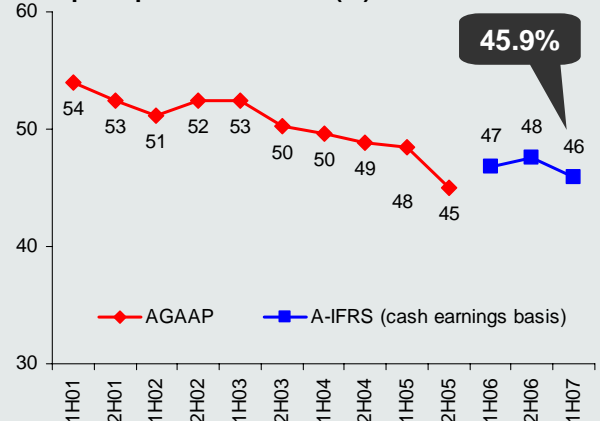


# Margin in line with expectations – efficiency improving

Group interest margin movement 1H06 -1H07 (%)



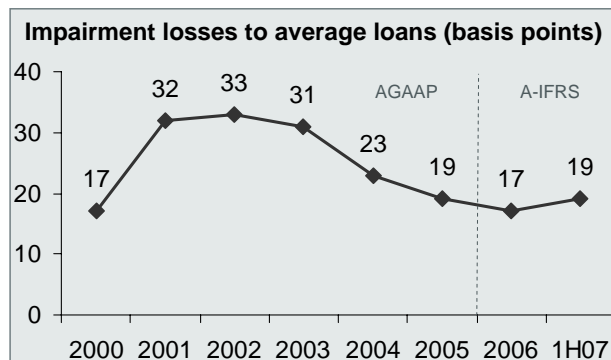
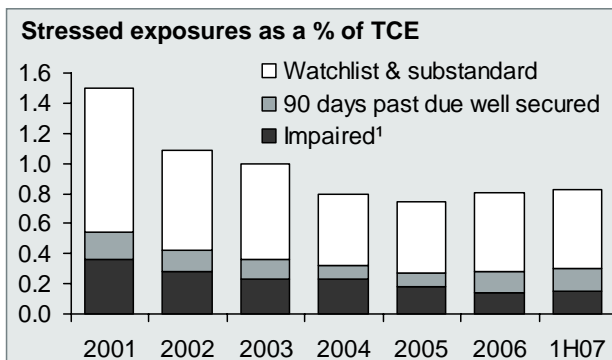
Group - expense to income (%)



Source: Westpac



# Sound asset quality, impairment losses trending higher

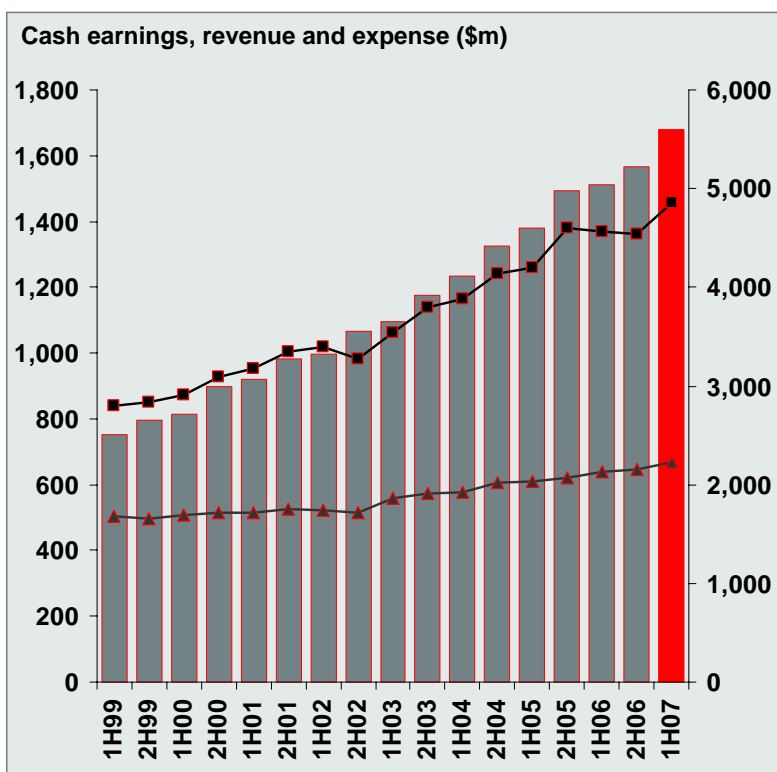


- Impaired assets up 3% over the year, to 0.22% of loans
- Stressed exposures as a % of total exposures at 0.83%
- Provisioning cover maintained
- Impairment losses up 25%, rising off a low base, due to:
  - New collectively assessed provisions up \$62m
  - Lower writebacks and recoveries \$21m

Source: Westpac



# Consistent long-run performance



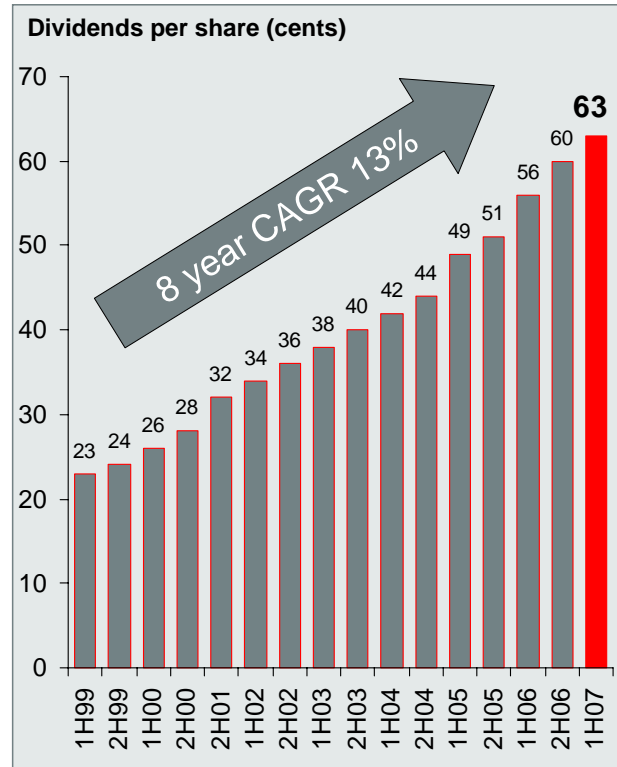
\* AGAAP 1999 to 2005; A-IFRS 2006 and 2007. Source: Westpac

	8 year CAGR
Revenue (RHS)	7%
Expenses (RHS)	4%
Cash Earnings (LHS)*	11%
Economic profit	15%
ROE (Avg cash basis)	20%



# Strong outcomes for shareholders - dividend up 13%

- Strong dividend increase in 1H07 supported by:
  - 24% ROE, up 60 bps
  - Strong capital position
- Higher pay-out ratio ~70% maintained

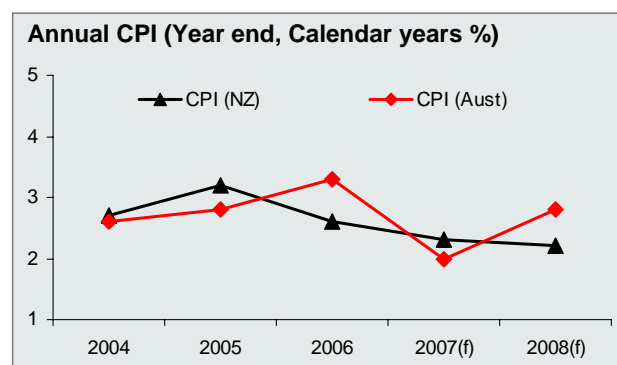
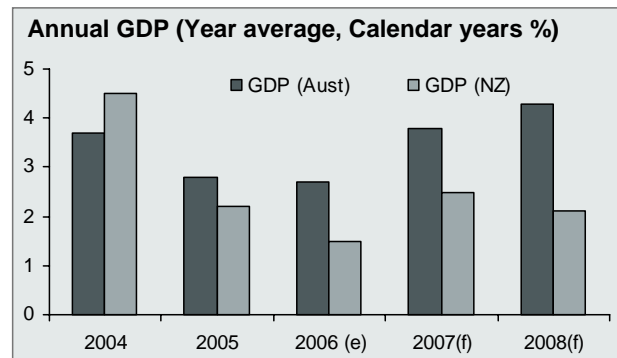


# Economic environment sound

- Australia's expansion continues, although drought temporary negative
- By contrast, a period of slower growth in New Zealand
- International economy and commodity boom providing a significant stimulus

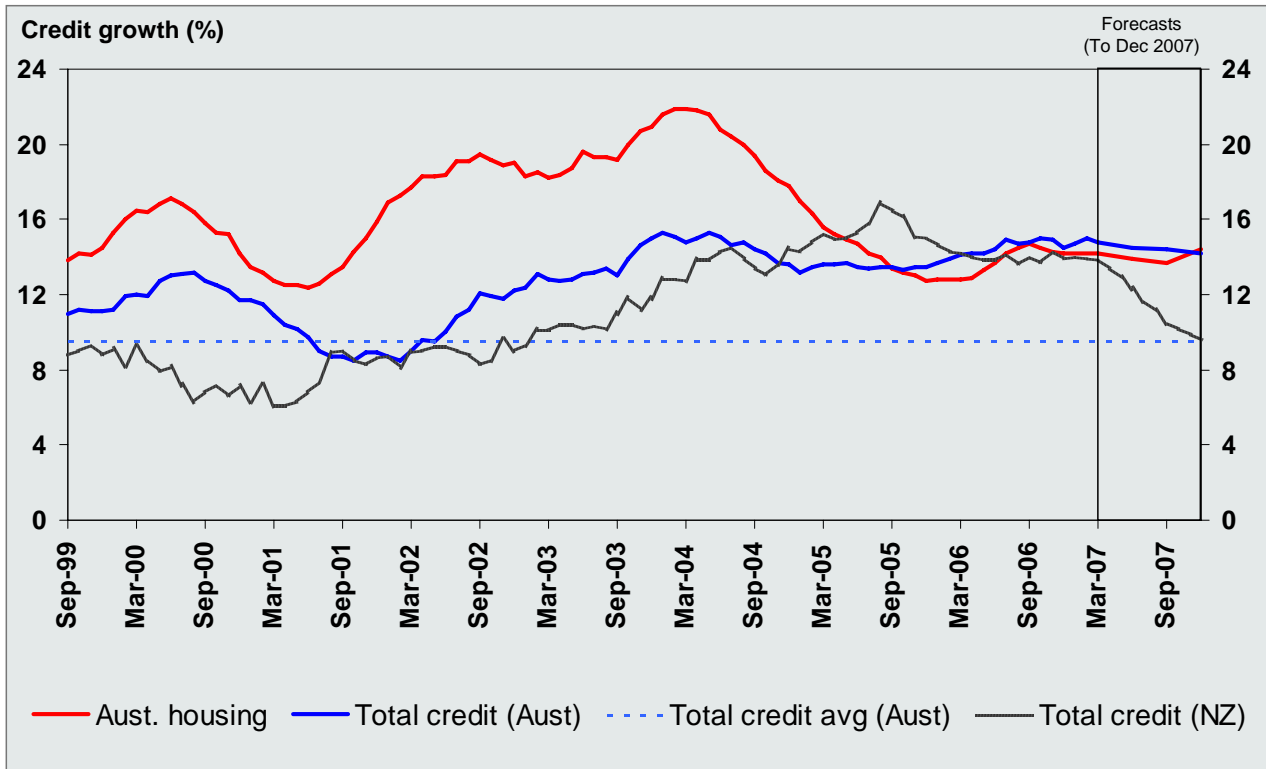
## In Australia

- Inflation relatively high, strong growth and wages drift remain concerns
- Unemployment at 31 year low



Source: Westpac Economics

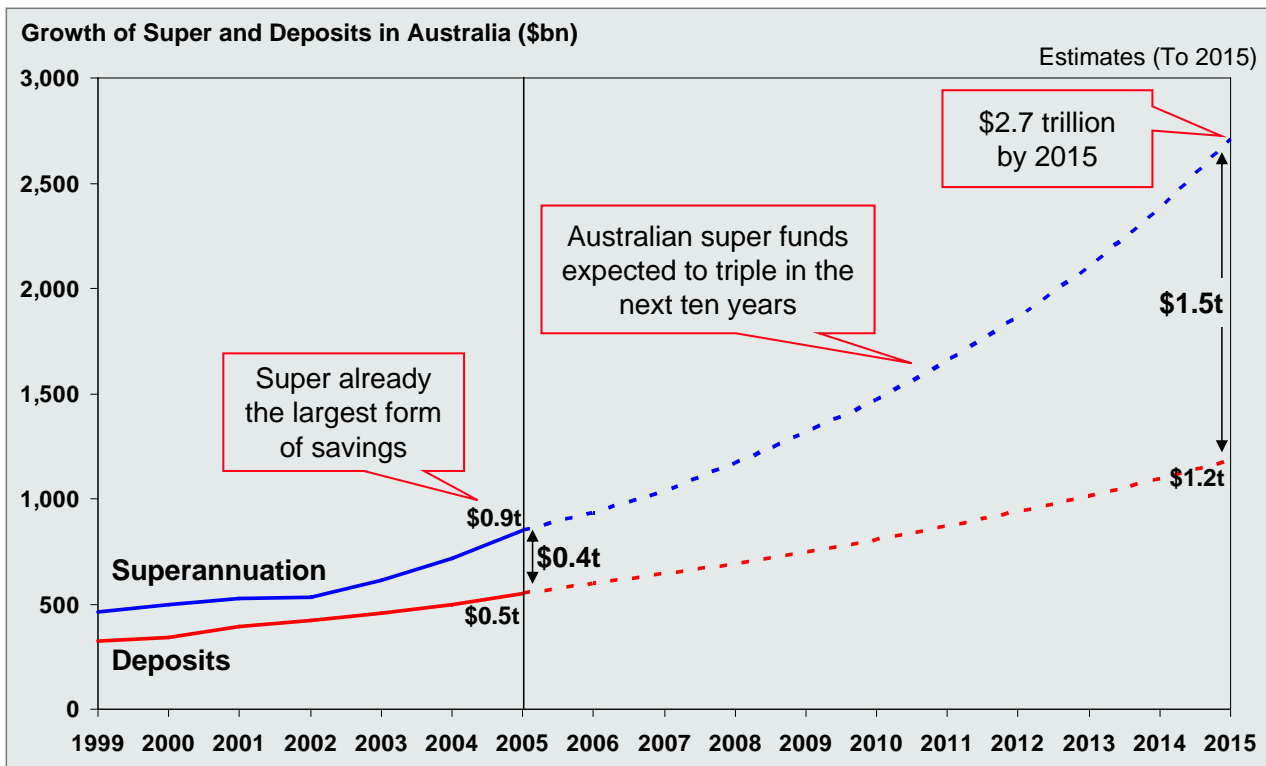
# Credit growth solid but moderating



Source: RBA, RBNZ, Westpac



# Strong super growth set to continue



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





# Summary & Outlook

- Westpac has a strong Australasian regional franchise
- Well defined growth options focused on organic opportunities in core markets
- Strong 1H07 performance and consistent long run returns
- Banking and wealth management environment remains very healthy
- Confident we can continue to deliver strong results for shareholders

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