Westpac 2008
Interim Result

Investor Discussion Pack
May 2008

Westpac

Index

2008 Interim Results Overview

May 2008

Overview — Westpac Banking Corporation – at a glance

- Australia's first bank and company, est. 1817
- Top 10 Australian company and 3rd largest bank by market capitalisation[1]
- Consistent low risk strategy focused on organic growth in core markets of Australia, New Zealand and the near Pacific
- Strong franchise:
  - 7.1 million customers
  - More than 1,000 branches
  - 29,000 employees
- Regulated by the Australian Prudential Regulatory Authority (APRA)
- Publicly listed on the Australian Securities Exchange, New Zealand Stock Exchange and New York Stock Exchange

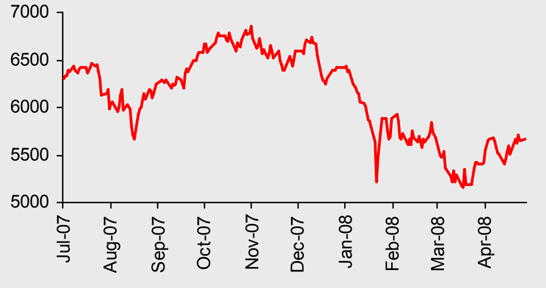
	as at 31 March 2008
Cash earnings	$1,839 million
Total assets	$402 billion
Market cap[1]	$46 billion
Return on equity (cash basis)	22.7%
Tier 1 ratio (Basel II)	7.4%
Standard and Poor's	AA / Stable / A-1+
Moody's Investor Services	Aa1 / Stable / P-1
Fitch Ratings	AA- / Stable / F1+

1. As at 30 April 2008

Overview A changed environment

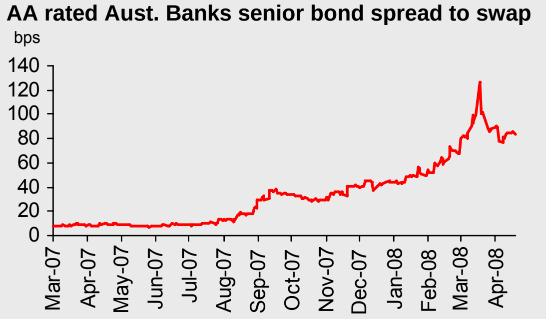
- Higher market volatility
- Higher cost of wholesale funds
- Decline in equity markets
- Moderation in investor risk appetite, with caution towards complex and non-standard structured products
- Current credit cycle accelerated by changed environment

All Ordinaries Index



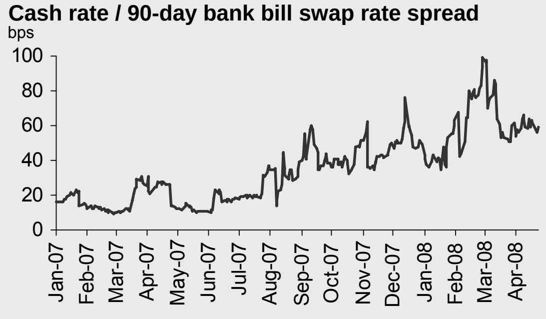
Source: IRESS

AA rated Aust. Banks senior bond spread to swap



Source: Westpac Research

Cash rate / 90-day bank bill swap rate spread



Source: Bloomberg

Overview Westpac is well placed to manage current conditions

Westpac is well placed

- Strongly positioned leading into changed environment
- Proactive and coordinated response
- Robust risk management with a depth of management experience
- Actively supporting customers

With a strong balance sheet

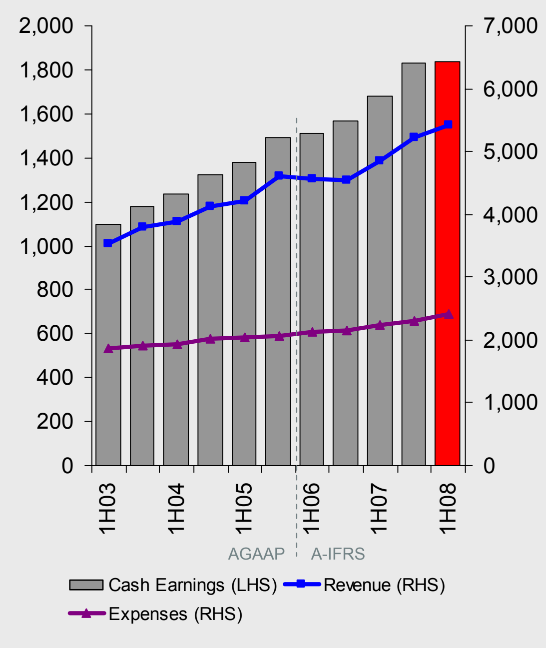
- Strong funding position
- Sound credit quality
- No excessive stress evident in portfolio
- Uplift in collectively assessed provisions
- Additional economic overlay provision in FY07 ($28m) and 1H08 ($31m)
- Coverage ratios maintained
- Strong capital position under Basel II

Credit risk has been a key focus

- Appropriately provisioned for known risks
- Established an Executive management committee, meeting twice weekly, including CFO, Chief Risk Officer, Group Executive WIB and Group Treasurer in response to the capital market disruption
- Extensive review of certain sectors including property, infrastructure, securitisation, margin lending and highly leveraged companies
- Supporting existing customers a priority

Overview A robust result in current conditions

Cash earnings, revenue and expense ($m)

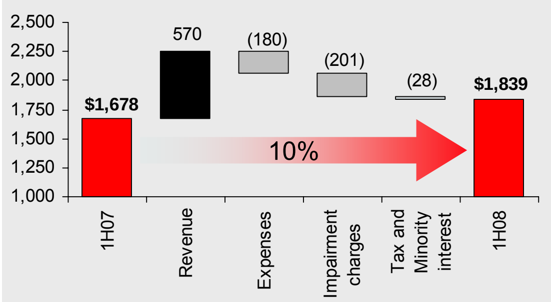


	1H07	1H08	Change
Cash earnings	**$1,678m**	**$1,839m**	**+ 10%**
NPAT (reported)	$1,641m	$2,202m	+ 34%
Cash ROE	23.6%	22.7%	- 90bps
Cash EPS	90.9c	98.2c	+ 8%
Fully franked interim dividend	63c	70c	+ 11%
Expense to income ratio (cash basis)	45.9%	44.4%	- 150bps
Net interest margin	2.25%	2.05%	- 20bps
Impairment charges to average loans	19bps	30bps	+ 11bps

Overview A robust result driven by revenue

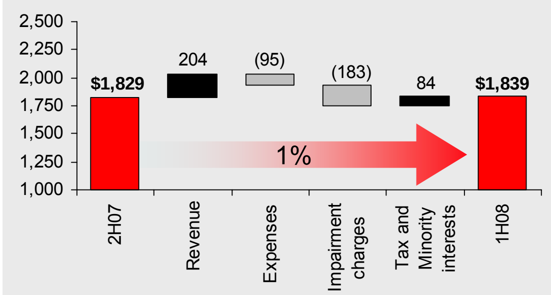
- Reported NPAT up 34%, including significant asset sales
- Cash earnings up 10%
- Strong revenue growth, up 12%
- Higher impairment charges
- Operating environment impacted the composition of the result

Cash earnings movement 1H07 – 1H08 ($m)

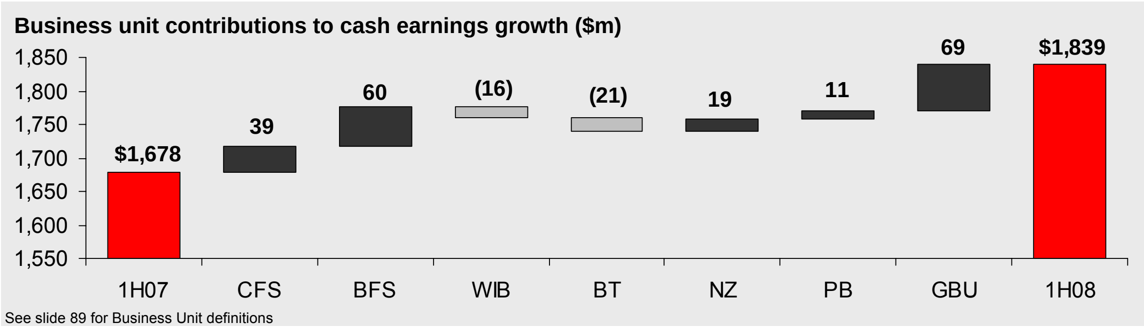


- Earnings over prior period relatively flat
- Sound revenue growth, up 4%
- Three significant headwinds in the half:
  - Higher cost of funds $115m
  - Lower BTFG revenue $34m
  - Higher impairments $183m

Cash earnings movement 2H07 – 1H08 ($m)



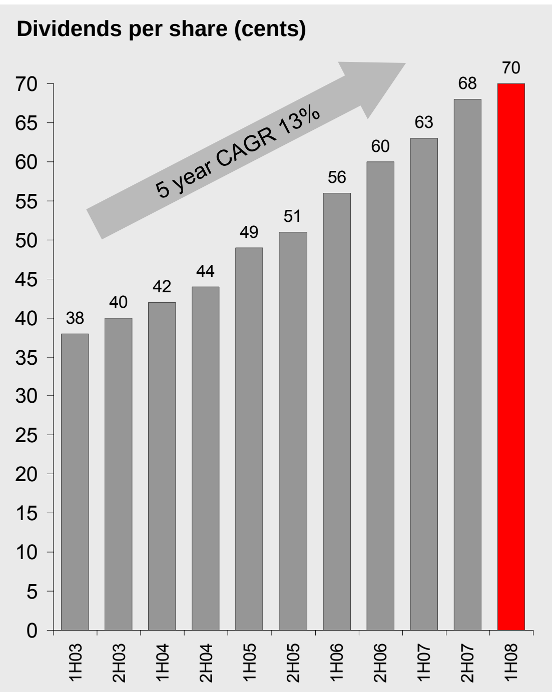
Overview **Portfolio of businesses delivering**



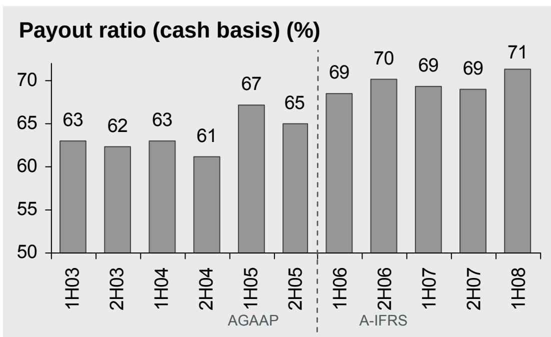
See slide 89 for Business Unit definitions

$m	CFS	BFS	WIB	BT	NZ	PB	GBU	Group
Operating income	1,669	1,287	863	600	667	107	237	**5,430**
Expenses	(922)	(452)	(343)	(334)	(302)	(33)	(23)	**(2,409)**
Impairment charges	(114)	(68)	(157)	(2)	(53)	(7)	(32)	**(433)**
Tax and OEI	(192)	(229)	(103)	(70)	(102)	(22)	(31)	**(749)**
Cash earnings	**441**	**538**	**260**	**194**	**210**	**45**	**151**	**1,839**
Contribution to cash earnings	24%	29%	14%	11%	11%	2%	8%	

Overview **Maintaining consistent dividend path**



- Dividends up 11%
- Pay-out ratio of 71%, in line with recent outcomes
- Solid capital position under Basel II
- DRP to be satisfied by new share issuance



Overview — Strategic priority areas

Customer	• Drive a strong customer culture • Develop and implement compelling customer segment strategies integrating banking and wealth • Significantly improve customer experience
People	• Strengthen capabilities and depth of talent particularly in distribution businesses • Strengthen collaboration and teamwork • Encourage boldness, promote achievement
Distribution	• Establish and drive locally empowered businesses • Continue to invest in Business Banking and Wealth
Operations & Investment	• Focus on being easier to deal with • Transform service delivery, redesigning processes end-to-end • Invest to increase the reliability and consistency of services • Focus on driving productivity, eliminating duplication to provide headroom for additional investment
Sustainability	• Embed in all elements of the business • Continue to develop risk management as a competitive advantage

Overview — Environment, social and governance management

An overarching management approach: taking a broad perspective of risk and opportunity; understanding the true value drivers in the business; and measuring, managing and reporting on this material performance.

Environment, Social and Governance (ESG) strategic priorities are integral to Westpac's strategy.

Environment	Social	Governance
▪ Energy and water efficiency ▪ Sustainable supply chain ▪ Climate change governance of both direct and financed emissions ▪ Facilitate Australia's transition to a low carbon economy	▪ Stand out customer relationship management ▪ Leading human capital management ▪ Responsible banking and investment across all segments ▪ Equity of access and social inclusion	▪ Best of breed corporate governance ▪ Excellence in risk management including ESG and carbon risk ▪ Business principles and values based leadership ▪ Accountability and reporting

Brand differentiation | Customer advocacy | Commercialisation | Reputation | Risk reduction | Employee attraction and retention

Dow Jones Sustainability Indexes
Member 2006/07

Equal highest bank overall sustainability rating of 86%; Leading bank globally 5 out of last 6 years

CORPORATE RESPONSIBILITY INDEX

Ranked 1st with 98.8%

GMI

One of 40 companies out of the global universe of approximately 4,000 companies to be top-rated (10.0)

Outlook 2H08 considerations

- Tougher operating conditions to continue in 2H08:
  - Funding costs to trend higher as term funding matures and is replaced
  - Pipeline of new business beginning to slow
  - Impairment charges likely to remain higher
  - Not expecting another major equity market correction
- Our response:
  - Continued risk diligence, keeping ahead of the curve
  - Further strengthen deposit gathering
  - Harder look at productivity initiatives

Capital, Funding and Liquidity

May 2008

Capital

Basel II sets a new capital benchmark – changes to capital measures

Changes in key capital measures ($m)	Tier 1 capital	Tier 2 capital	Total capital deductions	Total regulatory capital
Basel 1 as at 30 Sep 07	**14,933**	**7,802**	**(989)**	**21,746**
Loss of A-IFRS transition relief[1]	(664)	(362)	-	(1,026)
Removal of accounting provisions from regulatory capital[2]	-	(966)	-	(966)
Tangible investments in non-consolidated subsidiaries	(400)	(548)	948	-
Difference between Basel II Expected Loss and accounting provisions[3,4]	(296)	(296)	-	(592)
Securitisation[3]	(54)	(54)	41	(67)
Basel II as at 30 September 2007 (pro-forma)	**13,519**	**5,576**	**-**	**19,095**
Basel II as at 31 March 2008	**13,792**	**5,098**	**-**	**18,890**

Notes

1. Relates to deductions for capitalised software, defined benefit pension funds and other items in Tier 1 capital
2. Provisions are no longer included in upper Tier 2 capital
3. Deductions that were previously from Total Regulatory Capital are now equally deducted from Tier 1 and Tier 2 capital
4. Represents the difference between APRA downturn expected loss and A-IFRS provisioning on a pre-tax basis

Capital

Basel II sets a new capital benchmark – changes to risk weighted assets (RWA)

- There are 3 primary differences in the drivers of RWA under Basel II compared to Basel I:
  - RWA are highly sensitive to risk grade changes
  - Off balance sheet items carry a higher risk weighting
  - Non-credit risk related RWA have increased from 1% under Basel I to 12% under Basel II

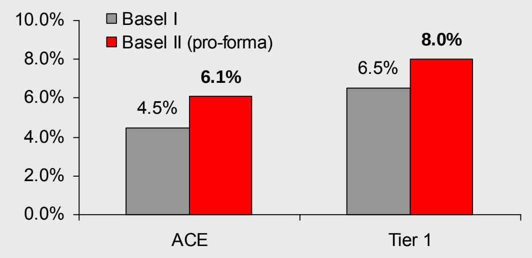
Changes in risk weighted assets ($m)	Loans	Basel II RWA on balance sheet	Basel II RWA off balance sheet	Total RWA	
Mortgages	159,992	26,961	1,434	28,395	
Other consumer	17,219	9,900	2,016	11,916	
Business	119,125	85,657	38,590	124,247	
Provision for impairment	(1,660)				
Total credit risk	**294,676**	**122,518**	**42,040**	**164,558**	**88%**
		74%	*26%*	*100%*	
Equity risk			237	237	
Market risk			5,108	5,108	
Operational risk			13,499	13,499	
Other assets			3,561	3,561	
Total non-credit risk			**22,405**	**22,405**	**12%**
Total	**294,676**	**122,518**	**64,445**	**186,963**	**100%**

Capital

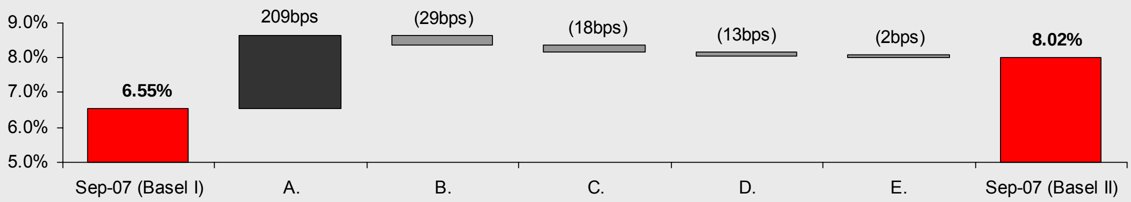
Basel II sets a new capital benchmark – changes to capital ratios

- Transition to Basel II leads to a significant rise in capital ratios
- Sources of that change:
  - 26% reduction in risk weighted assets, adding 209bps to Tier 1
  - Changes in capital deductions reducing Tier 1 by 9%, or 62bps

Changes in capital ratios as at 30 Sep 2007



Tier 1 Capital – transition from Basel I to Basel II as at 30 Sep 2007 (%)



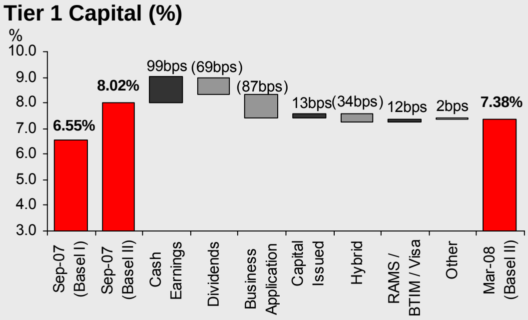
A. Basel transitions RWA
B. A-IFRS transition relief
C. Tangible investments in non-consolidated subs
D. Basel II Expected Loss less accounting provisions
E. Securitisation

Capital

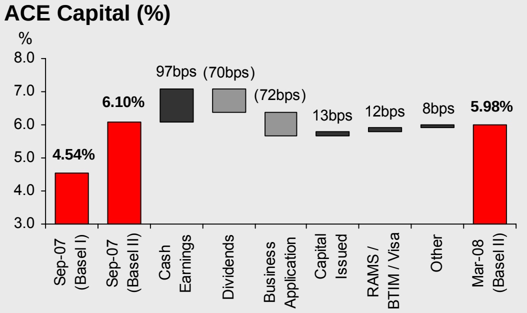
Strong Tier 1 capital and additional hybrid capacity

- Strong earnings growth and net divestments / acquisitions adding over 100bps to Tier 1 ratio over the half
- Offset by:
  - Dividends, 69bps
  - Redemption of FIRsTS (hybrid) in December 2007
  - Business application, of 87bps
- Strong ACE ratio at 5.98%
- Total Regulatory Capital ratio >10%
- $1bn contingent capital not included in capital ratios – convertible notes[1] can be exchanged into ordinary shares
- Significant hybrid capacity remains

Tier 1 Capital (%)



ACE Capital (%)



1. Convertible notes considered dilutive when calculating diluted earnings per share

Capital — Implications for capital management

Basel II demonstrates Westpac is well positioned:

- No immediate need for additional capital:
  - Strong capital levels and shape of portfolio
  - Utilised hybrid capacity 18% vs cap of 25%
  - Asset growth is expected to ease through the remainder of 2008
  - Basel II reduces the capital intensity of new growth:

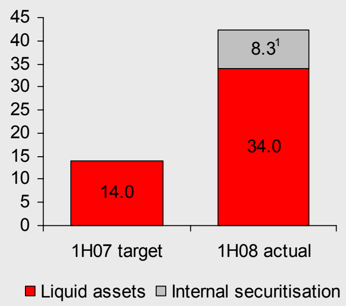
    For example, for every $1 lent for a consumer mortgage the additional capital required is 1.4 cents (Basel II) vs 4 cents (Basel I)

- Target capital ratios under review:
  - APRA expected to set Prudential Capital Ratio later this year
  - Ratings agencies' responses evolving
  - Further changes to RWA measurement in near future i.e. IRRBB
- Given market volatility and the current environment, we believe it is appropriate to maintain higher capital ratios

Liquidity — Sector leading liquidity position

- Holding significantly more liquid assets than normal
  - Liquid asset balance as at 31 March 2008 $34bn
  - Around double historical levels
  - Liquid position covers more than 6 months of offshore short term maturities
  - All liquid assets repo-eligible with a central bank
- 'Internal' securitisation completed February 2008
  - $10.6 billion of Westpac-originated prime residential mortgages now held on balance sheet in securitised format – provides additional source of liquidity
  - Eligible for repo with the RBA
  - No capital or earnings impact
  - First Australian bank to complete this type of transaction
- Benefits of a strong liquidity position
  - Provides flexibility in the execution of term funding
  - A buffer against unforeseen funding requirements
  - Enables the Bank to support customers' needs

Westpac liquid assets ($bn)



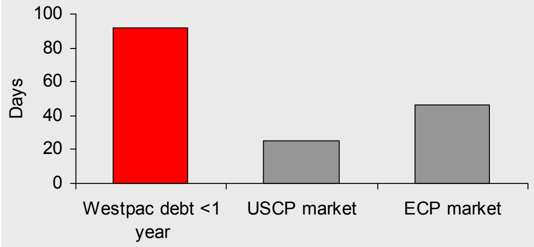
1. $8.3bn represents repo cash value of the internal securitisation

Wholesale Funding

Responsible approach to short term funding

- Lengthened short term funding profile:
  - Average duration increased from 71 days (Sep 07) to 92 days (Mar 08)
- Short term funding managed within a Board approved limit structure:
  - Limit structure restricts the amount of funding that can be required in any 7 day, 14 day, 1, 3 and 6 month period
  - Ensures appropriate duration of the Bank's funding profile
  - No material change in limits since 2004, despite significantly higher wholesale funding requirements
  - Current funding profile well within all limits

Westpac short term funding versus average maturities in key money markets (days)



Westpac's Board Approved Limit Structure

7 day limit	14 day limit	1 mth limit	3 mth limit	6 mth limit

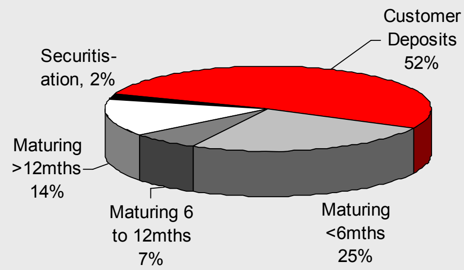
- Takes into account wholesale debt maturities, net balance sheet growth, including potential for customer draw down of unused limits and possible additional funding requirements
- Based on cashflows, not % of total funding

Wholesale Funding

Term profile – Westpac well ahead on FY08 funding plan

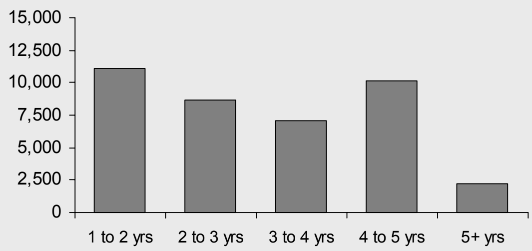
- Well ahead on FY08 funding plan of ~$25bn to $30bn
- $25bn term funding completed to date
  - Continually issuing through period
  - Average duration of new term issuance 2.8 years
  - 46% of all new term debt issued with a maturity 3 years or greater
- FY09 term funding requirement expected to be lower, ~A$20bn to $25bn:
  - Reflects slower asset growth expectations
  - Includes all term debt re-financing

Funding composition[1] (%)



1. Represents % of the funded balance sheet.

Wholesale term funding maturity profile as at 31 March 2008 ($m)

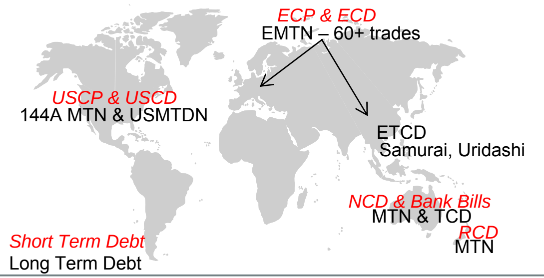


Wholesale Funding

A balanced and diversified funding profile

- Term funding raised in difficult market conditions shows breadth and depth of Westpac's wholesale funding franchise:
  - More than 90 trades executed in 1H08
  - 62% of issuance via private markets as investors select quality credits
  - Accessed new markets, including Samurai, Swiss and Maple
  - Issued in every major currency, fixed and floating rate instruments
- Capacity maintained in domestic markets
  - Onshore issuance 43% / Offshore issuance 57%
- Profile with global investors maintained through regular direct contact and proactive debt investor relations

Markets accessed in 1H08



Westpac key public term debt transactions 1H08		
144A Floating Rate Note	2 year	USD 1bn
EMTN Fixed Rate Note	3 year	GBP 325m
144A Floating Rate Note	13 mth	USD 3bn
Domestic Floating & Fixed Rate Notes	3 year	AUD 1.2bn
Samurai Floating & Fixed Rate Notes	5 year	JPY 77bn
Swiss Floating Rate Note	3 year	CHF 250m
EMTN Fixed Rate Note	3 year	EUR 1bn

Wholesale Funding

Higher funding costs impacting the business

Higher cost of funds - 2 main components:

Increase in the cash rate/90-day spread

- Primarily affects the net balance of our mortgage book, i.e. variable rate mortgage portfolio less cash rate sensitive deposits
- Cash/90 day spread has increased by approx. 35bps over 1H08

Increase in term funding costs

- Affects new term borrowing, i.e. term debt maturing plus new business. FY08 net new term issuance expected to be ~$25bn to $30bn
- Blended costs across the term maturity curve for new borrowings have increased by approx. 35bps in 1H08
- Current term funding costs over 80bps higher

- Impact of higher funding costs in 1H08 around $115m
- Higher funding costs have been progressively passed on to the business units to ensure economic pricing decisions
- Speed of pricing change and the degree of cost recovery varies across businesses, products and customers
- Will continue to see average funding costs increase as low cost term debt matures and is replaced with higher cost term funding

Features of the Result

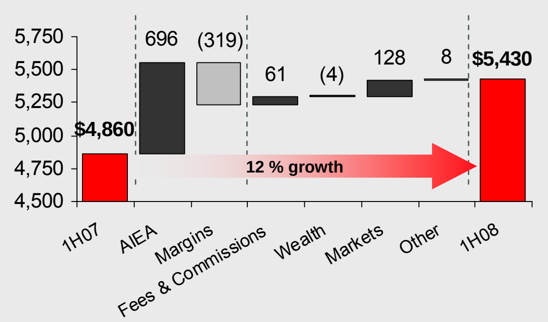
May 2008

Westpac

Revenue

Revenue growth mix reflects market conditions; no material one-offs

Revenue – cash earnings basis ($m)



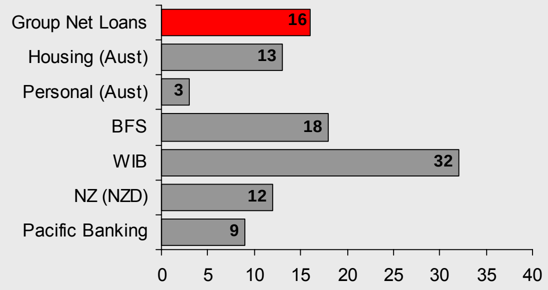
- Strong revenue growth - different mix
- Net interest income up 12%
- Average interest earning assets up 23% and margin decline (-20bps) impacted by additional liquidity
- Modest fee growth:
  - Solid banking and Specialised Capital Group fees
  - Lower transaction fees
- Wealth impacted by decline in investment markets
- Solid markets income

One-off impacts on revenue[1] (cash basis) ($m)	1H07	2H07	1H08
Fair value of securities portfolios	4	-	(5)
MasterCard profit	21	-	-
Asset sales	1	-	13
R&D rebates – prior period	-	25	-
Sub–custody earn out	5	14	-
NZ$ Impact[2]	-	5	11
Total net impact	**31**	**44**	**19**

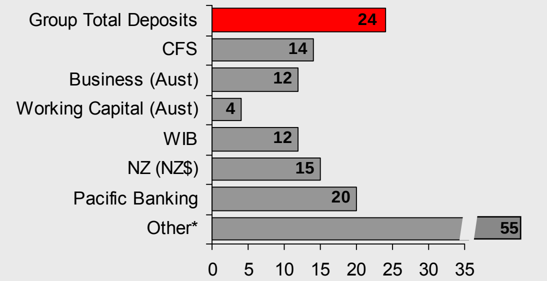
1. Calculated on a cash earnings basis, therefore excludes items including BTIM sale and Visa IPO 2. NZ$ impact represents the impact of movements in the NZD/AUD exchange rate by restating all NZD income at the 1H07 average exchange rate, including the impact of any gains/losses on NZD hedges.

Balance sheet Strong balance sheet growth

Loan growth 1H07 – 1H08 (%)



Deposit growth 1H07 – 1H08 (%)



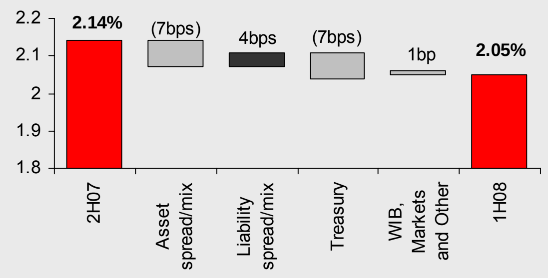
* Other deposits primarily comprises wholesale funding in Treasury, including Certificates of Deposit.

- Mortgage growth 13%, 1.2x system (Aust.)
- Credit card growth modest, particularly in non-Westpac branded cards
- BFS lending boosted by investment in customer serving employees in 2007
- Corporate lending in WIB reflects business investment and increased customer demand for bank credit in response to global capital markets dislocation

- Total deposits increased 12%, excluding wholesale deposits
- Deposit growth assisted by flight to quality and investors preferring to invest in cash in more volatile market conditions
- Particularly strong growth in term deposits

Net interest margin Group net interest margin and product spreads

Group interest margin movement 2H07 – 1H08 (%)



- Net decline in asset and liability spread/mix of 3bps:
  - Higher cost of funds and more fixed rate lending (7bps)
  - Increase in deposit spreads 4bps
- Treasury down 7bps – impact of higher liquidity, 10bps, offset by higher interest income
- WIB movement from change in income recognition 2bps, offset by mix impacts (1)bp
- Total structural[1] impacts on margins of 8bps

1. Structural impacts include impact of higher liquidity -10bps and change in income recognition in WIB +2bps

Product spreads – CFS and BFS

	2H06	1H07	2H07	1H08
Mortgages	1.03	0.98	0.95	0.85
Cards adjusted[1]	6.00	5.29	5.71	5.27
Business lending	1.86	1.81	1.76	1.68
Consumer deposits	1.71	1.72	1.74	1.80
Business S&I deposits	2.36	2.45	2.42	2.61

1. Adjusted for the over accrual of interest income in 2H06.

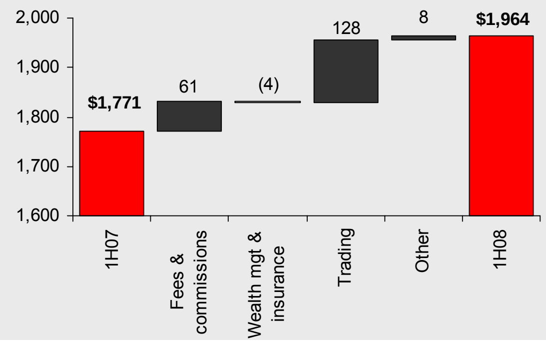
Product spreads – New Zealand

	2H06	1H07	2H07	1H08
Consumer lending	1.33	1.18	1.11	1.11
Business lending	1.62	1.53	1.50	1.50
Deposits	1.81	1.80	1.85	1.81

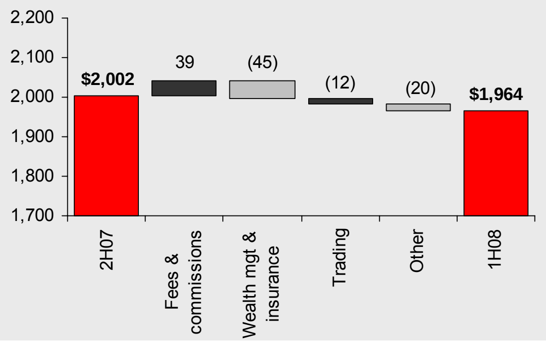
Non-interest income

Non-interest income analysis

Non-interest income movement 1H07 – 1H08 ($m)



Non-interest income movement 2H07 – 1H08 ($m)



1H07 vs 1H08

- Fees and commissions up 7%, reflecting volume growth in BFS and WIB, and fee income in SCG
- Wealth and insurance income impacted by adverse markets and higher insurance claims
- Trading income benefiting from strong sales and market volatility

2H07 vs 1H08

- Non-interest income lower, due to a 7% decline in wealth and insurance income, offsetting fees and commissions growth of 4%
- Trading income down $12m on a strong 2H07
- Other income reflects lower realisation of R&D rebates

Trading income

Markets and Treasury – managing volatility well

- Strong FX and Energy performance
- Soft Equities trading performance
- Good Debt Markets performance:
  - Good market sales
  - Strong credit markets outcome
  - Lower debt markets trading
- Strong Treasury result
- Rise in VaR reflects higher market volatility and changing correlations – little change in underlying positions

Markets revenue ($m)	1H07	2H07	1H08
FX and energy	139	230	213
Equities	15	19	(1)
Debt markets sales and trading	99	82	115
Total	**253**	**331**	**327**
Average VaR[1]	4.7	5.3	7.1

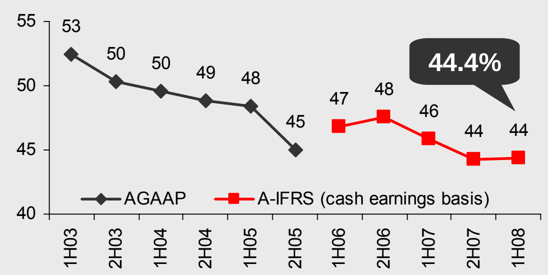
Treasury revenue ($m)	1H07	2H07	1H08
Net interest income	123	96	142
Non-interest income	-	7	-
Total	**123**	**103**	**142**
Average VaR[1]	8.4[2]	7.2	9.9

1. VaR at 99% confidence level, 1 day hold period. 2. No diversification benefit taken into account in 1H07

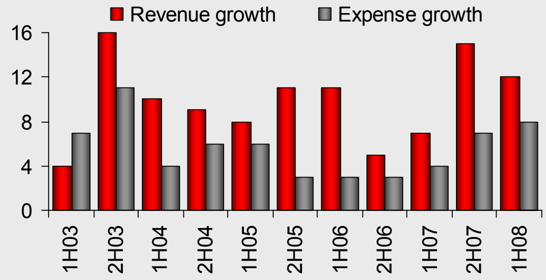
Expenses

Expense growth reflecting more people and increased activity

Group - expense to income (%)

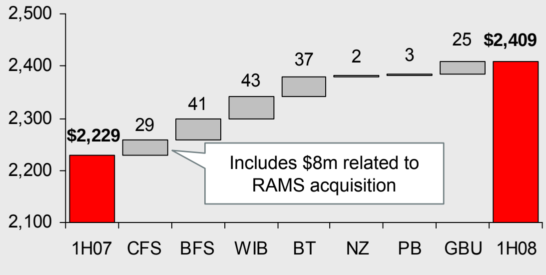


Revenue & expense growth (% change over year)



Expense breakdown ($m)

Expense movement 1H07 – 1H08 ($m)



Impairment charges

Impairment charge increase consistent with environment

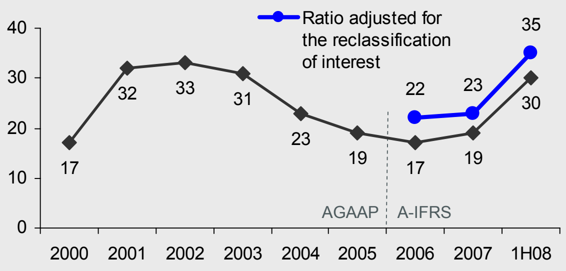
Category	$m	Comments
March 2007	**232**	
Individually assessed		
New individually assessed	184	Two corporate exposures. One impaired margin loan. Additional impaired loans in Business banking and New Zealand consistent with credit cycle
Write-backs and recoveries	(15)	Marginally higher recoveries and write-backs in 2008
Collectively assessed		
Write-offs	44	Higher write-offs in cards consistent with portfolio seasoning
New collectively assessed	(49)	Lower new consumer collectively assessed in 1H08 primarily due to lower cards growth compared to 1H07. 1H07 also included additional collective provision in the Pacific of $12m
	6	Within WIB, one institutional downgrade, offset by 2 exposures migrating to individually assessed provision and compositional changes
	31	Additional provisions in consideration of current environment
March 2008	**433**	

Impairment charges

Impairments higher – solid coverage

- Impairment charges to average loans higher, at 30bps
- Solid provision coverage against impaired assets
- Total collectively assessed provisions also strong – up 17% on 1H07
- Further $31m addition to economic provision, now $213m in total

Impairment charges to average loans (bps)



	1H07	2H07	1H08
Total provisions to gross loans	63bps	62bps	63bps
Impairment provisions to impaired assets	49bps	49bps	44bps
Total provisions to RWA (Basel II)	na	92bps	100bps
CAP to RWA (Basel II)	na	84bps	83bps

Impairment provisions

Impairment provisions and Basel II long run downturn expected loss

Impairment provisions ($m)

Category	Sept 2007	March 2008	Treatment	Comments
Individually assessed provisions	148	317	Changes expensed via income statement	Calculated on impaired assets as a discounted cash flow assessed on a case by case basis.
Collectively assessed provision	1,410	1,550	Changes expensed via income statement	Incurred loss estimates applied to all other loans and receivables based on risk grade or delinquency status plus provisions for incurred economic events.
Total accounting provisions	**1,558**	**1,867**		

Capital adjustments related to regulatory expected loss ($m)

General Reserve for Credit Losses (GRCL) adjustment	89	54	Tier 1 capital deduction, not a balance sheet item	Tax effected difference between accounting provisions and long run inherent loss, as defined under APRA prudential standards
Basel II long run downturn expected loss	592[1]	586	50% Tier 1 50% Tier 2 capital deduction, not a balance sheet item	Difference between long run down turn expected loss, as agreed with APRA, and eligible provisions (accounting provisions plus GRCL net of deferred tax asset)
Total capital adjustment	**681**	**640**		

1. Pro-forma

Asset Quality and Risk Management

May 2008

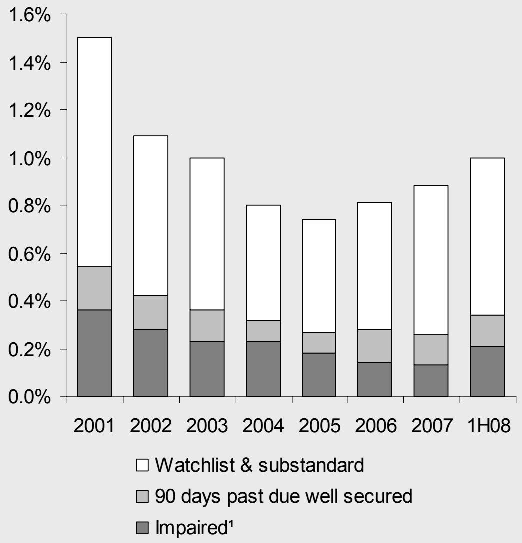
Westpac

Asset quality

Modest rise in stressed exposures; impaired assets higher

- Total stressed exposures increased to 1% of TCE, back to 2003 levels
- Gross impaired assets up $416m over prior period, predominantly due to:
  - Two corporate exposures (migrated from watchlist)
  - One margin loan
  - A number of smaller business exposures

Stressed exposures as a % of total committed exposures (TCE) (%)

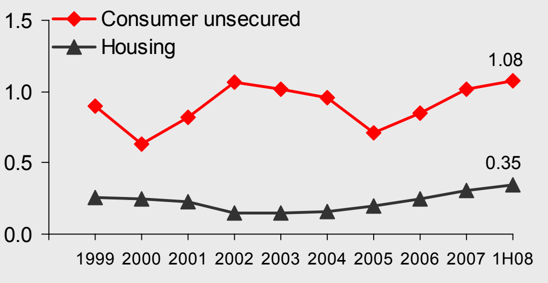


1. Westpac's impaired assets from 2005 reflect APRA's prudential approach to the adoption of A-IFRS by ADI's to include consumer accounts > 90 days past due but not well secured

Westpac

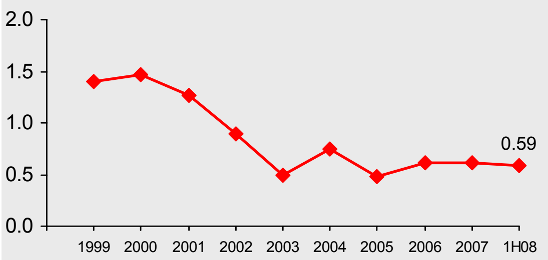
Asset quality Credit indicators

Group Consumer – 90 day delinquencies (%)

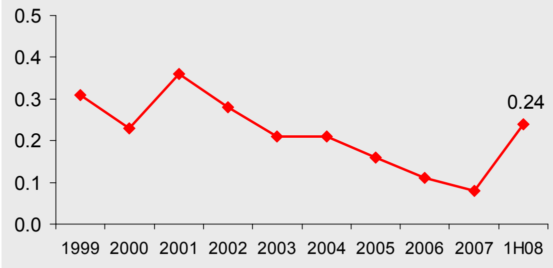


- Consumer delinquencies have trended upwards due to the impacts of interest rate rises
- Business delinquency trend in Australia has remained broadly stable
- Corporate/ business impaired assets have increased due to a few individual names in the Institutional bank

Aust. Business Banking - 90 day delinquencies (3 month moving average) (%)

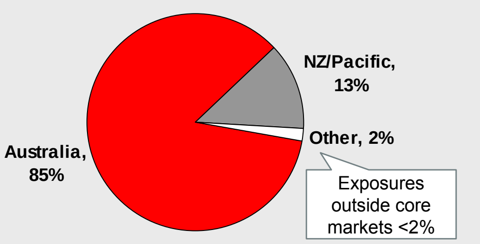


Corporate / business impaired assets to corporate / business committed exposure (%)

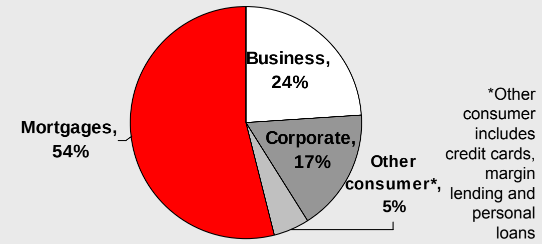


Asset quality Balance sheet reflects focus on domestic markets

Total exposure by region (%) at 31 March 2008



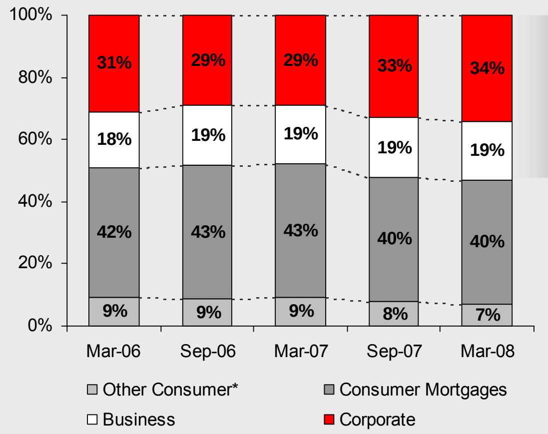
On balance sheet lending – as at 31 March 2008



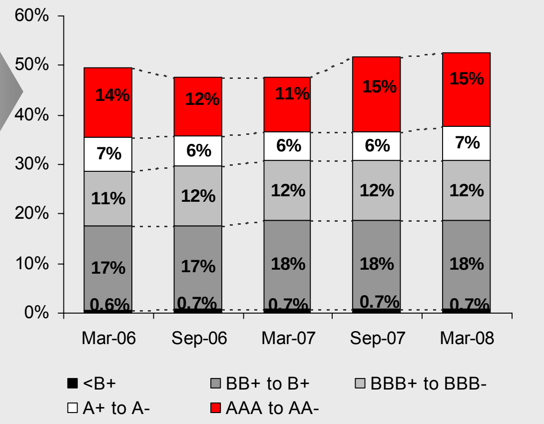
$m	Australia	NZ / Pacific	Americas	Europe	Asia	Group	*Exposure by risk grade*
AAA to AA-	65,648	2,091	809	476	318	**69,342**	15%
A+ to A-	25,426	3,112	1,126	1,509	665	**31,838**	7%
BBB+ to BBB-	44,548	8,062	1,261	1,117	134	**55,122**	12%
BB+ to B+	69,114	13,278	360	512	69	**83,333**	18%
<B+	2,985	820	92	-	-	**3,897**	1%
Secured consumer	153,919	31,110	-	-	-	**185,029**	40%
Unsecured consumer	29,585	3,963	-	-	-	**33,548**	7%
Total committed exposure	391,225	62,436	3,648	3,614	1,186	462,109	100%
Exposure by region	85%	13%	<1%	<1%	<1%	100%	

Asset quality Strong asset growth – little change in risk grade composition

Total Committed Exposure^ by customer segment



Total Committed Business / Corporate exposure^



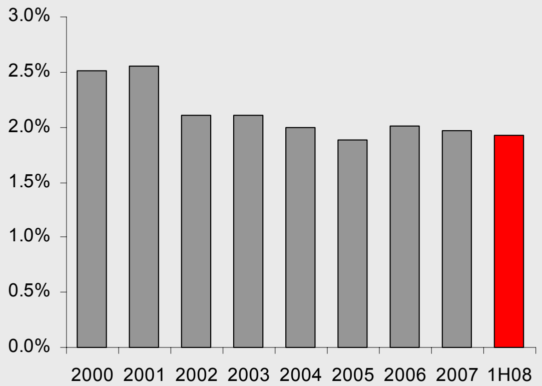
- Corporate exposures up from 29% in 1H07 to 34% in 1H08, as the Bank responds to increased customer demand for credit

^Total committed exposures include outstanding facilities and un-drawn commitments that may give rise to lending risk or pre-settlement risk
*Other consumer includes credit cards, personal lending and margin lending.

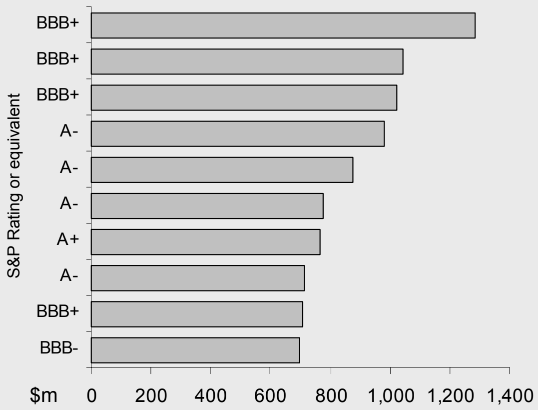
- Strong asset growth 2H07 to 1H08 has seen little change in the composition of business/corporate exposures by risk grade
- 64% of business/corporate exposure is investment grade or higher

Asset quality Single name concentrations

Top 10 exposures to corporations and NBFIs – as a % of total committed exposure



Top 10 exposures to corporations and NBFIs – as at 31 March 2008



- Top 10 exposures to corporates and NBFIs have been 2% of TCE, or less, since 2004
- Total exposure of Top 10 = $8.9bn

- All top ten exposures investment grade or higher

No direct exposure to US sub-prime mortgage market

US sub-prime mortgages	• No direct exposure to US sub-prime mortgages
Collateralised Debt Obligations (CDOs)	• No US mortgage-backed CDOs • Small portfolio of short-dated and highly rated (AAA) corporate CDOs approx. <A$250m • CDO holdings form part of normal credit portfolio management processes
Asset Backed Securities (ABS)	• Holding UK AAA-rated RMBS (A$53m) and Australian AAA-rated (A$425m) and AA-rated (A$27m) RMBS • Australian CMBS (A$64m) majority AAA-rated

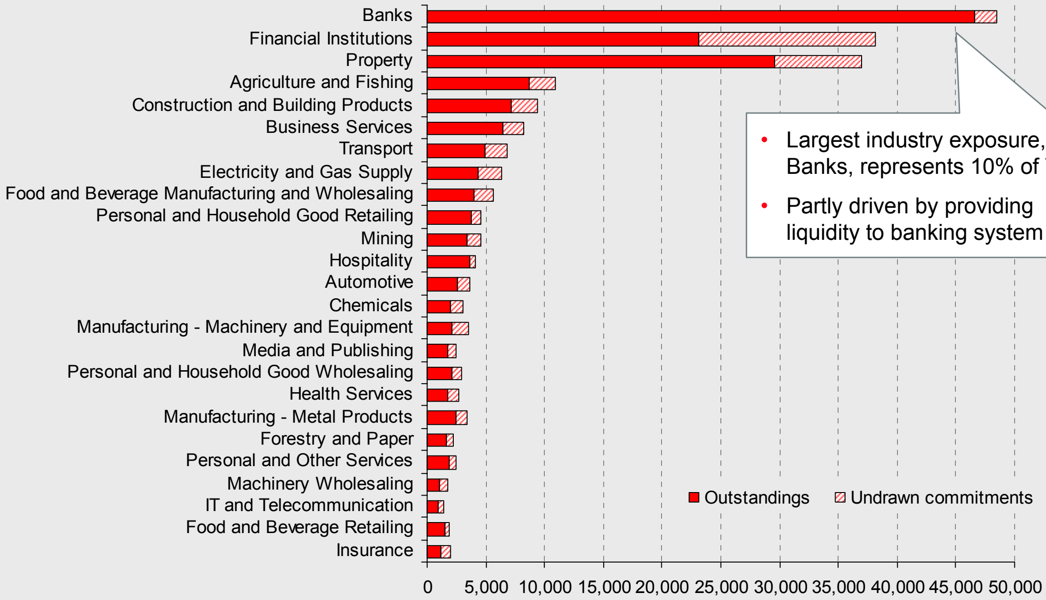
Note: CDO and RMBS position sizes may vary depending on market conditions and trading activities.

Areas under close scrutiny

Monoline insurance exposures	• Small holding of bonds 'wrapped' by monoline insurers <A$95m – fair value movements not material; $39m to be repaid by mid-June 2008 • Some loans, predominantly to infrastructure/utilities firms, that have an insurance 'wrap'. Credit assessment conducted on underlying borrower. Total lending around A$300m with no credit concerns
Asset-Backed Commercial Paper (ABCP) conduits	• One Westpac-sponsored ABCP conduit – Waratah Receivables Corporation: - In operation since 1994, offering quality assets originated by Westpac customers, primarily prime mortgages and trade receivables (no sub-prime) - Approx. A$6bn outstanding - Waratah continues to be fully funded in the market • Liquidity facilities to external customer conduits total approx. A$900m, with approx. A$385m currently utilised

Asset quality Well diversified across industries

Total Committed Exposure and Outstandings – as at 31 March 2008 ($m)



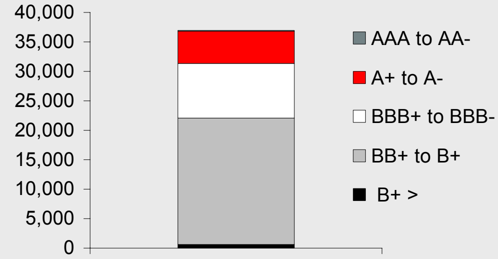
- Largest industry exposure, Banks, represents 10% of TCE
- Partly driven by providing liquidity to banking system

Note: Excludes governments.

Asset quality Well diversified Property Portfolio

- Property includes developers, investors, real estate agents, diversified property groups and property trusts
- Comfortable with portfolio quality:
  - Well diversified
  - Managed by sector specialists
- Total property exposure $37bn
  - 8% of total committed exposures
  - Individual exposures >$10m, total $19bn
- Exposure to property trusts and diversified property groups with exposures >$10m is $7bn
  - Majority of exposures held across 17 names
- Portfolio reviewed to assess how current conditions are impacting individual exposures:
  - Review has determined that issues are name specific and do not have broader sector implications

Portfolio by risk grade ($m)



	Property portfolio	Total Westpac
Total committed exposures ($m)	36,940	462,109
Stressed assets as a % of TCE	1.54%	1.00%

1. Stressed exposures include watchlist, substandard, 90 past due well secured and impaired assets

Asset quality Non-Bank Financial Institutions portfolio

- Financial institutions includes lending to investment companies, investment banks and small non-bank financial institutions (NBFIs)
- Total NBFI exposure $38bn
  - 8% of total committed exposures
- Comprehensive portfolio review conducted in response to issues impacting individual names in the sector
- Remain very comfortable with exposures and portfolio quality
  - Stressed exposures currently 4bps of NBFI portfolio committed exposures

Portfolio by risk grade ($m)

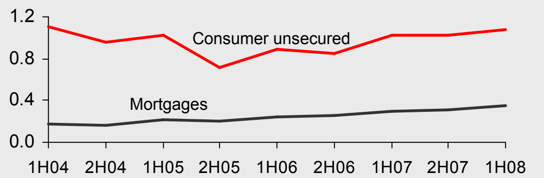
	Non-Bank Financial Institutions	Total Westpac
Total committed exposures (TCE) ($m)	38,102	462,109
Stressed[1] assets as a % of TCE	0.04%	1.00%

1. Stressed exposures include watchlist, substandard, 90 past due well secured and impaired assets

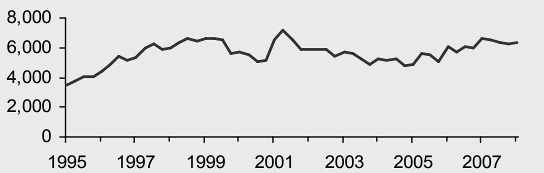
Consumer Risk Australian consumer credit environment

- Credit cycle continues to turn:
  - Delinquencies trending upwards in response to higher interest rates
  - Bankruptcies increasing, albeit modestly
- Customers responding rationally to changing conditions:
  - Credit card growth lower in 1H08
  - Mortgage utilisation rates[1] declining as customer are paying down debt faster
- Record low unemployment supporting customers' ability to repay
- Impact of higher rates not evenly felt, with some segments showing signs of stress:
  - 90+ days mortgage delinquencies in South Western Sydney 92bps (2.3% of total portfolio) vs 35bps portfolio avg

Group consumer 90+ day delinquencies (%)

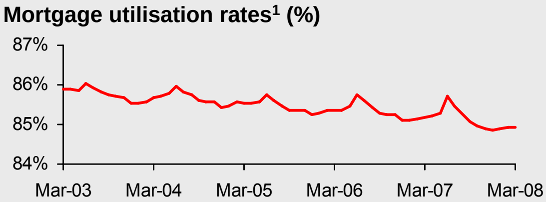


Industry bankruptcies



Source: ITSA

Mortgage utilisation rates[1] (%)

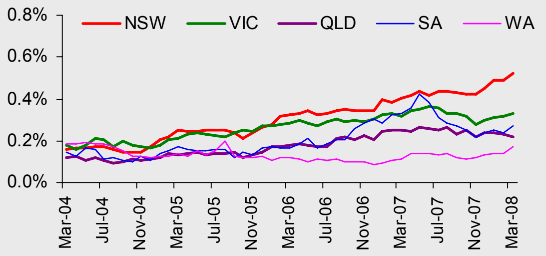


1. Represents proportion of available balance used

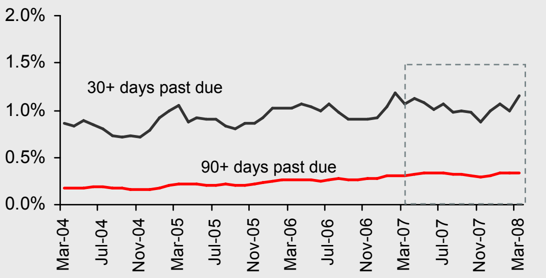
Consumer Risk

Australian consumer delinquencies at levels similar to last year

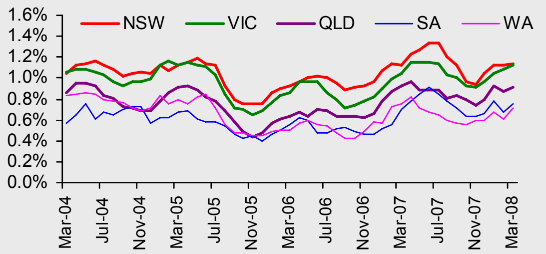
Australian mortgage 90+ days delinquencies by state (%)



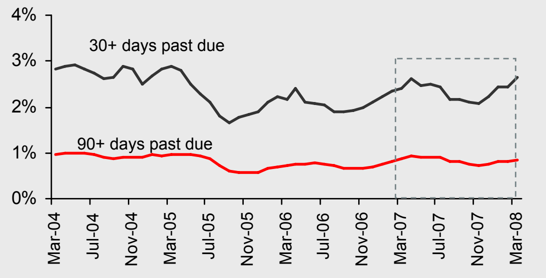
Australian mortgage delinquencies (%)



Australian credit cards 90+ days delinquencies by state (%)



Australian credit cards delinquencies (%)

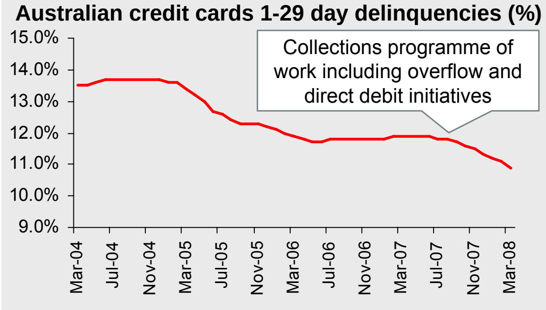


Consumer Risk

Proactive response to changing environment

- Progressively responding to changing environment:
  - In 2006 boosted collections resources and systems
  - In 2007 began tightening credit standards
  - Healthy provision levels maintained
- Investment in collections in prior years has enabled:
  - Implementation of activities to directly manage customers in the early stages of delinquency and drive improvement
  - Targeting of higher risk segments through risk based collections strategies
- 109 new FTE collections capacity added over last 18 months
- Consumer lending standards reviewed regularly – more recent changes include:
  - Introduction of new application scorecards
  - Updated serviceability and risk policies
  - Tightening of verification rules
  - Use of regionally based policy (particularly in personal loans)
  - Bankruptcy scorecard introduced in Sep 07 providing discrimination on new-to-bank applicants

Australian credit cards 1-29 day delinquencies (%)



Westpac Assist

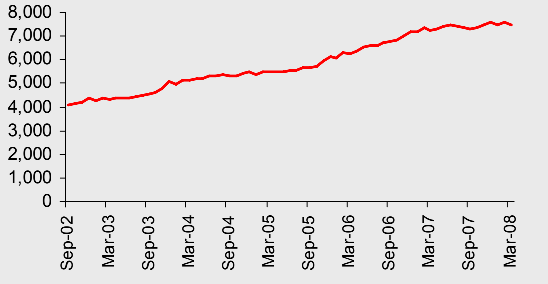
- An initiative to assist customers facing financial difficulties but who are not yet delinquent
- Inbound contact team to reactively manage customers' concerns
- Outbound team to proactively contact customers who have an identified propensity to become delinquent in the near future
- Feedback loop in place to refine policies and lending criteria

Consumer Risk

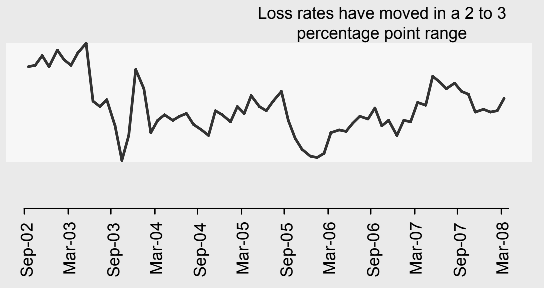
Australian credit card portfolio risk management

- Credit card portfolio has performed well in the changing environment
- 89% of credit card customers making more than their minimum repayments, increasing from 86% at 1H07
- Maintaining focus on risk management:
  - Continued focus on active management of early cycle delinquencies
  - Quarterly review of scorecards and scorecard cut-offs resulting in some tightening in lending standards
  - Evaluation of high risk segments feeding into changes to credit policy
  - Continued focus on growth from existing customers - 84% of portfolio growth from existing customers in 1H08
  - Tighter policy rules excluding certain segments from proactive card limit increase offers

Credit card outstandings ($m)



Credit cards loss rates



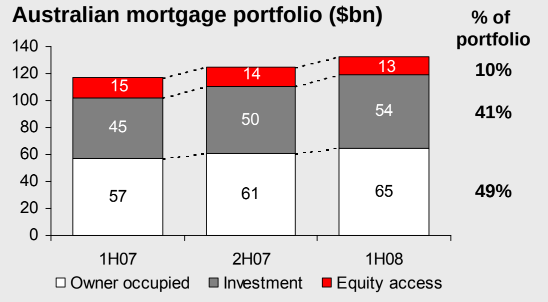
Consumer Risk

High quality mortgage portfolio

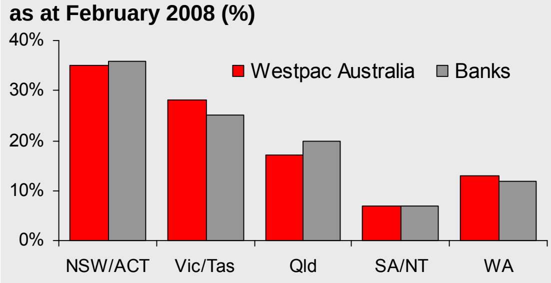
- Australian mortgage portfolio $133bn
- All mortgages to prime borrowers:
  - Low Doc lending approx. 5.5% of portfolio (loans to self-employed borrowers, same credit standards apply as prime mortgages)
  - No sub-prime mortgages
- Well seasoned portfolio:
  - >65% of the portfolio past the peak loss period (18 – 24 months)
- Properties in possession remains low:
  - 148 properties at March 2008 vs 2007 average of 141 properties

Low Doc Portfolio – as at 31 March 2008		% of portfolio
Total portfolio	$7.5bn	5.5%
Avg new lending per month	$539m	12.1%

Australian mortgage portfolio ($bn)



Housing lending book by State as at February 2008 (%)



Source: ABA/Cannex data

Consumer Risk

Borrower's servicing capacity

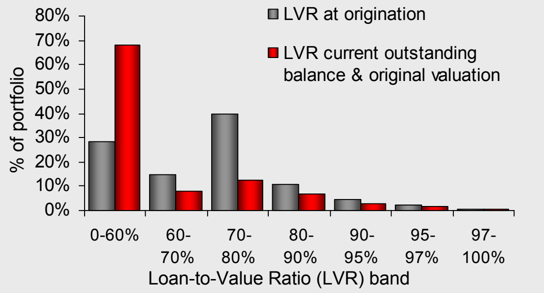
- Servicing capacity of Westpac mortgage customers remains sound:
  - 73% of amortising borrowers repay in excess of required minimum
  - Recent rise in repayments as customers respond to higher interest rates
- Low loan-to-value ratios:
  - Borrower's equity in homes increases willingness to repay
  - Average LVR 67%, 87% of borrowers have an LVR <=80%[1]
- Westpac's serviceability test has supported quality of the mortgage portfolio
- For applications the following applies:
  - Interest rate buffer of approx. 145bps on the loan repayment applied
  - Credit cards limits, not the balance, used to assess credit card debt
  - Certain income types discounted e.g. rental income discounted to 75% and bonus income excluded
  - Cost of living expenses reviewed quarterly

1. Based on current outstanding balances and value at origination

Australian mortgage portfolio as at 31 March 2008	
Average LVR of portfolio at origination	67%
Average LVR based on current outstanding balances and value at origination	46%
Average LVR of new loans[2]	69%

2. Average LVR of new loans for the 12 months to 31 March 2008.

Australian mortgage portfolio LVRs (%)

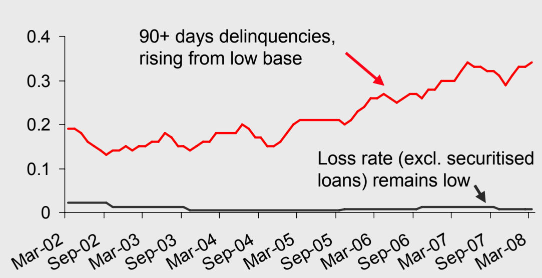


Consumer Risk

Mortgage loss rates remain low

- Actual losses remain low due to maturity of portfolio and strong security supported by mortgage insurance
- Current actual loss rate 1bp over last 12 months
  - Loss rate under stressed conditions is 14bps over 12 months
  - 1992 actual loss rate was 11bps (during recession)

Mortgage delinquencies vs loss rate (%)



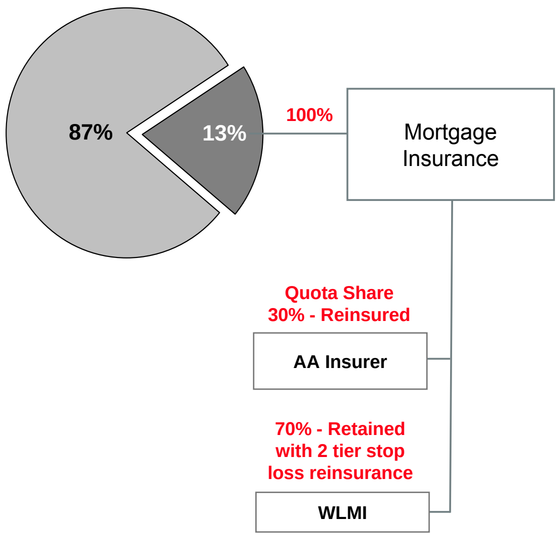
Westpac Australian mortgage portfolio stress testing – 2008 results	Scenario		Individual effect $m
Interest rate % pa	13.4%	up 4%	23
House price growth % pa	(20)%	down 28%	55
Unemployment rate %	8.1%	up 4%	29
Average weekly earnings growth % pa	2.3%	down 2%	18
Housing credit growth % pa	6.0%	down 4%	18
Combined effect[1] $m			**196 (14.4bps)**

1. Individual effects do not sum to the total effect because the impact of each of the individual effects is non-linear in the model

Australian mortgage insurance

- Westpac uses a captive mortgage insurer – Westpac Lenders Mortgage Insurance (WLMI)
- Approx. 13% of mortgage portfolio covered by mortgage insurance
- Mortgage insurance covers the entire loan
- 100% mortgage insurance where loan to value (LVR) ratio >85%
- Between 80-85% LVR, borrower can either pay an up front mortgage insurance premium or pay a higher interest rate
- WLMI reinsures 30% of its underwriting risk with a well rated reinsurer through a quota share arrangement
- Stop loss reinsurance covers 70% of underwriting risk retained by WLMI and offers protection against abnormally high claims in any one year

Mortgage insurance structure



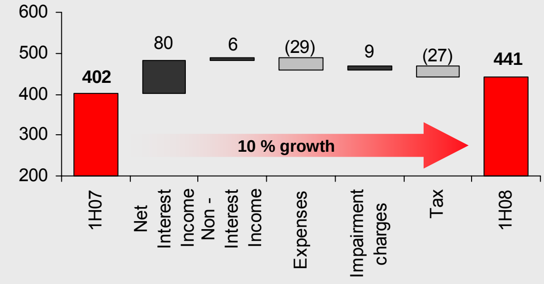
Business Unit Performance

May 2008

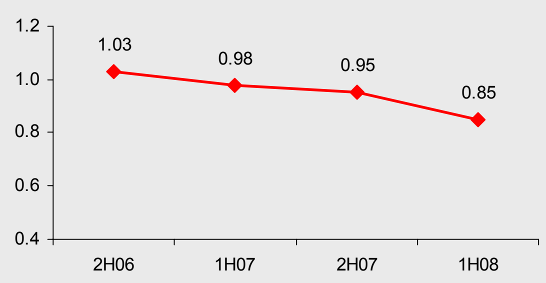
Consumer cash earnings driven by strong volumes

- Cash earnings up 10% on 1H07
- Strong growth:
  - Mortgages up 13%, 1.2x financial system
  - Deposits up 14%
- Margins down 10bps:
  - Higher funding costs not fully passed on to customers, particularly mortgages
- Expenses up 3% with frontline expansion:
  - Acquisition of RAMS
  - 6 new branches
  - Additional customer serving employees
- Impairment charges down 7% due to:
  - Lower delinquencies in early cycle of cards and mortgages
  - Improved recovery rates on credit card write-offs

CFS cash earnings ($m)



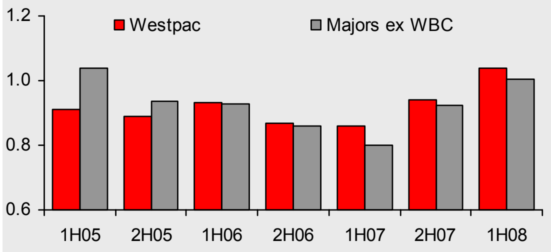
Mortgage spreads (%)



Strong mortgage performance

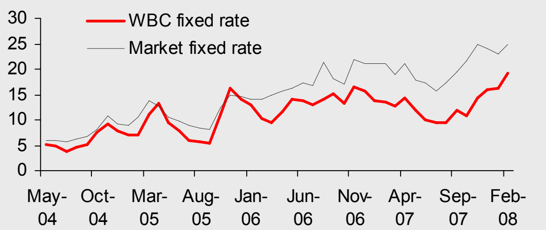
- Growth ahead of peer group average for last 2 years:
  - Proprietary originations steady at 62%
- Spreads down 13bps:
  - Higher funding costs have not been fully passed on to product pricing
  - 20bps passed on in 1H08 and 20bps in 2H08
  - Lower spread fixed rate lending grown to 22% of book
- RAMS acquisition finalised in January 2008
- Negotiated fee reductions with mortgage brokers take effect in May

Mortgage credit growth versus banking system (times)



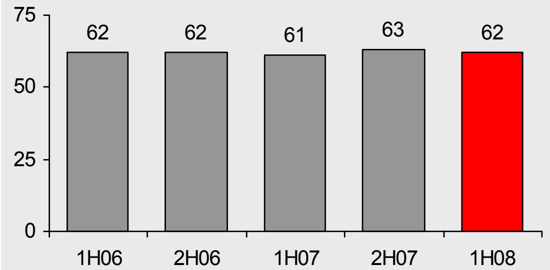
Source: APRA, Peer group average includes NAB, CBA, ANZ and SGB

Flow composition Westpac vs market (% of new fixed finance)



Source: ABS, ABS return, fixed defined as lending fixed for at least 2 years. Market includes banks/credit unions/building societies/wholesale lenders

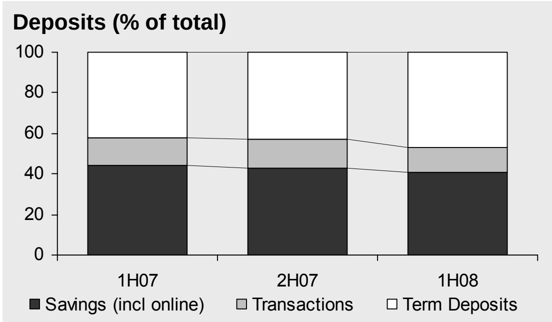
Proprietary mortgage originations (%)

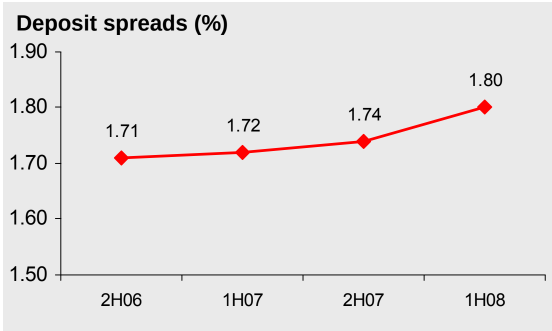


Consumer Financial Services

Deposits being given renewed focus

- Deposits strong growth, up 14%
  - Term deposits up 27% to $28.9bn
  - Small change in deposit mix as consumers look to lock in returns
- Introduction of more competitively placed products delivering higher growth
- Deposit spreads improved 8bps on 1H07:
  - Cost of funding benefits partially offset by migration to lower yielding term deposits

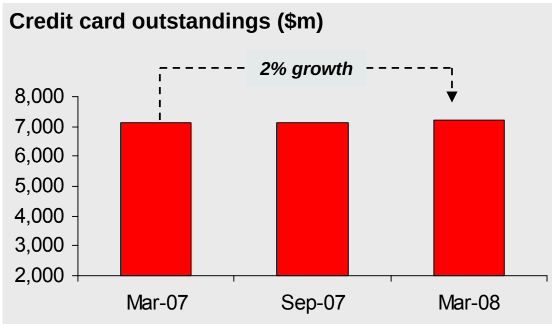




Consumer Financial Services

Credit cards – lower growth as standards are tightening

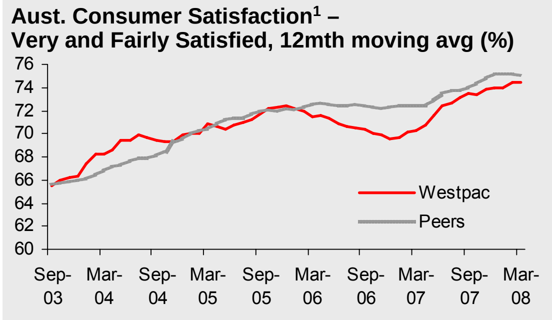
- Cards outstandings increased 2% on 1H07:
  - Non-Westpac branded score cards tightened
  - 84% of portfolio growth from existing customers during 1H08
- Modest fee growth from higher customer activity
- Spreads down 2bps:
  - Proactive management of rate changes for proprietary book
  - Higher cost of funds not passed on to Non-Westpac branded card holders in 1H08
- Virgin agreement exited:
  - Westpac paid $39m to get exclusive brand license for 14 months
  - $1.7bn portfolio, 550k accounts
  - Pricing increased in April 08
  - Opportunity to sell additional products to customers

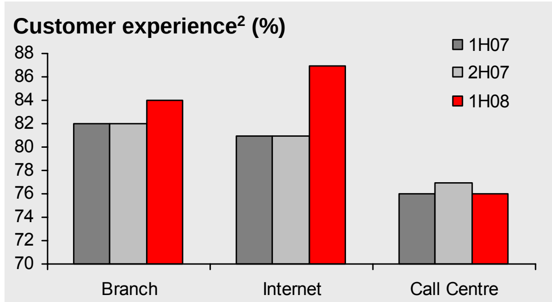


Consumer Financial Services

Customer satisfaction and experience improving

- Improving customer satisfaction:
  - Customer satisfaction improved 4.2 percentage points over 12 months
  - Increased customer facing staff and branches
- Increase in customer experience scores:
  - Additional and improved front line staff training
  - Continued improvements to internet stability





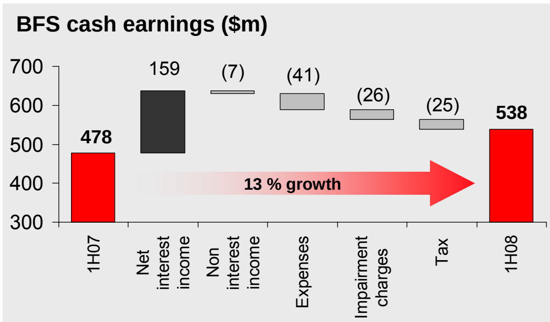
1. Source : Roy Morgan Research – % of customers very/fairly satisfied main financial institution Aged 14+. Peer Group includes ANZ, CBA, NAB and SGB (simple average). Data to Mar08. 2. Source: Westpac Customer Experience Mar08

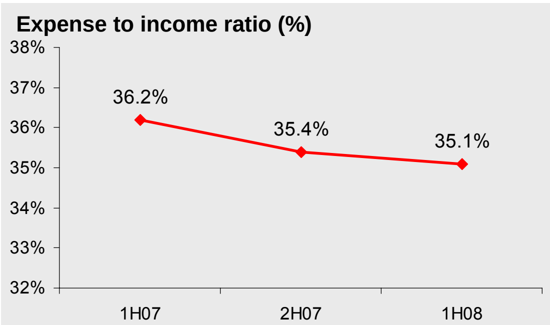
Business Financial Services

Business cash earnings up 13% - investment delivering

- Cash earnings of $538m, up 13%
- Net interest income up 19%:
  - Strong balance sheet growth
  - Supported by high proportion of deposit funding
  - Net interest margin up by 1bp
- Non-interest income impacted by higher proportion of business products sold by CFS
- Expense to income ratio improved 110bps to 35.1%
- Further investment:
  - 427 additional customer serving employees, 268 in latest half
  - 8 new and 2 refurbished business banking centres
- Customer satisfaction – closing the gap
  - Up 8 percentage points over the year, vs 6 percentage points for peer group[1]

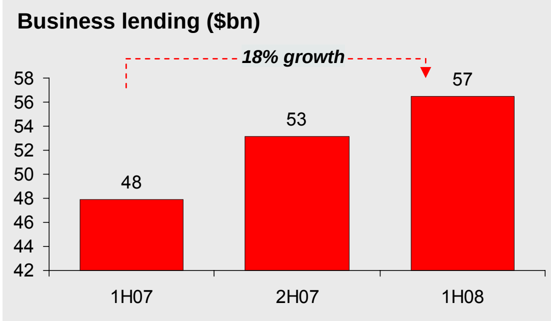
1 Source: TNS 12 month rolling average March 2008. Peer group average includes CBA, NAB, ANZ & SGB.

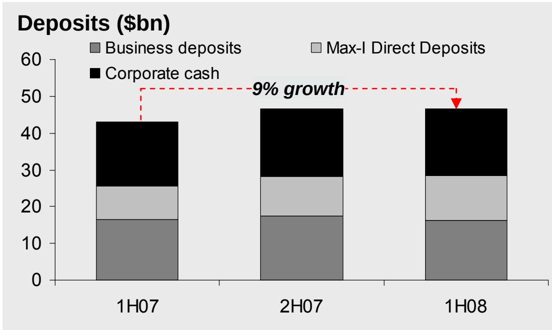




Excellent lending growth and encouraging deposit performance

- Lending growth 18%:
  - Higher growth in WA, QLD & VIC
  - 13% uplift in new lending
  - Business credit market share[1] steady at 13%
- Deposit growth 9%:
  - Additional transactional bankers in Cash Flow Solutions Group with greater focus on deposits
  - Increase in corporate cash balances
  - Strong term deposit sales, although captured in CFS
  - Deposit market share[1] steady at 15%

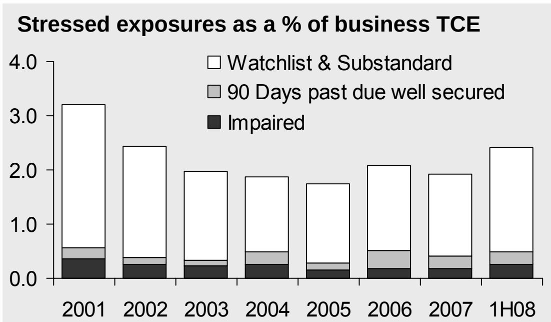


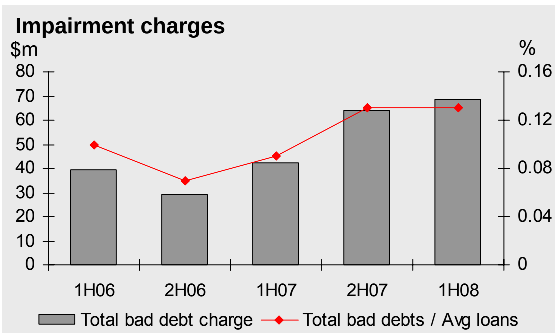


1. Source: RBA share of banking system.

Quality portfolio in a more challenging environment

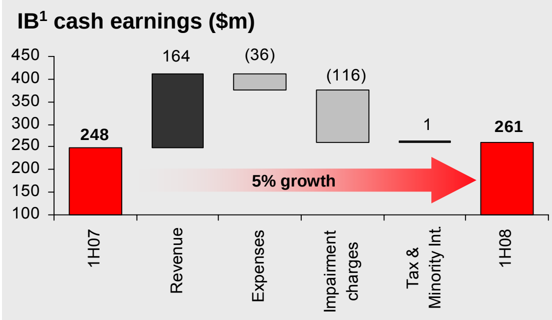
- Increased stressed exposures in a tougher environment, with higher interest rates
- Business delinquencies 90+ days well secured broadly steady
- Impairment charges up $26m from a low 1H07 result:
  - Strong balance sheet growth
  - A small number of larger impaired exposures
  - Charge equivalent to 25bps of average loans annualised
  - $4m increase over 2H07
- Rise in watchlist assets increasing collectively assessed provisions

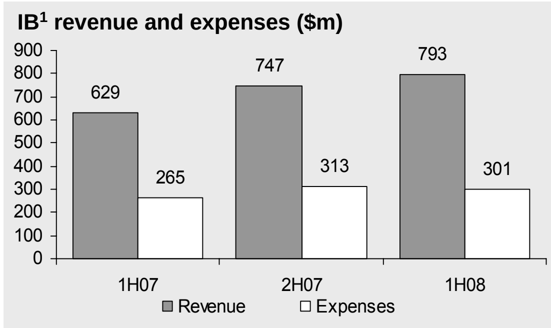




Institutional Bank (ex-Equities)
Strong performance offset by provisions

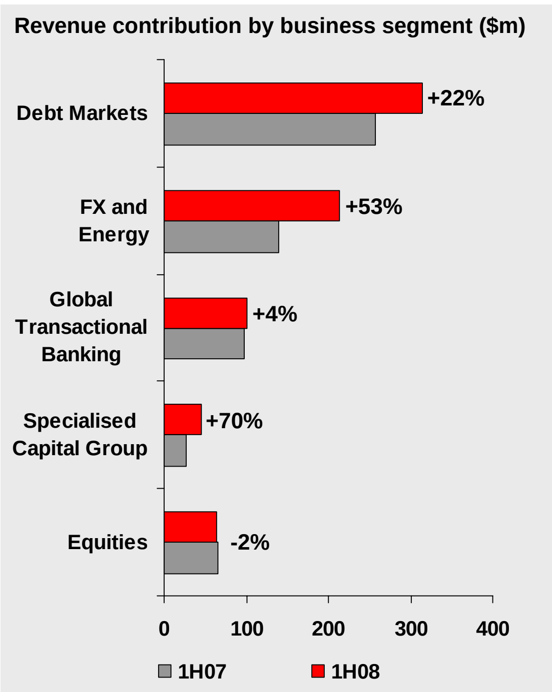
- Lead institutional bank
- Cash earnings, excluding the Equities business, up 5%:
  - Strong revenue growth, up 26%
  - Offset by increase in impairment charges of $116m
- Increase in impairment charges reflects higher provisions in a small number of exposures
- Well positioned for increased customer activity in volatile markets:
  - Favourable trading and sales results
  - Increased contribution from credit derivative activity
- Expense to income ratio improved 410bps to 38.0%





1. Institutional Bank excluding Equities

Strong revenue growth from increased customer activity and market volatility

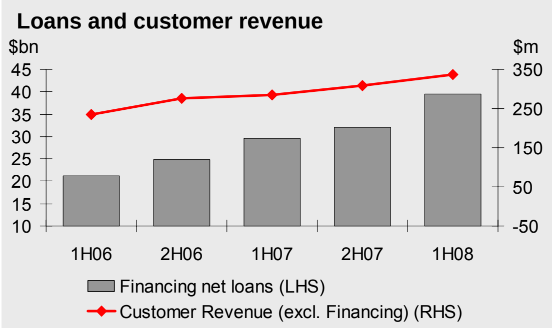


- Debt markets revenue up 22%:
  - Higher income growth in the loan book
  - Margins impacted by higher cost of funds
  - Offset by successful risk management trading
- FX and Energy revenues up 53%:
  - Successful trading in volatile markets
  - Solid sales performance, revenues up 14%
- Transactional Banking up 4%:
  - Up 13%, adjusted for one-off items in 2007
- SCG revenue up $19m:
  - Growth in management fees from higher FUM
  - Deal revenue from property transactions and launch of Westpac Essential Services Trust (WEST)

Westpac Institutional Bank

Customer demand for bank credit driving balance sheet growth

- Net loans[1] up 35%, as global capital markets dislocation triggered extraordinary customer demand for bank credit in first half
- WIB well positioned to respond – leading relationship bank
- Financing revenues up 16%
- Margins have increased through 1H08 but have yet to fully offset the increased cost of funds
- Growth not expected to be repeated in 2H08, as higher cost of debt likely to slow demand for credit



1. Excluding margin lending

Westpac Institutional Bank

Markets income up on strong volumes and ongoing volatility

- Increased markets income led by FX and Energy
- Leveraging leading market position and successful trading strategies to deliver a strong sales and trading performance
- Markets income also benefiting from fair value gains on credit derivatives in Debt Markets
- Some retracement on securities held in portfolio
- Adverse trading result in Equities

Leading market position[1]	Rank
FX – Market share	1
FX – Relationship strength index	2
Interest Rate Derivatives – Market share	1
Interest Rate Derivatives – Relationship strength index	2

1. Peter Lee Associates, January 2008

Westpac Institutional Bank

Solid revenues from Asian operations

Strategy	To capture value from Asia through organic growth, supporting Australia/New Zealand customers with linkages to Asia, and Asian and multi-national customers with linkages to Australia/New Zealand
Revenues	Revenues booked in Asia up 20% in 1H08 • Strong contribution from core products of FX and debt • Growth has been organic - increasing participation in Corporate and Institutional customers' overall banking requirements • Improved capabilities in Syndications, Asset Finance, Trade Financing and Business Banking • Continued development of relationships supporting activities in geographies where Westpac is not represented
Footprint	• Mumbai representative office fully operational • Shanghai branch office officially opened in February 2008

Westpac offices in Asia

Westpac Institutional Bank

Equities – transitioned into WIB

- New equities business incorporating equity derivatives and businesses transferred from BT - margin lending, broking and private portfolio management
- First half cash earnings loss due to:
  - Trading income loss in Equity Derivatives business, reflecting significant equity market volatility
  - $30m provision relating to a single margin lending exposure
- Revenue recognised is net of payments to distribution businesses in Westpac/BT

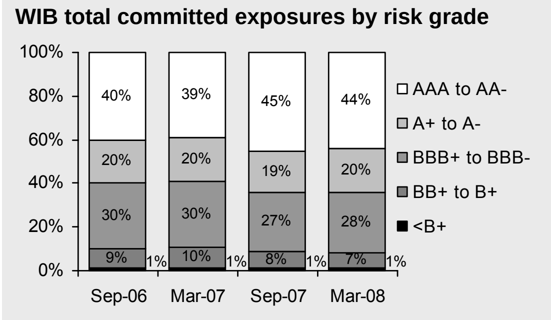
Margin Lending	
Portfolio size	$4.3bn
Gearing / LVR (end March 2008)	46%
Margin calls in March 2008	2,682
March margin calls - % of clients	17%
March margin calls – forced sales	6%

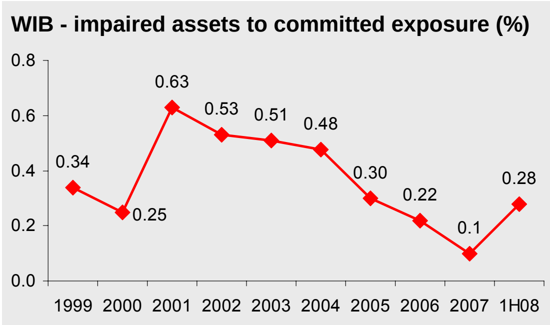
- Margin loan book has seen reduction in lending balances of 12% since 2H07
- Working with customers to reduce gearing and reduce risk
- 35 connections with loans >$10m, down from 50 in February 2008
- Westpac has no structured wholesale stock lending facilities where security is held over end customers' holdings

Westpac Institutional Bank

Portfolio quality has not deteriorated despite significant loan growth

- Institutional loan portfolio is well diversified across names and sectors
- 92% of exposures investment grade or better
- Credit stress limited to a few individual names:
  - Net provisions of $146m raised in 1H08 in Institutional Bank (ex-equities) arising from a small number of individual names
- Balance of Institutional Bank (ex-equities) book contributed a positive $19m from regrades and recoveries





Westpac

BT Financial Group

Growth impacted by weak equity markets and storms

- Cash earnings down 15% over prior half:
  - $15m due to lower equity markets
  - $25m due to lower earnings on capital
  - Larger than usual storm claims
  - Higher expenses from increased activity
- Structurally in good shape:
  - FUA / FUM (excluding market moves) up 5% and 3% respectively
  - Australia's fastest growing Wrap platform with 36%* of Dec quarterly new flows
  - General insurance cross sell improving
  - Strong opportunities, particularly Super for Life

Key performance indicators	Change 1H07 – 1H08
Cash earnings	↓ 10%
Insurance operating income	↑ 2%
Advice operating income	↑ 22%
Private bank operating income	↑ 13%

FUM / FUA	Change 2H07 – 1H08 Exclude market move	Change 2H07 – 1H08 Include market move
Wrap FUA	↑ 6%	↓ 8%
Corporate Super FUA	↑ 3%	↓ 8%
Total FUA	↑ 5%	↓ 8%
Retail FUM	↓ 3%	↓ 15%
Institutional FUM	↑ 15%	↑ 9%
Wholesale FUM	↑ 1%	↓ 15%
Total FUM	↑ 3%	↓ 9%

* Morningstar December quarter 2007

Westpac

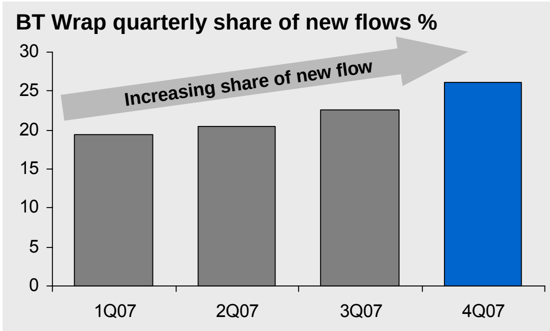
BT Financial Group

Capitalising on the Super opportunity

- Strong Super pipeline:
  - Share of annual new business double existing
- BT Wrap platform a leading performer:
  - No 1 market share of quarterly (36%) and annual (28%) new flows*
  - Consistently growing share of new flows through year
- BT Super for Life:
  - Rollout of unique product continues
  - Awarded 2008 SuperRatings' Fund of the Year Award for best new product
  - Branch managers trained with targets and objectives aligned

Product	Current Aust. market share		Share of annual new business	
	Market share (%)	Rank	Market share (%)	Rank
Corporate Super	7	6	14	4
Platforms	13	2	28	1

Source: Platforms - Morningstar December 2007; Corporate Super - Plan for Life, December 2007



Source: Plan for Life, December 2007. Data modified to provide an assessment of BT's Wrap platform against key competitive platforms in the market

* Morningstar December quarter 2007

BT Financial Group

BT Investment Management delivering on model during volatile market conditions

- 1H08 pro-forma cash NPAT $22.8m:
  - Maintain updated guidance range for FY08 $38.9m to $41.1m
  - FUM down 9% (excluding market moves up 3%)
  - Margins up 1bp
  - Outperformance in our higher margin domestic funds
- Well positioned for growth:
  - Multi-boutique model winning client support (won Equity fund manager of the year*)
  - Ungeared balance sheet
  - Two new seeded funds

March 2008	Performance and Quartile Ranking*				
	1 yr (% pa)	Quartile	3 yrs (% pa)	Quartile	Fund Ratings*
Core Aust Share Fund	(4)	Q2	16	Q1	5 stars
Ethical Share Fund	(5)	Q1	18	Q1	4 stars
Imputation Fund	(5)	Q2	18	Q1	4 stars
Focus Fund	(7)	Q3	20	n/a	5 stars
Smaller Companies Fund	(5)	Q2	19	Q1	4 stars
Property	(19)	Q1	7	Q1	2 stars
Balanced Fund	(6)	Q3	8	Q3	4 stars
Domestic Fixed Interest	3	Q3	5	Q3	3 stars
Managed Cash	7	Q1	6	Q1	n/a
Intl Fixed Interest	6	Q1	6	Q1	n/a
Intl Equities	(21)	Q4	2	Q4	4 stars
Asian Share Fund	3	n/a	17	n/a	4 stars
Global Return Fund	4	n/a	9	n/a	4 stars

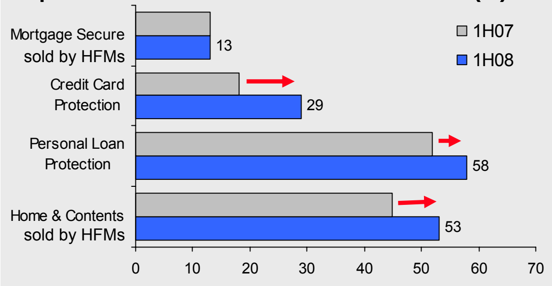
*Source: BTIM 2008 Half Year Results Presentation dated 29th April 2008, page 12

BT Financial Group

Insurance performance impacted by storms

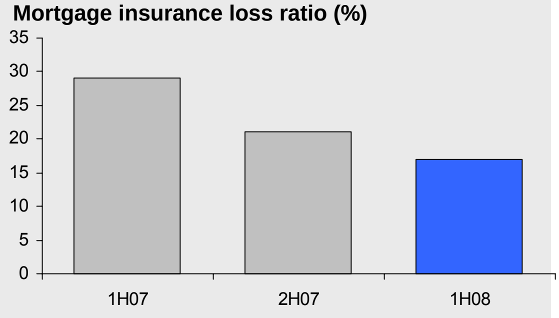
- Insurance cash earnings down 1% on 1H07, impacted by unusually high claims
- Underlying performance sound:
  - Life Insurance in-force premiums up 12%
  - General Insurance net operating income up 11%, adjusting for the high claims experience
  - Mortgage Insurance saw solid growth, claims were flat and the loss ratio fell
- Continued to see increased cross sell rates

Improvements in Insurance cross sell rates (%)

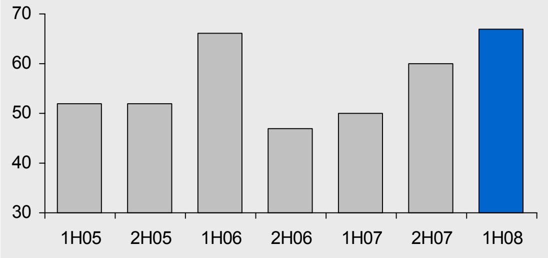


HFM is Home Finance Manager

Mortgage insurance loss ratio (%)



General insurance (ex-mortgage insurance) loss ratio (%)



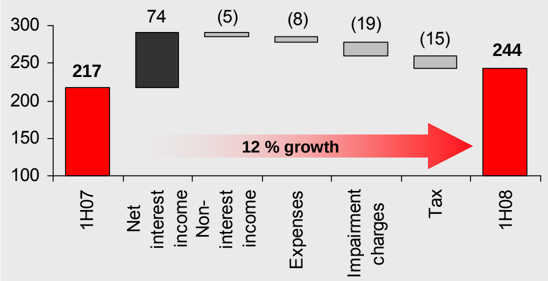
Westpac

New Zealand

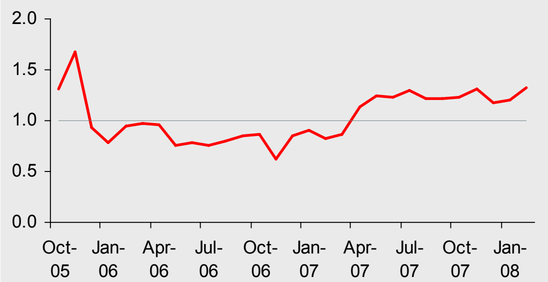
Sound performance

- Cash earnings up 12%
- Operating income growth 10% supported by volume growth:
  - Consumer loans up 12% (1.0x system)
  - Business loans up 14% (1.5x system)
  - Deposits up 15% (1.2x system)
- Margin down 3bps on year but up 1bp on prior period
- Modest non-interest income performance reflects fee reductions in early 2007 and impact of one-off items including sale of MasterCard in 1H07
- Expense to income ratio improved 330 bps to 45.2%
- Impairment charges higher reflecting change in economic conditions in New Zealand

NZ cash earnings (NZ$m)



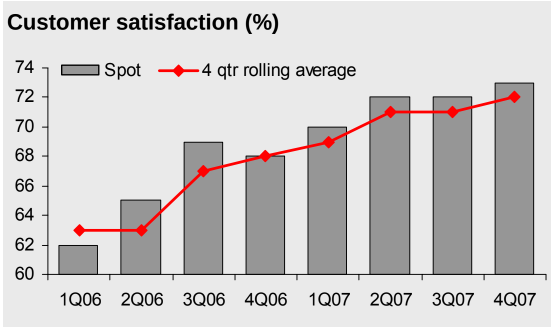
Deposits market multiple (12 month rolling)



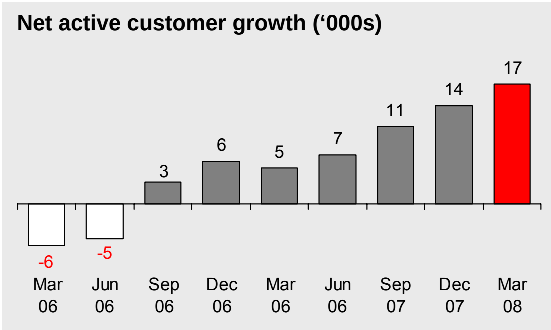
Westpac

New Zealand Improving fundamentals

- Customer satisfaction increased by over 3 times the average of all banks
- Improving customer advocacy and product development resulting in 18 months of consecutive growth in customer numbers
- Growth supported by new products and flight to quality:
  - Term Deposit annual growth of 23%
  - Market-leading Debitplus card
  - Online Bonus Saver continues to perform strongly
- Maintaining early-mover advantage on Kiwisaver with 20% market share of active-choice customers



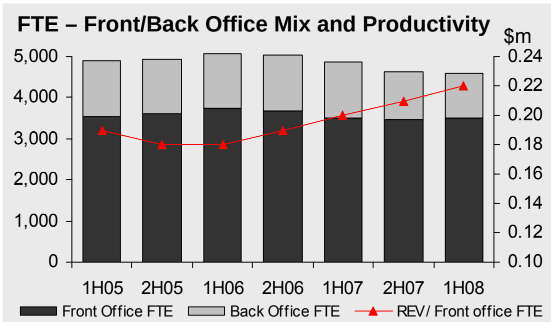
Source: Roy Morgan Customer Satisfaction report December 2007

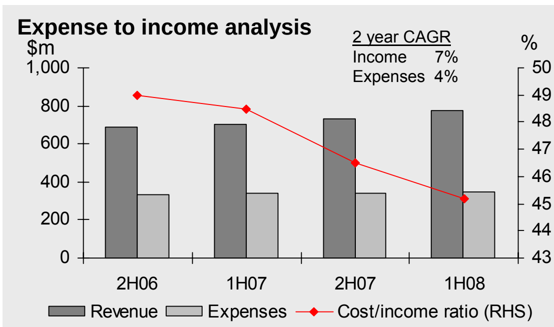


Note: Represents net growth in the quarter. Source: Westpac

New Zealand Process improvement and productivity funding growth

- Continued investment in process improvement and productivity projects:
  - New lending originations platform delivered initial release of 57 FTE
  - Time to answer improved by 50%
  - Calls abandoned rate reduced to 3.7% in April 2008 from 13.1% in Oct 2007
  - Property consolidation in Wellington CBD
- Improved expense to income ratio by 330bps to 45.2%:
  - Strong revenue growth, up 10%, with revenue per front office FTE up 10% on 1H07
  - Tight expense control, expenses up 2%
  - Continued efficiency of back office staff, with proportion held at 24% of overall FTE

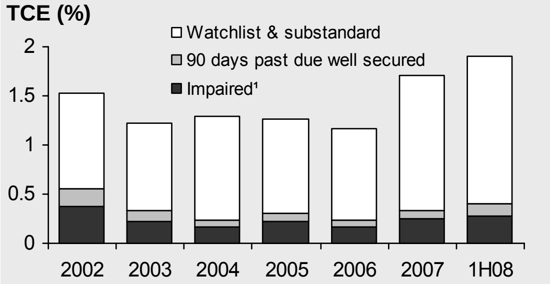




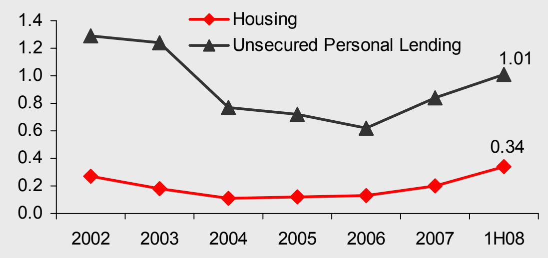
New Zealand — Asset quality sound, higher costs impacting customers

- Impairment charge up from $42 to $61m
- Increase in watchlist assets primarily reflects a prudent approach to provisioning and desire to work with our customers through this phase of the credit cycle
- Change in economic conditions in New Zealand has increased costs for customers, impacting ability to repay loans, resulting in increased provisions across consumer and business portfolios
- Mortgage quality sound:
  - Average LVR of 65%
  - 5% of portfolio with LVR >90%
  - Low Doc loans <1% of portfolio
- Impairment charge includes a $12m loss for a single name business banking exposure

Stressed exposures as a % of New Zealand TCE (%)



New Zealand 90+ day delinquencies

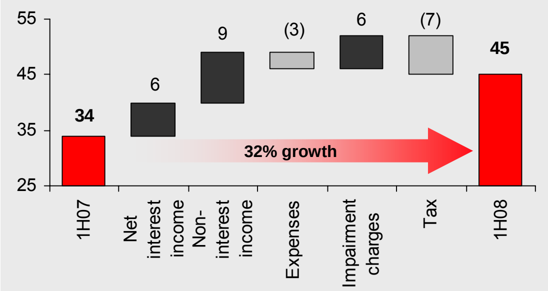


1. Impaired assets from 2005 include 90 days + credit cards, personal loans & overdrafts to reflect APRA's prudential approach to the adoption of A-IFRS by ADI's, which came into effect 1 July 2006.

Pacific Banking — Solid revenue growth in the Pacific

- Cash earnings up 32% to $45 million
- Strong revenue growth of 16%, driven by:
  - 18% asset growth, particularly in Papua New Guinea
  - Strong growth in FX earnings
- Expenses up 10% to $33 million with the commencement of long term investment in technology and people, in risk and compliance initiatives
- Impairment charges lower given $12m provision not repeated from 1H07, partly offset by strong portfolio growth and two individual exposure downgrades

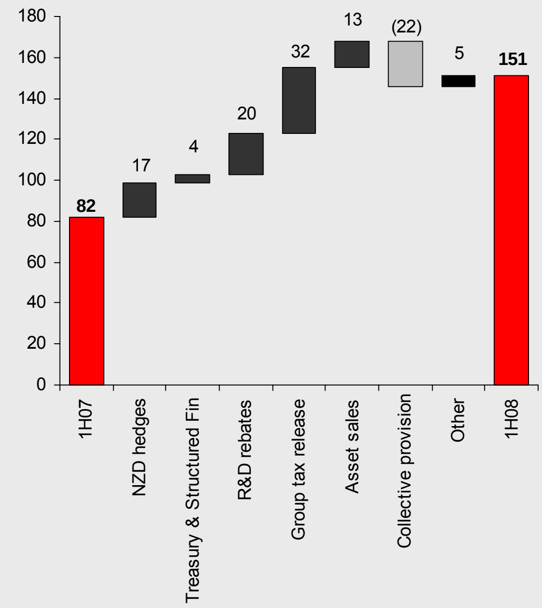
Pacific Banking cash earnings ($m)



Factors behind Group Business Unit cash earnings

- Benefiting from a number of management initiatives:
  - Hedging NZ retail earnings
  - Resolution of certain tax issues
  - Sale of Bedford Park operations centre in Adelaide
  - R&D rebates
- Additional collective provision for current environment ($31m pre tax)

GBU cash earnings 1H07 – 1H08 ($m)



Economic Environment

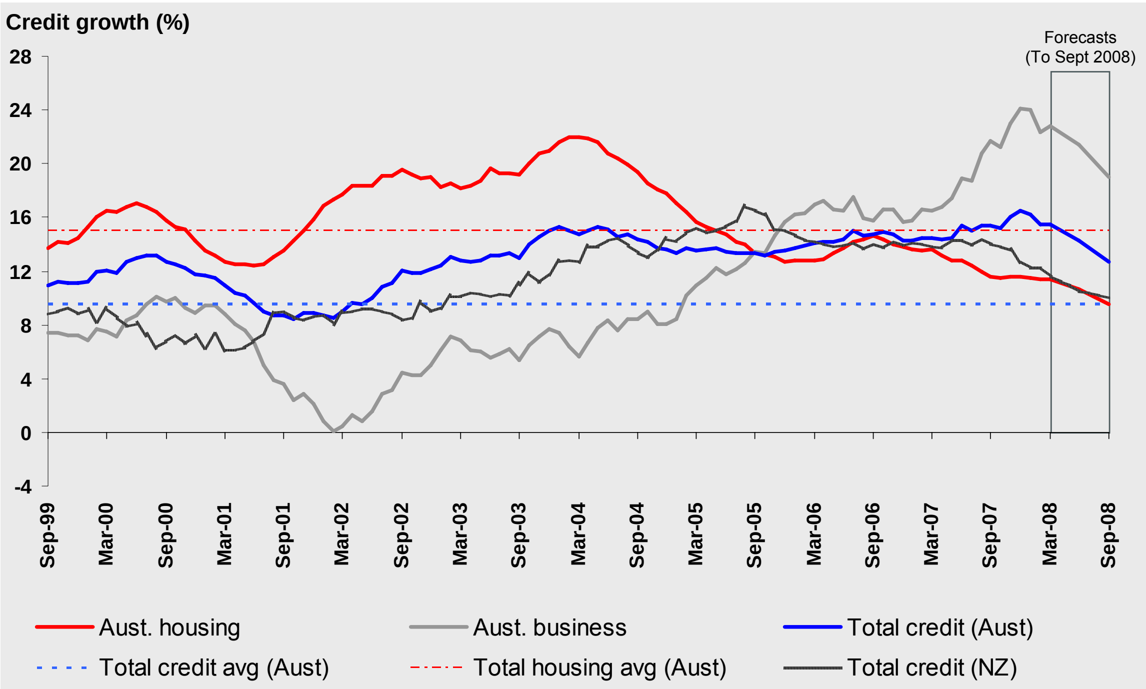
May 2008

Economics
Australian & New Zealand economic outlook

Key economic indicators as at April 2008	Calendar year 2007	2008f	2009f
World			
GDP	4.9%	4.0%	4.1%
Australia[1]			
GDP	3.9%	3.8%	3.1%
Private consumption	4.5%	4.1%	2.9%
Business investment[2]	10.6%	7.3%	1.0%
Unemployment – end period	4.3%	4.3%	4.7%
CPI headline - year end	3.0%	3.4%	2.7%
Interest rates – cash rate	6.75% (Dec 07)	7.25% (Dec 08)	7.25% (Dec 09)
New Zealand			
GDP	3.1%	1.4%	3.0%
Unemployment – end period	3.4%	4.0%	3.6%
Consumer prices	3.2%	3.1%	2.5%
Interest rates – overnight cash rate	8.25% (Dec 07)	8.25% (Dec 08)	8.00% (Jun 09)

1. GDP and component forecasts are reviewed following the release of quarterly national accounts
2. Business investment adjusted to exclude the effect of private sector purchases of public assets. Source: Westpac Economics

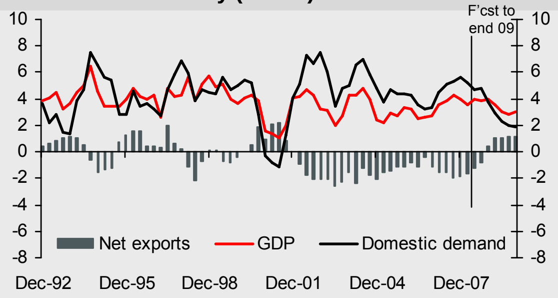
Economics
Credit growth expected to moderate



Source: RBA, RBNZ, Westpac Economics

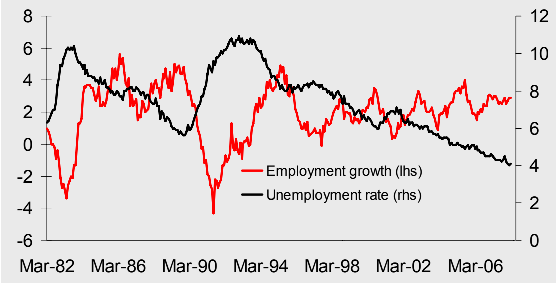
Australian economy: rate rises to impact

Australia's economy (% ann)



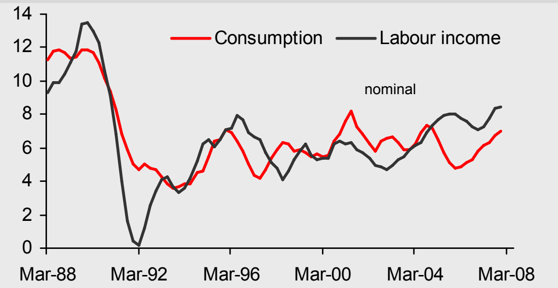
Sources: ABS, Westpac Economics

Employment growth & unemployment rate (% yr)



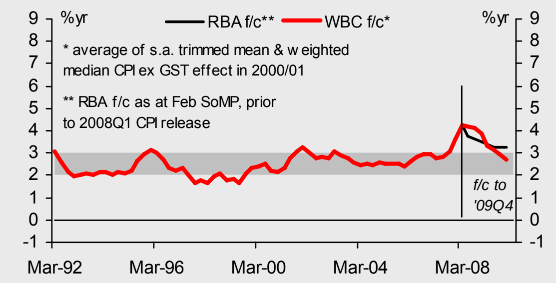
Sources: ABS, Westpac Economics

Healthy growth in labour income (% yr avg)



Sources: ABS, Westpac Economics

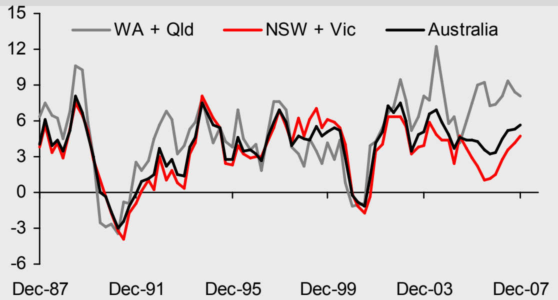
CPI inflation: RBA core hits 4.2% (% yr)



Sources: ABS, RBA, Westpac Economics

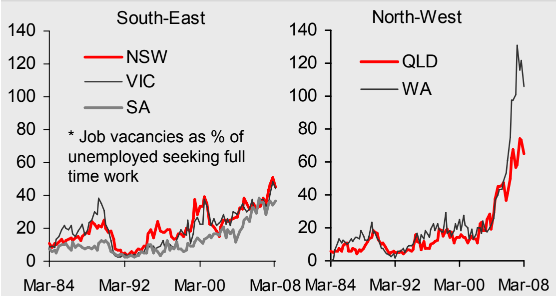
Australian economy: a state perspective

Domestic demand: south east accelerates (% ann)



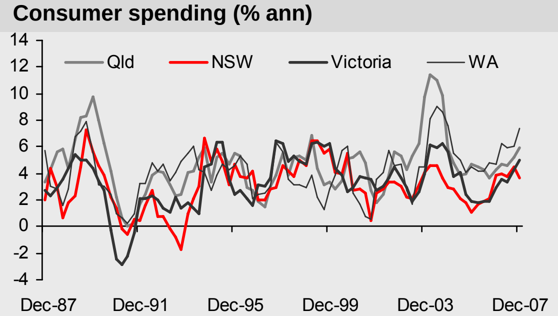
Sources: ABS, Westpac Economics

Labour shortages critical in resource states (%)



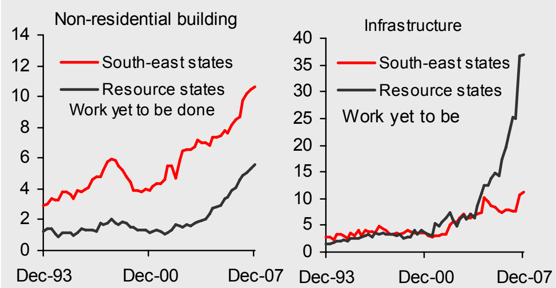
Sources: ABS, Westpac Economics

Consumer spending (% ann)



Sources: ABS, Westpac Economics

Non-residential construction booming ($bn)

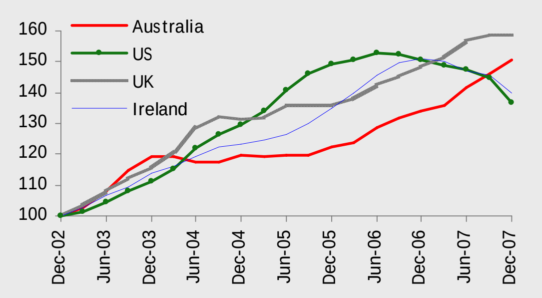


Sources: ABS, Westpac Economics

Economics Australian house prices: expected to moderate

- Australian house prices reached a peak in 2003, flattened out in most capital cities between 2004 and 2006; and picked up again in 2007
- Unlike in other markets, Australian house prices, and property markets more generally, are being supported by substantial pent-up demand for dwellings
- The estimated underlying requirement for new housing, based mainly on population growth and demographic changes, is around 175,000 units a year
- Housing construction has been running at under 156,000 units over the last four years
- Pent-up demand is most evident in rental vacancy rates - below 1.5% nationally and below 1% in Sydney and Melbourne
- Price growth is expected to stall in 2008, but this pent-up demand will prevent a significant broad-based weakening in prices

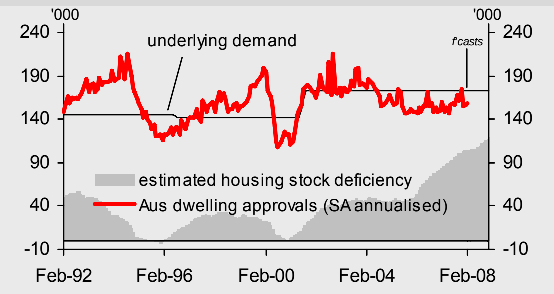
House price growth (December 2002 = 100)



Source: JPMorgan; Department of the Environment, Heritage & local Government
US: S&P/Case-Schiller Home Price Index – 20-city
UK: Nationwide house price index
Australia: House price index – weighted average of 8 capital cities
Ireland: Average New House Price

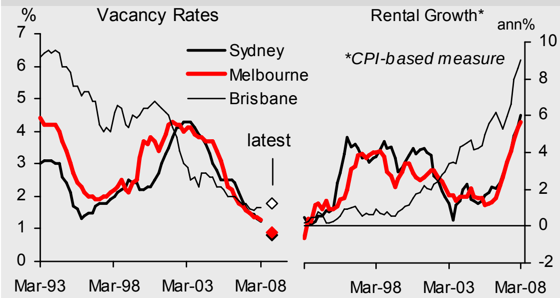
Economics Australian housing market

Approvals and housing stock deficiency ('000)



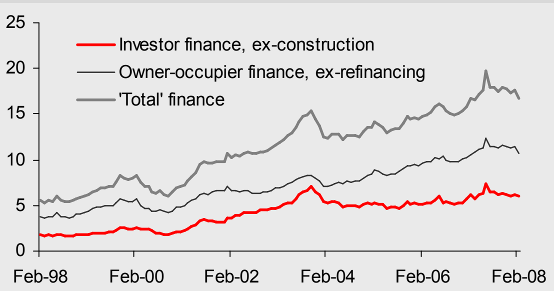
Sources: ABS, Westpac Economics

Vacancies tight, rents surging (%)



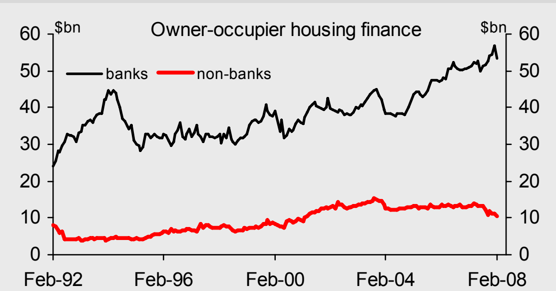
Sources: REIA, ABS, Westpac Economics

Housing finance (AUD bn/mth)



Sources: ABS, Westpac Economics

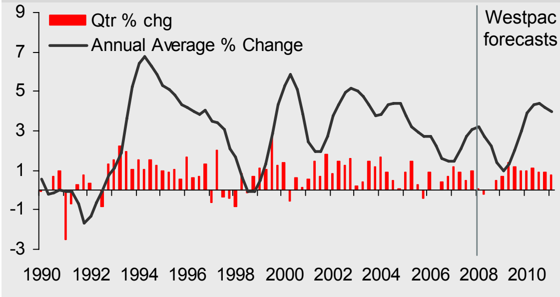
Non-bank lending hit by 'credit crunch' ($bn)



Sources: ABS, Westpac Economics

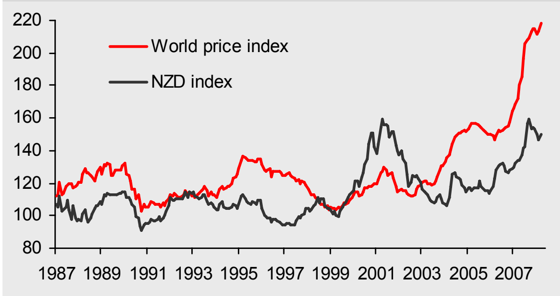
Economics **New Zealand economy: good to outweigh the bad**

GDP growth



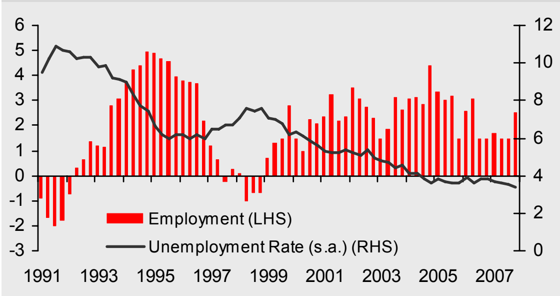
Sources: Statistics NZ

Commodity price index



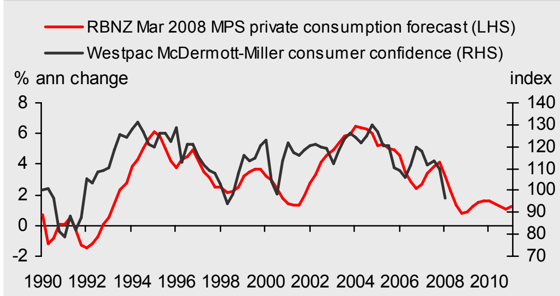
Sources: ANZ

NZ unemployment (%)



Sources: Statistics NZ

Consumer confidence hits lows



Sources: RBNZ, Statistics NZ, Westpac McDermott Miller

Contact us **Investor relations**

Andrew Bowden
Head of Investor Relations
+61 2 8253 4008
andrewbowden@westpac.com.au

Hugh Devine
Senior Manager, Investor Relations
+612 8253 1047
hdevine@westpac.com.au

Leigh Short
Senior Manager, Investor Relations
+612 8253 1667
lshort@westpac.com.au

Jacqueline Boddy
Manager, Debt Investor Relations
+61 2 8253 3133
jboddy@westpac.com.au

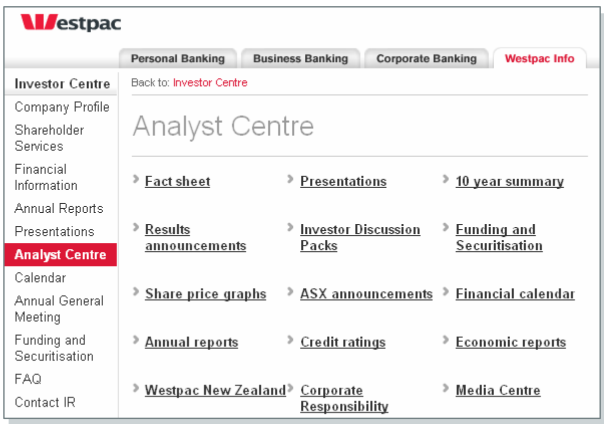
Natasha O'Reilly
Team Coordinator
+612 8253 3143
noreilly@westpac.com.au

For further information on Westpac including:

- Annual reports
- Financial results
- Presentations and webcasts
- Key policies

Please visit our dedicated investor website

www.westpac.com.au/investorcentre
click on 'Analyst Centre'



Definitions

Westpac's Business Units	
CFS	Consumer Financial Services
BFS	Business Financial Services
WIB	Westpac Institutional Bank
NZ	Westpac's New Zealand operations
PB	Pacific Banking
GBU	Group Business Unit
Financial Performance	
Cash earnings	Net profit attributable to equity holders adjusted for the impact of the economic hedges related to TPS 2003, significant items that are one-off in nature, earnings from Treasury shares, gains/losses on ineffective hedges and the impact of unrealised New Zealand earnings hedges gains/losses
AIEA	Average interest earning assets
Adjusted Common Equity (ACE) ratio	ACE is calculated as Tier 1 capital less hybrid equity and investments in non-banking subsidiaries (excluding those held in our Specialised Capital Group (SCG)). This is divided by risk weighted assets

Asset Quality	
Impaired assets	Impaired assets can be classified into the following categories; 1) Non-accrual assets: Loans with individually assessed impairment provisions held against them, excluding restructured loans; 2) Restructured assets: Assets where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer; 3) 90 days past due: Consumer exposures where contractual payments are 90 days or more in arrears and not well secured
90 days past due - well secured	A loan facility where payments of interest or principal are 90 or more days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and an additional six months interest
Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
RWA	Risk weighted assets
TCE	Total committed exposure

Disclaimer