Australia's First Bank

Investor Discussion Pack

May 2005

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Australia's First Bank

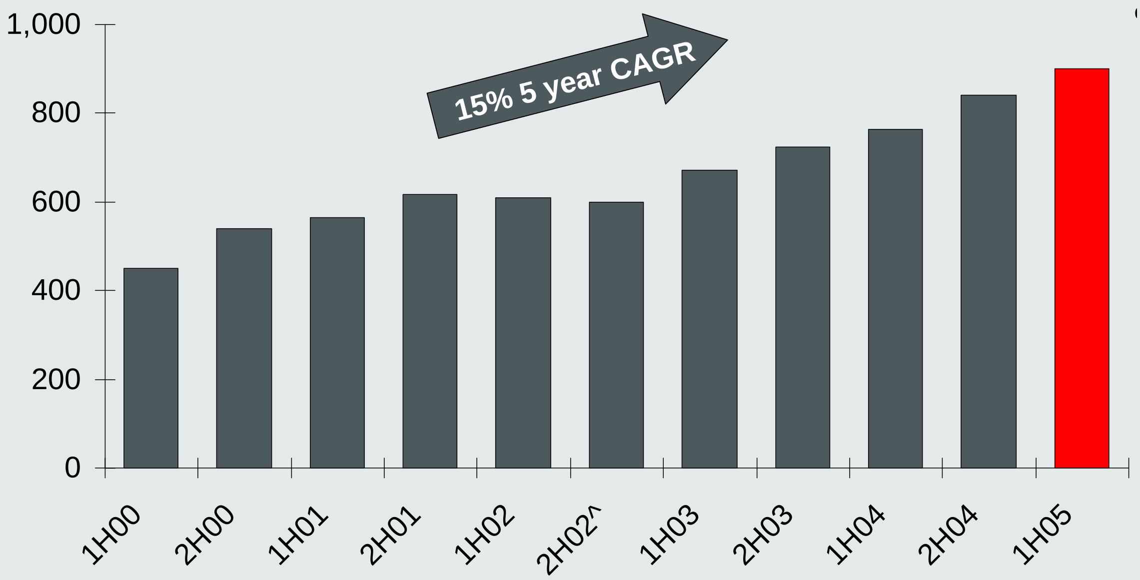
Maintaining consistent growth and return

- High quality result – maintaining the balance
  - Cash earnings $1,380m — up 12%
  - Cash earnings per share of 75 cents — up 12%
  - Cash return on average equity — 21%
  - Operating revenue — up 8%
  - Interim dividend of 49 cents, fully franked — up 17%
  - Expenses — up 6%
  - Cost to income ratio 48.4% — down 120 basis points
- Drivers of growth
  - Solid growth in loans and acceptances — up 11%
  - Disciplined pricing — margins down 8 bps
  - All operating businesses delivering solid growth in cash earnings
- Quality of earnings maintained
  - Strong asset quality: net impaired assets to equity and general provisions — steady at 2.2%
- Maintained leading sustainability position

All comparatives on prior corresponding period

Consistently delivering strong growth and returns

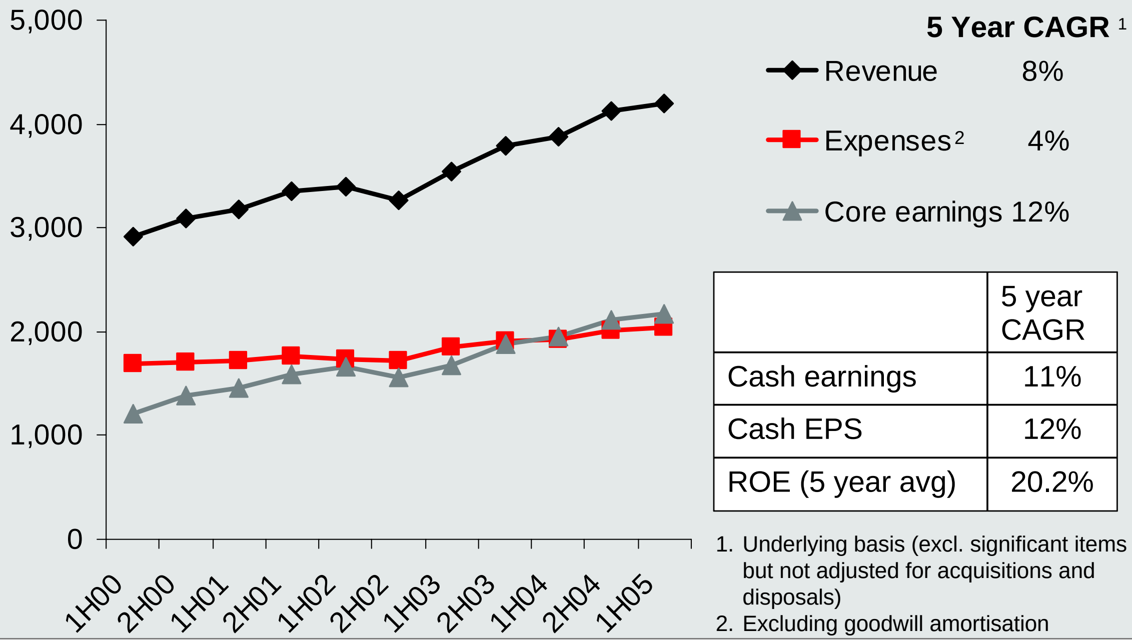
Economic profit ($m)



^ Underlying EP excludes significant items in 2002

Driving the gap between revenue and expenses

Revenue and expense performance ($m)



	5 year CAGR
Cash earnings	11%
Cash EPS	12%
ROE (5 year avg)	20.2%

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

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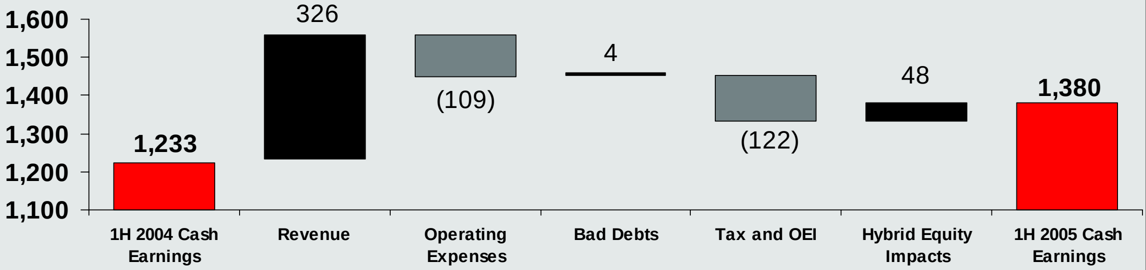
Cash earnings – half on half

$m	1H05	2H04	1H04	% Change 1H04 – 1H05
Net interest income	2,545	2,416	2,339	9
Non-interest income	1,659	1,716	1,539	8
Operating income	4,204	4,132	3,878	8
Operating expenses	(2,034)	(2,015)	(1,925)	(6)
Bad debts	(203)	(207)	(207)	2
Net profit before tax	1,884	1,830	1,662	13
Net profit after tax & OEI	1,325	1,314	1,225	8
Cash earnings	**1,380**	**1,326**	**1,233**	**12**

Movement in cash earnings ($m)



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Cash earnings – half on half patterns

- Movement in 2H04 to 1H05 is again more subdued than recent second half growth experience
- This pattern has traditionally been consistent given:
  - Dec/Jan are more subdued months
  - June business refinancing cycle
- In 1H05 this pattern has been impacted by the more challenging operating conditions

$m	1H	2H	%2H-1H	%1H-2H
2001	920	981	2.6	6.6
2002	996	1,067	1.5	7.1
2003	1,095	1,176	2.6	7.4
2004	1,233	1,326	4.8	7.5
2005	1,380	-	4.1	na

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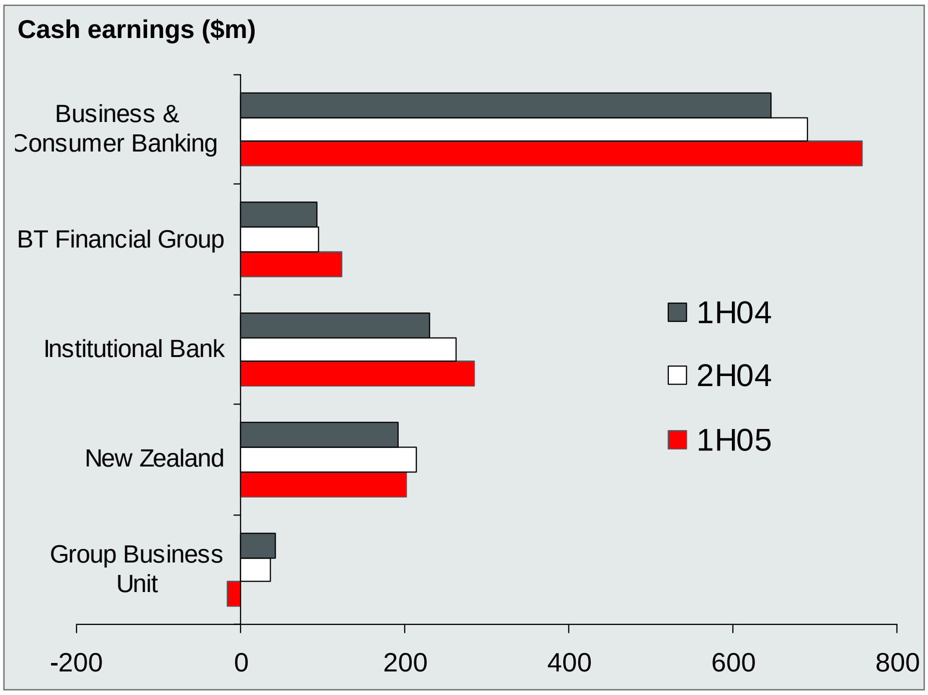
Solid contribution across all businesses



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

1. NZ growth in NZ dollar terms

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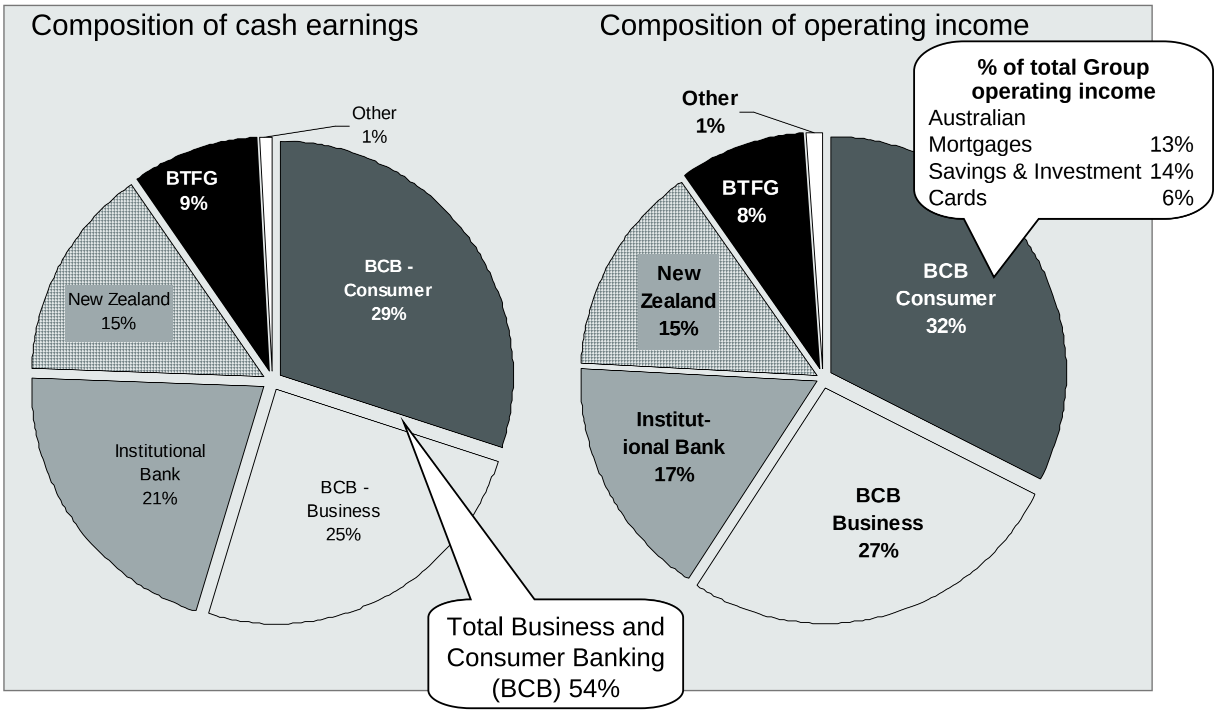
Composition of cash earnings and operating income



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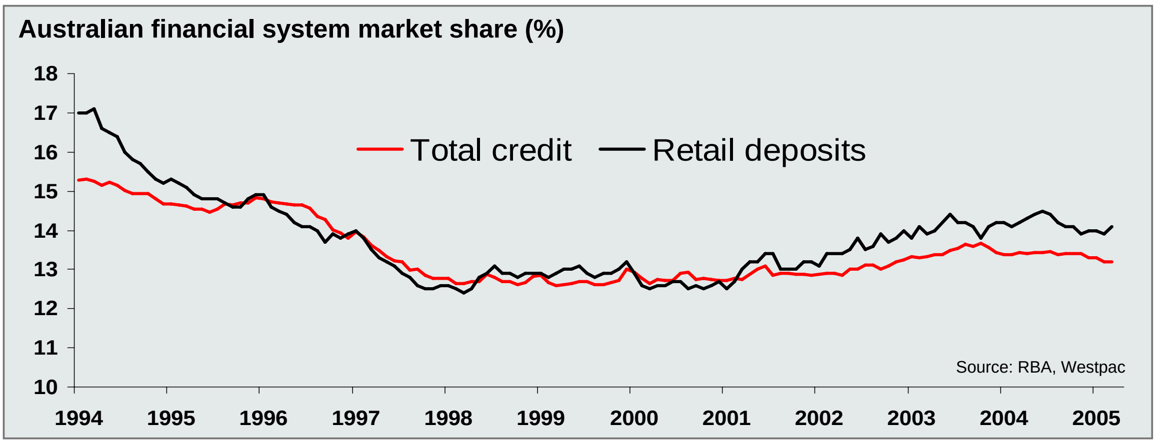
Aggregate market share



Australian market share – RBA financial system aggregates	Mar 05 %	Sep 04 %	Mar 04 %	Change (bps) Mar 04 – Mar 05
Credit				
Household (housing & other personal)	**13.5%**	13.9%	14.4%	-90bps
Other (mainly business)	**12.5%**	12.5%	12.0%	+50bps
Total credit	**13.2%**	13.4%	13.5%	-30bps
Retail deposits	**14.1%**	14.1%	14.1%	0bps

Note: Westpac's 'household' and 'other' market share statistics have been adjusted following the RBA's revision of its methodology for calculating credit data to better reflect the impact of securitisation, announced 31 May 2004.

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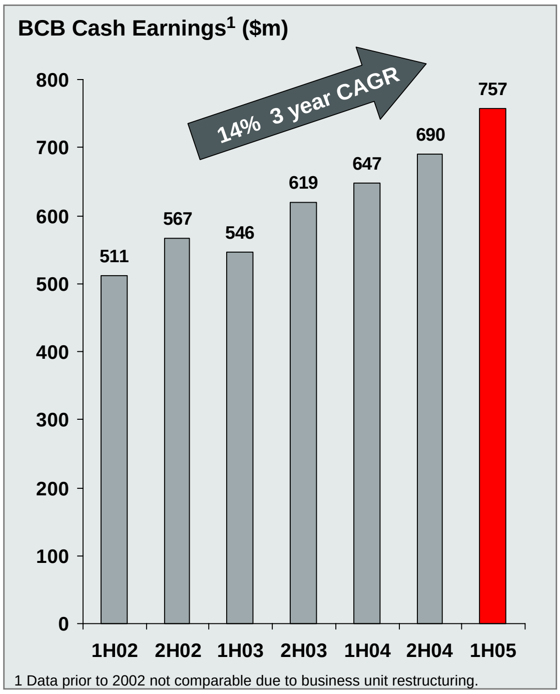
BCB – a revenue led result

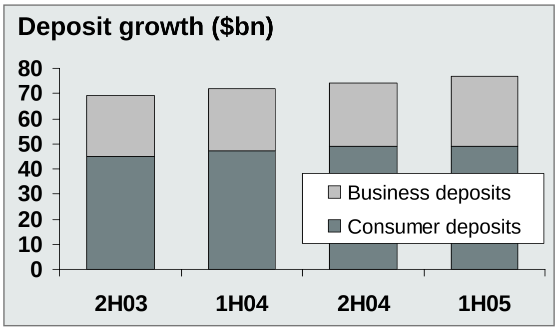
- Cash earnings up 17%
- Revenue growth twice expense growth
- Profitable growth
  - Slower asset growth 8%
  - Margins little changed
- Reconfigured deposit products
- Consumer customer satisfaction up 3% over the year



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

Retail deposits – balancing the product and price mix

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

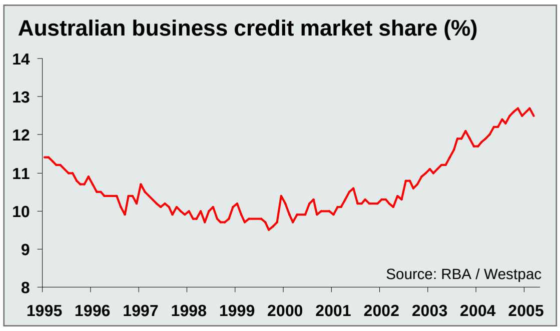


Deposit spreads

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

Consistent strategy since 1999 to capture business market

- Strategy focused on better meeting the needs of small and medium businesses



What small and medium businesses are asking and our responses

Know my business	Fast decision making	Better relationships
Implementation of industry specialist teams	Decision making process streamlined in 1999	Business Online revamped and updated
Roll-out of business CRM underway	Further process improvement being rolled-out under re-engineering project (Pinnacle)	Selective return of business bankers back to the branches

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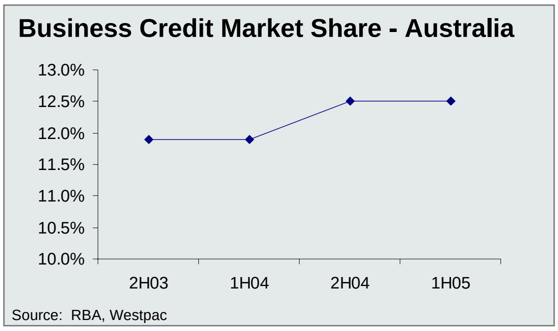
Business lending – solid growth

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



Australian business spreads (%)

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

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

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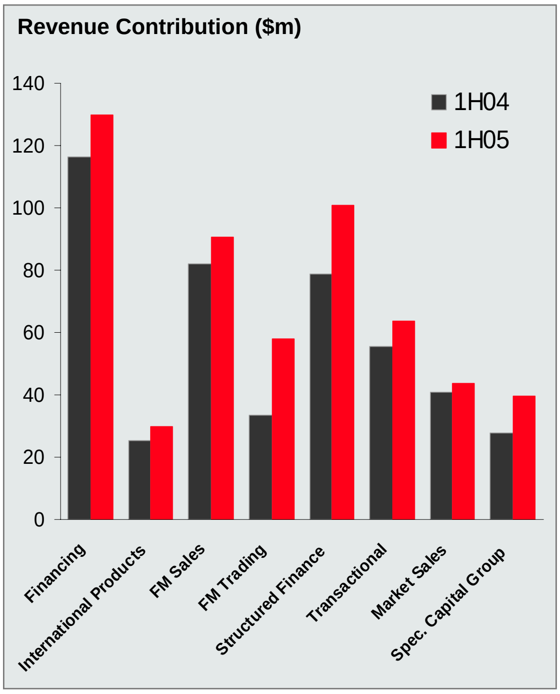
Institutional Bank – broadening revenue base

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



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Strong institutional loan growth

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

Institutional loans & acceptances ($bn)

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

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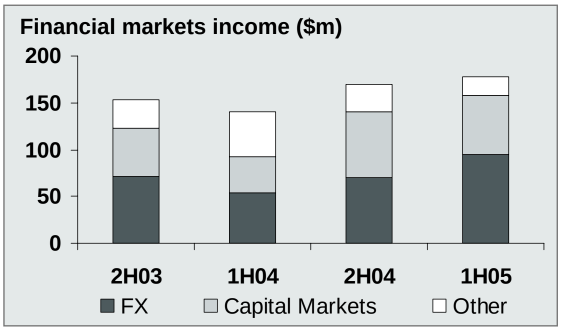
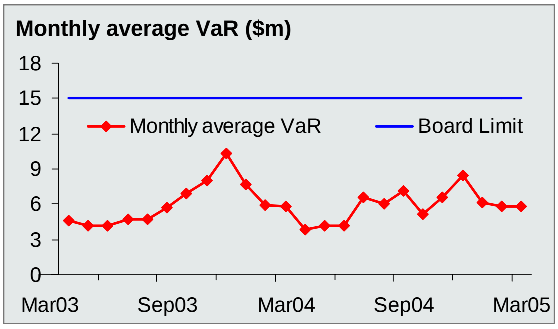
Financial markets – sound performance

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





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Investment securities

- Gains in portfolio of investment securities $28m ($17m for the six months to 30 Sept 04), reflecting liquidation/sales and improved credit spreads
- Continue to actively manage exposure however markets remain relatively illiquid
- Modelling suggests value to be gained from retaining some investments until maturity
- Portfolio being managed down progressively
  - 30 Sept 04 US$86m
  - 31 Mar 05 US$52m

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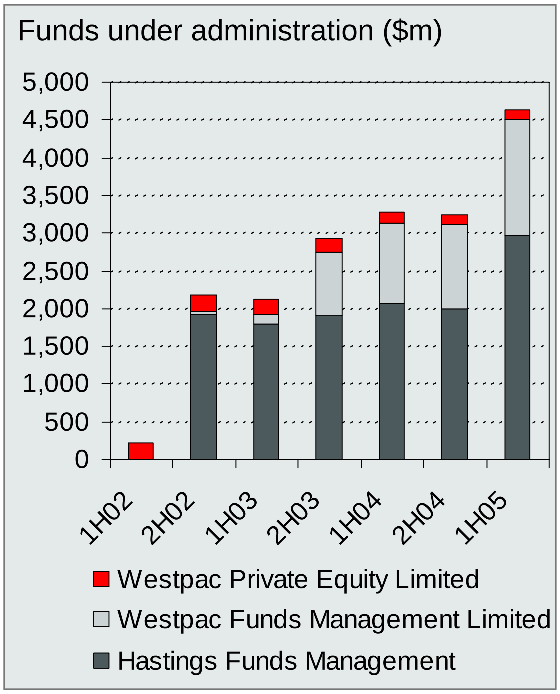
Specialised Capital Group – a growing business

- The Specialised Capital Group is an alternative investment fund manager and asset arranger
- Established capability boosted by ownership of Hastings Funds Management (51% ownership moving to 100% after June 2005)
- Strong governance model
- Leverages Westpac's key strengths
  - Extension of intermediation capability
  - Detailed understanding of Australian and New Zealand corporates
  - Established distribution channels
  - Complementary wealth management operation
- High growth business creating a sustainable annuity income stream
- Key funds established in the last 6 months:
  - Hastings Diversified Utilities Fund
  - Hasting High Yield Fund



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Epic

- On 2 June 2004, Hastings Funds Management (51% owned by Westpac) acquired a 100% holding in three strategically placed natural gas pipelines ("Epic") via a trust structure including:
  - the Moomba to Adelaide Pipeline System in South Australia;
  - the South West Queensland Pipeline in Queensland; and
  - the Pilbara Pipeline System in Western Australia
- Assets were sold to investors via the Hastings Diversified Utilities Fund – IPO announced on 29 October 2004
- While the assets were warehoused, Westpac consolidated the Epic accounts up until their sale to the Fund on 14 December 2004
- Westpac recorded a gain on disposal of the Epic assets of $10m in 1H05

	Impact 2H04	**Impact 1H05**
Risk Weighted Assets	+$360m	Nil
Deduction to Total Regulatory Capital and ACE	-$297m	Nil
Expenses	+$22m	+$8m
Cash Earnings	Minor	Minor

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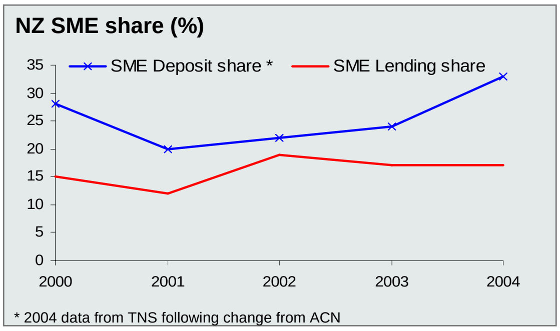
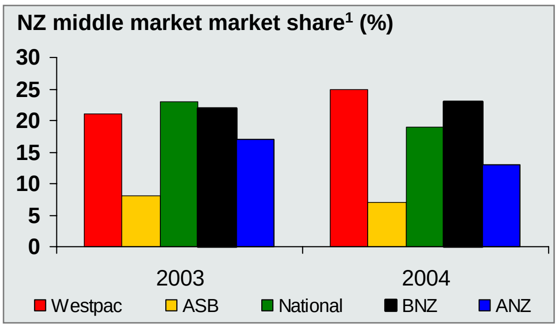
New Zealand – sound performance

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

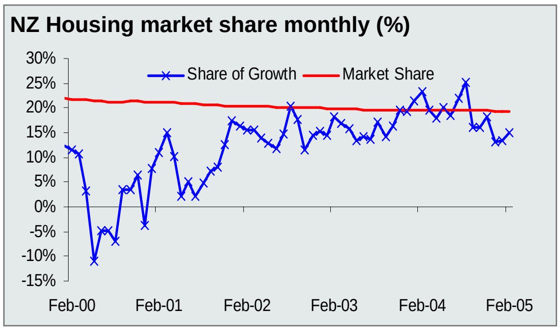




1. TNS Business Finance Monitor Results

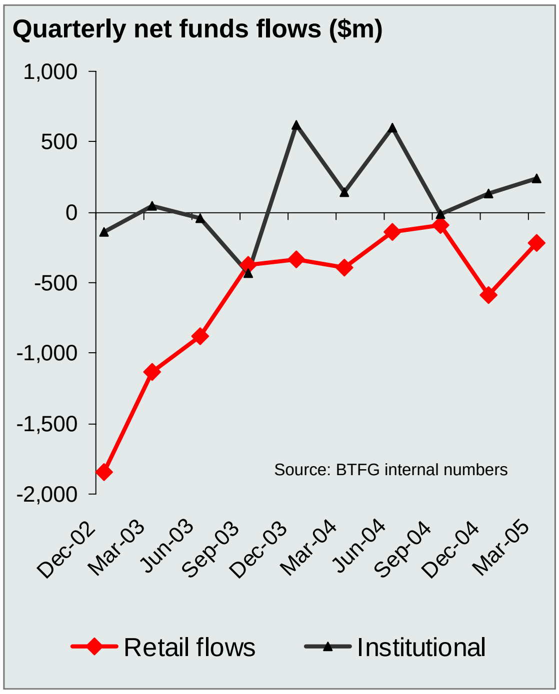
New Zealand – a competitive mortgage market

- Competitive intensity in NZ mortgages has increased, with a 2 year fixed rate price war in December 2004
- Our response
  - Did not compete head-on in price war
  - Offered special rates on different fixed terms at profitable spreads
- The impact
  - Achieved 15% mortgage growth over year but slowing in the second half
  - Small loss of market share, to 19.3%
  - Mortgage margin contraction of 16 basis points as customers, encouraged by the price war, switched from floating rate to lower spread fixed rate
  - Profitable mortgage revenue growth achieved

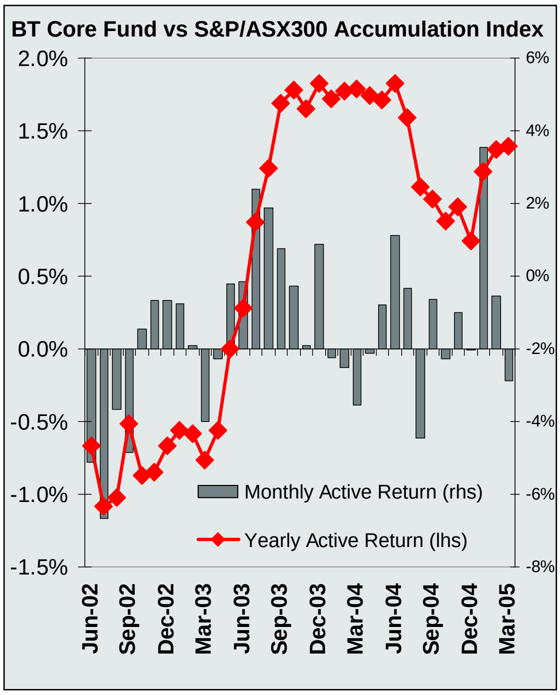


BT Financial Group – sustained improvement

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



BTFG Sustained investment performance



February 2005	Performance and Quartile Ranking					
	1 yr %	Quar-tile*	2 yrs % pa	Quar-tile	3 yrs % pa	Quar-tile
Core Australian Share Fund	33.1	2	32.0	1	12.1	3
Imputation Fund	36.0	1	31.0	1	14.6	1
Smaller Companies Fund	44.3	1	49.4	1	24.9	1
Balanced	19.0	2	20.4	1	7.2	2
Property	26.6	3	21.7	1	16.9	4
Intl Equities (Putnam)	8.1	3	11.3	2	-5.0	2

Growing share across products

Current Australian market share			Share of new business	
Product	**Market share (%)**	**Rank**	**Market share (%)**	**Rank**
Retail	8.0	5	10.0	5
Corporate super	6.7	5	13.9	2
Platforms	12.5	2	20	3
Life and risk	6.6	7	8.4	5
Margin lending	13.7	n/a	16.3	n/a
Broking	10.6	3	10.4	3
Institutional	1.4	23	n/a	n/a

Sources:
Retail - ASSIRT Preliminary market share report December 2004
Corporate super - Dexx&r Employer Super League Table September 2004
Platforms - ASSIRT Preliminary market share report September 2004
Life and risk - Dexx&r Life analysis, Quarterly Statistics ending September 2004
Margin lending - BT loan book verses RBA industry total – December 2004
Broking - ASX market analysis December 2004
Institutional - Investor Supermarket December 2004

Australian funds under management

Asset class $bn	Mar 04 Total	Mar 05 Total	Mar 05 Retail	Mar 05 Retail %
Cash	7.5	6.6	4.4	67%
Australian Fixed Interest	4.9	5.4	3.0	56%
International Fixed Interest	3.2	4.9	1.5	31%
Property	2.8	2.8	2.5	89%
Australian Equities	9.5	11.7	9.8	84%
International Equities	6.5	7.3	6.6	90%
Other*	3.1	0.9	0.5	56%
TOTAL	37.5	39.7	28.3	71%

**Includes FX, currency & asset allocation*

Insurance business

- Insurance operations have continued to perform well
- Solid growth in risk in-force premiums, up 8% over year
- Performance supported by positive claims experience and lower lapse rates
- General insurance earnings continue to trend higher although some seasonality within the data
- Lenders mortgage insurance earnings lower, in line with easing in mortgage growth

Cash earnings	**1H05 $m**	2H04 $m	1H04 $m	% growth 1H04-1H05
Life insurance				
Australia	**27**	22	25	8%
NZ	**9**	9	10	(10%)
General Insurance (Australia)	**22**	24	18	25%
Lenders mortgage insurance (Australia)	**7**	9	8	(6%)
Total	**65**	64	60	8%

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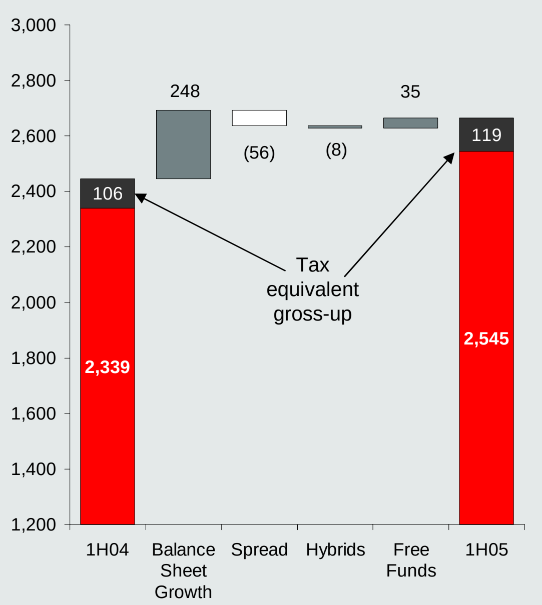
Net interest income

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

Net interest income analysis ($m)



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Loan growth

$bn	1H05	2H04	1H04	Change[1] 1H04-1H05	2H04-1H05
Business Unit					
Consumer (Australia)	102	99	95	7%	3%
Housing	94	92	88	8%	3%
Personal (loans & cards)	7	7	7	0%	0%
Business	37	36	34	10%	2%
Westpac Institutional Bank	28	25	23	23%	9%
New Zealand ($NZ)	*30*	*28*	*27*	*13%*	*7%*
BT Financial Group	2	2	2	28%	20%
Group					
Net loans and acceptances	194	188	175	11%	3%
Avg. interest earning assets	215	202	191	13%	6%

1 % changes have been calculated before rounding of numbers

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Deposit growth

$bn	1H05	2H04	1H04	Change[1] 1H04-1H05	1H05-2H04
Group					
Total deposits	146	147	136	7%	0%
Ave interest bearing liabilities	196	185	171	14%	6%
Business Unit					
Consumer (Australia)	51	50	49	4%	1%
Business (Australia)	27	24	24	12%	10%
Institutional Bank	16	14	12	28%	13%
New Zealand ($NZ)	*19*	*19*	*18*	*7%*	*4%*
Other [2]	35	41	35	0%	-14%

1. % changes have been calculated before rounding of numbers
2. Other include Treasury and Pacific Banking

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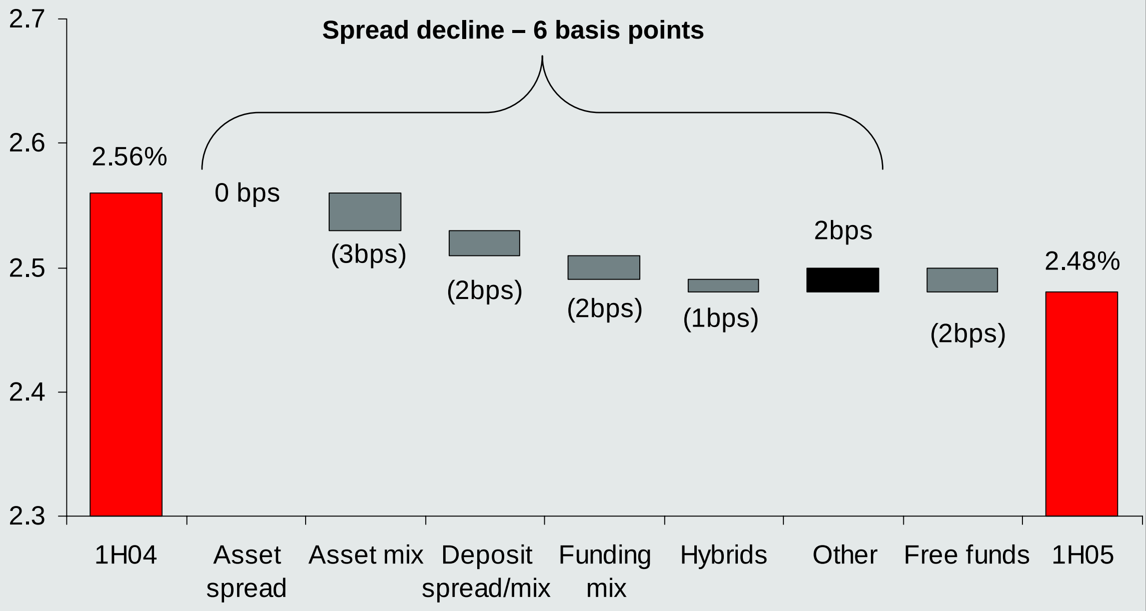
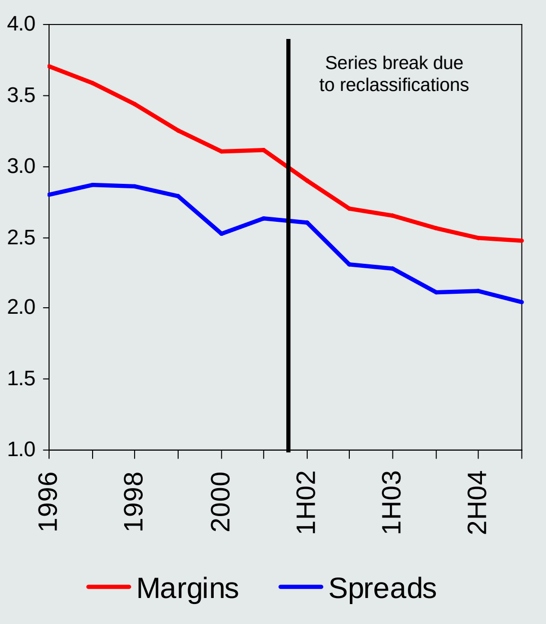
Analysis of margin movements

Group margins 1H04 – 1H05 (%)



Group margin and spread trends

Long term Group margins and spreads



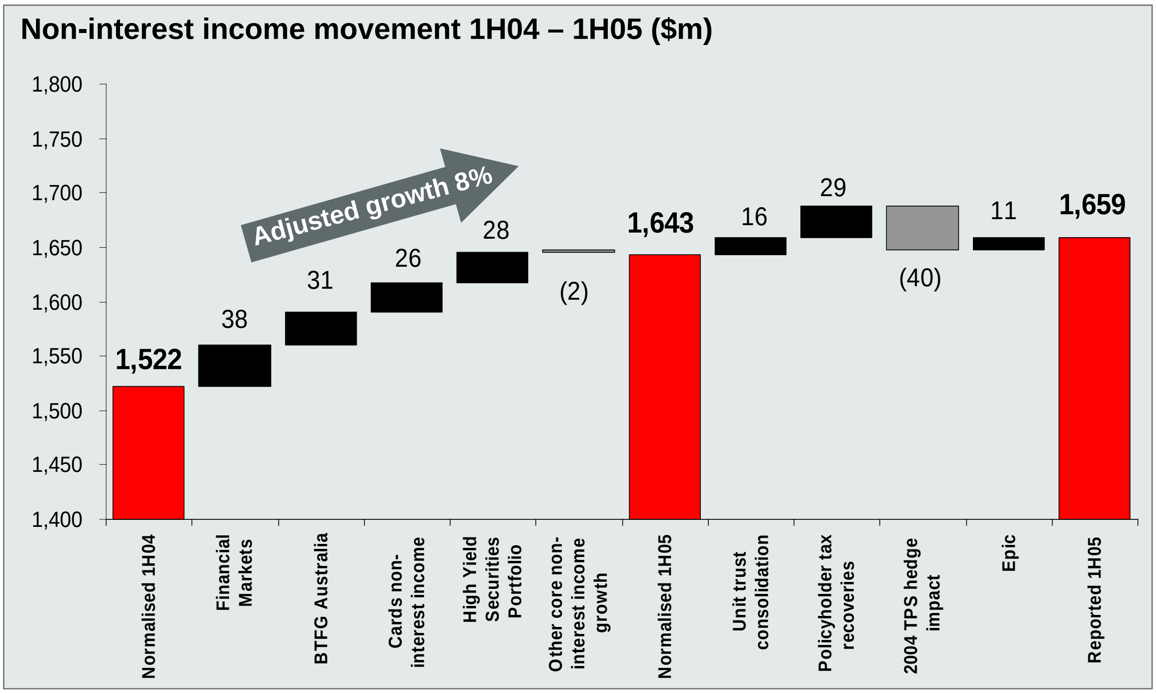
Australian product spreads — Indicative

Product	1H05	2H04	1H04	2H03
Mortgages	1.17	1.18	1.18	1.22
Cards	7.15	7.05	6.77	7.76
Business	1.78	1.80	1.79	1.81
Equipment Finance	2.15	2.02	2.16	2.33
Consumer Deposits	1.59	1.62	1.66	1.56
Business Deposits	2.77	2.81	2.76	2.60

New Zealand product spreads — Indicative

Product	1H05	2H04	1H04	2H03
Loans	1.55	1.70	1.73	1.82
Deposits	1.95	1.81	1.75	1.89
Total	1.70	1.74	1.74	1.85

Non-interest income analysis



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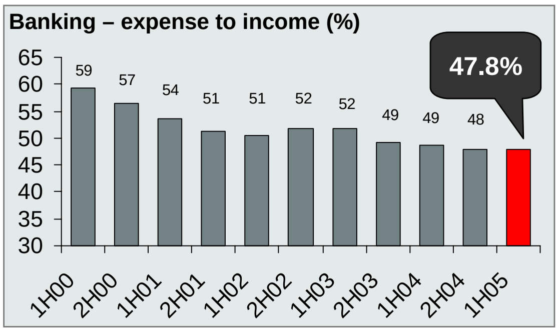
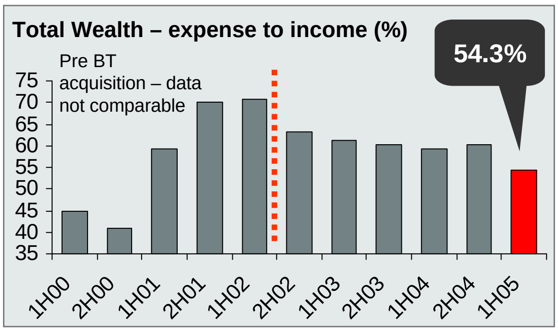
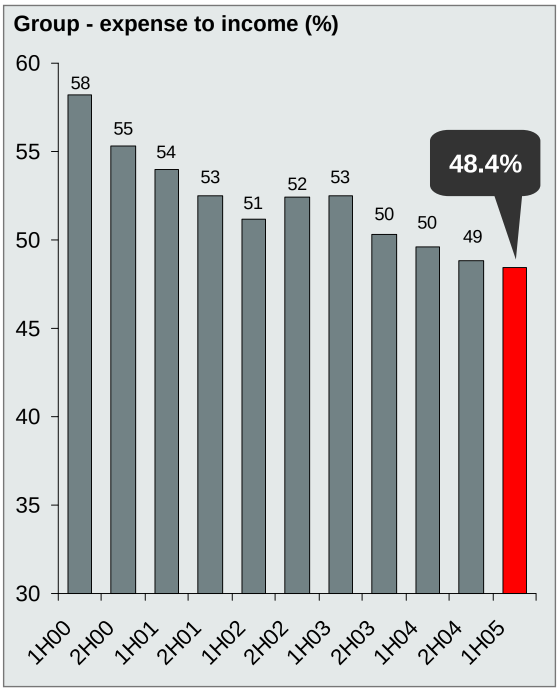
Expense to income – downward trend continues







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

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Expenses – continued tight management

$m	1H05	1H04	% Change
Operating expenses	2,034	1,925	5.7%
Epic consolidation	*(8)*		
Consolidation of Life Company MIS	*(2)*	*(1)*	
$NZ impact	(16)		
Adjust operating exp.	**2,008**	**1,924**	**4.4%**

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

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

- Held expense growth low while absorbing:
  - project costs expensed $80m
  - compliance spend $7m

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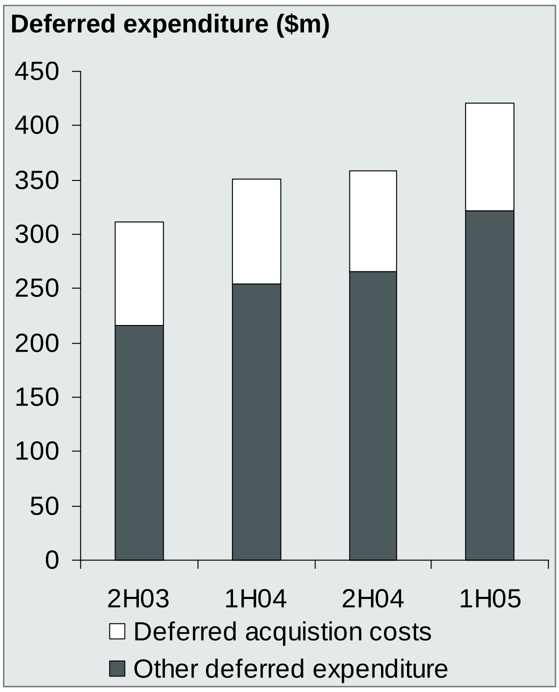
Deferred expenditure trends



- Total deferred expenditure increased 20% over year
- Other deferred expenditure increased due to:
  - Further capitalisation of 3rd party credit card acquisition costs
  - Continued mortgage growth
- Deferred acquisition costs incurred in wealth business increased moderately
- Deferred expenditure is largely amortised against income
- $287m of deferred expenditure is an APRA deduction from capital

Westpac Australia's First Bank

Movements in capitalised software

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

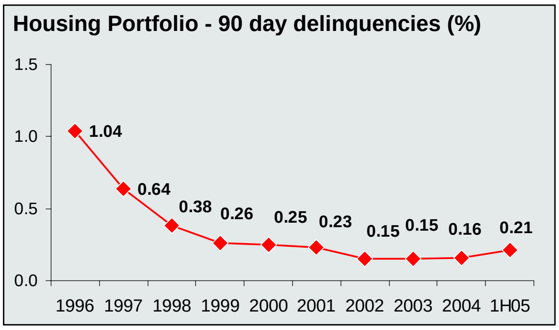
$m	1H04	2H04	1H05
Capitalised software	328	377	**409**
Half-yearly amortisation	57	47	**68**

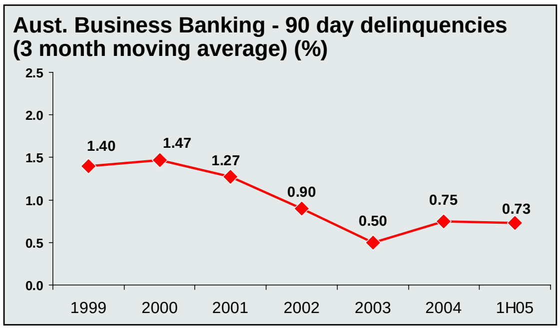
Capitalised software - major projects $m	Amort-isation period (years)	Mar 2004	Sep 2004	Mar 2005
Loan process re-engineering (Pinnacle)	3	62	76	85
Institutional Bank	3	33	36	34
Standardised platform (One Bank)	3	39	58	66
Channel development and distribution	3	15	21	19
Product enhancement	3	14	12	11
Customer relationship management (Reach)	3	33	45	52
Other - Australia	3	46	36	55
Teller platform, New Zealand	5	21	29	33
Other - New Zealand	3	65	64	53
Total		**328**	**377**	**409**

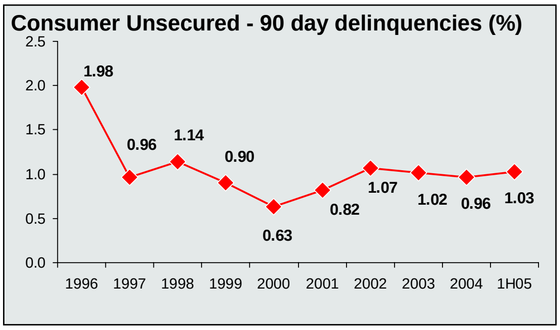
Risk management framework

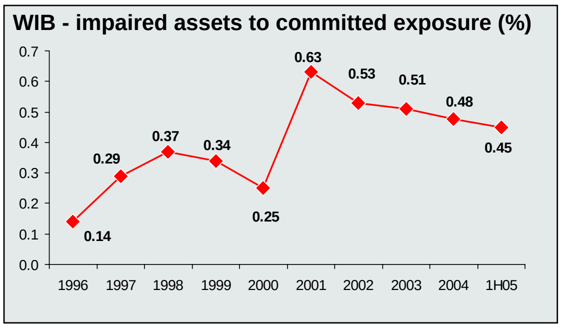
Board	**Considers and approves the risk / reward strategy of the Group** • Reviews and approves Westpac's risk management strategy, policies and key risk parameters • Considers whether appropriate internal control mechanisms are in place and are being implemented • Monitors the effectiveness of the execution of risk strategies • Maintains a direct and ongoing dialogue with Westpac's external auditor and, where appropriate, principal regulators
Board Committees	The Board Committees, by delegated authority,assist the Board in fulfilling its oversight responsibilities for: **Risk Management Committee** • Reviewing and approving the framework, policies, limits and conditions for the taking and managing of risk • Considers the risk profile and monitors the performance and management of risks **Audit Committee** • Overseeing the integrity of the financial statements and financial reporting systems, compliance with related regulatory requirements, reviewing the performance of the internal and external audit, and assessing the independence of the external auditor **Social Responsibility Committee** • Maximising the economic, social, environmental and ethical value of activities • Monitoring, oversight and management of reputation risk
Independent Internal Review	**Group Assurance** Independent and objective internal audit review function evaluating, testing and reporting on the adequacy and effectiveness of management's control of operational risk. Also provides independent evaluation of credit risk activities and portfolios, the quality of credit management and compliance with credit policies
Executive Risk Committees	**Group Risk Reward Committee** • Develops and leads the risk optimisation agenda for the Group • Recommends to the Risk Management Committee the appropriate risk / reward positioning and links this to decisions on overall capital levels and composition • Initiates and oversees strategies of the Group's risk / reward profile and boundaries for risk appetite and earnings volatility within parameters set by the Board • Oversees the performance, role and membership of the executive risk committees **Group Credit Risk Committee** • Optimises credit risk / reward • Oversees portfolio performance • Determines limits and authority levels within Board approved parameters **Group Market Risk Committee** • Optimises market risk / reward for traded and non-traded market risk • Oversees portfolio performance • Determines limits with Board approved parameters **Group Operational Risk & Compliance Committee** • Oversees the governance of operational risk and compliance, including the framework and policies • Oversees the operational and reputation risk profile
Group Risk	• Enterprise-wide view of risk and its impact on performance • Development of management's strategy, framework and policies for the management of all major risk classes • Defines and promotes risk management culture
Business Units	Management of risks inherent in the business including the development of business-specific policies, controls, procedures and reporting in respect of the relevant risk classes

Forward credit indicators in good shape

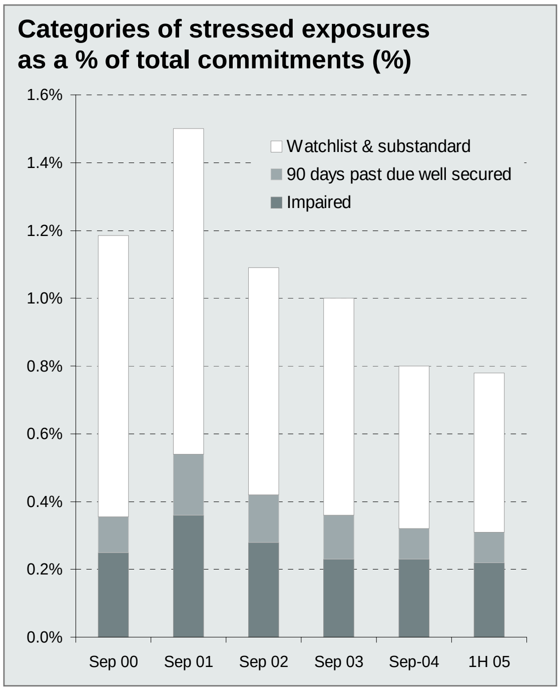


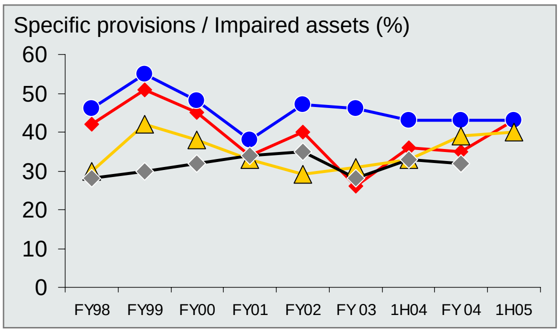




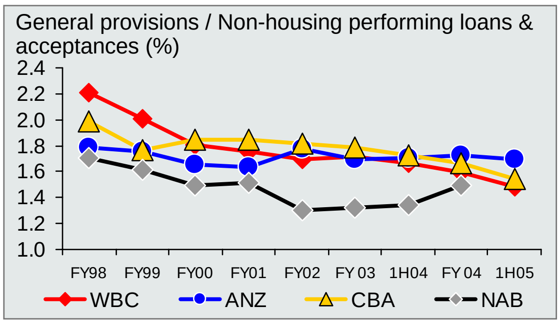


Stressed exposures continue to decline





- 1H 05 coverage ratio is 2.2x.



Bad debt analysis

$m	1H05	2H04	1H04
Write-offs	(149)	(146)	(128)
Net transfer (to)/from specific provisions	(78)	(58)	(73)
Recoveries of debts previously W/O	38	38	35
Bad debt charge	**(189)**	**(166)**	**(166)**
Increase in general provision	(14)	(41)	(41)
Net bad debt expense	**(203)**	**(207)**	**(207)**
General provision	1,459	1,487	1,432
General provision to non-housing loans & acceptances	1.5%	1.6%	1.7%

Westpac Australia's First Bank

Bad debt analysis

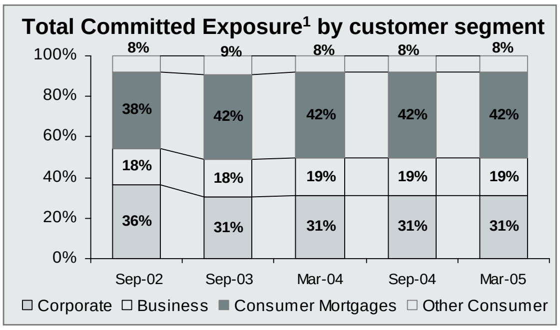
1H05 Bad debts by business unit			
BCB	New specific	23	
	Write-offs	128	
	W'backs/Recoveries	(38)	
	Dynamic provision	37	150
WIB	New specific	96	
	Write-offs	4	
	W'backs/Recoveries	(32)	
	Dynamic provision	(37)	31
NZ	New specific	3	
	Write-offs	15	
	W'backs/Recoveries	(12)	
	Dynamic provision	11	17
Other	New specific	2	
	Write-offs	1	
	W'backs/Recoveries	(1)	
	Dynamic provision	3	5
Total			**203**

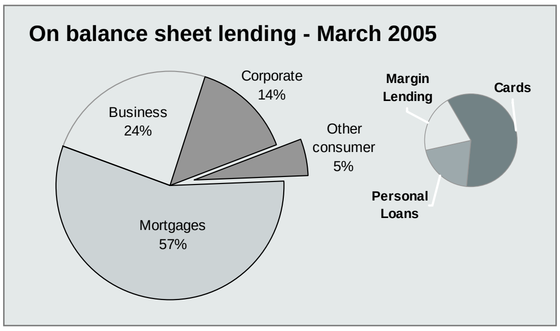
Total bad & doubtful debt charge to average loans and acceptances (basis points)

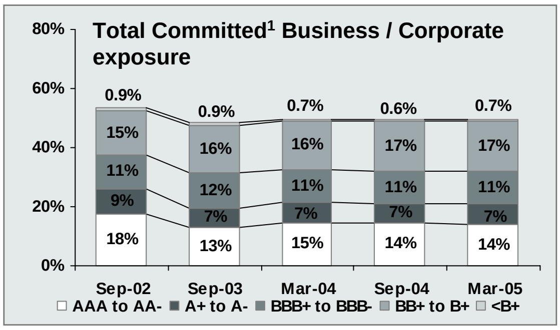
Westpac Australia's First Bank

Composition of portfolio

- Mortgages represent 42% of total commitments and 57% of funded lending
- 64% business / corporate exposure exceed investment grade
- Other consumer includes credit cards, personal lending and margin lending







1. Total committed exposures include outstanding facilities and un-drawn commitments that may give rise to lending risk or pre-settlement risk

Westpac Australia's First Bank

Total exposure by region

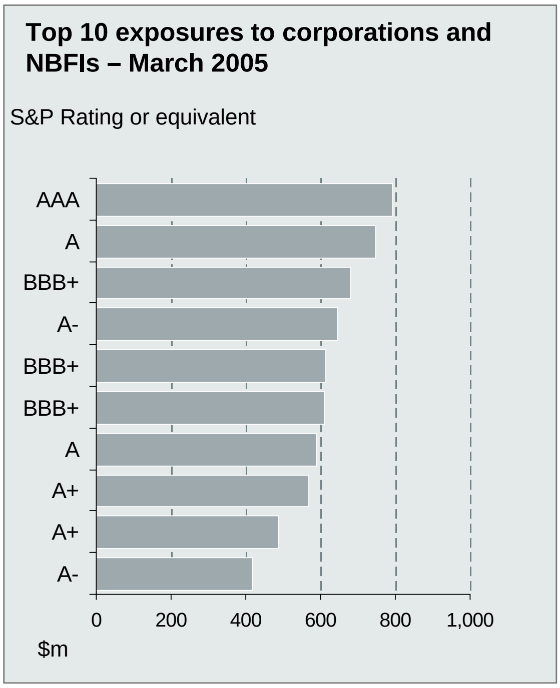
- Exposures outside core markets represent less than 2% of total committed exposures – sub investment grade represent less than 0.2% of total exposures (excluding core markets of Australia and New Zealand)

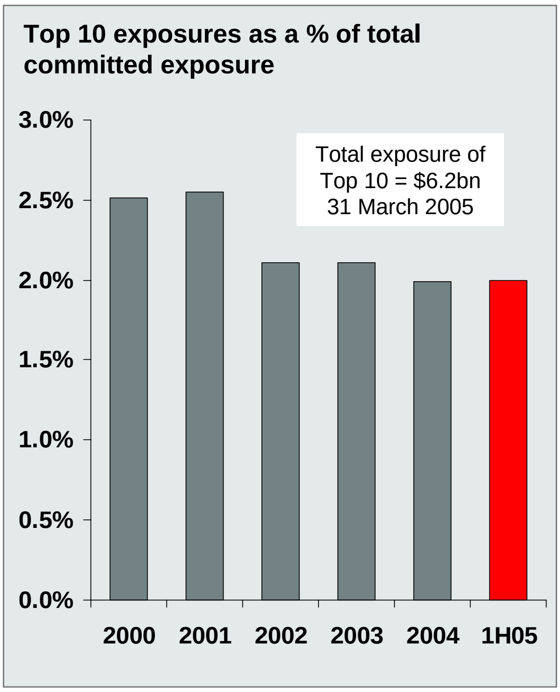
$m	Australia	NZ/ Pacific	Americas	Europe	Asia ex Japan	Japan	Group
AAA to AA-	35,252	5,896	722	237	67	106	**42,280**
A+ to A-	16,582	2,416	822	936	-	-	**20,755**
BBB+ to BBB-	26,863	6,596	748	1,041	41	-	**35,289**
BB+ to B+	43,853	8,671	104	105	3	26	**52,763**
<B+	1,483	468	32	113	-	-	**2,096**
Secured consumer	112,304	21,902	-	-	-	-	**134,206**
Unsecured consumer	17,638	3,179	-	-	-	-	**20,817**
	253,975	**49,127**	**2,428**	**2,432**	**112**	**132**	**308,206**

1. Total committed exposures by booking office at 31 March 2005

Westpac Australia's First Bank

Reduced single name concentrations





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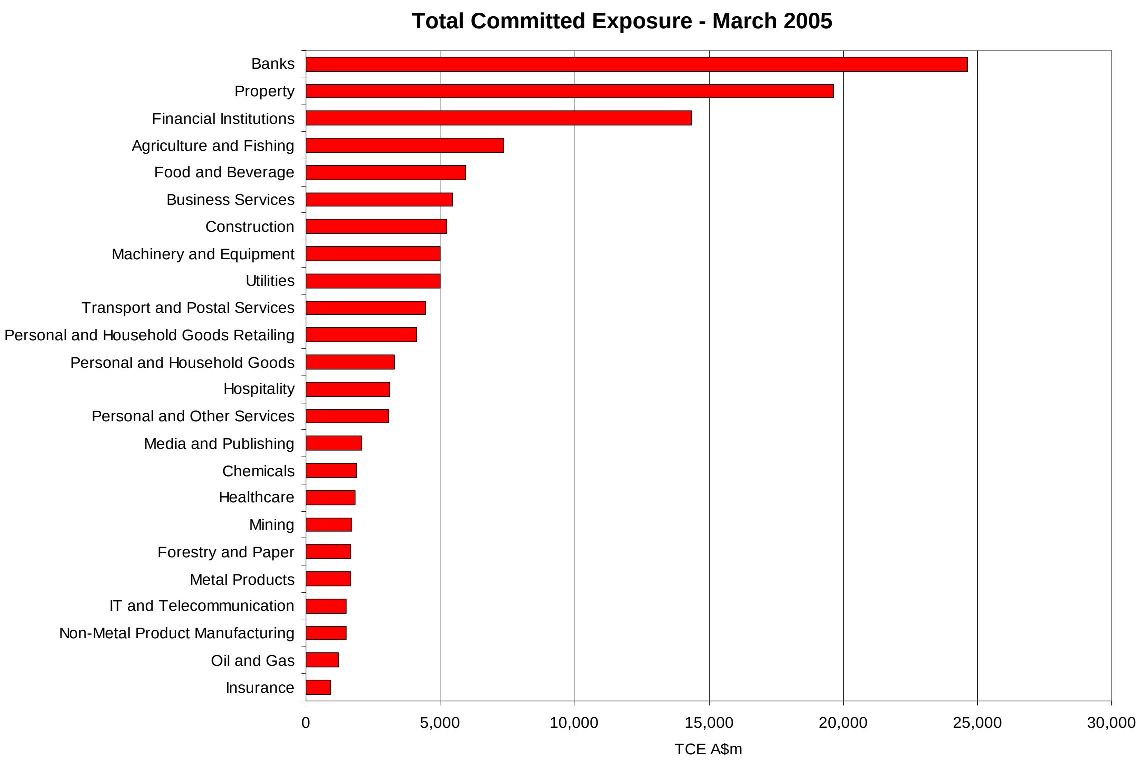
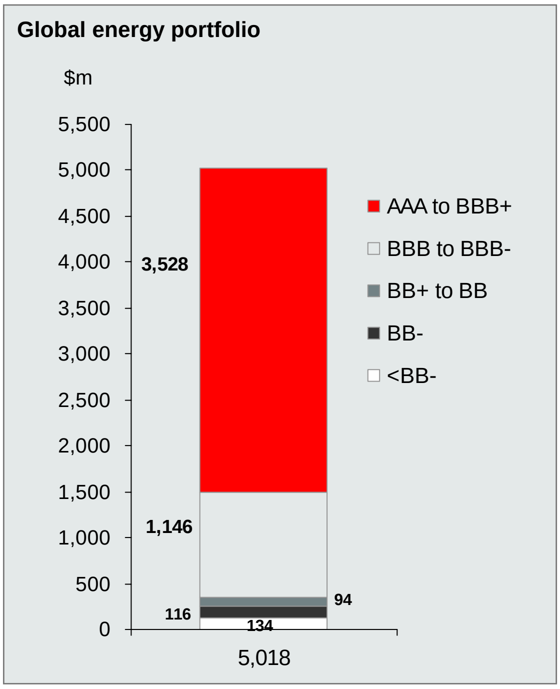
Industry concentrations

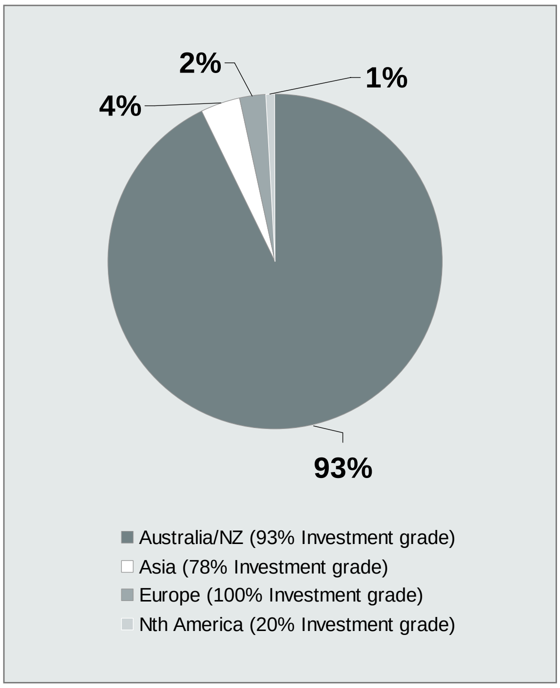


Note: Excludes governments

Westpac Australia's First Bank

Key portfolio exposures - energy

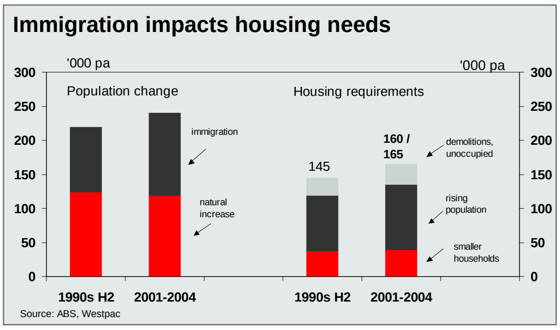


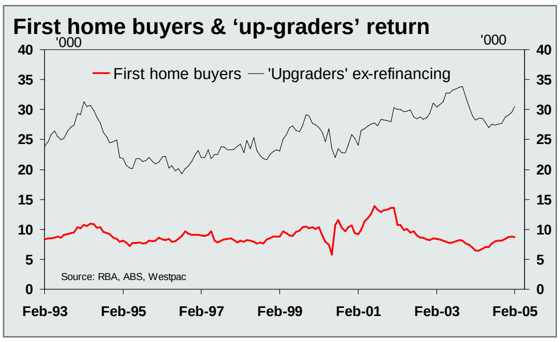


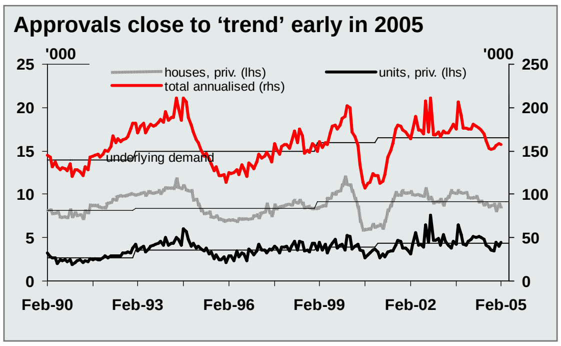
Westpac Australia's First Bank

Housing demand

- Underlying demand is supportive of the housing sector.
- Net overseas migration numbers are up a third from the second half of the 1990s. The intake of skilled immigrants, at a time of labour shortages, is set to rise.
- This has boosted housing requirements by almost 15% from that of the late 1990s.
- Dwelling approvals are 16% lower so far ~ a moderate fall compared with an average 35% decline in past downturns
- First home buyers have re-entered the market suggesting affordability is not prohibitive



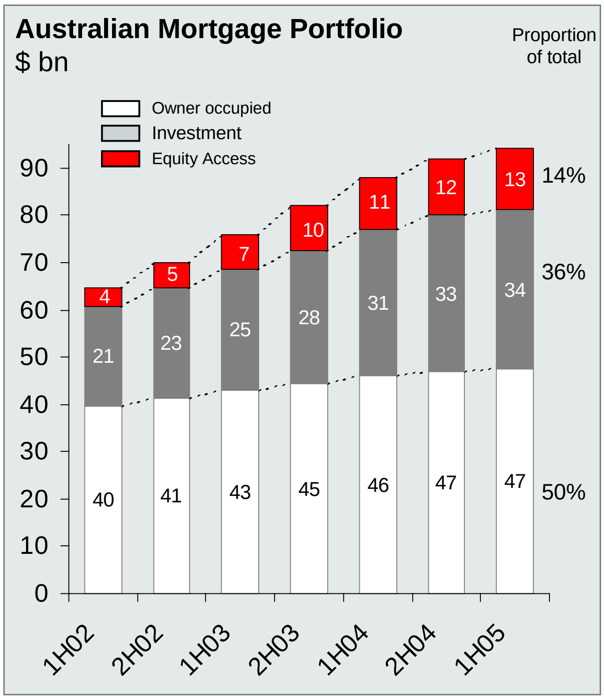




Westpac Australia's First Bank

Mortgage portfolio – characteristics

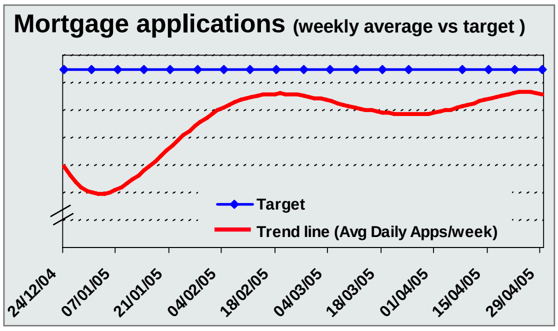
- Housing growth has remained solid
  - Owner occupied up 6%
  - Investment up 9%
  - Equity Access up 17%
- Average LVR of new loans 65% — up from 63% in 2003
- Total bad debts (excluding dynamic provisioning) are less than 1 basis point



Westpac Australia's First Bank

Mortgage lending – targeting profitable growth

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



Australian mortgage spreads (%)

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

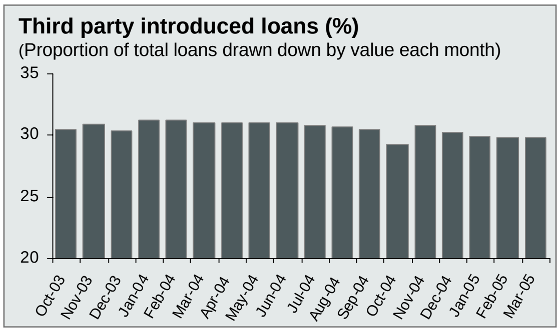
Australian CBD Apartment lending

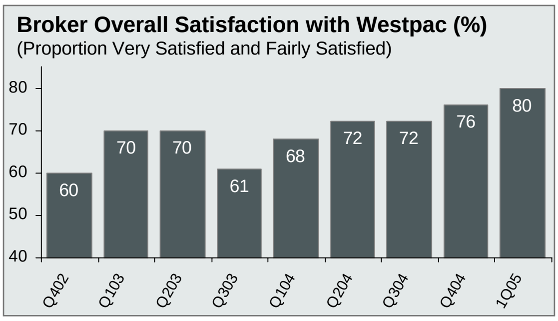
Sept 04		March 05	
$bn	% of Portfolio	$bn	% of Portfolio
2.0	2.2%	2.1	2.2%

Westpac Australia's First Bank

Mortgages – enhancing the broker channel

- Westpac was one of the first major banks to utilise the mortgage broker channel and is committed to broker mortgage origination
- In 2004, the proportion of loans moderately declined, from of 31% to 29%, principally due to:
  - Lower commissions than peers
  - Perception that Westpac was not committed to the broker channel
- Third party lending includes broker lending and loans originated through the Home Loan Partnership.
- Westpac has improved its broker relationships through clarity on Westpac's mortgage broker strategy and better service provided to broker channels.
  - Broker satisfaction with Westpac has improved and remains high
  - Westpac is the leading provider of online mortgages from brokers (source Bluemoon Q42004)





Source: Bluemoon survey Q4 2004

Westpac Australia's First Bank

Low-doc lending – small but profitable

- Current low doc product and policies consistent with risk appetite and market standards
- At Westpac, Low-doc lending is considered a process rather than a separate product and has been a long standing process for existing customers
- Key product features:
  - Self employed applicants only
  - Restrictions on certain higher risk postcodes
  - Loans above 60% LVR are mortgage insured. Max LVR 80%
  - Loans offered at standard variable rate (no package discounts)
- Risk characteristics in line with reported industry standards. Portfolio seasoning is monitored closely.

Low-doc lending	$m	% of portfolio
Total Portfolio	$350	< 1%
New lending per month	<$50m	<3%

Westpac's Low Doc loan history

Date	Event
< April 2003	Some 'low doc' style of loans written when customer history well known
April 2003	Low doc product was formally launched to Westpac channel. Initial margin of 60bps over the standard variable rate, declining to 0bps after 3 years. All loans fully mortgage insured.
Nov 2003	Product extended to broker channel
July 2004	Mortgage insurance applied if LVR > 60% consistent with industry practice
Nov 2004	Margins above base rate removed, consistent with market practice
Dec 2004	Interest-only feature introduced
Jan 2005	Updated low doc policy adopted, consistent with Mortgage insurance requirements

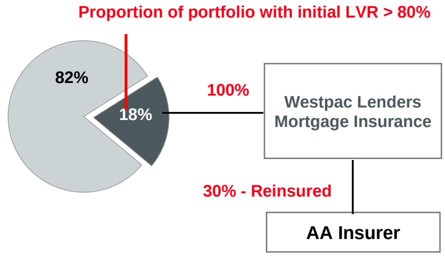
Westpac Australia's First Bank

Mortgage portfolio quality

Mortgage insurance

- 100% mortgage insurance where loan to value (LVR) ratio > 80%. Some exceptions include LVR 80-80.99, short-term /bridging loans and some employee loans – exceptions represent approx. $2b in exposure.
- Stop loss reinsurance cover over all retained Lenders Mortgage Insurance underwriting risk in place with a "AA" rated reinsurer. Stop loss reinsurer assumes abnormally high claim costs incurred in any year above a 1 in 25 years loss event through to a 1 in 70 years loss event

Mortgage insurance structure



Mortgage portfolio stress testing – 2004 Results

- Nominal changes in sensitivities over prior year
- Further improvements in unemployment since prior stress testing
- Capacity to absorb interest rate rises strong, with 75% of amortising borrowers repaying in excess of required minimum

	Base case	Scenario A	Scenario B
Interest rates - % pa	**7.1**	**9.1**	**11.1**
Individual effect $m	0.0	3.7	9.3
Housing prices fall - %	**0**	**10**	**20**
Individual effect $m	0.0	7.2	24.6
Unemployment rate - %	**5.6**	**6.6**	**7.6**
Individual effect $m	0.0	2.3	6.8
Combined effect $m	0.0	20.0	112.7
Combined effect - bps	0.0	2.2	12.5

Group business unit and Pacific Banking

Pacific Banking

$m	1H05	2H04	1H04	% Change 1H04 - 1H05
Net interest income	33	36	36	(8)
Non-interest income	36	34	33	9
Operating exp.	(27)	(27)	(24)	(13)
Core earnings	42	43	45	(7)
Bad debts	(1)	1	(3)	67
Tax & OEI	(13)	(15)	(15)	13
Cash earnings	**28**	**29**	**27**	**4**

Group business unit

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

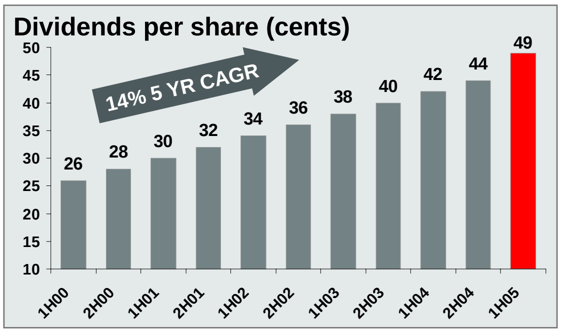
Group business unit

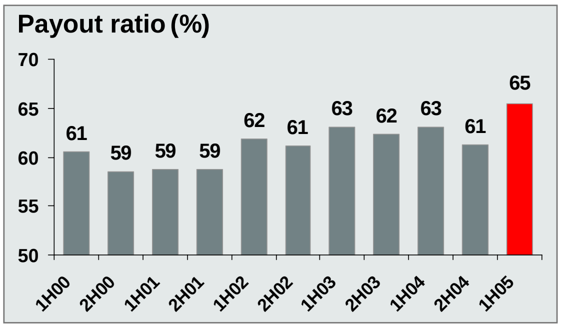
Other Includes Group Treasury and Corporate Office activities

Components	Comment
Group Treasury	Management of centralised funding and asset and liability management. Operating income was affected by reduced income in Treasury and the revaluation of our NZ$/US$ cross currency swap used to hedge our 2004 TPS hybrid security. However, this does not impact cash earnings.
Financial/management accounting adjustments	Includes policy holder tax recoveries (no cash earnings impact) and elimination of tax effective gross-up. This does not impact cash earnings.
Centrally held one-off gains/losses/provisions	Generally, since late 1990's we have sought to minimise reliance on one-off items. Bad debt charges were lower as prior period included provisions taken against a group level exposure. Decline in H05 earnings included a $30m charge relating to tax on transactions where income arose in prior periods
Unallocated corporate centre costs	Most group costs allocated to business units.

Westpac Australia's First Bank

Strong dividend – sustainable pay-out ratio





Key considerations

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

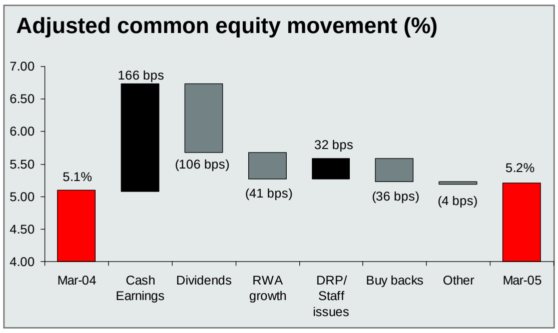
Outcome

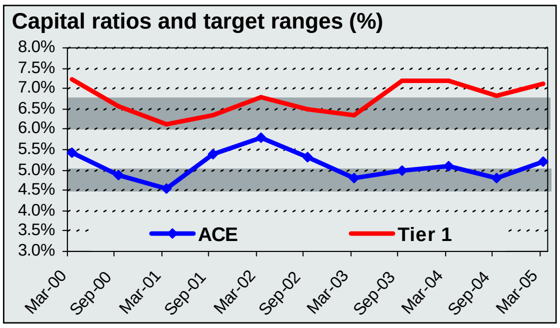
- Dividend up 7 cents or 17%, to 49 cents, fully franked
- Step-up in dividend delivers a higher pay-out
- Future dividend trajectory expected to remain at least at 2 cents per half
- Strong franking position maintained
- Capital ratios above target ranges

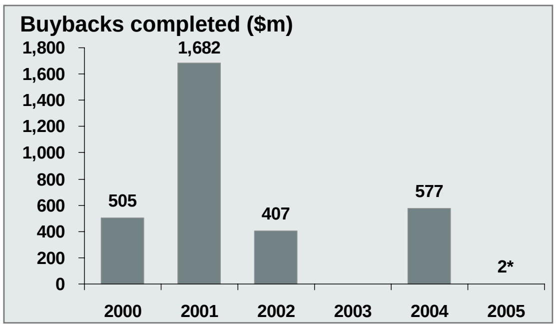
Westpac Australia's First Bank

Capital - target ranges

- Capital levels at or above target ranges
- ACE ratio calculated on consistent basis ie. APRA deduction of deferred expenses ($287m) not removed
- Westpac will review its target capital ranges once impact of IFRS and Basel II becomes clear







* Relates to NZ Class on-market buyback commenced in 2004

Westpac Australia's First Bank

2004 Trust Preferred Securities

Historical practice	2004 Trust Preferred Securities
USD issues accounted for as equity, no hedge accounting available	Issued in USD (525m) and funds used in NZ (NZD)
Typically swapped into NZD	Swap put in place for risk management but not given hedge treatment
Hedge achieved through offsetting USD capital invested in UK/US	Post IFRS implementation the instrument will be debt and swap will be effective hedge
Sufficient capital deployed to offshore branches for commercial and regulatory purposes providing natural hedge	Mark to market of swap will impact NPAT until 1 Oct 2005 (IFRS transition date) but we have isolated from cash earnings. Revaluation of the hedge taken through the non-interest income line.

Net profit after tax	**1,325**
Goodwill amortisation	**83**
Preference Dividends	**(68)**
MTM TPS Hedge	**40**
Cash earnings	**1,380**

Westpac Australia's First Bank

Basel II update

- Total cost of Basel II project has increased to $27m (initially $20m). The rise reflects:
  - An increase in the project's scope to fully incorporate system changes and governance procedures
  - Increased technology costs as project design phases are completed
  - Population of historical data into new systems
  - Additional specialist resources devoted to the project
- Basel II developments
  - Minor changes to the global accord completed in June 2004 – Double default and trading book refinements
  - APRA has released its submission guidelines for banks seeking accreditation under the Advanced IRB approach
  - Updated Australian prudential standards have yet to be released
- Westpac's Basel II project is progressing well:
  - Westpac will be producing preliminary Basel II reporting by end 2005. Reports will be prepared in parallel with current prudential reporting up to the Basel II implementation date of 2008
  - Systems enhancements well into implementation stages
  - On plan to deliver first submission to APRA by 30 September 2005 seeking advanced IRB & AMA accreditation.
  - Further submissions will be delivered as new standards are released and further quantitative impact studies are completed
- Impact on bank capital dependant on APRA prudential standards and pending changes to the treatment of hybrid equities, and APRA's response to the introduction of IFRS

IFRS Project is in the implementation phase

- Westpac's IFRS project has been running since early 2003 and is tracking close to its original plan
- Total project costs of $14m over 3 years are expected to be incurred with $4m spent in 1H05
- Westpac is currently running the general ledger in parallel for both existing Australian GAAP and under IFRS
- While IFRS is still expected to generate additional earnings volatility, the magnitude of that volatility is now more manageable following the resolution of pension fund surplus treatment and greater clarity of how the new standards will impact Westpac's accounts
- Still waiting for APRA resolution on how IFRS will be treated from a regulatory perspective. First discussion paper released in February 2005, with second paper expected in May 2005
- Plan to conduct a more detailed analyst briefing on the impact of IFRS in 2H05

Project phase	Status
Assessment and Planning	Complete, although the interpretation of a small number of standards is still being discussed in Australia and globally
Design	Essentially complete although some areas still require work, specifically for standards yet where interpretation is being debated. Will be completed by 30 September 2005
Implementation	Underway. Includes changes to accounting and business procedures, processes and systems and operational training for staff. Expected completion - 30 September 2005
Reporting	First reporting period will be six months to 31 March 2006 with comparative data for 2004/2005 year . Standards to be excluded from comparative reporting principally relate to financial instruments (AASB 132 and 139)

Implementation of IFRS – major impacts

	Profit and loss impact	Balance sheet impact
Debt versus equity	Certain hybrid equity instruments will become debt and equity distributions previously reported will appear in interest expense ~ $80m per annum (already excluded from cash earnings)	Current carrying value of hybrids of $1,340m will be reclassified as debt
Fee revenue	Deferral of income recognition for certain fees will reduce reported revenue	Some fees previously recognised immediately will be deferred and amortised over their period of service. Increase in deferred fees
Goodwill	No goodwill amortisation. Current goodwill amortisation in 2005 expected to be around $167m (including Hastings acquisition in 2H05)	Goodwill on statement of financial performance will not be amortised but subject to annual impairment testing.
Hedging	More volatility in reported earnings as some hedging of asset pools unlikely to qualify for hedge accounting. P&L impact yet to be determined	All hedges will be carried at fair value on the balance sheet ,which will see a change in reported assets and liabilities. The full impact is yet to be determined.
Loan provisioning	Incurred loss approach may see an increase in the volatility of reported bad debt expense	Incurred loss model likely to result in some reduction in reported provisions on the balance sheet . However, APRA's proposed regulatory approach to IFRS suggests overall capital levels are unlikely to be reduced from the introduction of IFRS
Post employment benefits	Treatment of superannuation surplus little change from current approach due to previous adoption of principles of IAS 19	On initial adoption, an adjustment of approximately $170m will be made (deducted) to retained earnings to recognise previously unrecognised actuarial losses
Securitis-ation	No material impact on reported profit	Certain securitisation vehicles will need to be consolidated on the Statement of Financial position. This will increase transition date assets and liabilities equally by around $5.9bn
Share based payments	An expense for share based payments will now be recognised. In 2004, total share based payments would have resulted in a cost of $51m.	No impact on the statement of financial performance as the expense will be matched by an offsetting increase in equity

Structured Finance – portfolio

- Westpac conducts certain structured finance transactions with exposure primarily to global financial institutions
- Structured Finance transactions currently under review by the New Zealand Inland Revenue Department (NZIRD) since late 2003
- Westpac initially sought multiple layers of advice to ensure the transactions conformed with New Zealand tax law and this was confirmed by the NZIRD in a binding ruling on one transaction. Other transactions were modelled on this ruling, and new recent advice confirms earlier view
- Westpac has received amended assessments from the IRD for the 1999 and 2000 years
- Should the NZIRD take the same position across all of these transactions for the periods up to and including 31 March 2005, Westpac has calculated that the maximum potential overall primary tax liability in dispute would be approximately NZ$711m (tax effected) including interest
- On 21 September 2004 the NZ government announced a change in taxation rules with the introduction of a thin capitalisation regime to apply by 1 July 2005. New rules specific to banks will deny interest deductions if the Bank does not hold a level of capital equivalent to 4 percent of New Zealand risk weighted assets
- The thin capitalisation regime will make the current structured finance activities in New Zealand uneconomic (no new transactions in over 2½ years)
- Accordingly, Westpac plans to unwind the NZ structured finance transactions in 2H05 as the NZ Thin Capitalisation regime to apply from 1 July 2005
- Unwinding the transactions will cause of loss of Structured Finance Revenue going forward
- Some alternate structured transactions have already been undertaken to offset revenue loss

Revenues from NZ Structured Finance Transactions ($m)

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

Preparing for New Zealand incorporation

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

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Exchange of NZ Class shares

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

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Sarbanes-Oxley Act Section 404

- Westpac is required to comply with US Sarbanes-Oxley legislation as a result of its equity (ADR's) and debt issuance program in the US
- The key challenge with Sarbanes-Oxley is section 404. This section requires substantially increased management and external auditor attestation over the internal controls underpinning the financial statements including:
  - Detailed documentation of controls
  - Testing of key controls
  - Assessing a company's pervasive control environment and culture
- Non US companies are required to comply for 2006 year ends
- Market commentators are expecting up to 20% of registrants will disclose non-compliant 404 attestations

Westpac's Sarbanes Oxley project	
Scope	Total project spend expected to be $11m in 2005 and 2006. Dedicated project team of 30
Timeframe	Commenced June 2004, detailed assessment and testing underway, project to be completed in 2006
Key objectives	Deliver clean attestation by October 2006 Seek to leverage project investment to deliver substantial improvement in control environment Capture synergies across all compliance programs

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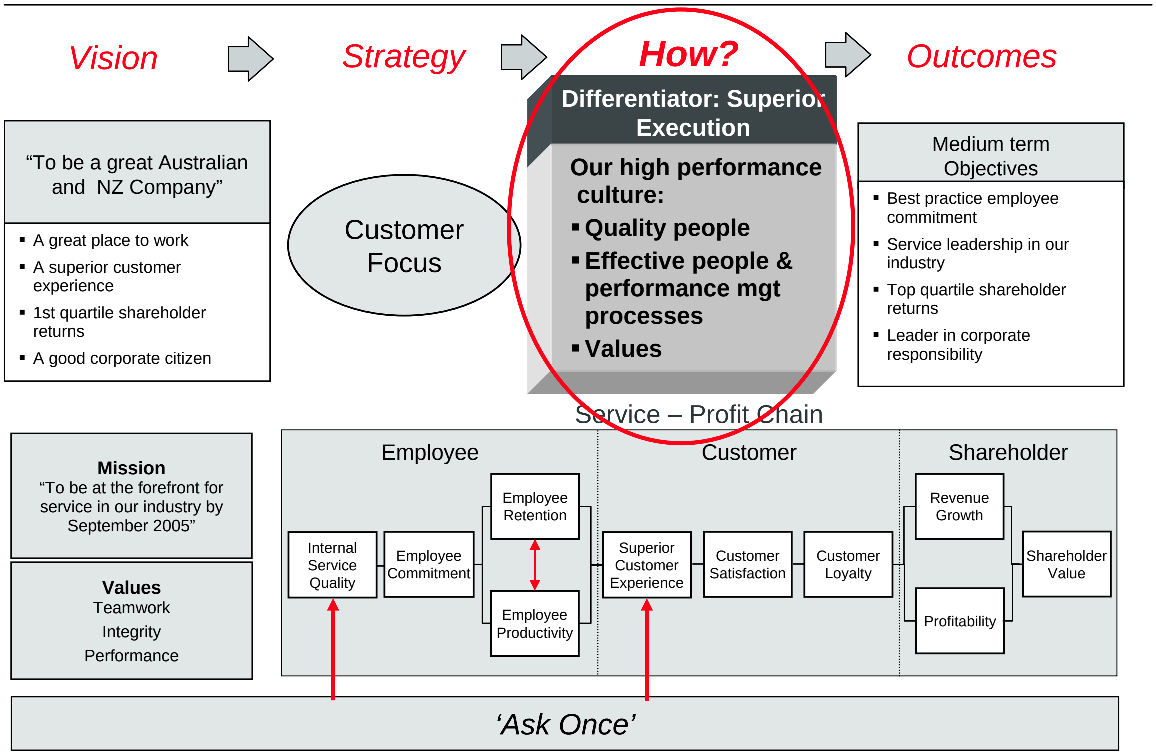
Clear and simple strategy



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Service / profit chain remains our key focus

Employees → **Customers** → **Returns**

Employees	Customers	Returns
A company where people want to work	An institution customers want to do business with	Enhance sustainability of returns
• Enhanced ability to attract and retain quality staff • Employee morale index 7.7, up from 7.4	• Ethical and responsible • Trustworthy • Increased consumer satisfaction, up 2 percentage points	• Enhanced employee productivity • Improve customer share of wallet

Number 1 In the global banking sector 2004/2005 for third consecutive year.

Ranked number 1 in Australia and the UK for corporate responsibility.

Strategic options

Option	Comments	Status
Organic growth	• Aust/NZ lowest risk and highest value available • Significant opportunities still remain within existing customer franchise • No diversion risk	Aggressively pursue

Acquisition	• No major capability gaps
	• Very limited opportunity to generate value at current prices
	• Disciplined adherence to criteria has served us well
	  - Aligned with strategic direction
	  - Strict valuation criteria
	  - Not unduly diverting
		Maintain watching brief

International expansion	• No compelling offshore competitive advantage • Low synergies • Learn from others' mistakes	Keep open mind but low probability

An experienced executive team

Name	Title	Date joined Group Executive	Biography
David Morgan	Chief Executive Officer	Oct 1990	Joined 1990, CEO since 1999. Headed all major business units in Westpac prior to CEO appointment in March 1999. Extensive prior experience in financial sector including in the IMF and the Australian Federal Treasury
Ilana Atlas	Group Executive People and Performance	Nov 2002	Joined Westpac 2000, as Group Secretary and General Counsel. Previously Partner of a Major Law firm, Mallesons Stephen Jaques. In current role since 2002
Philip Chronican	Chief Financial Officer	Jan 2001	Joined Westpac 1982, Appointed CFO in Feb 2001. Previously Deputy CFO and has held CFO roles in both retail and institutional banking
Rob Coombe	Chief Executive Officer BT Financial Group	Feb 2005	Rob joined Westpac with the acquisition of the BT Financial Group in 2002 and has over 23 years experience in banking and finance.
Philip Coffey	Group Executive Westpac Institutional Bank	May 2002	Joined Westpac 1996, in current role since 2002. Previously with AIDC, Citicorp Global Asset Management and Citigroup
Michael Coomer	Group Executive Business & Technology Solutions & Services	Jan 2002	Joined Westpac to current role in January 2002. Michael has 30 years experience in Information Technology covering a broad range of industries
Mike Pratt	Group Executive Business and Consumer Banking	Apr 2002	Joined Westpac in April 2002 as Group Executive New Zealand & Pacific Banking. Appointed to current role in August 2002. Extensive experience in retail banking including CEO Australian Financial Services for National Australia Bank and CEO Bank of New Zealand
Ann Sherry	Group Executive New Zealand & Pacific Banking	Mar 1999	Joined Westpac in 1994, in current role since October 2002. Ann has headed People and Performance for the Group and was CEO Bank of Melbourne following the merger in 1997

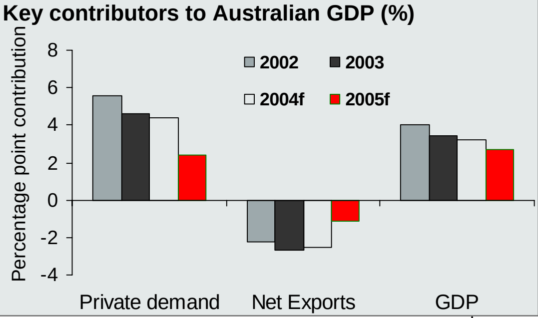
Australian and New Zealand economic outlook

- Australia and New Zealand economic fundamentals sound:
  - Favourable world economy
  - Expanding domestic demand
  - Low unemployment
- However capacity constraints have held back recent growth and threatened to ignite inflation
- Nevertheless, business surveys paint a positive outlook, albeit conditions off their 2004 highs
- Interest rates in Australia back at average levels

Key economic indicators

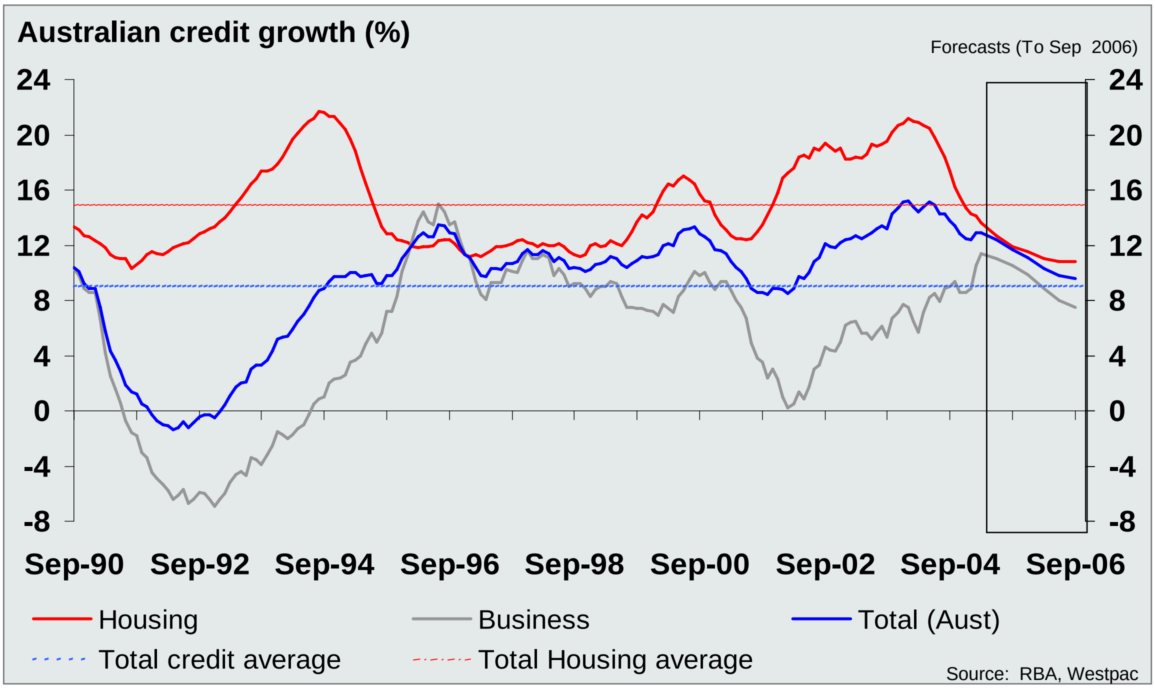
Financial year ended	Jun 05 (%)	Jun 06 (%)
World (Calendar year)		
GDP	4.2	3.9
Australia		
GDP	2.0	3.3
Unemployment	5.3	5.3
New Zealand		
GDP	3.5	2.1
Unemployment	3.5	4.1

Key contributors to Australian GDP (%)



Source: ABS, Westpac

Credit growth expected to ease



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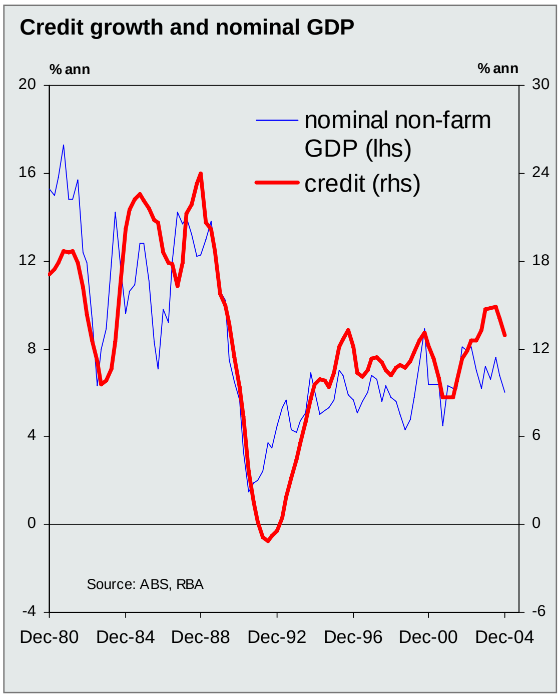
Credit growth and nominal non-farm GDP

- Credit growth has historically tracked the direction of nominal GDP growth but with a multiplier of around 1.5 times
- Financial innovation and household's ability to allocate a greater share of disposable income to wealth creation supports a multiplier in excess of 1
- Currently, credit growth is tracking above this long term trend at twice nominal GDP
- Looking forward, credit growth is expected to remain higher than nominal GDP but to ease to be more in line with this longer term trend, with interest rates now back at 'average' levels



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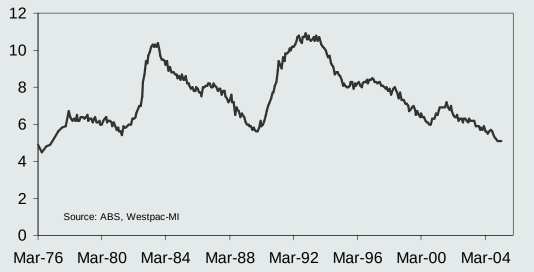
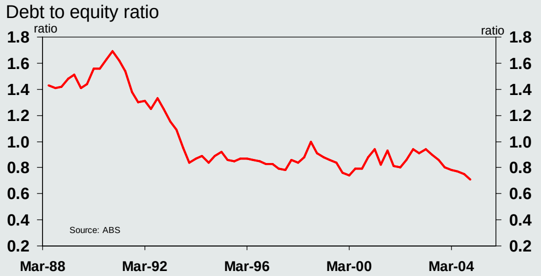
Supportive credit quality environment

- Forward indicators of credit quality remain strong:
  - Unemployment at generational low
  - Consumer confidence still a little above two decade average despite sharp fall post March 2005 interest rate rise
  - robust corporate profits
  - Comfortable levels of business gearing
  - No major corporate defaults
  - Low delinquency rates across portfolio

Unemployment rate lowest since 1970s (%)



Corporate balance sheets in good shape
Debt to equity ratio



Where are the risks?

Risk	Probability of occurrence
Further intensified competition	Medium/High
Impact of new entrants	Medium
Housing market collapse	Low
Blow-out in bad debts	Low
Re-regulation	Low
New wave of corporate collapses	Low
Global economic recession	Low

Positive outlook for Westpac

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

Investor relations contacts

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For further information on Westpac including:

- Annual reports
- Financial result announcements
- Presentations and webcasts
- Corporate history
- Key policies

Please visit our dedicated investor website

www.westpac.com.au/investorcentre

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