Australia's First Bank

Investor Discussion Pack

November 2005

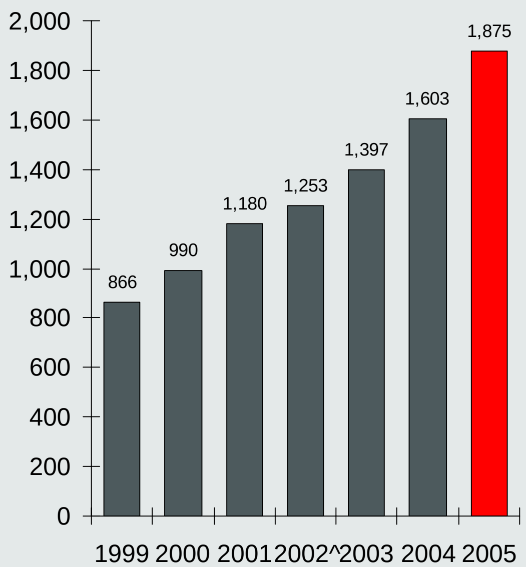
Index

Westpac – quality, consistency and growth

	2004	2005	% Change
Cash EPS (cents)	138.6	155.3	12
Cash ROE (%)	20.7	21.4	70bps
Cash earnings ($m)	2,559	2,874	12
Net profit ($m)	2,539	2,818	11
Operating revenue ($m)	8,010	8,805	10
Expenses ($m)	(3,940)	(4,105)	(4)
Bad and doubtful debts ($m)	(414)	(382)	8
Economic profit ($m)	1,603	1,875	17
Net loans and acceptances ($bn)	188.0	200.5	7
Stressed loans to committed exposures (%)	0.79%	0.72%	(7bps)
Cost to income ratio (%)	49.2	46.6	(260bps)
Net interest margin (%)	2.53	2.50	(3bps)
Fully franked dividend (cents)	86	100	16

A track record of strong growth and returns

Economic profit ($m)



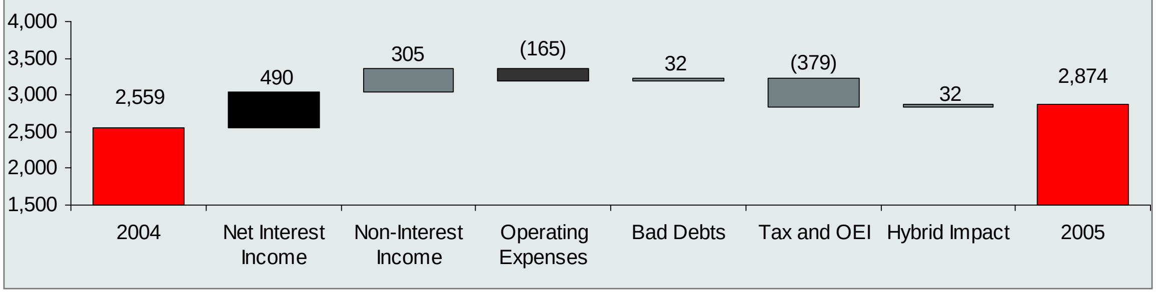
^ Underlying EP excludes significant items in 2002

	5 year CAGR
Cash earnings	11%
Cash EPS	11%
Cash ROE (5 year avg)	21%
Economic profit	14%
Revenue	8%
Expenses	4%
Core earnings	13%

2005 cash earnings

$m	2004	2005	% Change
Net interest income	4,755	5,245	10
Non-interest income	3,255	3,560	9
Operating income	8,010	8,805	10
Operating expenses	(3,940)	(4,105)	(4)
Bad debts	(414)	(382)	8
Net profit before tax	3,492	4,150	19
Net profit after tax & OEI	2,539	2,818	11
Cash earnings	**2,559**	**2,874**	**12**

Movement in cash earnings ($m)

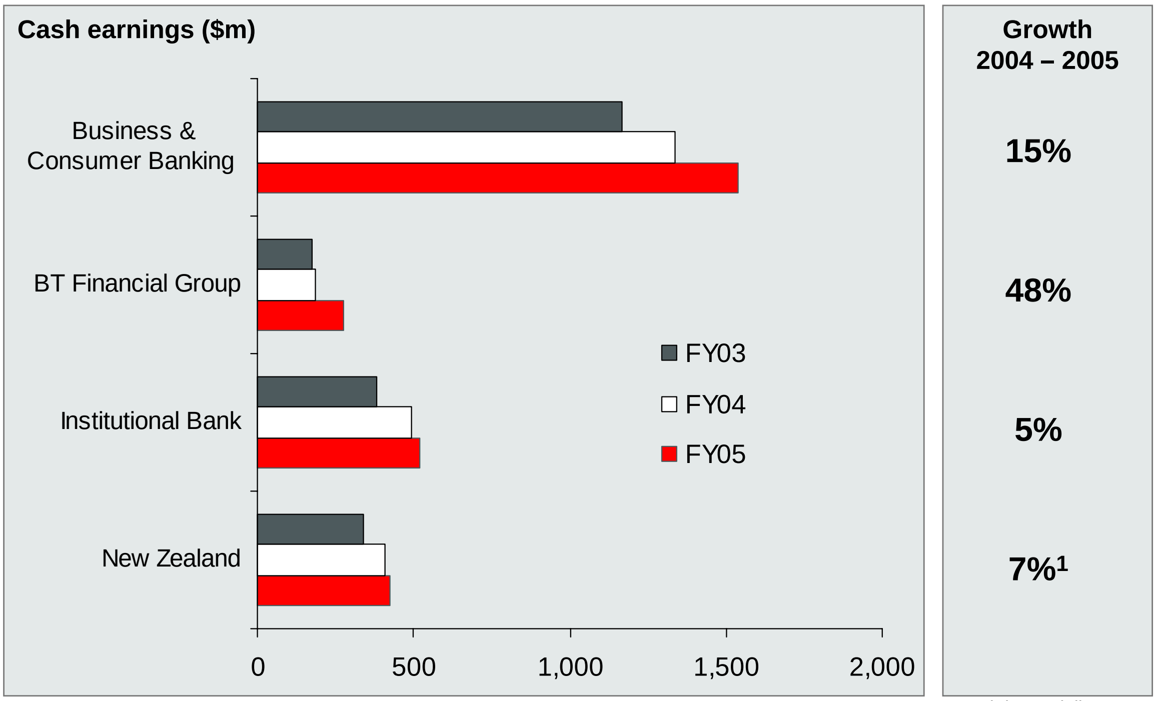


Traditionally stronger second half

	2H04	1H05	2H05	% Change 1H05- 2H04	% Change 2H05- 1H05
Operating income	4,132	4,204	4,601	2	9
Operating expenses	(2,015)	(2,034)	(2,071)	(1)	(2)
Core earnings	2,037	2,087	2,445	2	17
Bad debts	(207)	(203)	(179)	2	12
Tax & OEI	(516)	(559)	(773)	(8)	(38)
Cash earnings	**1,326**	**1,380**	**1,494**	**4**	**8**

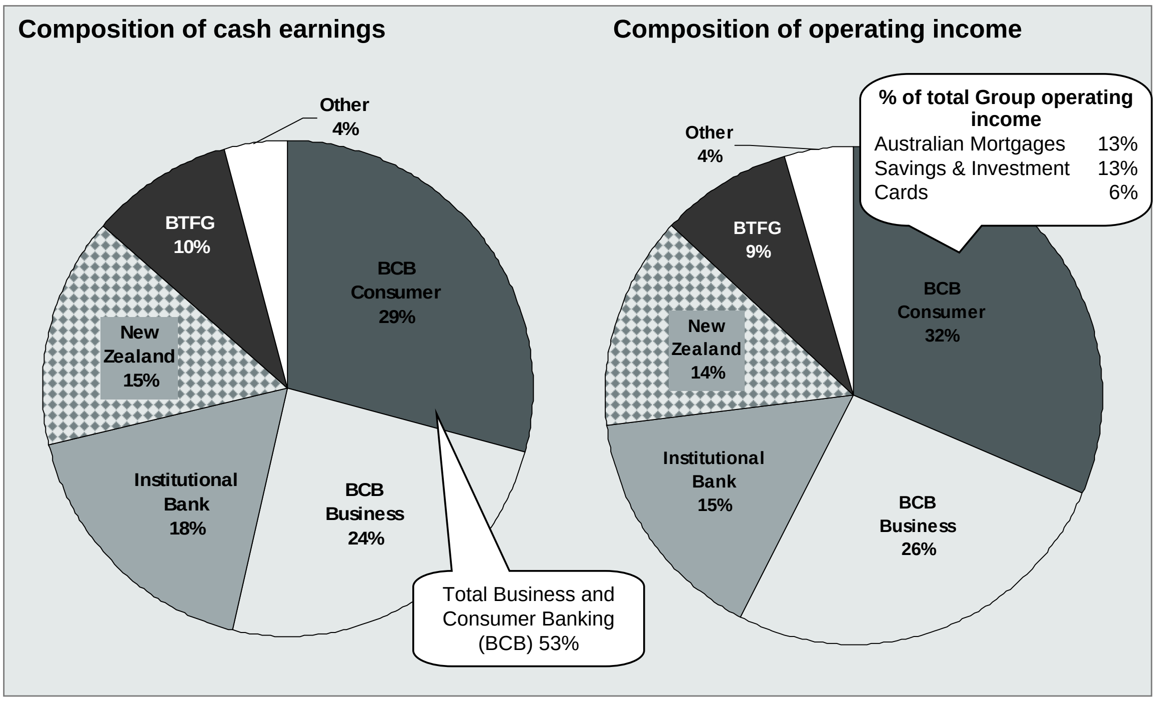
Cash earnings by half year ($m)	1H	2H	%2H-1H	%1H-2H
2001	920	981	2.6	6.6
2002	996	1,067	1.5	7.1
2003	1,095	1,176	2.6	7.4
2004	1,233	1,326	4.8	7.5
2005	1,380	1,494	4.1	8.3

Growth across all operating business units



1. NZ growth in NZ dollar terms

Composition of cash earnings and operating income



2005 revenue productivity driving earnings

			Core earnings growth	B+DD	Tax & OEI	Hybrids	Cash earnings growth
				Contribution to earnings growth (percentage points)			
Reported	Revenue	10%	16%	3	(8)	1	12
	Expenses	4%					
Normalised[1]	Revenue	9%	14%	3	(4)	(1)	12
	Expenses	4%					

1 Normalised for accounting treatments that do not impact cash earnings, including: policy holder receipts, MIS income and hybrids

Revenue quality - looking beyond the top line

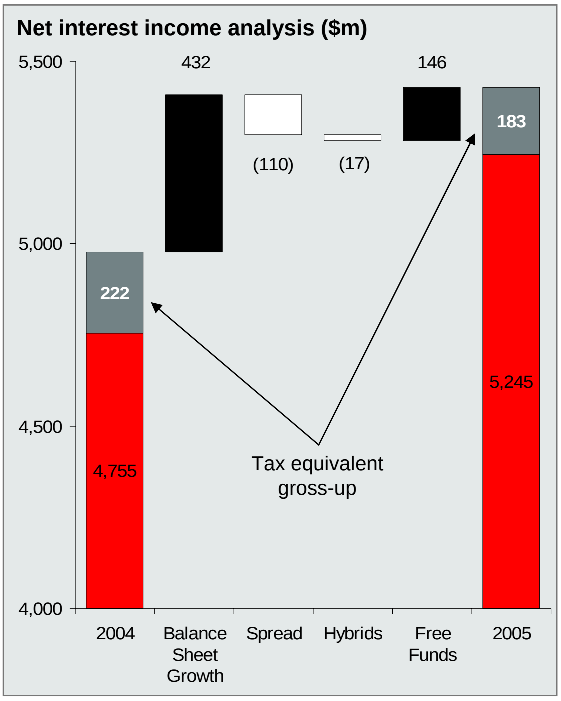
$m	2004	2005	% Change
Reported operating income	**8,010**	**8,805**	**10%**
Net accounting changes & Epic	79	168	
NZ$ Impact* gain / (loss)	(9)	22	
High yield securities portfolio	17	64	
Property sales	28	11	
JDV sale	0	13	
Recovery from managed funds	0	27	
Mortgage broker amortisation	0	17	
Private equity business	47	16	
Underlying operating income	**7,848**	**8,467**	**8%**

Growth remains above long run average

* Net of hedges

Net interest income analysis

- Net interest income increased 10%
  - 10% growth in average interest earning assets
  - 3 bps margin contraction
- Net interest income assisted by:
  - $27m changes in Treasury composition
  - $30m changes in financial markets income
  - $17m from change in broker commission amortisation
- Excluding these items the margin decline would have been around 7bps
- Free funds impact assisted by strong capital position



Loan growth

$bn	Sep-04	Sep- 05	% Change[1] Sep-05 Sep-04
Consumer (Australia)	98.9	106.5	8
Housing	*91.6*	*99.0*	*8*
Personal (loans & cards)	*7.3*	*7.5*	*2*
Business (Australia)	36.3	38.9	7
Institutional Bank	25.5	24.9	(2)
New Zealand (NZ$)	28.2	32.2	14
BT Financial Group	1.8	2.5	37
Group			
Net loans and acceptances	188.0	200.5	7
Net loans and acceptances (adj for NZ SF & securitisation)	203.5	186.9	9
Avg. interest earning assets	196.5	217.0	10

[1] % changes have been calculated before rounding of numbers

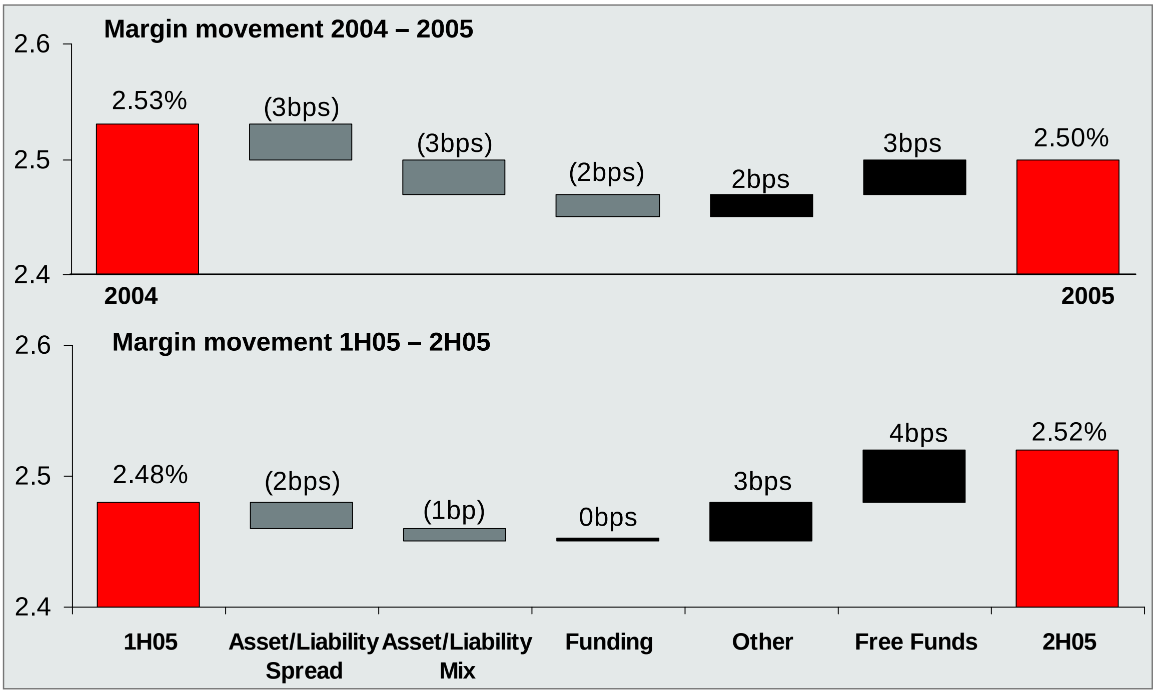
Deposit growth

$bn	Sep-04	Sep- 05	% Change[1] Sep-05 Sep-04
Group			
Customer deposits	112.3	120.0	7
Certificates of deposit	34.2	29.4	(14)
Total deposits	146.5	149.5	2
Avg interest bearing liabilities	177.9	197.1	11
Business Unit			
Consumer (Australia)	50.4	52.3	4
Business (Australia)	24.3	30.8	27
Institutional Bank	14.0	14.0	0
New Zealand (NZ$)	18.6	19.9	7
Pacific Banking	1.1	1.2	5
Other [2]	39.4	33.1	(16)

1 % changes have been calculated before rounding of numbers
2 Other includes Treasury

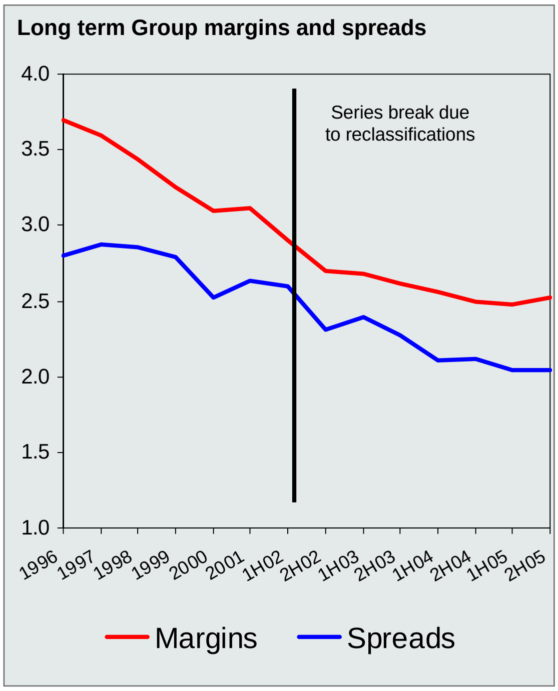
Westpac

Analysis of margin movements



Westpac

Group margin and spread trends



Australian product spreads *(Indicative)*

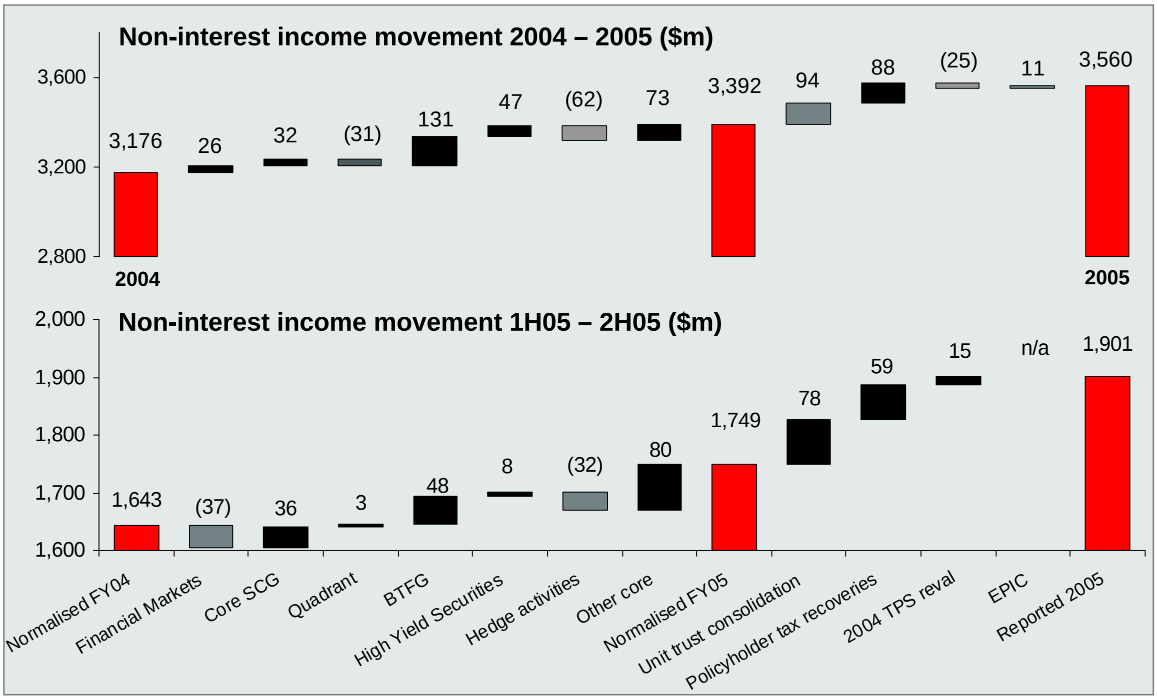
Product	1H04	2H04	1H05	2H05
Mortgages	1.18	1.18	1.17	1.16
Cards	6.77	7.05	7.15	7.12
Business	1.79	1.80	1.78	1.78
Equipment finance	2.16	2.02^	2.15	2.11
Retail deposits	1.71	1.68	1.65	1.68

New Zealand product spreads *(Indicative)*

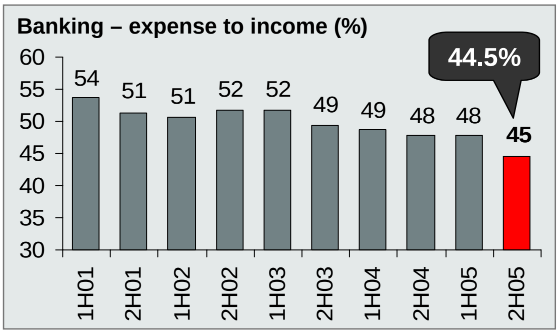
Product	1H04	2H04	1H05	2H05
Loans	1.74	1.67	1.55	1.47
Deposits	1.76	1.86	1.95	1.91

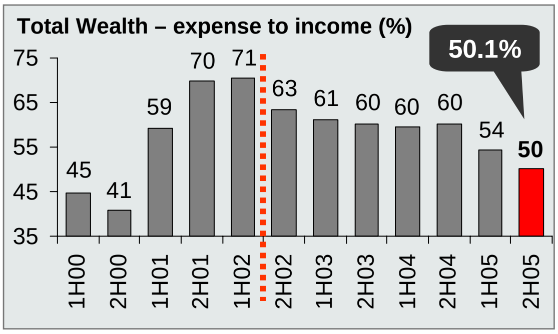
^ Spread in 2H04 impacted by repurchase of portfolio of equipment finance loans under the terms of the sale of AGC to GE Capital Finance in 2002

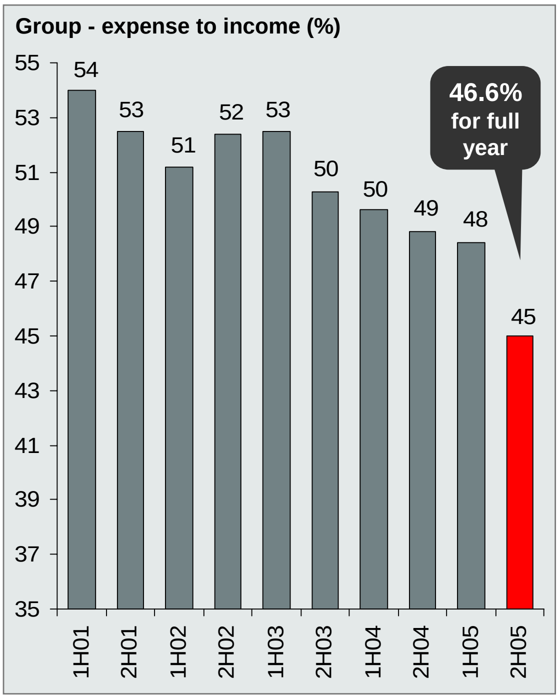
Non-interest income analysis



Closing the productivity gap







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

Expense – continued tight management

Expense analysis ($m)	2004	2005	% Change
Operating expenses	3,940	4,105	4.2
Epic consolidation	*(22)*	*(8)*	
Consolidation of Life Company MIS	*(3)*	*(4)*	
$NZ impact	-	(24)	
Adjust operating exp.	**3,915**	**4,069**	**3.9**

Expenses by category ($m)	2004	2005	% Change
Salary and other staff expenses	1,988	2,131	7
Salaries and wages	1,565	1,640	5
Other staff expenses	400	483	21
Restructuring expenses	23	8	(65)
Equipment and occupancy	607	596	(2)
Other	1,345	1,378	2

Major compliance spending $m	Spend in 1H05	Spend in 2H05	Expected spend after FY05
Basel II	5	13	17
IFRS	4	9	4
Sarbanes Oxley	3	3	8
Anti-Money Laundering	1	1	27
Other	1	2	0
Total	**14**	**28**	**56**

Investing for future growth

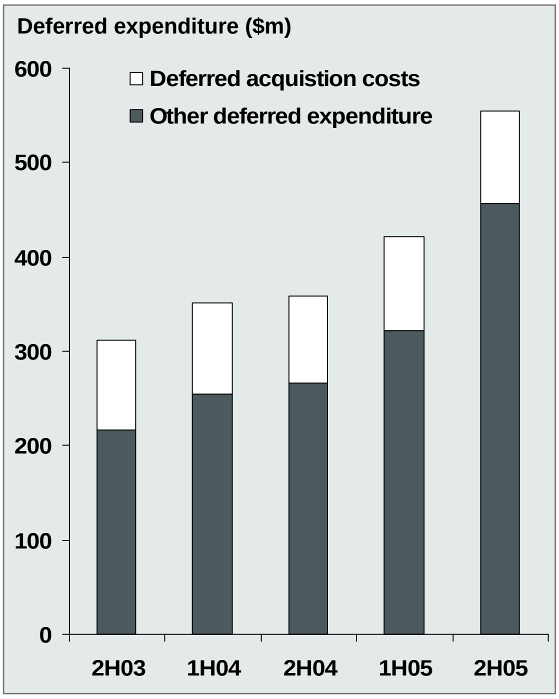
Project expenditure over the year		**$m**
Front office capability	Advice Platform Reach – CRM Corporate Online Pinnacle	82
Productivity & Infrastructure	New head office BT Integration One Bank platform	216
Compliance	Basel II, IFRS, SOX	37
Other	System refreshes Product enhancements	96
Total investment spend[1]		**431**

1 Includes $43m in investment provided by partners

Prior investments paying off

BT	• Top quartile investment performance • Delivering on cross-sell – 12% of Wrap and 56% of Corporate Super flows from Westpac customers
Hastings	• Hastings and SCG FUM $5.3bn – up 64% over year • Revenues exceeded $100m
Virgin Credit Card	• Partnership with Virgin Money Group established 2003 • Portfolio now exceeds $1bn • Meeting targets
1BP **One Bank Platform**	• Software applications able to be deployed centrally • Significantly lowered technology platform support costs
Reach	• CRM system now supporting more than 5,000 bankers • 31% uplift on 1H05 leads generated from Reach platform

Deferred expenditure and capitalised software



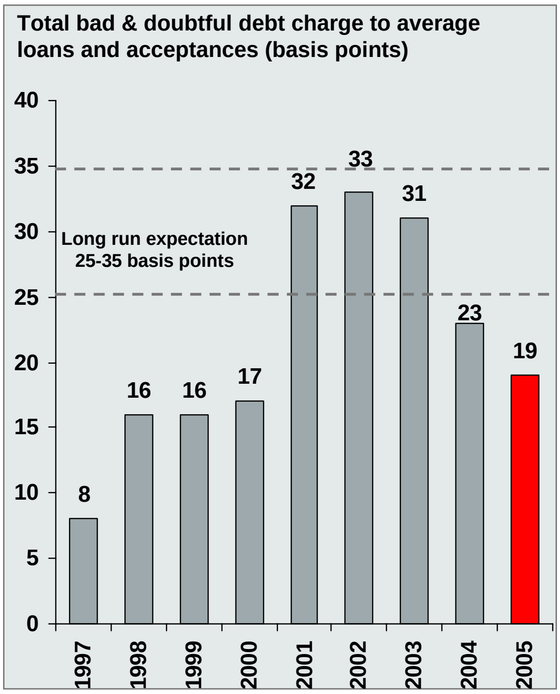
Capitalised software - major projects $m	Amort-isation period (years)	Sep 2003	Sep 2004	Sep 2005
Business loan origination (Pinnacle)	3	45	76	91
Institutional Bank	3	31	36	34
Standardised platform (One Bank)	3	26	58	76
Channel development and distribution	3	11	21	22
Product enhancement	3	13	12	9
Customer relationship management (Reach)	3	29	45	46
Other – Australia & NZ	3	127	100	134
Teller platform, New Zealand	5	19	29	36
Total		**300**	**377**	**447**
Annual amortisation		**89**	**104**	**142**

New head office – nearing completion

- Moving from 13 sites to 2 primary sites
- 5,000 staff moving to new premises from Feb 2006
- Lease costs fixed for 12 years
- Refresh of mid-range server environment
- $66m in net fit-out
- $141m in technology refresh, $85m provided by suppliers

Bad debts lower due to better write backs & recoveries

$ m	2004	2005
New specific provisions	174	170
Write-offs	274	307
Write backs & recoveries	(116)	(186)
Bad debts before dynamic provision	332	291
Dynamic provision		
Gross dynamic provision charge	122	112
Factor changes	(27)	17
Transfer to specific provision	(20)	-
Credit related litigation provisions	7	(38)
Net Dynamic provision	82	91
Total bad debt charge	**414**	**382**

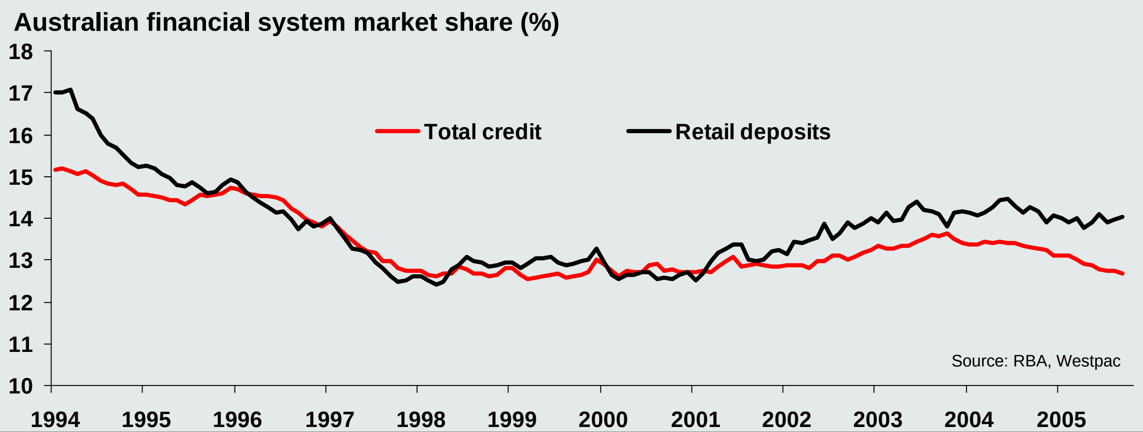


Tax breakdown

$m	2004	2005
Tax expense	913	1,222
Tax expense as a % NPBT	26.1%	29.4%
Adjustments		
Policy holder tax recoveries	(33)	(88)
Prior period adjustments	25	(36)
Additional tax expense	(35)	(48)
Normalised tax expense	870	1,050
Normalised tax rate	24.9%	25.3%
Effective tax rate inc gross up[1]	30.3%	30.9%

1. The tax equivalent gross up represents the economic benefit the Group derives from entering into various structured financing transactions that generate income subject to either a reduced or zero rate of income tax.

Aggregate market share

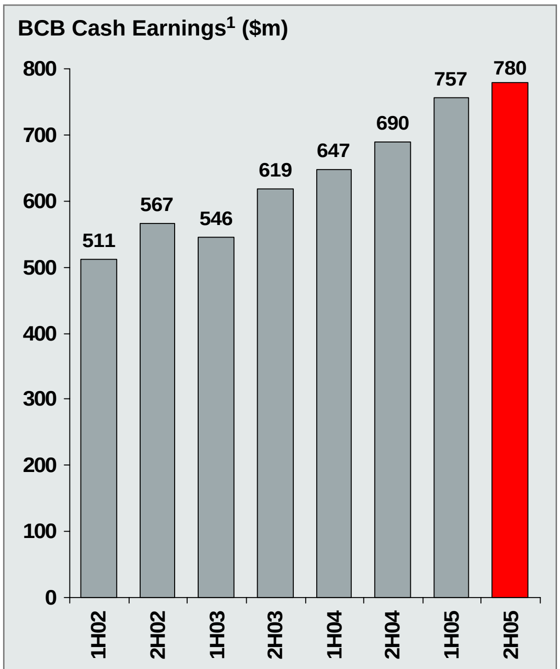


Australian market share – RBA financial system aggregates	Sep 05 %	Sep 04 %	Change (bps) - full year
Credit			
Household (housing & other personal)	**13.1**	13.8	-70
Other (mainly business)	**12.0**	12.5	-50
Total credit	**12.7**	**13.3**	**-60**
Retail deposits	**14.0**	14.2	-20

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.

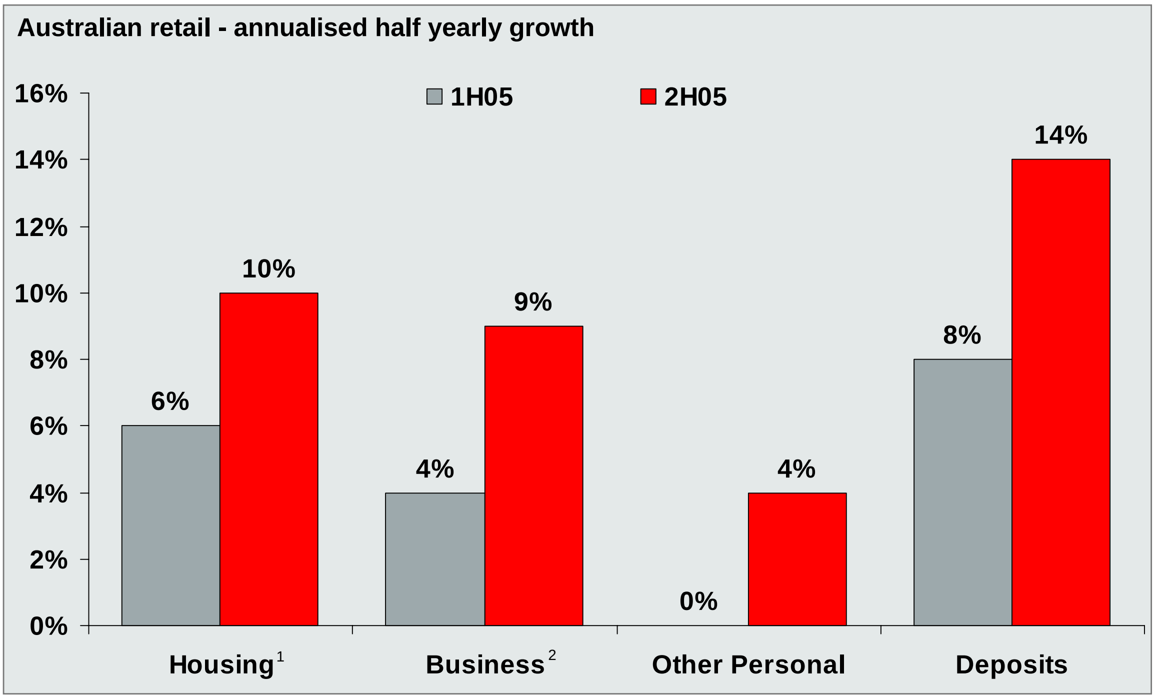
Business & Consumer Banking (BCB) – a revenue led result

$m	2004	2005	% Change
Net interest income	3,415	3,700	8
Non-interest income	1,290	1,373	6
Operating expenses	(2,465)	(2,570)	(4)
Core earnings	2,240	2,503	12
Bad debts	(340)	(309)	9
Tax & OEI	(563)	(657)	(17)
Cash earnings	**1,337**	**1,537**	**15**



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

BCB momentum increasing, upside remains



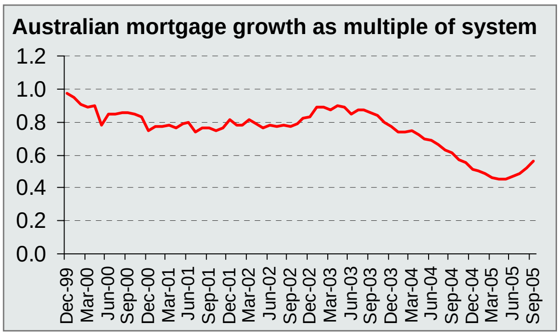
[1] Incl. securitisations
[2] Incl. equipment finance

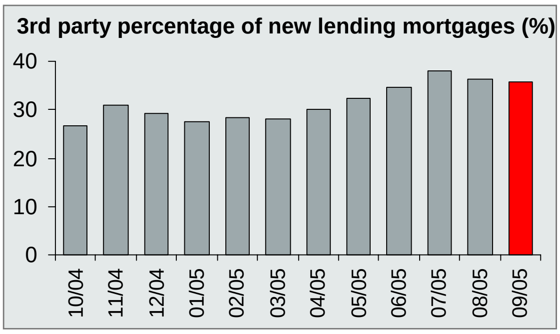
Westpac

Mortgage lending – approaching system growth

- Mortgage income up 10% in 2005
- Volume growth in 2H05 improved after a disappointing 1H05
- Minimal spread decline (2bps)
- Improved 2H05 performance from:
  - Enhanced salesforce effectiveness (25% productivity uplift)
  - Reinvigorated service offering to 3rd party - 35% of loans originated
  - Uplift in loans drawdown from CRM platform - up 31% on 1H05

	1H04	2H04	1H05	2H05
Mortgage spreads	1.18	1.18	1.17	1.16





Westpac

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 a long standing process for existing customers
- Key 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 are in line with reported industry standards.
- No packaged discounts available to Low Doc customers

Low Doc lending	$m	% of portfolio
Total Portfolio	$748	<1%
New lending per month	<$100	<6%

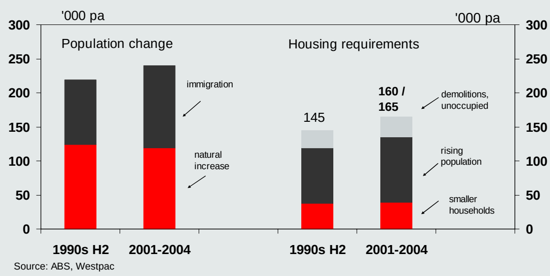
Westpac's Low Doc loan history

Date	Event
< April 2003	Some 'Low Doc' style of loans written when customer history well known
April 2003	Low Doc was formally launched to Westpac channels. 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
May 2005	Mortgage insurers offer cover on Loans for Business purposes where security provided is residential

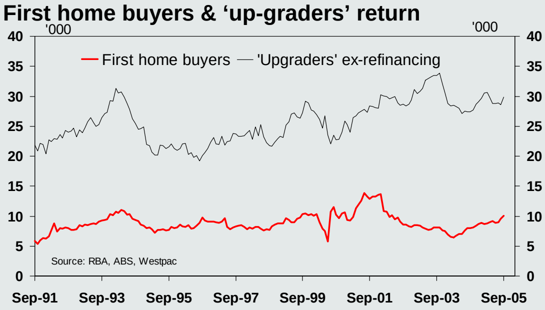
Housing demand

- 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 23% lower so far ~ a relatively moderate fall compared with an average 35% decline in past downturns
- First home buyers have re-entered the market suggesting affordability is not prohibitive

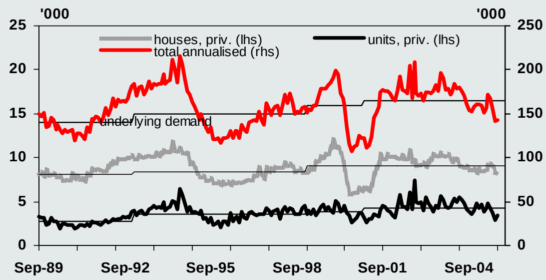
Immigration impacts housing needs



First home buyers & 'up-graders' return

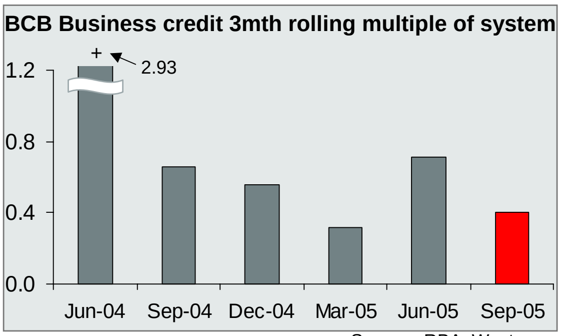


Approvals ease following March rate rise



Business lending – growth returning

- Business lending income up 7%
- Improved growth in 2H05 following disappointing 1H05
- 2H05 performance due to:
  - New product launches
  - Promotional initiatives
  - Increase in business bankers
- Spreads maintained (down only 1bp) full year
- Origination platform impacted growth in FY05 – issues being resolved



Source: RBA, Westpac

Product Spreads	1H04	2H04	1H05	2H05
Business	1.79	1.80	1.78	1.78
Equipment Finance	2.16	2.02^	2.15	2.11

^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

Business lending – growth returning

The new lending originations platform (Pinnacle) will deliver a substantially enhanced system to the group

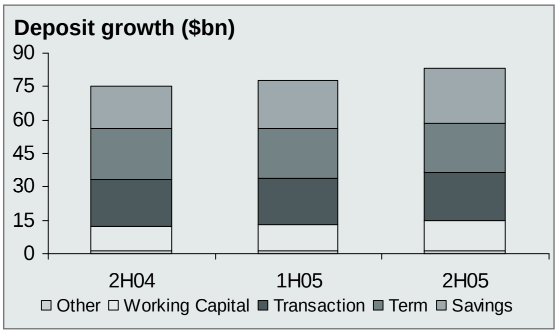
- Greater efficiency: $14m in administrative savings in 2005
- Improved data collection and full compliance with Basel II
- Improvements for customers through speed of decisioning

However, implementation has had some teething issues

Issues	Resolution
• Release 3 imposing additional constraints on bankers • More time spent on data input • Learning to navigate new system	• Further system training • Deploying additional support • Slowing roll-out until enhancements in place
• Some systems performance issues	• Upgraded hardware in 1H05, issue now largely resolved

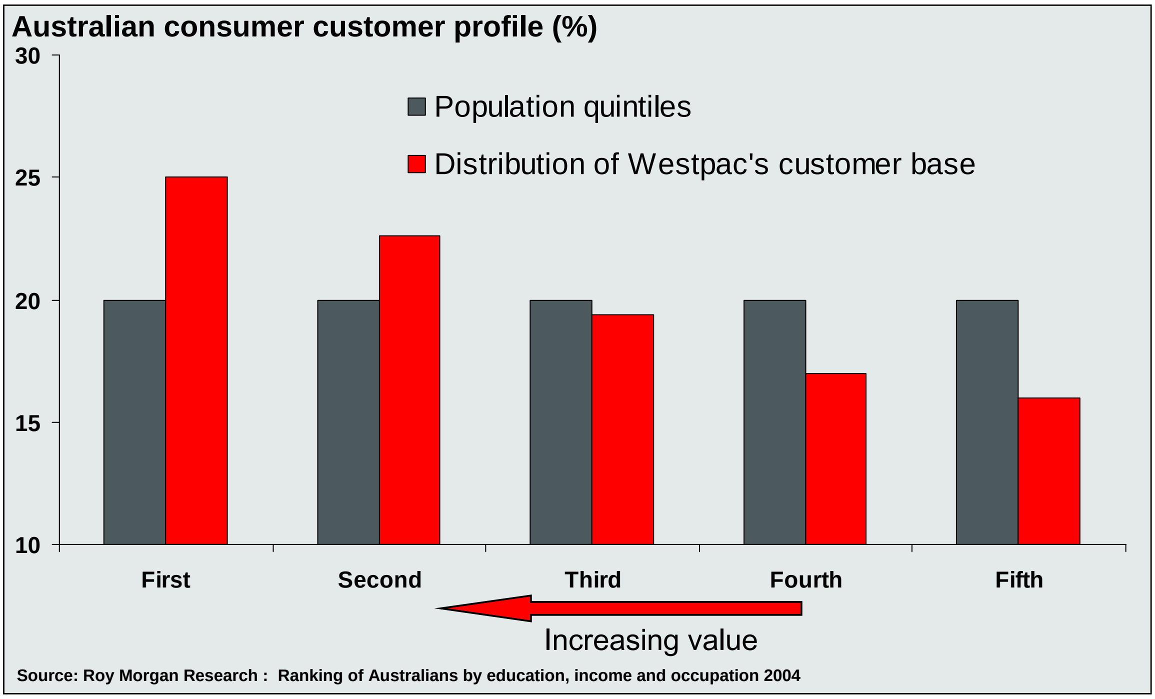
Business & Consumer Banking deposits

- Achieved competitive growth of 11%, with modest spread contraction
- Strategy responded to customer needs:
  - Westpac One – 290,000 new accounts since November 2004
  - Launched Max-i Direct, contributing to overall increase in CMA type accounts of $5bn
- Strong growth in savings balances
- TDs and transaction account balances flat



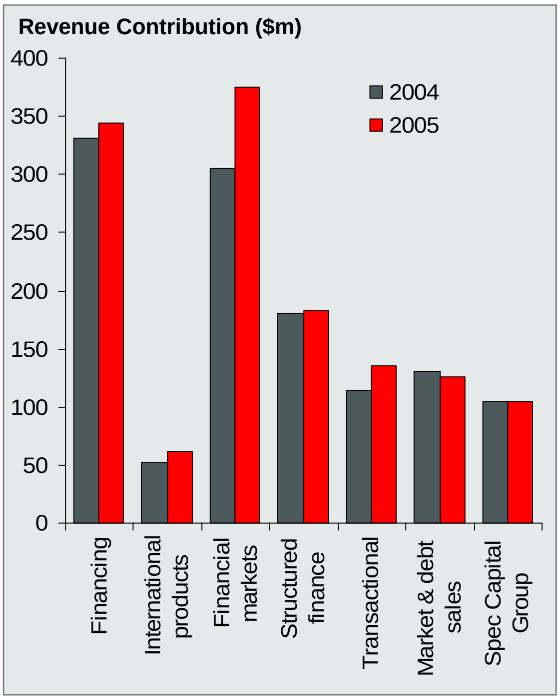
	1H04	2H04	1H05	2H05
Retail deposit spreads	1.71	1.68	1.65	1.68

Customer base skewed to high value segment



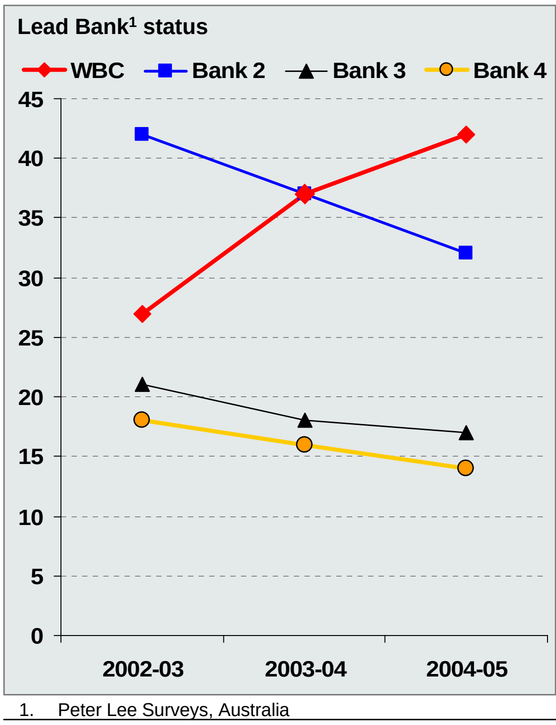
Institutional Bank – improved fundamentals

$m	2004	2005	% Change
Operating income	1,264	1,360	8
Operating expenses	(562)	(578)	(3)
Core earnings	702	782	11
Bad debts	5	(40)	large
Tax & OEI	(214)	(224)	(5)
Cash earnings	**493**	**518**	**5**



Westpac

Institutional Bank – clear number 1



1. Peter Lee Surveys, Australia

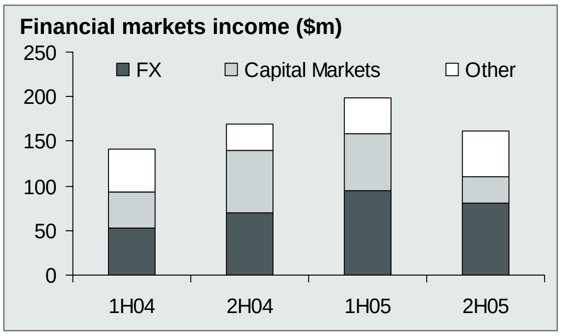
Rank against peers[1]	2002/03	2003/04	2004/05
Lead Bank	**2nd**	**=1st**	**1st**
Customer satisfaction[2]	3rd	3rd	1st
Transactional	2nd	2nd	1st
FX[3]	2nd	1st	1st
Interest rates	2nd	2nd	1st
Syndicated loans	2nd	2nd	2nd
Trade finance	2nd	2nd	2nd
Debt securities origination	1st	2nd	1st
Structured securities	n/a	2nd	1st
US Private placements[4]	1st	1st	1st

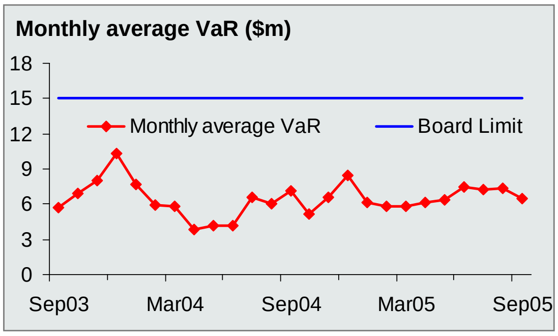
1. Market share, Peter Lee Surveys, Australia
2. Customer Satisfaction Index Peter Lee Surveys, Australia
3. Market share based on volume, Peter Lee Surveys, Australia
4. Westpac estimate

Westpac

Financial markets – sound performance

- Strong foreign exchange performance, up 47% on 2004
- Disciplined risk management and strong customer flow
- Capital markets more subdued reflecting stable domestic economic environment and offshore volatility



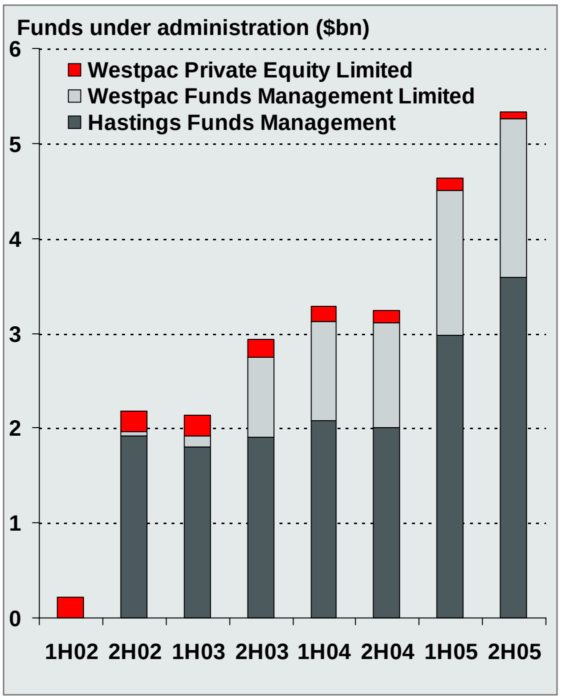


Investment securities

- Gains in portfolio of investment securities $64m in 2005 ($28m 1H05, $36m 2H05) and $17m in 2004, reflecting liquidation/sales and improved credit spreads
- Portfolio continuing to be managed down – outstanding balances
  - 30 Sept 04 US$86m
  - 31 Mar 05 US$52m
  - 30 Sept 05 US$17m

Specialised Capital Group – a growing business

- Specialised Capital revenue (excluding private equity) up 67%
- Hastings
  - Effective ownership from 1 July 2005
  - Total consideration $122m
  - Consideration of $86m for remaining 49%
  - Settled 4 November 2005, by issue of new Westpac shares ($54.2m) and cash ($33.5m)
  - 4 new funds added over the year:
    - Hastings Diversified Utilities Fund
    - TAPS Trust
    - Hastings High Yield Fund
    - Hastings Private Equity 2



New Zealand – earnings back on growth path

- Cash earnings up 7% in NZ$
- Strong 2H05 improvement
- Solid lending growth, up 14%
- Housing spread compression offset in part by strong deposit spreads
- Earnings impacted by
  - BT NZ restructure NZ$3m
  - Loss on portfolio hedging NZ$7m

NZ$m	2004	2005	% Change
Net interest income	893	936	5
Non-interest income	462	470	2
Operating expenses	(653)	(661)	(1)
Core earnings	702	745	6
Bad debts	(41)	(37)	10
Tax & OEI	(210)	(224)	(7)
Cash earnings	**451**	**484**	**7**

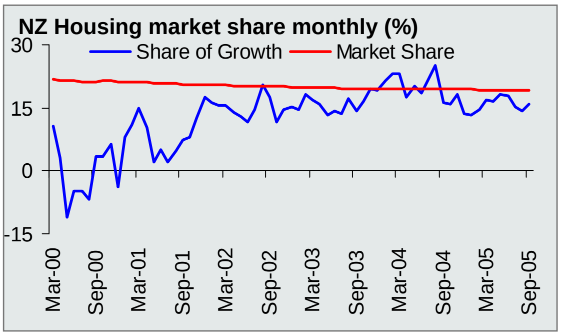
New Zealand – growth in a tough environment

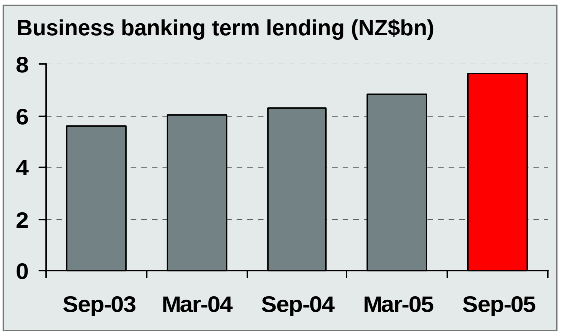
Mortgages

- 13% growth against system growth of 16%
- Spread contraction 18 bps
- Proportion of fixed/floating 75/25 at September 2005

Business

- Rapidly growing portfolio, up 19%
- Strong performance in property finance and middle market lending





BT - good momentum

- Strong momentum from:
  - Funds under management
  - Strong Wrap and corporate super flows boosting funds under administration
- Good claims experience assisting life insurance
- Cash earnings assisted by
  - JDV sale $13m
  - Recovery of amounts paid into certain managed funds $19m cash earnings ($27m revenue)

$m	2004	2005	% Change
Operating income	614	756	23
Operating expenses	(377)	(391)	(4)
Core earnings	237	365	54
Bad debts	-	-	-
Tax & OEI	(50)	(89)	(78)
Cash earnings	**187**	**276**	**48**
FUM ($bn)	35.4	37.1	5
FUA ($bn)	24.9	34.5	39
In-force Premiums ($m)	226	240	6

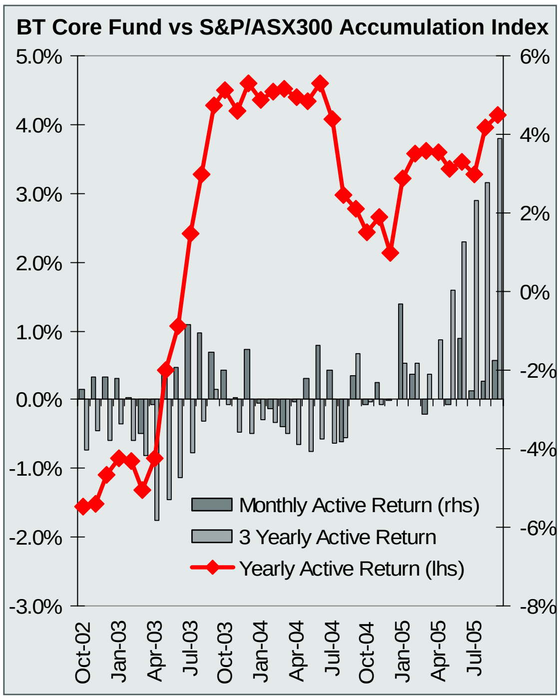
Market share gaining across the business

Current Australian market share			Current share of new business	
Product	**Market share (%)**	**Rank**	**Market share (%)**	**Rank**
Platforms	12.1	2	13.8	2
Corporate super	7.0	5	10.4	3
Margin lending	14.3	3	23.0	1*
Broking	10.5	3	10.3	3
Life and risk	6.7	7	7.3	7
Funds Management	4.0	8	n/a	n/a

Source:
Platforms– Assirt Jun 05
Margin Lending RBA June 05 market share
*BT competitor analysis on ranking

Broking: IRESS Sept 05
Life and Risk: Dexx&r Mar 05; Corp Super Dexx&r Jun 05
Funds Management Assirt data June 05 and includes proprietary BT only (excludes alliance partners)

BT sustained investment performance



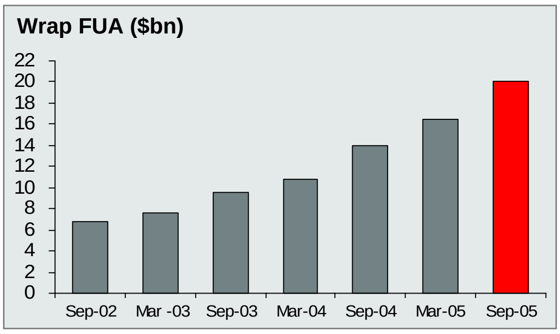
September 2005	Performance and Quartile Ranking					
	1 yr %	**Quar-tile***	**2 yrs % pa**	**Quar-tile**	**3 yrs % pa**	**Quar-tile**
Core Australian Share Fund	36.2	2	29.3	1	24.9	1
Ethical Share Fund	37.3	1	31.8	1	26.9	1
Imputation Fund	36.9	1	31.2	1	25.7	1
Smaller Companies Fund	41.0	1	39.8	1	34.0	1
Balanced	20.7	1	18.5	1	15.7	1
Property	15.8	4	21.5	4	17.5	4
Intl Equities (Putnam)	14.5	2	11.3	2	7.0	n/a

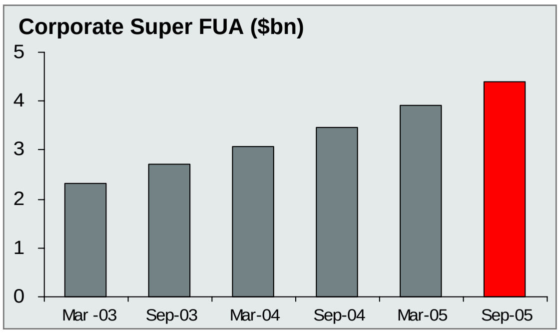
Australian funds under management

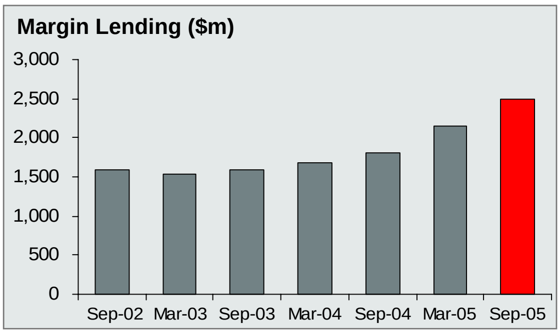
Asset class $bn	June 04 Total	June 05 Total	June 05 Retail	June 05 Retail %
Cash	5.9	7.0	4.6	66%
Australian Fixed Interest	4.6	5.8	2.9	50%
International Fixed Interest	3.3	4.4	1.0	23%
Property*	2.4	2.6	1.9	73%
Australian Equities	8.6	9.7	7.3	75%
International Equities	7.4	5.0	3.9	78%
Other**	2.2	2.5	0.4	16%
TOTAL	34.4	37.0	22.0	59%

*Includes global property
** Includes Alternative Investments & Private Portfolio Mgt

BT– growth in core products







Source: Margin Lending RBA September; BTFG internal numbers

Insurance business

- Insurance operations have continued to perform well
- Solid growth in risk in-force premiums, up 6% over year
- Life insurance performance supported by positive claims experience and lower lapse rates
- General insurance earnings continue to trend higher
- Lenders mortgage insurance earnings lower, in line with slower mortgage growth

Cash earnings ($m)	2004	2005	% growth
Life insurance - Australia	46	55	20
Life insurance - New Zealand	19	19	0
General Insurance (Australia)	42	45	7
Lenders mortgage insurance (Australia)	17	16	(2)
Total	**124**	**135**	**9**

Westpac

Pacific Banking and Group Business Unit

Pacific Banking

$m	2004	2005	% Change
Net interest income	72	70	(3)
Non-interest income	67	78	16
Operating expenses	(51)	(53)	(4)
Core earnings	88	95	8
Bad debts	(2)	(3)	(50)
Tax & OEI	(30)	(29)	3
Cash earnings	**56**	**63**	**13**

Group business unit

$m	2004	2005	% Change
Operating income	69	237	large
Operating expenses	103	65	(37)
Core earnings	172	302	76
Bad debts	(40)	3	108
Tax & OEI	92	(137)	(large)
Other equity dist	(154)	(137)	11
2004 TPS	10	25	150
Cash earnings	**80**	**56**	**(30)**

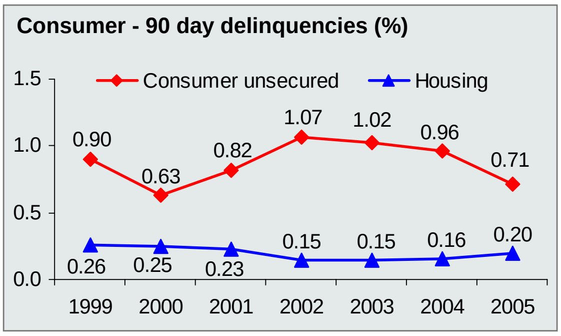
Westpac

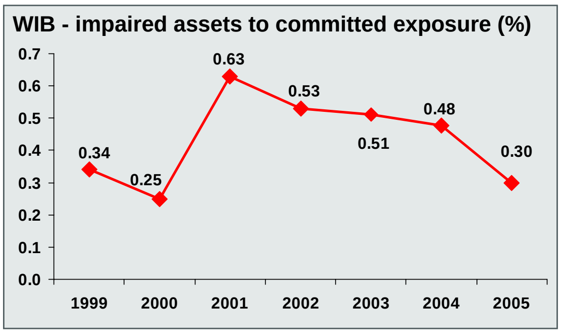
Risk management framework

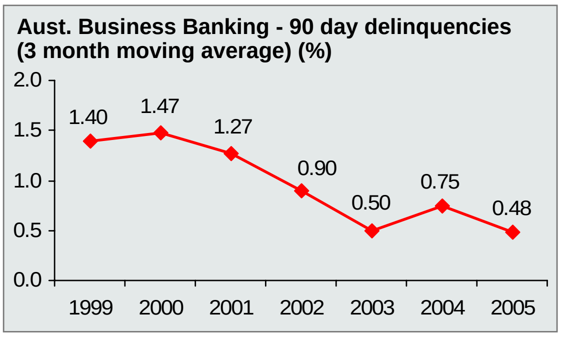
Board	Considers and approves the risk-reward strategy of the Group
Board Committees	The Board Committees, by delegated authority, assist the Board in fulfilling its oversight responsibilities **Risk Management Committee** • Risk profile and risk management **Audit Committee** • Integrity of financial statements and systems **Corporate Responsibility and Sustainability Committee** • Social, environmental and ethical responsibility and reputation risk **Nominations Committee** • Board skills, succession and governance **Remuneration Committee** • Responsible reward practices in line with performance
Independent Internal Review	**Group Assurance** Adequacy and effectives of management controls for risk
Executive Risk Committees	**Westpac Group Risk Reward Committee** • Sets and leads the risk optimisation agenda for the Group • Recommends to the Risk Management Committee the appropriate risk-reward positioning and integrates decisions on overall capital levels and earnings profile • 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 risk governance framework, including the performance, role and membership of the executive risk committees
	Westpac Group Credit Risk Committee • Optimises credit risk-reward • Oversees portfolio performance • Determines limits and authority levels within Board approved parameters **Westpac Group Market Risk Committee** • Optimises market risk-reward for traded and non-traded market risk • Oversees portfolio performance • Determines limits with Board approved parameters **Westpac Group Operational Risk & Compliance Committee** • Optimises operational risk-reward and compliance • Oversees the governance of operational risk and compliance, including the framework and policies • Oversees the operational and reputation risk profile
Group Risk	• Drives enterprise-wide risk management culture, frameworks and decisioning for maximum performance in line with risk appetite • Ensures risk management is a competitive advantage, delivers better solutions for customers, protects and grows earnings, and builds shareholder value • Forges a partnership with the business, which shares the vision and the responsibility for superior risk management
Business Units	Manage risks inherent in the business including the development of business-specific policies, controls, procedures and reporting in respect of the relevant risk classes

Forward indicators improving further

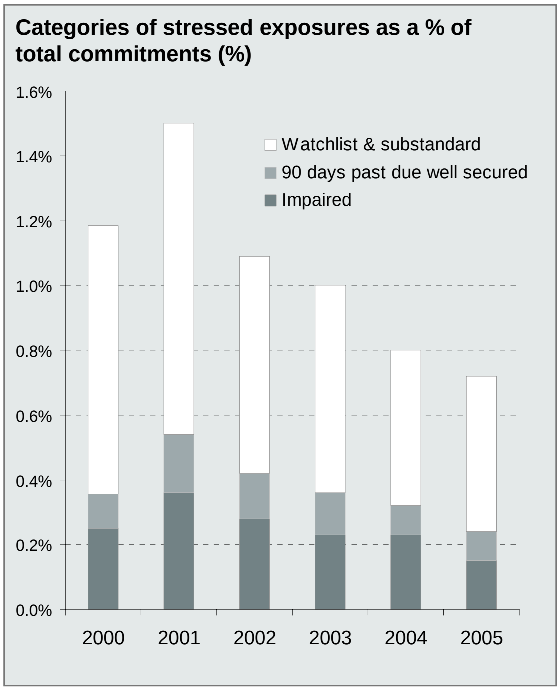
- Consumer unsecured delinquencies have trended down since March 2005:
  - 50% of decline due to investments in risk management infrastructure
  - 30% of decline due to a reduction in monthly repayments required from customers on credit cards, in line with market practice

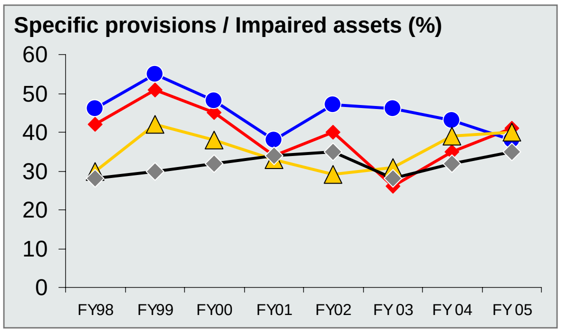




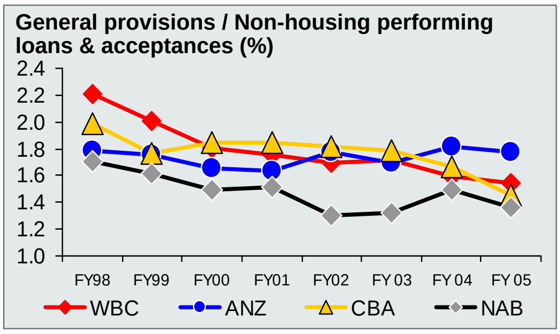


Stressed exposures continue to decline



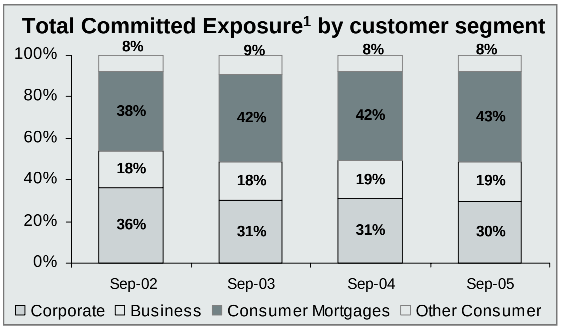


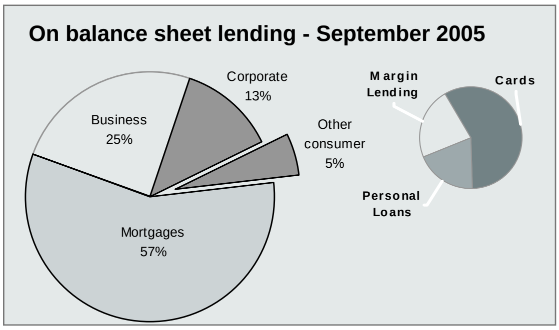
- FY 05 coverage ratio is 1.6x.

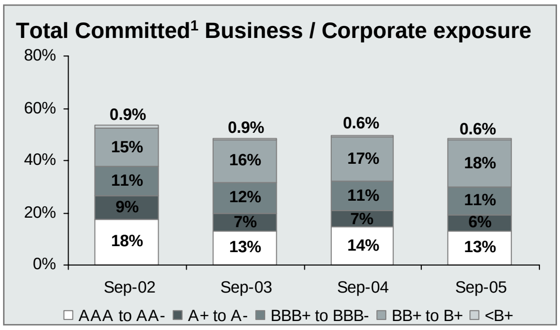


Composition of portfolio

- Mortgages represent 43% of total commitments and 57% of funded lending
- 63% 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

Total exposure by region

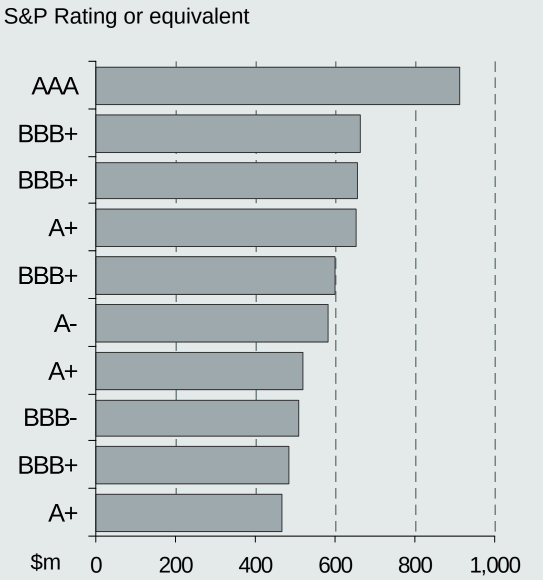
Exposures outside core markets represent less than 2% of total committed exposures – sub investment grade represent less than 0.2% of total exposures (excluding core markets of Australia and New Zealand)

$m	Australia	NZ / Pacific	Americas	Europe	Asia ex Japan	Japan	Group
AAA to AA-	37,023	2,774	862	185	57	105	**41,006**
A+ to A-	16,250	2,773	1,115	620	-	-	**20,758**
BBB+ to BBB-	27,423	6,493	482	1,056	62	-	**35,516**
BB+ to B+	46,236	9,547	177	57	3	-	**56,020**
<B+	1,464	477	33	53	-	-	**2,027**
Secured consumer	119,845	23,183	-	-	-	-	**143,028**
Unsecured consumer	18,455	3,373	-	-	-	-	**21,828**
	266,696	**48,620**	**2,670**	**1,971**	**122**	**105**	**320,183**

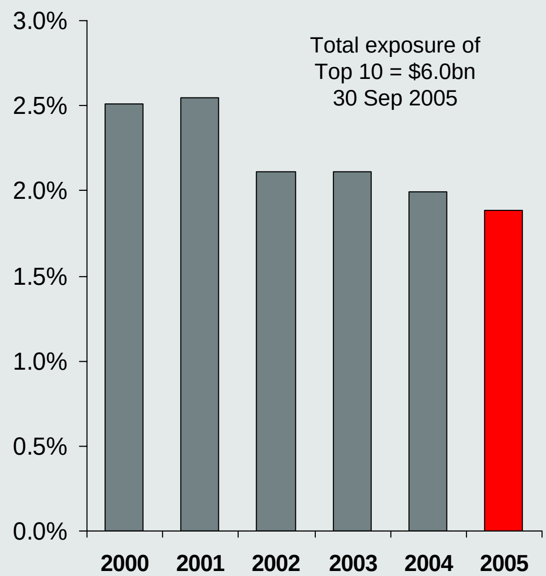
1. Total committed exposures by booking office at 30 September 2005

Reduced single name concentrations

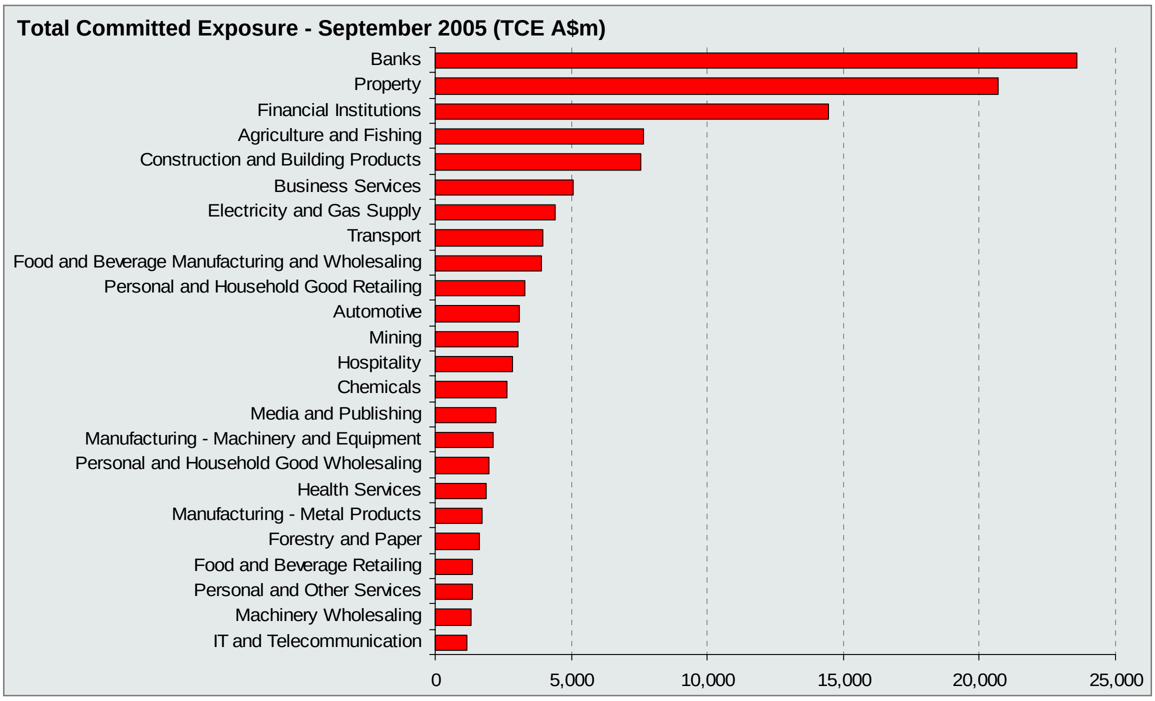
Top 10 exposures to corporations and NBFIs – September 2005



Top 10 exposures as a % of total committed exposure



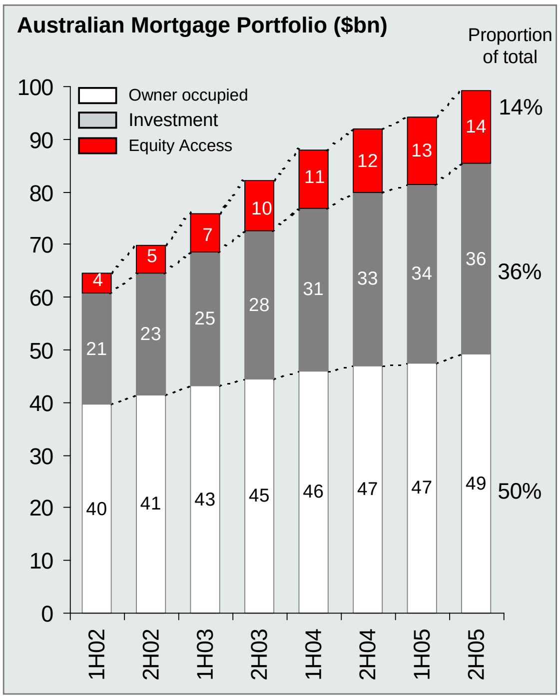
Industry concentrations



Note: Excludes governments

Mortgage portfolio characteristics

- Housing growth has remained solid
  - Owner occupied up 5%
  - Investment up 10%
  - Equity Access up 15%
- Average LVR of new loans 65% - no change from 2004
- Total bad debts (excluding dynamic provisioning) are less than 1 basis point

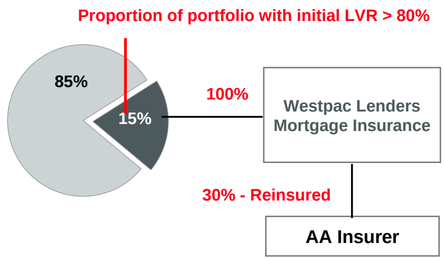


Mortgage portfolio quality

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 – this represents approx. $2.34b 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

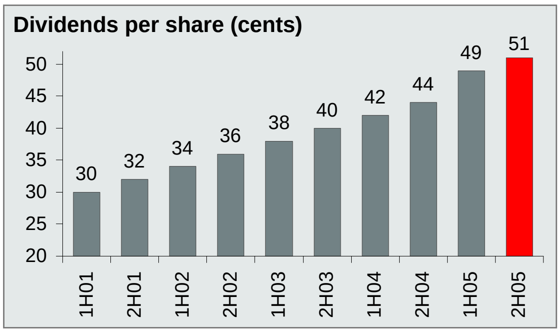


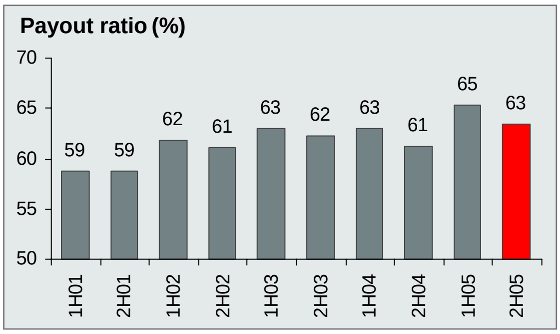
Mortgage portfolio stress testing – 2005 results

- Nominal changes in sensitivities over prior year
- Further improvements in unemployment since prior stress testing
- Capacity to absorb interest rate rises strong with 71% of amortising borrowers repaying in excess of required minimum

Westpac 2005 Stress Test Results	Base case	Scenario A	Scenario B
Interest rate % pa	7.3%	9.3%	11.3%
Individual effect $m	0	5	12
Price fall %	0%	10%	20%
Individual effect $m	0	7	21
Unemployment rate	5.0%	6.0%	7.0%
Individual effect $m	0	3	9
Combined effect $m	0	21	109
Combined effect bps	0.0	2.1	11.0

Strong dividend and sustainable pay-out ratio





Key considerations

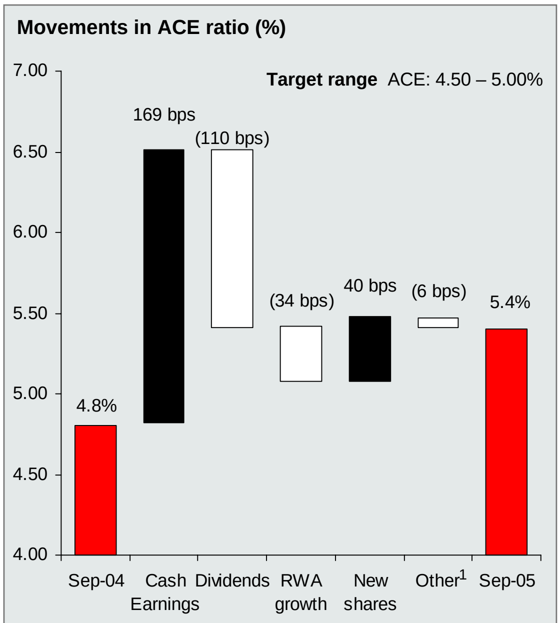
- Ensure dividend growth broadly in line with cash EPS growth
- New share issues do not dilute EPS in medium term
- Consistency in dividend path given more volatile earnings under IFRS
- Full franking
- Market feedback for a higher payout
- Capital position

Outcome

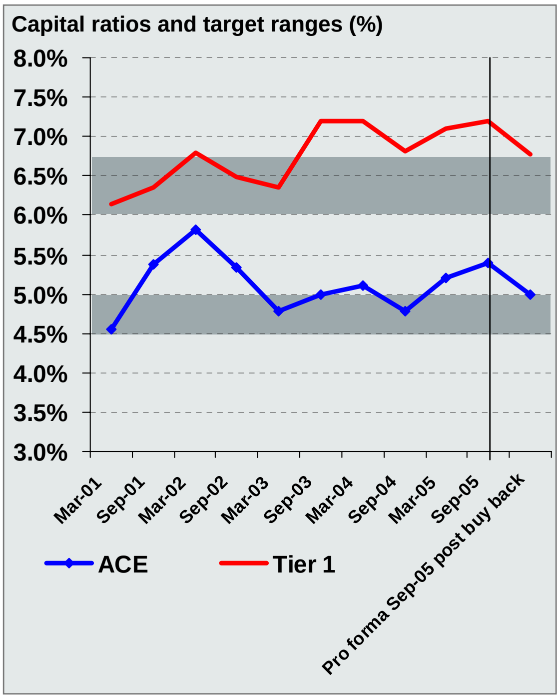
- Dividend up 14 cents or 16% to 100 cents, fully franked
- Step-up in dividend delivers a higher pay-out
- Future dividend trajectory expected to remain at least at 2 cents per half
- Very strong franking position $583m, and around $320m^ after buy-back

^ Assuming a Buy-Back Price of $18.06, representing a Buy-Back Discount of 14% to an assumed Market Price of $21.00

Strong capital generation

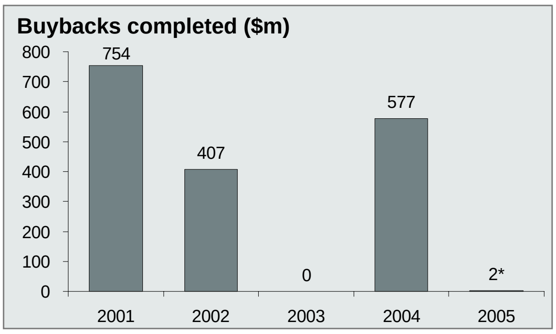


1 "Other" includes capital employed by non-banking subsidiaries, Specialised Capital Group investments and movements in the FCTR and deferred tax balances



Off-market buy-back[1]

- Target buy-back size approximately $700m (2%^ of ordinary shares)
- Off-market tender buy-back structure
- Buy-back price to include a $4.00 capital component, with balance treated as a fully franked deemed dividend for Australian tax purposes
- Shares can be tendered at discounts of between 8 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price or as a Final Price Tender
- Shareholders will be able to buy Shares in Westpac on the ASX on an ex-entitlement basis on or after the Buy-Back ex-date of Tuesday, 8 November 2005 without jeopardising their ability to claim franking credits on any other Shares tendered into the Buy-Back purchased on or before 3 November 2005
- Shareholders will be entitled to receive the 2005 final dividend even if they tender into the buy-back



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

Capital ratios	Sep 05	Post buy-back^	Target
ACE	5.4%	5.0%	4.5 – 5.0%
Group Tier 1 (Level 2 Tier 1)	7.2%	6.8%	6.0 – 6.75%
Stand alone Tier 1 (Level 1 Tier 1)	6.5%	6.1%	5.5 – 6.0%

^ Assuming a Buy-Back Price of $18.06, representing a Buy-Back Discount of 14% to an assumed Market Price of $21.00
[1] This Buy-Back is not available to persons in the United States of America, Canada or Japan. No offer is being made in the United States, Canada or Japan or to US persons or residents of Canada or Japan

Basel II update

- Total expected cost of Basel II project $42m
- Westpac's Basel II project is progressing well:
  - Delivered first submission to APRA by 30 September 2005 seeking advanced IRB & AMA accreditation
  - 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
  - Further capability 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 final determination on changes to the treatment of hybrid equities, and finalisation of APRA's response to the introduction of IFRS

Westpac

IFRS introduction – key impacts

- Creates no change to economic value or cash flows
- Changes in income expense classification redefines key performance measures
- Industry interpretation of standards yet to finalised, so numbers may be subject to revision
- Fair value/Hedging will increase earnings volatility. Initial impact:
  - 1H05 $75m
  - 2H05 $(130m)
  - Full year 2005 $(55m)
- Excluding volatile items cash earnings would have been around 3% lower under IFRS assuming lower credit costs

Estimated impact of IFRS on reported earnings[1,2]

Year ended 30 Sept 2005 (A$m)	Net profit	Cash earnings
Results under current AGAAP	2,818	2,874
Deferral of income / expenses	(38)	(38)
Hybrid equity	(164)	-
Goodwill amortisation/impairment	149	(19)
Share based payments	(57)	(57)
Other	15	15
Treasury shares	(32)	-
Results under A-IFRS	**2,691**	**2,775**

1. Based on current interpretation of IFRS standards and may change, no estimate of impact of credit provisioning changes as consensus on outcome has yet to be achieved
2. Fair value/hedging has been excluded from calculations.

Westpac

IFRS capital impacts

A$ million	Book Equity	ACE	Tier 1	Tier 2
Fee revenue	(180)	(250)	(250)	-
Deferred acquisition costs	(180)	-	-	-
Treasury shares	(100)	-	-	-
Defined benefit plans	(250)	(250)[1]	(250)	
Credit provisioning[2] (tax effected)	200 to 700	200 to 700[1]	200 to 700	(200) to (700)
Total[3,4]	(510) to (10)	(300) to 200	(300) to 200	(200) to (700)

1. Assumes rating agencies adjust ACE to follow Australian prudential treatment
2. Assumes A-IFRS credit provisioning is consistent with APRA prudential standards and no additional 'general reserve for credit risk'
3. Assumes the reclassification of software to intangibles has no impact.
4. Excludes any impact of hedging transition or ongoing volatility.

Comparison of AGAAP and A-IFRS earnings

Year ended 30 Sept 2005 ($m)	Reported AGAAP	Hybrid equity	Fee revenue	Goodwill	Securit-isation	Share based payments	Treasury shares	Other	A-IFRS
Net-interest income	5,245	(84)	147	-	26	-		18	5,352
Non-interest income	3,560	24	(192)	(27)	(57)	-	(32)	(6)	3,270
Operating expenses	(4,105)	-	-	-	(1)	(63)	-	9	(4,160)
Goodwill amortisation	(168)	-	-	168	-	-	-	-	-
Bad and doubtful debts	(382)	-	-	-	-	-	-	-	(382)
Tax and outside equity interests	(1,332)	(104)	7	8	32	6	-	(6)	(1,389)
Net profit after tax	**2,818**	**(164)**	**(38)**	**149**	**-**	**(57)**	**(32)**	**15**	**2,691**
Goodwill amortisation	168	-	-	(168)	-	-	-	-	-
Hybrid distributions	(137)	164	-	-	-	-	-	-	27
Treasury shares	-	-	-	-	-	-	32	-	32
TPS revaluations	25	-	-	-	-	-	-	-	25
Cash earnings	**2,874**	**-**	**(38)**	**(19)**	**-**	**(57)**	**-**	**15**	**2,775**

- Numbers are for the year ended 30 Sept 2005 and exclude any impact for credit provisioning and fair value/hedging
- IFRS impacts rounded to nearest $5m

Comparison of AGAAP and A-IFRS balance sheet

30 Sept 2005 ($m)	Reported AGAAP	Hybrid equity	Fee revenue	Fair Value/ Hedging	Goodwill	Securi-tisation	Treasury shares	Defined Benefit plans	Other	Full A-IFRS
Cash and due from financial institutions	12,740	-	-	8	-	4,468	-	-	-	17,216
Trading & investment securities and fair value assets	11,827	-	-	(450)	-	(78)	(5)	-	-	11,294
Loans and acceptances	200,453	-	3	219	-	2,505	-	-	-	203,180
Life insurance assets	13,740	-	-	2	-	(53)	(92)	-	-	13,597
Other Assets	20,993	-	(223)	(49)	146	34	-	(271)	(59)	20,571
Due to other financial institutions	10,654	-	-	51	-	-	-	-	-	10,705
Deposits	149,454	-	86	-	-	(202)	-	-	-	149,338
Debt issues and acceptances	46,635	-	(161)	(3,305)	-	6,983	-	-	-	50,152
Life insurance policy liabilities	11,722	-	142	3	-	-	-	-	(5)	11,862
Loan capital	4,214	1,343	(11)	(34)	-	-	-	-	-	5,512
Other liabilities	19,862	-	88	3,055	-	95	-	(26)	(14)	23,060
Minority interest	848	1,133	-	-	-	-	-	-	(2)	1,979
Equity attributable to equity holders of WBC	**16,364**	**(2,476)**	**(364)**	**(40)**	**146**	**-**	**(97)**	**(245)**	**(38)**	**13,250**

- Numbers are for the year ended 30 Sept 2005 and exclude any impact for credit provisioning
- IFRS impacts rounded to nearest $5m

Structured finance portfolio

- Westpac conducts certain structured finance transactions with exposure primarily to global financial institutions
- Certain structured finance transactions are 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 30 September 2005, the maximum potential overall primary tax liability in dispute is estimated to be approximately NZ$750m (tax effected) including interest
- Westpac unwound the NZ structured finance transactions in 2H05 due to the application of the new NZ Thin Capitalisation regime applying from 1 July 2005
- The impact of discontinuing these transactions will impact the Institutional bank (WIB) and the overall Westpac Group differently due to variations in how tax and revenues are treated. In 2006 the wind-down of these transactions will lead to an increase in both revenue and tax at both a Group and WIB level (see table)
- The full year impact will see a $36m reduction in cash earnings in 2006

NZ structured finance transactions contribution to earnings[1]:

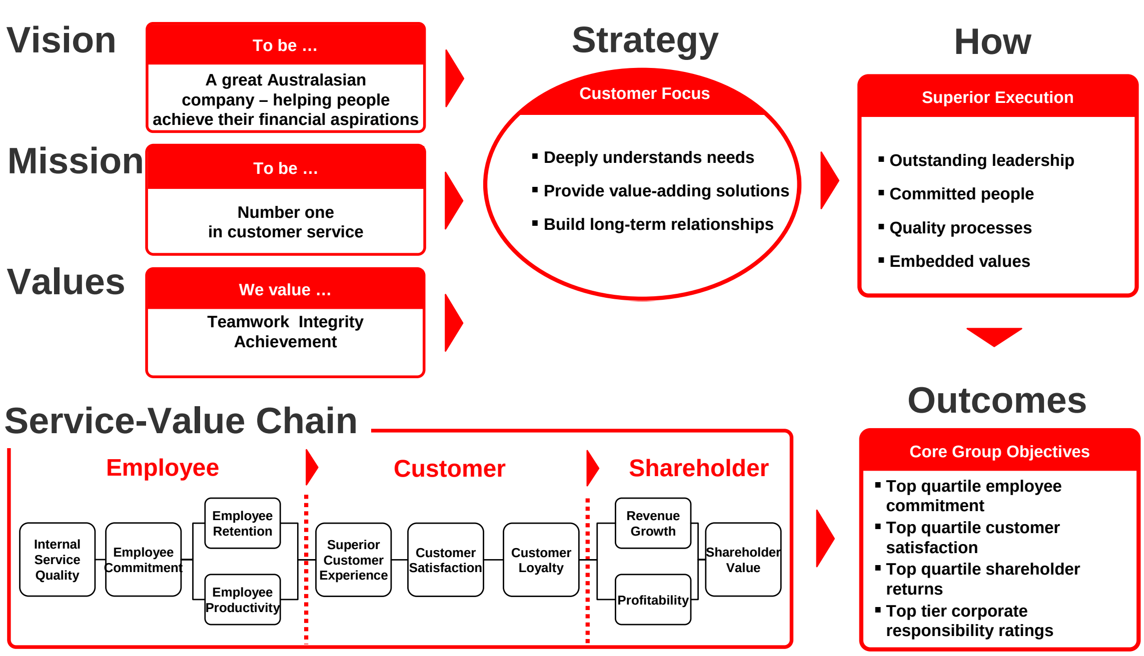
WIB	2H04	1H05	2H05	1H06	FY06 Impact
Core revenue	(28)	(23)	(8)	-	32
Gross up	71	67	21		(88)
Total revenue	43	44	13	-	(56)
Tax (incl gross-up)	(13)	(13)	(6)		20
Cash earnings	**27**	**30**	**6**	**-**	**(36)**
Group					
Total revenue	(28)	(23)	(8)	-	32
Total tax	57	54	14	-	(68)
Cash earnings	**27**	**30**	**6**	**-**	**(36)**

1 Table does not add as deal expenses not separately noted

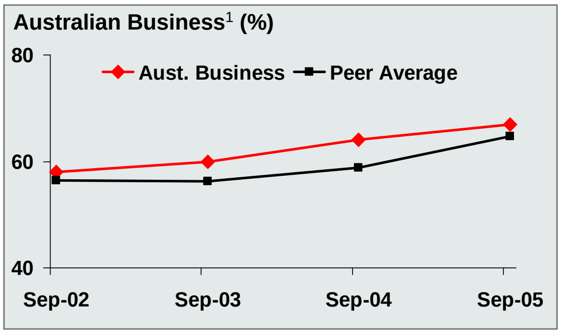
Preparing for New Zealand incorporation

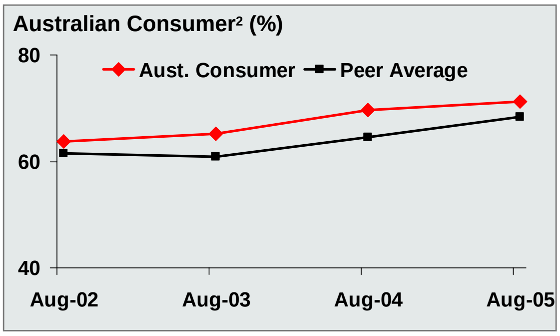
- Agreed to incorporate systemically important operations in New Zealand in December 2004
- Proposed incorporation model has received in-principle agreement from the Reserve Bank of New Zealand
- The incorporation model involves Westpac operating as a branch and an incorporated entity concurrently (dual registration). This model will principally see:
  - Retail operations become part of the locally incorporated entity
  - Institutional business will remain in the New Zealand Branch
- Westpac intends to commence the consultation process for the legislation required to implement local incorporation
- Overall costs for incorporation are expected to be manageable. We recognised a $10m provision in the 2005 expenses

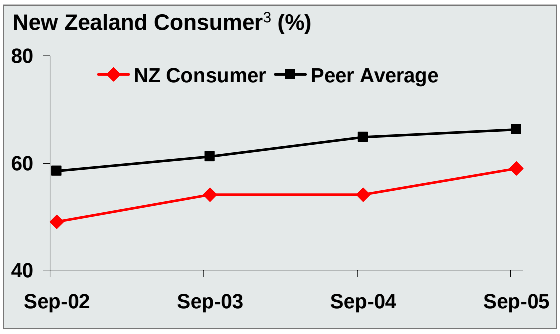
Our customer focused strategy

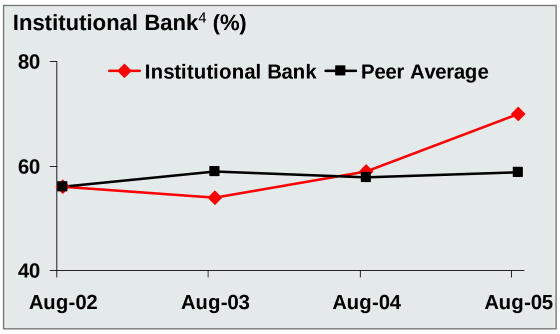


Enhanced customer positioning



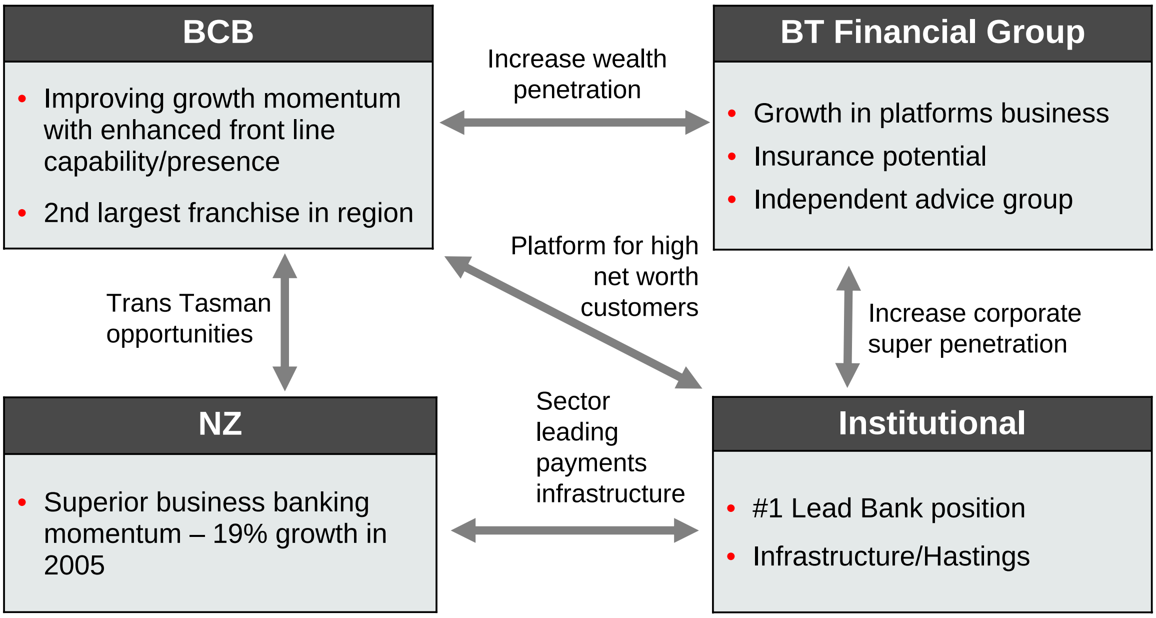






1. Source: TNS Business Finance Monitor. Business includes SME, Middle Markets and Priority Banking Peer average is CBA, NAB and ANZ. Satisfaction defined as 'very' or 'fairly' satisfied with main bank.
2. Source: Roy Morgan Research. Peer average is CBA, NAB and ANZ. Satisfaction defined as 'very' or 'fairly' satisfied with main financial institution
3. Source: ACNielson. Peer avg is NBNZ, ASB, BNZ and ANZ.
4. Source: Peter Lee & Associates Survey annual (August). Peer avg is ANZ, NAB, CBA and Citigroup. Satisfaction defined as excellent or above average

Multiple sources of growth



Asia: Capture flows (trade, capital, migration) between Asia & Australia/NZ

Strategic options

Option	Comments	Status
Organic growth	• Aust/NZ lowest risk and highest value available • No diversion risk created by acquisition • Significant opportunities still remain within existing customer franchise • Positioned to reap benefits from recent investments	Aggressively pursue

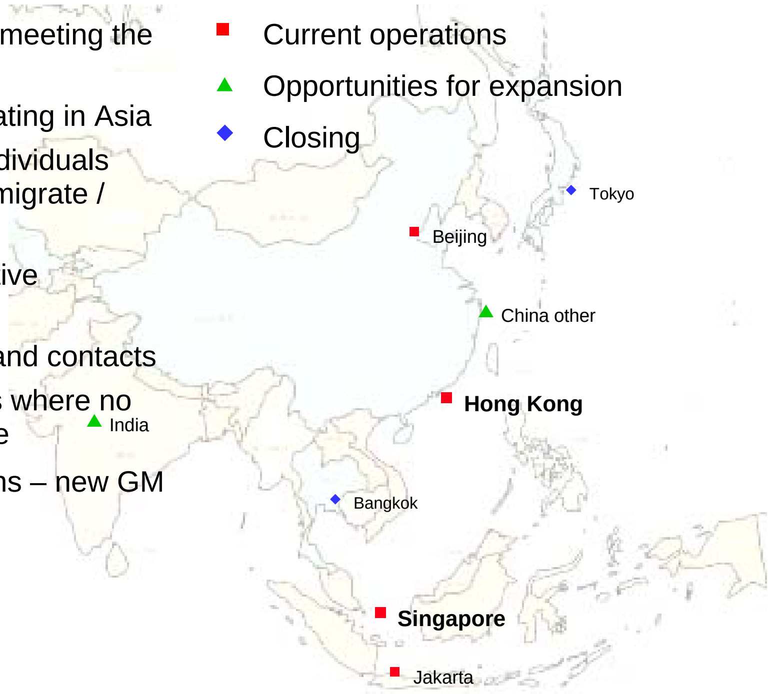
Acquisition	• No major capability gaps
	• Very limited opportunity to generate value at current prices
	• Disciplined adherence to criteria has served us well
	  - Aligned with strategic direction
	  - Strict valuation criteria
	  - Not unduly diverting
		Maintain watching brief

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

Westpac

Asia – an important strategic market

- Focus on organic growth meeting the needs of:
  - Aust/NZ clients operating in Asia
  - Asian corporates / individuals seeking to expand / migrate / invest in Aust/NZ
- Concentrate on comparative advantage
  - Aust/NZ knowledge and contacts
  - Use alliance partners where no coverage or expertise
- Refocus current operations – new GM appointed



Westpac

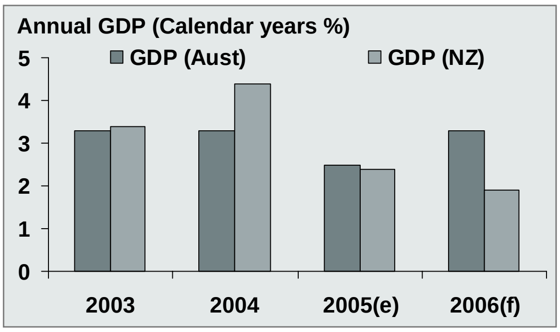
Right balance of experience, stability and depth

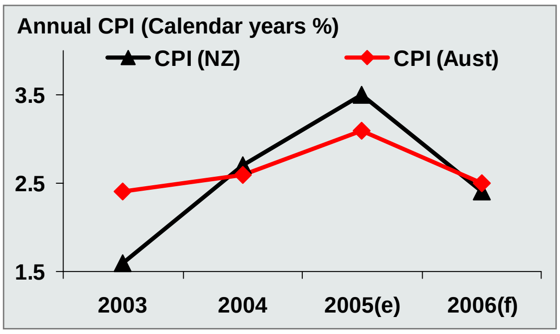
Name	Title	Joined Group Executive	Biography
David Morgan	Chief Executive Officer	Oct 1990	Joined 1990, CEO since 1999. Headed all major business units in Westpac prior to CEO appointment in March 1999. Extensive prior experience in financial sector including in the IMF and the Australian Federal Treasury
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[1]	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[1]	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
Rob Whitfield[1]	Chief Risk Officer	Dec 2005	Rob joined Westpac in 1986 as a graduate. Appointed Group Treasurer in 2000 and Chief Risk Officer in 2004.

1. Changes in Group Executive from 1 December 2005
   - Rob Whitfield, currently Chief Risk Officer has been elevated to the Group Executive, no change to core responsibilities
   - Philip Chronican will assume the role of Group Executive Institutional Bank
   - Phil Coffey will assume the role of Chief Financial Officer

Economic environment sound

- Expansion continues, moderate growth in Australia and New Zealand
- Inflation currently boosted by rising energy prices, but expected to ease in 2006
- Unemployment at 30 year low
- Bias to higher interest rates





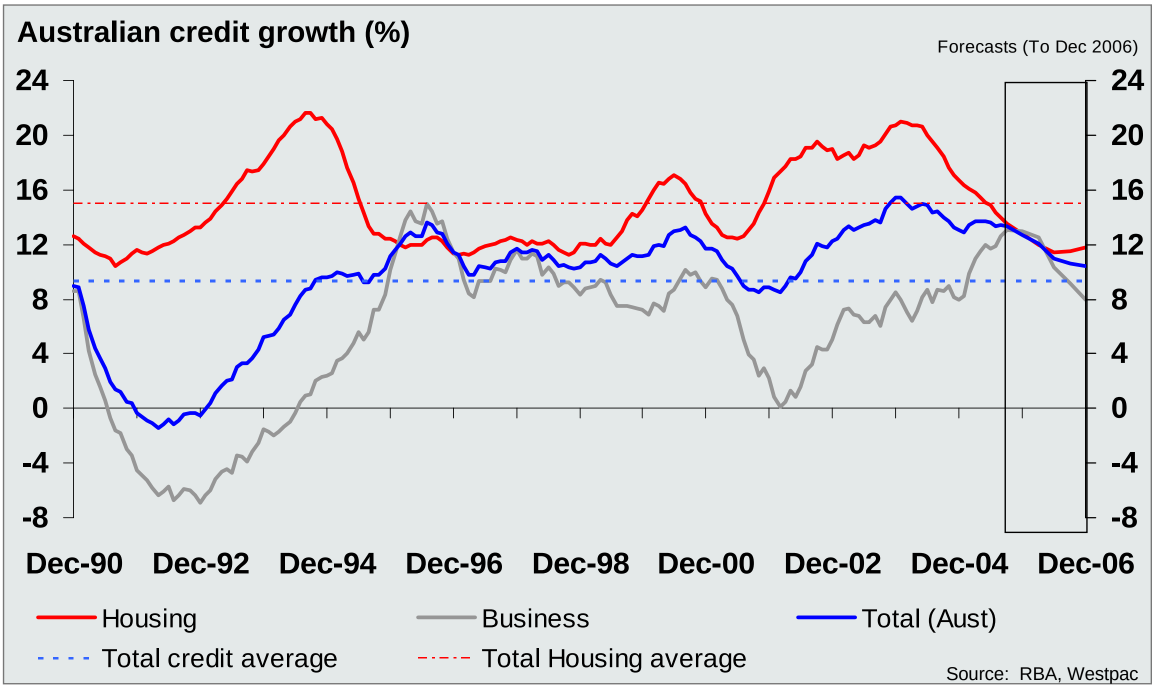
Source: Westpac Economics

Australian and New Zealand economic outlook

Key economic indicators[1]	Calendar year 2005f	Calendar year 2006f
World		
GDP	4.3%	3.9%
Australia		
Private consumption	3.0%	3.0%
Business investment[2]	11.5%	5.0%
GDP	2.5%	3.3%
Unemployment	5.1%	5.2%
CPI headline - annual change	3.1%	2.5%
Interest rates – cash rate (as at Dec 2005 & Dec 2006)	5.50%	5.00%
New Zealand		
GDP	2.4%	1.9%
Unemployment	3.6%	3.6%
Consumer prices	3.5%	2.4%
Interest rates – overnight cash rate (as at Dec 2005 & Dec 2006)	7.00%	6.00%

1 Westpac market outlook, November 2005
2 Business investment adjusted to exclude the effect of private sector purchases of public assets

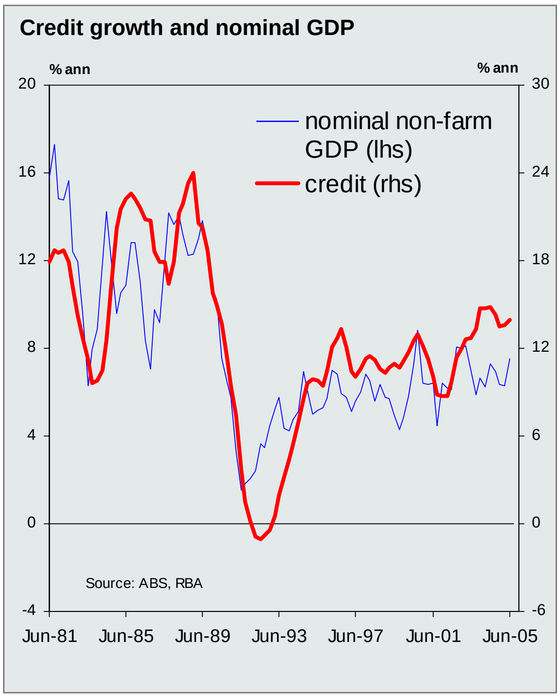
Credit growth expected to ease



Source: Westpac Economics

Credit growth and nominal non-farm GDP

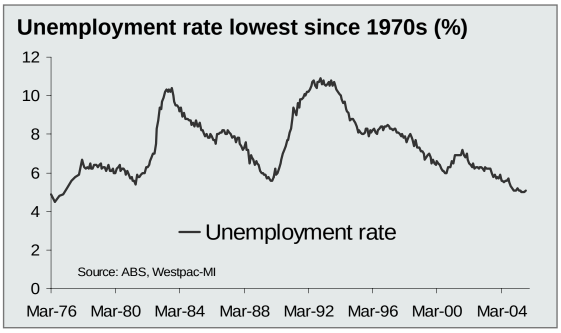
- Credit growth has historically tracked the direction of nominal GDP growth but with a multiplier of around 1.5 times
- Financial innovation and household's ability to allocate a greater share of disposable income to wealth creation supports a multiplier in excess of 1
- Currently, credit growth is 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

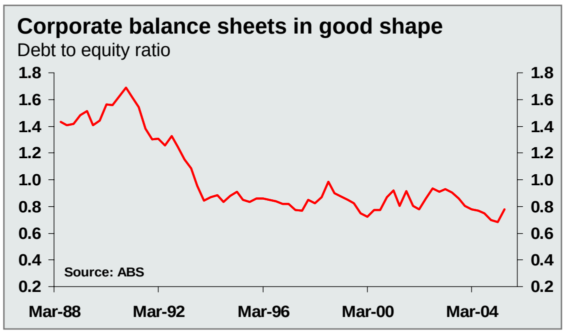


Source: Westpac Economics

Supportive credit quality environment

- Forward indicators of credit quality remain strong
  - Unemployment at generational low
  - Robust corporate profits
  - Comfortable levels of business gearing
  - No major corporate defaults
  - Low delinquency rates across portfolio





Source: Westpac Economics

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

Outlook

- Operating environment remains favourable with good economic fundamentals and well positioned for competitive intensity
- Westpac's franchise is in excellent health

Employees	- Top quartile engagement
Customers	- Improved satisfaction in all segments
Sustainability	- Global banking leader
Financial	- Performance at upper end of sector

- Confident that we will continue to deliver strong outcomes for shareholders

Investor relations contacts

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- Financial result announcements
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- Corporate history
- Key policies

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www.westpac.com.au/investorcentre

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