



Westpac
Australia's First Bank

David Morgan

Chief Executive Officer

4 May 2001

2001 First Half Results

Disclaimer

The Material contained in the following presentation is intended to be general background information on Westpac Banking Corporation and its activities as at 4 May 2001.

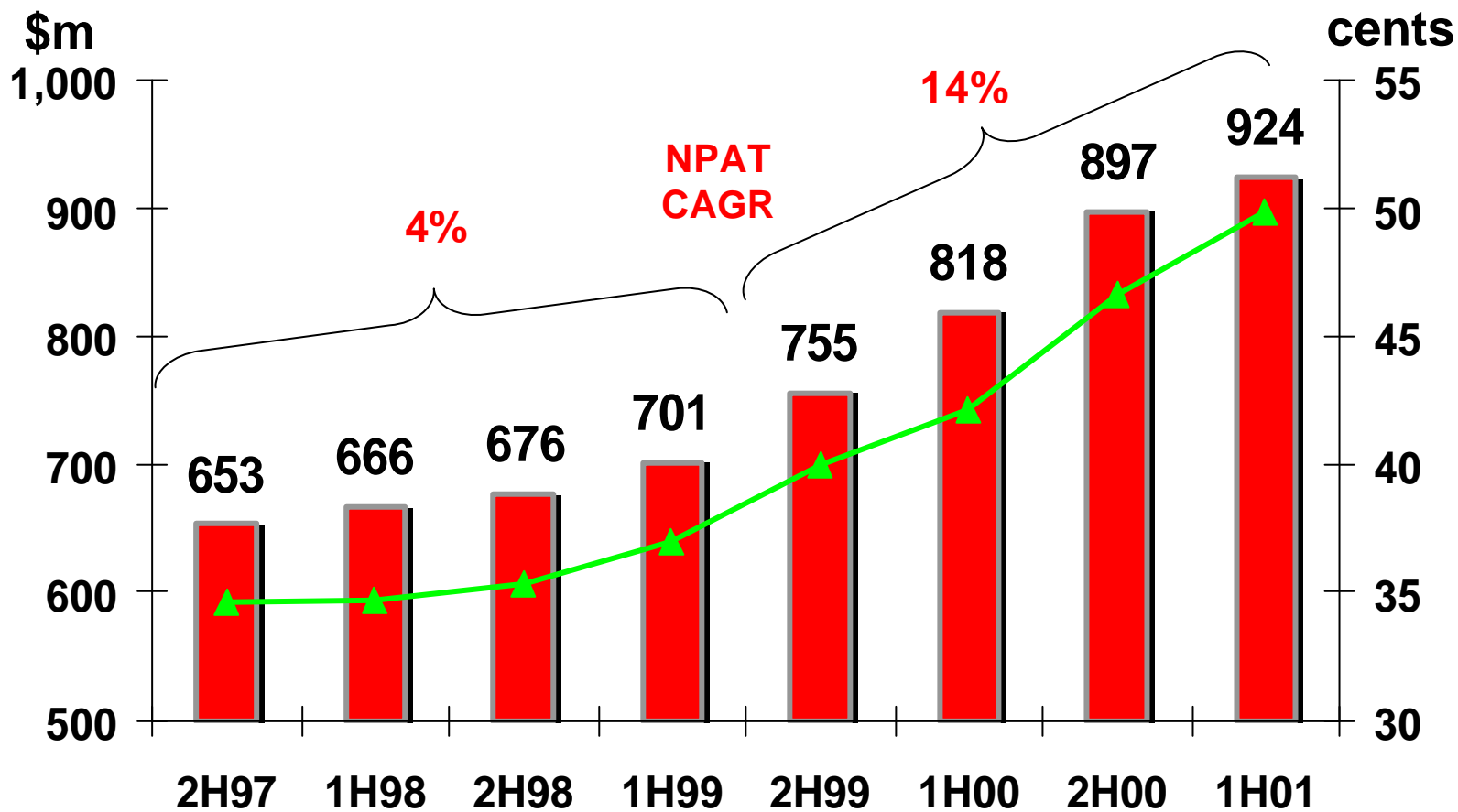
The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.

Highlights

- **Net profit up 13% to \$924 million**
- **Continued revenue momentum**
- **Tight expense management**
- **Continued sound asset quality**
- **Strong performance across all businesses**
- **Improved return to shareholders**
- **Delivering on strategic initiatives**

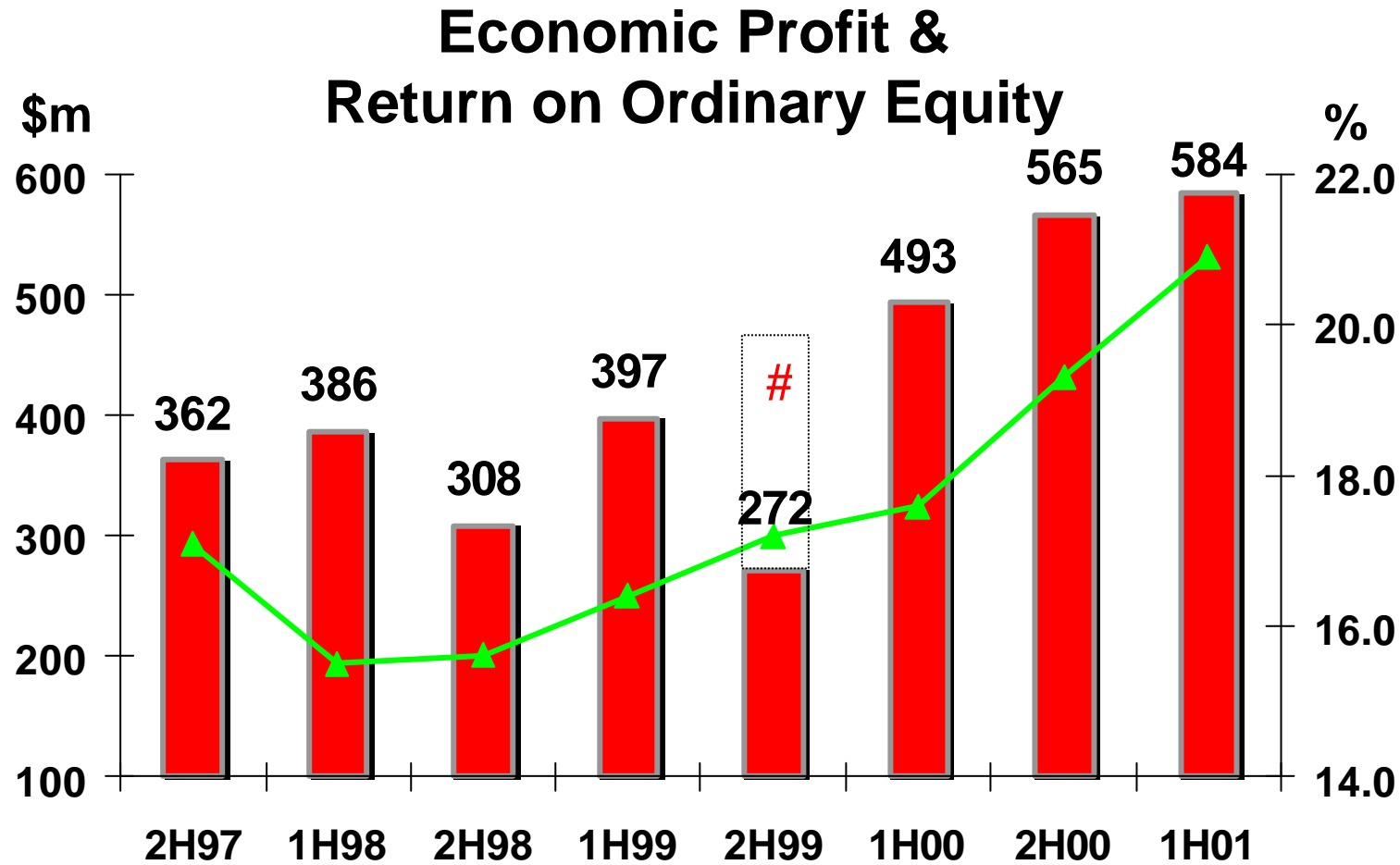
Earnings

Net Profit after tax & EPS



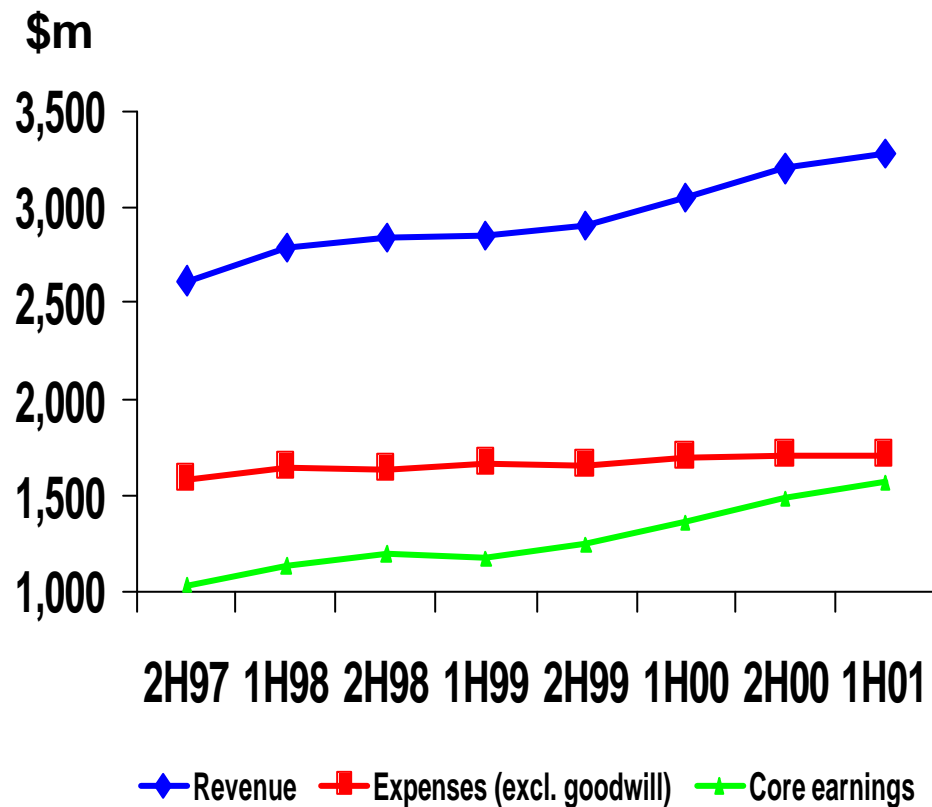
2001 First Half Results

Shareholder returns



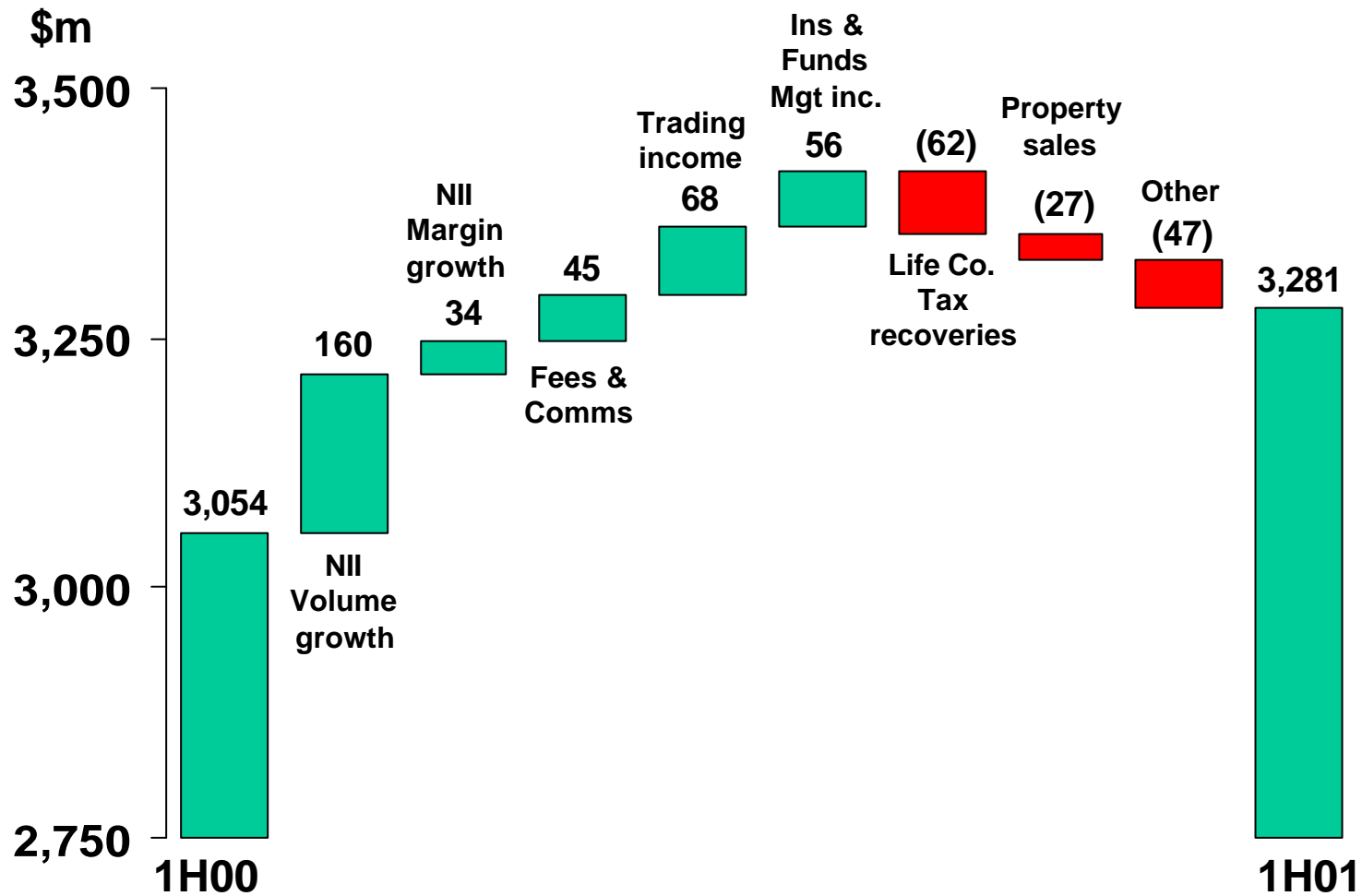
2001 First Half Results

Good core earnings growth



<u>Compound Annual Growth Rate</u>	
<u>1H99 - 1H01</u>	
Revenue	7%
Expenses	1%
Core earnings	15%

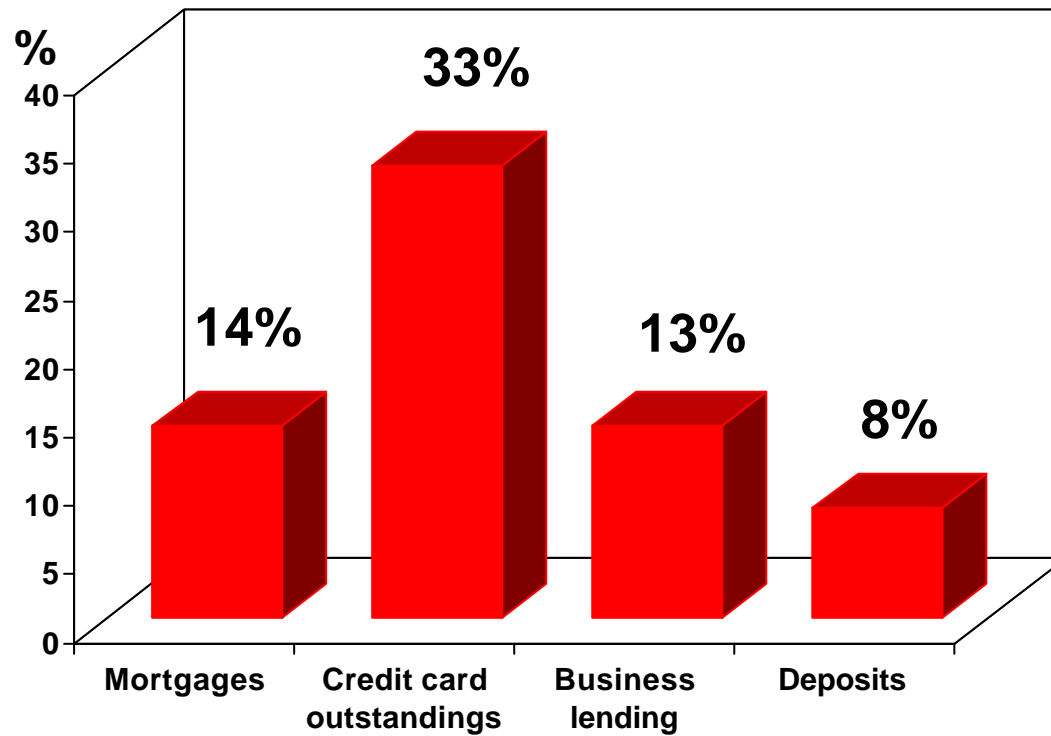
Revenue growth a particular strength



2001 First Half Results

Volume growth in core products*

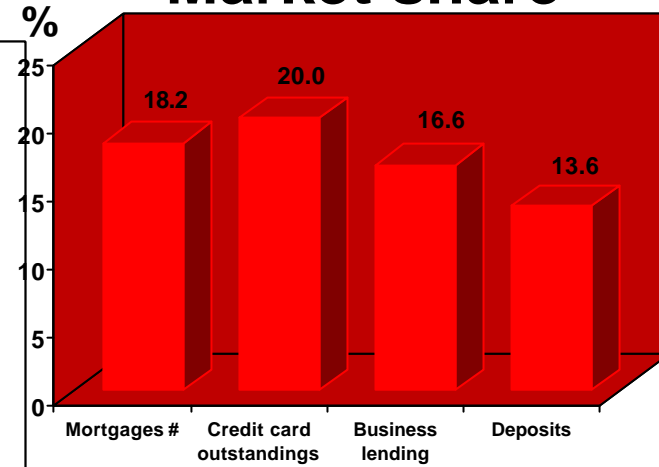
Outstandings



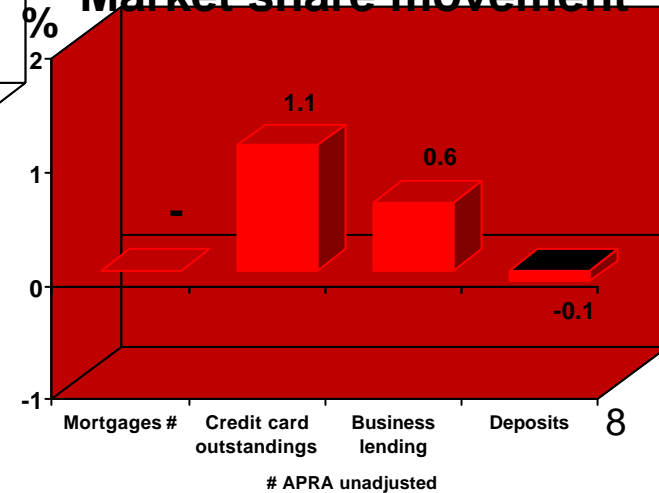
* Australia



Market share

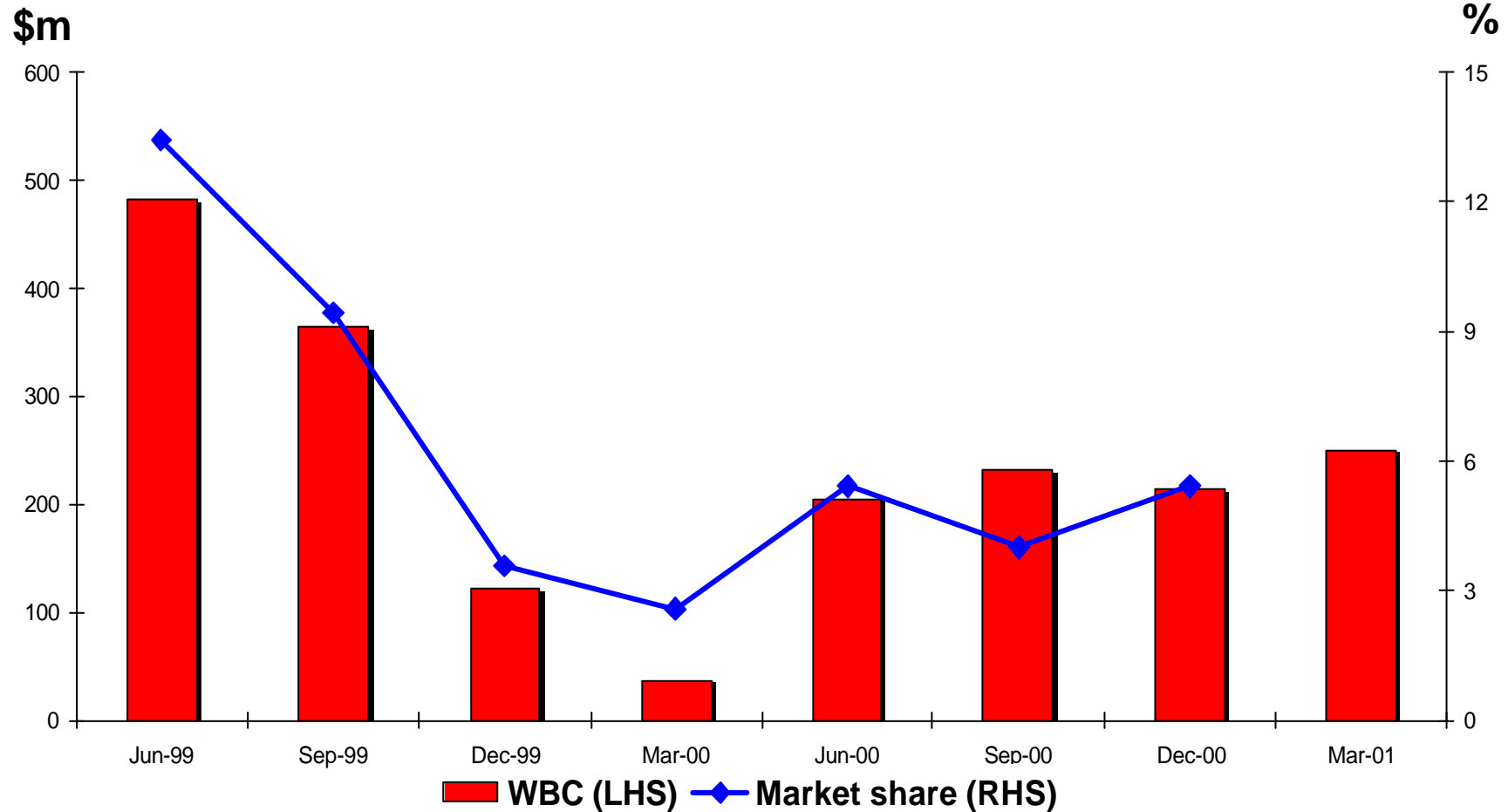


Market share movement



2001 First Half Results

Funds under management - retail net quarterly inflows



2001 First Half Results

Rank:	3rd	5th	13th	13th	6th	9th	8th	NA
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Looking at the earnings

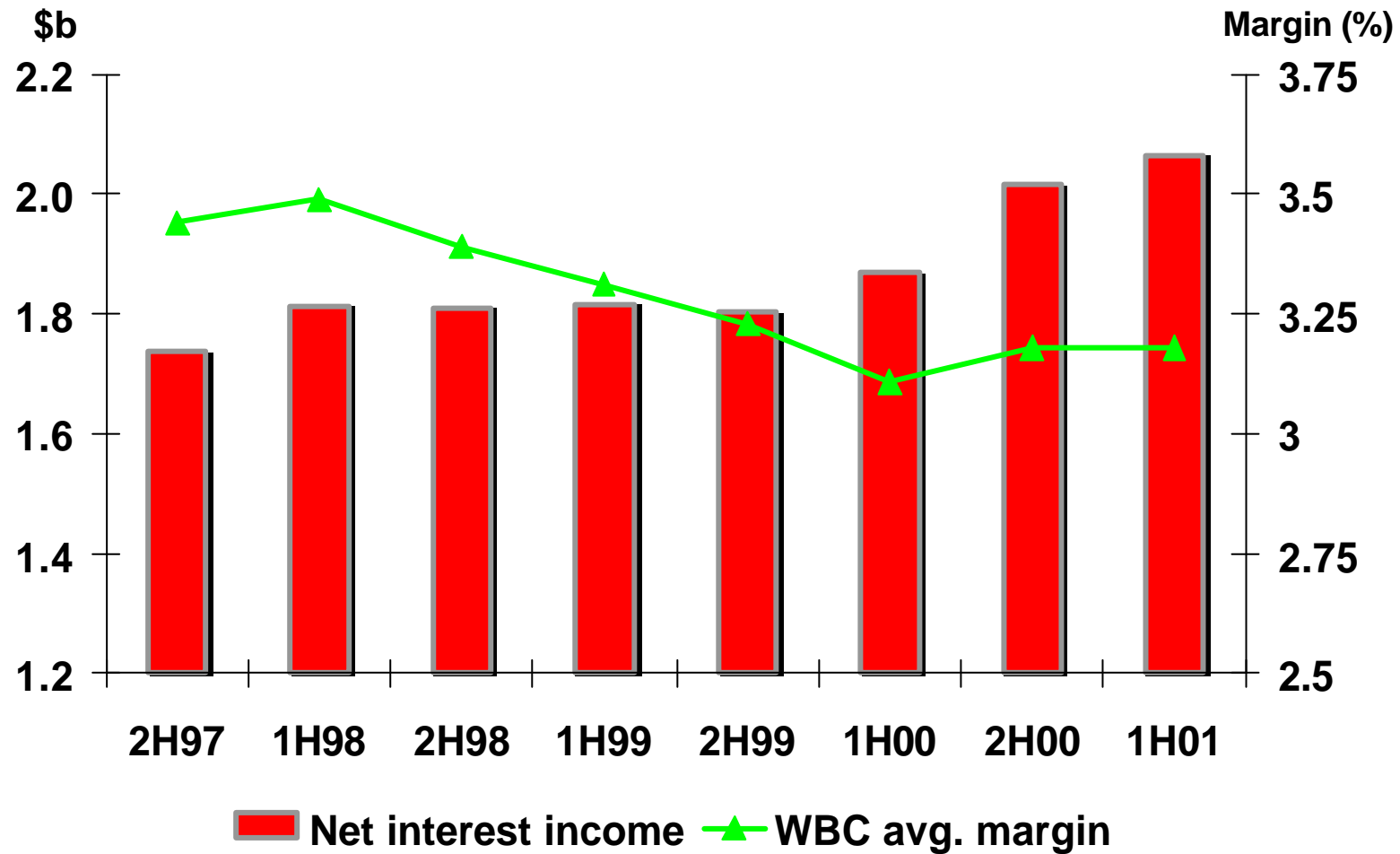
\$m	1H00	1H01	% increase/ (decrease)
Net interest income	1,869	2,063	10
Non-interest income	1,185	1,218	3 #1
Operating income	3,054	3,281	7 #2
Expenses	(1,695)	(1,714)	1
Core earnings	1,359	1,567	15
Bad debts	(59)	(176)	198
Intangibles	(49)	(49)	-
NPBT	1,251	1,342	7
Tax and OEI	(433)	(418)	(3)
NPAT	818	924	13

2001 First Half Results



#1 Growth 8%) after adjustment for tax recoveries on policy holders' 10
 #2 Growth 10%) earnings in the life company.

Net interest income



2001 First Half Results

Non-interest income growth

\$m	1H00	1H01	Growth (%)
Lending fees	287	335	17
Transaction fees & commissions	487	556	14
Other non-risk fee inc.	104	105	1
Fees and commissions paid	(174)	(247)	42
Life ins.& funds mgt. income #	249	307	23
General Insurance	24	22	(8)
Core non-int. income	977	1,078	10
Trading income	63	131	108
Other income	99	25	(75)
Adjusted non-interest inc.	1,139	1,234	8
Life company tax recoveries	46	(16)	(135)
Reported Non-interest Income	1,185	1,218	3

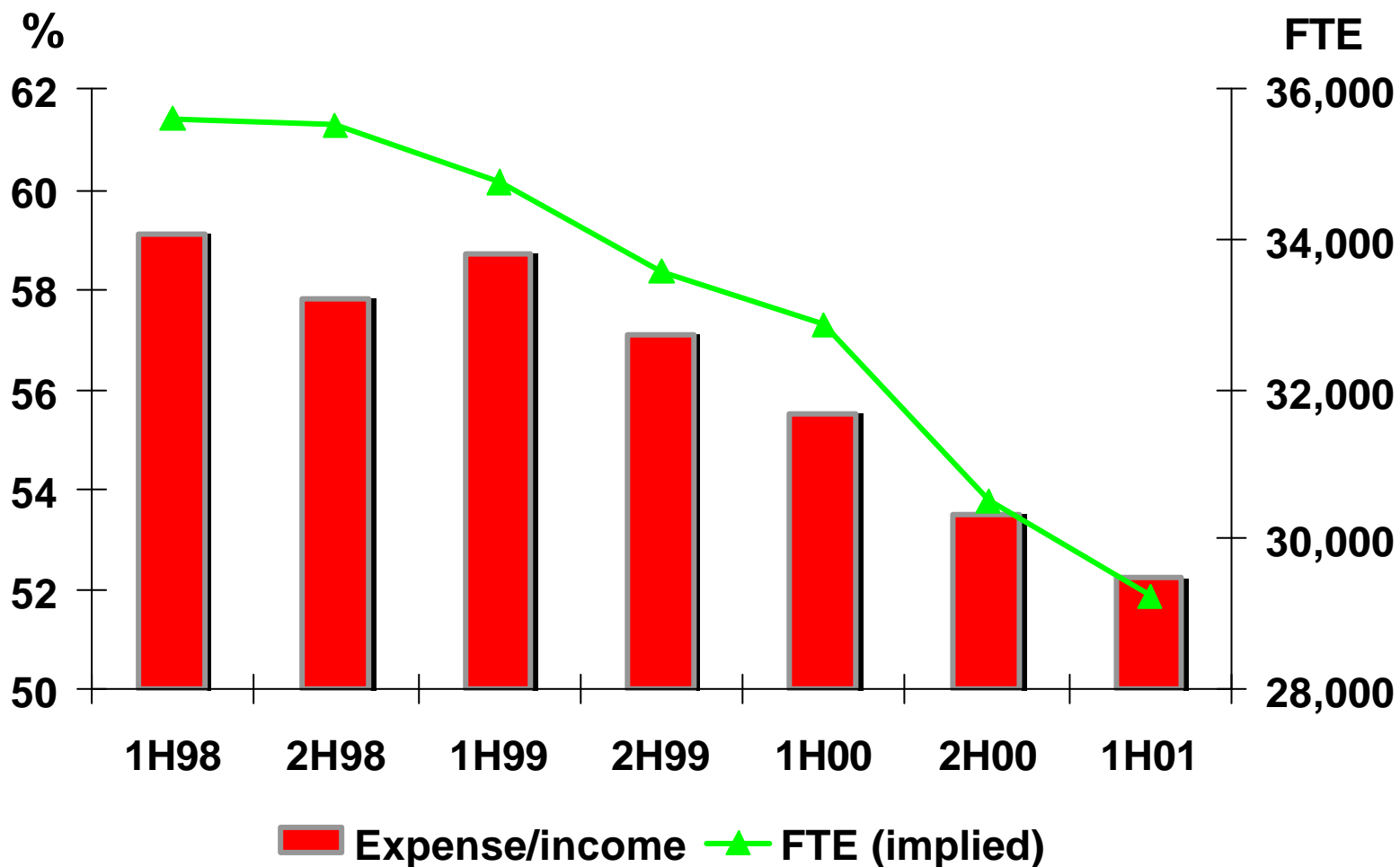
2001 First Half Results

Containment of expenses

\$m	1H00	2H00	1H01	Movement	
				1H00 - 1H01%	2H00 - 1H01%
Salaries & other staff exp	927	888	888	(4)	-
Equipment & occupancy	312	320	314	1	(2)
Other expenses	456	502	512	12	2
Amortisation of intangibles	49	49	49	-	-
Expenses	1,744	1,759	1,763	1	-
Implied FTE	32,846	30,520	29,241	(11)	(4)

2001 First Half Results

Expense to income*

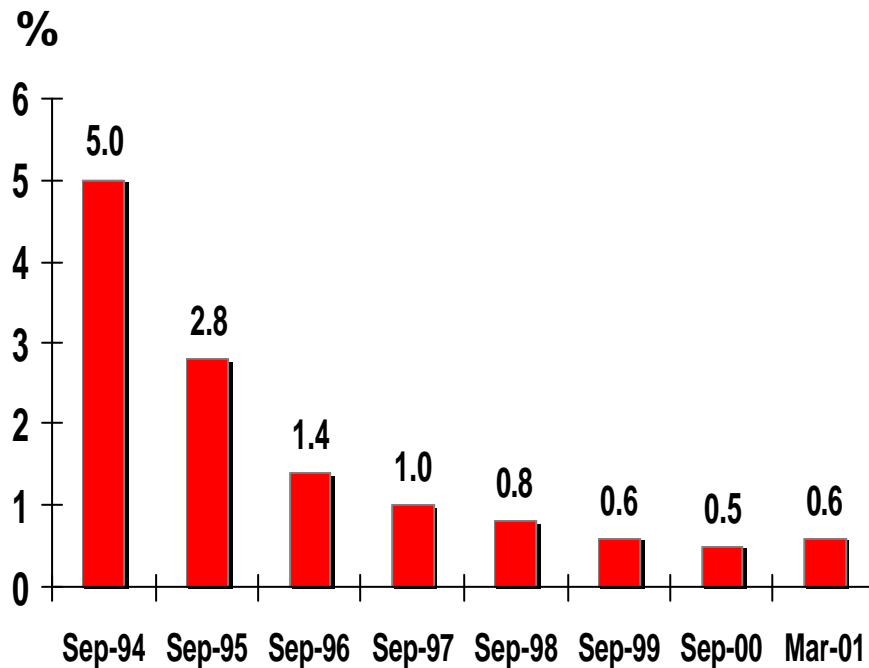


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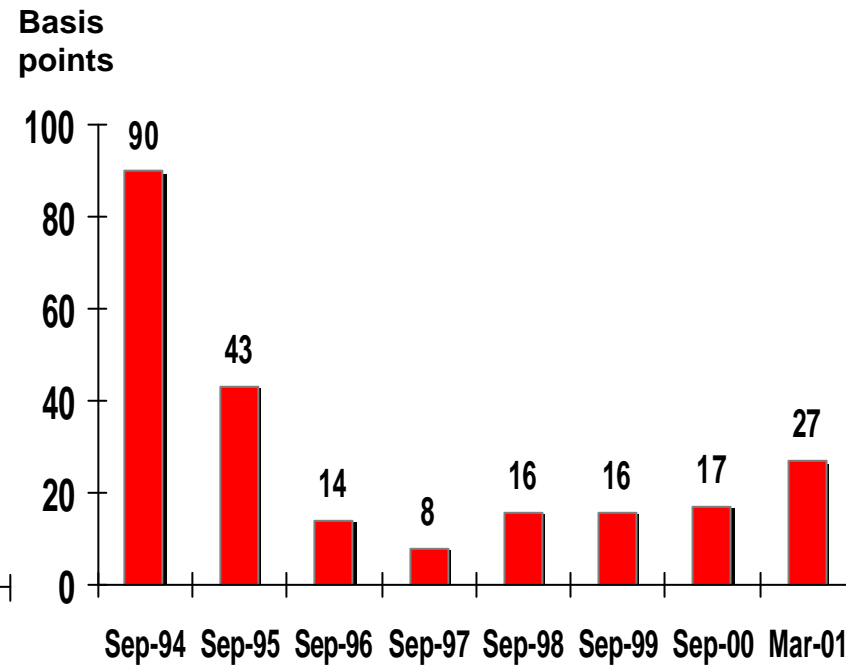
* Excludes goodwill

Impaired assets and bad debt expense remain at acceptable levels

Total impaired assets to total loans & acceptances



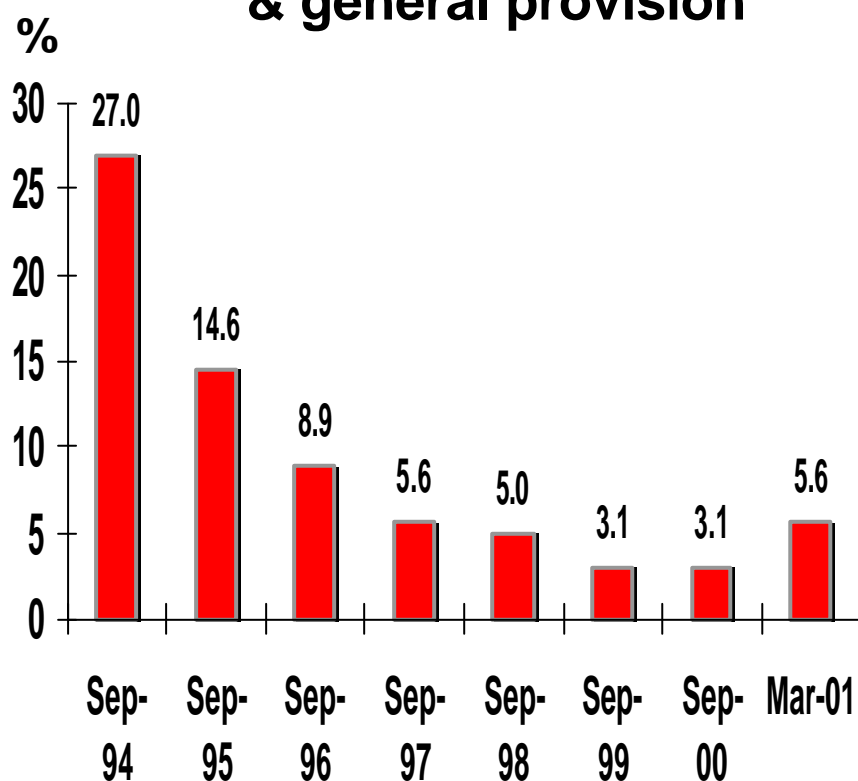
Total bad debt expense to avg. total loans & acceptances



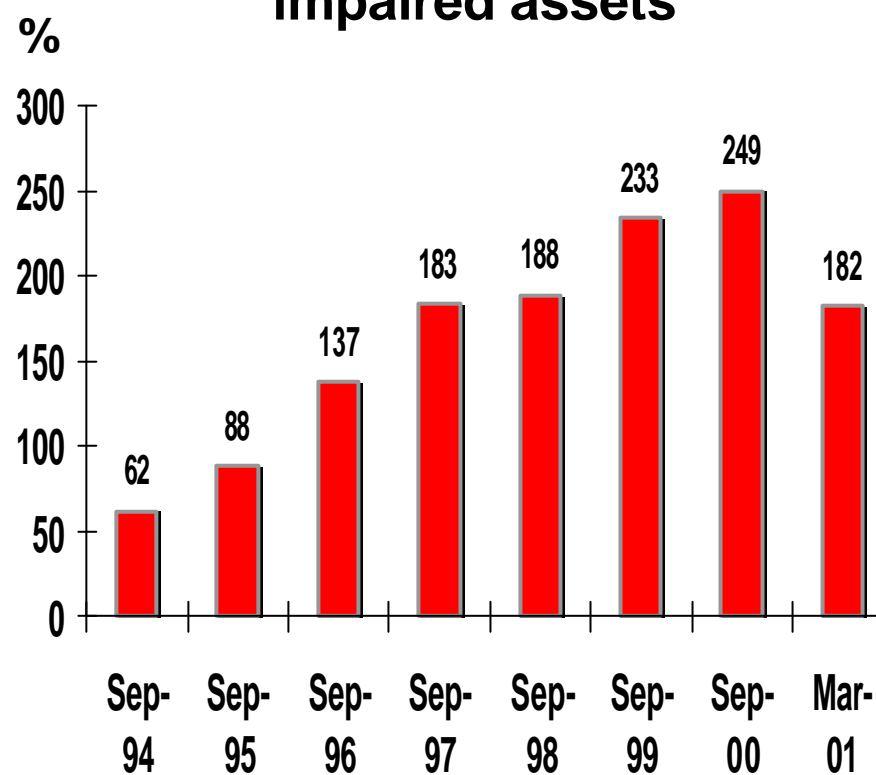
2001 First Half Results

Net impaired assets ratio and total provisioning cover

Net impaired assets to equity & general provision



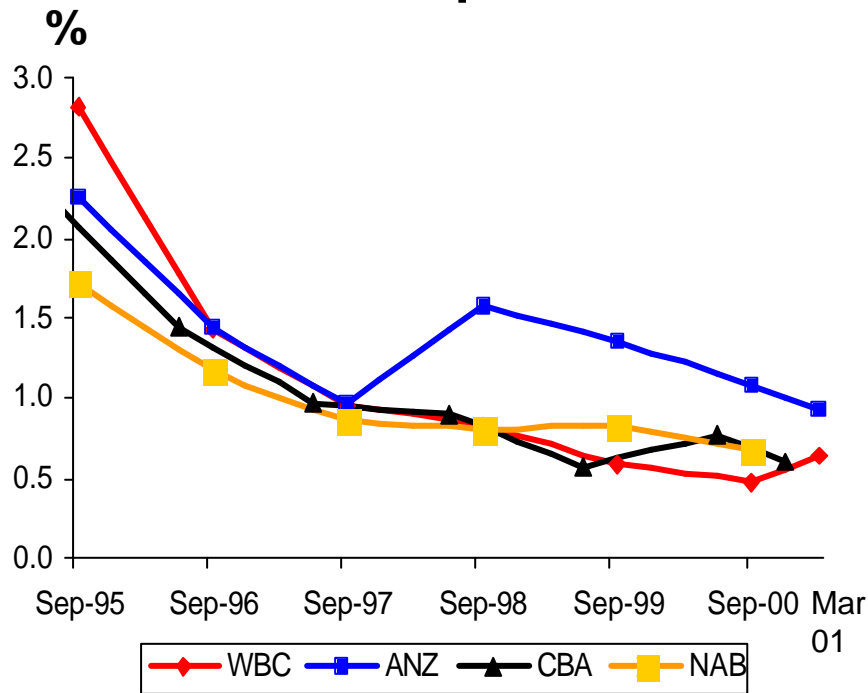
Total provisions to total impaired assets



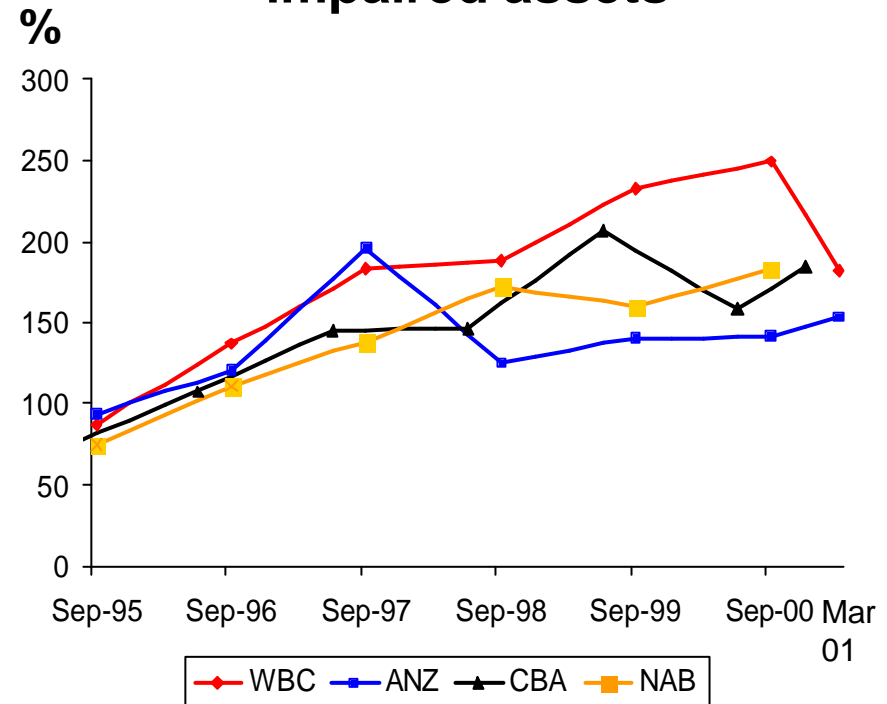
2001 First Half Results

Impaired loans and provisions continue to rank well against our peers

Impaired assets to loans & acceptances



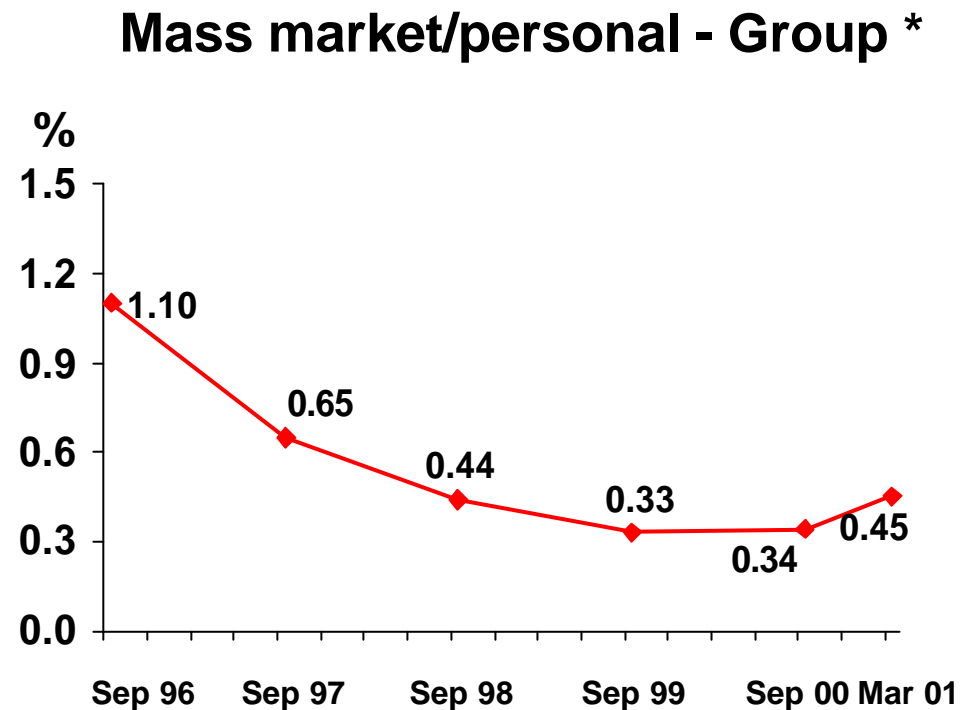
Total provisions to total impaired assets



2001 First Half Results

Personal markets 90 day delinquencies

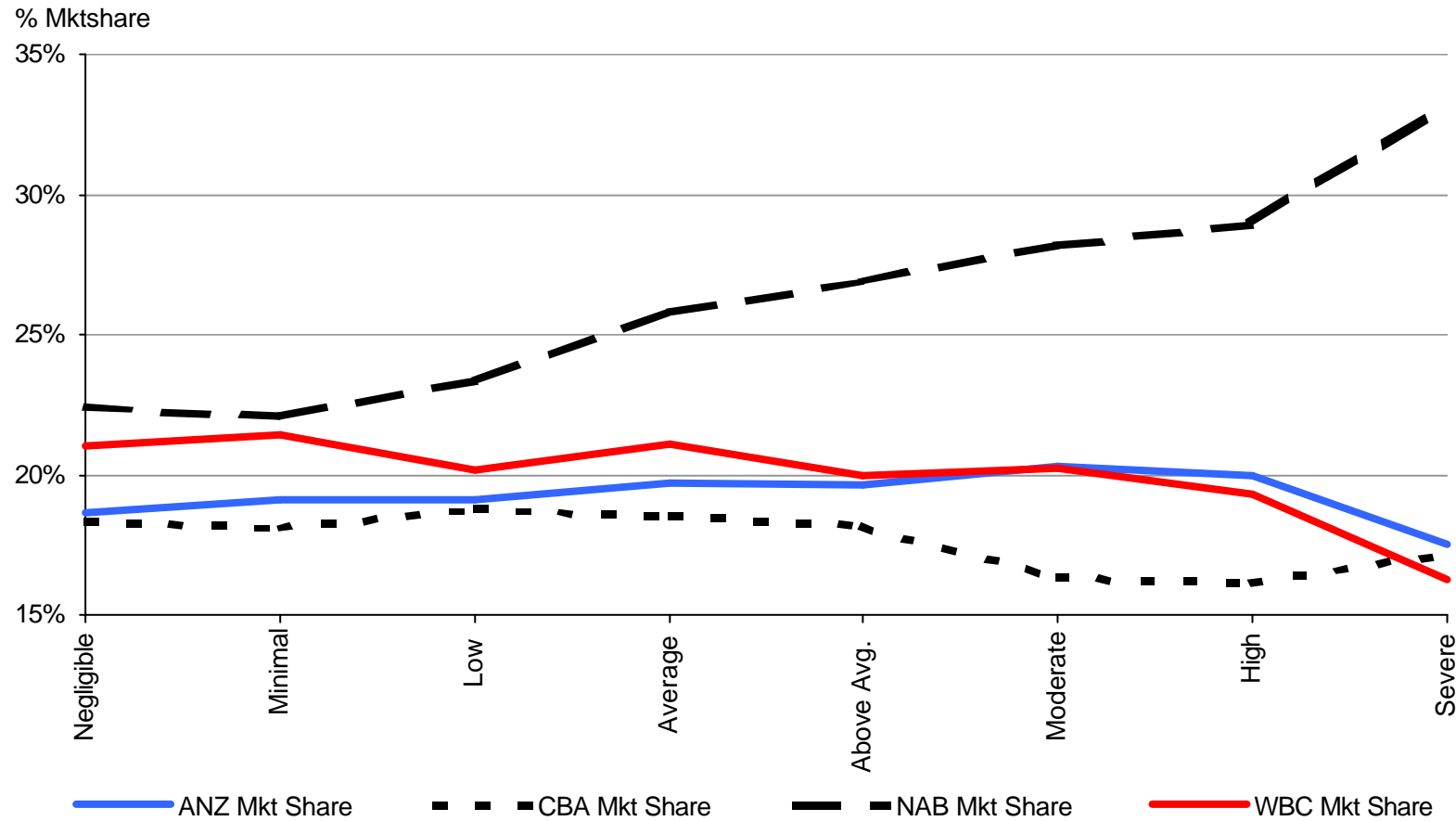
- Delinquencies have moved up slightly overall
- Remain at or near historical lows on key products



2001 First Half Results

Well balanced business banking portfolio

2001 First Half Results

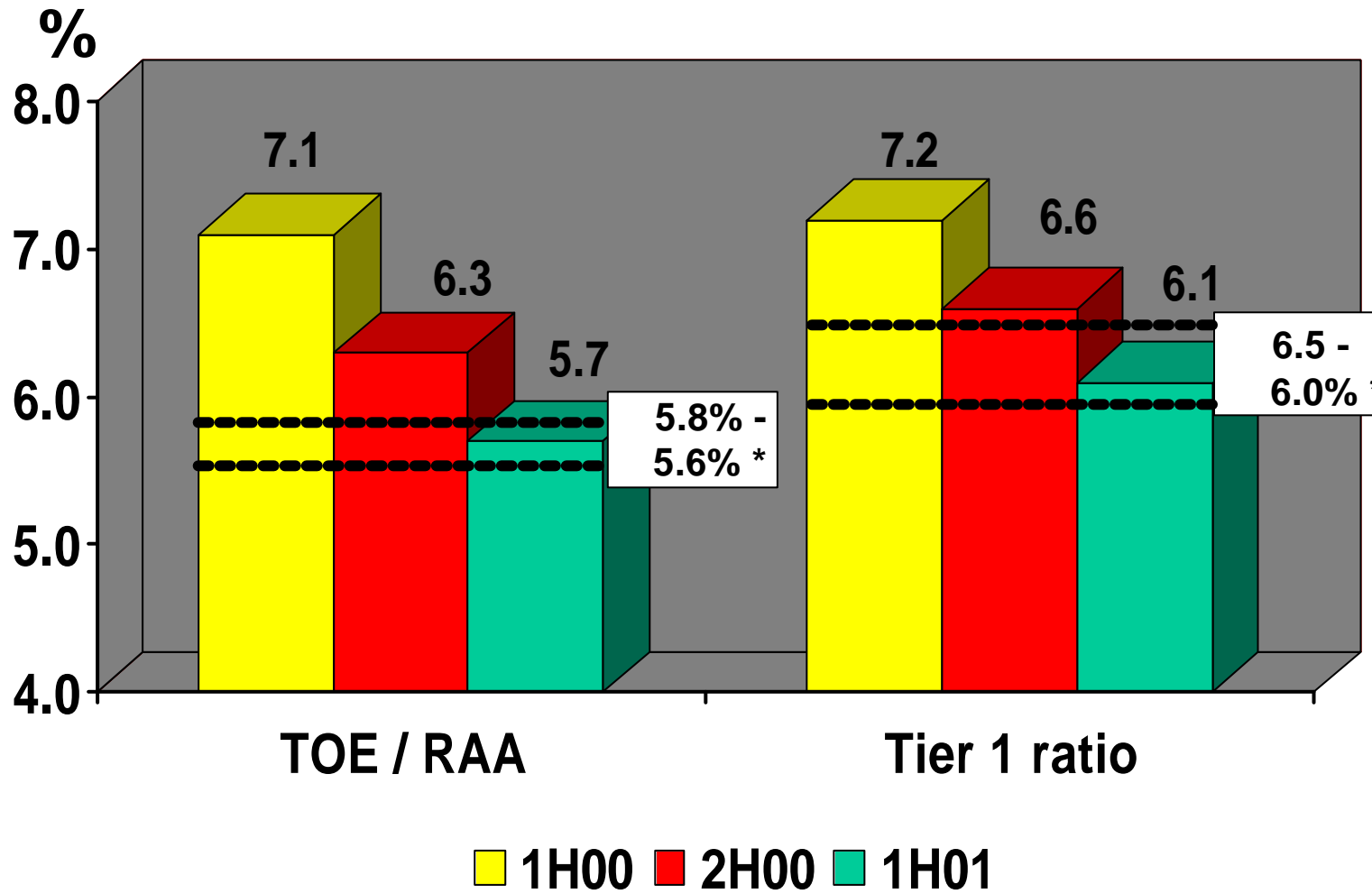


Source:

ASSIRT EQUITIES

March 2001

Capital ratios

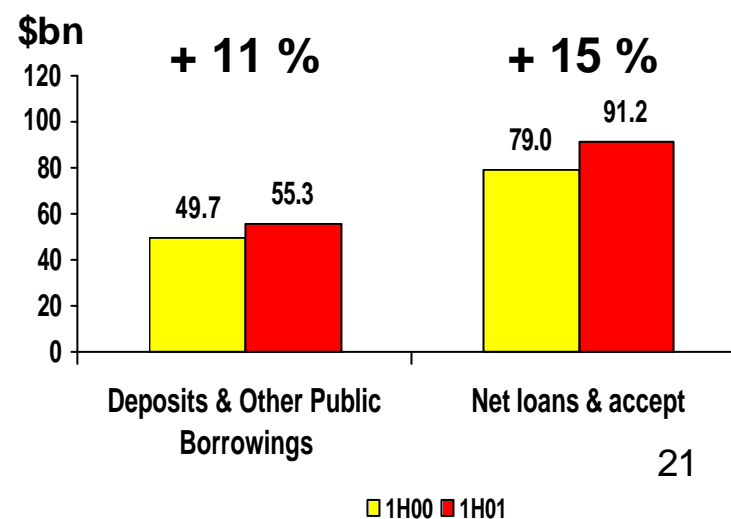
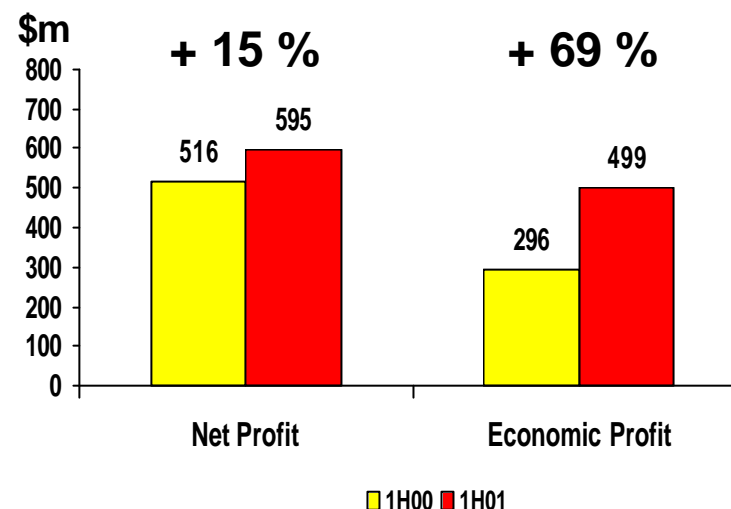


2001 First Half Results

Business Group Results

Australian Retail Financial Services

- Lending volumes up 10%
 - Net loans & acceptances +15%
 - Business lending +13%
 - Credit card outstandings +33%
- Net interest income + 10%
- Adjusted non-interest income +5%
- Internet registrations up 231%
- ROE up 4% to 21%

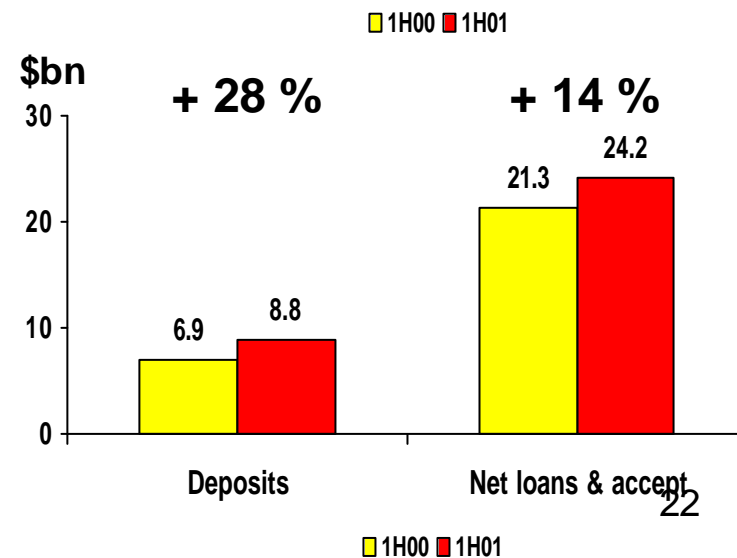
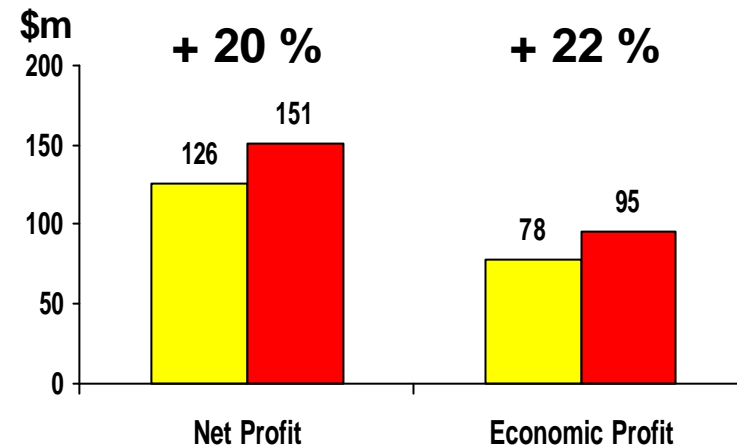


2001 First Half Results

Business Group Results

Westpac Institutional Bank

- Operating income up 34%, across all core businesses
- Expense to income ratio 36.6%, down 10.5% on pcp
- Leading principal corporate market share - 24.5% as at Dec'00
- Expanded eCommerce initiatives
- ROE steady at 20%

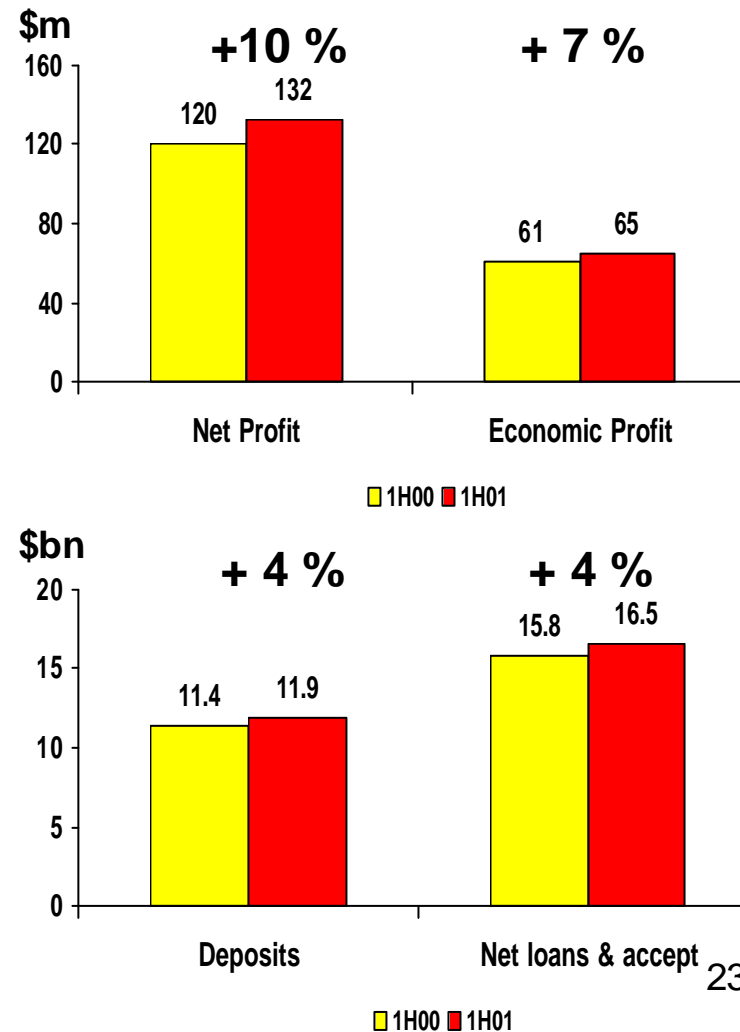


2001 First Half Results

Business Group Results

New Zealand Retail

- Net interest income up 5% and non-interest income up 8%
- Bad debts charge improved due to both improved performance and reversal of prior provisions
- 7% volume growth in Business bank
- Internet registrations 86,000
- ROE steady at 18%

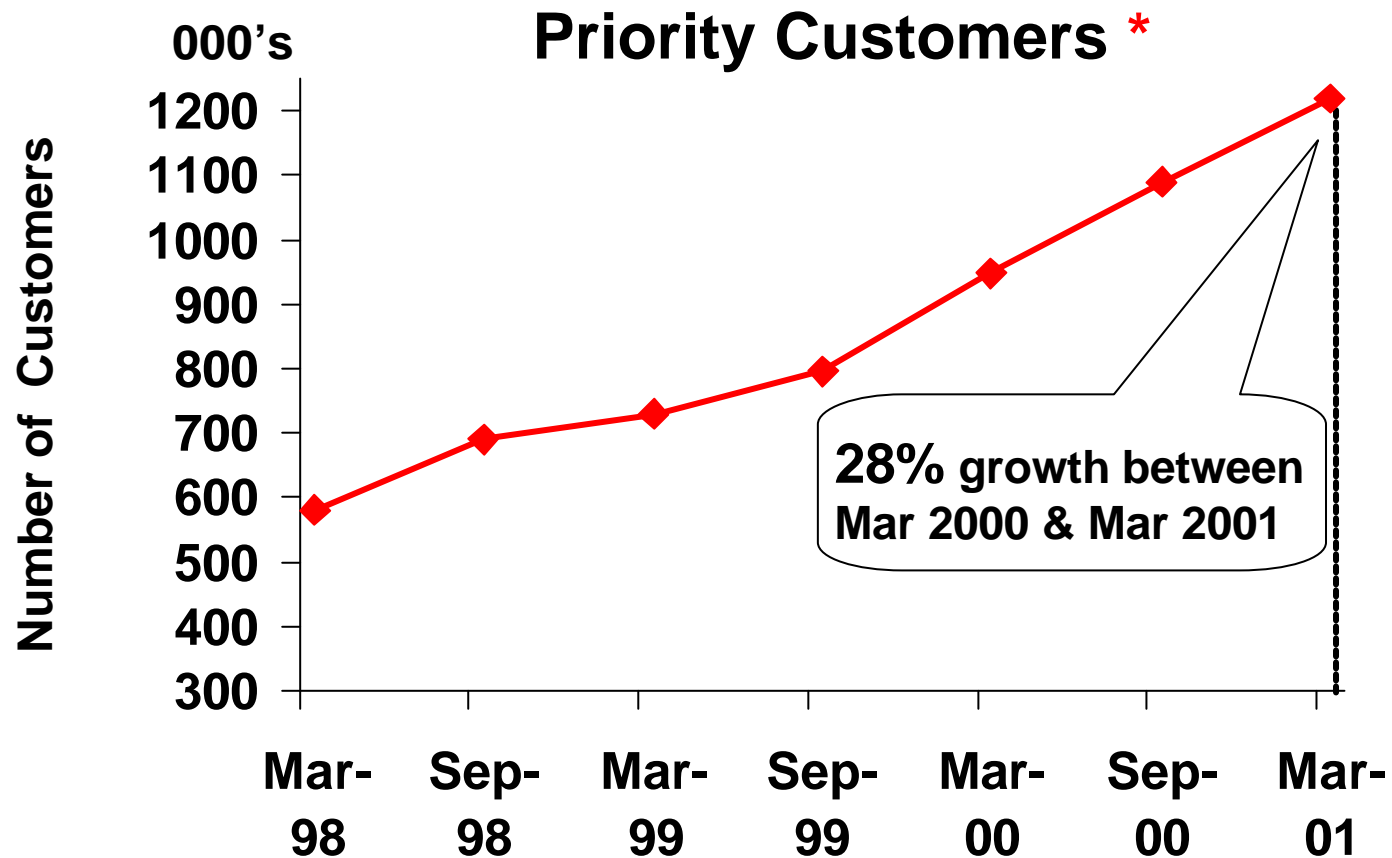


2001 First Half Results

Organic growth strategy is delivering

- Remains No. 1 strategic priority
- Realising opportunities in existing customer base
 - CRM delivering sales effectiveness
 - Positive shift in customer value profile
- Enhancing productivity
 - Resource optimisation - outsourcing
 - Channel redesign & migration

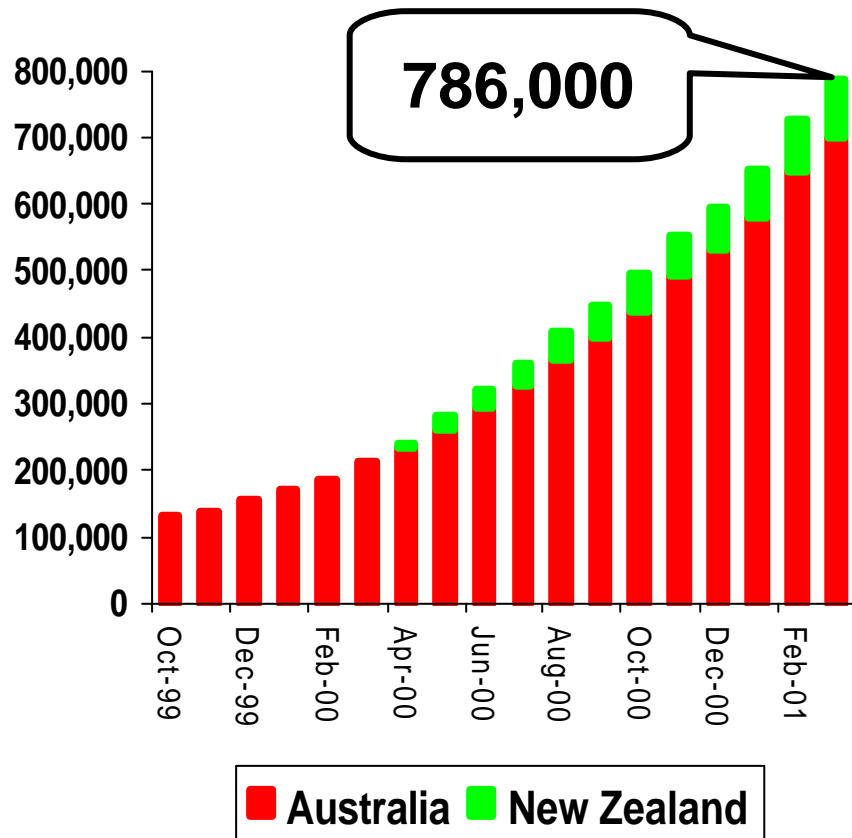
Successfully deepening customer relationships



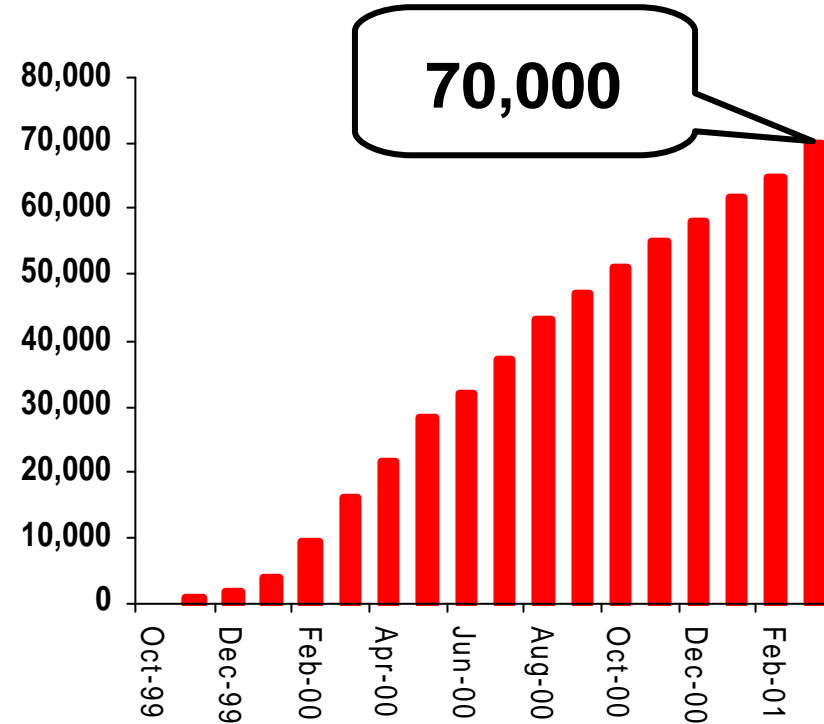
2001 First Half Results

Rapid growth in on-line registrations

On-line Banking



On-line Broking - Australia



2001 First Half Results

Realigning resources to enhance value creation

- **Outsourcing partnerships**
 - **IBM GSA - core IT operations**
 - **Telstra - telecommunications services**
 - **Investa - property services**
 - **Unisys - voucher processing**
 - **Palms Consortium - printing & logistics**
- **Recruitment resourcing**
 - **Morgan & Banks and seven specialist providers**
- **Investigating mortgage processing outsourcing**
 - **Due diligence with EDS & Unisys**

Clear view on strategic opportunities

- **Domestic consolidation**
- **Domestic convergence**
- **Strict criteria**
 - **Strategic fit**
 - **Satisfying strict valuation criteria**
 - **Not unduly divertive.**

Delivering on performance goals

<u>Measure</u>	<u>Target</u>	<u>Progress</u>
EPS growth	Above peer avg. (8.6%) *	19%
Return on Capital	5% > Cost of cap (12%)	20.9%
TSR (rolling 3 yr)	Top (1 st) quartile	52nd percentile
Efficiency	£ Peer avg. (54.6%) * ∅	52.2%
Risk Profile	AA- rating	Maintained
Capital	Tier 1 – 6.0 - 6.5% TOE/RAA – 5.6 - 5.8%	6.1% 5.7%

2001 First Half Results

Full year outlook

- Outlook remains positive for further earnings improvement
- Reflecting economic conditions, however, growth may be more subdued
 - Expect modest GDP recovery in the 2nd half to around 2%, up from 1% for the first half
 - Interest rates are close to bottom and
 - Inflation should stay in the 2.5% to 3.5% range
- Expect to deliver broadly flat expenses this year
- Some further rise in credit charges consistent with the cycle

Recap - a well balanced result

- **Good revenue growth**
- **Disciplined expense control**
- **Sound credit quality**
- **Strong performances across our businesses**
- **Performance momentum maintained**
- **Strategy is delivering**



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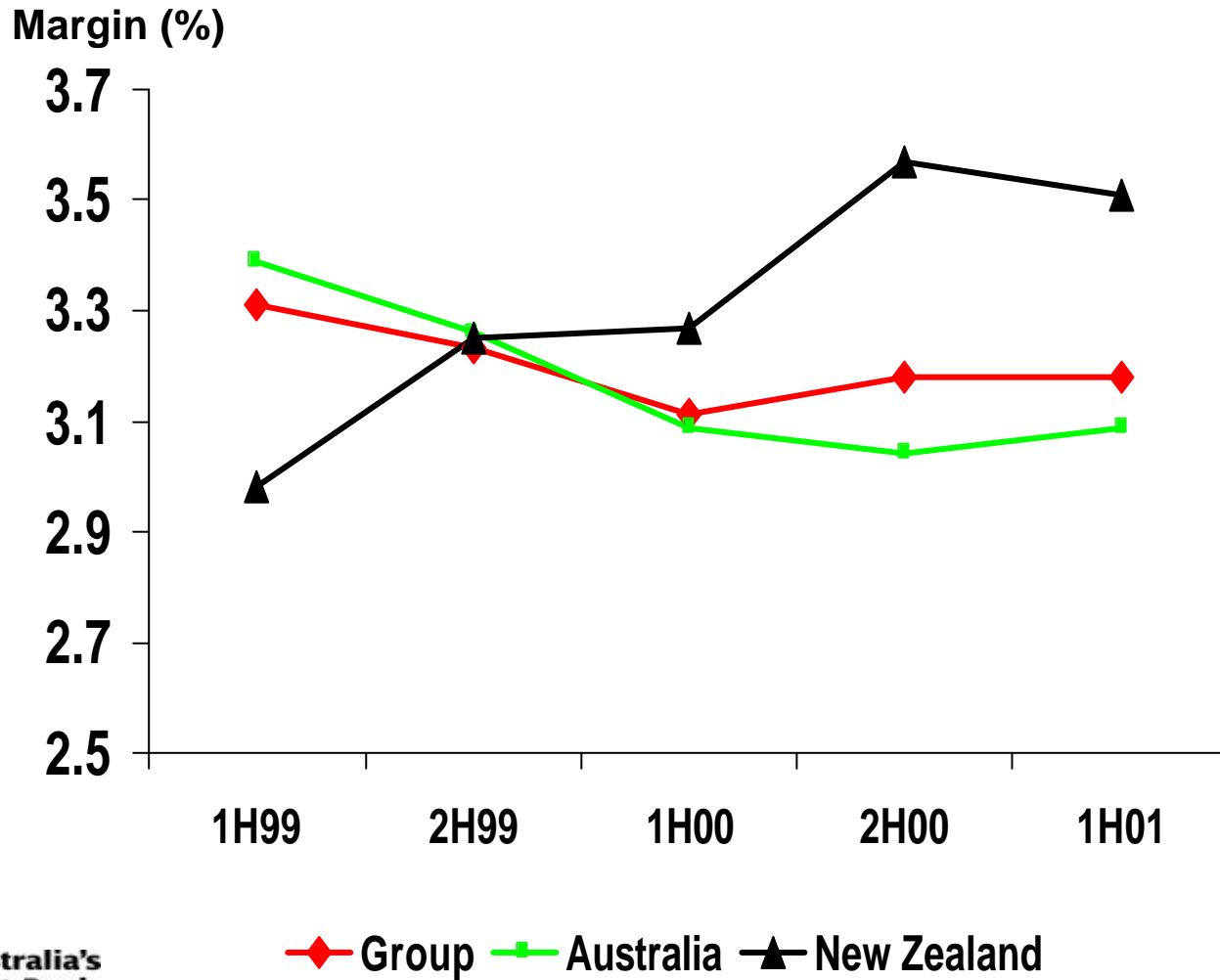
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2001 First Half Results

Supplementary Information

4 May 2001

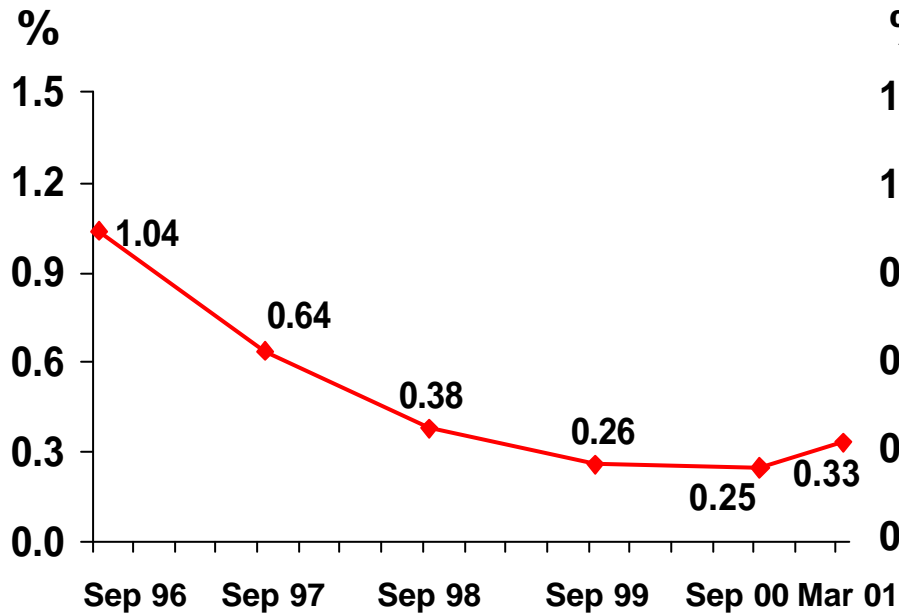
Interest margins



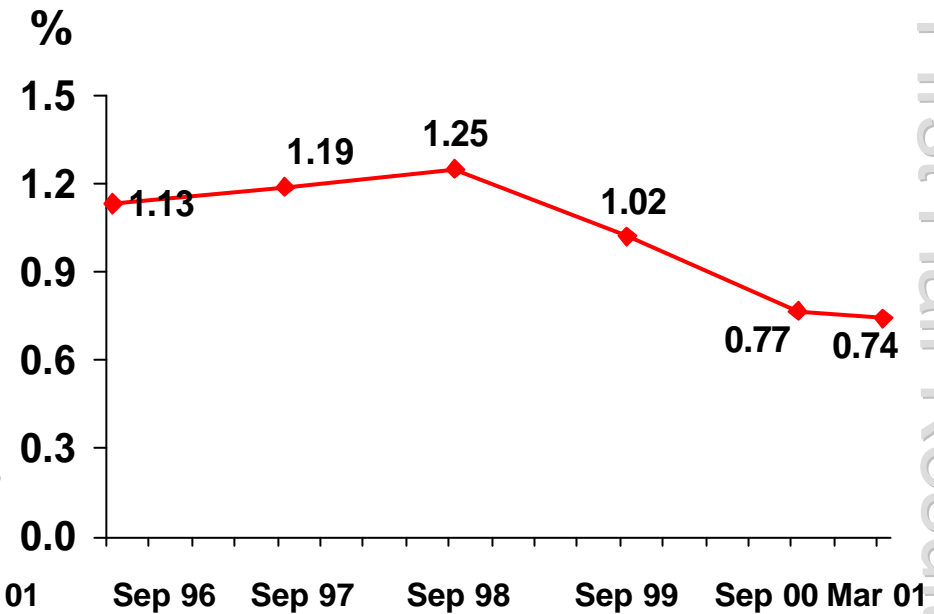
2001 First Half Results

Mortgage and cards delinquencies

Mortgages - Group



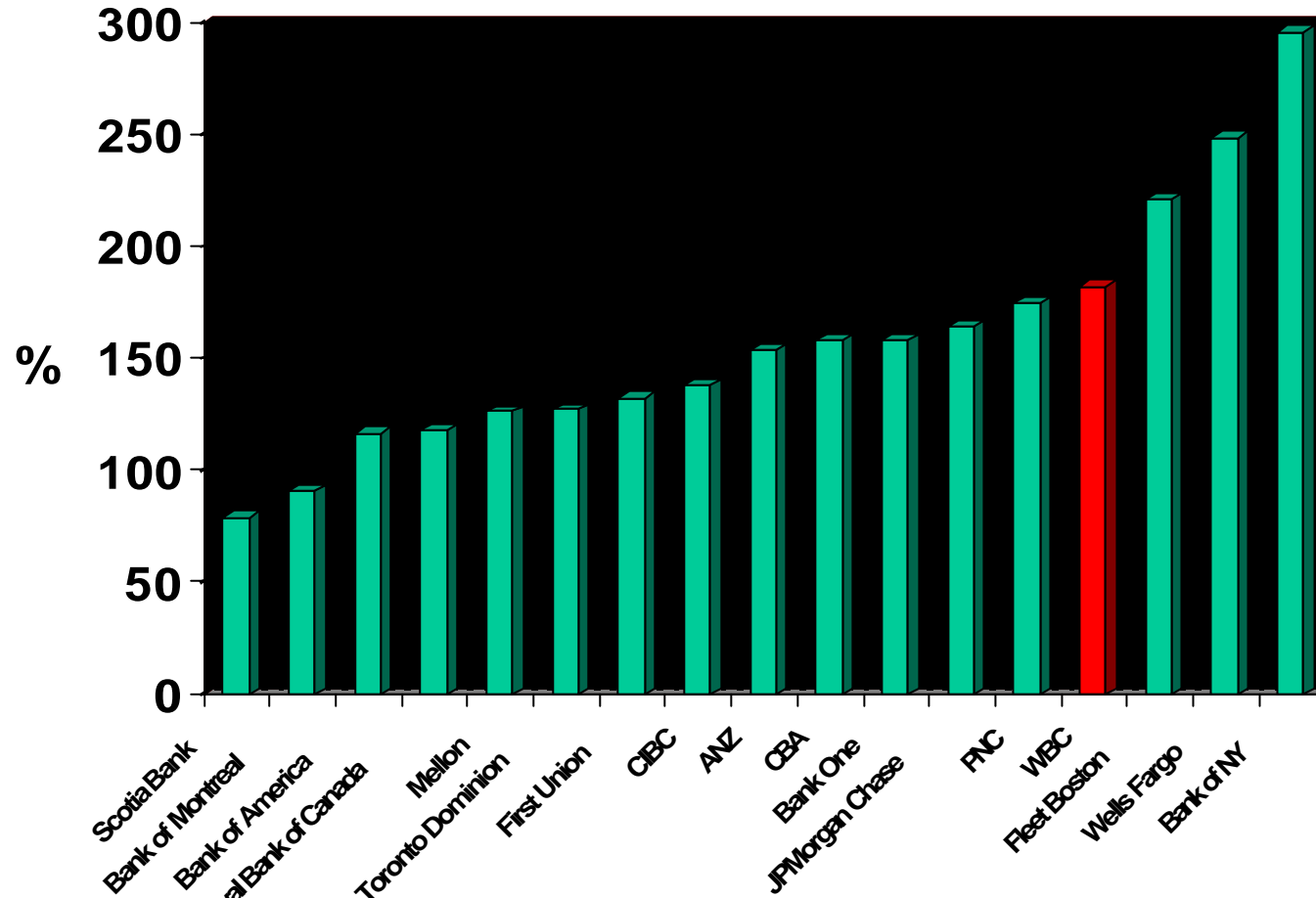
Cards - Group



2001 First Half Results

Provisioning cover comparison

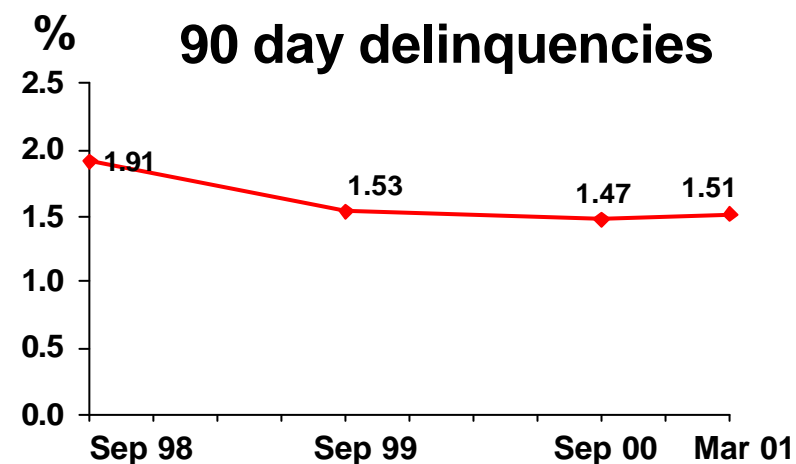
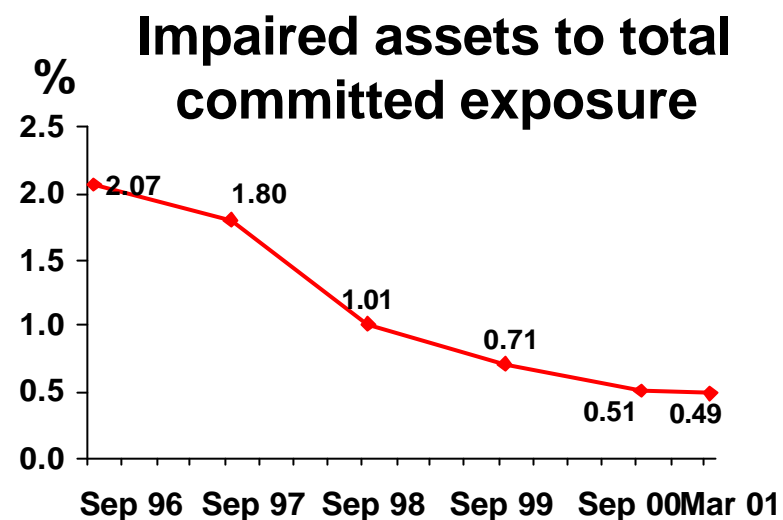
Total provisions to impaired assets*



* Latest available published data.

Business banking* portfolio quality

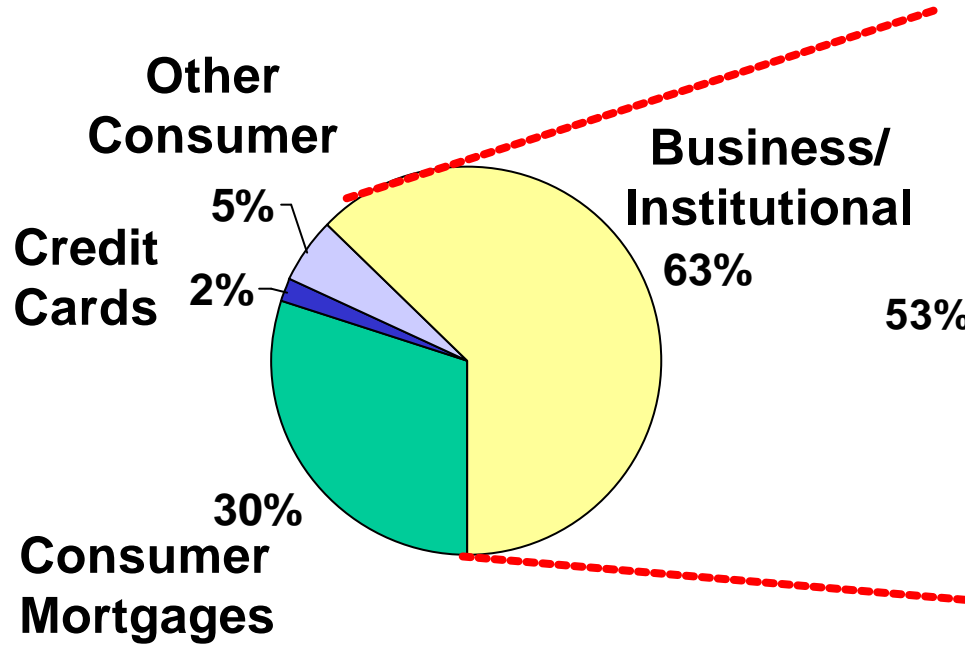
- Impaired assets ratio at historical low
- Delinquencies relatively stable
- No signs of any systemic credit problems



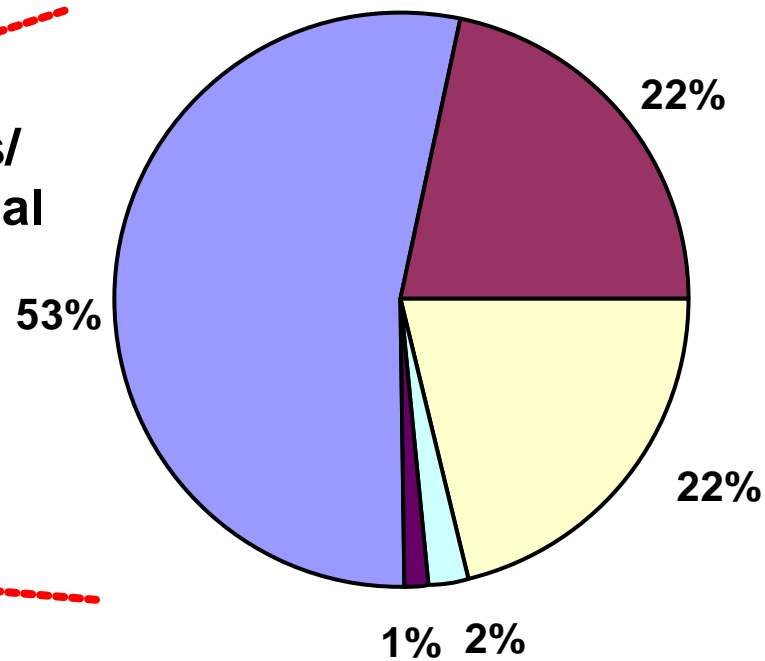
2001 First Half Results

Spread of portfolio exposures

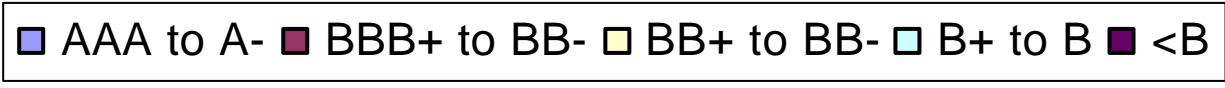
Total committed exposure



Business/Institutional credit grade mix



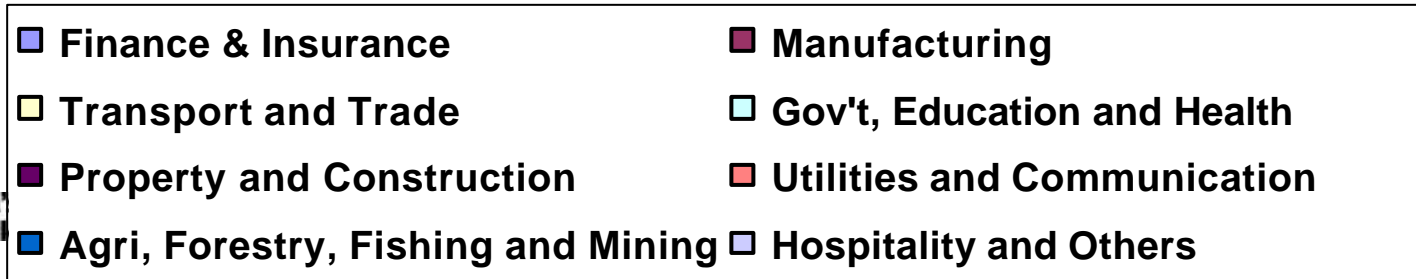
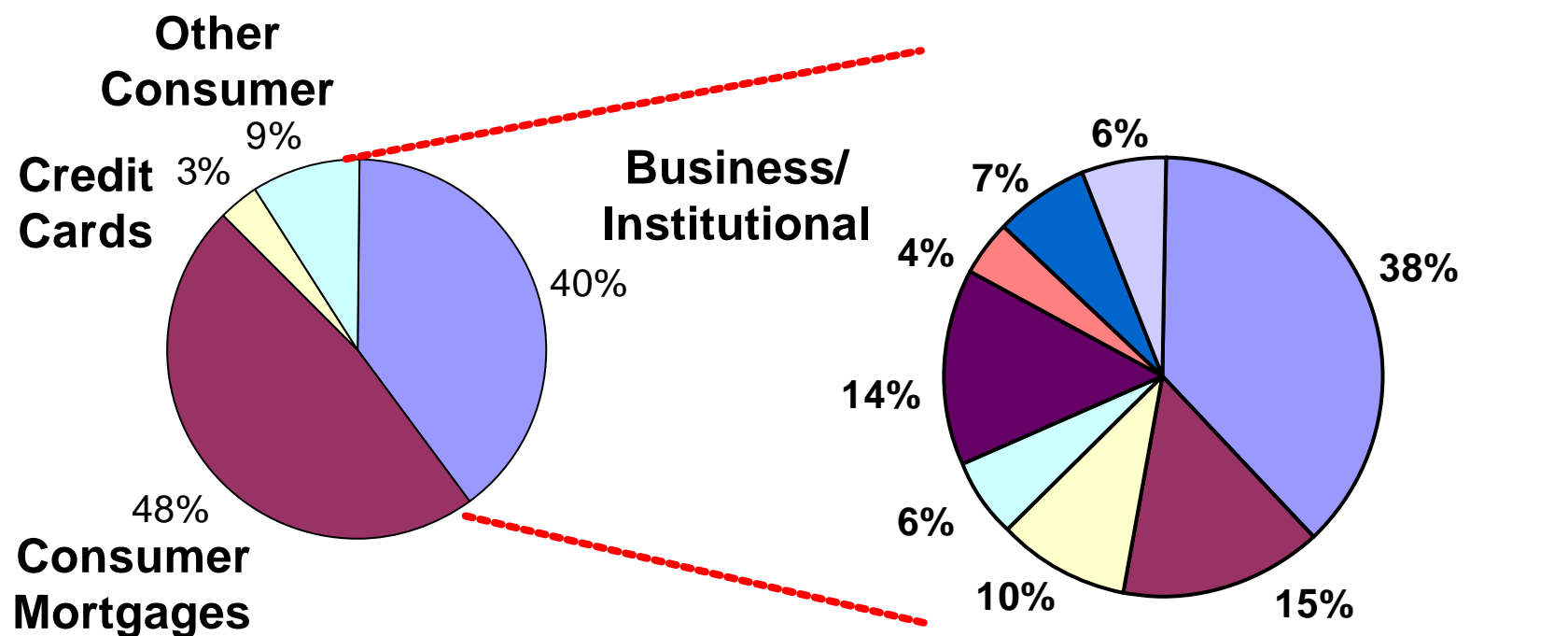
2001 First Half Results



31 March 2001

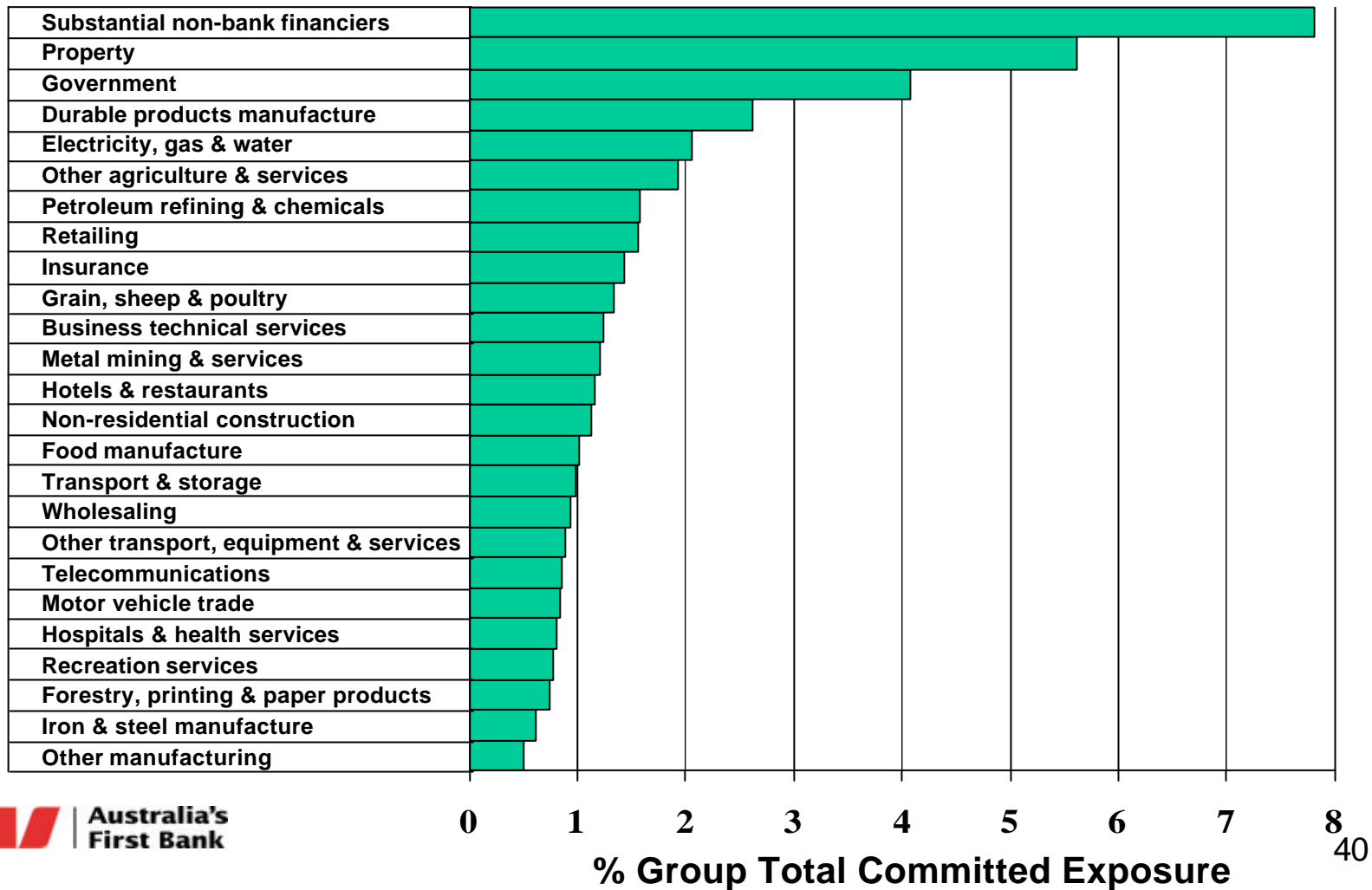
Spread of portfolio exposures

On-balance sheet 'funded' lending



Industry exposure

Credit exposures to governments, corporations and businesses*

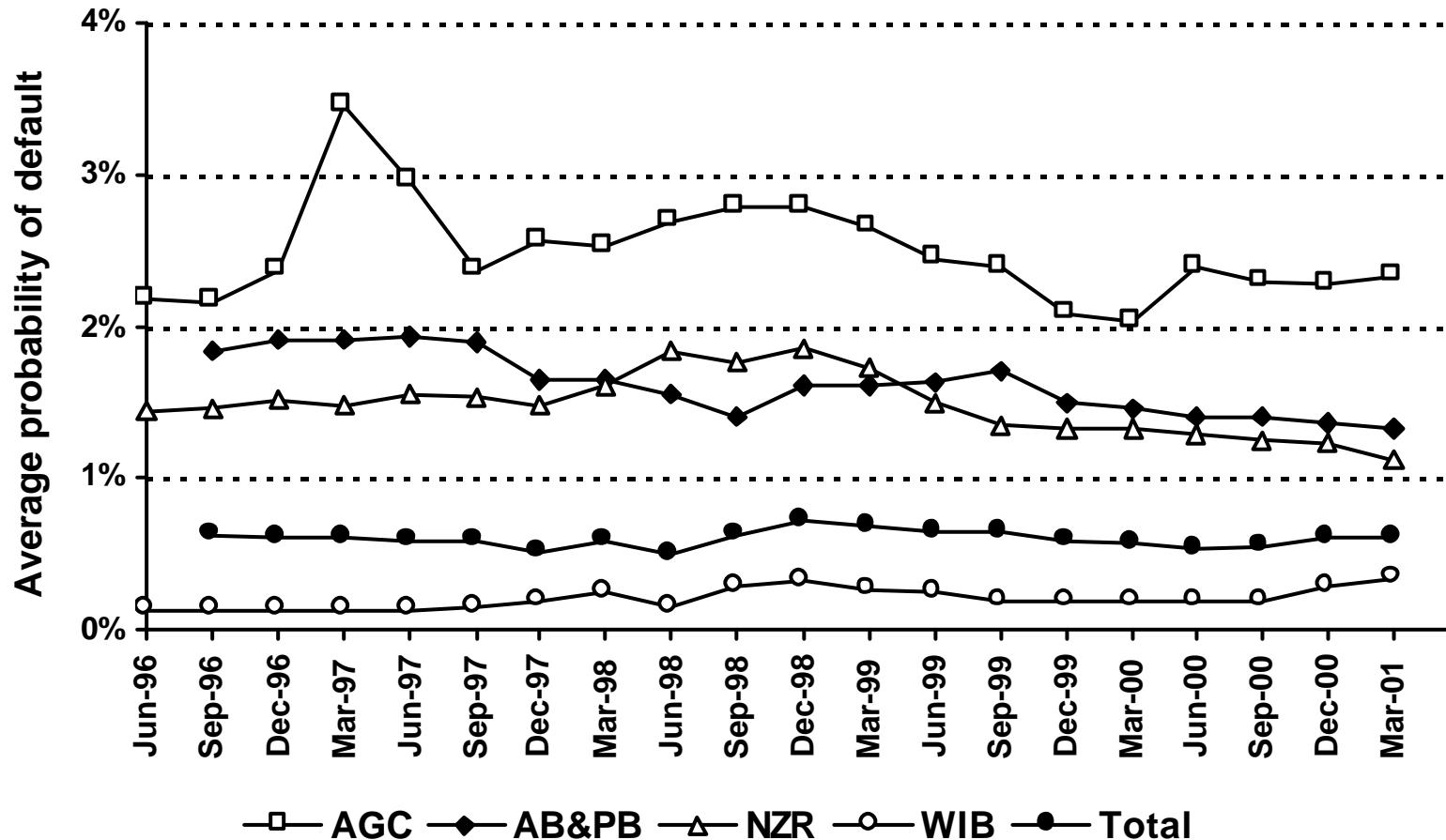


2001 First Half Results



* 31 March 2001, excluding banks. The cluster names are short titles for groups of similar industries.

Average probability of default



2001 First Half Results

Single name exposure concentrations

Credit exposures* to Top 10 corporations and NBFIs

Rating
(S&P 31Mar)

AAA

A-

AA-

A

AA

A+

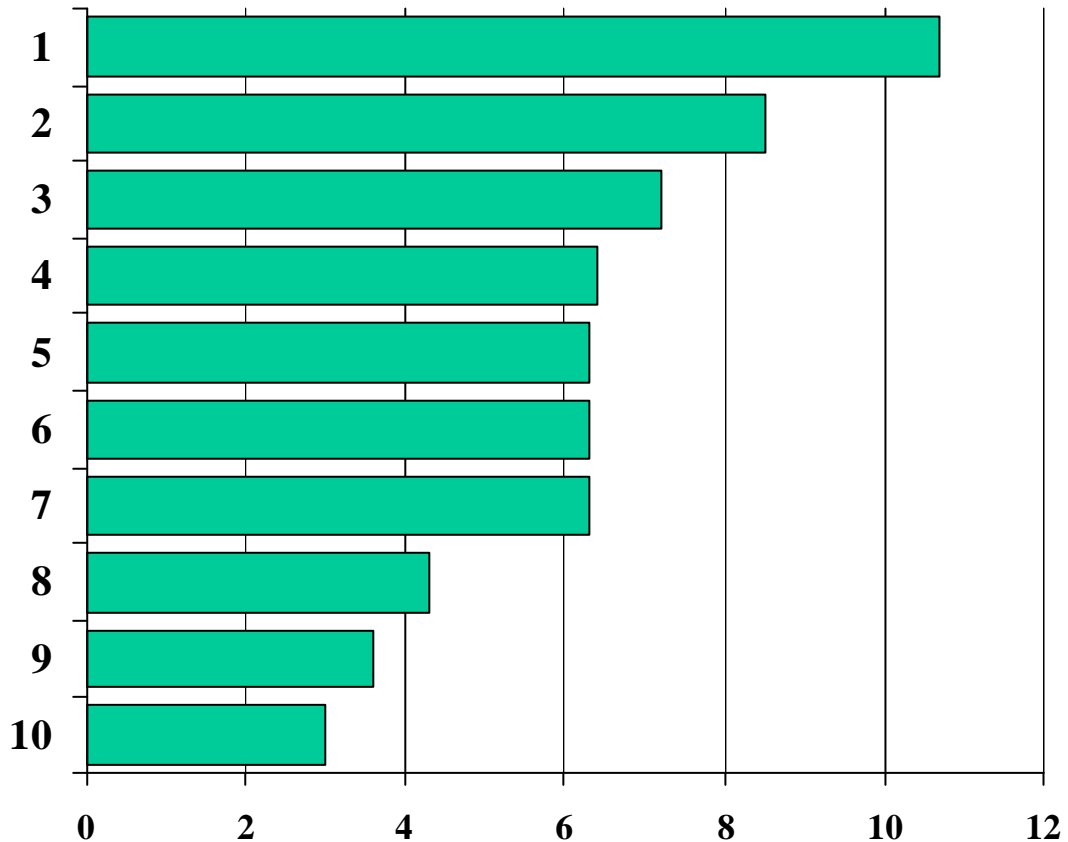
A+

AA-

AAA

A+

Corporates & NBFIs



* Group Total Committed Exposure as a percentage of equity plus general provision.

Forecast economic summary - Australia

	1999	2000	2001	2002
World growth	3.3	4.7	2.8	3.7
Australian GDP	4.8	3.7	1.7	3.5
Inflation (headline)	1.8	5.8	3.3	2.5
Unemployment Rate (% , y/e)	7.0	6.6	7.6	7.4
Current account (% GDP)	-5.8	-4.0	-1.9	-1.8
90day BB yield	5.5	6.2	4.6	5.2
10yr bond yield	6.6	5.5	5.6	6.3
AUD/USD (y/e)	0.64	0.54	0.52	0.60

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