Official Partner

Westpac
Australia's First Bank

2001 Results Presentation

David Morgan

Chief Executive Officer

2 November 2001

www.westpac.com.au

Strong & balanced result

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- EPS up 16% to 102.8 cents
- Net profit up 11% to $1,903 million
- Economic profit up 13% to $1,198 million
- Dividend up 15% to 62 cents per share
- Expense to income down 300bps to 51.5%
- Return on equity up 2.7% to 21.1%
- Impaired assets steady at 0.6% of loans & accept.

Strategy delivering

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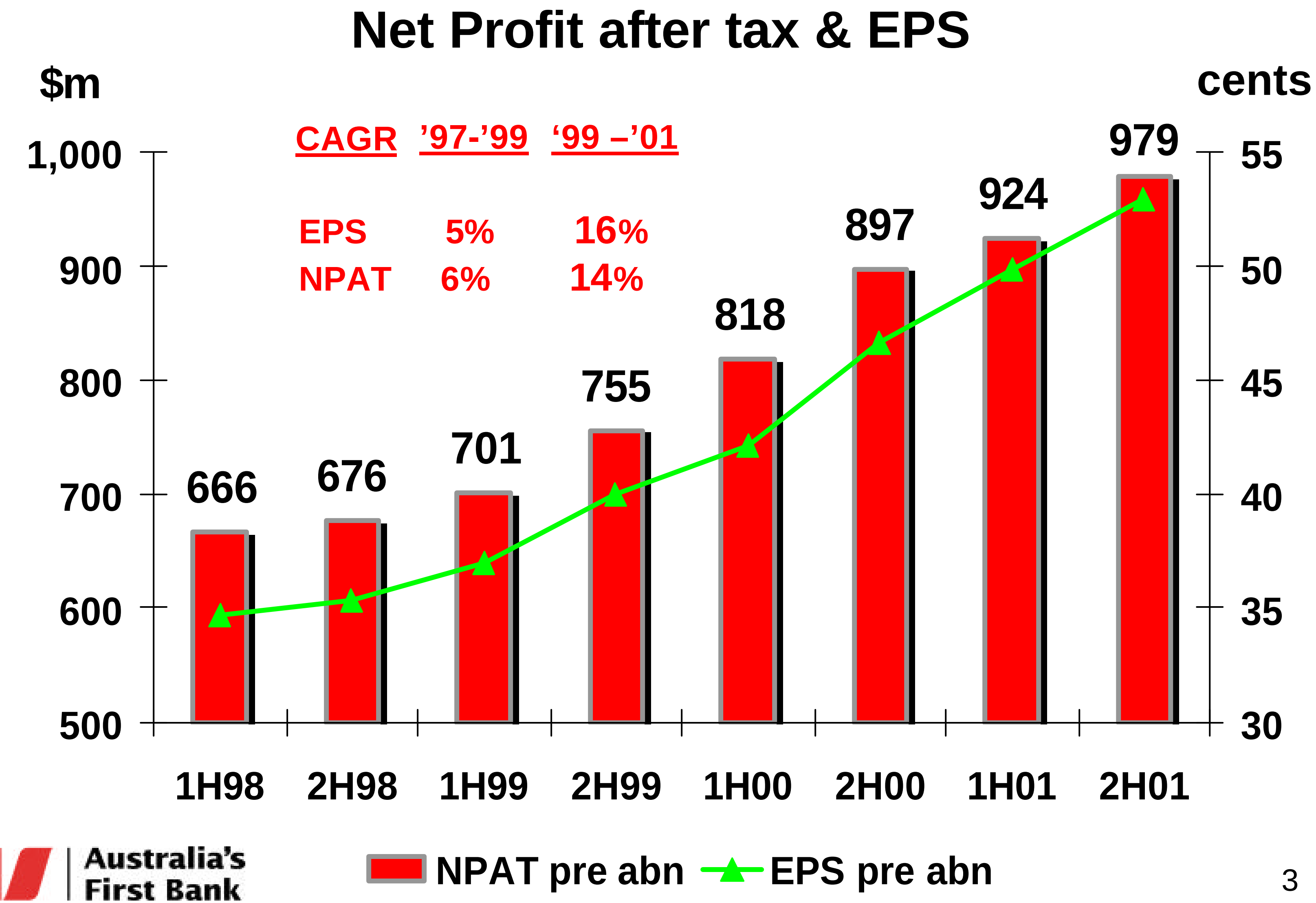
- Customer focus
  - Integrated financial solutions
- Partnering to deliver low cost, global capabilities
  - Efficiency gains
- Balancing growth & returns
  - Not growth for growth sake
- Australia, New Zealand and near Pacific focus

Well established earnings growth momentum…



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...driving strong growth in shareholder returns

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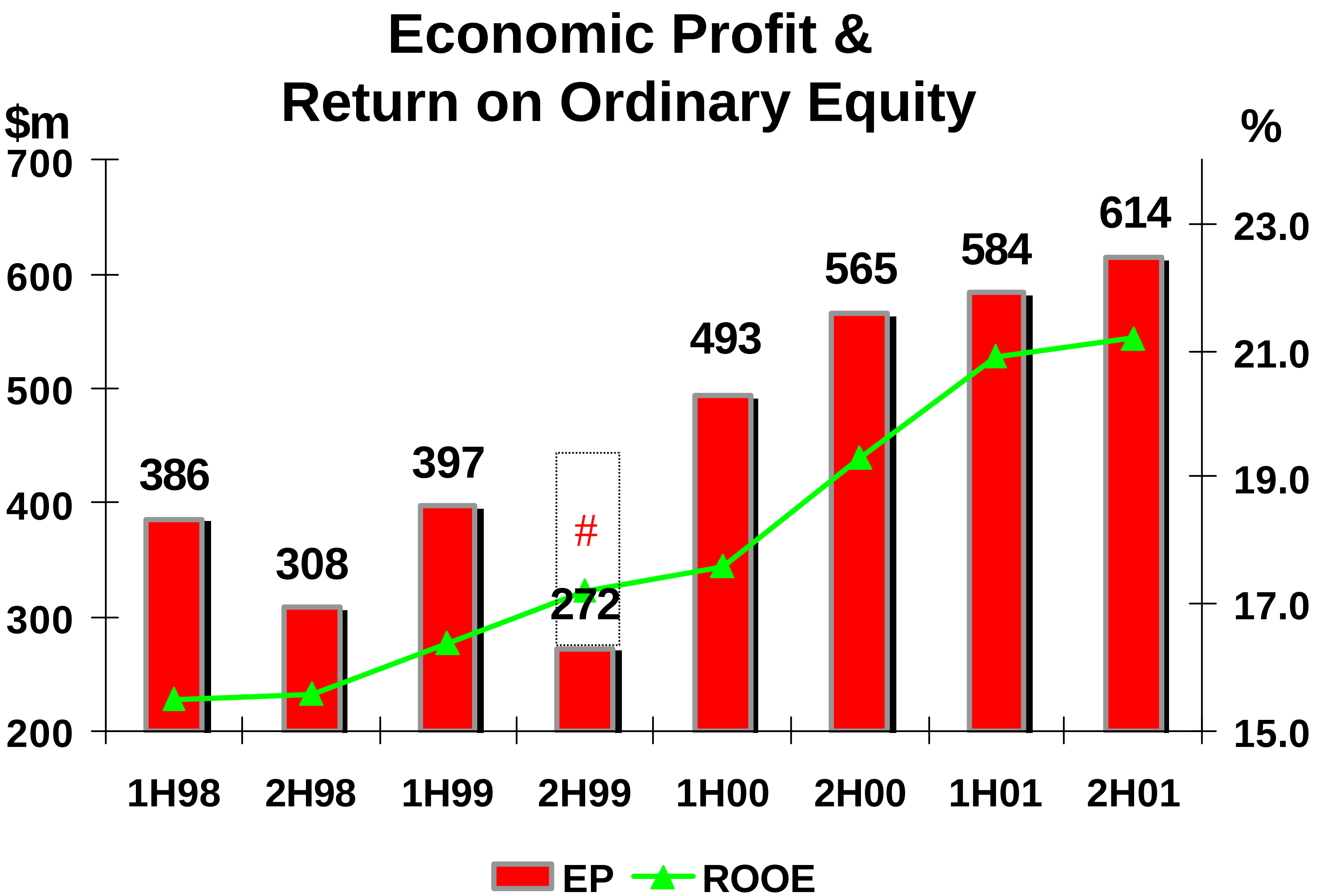

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Would have been $451m if dividend had been fully franked.

Revenue growth the key driver

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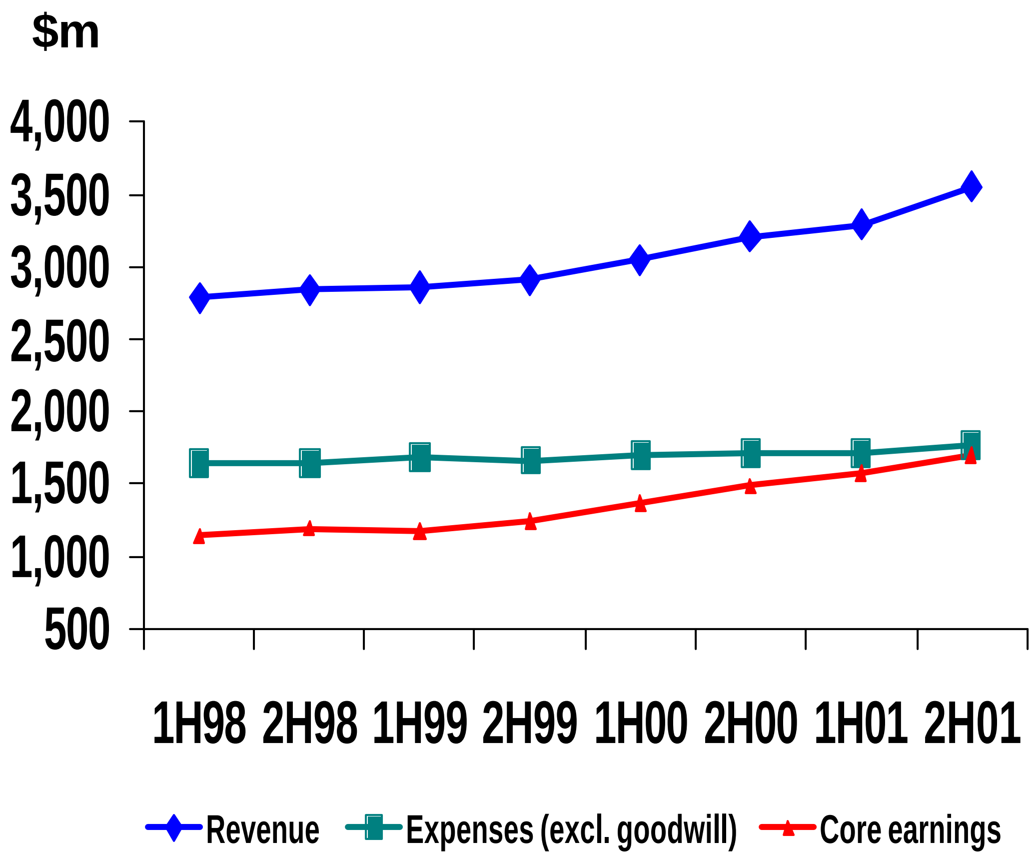

Compound Annual Growth Rate

1H99 - 2H01

Revenue	**9%**
Expenses	**2%**
Core earnings	**15%**

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Successfully deepening customer relationships

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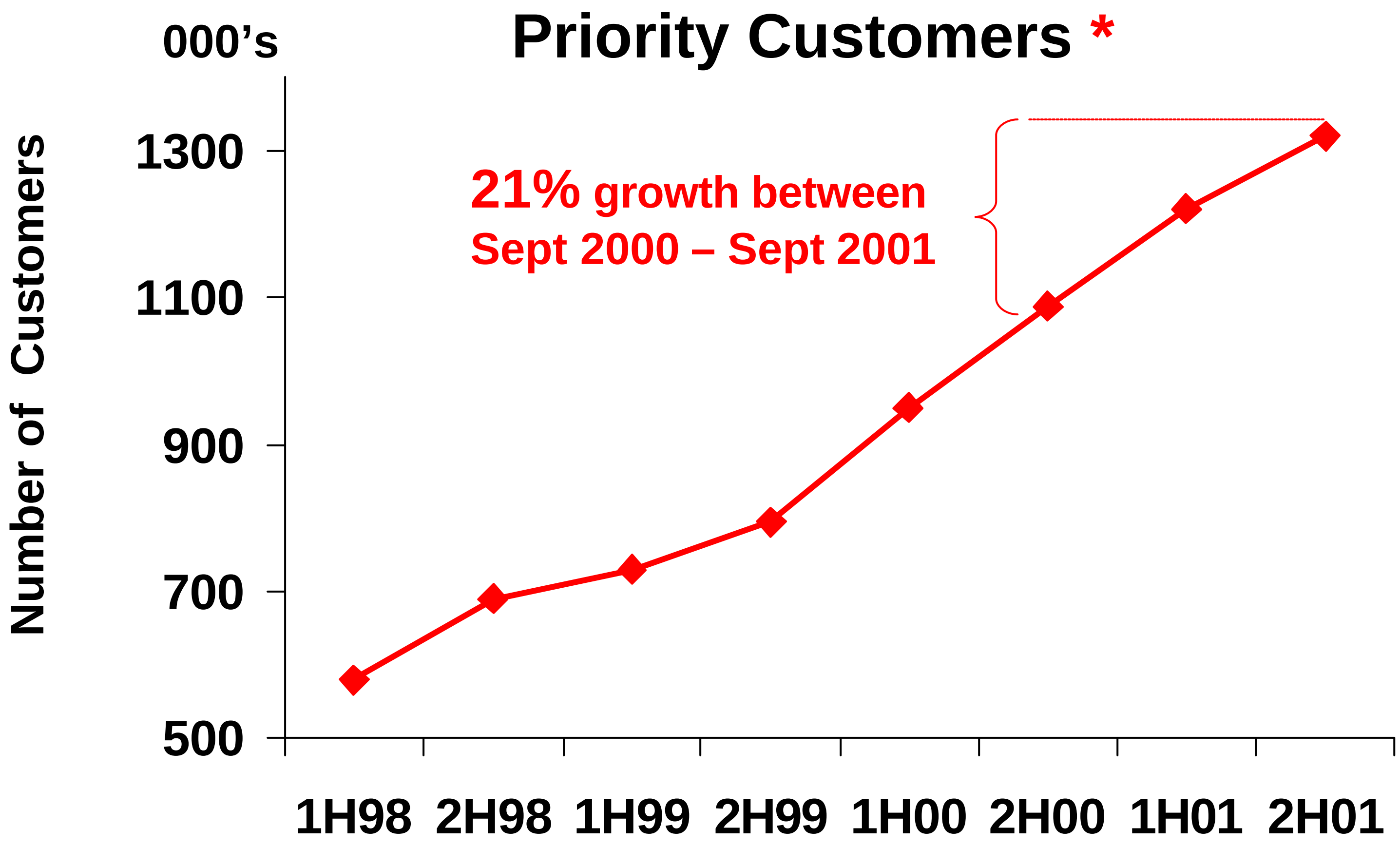

* Priority customers are those with whom we have significant, typically multi-product, relationships.

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Positive shift in customer value

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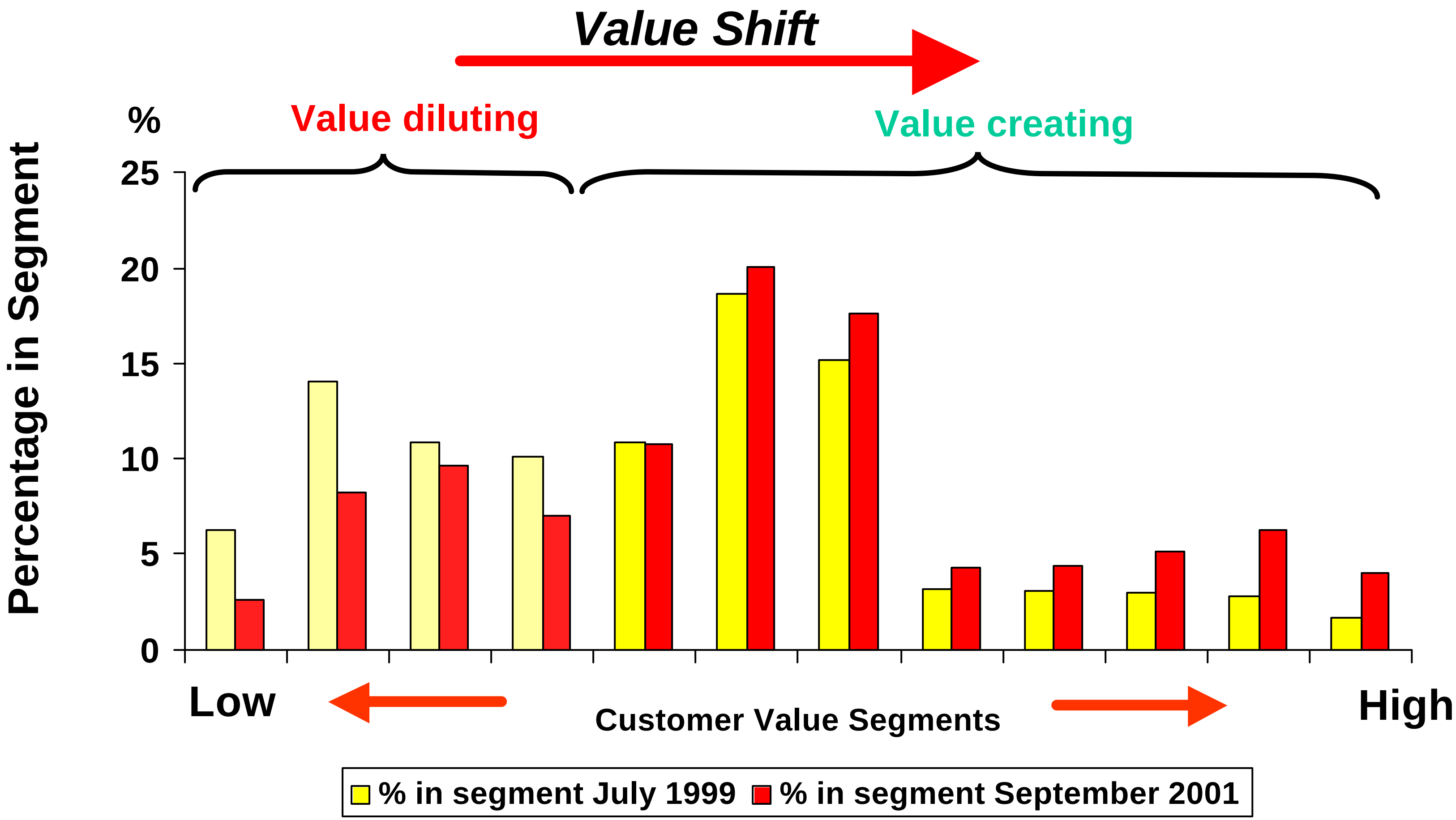
Australian personal and business customers



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Volume growth in core products*

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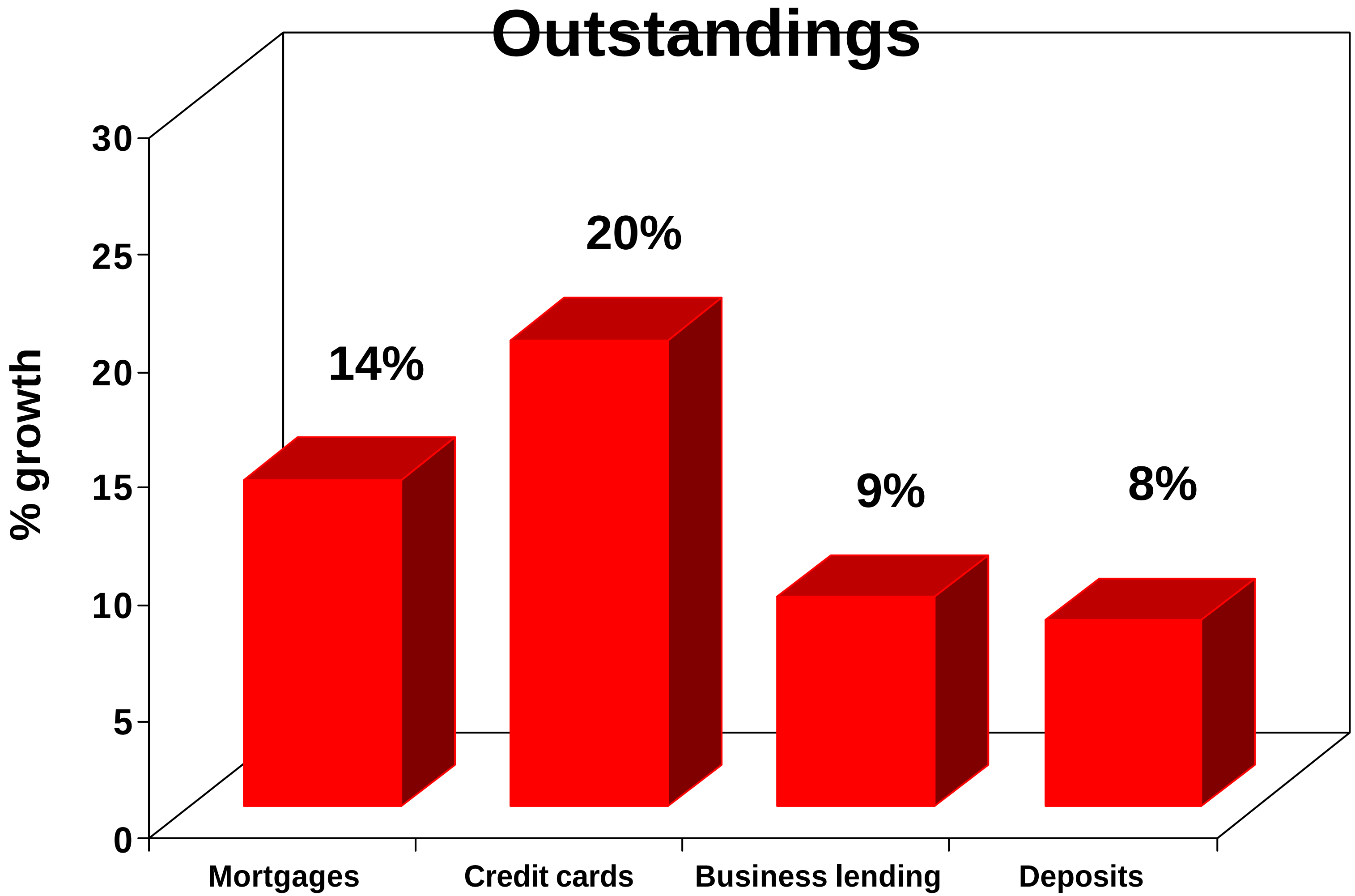

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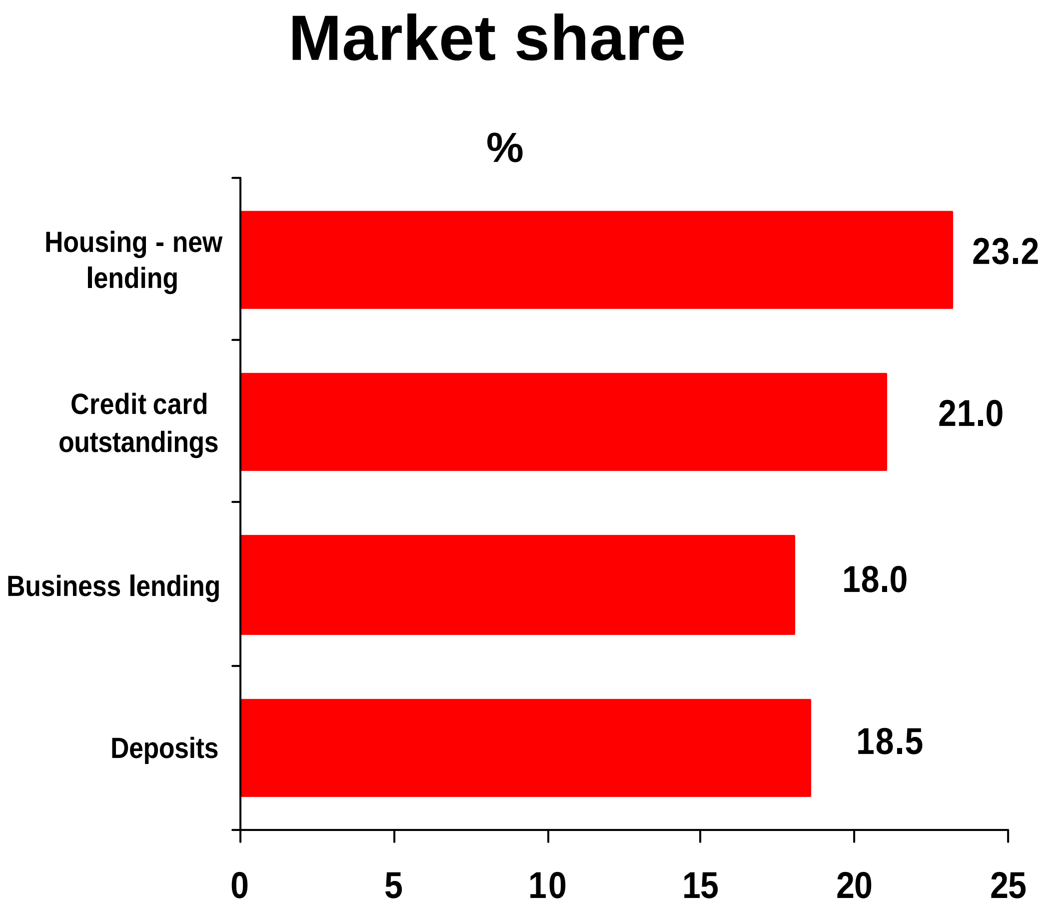
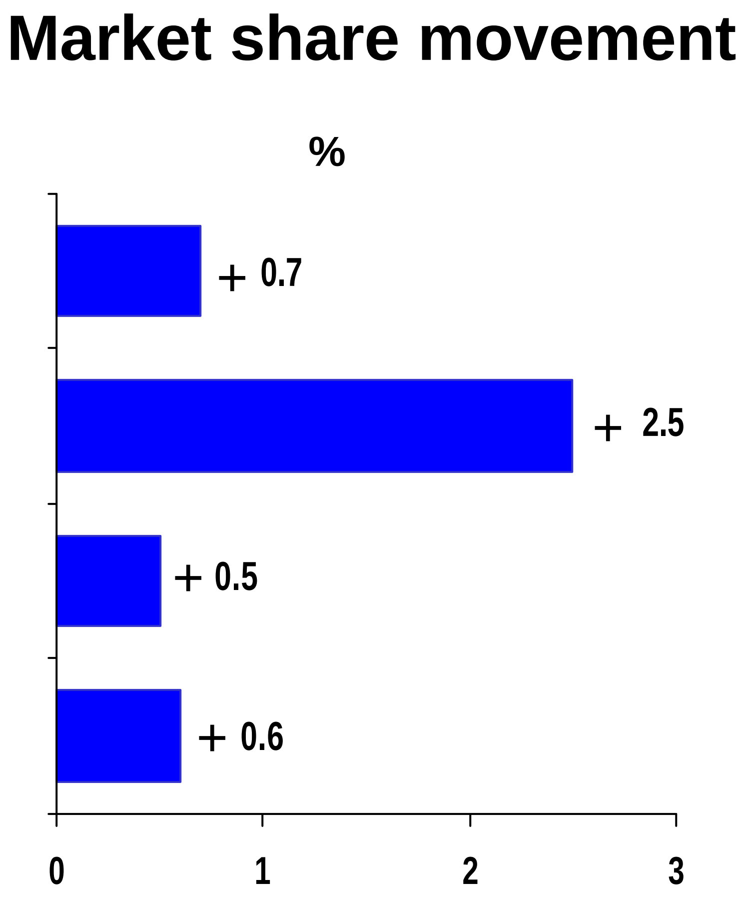
* Australia

Market share growth in core products*





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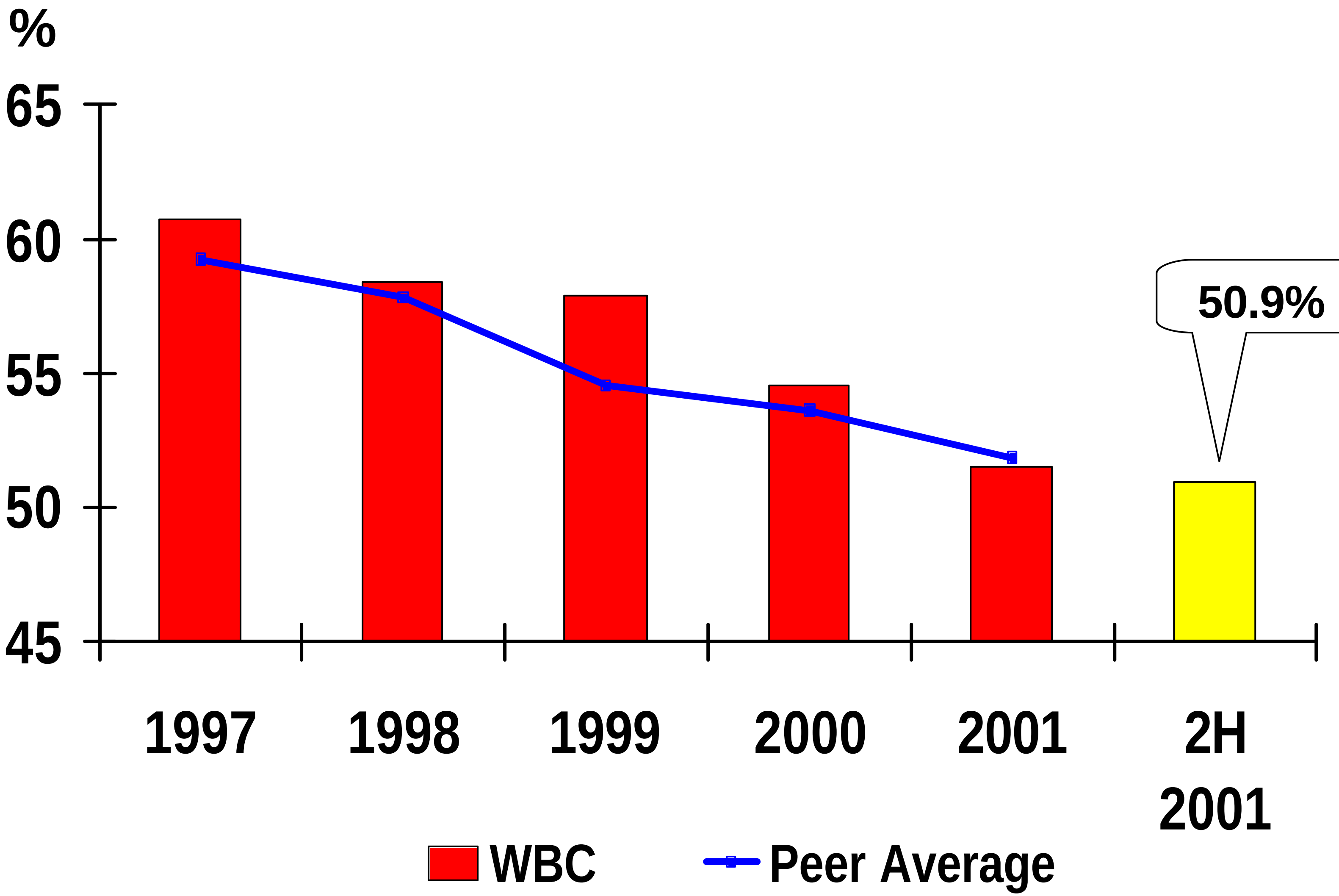
* Australia

Expense to income*



* Excludes goodwill
(NAB based upon consensus estimates for 2001)

Performance scorecard

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Measure	2001 Target	Result
EPS Growth	> 12% *	16%
ROE	> 17% #	21.1%
Efficiency	£ 51.9% *	51.5%
TSR **(rolling 3yr)**	Top quartile	57th percentile
Capital	Tier 1 6.0 – 6.5%	6.3%
Risk profile	AA- rating	Maintained

*** Peer average (NAB based upon consensus estimates for 2001.)**
 # 5% above cost of 12% capital

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Australia's First Bank

The details

Phil Chronican

Chief Financial Officer

2 November 2001

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Underlying earnings growth

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$m	2000	2001	% increase/ (decrease)
Net interest income	3,838	4,200	9
Non-interest income #1	2,414	2,537	5
Operating income #2	6,252	6,737	8
Expenses	(3,405)	(3,472)	2
Core earnings	2,847	3,265	15
Bad debts	(202)	(433)	114
Goodwill	(98)	(98)	-
NPBT	2,547	2,734	7
Tax and OEI	(832)	(831)	(3)
NPAT	**1,715**	**1,903**	**11**

#1 Growth 10%) Adjusted for the impact of tax recoveries on
#2 Growth 10%) policyholders' earnings in the life company.

Significant items in the 2001 result

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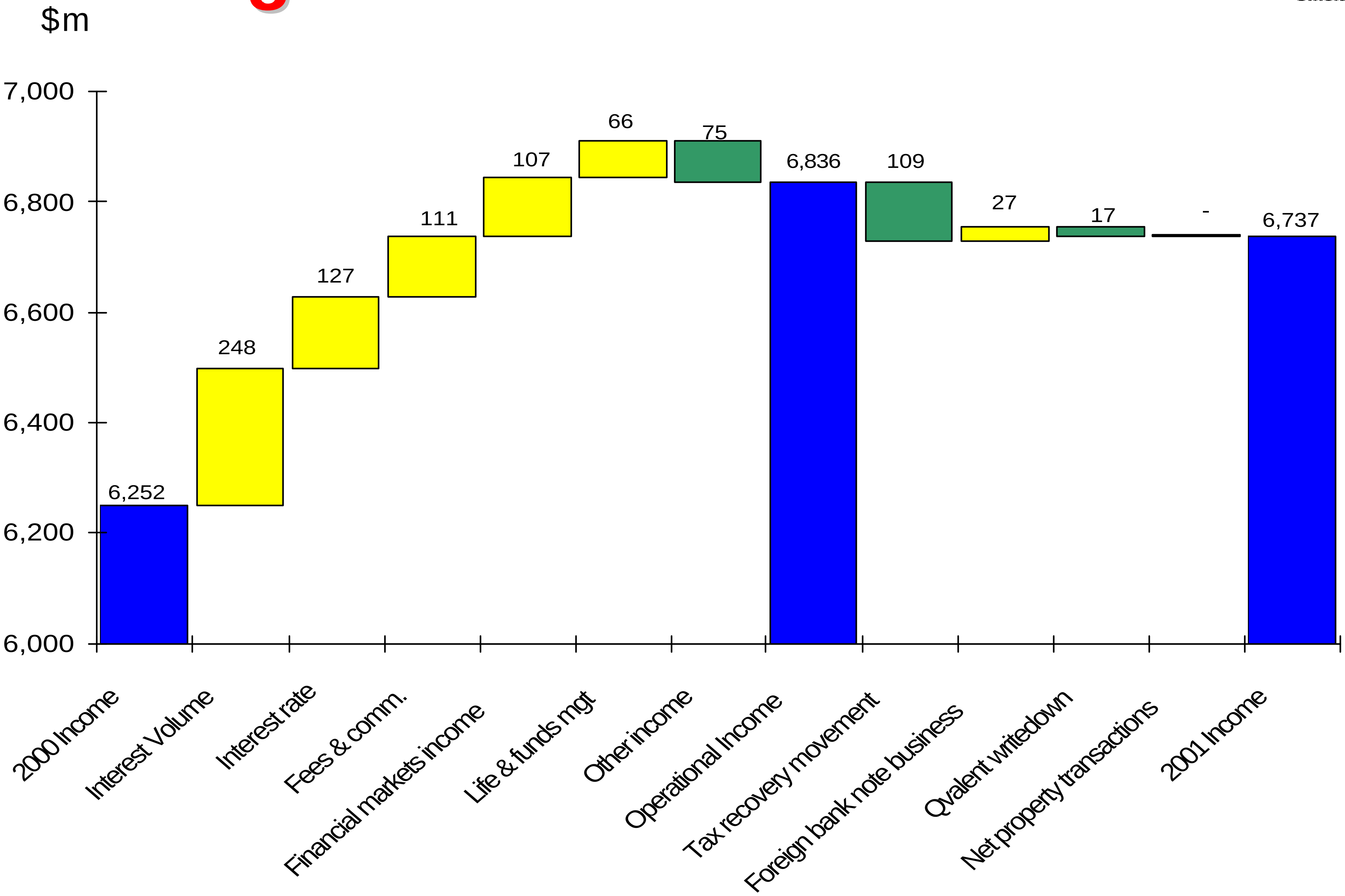
	Pre-tax	Post-tax
Sale of foreign banknote business	27	25
AGC systems conversion	(53)	(35)
Qvalent/Metiom	(17)	(11)
Sale of Property Trust	28	28
Net Impact	**(15)**	**7**

Revenue growth a particular strength



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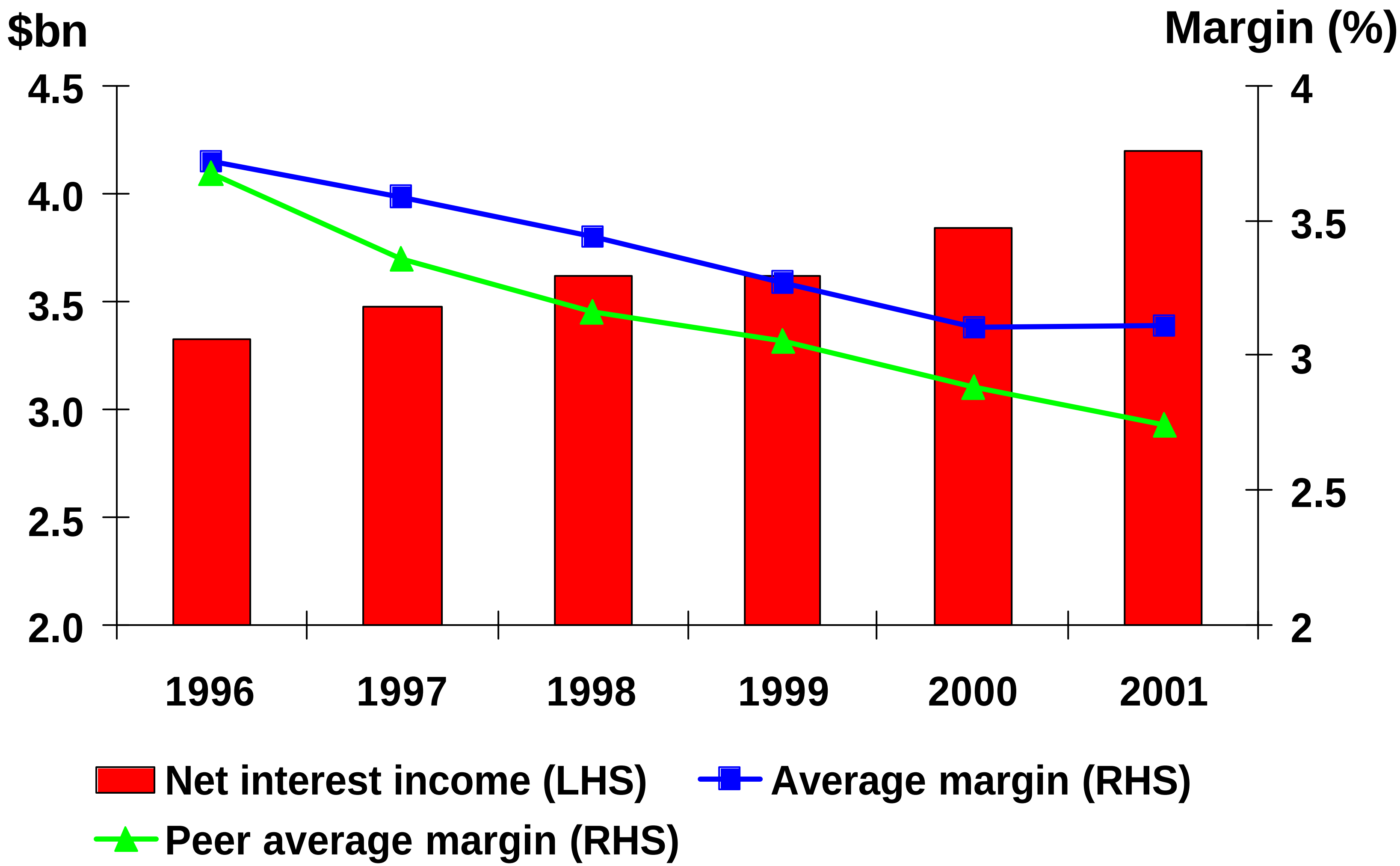
Net interest income & margin trends



(NAB based upon latest published results)

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Non-interest income

$m	2000	2001	Change
Non-interest income	2,414	2,537	5%
Tax recoveries – policy holders	(68)	41	
Non-interest income attributable to shareholders	**2,346**	**2,578**	**10%**

Qvalent/Metiom	-	(17)	
Sale of foreign banknotes business	-	27	
Property trust management rights	-	28	
Sale of properties	27		
Normalised (unusual items)	**2,319**	**2,540**	**10%**
EV uplift	128	133	
Normalised (ex – ev uplift & unusual items)	**2,191**	**2,407**	**10%**

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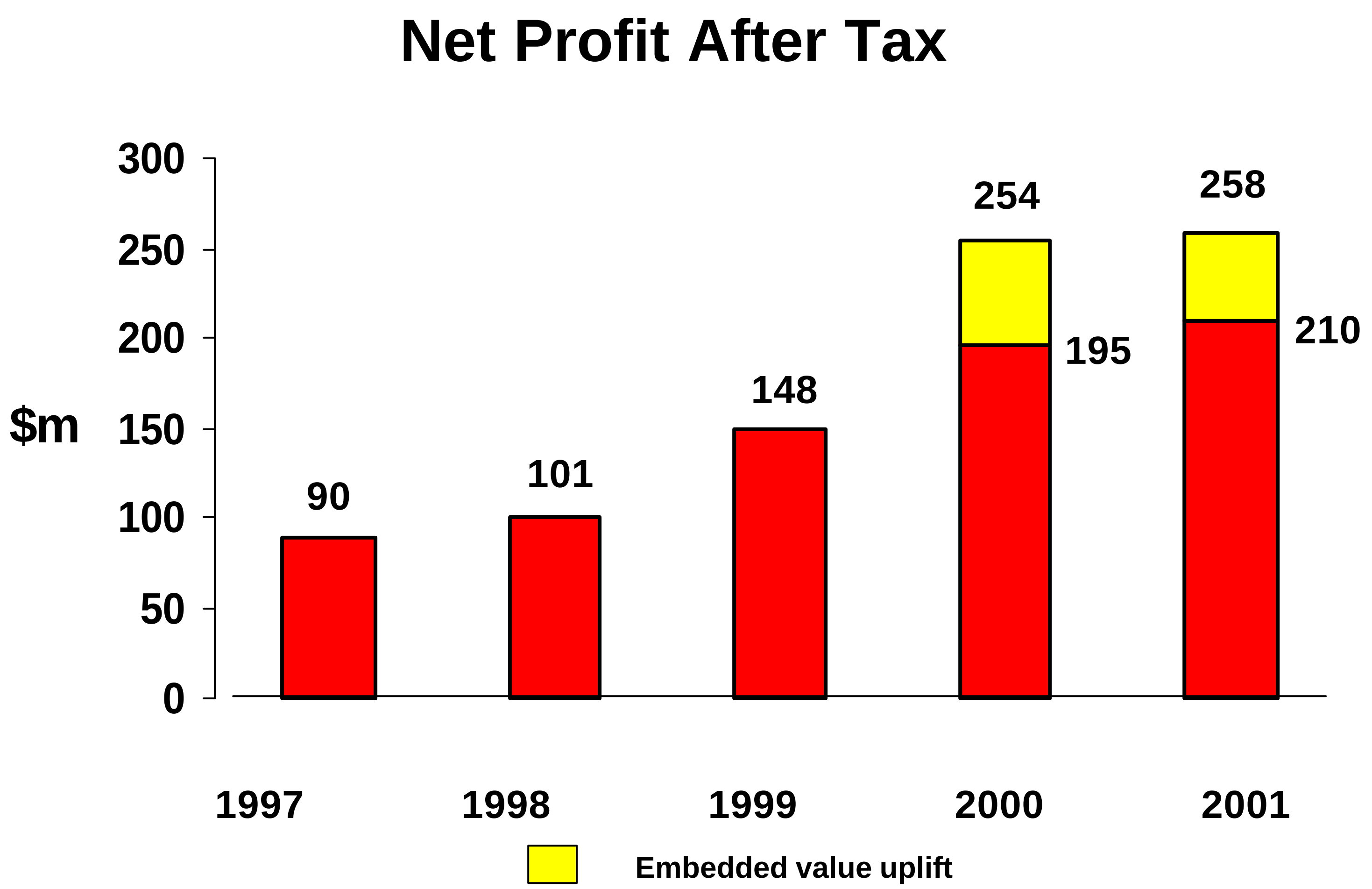
Wealth management business



Source: Westpac Financial Services Group Statutory Accounts

Adviser/planner network growth

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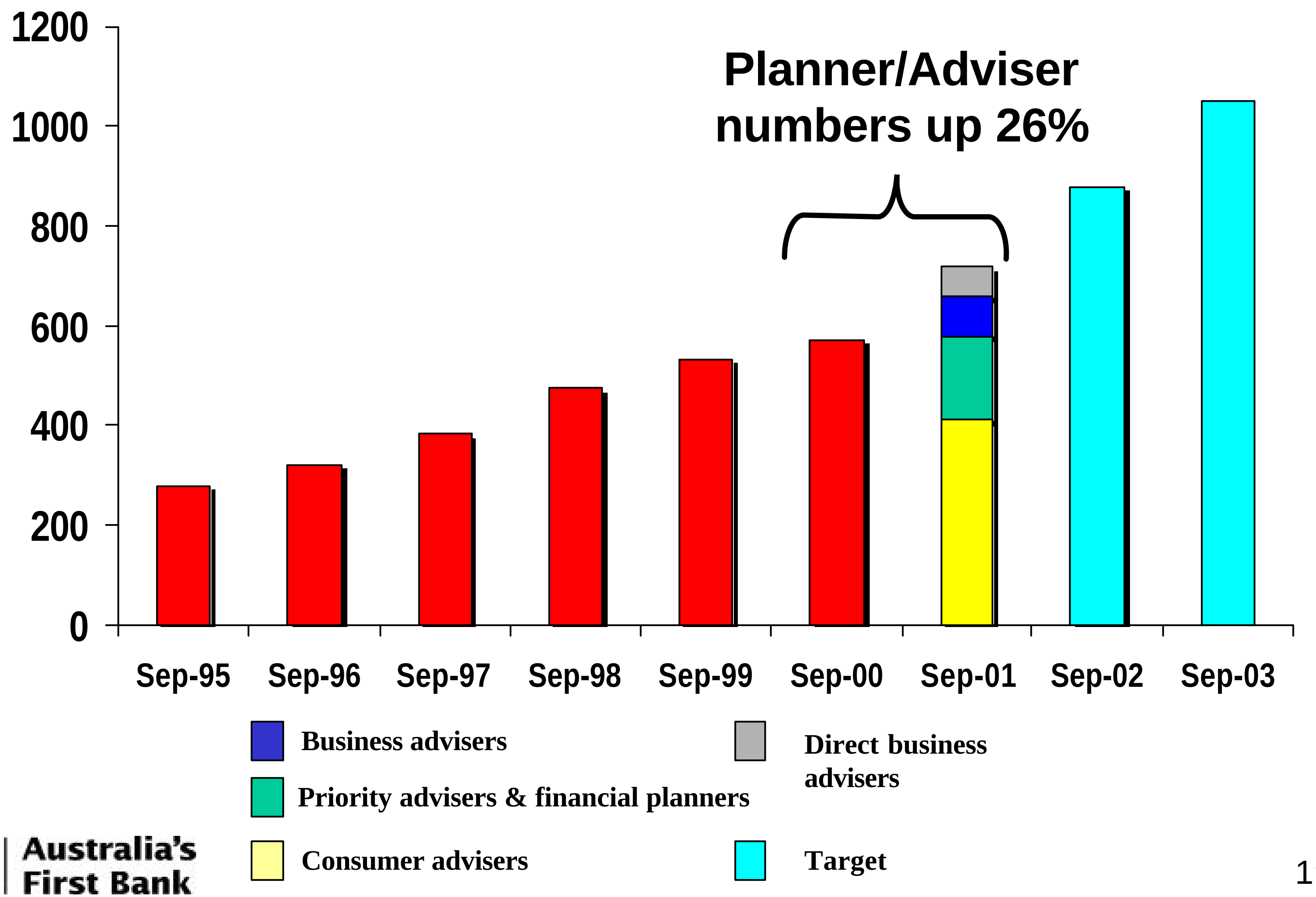

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Expense containment

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$m	2000	2001	% increase/ (decrease)
Salaries & other staff expenses	1,815	1,744	(4)
Equipment & occupancy	632	648	3
Other expenses	958	1,080	13
Amortisation of goodwill	98	98	-
Reported expenses	**3,503**	**3,570**	**2**
Implied FTE	30,520	28,534	(7)
Productivity ratio	3.53	4.03	14

Expense containment

Total expense growth of $67m

$m	2000	2001	Change
GST	18	78	60
Restructure	45	72	27

Other factors contributing to growth:

- **Volume growth**
- **Transition costs in IT**
- **Wage growth**

Productivity improvement programs largely offset above expense growth

Expense initiative pipeline

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% of targeted savings achieved

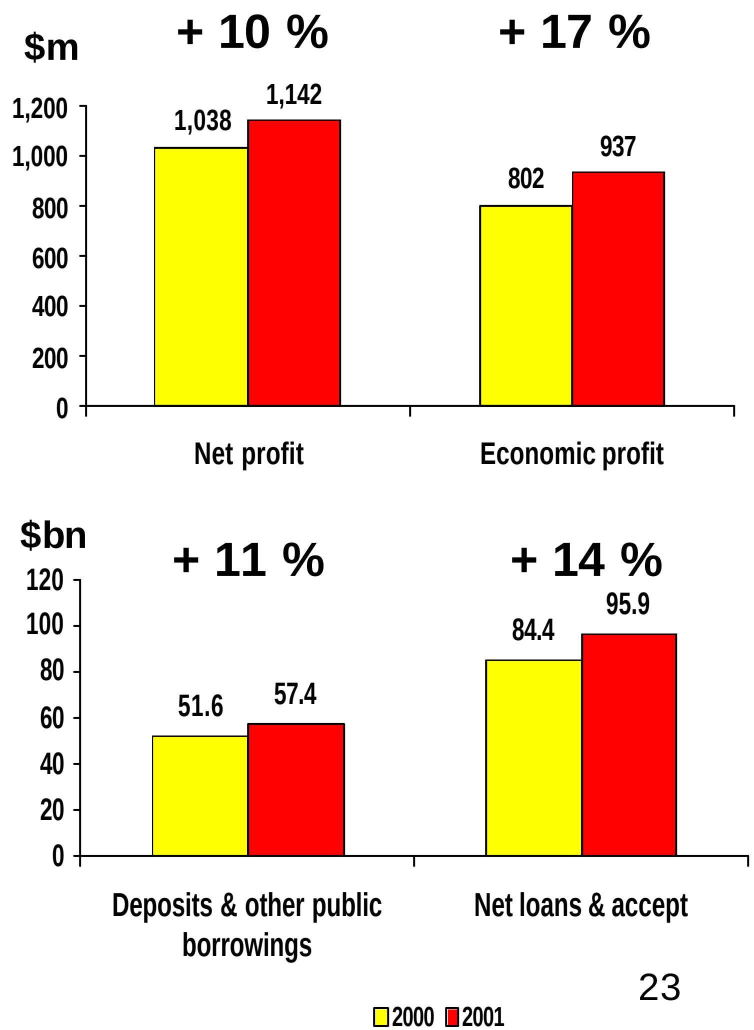
%	2001	2002	2003	2004	2005+ (*)	% of cost base
Printing and logistics	18	37	57	78	100	1
IT & telecommunications	4	46	53	56	100	10
Head office restructure	-ve	100	100	100	100	1
Cheque processing	-ve	86	86	91	100	1
The Mortgage Company		-ve	nominal	nominal	100	3
Property services	-ve	50	100	100	100	

* 100% of savings reached in 2005 or beyond

Business Group Results

Australian Retail Financial Services

- Lending volumes up 14%
    - Housing outstandings +14%
    - Business lending +9%
    - Credit card outstandings +21%
- Net interest income + 9%
- Economic profit up 17% to $937m
- Internet registrations up 155%
- ROE up 180bps to 20.7%



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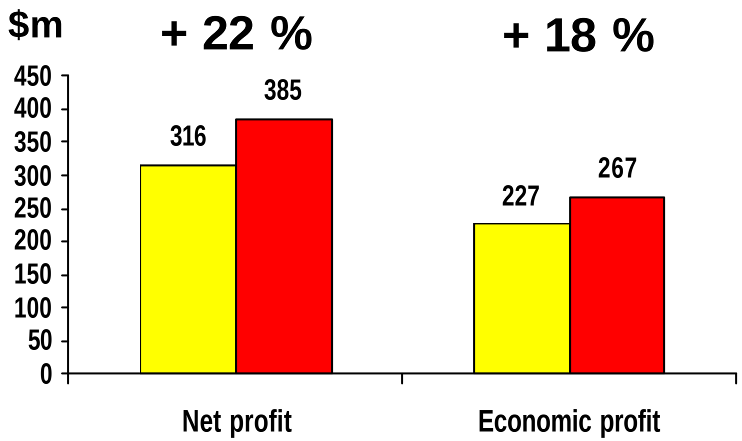
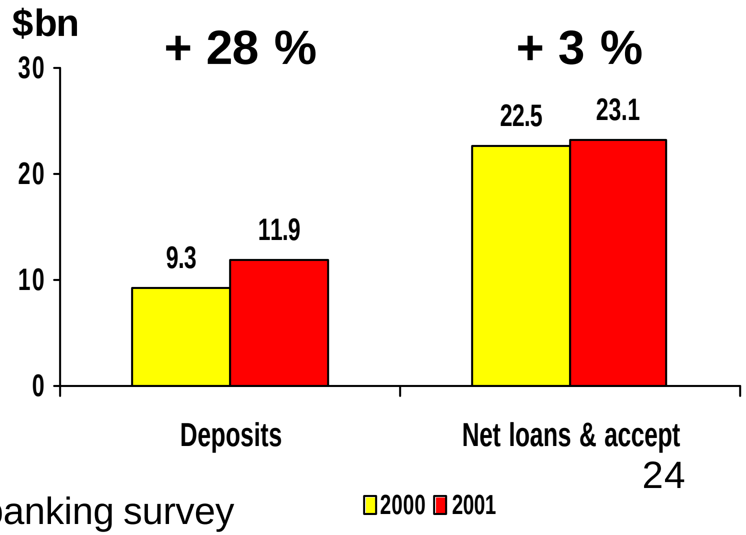
Business Group Results

Westpac Institutional Bank

- Operating income up 25%, across all core businesses
- Expense to income ratio 36.9%, down 840bps on pcp
- Economic profit up 18% to $267m
- Leading principal corporate banker to 25% of largest Australian companies #
- Expanded eCommerce initiatives
- ROE up 40bps at 24.1%





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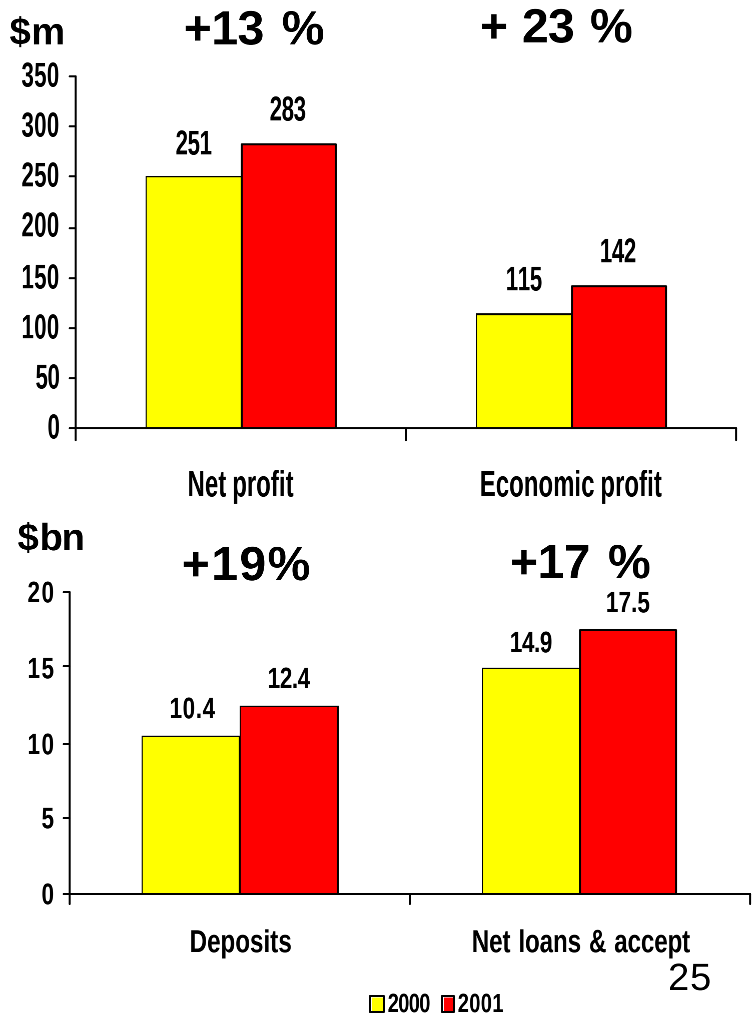
Greenwich large corporate banking survey

Business Group Results

Official Partner

New Zealand Retail (A$)

- Net interest income up 8% and non-interest income up 8%
- 11% volume growth in business banking
- Economic profit up 23% to $142m
- Internet registrations 126,000
- ROE up 140bps to 18.0%



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Key credit principles

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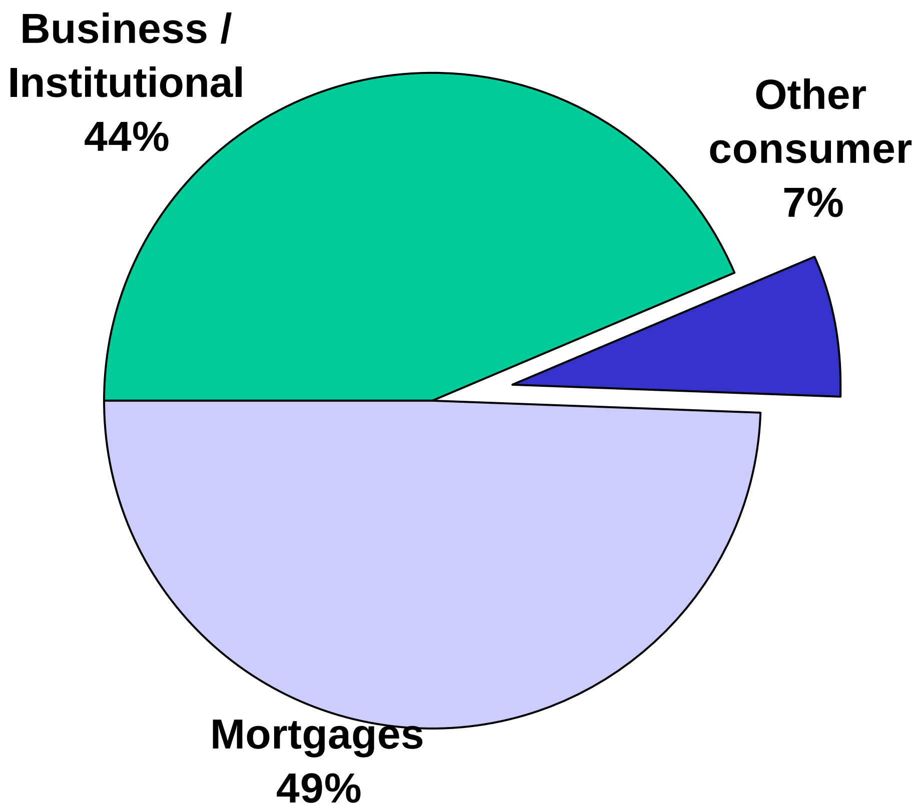
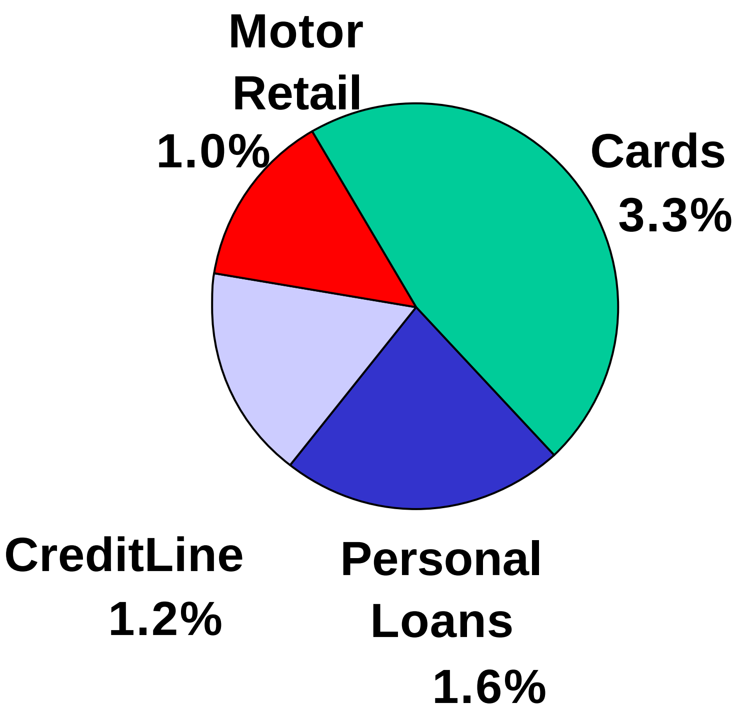
- **Sound underwriting standards & counterparty grading**
- **Dynamic monitoring and collection processes**
- **Active risk management:**
  - **Industry risk concentrations**
  - **Single name exposures**
  - **Total exposure focus**
- **Real time, prudent provisioning approach**

High quality loan book

Total Westpac Group *





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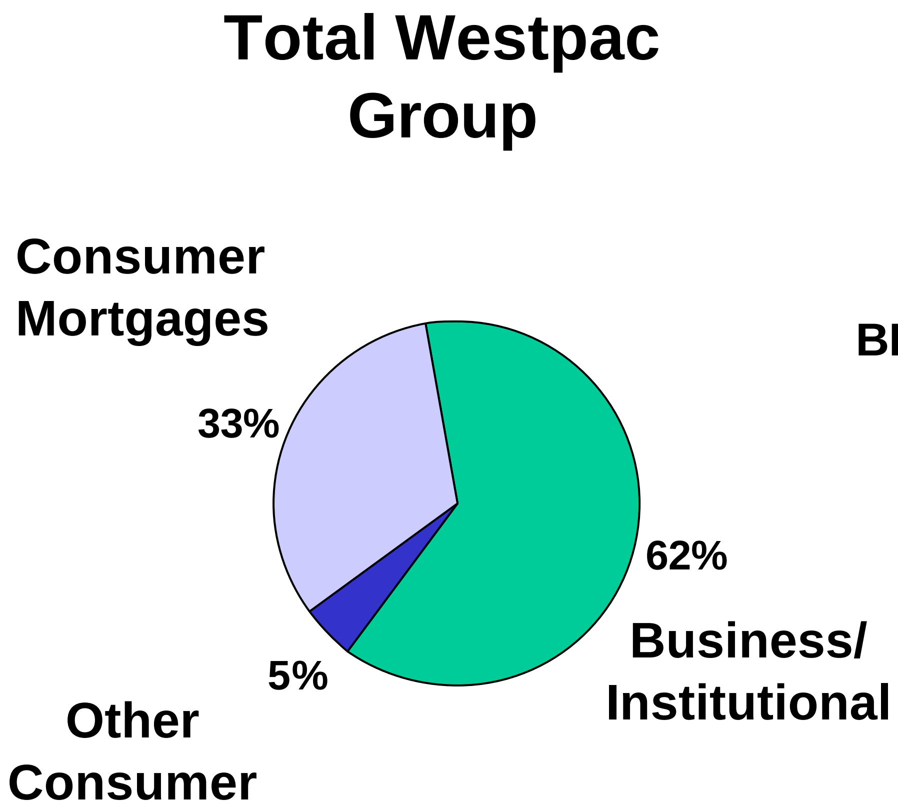
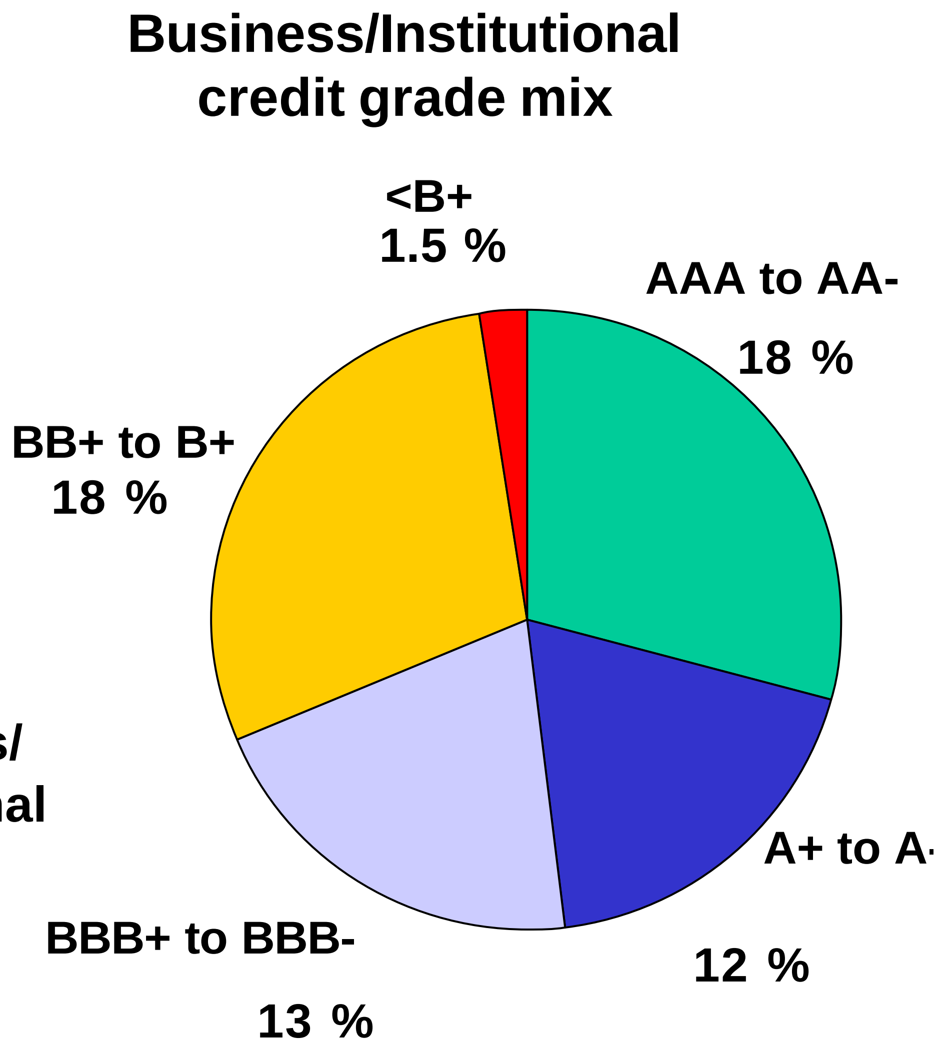
* On balance sheet funded lending September 2001

Mostly investment grade portfolio exposures *





* Total Committed Exposure - 30 September 2001

Limited single name exposure concentrations

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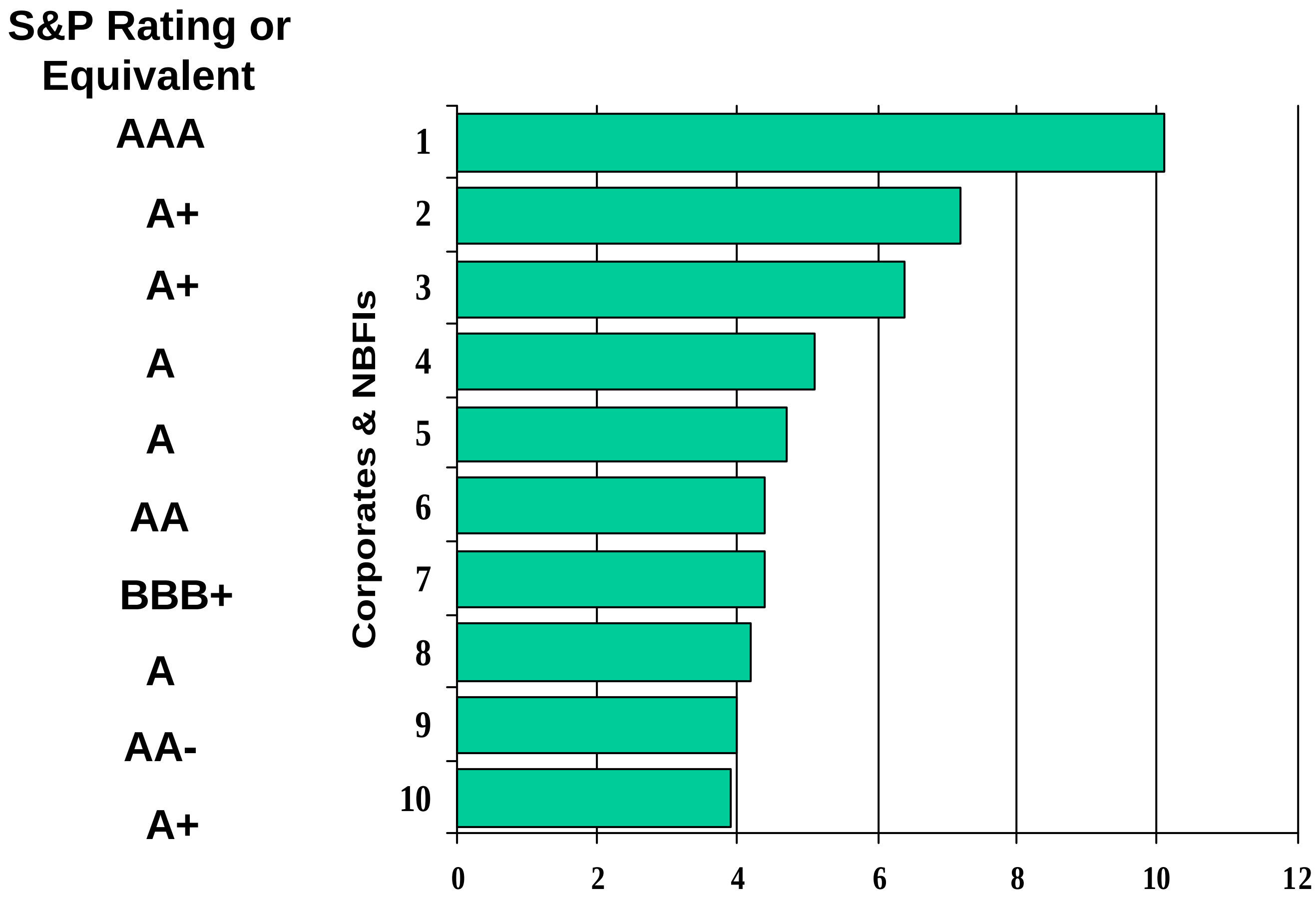
Credit exposures* to Top 10 corporations and NBFIs



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* Group Total Committed Exposure as a percentage of equity plus general provision - September 2001.

Industry exposure

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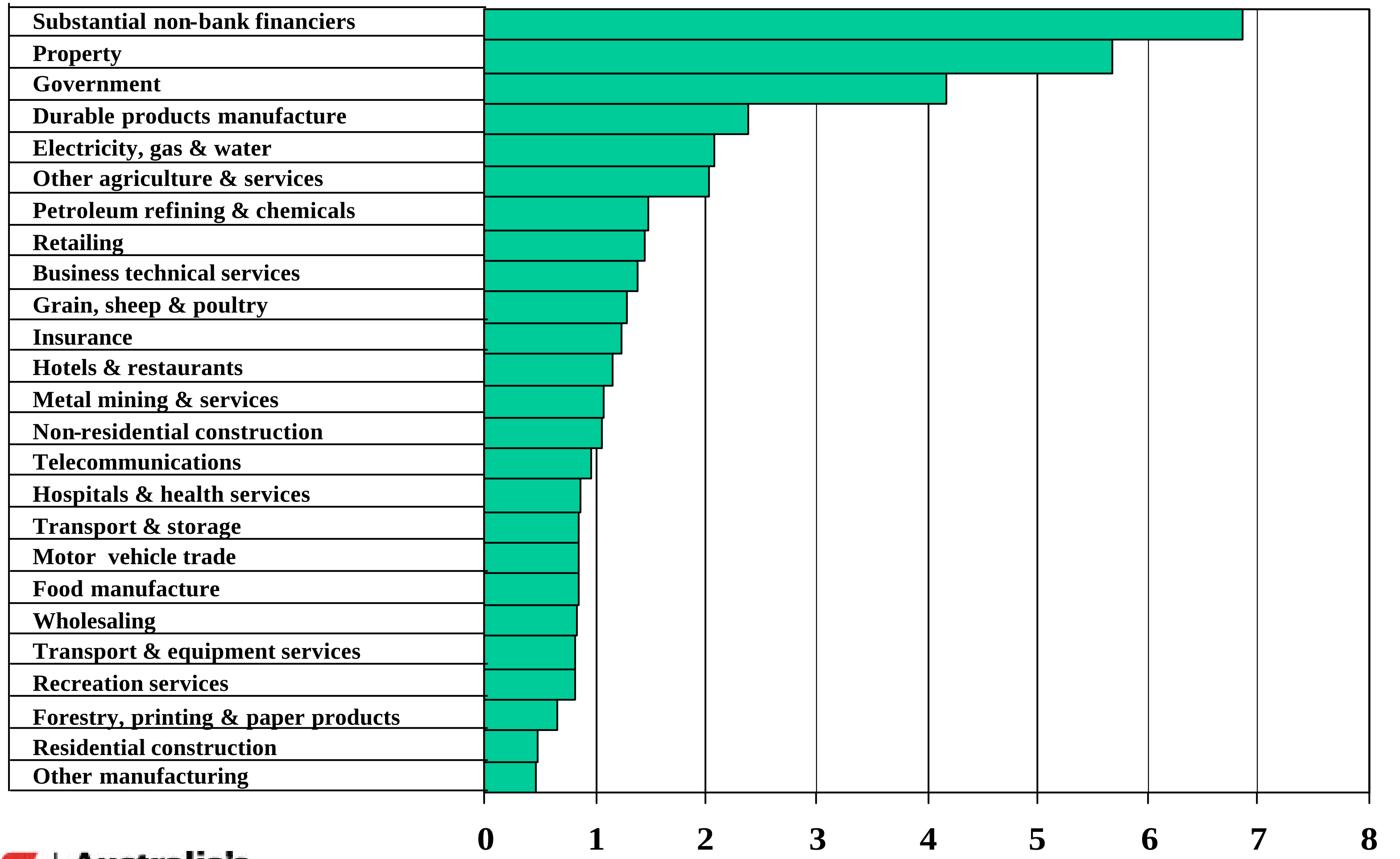
Credit exposures to governments, corporations and businesses*



* 30 September 2001, excluding banks.

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90 day delinquencies remain near historical lows

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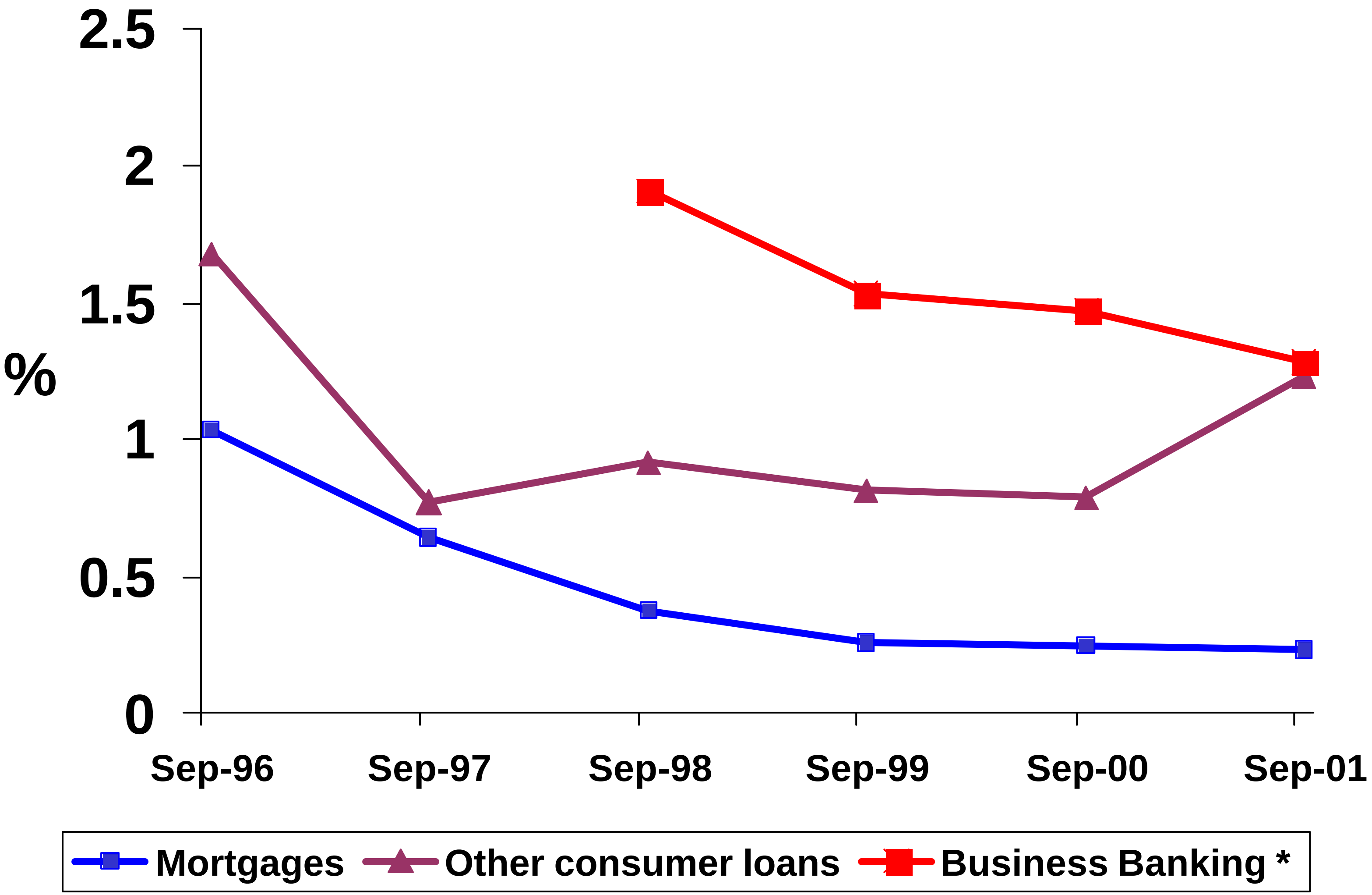

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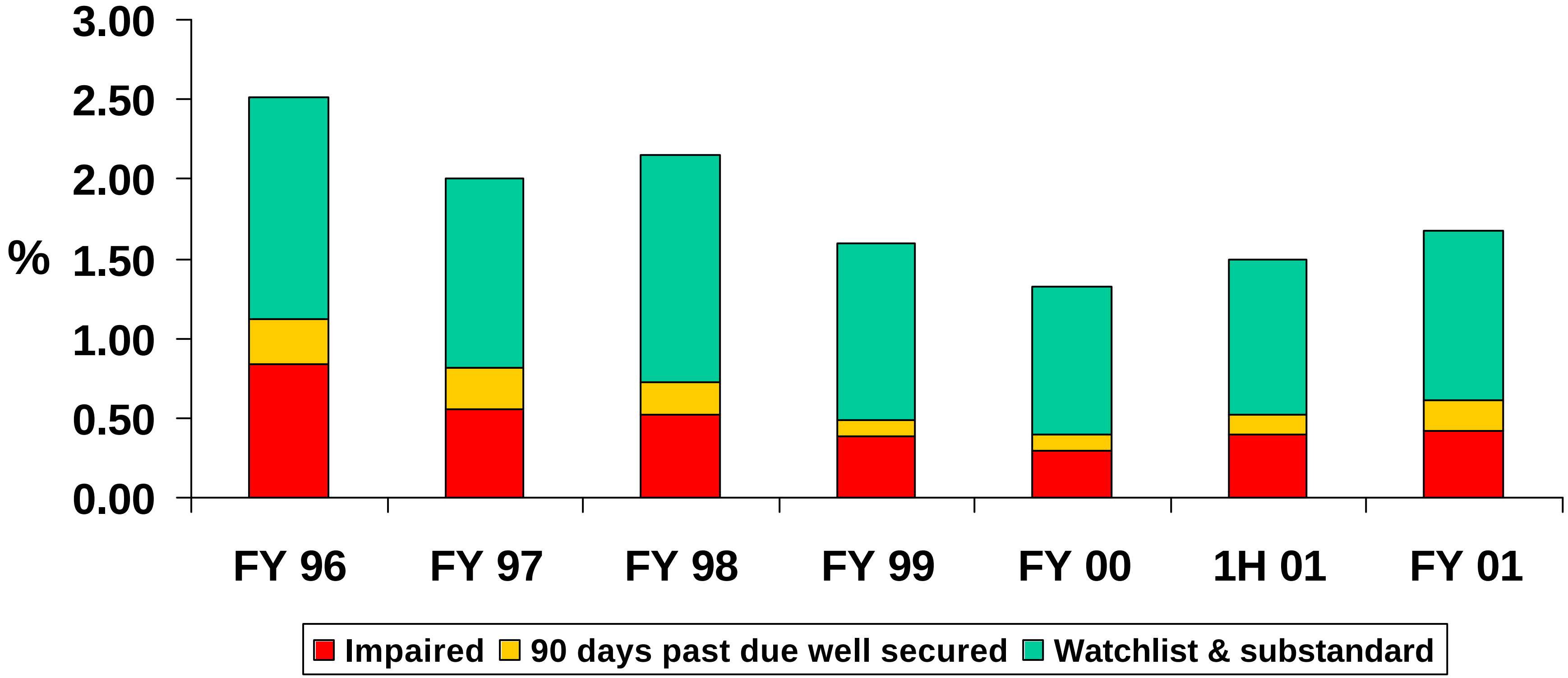
* Data not available prior to 1998

Stressed loans remain near historic lows

Exposure by credit grade - stressed loans*
% of total commitments



* Includes retail stressed loans

Provisioning coverage relative to domestic peers

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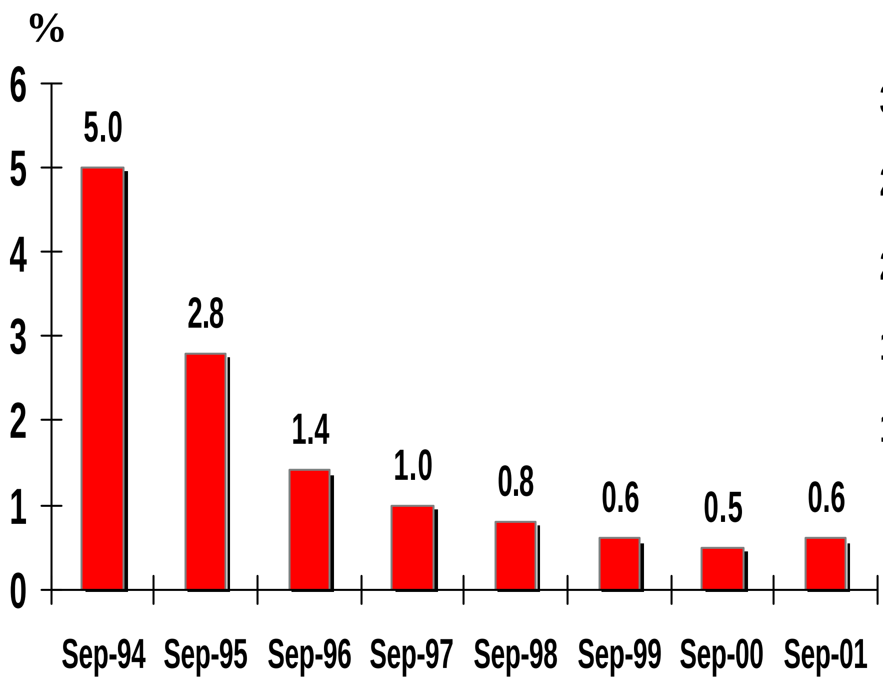
	ANZ	CBA	NAB	WBC
Specific provisions to impaired assets	38%	33%	31%	34%
General provisions to non-housing performing loans & acceptances	1.63%	1.85%	1.47%	1.76%

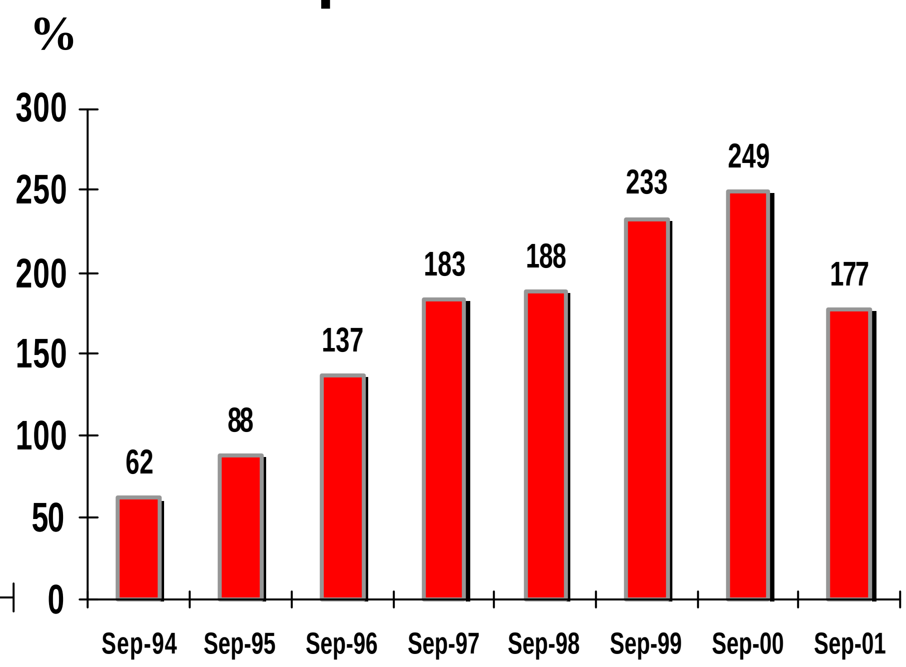
NAB Based upon latest published results

Impaired assets ratio and total provisioning cover

Total impaired assets to total loans & acceptances



Total provisions to total impaired assets



Bad debt charges are low by world standards

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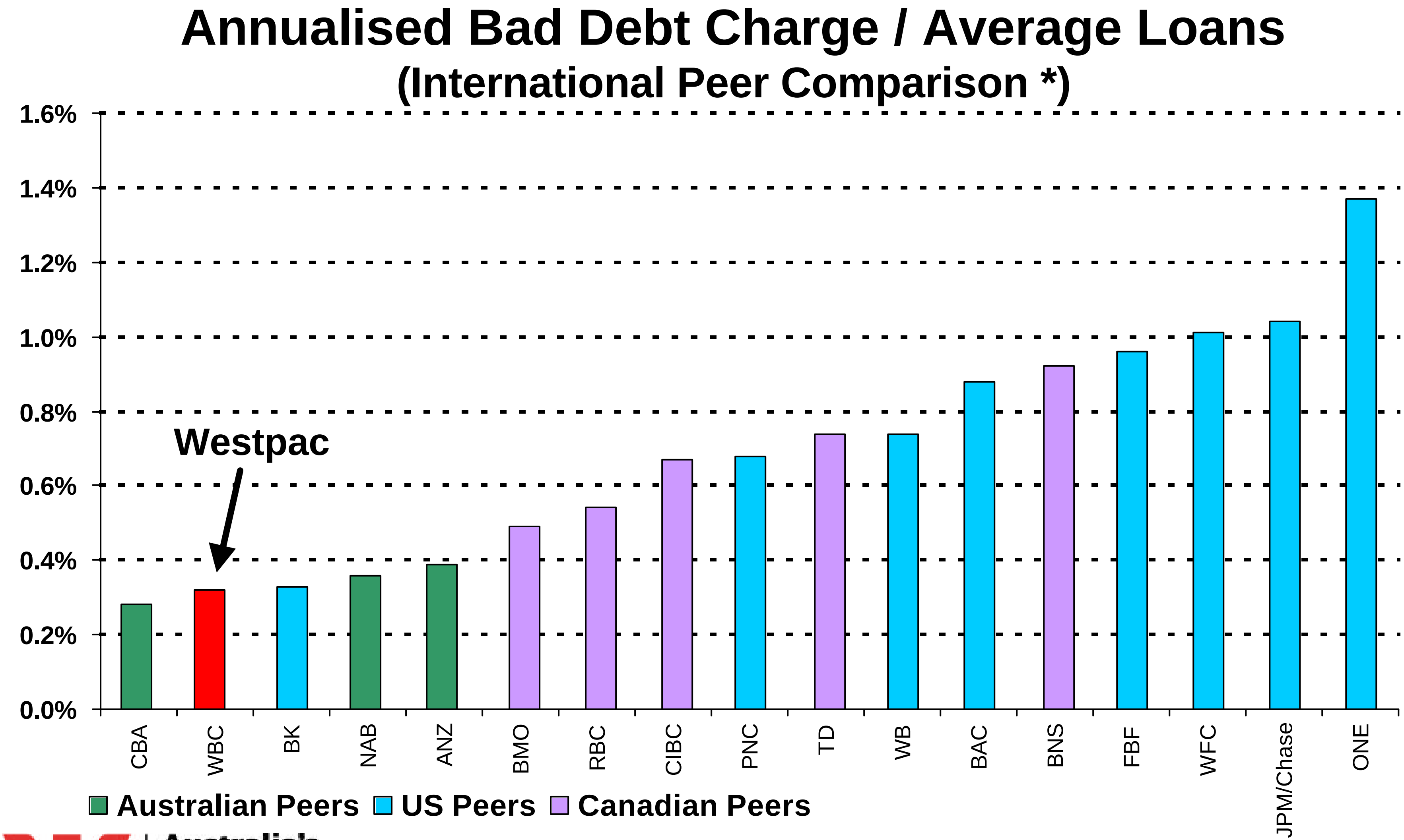

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* Based on most recent published results

Impaired assets also at low levels

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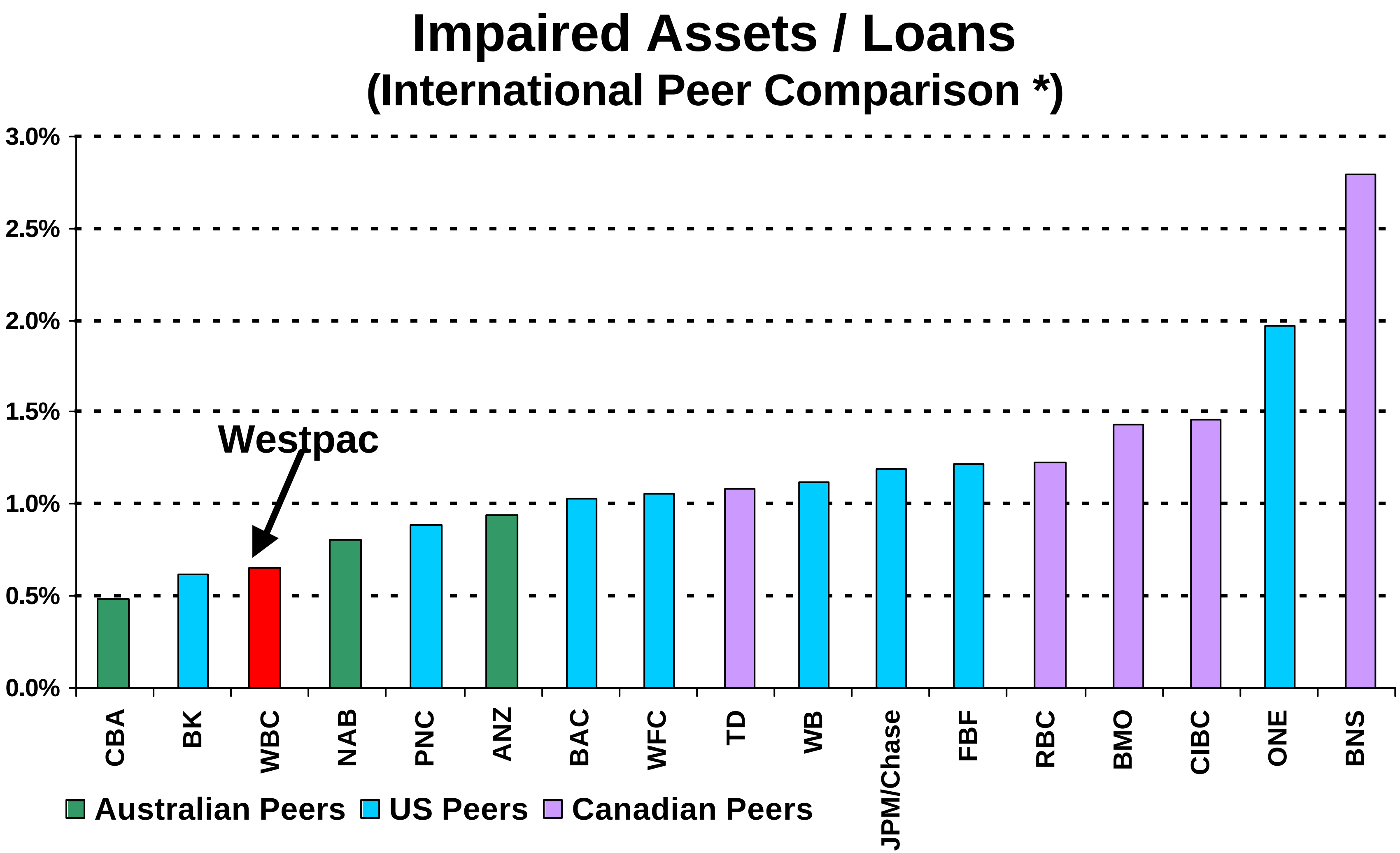

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*Based on most recent published results

And we are well provisioned

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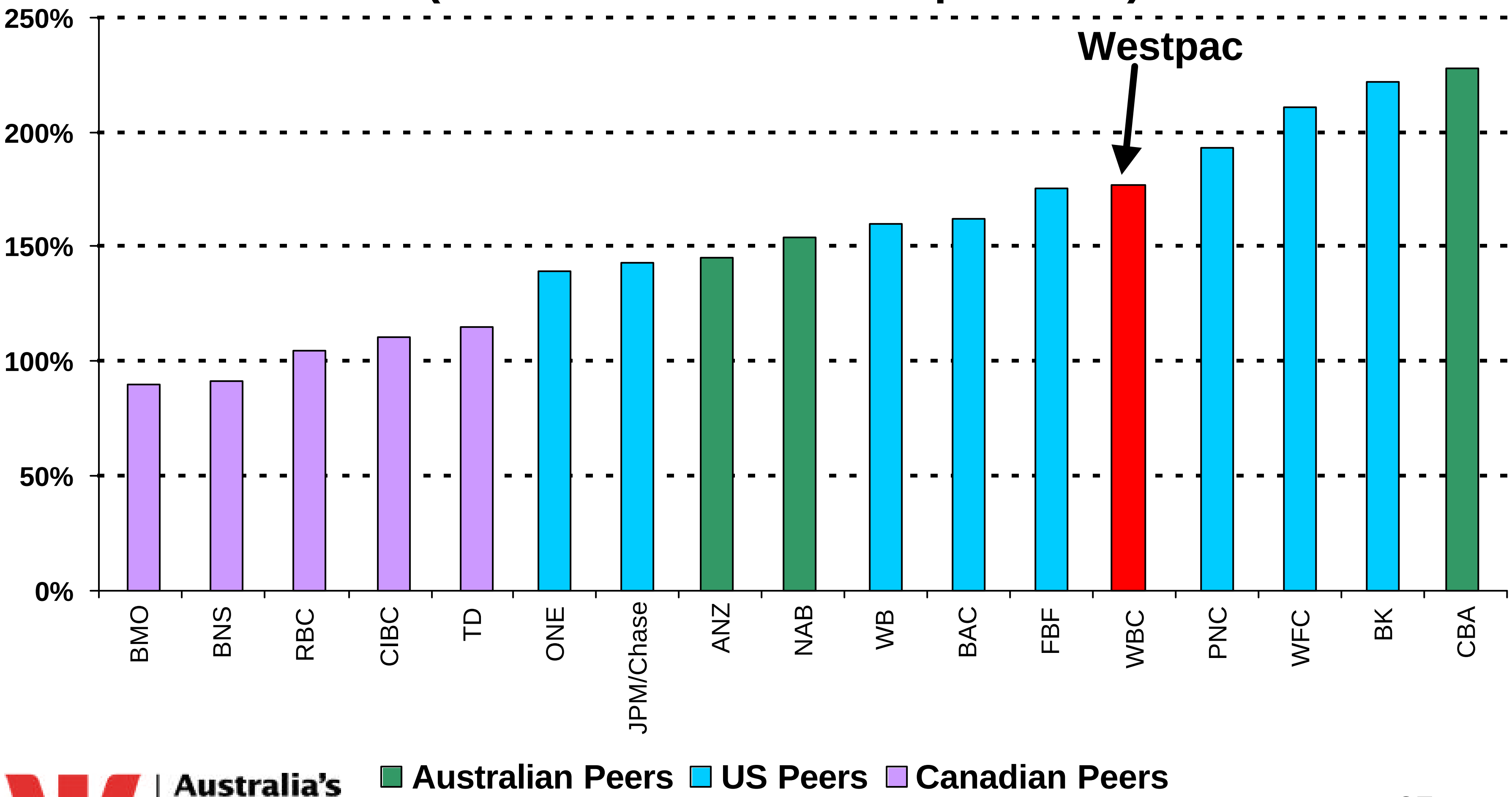
Total Provisions / Impaired Assets
(International Peer Comparison *)



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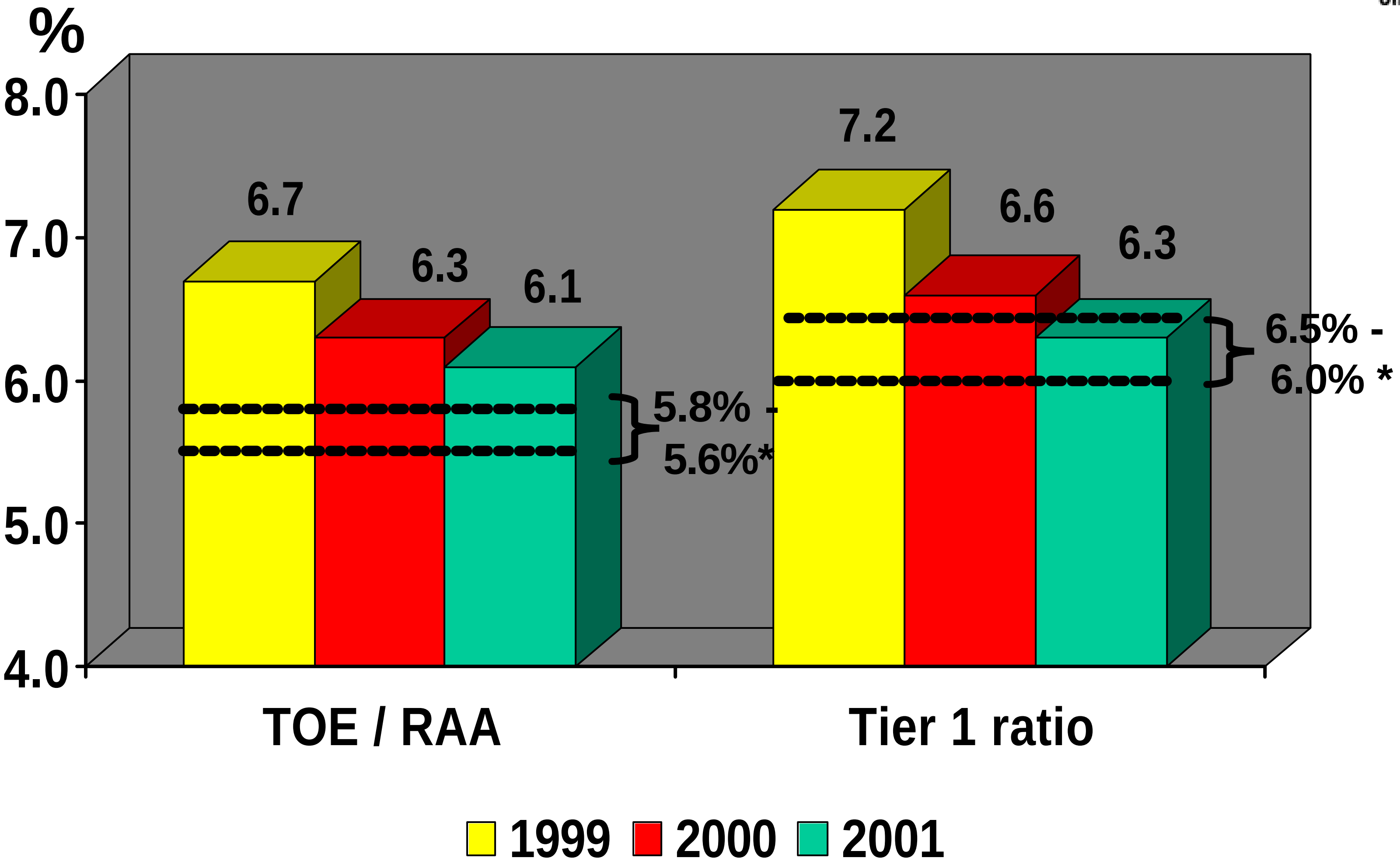
* Based on most recent published results

Capital ratios



* Target range

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Capital strategy

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- Target ranges unchanged
- Expect to be above target Tier 1 early in calendar 2002
- Revised capital strategy in early 2002 to address:
  - Further hybrid Tier 1 scope
  - Long term options for NZ Class Shares
  - Target capital structure including buy-back capacity

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Australia's First Bank

Outlook

David Morgan
Chief Executive Officer
2 November 2001

Outlook

Official Partner

- August strategy presentation demonstrated double-digit EPS growth scenarios
- Revised view on Australian economy
  - Around 3% GDP growth in year to 30 June 2002
  - Inflation in 2%-3% range
  - Credit growth slowing to 6%- 8% range
  - Unemployment peaking at 7.5% in 2002
- This scenario remains consistent with expectation of double-digit EPS growth outlook

Opportunities

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- Have achieved second to none positioning on balance sheet quality and core earnings growth momentum
- Well positioned for growth
  - Ample potential to increase average product holdings of 2.5 per customer
- Low cost base with ongoing productivity enhancements embedded
  - Tapping low cost, global capabilities through outsourcing
  - Pipeline of expense reductions in place
- “Open for business”

Recap – strategy is delivering

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- **Disciplined execution delivering results**
- **Underlying growth in revenue equal to or better than peers – 10%**
- **Sector leading improvements in efficiency in terms of absolute expense growth – 2%**
- **Leading position in credit quality, and provisioning coverage remains intact**
- **Resulting in highest EPS growth and highest ROE versus peers**

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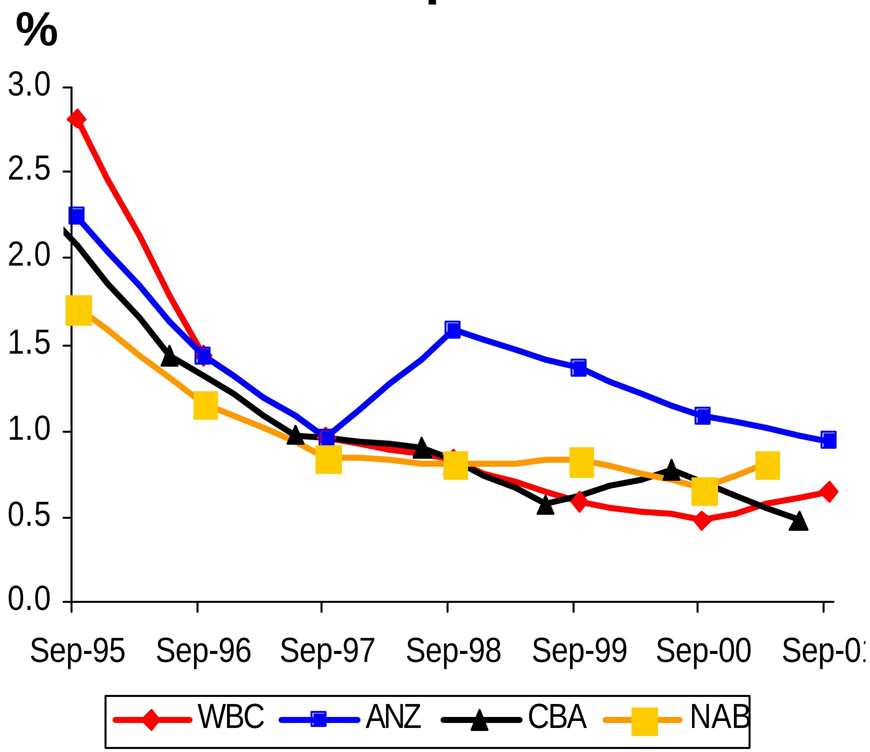
Supplementary Information

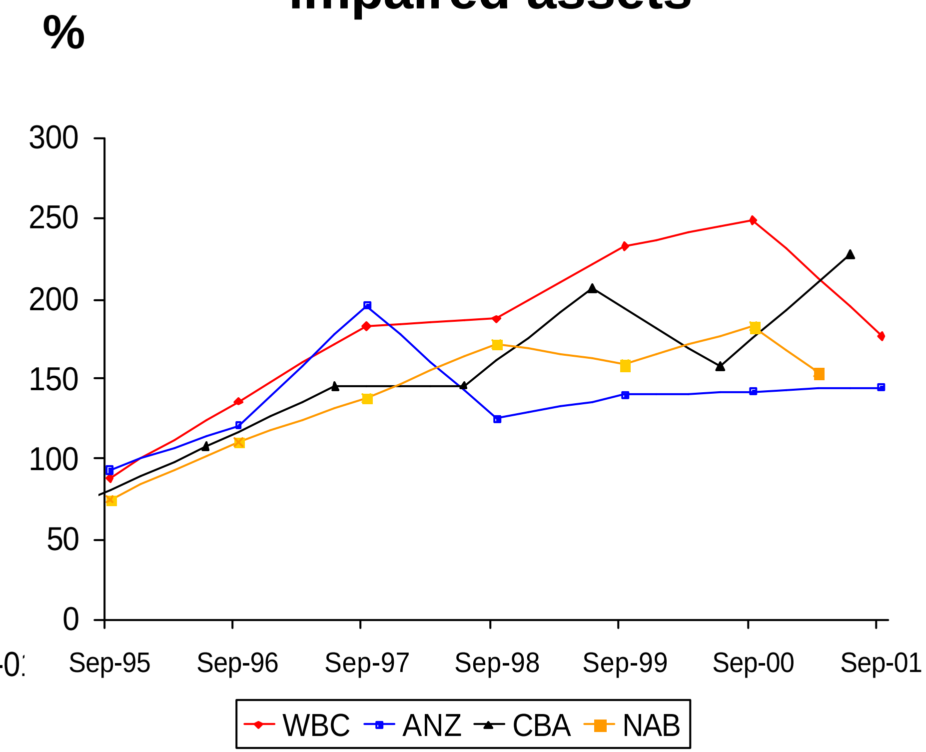
2 November 2001

Impaired loans and provisions

Impaired assets to loans & acceptances



Total provisions to total impaired assets



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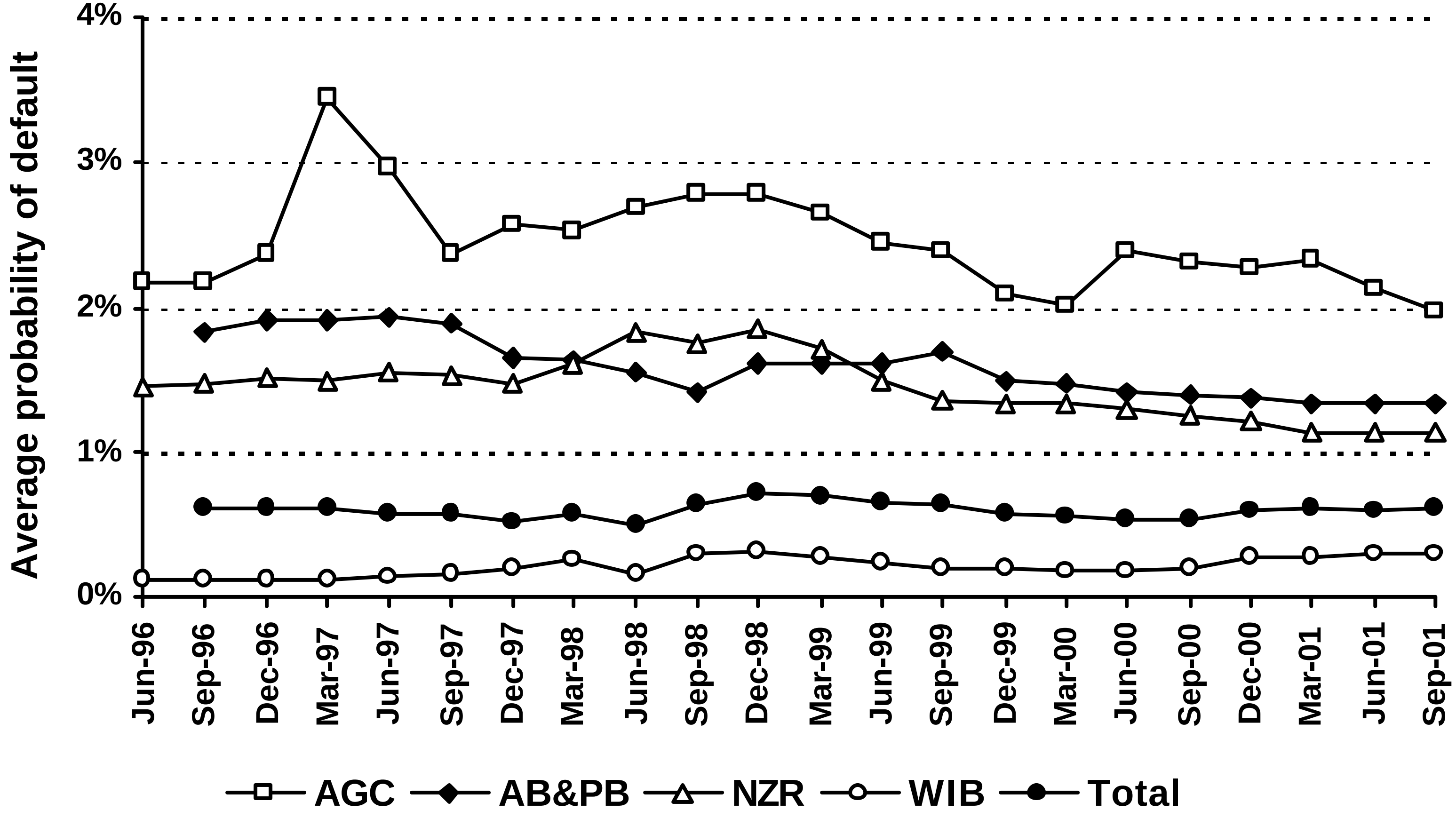
Average probability of default



Impaired assets & provisioning cover

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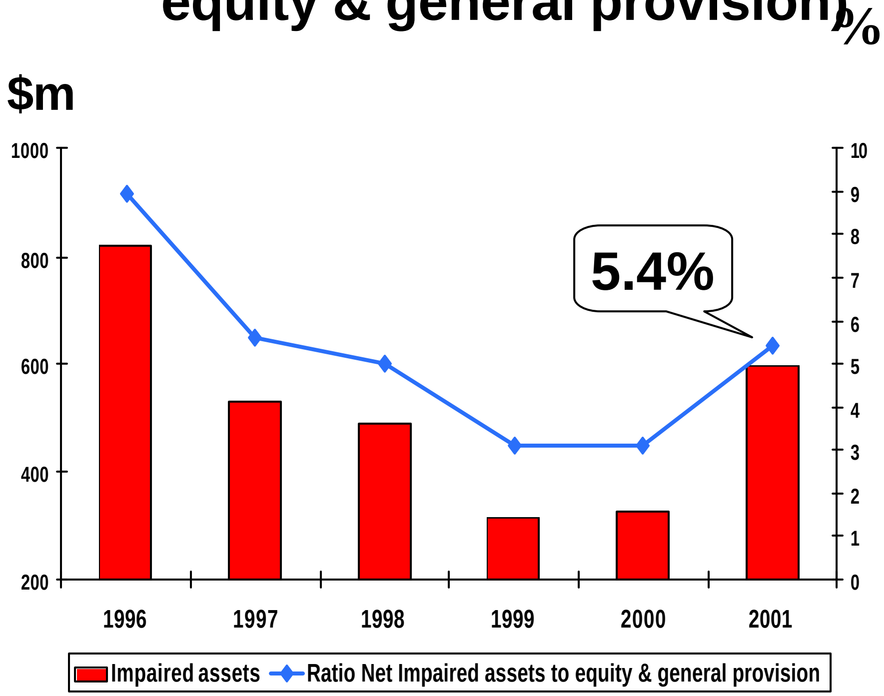
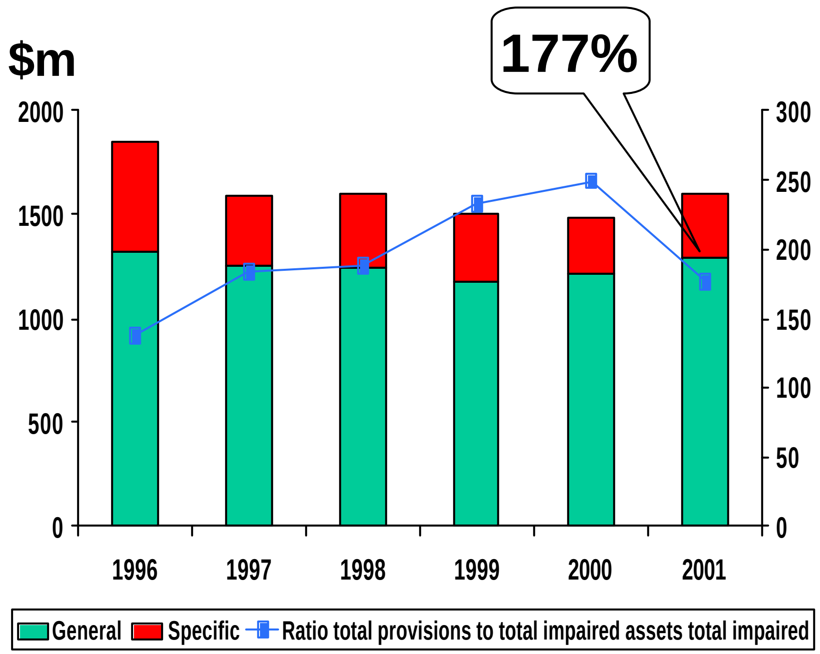
Net impaired assets
(Actual & ratio to equity & general provision)



Total provisions
(Actual & ratio to total impaired assets)



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Portfolio Analysis - September 2001

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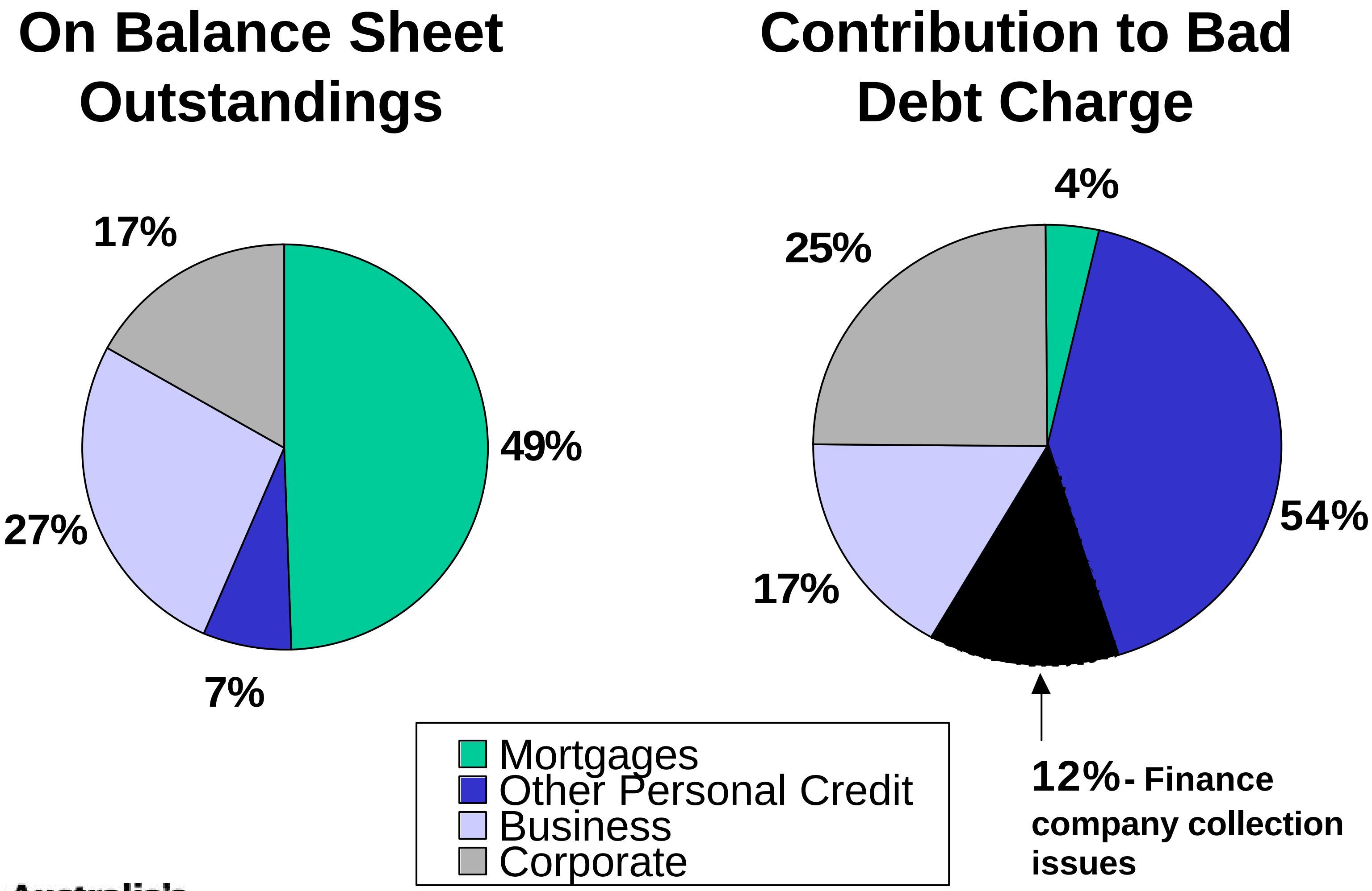

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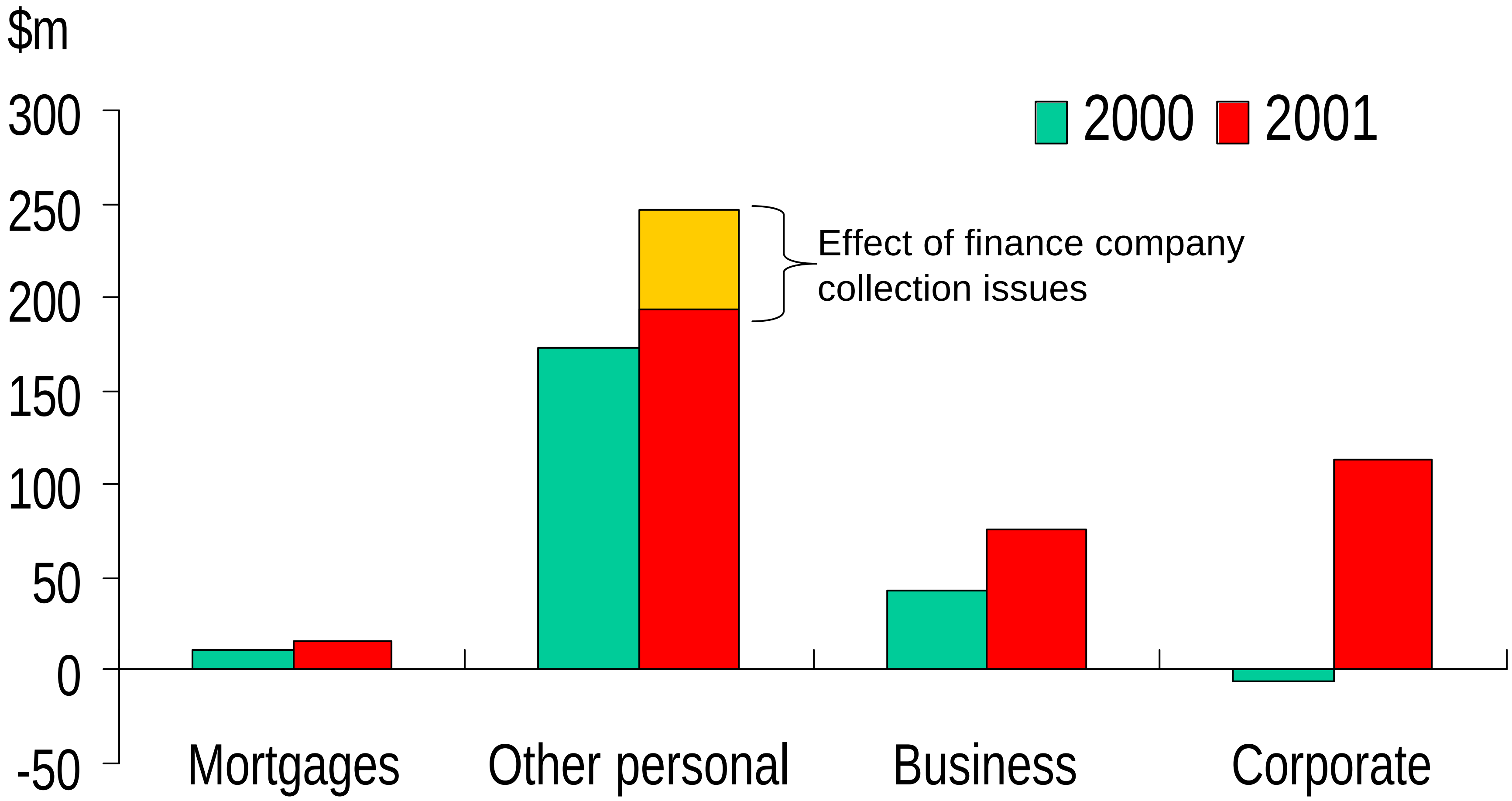
Bad debt charge by component



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Online growth continues

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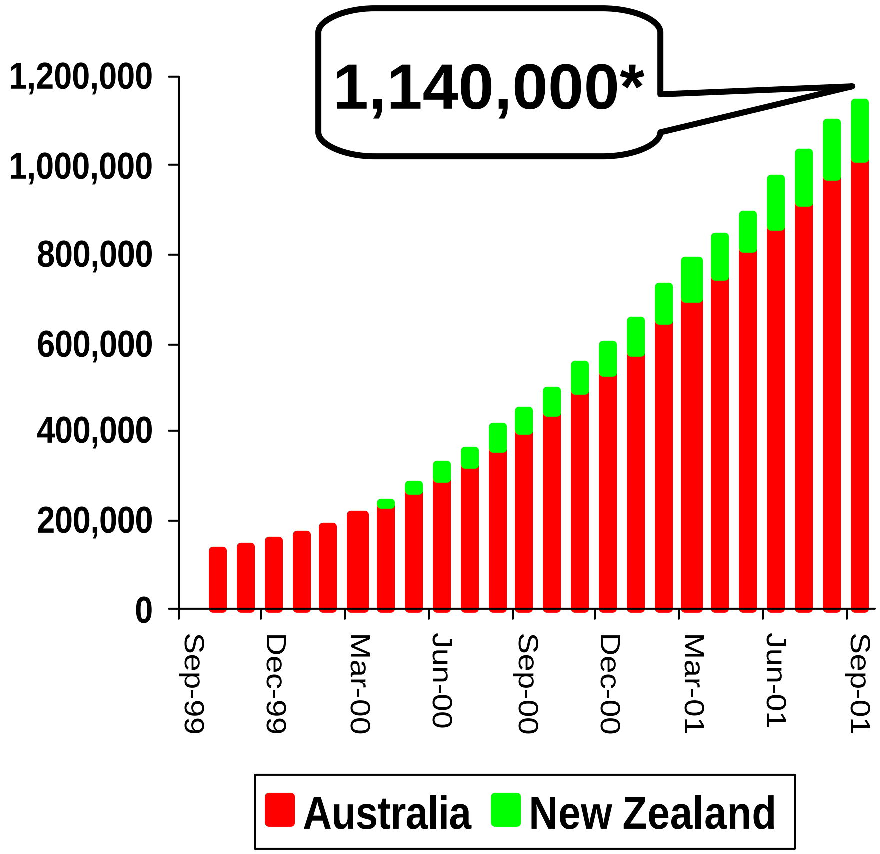
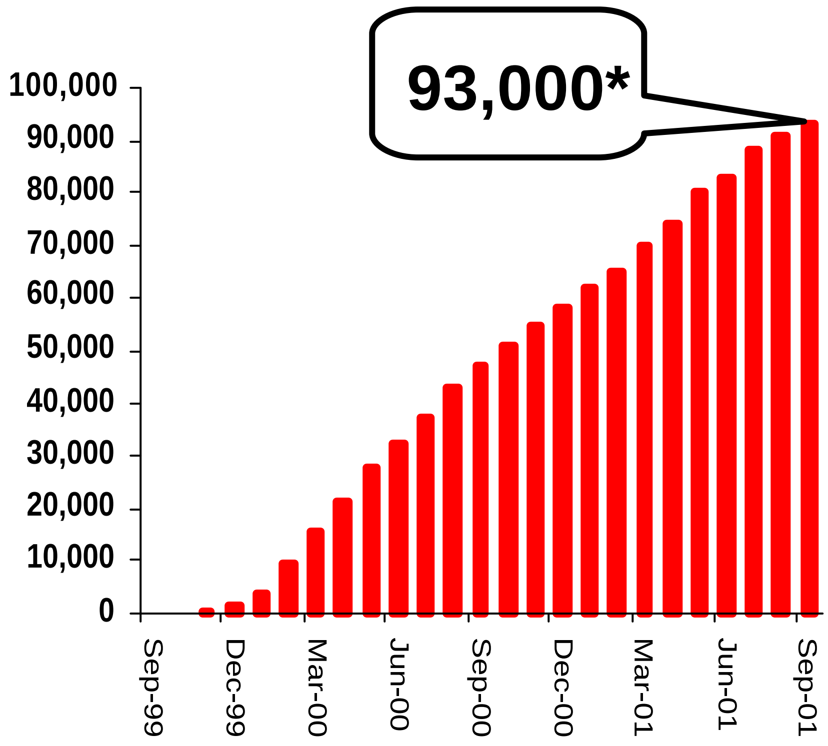
On-line Banking



On-line Broking - Australia



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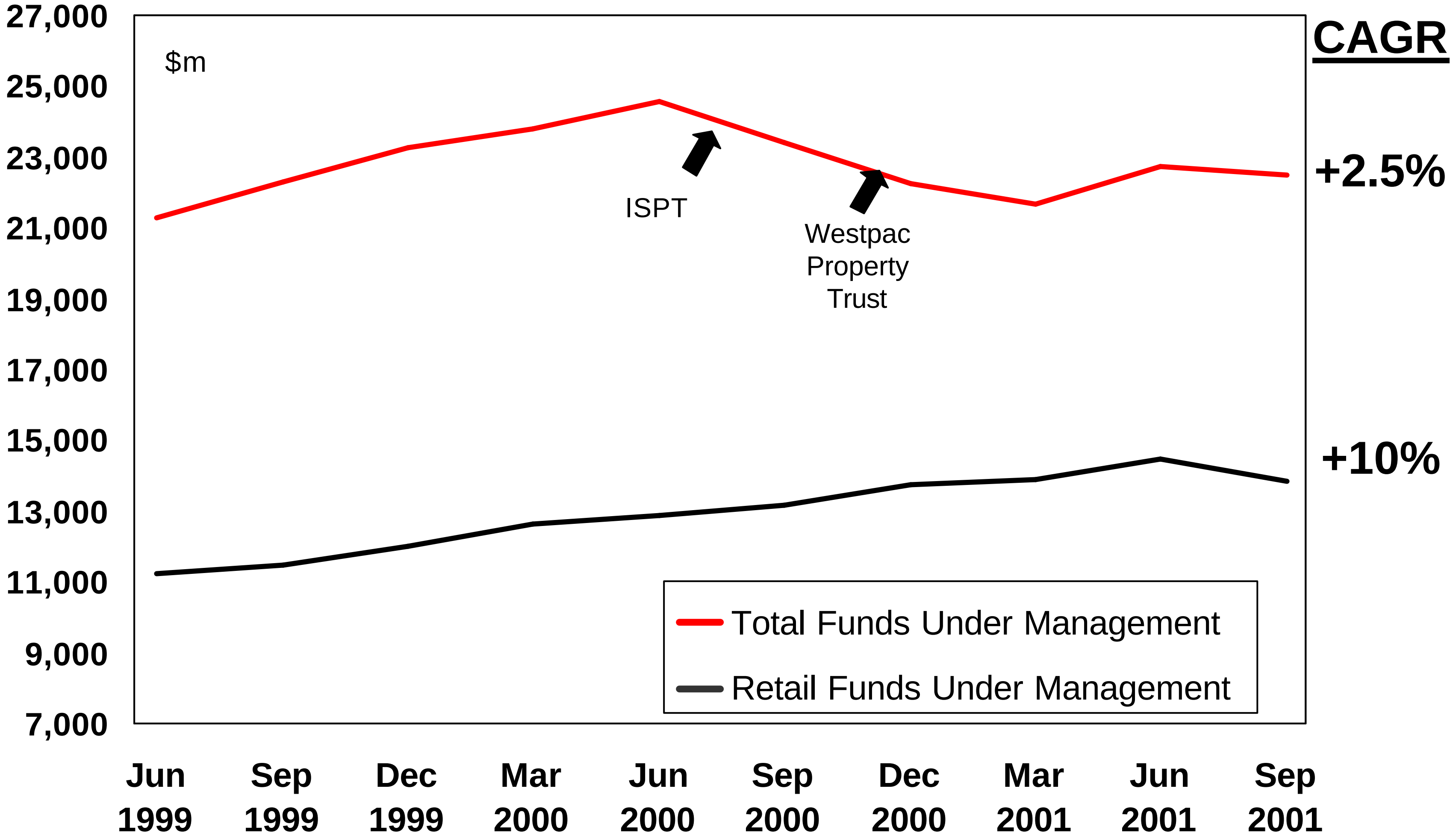
* 30 September 2001

Growth in retail FUM



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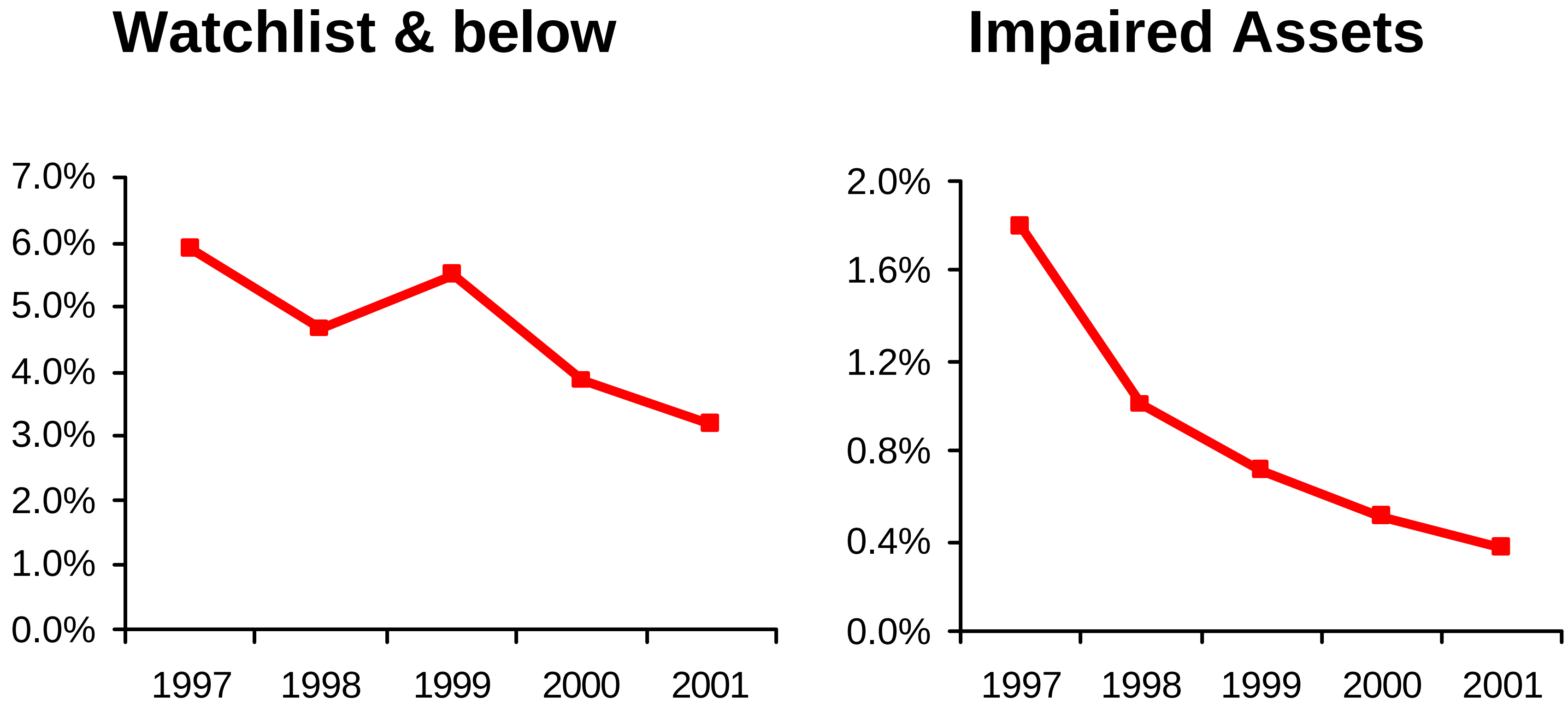
Australia's First Bank

Source: ASSIRT

Business banking - stressed loans



% of total business banking commitments

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