



Australia's First Bank

Westpac Banking Corporation

Market Update

21 July 2005

Overview

David Morgan
Chief Executive Officer

21 July 2005

Market issues

- Response to the changing competitive landscape
- Momentum in retail franchise
 - Market share
 - New initiatives
 - Balancing growth and margins
- Sustainability of performance
- Developments on the regulatory front

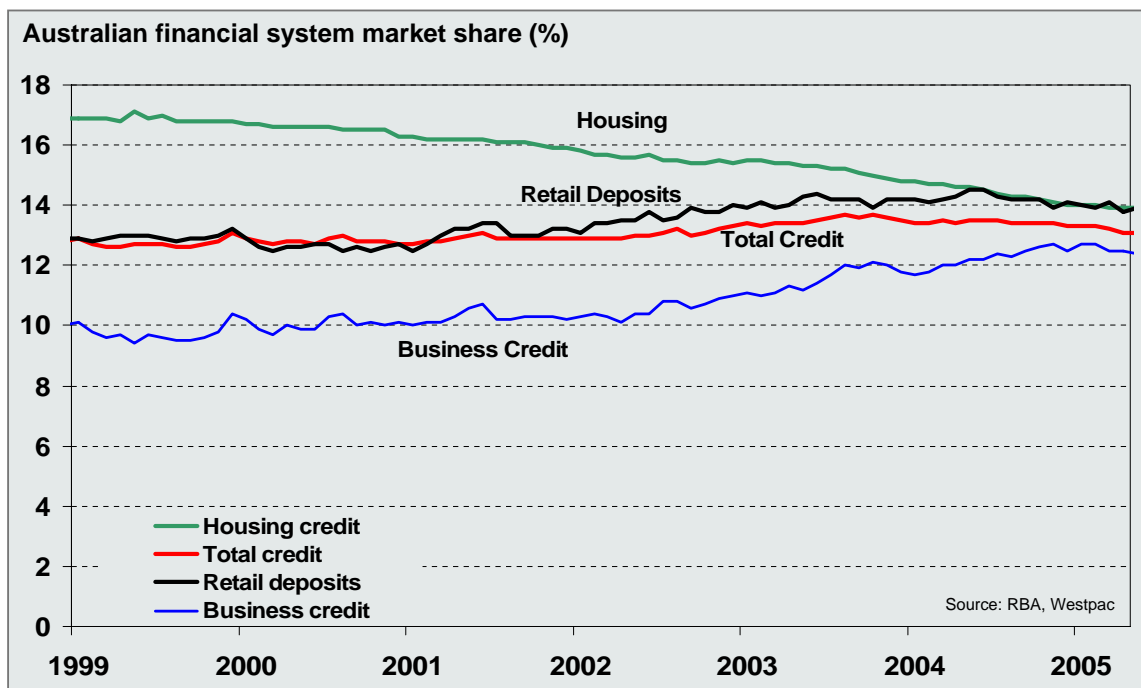
The evolving operating environment

Economic	Customers	Competitors	Regulatory
<ul style="list-style-type: none">• Aust/NZ GDP growth ahead of OECD growth• Credit growth to slow but continue to exceed nominal GDP growth• Environment remains broadly favourable	<ul style="list-style-type: none">• Ageing population• Increasing demand for investment advice• Customers becoming more price sensitive• Greater awareness of choice	<ul style="list-style-type: none">• Renewed focus on customer oriented strategies• Global players expanding• Specialist, third party and non-financial players• Price increasingly being used to attract business• Competition for talent	<ul style="list-style-type: none">• Increased reporting/compliance requirements• International 'harmonisation' challenges

There are some challenges ahead of us

- Credit growth continuing to slow
- Increasing competitive intensity
- Maintaining the momentum in the retail franchise
- Further leveraging opportunities across the Group
- Improving our infrastructure
- Delivering on regulatory and compliance projects

Market share



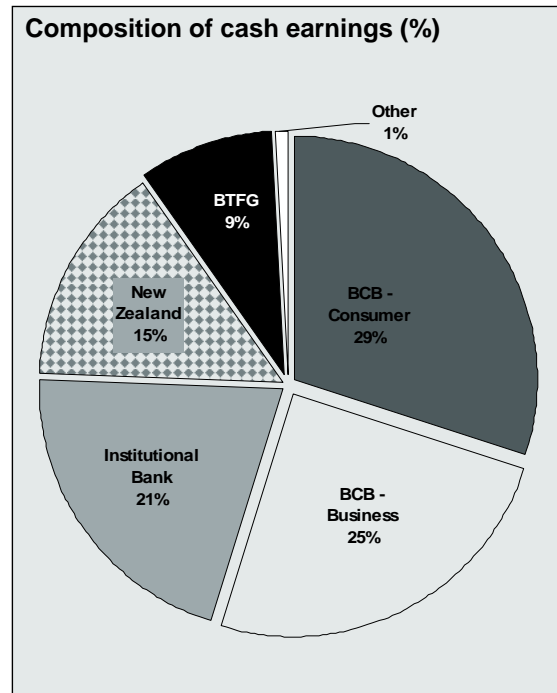
Responding to competition

- Remaining disciplined
 - Prepared to forgo unprofitable growth
 - Responding in a systematic and rational way to any unsustainable price competition
- Single mindedly focused on long term value
 - Ensure operating as efficiently as possible
 - Increasing Group's resilience to external shocks

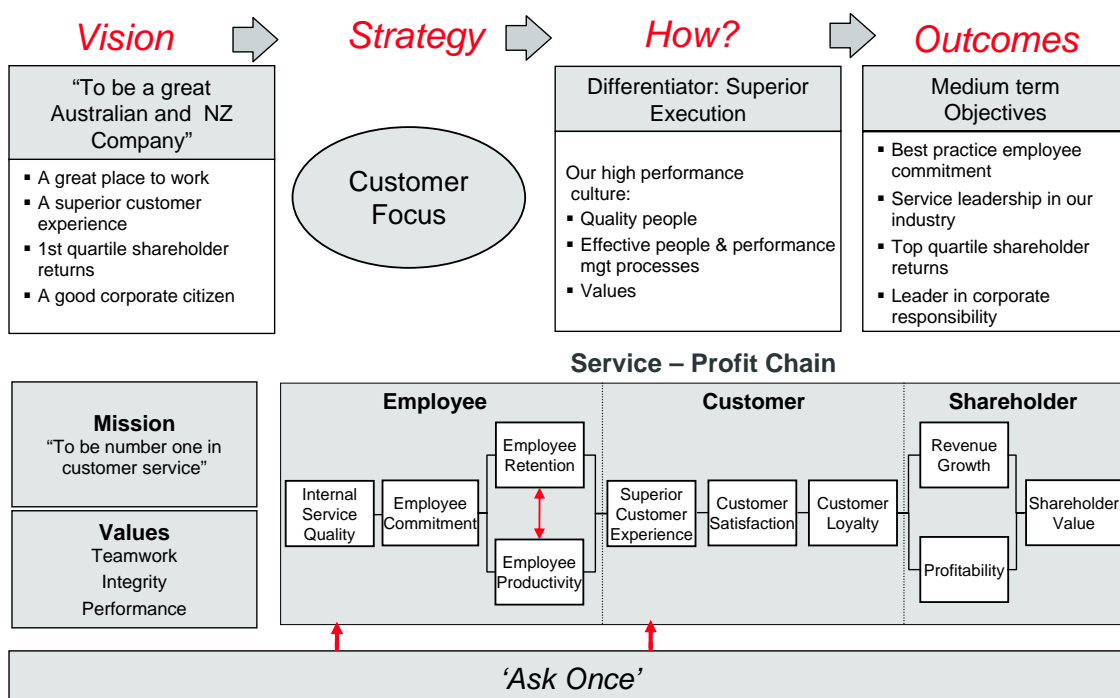


Our business is in good shape

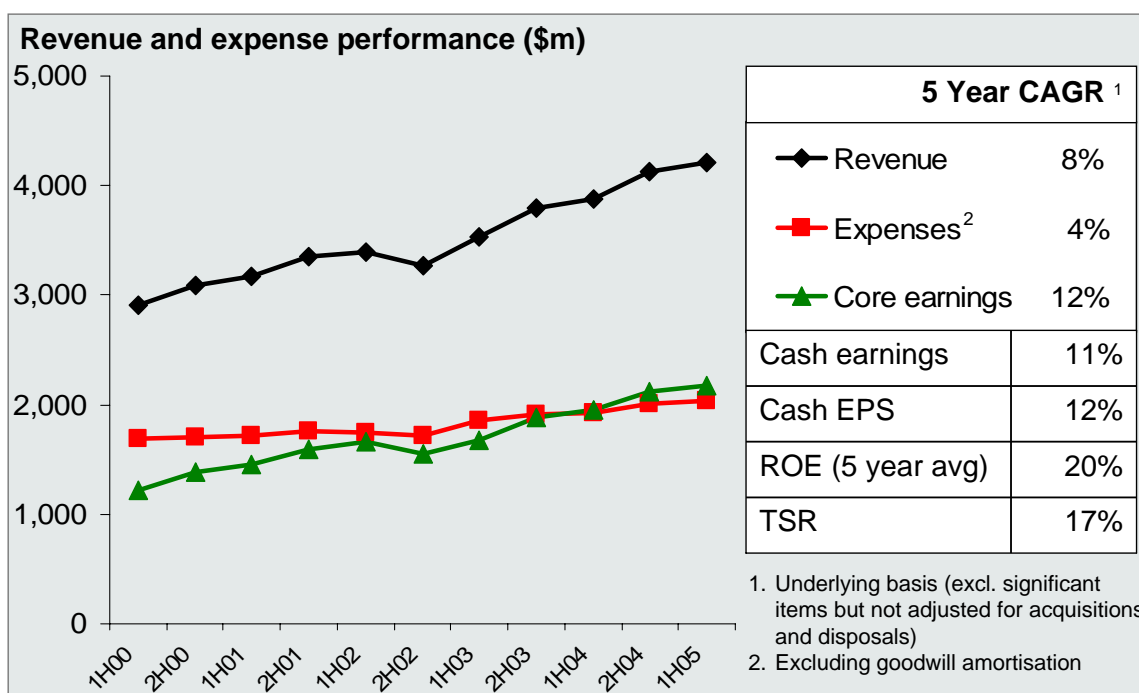
- Well diversified portfolio enabling us to deliver sound earnings outcomes under various economic scenarios
- Low risk profile
- Delivering genuine cross unit synergies
- Stable leadership and committed employees
- Global leader in sustainability



Our customer focused strategy



Earnings momentum sustained



Market Update July 2005 – David Morgan



9

Performing well against peers ¹

Adjusted 1H05 results compared to 1H04

	1H05	WBC
Cash EPS growth	12%	1
Cash earnings growth	12%	2
Cash ROE	21%	2
Group net interest margin change	(8bps)	1
Loan growth – net loans & acceptances	11%	3

1. Peer group – ANZ, CBA, NAB & SGB. Most recent period for CBA - 31 December 2004

Market Update July 2005 – David Morgan



10

Strategic options

Option	Comments	Status
Organic growth	<ul style="list-style-type: none"> • Aust/NZ lowest risk and highest value available • Significant opportunities still remain within existing customer franchise • Expand Asian capability to capture flows to/from Australia and NZ • No diversion risk 	Aggressively pursue
Acquisition	<ul style="list-style-type: none"> • No major capability gaps • Very limited opportunity to generate value at current prices • Disciplined adherence to criteria has served us well 	Maintain watching brief
International expansion	<ul style="list-style-type: none"> • No compelling offshore competitive advantage • Low synergies • Learn from others' mistakes 	Keep open mind but low probability

Today's agenda

Group Executive	Title
Mike Pratt	Business and Consumer Banking
Ann Sherry	New Zealand
Philip Coffey	Institutional Bank
Question time and break	
Rob Coombe	BT Financial Group
Philip Chronican	Asia, Capital & Risk
David Morgan	Summary
Question time	

Delivering Profitable Growth

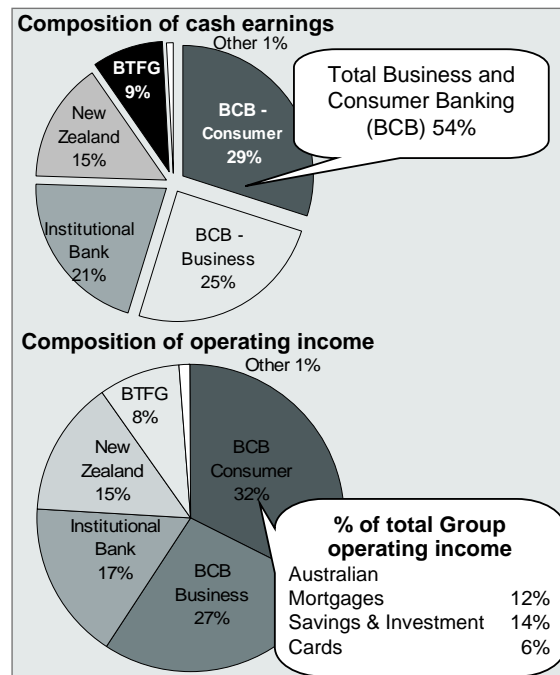
Mike Pratt
Group Executive
Business & Consumer Banking
21 July 2005

Key Messages

- We are committed to becoming the number one service organisation in financial services, achieving “sales through service”
- Competitive environment has fundamentally changed
- Our customer franchise and brand are strong
- Customer satisfaction is improving in all segments
- Sales force effectiveness is improving and remains a key opportunity
- We have seen a significant uplift in 3rd quarter volumes
- Our strong margin position gives us strategic flexibility

Business & Consumer Banking today

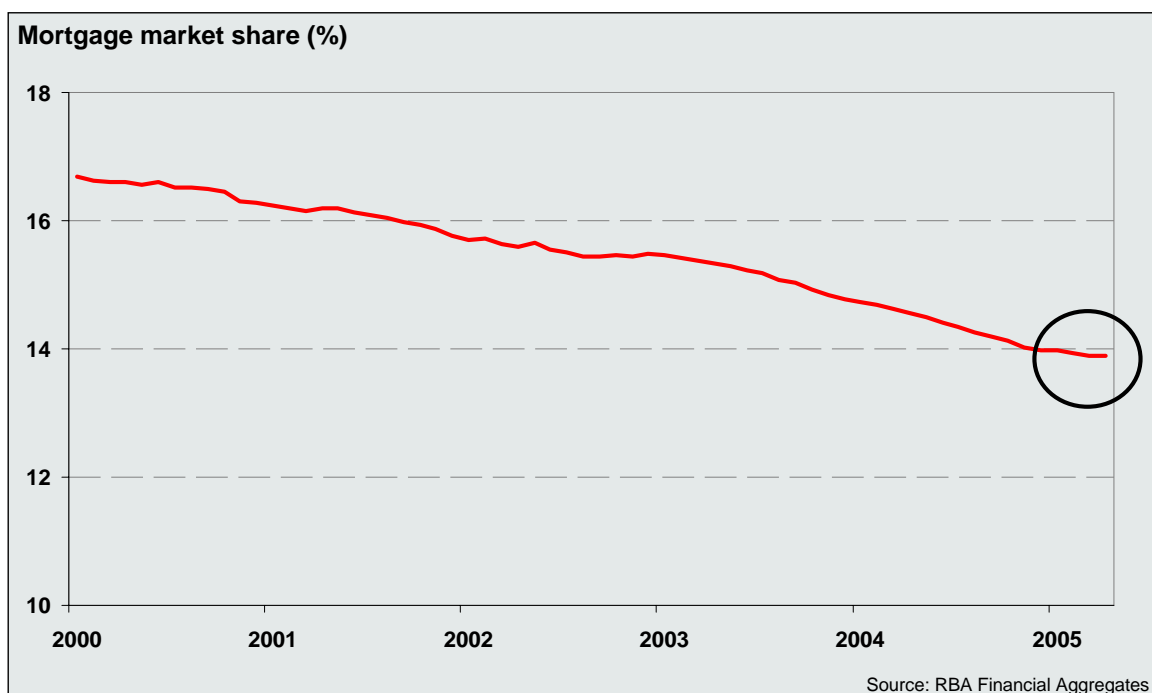
- 5.1 million Australian retail banking customers
 - Consumer
 - SME
 - Middle Market
- Customer segmented organisation
- Share of wallet per customer¹:
 - Consumer: 34%
 - Business: 67%
- 12,350 employees



¹ Share of wallet – proportion of customer's funds held (incl. Deposits, loans, wealth)

Sources:
Consumer – Roy Morgan Single Source, Australians 18+, April – March 05
Business – TNS Research

The mortgage book has provided the greatest challenge



Mortgage Performance over 1H05 is a mix of intended and unintended factors

We made risk and return based decisions that affected our market share

- Low-doc loans
- Inner city apartments
- Margin management

16bps
Market
Share
decline
intended

However, some loss in market share was not intended:

- Sales productivity
- Management of Broker Channel

24bps
Market
Share
decline
unintended

Addressing these issues is resulting in an uplift in quality volume

• Broker Channel

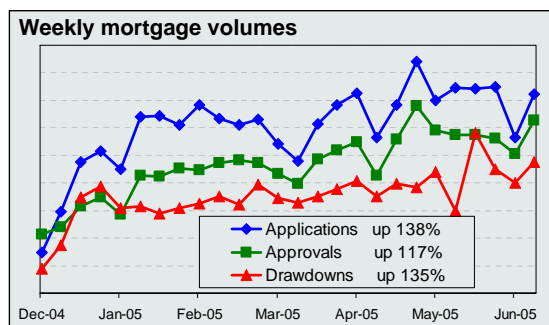
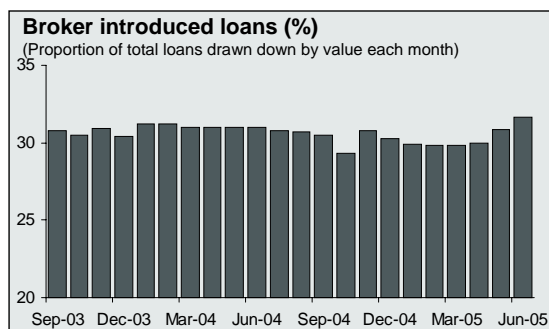
- Focus on top Brokers
- Improved Broker model
- Improved process efficiency

• Sales Productivity

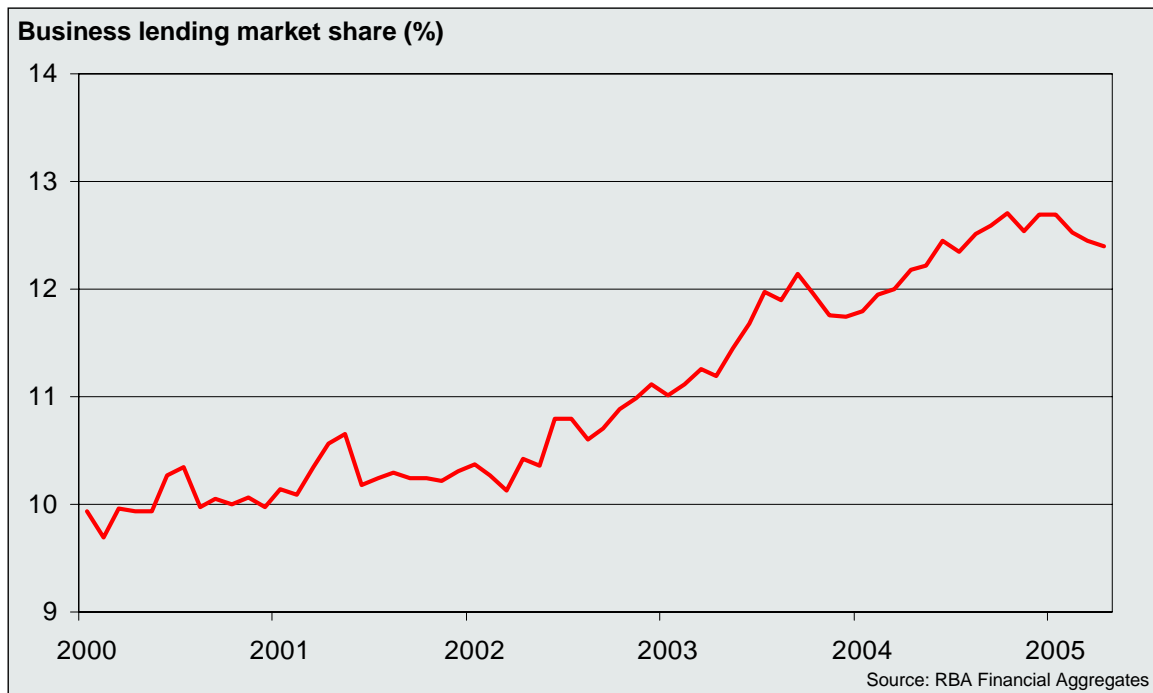
- Westpac Way delivering sales productivity lift by 28% on March 2005
- Deployment of new Home Loan Experts

• Margin Management

Mortgage spreads (%)				
2H03	1H04	2H04	1H05	3Q05
1.22	1.18	1.18	1.17	1.17

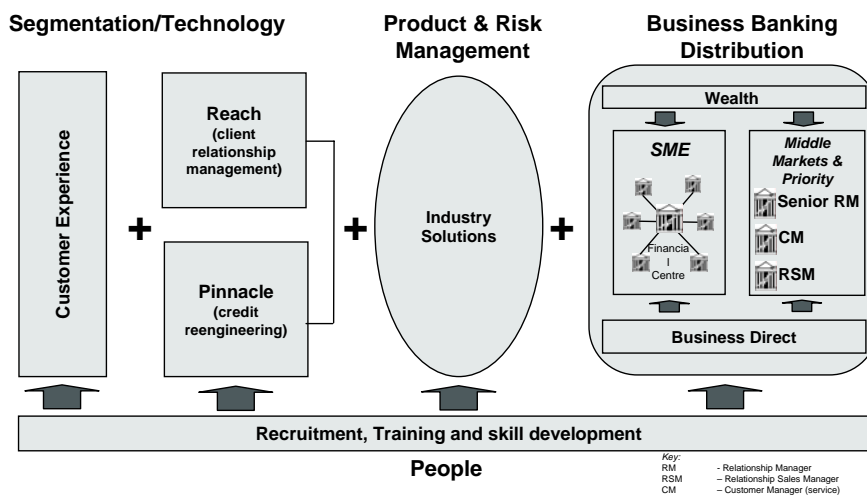


Our business bank continues to deliver consistent growth despite a challenging environment

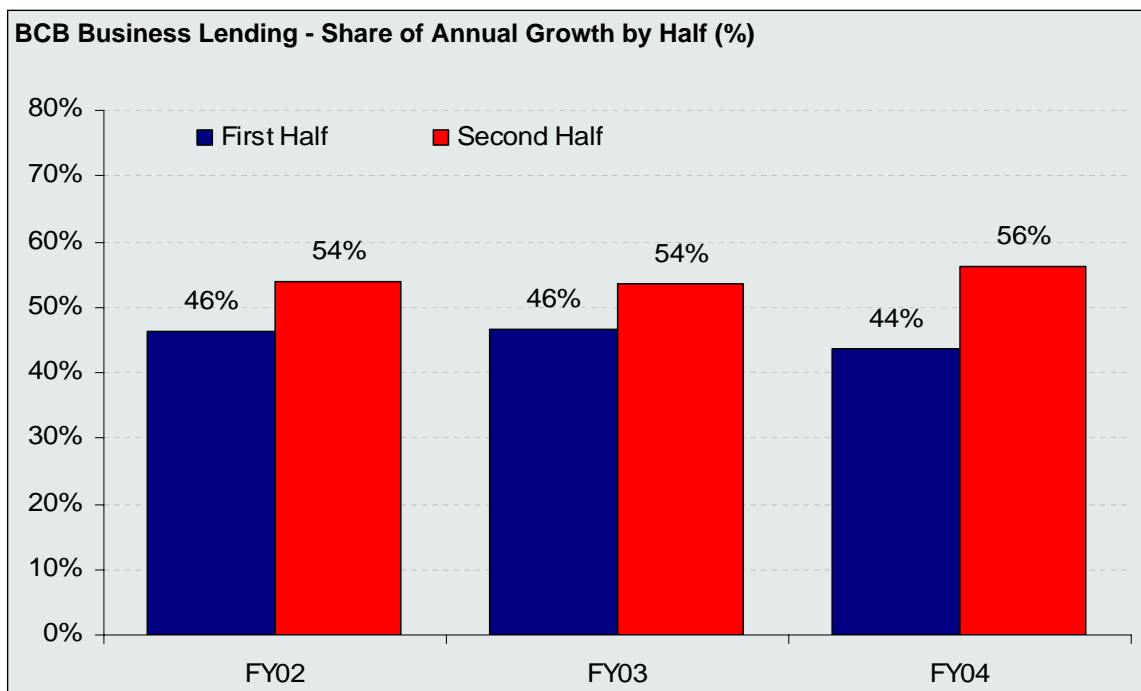


We continue to execute against our strategy in Business Banking

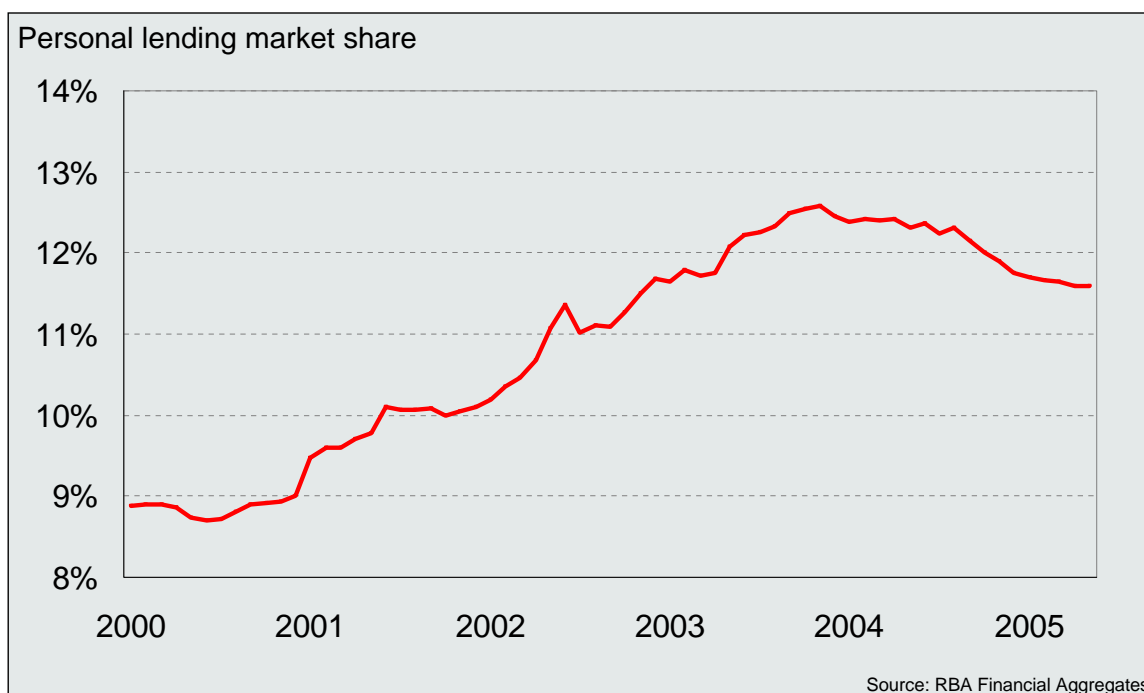
- Segmentation and technology
- Industry solutions
- Distribution model
- Leveraging off Business Lender and Business Bank of the Year



Our business lending portfolio has a seasonally strong second half



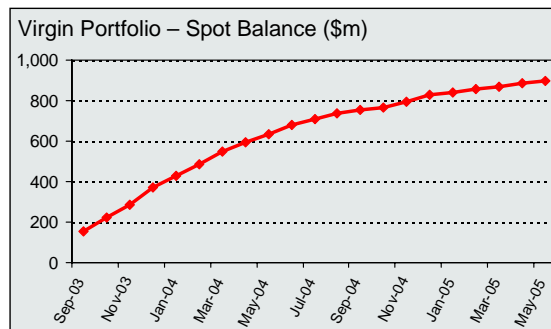
Competitive intensity is continuing to increase in the personal lending segment



We are taking a targeted approach to cards growth

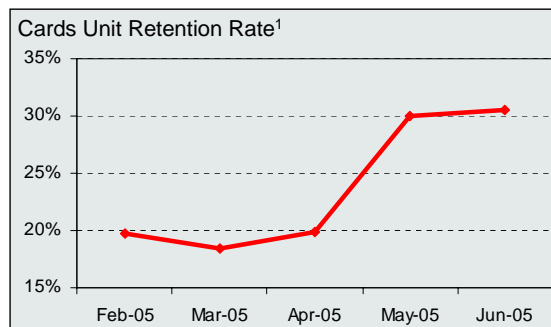
Virgin portfolio:

- Strong performance
- Balances over \$900m



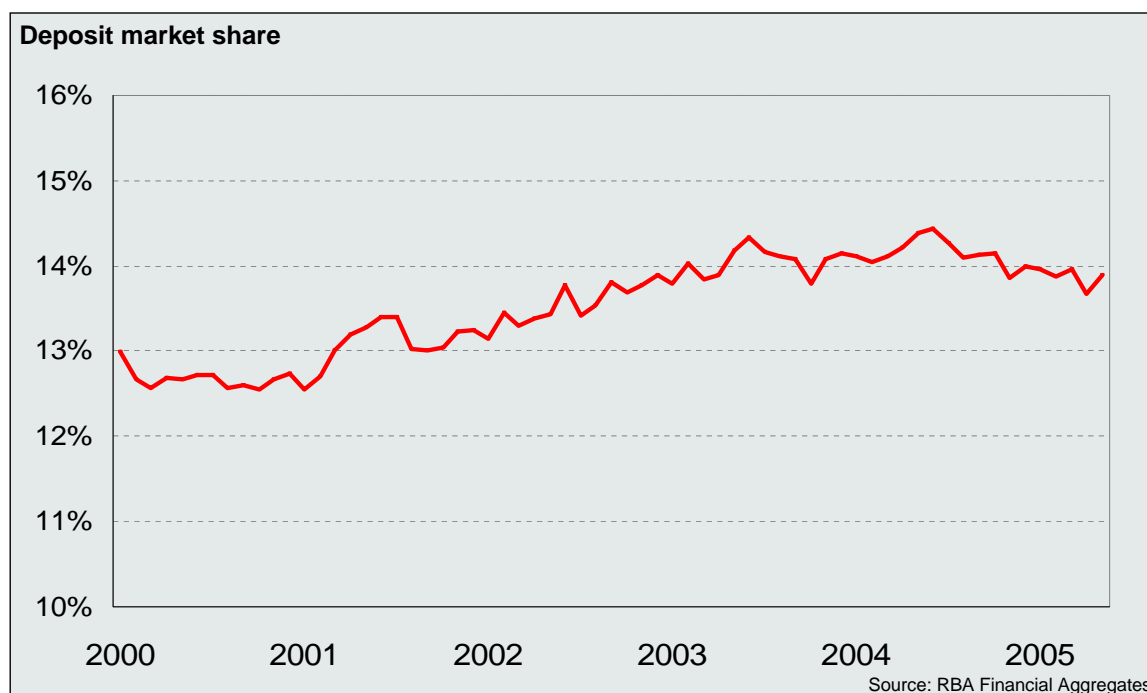
Proprietary portfolio:

- Introduced specialised retention team increasing retention rates
- Leveraged our branch and call centre footprint to expand sales
- Launched a low rate card
- Targeted valuable segments



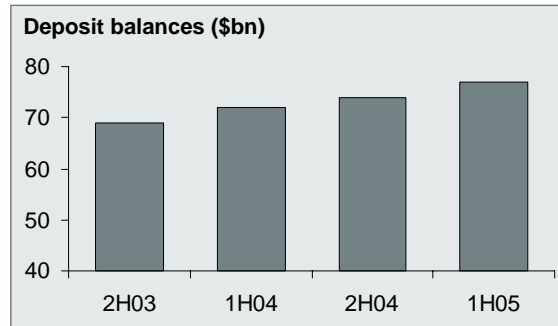
¹ % of customers retained who are contacted by the cards retention unit

Competition for deposits has fundamentally changed, particularly over the last twelve months



Our response has delivered a positive outcome and positioned us for future growth

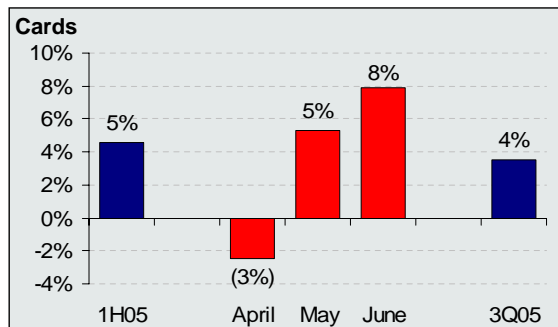
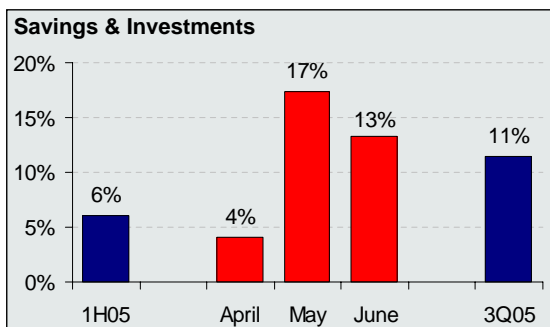
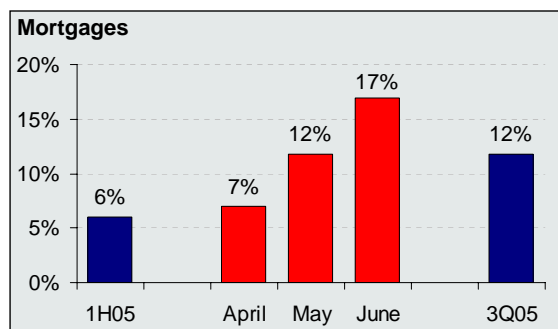
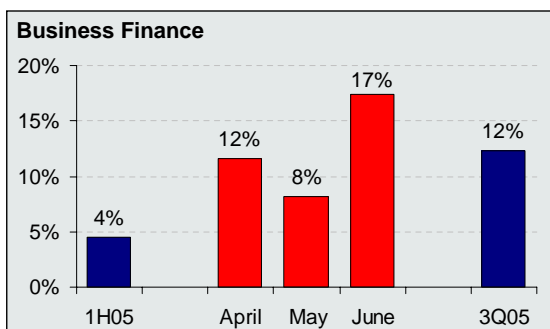
- Max-i Direct delivered online in January 2005 - \$2bn growth in cash management balances since March 2005
- Westpac One transaction account – over 125,000 new accounts since its November 2004 launch
- Deposit outflow to our major online competitors has slowed by 30% to 40%
- We have managed to grow our portfolio whilst retaining spread



Deposit spreads

2H03	1H04	2H04	1H05	3Q05
1.56	1.66	1.62	1.89	1.86

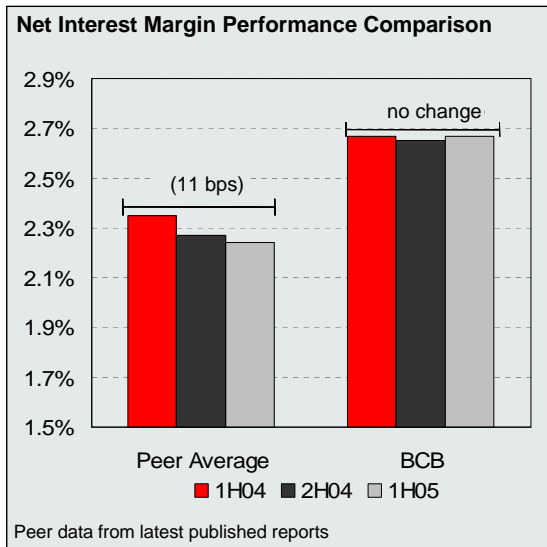
Execution of initiatives has resulted in strong 3Q05 volume growth



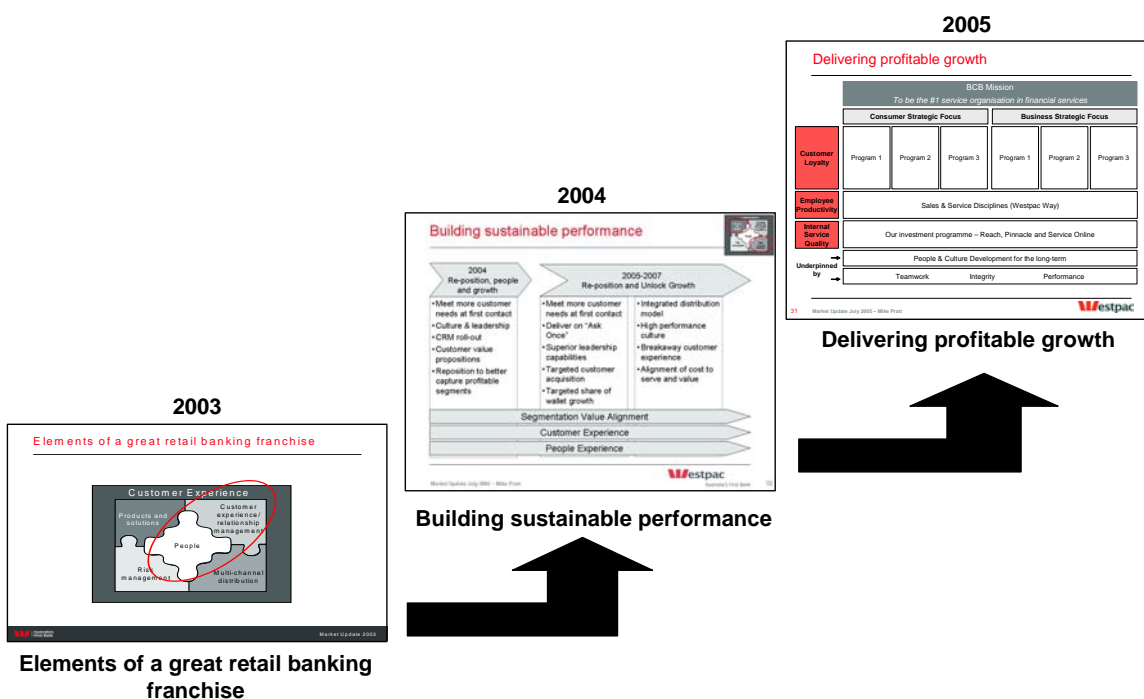
Annualised total portfolio period growth

Importantly, our stronger margin positioning allows more flexibility

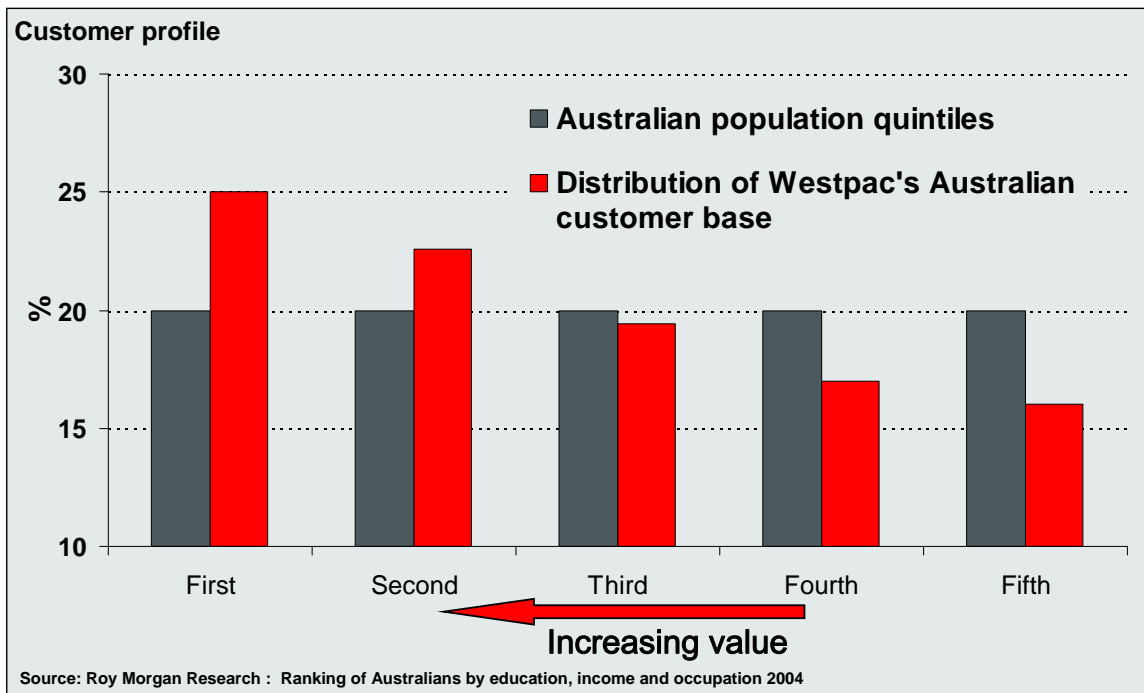
- We've taken a disciplined approach to pricing – preserving a better margin position than our peers
- Our current growth has not been achieved at the cost of margin erosion, additional risk or advertising spend
- Our strong margin position provides significant scope to meet the competition where required



We continue to deliver on our strategy, refining it to meet changes and challenges in the competitive environment



We have linked our strategy to our strong customer franchise



And a strong, well recognised, service-based brand

- Introduced a new brand campaign in Sept 2003
- Brand positioning is centred on service based proof points
 - Fresh thinking
 - Open & honest
 - Down to earth
 - Understands customers
 - Doing things differently

Brand metrics improvement September 03 – March 05

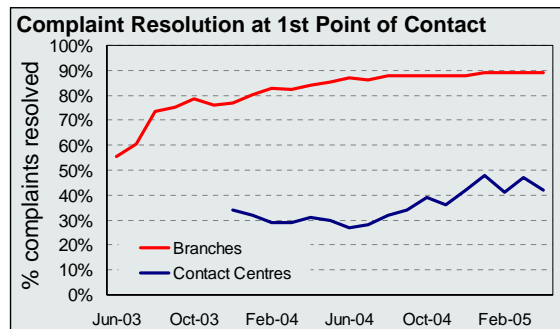
Total Campaign	Phase 1 Oct 03	Phase 2 May 05
Do you recall seeing this ad?	40%	59%
Who is this ad for?	61%	85%
What was the message this ad referred to?	54%	81%
Effective cut through	13%	40%

Service quality and customer satisfaction continue to improve

- Significant improvement in customer satisfaction:
 - Queue management
 - Process improvements
 - Customer experience workshops
 - Customer Experience Tracker (frontline benchmarking tool)
- Significant improvement in service quality:
 - Complaint training completed – 10,600 people
 - Customer Feedback system rolled out to 5,000 people

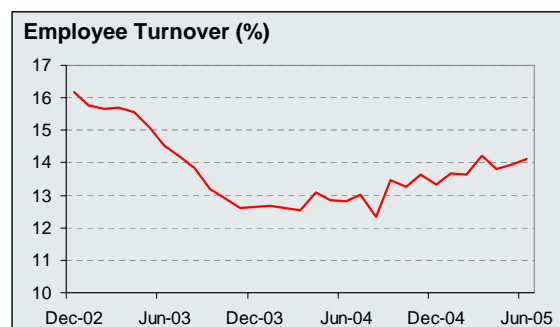
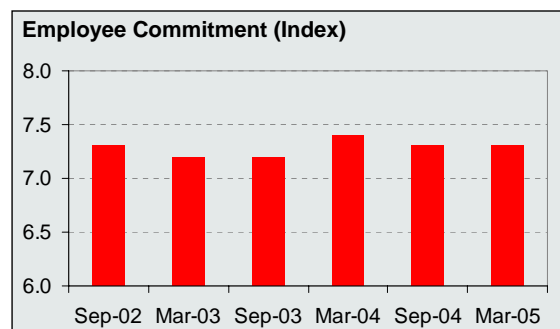
Customer Satisfaction			
	From (%)	To (%)	Change (%)
Consumer	64	71	11
SME	53	62	17
Priority / Middle Markets	59	71	20

Source: Consumer - Roy Morgan Research. Satisfaction is defined as very or fairly satisfied and among those 14+ that regard each Bank as their Main Financial Institution. Period - June 2002 to April 2005
SME, Priority / Middle Markets – TNS Research, Period - June 2002 to May 2005

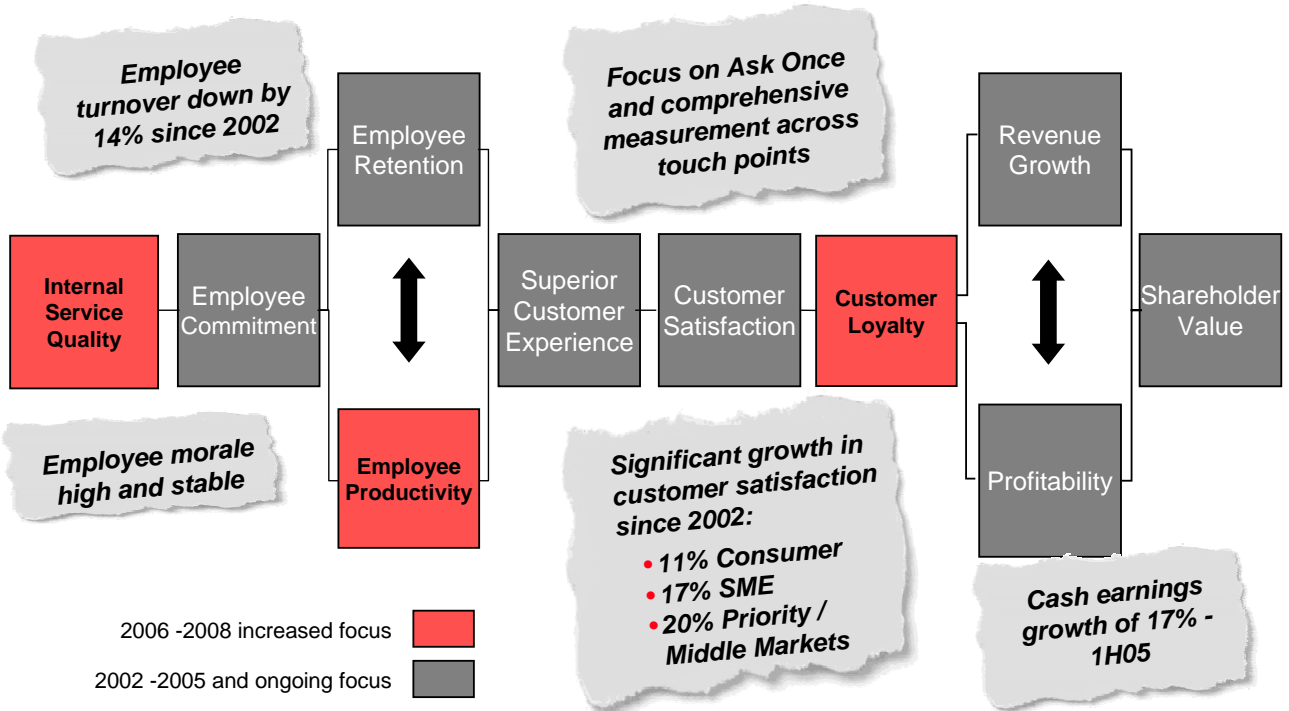


This is being enabled by our engaged and committed workforce

- Employee capability initiatives:
 - Branch Operating Model
 - Careers Guide
 - Mature age program “Age Balance” recruited 973 employees since October 2003
- Leadership and culture development
- Succession planning and coaching frameworks
- Employee retention is better than the market

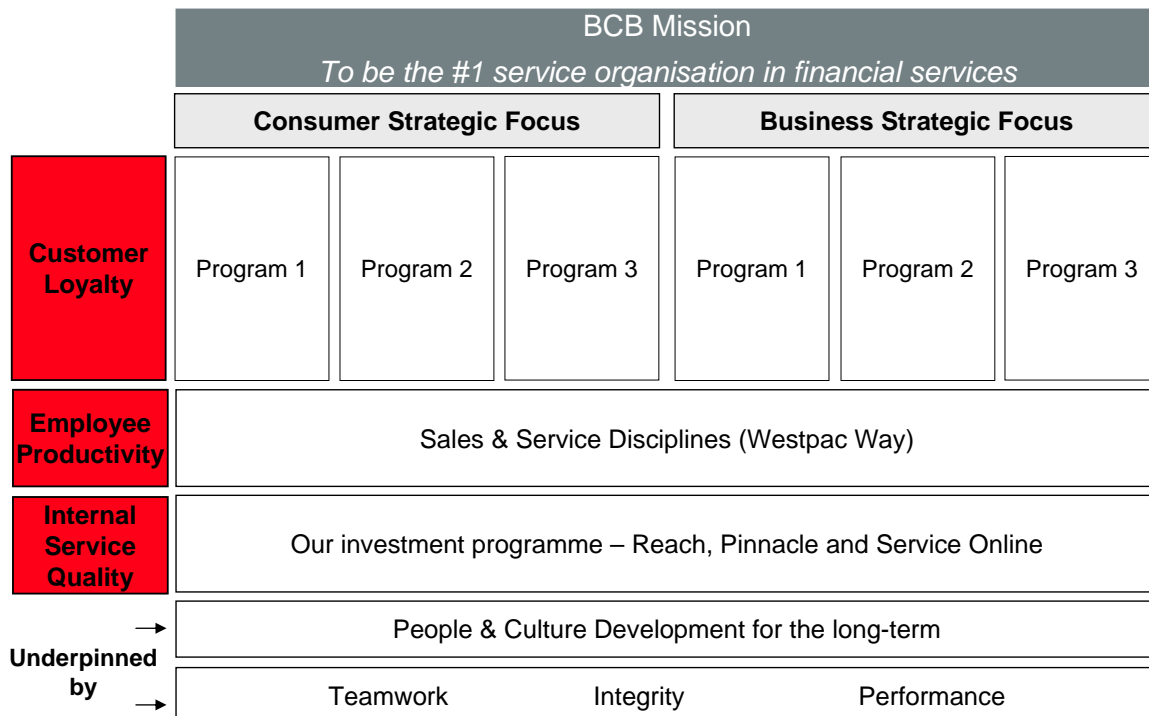


Service profit chain continues to be central to our strategy



Source: Consumer - Roy Morgan Research. Satisfaction is defined as very or fairly satisfied and among those 14+ that regard each Bank as their Main Financial Institution. Period from June 2002 to April 2005
 SME, Priority / Middle Markets – TNS Research, Period from June 2002 to May 2005

With a focus on customer loyalty, employee productivity and internal service quality



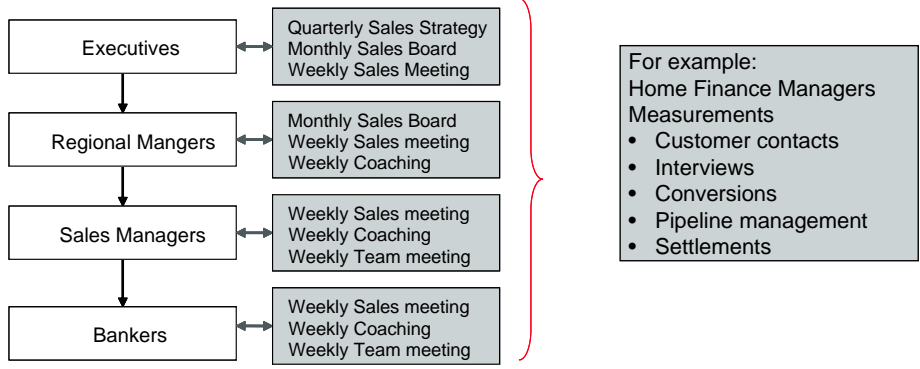
Employee productivity

Region	Product	Target	Actual	Variance	Notes
North	Home Finance	100%	95%	-5%	Review pipeline
South	Home Finance	100%	102%	+2%	Exceeding target
West	Home Finance	100%	98%	-2%	Review coaching
East	Home Finance	100%	101%	+1%	On track

Employee Productivity **Westpac Way**

Westpac Way is a comprehensive sales management program, that:

- Achieves sales *through* service
- Is a consistent and disciplined approach to sales management
- Enhances and integrates existing practices
- Is an ongoing commitment from leadership and management

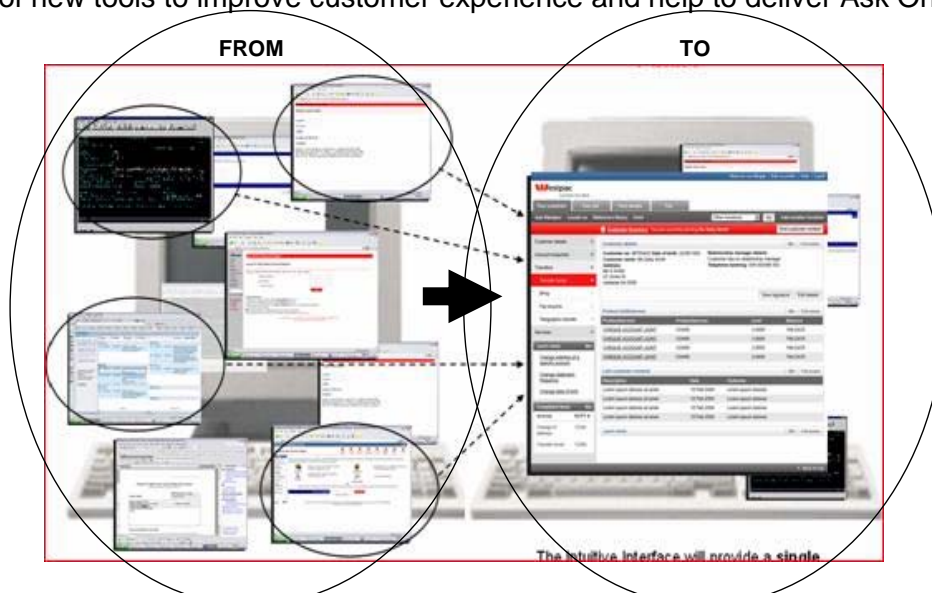


Internal Service Quality

Region	Product	Target	Actual	Variance	Notes
North	Home Finance	100%	95%	-5%	Review pipeline
South	Home Finance	100%	102%	+2%	Exceeding target
West	Home Finance	100%	98%	-2%	Review coaching
East	Home Finance	100%	101%	+1%	On track

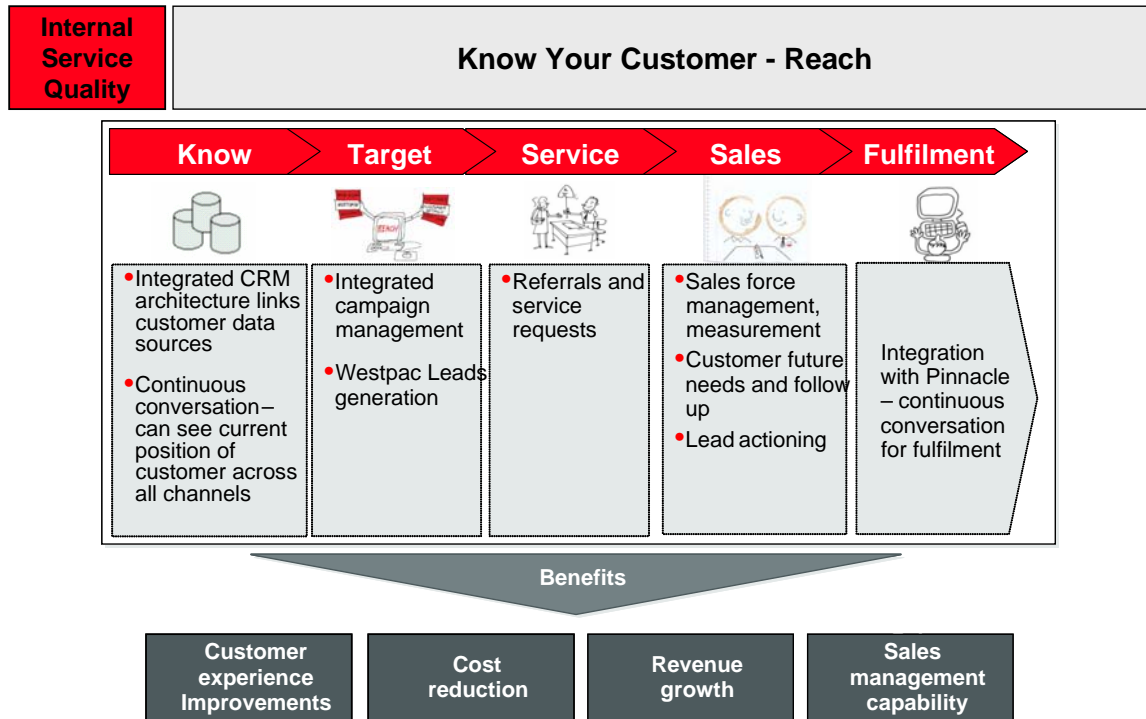
Internal Service Quality **Customer Experience – Service Online**

Service Online is a new front end platform, that provides our employees with a range of new tools to improve customer experience and help to deliver Ask Once



Internal Service Quality

Project	Project 1	Project 2	Project 3	Project 4	Project 5
Project 1					
Project 2					
Project 3					
Project 4					
Project 5					



Internal Service Quality

Project	Project 1	Project 2	Project 3	Project 4	Project 5
Project 1					
Project 2					
Project 3					
Project 4					
Project 5					

Internal Service Quality

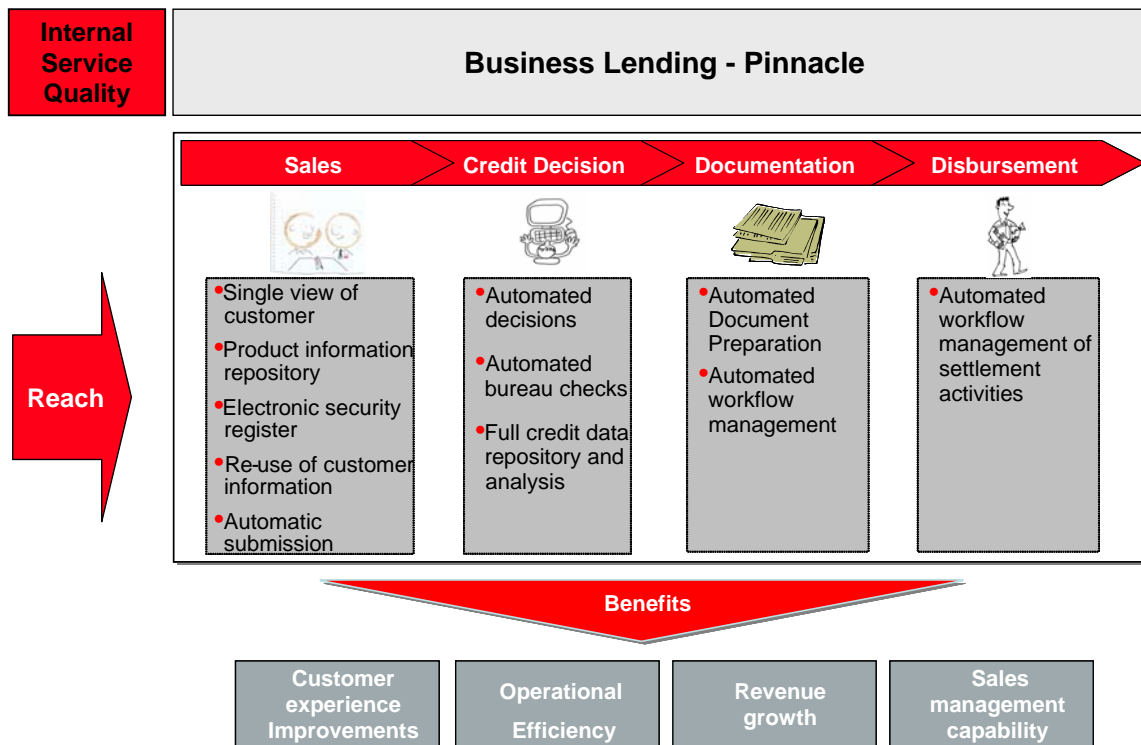
Know Your Customer - Reach

- Rolled out to 5,000 bankers across the network
- CRM has strengthened the sales pipeline and opportunity to deepen the relationship with our customers:
 - 13,000 customer profiles are updated weekly
 - A total of 60,000 future needs have been captured
- Customer feedback tool has improved the number of complaints captured
- There is a significant uplift in leads through to drawdowns that can now be attributed to our new CRM infrastructure:

	Jun 04	Jun 05
Leads delivered	15,000	60,000
Sales opportunities	33,500	69,900
Drawdowns achieved	4,167	13,333

Internal Service Quality

Westpac Business Lending - Pinnacle					
Sales		Credit Decision		Documentation	
Project 1	Project 2	Project 3	Project 4	Project 5	Project 6
Total 2,000 Projects (2005-2006)					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					



Implementation is well advanced

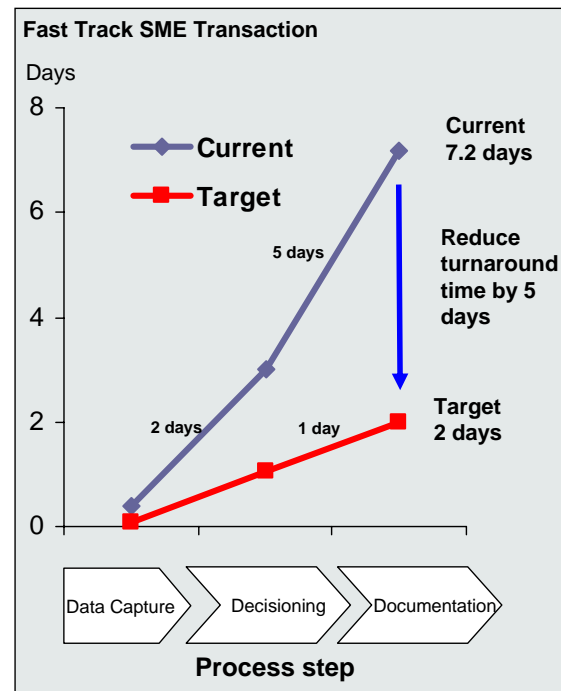
Westpac Business Lending - Pinnacle					
Sales		Credit Decision		Documentation	
Project 1	Project 2	Project 3	Project 4	Project 5	Project 6
Total 2,000 Projects (2005-2006)					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					
Westpac Business Lending - Pinnacle					

- Internal Service Quality**
- Business Lending - Pinnacle**
- Pinnacle has been deployed to more than 1,600 bankers:
 - Sales 1,000 users
 - Credit 120 users
 - Operations 500 users
 - System to be rolled out to the remainder of Business Banking Managers by December 2005, involving a further 300 users
 - Up to 2,200 deals processed per week
 - More than 80,000 deals processed

The next phase is a significant step forward in automated processing and time to serve

Westpac SME Transaction Process					
Step	Current	Target	Current	Target	Current
1	2	2	2	2	2
2	3	1	3	1	3
3	5	1	5	1	5
4	7.2	2	7.2	2	7.2

- Automated decisioning of approx. 80% of 'fast track' and 20% of 'short form' deals
- Reduce turnaround in customer documentation from 7 days to 2 days for 60% of fast track deals
- Reduced manual processing through concurrent deal capability
- Reduced re-work through more structured and validated data capture
- Potential for improved revenue through better customer experience



My priorities for 2005/2006

- Embed Westpac Way and continue to implement systems to enhance sales performance
- Full implementation of major programs of work
- Focus on customer segmentation delivering growth in share of wallet and customer satisfaction
- Leverage cross business unit opportunities
- Continue to focus on leadership and culture development

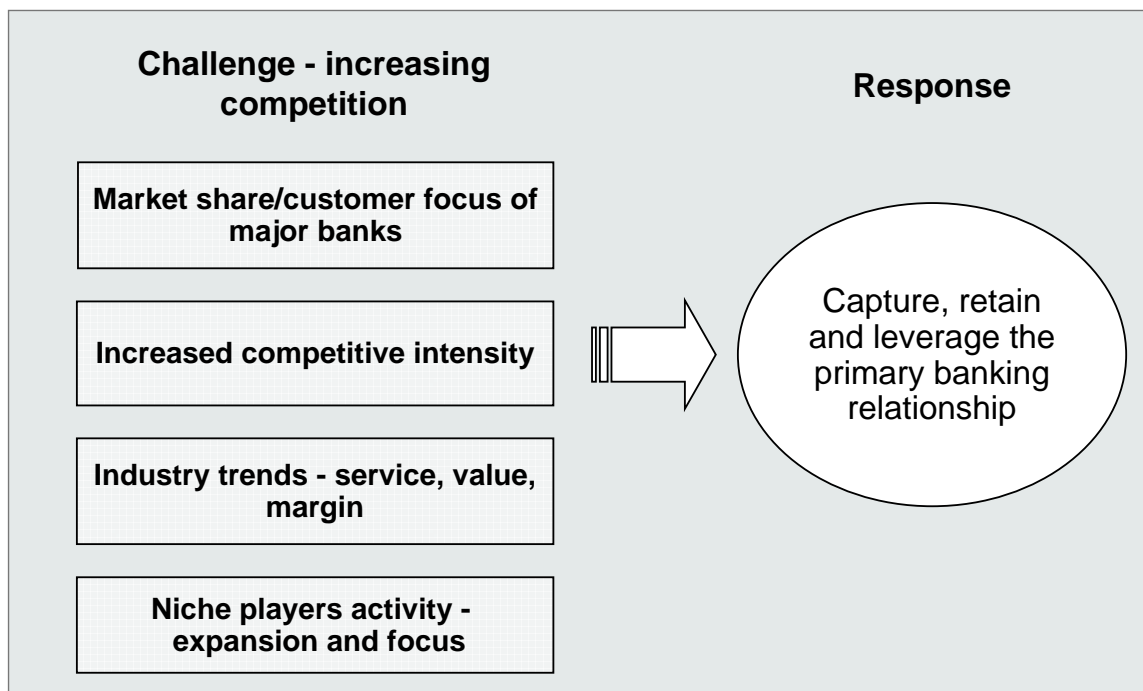
New Zealand Banking

Ann Sherry
Group Executive,
Westpac NZ, Pacific Banking
21 July 2005

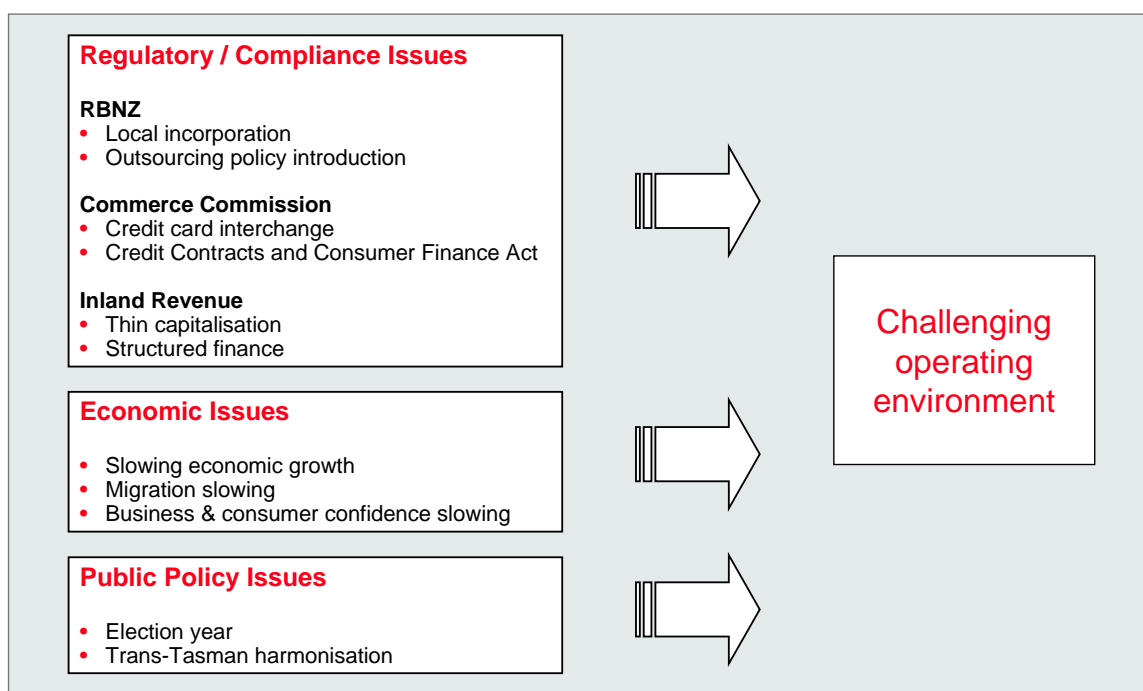
Key messages

- Strategic focus has evolved in response to the competitive environment
- Focussed on profitable growth in housing and deposits
- Business banking remains a strength
- Customer franchise presents a substantial asset
- Customer satisfaction is improving
- People and culture are strong

Our strategic focus has evolved

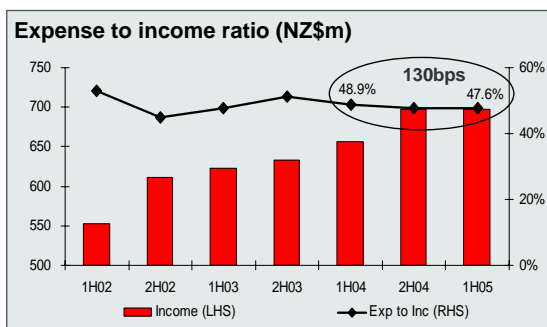
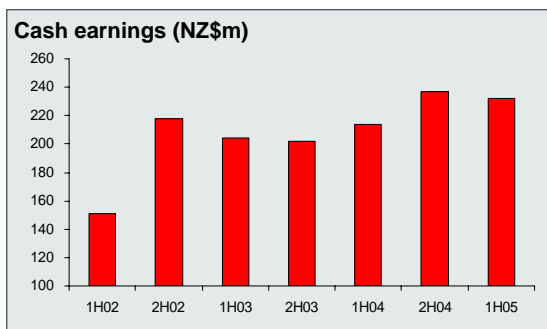


A challenging operating environment



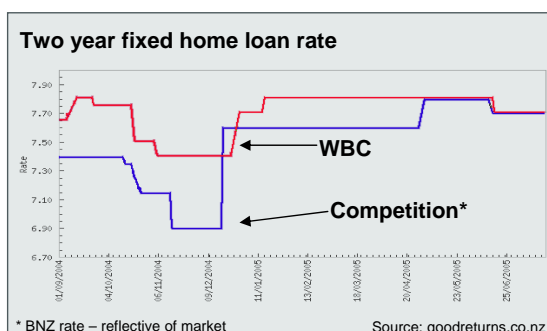
Delivered growth in a tough environment

- Cash earnings up 8% on 1H04
- Expense to income ratio improved 130bps on 1H04
- Strong growth continues across all major product sets
 - Home lending up 15% on 1H04
 - Deposit growth up 7% on 1H04
 - Core business lending up 14% on 1H04



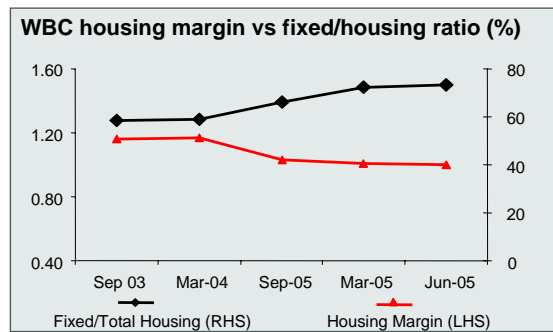
Intense competition in the housing market

- Competition has intensified in the home lending market
- A 2 year fixed home lending price war impacted 1H05 market share and business performance
- Our share of housing growth has improved
- Share of market remains steady at 19.2%



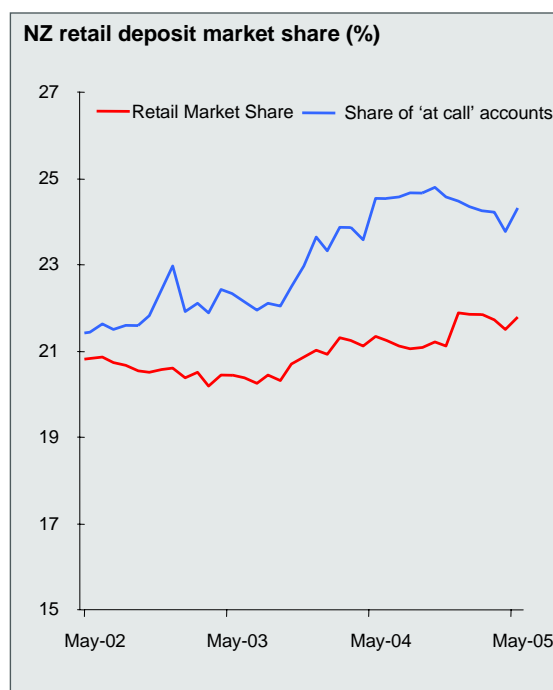
Focused on profitable growth

- Limited home lending margin compression by
 - Not being drawn into the 2 year price war
 - Offering special rates on different fixed terms at profitable spreads
 - Quality lending through our high value customer channels
- Current environment still competitive although price discounting not as severe
- Effects of movement from floating to fixed rate yet to fully play out



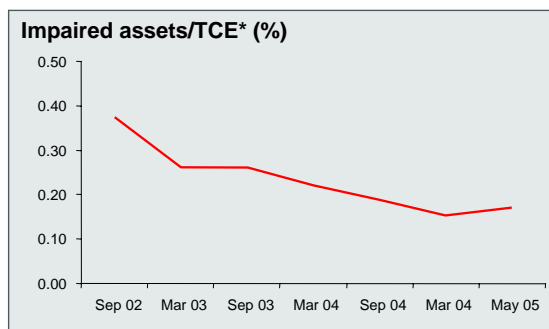
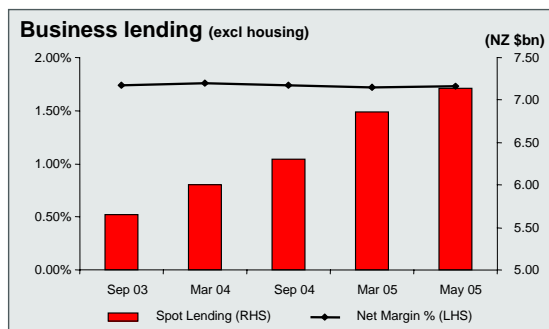
Delivered strong liabilities growth

- Deposit market share improvement has been driven by success in retail at call accounts
- Learned from the Australian experience with high interest, internet only accounts
- Ready to act with our Online Saver product
- Strong take up of Online product following June launch – over \$600m to date
- Requirement to have Westpac transaction account strengthens main banking relationship



Business banking growth a strength

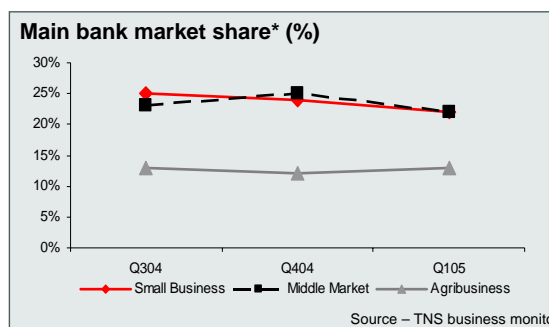
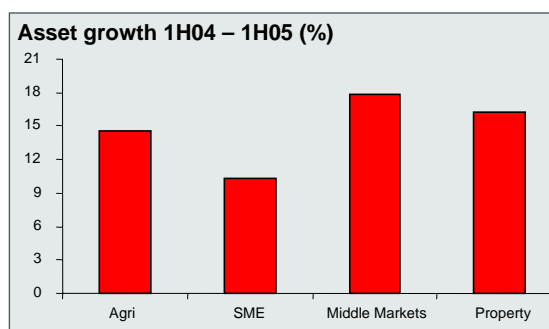
- Business Banking is a significant contributor to NZ cash earnings – 39% of 1H05 result
- Strong growth in core business lending driven by
 - Increased lending in property development sector
 - Increased deal flow in Middle Markets leading to asset growth
 - Home mortgage growth in SME
- Growth achieved without compromise
 - Modest margin compression
 - No adjustment to risk discipline



* Total NZ banking

Performance strong in all business banking segments

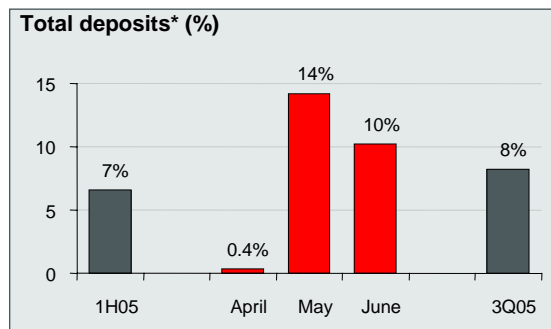
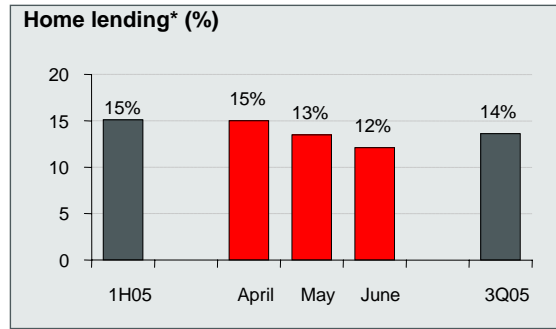
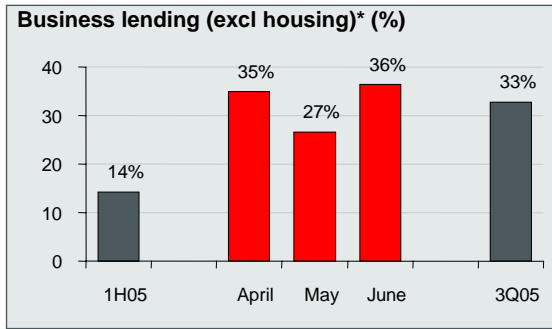
- Number 1 'Main Bank' market share position in SME and Middle Market segments
 - Middle Market 24%
 - SME 24%
 - Agri is growing
- Increased FTE (25) in Business Direct (SME) has enhanced banker/customer 'face to face' relationship
- Middle Market deal flow high, supported by WIB relationship



Source – TNS business monitor

*3 quarter rolling average

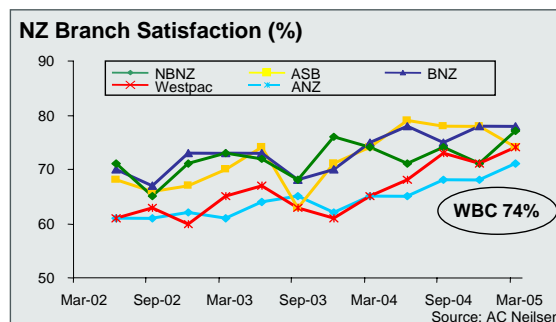
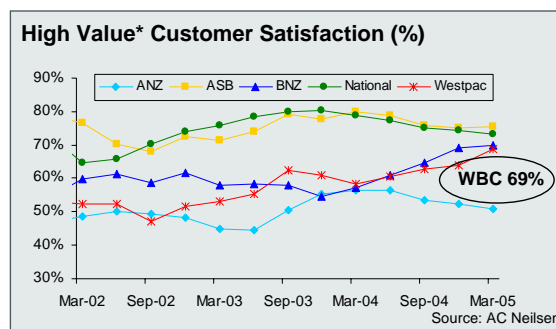
Growth continues across major product sets



*Annualised total portfolio period growth

Consumer customer satisfaction remains a focus

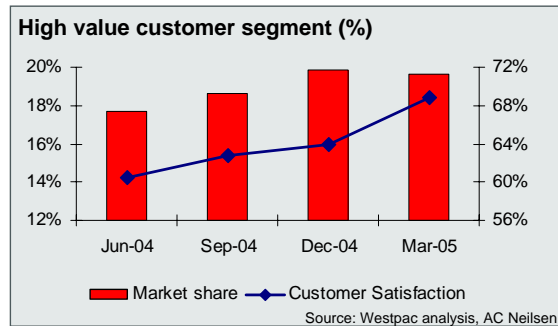
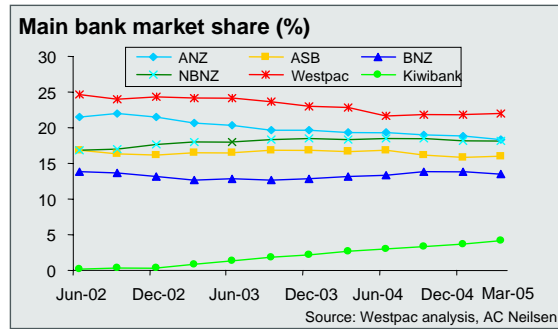
- 58% of consumer customers rate our service 'very good' or 'excellent'
 - Significant improvement in branch and high value consumer segments
 - Highest in internet satisfaction
- Customer satisfaction is still a focus
- To build momentum more customer experience initiatives are underway
 - Embed Ask Once into customer interactions
 - Front of House branch staff
 - Targeted relationship management



* Customers with in excess of \$200k total balances and \$80k household income

Clear view of opportunities in consumer markets

- 1.3 million customers are a substantial strategic asset
- Focus on retaining and leveraging primary banking relationship through segmentation and enhanced 'face to face' interaction
- Winning the main bank relationship of our most valuable customers has delivered more share of wallet



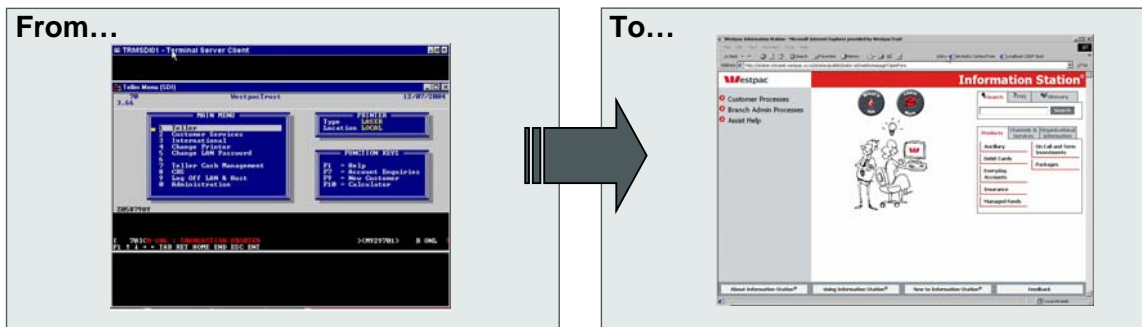
Quality people are central to our strategy



“People are our key enabler”

- Leadership program with Auckland University
- Teller training investment
- Hiring from broader labour pools
- Online recruitment a success
- Regional model enhanced
- Drive a high performing culture

Tools delivered to enhance customer experience



- Ageing unsupported platform
- Code based non-intuitive screens
- No customer context
- Single view of customer
- Product information available from the one point
- Easy to use

We remain out in front on corporate responsibility



- Maintained No.1 position
- Preparing 2nd Social Impact Report
- Introduction of staff matching gifts and volunteer days
- Launch of zero waste programme to corporate sites and key branches
- Continued involvement with Sir Peter Blake Trust, Westpac Rescue Helicopters, Life Education Trust

Maintaining momentum and focus across the business is key

Our Customers

Satisfaction:

- Satisfaction ↑ 14% (58%)
- High value customer ↑ 18% (69%)

Change since 1H04

Our People

- NZ Employee Commitment* ↑ 9%
- NZ Morale* ↑ 7%
- NZ Staff Retention ↓ 2%

* Staff Temperature Check June 05 vs June 04

Our Shareholders

NZ 1H05 Results:

- Cash Earnings ↑ 8%
- Economic Profit ↑ 4%
- Cost/Income ratio ↓ 130bps

Change since 1H04

Our Corporate Responsibility

- Maintained No1 New Zealand position
- Further builds on global leadership position
- Continued market differentiator

Westpac Institutional Bank

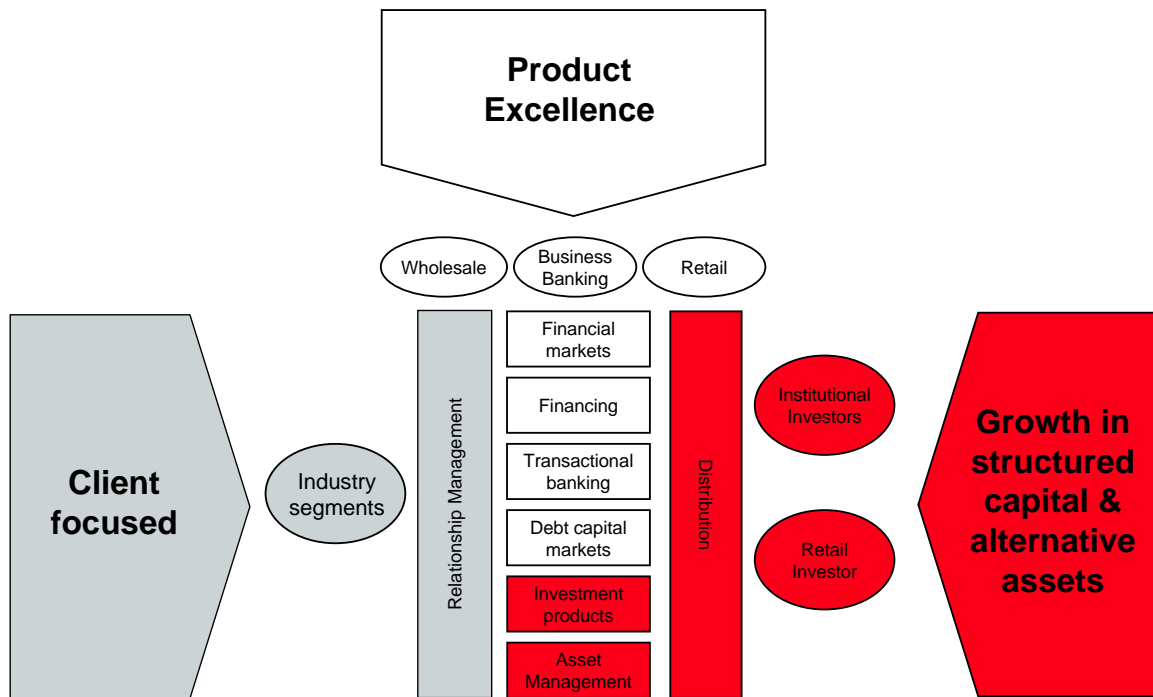
Phil Coffey
Group Executive, WIB

21 July 2005

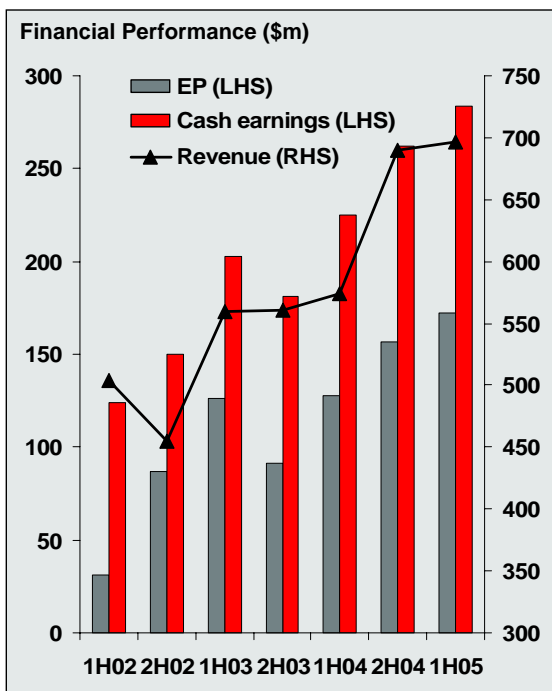
Overview

1. Business overview / performance
2. Keys to client success
 - 2.1 Service
 - 2.2 Debt capital
 - 2.3 Transactional banking
 - 2.4 Leveraging critical capabilities
 - 2.5 Investor capabilities
3. Challenges
4. Additional growth potential
 - 4.1 Enterprise-wide opportunities
 - 4.2 Extending transactional banking
 - 4.3 Growing alternative asset market / Hastings

1. Our WIB strategy



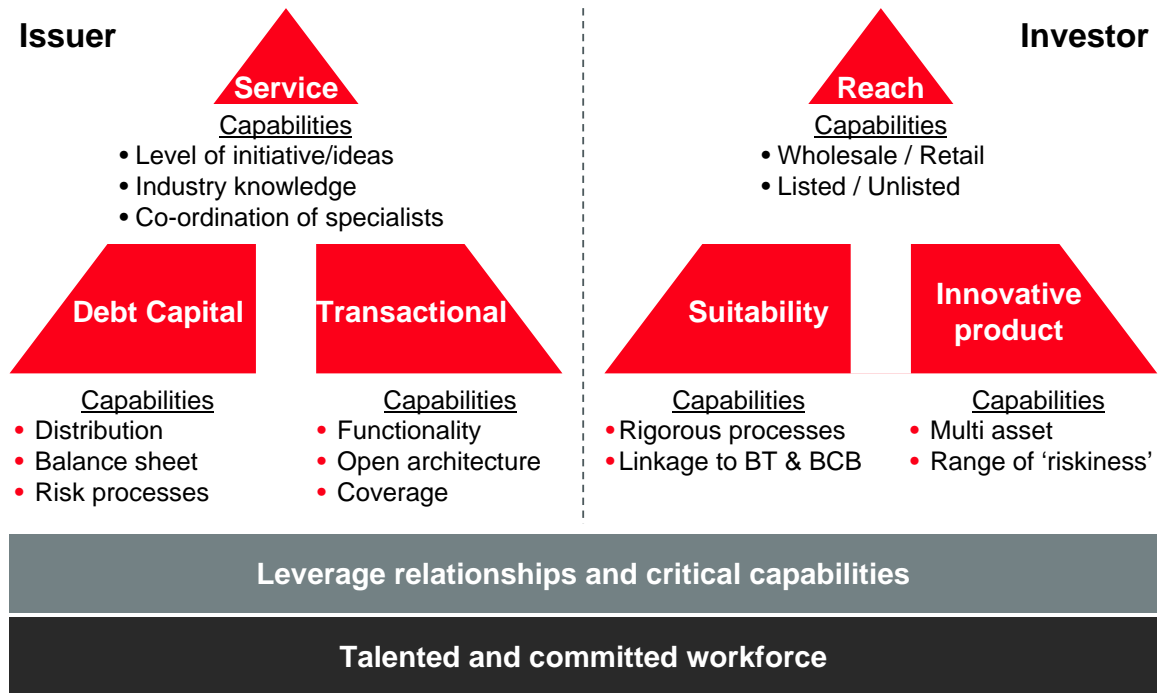
1. Sustaining growth and earnings



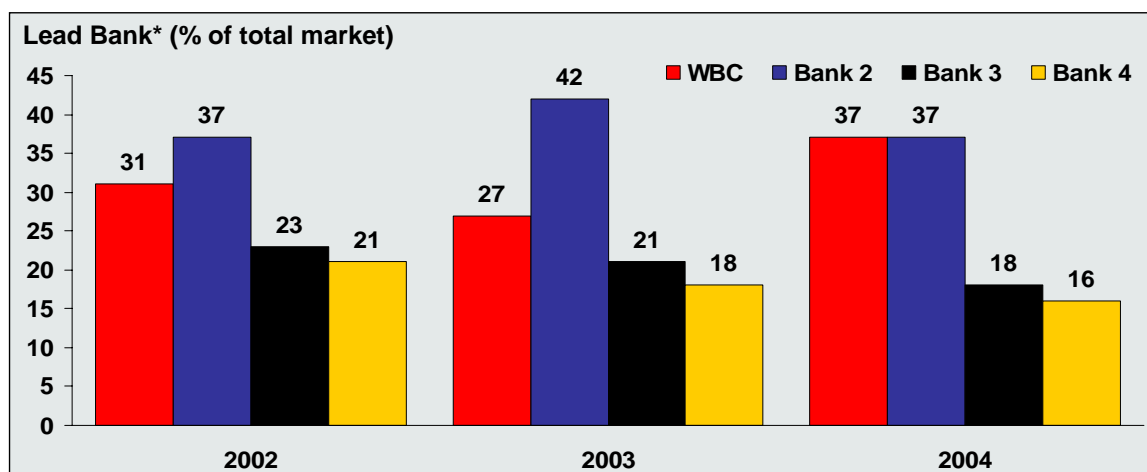
- Strong EP and cash earnings growth
- Revenue growth primary driver

\$m	1H05	1H04	%Change
Operating income	697	574	21
Operating expenses	(293)	(242)	(21)
Core earnings	404	332	22
Bad debts	(31)	2	Large
Operating profit	373	334	12
Tax & OEI	(89)	(103)	14
Cash earnings	284	231	23
Expenses to income	42.0%	42.2%	20bps

2. Keys to client success



2.1 Intense client focus being recognised

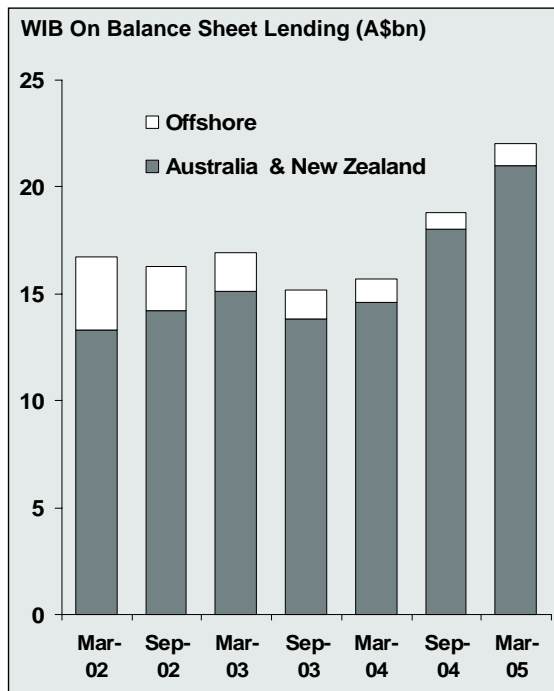


- =#1 Lead Bank
- #1 Level of initiative and ideas
- #1 Knowledge of industry
- #1 Coordination of product specialists

- #1 Most trusted advisor
- #1 Best sector analysis
- #1 Effective senior management support

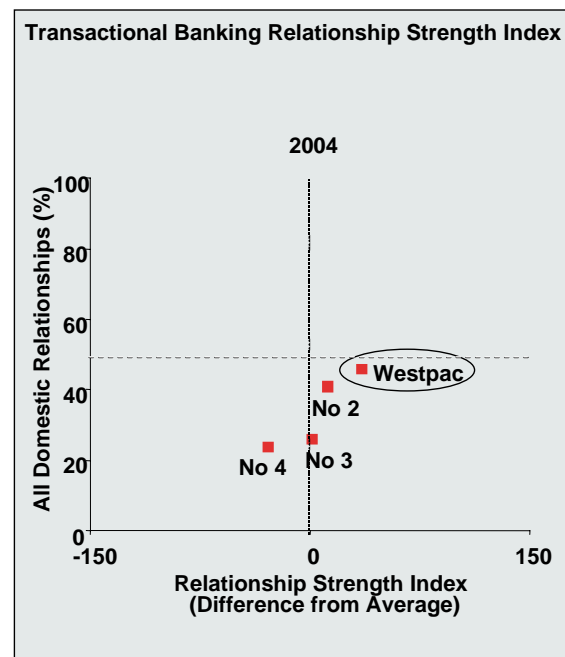
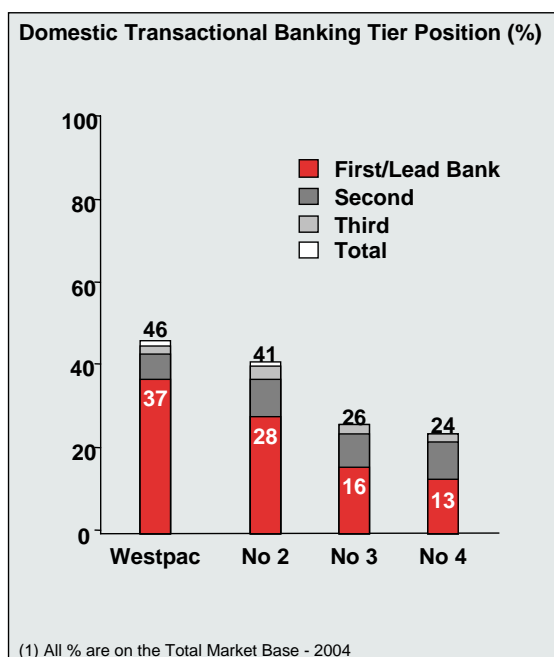
* Large Corporate & Institutional Banking Survey – Australia, Peter Lee Associates, August 2004

2.2 Active management of the balance sheet



- Turnover
 - YTD loans syndicated or refinanced by capital markets \$5.6 bn
- Asset growth
 - Within strategy
 - High quality

2.3 Transactional banking leadership in market



* Large Corporate & Institutional Transactional Banking Survey – Australia, Peter Lee Associates, August 2004

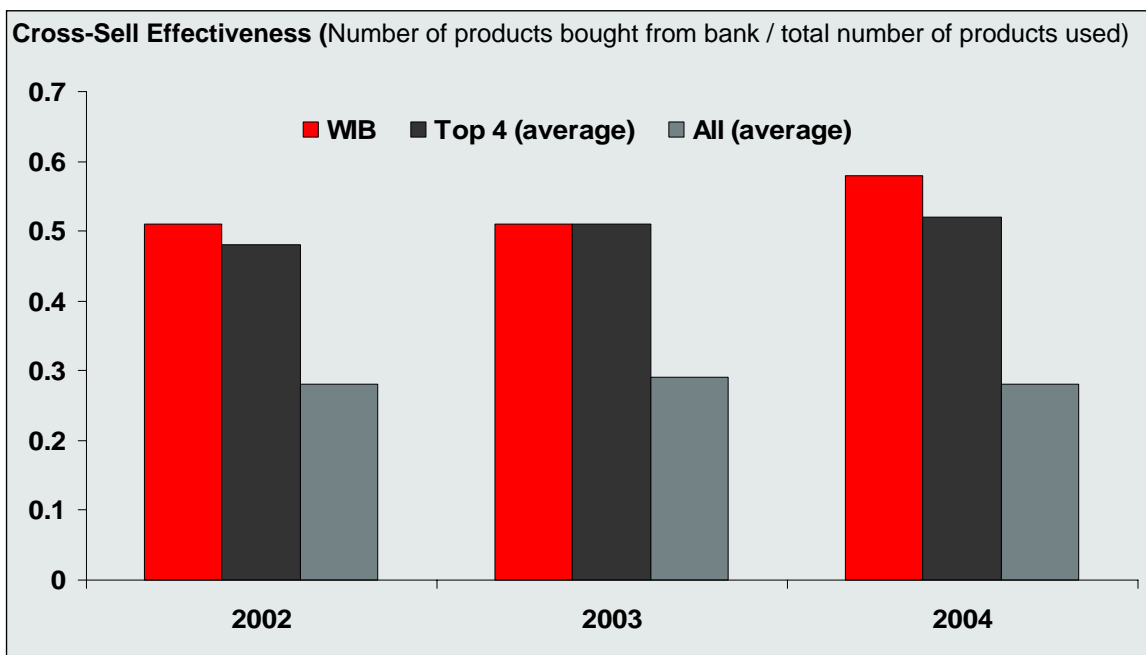
2.3 Transactional banking - Critical functionality

Account details	CCY	Closing balance at 13 July 2005	Current balance at 14 July 2005
AUD Test Account #1 (AUD)	AUD	0.21-	0.21-
AUD Test Account #2 (AUD)	AUD	204.10+	204.10+
EUR Test Account #1 (EUR)	EUR	Not available	Not available
GBP Test Account #1 (GBP)	GBP	11.00+	11.00+
GBP Test Account #2 (GBP)	GBP	0.05-	0.05-
NZD Test Account #1 (NZD)	NZD	3.95+	3.95+
NZD Test Account #2 (NZD)	NZD	9,147.05+	9,147.05+
NZD Test Account #3 (NZD)	NZD	9,695.16+	9,695.16+
NZD Test Account #4 (NZD)	NZD	9,267.06+	9,267.06+
NZD Test Account #5 (NZD)	NZD	630.02-	630.02-
USD Test Account #1 (USD)	USD	400.33+	400.33+
USD Test Account #2 (USD)	USD	25.10-	25.10-
USD Test Account #3 (NZD)	USD	181,333.17+	41,321.04+
USD Test Account #4 (NZD)	USD	975.26+	76.56+

Corporate Online benefits:

- Browser-based, open architecture
- Flexible access
- Upgrade simplicity
- Secure 128 bit platform

2.4 Leveraging critical capabilities



Source: Large Corporate & Institutional Banking Survey – Australia, Peter Lee Associates, August 2004

2.4 Cross sell also a function of product positioning

	2002/03	2003/04	2004/05
Transactional	2 nd	2 nd	1 st
FX*	2 nd	1 st	1 st
Interest rates	2 nd	2 nd	1 st
Syndicated loans	2 nd	2 nd	2 nd
Trade finance	2 nd	2 nd	2 nd
Debt securities origination	1 st	2 nd	1 st
Structured securities	n/a	2 nd	1 st
US Private placements**	1 st	1 st	1 st

* Volume based ** WBC data

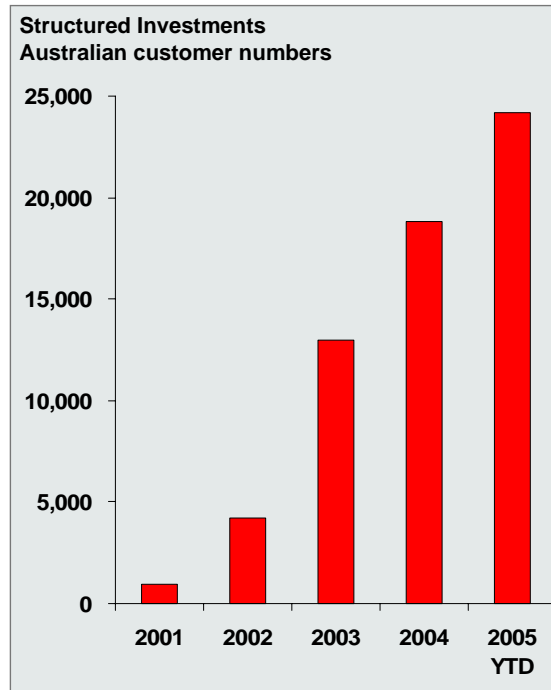
Source: Market Share, Peter Lee Surveys, Australia

2.4 Portfolio diversity driving Economic Profit

<u>Product</u>	<u>Revenue %</u>	<u>Capital intensity</u>
Transactional	23%	Low
FX	11%	Low
DCM	9%	Low
International products	7%	Low/Medium
Specialised Capital Group	9%	Medium/Low
Interest rates	9%	Medium
Financing	18%	High
Structured finance	14%	High

2.5 Investor capabilities – broadening our reach

- Breadth: The number of retail investors has grown 29%, from September 2004 to June 2005, to 24,200
- Structured products \$1.1 billion sold in last 12 months
- Depth: Clients are increasingly investing in more than one structured investment product – 1,468 invested in >2
- Product Range: Continuing to expand our range of investments



2.5 Investor capabilities: expanding our product range

	Listed	Unlisted	Retail	W'sale	IPO	Single asset	Multi asset
Hastings Infrastructure Fund		✓	✓	✓			✓
Halcyon Notes	✓		✓				✓
Hastings Income Trust		✓	✓				✓
Foodland Property Trust		✓	✓			✓	
Hastings Diversified Utilities Trust	✓		✓	✓	✓		✓
Australian Onshore Energy Fund	✓		✓	✓	✓	✓	
Taps Trust	✓		✓	✓	✓		
Hastings High Yield Fund	✓		✓		✓		✓
Westpac Office Trust	✓		✓				✓
Jacaranda Trust Securities		✓		✓			✓

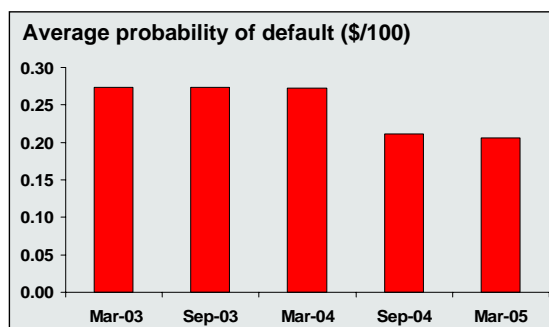
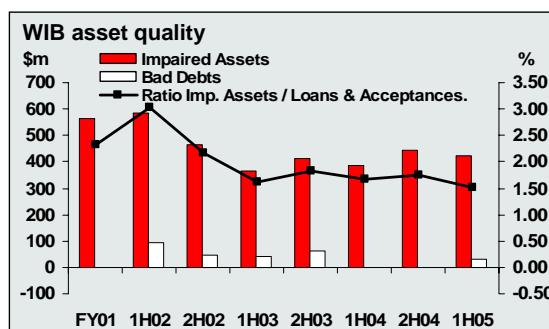
3. Challenges

- Intense competition

- Credit standards
- Margin compression

- Response

- Client intimacy approach (whole of business / EP view)
- Provision of debt is important but not sufficient
- Robust risk processes



3. Challenges

- Structured Finance

- All NZ transactions have now been unwound
- Loss of income - \$60m cash earnings impact from 2006
- NZ balance sheet reduced by \$3.3bn

- Response

- Continue to believe we have a strong case with no provisions required
- Continue to seek low risk transactions

4. Additional growth potential

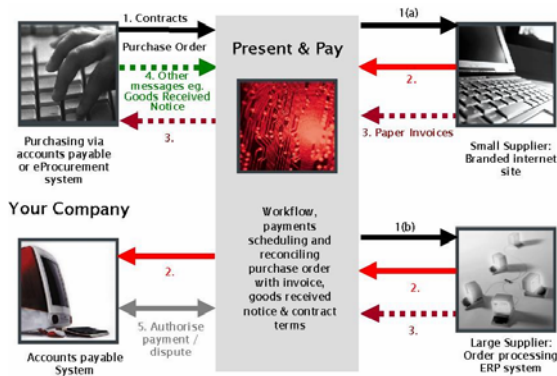
- 4.1 Enterprise-wide opportunities
- 4.2 Extending Transactional Banking
- 4.3 Growing Alternative Asset market / Hastings

4.1 Additional growth – Enterprise-wide opportunities

Extending WIB expertise further into Business Bank

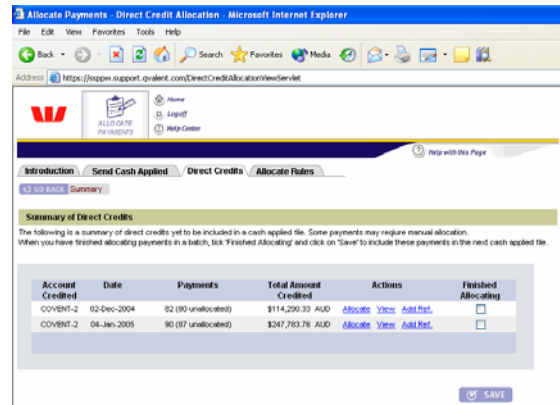
- Product and structuring advice
 - Acquisition finance
 - Securitisation
- Industry specific knowledge and packages
 - Pharmaceutical
 - Aged Care

4.2 Additional growth - Extending transactional banking



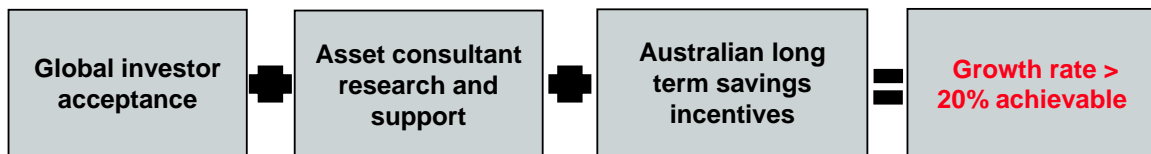
- Support the client's value chain
- Reconciliation functionality

- 'Customer x 2' satisfaction
- Strong competitive advantage

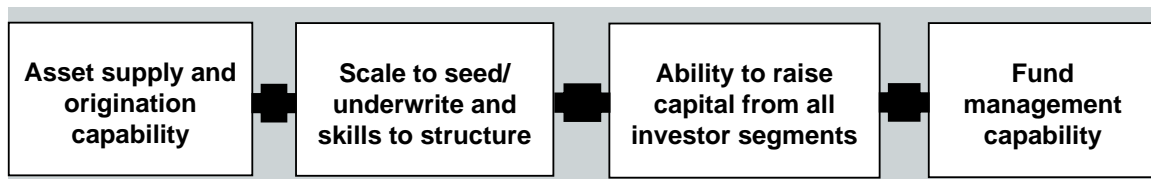


4.3 Additional growth – Alternative Asset market

The alternative asset market



Our competitive strength



Source: Mercer survey, Russell-Goldman survey, Merrill survey, Rice Walker

4.3 Additional growth - Ownership of Hastings

- Moved to effective 100% control on 1 July 2005
- Final price being determined – (capped at \$90m)
- Hastings Fund Management (HFM) separate brand, identity, premises and operating environment to continue
- Senior management team stability – CEO transition completed
- Strong FUM growth - \$3.7bn as at 30 June, 2005
- Excellent working relationship based on our three year experience

Summary

- Diversified business - growth in quality of earnings, moving to both annuity and client-focused revenues
- Strong, resilient competitive position
- Exciting growth potential above industry growth

BT Financial Group

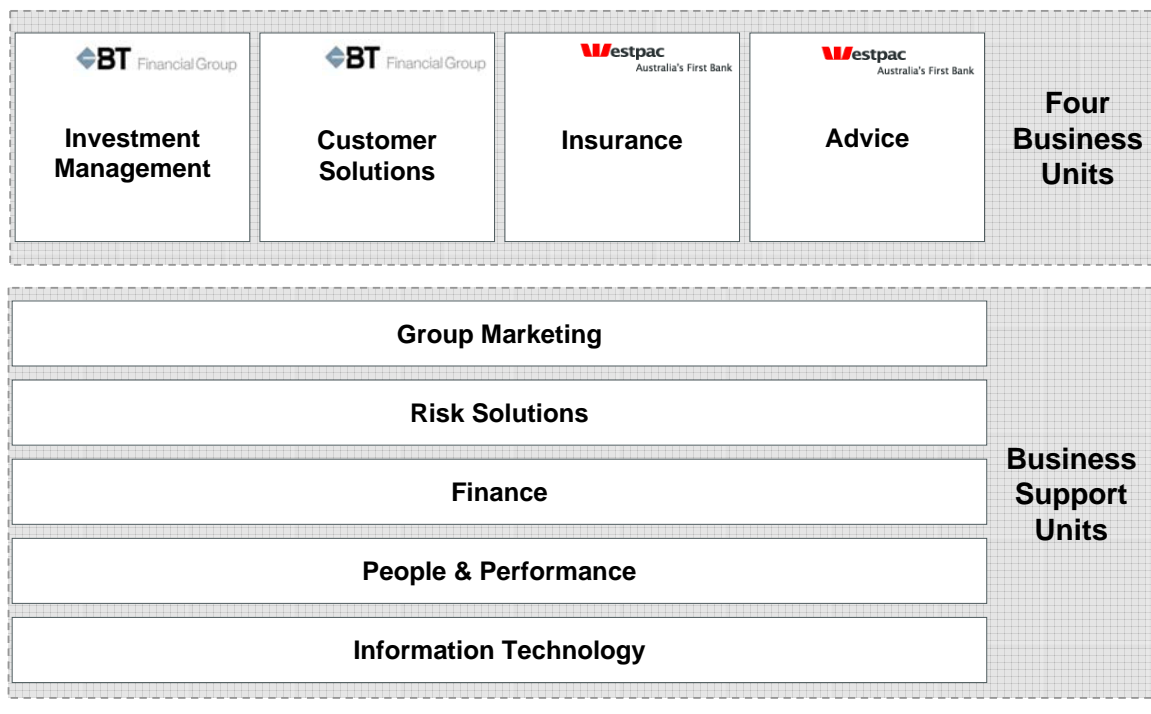
Rob Coombe
CEO BT Financial Group

21 July 2005

Key messages

- BT is fully integrated and picking up momentum across key business units
- BT has a very focused strategy to drive revenue and operational efficiencies
- BT is well linked into the Bank

Four key business units drive accountability



BT – significant progress over the year

- Performance exceeding expectations
- Expense constraint
- Well balanced, diversified business mix

	1H04	1H05
Cash Earnings	\$93 m	\$124 m
FUM	\$37.4bn	\$39.7bn
Assets under admin	\$18.1bn	\$26.7bn
In force premiums	\$215m	\$232m

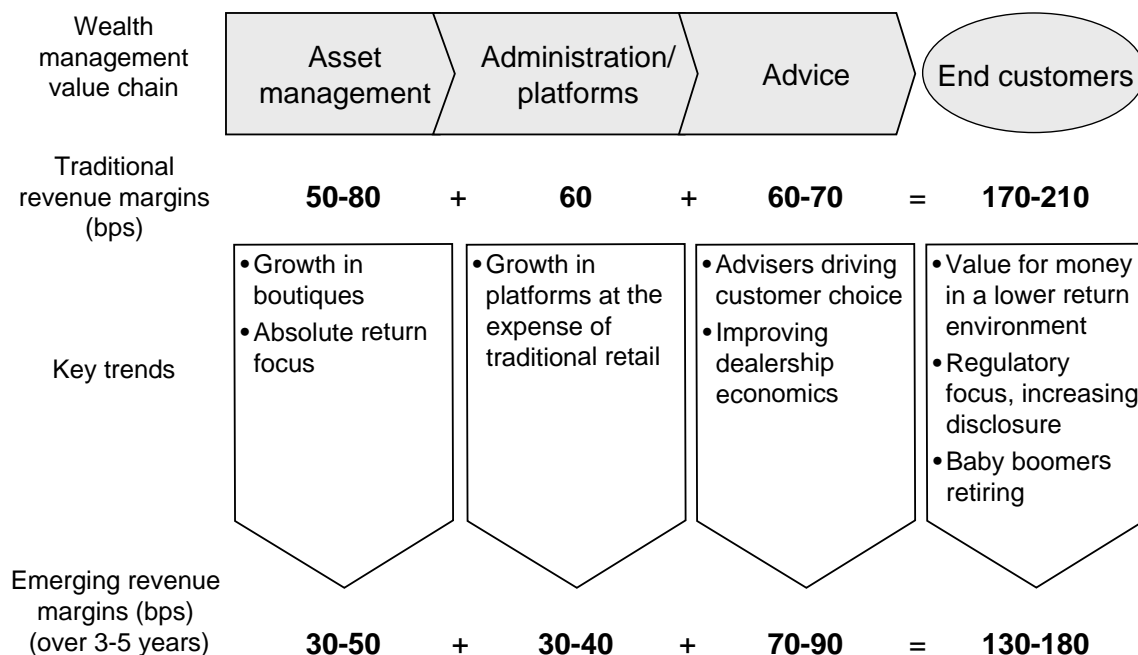
Our current market share

Current Australian market share			Current share of new business	
Product	Market share (%)	Rank	Market share (%)	Rank
Platforms	13.0	2	21.0	1
Corporate super	7.0	5	13.5	2
Margin lending	13.8	3	14.6	2
Broking	10.5	3	10.3	3
Life and risk	6.8	7	8.4	5
Funds Management	5.2	9	n/a	n/a

Source:

Platforms– Assirt Mar 05
 Margin Lending RBA March 05 marketshare; BT competitor analysis on ranking
 Broking: IRESS June 05
 Life and Risk: Dextx&r Dec 04; Corp Super Dextx&r Mar 05
 Funds Management Assirt data Mar 05 and includes Retail, Alliances and Wholesale

Industry dynamics



Our strategy

Four strategic themes	Four business units			
	Investment Management	Advice	Customer Solutions	Insurance
Trust	<ul style="list-style-type: none"> Consistent second quartile risk adjusted performance across domestic assets Partner with the best in the world for global assets Manage capacity constraints 	<ul style="list-style-type: none"> Focus on quality advice 	<ul style="list-style-type: none"> Ask Once Build brand Improve ease of doing business 	<ul style="list-style-type: none"> Customer focus Ask Once
Growth	<ul style="list-style-type: none"> High alpha generation capability Sales focus on institutional investors 	<ul style="list-style-type: none"> Build Advice capability 	<ul style="list-style-type: none"> Opportunities around Choice Platform "packaging" 	<ul style="list-style-type: none"> Increase cross sell through Westpac client base Distribute capability externally
Quality & Efficiency	<ul style="list-style-type: none"> Build true economies of <u>scale</u> 	<ul style="list-style-type: none"> Build <u>scaleable</u> advice model through bank 	<ul style="list-style-type: none"> Straight through processing Build true <u>economies</u> of scale 	<ul style="list-style-type: none"> Technology investment – STP initiatives
People	People and Culture Development Program for the long-term			

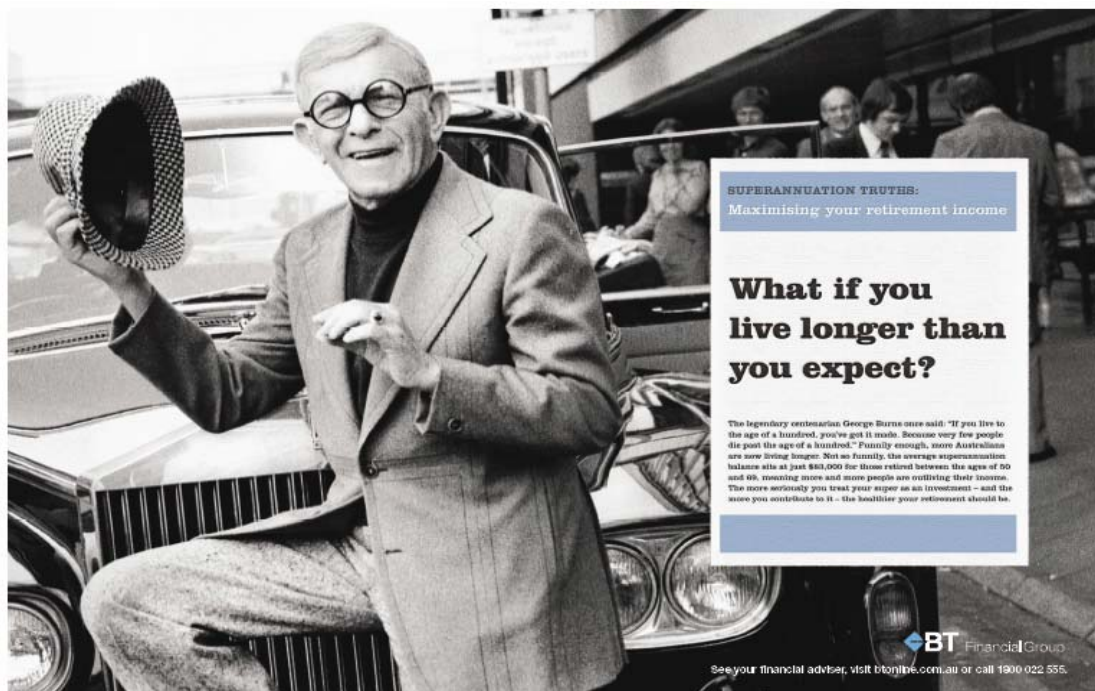
Trust - investment performance turnaround

	Flagship funds		Sector
	2 yr Performance (p.a. as at 31 March)	Quartile	Total BT FUM *
Australian Equities	29.0%	Q1	\$6.0bn
Australian Small Caps	48.5%	Q1	\$0.5bn
Australian Listed Property	17.0%	Q1	\$2.0bn
Diversified	19.1%	Q1	\$8.7bn
Enhanced Cash	6.0%	Q1	\$0.5bn
International Equities	11.5%	Q2	\$4.0bn
Alternative Assets (Aus)	11.4%	5.3% ¹	\$0.4bn
Alternative Assets (Global)	11.0%	5.3% ¹	

* Total FUM source is internal data
1 Benchmark

Source: Performance is internal data; quartile rankings are Intech; Cash ranking is Grove

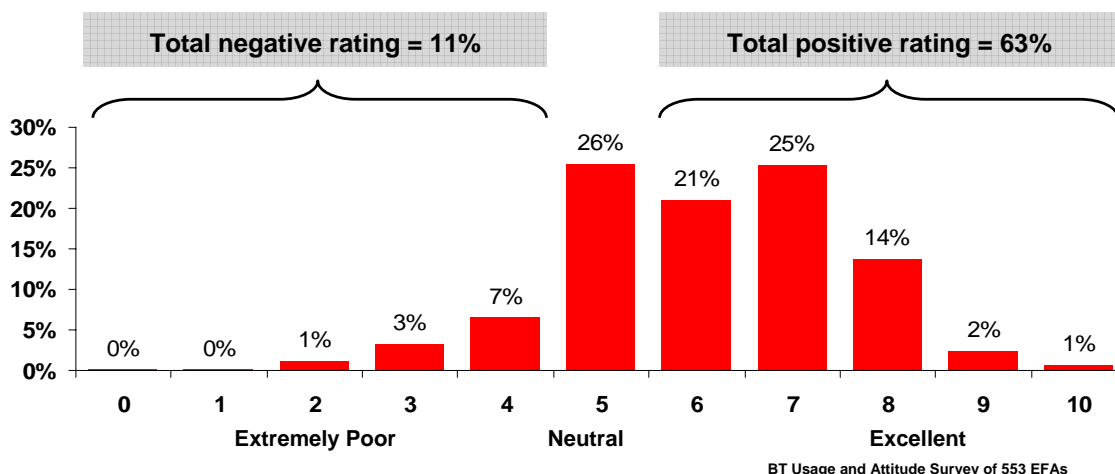
Trust – highly visible brand campaign



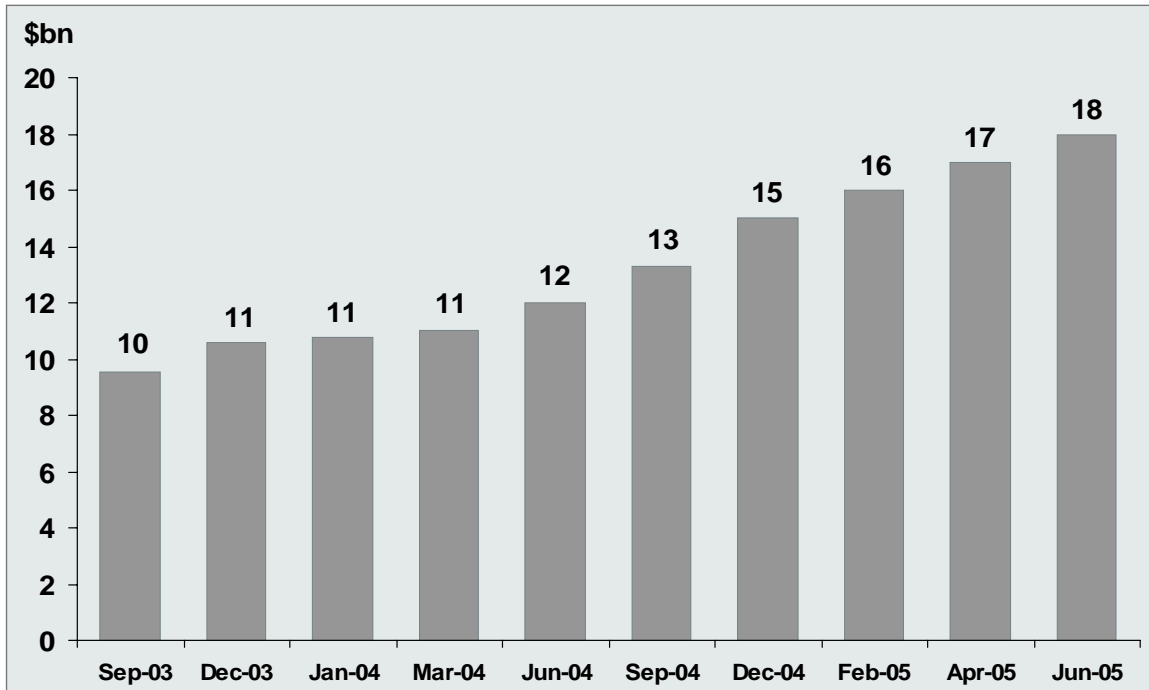
Trust - BT's investment management rates well

Two thirds of External Financial Advisers give BT's investment management capabilities a positive rating – only one in 10 gives a negative

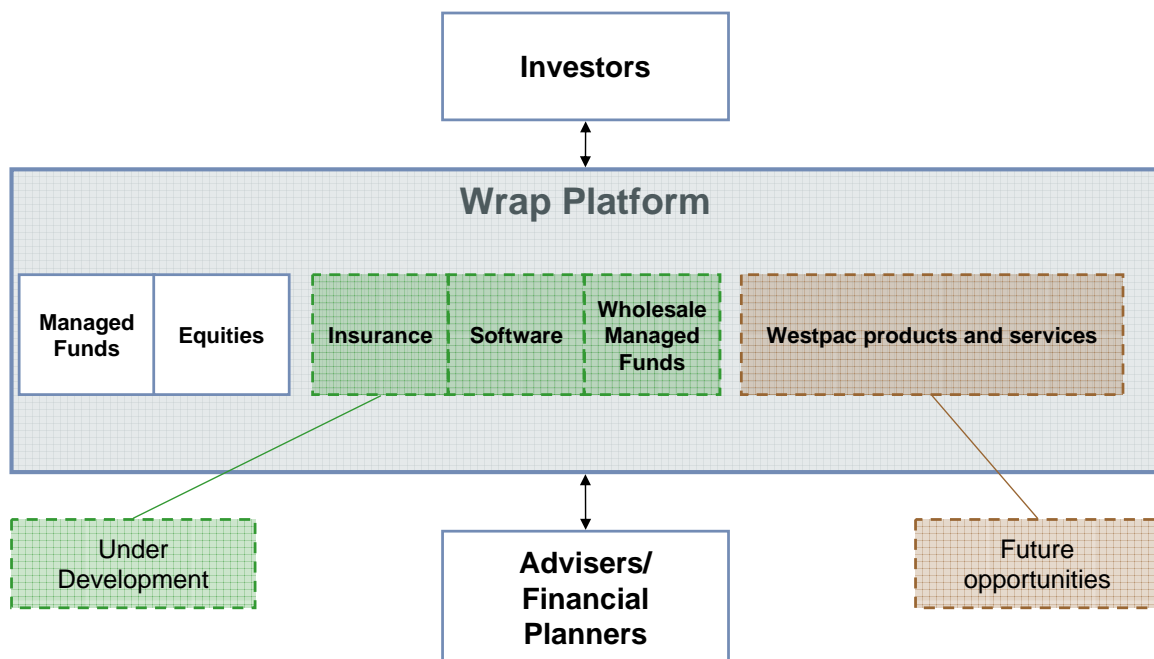
How would you rate BT's overall investment management capabilities?



Growth – wrap reaches new highs



Growth – packaging opportunities



Growth – leveraging BT across the Bank

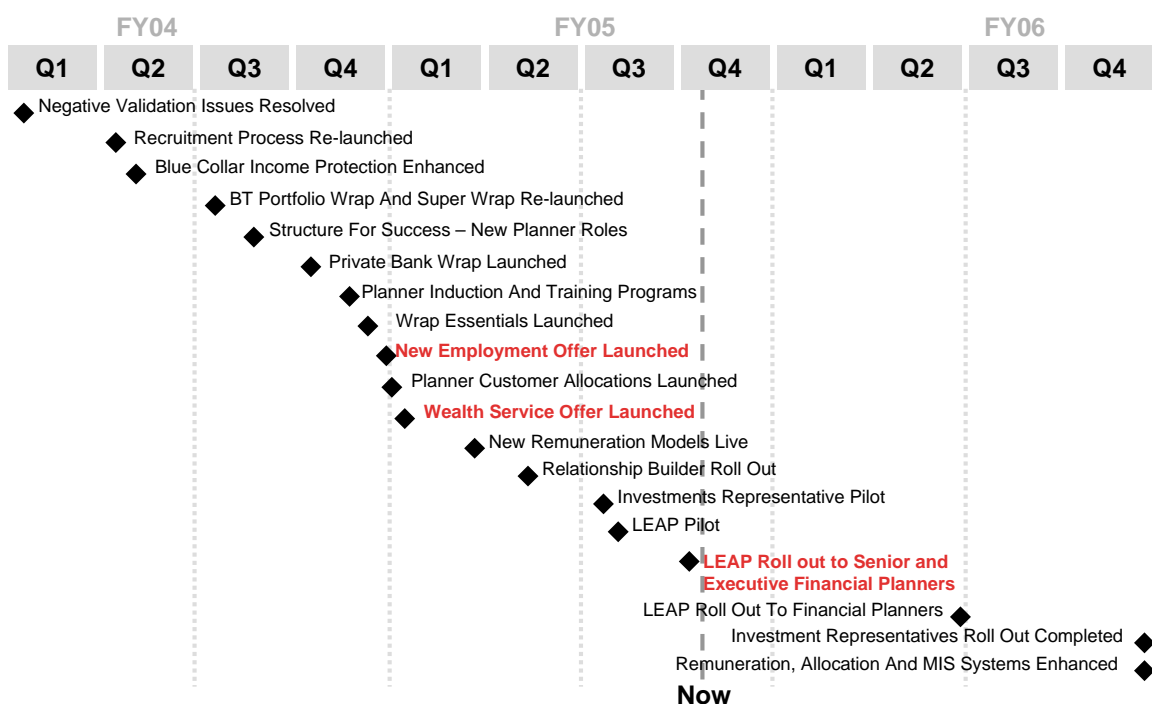
BCB

- Provides access to consumer and business clients for Advice and Insurance Products
- Distributes BT and WIB product to non- advised High Net Worth customer
- Provides BT with mortgage product for distribution through EFA network

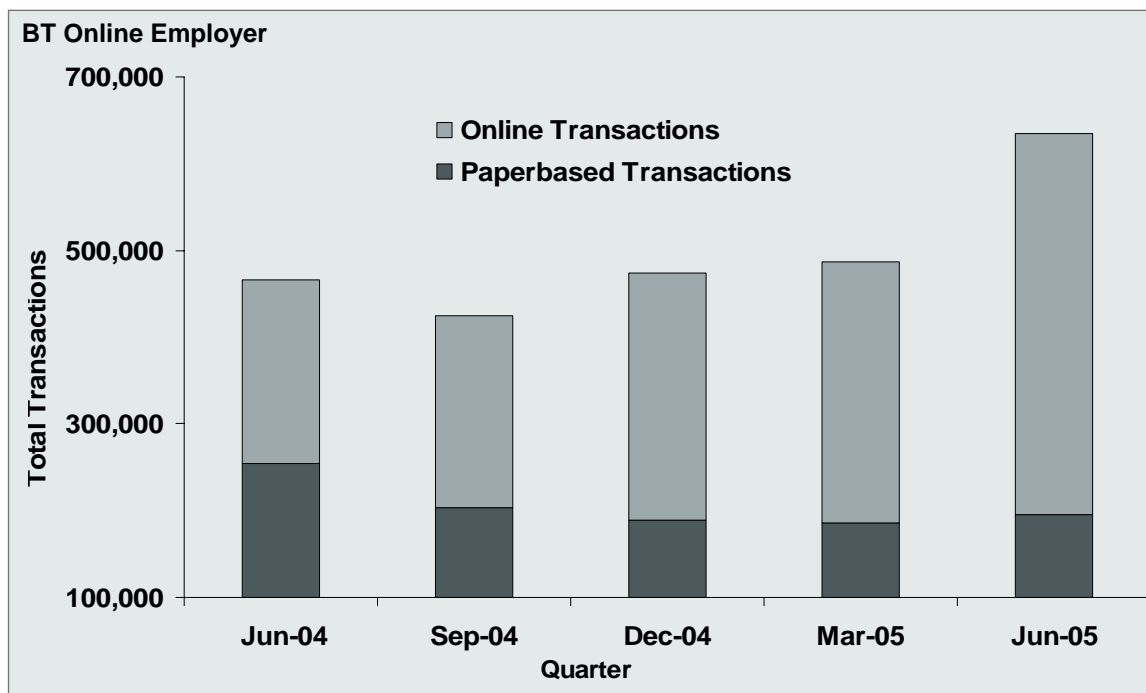
WIB

- Distributes BT Corporate Super to institutional clients
- Leverage relationships for distributing BT Cash Product
- Provides BT with Structured Product for distribution through FPS & EFA

Growth – improving our advice capability



Quality and efficiency – touch never



Our focus in the next 12 months

- Investment management
 - Focus on scale
- Customer Solutions
 - Focus on quality and efficiency
- Advice
 - Build 'scaleable' advice through Bank channel
- Insurance
 - Improve cross-sell ratios

Asia, Capital & Risk

Philip Chronican
Chief Financial Officer

21 July 2005

Agenda

- Asia Strategy
- IFRS update
- Basel II
- Capital considerations
- Risk outlook
- Investment program costs
- 2005 earnings - known impacts

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 we do not have coverage or expertise (eg Standard Chartered)
- Refocus current operations – new GM appointed

Asia – aligning the footprint to better capture value

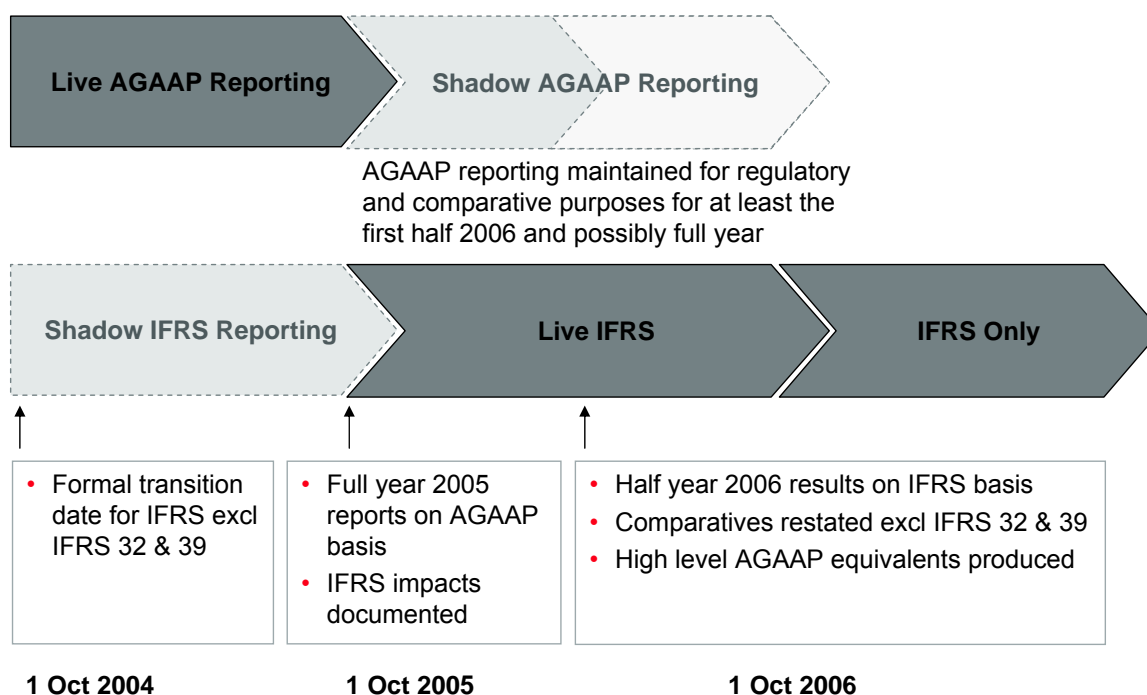
Overall resource commitment will remain equal or greater as we review operations across the region



IFRS – key messages

- Program on track
- High level impacts known
- Still working on credit provisioning
- Detailed workshop in September 2005
- Need to agree a consensus equivalent to ‘cash earnings’

IFRS – our conversion program is on track



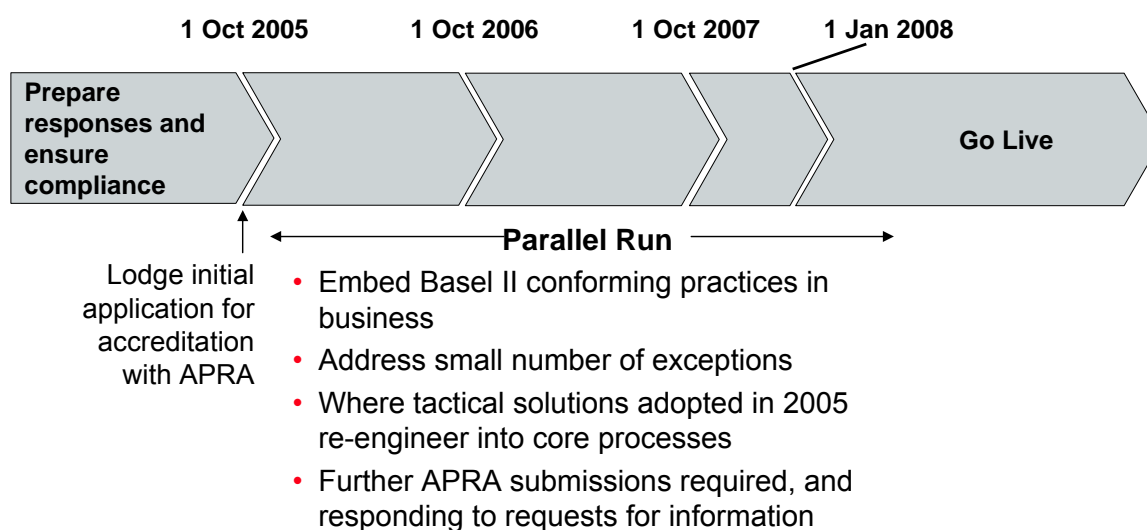
Implementation of IFRS

Evolving Issues	Comment
Hybrid Capital	<ul style="list-style-type: none"> FIRsTS and 2004 TPS reclassified as debt (\$1,340m) 2003 TPS will be reclassified as a minority interest (\$1,132m) Distributions on FIRsTS and 2004 TPS reclassified as interest expense (\$80m) 2003 TPS payments reclassified as minority interests (\$60m)
Fee Revenue	<ul style="list-style-type: none"> Increased deferral of fees (loans and wealth mgt) results in lagged recognition of revenue. Currently finalising accounting policies and evaluating impact Barclays reported reduction in earnings of 1.3% and HBOS 0.9%
Loan Provisioning	<ul style="list-style-type: none"> Move from dynamic provisioning to an incurred loss model will result in a significant reduction in the level of provisions and a reduction in ongoing credit charge Volatility of the credit charge will also increase
Treasury stock	<ul style="list-style-type: none"> Westpac shares held in controlled funds to be treated as treasury stock and deducted from capital. There is also an asymmetric earnings impact as shares held at cost while policyholder liabilities vary

Basel II – key requirements clear

	Pillar I	Pillar II	Pillar III
Requirements	<ul style="list-style-type: none"> Rules based methodologies for credit, market and operational risk capital 	<ul style="list-style-type: none"> Effective control processes APRA introduced 9 pre-requisites for accreditation 	<ul style="list-style-type: none"> Market disclosure Transparency enables full assessment of capital adequacy
Position	<ul style="list-style-type: none"> Applying for Advanced Internal Ratings based approach for credit risk and the Advanced Measurement approach for operational risk First APRA submission being drafted covering Pillar I 	<ul style="list-style-type: none"> Control practices in place – some enhancements envisaged 	<ul style="list-style-type: none"> Templates established Assessing quality, format and detail of disclosure

Basel II – program progressing well



We continue to expect better risk management practices and greater capital efficiency to be the prime benefits of Basel II Advanced Status

Capital considerations

- Overall capital position remains very strong
- In assessing surplus capital available for distribution, we need to consider the various capital requirements:

Group regulatory capital (Level 2)	APRA
Stand alone regulatory capital (Level 1)	APRA
Adjusted common equity (ACE)	Investors / Rating Agencies
Australian thin capitalisation	Australian Tax Office
NZ thin capitalisation	NZ Inland Revenue

- Traditionally, ACE has been the key constraint, with other capital ratios within acceptable levels
- Changes in our business mix and the environment is seeing other requirements emerge, at times, as key constraints

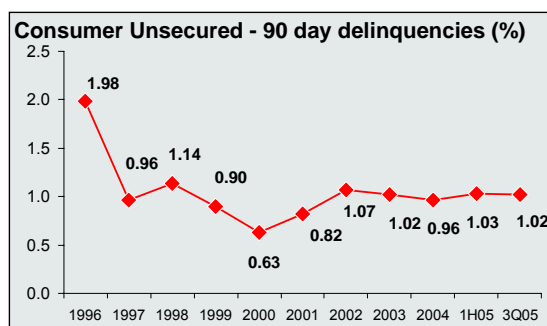
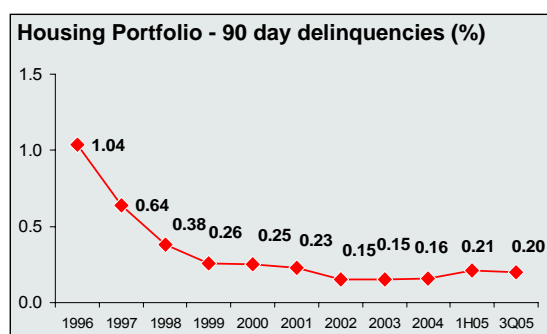
Capital - pro-forma impact of known changes

	Tier 1	ACE	Standalone Tier 1
Target range(%)	6.0 – 6.75	4.5 – 5.0	5.5 – 6.0
Ratios at 31 Mar 05 (%)	7.06	5.18	6.17
NZ Class Shares exchange	-	-	26 bps
Proforma ratios (%)	7.06	5.18	6.43
Prima facie surplus ¹	\$1,100m	\$700m	\$1,150m

- 1 Capacity available to respond to IFRS implementation, possible adjustments to regulatory capital requirements and potential Specialised Capital / Hastings transactions and capital management

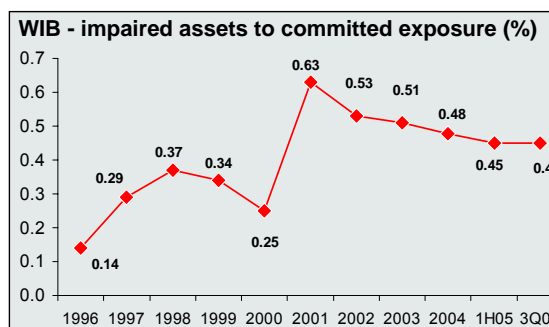
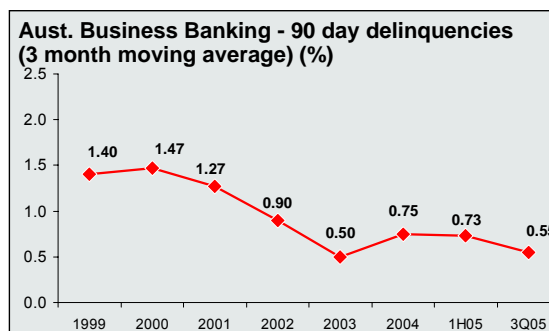
Consumer risk position remains benign

- Housing delinquencies stabilised after small rise in March 05
- No increase in other consumer delinquencies
- Current default pipeline (30 and 60 day delinquencies) suggests near-term performance will continue to be sound



No business stress evident

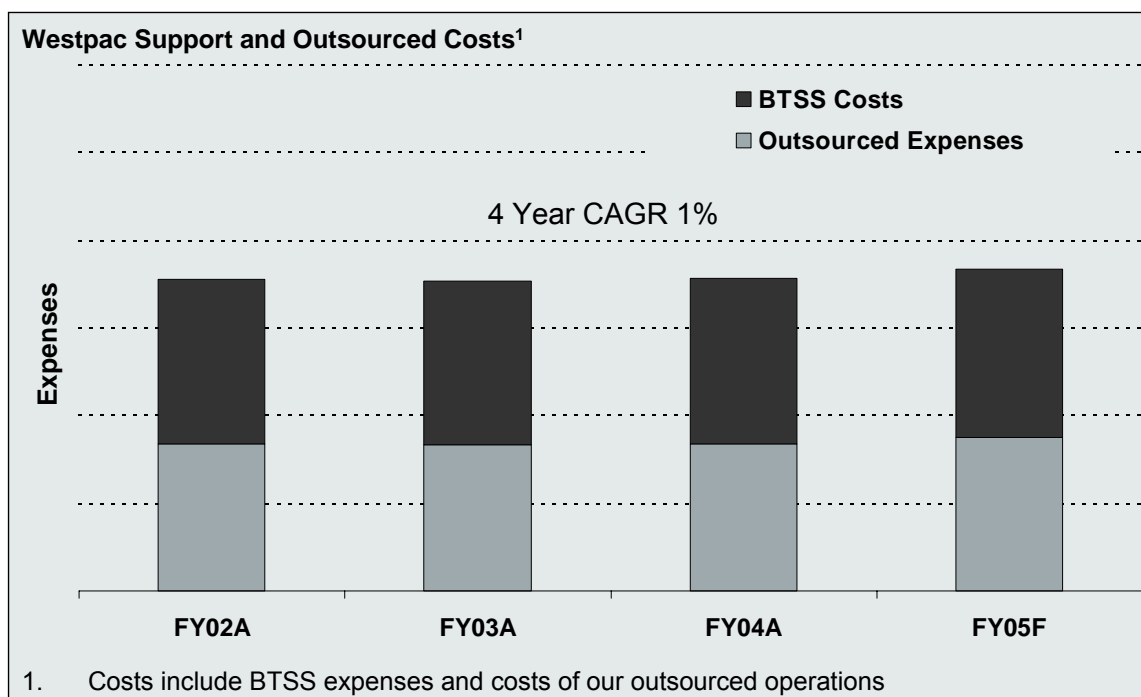
- No new corporate stresses since March 2005
- Lower business delinquencies in 3Q05 driven by a number of previously delinquent loans, now back in order
- Underlying business gearing remains strong
- Businesses with reliance on the following factors under scrutiny:
 - Strong \$A
 - Building sector
 - Consumer demand



Major project schedule

Capitalised software - major projects \$m	Amortisation period (years)	Mar 2004	Sep 2004	Mar 2005	Project Schedule			
					2H05	1H06	2H06	1H07
Business Loan process re-engineering	3	62	76	85				
Institutional Bank	3	33	36	34				
Standardised platform (One Bank)	3	39	58	66				
Channel development and distribution	3	15	21	19				
Product enhancement	3	14	12	11				
Customer relationship mgt (Reach)	3	33	45	52				
Teller platform, New Zealand	5	21	29	33				
Other – Australia and New Zealand	3	111	100	108				
New head office technology refresh								
Consumer Loan process re-engineering								
Servicing review								
Total		328	377	409				

Flat support costs provide headroom for front-line investment



Medium term drivers

- In 2002/03 Westpac ceased providing specific earnings guidance, given both business and regulatory considerations
- We have previously provided medium term guidelines on key drivers
- Under IFRS, increased earnings volatility will mean providing specific guidance is even less relevant
- Increased volatility due to:
 - Move to mark to market of certain portfolios
 - Lack of hedge accounting for certain hedges
 - Incurred loss bad debt model
- Look to provide further detail in a separate IFRS briefing

Factors impacting 2005 earnings

Net interest income	<ul style="list-style-type: none">• Flow-on from 1H05 margin decline in NZ• Growth in BCB balance sheet in 2H05
Operating income	<ul style="list-style-type: none">• Further rundown in investment securities portfolios, <\$15m
Operating expenses	<ul style="list-style-type: none">• Compliance spend peaking in 2H05• Additional infrastructure spend around new head office• Still targeting ≤4% ex NZ\$ impacts
Bad Debts	<ul style="list-style-type: none">• Continue to expect benign conditions
Tax	<ul style="list-style-type: none">• Roll-off of structured finance transactions in New Zealand will see increase in tax line. Cash earnings impact approx \$60m pa from 2006 onwards
Hybrids	<ul style="list-style-type: none">• Hybrid revaluation likely to be lower, subject to exchange rates. No impact on cash earnings

No change in our expected outcomes for 2005

Summary

- Organic Asian strategy re-energised/re-focused
- Major compliance projects tracking to plan
- Strong capital position provides flexibility to respond to regulatory changes
- No signs of stress across the portfolio
- 2005 earnings on track and in good shape

Summary

David Morgan
Chief Executive Officer

21 July 2005

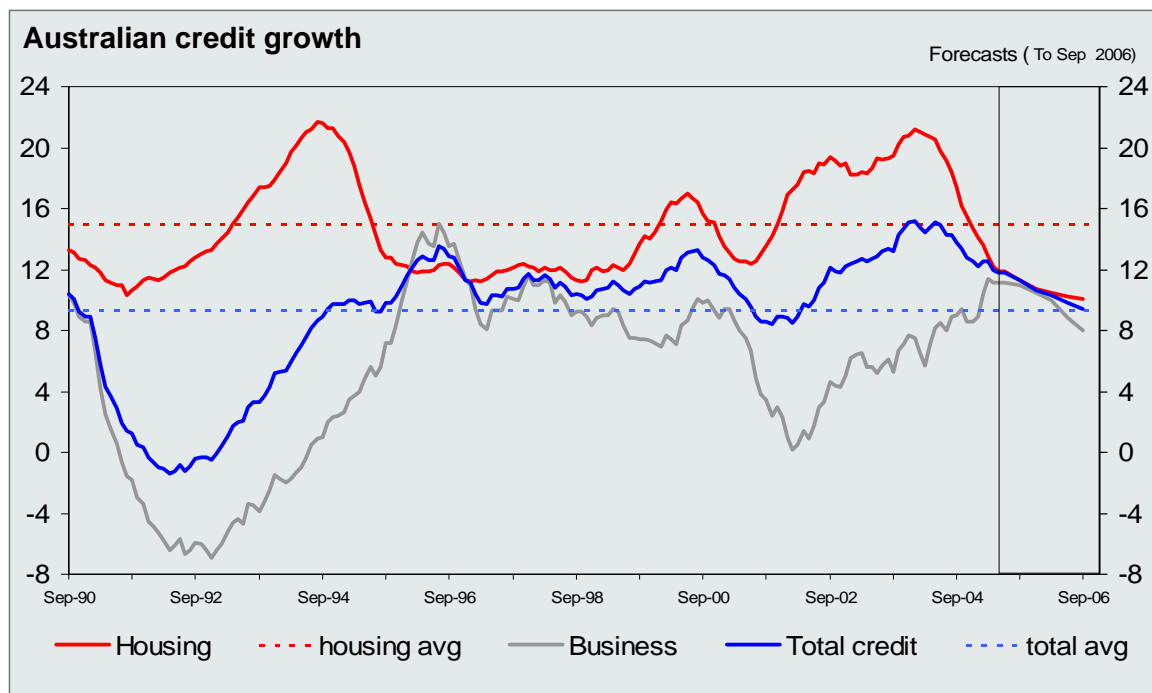
Economic and sector outlook

- Economic growth more moderate
- Unemployment remaining low
- Ongoing competitive intensity
- Wealth management outlook remaining favourable
- Benign bad debt environment
- Overall sector dynamics remain broadly favourable

Key economic indicators		
Calendar year	2005 %	2006 %
Australia		
GDP	2.0	3.0
Unemployment	5.1	5.4
New Zealand		
GDP	2.4	1.8
Unemployment	3.4	4.1

Source: Westpac

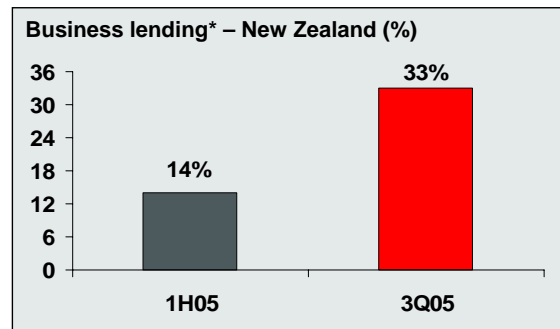
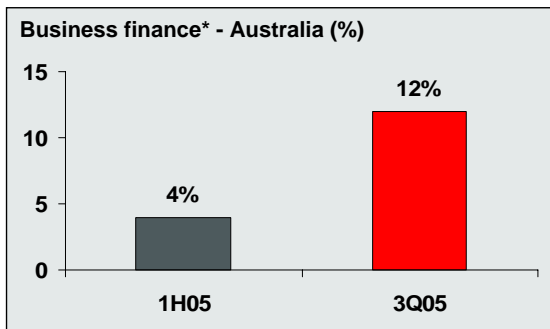
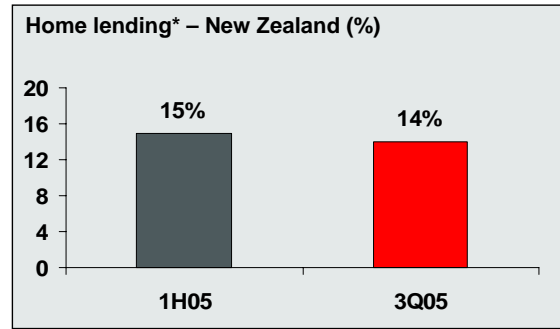
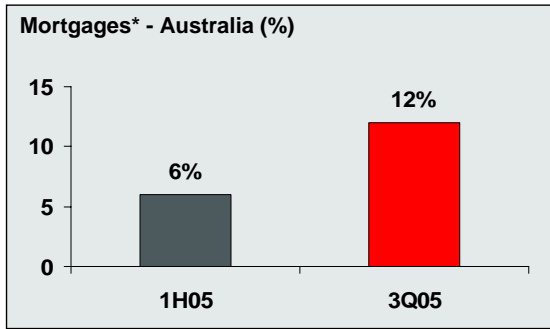
Credit growth continuing to ease



Competitive environment remains intense

- New entrants/niche competitors well established
- Increased peer competition
- Price increasingly used as a competitive tool
- Rising demands around customer experience
- Increased regulatory demands and impact

Addressed momentum in retail franchise



*Annualised total portfolio period growth



Australia's First Bank

Significant momentum across the group

BCB	<ul style="list-style-type: none"> • Momentum restored in the retail franchise • Infrastructure investment and business restructure enhancing sales effectiveness, service and efficiency
New Zealand	<ul style="list-style-type: none"> • Strong growth in business banking continuing • Focus on profitable growth in housing and deposits
BT	<ul style="list-style-type: none"> • Outstanding investment performance with improving advice capability • Leveraging group-wide relationships
WIB	<ul style="list-style-type: none"> • Lead bank status recaptured • Enhanced growth profile via competitive advantage in transactional banking and established capability in alternative assets
Capital & Risk	<ul style="list-style-type: none"> • Compliance projects on track • Healthy capital position



Australia's First Bank

Westpac is well positioned

- Strategy focused on maximising organic growth
- Diversified business portfolio delivering value under various economic scenarios
- Disciplined – balanced growth, return and risk
- Large, high value customer franchise
- Delivering real cross-business opportunities
- Driving efficiency through simplicity
- Global leader in sustainability
- Strong capital position and low risk profile
- Strong board and high quality management team
- Consistent financial performance