Westpac 2009 Full Year Result

Investor Discussion Pack

November 2009

Westpac Banking Corporation ABN 33 007 457 141

Index

Westpac 2009 results

2009 Results Overview

November 2009

Westpac Banking Corporation ABN 33 007 457 141

Westpac Banking Corporation – at a glance

- Australia's second largest bank, and the world's 15th largest bank, ranked by market cap[1]
- One of only 10 banks globally rated 'AA' or higher[2], and recognised as one of the 20 safest banks globally[3]
- Strategy focused on domestic markets of Australia, New Zealand and the near Pacific
- Broad, multi-brand franchise providing retail, business, institutional banking and wealth management services to around 10 million customers
- Strong capital, funding, liquidity and provisioning
- Solid earnings profile
- Leader in sustainability

Key financial data for full year to 30 September 2009	
Net profit after tax (reported)	$3,446m
Cash earnings (pro forma)[4]	$4,627m
Tier 1 ratio (Basel II)	8.1%
Return on equity (pro forma, cash basis)	13.8%
Total assets	$590bn
Market cap[1]	$77bn

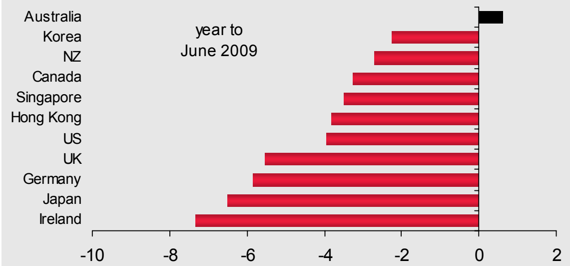
Credit ratings	
Standard & Poor's	AA / Stable / A-1+
Moody's Investor Services	Aa1 / Negative / P-1
Fitch Ratings	AA- / Stable / F1+

1 As at 30 September 2009. Source: IRESS, CapitalIQ and www.xe.com. 2 Rated AA and higher by Standard & Poor's. As at 30 September 2009. Excluding government-owned banks. 3 Global Finance Magazine, August 2009. 4 Reported results adjusted to include the addition of the cash earnings of St.George for the full period (pro forma adjustments) and for material items to ensure they appropriately reflect profits normally available to ordinary shareholders (cash earnings adjustments). Refer to Westpac's 2009 Full Year Results for details on the basis of preparation.

Australia well positioned during global downturn

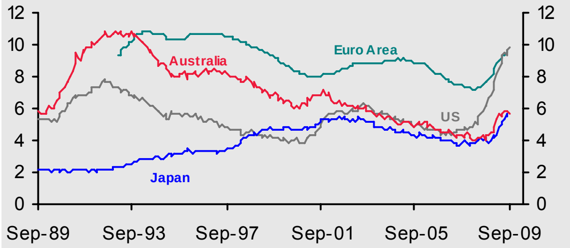
- Australia avoided a 'technical recession' and GDP is expected to expand by 0.7% in calendar 2009. That compares very favourably with other developed economies
- Unemployment remains low by global standards, at 5.7% at September 2009
- Policy stimulus played a key supportive role:
  - Monetary policy easing saw variable mortgage rates fall to a 41 year low. Policy remains very stimulatory with standard variable rate below decade average of 7.3%
  - Fiscal stimulus has been timely, targeted and effective. Helped turn private demand around from -1.3% in Q109 to +0.8% in Q209
  - 2008/09 stimulus represented 2.3% of GDP (focus on cash payments). Stimulus in 2009/10 also 2.3% of GDP (focus on building schools)
- Government debt will remain relatively low by global standards as Federal government had no net debt prior to crisis
- Strong banking system – four major banks all AA rated

GDP growth: international comparison (%)



Sources: Treasury budget papers.

Unemployment rate (%)



Sources: Facset, Westpac Economics.

A Transformational year

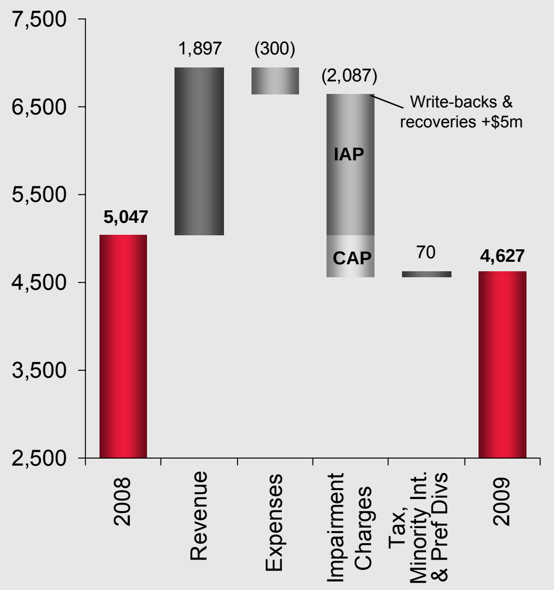
		Sept 08	Sept 09	Movements
Customers	Customers Branches (Aust) NPS[1] Westpac RBB NPS[1] St.George	7m 1,045 -24 -13	10m 1,645 -15 -9	40% distribution uplift Improving NPS
Australian Market share	Housing Business Household Deposits Wealth platforms	14%[2] 13%[2] 14%[3] 13%[4]	23%[2] 18%[2] 23%[3] 20%[4]	Around 1% of growth in mortgage and deposit share is organic
Productivity	Expense/income ratio	44%	40%	
Balance sheet	Tier 1 Ratio Stable funding ratio	7.8% 70%	8.1% 84%	Positioned to help our customers reach their goals
Brands				
Size	Market capitalisation	$41bn	$77bn	Up almost 90%

1 Source for Consumer NPS (Net Promoter Score): Roy Morgan Research – NPS of main financial institution Aged 14+. Peers includes WBC, ANZ, CBA, NAB and SGB (simple average). Data till Sep 09. 2 Reserve Bank of Australia share/multiple of financial system. 3 APRA share/multiple of banking systems September 2009. 4 Plan for Life as at June 2009.

Sound performance in challenging conditions

- Group cash earnings[1] down 8% to $4,627m; core earnings[1] up 19%, offset by a significant increase in impairment charges
- Revenue[1] up 13%, benefiting from solid volumes, improved margins and strong markets revenue
- Expense growth[1] of 5%; increasing investment in the front line
- Impairment charges[1] increased $2,087m reflecting economic deterioration:
  - Individually assessed provision (IAP) charge up $1,606m, primarily due to 3 large corporates; business stress; and margin lending provisions
  - Collectively assessed provision (CAP) charge up $486m, including an additional $112m in economic overlay[2]
- Reported net profit after tax down 11% to $3,446m, includes:
  - St.George results from, and including,18 November 2008
  - $753m tax provision for NZ structured finance transactions

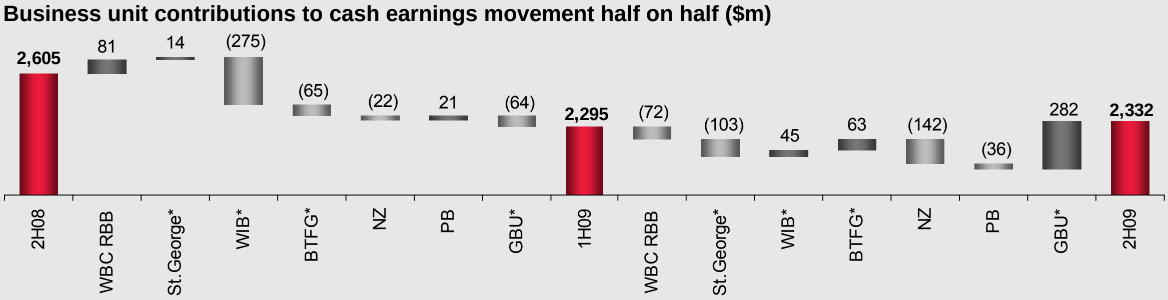
Cash earnings[1] FY08 – FY09 ($m)



1 Pro forma basis. 2 Economic overlay now stands at $502m.

A diversified portfolio

Business unit contributions to cash earnings movement half on half ($m)



2009 cash earnings ($m)	WBC RBB	St.George*	WIB*	BTFG*	NZ	PB	GBU*	Group
Operating income	6,217	3,285	3,072	1,585	1,339	253	1,004	**16,755**
Expenses	(2,943)	(1,200)	(1,028)	(856)	(604)	(85)	(24)	**(6,740)**
Core earnings	3,274	2,085	2,044	729	735	168	980	**10,015**
Impairment charges	(551)	(594)	(1,528)	(15)	(466)	(23)	(115)	**(3,292)**
Tax and minority interests	(815)	(448)	(155)	(221)	(75)	(43)	(339)	**(2,096)**
Pro forma cash earnings	**1,908**	**1,043**	**361**	**493**	**194**	**102**	**526**	**4,627**
Contribution to cash earnings	41%	23%	8%	11%	4%	2%	11%	100%

* Pro forma basis. See slide 121 for Business Unit definitions.

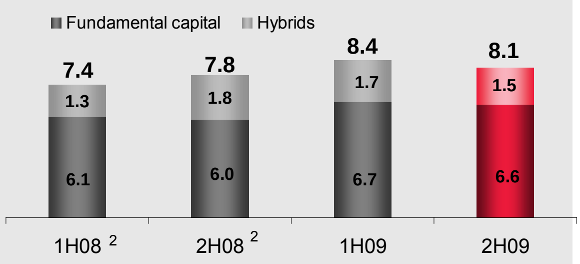
Key features of 2009

St.George Merger	▪ Merger tracking to plan and 19% ahead on synergies
Growing market share	▪ Westpac RBB, St.George and BTFG all consistently increasing share across key products - mortgages, deposits and funds under administration, providing strong momentum into 2010
Improved productivity	▪ Low expense to income ratio at 40.2% ▪ In addition to merger, introduced a range of initiatives to further enhance efficiency
Market volatility	▪ Weaker asset markets contributed to lower wealth earnings and impacted equities business ▪ Strong Treasury & WIB markets income from improved customer flow and improved risk management income
High funding costs	▪ Average funding costs continue to rise as both wholesale funding costs remain elevated above pre-GFC levels and competition for retail deposits has materially increased
Deteriorating asset quality	▪ Asset quality, distinguishing characteristics: – Losses initially emerged from companies directly impacted by the GFC – mostly in 1Q09 – Slower economic activity impacted businesses. Commenced in 1H09 with larger corporates, with more significant impact in 2H09 from commercial property
Stronger capital, funding & liquidity	▪ Strengthening balance sheet a priority, enabling the Group to continue supporting customers

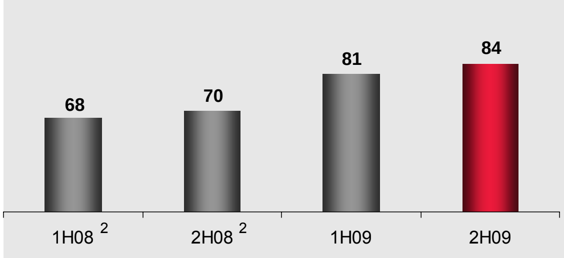
Strong balance sheet

- Healthy Tier 1 ratio at 8.1%:
  - Strong organic capital growth
  - Comfortably above target range
  - Supported 2H09 dividend increase
- High provision coverage:
  - Economic overlay remains over $500m
- Funding profile improved:
  - Customer deposits up 17%
  - Higher proportion of term wholesale funding, with a longer duration

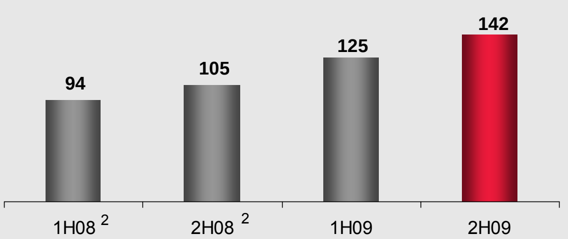
Tier 1 Ratio (%)



Stable funding ratio[1] (%)



Collectively assessed provisions/credit risk weighted assets (bps)

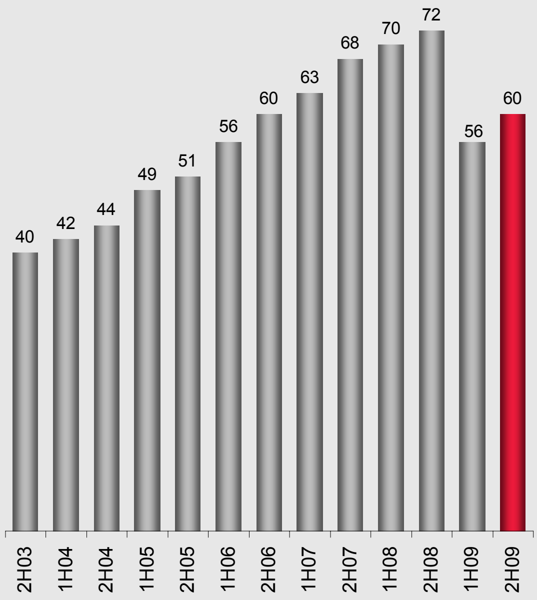


1 Stable funding ratio includes: customer deposits; term funding with a residual maturity greater than one year; and securitisation. 2 Westpac stand alone basis.

Dividends

- Full Year dividend 116 cents, down 18%
- Key considerations:
  - Lower earnings and increased share count, led to earnings per share down 18%
  - Pay-out ratio of 73.4%[1], a little higher than recent levels
  - Board considered that slightly higher pay-out could be accommodated in 2H09 given cyclical nature of impairment charges and capital levels
- Full year dividend equates to 4.4% yield[2] (6.3% fully franked yield[1])
- DRP to be satisfied by new share issuance, continuing 2.5% DRP discount
- Significant franking balance, $1.9bn

Dividends per share (cents)



1 Pro forma cash basis. 2 Based on Westpac closing share price on 30 September 2009. Source: IRESS.

2010 considerations

Revenue	▪ Good balance sheet momentum and wealth recovering ▪ Treasury and Markets income unlikely to replicate 2009 levels ▪ System credit growth remaining low; expect to grow above system ▪ Higher funding costs, including deposits; lending rates to rise ▪ Reduction in exception fees expected to impact revenue
Expenses	▪ Merger synergies more prominent 2010, starting run rate $234m ▪ Increased productivity focus gaining traction ▪ Further rise in IT expenditure as the IT strategy is implemented
Impairment charges	▪ Impairment charges expected to ease in 2010 ▪ Commercial sector still showing some stress, including property ▪ Expect household sector to remain solid
St.George Merger	▪ No change to $700m integration costs or estimated cost savings ▪ Further detail to be provided in an update early December 2009
Balance Sheet	▪ Capital, funding and liquidity standards expected to evolve over the year ▪ Provisioning accounting standard changes likely to be finalised in 2010 and implemented 2011

The new normal – changes flowing from the GFC

Customers	Industry	Regulatory
▪ Customers choosing to have lower debt and more equity ▪ Higher savings a priority ▪ Increased rewards for saving, greater costs for borrowing ▪ Financial service relationships valued more highly	▪ Deleveraging and easing of stimulus packages to impact sector growth ▪ Deposit growth to be a greater driver of lending ▪ Changes in risk assessment and pricing for risk ▪ Average funding costs continuing to rise ▪ Industry structure continuing to evolve	▪ Many institutions have adjusted their business models. Regulatory change will reinforce: – Higher minimum capital and higher quality capital – More liquidity and changes in liquidity composition ▪ Transition to new models must be measured to support economic recovery

Strategy and St.George Merger

November 2009

Customer focused strategy – building on platform of 2009

Vision	To be the leading financial services company in Australia and New Zealand				
Assessed by	Most recommended financial services company	Meet most customers needs	Most skilled and engaged people	Global leader in sustainability	Highest returns in sector
Driving principles	Operating as One Team: Focus on core markets; Strong local businesses; Easy to do business with; Common values				

Key Programs

Customers at the centre	Investing in people	More choice for customers	Sustained Gains
• Westpac Local: The Bank Manager is back • St.George: Greater regional focus while increasing distribution presence and reach	• Shift decision making and focus to front line • Increased training, coaching and mentoring • Pervasive cultural change, fundamentally improving customer focus	• St George: Australia's leading regional bank 'Big enough; Small enough' • Westpac Brand: Strong, safe, local, responsible • Leading 'Institutional' brand	• Continue to deliver on merger synergies • Build sales force productivity • Process redesign and simplification

Westpac differentiated by its focus and strong franchise

Focus on core markets	• Major Australian bank most focussed on Australia and New Zealand • Leveraging customer-focussed, multi-brand strategy to grow both customers and products per customer
Strategically well placed	• Westpac Bank of the Year 2009[1]; St.George Home Lender of the Year[1]; RAMS Best Non-Bank Lender of Year[1]; Institutional Banking in lead position for relationships and products[2]; BTFG best investment platform[3] • Strong banking momentum, with consistent growth in market share across key mortgage and deposit products • Growing share in wealth, with business model well suited to emerging industry changes including having transparent fees, open architecture Wrap, and low cost Super for Life product • Portfolio of strong, distinctive brands increases strategic options
Transformational St.George merger	• Adds multi-brand capability • Increased Australian distribution network by 40%; total customers now around 10m • Improved efficiency path, seeking a sub 40% expense to income ratio in FY11 • Larger revenue base from which to leverage investment
Sustainability leader	• Global sustainability leader • Employer of choice

1 Money Magazine June 2009. 2 Peter Lee July 2009. 3 BT Wrap 'smart investor award for best investment platform and best margin loan' Aug 09.

Good progress on our 2009 strategic priorities

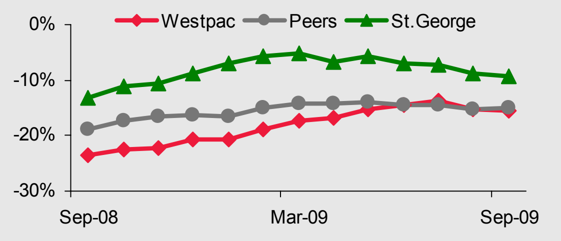
	Objective	2009 Progress
Customers	Earn all of our customers' business	▪ Products per customer - best of Australian banks[1] ▪ Growing share across key products with Australian mortgages up 17% and total customer deposits up 17% ▪ Improving cross sell – Insurance, BT Super for Life
Distribution	Strengthen and drive locally empowered business	▪ Westpac Local being rolled out, over 60% complete. Continuing roll-out in NZ ▪ 13 new branches, 4 new business centres, and 124 new ATMs ▪ St.George regional structure established, leveraging off successful BankSA model
Operations	Transform service delivery	▪ Simplifying processes, eliminating unnecessary requests, improving online tools ▪ Effective use of overflow space and capacity between Westpac and St.George
Technology	Strengthen capability & improve flexibility / simplicity	▪ Built IT management bench strength and completed strategic roadmap incorporating merger ▪ Projects focused on improving the customer experience, including online capabilities and an improved collections system ▪ Improved systems reliability
People	Drive one team approach	▪ Staff engagement up 3 percentage points to 81%, results consistent across brands ▪ Successful head office integration
Merger	Integrate without customer disruption	▪ Grew St.George customer numbers and had no disruption to Westpac RBB momentum ▪ St.George momentum has been restored, consistently increasing market share in key products ▪ Expense synergies progressing ahead of plan

1 Source: Business Intelligence Group based on August 2009 data in Group Data Warehouse.

Customers are at the centre of everything we do

- Fully supported customers through the more challenging times:
  - Institutional – continued to lend as capital markets closed
  - Consumer – funding for mortgage borrowers including first home buyers; improved deposits focus
  - Business – supporting debt reduction/consolidation through education
  - Extended Westpac Assist[1] across small business and introduced St.George Assist
  - New and fairer exception fee structure
- Investment focused on further improving customer experience:
  - Continued roll-out of Westpac Local business model (60% complete) putting more decision making in the front line. Model being rolled out in NZ
  - New regional operating structure in St.George bringing senior management closer to customers
  - 13 new branches, 4 new business centres, and 124 new ATMs across Westpac and St.George brands
- Work in progress:
  - Improved call centre management and complaint resolution
  - Installing St.George sales and service desktop to Westpac
  - Program of cultural change across the organisation
- Measuring success of putting customers at the centre is based on 'NPS'[2]. NPS measures the propensity of customers to recommend our brands. St.George leads sector, Westpac has delivered a better than peer improvement over the year

Australian Consumer NPS[2] – 6 month moving average (%)



Success in improving customer experience	Slides
Strong growth in Markets income from customer flows	31
Consistently growing share in key products, mortgages and deposits	38, 42
Net Promoter Score	59
Products per customers up	60
Consumer delinquencies declining in 2H09	91, 92
Over 11,000 customer accounts supported with Westpac Assist in 2H09	94

1 Dedicated call centre designed to support customers in early stress, including through adjusting loan terms/duration. 2 Refer to slide 59 for details on Net Promoter Score (NPS). Source for NPS: Roy Morgan Research – NPS of main financial institution Aged 14+. Major banks includes WBC, ANZ, CBA, NAB and St.George (simple average). Data till Sept 09.

Customers given choice via multi-brand strategy

Following the merger with St.George, The Westpac Group has implemented a multi-brand strategy, which involves:

- Maintaining unique and distinct brands, that mean different things to different people
- A commitment to investing in brand distinctiveness, while benefiting from common head office and aligned technology
- Choosing to protect customer relationships over short-term cost gains

A multi-brand strategy enables the Group to support more customers, respecting their choices

Completed reassessment of brand attributes and position	Developed new segment strategies for updated brands	Sharing of best practice and implementing cross sell	Specific brand strategies by market/region product
▪ Clear understanding of what each brand means to customers, employees and communities ▪ Refined advertising campaigns underway across brands	▪ Assessing opportunities to reinforce brand attributes across business segments	▪ Product development built on shared learning ▪ BT Insurance products being sold through St.George, BankSA and RAMS ▪ Roll-out of Super for Life to St.George in early 2010	▪ Deciding which brands to focus on when targeting new segments or regions

St.George Bank	Westpac RBB	Wealth	Institutional	New Zealand
St.George, BankSA	Westpac, RAMS Home Loans	BT Financial Group, Asgard	Westpac Institutional Bank	Westpac

Technology – focus on improving customer experience

- In 2009, the focus for Technology has been on improving the customer experience
- This has included improving system reliability, developing the technology strategy and architecture for the merged Group and implementing the merger with St.George
- Priority has now moved from strategy development to implementation, with a detailed 5 year plan now in place
- Major merger milestones completed:
  - Reciprocal ATM usage
  - Group-wide IT connectivity, including for secure email
- 2009 investment has significantly improved systems reliability:
  - Disruptive incidents down over 75% over the year
  - Time to restore incidents improved by over 50%
  - 76% decline in PC help desk calls

Technology investment focused on improving the customer experience

Completed in 2009:

- 12,700 new PCs installed across branches, contact centres and corporate sites. Supported by 12,200 new teller keyboards and pinpads
- Upgraded bandwidth across network doubling capacity and reducing response times
- New Westpac website now up and running
- Systems investment to launch BT wealth/ insurance products into St.George

Under development:

- General Ledger/Human Resource system integration nearing completion
- Group wide sales and service desktop (teller and contact centre system) utilising scalable St.George platform
- Implement new online system for internet banking

St.George merger delivering ahead of plan

The Transaction

- On 13 May 2008, Westpac and St.George announced their intention to merge by way of a scheme of arrangement subject to various approvals
- Final approvals received on 17 November 2008
- Merger completed on 1 December 2008. The accounting merger date was 17 November 2008
- St.George shareholders received 1.31 Westpac ordinary shares for each St.George ordinary share held
- Purchase price $12.2 billion (Price to Book 1.7 times. Price to earnings 9.2 times)

The Benefits

- Enhanced revenue opportunities from larger customer base and increased cross sell
- A 40% increase in the Australian distribution network
- Protect customer choice by maintaining multiple brands, keeping key corporate sites, and offering reciprocal ATM usage
- $400m per annum (from FY11) in merger expense synergies, by combining head offices and certain operations
- Achieve an expense to income ratio below 40% by FY11

The Progress

Progress over the year includes:

- Clear operating model from day 1
- Appointed first four management layers 4 weeks following merger implementation. Retained St.George management expertise
- Implemented reciprocal ATM fee waivers for all our customers
- Consolidated Treasury and funding activities
- Aligned accounting and risk policies
- Established secure technology link between Westpac & St.George
- Finalised Technology strategy for the merged Group
- Growth in St.George and Westpac RBB customer numbers
- Enhanced Westpac and St.George brand position

Initiatives underway:

- Single general ledger by end of calendar 2009
- Single Authorised Deposit Taking Institution (ADI) in 2010
- Achieving Basel II Advanced Accreditation for St.George for credit, market and operational risk, around mid 2010
- Integration of people systems including payroll, recruitment and occupational health and safety systems
- Wealth cross sell initiatives into St.George, including BT Super for Life and multi-branded general insurance products

Merger forecast integration spend of $700m on track

($m)	2H08	1H09	2H09	Total to date
IT, systems and operations	-	30	116	146
Restructuring and outsourcing	-	46	57	103
Program governance & strategy develop.	6	39	29	74
Transaction costs and stamp duty	25	28	1	54
Revenue and retention investment	-	9	6	15
Total cash spend	**31**	**152**	**209**	**392**
Reflected in cost of merger	18	27		45
Cash earnings adjustments	13	125	209	347
Total cash spend	**31**	**152**	**209**	**392**

Examples:
- Finance system consolidation including the move to a single General Ledger
- Development of Super for Life for St.George and insurance cross sell initiatives
- Consolidation of payroll systems
- St.George Basel II advanced accreditation

- Appointing first 4 management levels, and reducing duplication, particularly in corporate office areas and product and operations

- Merger integration team costs
- Costs associated with determining appropriate systems/processes for the combined entity

- Merger transaction costs including consulting, legal and investment banking fees
- Early costs of moving to a single ADI

- Various customer retention and communication initiatives

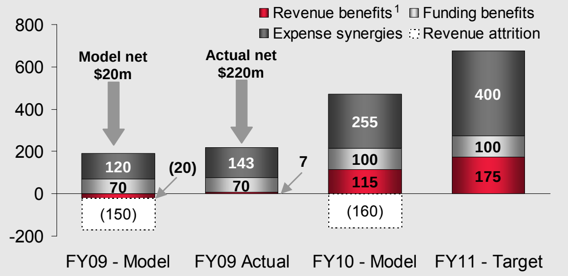
Merger benefits well ahead of plan

Expense synergies ($m)	1H09	2H09	FY09	Annual run rate	Comment
Personnel	18	81	99	182	▪ 1,275 reduction in roles
Non-personnel	4	40	44	52	▪ Sourcing savings from a review of external contracts ▪ Rationalised head office costs ▪ Early technology and operations synergies
Total	22	121	143	234	▪ Benefits 19% ahead of plan; 59% of planned expense synergies already achieved

Key merger benefits net $200m ahead of model:

- Customer growth removes $150m drag per annum from original business case in FY09
- Expense synergies 19% ahead of plan at $143m
- Funding benefits fully achieved
- Revenue benefits $7m versus plan of $20m drag:
  - Commenced selling of BT insurance products into St.George, early trends positive
  - Launch of BT Super for Life to St.George customers in early 2010

Year 1 merger benefits versus merger model ($m)



1 Revenue benefit in FY09 model was ($20m). Achieved $7m of benefit in FY09.

Embedded environment, social and governance management driving leading performance outcomes

Objective: to be a global leader in sustainability – and clearly recognised as such by customers, investors, employees and communities

Strategy	Enhanced Accountability	Measurement
▪ Reduce direct and indirect emissions ▪ Transition to low carbon economy ▪ Sustainability led products and services ▪ Leading human capital management ▪ Responsible banking and investment ▪ Engage on local issues and concerns ▪ Leading risk management / governance	▪ Enhanced focus on material issues and performance ▪ Revised 2010 and 2013 objectives for focus areas, part of a five year plan ▪ Priorities integrated into business strategy, project investment, product development and individual performance scorecards ▪ Division plans roll up into Group objectives coordinated via Sustainability Council	Dow Jones Sustainability Indexes: A leader in the global banking sector GMI: Top-rated (10.0) in 19 consecutive assessments Carbon Disclosure Project: Included in the Global Carbon Leadership Index (CLI) for sixth consecutive year

2010 objectives across key focus areas

Environment		Going mainstream: products & services	People and places	Solid foundations: governance and risk management
Tread lightly: footprint	Transitioning to low carbon/water future			
▪ Reduce scope one and two emissions by 12.5%; paper consumption by 7%; water consumption by 6% (all on 2008 levels) ▪ Increased accountability for scope three emissions	▪ Provide carbon hedging and risk management products in Australia and New Zealand ▪ Embed carbon into credit and other risk processes ▪ Continue to engage with customers on impacts ▪ Finance the growth of renewable energy generation	▪ Embed sustainability criteria into product design and decisions ▪ Launch energy efficiency loans ▪ Launch innovative savings product	▪ Employee engagement 81% ▪ Roll-out branch-based management, recruitment, community engagement ▪ Roll-out $1m cash and in-kind financial counselling support ▪ Report customer feedback on Assist (for customers with financial problems)	▪ Develop framework for ESG[1] analysis across all divisions ▪ Implement sustainable supply chain management across all countries and brands ▪ Enhanced governance and further implementation of UNPRI[2]

1 ESG is Environmental, Social and Governance. 2 UNPRI is United Nations Principles for Responsible Investment.

THE Westpac GROUP

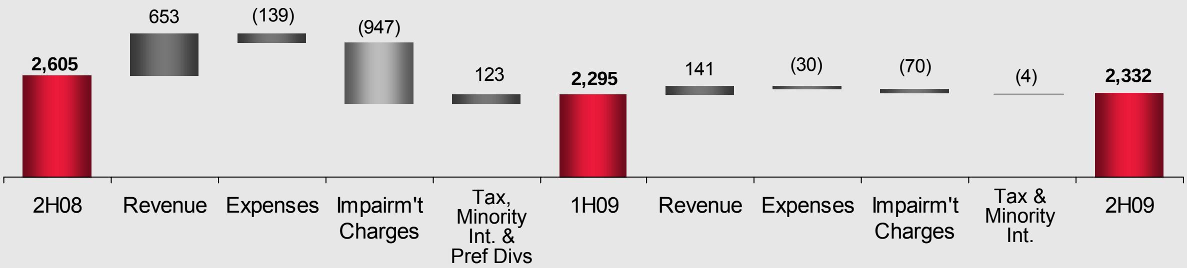
Features of the Result

November 2009

Sound cash earnings recovery in second half

Cash Earnings

Cash earnings[1] movement half on half ($m)



2H08 – 1H09 key features:

- Very strong Markets, solid volumes and margins
- Expense growth beginning to moderate
- Impairment charges higher, particularly related to the GFC and commercial sector

1H09 – 2H09 key features:

- Wealth revenue recovering, Treasury higher, Markets revenue lower
- Low expense growth of 1%
- Impairment charges little changed over half, although remaining high (mainly from development property and NZ exposures)

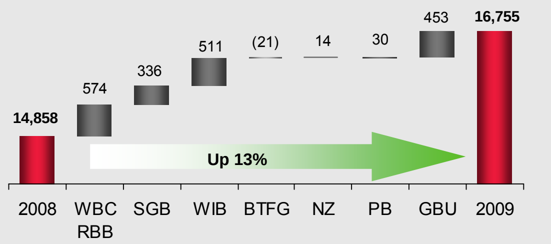
1 Pro forma basis.

THE Westpac GROUP

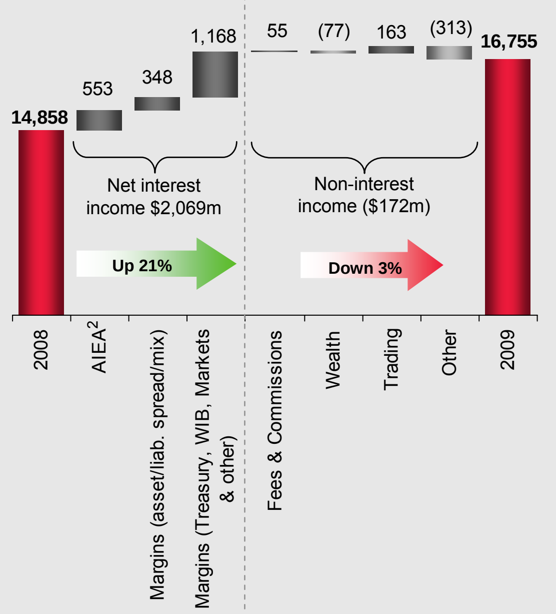
Strong revenue reflecting a diverse portfolio

- Strong franchise performance
- Net interest income up 21%[1], with above system loan growth, and very strong contribution from Treasury (increasing margins)
- 3% fall in non-interest income[1]:
  - Weak fee income from lower transaction and exception fees
  - Very strong markets performance
  - Wealth earnings lower over year but improving trend

Business unit contribution to revenue[1] ($m)



Revenue[1] FY08 – FY09 ($m)

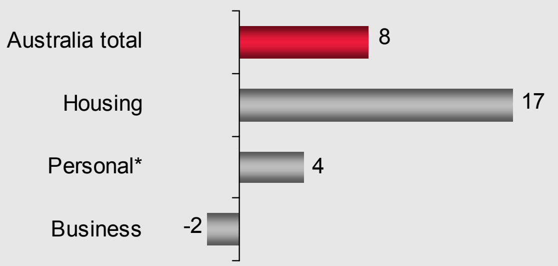


1 Pro forma basis. 2 AIEA is Average Interest Earning Assets.

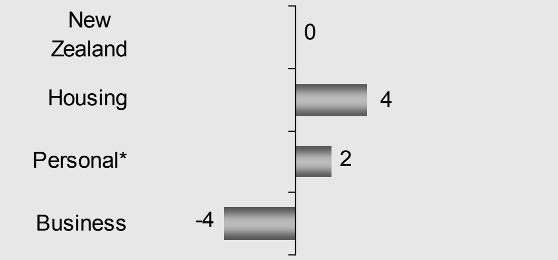
Slower system loan growth offset by market share gains

- Total lending up $30bn, or 7%, to $463bn
- Westpac Group Australian credit growth of 8%, well ahead of Australian banking system credit growth[1] of 1.7%, supported by:
  - Housing up 17%, improving share growing at 1.5x banking system[1]
  - Personal lending (3.7% of Australian total) slightly higher with majority of growth from St.George cards
  - Business lower, majority of decline from institutional lending, with small and medium business lending relatively flat
- New Zealand[4] credit growth flat versus banking system growth[2] of 3% due to corporate deleveraging by WIB New Zealand institutional customers

Australian loan[3] growth FY08 – FY09 (%)



New Zealand loan[3,4] growth FY08 – FY09 (NZ$) (%)



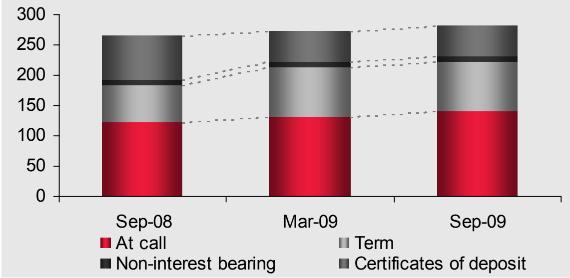
* Personal is personal loans, credit cards and overdrafts. 1 Source: RBA banking system growth, 12 months to 30 September 2009. 2 Source: RBNZ banking system growth, 12 months to 30 September 2009. 3 Spot gross loan balances. 4 New Zealand comprises our New Zealand retail banking operations and wealth management business, WIB New Zealand and Treasury.

Solid customer deposit momentum improving funding mix

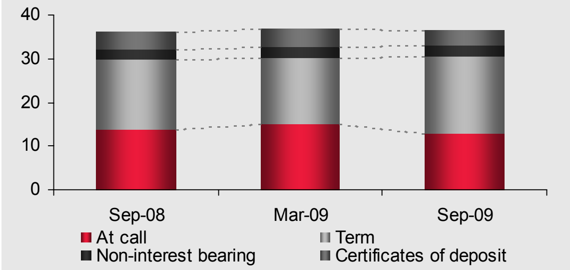
Balance Sheet

- Very strong customer deposit growth, up 17%
- The $39bn increase in customer deposits fully funded lending growth. This shift has reduced the reliance on wholesale funding and improved the Group's funding mix
- Australian customer deposits up $39bn on 2008:
  - Growth of 20%, compared to 14% growth in the banking system
  - Rise reflects outcome of a range of initiatives introduced over the year to improve the focus on deposit gathering
  - Strong growth in term deposits in 1H09, replaced by demand for the flexibility of at call deposits (typically online) in 2H09
- New Zealand[2] deposits increased 4%, compared to banking system[3] growth of 5% in NZ$ terms - lower relative growth by WIB New Zealand due to not matching more aggressive market rates in 1H09

Australian deposit[1] balances ($bn)



New Zealand deposit[2, 3] balances ($bn)



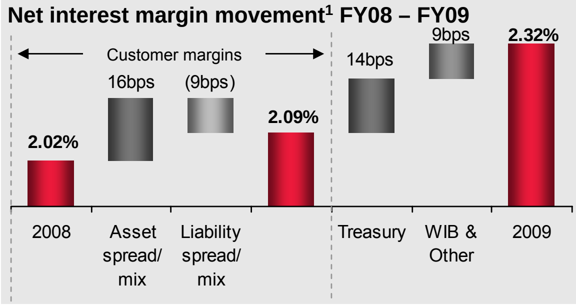
1 Spot deposit balances. 2 New Zealand comprises our New Zealand retail banking operations and wealth management business, WIB New Zealand and Treasury. 3 Source: RBNZ banking system growth, 12 months to 30 September 2009.

Margins and product spreads reflect market dynamics

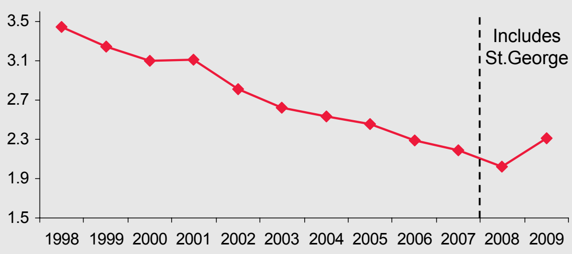
Net Interest Margin

- Consumer and business margins up 7bps over the year, with Treasury, WIB and other boosting total margins a further 23bps
- Higher Lending spreads from:
  - Increased risk premiums, particularly in business lending
  - Catch-up in recouping higher funding costs
- Deposit spreads declined:
  - Increased competition for customer deposits given more difficult and higher cost wholesale markets
  - Change in the mix of deposits towards term deposits
- Group margins also impacted by lower cash rates that reduced the return on non-interest bearing liabilities
- Treasury impact on margins likely to partially retrace in 2010 as Treasury revenues expected to ease

Net interest margin movement[1] FY08 – FY09



Group net interest margin (%)



Product spreads[2, 3, 4, 5] – Australia (%)

	Pro-forma			2H09 vs 2H08
	2H08	1H09	2H09	
Mortgages	0.66	0.91	0.87	*+0.21*
Business lending	1.49	1.60	1.52	*+0.03*
Cards	5.26	6.82	7.51	*+2.25*
Institutional lending	0.65	0.73	0.92	*+0.27*
Retail deposits	2.09	1.70	1.70	*-0.39*

Product spreads[4] – New Zealand (%)

	2H08	1H09	2H09	2H09 vs 2H08
Consumer lending	1.27	1.55	1.80	*+0.53*
Business lending	1.56	1.70	1.82	*+0.26*
Deposits	1.60	1.46	0.86	*-0.74*

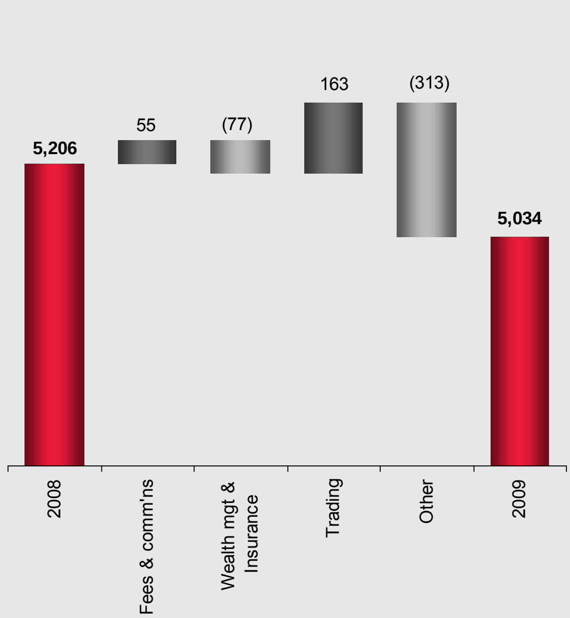
1 Pro forma basis. 2 Represents merged margins based on previously reported data for Westpac and St.George. 3 St.George's funding cost transfer pricing methodology was aligned with the Group in 2H09. No comparative restatements were made to 2H08, however restatements were made to 1H09. 4 Includes broker commissions. 5 Includes wholesale term funding costs.

Modest decline in non-interest income

Non-interest Income

- Non-interest income[1], down 3%, with strong Markets income growth offset by lower wealth and other income
- Fees and commissions up 2%:
  - Higher line and origination fees in Institutional and Business Banking
  - Lower transaction fees, particularly ATM fees
- Wealth management and insurance down 5%:
  - Funds management revenue down 11% from lower average FUM and FUA. Improving in 2H09
  - Insurance revenue up 19% on good premium growth
- Trading income up 19%:
  - Improved customer volumes and wider spreads from higher market volatility and reduced liquidity, particularly in 1H09
- Other income lower:
  - Asset write-downs in Specialised Capital Group
  - One-off asset sales in 2008 (including Visa and property sales) not repeated in 2009

Non-interest income[1] FY08 – FY09 ($m)



1 Pro forma basis.

WIB Markets revenue supported by customer flows

Markets Income

- Conditions for Markets revenue have been positive, with higher volumes and greater volatility particularly in 1H09
- Strong growth in volumes:
  - Customer sales up 52% to $561m over 2008
  - Higher volatility and preference for dealing with a strong 'AA'[1] rated counterparty
- Debt Markets trading portfolio well positioned over the year:
  - Benefited from movements in credit spreads and interest rates
  - 128% increase on 2008 revenue
- FX&CCE:
  - Well positioned in 1H09 for higher volatility
  - Sharp directional change in 2H09 not captured
- Small increase in VaR reflects higher volatility rather than larger positions

Markets revenue by division ($m)	1H08[2]	2H08[2]	1H09[2]	2H09
Foreign Exchange and Commodities, Carbon and Energy (FX&CCE)	223	272	511	160
Debt Markets sales and trading and Equities[3]	127	42	202	207
Total	**350**	**314**	**713**	**367**
Markets revenue ($m)	**1H08[2]**	**2H08[2]**	**1H09[2]**	**2H09**
Customer activity	180	190	337	224
Trading	170	124	376	143
Total	**350**	**314**	**713**	**367**
Average VaR[4]	7.1	9.5	9.3	10.6

1 Rated by Standard & Poor's. 2 Pro forma basis. 3 Represents Equity Derivatives component of Equities business only. 4 VaR at 99% confidence level, 1 day hold period.

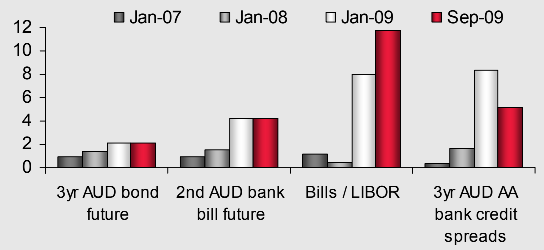
Treasury – a strong contribution to earnings

Markets Income

- Strong revenue:
  - 1H09 driven by Bills/Libor spreads and global interest rate movements, particularly large reductions in global cash rates
  - 2H09 driven by positioning the liquidity portfolio for narrowing credit spreads
- Treasury VaR continues to reflect both the larger balance sheet and increased market volatility. Little change in size of structural risk positions

Treasury revenue ($m)	1H08[1]	2H08[1]	1H09[1]	2H09
Net interest income	90	160	375	578
Non-interest income	(1)	57	14	3
Total revenue	**89**	**217**	**389**	**581**
Cash earnings	**53**	**134**	**249**	**375**
Average VaR[2]	9.9	22.9	41.4	36.0

Increase in relative VaR[3] (index)



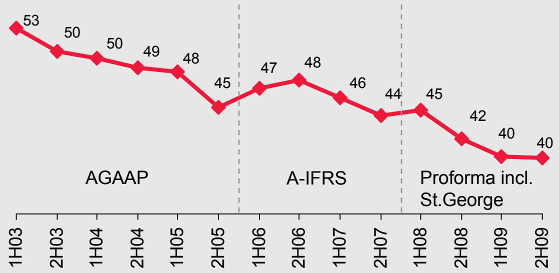
1 Pro forma basis. 2 VaR at 99% confidence level, 1 day hold period. 3 Indexed July 2006 = 1.

Expense growth matching the tougher environment, run rate slowing

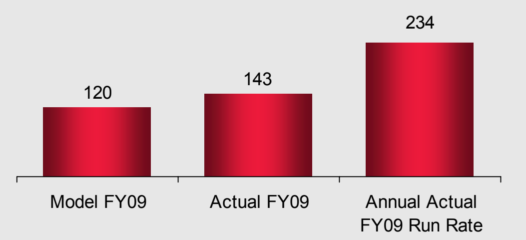
Expenses

- Expense growth 5% over the year, with 1% growth in 2H09. Continued distribution investment:
  - Westpac Local rollout in Australia and NZ
  - More employees in the front line, up 387
  - New branches (13), business banks (4) and ATMs (124)
  - Brand investment in St.George
- Expense to income[1] ratio down 320bps to a record low of 40.2%, with banking expense to income at 38.5%
- Employee expenses up 5%:
  - General wage increases and higher front line staff
  - Lower head office and support staff, including from merger
  - Higher defined benefit superannuation fund costs
- Equipment and occupancy up 2%:
  - Lower software amortisation offset by increases in the distribution network
- Other expenses up 6%, unusually large for this period due to:
  - Higher credit card loyalty costs
  - Higher technology costs
- Achieved $143m in merger savings, 19% ahead of schedule:
  - Annual run rate for merger savings of $234m (70% of planned expense synergies)

Group - expense to income (%)



Merger Synergies ($m)



1 Pro forma basis.

Deferred expenditures

- Capitalised software balances were 4% lower over the year with a $300m increase in new capitalised software offset by higher amortisation and further impairment charges
- New projects adding to capitalised software over the year included:
  - Infrastructure projects to enhance system stability
  - Additional compliance investment including in AML/CTF and Basel II in St.George
  - Upgrade of various banking systems
  - Payments transformation, upgrading our payments infrastructure to improve straight through processing and reduce manual intervention
  - Customer security enhancements including authentication enhancements and better management of internet fraud
- Amortisation higher over the year from new projects
- Additional impairments principally reflect aligning the St.George capitalised software methodology to Westpac's approach
- Deferred acquisition costs relate predominantly to the wealth business and were lower over the year due to some acceleration in amortisation

Deferred expenses and capitalised software ($m)	2008	2009
Capitalised software[1]		
Opening balance	**706**	**656**
Additions	245	306
Amortisation	(127)	(203)
Impairment	(166)	(78)
Other	(2)	(53)
Closing balance	**656**	**628**
Other deferred expenses		
Deferred acquisition costs	142	126
Other deferred expenses	28	13

1 Pro forma.

Impairment charge supporting higher coverage

Category	Charge 2008[1] ($m)	Charge 2009[1] ($m)	Change over 2008 ($m)	Comments
Individually assessed				
New individually assessed	508	2,114	*816*	Institutional Bank – predominantly from three large corporate exposures ($490m), higher stress in the Premium Business Group ($186m). Margin lending provisions ($115m)
			381	St.George – particularly commercial property development
			283	New Zealand – predominantly business ($258m), of which 67% related to two large exposures
			127	Westpac RBB – slowing activity affected small businesses
Write-backs and recoveries	(150)	(155)	*(5)*	
Total individually assessed	**358**	**1,959**	**1,601**	
Collectively assessed				
Write-offs	540	652	*112*	Predominantly in the Australian cards and personal loan portfolios, including the impact of lower debt sale prices
New collectively assessed	435	911	*364*	Increase in stressed exposures across all business units, particularly in the commercial property sector
			112	Further increase in the economic overlay to $502m
Total collectively assessed	**975**	**1,563**	**588**	
Interest adjustments	(128)	(230)	*(102)*	Increase due to higher collective provision pool
Total impairment charge	**1,205**	**3,292**	**2,087**	

1 Pro forma basis.

Business Unit Performance

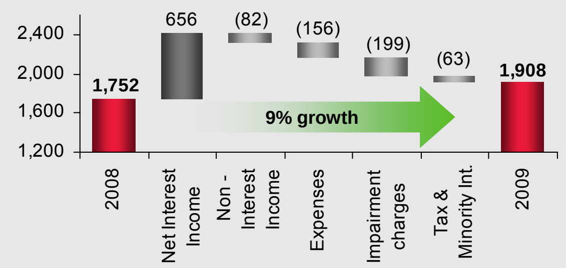
November 2009

Strong cash earnings, driven by distribution investment

Westpac RBB

- Cash earnings up 9% to $1,908m; core earnings up 15% to $3,274m
- Net interest income up 15%:
  - Very strong mortgage growth (incl. RAMS) up 19%
  - Personal lending (including credit cards) flat
  - Business lending down 1%
  - Deposits up 19%
- Margins up 9 bps to 2.33%
- Non-interest income down 6%:
  - Lower fees on credit cards due to exception fee changes
  - Lower ATM fees from reforms to credit card interchange
  - Partially offset by one-off increase in credit card loyalty points redeemed into Qantas frequent flyer program
- Expenses up 6%:
  - Increase in distribution footprint
  - Redemption expenses from withdrawal of Qantas from the Altitude credit card loyalty program
- Impairment charges up $199m:
  - Consumer performing well, with $27m impairment rise mostly due to credit cards and personal loans
  - Business impairments up $172m, broadly spread and in line with deteriorating operating environment

Westpac RBB cash earnings ($m)



Investing in the franchise

- Roll out of Westpac Local Model, which includes a 10 month induction program for Bank Managers, is around 60% complete
- Additional 561 customer facing employees
- 8 new branches and 4 new business banking centres
- 113 refurbished branches for new Local Model
- 2.41[1] products per consumer customer, sector leading
- Home Finance Manager productivity improved by 25% since March 2009

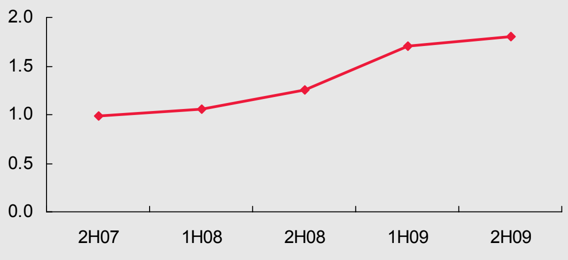
1 Source: Business Intelligence Group based on August 2009 data in Group Data Warehouse.

Consistently growing ahead of system

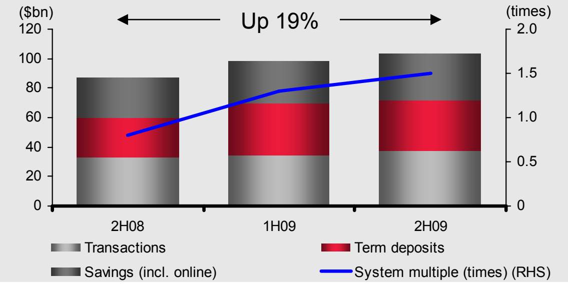
Westpac RBB

- Distribution investment over last 2-3 years has contributed to a marked improvement in the size and strength of the network and strong relative growth
- Mortgages up 19%, 1.8x banking system[1] consistently above system for the last 2 years:
  - 21% of growth contributed by RAMS, with franchise benefitting from increased first home buyer demand
  - 3rd party originations up to 45% (from 38%)
  - First home buyers 17% of new lending in 2009 (up from 11%)
  - Mortgage margins higher, partly recovering from record lows in 2008, as higher funding costs were not fully passed through
- Personal lending (including credit cards) flat, given tightening of credit standards over recent years
- Deposits up 19%, 1.4x banking system[1], from increased deposit gathering focus and dedicated marketing campaigns:
  - In 1H09 most growth in term deposits
  - In 2H09 most growth in online deposits
  - Deposit spreads down 35bps from significant increase in competition and changes in mix

Mortgage credit growth versus bank system[1] (times)



Deposit growth versus bank system[1]



1 APRA Monthly Banking Statistics, September 2009.

THE Westpac GROUP

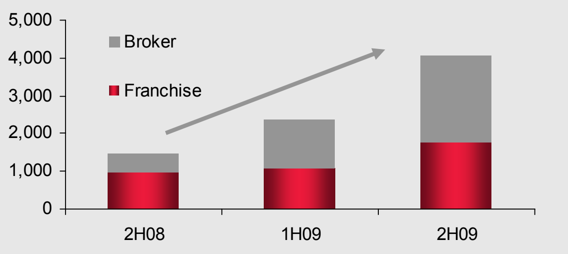
RAMS deepening distribution and customer reach

RAMS HOME LOANS

Westpac RBB

- RAMS reached profitability on a month to month basis in March 2009, just 15 months after acquisition and earlier than expected
- Mortgage growth ahead of expectations, contributing 21% of Westpac RBB mortgage growth:
  - Improving momentum since acquisition:
    - Maintained segmentation with strong performance from first home buyers (29% of RAMS new lending in 2009)
    - Re-engagement with broker channel
  - Record volumes through franchisees compared to pre-acquisition levels
  - Paperless processing successfully rolled out in September 2009
- Areas of focus:
  - Roll-out of a new franchise model with further recruitment
  - Further building of brand
  - Continue rollout of electronic lodgement to lift auto credit-decisioning and reduce origination costs
  - Product development and diversification

RAMS mortgages settled in period ($m)



Specialist mortgage provider exceeding expectations

- Money Magazine Non-Bank Lender of the Year 2009[1]
- Brand recognition extremely high at 84%[2]
- Acquired in January 2008, and franchisees operate through 70 separate outlets nationally
- 2 new franchisees appointed in 2009
- Supported our customers in the first home buyer segment

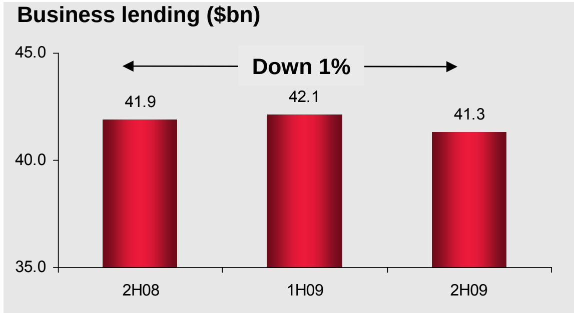
1 Non-Bank Lender of 2009, Money Magazine June 09. 2 D&M Research Pty Ltd.

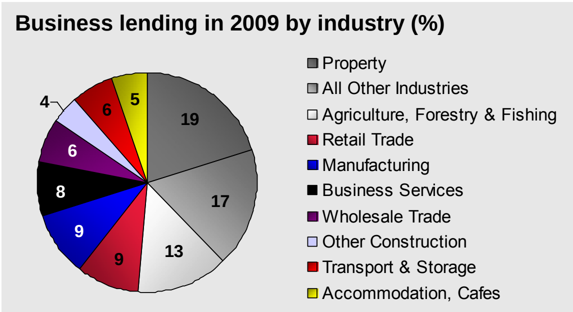
THE Westpac GROUP

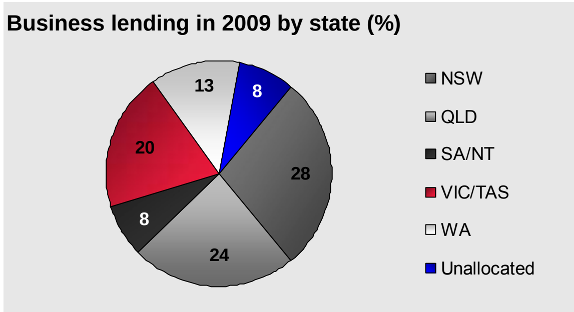
Business lending subdued in line with system

Westpac RBB

- In business, Westpac RBB focuses primarily on SME (typically facilities under $15m)[1]
- Business lending down 1%:
  - New lending softer, in line with system, as customers preferring to reduce gearing at this point in the cycle
  - Property accounted for 19% of new lending
- Approximately 45% of portfolio repriced for higher risk premiums





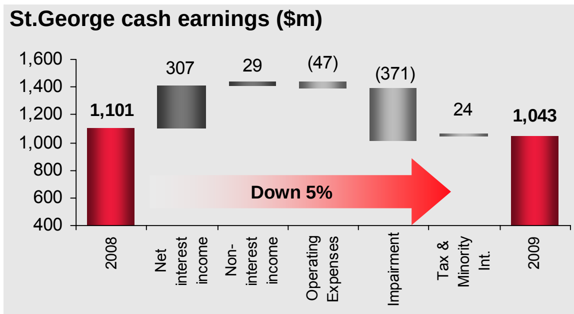


1 Westpac RBB has some exposures larger than $15m in regional segment.

Restored momentum delivering core earnings up 16%, offset by higher impairments

St.George

- Cash earnings down 5% to $1,043m; core earnings up 16% to $2,085m
- Net interest income up 13% supported by growth in:
  - Mortgages up 12%
  - Personal lending, including cards, up 11%
  - Business lending up 4%
  - Deposits up 13%
- Margins up 10bps to 2.04%:
  - Gradual repricing of business facilities
  - Partly offset by lower deposit spreads from increased competition
- Non-interest income up 4%:
  - Higher banking fees due to growth in home loan package fees
  - Partially offset by lower transaction fees
- Expenses up 4%:
  - Higher employee costs
  - Higher marketing costs from investing in the brand
- Impairment charges up $371m:
  - Business impairments up $431m, driven by stress in property development projects, particularly residential development in WA and South East Queensland
  - Consumer performing well with $1m decrease in impairments
  - Economic overlay in 2009 was $61m lower



Building on St.George distinctiveness

- Clear strategic positioning of 'Big enough; Small enough'
- Investing in the brand, with a 25% increase in advertising expenditure
- Ranked 9th most valuable brand in Australia[1]
- Introduced new regional sales and distribution model

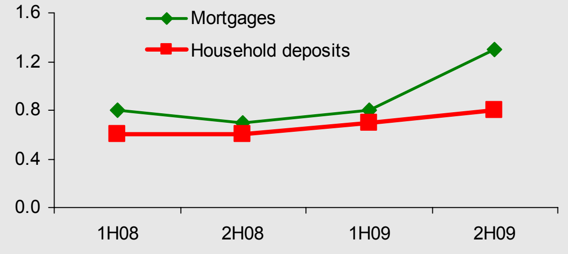
1 Source: Interbrand March 09.

Improved momentum through the year

St.George

- Reduced advertising spend in 2H08 and some distraction caused by the merger in 1H09, impacted growth early in the year
- A restoration of advertising spending and certainty around the merger business model has seen momentum quickly improve:
  - Mortgages, after growing at 0.4x system in late 2008, are now growing at 1.3x system[1]
  - Household Deposits, after growing at 0.6x system in 2H08, are now growing at 0.8x system[1]
  - Customer growth rates in 2009 higher than 2008
  - Customer retention improved, delivering the best result in four years
  - Consumer customers with 4+ products up 13%
- Strong, stable management team leading St.George:
  - CEO has been with St.George 20+ years
  - Continuity of existing management

St.George growth versus banking system[1] (times)



St.George Franchise health improving

- Net promoter score improved 3.9 points to -9.4 and comfortably exceeds the average of the majors[2]
- Employee turnover down to 8.7% (from 14.1%)
- Employee absenteeism down to 7.8% (from 8.0%)
- Employee engagement improved to 82%, from 75% in 2007[3]

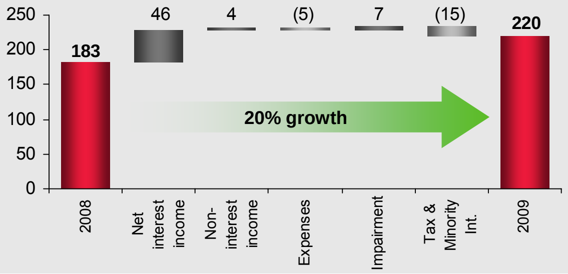
1 APRA Monthly Banking Statistics, September 2009. 2 Source: Roy Morgan Research – NPS of main financial institution. Aged 14+ 6MMA; NPS = Promoters (9 -10) less Detractors (1 – 6). Majors include ANZ, CBA (excludes BankWest), NAB, and WBC (excludes St.George). National Sept 09 compared to Sept 08. 3 Last staff satisfaction survey conducted by St.George was late 2007 by Gallup, and is not directly comparable to Westpac Employee Engagement survey methodology.

BankSA cash earnings strong with low impairments

St.George

- Cash earnings up 20% to $220m; core earnings up 16% to $320m
- Net interest income up 12%, supported by balance growth in:
  - Mortgages up 15%
  - Credit cards up 8%
  - Business lending up 4%
  - Deposits up 13%
- Margins 11bps higher at 2.31%
- Non-interest income up 5%
- Expenses up 3%:
  - Consolidation of support and group synergies
  - Expense to income ratio 36.7% (down from 39.6%)
- Impairment charges remain low at $6m:
  - Impaired loans 0.18% of total exposures
  - 4 residential lending properties in possession

BankSA cash earnings ($m)



South Australia's local bank

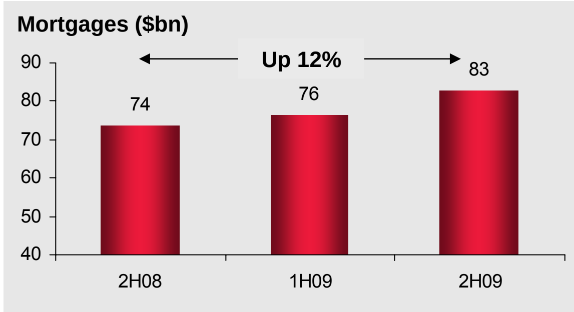
Franchise in strong shape:

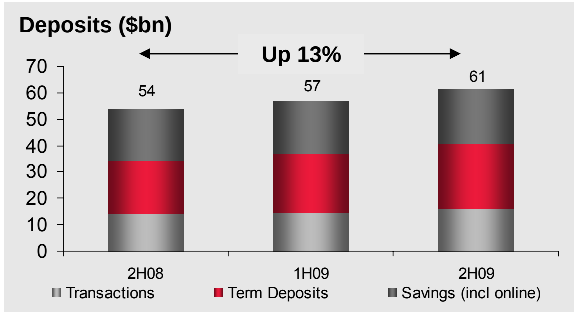
- Net Promoter Score[1] significantly ahead of peers at 3.9% versus the average of the South Australian majors at 2.3%
- Strongest distribution network in the state. Versus our nearest competitor, we have:
  - 46% more branches
  - 7% more ATMs

1 Source: Roy Morgan Research – NPS of main financial institution. Aged 14+ 6MMA; NPS = Promoters (9 -10) less Detractors (1 – 6). Majors include ANZ, CBA (excludes BankWest), NAB, WBC (excludes St.George) and Adelaide Bank. South Australia, Sept 09 figures.

Solid balance sheet growth, with momentum restored

- Mortgages up 12%, 1.3x banking system[1]:
  - Higher growth in NSW as state recovers
  - First home buyers 19% of new lending
  - 3rd party originations 48%, down from 49%
- Personal lending, including credit cards, up 11%:
  - Credit cards up from low base, with over 80% of sales to existing customers
- Deposits up 13%, 0.8x banking system[1]:
  - Increased deposit targets; new transaction products launched; and enhanced online activities
  - Growth due to term deposits in 1H09 and transaction accounts in 2H09
  - Deposit spreads down 38bps reflecting increased competition

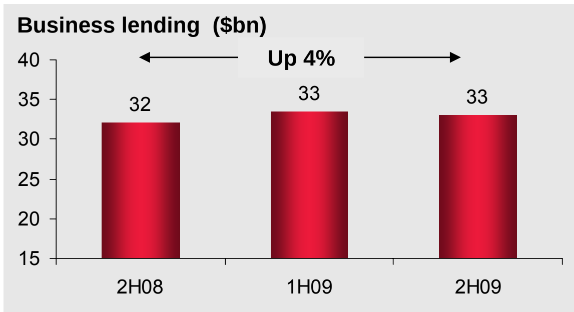


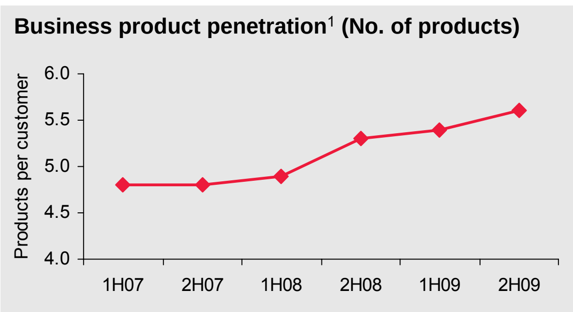


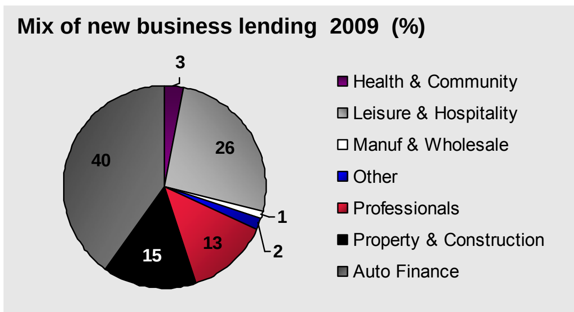
1 APRA Monthly Banking Statistics, September 2009.

Business lending improved fundamentals and diversifying

- Business lending[1] up 4%:
  - 13% increase in bank acceptance lending, principally from commercial companies
  - Diversifying away from property, with good growth across automotive, leisure and hospitality sectors
- Around 40% of the portfolio repriced for higher credit spreads







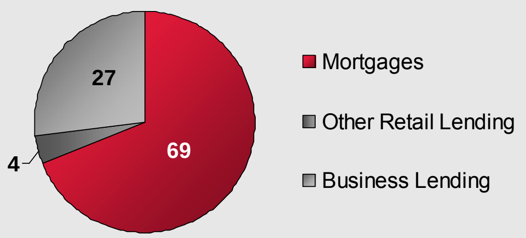
1 Business lending incorporates both small business and corporate lending. St.George corporate customer segment includes customers with facilities that typically do not exceed $150 million.

St.George Asset Quality

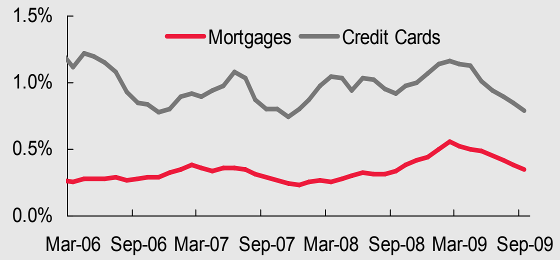
St.George

- Majority of St.George lending held in low risk mortgages, 69% of balances
- Consumer portfolio delinquencies increased in 1H09, although improving in 2H09:
  - Mortgage 90+ day delinquencies down 17bps to 0.35% on 1H09
  - Credit Card 90+ day delinquencies down 35bps to 0.79% on 1H09
- St.George business portfolio stress due to:
  - Larger concentration in property
  - Of the 24 impaired assets over $10m, 20 are in property, of which 11 are in WA
- High level of security for stressed exposures, 82% fully or partially secured
- Extensive portfolio assessment with 95% of St.George property portfolio independently assessed (internally) to test credit grades, valuations and provisioning

St.George portfolio composition (%)



St.George Consumer Portfolio 90+ day delinquencies

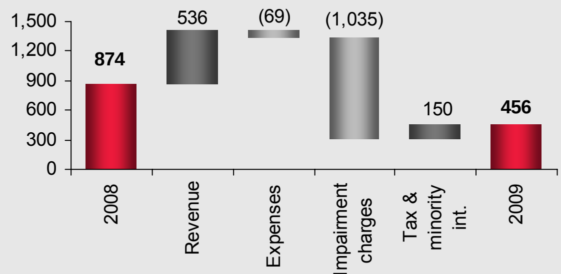


Institutional Bank[1] (ex-Equities) – strong revenue offset by higher impairment charges

WIB

- Cash earnings down 48% to $456m:
  - Strong revenues up 22%, offset by higher impairment charges
- Core earnings up 31% to $1,998, driven by:
  - Increased customer flows, up 1% to 72% of total revenue
  - Strong trading revenue result in Debt Markets and FX&CCE in 1H09
- Expenses up 8%:
  - Higher technology investment, increased personnel and restructuring expenses
  - Lower average A$ exchange rate increased offshore cost base
- Impairment charges up $1,035m:
  - Including just over $400m in additional provisions for Babcock & Brown International, Allco and ABC Learning
  - Deterioration in commercial property segment, particularly development properties

Institutional Bank cash earnings ($m)



Strengthened franchise by delivering for customers during GFC

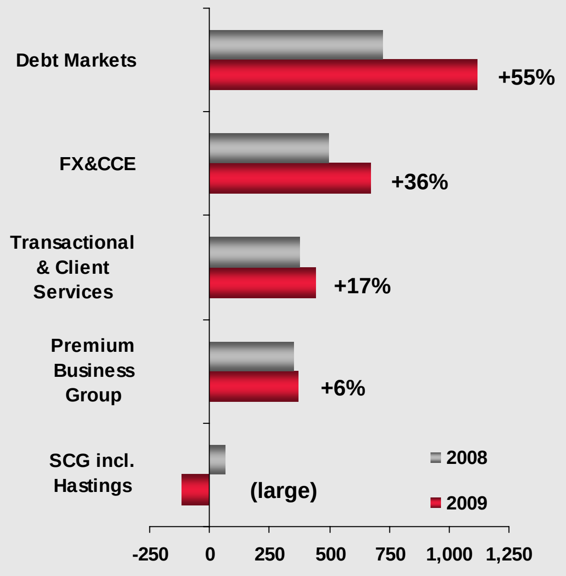
- Clear No. 1 position with Corporate and Institutional Banking clients[2] Lead Bank; Relationship Strength Index; and Customer Satisfaction
- No. 1 Australian domestic bonds[3]
- No. 1 domestic provider of Foreign Exchange services Australia[4]
- No. 1 Bookrunner A$ Bonds[5]

1 Institutional Bank (excluding Equities) includes the Premium Business Group (customers with facilities typically from $10m to $100m), which was transferred from Westpac RBB during 1H09 and a small number of St.George corporate and institutional customers. Comparatives have been restated. 2 Peter Lee Associates Large Corporate & Institutional Relationship Banking Programs, Australia and NZ, June/July 2009; and Large Corporate and Institutional Transactional Banking Program, Australia, July 2009. 3 Bloomberg Australia Capital Markets League Tables, Jan to Sept 2009. 4 Asiamoney Foreign Exchange Poll, Sept 2009 (as voted by Financial Institutions). 5 Basis Point Asia Loans – Jan to Sept 2009.

Institutional Bank – market leading position supporting revenue growth

WIB

Revenue contribution by business segments ($m)[1]



- Debt Markets revenue topped $1bn, up 55%:
  - Financing revenue up 69%[2]
  - Strong customer activity, improved lending spreads and fee income
  - Improved markets performance from higher sales, mark-to-market gains on the credit trading portfolio and effective risk management
- FX&CCE revenue up 36%:
  - Improved customer flow and widening of market spreads, improved competitive position, and effective trading outcomes in a volatile market, especially in 1H09
- Transactional & Client Services revenue up 17%, benefiting from significant deposit growth
- Premium Business Group (PBG) revenue up 6% due to higher deposit balances and stronger fee income
- Decline in SCG revenue (down $184m), driven by asset and investment write-downs ($155m)

1 Pro forma basis. 2 Excludes originations and St.George.

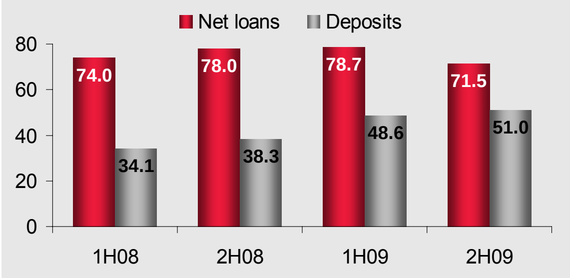
THE Westpac GROUP

Institutional Bank – solid balance sheet position

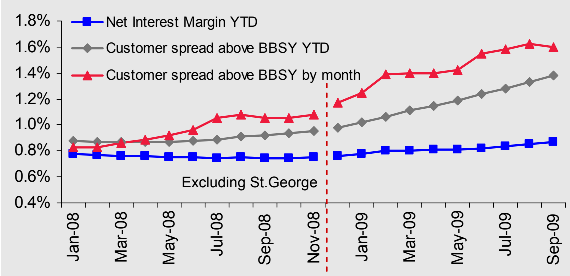
WIB

- WIB well positioned to continue supporting customers
- Net loans down 8% to $71.5bn:
  - Lending growth slower as customers used equity capital raisings to de-leverage
- Financing margins continue to improve:
  - Progressively repricing portfolio (66% complete) to reflect increased market credit risk spreads
  - Lower spread loans rolling off
  - Fee income stronger from increased unused limit and establishment fees, which were heavily discounted prior to the GFC
- Most recent transactions indicate increase in spreads are easing
- Deposits up 33% to $51bn:
  - Reflecting high levels of liquidity being held by corporate customers

Institutional Bank net loans and deposits ($bn)



Corporate lending margins[1] (%)



1 Includes financing, securitisation and asset finance. Customer spread YTD and net interest margin YTD are 12 month rolling average. Customer spread by month and YTD are incremental to BBSY. Net interest margin YTD includes cost of funds.

THE Westpac GROUP

Margin lending on a stronger footing

WIB

- Margin lending has had a disappointing year:
  - Significant impairment charges related to a small number of concentrated portfolios
- Lower loan balances from weaker equity markets and customers reducing leverage
- Focus over the year has been on managing risk in the business:
  - De-risking the portfolio by reducing concentrated exposures
  - Tightening of risk management processes and policies
- 2H09 saw improvement in conditions as equity markets recovered and margin lending spreads improved
- No new problems emerged in 2H09:
  - Increased impairment charge largely resulted from change in provisioning factors to ensure risks adequately covered

Margin Lending[1]	1H08	2H08	1H09	2H09
Total standard exposures	$5.3bn	$4.7bn	$3.5bn	$3.4bn
Standard exposures >$10m	$610m	$430m	$290m	$220m
Standard exposures - impairment charge	nil	$13m	$5m	$1m
Total concentrated[2] exposures	$1.3bn	$1.1bn	$0.5bn	$0.4bn
Concentrated[2] exposures >$10m	$680m	$500m	$313m	$183m
Concentrated[2] exposures - impairment charge	$50m	$16m	$151m	$26m
Total exposures	$6.6bn	$5.8bn	$4.0bn	$3.8bn
Total Gearing / LVR	45%	54%	51%	40%
Margin calls	**1H08**	**2H08**	**1H09**	**2H09**
Number	4,883	3,951	4,102	152
% of clients	16%	13%	16%	<1%
Forced sales	5%	2%	4%	~0%

1 Includes St.George portfolio. 2 Concentrated exposures are defined as loans >$3m where a single listed security represents more than 40% of the customer's portfolio, all loans exposed to illiquid managed funds and all Absolute Investment Loans (100% loan to value ratio with capital protection at maturity). Standard exposures are typically diversified portfolios to listed, liquid equities and funds.

Lower earnings reflect weaker markets, improving trend now established

BTFG

- Cash earnings down 8% to $493m:
  - $63m due to weaker investment markets
  - Expense growth 1% with expenses little changed over last four halves
  - Strong cash earnings momentum in 2H09 (up 29%) as markets improved and flows resumed
- Funds Management cash earnings down 30% to $260m:
  - Average FUM down 19% over the year (spot $33.9bn unchanged) with margins down 2bps
  - Average FUA down 15% over the year (spot $76.7bn up 6%) with margins up 7bps
  - Sector leading platforms (BT Wrap/Asgard)
  - Expanding reach with BT Super for Life and Life insurance on Wrap
- Insurance cash earnings up 20% to $191m:
  - BT cross sell close to record levels and St.George showing improvement, with strong upside potential
  - Lenders Mortgage Insurance very strong contribution (up $31m) from good volumes and high premiums
- Capital and other cash earnings of $42m. Capital remains conservatively invested (mostly cash)
- St.George integration proceeding well, delivering higher than target merger synergies

Key performance indicators	Change FY08 – FY09
Cash earnings	↓ 8%
Funds Management operating income	↓ 11%
Insurance operating income	↑ 19%

FUM and FUA	Change FY08 – FY09	
	Exclude market move	**Include market move**
BT Wrap/Asgard FUA	↑ 4%	↑ 4%
Corporate Super FUA	↑ 9%	↑ 7%
Total FUA	**↑ 4%**	**↑ 6%**
Retail FUM	↓ (5)%	↓ (8)%
Institutional FUM	↑ 10%	↑ 10%
Wholesale FUM	↓ (12)%	↑ 4%
Total FUM	**↓ (2)%**	**- 0%**

FUA - sector leading platforms and Number 1 in Retail

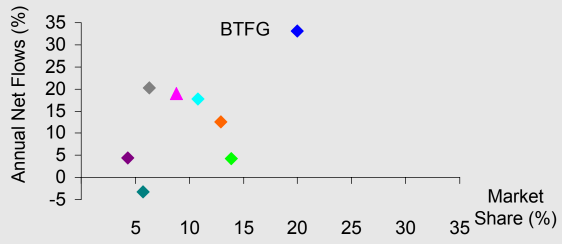
BTFG

- Share of annual new business well above current market share in major categories
- BT Wrap and Asgard platforms Number 1 market share and capturing $1 in every $3 of all new flows
- FUA margins higher as funds moved into products managed by BTFG, mostly cash products
- BT Super for Life:
  - 132,000 customers with total FUM over $500m
  - November 2009 soft customer launch across St.George/ BankSA with full launch in January 2010

	Current Aust. market share		Share of annual new business	
Product	Market share (%)	Rank	Market share (%)	Rank
BT Wrap/Asgard Platforms	20	1	33	1
Corporate Super	10	5	18	4
Retail	19	1	82	1

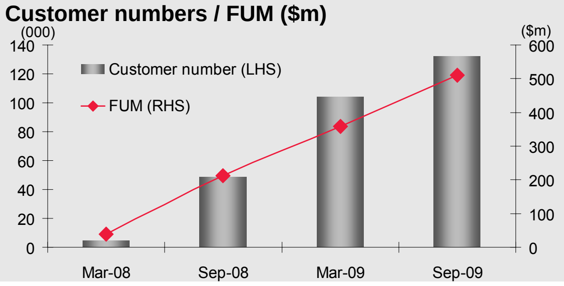
Source: Plan for Life, June 2009.

Platform (versus competitors) annual net flows compared to market share



Source: QDS, Plan for Life All Master Funds, Jun 2009. Competitors manually selected for wrap platforms.

Super for Life cumulative quarterly growth in Customer numbers / FUM ($m)



BTIM[1] cash NPAT lower given weaker markets, although positive momentum

BTFG

- Cash NPAT down 33% to $26.9m[2]:
  - Average FUM down 16% to $32.3bn due to 1H09 sharp market declines
  - Margins down 3bps due to lower average FUM and growth in lower margin cash-related products
  - Costs down 17%
- Well positioned:
  - Multi-boutique model and brand strength deliver resilience in challenging market conditions
  - 2009 closing FUM above FY08, positioning business well for FY10
  - Competitive performance by major funds especially across 3 & 5 years reflecting long term investment horizon
  - Won two major awards in 2009 – Insto Fund Manager of the Year and Money Magazine Best of the Best Fund Manager[3]
  - Strong balance sheet and free cashflow
- Emilio Gonzalez assuming CEO role in January 2010

Performance and Quartile ranking[4]	1 yr (% pa)	Quartile	3 yrs (% pa)	Quartile	5 yrs (% pa)	Quartile
Core Australian Share Fund	11.0	Q3	4.1	Q2	12.7	Q1
Ethical Share Fund	7.1	Q4	2.9	Q3	13.0	Q1
Imputation Fund	8.9	Q3	3.7	Q2	13.6	Q1
Focus Fund	12.4	Q2	1.9	Q3	N/A	N/A
Smaller Companies Fund	9.7	Q3	3.1	Q2	13.0	Q1
Property	(15.7)	Q1	(13.2)	Q1	(1.2)	Q1
Domestic Fixed Interest	7.2	Q4	5.9	Q3	5.7	Q3
Managed Cash	4.3	Q3	6.0	Q2	5.9	Q2
Intl Fixed Interest	9.7	Q4	6.0	Q3	6.2	Q3
Intl Equities	(7.0)	Q1	(10.9)	Q4	(0.7)	Q3
Asian Share Fund	10.8	N/A	0.3	N/A	9.6	N/A
Balanced Fund	0.6	N/A	(1.3)	N/A	N/A	N/A

Flagship fund ratings (S&P)	2009
Core, Imputation, Focus Fund	☆☆☆☆☆
Ethical, Smaller Companies, International, Asian, Balanced, Property	☆☆☆☆
Domestic Fixed Interest	☆☆☆

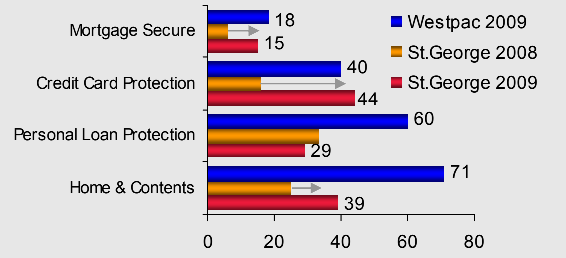
1 BT Investment Management Limited, 60% owned by The Westpac Group. 2 Refer to BTIM media release dated 29 October 2009 for details on the basis of preparation. 3 Refer to slide 14 of the BTIM presentation dated 29 October 2009 available on www.asx.com.au. 4 Performance and Quartile Rankings as at September 2009 - External managers: Intl Fixed Interest (BlackRock) and Intl Equity (AQR).

Healthy Insurance result despite higher General and Life claims

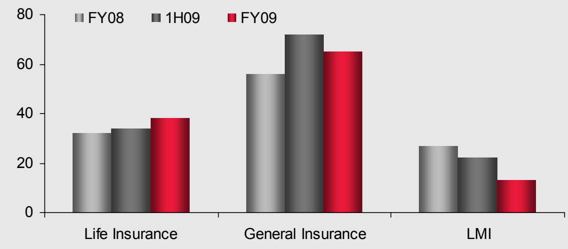
BTFG

- Cash earnings up 20% to $191m
- Life insurance cash earnings up 5%:
  - In-force premium growth of 11%
  - Increased focus on selling life via planners
  - Cessation of AIA[1] Australian distribution agreement cost ($10m)
- General Insurance cash earnings down 7%:
  - Gross written premium growth of 8%
  - Total claims of $109m, impacted by severe weather events and natural disasters in 1H09
- Lenders Mortgage Insurance cash earnings up 84%:
  - Gross written premiums up 83% reflecting stronger mortgage growth, particularly via the RAMS channel
  - Reduction in mortgage insurance loss ratio, with insurance claims down to $15.7m, from $18.1m
- Insurance cross sell close to record levels:
  - Home and Contents cross sell rate close to global best practice
  - St.George cross sell rates improving, but below Westpac, highlighting further opportunity

Improvements in insurance cross sell rates[2] (%)



Insurance loss ratios (%)



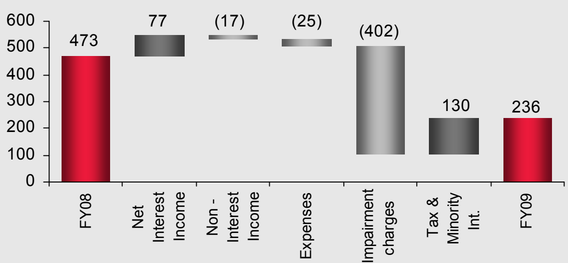
1 AIA Australia is American International Insurance Company (Australia) Limited. 2 Cross sell rates are defined as the number of risk sales divided by the total product sales.

Weak economy and increased impairments impacted earnings

New Zealand

- Cash earnings down 50% to NZ$236m; core earnings up 4% to NZ$901m
- Net interest income up 7%:
  - Modest loan (3%) and deposit (6%) growth, both above system
- Margins up 7bps to 224bps:
  - Lending spreads higher from pricing for risk across portfolios and move to floating rate mortgages
  - Deposit spreads lower with intense competition
- Non-interest income down 4%:
  - Lower transaction and activity fees
- Expense growth held to 3%
- Impairment charges up NZ$402m due to:
  - Individually assessed provisions included NZ$213m for two large exposures
  - Broad stress across the economy, particularly affecting property developers

Cash earnings (NZ$m)



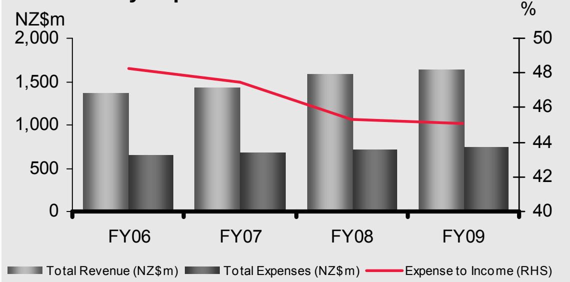
Improving fundamentals – more to do

- Customers with 4+ products increased by 210bps to 45%
- Expense to income ratio improved by 20bps to 45.1%
- Continuing roll-out of Westpac Local model

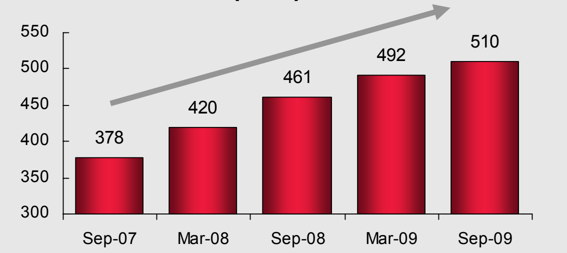
Continued improvement in fundamentals of business

- Sustainable productivity improvements with expense growth virtually flat for 3 years
- Customer numbers and customers with 4+ products growing
- Strengthening distribution:
  - Roll-out of successful Westpac Local Model
  - 89 additional front line bankers
  - Increase in banker training, particularly focussed on credit
- Innovation continuing:
  - Active online users[1] passed 500,000 customers, up 35% in two years
  - Launch of online term deposits platform

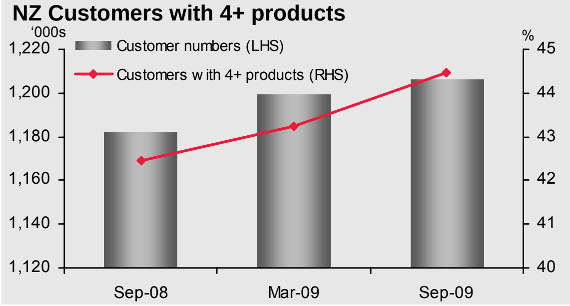
Productivity improvements



Active Online Users[1] ('000s)



NZ Customers with 4+ products

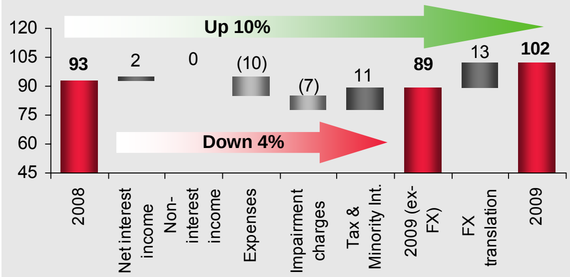


1 "Active Online User" is any retail or business customer who has accessed the Westpac Online Banking in the last 3 months.

Sound cash earnings, skewed to 1H09

- Cash earnings up 10% to $102m; core earnings up 8% to $168m
- Operating income up 13%:
  - Stronger growth in 1H09 with solid FX earnings and strong customer activity
  - In 2H09 activity across the region eased consistent with weaker demand across the region's major trading partners
  - Stronger average exchange rates in key markets contributing $13m to cash earnings
- Expenses up 27%:
  - 15% increase in underlying expenses driven by technology investment strengthening the regions franchise and further investment in operational and credit risk capability
  - 12% increase due to FX translation
- Impairment charges up $7m:
  - Small increase in individually assessed provisions
  - Higher collectively assessed provisions mostly due to the downgrade of Fiji's country credit rating

Pacific Banking cash earnings ($m)



FX impact on earnings: FY08 v FY09 (% change)	Reported	Excl. FX translation
Net interest income	11	2
Non-interest income	16	0
Expenses	(27)	(15)
Impairment charges	(44)	(44)
Tax and minority interests	9	23
Cash earnings	10	(3)

Franchise Strength

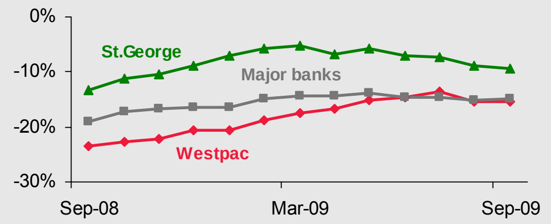
November 2009

Net Promoter Score (NPS) – improvement across brands

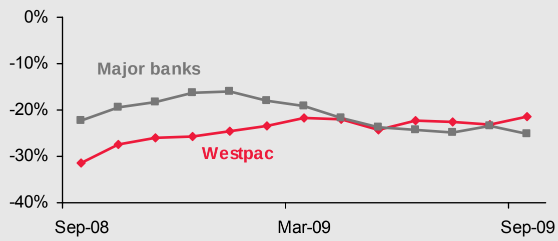
Franchise Strength

- NPS is a measure of franchise strength (propensity of customers to recommend the bank). Customers are asked how likely they are to recommend the company to a friend or colleague
- On a scale of 1 to 10, the NPS is calculated by taking promoters (those that score 9 or 10) and subtracting the detractors (those who rate the company 6 or less)
- Australian Consumer NPS 6 month moving average improved over the year:
  - Westpac RBB's at -15.4%, improved 8.1%, double the rate of the major bank average
  - St.George at – 9.4%, leads the major banks and improved 3.9%
  - BankSA Consumer NPS[3] at +3.9%, improved 4.0% and leads the average of the South Australian majors by 1.6%
- Westpac RBB's Business NPS at -21.3%, improved 10.2% versus major bank peer average that declined. Now rates ahead of major bank peer average

Australian Consumer NPS[1] – 6 month moving average (%)



Australian Business NPS[2] – 6 month moving average (%)



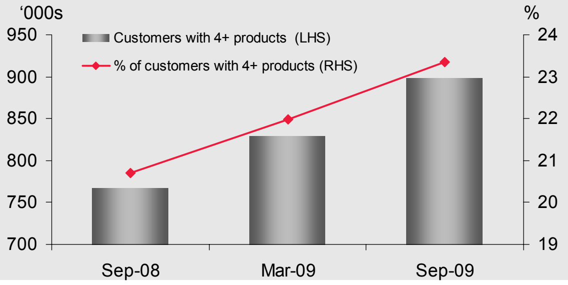
1 Source for NPS: Roy Morgan Research – NPS of main financial institution Aged 14+. Major banks includes WBC, ANZ, CBA, NAB and SGB (simple average). Data till Sep 09. 2 TNS Business Finance Monitor. NPS of main financial institution among business decision makers in companies up to $100m revenue. Major banks include WBC, ANZ, CBA, NAB and SGB (simple average). Data till Sept 09. 3 Source: Roy Morgan Research – NPS of main financial institution. Aged 14+ 6MMA; NPS = Promoters (9 -10) less Detractors (1 – 6). Majors include ANZ, CBA (excludes BankWest), NAB, WBC (excludes St.George) and Adelaide Bank. South Australia, Sept 09 figures.

Customers with 4+ products rising across our brands

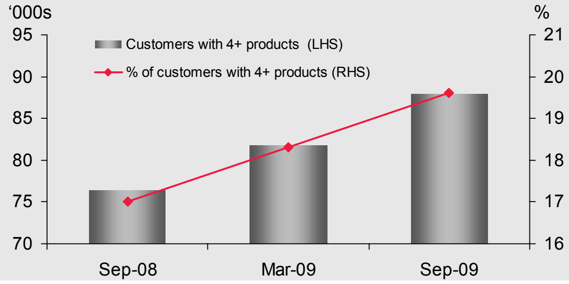
Franchise Strength

- The Westpac Group is focused on earning all of our customers business and this is measured by the number of customers with 4+ products:
  - Westpac RBB customers with 4+ products up 131,000, now represents 23% of total
  - St.George customers with 4+ products up 62,000, now represents 21% of total
  - BankSA customers with 4+ products up 12,000, now represents 20% of total

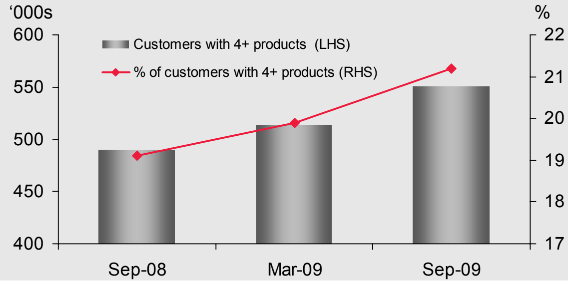
Westpac RBB retail customers with 4+ products



BankSA retail customers with 4+ products



St.George retail customers with 4+ products

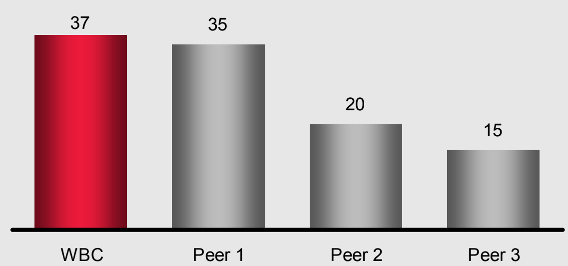


Institutional Bank leading position in Australia and NZ

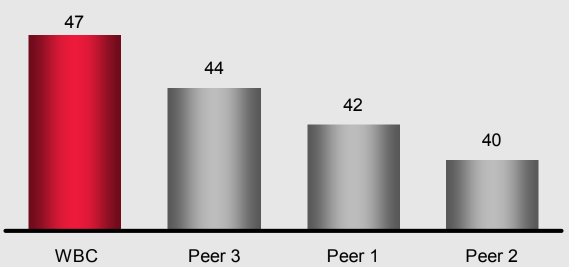
Franchise Strength

- Clear No. 1 position with Corporate and Institutional Banking clients[1]:
  - Lead Bank
  - Relationship Strength
  - Customer Satisfaction
- Clear No. 1 position in the Peter Lee Transactional Banking Program for Australia[1]

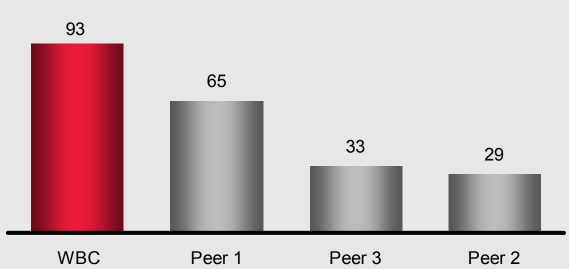
Lead Bank score[1] (% Lead Bank Relationships)



Customer Satisfaction Index[1]



Relationship Strength Index[1, 2]



1 Peter Lee Associates Large Corporate & Institutional Relationship Banking Programs, Australia and NZ, June/July 2009; and Large Corporate and Institutional Transaction Banking Program, Australia, July 2009. 2 The Relationship Strength Index is a single measure that combines a range of service quality factors, including relationship manager capability, demonstrated knowledge of clients' business and industry and understanding & advice for specialist products and services. The number is a statistical combination of evaluations based on a scale of 0 to 1,000 with a mean score of 500.

Capital, Funding and Liquidity

November 2009

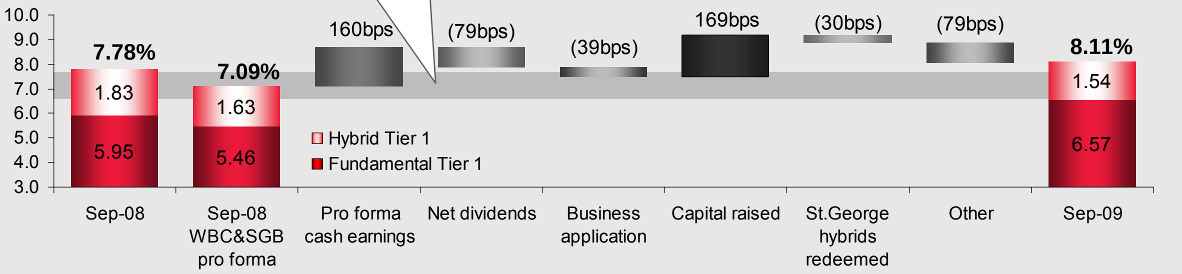
Strong capital position

- Tier 1 ratio 8.1%
- Tier 1 capital raisings in 2009 of $4.7bn, from 4 separate initiatives, reflects strong investor support
- Strong capital generation with earnings adding 160bps to capital over the year
- Increase in NZ structured finance provision reduced Tier 1 by 25bps

Tier 1 target range 6.75% - 7.75%
Seeking to maintain Tier 1 ratio at the upper end, or above target range

Key capital ratios (%)	2H08 (WBC only)	1H09	2H09
Tier 1 ratio	7.8	8.4	**8.1**
Tier 1 ratio (FSA[1])	10.1	10.9	**10.7**
Total capital ratio	10.8	11.4	**10.8**
Fundamental capital ratio	6.0	6.7	**6.6**
Fundamental capital ratio (FSA[1])	9.2	9.1	**9.0**
Leverage ratio[2]	4.1	4.6	**4.6**
Risk weighted assets[3]	$196bn	$280bn	**$289bn**

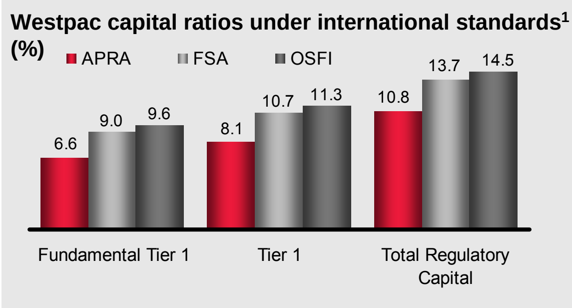
Tier 1 capital FY08 – FY09 (%)



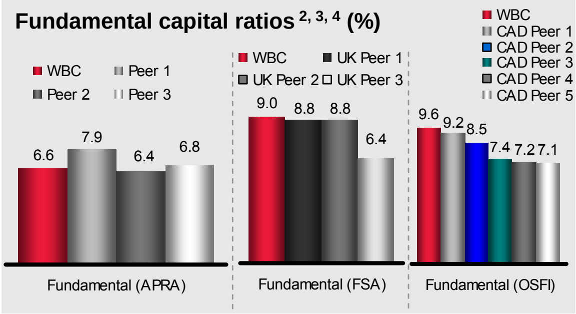
1 UK Financial Services Authority calculates capital and RWA differently. This capital measure is more relevant for international comparisons. 2 Leverage ratios are estimates derived from broadly applying the approach used in the US, where Tier 1 capital is divided by total adjusted assets. Total adjusted assets is calculated as reported average balance sheet assets less Tier 1 deductions. Tier 1 capital is calculated as reported Tier 1 capital adjusted to add back net dividends and DTA, both of which are required to be deducted by APRA, but not by the Federal Reserve. No adjustments have been made to reflect differences in accounting regimes. 3 Excluding the merger impact, the growth in RWA for the year was 5%.

Capital targets and considerations

- Tier 1 range 6.75% – 7.75% range reflects:
  - Significant buffer above regulatory minimum
  - Organic growth the priority
  - Strong capital generating capacity
  - Strong Fundamental capital ratio
- Capital flexibility retained:
  - St.George expected to add +30bps in 2010 when Basel II advanced accreditation achieved
  - Contingent capital of $1bn (approx. 35bps) (convertible at Westpac's option)
  - Over $1.8bn of additional hybrid Tier 1 capacity (approx. 64 bps)
  - Procyclicality impacts may be positive in 2010



Major differences	APRA	FSA	OSFI
Net dividends deducted	Yes	No	No
DTA & certain capitalised expenses deducted	Yes	No	No
Only deduct intangibles excluding goodwill in excess of 5%	No	No	Yes
Full deduction for investments in insurance and/or funds management subsidiaries	Yes	No	No
IRRBB RWA included	Yes	No	No
Downturn LGD floor for mortgages	20%	10%	10%



1 Financial Services Authority (FSA) and Office of the Superintendent of Financial Institutions (OSFI) calculations are estimates based on Westpac's application of publicly available standards. 2 Peer 2 as at 30 June 2009, Peer 1 and 3 at 30 September 2009. UK Peer data as at 30 June 2009 (with UK Peer 1 and UK Peer 3 calculated on a pro forma basis). Canadian Peer data as at 31 July 2009. 3 UK Peers include Barclays, HSBC, and RBS. 4 CAD Peers include Bank of Montreal, CIBC, RBC, Scotia Bank and TD.

Capital considerations in 2010

Capital Type	%	Considerations
Fundamental	6.57%	▪ Size and proportion in Tier 1 are key regulator considerations – Westpac ratio compares well across Australia and internationally – Australian calculation is conservative compared to global peers ▪ Positive impacts on fundamental capital – Contingent capital available, 35bps – St.George Basel II accreditation expected to add around 30bps – Pro-cyclicality of capital may turn positive in 2010/11
Hybrids	1.54%	▪ Regulators weighing up appropriate proportion of Tier 1 capital – Currently in Australia, maximum is 25% ▪ 64bps of current capacity ▪ Earliest scheduled conversion/call date for our existing hybrids is September 2013
Tier 2	2.67%	▪ Only relevant in failure, likely less important after regulator considerations ▪ Westpac has not issued Tier 2 capital since April 2008
RWA	$289bn	▪ Some changes in RWA calculations expected ▪ Australian calculation already conservative

Changes in risk weighted assets (RWA)

($m)	Loans			Basel II RWA		
	Sep-08	Sep-09	% change	Sep-08	Sep-09	% change
Business purposes						
On balance sheet	126,343	124,513	(1)	85,799	86,961	1
Off-balance sheet			-	38,836	35,413	(9)
Total business purposes	126,343	124,513	(1)	124,635	122,374	(2)
Consumer purposes						
On balance sheet	189,147	212,972	13	38,906	43,545	12
Off-balance sheet			-	3,457	4,207	22
Total consumer purposes	189,147	212,972	13	42,363	47,752	13
On balance sheet		130,358			73,228	
Off-balance sheet					3,325	
Total St. George Bank		130,358			76,553	
Provision for impairment	(1,945)	(4,384)	(125)			
Total credit risk	**313,545[1]**	**463,459**	**48**	**166,998**	**246,679**	**48**
% of total RWA				85%	85%	-
Total on balance sheet credit risk				124,705	203,734	63
Total off-balance sheet credit risk				42,293	42,945	2
Non-credit risk						
Equity risk				604	1,331	120
Market risk				6,559	6,838	4
Operational risk				13,641	21,725	59
IRRBB				4,135	9,624	133
Other assets				3,568	2,542	(29)
Total non-credit risk				**28,507**	**42,060**	**48**
% of RWA				15%	15%	-
Total RWA				**195,505[1]**	**288,739**	**48**

RWA fell due to:
- Lower off-balance sheet commitments
- Decline in on balance sheet exposures
- Deterioration added $8.6bn to RWA across the portfolio.

Total RWA growth in line with loan growth. High off-balance sheet growth largely due to changes in methodology for calculating off-balance sheet EAD

Entire St.George RWA accounted for on a standardised basis

Increase in IRRBB due to lower value of embedded gain and increased volatility increasing VaR

1 Reflects Westpac on a stand alone basis.

Changes in RWA, and impact of pro-cyclicality on capital ratios

Impact of changes in RWA on capital[1] 2008 – 2009	Impact on capital ratios (bps)	
	1H09	2H09
Volume growth in credit RWA	(13)	9
Change in credit parameters	(1)	(6)
Change in credit quality in RWA	(6)	(9)
Non-credit movement in RWA	1	(14)
Total change in RWA	**(19)**	**(20)**

Pro-cyclicality of capital 2008 – 2009	Impact on capital ratios (bps)	
	1H09	2H09
Change in credit quality	(6)	(9)
Change in impairment charges	(24)	(38)
Change in regulatory expected loss	Nil	Nil
Total pro-cyclicality impact	**(30)**	**(47)**

1 Pro forma basis.

Scenarios: Impact from changes in our current institutional and corporate portfolio	Impact on Tier 1 capital (bps)
Equivalent to a 1 notch movement across the entire portfolio	50 to 60
Equivalent to a 2 notch movement in the entire property portfolio	15 to 25
Change over last year	**(77)**

- Impacts on pro-cyclicality include:
  - Changes in RWA from downgrades to exposures, excluding those downgraded to impaired
  - Change in impairment charges accounts for exposures downgraded to impaired (and hence have an individually assessed provision) and higher collectively assessed provisions
  - Changes in regulatory expected loss have not impacted capital as eligible provisions have increased in line with the increase in the regulatory expected loss

Factors influencing the return on equity

- Westpac's return on equity was lower over the year at 13.8% (down from 22.3%). Key factors impacting the decline included:
  - St.George merger, including goodwill and associated equity (480bps)
  - The impact of lower cash earnings
  - Additional equity raised to strengthen the balance sheet, particularly in the first half of the year
- The further fall in the return on equity in 2H09 principally reflects the full period impact from capital issued through 1H09 (in December 2008 and February 2009)
- Return on equity is expected to trend higher over the coming years given:
  - Westpac's fundamental capital ratio is already high by international standards, limiting the need for additional equity
  - No further equity dilution in train as no additional fundamental equity raised since February 2009 (apart from normal DRP and employee share issues)
  - Amortisation of intangibles following the merger with St.George will add around 10bps per annum to cash ROE over the next 5 years (no impact on cash return on tangible ordinary equity)
  - Wealth earnings are expected to be a larger contributor to returns as markets improve and cross-sell increases
  - Improved returns in some businesses, including institutional, from margin expansion and less fee discounting
  - Impairment charges likely to trend lower
  - This will be partially offset by likelihood of lower returns from Treasury and Markets in 2010 – both of which are high return businesses

Returns on equity %	2H08	1H09	2H09
Cash return on ordinary equity	21.9	14.3	13.4
Cash return on tangible ordinary equity	25.6	21.7	19.6
Average ordinary equity $bn	17.2	32.2	34.8
Average tangible ordinary equity $bn	14.8	21.2	23.9

Return on tangible ordinary equity an important measure of returns

- Measures the return on equity deployed in the business
- More accurately measures businesses returns over time, not distorted by movements in intangible items
- A more relevant benchmark across companies
- Provides a better link to dividend payment capacity

Strengthened funding profile & liquidity position

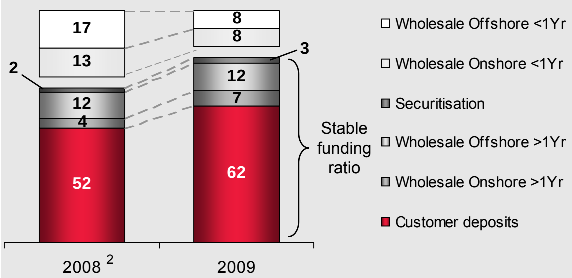
Funding:

- Stable funding ratio improved to 84%:
  - Targeting above 75%
- Strong growth in customer deposits with the proportion increasing to 62% of the Group's funding, up from 52%
- Increased proportion of wholesale term funding to 19%, up from 16%
- Reduction in short term wholesale funding to 16%, down from 30%
- Raised $45bn of term funding over 2009 with weighted average maturity of 4.2 years

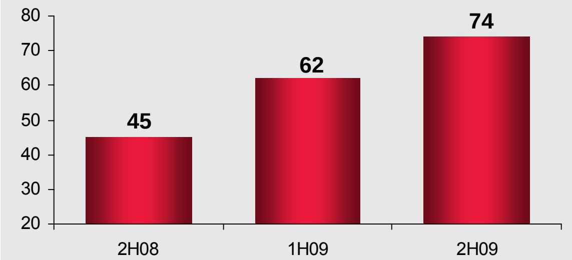
Liquidity:

- Liquidity position strengthened in 2009:
  - Treasury currently holds liquid assets of $74bn[3]
  - Covers offshore maturities for more than 12 months
- Additional liquidity of $2.6bn is also available, including trading assets held in WIB Financial Markets
- Formal review of liquidity framework underway with preliminary APRA paper released

Funding composition by residual maturity[1] (%)



Westpac liquid assets[3] ($bn)

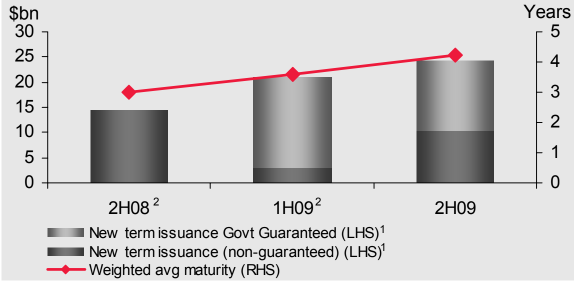


1 Represents % of total net funding. Less than 12 months includes liquid assets excess over minimum. Netted equally against onshore and offshore. 2 Westpac standalone.
3 All assets are repo eligible with a central banks. 2008 comparatives have not been restated on a pro forma basis.

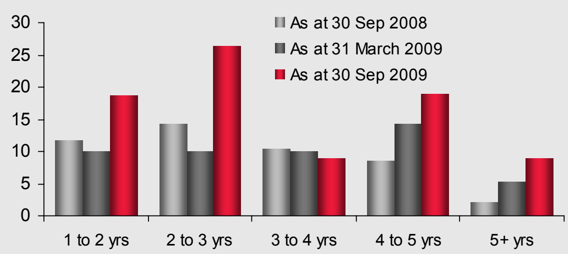
Strong wholesale term funding franchise

- Continued access to wholesale markets:
  - $45bn raised in term markets in 2009, with a weighted average maturity of 4.2 years
  - $13bn (or 29%) of term funding raised has been without the Government guarantee
    - 44% of term funding raised in 4Q09 was without the Government guarantee
- Benefiting from flight to quality and an established global funding franchise:
  - Completed benchmark public deals in Japan, US, Euro, Australia, NZ and UK, including:
    - US SEC registered deal (Aug 09)
    - Largest Westpac 144a deal (Sep 09) US$3.5bn
    - First Westpac 7 year EUR deal (Sep 09)
  - Ongoing strong reverse enquiry for Westpac paper

Term debt issuance



Wholesale debt maturity profile[3,4] ($bn)

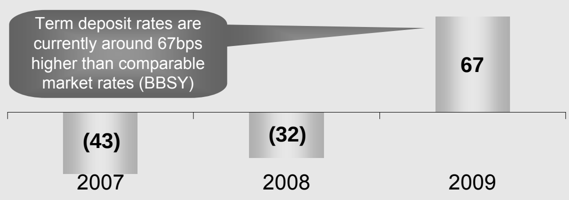


1 Wholesale funding issued off term debt programmes. Does not include wholesale funding from short term money markets with maturities greater than 12 months.
2 Excludes St.George issuance prior to merger. 3 Remaining maturity. To next call date. 2008 numbers have been re-stated to include hybrid securities
4 2008 comparatives are not presented on a pro forma basis.

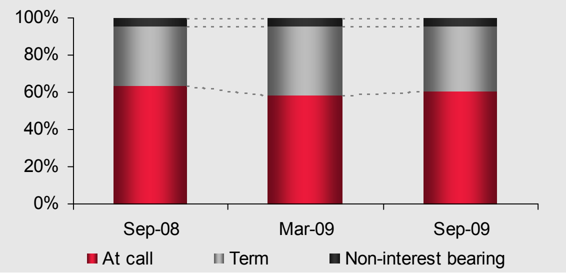
Retail funding costs higher over the year and rising

- Customers received much higher relative interest rates on retail deposits over the last 12 months (relative to market rates)
- Higher relative interest rates paid to customers impact Westpac's funding costs. The higher costs are principally due to increased competition with:
  - Term deposits rates relative to market (BBSY) up 99bps over the year
  - Online interest rates relative to market (cash rate) up over 40bps over the year
- A change in the mix of deposits, with more term deposits and more online accounts has further increased funding costs
- These trends will see retail funding costs continue to rise in the year ahead

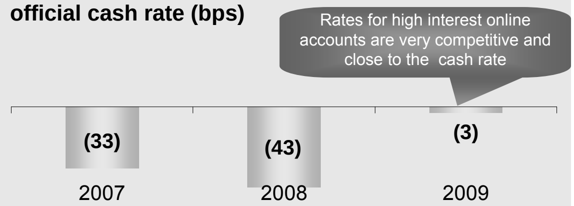
Australian term deposit interest rates over BBSY (bps)



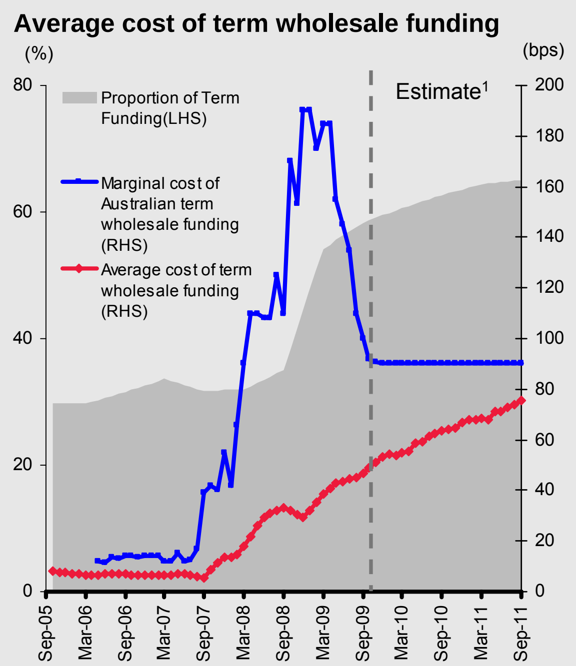
Australian customer deposits % of total



Australian online account interest rates over official cash rate (bps)



Wholesale average funding costs have steadily increased



Average wholesale funding costs have steadily increased over the last 24 months from three factors:

1. A dramatic increase in the marginal cost of wholesale funding:
   - Although marginal costs have eased from the peak of around 200bps (in Australia, peaked higher offshore), they remain well above average costs and continue to push average funding costs higher
2. An increase in the proportion of term funding (of total wholesale funding) from around 30% to over 65%:
   - Term funding is over 100 bps more expensive than short term funding
   - More term funding strengthens the stable funding ratio and improves the funding mix
3. An increase in the duration of term funding:
   - Average tenor of long term funding in FY09 of 4.2 years compared to around 2.9 years in FY08
   - Longer term funding is more expensive but improves the quality of funding

- The higher cost and larger volume of term funding will be progressively reflected in Westpac's average cost of funds, as new higher cost funding replaces cheaper funding.
- As a result, average funding costs will continue to rise

1 Estimates are based on a range of assumptions around lending growth, deposit growth and the cost of funding which may differ from actual outcomes.

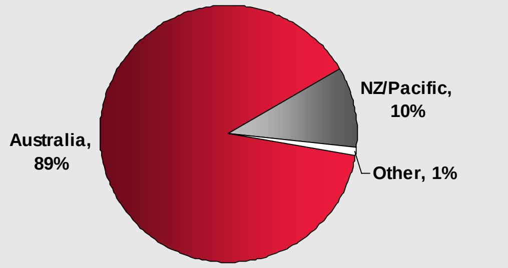
THE Westpac GROUP

Asset Quality and Risk Management

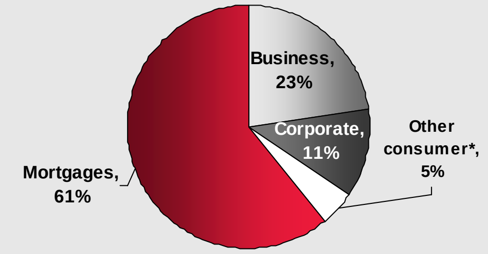
November 2009

Low risk balance sheet composition

Total exposure by region (%) as at 30 Sep 2009



On balance sheet lending (%) as at 30 Sep 2009



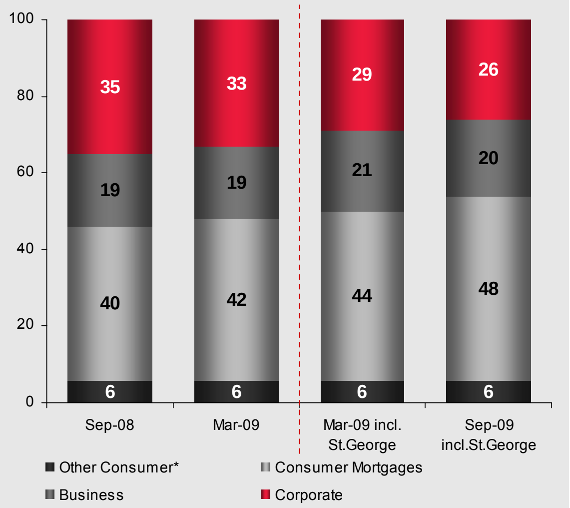
Exposure by risk grade[1] as at 30 September 2009 ($m)

Risk grade	Australia	NZ / Pacific	Americas	Europe	Asia	Group	*% of Total*
AAA to AA-	59,008	4,744	699	445	484	65,380	10
A+ to A-	36,251	2,943	1,073	1,704	358	42,329	6
BBB+ to BBB-	46,281	7,281	1,141	1,345	440	56,488	9
BB+ to BB	51,941	7,153	589	452	91	60,226	9
BB- to B+	59,462	4,528	4	82	-	64,076	9
<B+	15,253	3,051	287	49	34	18,674	3
Secured consumer	284,413	30,931	-	-	-	315,344	48
Unsecured consumer	36,921	3,729	-	-	-	40,650	6
Total committed exposure	**589,530**	**64,360**	**3,793**	**4,077**	**1,407**	**663,167**	
Exposure by region (%)	89%	10%	<1%	<1%	<1%		

* Other consumer includes credit cards, margin lending and personal loans. 1 Exposure by booking office.

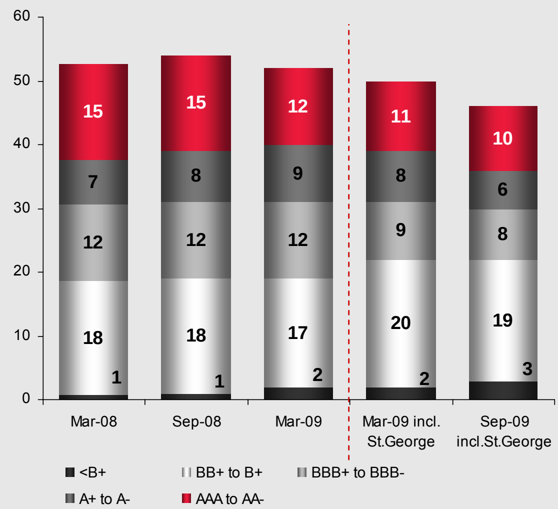
Portfolio focused on residential mortgages

Total Committed Exposure[1] by customer segment (%)



- Business exposures and consumer mortgages have increased as a proportion of total committed exposures following the merger with St.George

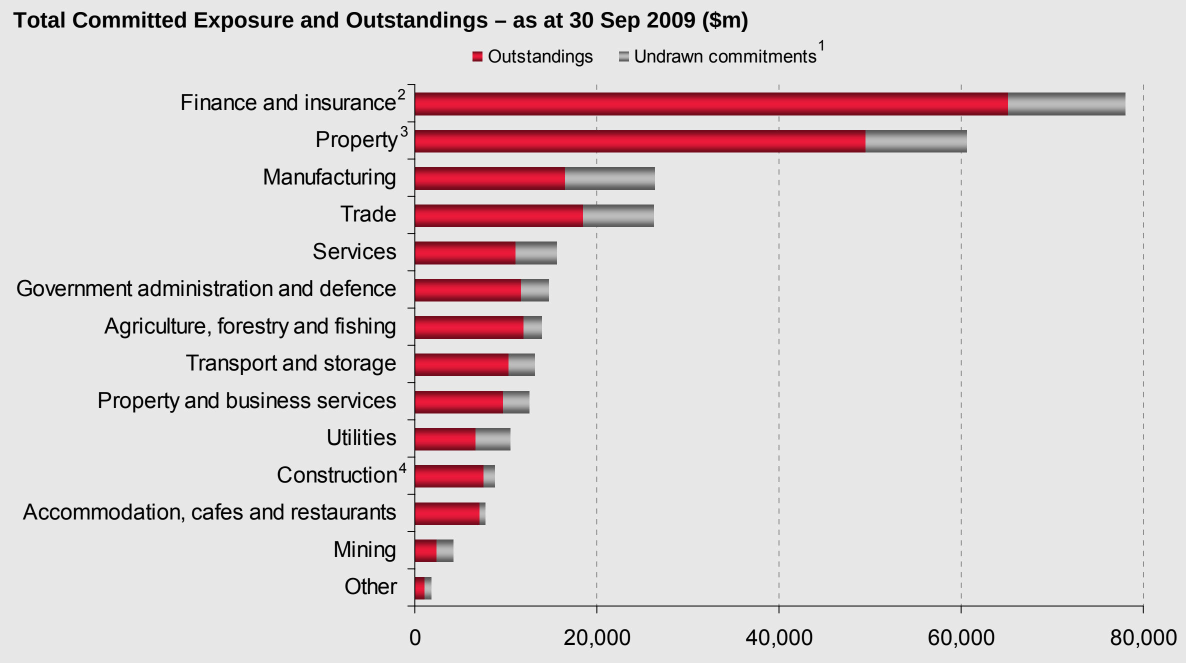
Total Committed Business / Corporate exposure[1] by risk grade (%)



- Increase in SME (BB+ to B+) exposures following the merger with St.George

* Other consumer includes credit cards, personal lending and margin lending. 1 Total committed exposures include outstanding facilities and un-drawn commitments that may give rise to lending risk or pre-settlement risk

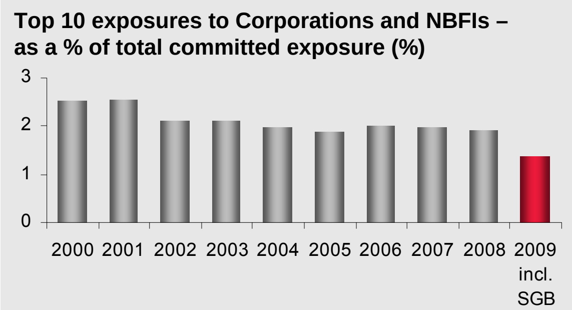
Portfolio well diversified across industries

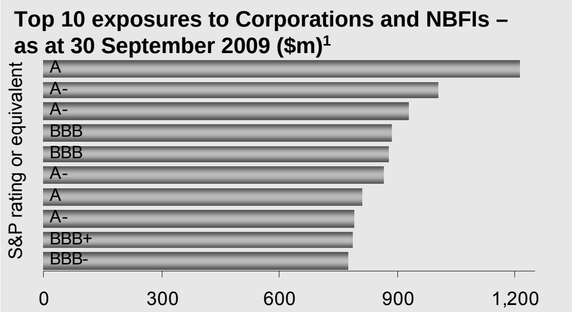


1 Undrawn includes commitments that may give rise to lending risk. 2 Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. 3 Property includes both residential and non-residential property investors and developers, and excludes real estate agents. 4 Construction includes building and non-building construction, and industries servicing the construction sector.

Low single name concentrations

- Top 10 single name exposures to corporations and NBFIs continue to be below 2% of total committed exposures
- Largest corporation and NBFI single name exposure represents 0.2% of TCE
- All of top 10 exposures to corporations and NBFIs are above investment grade:
  - 6 of top 10 Corporate and NBFI exposures rated A- or above



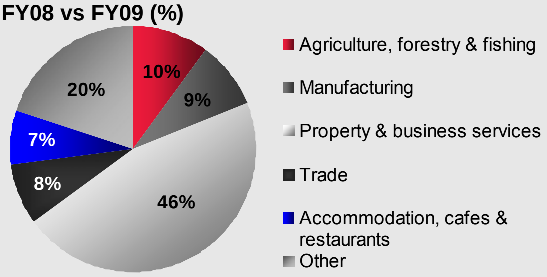


1 Average grade of performing facilities shown. Following recent market events, Westpac has reassessed the aggregation of certain related parties, leading to the aggregation of a small number of previously non-aggregated counterparties.

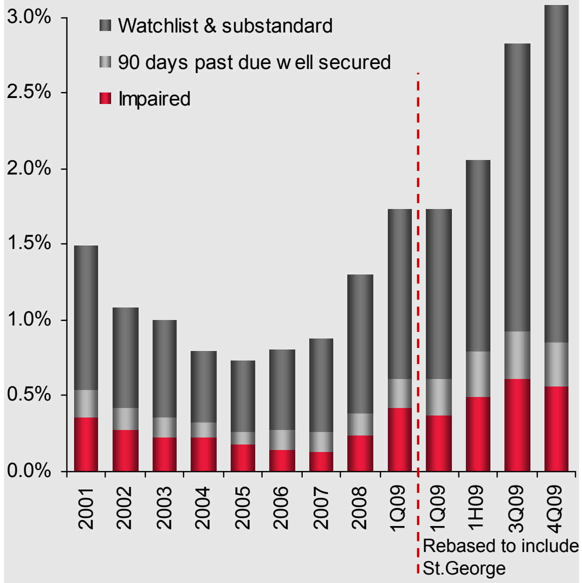
Significant rise in stressed exposures, rate of increase expected to slow

- Sharp rise in stressed exposures:
  - 58% of increase are watchlist facilities
  - 73% of increase are secured
  - Largely commercial sector, including property
- Impaired assets up 168% from 2008
- 90+ days past due well secured higher from mortgages and small business
- Stressed facilities higher particularly commercial segment, including property

Movement in stressed assets by sector: FY08 vs FY09 (%)



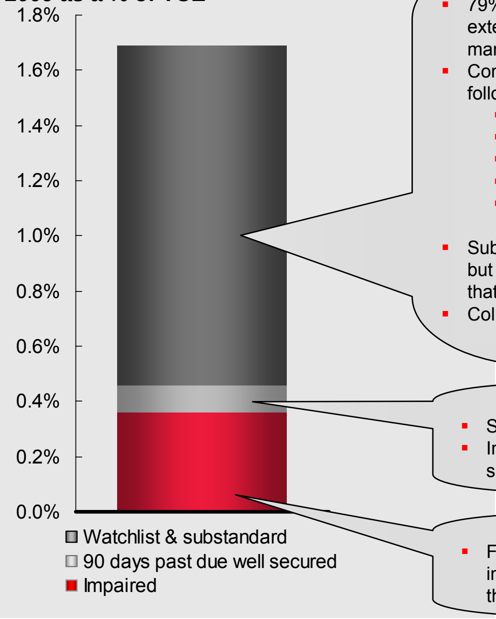
Stressed exposures as a % of total committed exposures (TCE)[1]



1 Westpac's impaired assets from 2005 reflect APRA's prudential approach to the adoption of A-IFRS by ADIs to include consumer accounts > 90 days past due but not well secured.

Stressed exposure movements in 2009 and definitions

Movement in stressed exposures in 2009 as a % of TCE



Watchlist and Substandard

- 79% of the rise in this category has been in the Watchlist grade. This reflects extensive portfolio reviews and a desire to identify and bring more assistance to the management of companies showing early financial and operational stress
- Companies in Watchlist are experiencing some stress and typically have the following characteristics:
  - Would not currently meet our new lending criteria;
  - Pattern of small problems that may indicate a concern;
  - Demonstrates some operating weakness or deteriorating cash flow; and
  - No loss is expected (otherwise would be graded lower)
  - Companies in Watchlist receive increased assistance to help bring the company back to full health
- Substandard facilities (21% of the increase) are performing and no loss is expected but customer demonstrates significant weakness in debt servicing or security cover that could jeopardise repayment of debt on current terms if not rectified.
- Collectively assessed provisions raised for these exposures

90 days past due well secured

- Small movement over year, mostly in business in Westpac RBB and St.George
- Includes facilities greater than 90 consecutive days overdue where security is sufficient to cover principal and interest

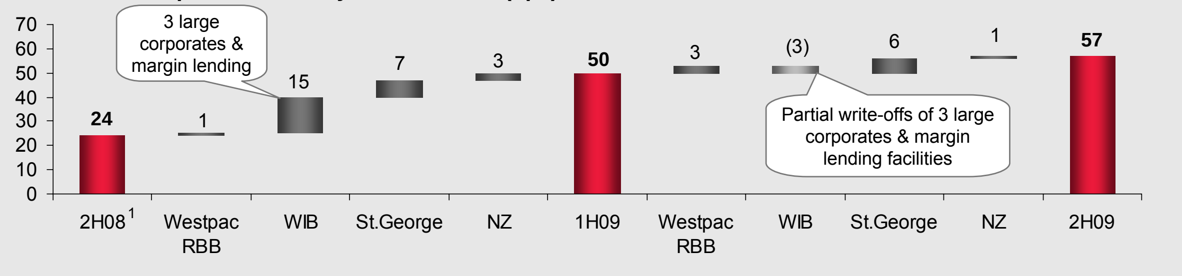
Impaired assets

- Facilities that are in more advanced stress and recovery of full principal and interest is doubtful. Individually assessed provision raised where appropriate for these exposures. Includes consumer unsecured delinquencies > 90 days

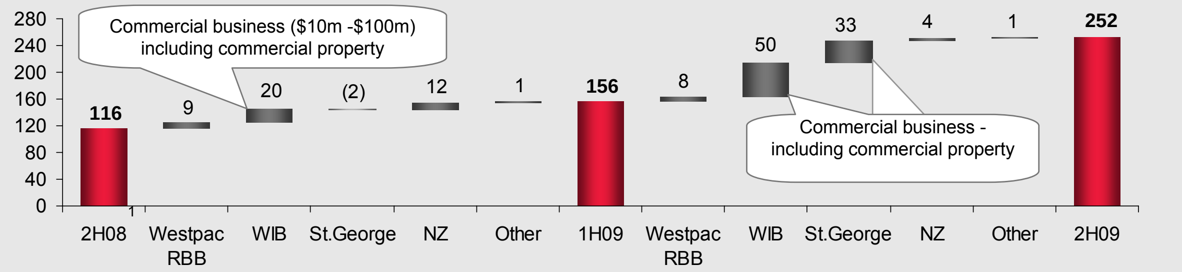
Movement in stressed exposures by business units

Asset Quality

Movement in impaired assets by business unit (bps)



Movement in Watchlist and Substandard assets by business unit (bps)

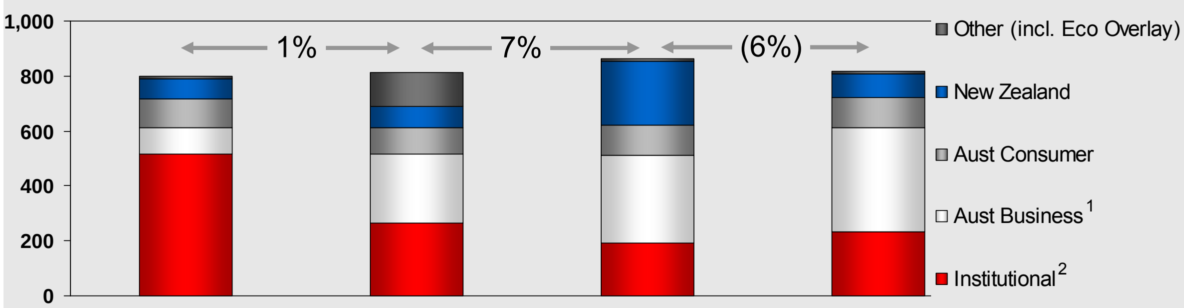


1 Pro forma basis.

Composition of impairment charges

Asset Quality

Impairment charges by quarter ($m)



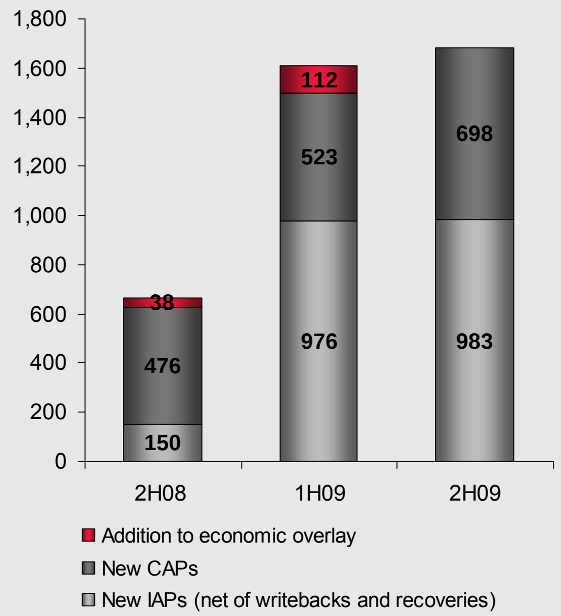
1Q09	2Q09	3Q09	4Q09
Dominated by companies directly impacted by GFC	Economy impacting commercial sector Margin lending (in Institutional) Higher economic overlay	Development property in Australia and New Zealand Early signs of small business stress	Development property in Australia, mostly WA and SE Qld Small business stress continuing

1 Australian business includes business customers in St.George, Westpac RBB, and Premium Business Group (PBG) which are mostly commercial customers with exposures between $10m to $100m within the Institutional bank. 2 Westpac Institutional Bank customers excluding PBG and Margin Lending.

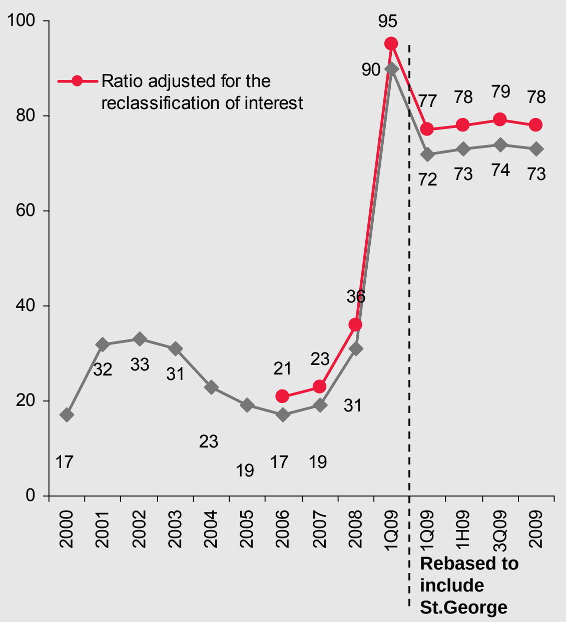
Provision charge higher over the year

Asset Quality

Impairment charges[1] ($m)



Impairment charge to average gross loans (bps)[2]



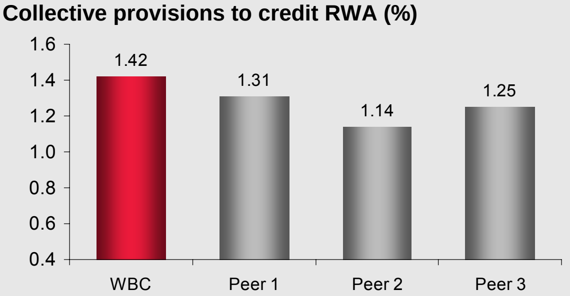
1 Includes the addition of St.George impairment charges. 2 2000-2005 reported under AGAAP. 2006 onwards reported on A-IFRS basis.

Increased provisioning levels, leading peers

Asset Quality

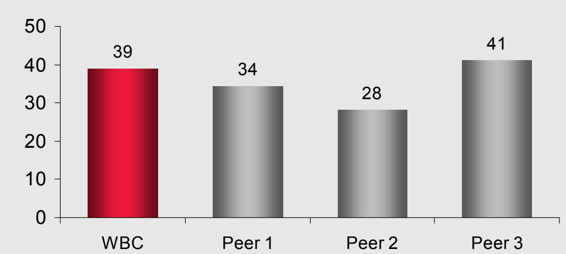
Key coverage ratios	2H08 Westpac	1H09 Westpac incl. St.George	2H09 Westpac incl. St.George
Collective provision to credit RWA	105bps	125bps	**142bps**
Collective provision to performing non-housing loans	113bps	152bps	**182bps**
Impairment provisions to impaired assets	45.4%	48.4%	**39.3%**
Total provisions to total RWA	111bps	160bps	**164bps**
Total provisions to gross loans	69bps	99bps	**101bps**

Collective provisions to credit RWA (%)



Source: Westpac, Company data. Peer 3 as at 30 June 2009.

Impairment provisions to impaired assets (%)

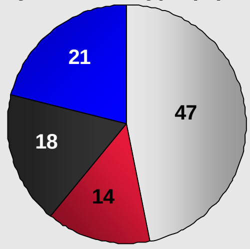


Source: Westpac, Company data. Peer 3 as at 30 June 2009.

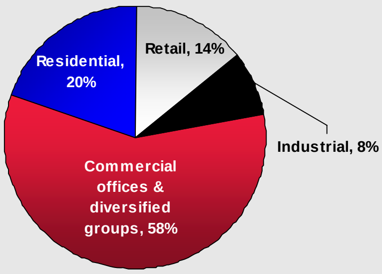
Commercial Property portfolio well diversified

- Commercial property represents 9.1% of TCE and 10.9% of gross lending, down from 10% of TCE and 13% of gross lending at December 2008 respectively
- Portfolio is well diversified across names, states and sectors
- Sub-limits for exposures >$10m actively monitored to limit concentrations to developers, investors, diversified property groups and property trusts
- 'Commercial' sector includes offices, as well as groups diversified across multiple asset classes including office and non-office properties

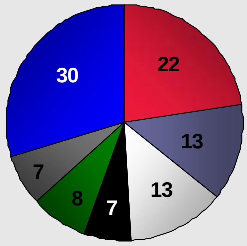
Commercial Property portfolio composition by borrower type (%)



Commercial Property portfolio composition by sector[2] (%)



Commercial Property portfolio composition by region[1] (%)



1 Geographic regions are shown by booking office location. 2 The underlying mix across sectors was broadly unchanged over 2H09. Since 1H09, the approach to reporting the sector composition of the St.George portfolio has been updated. The net impact of this update was a 2 percentage point reclassification of portfolio exposure from the industrial sector to the retail sector.

Commercial property - most stress in development and NZ

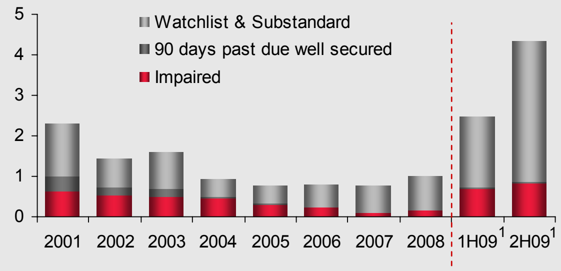
Segment[1] Exposures		TCE ($m)	% Total	% Stressed[2]	Comments
Australia <$10m		25,724	42%	10.3%	▪ Diverse portfolio, with market turnover and development activity more resilient than for larger assets ▪ Significant increase in stressed exposures, particularly from downgrades in Qld and WA
Australia >$10m	Diversified property groups and property trusts[3]	12,425	21%	9.1%	▪ Stress is moderate for low-LVR, diversified exposures (multiple properties), and customers that have raised equity ▪ Most increase has been in watchlist & substandard categories, where lower property valuations have not been offset by equity raisings or asset sales
	Investment	10,525	17%	8.6%	▪ Increase in stress mainly driven by valuation adjustments increasing LVRs, rather than debt servicing issues
	Development	7,785	13%	25.6%	▪ Developers' cash flows have been impacted by weaker sales ▪ Stress most evident for regions that were subject to higher growth (WA and south-east Qld) ▪ Valuation adjustments more severe for development sites
New Zealand		3,959	7%	22.9%	▪ Weaker activity and a more depressed property market has led to increased stress, particularly for development properties ▪ Market liquidity remains depressed
Total[4]		60,566	100%	12.5%	▪ 9.1% of TCE and 10.9% of gross lending at September 2009 down from 10% & 13% respectively at December 2008

1 Geographic segments are shown by booking office location. 2 Stressed exposures include watchlist, substandard, 90 days past due well secured and impaired assets. 3 Includes exposures relating to both investment and development activities. 4 Total includes $148m of Pacific Banking exposures.

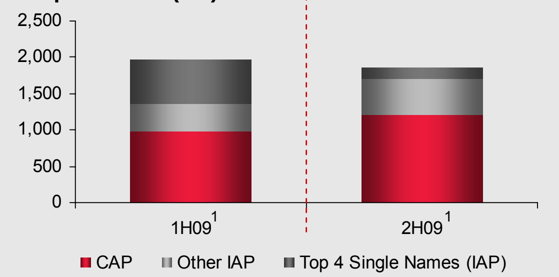
Institutional loan portfolio – impairments stabilised in 2H09 and well provisioned

- Stressed exposures 4.3% of the WIB portfolio[1] at September 2009
- Increase in stressed exposures in 2H09 driven by medium sized corporates, predominantly in the property sector
- Impaired assets 0.8% of the WIB portfolio, predominantly:
  - Increased number of margin loans and medium sized corporates in property sector from 1H09
  - Offset by partial write offs of Top 4 single name impaired assets and some margin loans
- Increase in Watchlist and Substandard assets reflects:
  - Downgrades of customers predominantly in commercial segment (facilities $10m - $100m)

Stressed exposures as a % of WIB TCE (%)



WIB provisions ($m)



1 2009 result includes Equities, Premium Business Group (which was transferred from Westpac RBB during 1H09) and a small number of St.George corporate and institutional customers. Comparatives have not been restated and do not include PBG or St.George customers.

Australian business portfolio – well diversified

- The Group's Australian business portfolio is well diversified across industries, customers and geographies
- 2009 economic slowdown saw customers increasingly under stress. Impacts not contained to any specific segment or geography, however greater deterioration experienced in the following segments:
  - Commercial property
  - WA and Qld, which experienced greater property price rises leading into crisis
- NSW and Vic have been the better performing regions in 2H09 across The Westpac Group
- Industries with above average stress include Property, Manufacturing, Wholesale Trade, Pubs and Clubs, Accommodation, Aged Care and Mining

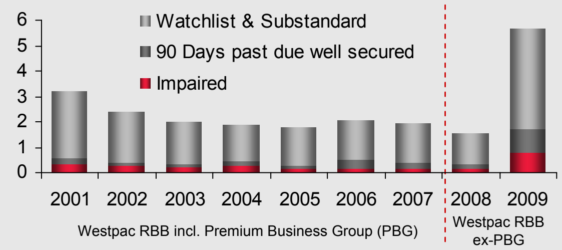
Australian business exposures by industry	% of Aust. business portfolio	Aust. business total stressed[1] TCE by industry (%)
Agriculture, Forestry and Fishing	7.2	5.1
Manufacturing	7.1	8.7
Wholesale trade	6.1	6.4
Retail trade	8.5	4.0
Accommodation, cafes and restaurants	5.7	7.0
Transport and storage	4.2	1.7
Property	33.3	41.7
All other industries	27.9	25.4
Australian business exposures by geography	**% of Aust. business portfolio**	**Aust. business stressed[1] TCE by State of origin (%)**
Vic	19.8	16.3
NSW/ACT	38.5	30.9
Qld	20.2	22.6
SA	10.2	4.3
WA	11.3	26.0

1 Stressed exposures include watchlist, substandard, 90+ days past due well secured and impaired assets for the business portfolios included in The Westpac Group.

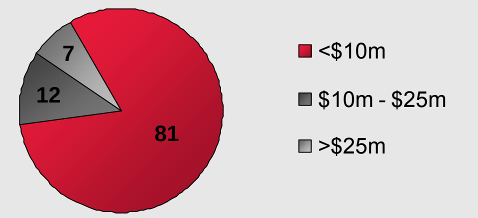
Australian business portfolio – Westpac RBB asset quality

- Westpac RBB business portfolio impacted by declining cashflows with weakening economic environment
- Stressed exposures increased by 275bps to 5.69% of business TCE:
  - Top 20 stressed customer groups account for 21% of stressed exposures
  - Portfolio impacts have been broadly spread across segments and geography
- Impaired exposures increased by 48bps to 0.79% of business TCE:
  - Top 10 impaired customer groups account for 33% of impaired exposures
- Low relative stressed exposures compared to other business units is due to the Westpac RBB portfolio predominantly comprising small companies (typically facilities under $15m), and a lower proportion of property exposures (Westpac RBB: 18%, PBG[1]: 49%, St.George: 39%)

Westpac RBB stressed exposures as a % of Westpac RBB business TCE (%)



Westpac RBB business lending by size % of TCE

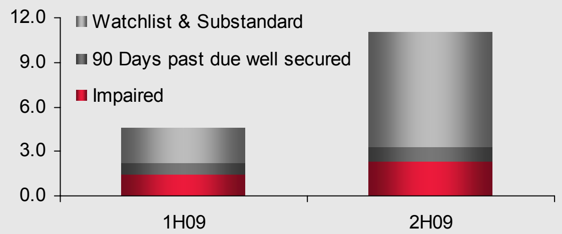


1 PBG is the Premium Business Group, located within Westpac Institutional Bank.

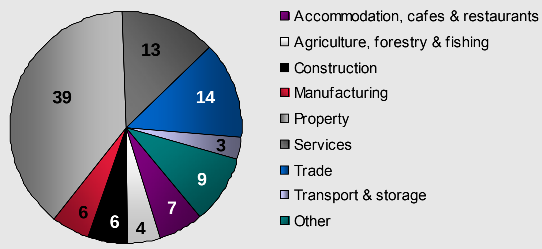
Australian business portfolio – St.George asset quality

- Alignment of risk grades to WBC methodology has been largely completed. As a result, comparisons with prior periods is not meaningful
- St.George has a broad business portfolio including larger facilities (up to $150m) and a higher level of commercial property exposures
- Stressed exposures have increased by 609bps to 11.0% of business TCE:
  - 82% fully or partially secured
  - Top 20 stressed exposures account for 39.7% of stressed exposures
  - St.George commercial and residential property exposure has been impacted significantly in WA and Qld, in particular residential development
- Impaired loans have increased by 210bps to 2.34% of business TCE:
  - Top 10 impaired exposures account for 60% of impaired exposures
  - Rise predominantly due to residential property development exposures that have been downgraded from Watchlist

St.George stressed exposures as a % of St.George business TCE (%)



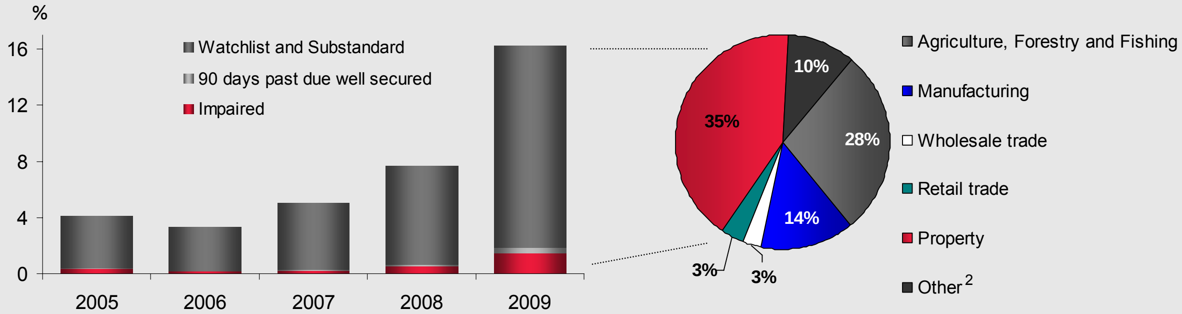
St.George business lending by sector % of St.George business TCE



New Zealand business portfolio experiencing higher stress with prolonged economic downturn

- New Zealand economy in recession for five quarters, from Q208 and ending in Q209
- New Zealand business stressed exposures up 855bps to 16.24%:
  - Most stress being felt in the property sectors with early signs of stress in the agribusiness sector
- Watchlist and Substandard business exposures up 731bps to 14.38%:
  - Watchlist focus covers all sectors given length of recession in NZ
- Impaired business exposures up 93bps to 1.44%, mainly in property
- Top 10 stressed exposures increased by 90bps to 4% of business TCE

Stressed exposures as a % of New Zealand Business TCE[1]

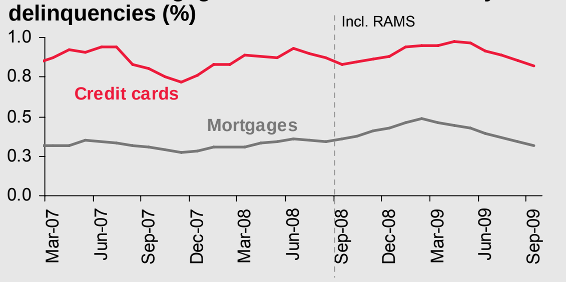


1 TCE is total committed exposure. 2 Other includes accomodation, cafes and restaurants, transport, finance and insurance.

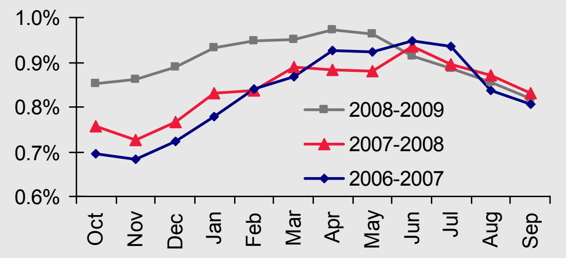
Australian consumer portfolio – performing well

- Australian consumer performing well. Favourable trend driven by:
  - Continued prudent customer behaviour
  - Focused and enhanced originations and collections activities
  - Reduced interest rates / Government stimulus
- Delinquencies steady or improved:
  - Mortgage 90+ day delinquencies down 4bps to 32bps
  - Credit Cards 90+ days delinquency down 1bp to 82bps
- Customer numbers 90+ days due:
  - Mortgages 2,722 out of approx. 1m accounts
  - Credit cards 8,690 out of approx. 2m accounts
- Losses remain low, with mortgage losses[1, 2] at $34.1m
- Expect the consumer segment delinquency performance to be correlated to unemployment
- Australian credit cards 90+ day delinquencies 82bps:
  - Down 15bps on 1H09
  - Down 1bp on 2008
- Delinquencies fell due to:
  - Larger Westpac portfolio being well seasoned and responding well to external economic conditions
  - Further refinement of St.George risk strategies through deployment of improved risk criteria and technology
- Prepared for further deterioration in line with increased unemployment

Australian mortgage[3] and credit cards 90+ days delinquencies (%)



Australian credit cards 90+ delinquencies (%)



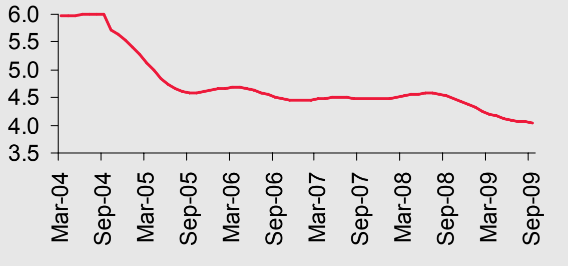
1 Net of mortgage insurance. 2 Before collective assessed provision charges. 3 Mortgages include Westpac, St.George and RAMS.

Prior investments in risk management systems have positioned portfolio well

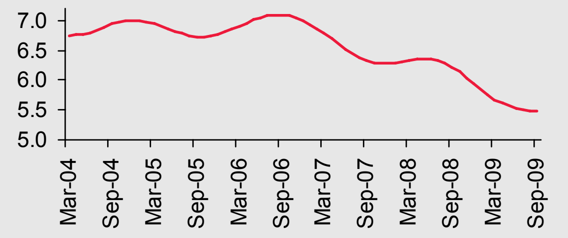
Australian Consumer Asset Quality

- Investment in collections capabilities in prior years has seen early cycle delinquencies trend down over a long period of time:
  - Credit Cards 1-29 day delinquencies down 50bps
  - Personal loan 1-29 day delinquencies down 140bps, despite tougher economic conditions
- Limits the number of customers entering late cycle delinquencies and enhances recovery rates
- Attributable to:
  - Improved income for consumers as a result of interest rate reductions and government stimulus
  - Introduction of advanced risk segmentation in originating accounts and within collections strategies
  - Further improvements in matching resource levels to appropriate customer risk profiles

Australian credit cards 1-29 day delinquencies (%)



Australian personal loans 1-29 day delinquencies (%)

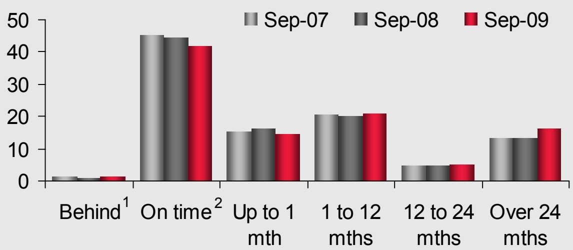


Australian Consumer: customers de-leveraging

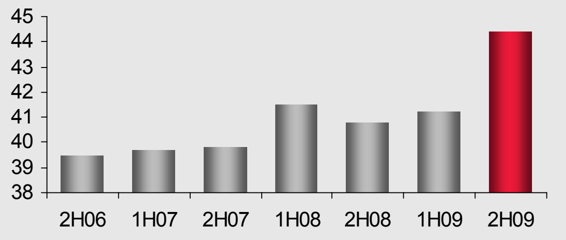
Australian Consumer Asset Quality

- Customers are taking a more conservative approach to finances and paying down debt
- 57% of Australian mortgage customers are ahead on repayments:
  - Some customers keeping payment at higher levels to stay ahead
- Australian customers also paying more off their credit cards:
  - Average credit card payments to balance ratio up to 44% indicating customers continue to behave rationally in light of the external environment

Australian mortgage customer accounts – payments ahead (%)



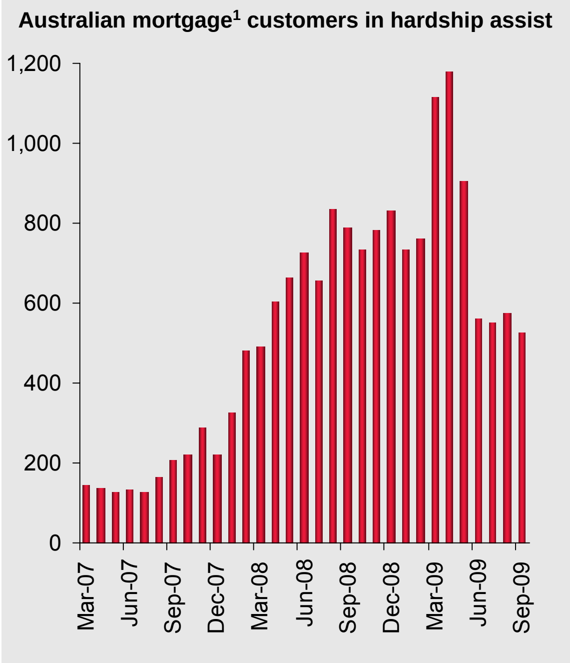
Australian credit card average payments to balance ratio (%)



1 "Behind" is more than 30 days past due. 2 "On time" is up to 30 days past due.

Australian Consumer - assisting customers in hardship

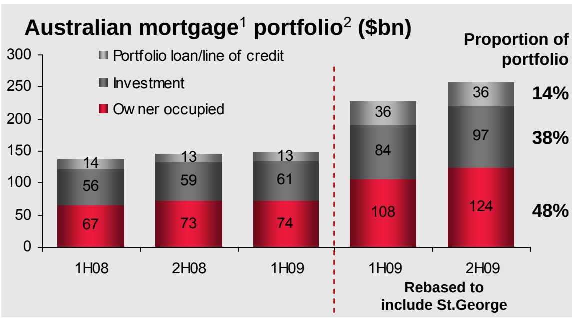
- Over the last 12 months there has been an increase in the number of hardship cases across both Westpac and St.George due to:
  - Deteriorating economy
  - Reduced customer incomes
  - Natural disasters
- In helping customers manage stress we have set up a dedicated advice centre (Westpac and St.George Assist) to assist customers in hardship. This may include deferring payments or extending loan terms
- Hardship cases have come off their peak experienced six months ago, which was driven by requests from the Victorian bushfire and Queensland floods
- Assistance provided to over 11,000 customer accounts in 2H09, through Westpac Assist and St.George hardship programs
- Hardship approaches for Westpac and St.George have been aligned with focus remaining on supporting the customer:
  - Led to St.George approving more hardship cases
- Assist programs now employ 70 people – almost a four fold increase over the year

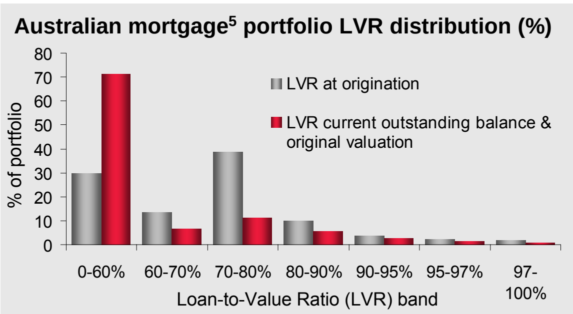


1 Westpac and St.George only excl. RAMS.

Australian mortgage portfolio risk profile remains sound

- Australian mortgage portfolio $257bn
- Well collateralised mortgage portfolio:
  - Average LVR based on current outstandings and value at originations is 46%
- Additional cover from mortgage insurance, required where:
  - Standard mortgage LVR > 80%
  - Low Doc mortgage LVR > 60%
- Approximately 17% of mortgages originated with an LVR > 80%
- Less than 8% of mortgages originated with an LVR > 90%
- Low Doc lending, approximately 5% of portfolio, has additional risk mitigants:
  - Lower LVRs – max 60% LVR without insurance, max 82% LVR with insurance





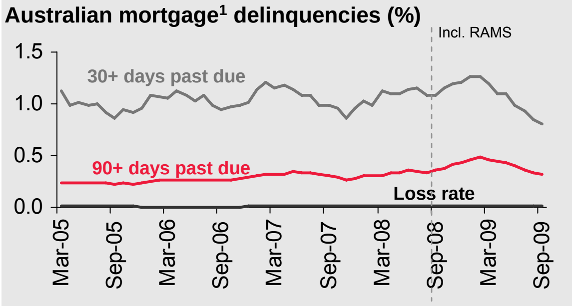
Australian mortgage portfolio	2H08	1H09	2H09
	WBC	Total[3]	Total[3]
Average LVR of portfolio at origination	67%	68%	67%
Average LVR based on current outstanding balances and value at origination	44%	49%	46%
Average LVR of new loans[4]	70%	71%	70%

1 Represents all brands (Westpac, RAMS and St.George) as indicated. 2 Figures represent average balances over the half. 3 Includes Westpac and St.George excl. RAMS. 4 Average LVR of new loans is for the 12 months to 30 September 2009. 5 Includes Westpac and St.George excl RAMS.

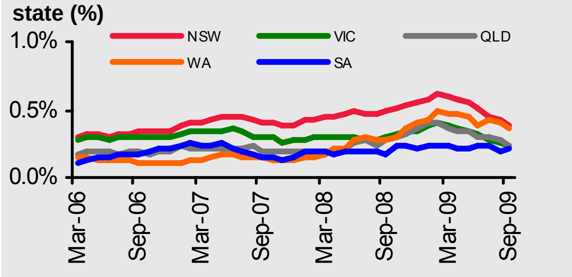
Australian mortgage portfolio – falling delinquencies and losses remain low

- Australian mortgage portfolio is experiencing falling delinquencies:
  - 90+ day mortgage delinquencies down 4bps to 32bps (down 14bps on 1H09):
    - Westpac down 7bps to 0.30% (down 13bps on 1H09) and St.George up 1bp to 0.35% (down 17bps on 1H09)
    - St.George slightly higher due to difference in portfolio mix
- Total portfolio losses remain low at $34.1m, due to low LVRs, mortgage insurance and sound underwriting standards
- Properties in possession remain low:
  - 317 properties at September 2009 v 254 properties at September 2008
- NSW:
  - Significant improvement in 90+ day delinquencies in last 6 months
  - Hot spots 12 months ago (Sth West & Western Sydney) have turned around due to low interest rates & first home buyer activity stimulating price growth

Australian mortgage[1] delinquencies (%)



Australian mortgage[1] 90+ days delinquencies by state (%)

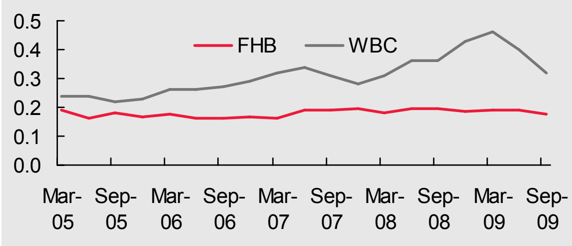


1 Australia mortgages includes Westpac, St.George and RAMS.

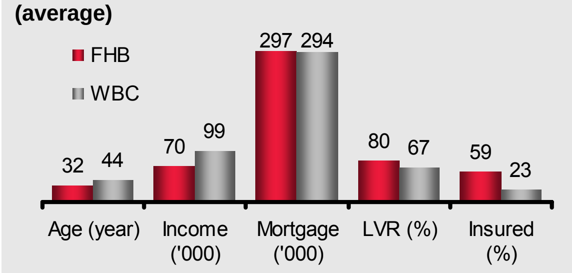
First home buyers (FHB) an important market segment

- FHB is an important market segment that the Group has continued to support through this cycle
- FHB represents 19% flows and 8% stock
- Solid growth in this sector due to:
  - RAMS whose activity targets FHB
  - Other lenders less active in this segment
- FHB traditionally perform better than overall portfolio through this cycle. Given:
  - Early in career and benefit from income growth
  - Loan often supported with two incomes in its early stages
  - Average borrower aged 32 and not just entering workforce
- FHB tightened credit standards again in April 09:
  - Increase servicing hurdles
  - More restrictive LVR
  - Additional genuine saving requirement
  - 170bps buffer to interest rates applied to assessing repayment serviceability

90+ days delinquencies: FHB v non-FHB mortgages (%)

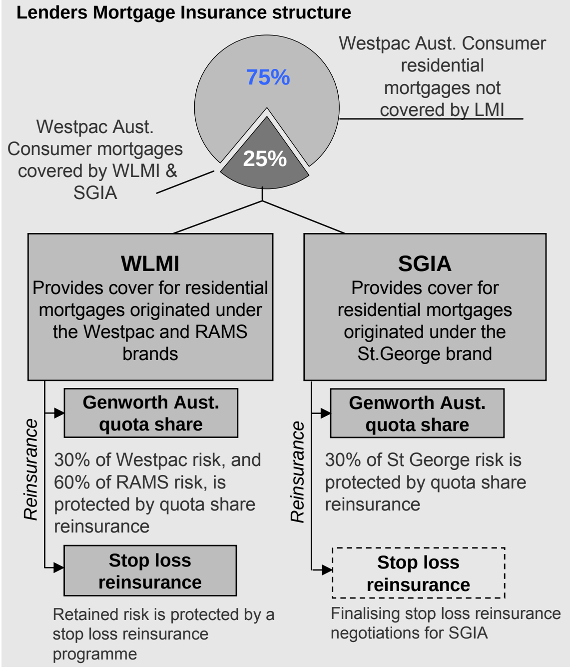


Characteristics of FHB v WBC Aust mortgage (average)



Lenders Mortgage Insurance – managing risk transfer

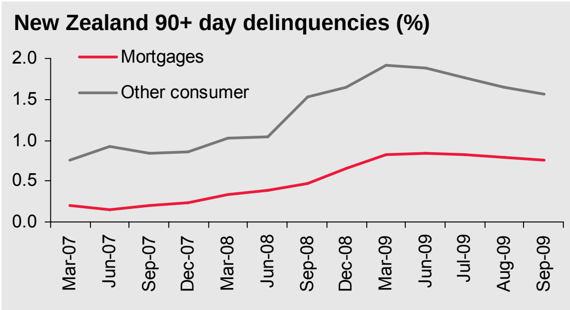
- The Group has aligned risk acceptance processes and reinsurance programmes of our two captive mortgage insurers, Westpac Lenders Mortgage Insurance (WLMI) and St.George Insurance Australia (SGIA)[1]:
  - SGIA has recently implemented a quota share reinsurance agreement with Genworth for 30% of St.George risk
  - SGIA is close to finalising negotiations with new stop loss reinsurer
- Underwriting standards have been tightened – maximum LVR on new business risks lowered to 90% as the Group now sources mortgage insurance on residential mortgages with 90%+ LVR written since June 2009 directly from Genworth
- Conservatively positioned – focus on risk management and underwriting profit
- All investments are in cash
- Reinsurance arrangements transfer risk away from the bank and provide cover during periods of extremely high claims
- Both WLMI and SGIA are strongly capitalised (separate from bank capital) and subject to APRA regulation:
  - WLMI capitalised at 1.30 MCR[2] and SGIA at 1.54 MCR[2] at September 2009
- Scenarios confirm sufficient capital to fund claims arising from events with return periods of up to 1 in 250 years:
  - In a 1 in 250 years loss scenario, estimated losses for WLMI $256m and SGIA $314m (net of re-insurance recoveries)

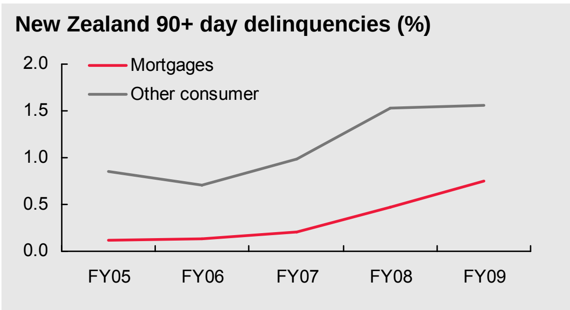


1 SGIA is rated AA-/Aa3, Stable outlook. 2 The MCR is an insurers Minimum Capital Requirement. The MCR is determined having regard to a range of risk factors that may threaten the ability of the insurer to meet policyholder obligations.

New Zealand consumer portfolio stabilising in difficult environment

- Prolonged recession has further impacted NZ consumer delinquencies over 2009
- Mortgage 90+ day delinquencies up 28bps to 75bps
- Other consumer 90+ day delinquencies up 3bps to 156bps:
  - Most of the increase is due to personal lending facilities being written off later (180 days, previously 90 days) bringing this into alignment with The Westpac Group
  - Credit cards (around 84% of unsecured consumer TCE) 90+ day delinquencies improved 4bps to 118bps
- Majority of consumers have now benefited from interest rate relief:
  - 24% mortgage book variable, and received interest relief immediately
  - 76% of mortgage book fixed, with 44% now having benefited from passed on rate reductions
- Overall, long-term trend has stabilised, with early evidence of improvement





Other Exposures

Type	Exposure at Mar 09 ($bn)	Exposure at Sep 09 ($bn)	Comment
Credit derivatives portfolio	5.4	2.0	Net bought protection down from $5.2bn in 2008 (CDS)[1]
	0.9	0.5	CDOs, CLOs and Portfolio CDS investment, down from $0.7bn in 2008
Asset-Backed Commercial Paper (ABCP) conduits	2.9[2]	2.4[2]	Westpac-sponsored ABCP conduit (Waratah Receivables Corporation) has no liquidity drawn as at 30 September 2009
	0.6[2]	0.5[2]	St.George-sponsored ABCP conduit (Crusade CP No. 1) is fully funded and plans in place to wind down portfolio
	1.1[2]	1.1[2]	Liquidity facilities to external customer conduits include US$ related receivables of A$44m (A$22m drawn), A$ related receivables A$660m ($A60m drawn) and NZ$ related receivables of A$339m (A$200m drawn)
Other exposures:			Asset Backed Securities (ABS):
	1.3	1.2	- RMBS predominantly Australian AAA rated (1.1bn)
	0.2	0.3	- CMBS holding, predominantly AAA rated ($191m)
	2.3	1.9	- Treasury holds $1.9bn RMBS in liquidity book, all currently AAA rated
			Monoline Insurance:
	0.9	0.5	- Wrapped loans and bonds: A$36m originated by Westpac (excluding wrapped loans), A$500m originated by St.George
			Hedge Funds (net exposure):
	0.6[2]	0.4[2]	- Includes Hedge funds ($14m), Fund of hedge funds ($$204m) and Fund of hedge funds managers ($186m)
			Private Equity:
	4.2	4	- Represents 0.6% of Group TCE, diversified across a range of industries, with majority of portfolio performing

1 Net CDS position across WIB (i.e. Credit Portfolio Management and Credit Trading). 2 Approximate value.

Risk initiatives undertaken in 2009 to improve outcomes

Global financial crisis team

- Specialist committee of senior executives established in early 2008 to specifically respond to the Global Financial Crisis. Included CFO, CRO, Treasurer, and key market specialists
- The team sought to proactively identify potential risks in the portfolio, and, where appropriate take action to minimise Westpac's possible exposure. The committee met weekly through the crisis (sometimes twice weekly) and continues to meet. The committee implemented a range of initiatives in 2009 to proactively position Westpac through the crisis.

Consumer and Business initiatives

- Adjusted mortgage lending standards to reflect the more difficult operating environment:
  - Tighter lending criteria including reducing the maximum LVR to 95% for existing customers and RAMS franchisee customers; and 90% for all new customers.
  - Increased the conservativeness of income assessment
    - Reduced the weighting of some income factors in determining income available to service debt
    - Increased the interest rate serviceability buffer so all new borrowers need to be able to service a loan with interest rates at 170bps greater than current levels
- Expanded mortgage insurance to cover 100% of all new Australian mortgages with an LVR>90%
- Adjustments to the management of the commercial property lending policies across Westpac and St.George
  - Reduced maximum LVRs for investment and development lending (irrespective of pre-sales)
  - Increased minimum interest cover ratios
  - Reduced maximum term for new lending
  - Increased hurdles to reflect increased cost of funds and risk profile
  - Substantially reduced appetite for higher risk areas
- Independent internal assessment of property concentrations , credit grade and provisioning undertaken across the portfolio

Risk initiatives undertaken in 2009 to improve outcomes (continued)

New Zealand credit quality	▪ Implemented pre-watchlist reviews in Business Banking to identify companies in the very early stages of stress ▪ Strengthened accreditation requirements for all lending roles ▪ Implemented new customer contact strategy for customers showing early signs of delinquent performance utilising the branch network ▪ Improved collections strategies to proactively assist higher risk retail customers
Institutional Bank non-strategic assets team established	▪ The Non-Strategic Assets team was established in May 2009 ▪ Purpose is to identify non-strategic assets, investments and business activities and manage their orderly exit
Margin lending review	▪ External and internal review of asset quality and risk processes ▪ Upgraded market and credit risk skills in the business ▪ Revised credit policy including revised methodology for approved securities list, improved models for the establishment and maintenance of loan-to-value ratios, and specific controls in relation to security concentration ▪ Improved processes and controls around margin calls ▪ Revised provisioning methodology to appropriately capture different categories of risk

THE Westpac GROUP

THE Westpac GROUP

Economics

November 2009

Australian and New Zealand economic outlook

Economics

Key economic indicators		Calendar year		
as at November 2009		2008	2009f	2010f
World	GDP	3.5	-0.7	2.4
Australia[1]	GDP	2.4	0.7	2.5
	Private consumption	2.6	1.5	2.5
	Business investment[2]	13.4	-5.0	-5.5
	Unemployment – end period	4.6	6.0	6.5
	CPI headline – year end	3.7	2.0	2.2
	Interest rates – cash rate	4.25	3.75	4.50
	Credit, Total – year end	6.9	1.5	3.5
	Credit, Housing – year end	7.9	8.0	9.0
	Credit, Business – year end	8.0	-5.0	-4.0
New Zealand	GDP	0.0	-1.3	3.5
	Unemployment – end period	4.7	6.6	6.3
	Consumer prices	3.4	2.5	2.4
	Interest rates – official cash rate	5.0	2.5	4.25
	Credit – Total	8.6	2.4	7.4
	Credit – Housing	4.4	4.3	8.0
	Credit – Business (incl. agriculture)	15.3	0.5	6.8

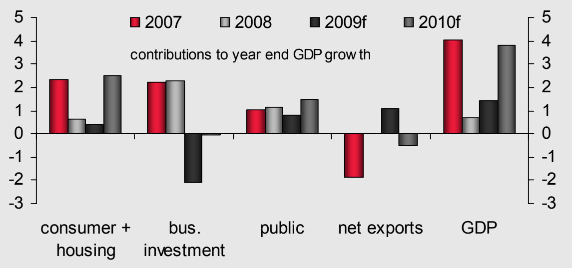
1 GDP and component forecasts are reviewed following the release of quarterly national accounts. 2 Business investment adjusted to exclude the effect of private sector purchases of public assets. Source: Westpac Economics.

Australia – upbeat prospects for 2010

Economics

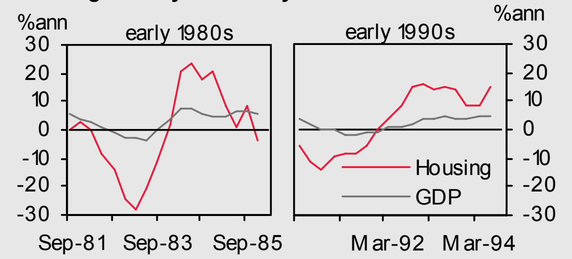
- Settings necessary for recovery are in place:
  - Interest rates very low (mortgage rates were the lowest since 1968)
  - Fiscal policy very accommodative
  - Resurgent China boosting exports
- Interest rate sensitive housing sector will lead the recovery, similar to prior cycles:
  - Demand for housing has been pent-up with population growth averaging 1.7% over the last 3 years
  - Housing upswing emerged despite rising unemployment, as in past cycles
- Public demand is forecast to strengthen and expand by a brisk 7% through 2009/10
- Consumers and businesses are confident again:
  - Consumers more likely to spend
  - Business are now revising up investment plans (Q2 2009 CAPEX survey)

Australia: the growth mix (ppts)



Sources: ABS, Westpac Economics

Housing activity leads way out of recessions

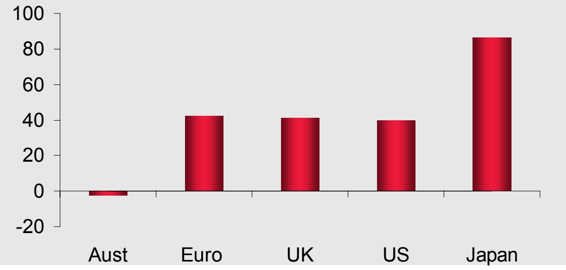


Sources: ABS, Westpac Economics

Australia – upbeat prospects for 2010 (continued)

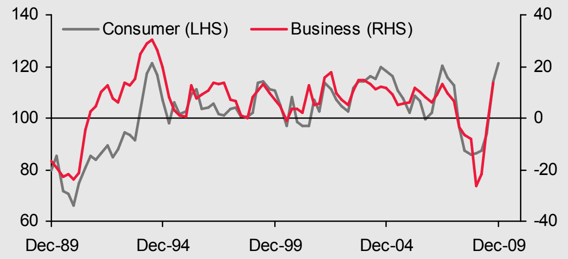
Economics

Net debt in selected countries 2008 (% of GDP)



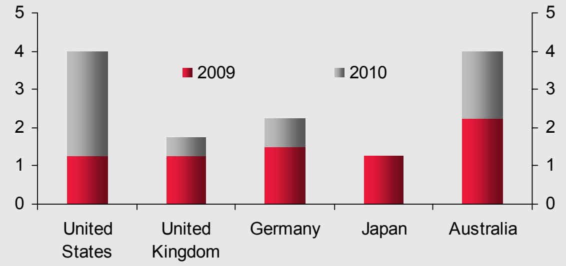
Source: Treasury budget papers

Confidence surges back (net balance)



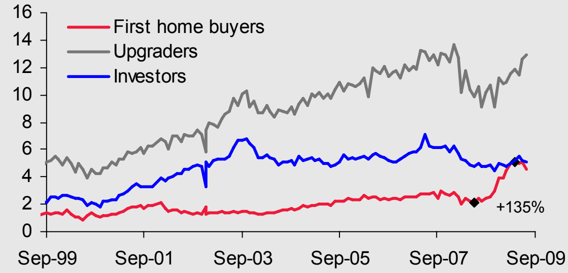
Sources: ABS, Westpac Economics

Discretionary fiscal easings 2009 & 2010 (% of GDP)



Sources: RBA, Westpac Economics

Housing loan approvals (value $b)



Sources: ABS, Westpac Economics

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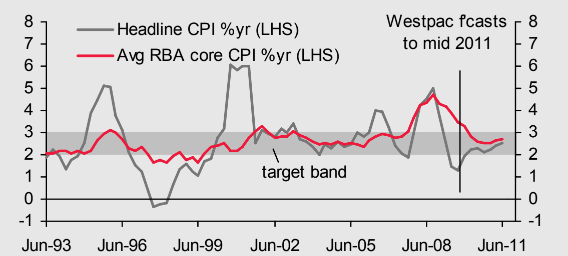
Inflation – will be well contained in 2010

Economics

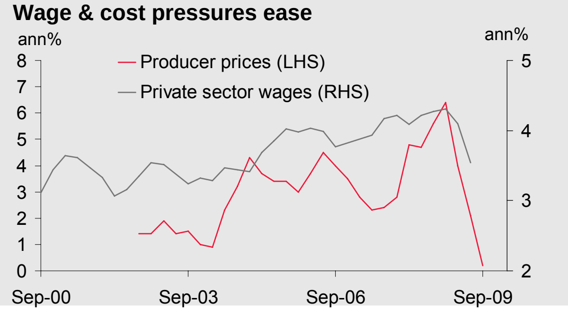
- Consumer inflation has moved off centre stage as a primary constraint. That will remain the case in 2010
- Prudent forward looking policy – with the RBA being the first of the major central banks to tighten rates in this cycle – reinforces the prospects of inflation being well behaved over the medium-term
- In 2007 and early 2008 the RBA was fighting the inflation battle. That was a time of brisk growth and little to no spare capacity in the economy. Two years and a global recession later, inflation is moderating
- Headline consumer inflation, which has eased to the weakest pace in a decade, is below the target band, at 1.3%yr in September 2009.
- ‘Core’ inflation is also moderating and is expected by Westpac to move to the centre of the RBA’s 2% to 3% target band
- Wage and cost pressures have eased, with spare capacity emerging as economic growth dipped well below trend
- Weaker labour market will allow a period of above par economic growth, while not generating significant inflation pressures

Inflation: headed to middle of target band (% ann)



Sources: ABS, RBA Westpac Economics

Wage & cost pressures ease



Sources: ABS, Westpac

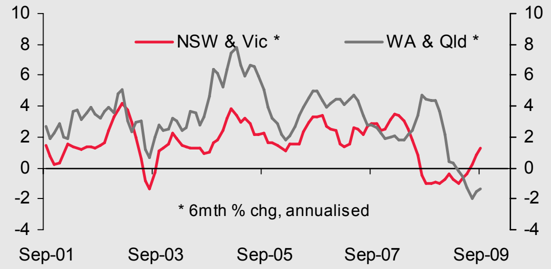
THE Westpac GROUP

NSW state economy – major winner from low interest rates

Economics

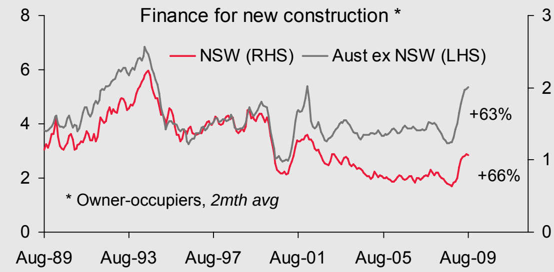
- Growth momentum across the Australian States has shifted
- The move to low interest rates has been a major boost to the non-resource states of Vic and NSW
- A housing construction boom is on its way. This will be particularly welcome in NSW where activity levels have been low in recent years
- The commodity price correction, from record highs in 2008, has taken the wind out of the sails of the mining states of WA and Qld
- The latest job numbers highlight the variation in state by state prospects. Employment increased by 1.3% annualised in NSW and Vic over the last half year, while weakness persists, for now, in WA and Qld
- Beyond the current soft spot for the mining states, prospects have brightened. Investment in energy projects is set to rise from 2010 onwards, buoyed by a resurgent China and improving commodity prices

Jobs growth (% chg)



Sources: ABS, Westpac Economics

Housing construction ('000)



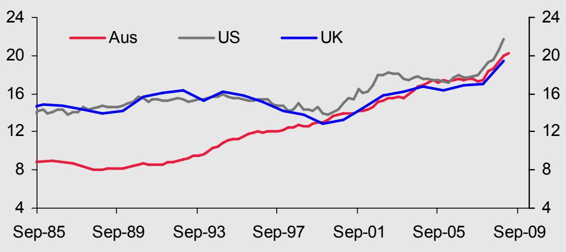
Sources: ABS, Westpac Economics

Australian households – solid balance sheets

Economics

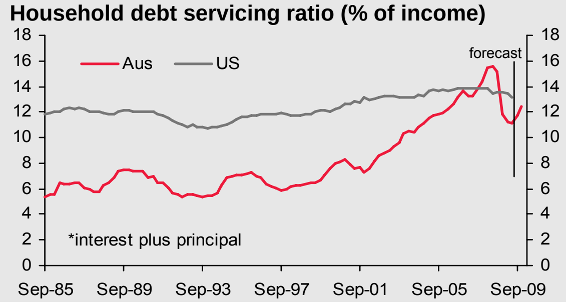
- Household debt has risen steadily over the last 20 years although the rise has been mostly supported by higher asset values:
  - Debt to asset ratio has risen from 8.2% in 1989 to 18% in 2008, bringing it in line with ratios in the US and UK
  - Debt to income ratio has also risen from around 45% to 160%
- Households continued to meet their debt obligations well
- Aggregate debt servicing to income ratio reached record highs in mid-2008 as high debt combined with a 16 year peak in mortgage interest rates
- Debt servicing to income ratio improved dramatically since mid-2008 as rates have fallen sharply. It was back around 11% in mid-2009
- Although loan arrears rose through this period, they remained low by both historical and international standards and were supported by lower interest rates

Household debt to asset ratio (%)



Sources: US Fed, ABS, RBA, Westpac

Household debt servicing ratio (% of income)

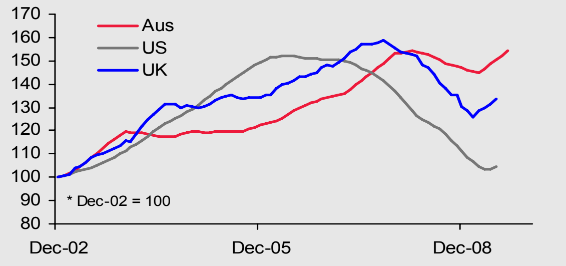


Sources: US Fed, ABS, RBA, Westpac

Housing affordability – greatly improved

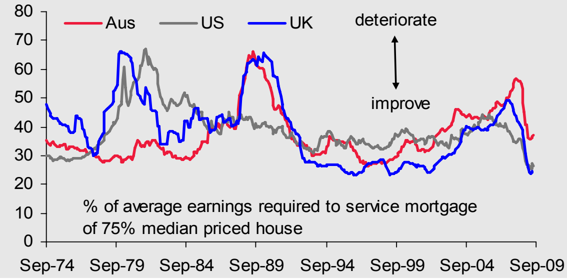
- Housing affordability in Australia has improved dramatically since mid-2008
- The improvement has been on par with the US and the UK but has come via lower mortgage interest rates (accounting for 70% of the improvement) rather than lower prices (which account for 40% to 50% of the turnaround in the US and UK)
- In effect, the RBA's success in reducing mortgage rates has eased the downside pressure on prices
- The resilience of the Australian banking system and an acute shortage of housing have also been key positives
- In contrast to the US (oversupplied) and the UK (where banking system weakness has led to excessively tight credit restrictions) the Australian housing market remained well supported
- Whereas prices have fallen by well over 10% in the US and UK, Australian prices were down 6.7% in the year to March 2009 with weakness concentrated at the top end of the market. More recent data shows prices have recovered that lost ground although performances vary across sub-markets

House prices – international comparison (index)



Sources: S&P-Case Shiller, Nationwide, ABS, Westpac

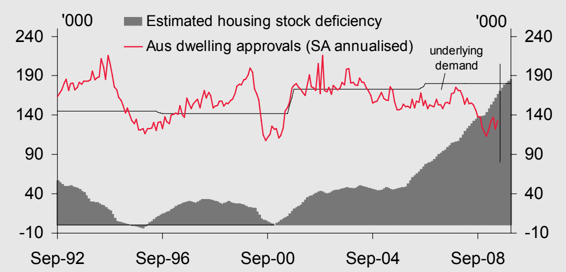
Housing affordability – international comparison (%)



Sources: Westpac estimates

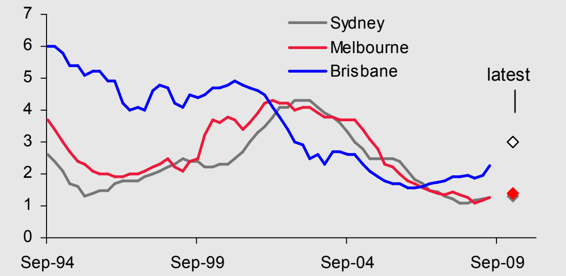
Australian housing strong market fundamentals

Australian housing: pent-up demand



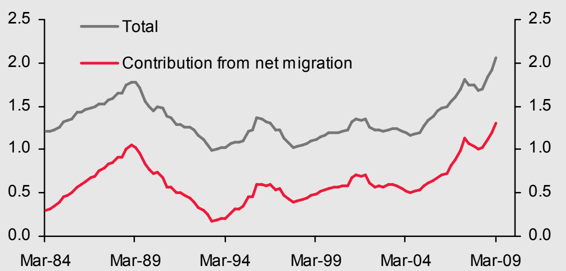
Sources: ABS, Westpac Economics

Vacancy rates (%)



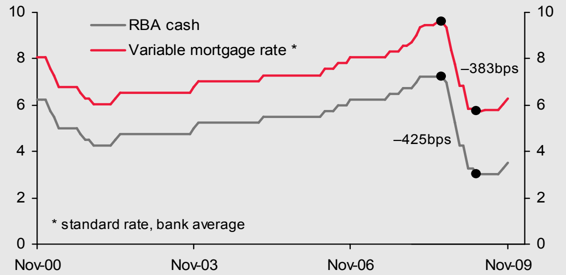
Sources: ABS, Westpac Economics

Population growth (ann %)



Sources: ABS, Westpac Economics

RBA rate cuts flowing through (%)



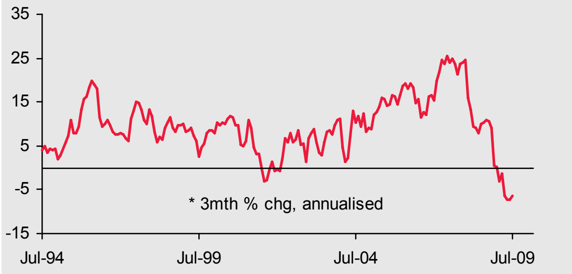
Sources: RBA, Westpac Economics

Australian businesses – not overly geared

Economics

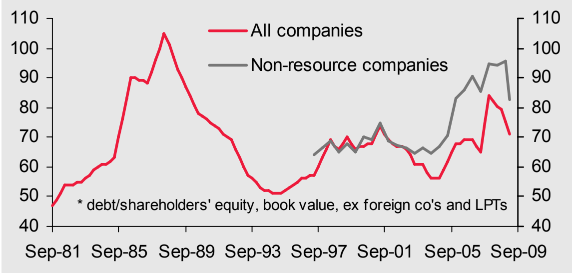
- Australian businesses had considerable momentum entering the downturn, operating close to full capacity
- Strong profitability enhanced scope to fund investment from retained earnings. Profits (ex-mining) rose in Q209
- Business strengthening balance sheets:
  - Declines in credit
  - A record $63bn of new equity raised by non-financial sector since the start of 2009
  - Gearing ratio for non-resource companies fell from around 95% in 2008 to 82% in June 09
- Asset write-downs have been largely offset by scaling back in debt and/or new equity raising
- Businesses, now confident, are hoarding labour and investment outlook has improved given:
  - Stronger domestic conditions
  - Resurgent China
  - Improved commodity prices
  - Major energy projects in pipeline

Business credit (% annualised*)



Sources: ABS; Westpac Economics

Business gearing (ratio)



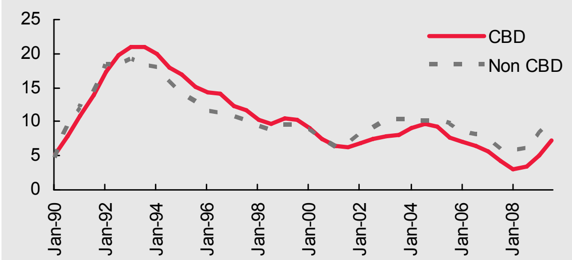
Sources: RBA, Westpac

Commercial property – vacancies rising off low base

Economics

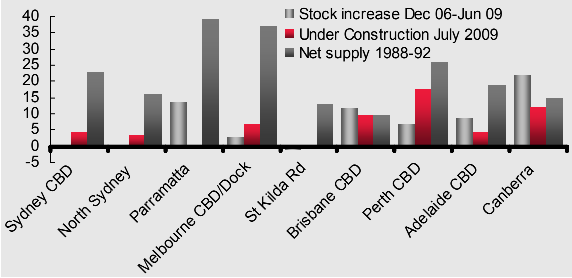
- Office vacancy continued to lift in 1H 2009. CBD vacancy was 7.3% and non CBD 10.2%. Despite the increase over the past 18 months, vacancies sit close to the highs of the mid 2000s rather than the 20% levels of the early 1990s
- Occupancy levels fell in 1H 2009 as companies downsized and reduced their requirement for office space. Not surprisingly CBD markets were most affected, with occupancy falling by around 1% over the period
- An improving economic outlook is expected to reduce pressure on occupancy levels into 2010, although some minor fall in 2H 2009 is expected
- Supply levels remain low, which differs from the early 1990s when over supply was evident in most markets. However, some markets are expected to drive vacancy higher through oversupply into 2010, namely South East Queensland, Perth and Canberra

Australian office vacancies (% vacant)



Source: PCA.

New office supply 1992 vs 2007-2011 (% of stock)



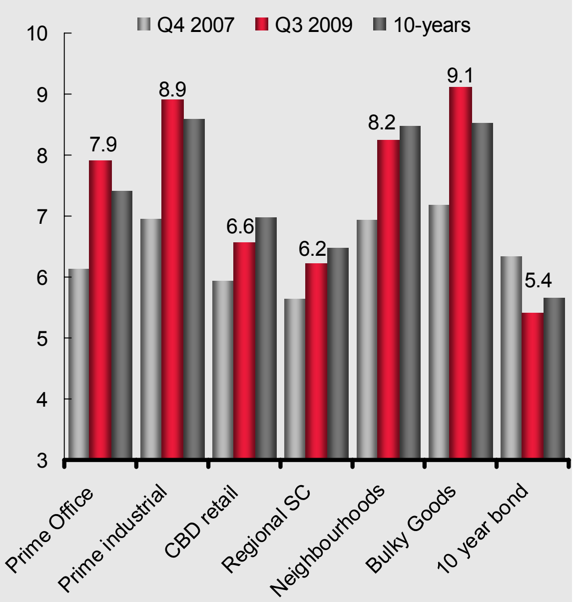
Sources: PCA, Westpac Property.

Commercial property – Q309 yields around 10 year average

Economics

- The commercial property investment market remained subdued over 1H 2009, with transactions well below those of previous years. Quarterly value declines are slowing although it is considered that on average, commercial property values have fallen by between 15% and 26% since the peak of the market in December 2007
- Similarly, while yields continue to ease, the extent of quarterly increases are slowing. Prime office, prime industrial and bulky goods now sit above their 10-year averages however retail remains below their averages
- While further easing in yields is possible in some markets over the remainder of 2009, the risk premium above the 10-year bond rate is now at or above average for the majority of assets
- This above average risk premium combined with the significant easing in yield that has occurred since the market peak, reduces the pressure on how far yields have to rise
- The security of income remains the main focus, with most investors remaining cautious and continuing to avoid taking any leasing risk while the economy remains volatile

Australian commercial property average yields (%)



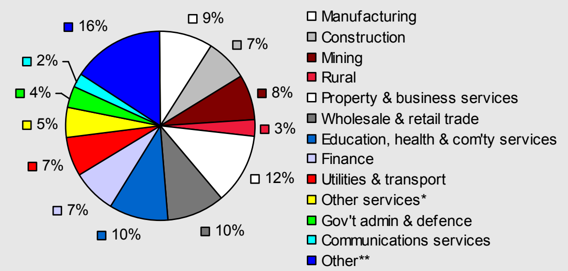
Source: CBRE/RBA.

Australian economy – diversified and flexible

Economics

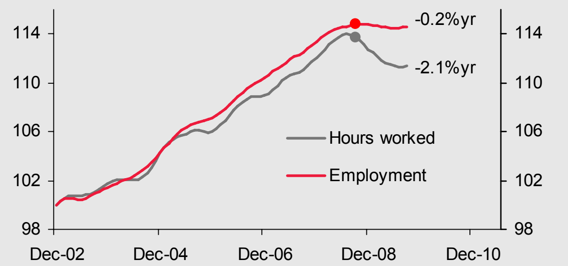
- Australia is a diversified, flexible economy and not dependent on any one sector
- Proximity to the relatively fast growing Asian region a positive for our exporters and for business investment – resources, tourism, education, etc
- The growth baton is passing from mining sector (8% of GDP) and mining investment to housing construction and public spending
- A flexible labour market. Firms responded to downturn by reducing hours worked, rather than making widespread retrenchments. Greatly enhanced consumers job security / confidence
- Freely floating and responsive exchange rate helps to smooth the economic cycle – the Aussie dollar fell sharply when commodity prices declined
- The services sectors dominate and are continuing to grow in importance
- Communication services has been the fastest growing sector over last 20 years
- Farm output (2½% of GDP), rebounding from drought, up 26% over 2nd half of 2008

Australia's economy 2008/09 (% of GDP)



*Other services is accommodation and cafes, personal services, cultural and recreation. **Other is dwellings and taxes less subsidies. Source: ABS

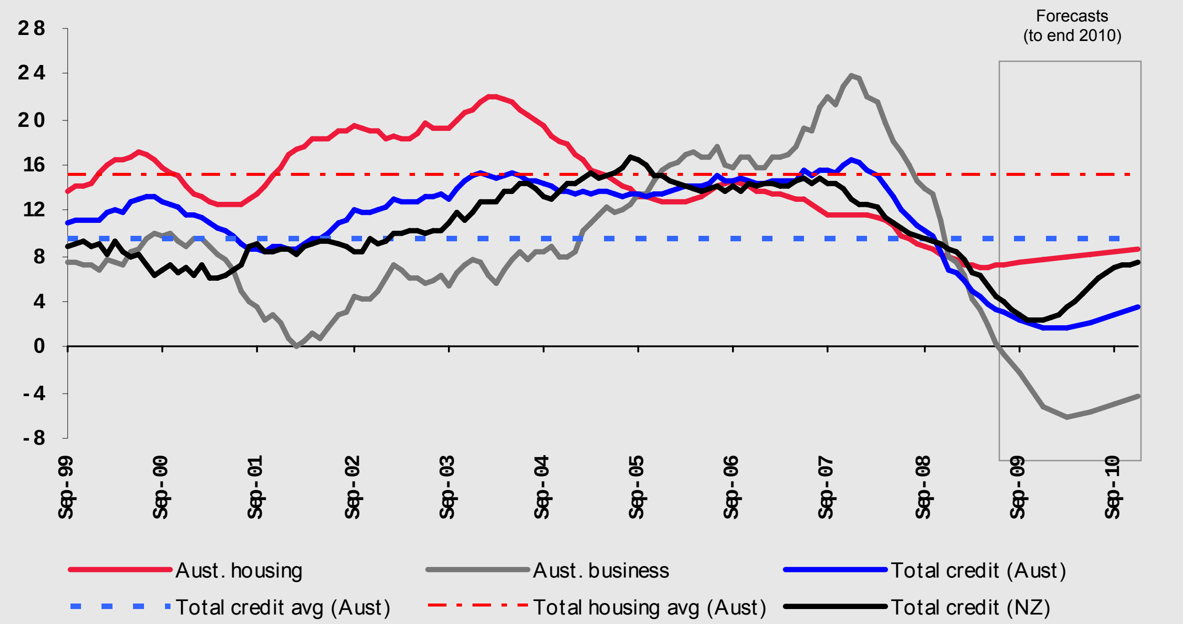
Labour hoarding (index)



Sources: ABS, Westpac Economics

Credit growth

Credit growth (%)

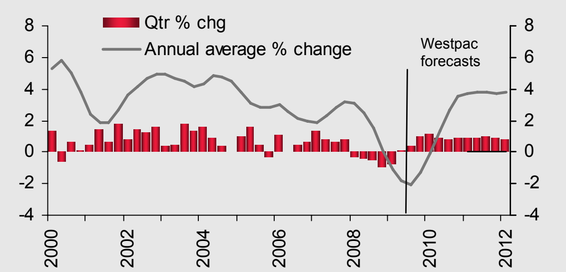


Source: RBA, RBNZ, Westpac Economics

New Zealand economy – growth outlook improving

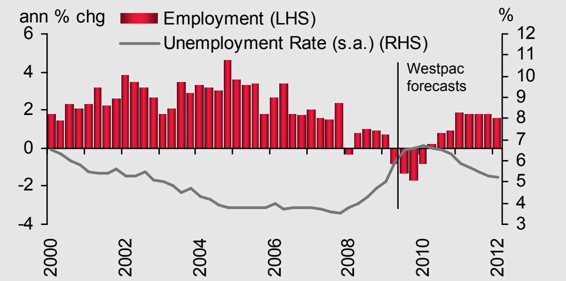
- The New Zealand economic recession officially ended in Q2 2009 and indicators bode well for the emerging recovery
- The global outlook has improved considerably, with growth in New Zealand's major trading partners being revised up
- New Zealand business and consumer confidence have risen sharply and point to more upbeat investment and consumption growth ahead. Population growth is also increasing, courtesy of strong net inwards migration. The latter has provided a fillip to housing demand, at a time when houses are in relatively short supply, contributing to the uplift in prices. Stronger demand and limited supply should support prices, although it is expected that high household debt and rising unemployment will ensure only moderate house prices increases over 2010
- Despite rising unemployment, the fallout in the labour market has been far less severe than feared, with many firms choosing to make the adjustment via hours worked rather than layoffs. The unemployment rate is expected to peak under 7% and fall as economic recovery progresses through 2010 and 2011
- GDP growth is expected to accelerate in Q3 and Q4 2009 and maintain solid growth in 2010. GDP growth of 3.5% is forecast in 2010, following an expected 1.3% contraction in 2009
- As economic recovery progresses, the official cash rate is expected to rise from Q1 2010. This will help keep inflation within the target band, although inflation is expected to be in the top half of the target band over coming years

GDP growth (%)



Source: Statistics NZ, Westpac.

Labour market outlook

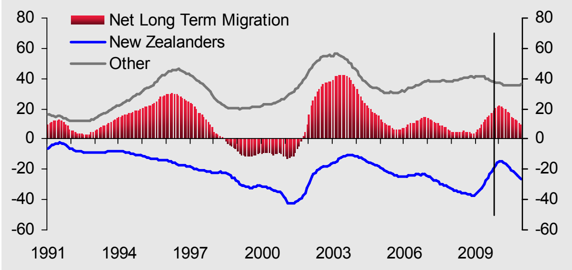


Source: Statistics NZ, Westpac.

NZ economic recovery – likely key drivers

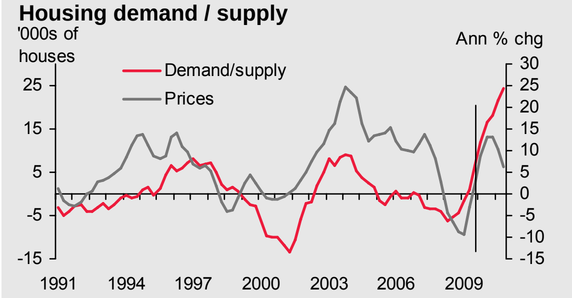
- Traditionally, economic recovery in NZ is kick-started by exports from a lower exchange rate. However, the current strong NZD makes that unlikely. So what will be the key drivers?
  - **Monetary and fiscal stimulus**. Interest rates and government spending are stimulatory. Public infrastructure investment will be a key impulse to growth, as will private sector investment recovery from very low levels
  - **Net migration**. Net migration has surged in the past six months, reaching a net inflow of 17,000 in September 2009. The net flow of migrants has a powerful influence on NZ, particularly housing and consumption. On balance, this time is expected to be no different – we are forecasting higher house prices and stronger consumer spending than otherwise
  - **Residential construction**. Net migration combined with some serious under-investment in new housing in the past two years means a shortage of housing is now developing. Housing approval data suggest that home building should pick up before the end of 2009. A 19% increase is expected in residential investment over 2010, and a further 27% in 2011. Note that these very large increases are coming off a very low base

Net migration ('000)



Source: Statistics NZ, Westpac.

Housing demand / supply



Source: REINZ, RBNZ, Stats NZ, Westpac.

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- Presentations and webcasts
- 10 year financial summary
- Prior year financial results

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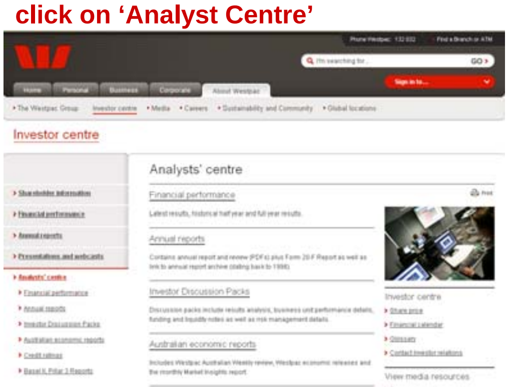
click on 'Analyst Centre'



Cash earnings adjustments

	Cash earnings adjustment	FY08	FY09	Description
	Reported NPAT	**3,859**	**3,446**	Reported net profit after tax attributable to equity holders of Westpac
	St.George cash earnings prior to merger	**1,321**	**163**	For 1H09 only, relates to the cash earnings of St.George from 1 Oct 2008 to 17 Nov 2008, the date of the merger for accounting purposes
Non-merger related items	TPS revaluations	(57)	(5)	The TPS hybrid instrument is not fair valued however the economic hedge is fair valued – the mismatch in the timing of income recognition is added back
	Treasury shares	(25)	32	Earnings on Westpac shares held by Westpac in the wealth business are not recognised under A-IFRS. These are added back as these shares support policyholder liabilities and equity derivative transactions, which are revalued in deriving income
	Unrealised NZ retail earnings hedges	4	(7)	The unrealised profit/loss on the revaluation of hedges on future NZ earnings are reversed because they may create a material timing difference on reported earnings in the current period which does not affect the profit available to shareholders
	Ineffective hedges	(1)	4	The gain/loss on ineffective hedges is reversed because the gain/loss from the fair value movements reverses over time
	Gain from BTIM IPO	(86)	-	Gain on the partial sale of BTIM, adjusted for share based payment amortisation from equity granted to BTIM employees, impairment of goodwill in NZ, a loss on the write-down of goodwill and tax
	Gain from Visa IPO	(205)	-	Gain on the sale of Visa Inc. shares acquired through the IPO plus an unrealised gain on the residual investment adjusted for income tax
	One-off expenses	226	85	Expenses which are one-off in nature are treated as cash earnings adjustments due to the size and non-recurring nature. In 2H08 included restructuring costs associated with efficiency initiatives and changes to capitalised expenses. FY09 includes the provision for a long standing legal proceeding
	NZ structured finance transaction	-	703	In 2H09 the Group increased tax provisioning by $703m with respect to New Zealand structured finance transactions entered into between 1998 and 2002. The provision was increased following the High Court of New Zealand finding in favour of the New Zealand Inland Revenue Department in proceedings where Westpac challenged amended tax assessments in relation to these transactions. Treated as a cash earnings adjustment due to size and non-recurring nature
St.George merger related items	Merger transaction and integration expenses	11	234	Expenses relating to the merger with St.George that impact the P&L are treated as a cash earnings adjustment due to their non-recurring nature
	Amortisation of intangible assets	-	128	The recognised balance of the majority of merger-related identifiable intangible assets including brands, the core deposits intangible and credit card and financial planner relationship intangible assets will be amortised over their useful life. The amortisation is a cash earnings adjustment because it is a non-cash flow item and does not affect returns to shareholders
	Short-term funding and deposits	-	(156)	The merger accounting treatment of deposits and short-term wholesale funding has unwound during the year ending 30 Sep 2009 reflecting the contractual maturity of deposits and borrowings. Treated as a cash earnings adjustment due to the size and non-recurring nature
	Pro forma cash earnings	**5,047**	**4,627**	

Definitions

Westpac's Business Units	
Westpac RBB or WRBB	Westpac Retail and Business Banking Provides sales, marketing and customer service for all consumer and small-to-medium enterprise customers within Australia under the 'Westpac' and 'RAMS' brands
St.George Bank	St.George Bank Provides sales, marketing and customer service for our consumer, business and corporate customers in Australia under the St.George brand. It also includes the management and operation of the Bank of South Australia (BankSA)
WIB	Westpac Institutional Bank Provides a broad range of financial services to commercial, corporate, institutional and government customers either based in or with interests in Australia and New Zealand.
BTFG	BT Financial Group Australia The Group's wealth management business, including operations under the Asgard, Advance, Ascalon, Licensee Select, Magnitude, BankSA and Securitor brands. BTFG designs, manufactures and distributes financial products that are designed to help our customers achieve their financial goals by administering, managing and protecting their assets
NZ	New Zealand Banking Provides a full range of retail and commercial banking and wealth management products and services to consumer and business customers throughout New Zealand. New Zealand Banking operates under the Westpac New Zealand, Westpac Life New Zealand and BT New Zealand brands
PB	Pacific Banking Provides banking services for retail and business customers throughout near South Pacific Island Nations
GBU	Group Businesses
PBG	Premium Business Group (included in WIB) Represents business customers with facilities typically from $10m to $100m, which were transferred from Westpac RBB to WIB during 1H09

Financial Performance	
Cash earnings	Net profit attributable to equity holders adjusted for the impact of the economic hedges related to TPS, significant items that are one-off in nature, earnings from Treasury shares, gains/losses on ineffective hedges, the impact of unrealised New Zealand earnings hedges gains/losses and the impact of integration costs and the amortisation of certain intangibles in relation to the merger with St.George
Core earnings	Operating profit before income tax and impairment charges
AIEA	Average interest earning assets
Net interest spread	The difference between the average yield on all interest bearing assets and the average rate paid on interest bearing liabilities
Net interest margin	The net interest spread plus the benefit of net non-interest bearing liabilities and equity
Full-time equivalent employees (FTE)	A calculation based on the number of hours worked by full and part-time employees as part of their normal duties. For example, the full-time equivalent of one FTE is 76 hours paid work per fortnight
Net Promoter Score	Refers to an external measure of customer advocacy which looks at how willing our customers are to recommend Westpac to their family and friends

Definitions (continued)

Asset Quality	
Stressed loans	Stressed loans are Watchlist and Substandard, 90 days past due well secured and impaired assets.
Impaired assets	Impaired assets can be classified as: 1) Non-accrual assets: Loans with individually assessed impairment provisions held against them, excluding restructured loans; 2) Restructured assets: Assets where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer; 3) 90 days past due: Consumer exposures where contractual payments are 90 days or more in arrears and not well secured; 4) other assets acquired through security enforcement; and 5) any other assets where the full collection of interest and principal is in doubt.
90 days past due - well secured	A loan facility where payments of interest or principal are 90 or more days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and an additional six months interest
Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal

Asset Quality	
Individually assessed provisions or IAPs	Provisions raised for losses that have already been incurred on loans that are known to be impaired and are individually significant. The estimated losses on these impaired loans will be based on expected future cash flows discounted to their present value and as this discount unwinds, interest will be recognised in the statement of financial performance
Collectively assessed provisions or CAPs	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience of assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data
RWA	Risk weighted assets
TCE	Total committed exposure

Disclaimer

All amounts are in Australian dollars unless otherwise indicated.

Presentation of financial information

Unless otherwise noted, financial information in this presentation is presented on a cash earnings basis. Refer to Westpac's Full Year 2009 Results (incorporating the requirements of Appendix 4E) for the financial year ended 30 September 2009 available at www.westpac.com.au ("Profit Announcement") for details of the basis of preparation of cash earnings.

The material contained in this presentation includes pro forma financial information. This pro forma financial information is prepared on the assumption that Westpac's merger with St.George Bank Limited ("St.George") was completed on 1 October 2007 with the exception of the impact of the allocation of purchase consideration, associated fair value adjustments and accounting policy alignments, which are only incorporated from the actual date of the merger, 17 November 2008. The pro forma financial information is unaudited. It is provided for illustrative information purposes to facilitate comparisons of the latest period with prior periods and is not meant to be indicative of the results of operations that would have been achieved had the merger actually taken place at the date indicated.

The pro forma financial information should be read in conjunction with the reported financial information in the Profit Announcement. Refer to the Profit Announcement for a description of the basis of preparation of pro forma financial information for the year ended 30 September 2009 and prior comparative periods.

Future operating results may differ materially from the unaudited pro forma financial information presented in this presentation due to various factors including those described below in the section "Disclosure regarding forward-looking statements".

Disclosure regarding forward-looking statements

This presentation contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the US Securities Exchange Act of 1934. The forward-looking statements include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from the expectations described in this presentation. Factors that may impact on the forward-looking statements made include those described in the sections entitled 'Competition' and 'Risk management' in Westpac's 2008 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission and in the section entitled 'Principal risks and uncertainties' in Westpac's Interim Financial Report for the half year ended 31 March 2009 available at www.westpac.com.au. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation, and do not intend, to update any forward-looking statements contained in this presentation.