FIRST HALF RESULTS 2012

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FIRST HALF 2012

FINANCIAL RESULT

Gail Kelly

Chief Executive Officer

Sound financial result

	1H12	Change 1H12 – 2H11
Cash earnings	**$3,195m**	**2%**
Cash EPS	105c	1%
Reported NPAT	$2,967m	(2%)
Core earnings[1]	$5,231m	4%
Impairment charges to average loans	24bps	2bps
Tier 1 capital ratio	9.81%	13bps
Return on equity (cash basis)	15.1%	(50bps)
Expense to income ratio (cash basis)	41.1%	(70bps)
Fully franked dividend	82c	2c

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[1] Core earnings defined as operating profit before income tax and impairment charges.

Managing the growth/return mix

- Deposits ahead of system, loan growth sound
- Bank of Melbourne on plan
- No.1 on all platforms (including corp. super)[1]
- Strong institutional customer activity

Growth
Investment driven

Return
Disciplined margin performance

- Margins 6bps lower with disciplined approach
- Deeper relationships with customer return on credit RWA up 5bps to 4.12%
- ROE 15.1%

Productivity
Sector leading

Strength
Stronger balance sheet

- Expense to income ratio down to 41.1%
- Revenue per average FTE up 5%
- SIPs over 60% complete
- Well advanced on productivity and supplier programs

- Improved funding profile with deposits to loans ratio up to 63.2%
- Capital and risk position leads sector
- Rebalancing of lending portfolio complete

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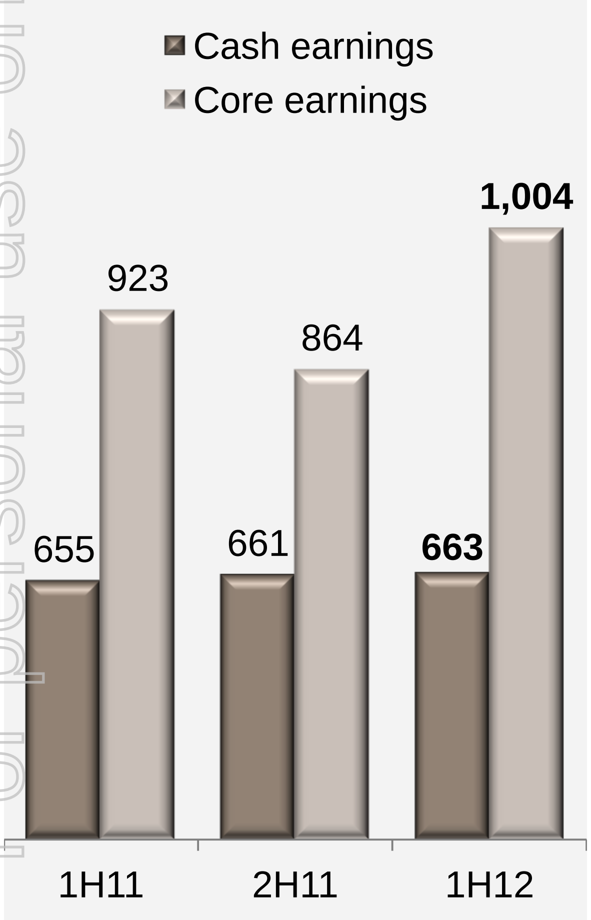
[1] Plan for Life, December 2011 All Master Funds Admin.

WIB - excellent core earnings growth of 16% on 2H11

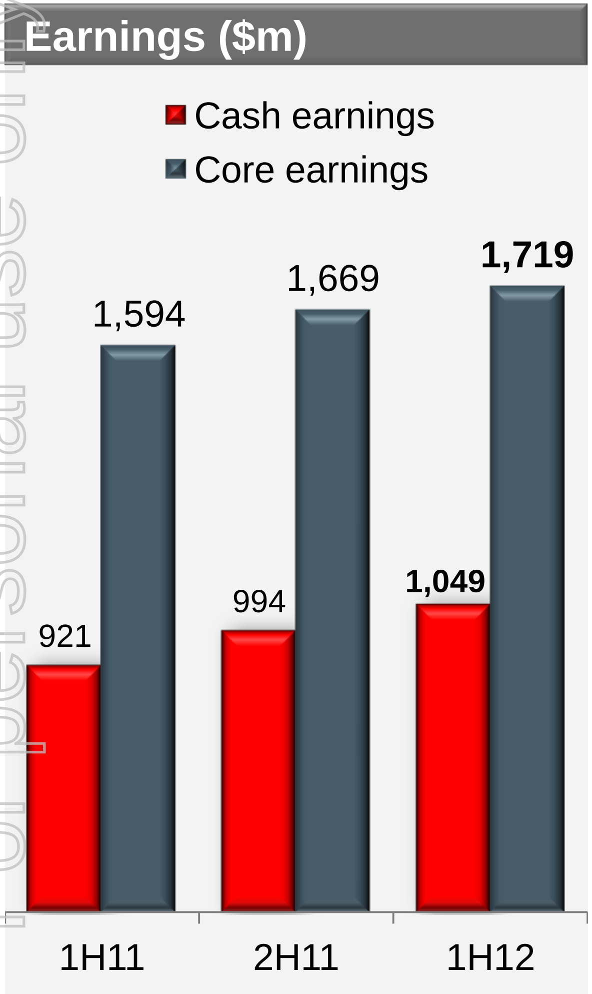
Earnings ($m)



1H12 versus 2H11	
Growth	Strong customer activity across Debt Markets, FX&CCE[1] and Global Transactional Services (including trade)
Return	Solid revenue growth with low capital/funding intensity, particularly transactional
Productivity	Expense to income ratio down 290bps to 32.3%
Strength	Lead Australasian Institutional Bank[2] Stressed assets to TCE 35bps lower

[1] FX&CCCE is Foreign Exchange and Commodities, Carbon and Energy. [2] Peter Lee Associates surveys, details of which are on slide 73 of IDP.

WRBB - strong growth with cash earnings up 6% on 2H11



1H12 versus 2H11	
Growth	• Ahead of system in deposits[1], insurance and wealth • Sound lending growth
Return	• Strong return on Westpac Local investment with excellent retention and deeper customer relationships • Disciplined mortgage pricing
Productivity	• Expense to income ratio 47.4%, down 90bps • Revenue per average FTE up 3%
Strength	• Stressed assets to TCE down 13bps • Strengthened funding with customer deposit to loan ratio of 53.5% up 180bps

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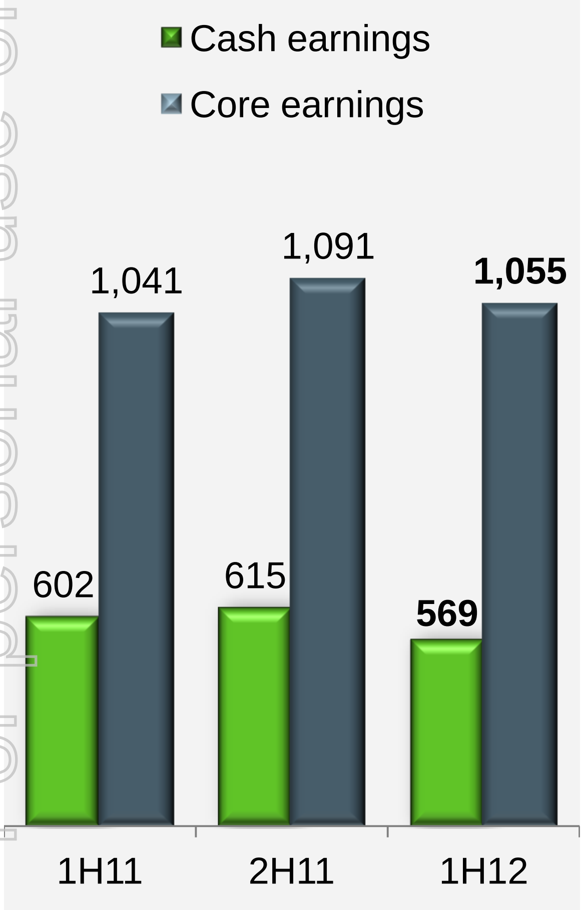
[1] APRA Banking Statistics, March 2012.

St.George - a softer half, foundation for growth in place

Earnings ($m)

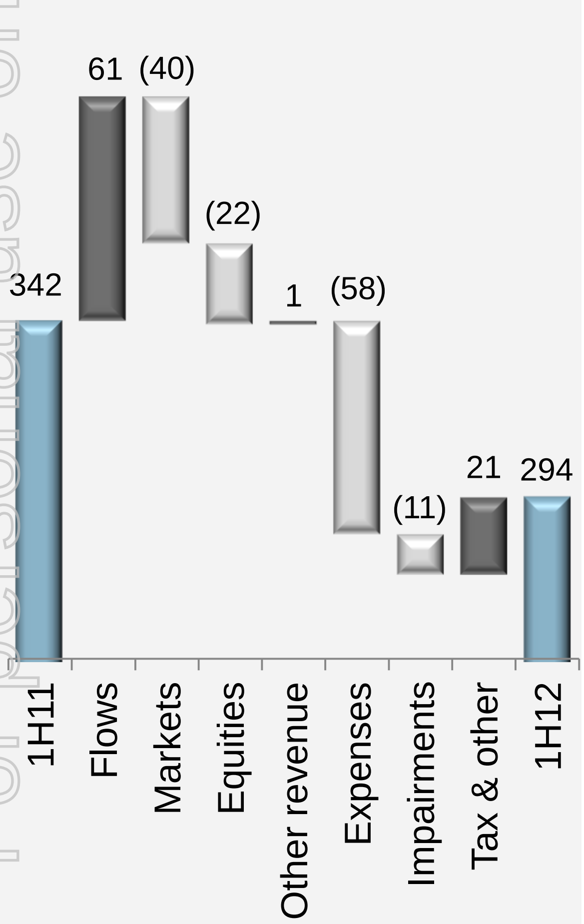


1H12 versus 2H11	
Growth	• Bank of Melbourne on plan • Ahead of system in deposits[1] and cards[2] • Strong proprietary mortgage lending, broker originated lending declined
Return	• Margins lower from higher deposit costs
Productivity	• 38.6% expense to income ratio up 50bps • Revenue per average FTE down 1%
Strength	• Customer deposits to loans ratio 51.7%, up 180bps • Stressed assets to TCE down 20bps

1. APRA Banking Statistics, March 2012. 2 RBA Banking Statistics, March 2012.

BT - good momentum offset by weaker markets

Cash earnings 1H11–1H12 ($m)

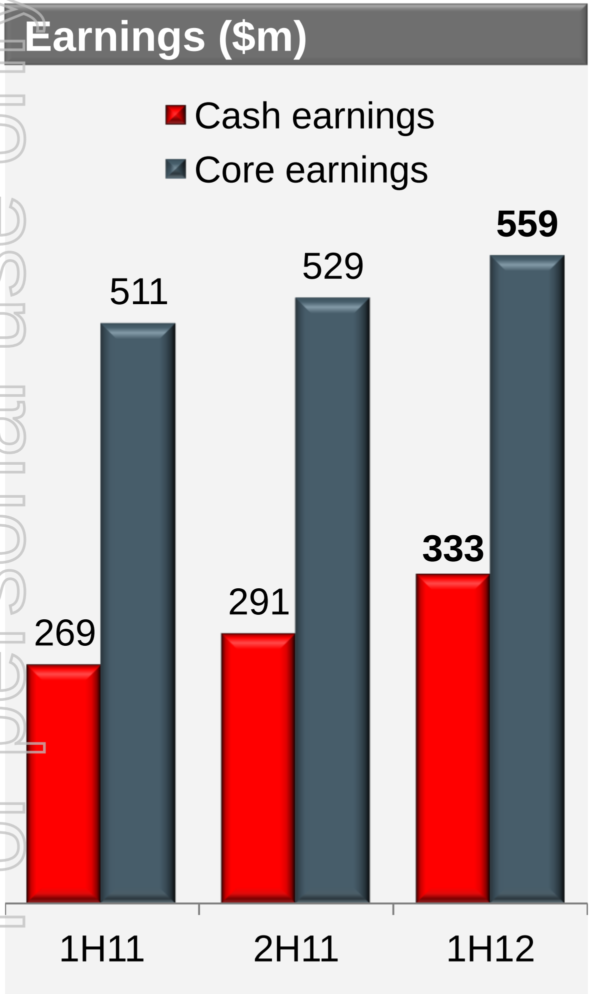


1H12 versus 1H11	
Growth	• 60% share of annual new business on BT Wrap/Asgard platforms[1] • Growing share in superannuation, life and general insurance • Markets weaker
Return	• FUA margins up 1bps, FUM margins down 2bps • Re-pricing insurance
Productivity	• Sector leading revenue per adviser[2] • Investing in distribution, with more products on Wrap and wealth penetration up 120bps to 17.7%[3]
Strength	• Ranked No. 1 on all platforms (including corporate super)[1] • Well placed for regulatory change across the industry

1 Plan for Life, December 2011 All Master Funds Admin. 2 Comparator December 2011. 3 Refer to slide 106 in IDP for Wealth penetration metrics provider details.

New Zealand

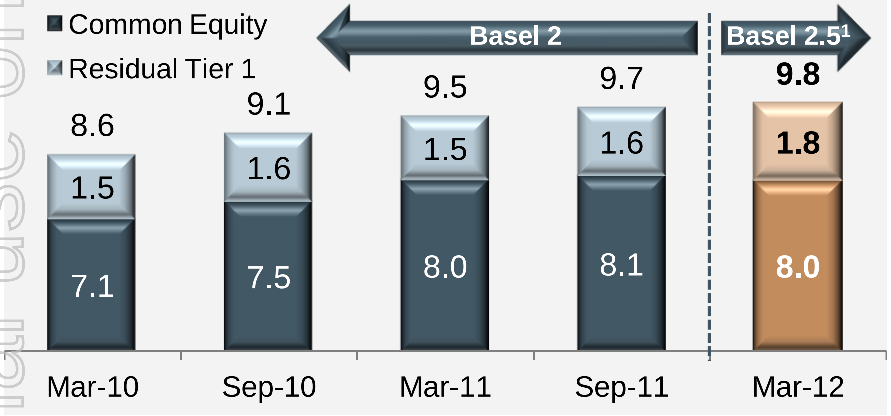
Westpac New Zealand - strong performance all round



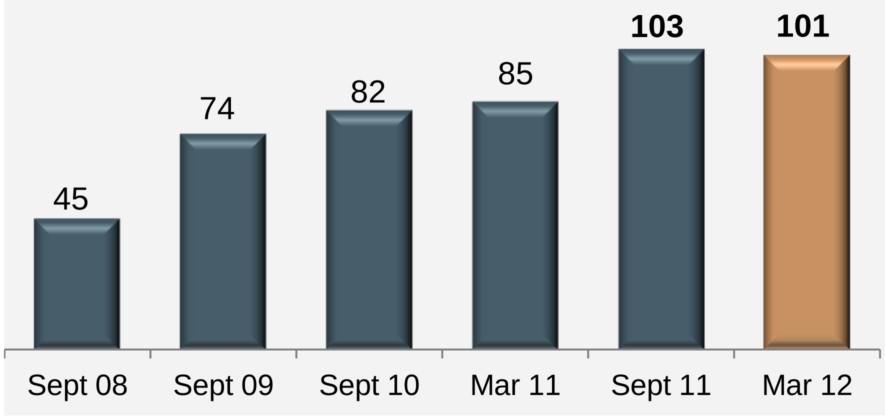
1H12 versus 2H11	
Growth	• Good volume growth in a subdued environment, particularly deposits • Solid progress on growing wealth
Return	• Margins well managed, up 6bps
Productivity	• Expense to income ratio down 140bps to 42.7% • Revenue per average FTE up 5%
Strength	• Customer deposits to loans ratio up 190bps to 67.7% • Asset quality further improved

Balance sheet strength

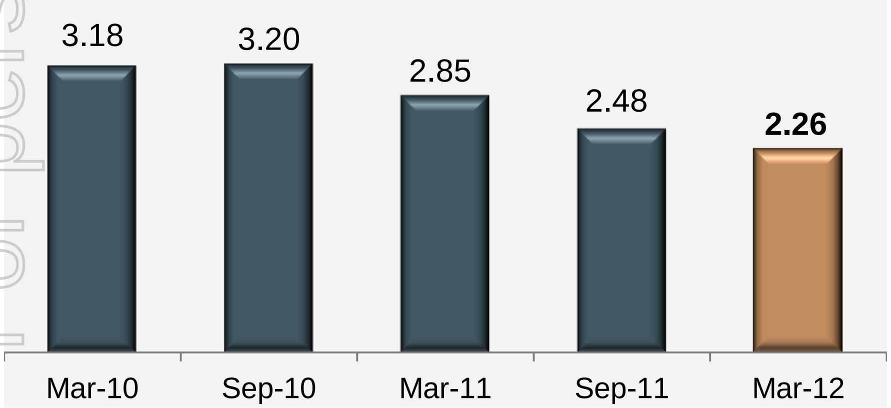
Tier 1 ratio (%)



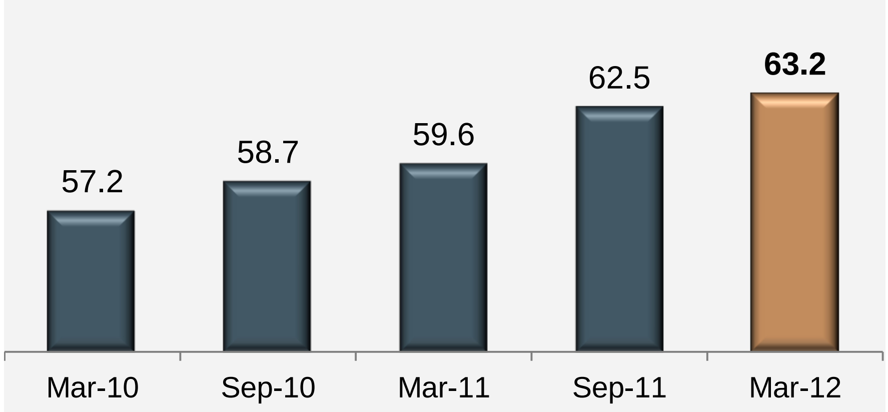
Liquid assets ($bn)



Stressed assets to TCE (%)



Customer deposits to loans ratio (%)



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[1] Introduction of Basel 2.5 reduced capital ratios by 37bps.

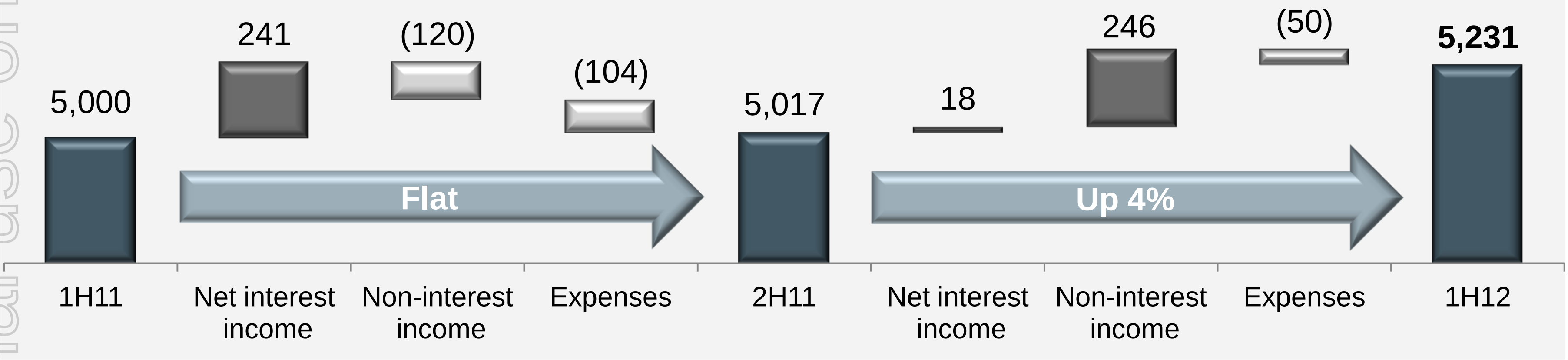
Westpac GROUP
EST. 1817

FIRST HALF 2012
FINANCIAL RESULT

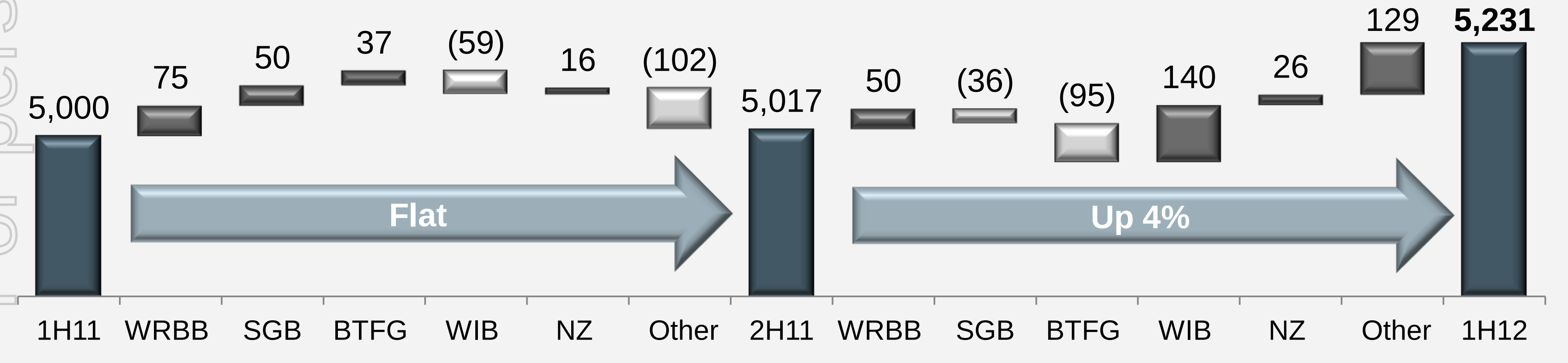
Philip Coffey
Chief Financial Officer

Solid core earnings performance

Core earnings movement half on half ($m)



Core earnings movement half on half by Divisions ($m)[1]



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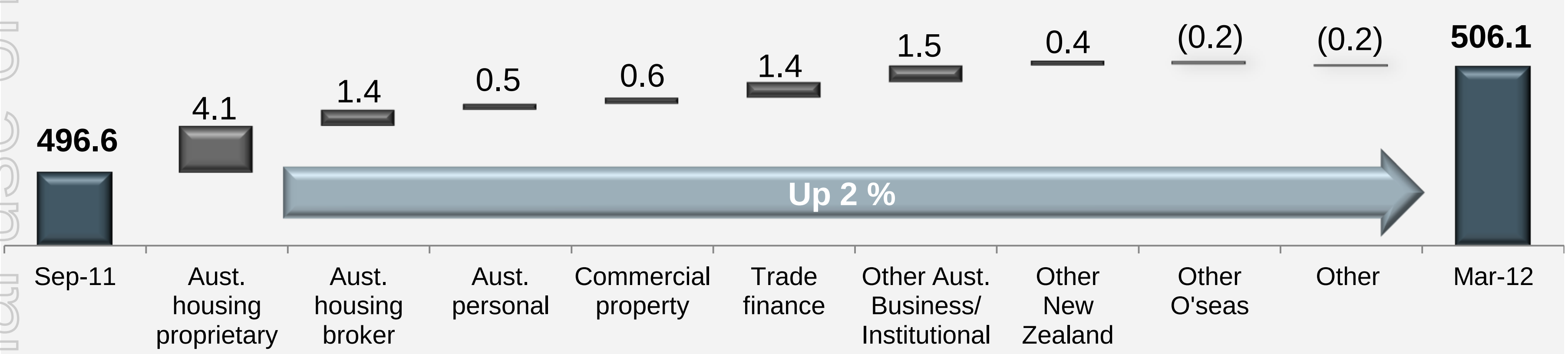
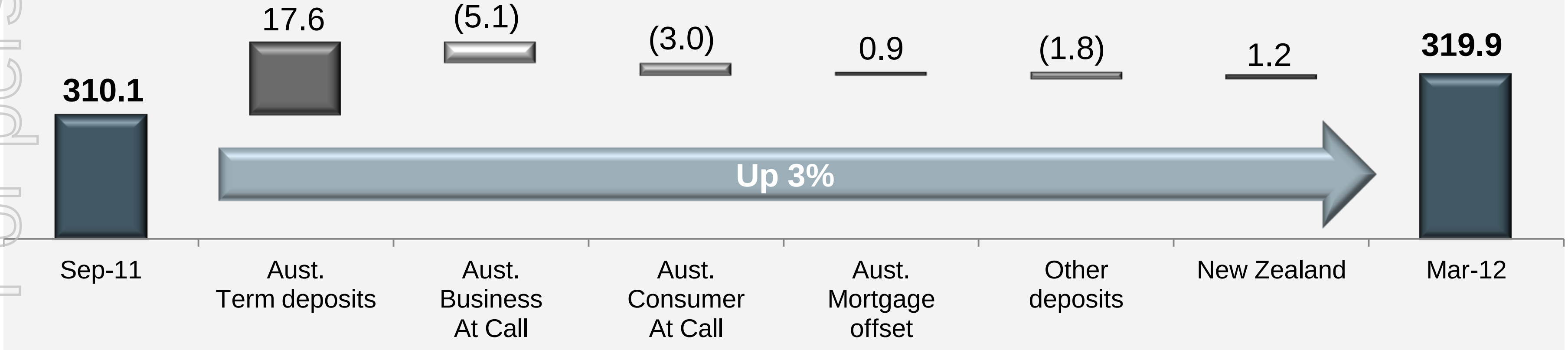
[1] Other includes Pacific Banking and Group business unit.

Sound balance sheet growth

Loan growth ($bn)

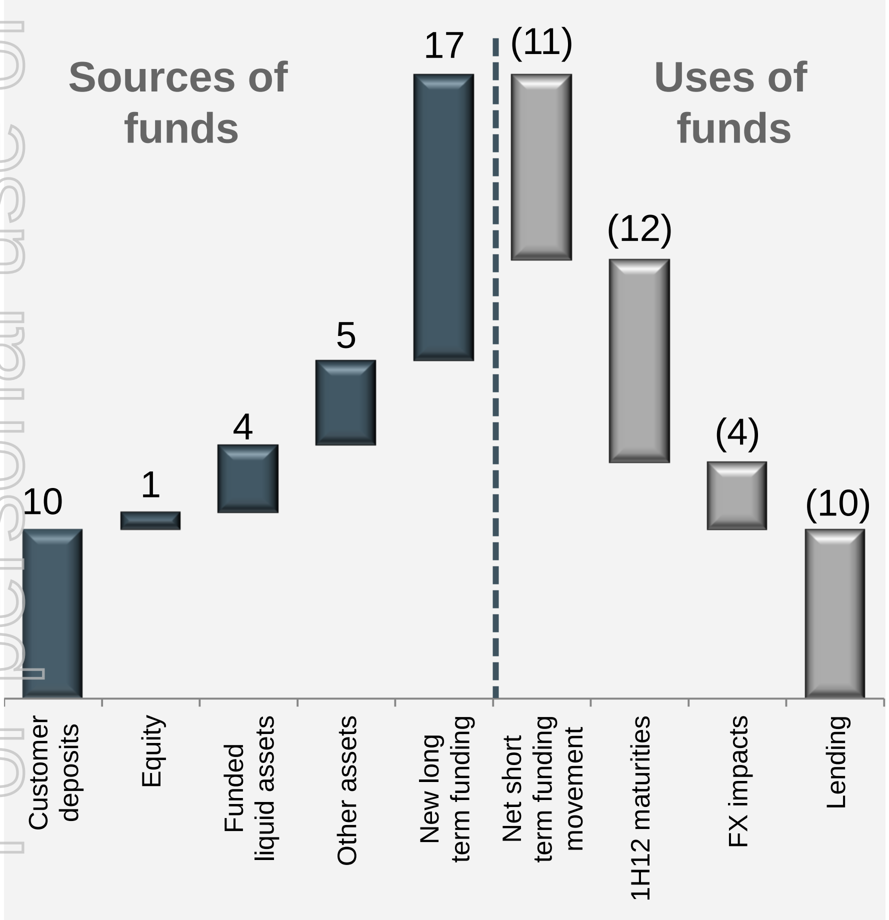


Customer deposit growth ($bn)



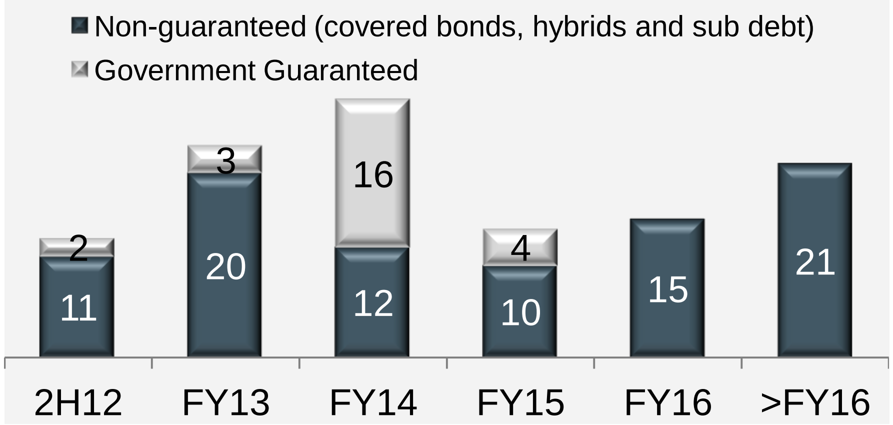
Improved balance sheet mix

Sources and uses of funds over 1H12[1] ($bn)



- Major improvements to funding mix
- Solid deposit growth; more term funding less short term funding
- Covered bonds a new source of funding - $30bn capacity
- Liquid assets $101bn

Term debt maturity profile ($bn)



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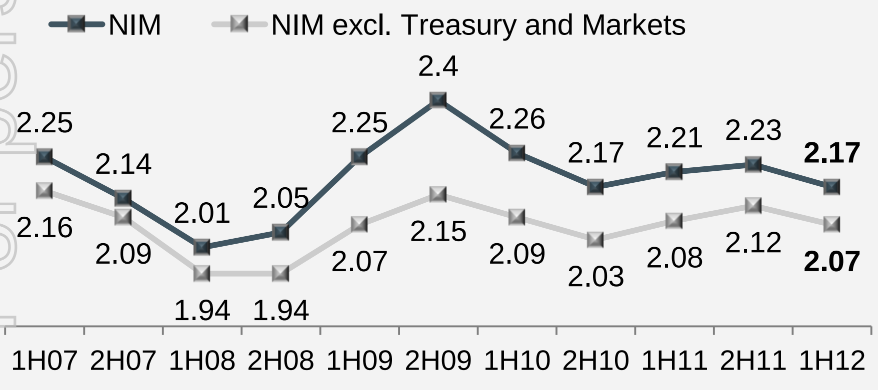
1 Movements based off funding view of the balance sheet.

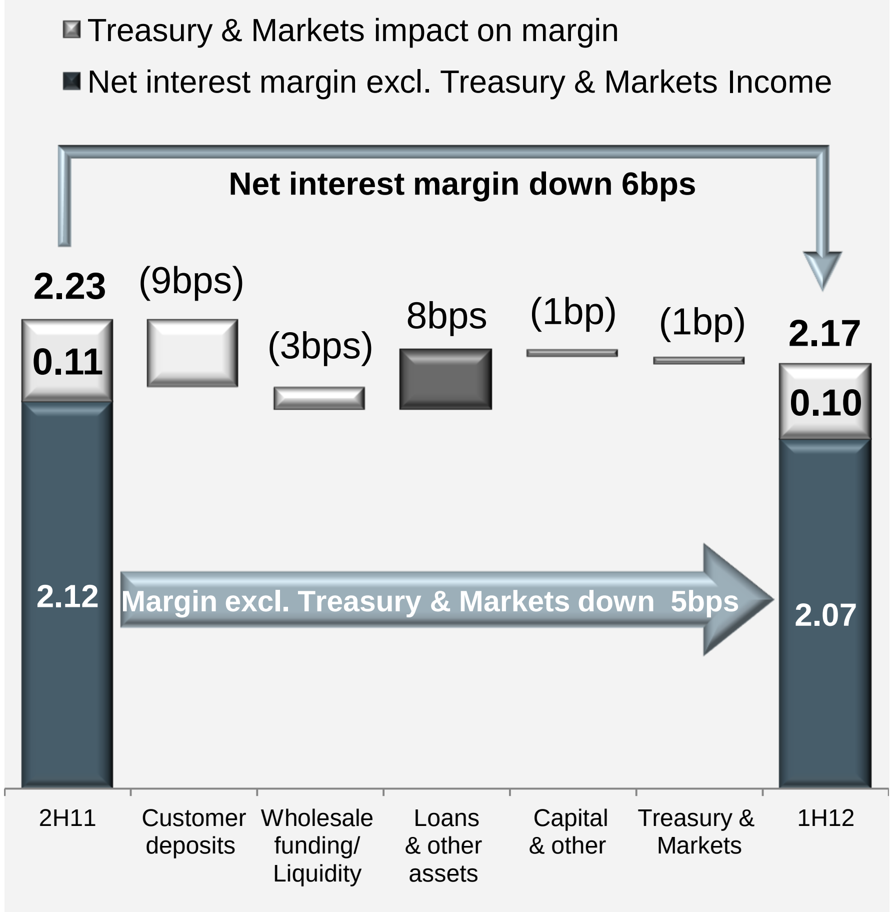
Softer margins from higher funding costs

- Margins 6bps lower principally from higher retail funding costs and increased holdings of liquid assets
- Margin excluding Treasury and Markets at the end of 1H12 was 2.02%

Net interest margin (%)



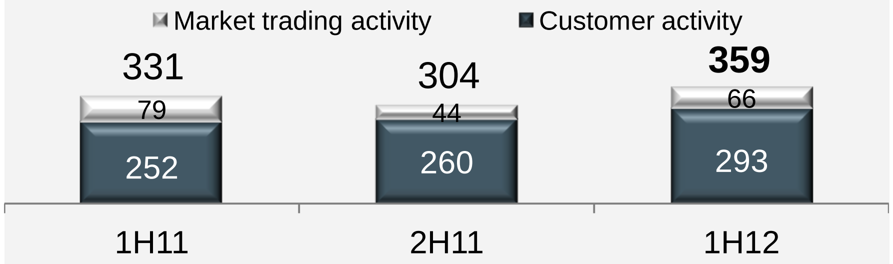
Net interest margin movement (%)



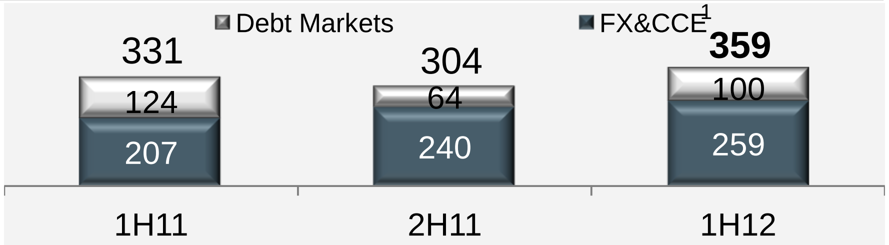
Customer activity supporting markets income

- Customer activity the major contributor to markets income
  - Customers managing FX volatility
  - Increased interest rate risk management
- Quarter on quarter volatility but more consistent half on half picture
- Credit value adjustment (CVA) negatively impacted Debt markets and FX by $42m in 1H12 (negative $8m in 2H11, positive $23m in 1H11)
- Improvement in Treasury supported by active management of liquids portfolio

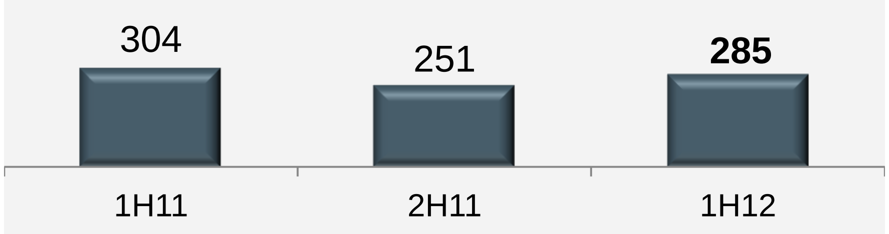
WIB Markets income and customer activity ($m)



WIB Markets income ($m)



Treasury revenue ($m)



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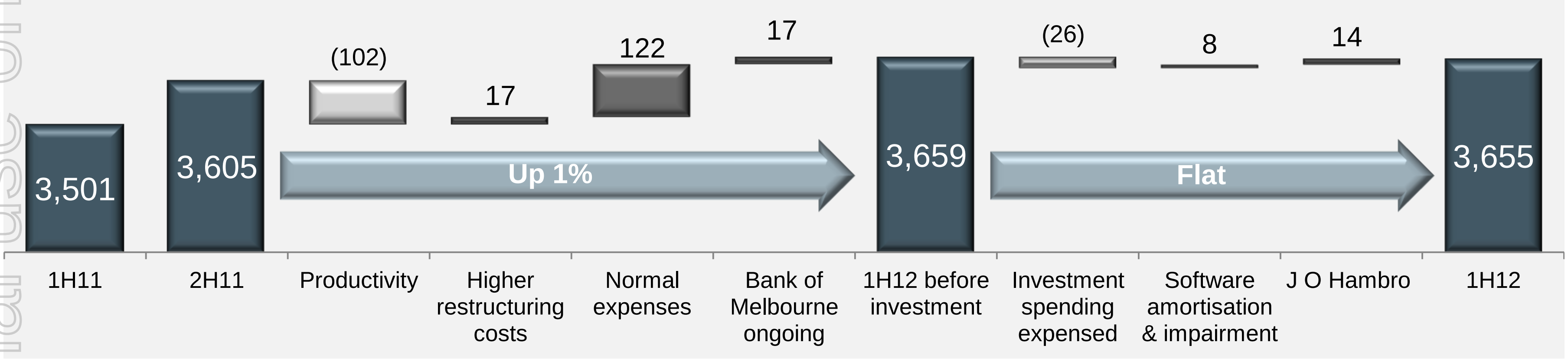
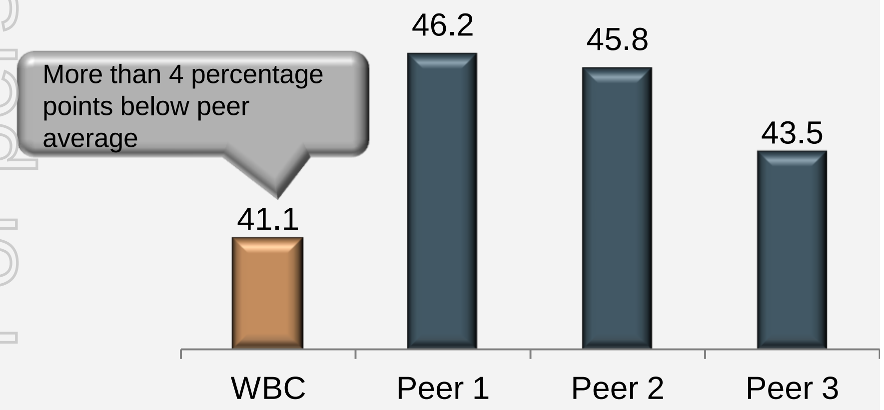
1 FX&CCE is Foreign Exchange Commodities Carbon & Energy.

Expenses well managed; continued investment

Expense movements ($m)

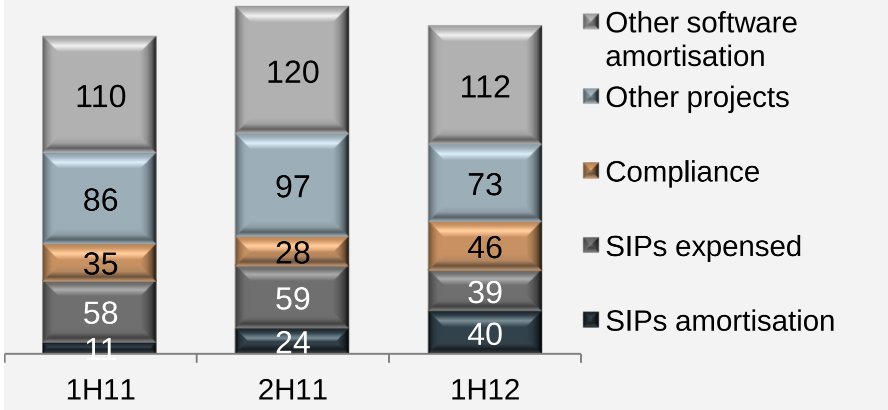


Expense to income ratio[1] (%)



More than 4 percentage points below peer average

Total impact on expenses from projects ($m)



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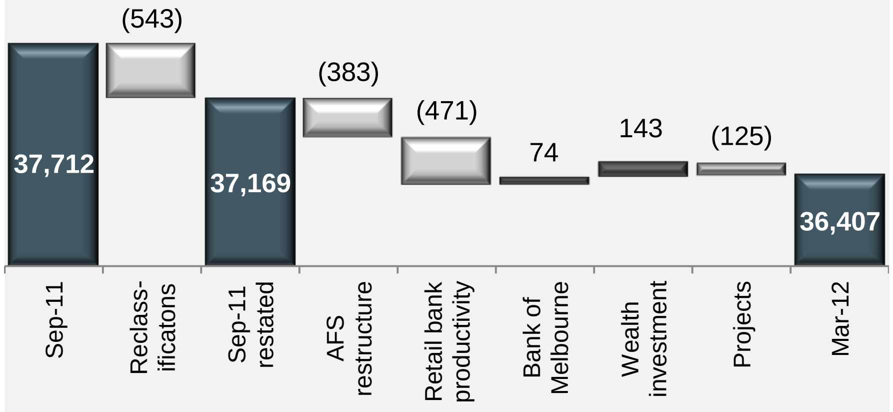
[1] Expense to income ratio for Peer 1 6 months to 31 March 2012; Peer 2 6 months to 31 December 2011; Peer 3 6 months to 30 September 2011.

Significant productivity savings with more to come

- Productivity savings of $102m in 1H12
  - Prior period re-engineering accounted for around three quarters of savings
  - Organisational restructure contributed around one quarter
  - Actual FTE down 762 excluding reclassifications
- Supplier program well advanced with work underway in both technology and back office areas
  - $133m in costs and provisions to date ($93m after tax)
  - Productivity benefits to be achieved in late 2H12 and FY13/FY14
  - Overall program expected to have a 2.5 year cash pay-back

FTE[1] movements (#)



1H12 Supplier charge (pre tax) ($m)

Employee costs	63	• Includes redundancy/ redeployment
Transition costs	70	• Transaction and technology enablement • Costs of managing program
Total	**133**	• $28m spent to date, $105m provided for costs currently identified

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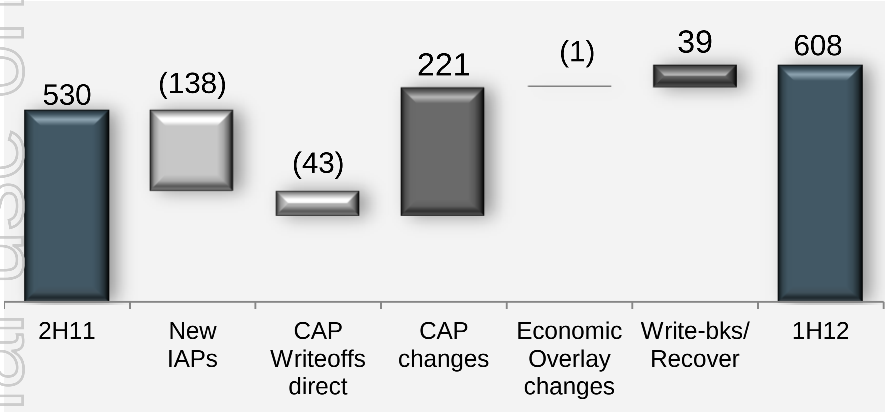
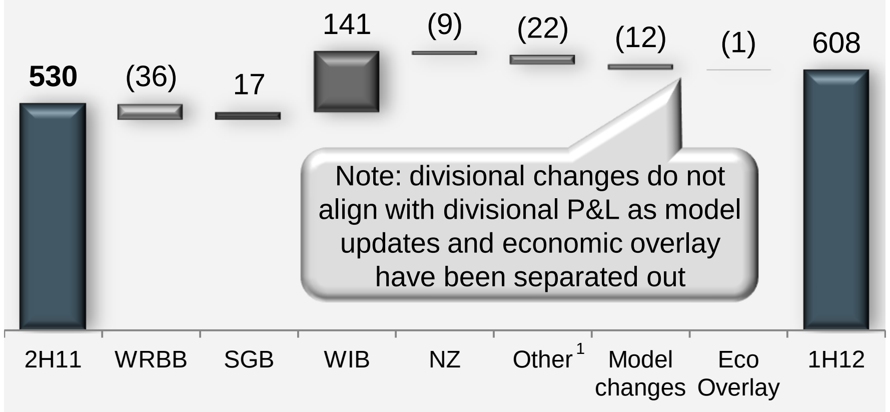
1 Reclassifications of 543 made up of 971 FTE removed that were associated with certain services currently provided by an external supplier, partially offset by an increase of 428 FTE from mortgage processing activities being transferred to Westpac from external supplier Hewlett Packard.

Impairment charges

Impairment charge movement ($m)

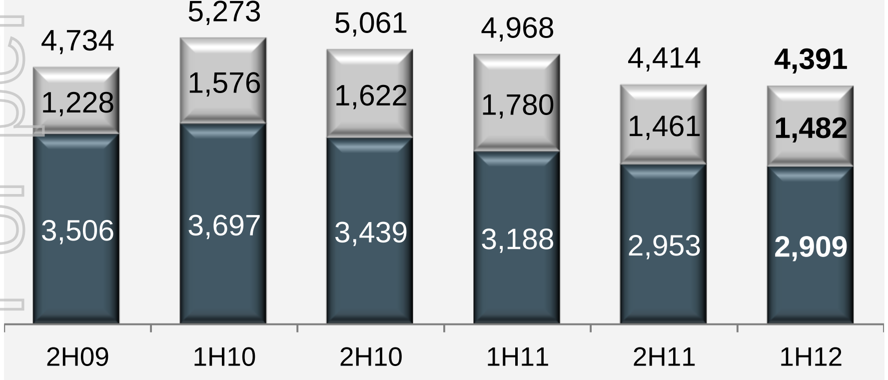


Impairment charge movement by Divisions ($m)

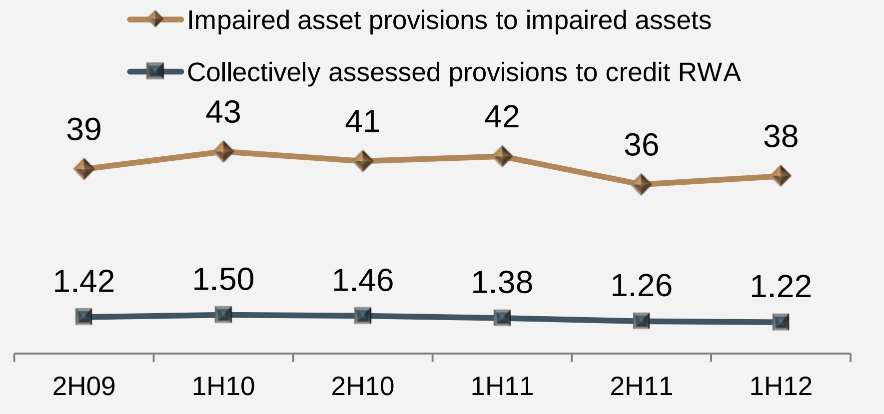


Note: divisional changes do not align with divisional P&L as model updates and economic overlay have been separated out

Provisions ($m)



Provisioning cover (%)



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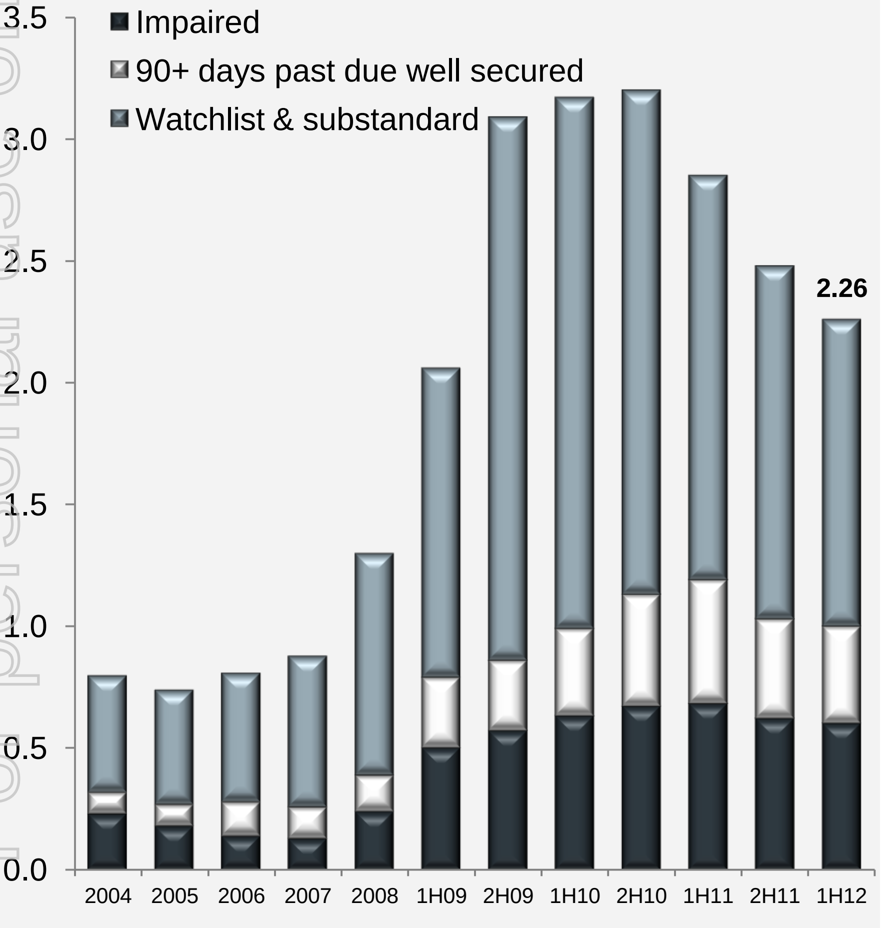
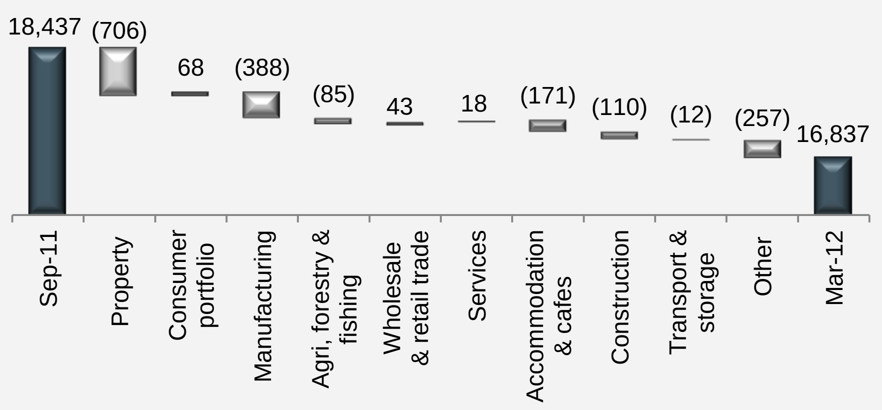
1 Other includes Pacific Banking and Group Business unit.

Asset quality continues to improve

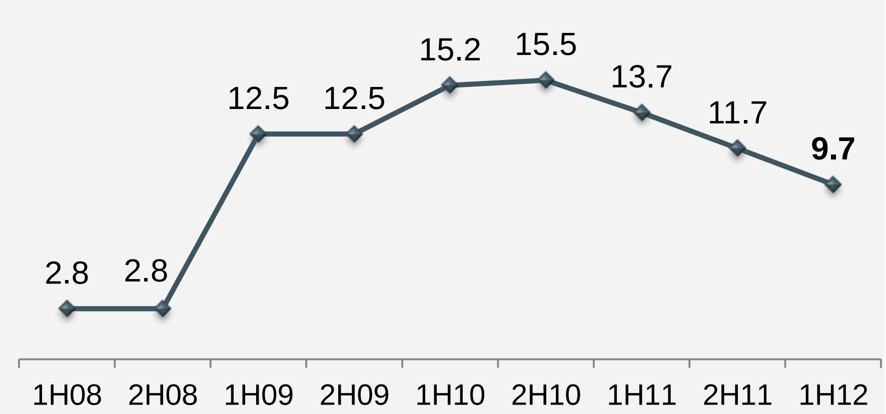
Stressed exposures as a % of TCE[1]



Movement in stressed exposures ($m)



Commercial property stressed exposure (%)



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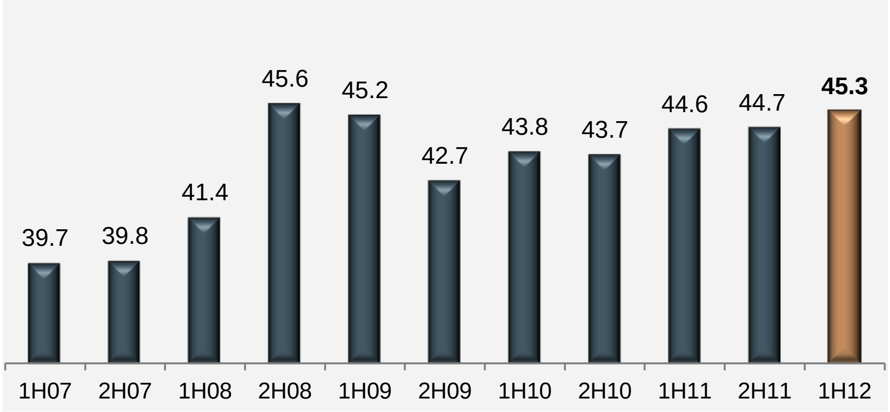
[1] TCE is Total Committed Exposure.

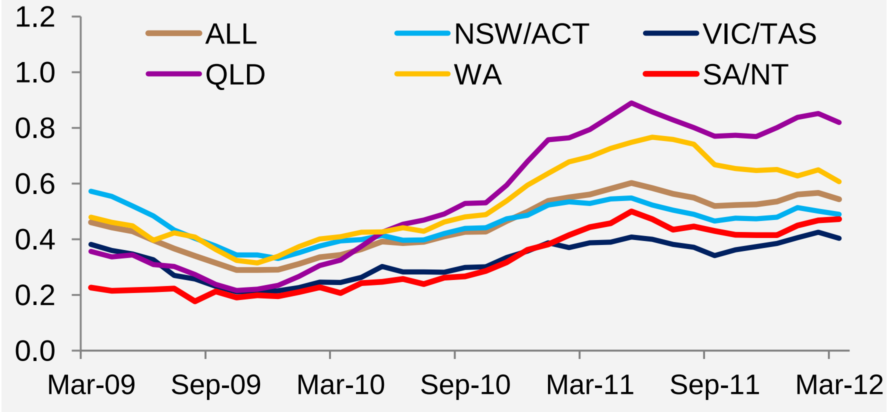
Consumer caution contributing to improved asset quality

- Consumer caution prevalent across the book
  - Increasing card repayments
  - Acceleration of housing loan repayments
  - Mortgage offset accounts up 9% (up 20% over 1H11)
- Mortgage delinquencies little changed over the half with some small movements by State
- Properties in possession down 21 to 498

Aust. credit cards average payments/balance ratio[1] (%)

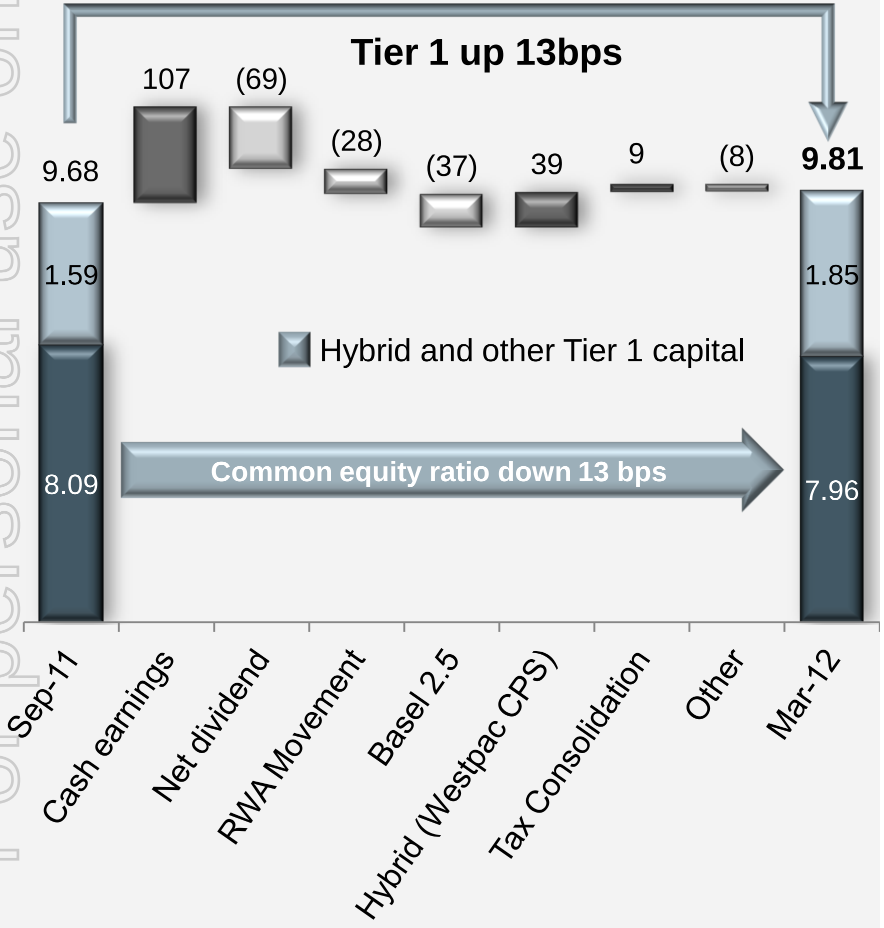


Aust. mortgage 90+ day delinquencies by State (%)

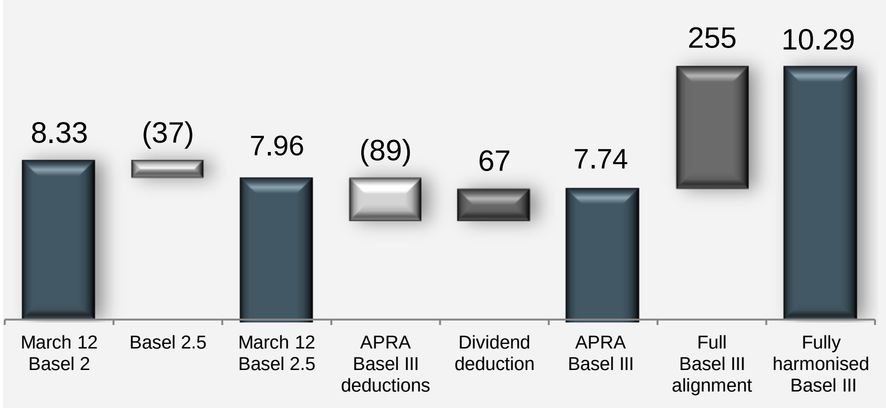


Strong capital supporting higher dividend

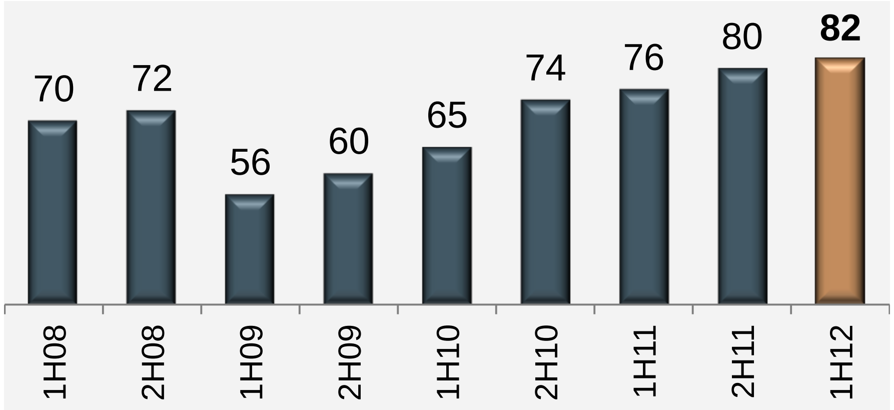
Capital ratios (%)



Common equity ratio – Transitioning to Basel III (%)



Dividends per share (cents)



Considerations for 2H12

- Balance sheet growth likely to remain subdued, although better growth in target segments – deposit growth to continue to fund new lending
- Margins will continue to be impacted by funding costs and asset re-pricing trade-off
- Expect stronger result from BT, extent subject to market moves
- Further productivity benefits to flow through, offset by higher project costs (including increased amortisation)
- Core earnings growth to remain our focus
- Strength of balance sheet remains a priority

FIRST HALF 2012

FINANCIAL RESULT

Gail Kelly

Chief Executive Officer

Operating environment undergoing structural change

Global Economy

- Expect difficult and volatile conditions to continue
- Asia, increasingly important to global growth

Domestic Economy

- Economic fundamentals sound – low unemployment, low government debt and controlled inflation
- Large-scale structural changes underway
- De-leveraging bias to continue

Financial Services

- Lower growth environment, funding costs higher
- Significant regulatory and compliance burden
- Structural changes to sector underway
- Competitive intensity to remain high, especially for deposits

Leveraging strengths and positioning to grow franchise value

Westpac's distinct strengths

- **Lead institutional bank**
- **Deep relationships and multi-brand distribution**
- **Wealth platforms**
- **Risk management**
- **Efficiency leader**

Positioning for success	
Further invest in higher growth/return activities	• Retail deposits • SME lending and deposits • Agri. and natural resources sectors • Trade finance, transactional banking • Superannuation and wealth admin • Bank of Melbourne • Mobile and online
Strong productivity agenda	• Driving further process efficiencies • Supplier program • Realise SIPs benefits
Strengthen balance sheet	• Higher customer deposits to loans ratio • Capital strength • No compromises on risk
People and culture	• Empower innovation and responsiveness to change • Results driven • One team approach

Westpac GROUP

EST. 1817

FIRST HALF INVESTOR DISCUSSION PACK 2012

Westpac BankSA st.george BT Financial Group RAMS Bank of Melbourne

FIRST HALF OVERVIEW 2012

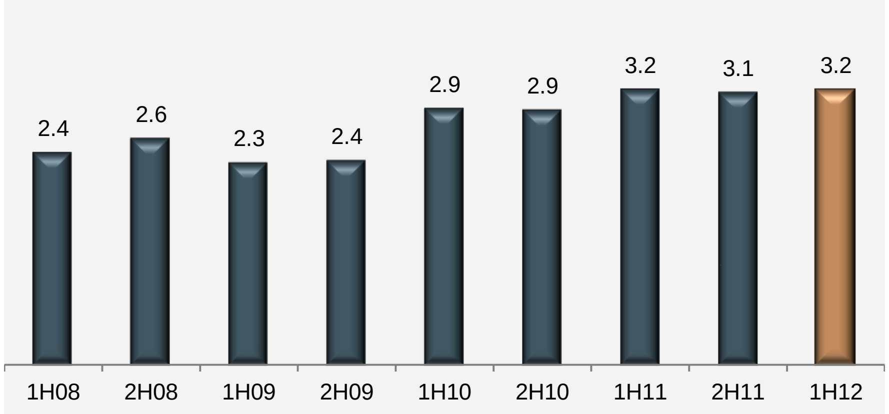
COMPARISON OF 1H12 VERSUS 2H11 CASH EARNINGS

(UNLESS OTHERWISE STATED)

Westpac Group at a glance

- Australia's first bank and first company, opened in 1817
- Australia's 2nd largest bank, and within the top 20 largest banks in the world, ranked by market capitalisation[1]
- Strategy focused on supporting customers and markets of Australia, New Zealand and the near Pacific
- Broad, multi-brand franchise providing retail, business, institutional banking and wealth management services with excellent positioning in key markets
- Efficiency leader of peers and global banks[2]
- Strong capital, funding, liquidity and provisioning
- Solid earnings profile over time
- Leader in sustainability[3]

Cash earnings[8,9] ($bn)



Key financial data for 1H12 (31 March 2012)

Customers	**12.4m**
Australian household deposit market share[4]	**23%**
Australian lending market share[5]	**21%**
New Zealand household deposit market share[6]	**21%**
New Zealand consumer lending market share[6]	**20%**
Australian wealth platforms market share[7]	**21%**

Key statistics for 1H12

Reported profit[8]	**$2,967m**
Cash earnings[8]	**$3,195m**
Cash earnings[8] per share	**105c**
Tier 1 ratio (Basel 2.5)[10]	**9.8%**
Return on equity (cash basis)	**15.1%**
Total assets[8]	**$654bn**
Market capitalisation[1,8]	**$67bn**

1 As at 31 March 2012. Source: IRESS, CapitalIQ and www.xe.com based in US Dollars. 2 Data sourced from BCG analysis of cost to income ratio of world's largest banks December 2011. 3 2011 Dow Jones Sustainability Index, Global leader for banking sector. 4 APRA Banking Statistics, March 2012. 5 RBA Banking Statistics, March 2012. 6 RBNZ March 2012. 7 Plan for Life, December 2011, All Master Funds Admin. 8 Australian dollars. 9 2008 and 2009 are pro-forma with 1H09 ASX Profit Announcement providing details of pro-forma adjustments. 10 Based on APRA Basel 2.5 methodology.

1H12 Financial snapshot

	1H12	change[1] 2H11 – 1H12	change[1] 1H11– 1H12
Earnings			
Cash earnings ($m)	**3,195**	2%	1%
EPS[2], cash basis (cents)	**105**	1%	(1%)
Core earnings ($m)	**5,231**	4%	5%
Cash return on equity (%)	**15.1**	(50bps)	(140bps)
Dividends per share (cents)	**82**	3%	8%
Expense to income ratio (%)	**41.1**	(70bps)	(10bps)
Net interest margin (%)	**2.17**	(6bps)	(4bps)
Funding and Liquidity			
Customer deposits to loans ratio (%)	**63.2**	70bps	360bps
Stable funding ratio[3] (%)	**79**	200bps	flat
Weighted avg. residual maturity of long term funding portfolio (yrs)	**3.3**	Flat	0.1
Total liquid assets ($bn)	**101**	(2%)	19%

	1H12	change[1] 2H11 – 1H12	change[1] 1H11 – 1H12
Balance sheet			
Total assets ($bn)	**654**	(2%)	5%
Tier 1 ratio[4] (Basel 2.5) (%)	**9.81**	13bps	28bps
Common equity ratio[4] (Basel 2.5) (%)	**8.0**	(13bps)	1bp
Risk weighted assets ($bn)	**300**	7%	8%
Loans ($bn)	**506**	2%	5%
Customer deposits ($bn)	**320**	3%	11%
NTA[5] per share ($)	**10.12**	2%	6%
Asset quality			
Impairment charges to average gross loans (bps)	**24**	2bps	5bps
Impaired assets to gross loans (bps)	**88**	(4bps)	(10bps)
Impaired provisions to impaired assets (%)	**38**	180bps	(440bps)
Collectively assessed provisions to credit RWA (bps)	**122**	(4bps)	(16bps)

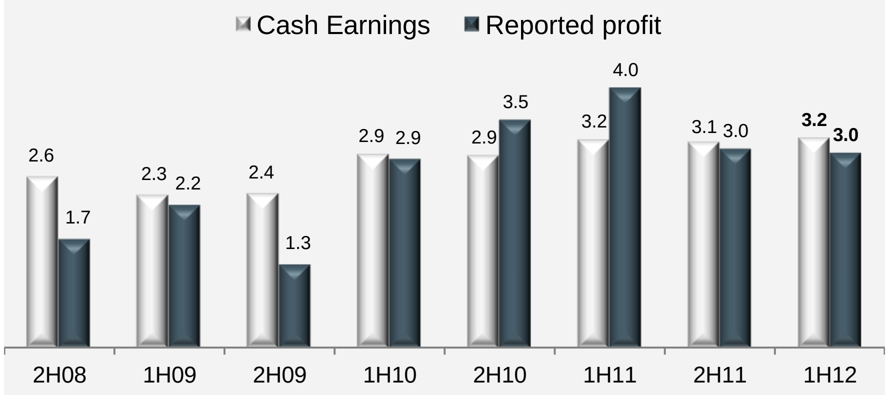
1 For profitability metrics the change represents results for 1H12 versus 2H11 and 1H12 versus 1H11, the actual results for 2H11 and 1H11 are not represented here. 2 EPS is Earnings Per Share. 3 Stable funding ratio calculated on the basis of customer deposits + wholesale funding with residual maturity greater than 12 months + equity + securitisation, as a proportion of total funding. 4 Based on APRA Basel 2.5 methodology. 5 NTA is Net Tangible Assets.

Reconciliation between Cash earnings and Reported profit

Cash earnings policy

- In assessing financial performance, including divisional results, Westpac Group uses a measure of performance referred to as Cash earnings
- This measure has been consistently used in the Australian banking market for over a decade and management believes it can be used to more effectively assess performance for the current period against prior periods and to compare performance across business divisions and across peer companies
- To calculate Cash earnings, reported results are adjusted for
  - Material items that do not reflect ongoing operations
  - Items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of Treasury shares and economic hedging impact
  - Accounting reclassifications between individual line items that do not impact reported results

Cash earnings and Reported profit[1,2] ($bn)



Reported profit and Cash earnings[1] adjustments ($m)

	2H11	1H12	% movement 2H11-1H12
Reported profit	**3,030**	**2,967**	**(2)**
TPS revaluations	(6)	24	Large
Treasury Shares	(13)	12	192
Ineffective hedges	17	(8)	(147)
Fair value gain/(loss) on economic hedges	(26)	20	177
Buyback of government guaranteed debt	(15)	(5)	67
Tax provision	(23)	–	100
Supplier program	–	93	–
Amortisation of intangible assets	–	2	–
Merger transaction and integration expenses	32	–	(100)
Amortisation of intangible assets	74	72	(3)
Fair value amortisation of financial instruments	63	18	(71)
Cash earnings	**3,133**	**3,195**	**2**

Approach in this Investor Discussion Pack

- Cash earnings is used as the primary method of management reporting for both the Group and operating divisions
- Cash earnings has been determined by adjusting Reported profit at both an aggregate level and across individual lines in the income statement. A reconciliation of these adjustments is provided in sections 9.1 in Westpac's Interim Results 2012 announcement
- Financial ratios in this presentation are also calculated using Cash earnings unless otherwise noted
- It is important to note that at a divisional level, Cash earnings and Reported profit are identical for all operating divisions, except for St.George and BTFG due to merger/acquisition related amortisation. All other Cash earnings adjustments are processed through the Group Business unit

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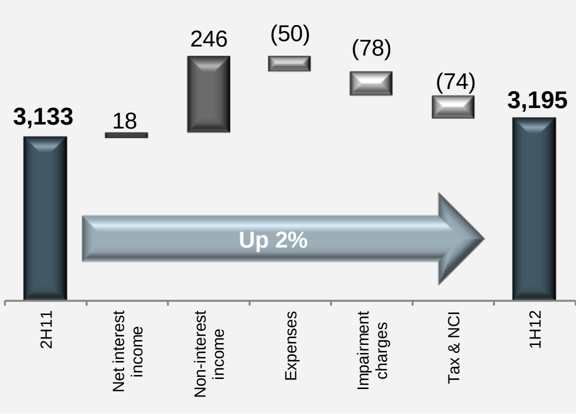
1 Cash earnings is profit adjusted for material items to ensure they appropriately reflect profits normally available to ordinary shareholders. All adjustments shown are after tax adjustments. Refer to slide 105 for a summary of the Westpac Group Interim 2012 Results. 2 2008 and 2009 are pro-forma with 1H09 ASX Profit Announcement providing details of pro-forma adjustments.

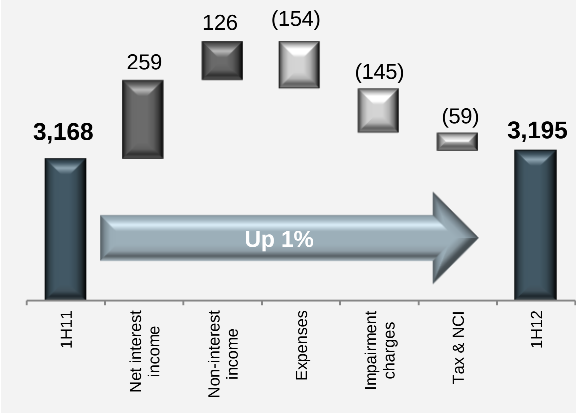
Sound Cash earnings growth

Cash earnings	1H12 ($m)	% change[1] 2H11-1H12	% change[1] 1H11-1H12
Net interest income	6,223	-	4
Non–interest income	2,663	10	5
Expenses	(3,655)	(1)	(4)
Core earnings	5,231	4	5
Impairment charges	(608)	(15)	(31)
Cash earnings	3,195	2	1
Reported profit	2,967	(2)	(25)

Cash earnings 2H11 – 1H12 ($m)



Cash earnings 1H11 – 1H12 ($m)



Cash earnings features of 2H11-1H12

- Cash earnings up 2% with AFS[2] slightly lower with a strong performance by WRBB offset by a weaker St.George result and market impacts on BTFG. WIB earnings were flat, while New Zealand and Pacific were strong performers
- Net interest income flat with housing, business and personal volume growth offset by lower margins from higher funding costs
- Non-interest income up 10% with good growth in business fees, stronger markets income, and an increased contribution from asset sales
- Expense growth well contained at 1%. Annual wage and property rental increases were largely offset by productivity savings
- Impairment charges higher due to reduced benefit in write-backs in WIB and top-up of provisions on some existing stressed exposures. Asset quality continuing to improve across the portfolio. Little change to economic overlay, which stands at $345m

Cash earnings features of 1H11-1H12

- Cash earnings up 1% with AFS[2] delivering a small rise made up of a strong performance by WRBB offsetting a weaker St.George result and market impacts on BTFG. WIB earnings were slightly up while New Zealand and Pacific were very strong performers
- Net interest income growth primarily due to housing volume gains. Margins were lower with re-pricing of housing and business lending partially offset by higher deposit costs as well as higher wholesale funding costs due to holding more funded liquids
- Non-interest income growth was supported by a rise in business line fees and higher trading income partially offset by lower wealth fees
- Expense growth of 4%, with higher salary costs and the impact of front line investment partially offset by productivity improvements
- Impairment charges higher principally due to reduced benefit in write-backs and repayments in WIB, and the top-up of provisions for existing stressed exposures. Little change to economic overlay

1 For profitability metrics the change represents results for 1H12 versus 1H11 and1H12 versus 2H11, the actual results for 2H11 and 1H11 are not represented here. 2 AFS is Australian Financial Services division comprised of WRBB, St.George and BTFG.

Major strategic progress

Objective	Detail	Outcomes
Deliver benefits from deeper customer relationships	• Build on investments to date to drive higher cross sell, especially in deposits, super, insurance, payments and transactional (including trade)	• Above system growth in deposits[1] and wealth[2] • Higher insurance and wealth penetration[3], up 70bps to 17.7%, and increased products per customer across all brands, especially customers with 4+ products • Improved customer return on credit RWA[4] up 5bps to 4.12% • Customer numbers up 2.4%
Accelerate productivity agenda	• Implementation of new supplier program • Implement business restructure with Australian Financial Services and the Group Services divisions – removing duplication • Complete the SIPs program	• Expense to income ratio down 70bps to 41.1% and remains around 400bps below average of peers • $102m in productivity savings • Supplier program well advanced with $133m of costs associated with implementation booked ($28m spent to date and $105m allocated for costs identified) • Average FTE down 741 due to a range of productivity initiatives, including implementation of a new organisational model partly offset by investments in Bank of Melbourne and Wealth • Revenue per average FTE up 5% to $240K • SIPs over 60% complete. The perimeter security and new data centre completed as well as the roll out of Spider teller platform to 61% of WRBB branches
Maintain investment in targeted areas	• Drive growth through Bank of Melbourne investment • Targeted growth in Asia with a particular focus on Trade • Build wealth distribution • Grow overall customer numbers	• Bank of Melbourne delivering to plan including strong deposit growth (16%), strong customer growth (7%), and a rise of 50bps in customers with 4+ products • Improving insurance sales through external channels, including a 33% increase in sales of life insurance through the IFA network • Increased number of financial advisers, up 8% • Trade finance up $2bn, strengthened distribution capabilities
Strengthen balance sheet	• Ensure capital, funding and liquidity well positioned for regulatory changes • Maintain leading asset quality and provisioning	• Tier 1 ratio up 13bps to 9.81% • Stable funding ratio up 200bps to 79% • Customer deposits to loans ratio up 70bps to 63.2%
Employee engagement/diversity	• Maintain a highly engaged workforce • Increase workforce diversity	• Woman in leadership roles up 90bps to 38.4%

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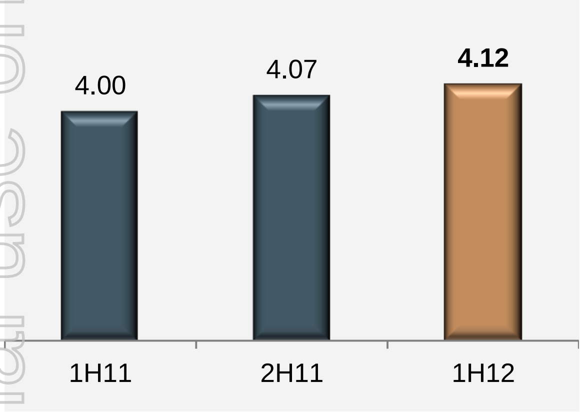
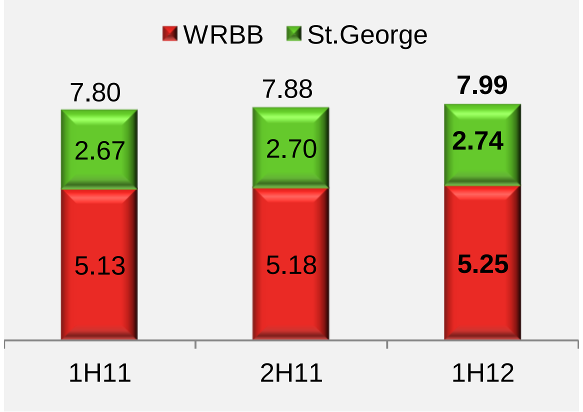
1 APRA Banking Statistics, March 2012. 2 Plan for Life, December 2011, All Master Funds Admin. 3 Refer to slide 106 for Wealth penetration metrics provider details. 4 Customer return is defined as operating income less operating expenses less Treasury and Markets Income, divided by average credit risk weighted assets.

Delivering against target metrics

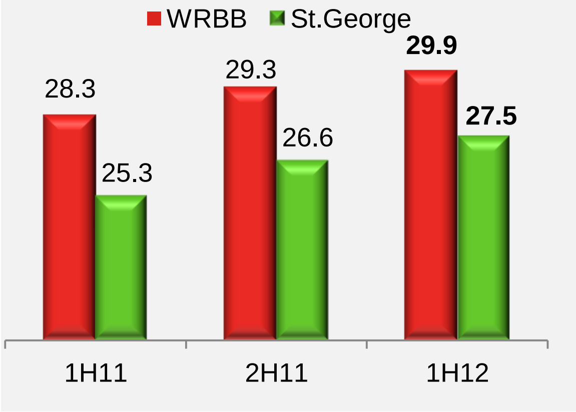
Customer return[1] improving (%)



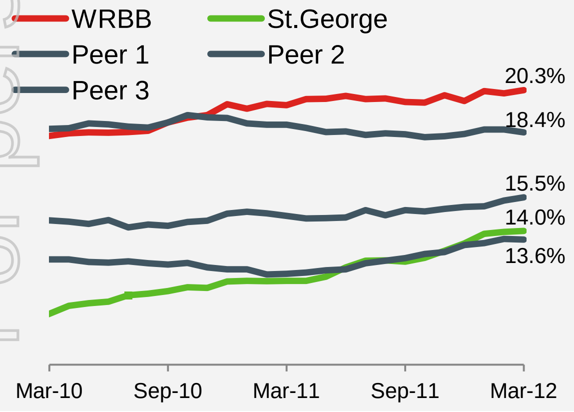
Customer numbers grew across brands (#m)



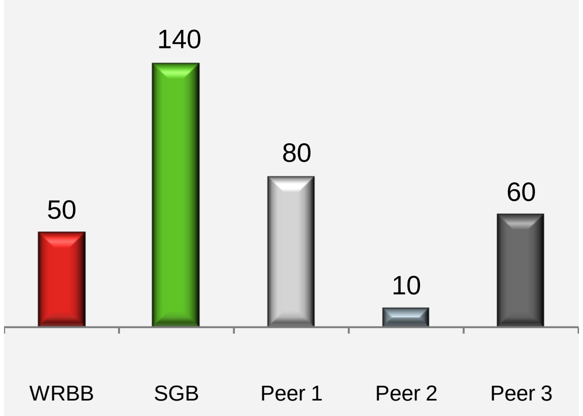
Customers with 4+ Products improving (%)



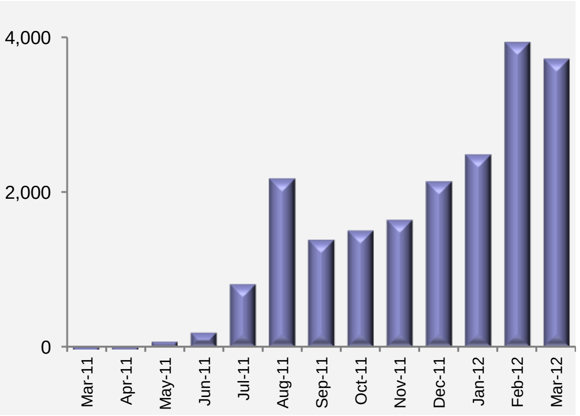
Wealth penetration[2] higher, WRBB sector leading (%)



Wealth penetration[2] improved (Sep11-Mar12 bps chg)



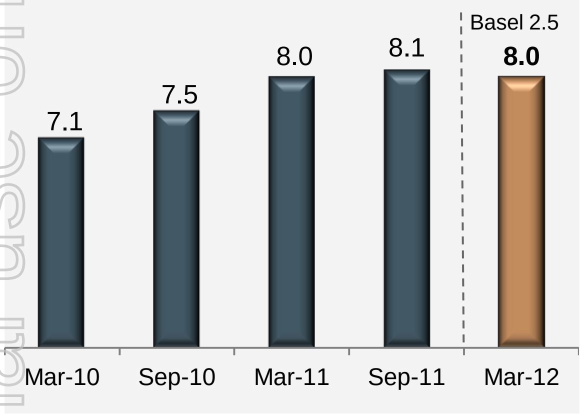
Bank of Melbourne[3] net customer growth



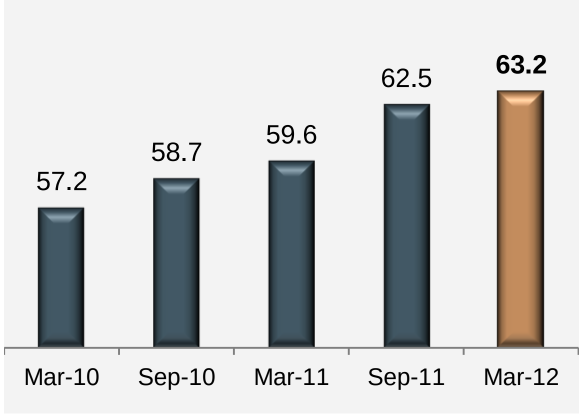
1 Customer return is defined as operating income less operating expenses less Treasury and Markets Income, divided by average credit risk weighted assets. 2 Refer to slide 106 for Wealth penetration metrics provider details. 3 Bank of Melbourne is the new brand name in Victoria, replacing the St.George brand in July 2011.

Delivering against target metrics (cont.)

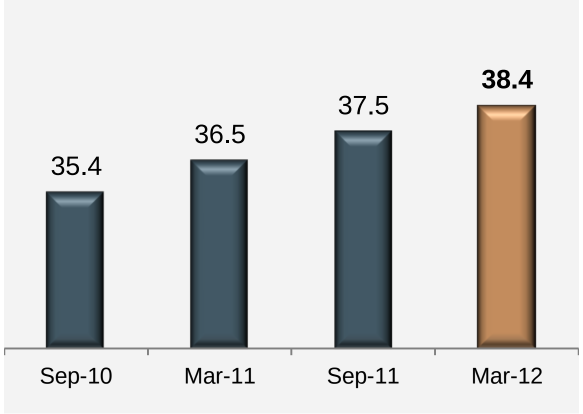
Common Equity ratio at high end of sector average¹ (%)



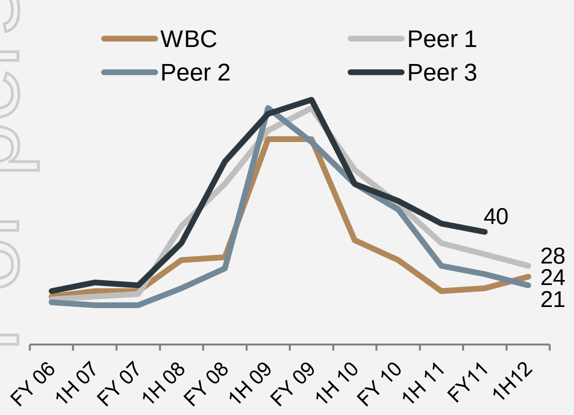
Customer deposits to loans ratio improving (%)



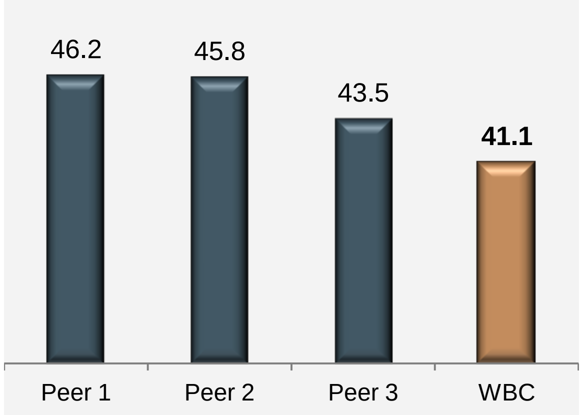
Women in senior leadership positions improving (%)



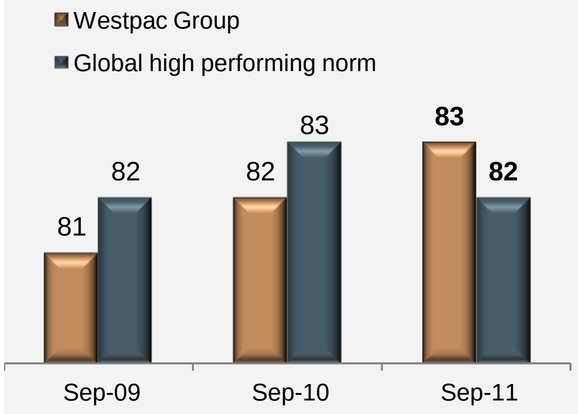
Impairment charges at lower end of sector average² (bps to gross loans (annualised))



Expense to income ratio³ well below sector average (%)



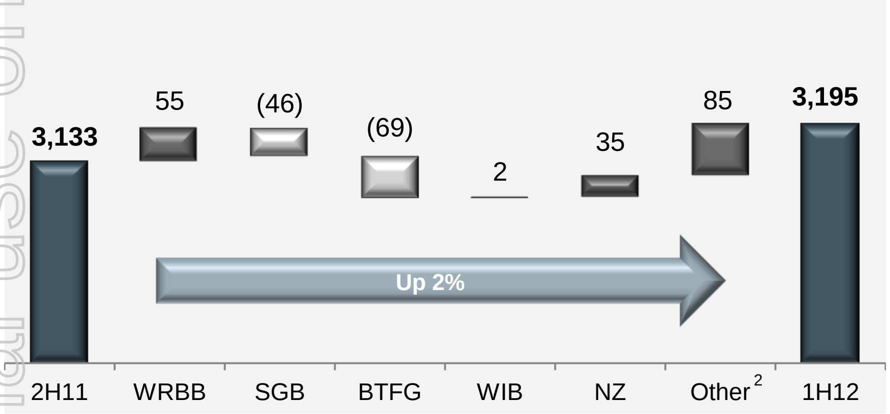
People leaders index⁴ improved and now ahead of global peers (%)



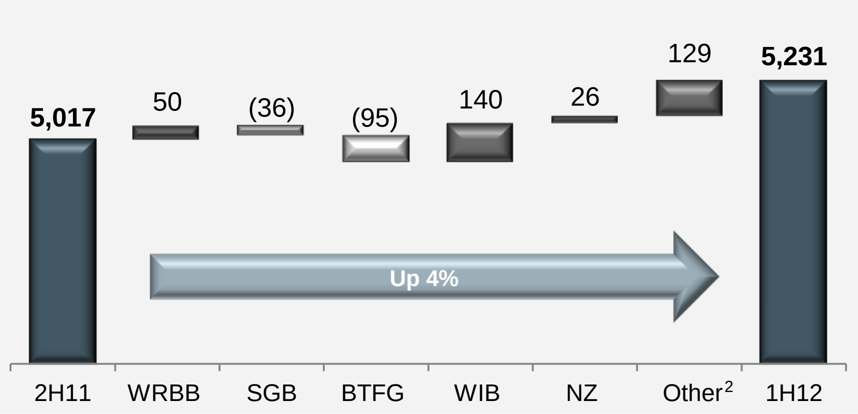
1 Mar12 on APRA Basel 2.5 methodology, with prior data on Basel II methodology. 2 Peer 1 and Peer 3 reporting dates for half year are 31 March and full year are 30 September. Peer 2 half year reporting date at 31 December and full year at 30 June. Peer 3 impairment charge excludes charges on investments held to maturity. Peer 3 gross loans and acceptances includes $22.1bn of loans at fair value at Mar08, $19.5bn at Sep07 and $17.5bn at Mar07. 3 Expense to income ratio for Peer 1 6 months to 31 March 2012; Peer 2 6 months to 31 December 2011; Peer 3 6 months to 30 September 2011. 4 Towers Watson People Leaders Index measures employee perspectives of their leaders. The Global high performing norm was 82% in 2011.

Growth driven by WRBB, WIB and New Zealand

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



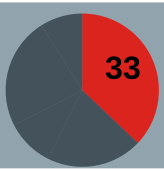
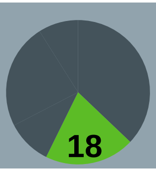
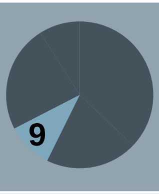
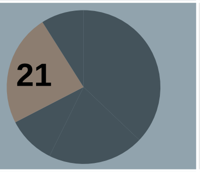
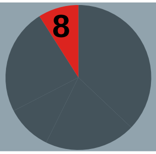
Core earnings movement half on half by business unit ($m)[1]



1H12 Cash earnings ($m)	WRBB	SGB	BTFG	WIB	NZ	Other[2]	Group
Operating income	3,268	1,718	974	1,484	752	690	**8,886**
Expenses	(1,549)	(663)	(545)	(480)	(321)	(97)	**(3,655)**
Core earnings	1,719	1,055	429	1,004	431	593	**5,231**
Impairment charges	(218)	(240)	(6)	(65)	(76)	(3)	**(608)**
Tax and non–controlling interests	(452)	(246)	(129)	(276)	(98)	(227)	**(1,428)**
Cash earnings	**1,049**	**569**	**294**	**663**	**257**	**363**	**3,195**

1 Refer to business unit definitions, slide 106. 2 Other includes Pacific Bank and Group Business unit.

1H12 Highlights quality franchise

Division	% of Group Cash earnings	Cash earnings		Core earnings % change on 2H11	Earnings summary	Performance summary
		$m	% chg on 2H11			
WRBB		1,049	+6	+3	• Deposits up 5% (term deposits up 14%) and business lending growth positive • Margins down 4bps • Expenses down 1% • Impairment charges down 20%	• Deposits grew above system[2] • Sector leading wealth penetration of customers[3] (up 50bps to 20.3%) • Revenue per average FTE up 3%
SGB		569	-7	-3	• Deposits up 5%, strong proprietary housing, up 4% • Margins down 7bps • Expenses down 1% • Impairment charges up 13%	• Exceeded growth in wealth penetration of majors[3] up 140bps to 14% • Bank of Melbourne meeting plan • RAMS success in new product offerings
BTFG		294	-19	-18	• Positive flows contributed $24m to result but offset by weaker markets, equities and some irregular items • Strong growth in Life (6%) and General Insurance (10%) gross written premiums offset by increased catastrophe claims	• Platforms 60% share of annual new flow (FUA share now 21%)[4] • Newly launched Asgard Infinity $849m in FUA and Best New Product award[5]
WIB		663	-	+16	• Deposits up 8%, lending up 5% • Strong Core earnings, up 16% • Strong expense management, up 2% • Impairment charges increased due to lower write-backs and repayments	• Lead Australasian Institutional bank[6] • Strong underlying result with strong transactional flows, and improved markets income
NZ[1]		333	+14	+6	• Deposits up 4%, lending up 1% • Margins up 6bps • Flat expenses with productivity gains • Impairment charges down 9%	• Customers with 4+ products rising 80bps • Revenue per average FTE up 5% • Strong customer deposits to loans ratio up 170bps to 67.7%

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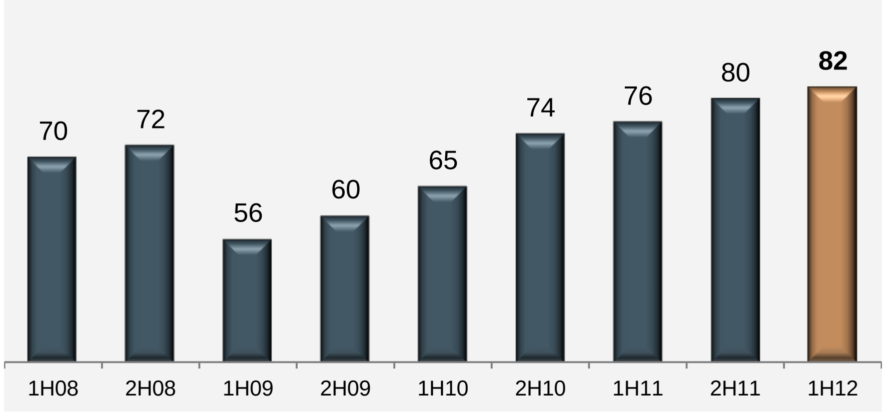
1 In New Zealand Dollars. 2 APRA Banking statistics, March 2012. 3 Refer to slide 106 for Wealth penetration metrics provider details. 4 Plan for Life, December 2011. 5 Asgard Infinity is a pay for what you use platform solution and was awarded “Best New Product” by Investment Trends, December 2011. 6 Peter Lee Survey refer 73 for detail.

Continued strong dividend growth path

- 1H12 dividend 82 cents, up 3% over 2H11
- Highest half year dividend ever paid
- Payout ratio at 78.4% in 1H12 consistent with strong capital position. Effective payout ratio lower at 65% given approximately 17[1]% of dividends return to the Group via the DRP[2]
- DRP[2] to be satisfied by new share issuance, with no DRP[2] discount
- Now applying NZ imputation credits to dividends (NZ$0.08 per share)
- Significant franking balance of $1.0bn, after payment of interim dividend
- Dividend yield[3] 7.5%
  - Equivalent to a fully franked dividend yield[3] of 10.7%
- DRP[2] satisfied by new share issuance

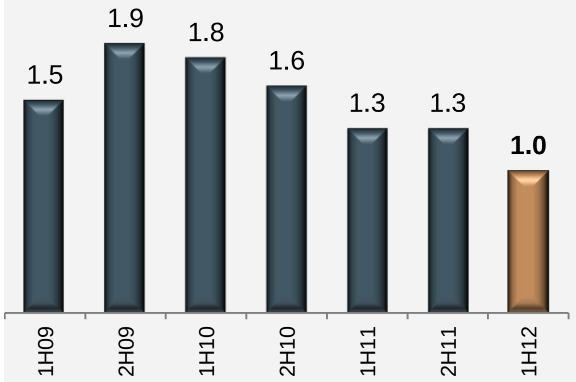
Dividends per share (cents)



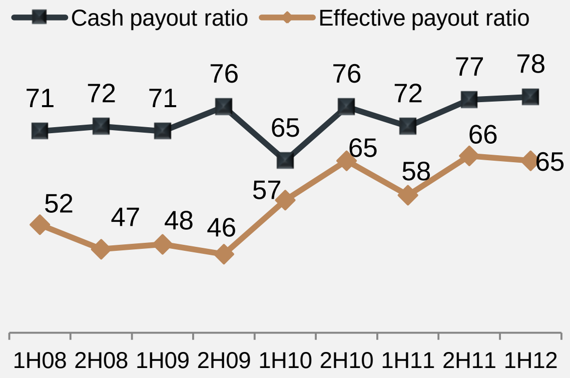
Key dividend considerations

- Seek to lift dividend cents per share each half while growing organic capital
- Pay fully franked dividends, utilising franking surplus to distribute value to shareholders
- DRP[2] to be satisfied by new share issuance

Franking credit surplus[4] ($bn)



Dividend payout ratio[5] (%)



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1 The Dividend Reinvestment Plan participation rate was 15.2% in 2H11 and 19.4% in 1H11. 2 DRP is dividend reinvestment plan. 3 1H12 dividend annualised and using 30 March 2012 Westpac closing share price of $21.89. 4 Franking credit balance after payment of dividend. 5 Effective payout adjusts for capital returned via the DRP and assumes 17% DRP participation .

FIRST HALF FEATURES 2012

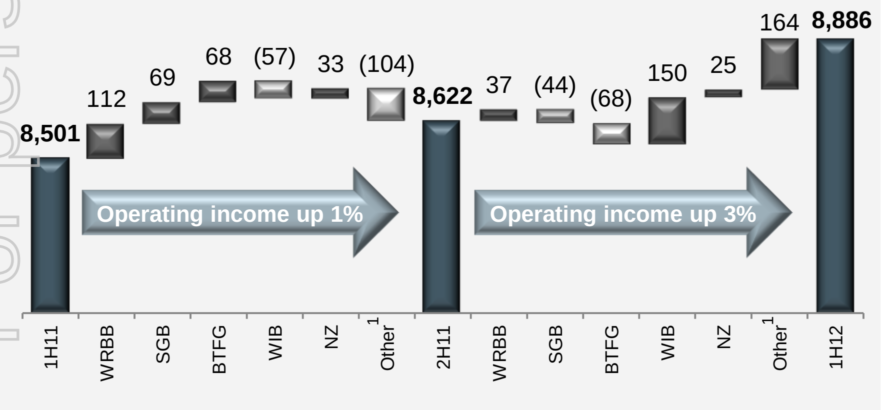
COMPARISON OF 1H12 VERSUS 2H11 CASH EARNINGS

(UNLESS OTHERWISE STATED)

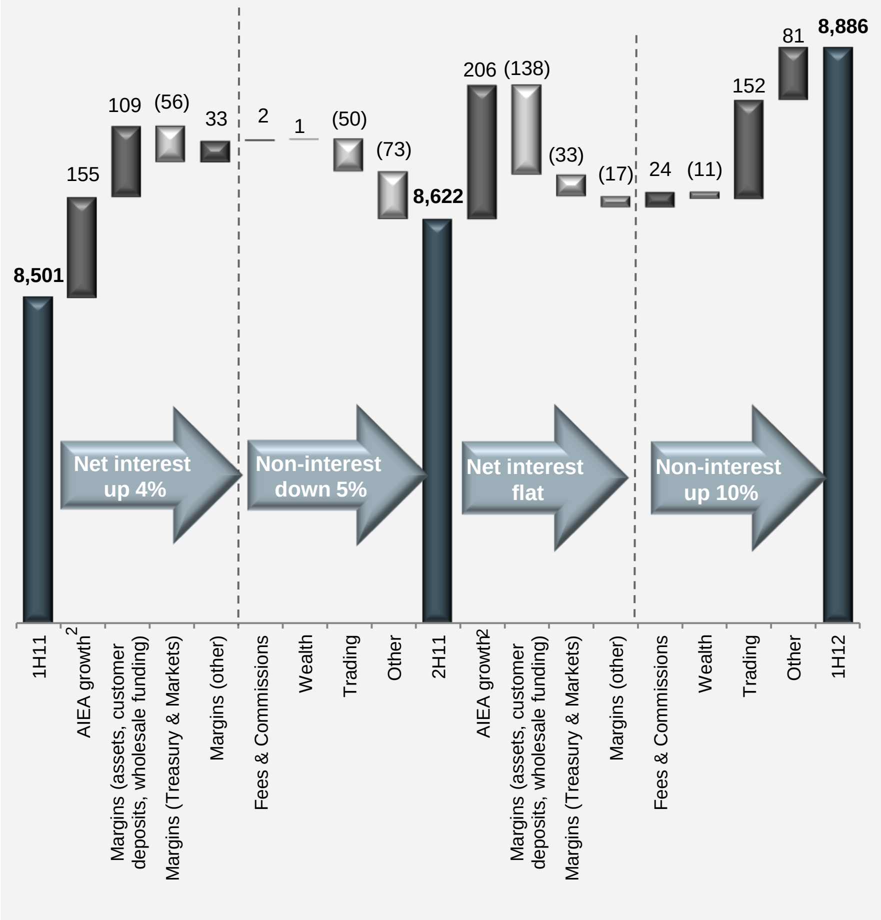
Sound operating income

- Net Operating income up 3%
- Net interest income flat
  - Modest loan growth and lower margins
- Non-interest income up 10%
  - Fees and commissions up slightly with higher business fees and transaction fees and commissions
  - Lower wealth income with weaker insurance result due to catastrophic claims and de-risking in LMI
  - Higher Trading income primarily due to foreign exchange income
  - Other income higher with gains on disposal of assets and higher technology research and development tax credits

Business unit contribution to operating income ($m)



Operating income movement half on half ($m)



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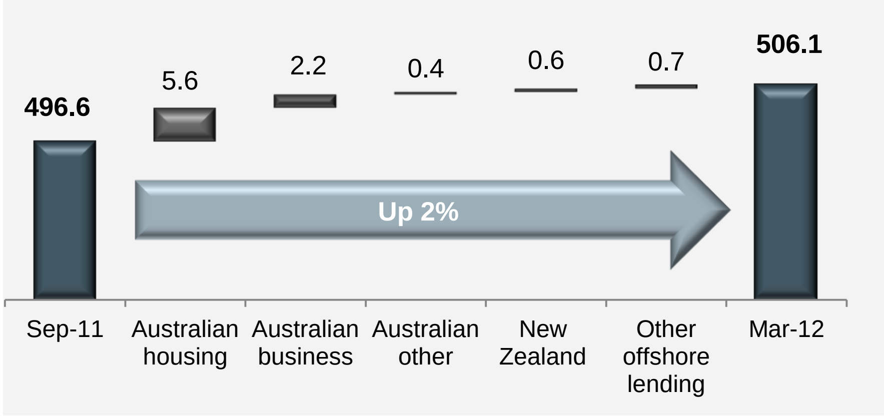
[1] Other includes Pacific Bank and Group Business unit . [2] AIEA is Average Interest Earning Assets.

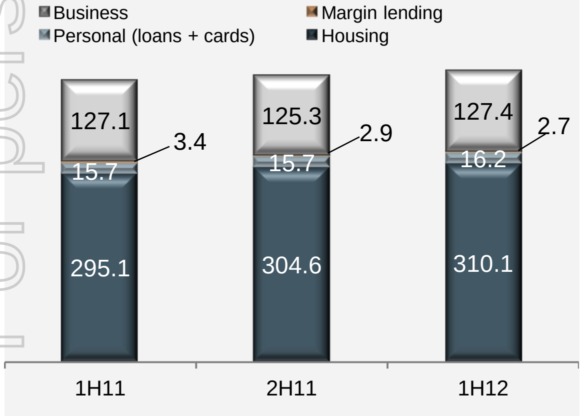
Asset growth predominantly in housing

- Australian housing up 2%
  - Growth continues to be driven by proprietary channel
- Australian business lending up 2%, including small growth in commercial property
- New Zealand lending up 1%, primarily due to mortgage growth
- Offshore lending up 12% primarily trade related in Asia

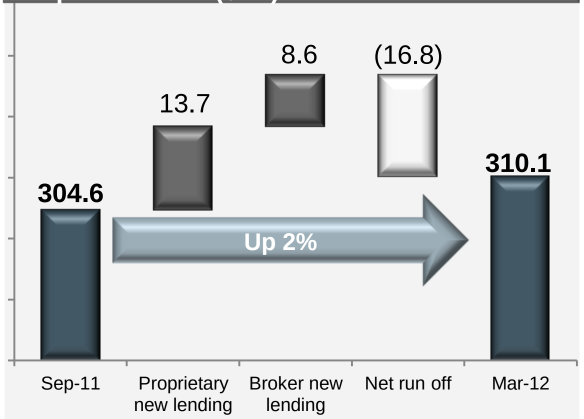
Net lending Sep11 – Mar12 ($bn)



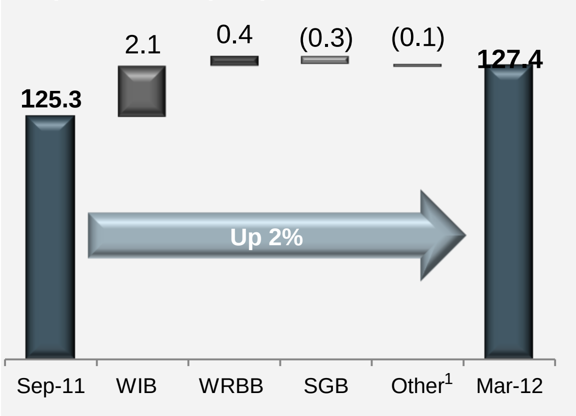
Australian Gross Loans ($bn)



Australian housing flow (gross loans) Sep11 – Mar12 ($bn)



Australian business lending flow Sep11– Mar12 ($bn)



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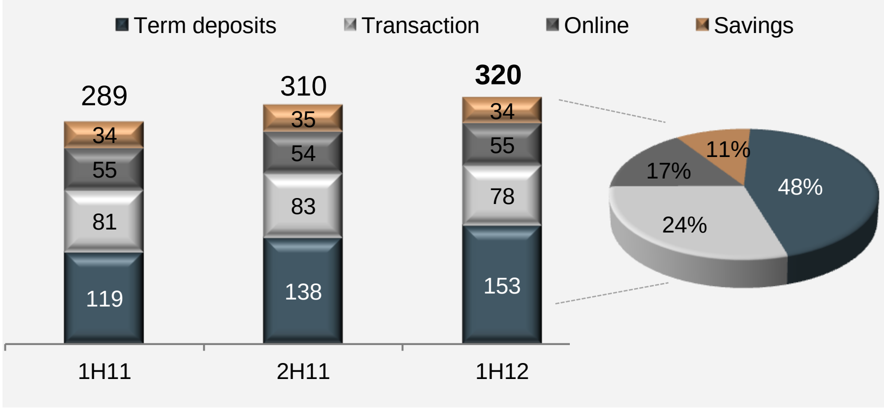
[1] Other includes provisions.

Customer deposits funding loan growth

- Customer deposits up $9.8bn (up 3%)
- Customer deposits growth more than fully funded lending growth for 1H12
  - Most of growth in term deposits, up $15bn (11%) given more attractive rates and seeking to encourage higher quality deposits
  - Transaction accounts were down $5.4bn, mostly in corporate however mortgage offset accounts within that were up $0.9bn
  - Savings accounts were down $1.1bn

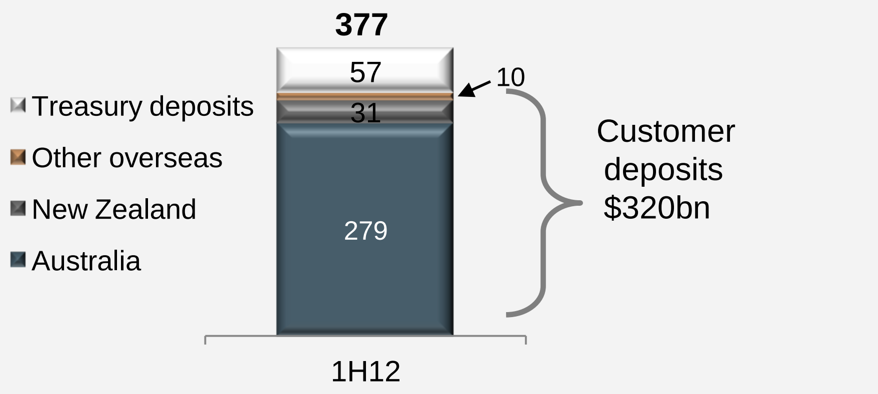
Customer deposit composition[1] ($bn)



Customer deposit strategy

Improve customer deposits to loans ratio	• Ratio up 70bps to 63.2%
Ensure interest rates reflect value of deposit	• Seek to build high quality and stickier deposit base as transition to new liquidity rules. Has seen most growth in term deposits
Increase distribution reach	• Capture deposits on wealth platforms, especially superannuation
Further increasing deposit focus across network	• Greater weighting in Bankers' scorecards • Increased focus on deposit rich segments

Total deposits ($bn)



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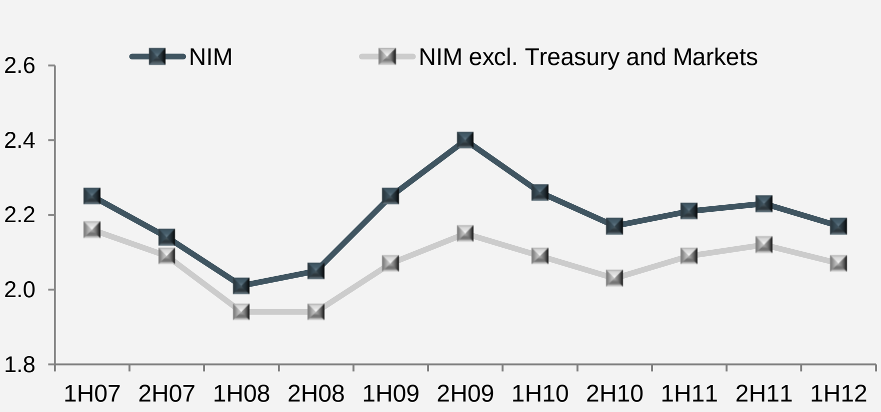
1 Mortgage offset accounts are included in Transaction accounts.

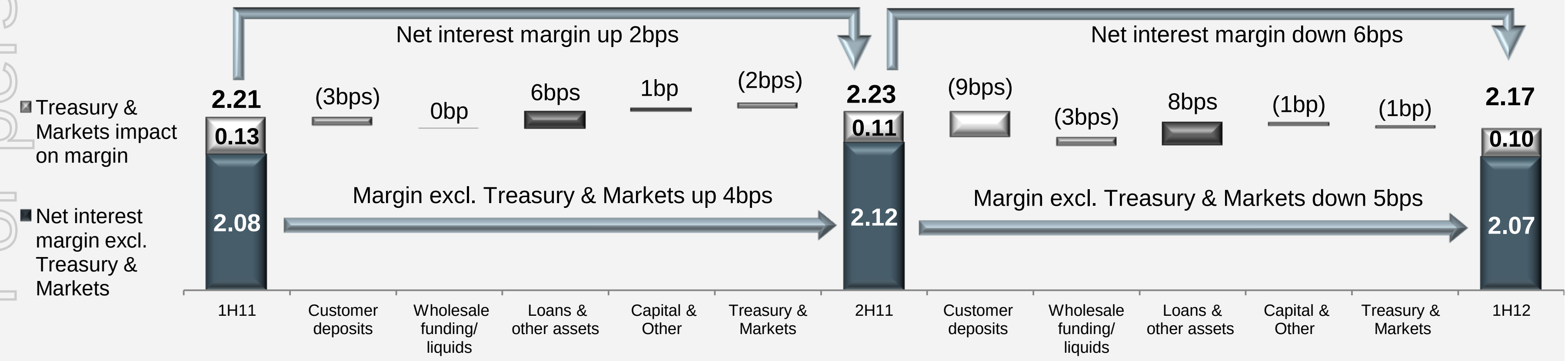
Margins modestly lower over half

- Net interest margin down 6bps to 2.17%
- 8bps increase primarily from re-pricing of loan facilities, mostly mortgages
- 9bps decline from deposit impacts
  - More costly term deposits
  - Lower benefit from hedging low interest transaction accounts
  - Negative mix impacts with most new growth in lower spread term deposits
- 3bps decline from higher Wholesale funding and liquidity, primarily related to holding higher funded liquid assets
- 2bps decline from both lower Treasury and Markets contribution to net interest income, as well as Capital

Net interest margin[1] (NIM) (%)



Net interest margin movement half on half (%)



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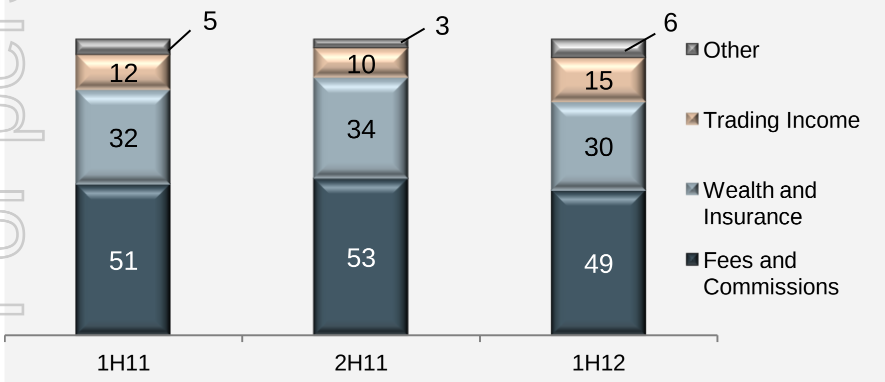
1 Prior to 2008 does not include St.George. 2008 and 2009 are pro-forma with 1H09 ASX Profit Announcement providing details of pro-forma adjustments.

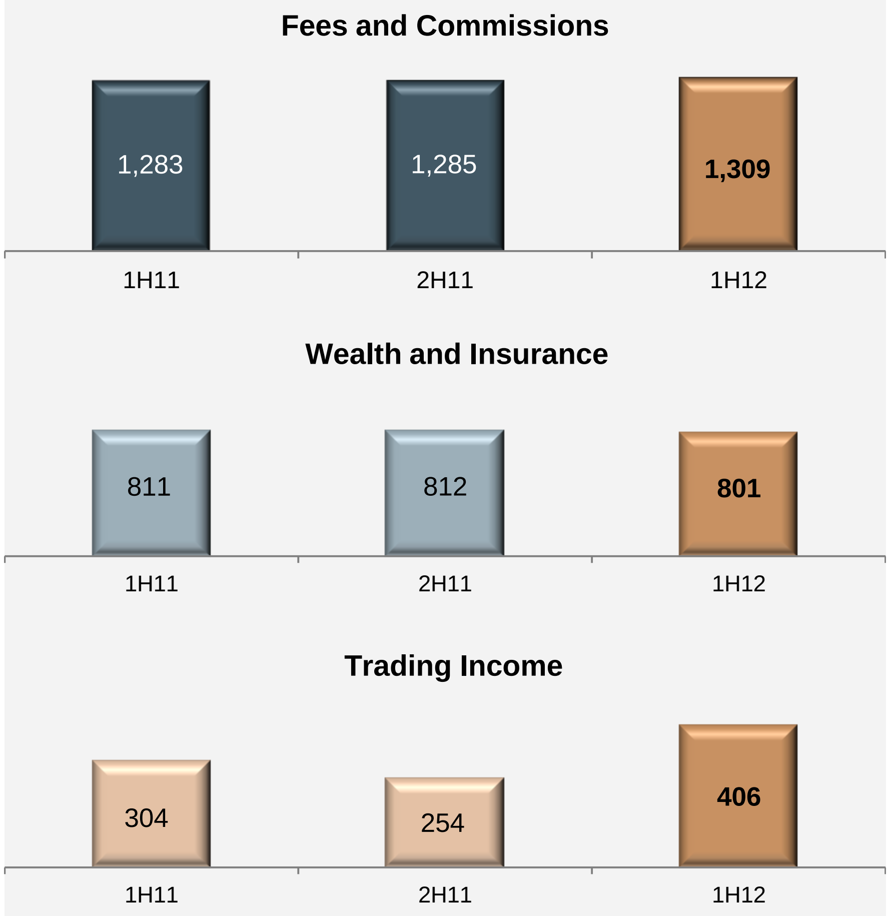
Non-interest income a key driver of 1H12 result

- Non-interest income up 10% driven by strong markets result, asset sales and a small increase in fees and commissions
  - Fees & commissions up 2% with higher business facility fees. Higher commissions from redemption of credit card loyalty points. Partly offset by lower deposit account keeping fees
  - Wealth and insurance income was down 1% due to lower General Insurance and de-risking of lenders mortgage insurance portfolio
  - Trading income was $152m (60%) higher, with the majority of the increase related to increased customer activity particularly in foreign exchange income in WIB and Pacific Banking. Improved trading results also contributed to the increase. $45m of the increase reflected higher portion of markets income being recorded in trading income and less in net interest income
  - Other income up $81m (123%) primarily due to gains on disposal of assets (Visa shares $46m) and higher technology research tax credits ($39m)

Non-interest income contributors (% of total)



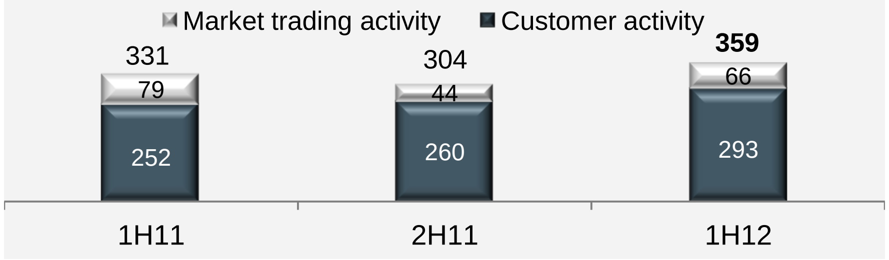
Non-interest income ($m)



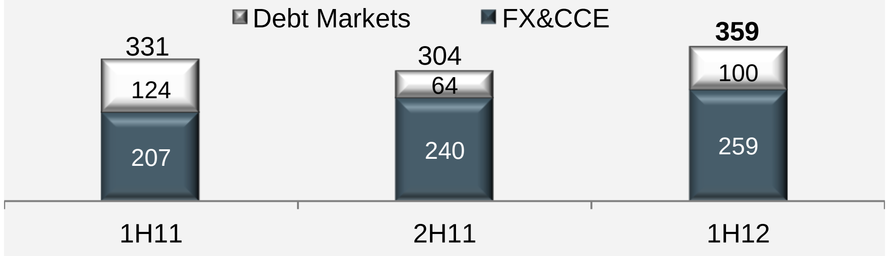
WIB Markets and Treasury income - strong result

- WIB Markets income is predominantly sourced through providing risk management and markets based products to customers
- Conditions during 1Q12 were challenging with negative sentiment across financial markets globally. Credit spreads and market conditions improved during 2Q12 leading to a stronger performance
- WIB Markets income was $359m, up 18%
  - Strong demand from customers managing higher volatility delivered increased customer activity (up 13% to $293m)
  - Improved market conditions, particularly in 2Q12 and good positioning resulted in higher Markets trading income
  - Partially offset by $34m unfavourable valuation impact on counterparty credit exposures (CVA)
- WIB VaR remained at moderate levels of $8.3m for 1H12
- Treasury income is generated from the management of market risk in Westpac Group's balance sheet
- Treasury income was $285m, up 14%
  - Improved income from liquid asset portfolio, largely driven by fair value movements from tightening credit spreads
  - Increased earnings contribution from interest rate risk positions
- Average daily Treasury VaR relatively stable at $33.4m ($33.1m at 2H11)

WIB Markets income and customer activity ($m)



WIB Markets income ($m)

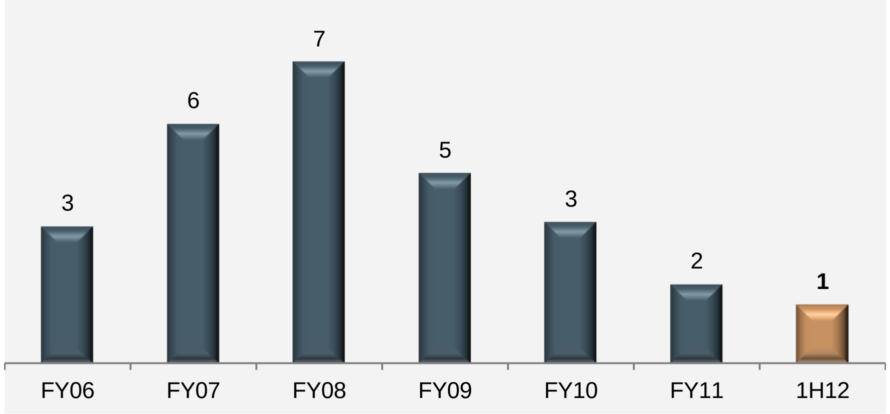


Treasury income ($m)

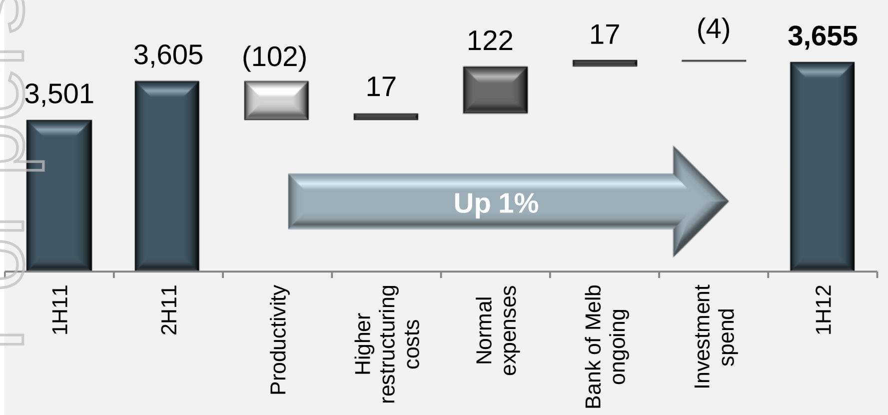
Expenses well managed, continued investment

- Expenses up 1% in 1H12 contributing to a reduction in the expense to income ratio to 41.1%
- Productivity initiatives delivered $102m in savings, largely offsetting normal business expenses
- Expenses associated with investment were lower with a reduction in SIPs expenses and lower other project expenses partially offset by higher compliance costs

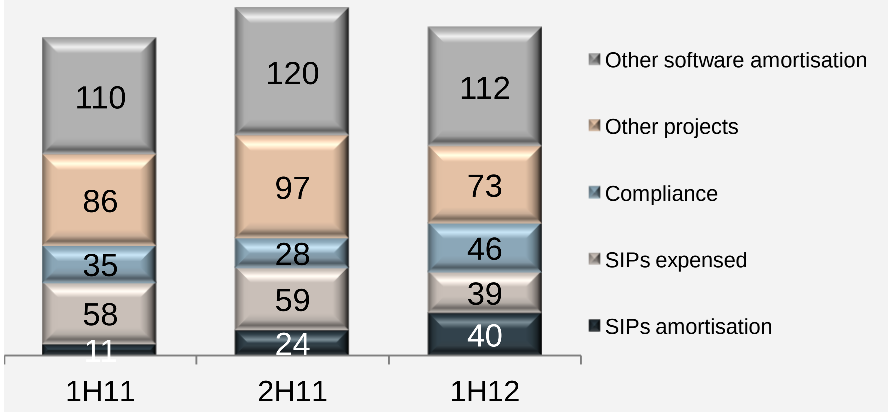
Expense growth[1] (%)



Expense growth (%)



Total impact on expenses from projects ($m)



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1 2006 & 2007 does not include St.George. 2008 and 2009 are pro-forma including St.George for the entire period with 1H09 ASX Profit Announcement providing details of proforma adjustments.

Investment spend

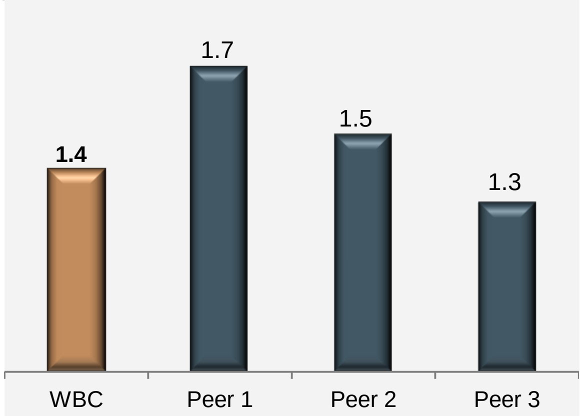
- Total cash spending on investments eased in 1H12 to $450m from $668m with both the amount capitalised and the amount expensed reducing
  - SIPs spending eased to $187m, from $279m as a number of projects were completed. Total cash spent on SIPs to date is $1,261m and remains on track for circa $2bn total spend
  - Compliance spending that was expensed increased 35% to $46m
  - Other spending down strongly due to lower one-off investment from Bank of Melbourne launch
- Capitalised software balances were $1,435m, up $132m
- Anticipate that amortisation and depreciation will add around 2% to expenses over the FY12
- Capitalised software balance similar to peers. Average amortisation period more aggressive than peers reflecting conservative management practices. Approach has no impact on capital

Capitalised software & deferred expenses ($m)	1H11	2H11	1H12
Capitalised software			
Opening balance	832	1,038	**1,303**
Additions Amortisation, write–offs and other	330 (124)	410 (145)	**287** **(155)**
Closing balance	1,038	1,303	**1,435**
Other deferred expenses			
Deferred acquisition costs	149	144	**142**
Other deferred expenses	9	13	**17**

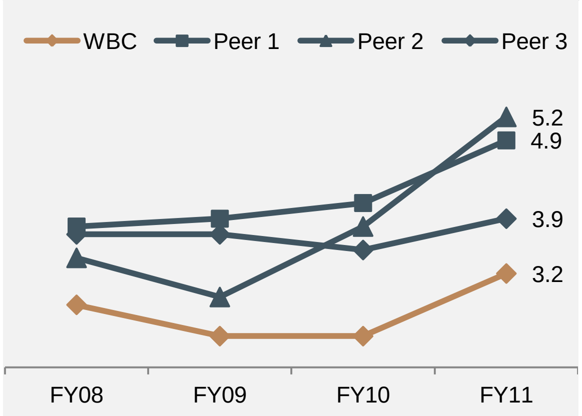
Investment spend expensed ($m)	1H11	2H11	1H12
SIPs	58	59	39
Compliance	35	28	46
Other	86	97	73
Total	**179**	**184**	**158**

Investment spend capitalised ($m)	1H11	2H11	1H12
SIPs	230	220	148
Compliance	34	66	46
Other	86	198	98
Total	**350**	**484**	**292**

Capitalised software balance[1]($bn)



Average amortisation period[2,3] (yrs)



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1 Data for Westpac, Peer 1 and Peer 2 as at 1H12 and Peer 3 as at their FY11 result. 2 Data for WBC and peers as at their FY11 results. 3 Software capitalisation based on opening balances.

New supplier plans well advanced

- Westpac is implementing changes to its back office and technology supplier arrangements to ensure the Group is well positioned for the changing operating environment
- The arrangements include bringing in-house some functions currently provided externally and seeking to increase the use of global specialists for certain activities to improve efficiency and flexibility
- Costs associated with this implementation of $133m were booked in 1H12. These have been included as a Cash earnings adjustment. Additional expenses are expected to be incurred in 2H12 with the total not expected to exceed $200m

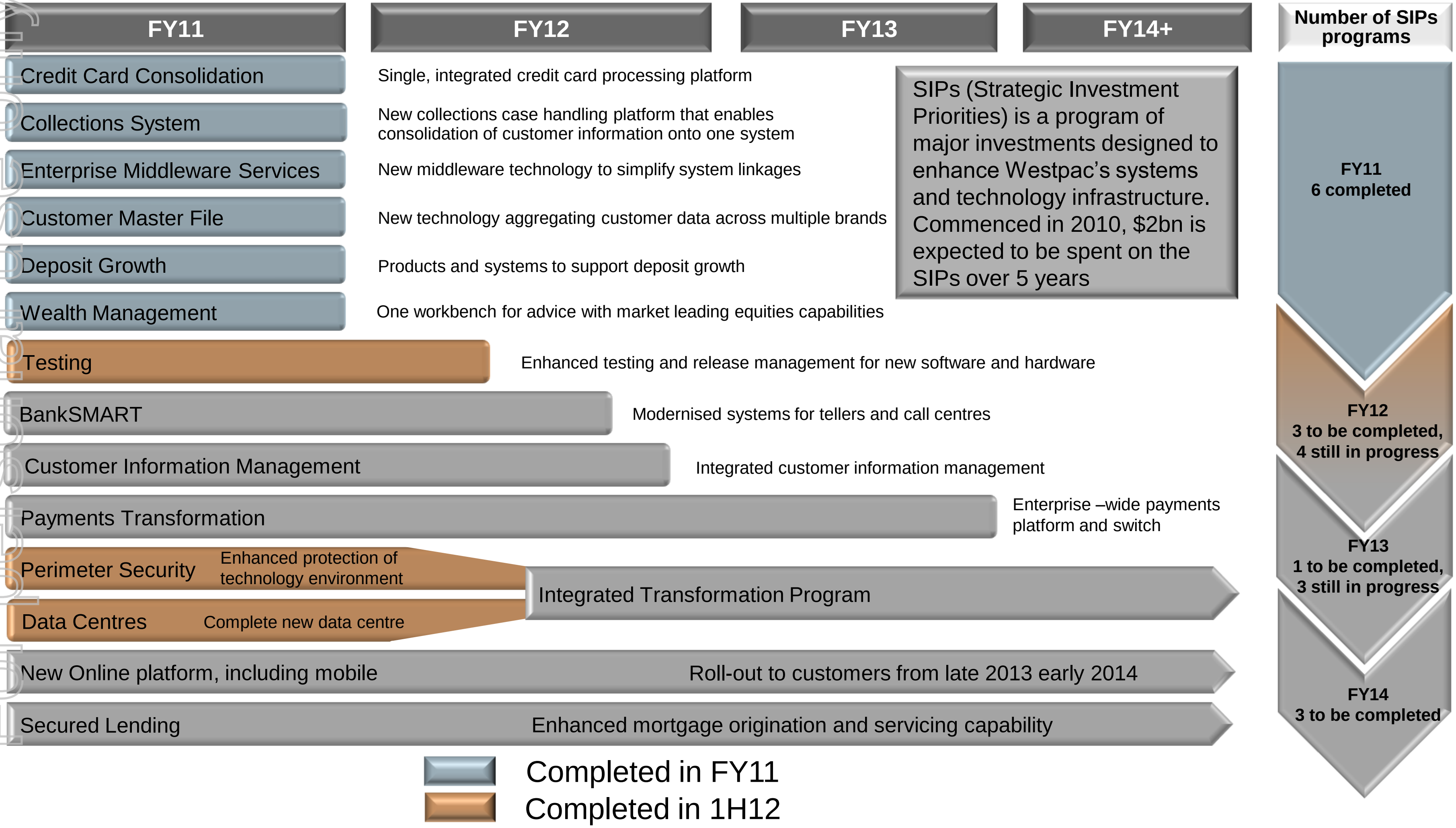
Benefits from the supplier program

- Direct cost savings from using specialist suppliers that can benefit from increased economies of scale are expected to emerge in late 2012 - 2013
- Greater flexibility in resourcing from 2013
- On average, the programs to date are expected to have a cash pay-back of around 2.5 years
- Reduced project costs over time, which will include lower capitalisation and subsequent amortisation – longer term benefits

Objectives	Details
Change business model for lower growth environment	• Increase the variability of the cost base and responsiveness to changes in customer demand
Increase resource flexibility	• Respond faster to changing business needs and changing technologies • Reduce higher cost contractor base
Improve capability	• Utilise skills not readily available • Leverage global scale and capability of supplier providers

1H12 supplier charge (pre tax)	$m	Details
Employee costs	63	• Include redundancy/redeployment
Transition costs	70	• Transaction and technology enablement • Costs associated with managing the supplier program, including consultant support
Total	**133**	• $28m spent to date with $105m allocated for costs currently identified

SIPs 60% complete



FY11 | FY12 | FY13 | FY14+

Number of SIPs programs

Credit Card Consolidation — Single, integrated credit card processing platform

Collections System — New collections case handling platform that enables consolidation of customer information onto one system

Enterprise Middleware Services — New middleware technology to simplify system linkages

Customer Master File — New technology aggregating customer data across multiple brands

Deposit Growth — Products and systems to support deposit growth

Wealth Management — One workbench for advice with market leading equities capabilities

Testing — Enhanced testing and release management for new software and hardware

BankSMART — Modernised systems for tellers and call centres

Customer Information Management — Integrated customer information management

Payments Transformation — Enterprise –wide payments platform and switch

Perimeter Security — Enhanced protection of technology environment

Data Centres — Complete new data centre

Integrated Transformation Program

New Online platform, including mobile — Roll-out to customers from late 2013 early 2014

Secured Lending — Enhanced mortgage origination and servicing capability

SIPs (Strategic Investment Priorities) is a program of major investments designed to enhance Westpac's systems and technology infrastructure. Commenced in 2010, $2bn is expected to be spent on the SIPs over 5 years

FY11
6 completed

FY12
3 to be completed,
4 still in progress

FY13
1 to be completed,
3 still in progress

FY14
3 to be completed

🟦 Completed in FY11

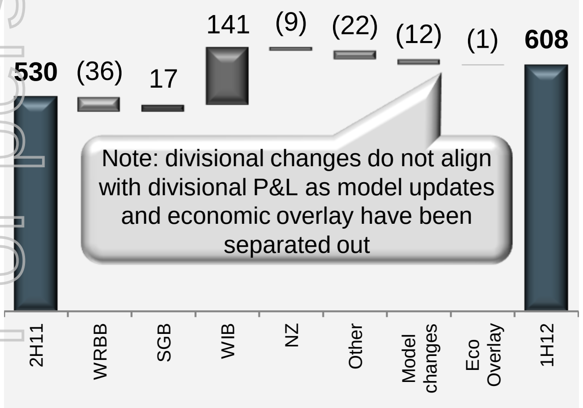
🟧 Completed in 1H12

Impairment charges up off a low base

- Impairment charges have risen 15% to $608m, representing 24bps of average gross loans
  - Much of the increase was due to lower benefits from stressed business returning to health and lower write-backs
  - Some top-up of existing provisions on impaired assets to reflect lower security values
  - Economic overlay was little changed in the period
- Asset quality continues to improve, although the rate of improvement has slowed, leading to lower collectively assessed provision benefits
- Main driver of impairment charges was reduced benefit from lower write-backs and repayments in WIB, resulting in an impairment charge rather than benefit being reported

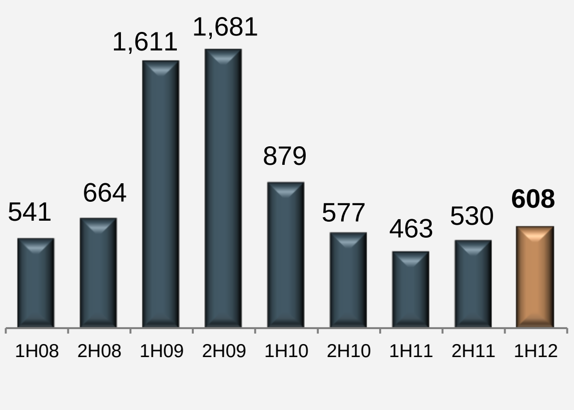
Provisioning coverage ratios	1H11	2H11	1H12
Collectively assessed provisions to credit RWA	138bps	126bps	**122bps**
Collectively assessed provisions to performing non-housing loans	182bps	169bps	**164bps**
Impairment provisions to impaired assets	42%	36%	**38%**
Total provisions to gross loans	102bps	88bps	**86bps**

Impairment charges movement by business ($m)

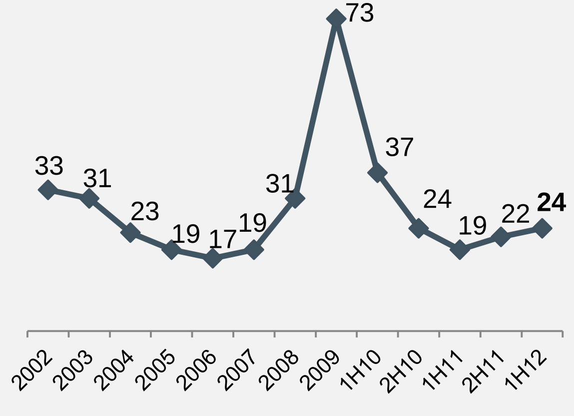


Note: divisional changes do not align with divisional P&L as model updates and economic overlay have been separated out

Impairment charges ($m)



Impairment charges to average gross loans^{1,2} (bps)



1 2000-2005 reported under AGAAP; 2006 onwards reported on A-IFRS basis. 2 From 2008 includes St.George.

Westpac GROUP

EST. 1817

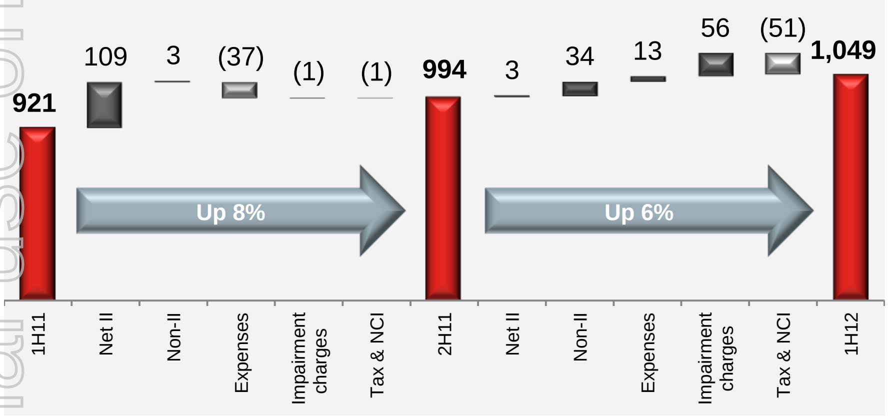
FIRST HALF BUSINESS UNIT PERFORMANCE 2012

COMPARISON OF 1H12 VERSUS 2H11 CASH EARNINGS

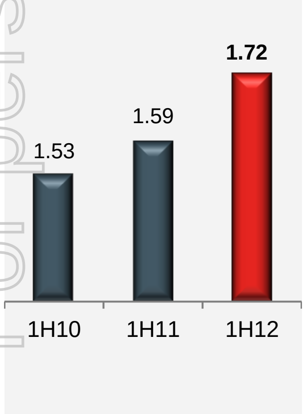
(UNLESS OTHERWISE STATED)

Westpac RBB Cash earnings up 6%

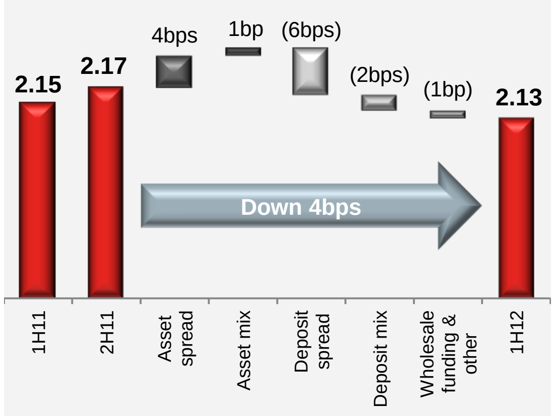
Cash earnings movement half on half ($m)



Core earnings continued momentum ($bn)



Net interest margin (%)



Movement 1H12 – 2H11

Cash earnings	↑	6%	• Cash earnings up 6% to $1,049m
Core earnings	↑	3%	• Core earnings up 3% to $1,719m
Net interest income	–	flat	• Mortgages up 2%, with strong retention of customers and margin management • Strengthening balance sheet with deposit growth of 5%, ahead of system[1] • Deposits to loans ratio improved to 53.5% (up 180bps)
Margins	↓	4bps	• Margins down 4bps to 2.13% • Lending margins improved 5bps, aided by improved business spreads and repricing of mortgages • Deposit spreads and mix declined 8bps with competition and higher growth in lower spread term deposits
Non-interest income	↑	6%	• Rise in business lending fees • Higher market sales income as customers increased their use of hedging to manage FX and rates • Higher earnings from credit card loyalty points redemptions • Partly offset by lower card transaction fees
Expenses	↓	1%	• Lower expenses from FTE reductions, improved productivity and reduced discretionary spend • Helped offset increased credit card loyalty costs, salary increases and rise in operating lease rentals
Impairment charges	↓	20%	• Impairment charges down $56m to $218m • Consumer impairment charges down $12m, improvement in 30+ days Credit Card delinquencies and flat Mortgages 90+ days delinquencies • Business impairment charges down $44m due to an improvement in stressed exposures portfolio

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[1] APRA banking statistics, March 2012.

Continuing to deepen relationships

Key features of 1H12

- Westpac Local strategy continues to deliver relationship based growth, with a stronger balance sheet, tightly controlled expenses and a strong risk profile
- Improved key metrics, include
  - Highest wealth penetration of major banks[1] at 20.3% (up 50bps). BT Super for Life customers up 10%
  - Home & Contents insurance cross sell up 26 percentage points to 105%. On average, for every home loan we sell we write more than one risk product
  - Customers up 1% and Customers with 4+ products up 60bps to 29.9%. WRBB 2nd in market share for both online and mobile (active mobile customers 920K up 28%)[2]
  - WRBB ranks No.1 of major banks in SME and Agri NPS and No.2 in Commercial[3]
  - Leaner operating model with process efficiencies reducing FTE 3%, and improving banker productivity with revenue per average FTE up 3%. Women in senior leadership roles at 44.5% already above Group-wide 2014 target of 40%

Strategy

- Focused on providing financial knowledge through empowered local bankers
- Westpac Local strategy aims to assist our people build deeper relationships and become closer to customers and communities
- It has delivered strong improvement in banker capability and productivity over the last three years. Further improvements to productivity and customer experience will be achieved with the roll out of the St.George teller system (Spider) to WRBB to be completed in 2H12, with 418 (61%) branches now operating with this system
- Through the Westpac Local strategy we are growing customer numbers, maintaining high retention levels and deepening customers relationships

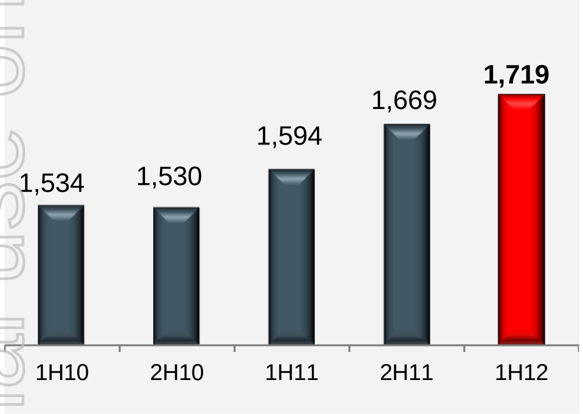
Key metrics

	1H11	2H11	1H12	Change on 2H11
Employees (# FTE)	11,192	10,958	10,632	
Women in senior leadership (%)	42.7	43.8	44.5	✓
Revenue per avg. FTE ('000)	274	292	302	✓
Expense to income ratio (%)	48.9	48.3	47.4	✓
Customers (#m)	5.13	5.18	5.25	✓
NPS – Consumer affluent[3] (rank)	2nd	3rd	4th	x
NPS – Business SME[3] (rank)	1st	1st	1st	✓
NPS – Business Agri[3] (rank)	1st	1st	1st	✓
Affluent customer retention (%)	99.0	98.9	98.7	–
Customers with 4+ products (%)	28.3	29.3	29.9	✓
Customer deposits to loans ratio (%)	50.9	51.7	53.5	✓
Wealth penetration (%)[1]	19.6	19.8	20.3	✓
BT Super for Life customers ('000)	189	211	232	✓
Insurance – H&C cross sell[4] (%)	76	79	105	✓

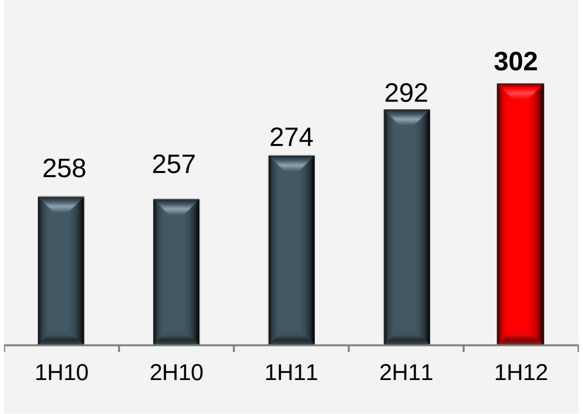
1 Refer to slide 106 for Wealth penetration metrics provider details. 2 Roy Morgan, March 12. 3 Refer slide 107 for NPS definition and source. 4 Insurance Home and Contents Cross sell rates are defined as the number of risk sales divided by the total home loan sales.

Westpac Local strategy has driven consistent uplift across all key metrics

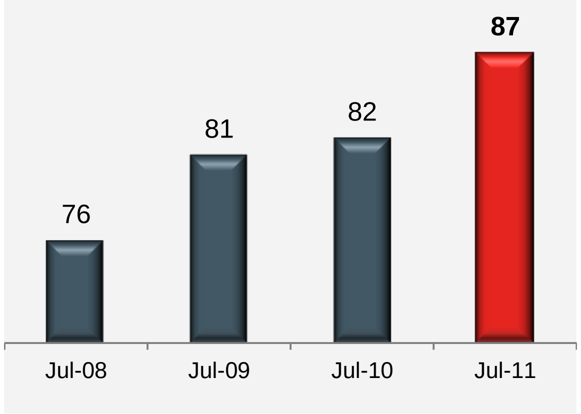
Core earnings ($m)



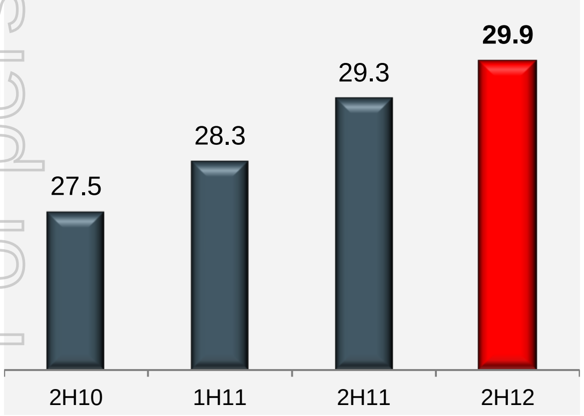
Revenue per average FTE ($'000)



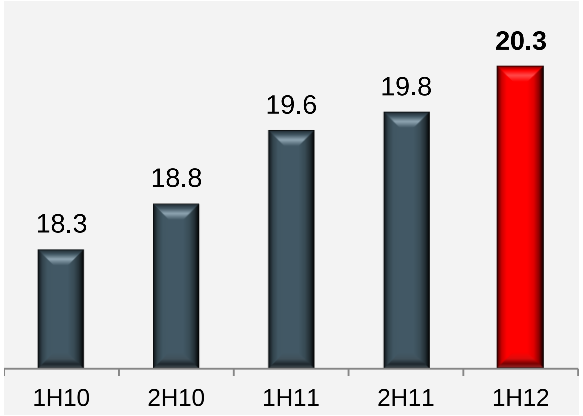
Employee engagement (%)



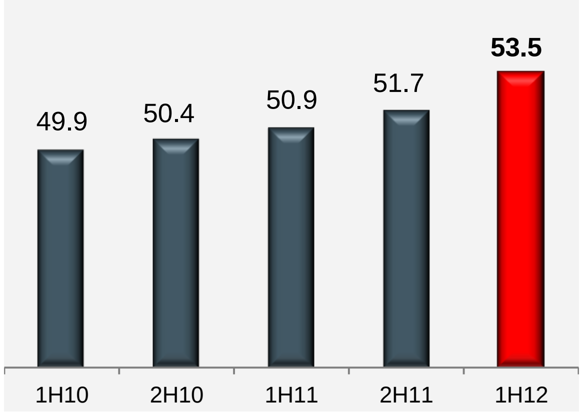
Customers with 4+ products (%)



Customers with wealth products[1] (%)



Customer deposits to loans ratio (%)



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[1] Refer to slide 106 for Wealth penetration metrics provider details.

Strengthened balance sheet in lower growth environment

- Strong deposit growth exceeded loan growth, improving the deposits to loans ratio 180bps to 53.5%
- Deposits up 5% with the majority of growth in term deposits (up 14%)
  - Term deposits now represent 45% of total deposits
- Housing up 2%
  - Focused on service led strategy
  - Strong housing retention at 98.1%
  - Continued to utilise broker channel (41% of 1H12 flows) but below market usage[1]
- Other lending up 1% including credit cards up 2.2%
- Business lending up 1% in a market where customers are continuing to de-leverage
  - Includes strong level of refinance from competitors
  - Business pipeline up 11% on 2H11 levels
  - Continuing to work with our business customers to ensure that we are managing margins effectively across our portfolios

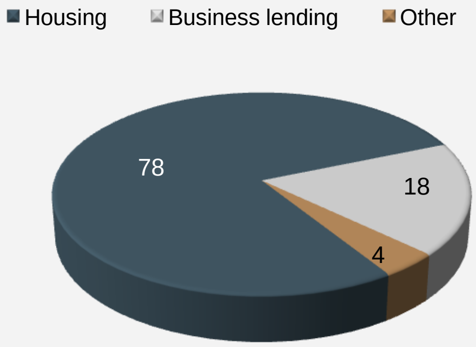
Balance sheet ($bn)

	1H11	2H11	1H12	% Chg on 2H11
TOTAL DEPOSITS	**119.6**	**125.1**	**131.8**	↑ **5**
Term deposits	48.0	51.7	58.9	↑ 14
NET LOANS	**235.0**	**242.1**	**246.4**	↑ **2**
Housing	181.8	188.8	192.6	↑ 2
Business	44.2	44.4	44.8	↑ 1
TCE[3]	**287.3**	**296.9**	**302.3**	↑ **2**

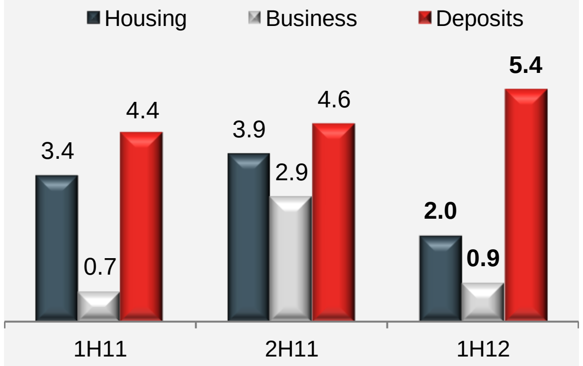
Focussed on deposits, business and wealth

- WRBB targeting new lending to be self funded, with smarter deposit gathering capabilities introduced
- WRBB sector leading in customers with wealth products at 20.3% (up 50bps)
- WRBB targeting improved share of business market
  - Ranked No.1 of majors in SME Business NPS[2] (-11.8) and Agri NPS[2] (+5.8) and No. 2 in Commercial Business NPS[2] (-1.4)
  - Won Money Magazine 2011 Business Bank of the Year award for the 4th year running
  - Average revenue per local business banker up 2.1%
- WRBB has a strong market share of housing and targeting growth around system with a focus on deepening customer relationships

Lending mix (%)



Balance sheet growth[4] (6 month % chg)



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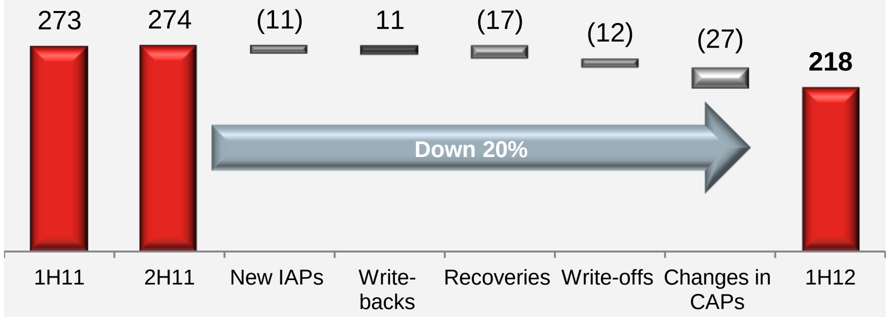
1 Industry proportion of new loans through brokers at 43%, Volume 15, JPMorgan/Fujitsu report, March 2012. 2 Refer slide 107 for NPS definition and source. 3 TCE is Total Committed Exposure. 4 Underlying business growth.

Maintaining strong risk profile, business and consumer impairment charges lower

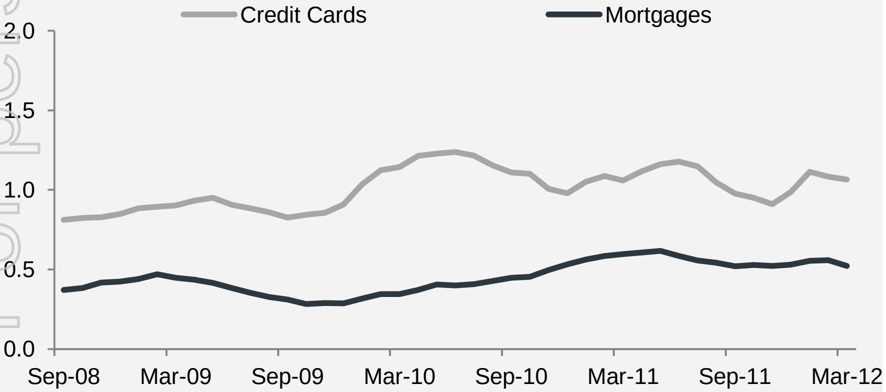
Strong risk profile[1]

- Stressed exposures as a % of TCE[2] at 137bps, down 13bps
  - Impaired assets up 5bps to 29bps
  - 90+ days past due and well secured down 3bps to 45bps
  - Watchlist and substandard down 15bps to 63bps
- Mortgage 90+ days delinquencies stable at 52bps
- Credit Cards 90+ days delinquencies at 106bps, up 8bps
- Impairment charges down 20% to $218m
  - Consumer impairment charges down $12m, with improvement in early cycle delinquencies, attributed to 'cautious consumer' behaviour, creating a CAP benefit for 1H12
  - Business impairment charges down $44m, driven by lower CAP charges as stressed exposures continued to decline

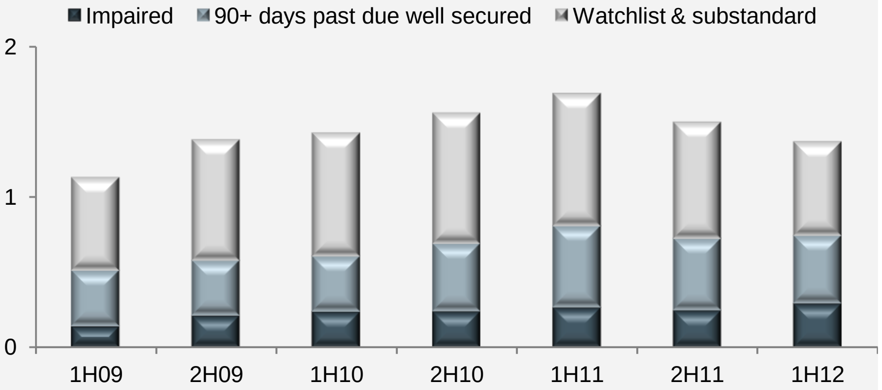
Movement in impairment charges ($m)



90+ days delinquencies (%)



Stressed exposures as a % of TCE[2] (%)



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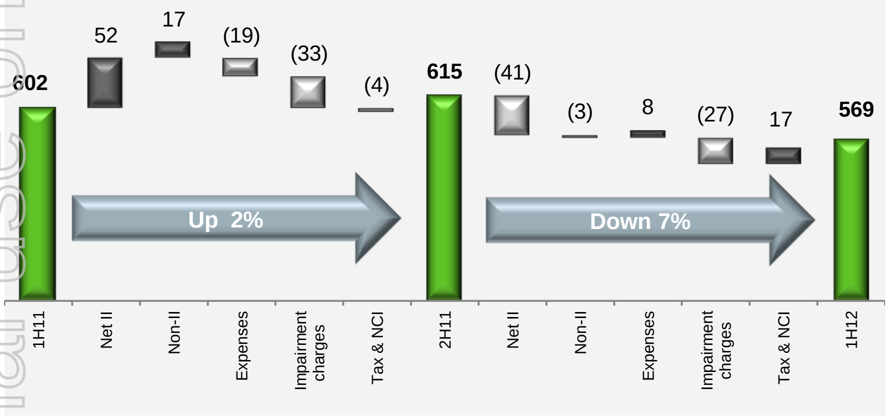
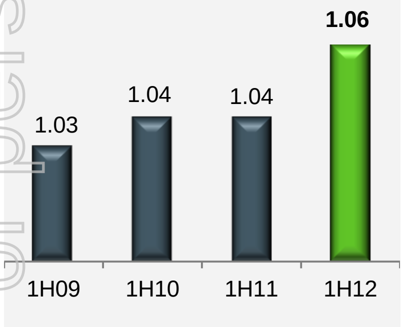
1 Refer slide 107 for asset quality definitions. 2 TCE is Total Committed Exposure.

St.George Core earnings steady since merger, absorbing business repositioning

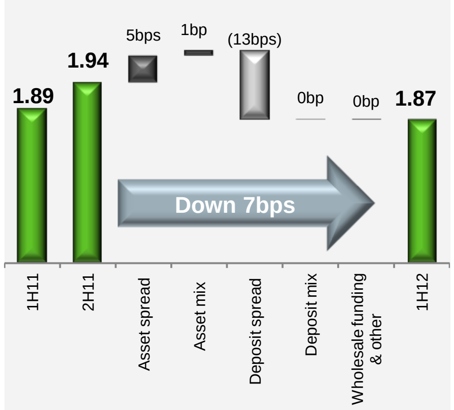
Cash earnings movement half on half ($m)



Core earnings ($bn)



Net interest margin (%)



Movement 1H12 – 2H11

Cash earnings	↓	7%	- Cash earnings down 7% to $569m
Core earnings	↓	3%	- Core earnings down 3% to $1,055m
Net interest income	↓	3%	- Deposits up 5% driven by 13% growth in term deposits. Deposit growth more than fully funded loan growth - Housing up 2% with proprietary lending 67% of flow - Other personal lending (including cards) up 7% - Business lending down 1% with growth in SME and auto finance offset by lower commercial lending, particularly property
Margins	↓	7bps	- Margins down 7bps to 1.87[1]% - Lower deposit spreads a key driver
Non-interest income	↓	1%	- Higher business and personal lending fees - Higher market sales income as customers increased their use of hedging to manage FX and rates - Offset by lower merchant fees and customers moving transaction business to lower fee accounts
Expenses	↓	1%	- Productivity benefits offset Bank of Melbourne expansion (additional 5 branches over half) and higher restructuring charges
Impairment charges	↑	13%	- Impairment charges were up $27m to $240m. This was largely driven by updates to models used to assess consumer collectively assessed provisions and some top-ups to existing stressed asset provisions - Consumer impairment charges up $41m - Business impairment charges down $14m

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[1] St.George margins restated to incorporate the transfer of RAMS business during the period.

Solid improvement in key operating metrics with wealth cross sell up significantly

Key features of 1H12

- St.George has continued to deepen customer relationships and has had good early success with the launch of Bank of Melbourne and growth of the RAMS product suite. Past repositioning of St.George and BankSA brands to boost productivity of the branch network, reduce the reliance on third party lending and reduce exposure to commercial property to improve the Group's risk profile, was a drag on some asset classes and revenue
- Strong deposit focus helped loan growth be more than fully funded
- Improved customer retention and proprietary mortgage growth of 4%. Broker originated loan balances fell. Increased share in cards and personal loans
- Retained lead on majors in NPS[1]
- Wealth penetration[2] was up 140bps to 14%, achieving a higher growth rate than the majors
- Bank of Melbourne is delivering to plan

Key points on St.George brands during 1H12

- St.George (NSW/QLD/ACT/WA) core earnings were lower following a decision to reduce the division's exposure to broker originated home lending and to commercial property. This decision was made as broker lending typically has lower returns while the Group's exposure to commercial property was high and this lending typically generates low returns through the cycle. Expenses were well contained, falling slightly.
- Bank of Melbourne early success with first eight months of customer growth significantly above the same eight months for St.George branches in Victoria in 2010/2011 and increasing products per customer. Core earnings were slightly up
- BankSA Core earnings lower from reduced revenue. Expenses were well contained, falling slightly, and impairment charges were at low levels, $16m
- RAMS Core earnings higher, with growth in home loans. Slightly higher expenses and a small uptick in impairments to $5m

Key metrics

	1H11	2H11	1H12	Change on 2H11
Employees (# FTE)	5,307	5,307	5,219	
Women in senior leadership (%)	35.3	36.0	37.6	✓
Revenue per avg. FTE ('000)	313	332	328	x
Expense to income ratio (%)	38.5	38.1	38.6	x
Customers (#m)	2.67	2.70	2.74	✓
NPS – Consumer[1] (rank)	1st	1st	1st	✓
NPS – Business[1] (rank)	1st	1st	1st	✓
Customer retention (%)	93.2	93.2	93.6	✓
Customers with 4+ products (%)	25.3	26.6	27.5	✓
Customer deposits to loans ratio (%)	47.7	49.9	51.7	✓
Wealth penetration[2] (%)	11.8	12.6	14.0	✓
BT Super for Life customers ('000)	29	42	56	✓
Insurance H&C cross sell (%)	58	68	68	–

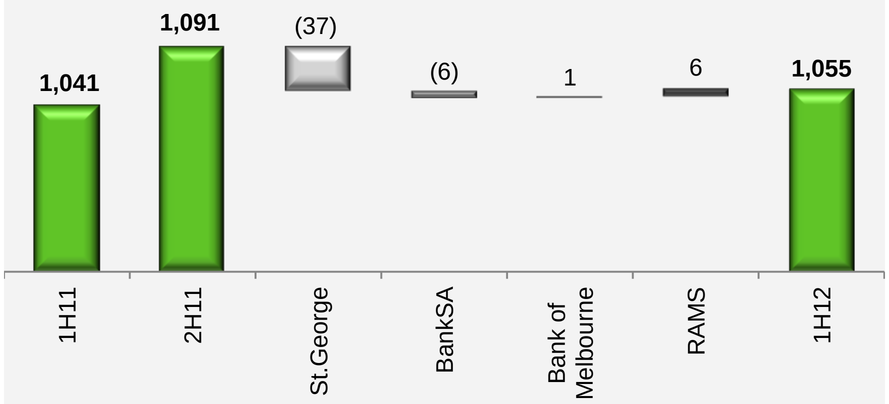
[1] Refer slide 107 for NPS definition and source. [2] Refer to slide 106 for Wealth penetration metrics provider details.

St.George multi-brands firm footing to grow

Multi-brand approach

- St.George is home to three regional brands and a specialist national brand. Brands are locally managed with differentiated strategies
  - St.George in NSW/ACT aims to grow share through being the No. 1 alternative to the majors, leveraging off its large existing base
  - St.George in WA/Qld is an attacker brand focussed on new deposit gathering and growth corridors
  - BankSA with its strong ‘We’re closer’ positioning (banks nearly 1 in 3 South Australians) aims to grow in target affluent and SME segments
  - Bank of Melbourne is filling the market gap in Victoria for a strong ‘super’ local bank. Has expanded from 34 branches at July 2011 launch to 53 branches (plan to double branches by 2016)
  - RAMS is evolving into a diversified non-bank financial services group. Currently offering low cost mortgages and insurance as well as some deposit products to mortgage customers

Core earnings by brand ($m)



St.George

- Core earnings lower with margin decline from deposits, deleveraging of commercial property and mortgage broker run off higher
- Large uplift in wealth penetration in NSW/ACT, up 180bps to 12.1% of customers[1]
- St.George continues to lead customer advocacy across NSW and ACT in both business and retail versus the majors
- Net customer growth of 1.2% and customers with 4+ products up 100bps to 27.8%
- Strong deposit growth with an improvement in the deposits to loans ratio of 260bps to 59.4%

BankSA

- Core earnings reduced from lower revenue on the back of a decline in margins. Expenses were well contained, falling slightly
- Growing market share in deposits above system[2] YoY and home loans (at system[3] YoY) in a low growth environment
- Nearly 1 in 3 population reach in South Australia. Deepening customer base by growing new retail customers (up 1.1%) and customers with 4+ products up 90bps to 27.2%
- Large uplift in wealth penetration and cross sell[1], up 140bps to 17.3% of customers

RAMS

- Core earnings rose due to 6% growth in home loans, despite run-off in broker originated lending
- RAMS have expanded their product offering to include deposits to existing mortgage customers. Plan to launch deposits to new customers in 2H12
- RAMS continues to expand its footprint (3 additional stores in 1H12)
- RAMS increasing online presence with a 28% increase in MyRAMS customers in 1H12

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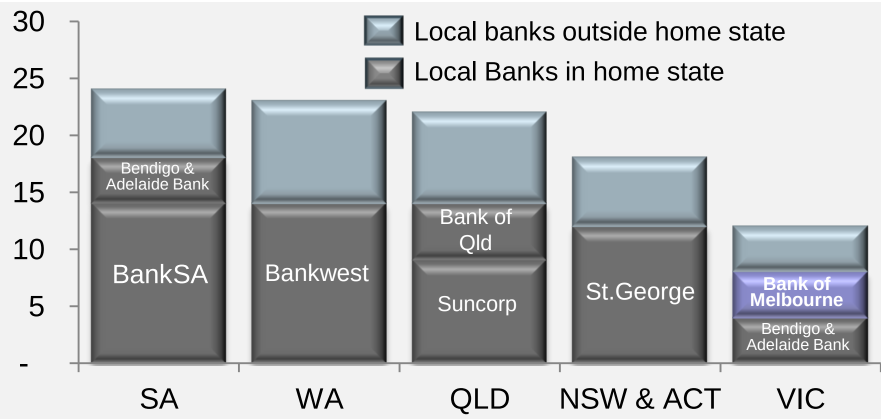
1 Refer to slide 106 for Wealth penetration metrics provider details. 2 System growth for South Australia Deposits, RBA March 2012. 3 System growth for South Australia Housing credit February 2012.

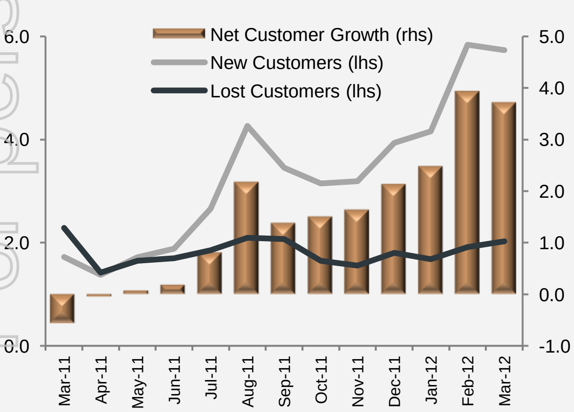
Bank of Melbourne capitalising on gap in Victorian market for a strong local player

- In Australia, around 50% of the population prefer to bank with a local bank, with local banks typically holding around 20% market share in each State
- Customer preferences are not being fully met in Victoria given smaller footprint of regional/local banks leaving approximately 10% of demand unmet. Significant opportunity for Bank of Melbourne to take share
- Low cost expansion with back office (risk, technology, product development and operations) already established
- Expansion of Bank of Melbourne has met expectations, with positive Core earnings growth, an increasing footprint, growth in brand awareness and consideration, strong net customer growth; low transfer of WRBB customers; very strong deposit growth and an improvement in customers with 4+ products
- Banker capability is being improved with new, job specific, induction and training programs

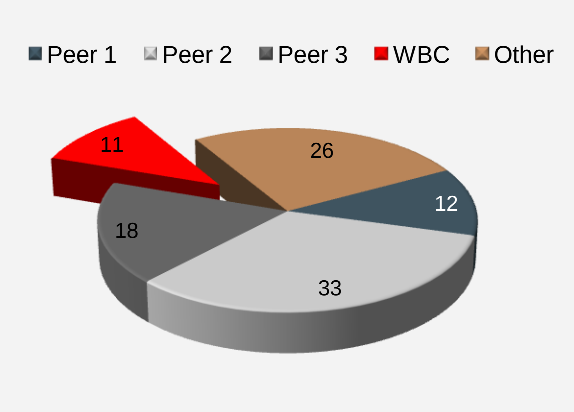
Local Bank footings by State[1] (%)



Net customer growth (000's)



Customers refinancing home loans with Bank of Melbourne from which peer (%)



Key metrics

	2H11	1H12	Change on 2H11
Deposits ($bn)	5.6	6.5	16%
Lending ($bn)	15.5	15.8	2%
Customers ('000)	232K	248K	7%
Customers with 4+ Products (%)	25.6	26.1	50bps

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1 Roy Morgan research January – December 2010, respondents aged 14+, mainly excludes small business. Footings include Deposit and Transactions, Mortgages, Personal, Lending, and major cards.

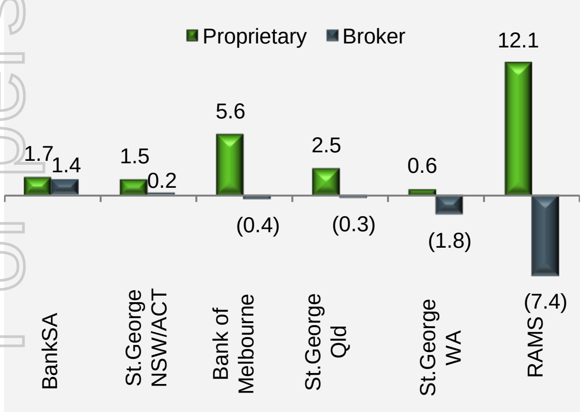
Strong deposit and proprietary lending growth

- Strong deposit growth exceeded loan growth
- Improving the deposits to loans ratio 180bps to 51.7%
- Deposit growth of 5% driven by term deposits up 13% (now represent 52% of total deposits)
- Mortgages up 2%, focus on proprietary channels
  - Solid proprietary growth, particularly Bank of Melbourne (6%) and RAMS (12%)
  - Broker balances continue to decline due to back book run-off
  - Brokers 33% of 1H12 flow down from 46% two years ago. Broker introduced customers seeing a rise in customers with 4+ products
- Other consumer lending up 7% due to consumer auto finance loans improving 9%, supported by the white labelling of auto loans
- Business lending[1] down 1%
  - SME and auto finance growth offset by run-off of stressed exposures and slower commercial lending, particularly commercial property
  - Book quality improved and higher margin on new lending

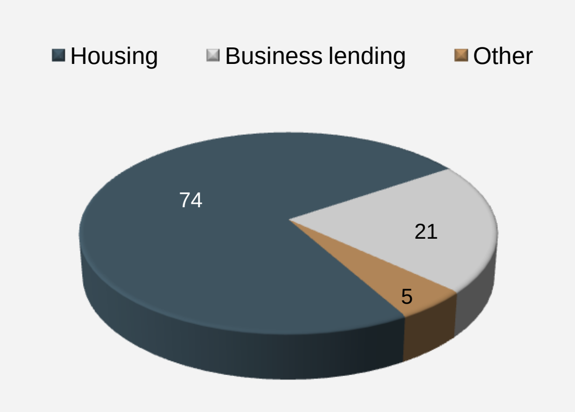
Balance sheet ($bn)

	1H11	2H11	1H12	Chg on 2H11 (%)	
TOTAL DEPOSITS	**66.5**	**70.8**	**74.4**	↑	**5**
Term deposits	29.2	33.9	38.4	↑	13
NET LOANS	**139.5**	**142.0**	**143.8**	↑	**1**
Housing	102.8	105.1	106.8	↑	2
Business[1]	30.8	30.8	30.5	↓	(1)
TCE[3]	**157.1**	**161.5**	**163.8**	↑	**1**

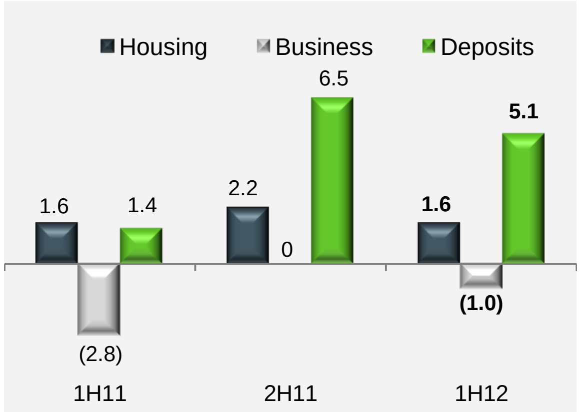
Housing growth by brand[2] (% change on 2H11)



Lending mix at 1H12 (%)



Balance sheet growth (6 month % chg)



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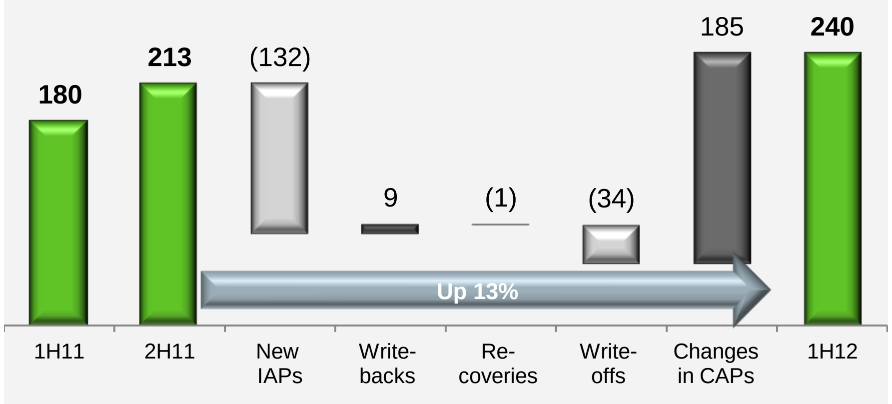
1 Business lending incorporates both small business and corporate lending. St.George corporate customer segment includes customers with facilities that typically do not exceed $150m. 2 Mortgage stock changes during period. 3 TCE is Total Committed Exposures.

Solid risk profile

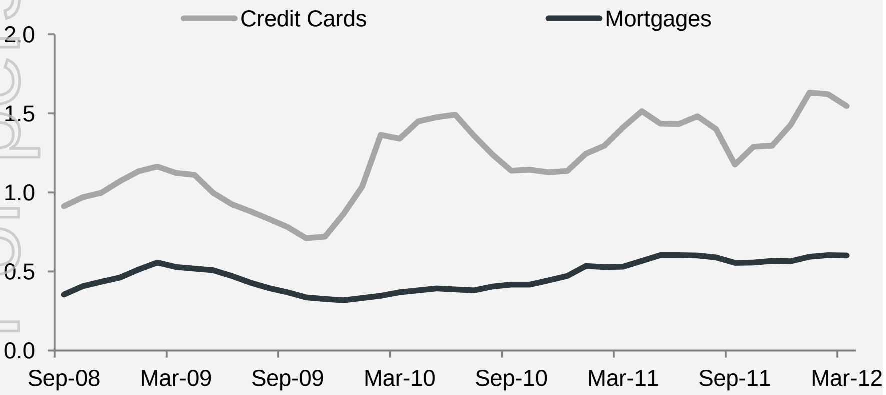
Improving risk profile[1]

- Asset quality has continued to improve with stressed exposures to TCE[2] down 18bps to 329bps. Impaired assets declined the most, down 15bps
- Mortgage 90+ days delinquencies were up 7bps to 60bps. Most of the rise was due to the seasoning of the RAMS portfolio. RAMS has more low doc lending so delinquencies are much higher, however, LVRs are lower and mortgage insurance cover is higher
- Credit cards 90+ days delinquencies at 155bps up 37bps
- Movement in impairment charges were due to
  - Increase in CAP and decease in new IAPs during 1H12 due to lower incidence of new stress and lower downgrades from CAP to impaired
  - Consumer impairment charges up $41m with a seasonal rise in delinquencies
  - Business impairment charges were down $14m

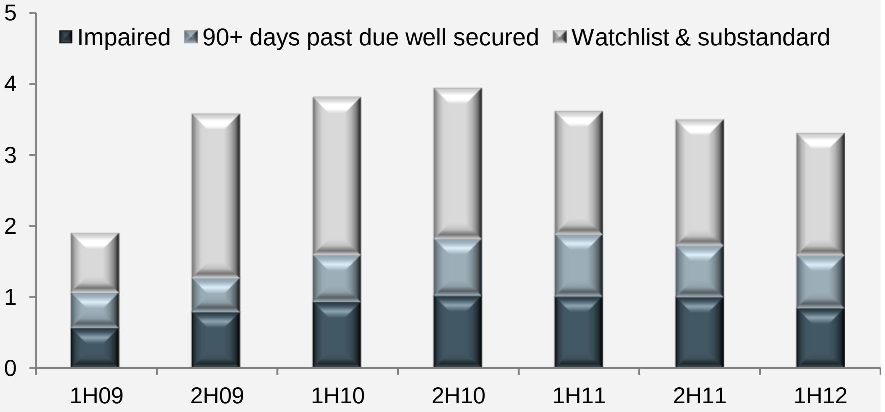
Movement in impairment charges ($m)



90+ days delinquencies (%)



Stressed exposures as a % of TCE[2]



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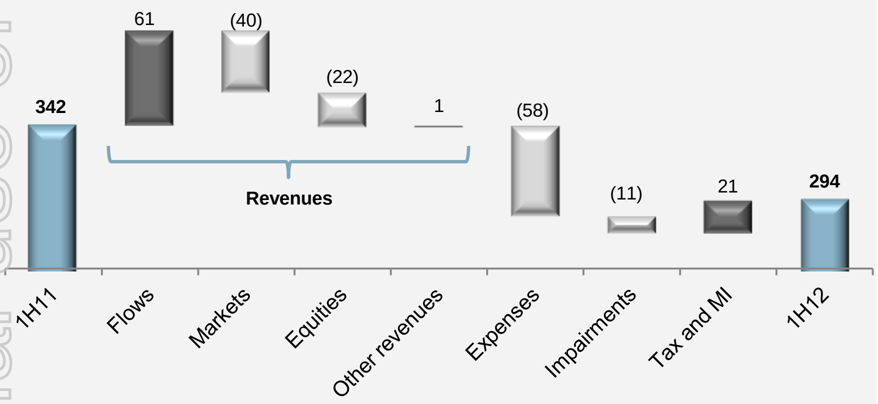
1 Refer page 107 for asset quality definitions. 2 TCE is Total Committed Exposure.

Solid underlying business momentum offset by irregular items and market movements

BT Financial Group

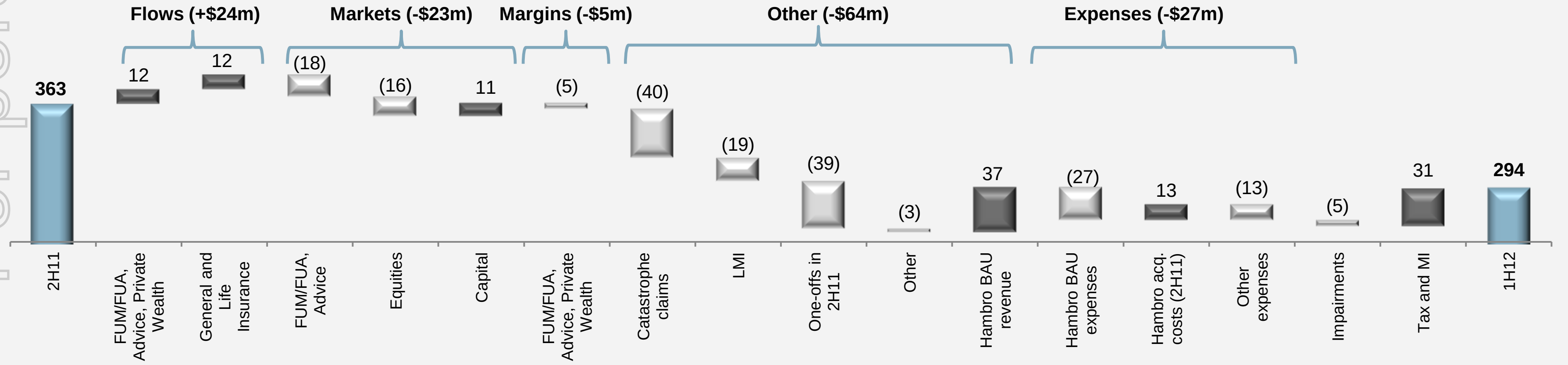
Cash earnings 1H11 – 1H12 ($m)



1H12 Cash earnings impacted by a number of factors

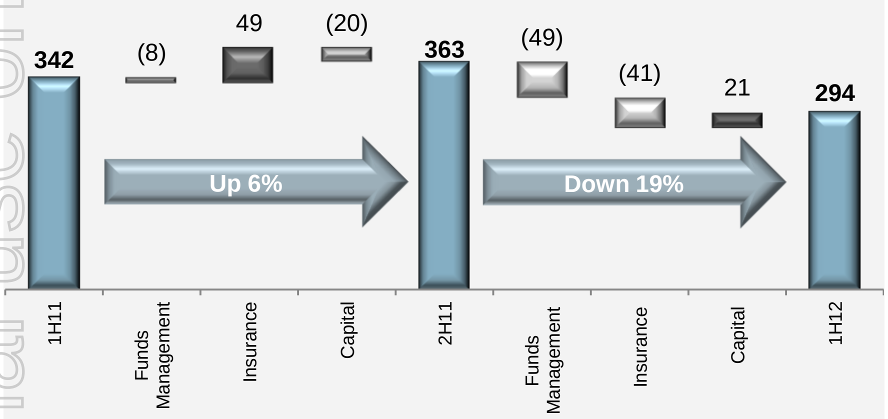
- In BTFG there is some seasonality in flows and costs such that a comparison with the prior corresponding period is also relevant. Accordingly we have also presented comparisons to 2H11 and 1H11
- Cash earnings of $294m in 1H12 was 14% lower than 1H11 with strong positive contribution from flows ($61m) offset by weaker markets, equities and some irregular items
  - Markets had a $40m negative impact, primarily due to lower asset markets
  - Equities revenue was $22m lower from lower margin lending and weak broking volumes
  - Other revenue was $1m higher with higher FUA margins and a reduction in catastrophe claims offset by some one-off revenue items in 1H11 and a reduction in LMI revenues (from de-risking)
  - Expenses were higher with J O Hambro Capital Management (J O Hambro) contributing $27m to increase and other expenses, including higher distribution investment
- Cash earnings in 1H12 compared to 2H11 impacted by similar factors but also affected by
  - Large rise in catastrophic claims (which usually occur in 1H of each year)
  - One-off items incurred in 2H11 including the sale of Single Manager Investment rights and changes in the accounting treatment of deferred income and expenses
- J O Hambro (acquired in 1H12) contributed $6 million to Cash earnings, after minority interests

Cash earnings 2H11 – 1H12 ($m)



Solid underlying business momentum offset by irregular items and market movements (cont.)

Cash earnings movement half on half ($m)



FUM / FUA (excluding J O Hambro)

FUA and FUM	Average		Period End	
	$bn	% mov't 1H12 - 2H11	$bn	% mov't 1H12 - 2H11
BT Wrap/Asgard FUA	67.5	(3)	69.7	6
Corporate Super FUA[1]	11.8	30	12.7	48
Total FUA	**82.5**	**–**	**85.6**	**11**
Retail FUM	15.1	(6)	15.3	3
Institutional FUM	12.7	(8)	13.7	5
Wholesale FUM	13.8	(6)	15.2	12
Total FUM	**41.6**	**(7)**	**44.2**	**7**

Movement 1H12 – 2H11

Cash earnings	↓	19%	• Cash earnings down $69m (19%) to $294m • Cash earnings impacted by irregular items and markets impacts amounting to $67m
Funds management Cash earnings	↓	21%	• Cash earnings down 21% to $180m • Average FUM up 17% (down 7% excluding J O Hambro acquisition) with solid net flows offset by average ASX200 down 6% • Average FUA flat with wrap platform flow and transfer of Westpac Staff Super balances to Corporate Super, offset by average ASX200 down 6% • BT/Asgard platforms (including corporate super) increased market share by 1% to 21%[2]
Insurance Cash earnings	↓	33%	• Cash earnings down 33% to $83m (up 11% on 1H11) • 7% growth in Life in-force premiums offset by higher claims • 13% growth in General Insurance gross written premiums offset by seasonally higher claims in first half • LMI revenue down from de-risking of the book and lower credit growth
Capital and Other	↑	Large	• Contribution was higher from a rise in earnings on invested capital up $11m and a reduction in expenses

1 Growth in Corporate Super due to transfer of Westpac Staff Super balances. 2 Plan for Life, December 2011, All Master Funds Admin.

Solid underlying performance, Cash earnings lower

Key features of 1H12 underlying performance

- Platforms saw increased market share in BT Wrap / Asgard Platforms (including corporate super) up 1% to 21% and #1 in net flows at 60% share of annual new business[1]
- Cross sell continued improvement in wealth penetration[2] to 17.7% (WRBB sector leading at 20.3% and St.George the fastest growing up 140bps to 14.0%)
- Advice continued investment through 549 advisers (up 8%), focused on wealth and aligning the network to maximise affluent and high net worth opportunities
- Sector leading revenue per adviser[3] (WRBB Financial Planner); St.George Financial Planner in line with Bank sector median
- Deposits had strong growth, particularly on platforms, of $1.1b (6%)[4] to $19.5b (up 20% on 1H11)
- Insurance premium growth above system[5]. Strong sales of life insurance through the IFA network (up 33%) and cross sell of home and contents insurance. General insurance gross written premiums up 13% and life insurance in-force premiums up 7%

Strategy

- Participate across the full wealth value chain to earn all our Australian customers' superannuation, advice and insurance business
  - The opportunity is significant, with Wealth penetration across the Westpac Group at only 17.7% (20.3% of WRBB and 14.0% of SGB)[2]
- Be the platform and services provider of choice for Independent and salaried Financial Advisers
- Grow owned and aligned financial planning networks
- Grow a diversified asset management portfolio to achieve sustainable above market performance
- Build on momentum in insurance sales from strengthened distribution and increased product knowledge across banking channels

Key metrics

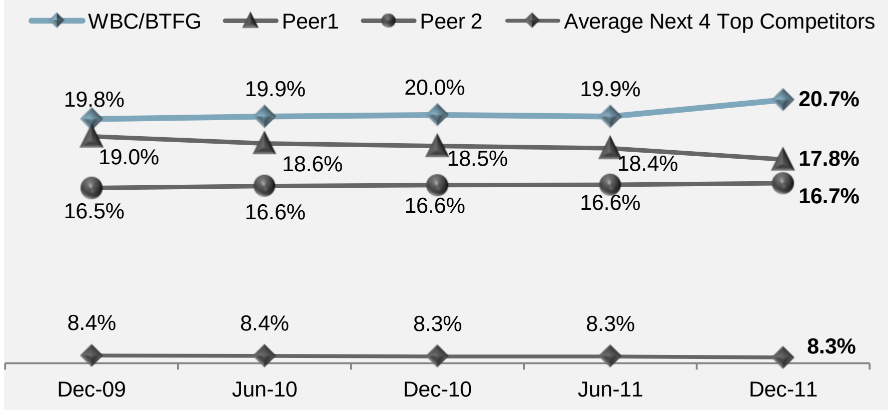
	1H11	2H11	1H12	Change on 2H11
Employees (# FTE)	3,632	3,709	3,693	
Women in senior leadership (%)	39.5	41.9	38.3	x
Revenue per adviser ($000's)	114	120	115	x
Customers with a Wealth product (#m)	1.59	1.62	1.67	✓
Customers with an Insurance product (#m)	1.0	1.1	1.2	✓
Wealth penetration Group customers[2] (%)	16.5	17.0	17.7	✓
BT Super for Life customers ('000)	218	253	288	✓
BT Super for Life FUM ($bn)	1.3	1.5	2.0	✓
H&C Insurance (WRBB) cross sell (%)	76	79	105	✓
H&C Insurance (SGB) cross sell (%)	58	68	68	–
Deposits on Wrap[6] ($bn)	8.4	9.2	10.1	✓

1 Plan for Life, December 2011, All Master Funds Admin. 2 Refer to slide 106 for Wealth penetration metrics provider details. 3 Comparator December 2011. 4 Includes Private Wealth and term deposits on Wrap. 5 Plan for Life December 2011. 6 Includes cash accounts.

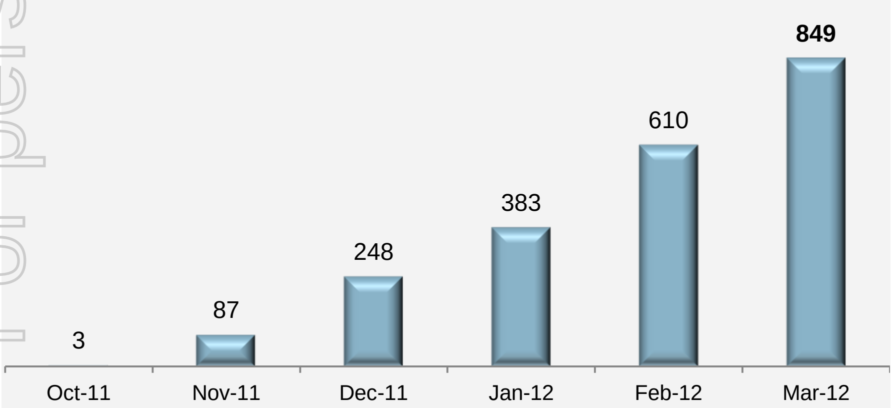
Sector leading platforms, growing above peers

- Ranked #1 on all Platforms (including corporate super) with 1% increase in FUA share (to 21%) and annual net flows of 60% YTD[1]
- Corporate Super market share up 3% to 13.4% and ranked 4th in the market (improved 1 rank). 1st for share of annual business inflows at 51% YTD[1,2]
- Newly launched Asgard Infinity (a pay for what you use platform solution) reached $849m in FUA. "Best New Product" award from Investment Trends 2011[3]
- BT Wrap awarded "Best New Functionality" for BT LifeCentral from Investment Trends for 2011[3]
- Growth supported by
  - More advisers and strong adviser productivity (market leading)[4] combined with an increased focus on the high net worth segment
  - Open architecture model sees platforms preferred by independent financial planning groups

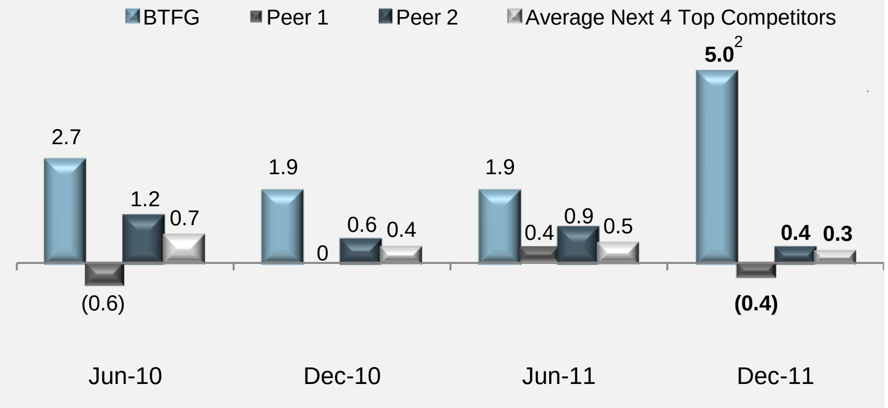
BT FUA market share growing strongly (all platforms)[2,5]



Asgard Infinity FUA ($m)



Net flows (half year) $bn – all platforms rank #1[2,5]



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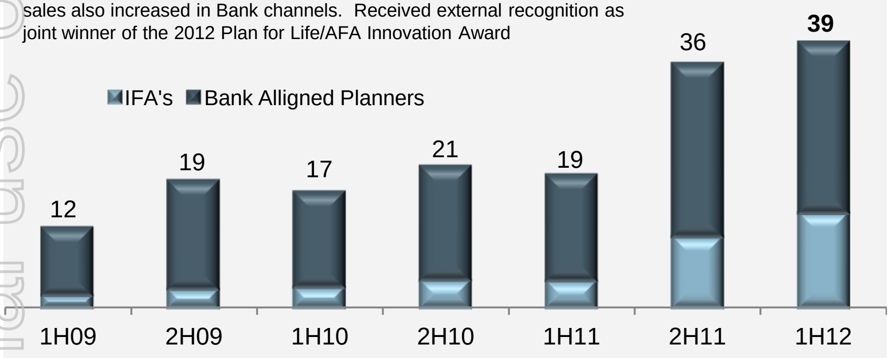
1 Plan for Life, December 2011, All Master Funds Admin. 2 Includes $2.9bn from transfer of Westpac staff super plan. 3 Investment Trends Platform Competitive Analysis and Benchmarking Report December 2011. 4 Comparator December 2011. 5 Plan for Life December 2011 all platforms. Peer 1 and 2 are the largest two competitors by FUA.

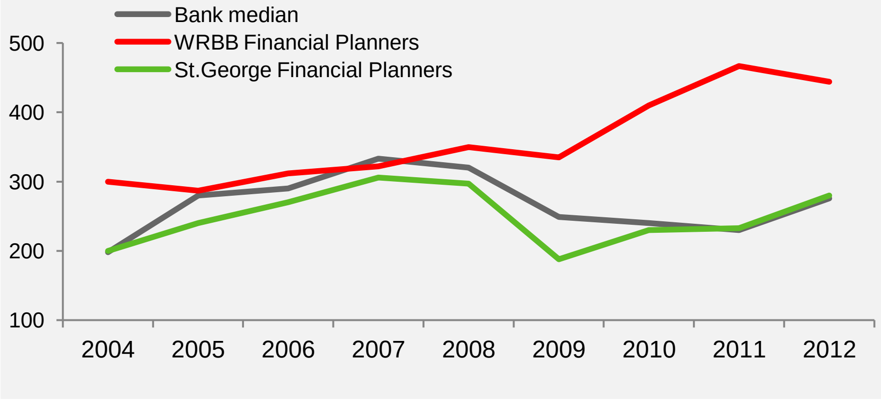
Enhancing distribution and cross sell

Life insurance sales by retail advisers ($m)

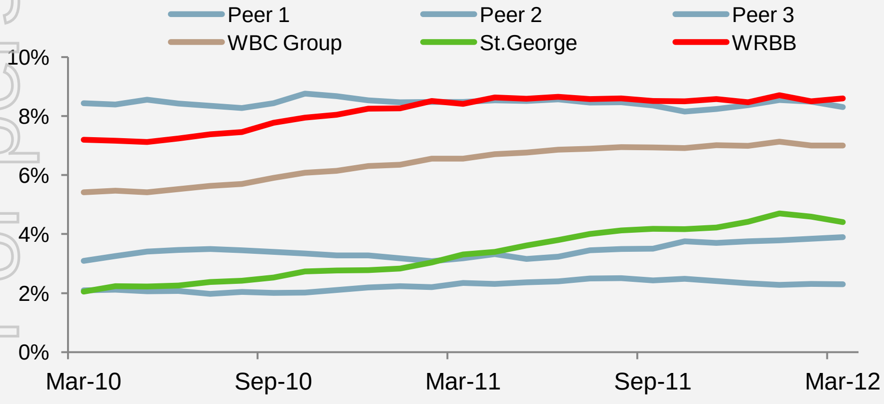
Expanded distribution to Independent Financial Advisers with launch of "BT Protection Plan" through the IFA network in February 2011. Product sales also increased in Bank channels. Received external recognition as joint winner of the 2012 Plan for Life/AFA Innovation Award



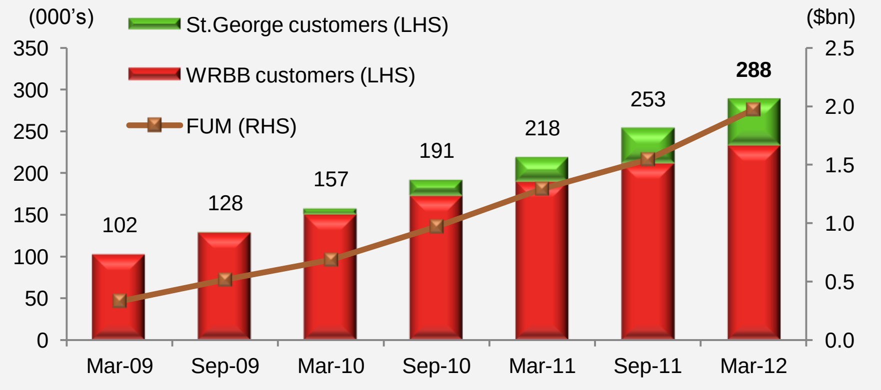
Market leading revenue per adviser[2] ($'000)



Home and Contents penetration[1] (%)



BT Super for Life customer growth & FUM



1 Refer to slide 106 for Wealth penetration metric providers details. 2 Comparator December 2011. All data is for period 30 June (2012 is the 6 months to December 2011 annualised).

Well represented across asset management styles with sound FUM growth

Ascalon - Boutique managers

- Continued strong FUM growth (up 12%)[1]
- Ascalon boutiques have maintained positive net flows half on half for the last four halves. In 1H12 net flows were $270m[1]
- Executing on Asian strategy. Ascalon has taken equity stakes in two alternative fund managers - Athos Capital (Hong Kong) and Canning Park Capital (Singapore) increasing the stable of managers to 9 boutiques
- Continues to leverage "Best Investor Supporting Australian Managers" 2011 Australian Hedge Fund Awards

Advance - Manager of managers

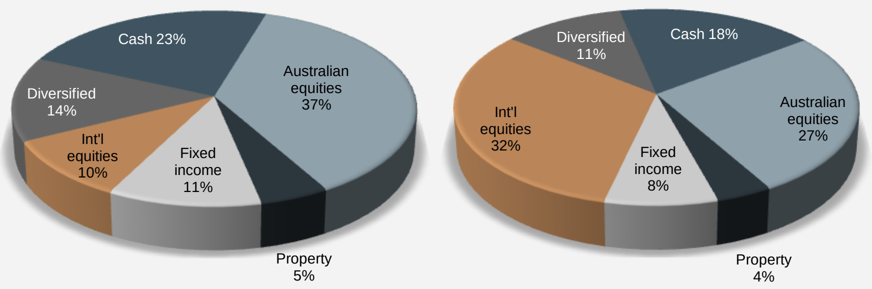
- Good FUM growth, up 14%
- Advance's Multi Manager net flows continue to show strong growth up $0.3bn
- More than one third of all net flows emanating from internal channels, proof that the bank engagement strategy is delivering results
- Awarded "Best Fund Manager in Money Magazine's 2012 Best of the Best awards", "Fund Manager of the Year 2011" AFR Smart Investor Blue Ribbon Awards

BTIM - Global asset manager

FUM (by asset class)

Sept 11 – Prior to J O Hambro acquisition

Mar 12 – Post J O Hambro acquisition



- BTIM Group FUM up $3.2bn (8%) to $45.8bn
- Acquisition of J O Hambro has been completed, with all key staff retained
- J O Hambro continues to drive positive net flow in a tough European market, and their FUM is up 19% from £6.2bn to £7.4bn
- BTIM is positively positioned for growth through the diversification of its business across asset classes, products, geographies and currency

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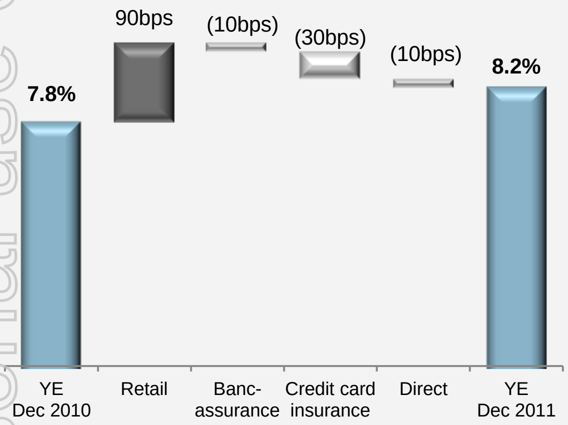
1 Represents FUM of boutique investment managers in which Ascalon Capital Managers Limited (Ascalon) holds minority ownership interests. These boutiques are not part of the Westpac Group of companies and it is not intended to attribute the FUM to Ascalon or any other entity of the Westpac Group.

Life and General Insurance continues to improve, LMI lower from de-risking

Life Insurance

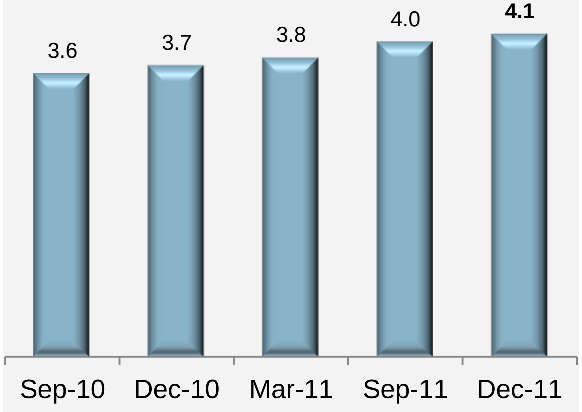
Contribution to Individual New Premium Market Share Growth



- The Life Insurance business has expanded its reach to Independent Financial Advisers with the launch of "BT Protection Plan" in February 2011
- The Life Insurance business market share[1] of individual new premiums increased from 7.8% to 8.2% in the year to December 2011. Retail products have increased market share by 0.9%, with a very strong new premium growth of 38%. BT has outperformed the market, with a new premium growth rate of 17% compared to 12% for the market

General Insurance

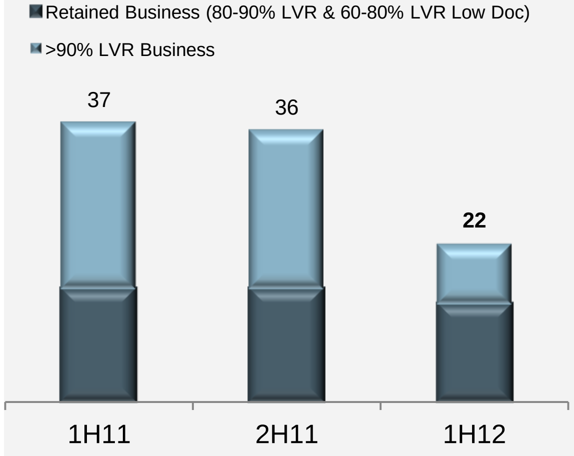
Home & Contents Market Share (%)



- General Insurance Home and Contents market share[2] up from 3.7% to 4.1% (year to Dec 11)
- BT has outperformed the market, with gross earned premium growth of 21% (for the year to Dec 11) compared to 10% for the market
- A driver of growth has been the Group's comprehensive flood cover that has supported customers through recent natural disasters and contributed to a significant lift in product awareness and consideration
- Some premium increases over the last year have further supported premium growth

Lenders Mortgage Insurance (LMI)

Cash earnings contribution ($m)



- LMI Cash earnings have fallen 39% from 2H11 to 1H12. This decline has two key drivers
  - De-risking the portfolio – since June 2009, the >90% LVR business has been underwritten by a third party following a decision by the Group to further reduce risk. Income recognition profile of LMI (around 80% of revenue recognised in first 5 years) has seen a big reduction in revenue recognised in 1H12 given volumes peaked through 2007/2008
  - Credit growth lower – since the GFC, the number of new home loans requiring mortgage insurance issued by Westpac Group has fallen

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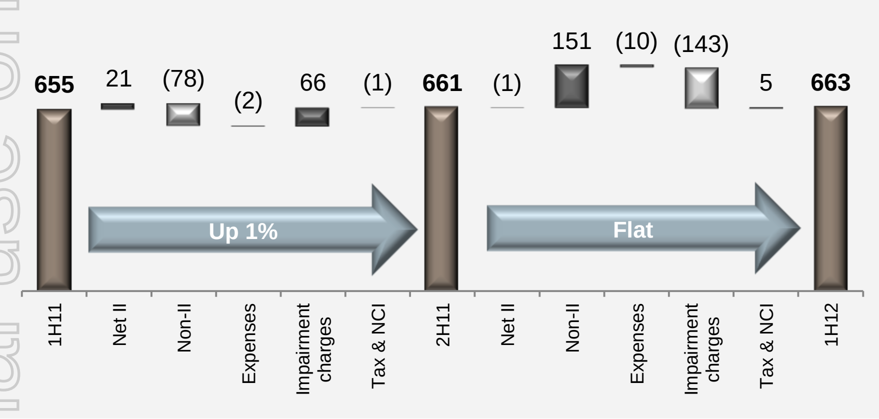
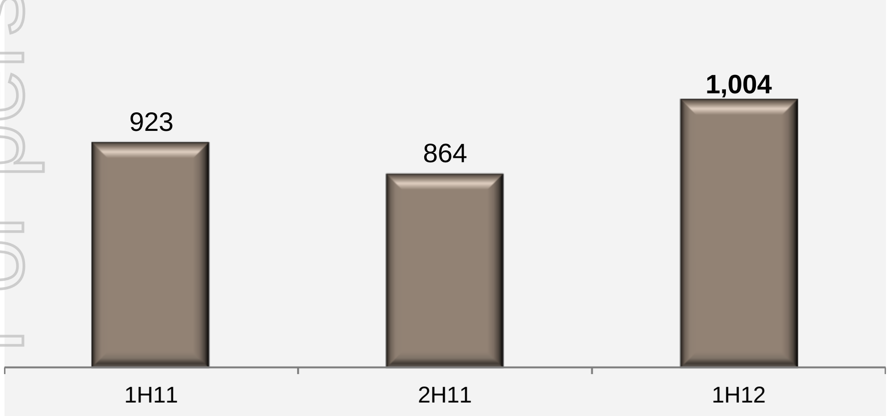
[1] Source: Plan for Life data (new sales includes sales, premium re-rates, age and CPI indexation), December 2011. [2] Source: APRA statistics based on Gross Earned Premiums (GEP).

Strong Core earnings growth underpinned by increased customer activity

Cash earnings movement half on half ($m)



Core earnings ($m)



Movement 1H12 – 2H11

Cash earnings	–	flat	- Cash earnings flat at $663m
Core earnings	↑	16%	- Core earnings up 16% to $1,004m
Net interest income	–	flat	- Loans up 5% and deposits increased 8% - Accelerated recognition of establishment fees offset by increased funding costs and lower markets contribution - Volumes higher mostly in trade finance
Margins	↓	8bps	- Margins down 8bps due to – Increased funding costs and strengthened liability mix impacts – Lower markets revenue contribution in Net interest income
Non-interest income	↑	27%	- Improved operating conditions and market volatility provided opportunities in both FX and Debt Markets – Strong customer flows across rates and foreign exchange - Higher performance fees recognised in Hastings - Partially offset by unfavourable counterparty credit risk valuations (CVA)
Expenses	↑	2%	- Strong expense discipline - Salary costs largely flat as productivity initiatives offset annual salary rises and higher performance related pay - Higher technology and compliance costs from investing in and strengthening payments platforms and core system processes
Impairment charges	↑	large	- Strong asset quality - Charge due to reduced benefit from repayment of stressed exposures, lower level of write-backs and a modest increase in individually assessed provisions

Building on our strong customer footprint to adapt and extend our strategic focus

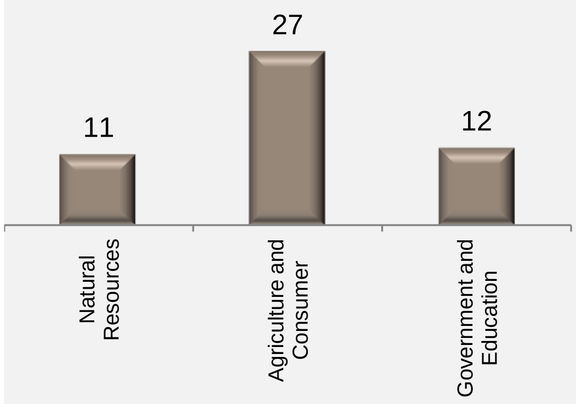
Strategy

- Deliver superior returns by providing market-leading solutions, service and insight to earn all our customers' business
- Deepen customer relationships through a relationship based operating model
- Provide institutional insights through a dedicated team of sector specialists with superior technology and servicing capability
  - Best and most informed bankers recognising customer needs and helping anticipate changes to develop innovative customer solutions
- Adapt to new regulatory and competitive landscape
  - Customer-centred framework for earning deposits
  - Continued investment in specialist sales and service capability
- Maintain product leadership through continued investment and innovation
- Strengthen and build scalable technology platform to support business growth

Strategic geographic and industry focus

- Maintain strong focus on core markets of Australia and New Zealand
- Leverage specialist expertise in the Australian and New Zealand markets to a broader global context, offering customers deeper levels of insight
- Extend WIB customer footprint into new sectors, products and geographies
  - Expand Asia capability to better meet customers' needs following trade, investment and people flows
  - Deepen relationships in Trade, Natural Resources, Agribusiness, and Government and Education

Revenue growth from target segments 1H12 - 1H11 (%)



Australasian footprint

Operations in Asia have been running since 1972. Headquartered in Singapore, the geographic footprint continues to expand, to support our customers and incorporates branches in Shanghai, Hong Kong, Beijing and representative offices in Mumbai and Jakarta

Strong focus in Australia and New Zealand (73% of WIB's Total Committed Exposures)

Offshore operations also located in US and UK

Lead Australasian Institutional Bank

Large & diversified customer footprint with market leading scale, diversification and leadership in key segments

Scale

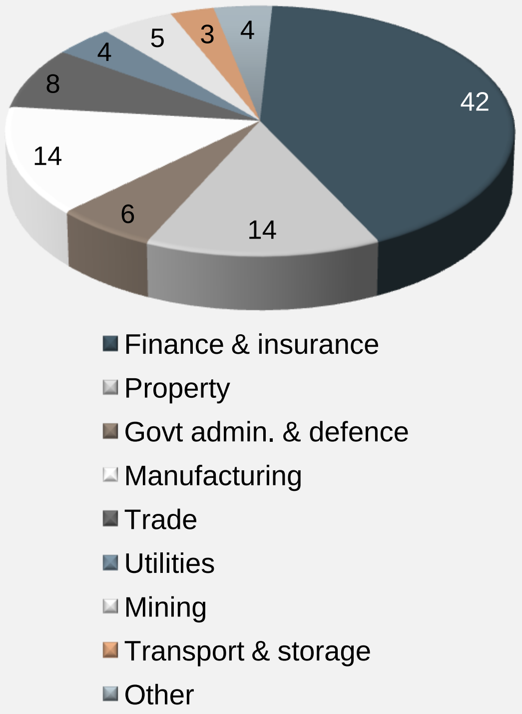
How we operate

- Relationships extend to over 50 countries and approximately 3,000 customers
  - Global footprint provides the foundation to work collaboratively with customers and convert Australasian insights into opportunities
  - Worldwide presence in major centres provides real time financial market analysis in multiple time zones
- Industry expertise covers
  - Agriculture and Consumer
  - Financial Institutions
  - Government and Education
  - Health
  - Industrials and Materials
  - Infrastructure and Utilities
  - Media and Entertainment
  - Natural Resources
  - Property
  - Retail
  - Technology
  - Transport

Diversity

Well diversified portfolio

Total committed exposure by industry (%)



Leadership

Leading Institutional Bank

- **No.1 in Overall Customer Satisfaction[1,2]**

Global Transactional Banking

- **No.1 Lead Domestic Transactional Bank**
  Peter Lee Associates Large Corporate & Institutional Transactional Banking surveys, Australia 2004-11 & NZ 2011[3]
- **No.1 Relationship Strength[2]**
  Peter Lee Associates Large Corporate & Institutional Transactional Banking surveys, Australia 2004-11[4] & NZ 2004-2005, 2009-2011
- **No.1 for Overall Customer Satisfaction[2]**
  Peter Lee Associates Large Corporate & Institutional Transactional Banking surveys, Australia 2007-11[5] & NZ 2011
- **No.1 Best Transactional Banking Platform[2]**
  Peter Lee Associates Large Corporate & Institutional Transactional Banking surveys, Australia 2005-11

Debt Markets

- **No.1 Lead Debt Security Provider**
  Peter Lee Associates Debt Securities Origination surveys, Australia 2010-11
- **No.1 Relationship Strength**
  Peter Lee Associates Debt Securities Origination surveys, Australia 2010-11
- **No.1 Public Domestic Asset-Backed Securities**
  (incl. Self-Led deals) Insto 2011

FX&CCE

- **No. 1 FX Market Share**
  Peter Lee Associates Foreign Exchange survey, Australia 2011
- **No.1 Relationship Strength[2]**
  Peter Lee Associates Foreign Exchange surveys, Australia 2007-11
- **No.1 Sales Strength[2]**
  Peter Lee Associates Foreign Exchange surveys, Australia 2007-11

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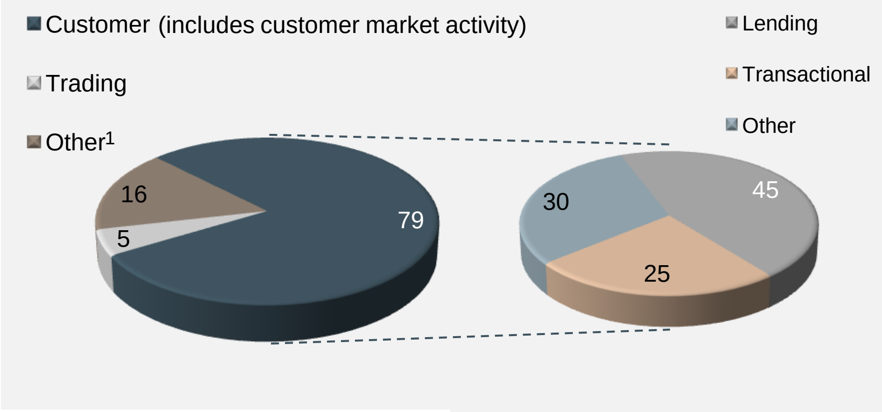
1 Peter Lee Associates Large Corporate & Institutional Relationship Banking surveys, Australia 2007-2011 (Equal No.1 in 2008). 2 Ranked against the Top 4 competitors. 3 Equal No. 1 in 2011. 4 Equal No.1 in 2006 & 2010. 5 Equal No.1 in 2010.

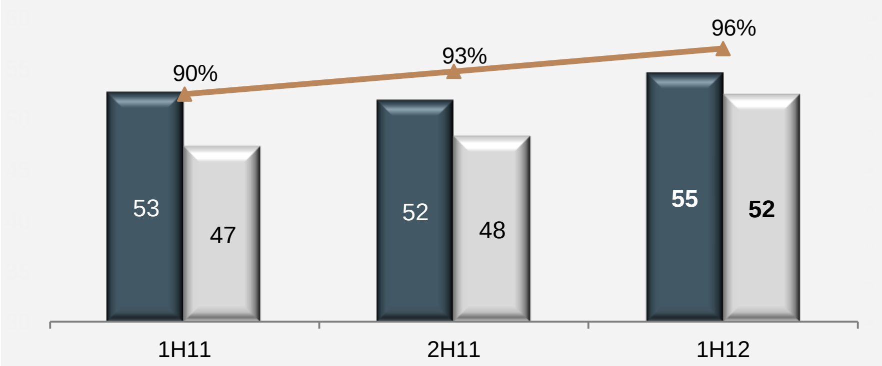
High quality customer earnings and solid balance sheet growth

- WIB's customer centric strategy delivers strong underlying customer revenue through co-ordinated and seamless customer relationships across all divisions
  - Market leading banking and relationship skills in corporate and institutional banking
  - Strong growth in FX and Debt Markets sales
  - Transactional has benefited from increased volumes and margins
  - Strong growth in trade
  - Delivering growth in key target segments including Natural Resources, Agriculture and Infrastructure
- Customer revenue represents 79% of WIB revenue, up 8% on 2H11
- Trading income up significantly due to improved market conditions (particularly in 2Q12)
- Other[1] at 16% of WIB revenue (up 9% on 2H11) includes higher performance fees in Hastings
- Current economic conditions have contributed to subdued loan growth and low M&A activity as customers remain cautious. However, loan growth has been derived from deep customer relationships and focusing on target sectors and geographies
- Deposits increased 8% to $52bn (up 11% 1H11)
  - Leading position and ongoing investment in Transactional banking capabilities to support deposit gathering
  - Customers maintaining surplus cash positions
  - Increased demand for term deposits
- Lending up 5% to $55bn (up 4% on 1H11)
  - Driven by strong growth in Trade, benefited by the exit of European banks from the region

Revenue mix (%)



WIB net loans and deposits ($bn)



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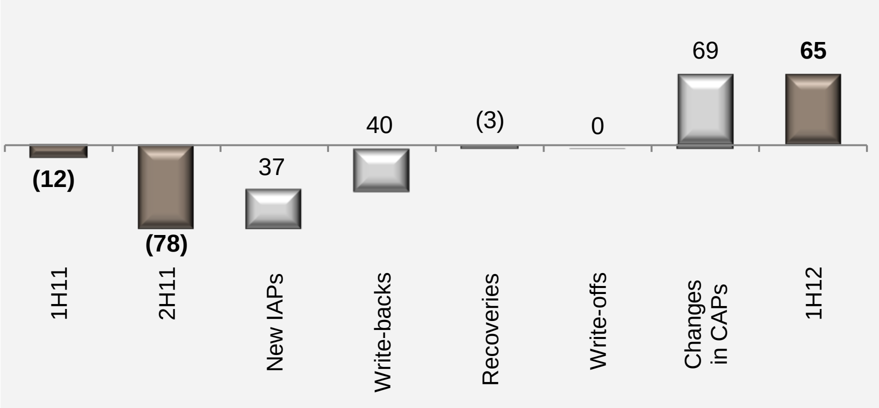
[1] Other includes Hastings and Capital benefit.

Strong asset quality

Asset quality remains strong

- Asset quality further strengthened with stressed exposures continuing to decline although the rate of improvement has slowed moderately
- Impairment charges of $65m in 1H12 reflect
  - New IAPs $37m higher in 1H12, driven by a small number of Corporate and Institutional exposures. New IAPs in the mid-tier Corporate sector have been relatively stable
  - Write-backs decreased by $40m
  - Lower CAP benefits were recognised in 1H12, primarily driven by lower repayments and a smaller reduction in Watchlist and substandard exposures than in the prior two halves

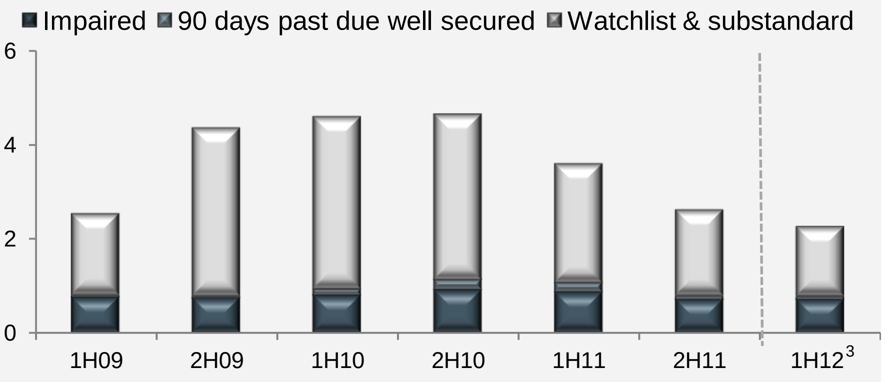
Movement in impairment charges/(benefits) ($m)



Stressed exposures significantly down[1]

- Stressed exposures as a percentage of TCE[2] reduced 35bps (down 133bps on 1H11) to 2.26% of the WIB portfolio[3]
  - Stressed exposures down from peak of 4.6% at 30 September 2010
  - Stressed property exposures reduced by 17bps (down 466bps on 1H11)
  - Reduction in stress primarily driven by repayments and upgrades in Watchlist and substandard categories following improved financial performance in some exposures
- Impaired exposures stable at 71bps

Stressed exposures as a % of TCE[2] (%)



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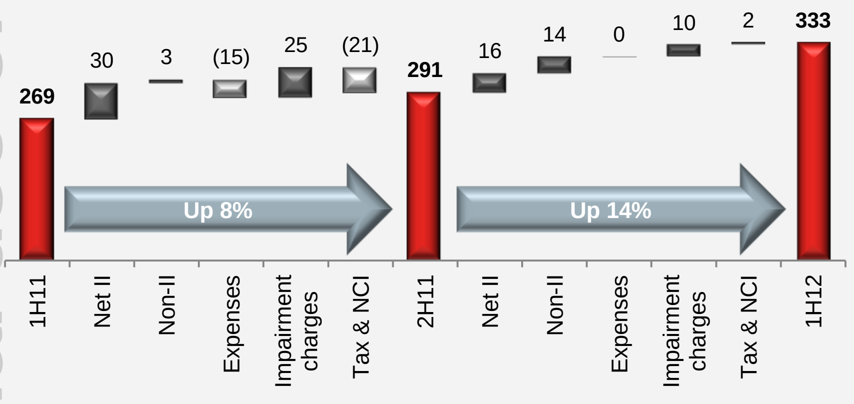
1 Refer to slide 107 for asset quality definitions. 2 TCE is Total Committed Exposure. 3 Includes Premium Business Group. 1H12 excludes Equities and assets transferred to New Zealand.

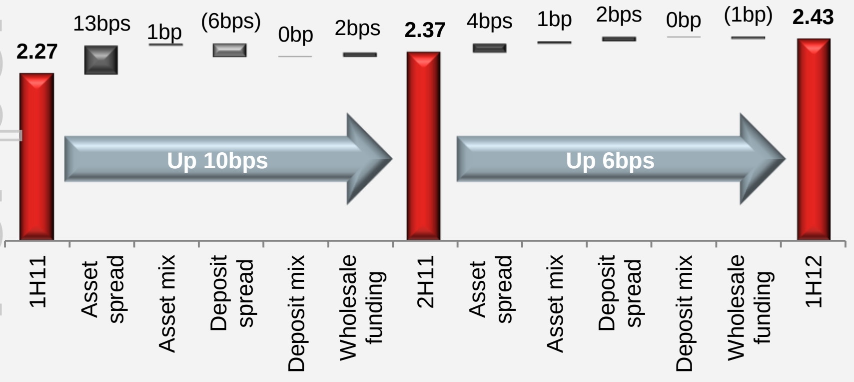
Solid performance and continued margin uplift

New Zealand

Cash earnings movement half on half (NZ$m)



Net interest margin (%)



Movement 1H12 – 2H11 (NZ$)

Cash earnings	↑	14%	• Cash earnings up 14% to $333m
Core earnings	↑	6%	• Core earnings up 6% to $559m
Net interest income	↑	2%	• Good momentum with balance sheet growth – Housing up 1% (ahead of banking system[1]) – Deposits up 4%, more than fully funding lending over 1H12
Margins	↑	6bps	• Margins up 6bps to 2.43% • Continued customer trend of moving from low spread fixed rate mortgages to new mortgages with higher spreads • Continued successful repricing of business loans • Improved term deposit spreads
Non-interest income	↑	7%	• Increased institutional and business fees due to higher transactional activity • Improved insurance income from New Zealand's Life Insurance and Wealth businesses
Expenses	–	flat	• Operating expenses were flat as productivity initiatives continued to gain traction resulting in flat employee expenses over the half • Higher technology costs in 1H12 offset by lower project expenses following the completion of transfer of institutional customers
Impairment charges	↓	9%	• Impairments down 9% to $98m • Asset quality has continued to improve in New Zealand – Enhancements to credit decision processes and the ongoing economic recovery in New Zealand • Stressed exposures down 5% and lower mortgage delinquencies

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[1] RBNZ, March 2012 YTD, calculated as a six month rolling average.

New Zealand

Continued momentum across key metrics

Key features of 1H12

- Solid performance has resulted from a strong distribution focus, continued front line investment, combined with localised marketing and decision making
- Ongoing investment in technology and branch enhancements also key to continued momentum
- Increasing customer numbers together with deepening of existing relationships
  - Total customers increased 1% to 1.27m
  - Customers with Wealth products improved 191bps to 21%
  - Improved banker productivity, revenue per average FTE up 5%
- Continued focus on productivity measures and improving customer experience

Strategy

- Customer centric strategy that differentiates Westpac New Zealand by providing an experience that delights, with a local and seamless one bank approach
- Rewarding customers for having deeper relationships with Westpac through our ‘MyBank’ strategy
- Building higher frontline capability with increased sales and service training and a continued focus on credit skills driving better quality and faster lending decisions
- Expansion focused on high-tech community branches and mobile technology, providing self-service options available 24 hours
- Funding investments through productivity and process improvements

Key metrics

	1H11	2H11	1H12	Change on 2H11
Employees (# FTE)	4,728	4,660	4,613	
Women in senior leadership (%)	38.5	40.3	40.5	✓
Revenue per avg. FTE (NZ$‘000)	192	203	212	✓
Expense to income ratio (%)	44.0	44.1	42.7	✓
Customers (#m)	1.25	1.26	1.27	✓
Retail ‘time to first yes’ within hour (%)	53	56	60	✓
Customers with 4+ products (%)	47.8	48.2	49.0	✓
Customer deposits to loans ratio (%)	65.8	66.0	67.7	✓
Customers with wealth products (%)	17	19	21	✓

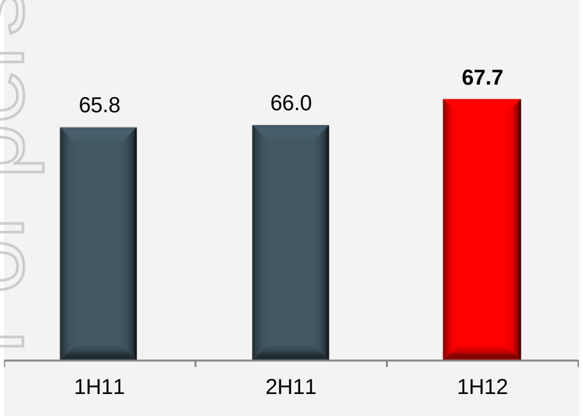
Good balance sheet growth in subdued environment

- The transfer of business from WIB to Westpac New Zealand on 1 November 2011 has diversified the lending book. It has increased total deposits by $5.1bn and lending by $6.3bn[1]
- Deposit growth exceeded loan growth, improving the deposits to loans ratio to 68%, up from 66%
- Deposits up 4%, more than fully funding loan growth. Term deposits were flat and at call deposits rose 8%. Deposit market share remains at 21%
- Home lending in New Zealand continues to be subdued with system growth less than 1%
- Business lending growth was 1% (up 6% on 1H11). Continued de-leveraging, particularly in the corporate segment was partially offset by above system growth in SME and Agribusiness

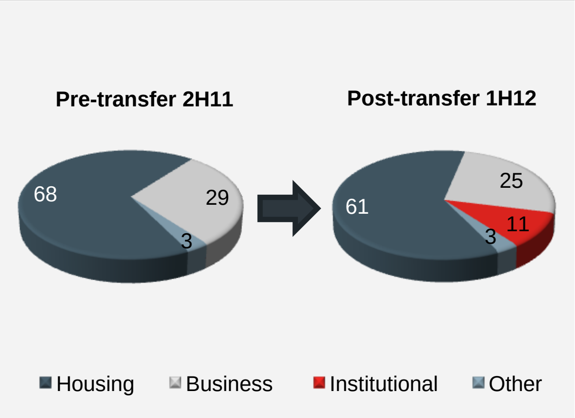
Balance sheet (NZ$bn)

	1H11	2H11	1H12	Chg on 2H11 (%)	
NET LOANS	**56.2**	**57.6**	**58.2**	↑	**1**
Housing	34.2	34.9	35.4	↑	1
Business	14.0	14.6	14.8	↑	1
Institutional[1]	6.4	6.4	6.2	↓	(3)
TOTAL DEPOSITS	**37.0**	**38.0**	**39.4**	↑	**4**
Term deposits	18.1	19.2	19.3	↑	–
Institutional[1]	5.4	4.7	5.5	↑	17
TCE[2]	78.7	81.1	83.3	↑	3

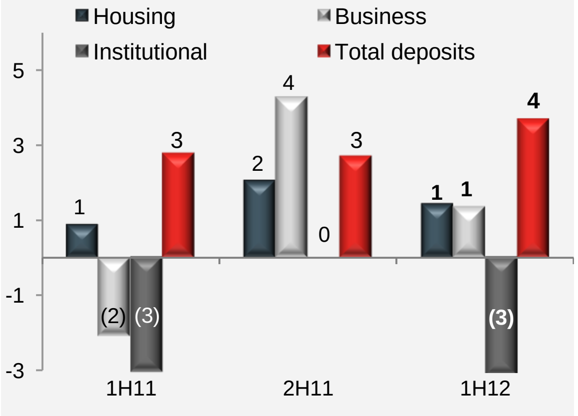
Deposits to loans ratio (%)



Transfer of WIB business impact on lending (%)



Balance sheet growth (6 month % chg)

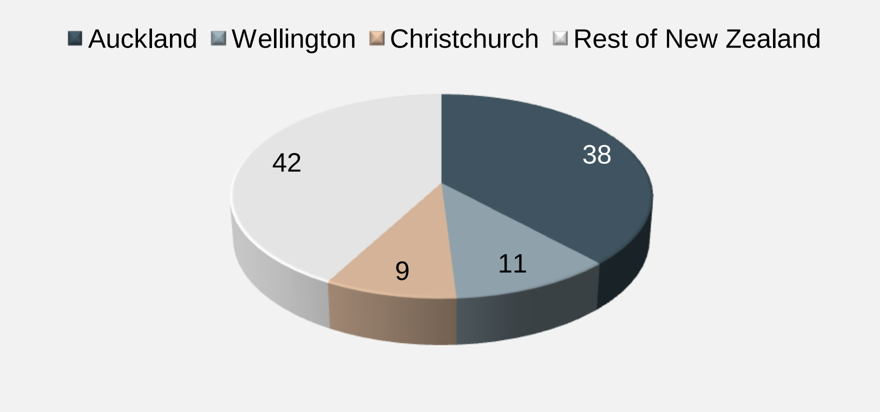


1 The balance sheet comparative figures above have been restated as if the transfer occurred on 1 October 2010. 2 TCE is Total Committed Exposures.

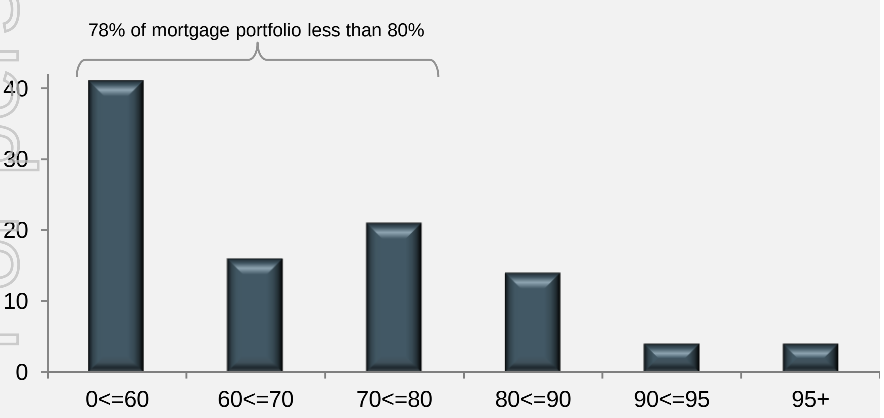
New Zealand mortgage portfolio

- Mortgage portfolio of $35.4bn, up 1%
- The distribution of the mortgage portfolio across regions is consistent with population concentrations of New Zealand
  - Christchurch earthquake has had minimal impact on portfolio delinquencies
- Quality of portfolio remains high and well secured with 78% of the portfolio having a LVR less than 80%
- Mortgage 90+ days delinquencies down 5bps (down 25bps on 1H11) to 55bps, reflecting improved origination and stable employment levels
- Loan origination through proprietary channel remained relatively stable at 74% during 1H12 (up from 73% at 2H11)
- Mortgage write-offs of 20bps of the portfolio, down 1bp
- The NZ portfolio continues to shift to a higher proportion of variable rate mortgages at 52% during 1H12, up from 47% at 2H11 (up from 41% at 1H11)

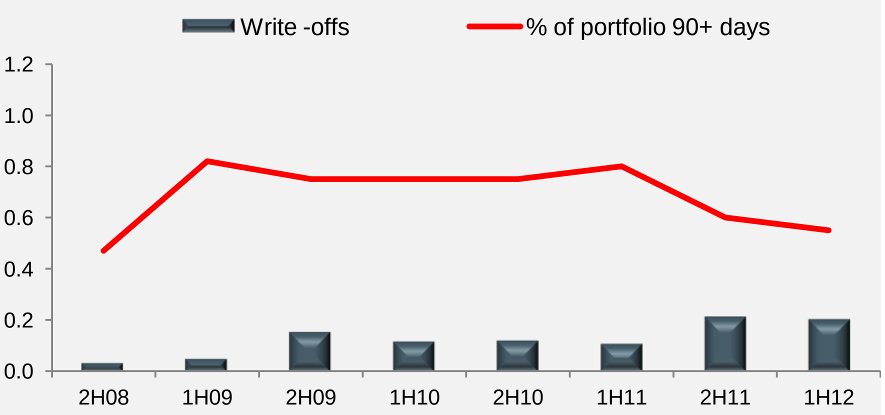
New Zealand mortgage portfolio by region (%)



New Zealand mortgage portfolio LVR[1] (%) of portfolio



Mortgage delinquencies and loss rates (%)



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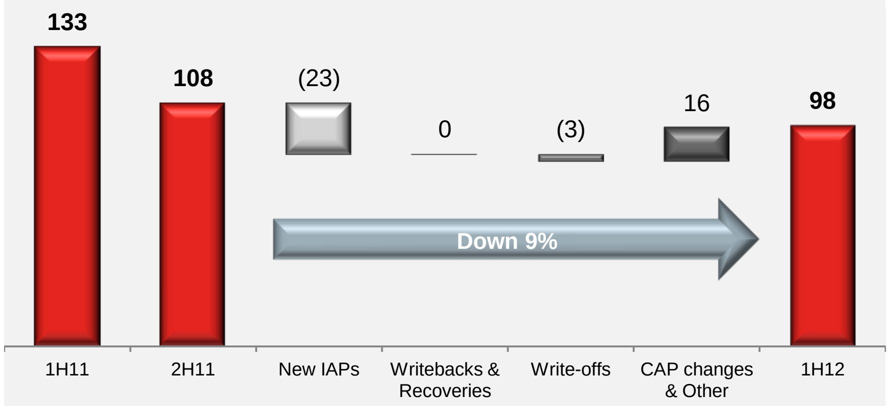
1 LVR based on current loan balance and current assessment of property value.

Improving asset quality across portfolios

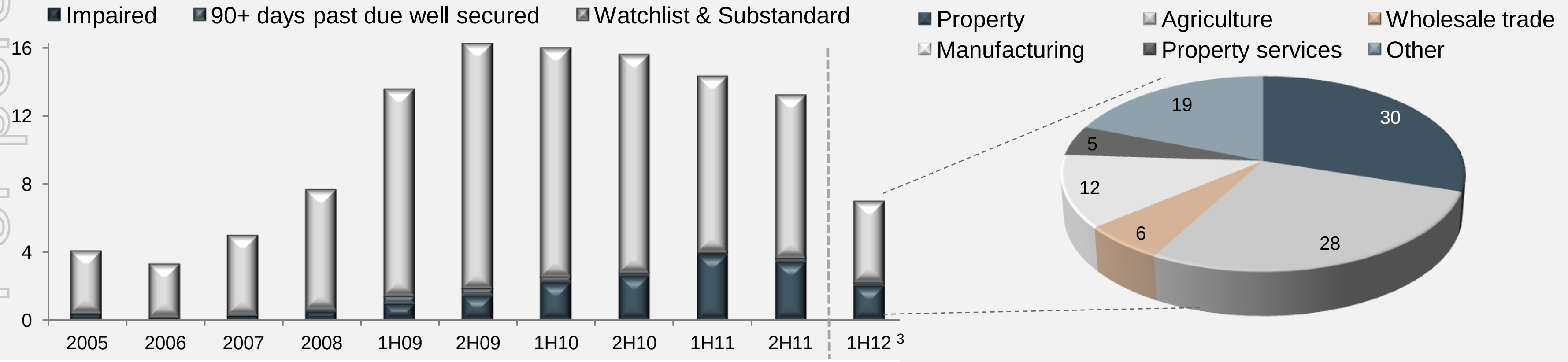
Asset quality continues to improve[1]

- Impairment charges down 9% (down 26% on 1H11)
- Business stressed exposures as proportion of TCE[2] reduced significantly principally due to the transfer of higher quality WIB assets
- Business stressed exposures fell to 7.01% of TCE, down 621bps (down 731bps from 1H11)
  - Transfer of institutional assets increased TCE $17.5bn
  - Excluding institutional assets, business stressed exposures reduced to 12.33%, down 89bps
  - Stressed business exposures down mostly across property, agriculture and manufacturing sectors
- Business impaired exposures 2.01% of TCE[2], down 137bps (down 180bps on 1H11)
- Total provisions increased $121m, $95m was related to the transfer of WIB assets

Movement in impairment charges (NZ$m)



Business stressed exposures as a % of New Zealand Business TCE[2] (%)



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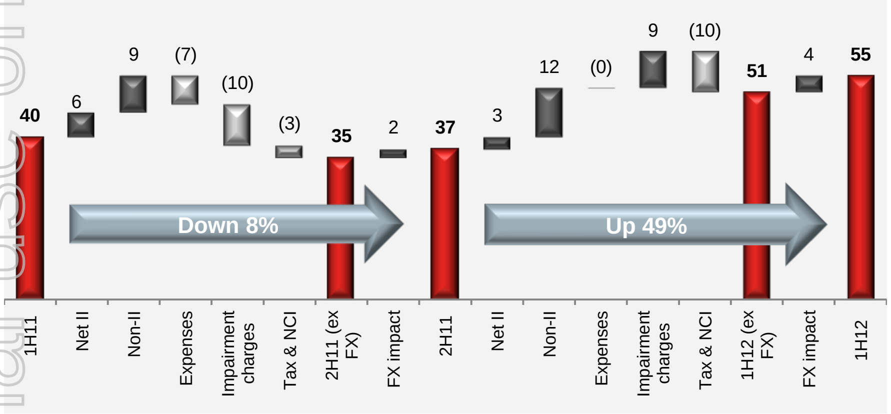
1 Refer slide 107 for asset quality definitions. 2 TCE is Total Committed Exposure. 3 Large reduction in stressed exposures percentage from 2H11 to 1H12 due primarily to transfer of WIB assets referenced above.

Strong business performance as Pacific region operating environment improves

Pacific Banking Cash earnings movement half on half ($m)



Key Highlights of 1H12

- Strong Core earnings growth of $24m driven by improved markets income and continued improvements in the operating environment, particularly in Papua New Guinea (PNG) and Fiji
- Significant development has benefited PNG, driving a material rise in the PNG Kina and increasing activity in foreign exchange
- Westpac has made significant investment in PNG staff and network to leverage economic activity in this region
- Strong customer growth across the region, up 10%
- Financial education programmes have been conducted throughout the Pacific, with almost 8,000 participants since January 2010
- Electronic banking initiatives are a key strategic focus to support productivity initiatives and make banking services more accessible to remote areas

Movement 1H12 – 2H11

		Reported	Ex-FX	
Cash earnings	↑	49%	38%	• Cash earnings up 49% to $55m
Core earnings	↑	31%	19%	• Core earnings up 31% to $101m
Net interest income	↑	13%	5%	• Average interest earning assets up strongly • Increased liquid asset holdings in PNG
Margins	↓	6bps	n/a	• Decline due to increased holdings of lower yielding liquid assets and a reduction in lending spreads • Deposit spreads higher
Non-interest income	↑	31%	20%	• Increased foreign exchange volumes and improved margins across all locations, with particularly strong performance in PNG
Expenses	↑	4%	Flat	• Expenses well managed • Higher salary costs offset by productivity initiatives
Impairment charges	↓	44%	50%	• Impairment charges decreased by $8m (including FX translation) to $10m due to lower new stress • Partially offset by increase in collectively assessed provisions resulting from downgrades in risk ratings of several smaller exposures across PNG, Samoa and Fiji

FIRST HALF
CAPITAL, FUNDING AND LIQUIDITY
2012

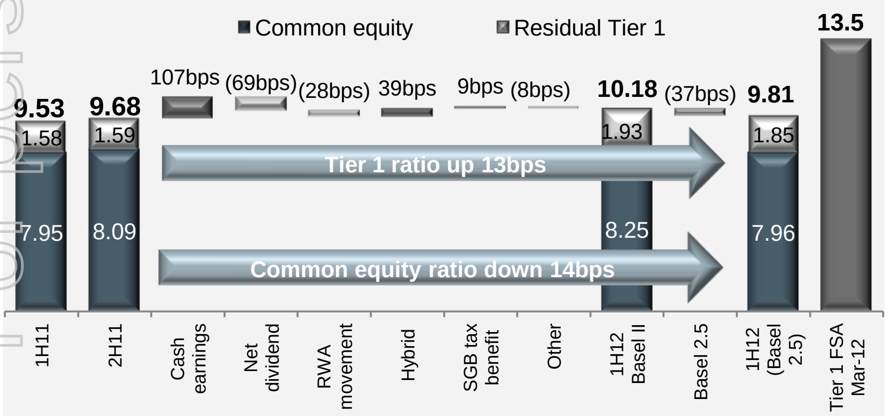
COMPARISON OF 1H12 VERSUS 2H11 CASH EARNINGS
(UNLESS OTHERWISE STATED)

Strong capital position driven by organic growth

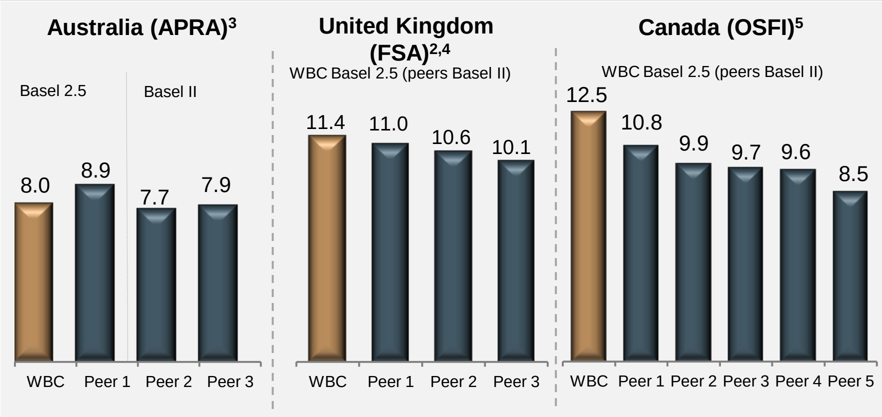
- Westpac's Tier 1 ratio increased 13bps to 9.81% measured under Basel 2.5
- Basel 2.5 implementation on 1 January 2012 reduced capital by 37bps, impacting the risk weighted assets for market risk (33bps) and securitisation (4bps)
- Outside of the Basel 2.5 changes, key drivers of Tier 1 ratio included
  - Organic capital generation[1] of 23bps (excluding the impact of new operational risk model on RWA which further reduced capital by 13bps)
  - Hybrid issuance contributed 39bps
  - Recognition of 9bps St.George merger tax benefit
  - Acquisition of J O Hambro Capital Management (3bps) and higher investment in non consolidated subsidiaries (5bps) reduced capital by 8bps (in other)
- Risk weighted assets up 7% largely driven by modest credit growth, new market risk and securitisation weighting under Basel 2.5 and new operational risk model
- Well positioned for regulatory change with strong common equity ratio of 8.0%, at high end relative to domestic and international peers

Key capital ratios (%)	1H11 (Basel II)	2H11 (Basel II)	1H12 (Basel 2.5)
Common equity ratio	8.0	8.1	**8.0**
Common equity ratio (FSA[2])	11.9	11.8	**11.4**
Tier 1 ratio	9.5	9.7	**9.8**
Tier 1 ratio (FSA[2])	13.7	13.6	**13.5**
Total capital ratio	11.0	11.0	**10.8**
Risk weighted assets	$277bn	$280bn	**$300bn**

Tier 1 Capital (%)



Common equity ratios: international comparisons[2] (%)



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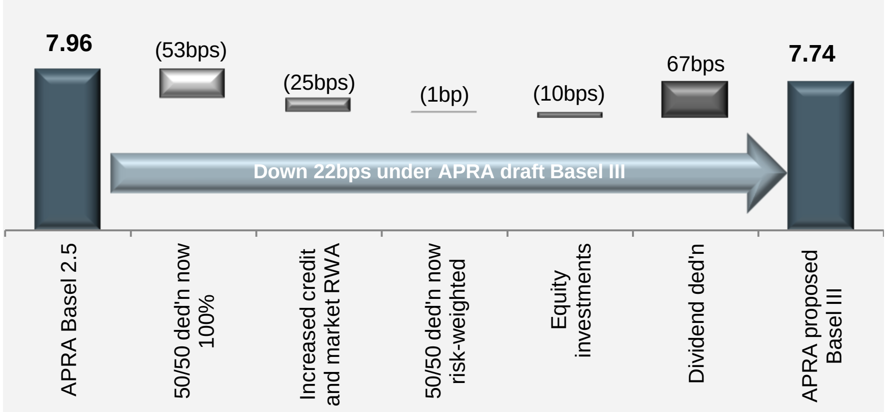
1 Organic capital generation is defined as Cash earnings, less net dividends, less RWA movements. 2 Financial Services Authority (FSA) and Office of the Superintendent of Financial Institutions (OSFI) calculations are estimates based on Westpac's application of publicly available standards. 3 Peer 1 at 31 Mar 2012 (Basel 2.5) and Peer 2 & Peer 3 at 31 Dec 2011 (Basel II). 4 UK peer data at 31 Dec 2011. UK peers include Barclays, HSBC, and RBS. 5 CAD peers data at 31 Jan 2012. CAD peers include Bank of Montreal, CIBC, RBC, Scotia Bank and TD.

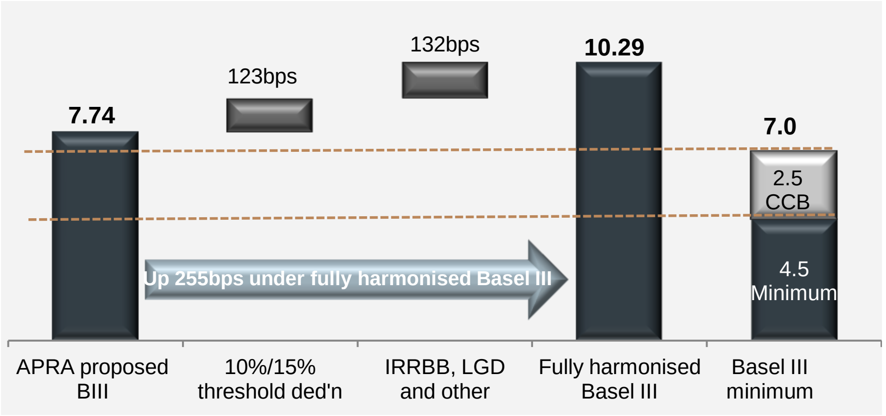
Solid foundation for Basel III transition

- On 30 March 2012, APRA released a response paper and a set of five draft prudential standards that give effect to the Basel III capital reforms in Australia. The draft standards are largely unchanged from the initial discussion paper
- Under APRA's draft Basel III standards, Westpac's current common equity ratio is estimated to reduce by 22bps to 7.74%
  - Well above APRA's proposed minimum requirements that come into effect 1 January 2013
  - Exceeds the minimum requirements, including the capital conservation buffer (CCB) which comes into effect on 1 January 2016 given
    - High ROE and low RWA supports good organic capital growth at this point in the cycle
    - Additional capital to flow through from St.George tax consolidation of approx 18bps
- APRA proposed Basel III standards have maintained certain deductions to capital that are more conservative than international Basel III rules. These include
  - 100% deduction for deferred tax assets (DTA) and investments in non-consolidated subsidiaries, as no 10%/15% concessional threshold applied (123bps)
  - Interest rate risk in the banking book, higher loss given default floor on mortgages, and other minor overlays (132bps)
- Full harmonisation to Basel III is estimated to increase Westpac's common equity ratio by 255bps to 10.29%, which would be 329bps above proposed minimum common equity requirement including CCB

Common equity ratio – estimated APRA Basel III at Mar 12[1] (%)



Common equity ratio - Fully harmonised Basel III at Mar 12[1] (%)



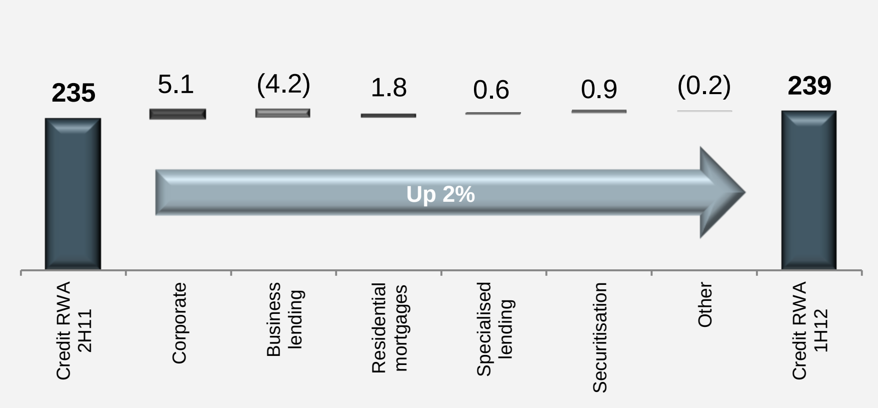
1Prepared in accordance with APRA guidelines of 6 September 2011.

Capital movements in greater detail

- RWA movements include
  - Market risk increased $10.8bn to $19.3bn, primarily driven by the implementation of Basel 2.5 on 1 January 2012
  - Operational risk increased $4.0bn (21%) to $23.6bn, largely due to the new Operational risk model implemented during 1Q12
  - IRRBB increased $1.4bn (12%) due to lower embedded gains in the banking book for the period
- Credit RWA movements driven by
  - Increase in securitisation, driven by the implementation of Basel 2.5 on 1 January 2012
  - Changes to undrawn commitments arising from the annual update of Westpac's risk models; offset by
  - Improvements in risk profile, particularly for business lending
- Other impacts on capital
  - General reserve for credit losses was up $81m to $119m, a deduction from Tier 1 capital
  - Regulatory expected loss capital deduction decreased by $162m due to higher eligible provisions stemming from the GRCL increase above, partially offset by increased regulatory expected loss reflecting higher early stage delinquencies in the residential mortgage portfolio

RWA movements ($bn)

Credit RWA movements ($bn)



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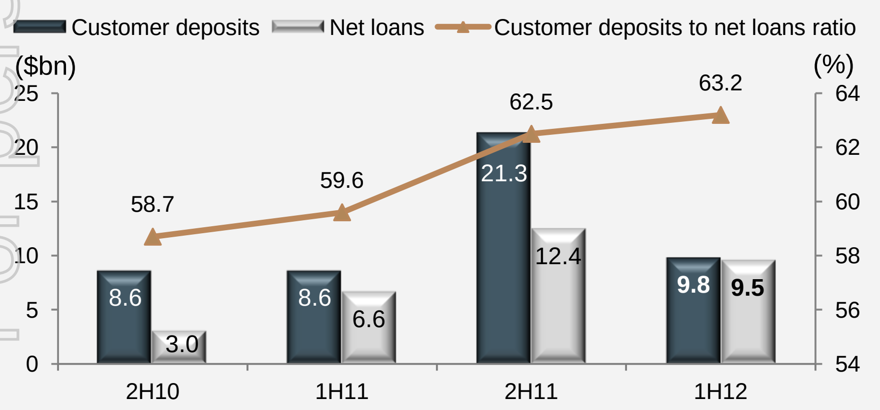
1 IRRBB is interest rate risk in banking book.

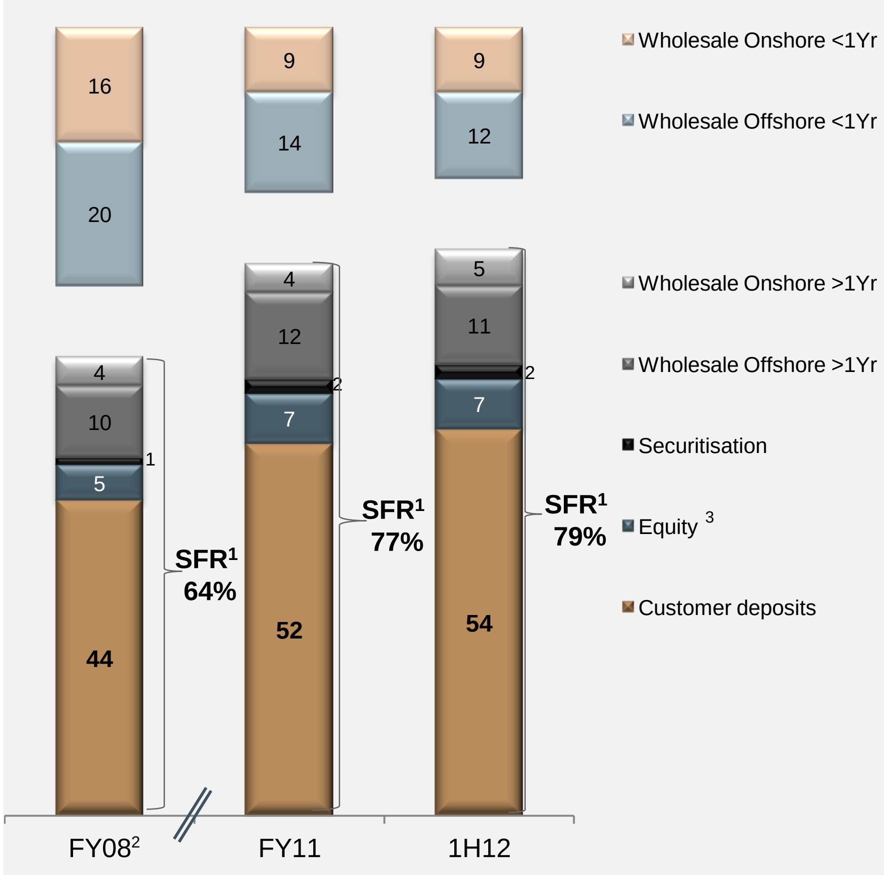
Higher savings rates further strengthen funding

- The composition and stability of the Group's funding has strengthened since the global financial crisis
- While significant changes have already been made, the Group continues to focus on further strengthening the funding composition as measured by the stable funding ratio (SFR[1])
  - New lending to be funded through stable funding sources (customer deposits, wholesale funding with a contractual maturity greater than 12 months, securitisation and equity)
- SFR at 79%, up from 77% at FY11 with Customer deposits increased to 54% (up 200bps) and offshore wholesale funding with a residual maturity less than 1 year, reduced to 12% (down 200bps on FY11)
- High saving rates in Australia have underpinned strong deposit growth and driven improvements in the Customer deposits to loans ratio at 63.2%, up 70ps (up 360bps 1H11)
- Deposit growth has consistently exceeded loan growth over recent periods

Customer deposits, loan growth and deposits to loans ratio



Funding composition by residual maturity (%)



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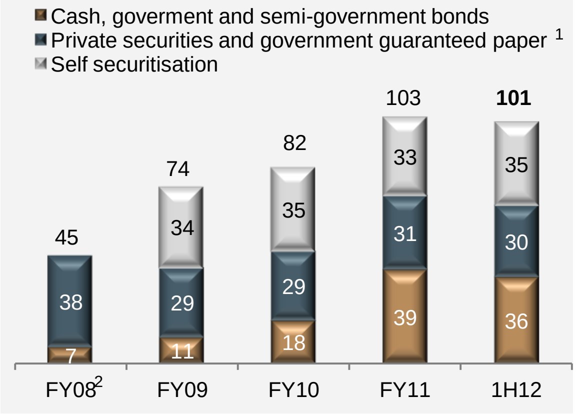
1 SFR is the stable funding ratio calculated on the basis of customer deposits + wholesale funding with residual maturity greater than 12 months + equity + securitisation, as a proportion of total funding. 2 2008 comparatives excludes St.George. 3 Equity excludes FX translation, Available for Sale Securities and Cash Flow Hedging Reserves.

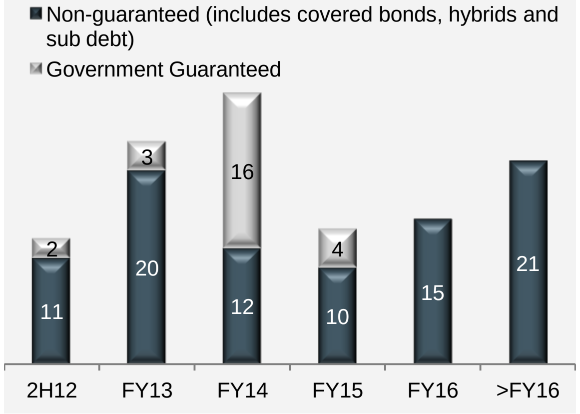
Diverse funding platform supported by strong liquidity position

- Liquid assets portfolio provides a source of reserve liquidity as eligible collateral under the Central Bank (RBA) repurchase facility
- Unencumbered liquid assets remains strong at $101bn
  - Sufficient to cover offshore wholesale funding maturities for 32 months
- On 16 Nov 2011, APRA released a discussion paper and draft prudential standards on Basel III liquidity reforms which includes compliance with
  - Liquidity Coverage Ratio by 1 Jan 2015
  - Net Stable Funding Ratio by 1 Jan 2018
- In Oct 2011, legislation was passed by the Australian Government which enabled the Australian banks to issue covered bonds (capped at 8% of Australian assets)
  - Covered bonds provide additional diversification to our funding platforms
- Total $17.4bn of term funding issued during 1H12 with a weighted average maturity of 4.5 years
  - Covered bonds provided access to term funding markets during the challenging global market conditions through much of 1H12 resulting in a higher proportion of term funding issued through secured debt
  - $7.2bn of Covered bonds issued in AUD, EUR, NOK and USD

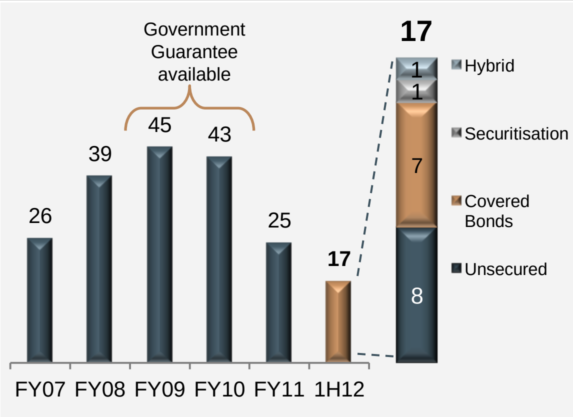
Liquid assets ($bn)



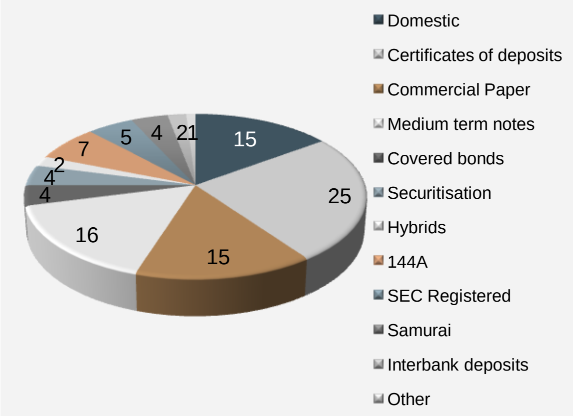
Term debt maturity profile[3] ($bn)



Term issuance[2,3] ($bn)



Wholesale funding composition[3] (%)



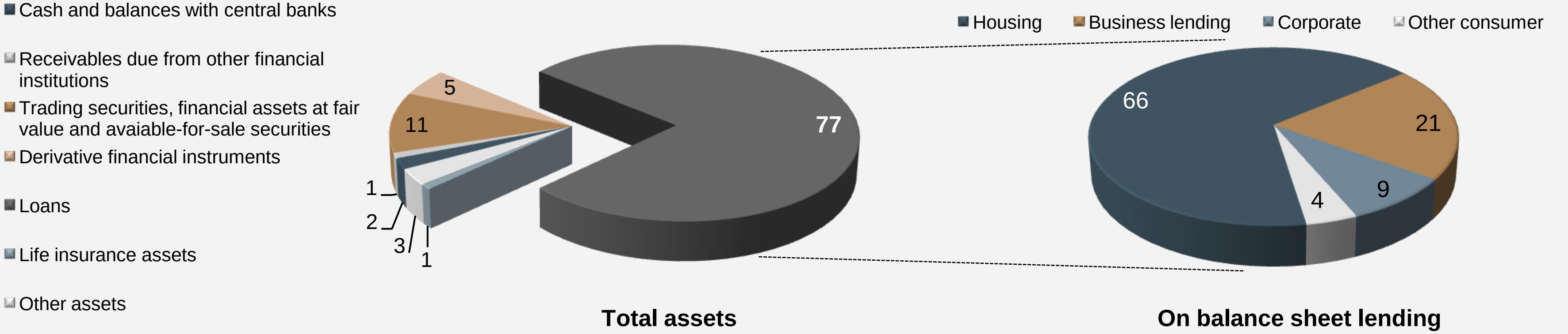
1 Private securities include Bank paper, RMBS, and Supra-nationals. 2 2008 comparative does not include St.George. 3 Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months, with the exception of US Commercial paper and securitisation. Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date, call date for the purposes of this disclosure. Perpetual sub-debt has been included in >FY16 maturity bucket.

FIRST HALF
ASSET QUALITY
2012

COMPARISON OF 1H12 VERSUS 2H11
(UNLESS OTHERWISE STATED)

High quality portfolio with bias to secured consumer lending

Asset composition as at 31 March 2012 (%)



Total assets

On balance sheet lending

Exposure by risk grade[1] as at 31 March 2012 ($m)

Standard and Poor's risk grade	Australia	NZ / Pacific	Americas	Europe	Asia	Group	*% of Total*
AAA to AA-	71,253	7,173	8,307	579	125	**87,437**	12%
A+ to A-	30,375	3,259	1,888	1,015	1,073	**37,610**	5%
BBB+ to BBB-	44,124	6,689	1,022	1,340	2,592	**55,767**	7%
BB+ to BB	54,782	7,024	263	388	820	**63,277**	9%
BB- to B+	56,093	6,743	30	32	–	**62,898**	8%
<B+	11,849	2,436	34	201	29	**14,549**	2%
Secured consumer	349,974	33,226	–	–	636	**383,836**	52%
Unsecured consumer	35,422	3,755	–	–	45	**39,222**	5%
Total committed exposure	**653,872**	**70,305**	**11,544**	**3,555**	**5,320**	**744,596**	
Exposure by region (%)	88%	9%	2%	<1%	<1%		100%

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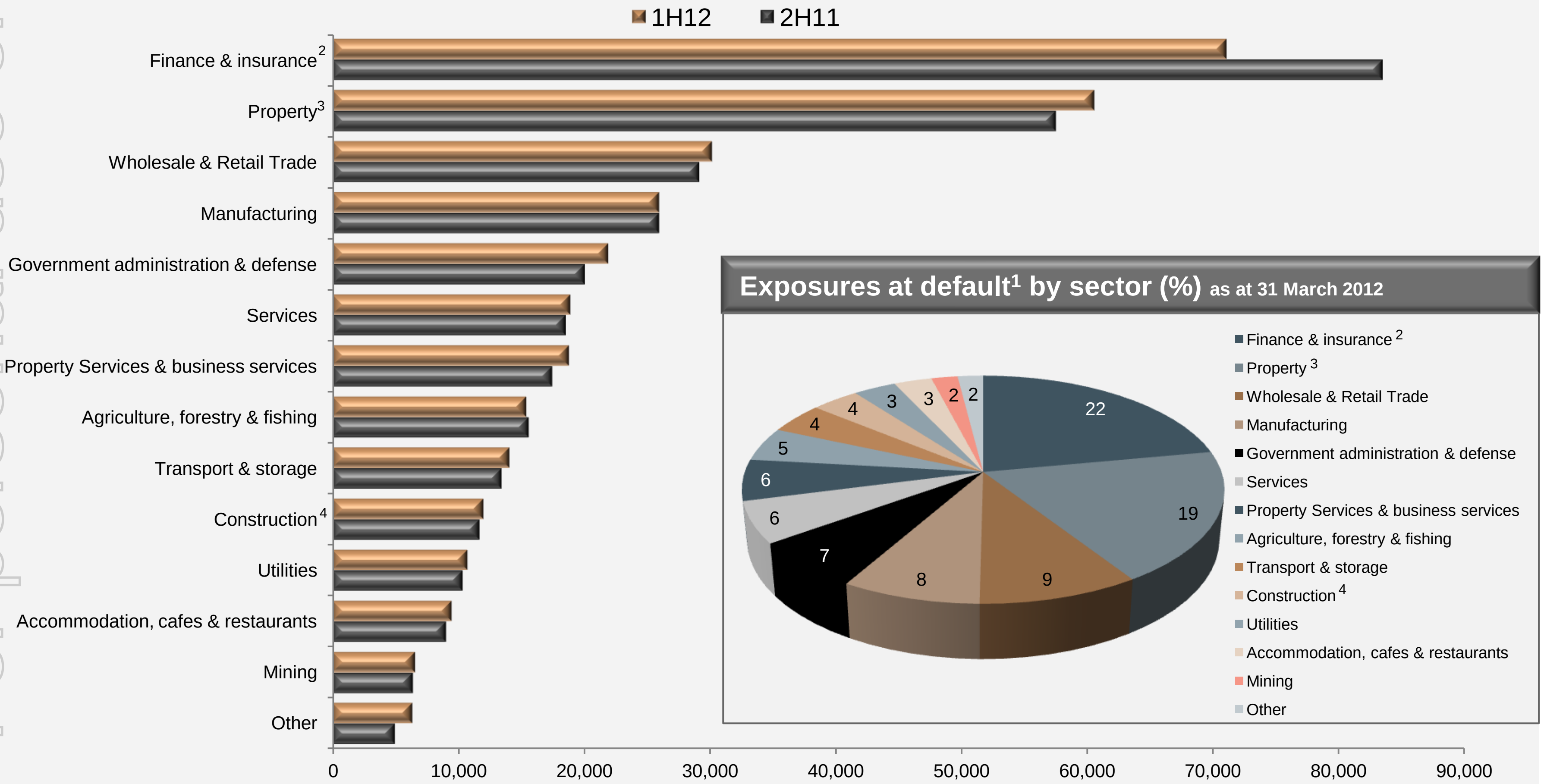
[1] Exposure by booking office.

Assets diversified across industries

Exposures at default[1] by sector ($m)



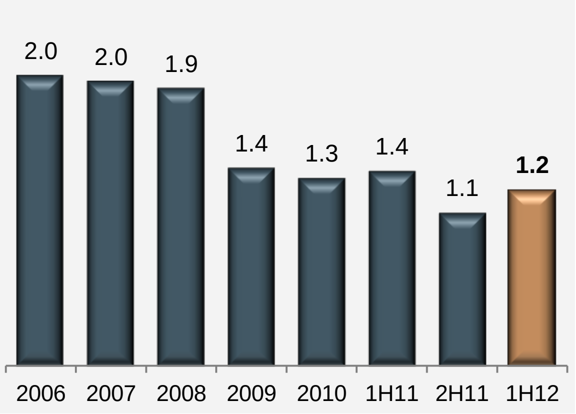
Exposures at default[1] by sector (%) as at 31 March 2012

[1] Exposure at default represents an estimate of the amount of committed exposure expected to be drawn by the customer at the time of default and excludes consumer lending. [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 serving the construction sector.

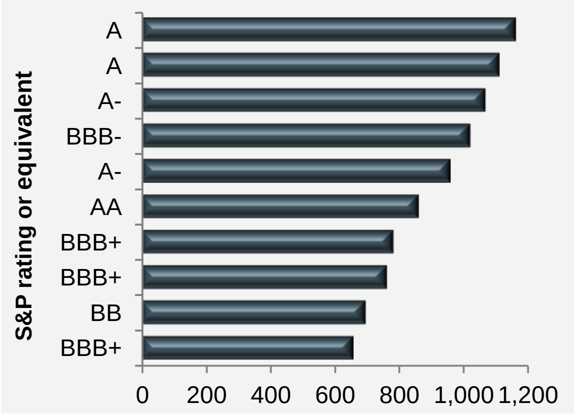
Large exposures and commercial property portfolio

- Top 10 single name exposures to corporations and non-bank financial institutions (NBFIs) continue to be well below 2% of TCE[1]
- Largest corporation/NBFI single name exposure represents 0.16% of TCE
- Top 10 exposure risk grades have trended downwards as a result of the S&P credit rating methodology changes during the half

Top 10 exposures to corporations and NBFIs as a % of TCE[1,2] (%)

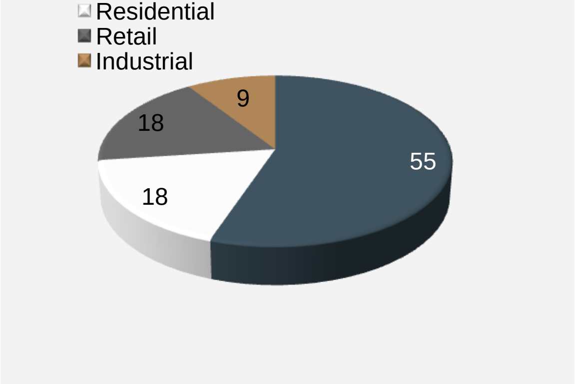


Top 10 exposures to corporations and NBFIs ($m)

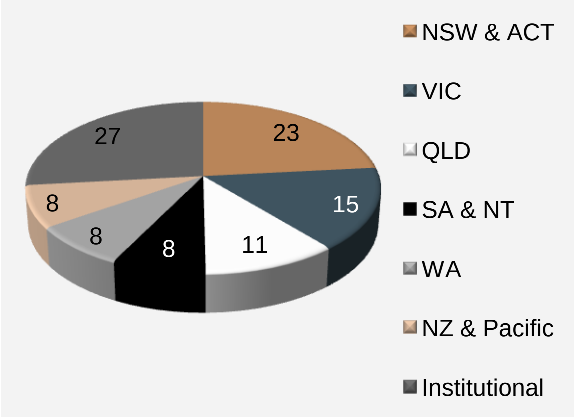


- Commercial property represents 6.9% of TCE[1] and 8.0% of gross lending
- Down from peak of 10.0% and 13.0% respectively in December 2008 and are comfortably within risk appetite levels
- Proportion of the commercial property portfolio identified as stressed at 9.7%, down 200bps (down 400bps on 1H11)
- Portfolio is well diversified across names, states and sectors
- Commercial sector includes offices, as well as groups diversified across multiple asset classes including office and non-office properties

Commercial property by sector (%)



Commercial property portfolio by region (%)



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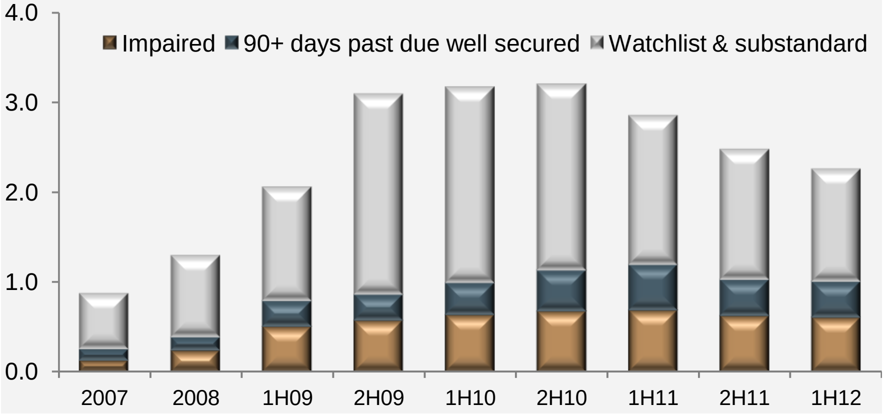
1 TCE is Total Committed Exposure. 2 2008 and prior comparatives do not include St.George.

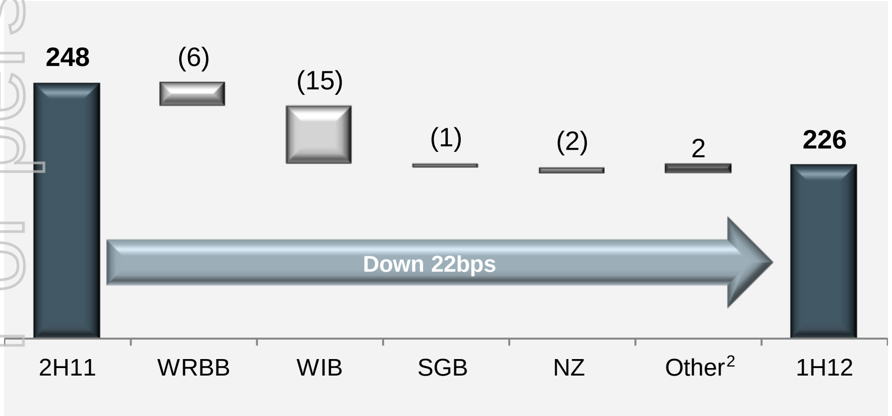
Stressed exposures continue to decline

- Stressed exposures to TCE[1] down 22bps (down 59bps from 1H11) to 2.26%, due to
  - Upgrades out of stress and into performing
  - Rate of new stress lower
  - Resolution of impaired loans, including write-backs
- Rate of decline in stressed exposures has moderated
- Write-offs against individually assessed provisions of $427m
- Reduced stressed exposures to TCE[1] across all major divisions
- Impaired assets to TCE[1] down 2bps (down 8bps 1H11) to 60bps

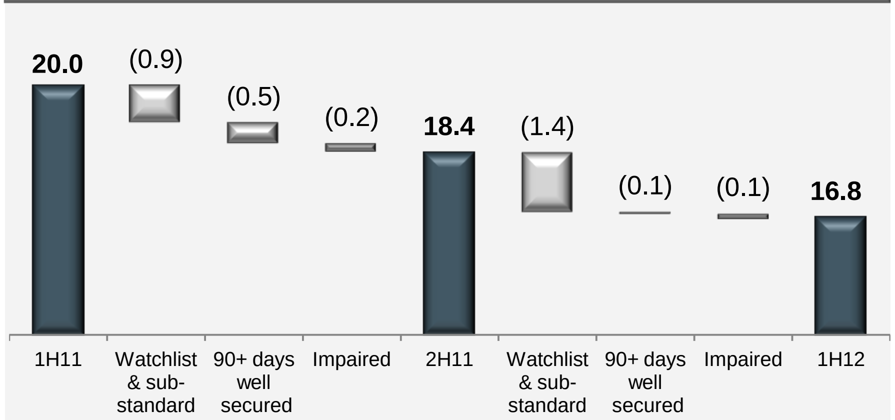
Stressed exposures as a % of TCE[1,3](%)



Movement in stressed exposures by division (bps)



Movement in stressed exposures ($bn)



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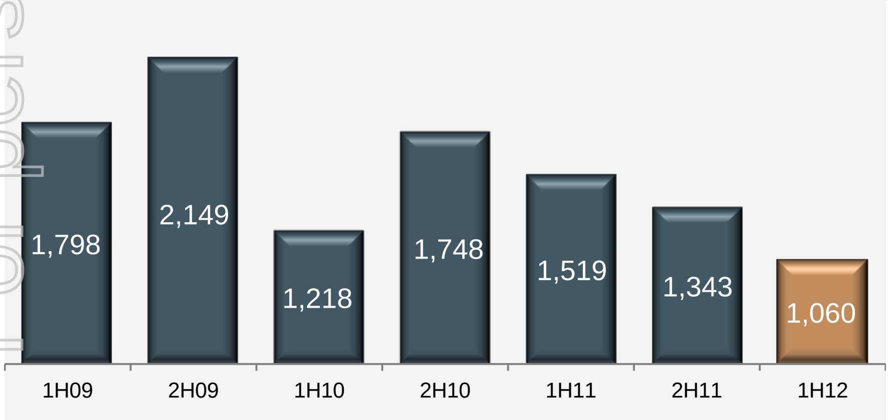
1 TCE is Total Committed Exposures. 2 Other includes Group Business units, BTFG and Pacific Banking. 3 Includes St.George from 1H09 onwards.

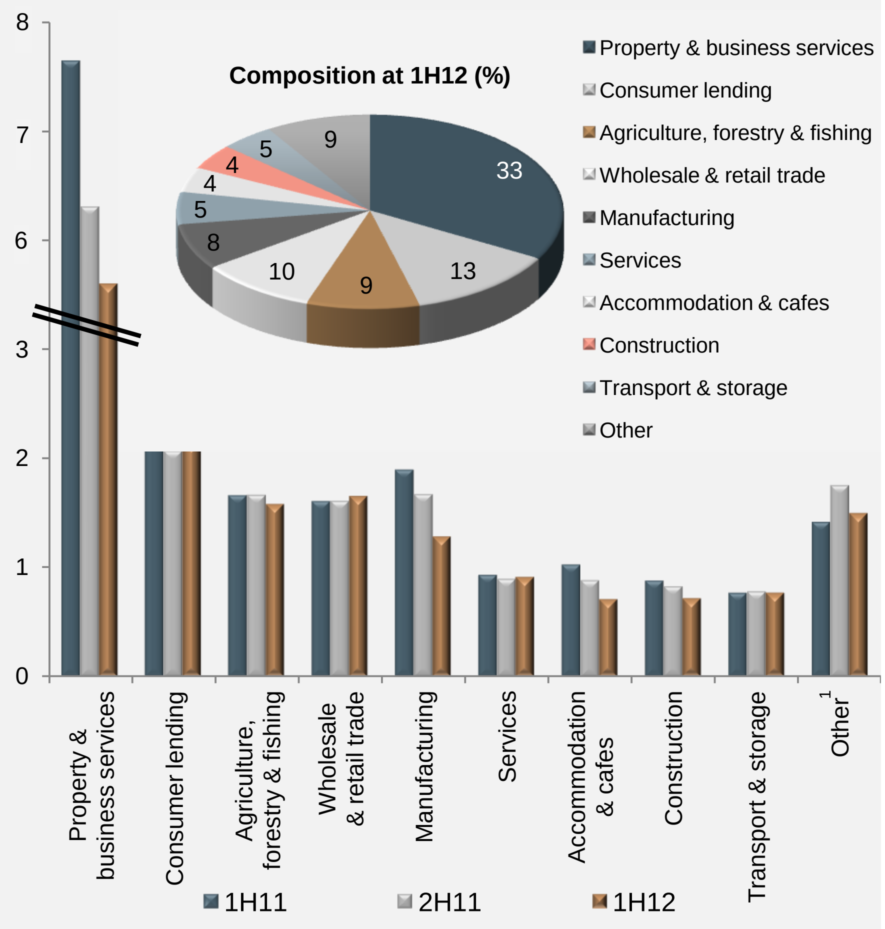
Stressed exposures reducing across most sectors

- Stressed exposures continue to trend down.
  - Significant decline in stress in the commercial property segment although it continues to demonstrate the most stress
- Institutional and corporate segments continue to perform well although the rate of improvement has moderated. Improvement in stress from
  - Companies strengthening balance sheets with further de-gearing
  - Facilities returning to performing
  - Continued reduction in new and increased gross impaired assets
- The small and medium business portfolio is still recognising additional stress, although at a much slower pace than 2H11
  - Sectors impacted by the high AUD such as tourism and education sectors (included in services industry category) and wholesale and retail trade are seeing increased stress
  - Retail sector facing challenges from continued subdued consumer confidence and reining in of discretionary spending

New and increased gross impaired assets ($m)



Stressed exposures by industry ($bn)



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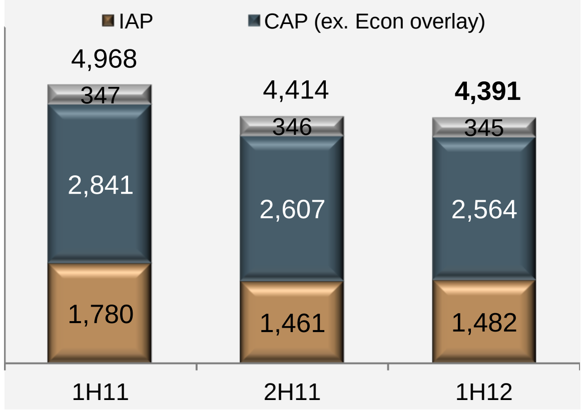
[1] Other includes Government, administration and defence, mining and utilities sectors.

Provisioning movements and impairment charges

- Total provisions were relatively stable at $4,391m
- Economic overlay little changed (down $1m)
  - Greater certainty around the impact of QLD floods and partial utilisation of NZ earthquake overlay (-$11m)
  - Reducing stress in the commercial property segment (-$17m)
  - Offsetting these reductions were increases in economic overlays for sectors likely to be impacted by the high AUD and ongoing weakness in consumer and business sentiment (+$27m)
- Maintained strong provisioning coverage
  - Ratio of impaired provisions to total impaired assets at 38% (up from 36% at 2H11)
  - Ratio of collectively assessed provisions to credit RWA at 1.22% (down modestly from 1.26% at 2H11)
- Impairment charges increased $78m to $608m
  - Increase driven by lower benefits from CAP changes (including economic overlay) during the half (down $220m) and lower write-backs and recoveries (down $39m)
  - Partially offset by lower new IAPs (down $138m) and reduced write-offs direct (down $43m)

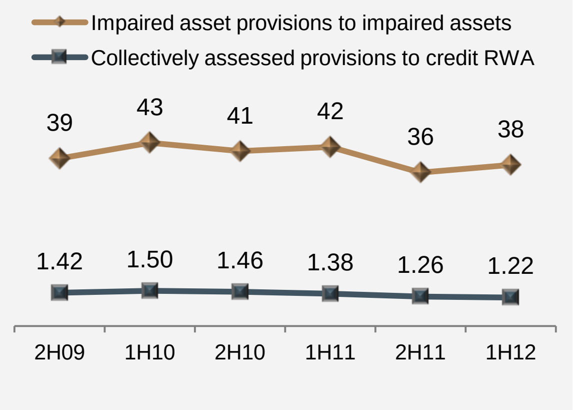
Provisioning ($m)



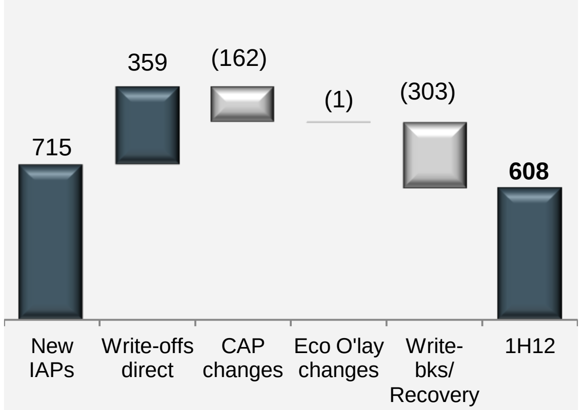
1H12 economic overlay changes ($m)

Utilised or no longer required	NZ earthquake (net of FX)	-3
	Commercial Property	-17
	QLD floods	-8
Increased	Retail sector and industries exposed to high A$	+27
Net Movement		**-1**

Provisioning cover (%)



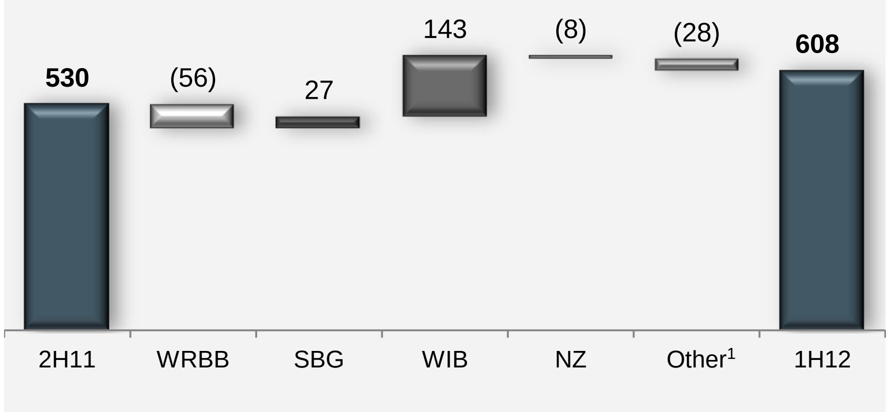
Impairment charge components ($m)



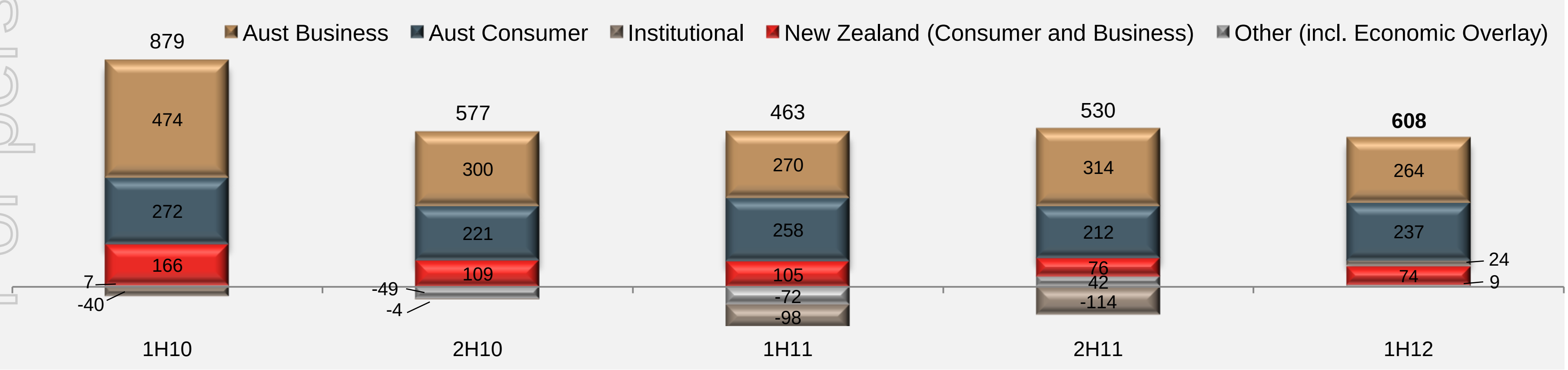
Impairment charges

- Impairment charges up $78m to $608m
  - Economic overlay little changed (down $1m)
  - Institutional had lower benefits from write-backs and repayments offset by top up of provisions on existing stressed exposures
  - Individual provisions were lower in both St.George and WRBB
    - Consumer portfolio delinquencies in 1H12 increased seasonally in both WRBB and St.George portfolios leading to a higher CAP charge, however lower direct write-offs offset this increase
  - New Zealand improved across the business and consumer segments
- Impairment losses represented 24bps of average gross loans in 1H12 (up 2bps)

Impairment charge movement by division ($m)



Impairment charges by half[2] ($m)



1 Other includes GBU, Pacific Bank and BTFG. 2 Westpac Institutional Bank customers excluding Premium Business Group (PBG) and including the New Zealand Institutional customers. Australian business includes business customers in St.George, WRBB, and PBG (which are mostly commercial customers with exposures between $10m to $100m).

High quality Australian housing portfolio

- Australian housing portfolio up $5.6bn (up 2%)
- Investment loans represent 40.5% of portfolio and are all first lien
  - Investment lending generally has lower delinquency performance compared to owner-occupied across the portfolio and have tighter lending criteria
- Low Doc lending at 6.2% of portfolio, down from 6.6% and represents 1% of new lending flows
  - Low Doc lending, where borrowers certify income, has a higher delinquency profile, but low loss rates given additional risk mitigants, including lower LVRs, more mortgage insurance, restricted location and security types
- Australian housing portfolio loss rate under severe stress conditions is modelled as 17bps or $517m (yearly average over the scenario). LMI insurance claims would contribute an additional 9bps

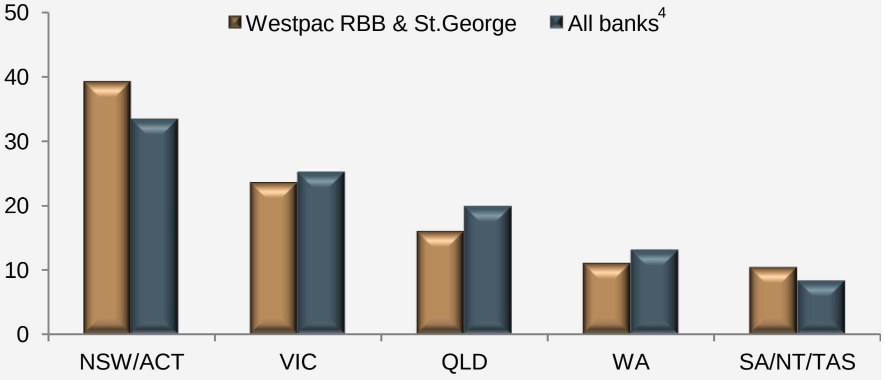
Australian housing portfolio[2]

	2H11 Balance	1H12 Balance	1H12 Flow[3]
Total portfolio ($bn)	304.6	310.1	20.7
Owner-occupied (%)	48.8	48.5	47.3
Investment (%)	39.7	40.5	44.8
Portfolio loan/line of credit (%)	11.5	11.0	7.9
Variable rate / Fixed rate (%)	88 / 12	88 / 12	89 / 11
Low Doc (%)	6.6	6.2	1.0
Proprietary channel (%)	60.1	60.2	61.5
First Home Buyer (incl. Low Doc) (%)	12.2	12.3	10.1
Mortgage insured (%)	27.0	25.9	13.3

Australian housing portfolio stress testing[1]

	Scenario
Interest rate (% pa)	Down 1%
House prices (% pa)	Down 35%
Unemployment rate (%)	Peaks at 12%
Annual GDP growth (% pa)	Down 5%
Combined effect $m	**$517m or (17bps)**

Australian housing portfolio by State (%)



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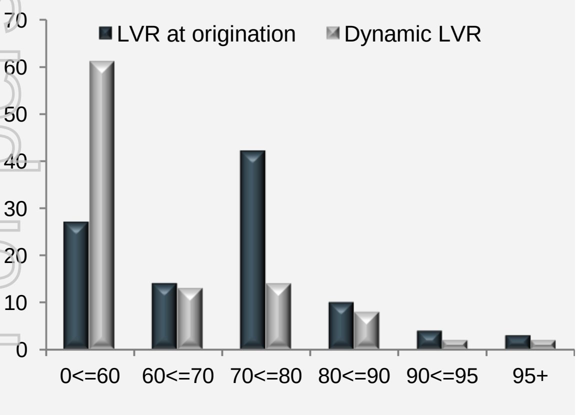
1 Stress test results are based on the estimated cumulative impacts across WRBB and St.George. Stress testing is also conducted on Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance (WLMI), to ensure it is sufficiently capitalised to cover mortgage claims arising from a stressed mortgage environment. These scenarios ensure that WLMI would be sufficiently capitalised to fund claims from extreme events that would only be expected to occur every 250 years. 2 Represents all brands (WRBB,and St.George (including RAMs)). 3 Flow is all new mortgage originations total settled amount originated during the 6 month period ended 31 March 2012 and exclude RAMs. 4 ABA Cannex February 2012.

Australian housing portfolio well collateralised

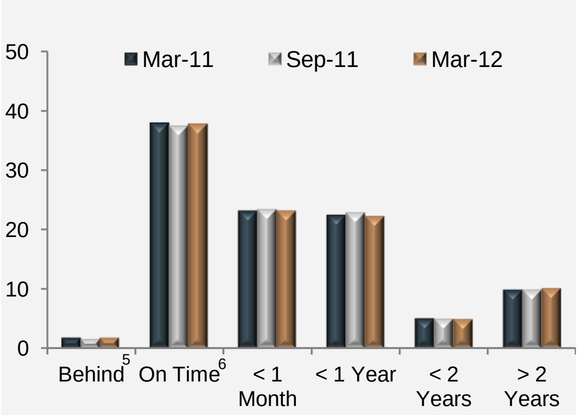
- Australian housing portfolio remains well collateralised and high quality
  - 60% of mortgages are ahead of scheduled payments (offset balances not included)
  - Offset accounts have increased by 9% (20% on 1H11) as consumers remain cautious and savings rates remain high
- Average dynamic[1,2,3] LVR is 48%, up modestly
  - Increase in dynamic LVR driven by decline of property valuations in some regions, predominately QLD and WA
- Average LVR at origination and of new loans have remained relatively consistent at 69%
- Consumer caution has seen the quality of new lending improve across a number of metrics (score, surplus income, etc.)

Australian housing portfolio	1H11	2H11	1H12
Average LVR at origination[1] (%)	69	68	69
Average dynamic[1,2,3] LVR (%)	45	47	48
Average LVR of new loans[1,7] (%)	69	69	69
Amount ahead on payments[1,4] (%)	60	61	60
Average loan size ($'000)	206	210	214
Properties in possession (#)	440	519	498

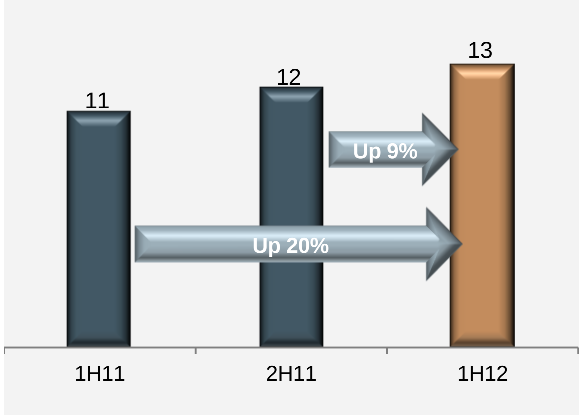
Australian housing portfolio[1,2,3]



Australian housing loans ahead of payments[1,4]



Offset accounts[1] ($bn)

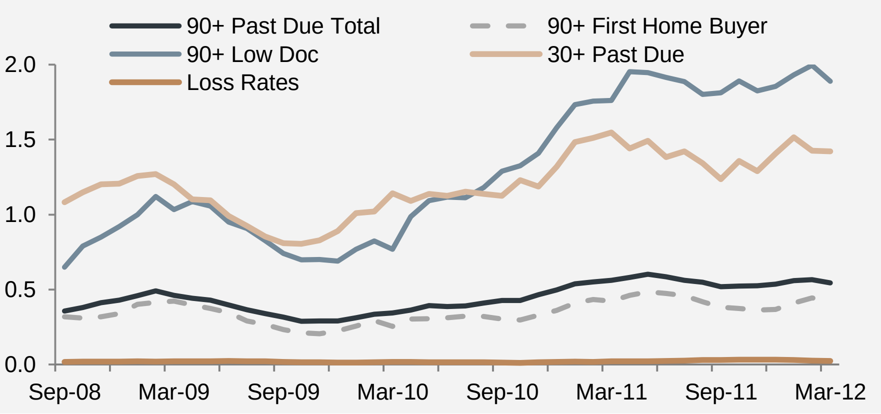


[1] Includes WRBB and St.George (excl. RAMS). [2] Dynamic LVR represents the loan-to-value ratio taking into account the current outstanding loan balance, changes in security value and other loan adjustments. [3] Property valuation source Australian Property Monitors. [4] Customer loans ahead on payments exclude equity loans/line of credit products as there is no scheduled principal payments. [5] 'Behind' is more than 30 days past due. [6] 'On time' includes up to 30 days past due. [7] Average LVR of new loans is based on rolling 12 month window for each half year end period. Includes WRBB and St.George (excl. RAMS).

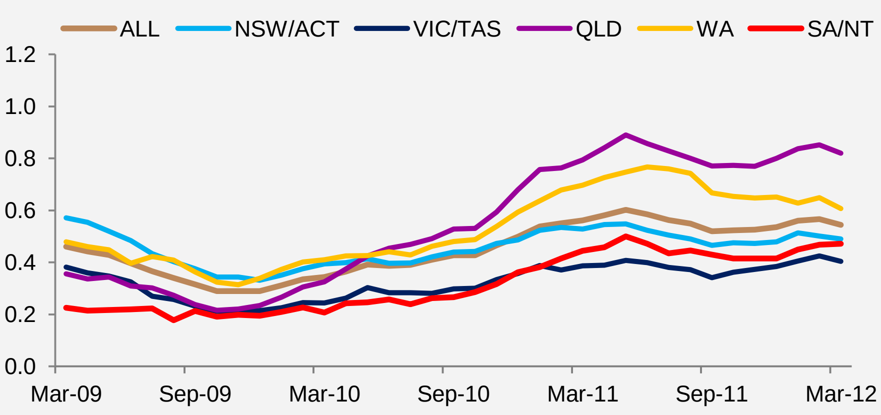
Australian housing portfolio delinquencies little changed

- Australian mortgages 90+ days delinquencies 54bps up 1bp (down 2bps 1H11) and remain below industry benchmarks
- Modest increase is below normal seasonal rise and reflects
  - Seasoning of the large volumes of mortgages written in 2007-2009, compared to lower volumes in FY11 and 1H12, reaching their peak delinquency ageing
  - Higher delinquencies in QLD reflecting more challenging conditions in that State
  - More active management of delinquent portfolios
- Low Doc 90+ days delinquencies up 8bps, to 1.89% largely due to lower levels of new flow at 1%
  - Low Doc tend to have higher delinquencies although loss rates are consistent with overall portfolio given more conservative underwriting standards, including lower LVR's
- First Home Buyer delinquencies continue to outperform overall portfolio
- Actual loss rates in the mortgage portfolio increased to $51m (net of insurance[1] claims), up $21m
  - 3bps annualised
  - Modest increase reflects softening property values in some regions
- Properties in possession 498, down from 519. While the number of properties in possession have fallen there has been a rise in the turnover and an increase in activity to clear portfolios
- Loss rates remain low by international standards and reflect the high quality of the portfolio

Australian mortgages delinquencies and loss rates (%)



Australian mortgage 90+ days delinquencies (%)



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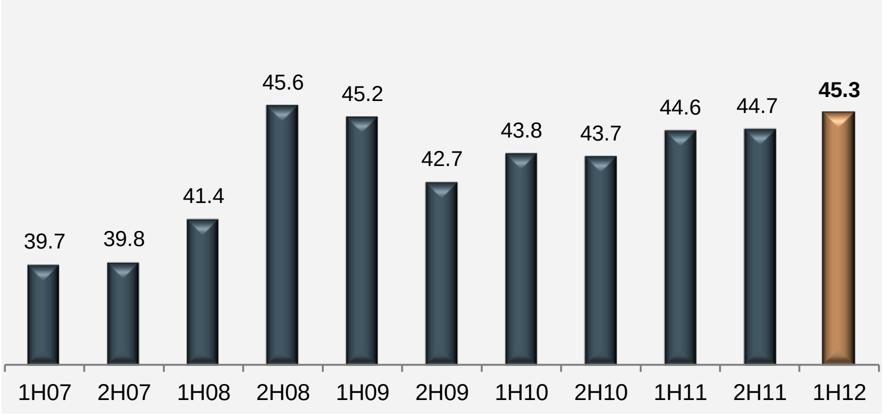
[1] Mortgage insurance claims were $12m in 1H12 (2H11: $11m).

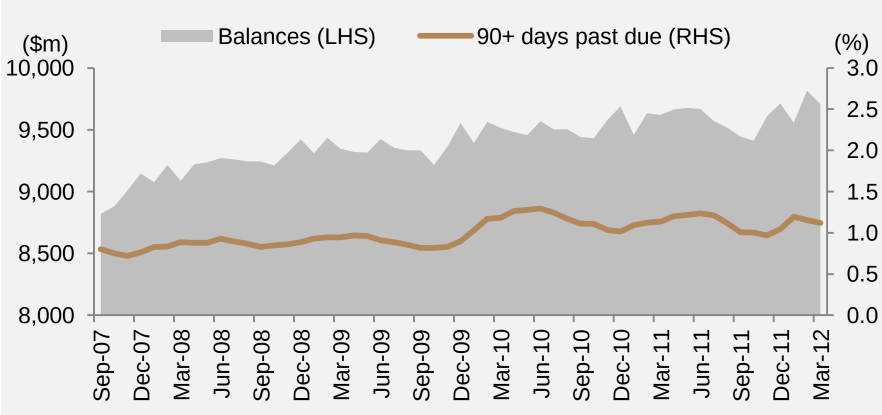
Stable performance in Australian credit card portfolio

- Australian credit card portfolio has continued to perform well, largely driven by cautious consumer behaviour resulting in increased payment levels
- The average credit card payments to balance ratio strengthened to 45.3%, up 60bps (up 70bps 1H11)
- Balances increased moderately over recent periods reflecting
  - Low system growth
  - Partially offset by some growth in both WRBB and St.George cards following new product launches and campaigns
- Total credit card 90+ days delinquencies up 11bps (down 1bp 1H11) to 1.12% largely due to seasonal factors

Australian credit card average payments to balance ratio[1] (%)



Australian credit cards



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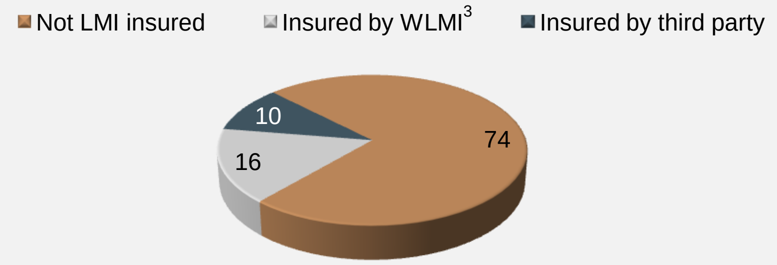
[1] Cards average payments to balance ratio is calculated using the average payment received compared to the average statement balance at the end of the reporting month.

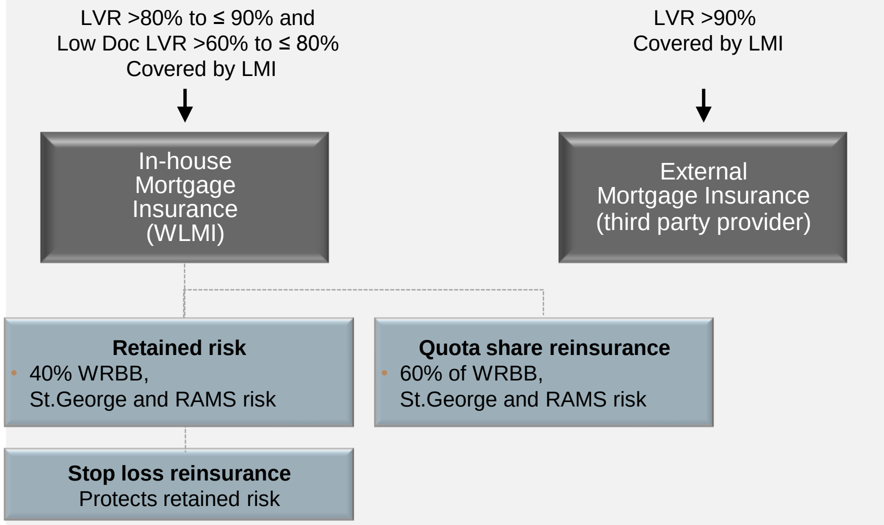
Lenders mortgage insurance managing risk transfer

- Westpac Group has one captive mortgage insurer, Westpac Lenders Mortgage Insurance (WLMI)[1], which insures mortgages originated through all brands and channels
- Capital conservatively invested (cash and fixed interest) so returns primarily based on premium income and risk management
- All mortgages with origination LVR >90% insured with a third party since 2009 (prior to 2009 insured through WLMI)
- Mortgages with origination LVR between 80-90% and Low Doc between 60-80% are covered by WLMI. Westpac reduced its overall retained risk of higher LVR mortgages and further restructured the arrangement for mortgages originated from 1 October 2011
  - WLMI reduced its retained risk to 40% for both WRBB and St.George brands (down from 70%)
  - Retained risk for RAMs brand remains at 40%
  - Increased number of quota share providers from one to four parties (Genworth Australia, QBE LMI, Arch Re and Tokio Millenium)
- Additional stop loss insurance with a separate party to cover potential extreme loss scenarios
- WLMI is strongly capitalised (separate from bank capital) and subject to APRA regulation. Capitalised at 1.57x MCR[2]
- Scenarios confirm sufficient capital to fund claims arising from events of severe stress (up to 1 in 250 years)
  - In a 1 in 250 years loss scenario, estimated losses for WLMI are $331m (net of re-insurance recoveries)
- 1H12 insurance claims $12m (2H11 $11m and 1H11 $6m)

Australian mortgage portfolio lenders mortgage insurance (LMI) coverage (%) at 31 March 2012



Lenders Mortgage Insurance (LMI) structure from 1 October 2011



LVR >80% to ≤ 90% and
Low Doc LVR >60% to ≤ 80%
Covered by LMI

In-house Mortgage Insurance (WLMI)

LVR >90%
Covered by LMI

External Mortgage Insurance (third party provider)

Retained risk
- 40% WRBB, St.George and RAMS risk

Quota share reinsurance
- 60% of WRBB, St.George and RAMS risk

Stop loss reinsurance
Protects retained risk

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1 WLMI provides cover for residential mortgages originated under WRBB, St.George and RAMS brand. 2 Minimum Capital Requirements (MCR) determined by Australian Prudential Regulation Authority. 3 Insured coverage is net of quota share.

FIRST HALF
ECONOMICS
2012

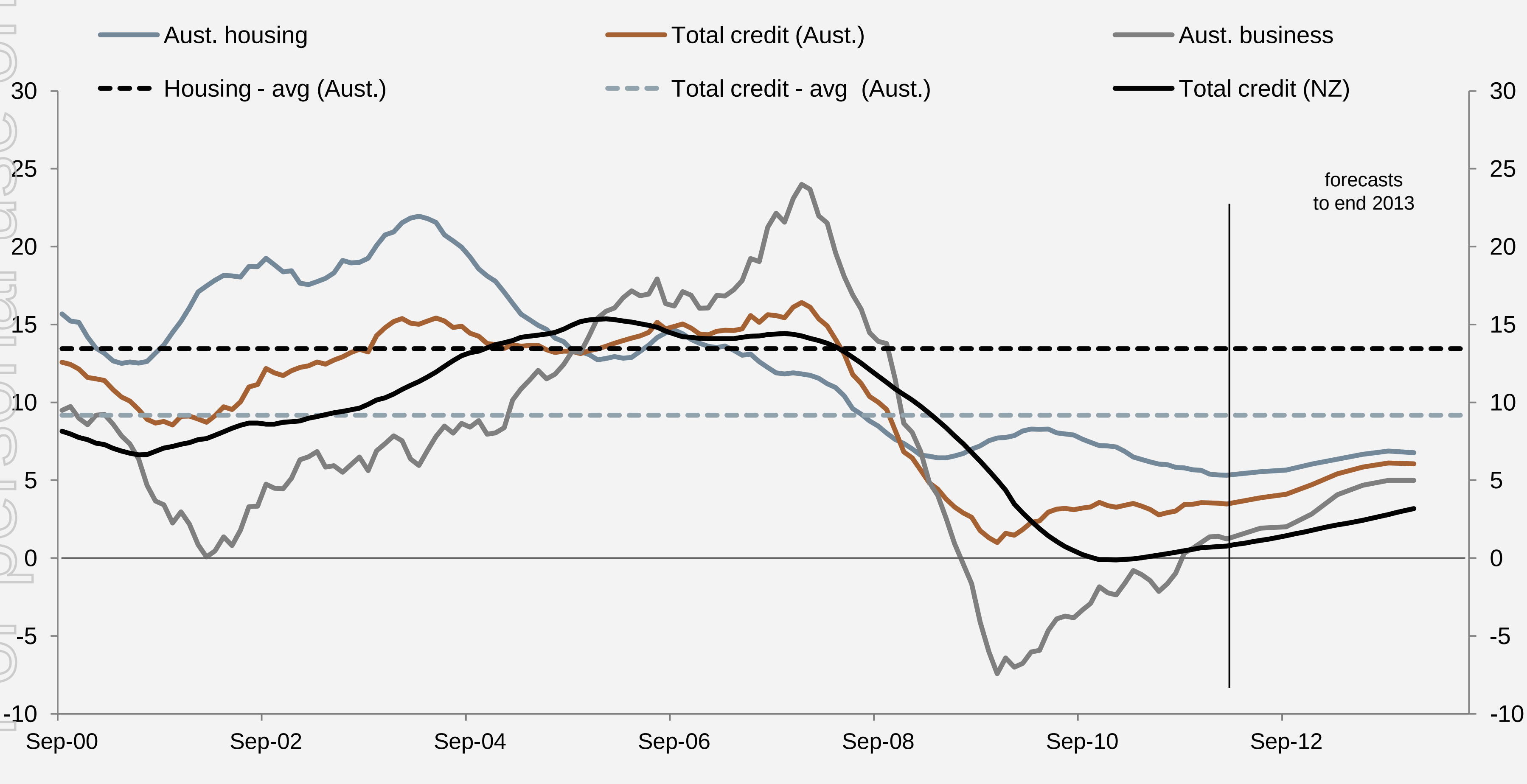
Australian and New Zealand economic outlook

Key economic indicators as at April 2012 (%)		Calendar year			
		2010	2011	2012f	2013f
World	GDP	5.1	3.9	2.8	4.0
Australia	GDP	2.5	2.0	3.0	3.8
	Private consumption	2.9	3.4	3.0	3.3
	Business investment[1, 2]	(1.8)	15.9	16.0	16.0
	Unemployment – end period	4.9	5.2	5.7	5.2
	CPI headline – year end[3]	2.7	3.1	2.1	2.2
	Interest rates – cash rate	4.75	4.50	3.25	3.25
	Credit growth, Total – year end	3.4	3.5	4.5	6.0
	Credit growth, Housing – year end	7.2	5.4	6.0	7.0
	Credit growth, Business – year end	(2.2)	1.4	2.5	5.0
New Zealand	GDP	1.2	1.4	2.3	3.4
	Unemployment – end period	6.7	6.3	5.9	5.0
	Consumer prices	4.0	1.8	2.2	2.5
	Interest rates – official cash rate	3.00	2.50	2.50	3.50
	Credit growth – Total[3]	(0.1)	0.7	1.8	3.2
	Credit growth – Housing[3]	2.8	1.3	1.5	3.1
	Credit growth – Business (incl. agri)[3]	(3.6)	0.0	2.1	3.4

Source: Westpac Economics 1 GDP and component forecasts were updated following the release of quarterly national accounts. 2 Business investment adjusted to exclude the effect of private sector purchases of public assets. 3 Annual average percentage change basis.

Credit growth expected to modestly improve

Credit growth (% annual)



Sources: RBA, RBNZ, Westpac Economics

FIRST HALF
APPENDIX AND DISCLAIMER
2012

Appendix 1: Cash earnings adjustments

	Cash earnings adjustment	1H11	2H11	1H12	Description
	Reported NPAT	**3,961**	**3,030**	**2,967**	Reported net profit after tax attributable to equity holders of Westpac Group
Non-merger related items	TPS revaluations	27	(6)	24	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	7	(13)	12	Earnings on Westpac Group 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
	Fair value gain/(loss) on economic hedges	62	(26)	20	Unrealised profit/losses on economic hedges and 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 profit available to shareholders
	Ineffective hedges	(4)	17	(8)	The gain/loss on qualified hedge ineffectiveness is reversed because the gain/loss from fair value movements reverses over time
	Buyback of government guaranteed debt	20	(15)	(5)	The Group has undertaken a buyback of a portion of its government guaranteed debt which reduced the government fee on that debt, currently 70bps. The benefit is being amortised over the original term of the debt that was bought back. This has been treated as a Cash earnings adjustment as the economic benefit of ceasing to pay the government guarantee fee cannot be recognised
	Tax provision	93	(23)	-	The tax provisions were increased in 1H11 on certain existing transactions undertaken by the Group in response to the recent trend of global tax authorities challenging the historical tax treatment of complex and/or cross border transactions. In 2H11 some of these matters were resolved releasing $23m. Treated as a Cash earnings adjustment as it relates to global management of existing tax positions and does not reflect ongoing operations
	Supplier program	–	–	93	Expenses relating to change to supplier arrangements and include costs associated with streamlining and better documenting systems and processes, technology costs to enable infrastructure and enhance interaction with suppliers and costs associated with restructuring the workforce. Given these significant expenses are not considered in determining dividends they are treated as Cash earnings adjustments
	Amortisation of intangible assets	–	–	2	The acquisition of J O Hambro during 1H12 resulted in the recognition of management contract intangible assets and are amortised over their useful lives ranging between 5 – 20 years. The amortisation is a Cash earnings adjustment because it is a non-cash flow item and does not affect returns to shareholders
St.George merger related items	Merger transaction and integration expenses	34	32	–	Transaction and integration expenses incurred over three years following merger were treated as Cash earnings adjustments. They do not impact the earnings expected from St.George following the integration period
	Amortisation of intangible assets	72	74	72	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
	Fair value amortisation of financial instruments	6	63	18	The unwind of the merger accounting adjustments associated with the fair valuing of St.George retail bank loans, deposits, wholesale funding and associated hedges. Given these are not considered in determining dividends they are treated as Cash earnings adjustments
	Tax consolidation adjustment	(1,110)	–	–	The resetting of the tax value of certain St.George assets to the appropriate market value as at the tax consolidation effective date. Treated as a Cash earnings adjustment due to its size and it does not reflect ongoing operations
	Cash earnings	**3,168**	**3,133**	**3,195**	

Appendix 2: Definitions

Westpac's business units

Westpac RBB or WRBB	Westpac Retail and Business Banking is part of Australian Financial Services division Provides sales, marketing and customer service for all consumer and small-to-medium enterprise customers within Australia under the 'Westpac' brand
St.George Banking Group or St.George or SGB	St.George Banking Group is part of Australian Financial Services division Provides sales 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); Bank of Melbourne; and RAMS brands
BTFG	BT Financial Group (Australia) is part of Australian Financial Services division and is the Group's wealth management business, including operations under the Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management, Licensee Select, Magnitude, and Securitor brands. Also included is the advice, private banking, and insurance operations of Bank of Melbourne, BankSA, St.George and WRBB. BTFG designs, manufactures and distributes financial products that are designed to help customers achieve their financial goals by administering, managing and protecting their assets
WIB	Westpac Institutional Bank Provides a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand
Westpac NZ	Westpac New Zealand Provides a full range of retail and commercial banking and wealth management products and services to consumer, business, and institutional customers throughout New Zealand. New Zealand operates under the Westpac New Zealand, Westpac Institutional Bank, Westpac Life and BT brands
Pacific Banking or PB	Pacific Banking Provides banking services for retail and business customers throughout the South Pacific Island Nations
GBU	Group Businesses Unit Provides centralised Group functions, including Treasury and Finance

Financial performance

Cash earnings	Net profit attributable to equity holders adjusted for the impact of the economic hedges related to TPS, earnings from Treasury shares, fair value gains/losses on economic hedges, ineffective hedges, buyback of government guaranteed debt, special tax provisions, supplier program, merger transaction and integration expenses, the amortisation of certain intangibles in relation to the merger with St.George and the J O Hambro acquisition, fair value amortisation of financial instruments, and the St.George tax consolidation adjustment
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 all interest bearing liabilities
Net interest margin	Net interest income divided by average interest earning assets
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
Wealth and Home and Content Penetration Metrics	Data based on Roy Morgan Research, Respondents aged 14+. Wealth penetration is defined as the number of Australians who have Managed Investments, Superannuation or Insurance with each group and who also have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group as a proportion of the total number of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group. Home and Contents penetration is defined as the number of Australians who have Household Insurance (Building, contents and valuable items) within the Group and who also have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group as a proportion of the total number of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group. 12 month rolling average to March 2012. WRBB includes Bank of Melbourne (until Jul-11), BT, Challenge Bank, RAMS (until December 2011), Rothschild, and Westpac. St.George includes Advance Bank, Asgard, BankSA, Bank of Melbourne (from Aug-11), Barclays, Dragondirect, Sealcorp, St. George and RAMS (from January 2012). Westpac Group includes Bank of Melbourne, BT, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Barclays, Dragondirect, Sealcorp and St.George.

Appendix 2: Definitions (continued)

Financial performance (cont.)

Net Promoter Score or NPS	Refers to an external measure of customer advocacy which looks at how willing our customers are to recommend Westpac to their family and friends. To calculate NPS, customers are asked how likely they are to recommend Westpac's banking brands to a friend or colleague. On a scale of 1 to 10, the NPS is calculated taking promoters (those who score 9 or 10) and subtracting the detractors (those who rate the company 6 or less). Those who score 7 or 8 are ignored as although positive, are not enthusiastic
WRBB Consumer Affluent NPS	Net Promoter ScoreSM and NPSSM is a service mark of Bain & Company, Inc., Satmetrix Systems, Inc. and Mr Frederick Reichheld. 2 Affluent NPS Source: Roy Morgan Research. Metric based on six month rolling average. Affluent NPS = NPS of main financial institution, aged 25-59 & household income $100k+ or aged 60+ & household income $50k+ or aged 14+ & banking & finance (excluding WB super) footings $400k+. Peer Group is the weighted average of the Big 4 Banks. Weighted Big 4 average includes: WBC, ANZ, CBA and NAB 6 month moving average. Rankings are based on absolute NPS scores
St.George Consumer NPS	Net Promoter ScoreSM and NPSSM is a service mark of Bain & Company, Inc., Satmetrix Systems, Inc. and Mr Frederick Reichheld. Consumer NPS Source: Roy Morgan Research. Metric based on the six month rolling average. Consumer NPS = NPS of main financial institution, aged 14+. St.George - includes St.George Bank, Bank of Melbourne (from August 2011), BankSA, Advance Bank, Dragondirect and RAMS (from January 2012). Peer Group is the weighted average of the Big 4 Banks. Weighted Big 4 average includes: WBC, ANZ, CBA and NAB 6 month moving average
Business NPS	DBM Consultants Business Financial Services Monitor: 6 month average; Net Promoter Score is calculated by subtracting the percentage of Total Detractors (0-6) from the percentage of Promoters (9-10), who answer the following question: "Please use a scale ranging from 0 to 10, where 0 means 'extremely unlikely' and 10 means 'extremely likely'. How likely would you be to Recommend (MFI) to others for business banking? All businesses. SME NPS = NPS of main financial institution. All businesses with annual turnover under $5 million (excluding Agricultural business). Commercial NPS = NPS of main financial institution. All businesses with annual turnover over $5 million and under $100 million (excluding Agricultural business)

Capital

Risk Weighted Assets or RWA	Assets (both on and off-balance sheet) of the Westpac Group are assigned within a certain category, amounts included in these categories are multiplied by a risk weighting, and the resulting weighted values added together to arrive at total risk weighted assets
NCI	Non-controlling interests
Capital ratios	As defined by APRA (unless stated otherwise)

Asset quality

TCE	Total committed exposure
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: Exposures with individually assessed impairment provisions held against them, excluding restructured loans; 2. Restructured assets: exposures 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 (and not well secured): 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 and/or principal are 90 or more calendar days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and interest is being taken to profit on an accrual basis
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
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

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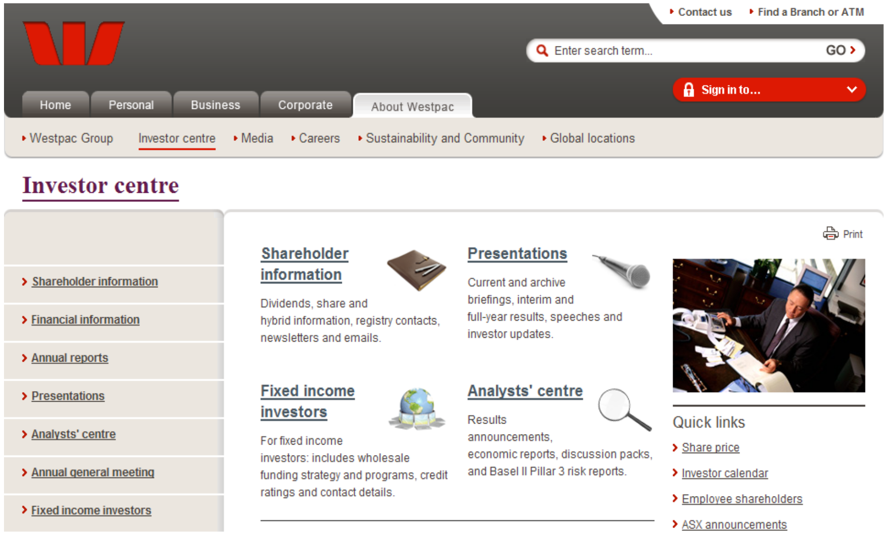

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