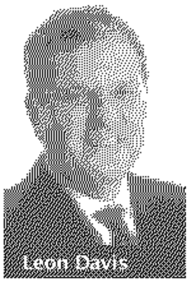
2003 Full Year

The Westpac Shareholder Newsletter for the year ended 30 September 2003


Leon Davis

Chairman's Address

2003 Annual General Meeting, Sydney, 11 December 2003.

Undoubtedly, this has been another year of achievement and progress for Westpac.

We are making real headway - real progress in changing Westpac for the long-term benefit of all our stakeholders, but in particular, our shareholders.

In the past year, we've been able to deliver yet another strong and balanced profit result. A result that reflects solid revenue growth, successful integration of our wealth management acquisitions, continued cost containment, and a quality balance sheet.

Net profit after tax was $2.18 billion. This was up 9% on last year's result, after excluding the impact of the 2002 significant non-recurring items, the largest of which was the profit from the sale of Australian Guarantee Corporation Limited (AGC).

Cash earnings, again excluding the significant items, were up 10% and cash earnings per share were up 9%, which was at the top of our target range of 7 to 9%.

We focus on cash earnings because they represent the cash flows available to shareholders and from which dividends can be distributed. That is, the reported profit adjusted for the impact of non-cash and other items that cannot be distributed to shareholders.

This strong result has allowed your Board to declare a final dividend of 40 cents per ordinary share, fully franked, to be paid next week, on 19 December. Together with our first half dividend of 38 cents, this takes the total dividend for 2003 to 78 cents, an increase of 11% on last year. We have, over recent periods, increased the proportion of earnings paid to shareholders and this has taken the payout ratio to 63% this year.

Importantly, our growth and profit improvement didn't come at the expense of our returns, with the return on equity on a cash basis remaining at 21%.

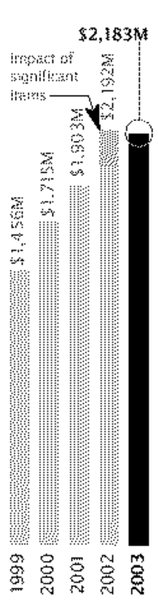
The really pleasing aspect of the result was the strong earnings growth achieved across all of the Group's businesses. Overall, revenues were up 10% and this was despite the sale of the relatively high revenue, but higher risk, AGC business in 2002.

Profit from our Australian Business and Consumer Banking operations was up a strong 16%, excluding the 2002 significant items, and our lending market share was up by over one percentage point.

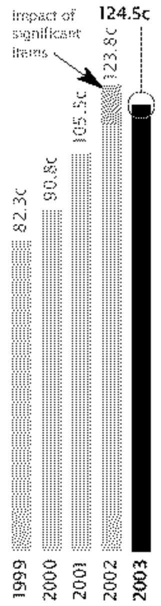
In New Zealand, we achieved strong lending and deposit growth and, with flat bad debt expenses, our profit on operations was up 12% in New Zealand dollar terms.

Continued on page 2...

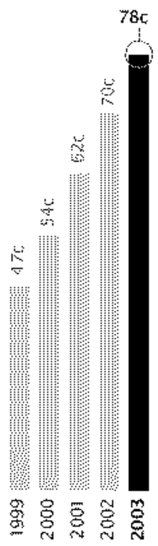
Financial Highlights



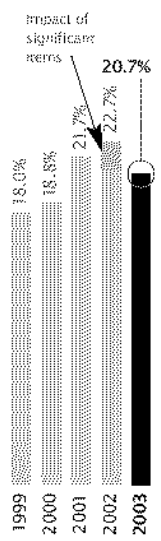
Profit



Cash earnings per share



Dividend per share



Return on ordinary equity (cash basis)

Westpac

After a disappointing result last year, the Institutional Bank bounced back to lift their profit contribution by 39%. This reflected a more normal trading performance and sharply lower bad debt experience.

I'm also particularly pleased to report that the integration of Westpac Financial Services, Rothschild Australia Asset Management and BT Funds Management into the new BT Financial Group has proceeded ahead of plan. Synergies are also 78% ahead of what we anticipated at the time of acquisition and have added a further $300 million plus to the net present value of the acquisition.

Profit for the year in the new BT Group was $127 million reflecting good growth in life and risk insurance premiums, and a return to above industry benchmark investment performance. Cash earnings for BT were up a strong 48% to $190 million for the year.

On the efficiency front, the underlying expense to income ratio for the Group fell to 51% from 52%, continuing the downward trend. We expect that actions already taken will deliver further efficiencies, even allowing for our significant ongoing investment in growth enhancing initiatives.

Added to this, our asset quality continued to improve. Our net impaired assets as a proportion of our equity and general provisions improved significantly, falling from 3.5% to just 2.9%. Provisioning levels were also enhanced with our general provisions cover rising to 1% of risk weighted assets, up from 0.9% previously.

Your Board remains confident that our asset quality and provisioning have us well positioned against the credit outlook to sustain our track record of earnings improvement.

During the year we also undertook steps to enhance our capital mix. In December 2002, we launched a Tier 1 hybrid capital transaction known as Westpac FIRsTS raising $667 million, with over 5,500 Australian and New Zealand investors subscribing to the issue. Westpac FIRsTS are now trading on the Australian Stock Exchange.

In August 2003, we also completed a US$750 million Tier 1 hybrid capital raising, that was sold primarily to US institutional investors.

As a result, we remain prudently capitalised but now have a broader capital mix. Our Tier 1 capital ratio at year-end of 7.2% was up from 6.5% as at 30 September 2002 and remains well in excess of the regulatory minimum.

Beyond our financial results we have made real progress through the year on the three issues that the Board watches closely - best practice governance, corporate responsibility, and our Ask Once customer service promise.

It is with some pride that I'm able to report that our focus on good governance and responsible business practices, which is underpinning our longer-term sustainability, has gained domestic and international recognition.

Importantly, your Board has moved quickly to ensure it remains at the forefront of good governance. We have adopted the Australian Stock Exchange Best Practice Guidelines and I commend to you our governance practices disclosures that can be read in our Annual Report or accessed at the Investor Centre on the Westpac internet site. For ease of reference, we have compared our governance practices with the ASX guidelines.

Reflecting evolving remuneration practices, and although we had shareholder approval for it, the Board has decided to cease providing retirement allowances for Non-Executive Directors appointed after July 2003. Past retirement allowance arrangements will continue for existing Directors under the original terms of their appointment.

Any concerns relating to the possible accrual of retirement benefits by Directors over a long period of time are addressed by our practice of compulsory retirement after three Board terms, typically nine years, or at the age of 70.

Your Board firmly believes that in a modern society all enterprises must adopt the principles of sustainability. To this end, we released our second Social Impact Report in July this year.

The report details our progress, targets and aspirations across the three pillars of sustainable business practice: that is financial, social and environmental responsibility. It documents our performance across some 90 key indicators and details how we are integrating corporate responsibility into our business model.

Reflecting our progress, we were rated the number one bank in the world for corporate sustainability in the Dow Jones Sustainability Index for 2003/2004. This is the second straight year that we have been judged the world leader in our sector.

This year, we were also rated No 1, and the only company to be awarded a AAA rating, in the initial RepuTex sustainability ratings of the top 100 Australian companies.

We believe that good corporate governance naturally flows from a corporate culture that is a sustainable culture. Corporate governance doesn't flow from laws but from a state of mind and from a culture within an organisation that insists on high ethical standards.

As David Morgan will elaborate, we have focused and harnessed the considerable power of our nearly 27,000 talented and diverse people around our determination to be at the forefront for customer service in our industry.

In fact, as I said in our Annual Report, delivering a customer experience so good that shareholders can expect to benefit from a satisfied and expanding customer base isn't a complicated idea.

It's just about the simplest but most effective thing a business can do! And yet turning the theory into a reality poses a major challenge.

Why? Because changing the way organisations work isn't a straightforward thing. We all know the cliché about how difficult it is to turn the super tanker around. Well, clichés become clichés because they accurately reflect reality.

Which makes the progress we have made in becoming a world leader in sustainability and in progressing on our 'Ask Once' service promise all the more remarkable.

Having a sustainable organisation isn't by itself going to deliver us a fully rounded bank. But sustainability coupled with a superior customer experience will deliver us a great bank - and position us such that it will be difficult for anyone to catch us.

We're more than ever determined to embed our improvements for the future. And under David Morgan's continued leadership, you can expect more of the same straightforward customer strategy that is proving so successful.

An event of significance for shareholders in the year has been the renewal of Dr Morgan's contract. The new contract will see David continue to lead Westpac until December 2007. It goes without saying that David has lead Westpac's superior performance over recent years and his leadership has been crucial to the Group's success.

Let me point to a couple of trends to illustrate. In the period of David's leadership to the end of September this year, our market capitalisation has increased 38% or $8.2 billion. Also in the same five years total shareholder returns have averaged 16.2% each year compared to 9.0% for all shares in the Australian index.

In agreeing the proposed remuneration arrangements for Dr Morgan, the Board was very aware that many in the community feel that executive remuneration has got out of hand. Many feel that practices often bear no resemblance to reward for performance and some payouts have been unjustified.

In response to these growing community concerns, Westpac has been at the forefront in introducing strict performance hurdles into our executive remuneration to ensure that executives are not rewarded for under performance.

Later in the meeting you will be asked to agree to the equity-linked components of Dr Morgan's remuneration arrangements under his new contract. Consistent with the Australian Shareholder Association and other guidelines, the terms of the Chief Executive Securities Agreement are firmly linked to Westpac's performance.

Let me briefly point out the highlights of Dr Morgan's arrangements.

- Westpac will need to perform at or above the average of the leading companies for Dr Morgan to receive any performance options or rights.
- If Westpac does not perform in the top half of companies, Dr Morgan will receive no benefit from these grants. They will be worth nothing.
- Dr Morgan will only gain maximum benefits if Westpac's total shareholder returns are consistently in the top quartile of the leading companies over the contract period.
- No retesting against the performance hurdles is allowed. Testing is at one point in time and that is it. This encourages sustainable improvement in shareholder value rather than just waiting for a flash in the pan.
- Dr Morgan's base salary and the number of options and rights will stay constant for the whole contract period. Beyond the base, any increase in remuneration can only come from good performance.
- Overall, three quarters of Dr Morgan's potential remuneration is at risk during his new contract.

As a final point, the Board has looked at the various ways in which Dr Morgan's contract could be terminated and defined the terms in advance. This is to give shareholders comfort on this point and it will eliminate any possibility of a pay-out for non-performance.

The remuneration arrangements for Dr Morgan may turn out to be generous, and I hope they do, because it will mean that we, as shareholders, have also been rewarded well. The important thing is David will not benefit from underperformance.

You will also be asked later in the meeting to consider an increase in the Non-Executive Directors' fee pool. The fee pool is an amount of money approved by shareholders from which Directors are paid. There are a few points I would like to make now, prior to your consideration of this matter:

- The last increase in the fee pool was four years ago. The Board is not planning to come back to shareholders for at least another three to four years.
- An increase in the pool does not necessarily mean an immediate increase in individual Director's fees. Although we will be reviewing fees we do not intend to increase individual Directors' fees this financial year.
- We have increased the productivity of the Board over recent years by reducing the number of Directors. The number may slightly increase for a time to manage succession planning, workloads, and to add outstanding candidates when available.
- As we indicated in the Notice of Meeting, for new Directors appointed after 3 July 2003 we have discontinued the payment of retirement allowances, notwithstanding having previously got shareholder approval for such payments. This means that new Directors will need to receive higher fees in lieu of the retirement allowances.

We have also been fortunate to add to the depth and quality of the board in the year. I would like to take this opportunity to welcome Ms Carolyn Hewson to her first Westpac AGM. Carolyn joined the Board in February as a Non-Executive Director. Carolyn brings extensive experience from her time in the financial sector and from her broad community board and advisory appointments. She has justly earned an excellent reputation in the business community.

In October this year, we also appointed Peter Wilson to the Board. Peter is our first New Zealand based director and brings to the Board extensive experience in finance and accounting. Peter was previously a director and Chairman of Trust Bank New Zealand, which Westpac acquired in 1996. I would also like to welcome Peter to his first Westpac AGM.

After seven years of distinguished service, John Fairfax resigned from the Board on 1 September 2003. John was an active member of the Credit and Market Risk and the Social Responsibility Committees and chaired the Westpac Foundation. I would like to take this opportunity to recognise John's valuable contribution on behalf of the Board and shareholders and we wish him well.

We are also losing the services of Barry Capp who is retiring from the Board following this meeting. Barry joined the Board in May 1993 and has played a major role on the Board in restoring Westpac to its leadership position. More recently Barry has chaired the Board Remuneration Committee and its work in introducing the best practice performance linked executive remuneration structures we now have in place. I am sure you will all join with me in thanking Barry and wishing him good health in his retirement from the Westpac Board.

As shareholders are aware, we held our AGM in Melbourne last year - the first AGM we have held outside of Sydney. I indicated at the time that the Board's intention was to hold every second AGM outside of Sydney and I am pleased to advise that the Board is considering holding next year's AGM in Auckland, New Zealand and we would appreciate any views you have on this.

We have a long and proud history of operating in New Zealand, first opening in 1861. Following the successful acquisition of Trust Bank, our operations were expanded substantially and New Zealand remains a very attractive core market for ongoing growth. As you know, New Zealand accounts for around 17% of Westpac's revenues.

In conclusion, let me make some brief comments on Westpac's prospects.

The Australian and New Zealand economies continue to perform well on most measures, and though we expect a slowing in housing credit growth, we remain confident that we can continue to benefit from the solid base set during the past year. It is our belief that the Australian and New Zealand economies will continue to perform well against a background of improving global prospects.

The success of our many initiatives across the Group in support of our customer experience objective is providing additional momentum. Doing common things uncommonly well is certainly delivering some surprising and positive results.

Under David's leadership, I continue to be impressed by the strength and diversity of the great people that make up the Westpac community. Their dedication and contribution is immeasurable, and we thank them sincerely for their tireless efforts throughout the year.

As a result, your Board remains confident that Westpac is well positioned to continue to deliver strong outcomes for all its stakeholders.

Leon A. Davis, Chairman

Concise Annual Report 'online' is now available at www.westpac.com.au/investorcentre.

We hope that you take time to view the 2003 Report in a user-friendly format. You can also view and download individual sections. See below for details of how to access the site.

Other information of interest to shareholders is available on our Internet site. You can now directly access the Investor Centre by typing in the following address in your internet browser address window: **www.westpac.com.au/investorcentre**

The Investor Centre includes information on:

- Westpac's financial performance
- Corporate governance
- Dividends and key shareholder dates
- Share registry contacts
- The 2003 Concise Report and copies of past annual reports
- Briefings provided to investors and analysts, and speeches by key executives
- Westpac's NZ Class Shares and US ADR program.

Shareholders of Westpac ordinary shares listed on the Australian Stock Exchange can also directly access our new share registry company, ASX Perpetual Registrars Limited, via a link from the Shareholders Services page in the Investor Centre. Once linked to the registry you can obtain information about your holdings and initiate changes to address details or other information relevant to those holdings.

Be first to receive shareholder news ...and save paper!

By registering your email address you can start receiving important Westpac shareholder information electronically. This will save time, paper and money. To register go to www.westpac.com.au/investorcentre and click on 'Register your email address' on the right hand side of the page.

Help required...unpresented dividend cheques

We need your help as there are currently in excess of 50,000 unpresented dividend cheques. Starting with Australian resident shareholders, we have included details of any unpresented dividend cheques on the current dividend payment advice. Please present any cheques that you may hold, that are less than 12 months old, as soon possible. Where the cheques are dated more than one year ago, they are now 'stale' and must be replaced. In such instances please contact the share registry, ASX Perpetual Registrars Limited, in writing at the address below explaining which payments have not been received or are now unable to be banked. The Registry will then organise to have the unpresented cheque(s) cancelled and a replacement cheque issued. You do NOT have to send back any out of date cheques. The replacement process may take up to ten business days to complete depending on the complexity of your request.

Please contact:

- ASX Perpetual Registrars Limited,
  Replacement Cheque Office,
  Level 8, 580 George Street,
  Sydney NSW 2000
  Australia.
  Tel: (02) 8280 7070 or Toll Free in Australia 1800 804 255.

We strongly recommend that any shareholders who currently receive their dividend by cheque, consider changing to either direct credit of dividends to an account at a financial institution or joining the Dividend Reinvestment Plan.

Chief Executive Officer's Review

2003 Annual General Meeting, Sydney, 11 December 2003


David Morgan

Simple things but done well

I am grateful for the opportunity to address you. The Chairman has outlined some of the progress we are making. I would like talk about what we are doing to drive that progress.

Last year, I described how we intended to revolutionize our customer service.

I pointed out that continued financial success largely depended on the quality of our customers' experience with Westpac.

We owed it to both our customers and you, our shareholders, to make service a top priority. We owed it to our staff who share - and suffer - our customers' frustrations. And as I have said, our prosperity depends on it.

The shareholder value link is compelling. Satisfied customers stay longer, buy more services and recommend the company to their friends.

That's why we were determined that our customers should only have to 'Ask Once' to receive the service they require.

It was time to move past listening and start acting. This was what our customers were telling us: no more promises, give us results.

The idea is simply said, but quite revolutionary. In fact some think Ask Once is impossibly ambitious.

We don't agree and our Annual Report sets out the proof points on our progress.

But even if we start full of admirable intentions, how could anyone be confident that we'll stick at it over the long haul. What's so different this time?

My answer is - just about everything. In fact, we've been hard at work building the foundations for this customer service revolution for the past five years. These foundations will help us succeed.

We've started by rebuilding what we call the Westpac DNA - from the base up. In the same way that human DNA carries each individuals' unique and defining information, Westpac's DNA captures the defining characteristics of Westpac - the lifeblood and spirit of our company.

Our DNA defines what we stand for, where we're heading and how we're going to get there. It defines our vision, our values, our strategy, our objectives.

Our vision is to be a great Australasian company, as judged by customers, staff, you our shareholders and the broader community.

Customer focus is our strategy and our mission is to be at the forefront for service in our industry by 2005. Weaving through everything we do are our core values of teamwork, integrity and performance.

We strongly believe that the only way to sustainably deliver shareholder value across our businesses is through the service-profit chain. The service-profit chain establishes the relationship between our practices, the commitment of our people, the satisfaction and loyalty displayed by our customers, and the revenue and profit that results.

One can draw a straight line between engaging our people, embedding superior service as second nature, and sustainable profit growth. Where the chain goes the energy goes.

The challenge of course is to maintain the solid progress we're making and make sure the improvements are sustainable.

That's the really important point and this is why we have spent so much time on the front end of the service-profit chain - on supporting our staff and lifting their commitment.

In our Staff Perspectives Survey this year, our people told us that they have switched on to Ask Once and the customer experience levels that we aspire to. In fact, they were so engaged that we achieved an 84% response rate in the survey.

Progressive workplace practices and advancing diversity and equity for all have been priorities over recent years. Policies such as paid maternity, paternity and adoption leave; mutual negotiation of work hours; innovative childcare, job sharing and home-based work arrangements, have made Westpac an employer of choice.

Combined with our global leadership in corporate responsibility and the sense of direction we're providing, we have the essential ingredients of a high performance culture.

Stronger support for our service mission means our people feel they're doing worthwhile things.

As a result, we are seeing lower turnover in our staff and higher productivity - effort is up, intention to leave is down.

These things translate directly into improved customer service.

Why are we so passionate about investing in improving customer service? Because we turn over about 8% of our customer base every year. Around 65% of those who leave us do so because of the service they have received - or have not received so reducing customer defection has a dramatic impact on revenue and costs.

Already we are seeing the improvements carry over into improved customer loyalty across our business in Australia. Not only is our market share up but so is the average number of products held by each customer.

We are now improving our position across most segments.

In Australia, we are well on the way to being number one for customer service amongst the Australian major banks.

It takes time for improved customer service to be fully reflected in customer satisfaction, but these results give us confidence that our Ask Once and other service initiatives are delivering improvements that our customers value.

Binding all this together is our corporate responsibility agenda and good governance.

Customers and staff are attracted to businesses that manage themselves, including their social and environmental impacts on the community, in an ethical and responsible way. Public trust is absolutely critical to both our brand and to improving customer loyalty

Continued on page 6...

value in our business.

The proof points are building. Initiatives like: the Ask Once promise; Saturday trading and extended opening hours; customer greeters; and our Business Life and Pay Anyone facilities. All of these are translating into customer gains and it is these proof points that are, of course, the crucial 'moments of truth' in a customer service business like ours. That's why they have been the basis of the new advertising campaign we launched in September this year.

So in conclusion, we have made real progress in empowering our people, improving customer experience and loyalty, and delivering growth and returns for you, our shareholders.

We know we are not there yet and we know there is still much improvement to come. But we are well on the way and our commitment is stronger than ever.

Thank you for the opportunity to update you on our progress and we look forward to continuing to deliver growth and solid returns for you our shareholders.

David Morgan

David Morgan, Chief Executive Officer

Shareholders' Questions and Answers

This year we invited shareholders to submit questions prior to the AGM concerning matters arising from the financial accounts and general questions concerning the performance of Westpac. We received a number of very worthwhile questions and comments with many related to the AGM agenda items, particularly the grant of securities to the Chief Executive Officer and the increases in the Non-executive Directors' fee pool. The balance of questions fell mainly into the broad categories of the Bank's performance, Westpac's share value, communicating with shareholders, shareholders' benefits, and general banking issues.

The Chairman's and Chief Executive Officer's speeches, which are reproduced in this newsletter have, we believe, addressed a good number of the questions and issues raised. We have included answers to those questions addressed at the AGM and also some that could not be covered during the meeting. Particular thanks go to those shareholders who took the time to submit questions.

Annual General Meeting Results

At Westpac's Annual General Meeting on 11 December 2003, the following business included in the Notice of Meeting was carried by the requisite majority.

Item 1 - Reports and Accounts.
The reports of the directors and the auditors, and the financial reports of Westpac for the year ended 30 September 2003 were received and considered.

Item 2 - Election of Directors.
Helen Ann Lynch , Carolyn Judith Hewson and Peter David Wilson were elected as Directors of Westpac.

Item 3 - Grant of Securities to the Chief Executive Officer.
The Meeting approved the following:

- The grant of performance options and performance rights;
- The allotment of a maximum of 3,568,834 fully paid ordinary shares; and
- To give effect to the Chief Executive Securities Agreement 2003.

Item 4 - Non-executive Directors' Remuneration.
The Meeting approved an increase in the yearly maximum sum available to the Non-executive Directors for remuneration from $1.5 million to $2.5 million.

Item 5 - The Westpac Foundation: Indemnity for Trustees.

The Meeting approved the granting of an indemnity to each Director and former Director who, at Westpac's request, holds office as a trustee of the Westpac Foundation from time to time.

Election of Directors

Q. How are new directors for chosen for the Board?

A. External consultants are used to access a wide base of potential Directors. These are assessed against a range of criteria including their background, experience, professional skill, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. Recommendations for nominations of new Directors are made by the Board Nominations Committee and are considered by the Board as a whole.

Communicating with Shareholders

Q. Would the Bank consider holding the AGM outside Sydney, or at least consider broadcasting the proceedings to groups of shareholders in such locations, particularly as not all shareholders have access to webcasts via a personal computer?

A. We held our AGM last year in Melbourne, with a simultaneous shareholder information meeting in Sydney. At the 2002 AGM the Chairman committed to holding the AGM outside of Sydney every second year. Consistent with this commitment, the Board is considering holding the 2004 AGM in Auckland, New Zealand and any views on this would be appreciated.

Subject to technology constraints, we plan to provide a simultaneous information meeting in Sydney in those years that the AGM is held outside Sydney.

Shareholder Benefits

Q. Why can't shareholders in Westpac buy additional shares free of costs through a regular Share Purchase Plan?

A. We are aware that some companies offer such a facility and we offered a special Share Sale and Top up facility earlier this year to enable shareholders with less than 500 shares to either sell their small holdings or top up to more than 500 shares. This facility was taken up by many shareholders, and as a result more than 135,000 shareholders are now eligible to take advantage of the Shareholders Benefits Package.

Share purchase plans were first introduced by companies many years ago to avoid the high transaction costs associated with buying shares. Since then, stamp duty has been eliminated and brokerage fees have substantially reduced. As a result, the cost of buying shares is no longer a serious impediment to shareholders acquiring additional shares on market.

Whilst we would not rule out introducing such a plan, they are costly to set up and to maintain. There are also restrictions on how much value in shares may be purchased under a Share Purchase Plan by a shareholder in any one year. This limit is set by the Australian Securities & Investments Commission and is currently $5,000 per annum.

In addition, shareholders wishing to acquire additional shares can participate in the Dividend Reinvestment Plan, which offers access to additional shares on a regular basis free of transaction costs.

Q. Why can't the Shareholders Benefits Package include a range of other benefits, such as fee free bank cheques and travellers cheques?

A. The Shareholders Benefits Package was put in place in 1998 as an additional reward, over and above dividends, for shareholders who also choose to do their banking with Westpac.

We review the components of the package on a regular basis, taking into consideration, shareholder feedback and changes in the Bank's products and services. In addition, we are also mindful of striking a balance between the value of the benefits provided to shareholders who utilise the Package and the cost of supplying the benefits that must be borne by all shareholders.

The package was last enhanced in July 2002 including the extension of the property lending benefit to include the spouse (or de facto spouse) and children of eligible shareholders. The Package will next be reviewed prior to the issue of the 2004/05 Shareholders Benefits Card in July 2004.

Q. Why can't New Zealand resident shareholders, including NZ Class holders, access the Shareholders Benefits Package?

A. Westpac New Zealand has introduced benefits for holders of both Westpac ordinary shares and NZ Class shares. The form in which these are presented is different to that in Australia, reflecting the different market in which the Bank operates in New Zealand.

Shareholders are provided a series of product and service related benefits every six months, detailed in an insert that is included with the dividend payment advices.

Q. Why is the Dividend Reinvestment Plan not available outside of Australia and New Zealand?

A. Before participation in a Dividend Reinvestment Plan (DRP) can be offered to shareholders in any country, it is necessary to comply with all applicable laws in that country and obtain all necessary government approvals. In a number of countries, for instance, a prospectus is required.

Whilst the Terms and Conditions of the DRP make provision for the Board to determine to offer participation in the DRP to shareholders in countries other than Australia and New Zealand, the need to comply with any special requirements required in other countries, especially where the number of shareholders and shares held is relatively small, is costly and not considered in the interests of all shareholders.

Q. Why won't Westpac issue bonus shares as an option in the Dividend Reinvestment Plan?

A. Westpac terminated its Dividend Bonus Plan ("DBP") in 1994. With the DBP shareholders could elect to receive their dividend in the form of shares paid out of the share premium reserve (now amalgamated into the share capital account). Although such shares were not assessable income for the shareholder, a subsequent change in taxation laws required that a notional amount, equivalent to the amount of a franking credit (had the dividend been paid as cash or reinvested in shares via a dividend reinvestment plan), be deducted from the Bank's franking account. It was therefore considered not to be in the interests of all shareholders to continue the DBP.

Q. Could the Capital account be used to issue bonus shares?

A. The issue of bonus shares from the share capital account is still possible. Westpac considers many options to return value to shareholders and will continue to look at all capital management options that offer the best value for all shareholders. It is not considered that the issue of bonus shares at this time is desirable for a number of reasons, including the dilution in earnings per share.

Westpac's share value

Q. A number of questions sought comment on the apparent differential between Westpac's share price and dividend yield and that of its major competitors.

A. While a company's share price is one of the best measures of a company's performance over the long term, it is an inaccurate measure of relative value between companies. The relative performance of a company needs to be

Continued on page 8...

Shareholders' Calendar

Final dividend payable	19 December 2003
Half year end	31 March 2004
Interim results and dividend announcement	6 May 2004
Record Date for interim dividend	10 June 2004*
Record Date for interim dividend (New York)	9 June 2004*
Interim dividend payable	2 July 2004*
Year end	30 September 2004
Final results and dividend announcement	8 November 2004
Record Date for final dividend	24 November 2004**
Record Date for final dividend (New York)	23 November 2004**
Final dividend payable	15 December 2004**
Annual General Meeting	16 December 2004***

* Dates will be confirmed at the time of announcing 2004 interim results.
** Dates will be confirmed at the time of announcing 2004 final results.
*** Details regarding the date and location of this meeting and the business to be dealt with, will be contained in the separate Notice of Meeting sent to shareholders in November 2004.

Shareholders' Questions and Answers continued

considered with regard to factors including:

- The relative riskiness of the company
- Future earnings growth
- The number of shares on issue
- The economic outlook or current position in the business cycle

One way of comparing similar companies is to use the Price to Earnings Ratio (PE Ratio). This attempts to normalise absolute prices by taking into consideration the number of shares on issue and is calculated by dividing the share price by the earnings per share of the company. The current PE ratio, based on the latest earnings results, of Westpac is 13.0 (Source: ASX, 5 December 2003). This compares to the equivalent PE for ANZ 11.3, NAB 16.4, and CBA 17.8.

General Banking

Q. When will Westpac open branches on Saturday mornings in Western Australia?

A. Westpac now has very successful Saturday morning trading at selected high traffic branches in Victoria, Queensland and New South Wales. In Western Australia, legislation is currently being drafted, which would, once passed by the WA Parliament, allow us to open on Saturdays.

Q. What is the Bank doing to improve the performance of the many funds managed by BT Financial Group?

A. We recognise that BT's longer term performance had been poor, however since Westpac purchased BT in October 2002, the returns have improved with the Balanced Fund now the second ranked fund over one year. Factors that have contributed to the improvement include the reorganisation of the business and a review of investment policies and procedures.

The new BT group will continue to apply these investment disciplines to maintain improved and consistent performance in the future.

Q What is the bank's housing exposure and what are the risks to a falling housing market?

A. Westpac has over $80 billion in loans secured by residential property, and importantly this portfolio has exhibited very low levels of delinquencies over the very long term.

Westpac has been closely monitoring increasing house prices and any possible impact on its housing portfolio. Accordingly, we have conducted rigorous stress testing of our portfolio, simulating the effect that falling house prices, increased unemployment and/or rising interest rates would have on earnings.

Under an extreme scenario, with housing prices falling by 20%, interest rates rising by 4 percentage points and unemployment rising to over 8%, the maximum expected loss on Westpac's housing portfolio would be around $113 million pre tax and $79 million after tax. This represents less than 4% of the Bank's 2003 cash earnings. Accordingly even under an extreme stress scenario, we believe we could comfortably absorb likely losses on the housing portfolio.

WAR095(12/03)

Westpac