

Westpac Institutional Bank

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Agenda

- Business overview
- Strategy execution
- Growth potential
- Balancing risk and reward

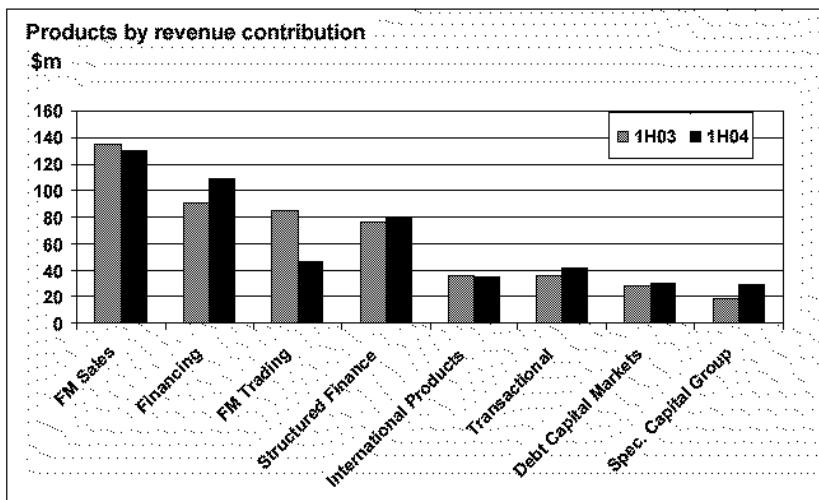
WIB – business overview

- Institutional Bank – clear client focused strategy
- Strong focus on core markets of Australia and New Zealand
- Building growth capabilities and sustainable income streams

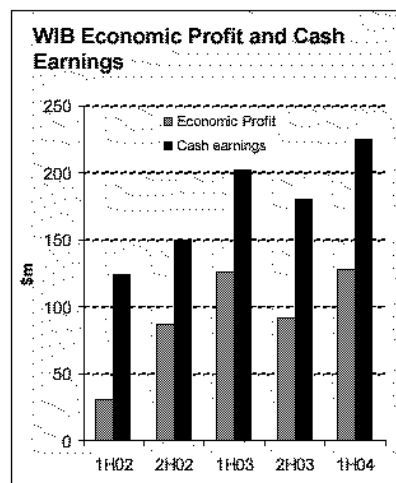
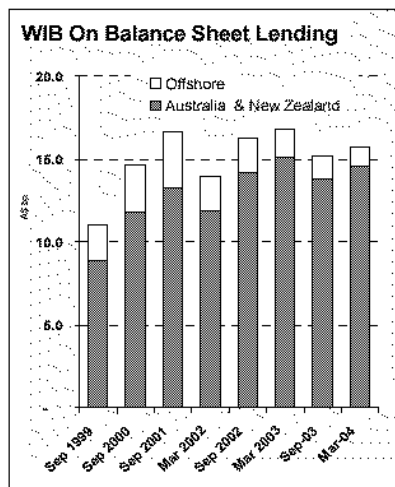
	March 31, 2004
Cash earnings	\$225m
Economic profit	\$128m
Expense to income ratio	42.4%
Total committed exposure	\$89.7bn
Funds under mgt ¹	\$2.9bn

1. Includes Westpac Funds Management Limited (WFML) and Hastings

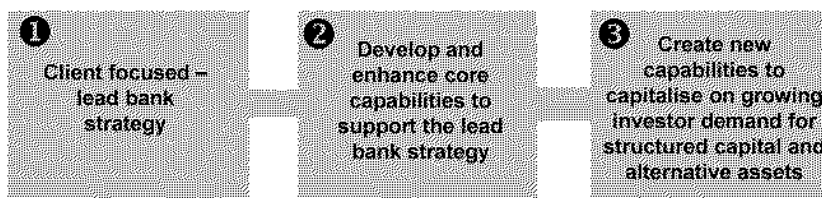
Business overview - solid earnings platform



Business overview – sustaining growth and earnings



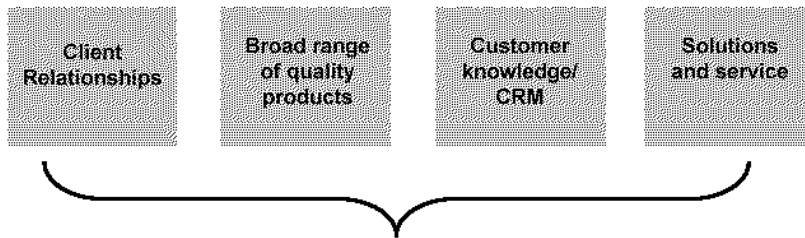
Strategy execution - Transformation project



- Further recent iterations to sharpen client focus, streamline structure and enhance productivity
- Distinct advantages for clients and shareholders:
 - Combining client-focused activity into one group will eliminate overlaps, handoffs and make it easier for clients to do business with us
 - Bolstering focus on alternative assets and wholesale funds management
 - Consolidating all investor sales, trading activity and portfolio management into Financial Markets

Core franchise – why chase lead bank status?

Drivers of Lead Bank Status



1. Lead bank delivers **55-70% of market share** across product offerings
2. Results in **higher value transactions** eg Capital Market issues
3. Provides **increased cross sell opportunities** – 4.5 for Lead Bank versus 2.9 for Non-Lead Bank.

Core franchise – achieving lead bank status

Getting the basics right – not everyone does!

- Strong core franchise – foundation for the business
- Transactional banking is one lever to achieving lead bank status, shifting from opportunistic to annuity income
 - Record new client acquisitions - 40+ major new deals & clients
 - Innovative payments solution - used by 60 major corporates, including Lion Nathan, NSW Govt, Aus Customs, Promina. 40% projected growth in 2005
 - Corporate Online - first fully online bank for corporates, making banking easier for 4,500 customers

Core franchise - position across markets

	WBC position 2003/04	WBC position 2002/03
Australian Lead Bank	2 nd	2 nd
New Zealand Lead Bank	2 nd	2 nd
Transactional	2 nd	2 nd
FX*	1 st	2 nd
Syndicated Loans	2 nd	2 nd
Trade Finance	2 nd	2 nd
Debt Capital Markets	1 st	1 st
Structured Securities	2 nd	n/a
Product cross-sell effectiveness	2 nd	3 rd
US Private Placements**	1 st	1 st

Source: Market Share, Greenwich Surveys, Australia/New Zealand * Volume based ** WBC data



Core franchise - cross-sell wins

Significant cross-sell wins in past year:



Fairfax - \$700m bridging finance facility for NZ acquisition led to US\$230 million US private placement - four times oversubscribed

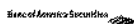


Transfield - Grown from providing non-recourse project finance loans to becoming transactional banker for Australasia and some corporate debt facility



Stockland

Stockland - First 10-year bond issue (\$750m), first US private placement (\$350m), bridging finance, joint acquisition and retail sell-down of office tower, now transactional banker



Banc of America alliance providing major leverage - now extended from private placements to US public markets and European debt capital markets. Captured over 35% of Australasian US private placements since '02

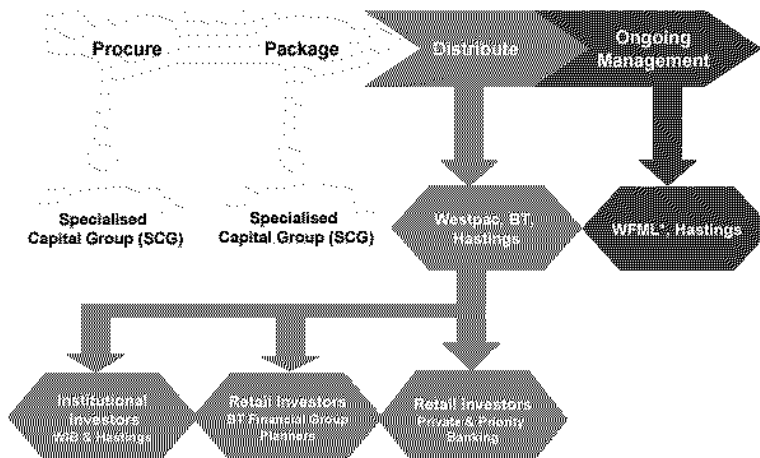


Core franchise - leveraging across the organisation

- Developing the WIB core franchise is also delivering benefits for the bank
 - Industry specialisation packages have assisted in the growth story for SME
 - Introduce BT superannuation package to corporate and institutional bank clients
 - Structured Investments team delivering product for BT planner force, Private Bank and Priority Banking

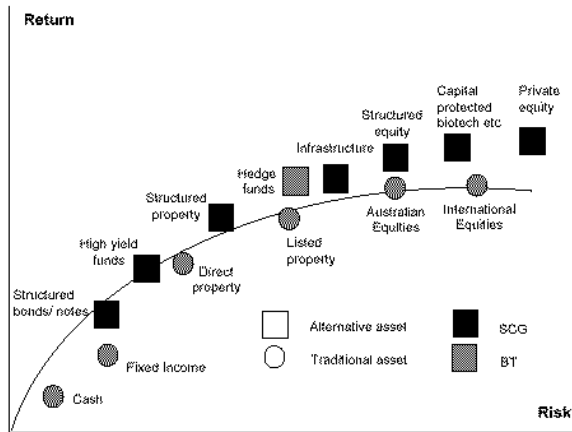
Specialised Capital Group business model

- Delivering products and leveraging distribution across the Westpac client base



Growth - alternative investment market

Risk - Return frontier



Where SCG operates

- ✓ Structured bonds/notes
- ✓ High yield funds
- ✓ Structured property
- ✓ Infrastructure
- ✓ Structured equity
- ✓ Capital protection
- ✓ Private equity

Where BT operates

- ✓ Hedge funds
- ✓ All traditional asset classes



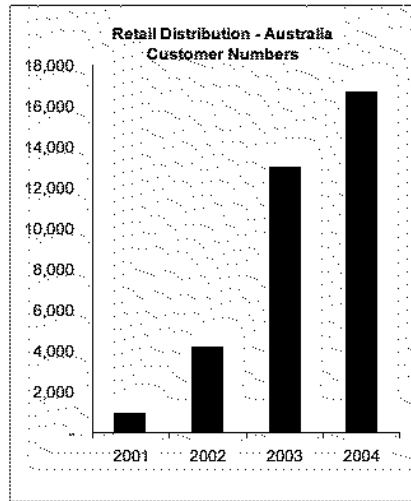
Structure and distribution of alternative assets

	Listed	Un-listed	Retail	Whole-sale	IPO	Trust Structure	Single Asset	Multi Asset
Electranel (Hastings Infrastructure Fund)		✓	✓	✓		✓		✓
Halcyon Notes	✓		✓					✓
Hastings Income Trust		✓	✓			✓		✓
Foodland Property Trust		✓	✓			✓	✓	
Hastings Diversified Utilities Trust	✓		✓	✓	✓			✓
Australian Energy Income Fund	✓		✓	✓				



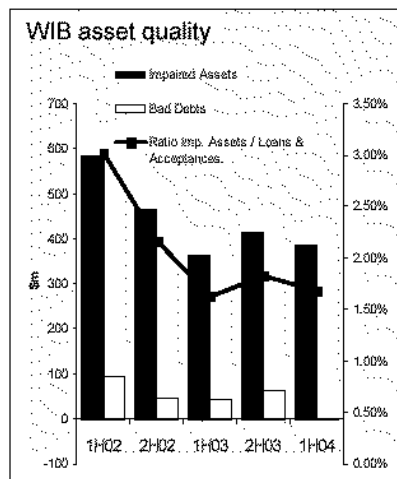
Retail distribution - building from a solid base

- \$1.367 billion of structured products sold in last 12 months
- Breadth: The number of retail investors has grown 30% to 16,850 from September 2003 to June 2004
- Depth: Clients are increasingly investing in more than one structured investment product – 1,330 invested in >2
- Product Range: Continuing to expand our range of investments
 - Infrastructure
 - Capital Guaranteed Retail CDO Equity (IPOs and Rights Issues)
 - Energy Income Fund
 - Equity derivatives (PELS, warrants)

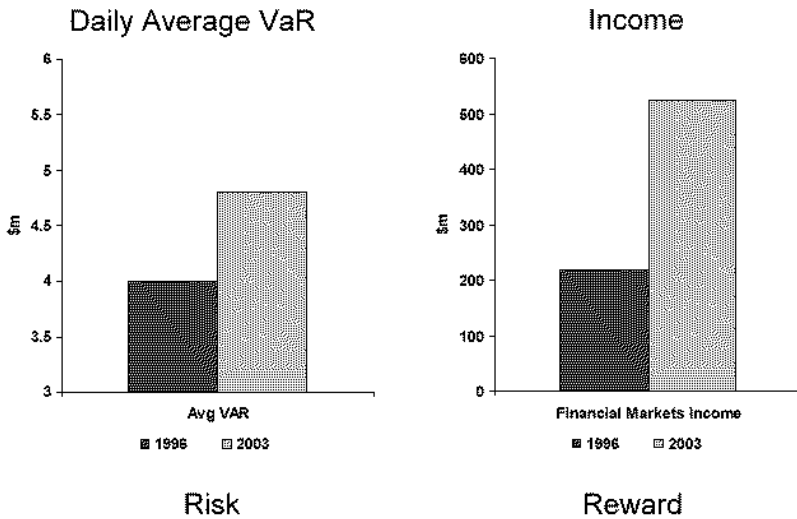


Risk / reward balance - credit

- Institutional banking has greatest concentration of risk
- Credit, market & operational risk
- Impaired assets continue to fall and bad debts remain very low



Risk / reward balance – trading



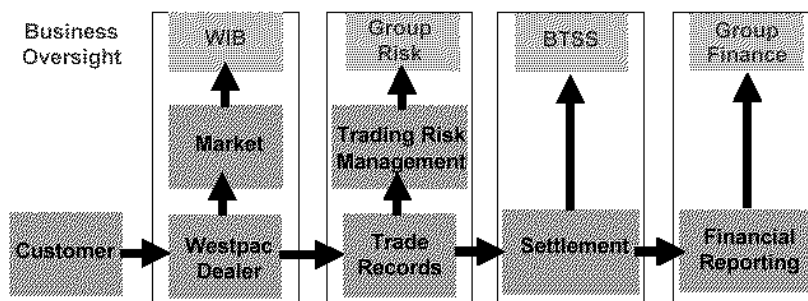
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Robust risk management framework



- Clear segregation of duties between each stage of a trade being executed, booked, settled and reported
- Culture audit undertaken
- Risk management systems solid but room for continuous improvements

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Summary

- Diversified business - growth in quality of earnings, moving to annuity and client-focused revenues
- Executing three core elements of Lead Bank strategy
- Structured investments, capital markets and alternative assets delivering benefits across the Bank
- Balancing risk and return