

Eureka!

BANK

We're sticking
to the plan!

now

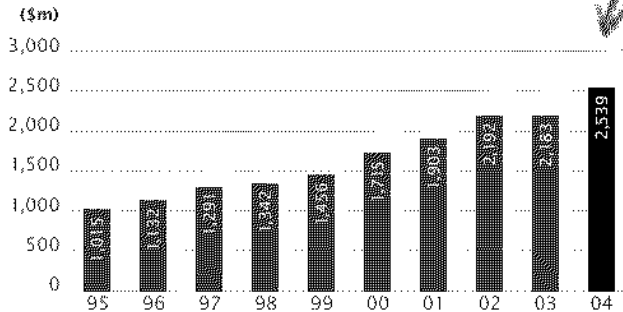


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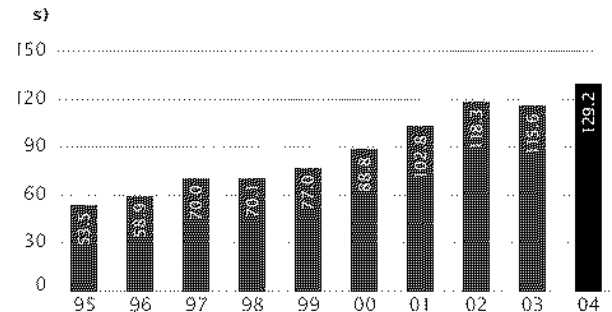
Our performance

\$2,539m



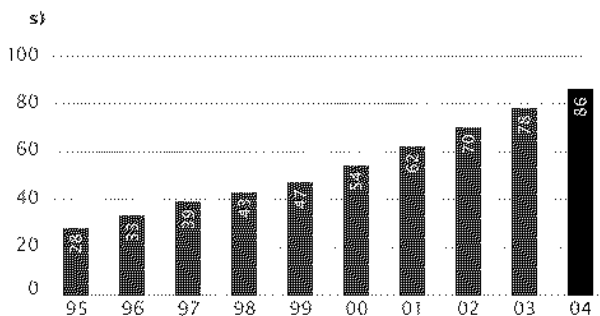
Profit

Operating profit after tax attributable to shareholders (before abnormal items).



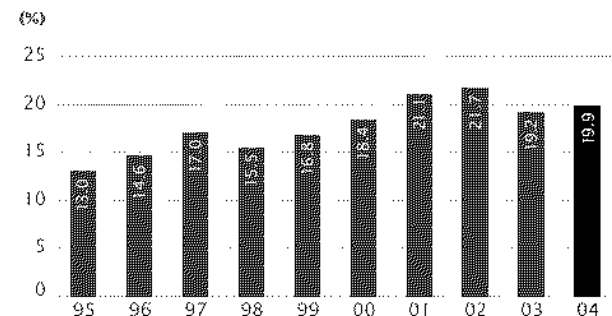
Earnings

Earnings per ordinary share (before abnormal items).



Dividends

Dividends per ordinary share.



Returns⁷

Return on average ordinary equity (before abnormal items).

	2004	2003	% change 2004/2003
Reported earnings			
Net profit ¹ (\$m)	2,539	2,183	16%
Earnings per share (cents)	129.2	115.6	12%
Dividends per share (cents)	86	78	10%
Economic profit ² (\$m)	1,603	1,397	15%
Return on equity ³ (%)	19.9	19.2	4%
Expense to income ratio ⁴ (%)	49.2	51.3	(4%)
Tier I capital ratio (%)	6.9	7.2	(4%)
Asset quality ratio ⁵ (%)	2.5	2.9	(14%)
Cash basis			
Cash earnings ⁶ (\$m)	2,559	2,271	13%
Cash earnings per share (cents)	138.6	124.5	11%
Cash return on equity (%)	20.7	20.3	2%

1 Net profit attributable to equity holders.

2 Economic profit means the excess of adjusted profit over a minimum required rate of return on equity invested. For this purpose, adjusted profit is defined as net profit after income tax but before amortisation of goodwill, plus a proportion (70%) of the face value of franking credits paid to equity holders.

3 Return on average ordinary equity.

4 Expenses excluding goodwill amortisation.

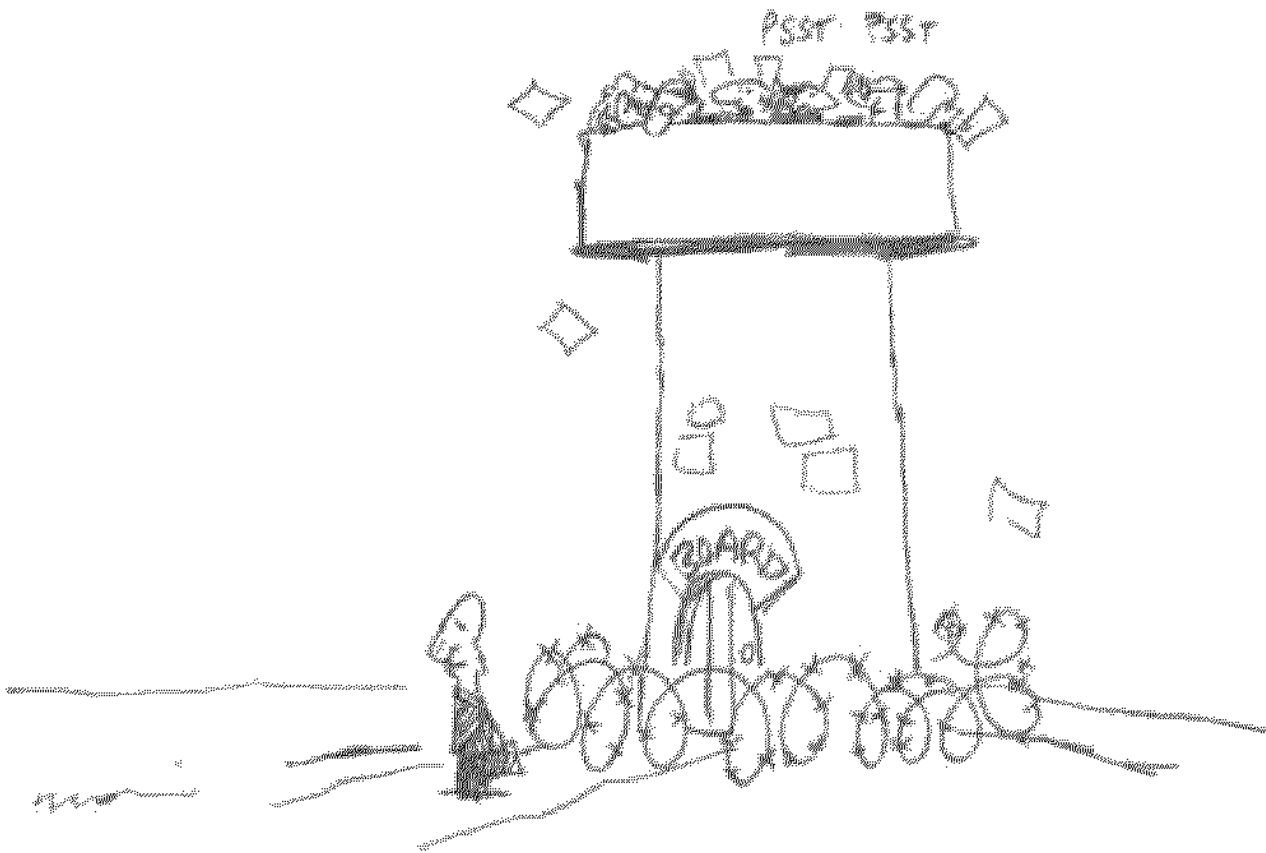
5 Net impaired assets to equity and general provisions.

6 Net profit attributable to equity holders plus goodwill amortisation minus distributions paid on hybrid equity instruments.

7 Reported return on average adjusted ordinary equity for 2004 was 19.3%.

Chairman's report

Are we in tune with shareholders?



Our focus on governance and responsibility is even more relevant today. Investors remain frustrated with what they see as a lack of transparency and accountability from big business. We are determined to stick to our plan in taking leadership in these areas as this untrusting climate is not good for our bank.

To the shareholders of Westpac Banking Corporation

Our results

I'm pleased to report that we have been able to deliver another strong and balanced profit result – a result that shows the benefits of good governance and sticking to a clear and focused game plan.

Our net profit after tax was \$2,539 million. This was up 16% over last year, reflecting ongoing solid revenue growth, continued cost containment, the benefits of our robust risk management and a quality loan book.

Cash earnings were up 13%, and our cash earnings per share (EPS) were also up 11%, both coming in at the upper end of our aims for the year.

Because of this strong result, your Board has been able to declare a final dividend of 44 cents per ordinary share, fully franked. Together with our first half fully franked dividend of 42 cents, the total dividend for 2004 is 86 cents, an increase of 10% on 2003.

This continues our record of returning a high proportion of cash earnings to shareholders with a payout ratio of 62%.

Returns also remained strong with our cash return on equity coming in at 20.7%, and our reported return on equity at 19.3%. And the very important measure of economic profit contribution – essentially the amount by which net earnings exceed our cost of capital – was \$1,603 million, up 15% on our 2003 result.

Taking into account share price movements and dividends, we have been able to deliver total shareholder returns averaging 18% compound for each year since September 1999. Overall, our gain in market capitalisation in the past year was \$2.6 billion, or 9%.

All of our businesses turned in strong double-digit earnings growth performances which gives us confidence that we're on the right track.

Reflecting our success in bringing through ongoing productivity improvements, while not distracting from business as usual, we have been able to lower our cost to income ratio to 49% from 51% last year. We expect that the program of work we have underway will continue to deliver further efficiencies, creating room for additional investment in growth enhancing activities.

Showing the benefits of careful decisions taken in earlier years, our asset quality remains strong. Our net impaired assets as a proportion of our equity and general provisions again improved and is now at 2.5% compared to 2.9% a year ago. We also continued to be prudently provisioned with our total provisions as a proportion of our total loans and acceptances remaining at 0.9%.

During the year we took advantage of some favourable conditions to raise additional hybrid equity in the international capital markets, including the issue of US\$525 million of trust preferred securities ("2004 TPS") in April 2004. In July 2004 we also redeemed the US\$322.5 million 1999 Trust Originated Preferred Securities ("TOPRS") issue.

We also conducted our first off-market buy-back during the year. Some 38.5 million ordinary shares were purchased for \$559 million with over 4,500 shareholders participating in the buy-back. Our NZ subsidiary is in the process of an on-market buy-back of a proportional number of NZ Class Shares, with 1.1 million shares of the planned 1.125 million repurchased as at 30 September 2004.

Together these initiatives have significantly enhanced the cost and mix of our capital base, while ensuring the Group maintains capital levels comfortably ahead of what is required by regulators and rating agencies. Our Tier 1 ratio of 6.9% was slightly above our target range of 6.0% to 6.75%, while our Adjusted Common Equity ratio of 4.8% was within our stated target range of 4.5% to 5.0%.

Good corporate governance, first and foremost, needs to be principles and values driven. It requires practices and behaviours that ensure transparency, fair dealing and the protection of stakeholder interests.

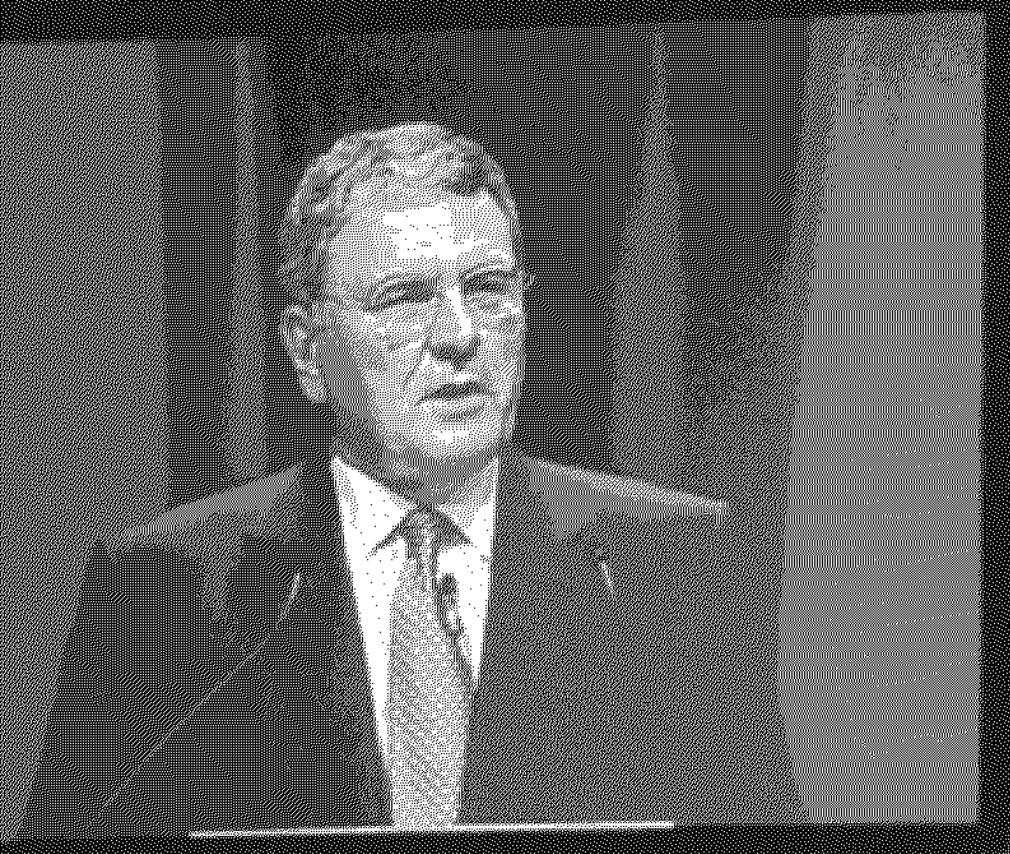
Governance and responsibility

Beyond our financial results we have continued to strengthen our governance and responsibility practices. These are increasingly important to our resilience and to the sustainability of our long term earnings growth.

Many of the root causes of the corporate scandals that have dominated the headlines over recent years can be traced to questions of short term pressures and narrow self-interests. With the perceived inability of our free market system to self-correct, regulators have been forced to act. Now all companies, good and bad, are faced with a growing volume of reporting and regulatory requirements, with shareholders being asked to pick up the cost.

Undoubtedly, much of this is necessary, and even well targeted. But black letter law and regulatory requirements can only take us so far. Good behaviour cannot be regulated or prescribed and you can't make up enough rules to overcome a lack of integrity or character.

Good corporate governance, first and foremost, needs to be principles and values driven. It requires practices and behaviours that ensure transparency, fair dealing and the protection of stakeholder interests. It requires a leadership that demands compliance with regulations, coupled with a desire to understand why such regulation exists. And it requires a willingness and culture to go further than just regulations in meeting stakeholders' legitimate concerns.



Westpac
Australia's First Bank



At Westpac we have sought to create the conditions for higher ethical standards to prevail – driving the fear to speak up out of the boardroom and out of the workplace.

And we have sought to avoid taking decisions for short term gain and at the expense of the long term health of the company.

We have also accepted that limiting our reporting to a description of historic financial performance, business objectives and strategies no longer fully meets the needs of our shareholders – nor does it meet the needs of our other stakeholders.

That's why we have been producing separate stakeholder impact reports that look at our performance across the workplace, customer, supply chain, environment, broader community and financial areas. A brief snapshot is included in this report.

These governance and responsibility practices have been widely respected externally. Westpac was one of only 26 companies worldwide to be awarded the top governance rating in 2004 by New York-based Governance Metrics International. And, for the third year in a row Westpac has been rated as the leading bank globally in the Dow Jones Sustainability Index.

Board developments

Your Board has had three changes this year.

Mr Barry Capp retired after 10 years of distinguished service on the Board. I would like to take this opportunity to recognise Barry's valuable contribution on behalf of the Board and shareholders.

During the year we welcomed Mr Peter Wilson, our first New Zealand-based Non-executive Director, to the Board. Peter was appointed on 31 October 2003 and has brought extensive banking, accounting and business change expertise to the Board.

We also welcome Mr Gordon Cairns, who joined the Board on 8 July 2004 as a Non-executive Director. Gordon has had a distinguished career as CEO of Lion Nathan and will add valuable business skills to the Board.

After 16 years of distinguished service, Sir Llew Edwards will be retiring from the Board at the conclusion of this year's Annual General Meeting. We thank Sir Llew for his outstanding contribution and wish him well for his retirement.

The outlook

In terms of the global economic outlook, most economies continue to experience favourable conditions. East Asia is expected to expand at a solid pace although the region's growth outlook has been clouded by China's efforts to moderate its economic growth. Additionally, the current oil price spike and continuing global security concerns pose a threat to the positive growth outlook.

The Australian economy itself continues to perform well, with conditions supportive for GDP growth of around 3.5% over the coming year. Going forward, we should see a more balanced growth profile. Export growth has already recovered to around normal levels after three flat years, while domestic spending is likely to slow to a more sustainable pace. The outlook for jobs is still encouraging and the unemployment rate is likely to remain low.

The New Zealand economic outlook looks more mixed, as the effect of tighter monetary conditions works through and softer migration trends take effect.

While these conditions are not as accommodating as in the current year, we still have a positive background of domestic economic stability and continued economic expansion.

Additional momentum is being provided by our many growth and productivity initiatives that are underway right across the Group. In this, we are privileged to have the strength and diversity of the great people that make up the Westpac community. Their dedication and contribution continues to be immeasurable and we again thank them sincerely for their tireless efforts throughout the year.

As a result, your Board is confident that Westpac is positioned to continue to deliver strong outcomes for all its stakeholders in 2005.



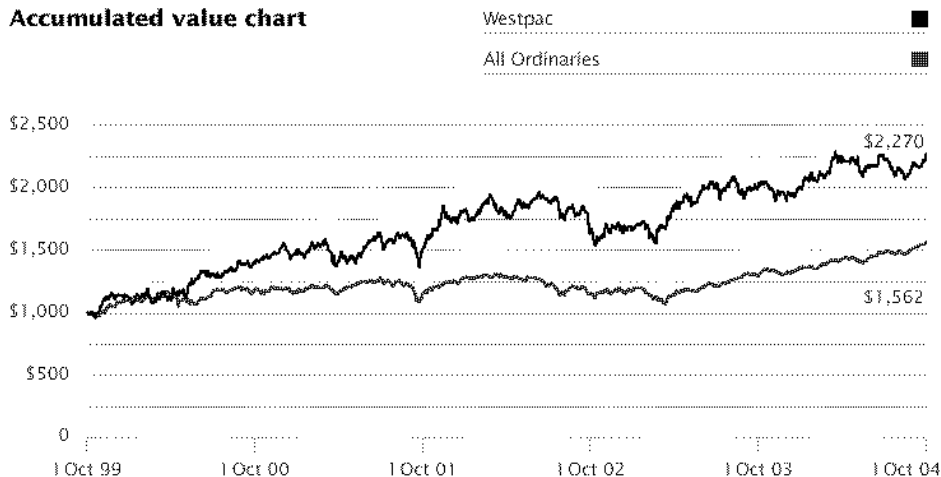
Leon A. Davis
Chairman

Westpac's share performance

One thousand dollars invested in Westpac on 1 October 1999 would have grown in value to \$2,270 (assuming dividends were reinvested) as at 30 September 2004, which represents a compound annual return of 18%.

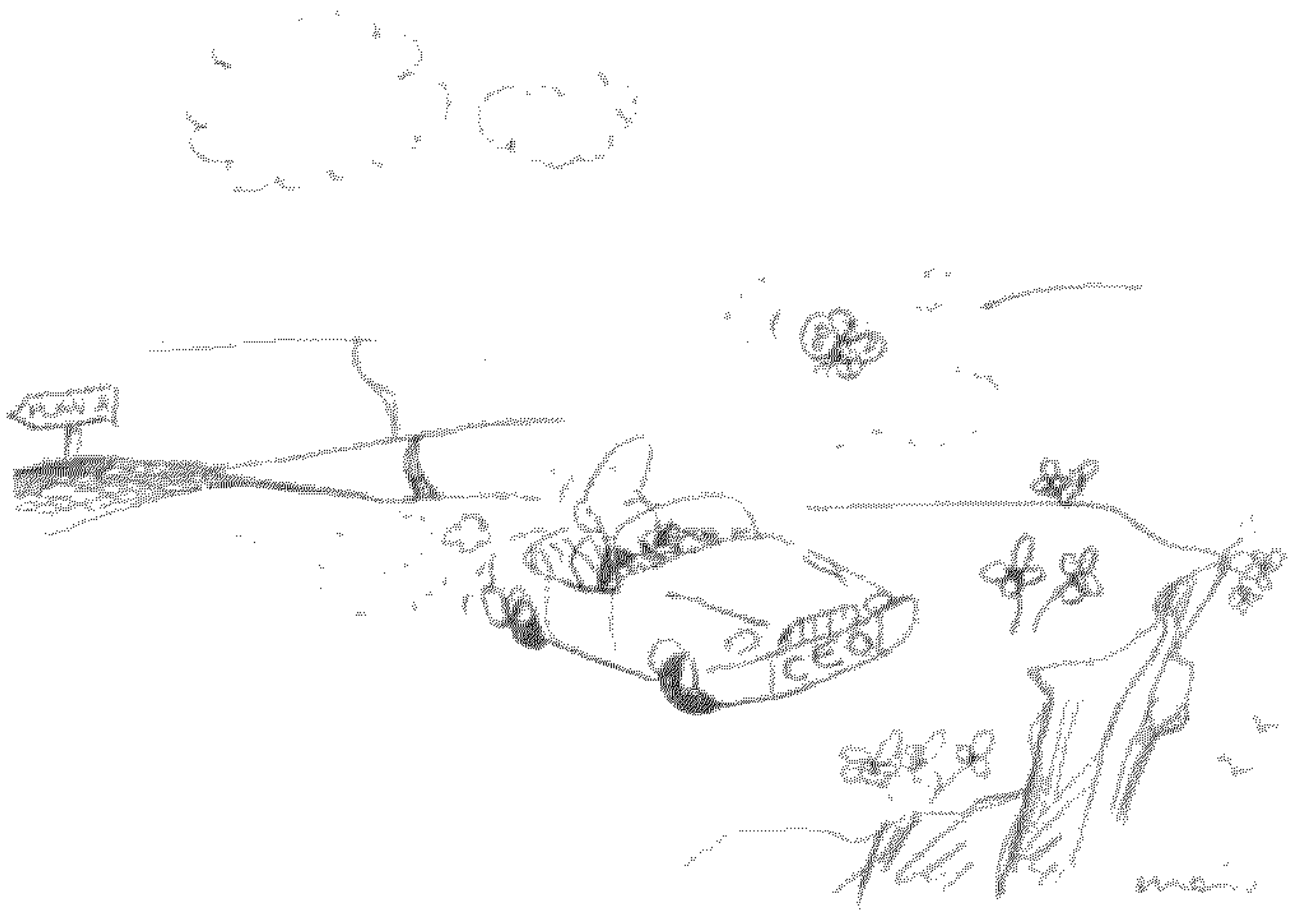
The same investment in the All Ordinaries Accumulation Index (which adjusts for all dividends paid on stocks in the index) would have grown to \$1,562, representing a compound annual return of 9%.

Accumulated value chart



Chief Executive Officer's review

Can we stick to our plan?



We have a clear plan to continue to deliver earnings growth at the upper end of the sector and we intend to stick to it. Our plan is all about a culture of high performance, trust and empowerment and a real focus on customer experience. This plan is a relatively simple one and we won't be distracted from it.

Our progress

We have had a very successful period over the past five years on any score.

We have managed to produce record results, reconfigure our earnings streams and change our culture. This has been no mean feat.

We have done it by sticking to our plan, and through strong values and a culture of high performance, trust and empowerment.

On top of this we have achieved a good balance between risk and reward and improved our resilience to competitive and other threats.

We have also greatly improved our financial resilience by enhancing our productivity. The cost to produce each dollar of our income has been lowered from 58 cents in 1998 to just below 50 cents now – a significant improvement in our cost efficiency.

More importantly, we continue to see a range of efficiency opportunities ahead of us. We all know that being fully competitive on costs is a ticket to the game.

These productivity savings are being reinvested in growth or service enhancements, allowing us to keep our overall expense growth broadly in line with our medium term targets. In this way, we don't put our operational resilience at risk and ensure we are resourced to capture market growth opportunities.

We are now undoubtedly – by any standards – a very good bank: a company that is a long way down the track to realising its potential across the board.

On at least two key performance standards we are already up there alongside global standards. Mercer Oliver Wyman has ranked us number six out of the top 400 financial services companies in the world for consistently high risk-adjusted returns over the past five years. That rates us in the top 2% globally in our industry. Unambiguously world class.

And, as mentioned by the Chairman, we have been rated the leading bank in the world in the Dow Jones Sustainability Index for the third straight year. This index rates companies on how well they perform on a wide range of financial, social and environmental indicators.

But we are not prepared to rest here.

Suffice to say that the plan we have set ourselves is a challenging and aggressive one.

We have very clear aspirations: first quartile shareholder returns amongst the top listed Australian companies; outright number one for customer service; employee commitment in line with global high performing companies; and continued corporate responsibility leadership.

If we deliver on these aspirations we will arguably achieve our mission to become a truly great Australasian company.

Sustainable value

Risk management and productivity benefits have been strong points for us but our business and market value relies more fundamentally on the loyalty of our staff and customers. That's why our corporate responsibility practices are central to our long term resilience and earnings sustainability.

Perhaps it is because the value and loyalty of staff and customers is considered intangible and difficult to measure, perhaps it is because there has not been great transparency around them, but the fact remains that too little attention is paid to these critical performance drivers.

We began by establishing an environment in which a positive performance culture could emerge. And one in which our employees could excel. Easily said but not easily done. We fundamentally enhanced how our people were being led and managed. And we spent an extraordinary amount of time working directly with our people leaders.

Employee commitment is up 21% since 2000 as a result, and is now broadly up with global high performance companies.

On the customer front we have well and truly put a stake in the ground. Our 'Ask Once' promise launched in 2002 continues to drive our customer experience initiatives and is the rally cry for all our people. It has had the desired impact: customer satisfaction is up in all key sectors; complaint resolution rates are also up; and our market share of total credit is 6% higher than five years ago.

We have managed to produce record results by sticking to our plan, and through strong values and a culture of high performance, trust and empowerment.

Throughout we remained true to several key principles: rewarding and promoting strictly on the basis of merit; paying for performance and not paying for underperformance; and actively promoting diversity in our workplace.

Beyond the employee and customer areas, our corporate responsibility program has positively touched all aspects of our operations including our broader community and environmental impacts.

The opportunity

Notwithstanding the enormous progress we have made, we still have much to do to fully achieve our aspirations.

On revenue growth, significant opportunities remain. We have an outstanding customer base, arguably the best in the region, and with the customer service initiatives underway we continue to expect sound revenue growth.

But, our customer processes and technology remain short of where we want them.

New technologies are available to assist our staff and enhance customer experience, although they will require significant capital outlays. This includes adopting best practice common infrastructure across the company and moving towards a single enterprise-wide view of data and systems architecture.

Which is why the current program of productivity and service improvements throughout the Group is such a pivotal initiative. It will ensure that Ask Once becomes even more deeply ingrained and help sustain a platform for durable earnings growth well beyond 2005.

**TRANS-TASMAN
BUSINESSCIRCLE**

WENTWORTH SYDNEY

For the most part our core businesses are performing with a vibrancy that has been missing for most of the past quarter of a century. We are determined not to disrupt that.

But our big prize in doing this is the freeing up of significant resources to put into service and growth initiatives or to return to shareholders.

To date, we have already freed up people resources from our back office and support functions and successfully redeployed them into face-to-face and advisory services roles.

Most importantly, our initiatives are making us a much easier bank to do business with.

The path ahead

By taking a multi-faceted approach, however, we can deliver value in such a way as to ensure that it is enduring, broad and focused.

When we began we expected real progress, but our progress to date has exceeded our expectations.

In the past five years, we've delivered 11% compound annual cash EPS growth and 20% average ROE and a compound total annual shareholder return of 18%.

We have no doubt that when the natural ability, energy and enthusiasm of our people is complemented by world class technology and processes, we will establish a lead over our rivals that is truly definitive and a level of customer service that is truly world class.

For the most part our core businesses are performing with a vibrancy that has been missing for most of the past quarter of a century. We are determined not to disrupt that. In the following pages, we have provided insights into this vibrancy within each of our businesses.

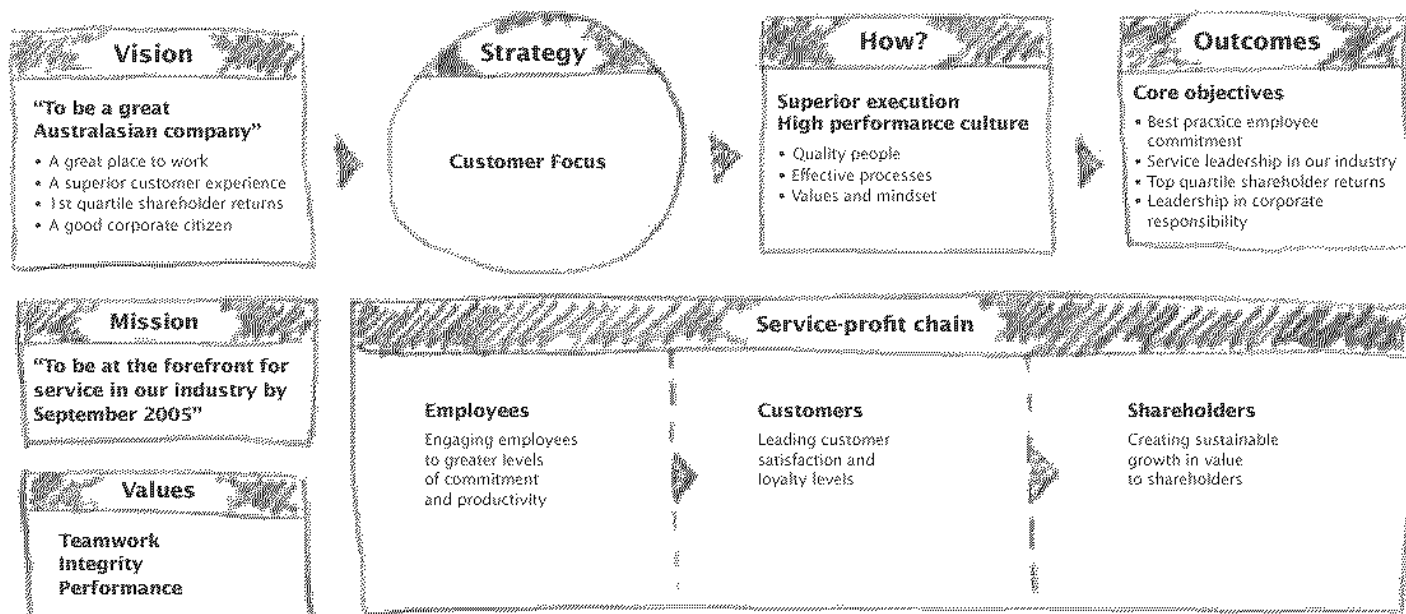
This has placed us firmly on the path to sustainable competitive advantage and resilient earnings growth. It is a path that is not easily followed and one that takes years of commitment and focus to get the traction and results we are now seeing.

This is why I remain confident that Westpac is well positioned to continue to prosper into the future.

David Morgan

David Morgan
Chief Executive Officer

Westpac DNA ~~2003~~ 2004



Finance

Are the results clear?



Shareholders can be excused for believing that the way financial accounts are presented can sometimes look like a ploy by companies to distract and confuse. But we will not dodge the ongoing challenge to present our performance information in an informative and readable way, which meets the full needs of our stakeholders.



Philip Chronican
Chief Financial Officer

Activities

The CFO role encompasses all finance activities as well as the tax, treasury, audit, assurance, risk policy and management, strategy, legal, secretariat and investor relations functions.

Aspirations

To provide comprehensive and effective accounting and control, together with a risk-based performance management framework that meets all existing and future accounting and regulatory standards.

The division also seeks to optimise Westpac's financial and capital structure to assist in maximising returns to shareholders.

Achievements

Over the year we significantly enhanced our capital structure through the issue of additional cost effective hybrid equity, the calling of the relatively expensive Westpac TOPrS and conducting our first structured off-market share buy-back. These initiatives have assisted in optimising our capital base.

In 2004, we also made significant progress in the implementation of major compliance projects, including preparations for the switch to International Financial Reporting Standards (IFRS), the introduction of the Basel II capital accord, and the implementation of the extended Sarbanes Oxley financial reporting disciplines.

We are on track to deliver on these projects within the required deadlines and without the associated costs adversely impacting the Group's efficiency progress.

Business unit^{1,2}

\$m	2004	2003	% Mov't 2003/04
Cash earnings			
Business and Consumer Banking	1,350	1,165	16%
Westpac Institutional Bank	481	384	25%
New Zealand Banking	406	342	19%
Pacific Banking	56	58	(3%)
BT Financial Group	196	169	16%
Group Business Unit ³	70	153	(54%)
Reported cash earnings	2,559	2,271	13%
Deduct goodwill amortisation	(164)	(163)	1%
Add back distribution on hybrid equity	154	75	105%
2004 TPS revaluation⁴	(10)	0	n/a
Net profit attributable to equity holders	2,539	2,183	16%

1 Internal charges and transfer pricing adjustments have been reflected in the net profit reported for each of our business units.

2 Due to changes in our management reporting structure, or due to accounting reclassifications, comparatives have been restated and therefore may differ from results previously reported.

3 This segment includes the results of Group Treasury and the Corporate Centre, as well as certain accounting entries to facilitate the presentation of our business unit results.

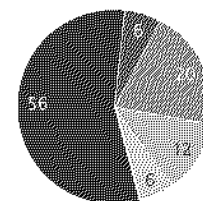
4 TPS are Trust Preferred Securities.

Credit ratings

	Short term	Long term
Moody's Investor Services	P-1	Aa3
Standard & Poor's	A-1+	AA-
Fitch Ratings	F1+	AA-

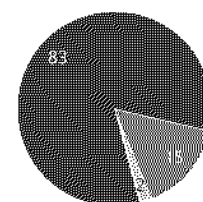
Assets by key business unit (%)

Consumer and Business Banking	56
BT Financial Group	20
Institutional Bank	12
New Zealand	6
Other	8



Operating revenue by region (%)

Australia	83
New Zealand	15
Other	2



Broadened access

We live webcast all profit announcements, strategy updates and our AGM, and provide access to them on our website for later viewing.

Rich website

In addition to financial performance, presentations and share data, our website captures all our corporate governance and responsibility information.

Being proactive

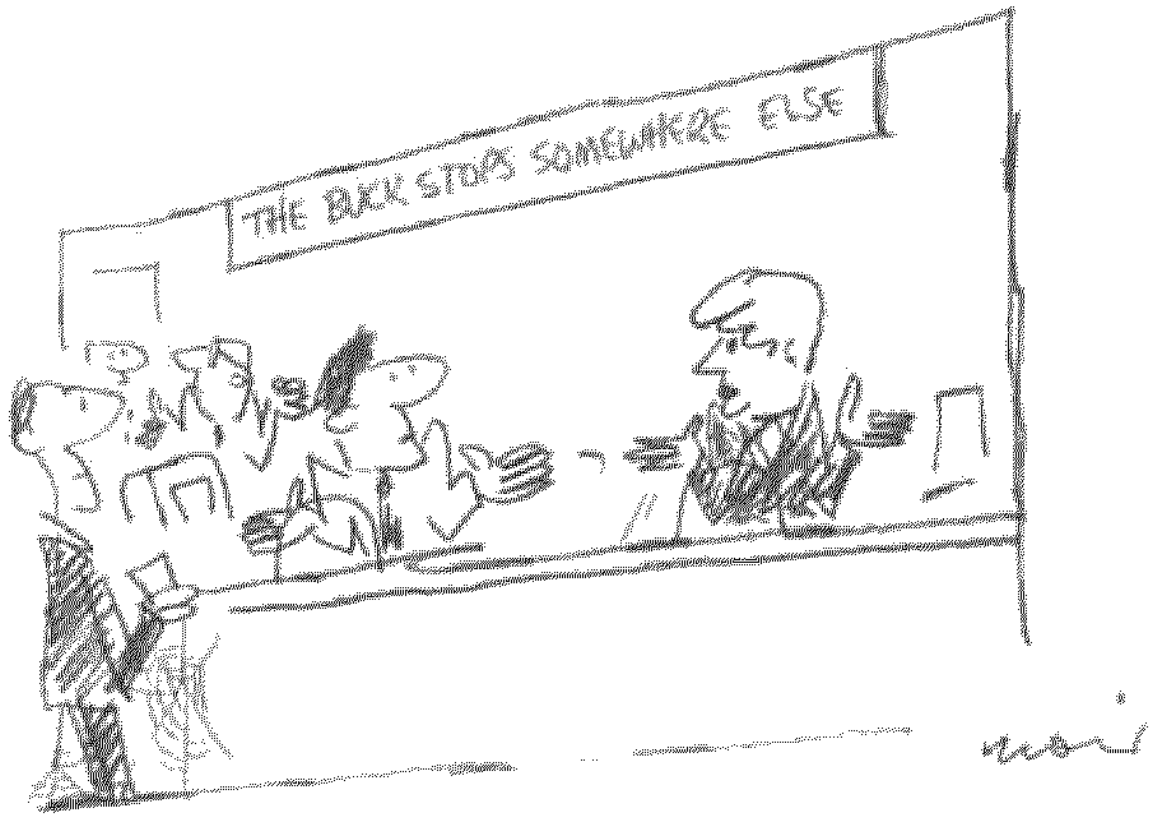
We regularly issue a comprehensive Investor Discussion Pack, which responds to investors' most frequently asked questions and covers issues such as the Basel II capital accord and the transition to IFRS.

Detailed disclosure

We have improved the level of detail in our financial announcements to make it easier for investors to get a clear picture on how we're doing.

Business and Consumer Banking

Are we taking responsibility?



A year ago we said that we had turned our Ask Once promise into tangible actions that were improving the customer experience. Our progress has continued and listening to our customers and acting remains the key. That is why we have increased the number of customers we contact for feedback each week – from 1,000 to 3,000 across all of our service points.



Mike Pratt

Group Executive, Business and Consumer Banking

Activities

Business and Consumer Banking (BCB) operates across Australia and has responsibility for sales, service and product development for consumer banking, and small and medium sized businesses.

Activities are conducted through a network of 812 branches and in-store branches, call centres, 1,642 ATMs, e-channel banking services and a strong mobile sales force including Home Finance and Business Finance Managers.

Aspirations

BCB's key focus is to deliver a superior customer experience built on strong customer relationships and a coordinated channel approach.

By increasing customer satisfaction and loyalty we aim to deliver superior financial returns. We aspire to create a great place for employees to work and empower them to deliver a superior customer experience to achieve our goal of becoming the number one financial service organisation.

Achievements

We have made considerable progress towards becoming the leading customer service organisation in Australia.

By reducing errors, providing greater access to front-line staff and pioneering extended branch opening hours, we have improved consumer satisfaction by 4 percentage points to 70%, SME satisfaction by 4 percentage points to 63% with the middle market sector remaining high at 69%. These initiatives, combined with investments in our customer relationship management systems through our Reach program, have enabled us to maintain strong growth rates across our portfolios and gain solid market share in business lending.

Productivity has also been enhanced through re-engineering of loan processes as well as a substantial elimination of paper and unproductive manual processes.

Overall, BCB increased cash earnings over the year by 16%, a strong performance given the impact of the Reserve Bank of Australia interchange reforms and increased competition affecting both housing lending and deposit products. By targeting profitable market segments, we have successfully minimised the impact of margin compression and delivered excellent financial results for our shareholders.

Ask Once

We have increased our Ask Once Coordinators and Contacts to 90 to better support our frontline staff. They are helping to resolve enquiries faster, and coaching staff on delivering better customer experiences.

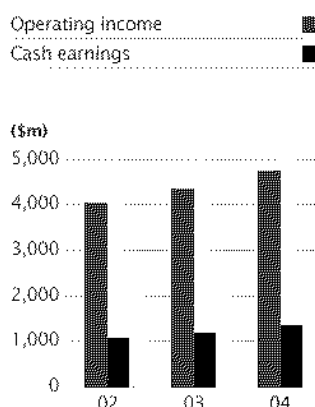
Complaints resolved

We have continued to improve through Ask Once with 87% of complaints, enquiries and problems now resolved at first contact point in our branches – up from 75% a year ago.

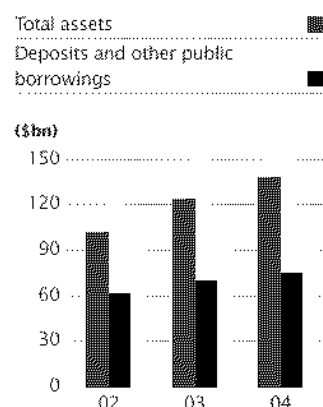
Business unit performance

	2004	2003	% Mov't 2003/04
Operating income (\$m)	4,730	4,341	9%
Operating expenses (\$m)	(2,471)	(2,361)	5%
Cash earnings (\$m)	1,350	1,165	16%
Economic profit (\$m)	1,069	892	20%
Total assets (\$bn)	138.1	123.3	12%
Deposits (\$bn)	74.7	69.5	7%
Net loans and acceptances (\$bn)	135.2	120.8	12%
Expense to income ratio (%)	52.2	54.4	(4%)
Employee numbers	12,429	12,204	2%

Income



Balance sheet



Specialist roles in branches

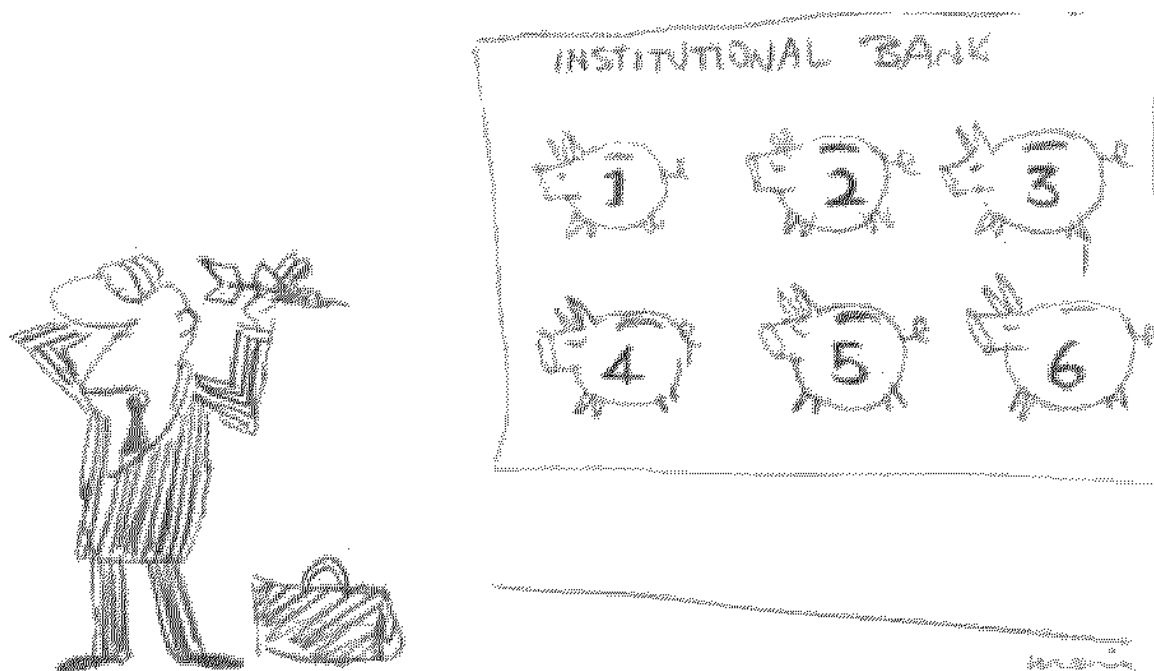
We have completed the roll out of 80 specialist Business Finance Managers into key branches. They are supported by our Banking Services Representatives. So today, when a business customer wants face-to-face advice, all they need do is Ask Once.

Whole of customer view

Our Reach customer relationship management roll out continues and now covers over 2.5 million customers. The end result is that our branch and call centre people have a single view of each customer's relationship and can resolve queries faster.

Institutional Bank

Aren't all institutional banks the same?



We know our corporate and institutional customers have a choice, and we know we have to earn the right to be their lead bank. That is why we are focused on delivering faster and better service, and understanding our clients and their industry better than anyone else. We're listening and improving the things that matter – ensuring we have the highest quality people, providing prompt and effective follow up, and deepening our business and industry specialisation knowledge.



Philip Coffey
Group Executive, Westpac
Institutional Bank

Activities

The Westpac Institutional Bank (WIB) serves the financial needs of corporations, institutions and government customers.

WIB operates through dedicated industry teams supported by specialised expertise in financial markets, capital markets, transactional banking, specialised capital and alternative investments. Customers are supported through branches and subsidiaries located in Australia, New Zealand, New York, London and Asia.

Aspirations

Our Institutional Bank aims for outright leadership in wholesale banking in Australasia.

To achieve this, we seek to leverage excellent relationships with first-rate products and service covering both borrowing customers and investors, and to add value through astute risk management.

Achievements

Two years ago the Institutional Bank embarked on a transformational program to capitalise on the division's core strengths and be recognised as the lead institutional bank in Australia.

Over the year, implementation of that strategy has seen an increased focus on our transactional banking and debt capital market capabilities, enhancing our relationship management model and further building our specialised capital skills.

These programs have contributed to a 10% increase in revenue and a 25% increase in cash earnings over the year.

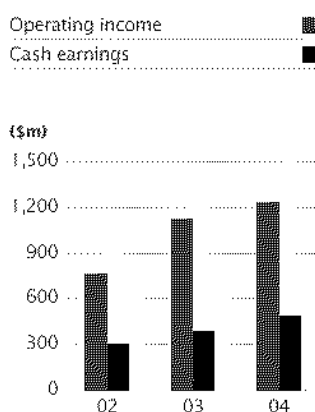
The Specialised Capital Group produced a particularly strong result from an increase in structured transactions completed, including the launch of the Westpac FIELDS investment, and via Hastings Funds Management, the Hastings Income Trust and the Hastings Infrastructure Fund.

Importantly, the increased customer focus has seen our lead bank share rise from 27% to 37% over the year in the Peter Lee and Associates survey. This score places Westpac equal first in the lead bank ranking.

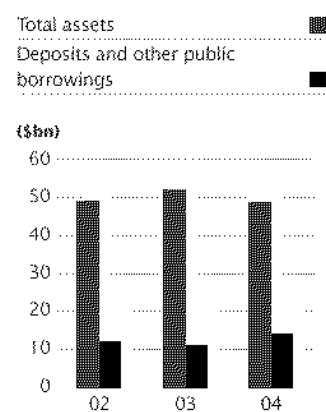
Business unit performance

	2004	2003	% Mov't 2003/04
Operating income (\$m)	1,236	1,121	10%
Operating expenses (\$m)	(553)	(472)	17%
Cash earnings (\$m)	481	384	25%
Economic profit (\$m)	278	217	28%
Total assets (\$bn)	48.8	52.2	(7%)
Deposits (\$bn)	13.9	10.9	28%
Net loans and acceptances (\$bn)	25.5	22.2	15%
Expense to income ratio (%)	44.7	42.1	6%
Employee numbers	1,446	1,257	15%

Income



Balance sheet



Adding value across the Group

While growing our own returns we have also added value across the Group. In particular, our industry specialist knowledge has contributed to our market share growth in business banking, while our alternative investments are providing our consumer customers with new, innovative high yield investments.

Streamlined organisation

We have combined all our client-focused activity into one group, under Corporate and Institutional Banking, eliminating overlaps and handoffs, and making it easier for our clients to do business with us end-to-end.

Smarter technology

We have implemented Corporate On-line, a fully on-line 'corporate bank', using leading edge technology and making banking easier for our 4,500 corporate and institutional customers.

Alternative investments

We have strengthened our Specialised Capital Group, enhancing our ability to take advantage of opportunities in alternative investment markets, such as high yield funds, infrastructure and private equity.

New Zealand and Pacific Banking

What are we doing about queues?



We understand why our customers do not like queues. Nothing is more frustrating when they have just an hour for lunch. That's why we are rearranging our workloads and giving priority to customers during peak customer demand times. It's just one of our five customer service commitments helping us deliver quality service in New Zealand.



Ann Sherry

Group Executive, New Zealand and Pacific Banking

Activities

New Zealand and Pacific Banking provide banking and wealth management products and services to consumers and business customers in New Zealand and the Pacific region.

In New Zealand, where we have been operating since 1861, we engage with our 1.4 million customers through a nationwide network of 196 branches, call centres and 470 ATMs, while our on-line banking service has over 400,000 registered users.

Our Pacific region operations, dating back to 1901, include Fiji, Papua New Guinea, Samoa, Vanuatu and the Cook Islands and span 43 branches, 38 ATMs, an extensive EFTPOS network and a new on-line banking offering.

Aspirations

Our priority in New Zealand is to be the number one bank in the market through quality of customer service and effective distribution channels, as judged by our stakeholders.

In the Pacific region, our aim is to continue to partner Pacific nations to build their financial and economic capabilities.

Customer service commitments

In September 2004, we made a public commitment to five standards of customer service, which provide our customers with a clear idea of what they can and should expect whenever they engage with us.

Achievements

During the year we have successfully transitioned from the WestpacTrust to the Westpac brand name, and bedded down the shifting of some head office functions from Wellington to Auckland, to enable a greater presence in that key market.

A key achievement in New Zealand in 2004 has been a sustainable improvement in our share of housing lending, topping 20% over 10 consecutive months to August 2004. All Westpac home loans received Cannex Five Star Ratings, helping to underpin the 17% increase in housing outstandings. Business banking has achieved success in the Small to Medium Enterprise (SME) sector, winning a market-leading share of 25% in the September quarter. Our strong migrant banking team also achieved excellent results.

Within Consumer and Business banking, we have increased staff – mainly customer-facing and specialist staff – by 162. And, as a result of our greater focus on customer service, our customer satisfaction scores for 'excellent' or 'very good', increased 12% over 2003.

Pacific Banking introduced on-line banking in Papua New Guinea in the first quarter of 2004, and has progressively implemented it across the rest of the Pacific nations.

Complaints management

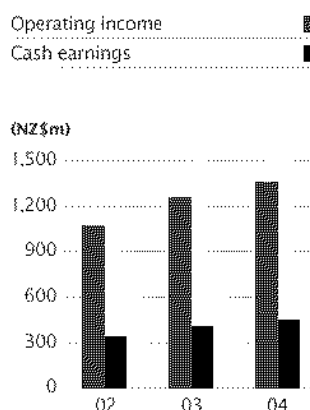
As part of our customer experience focus, we have implemented an enhanced complaints management process. This has resulted in a 32% drop in Westpac's share of customer complaints made to the New Zealand Banking Ombudsman.

New Zealand Banking¹

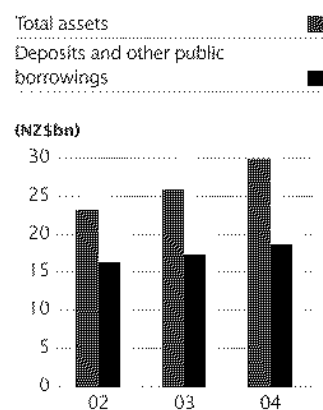
Business unit performance	2004	2003	% Mov't 2003/04
Operating income (\$m)	1,355	1,260	8%
Operating expenses (\$m)	(653)	(620)	5%
Cash earnings (\$m)	451	409	10%
Economic profit (\$m)	234	200	17%
Total assets (\$bn)	29.8	25.8	16%
Deposits (\$bn)	18.6	17.3	8%
Net loans and acceptances (\$bn)	28.2	24.5	15%
Expense to income ratio (%)	48.2	49.2	(2%)
Employee numbers	4,917	4,826	2%

¹ All figures are in New Zealand dollars.

Income



Balance sheet



Pacific Banking

Business unit performance	2004	2003	% Mov't 2003/04
Operating income (\$m)	139	132	5%
Operating expenses (\$m)	(51)	(51)	0%
Cash earnings (\$m)	56	58	(3%)
Economic profit (\$m)	45	47	(4%)
Total assets (\$bn)	1.2	1.0	20%
Deposits (\$bn)	1.1	1.0	10%
Net loans and acceptances (\$bn)	0.8	0.7	17%
Expense to income ratio (%)	36.7	38.6	(5%)
Employee numbers	1,108	1,123	(1%)

Corporate responsibility

This year we launched the first Social Impact Report for Westpac in New Zealand, incorporating global, New Zealand-specific and New Zealand staff-selected performance measures. Independently audited, the report will, like the Australian report, be an annual record of Westpac's social, environmental and economic impacts.

Front of House

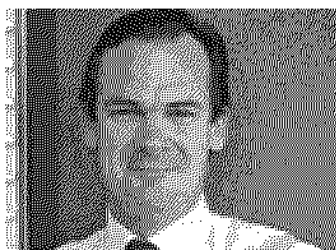
In 2004, we took a more proactive approach, in talking to customers before they reach a queue or counter to gain a better understanding of their needs. Many non-branch staff members are now spending time at Front of House getting up close and personal with our customers.

BT Financial Group

Can we be trusted with your future?



No matter when people start saving for their future, it's one of the most important investment choices they can make. So it's vitally important that they choose a firm that can be trusted, that keeps its commitments and is accountable. Which is why we're building our customer relationships around partnership and trust. Because we're looking after more than people's money – we're looking after their future.



David Clarke
Chief Executive Officer,
BT Financial Group

Activities

BT Financial Group (BTFC) manages Westpac's wealth management operations in Australia.

BTFC is the fifth-largest investment manager in Australia with more than \$43 billion in assets under management.

Our core business is investment management, margin lending, life insurance, superannuation and wealth administration platforms.

Aspirations

BTFC's vision is to be recognised as the leading financial partner for customers, advisers, institutions and employers.

We are building our business based on four key themes – partnership and trust, growth, quality and efficiency, and people.

Building customer relationships

BTFC continues to leverage off the Westpac customer base. We have seen significant growth in the division's corporate super platform where BTFC has risen from Australia's ninth largest corporate super provider to fifth largest in just over a year. Westpac's financial planning and advice network has also contributed over \$1 billion to the Wrap platform over the year.

Achievements

The complex BTFC integration project has now been completed. This has successfully brought together three wealth management businesses, on time, while exceeding expectations on the business synergies achieved.

Investment management performance has been sustained over the year, achieving top quartile performance in key equity and balanced fund portfolios. This consistency of returns has assisted the business in achieving improved ratings from the fund research houses, including van Eyk, who now rate BTFC's core funds an 'A'.

Another strong year was recorded in our platform business. Our Wrap platform is the fastest growing in Australia, adding \$3.2 billion to its funds under administration over the year. In corporate superannuation, BTFC is for the first time number one in terms of inflows, and in the latest quarter we achieved almost 16% of all new flows.

BTFC's life and risk business also recorded a strong year. Benefiting from the strength of the Westpac customer base, the business increased in-force premiums by 3% and recorded a 16% growth in operating income.

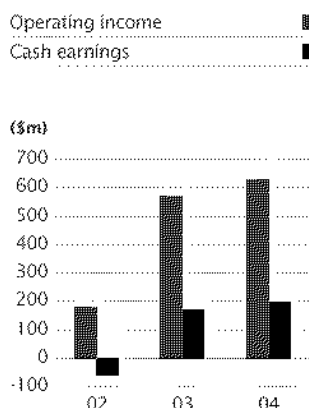
Enhancing distribution

A program to further enhance the effectiveness of the financial planning network has commenced. A new incentive structure has been introduced and systems enhancements are planned to ensure the sales force is fully equipped to provide outstanding customer service.

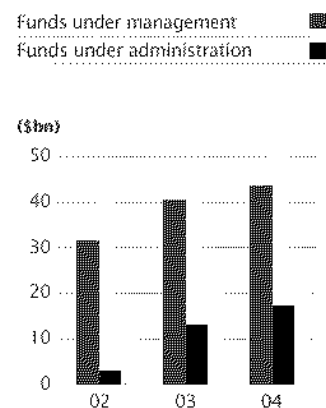
Business unit performance

	2004	2003	% Mov't 2003/04
Operating income (\$m)	628	571	10%
Operating expenses (\$m)	(378)	(354)	7%
Cash earnings (\$m)	196	169	16%
Economic profit (\$m)	(7)	(1)	large
Funds under administration (\$bn)	17.3	12.9	34%
Funds under management (\$bn)	43.5	40.5	7%
Expense to income ratio (%)	60.2	62.0	(3%)
Employee numbers	1,900	1,969	(4%)

Income



Balance sheet



Strong in equities

A consistent and disciplined investment approach and a stable, high quality funds management team have led to improved fund performance over the year. BTFC's small cap fund returned 46% over the year, while the Core Australian Share Sector Trust has achieved 27% in returns this year and almost 9% per annum over five years.

All wrapped up

The BT Wrap platform provides a leading on-line portfolio administration platform for financial advisers. The system is currently being used by 36 dealer groups who re-badge BTFC's offering, in addition to BTFC's inhouse wrap. They are attracted by the platform's flexibility and choice of over 450 funds.

People and Performance



Ilana Atlas
Group Executive,
People and Performance

Activities

People and Performance supports our businesses in achieving their goals, through many specialist, people-focused initiatives.

These initiatives include recruitment, workforce planning and policy, remuneration advice, training, learning and development, employment policy and communication, and executive development.

Aspirations

Our people are key to Westpac's customer-focused strategy.

It is the discretionary effort of our people that will differentiate us.

Our goal is to have quality people, leaders and teams, supported by effective integrated tools and processes, operating in accordance with our values of teamwork, integrity and performance.

Achievements

Over the year we made further progress in instilling a culture centred around the values of integrity, teamwork and performance.

A key achievement was our people leader program, which sets our expectations of a Westpac leader, provides training and tools to support those expectations and was communicated through our twice-yearly People Leader Forums.

Our yearly staff Perspective Survey saw significant improvement in the assessment of our leaders – the People Leader Index for Westpac improved from 70% in 2003 to 74% in 2004.

In our efforts to improve employee diversity, we updated our Disability Action Plan and successfully advanced our program to recruit additional mature age workers.

We also completed a major project to improve our employment brand, so that it better reflects the experience of working at Westpac, particularly the company's strong corporate responsibility ethic. This is assisting us to attract and retain the best people.

These and other initiatives have seen employee commitment rise by 5% over the year.

Personnel by business unit¹

	2004	2003
Business and Consumer Banking	12,429	12,204
Westpac Institutional Bank	1,446	1,257
New Zealand Banking	4,917	4,826
BT Financial Group	1,900	1,969
Business and Technology Solutions and Services	4,187	4,506
Pacific Banking	1,108	1,123
Head Office functions and other	1,026	895
Total	27,013	26,780

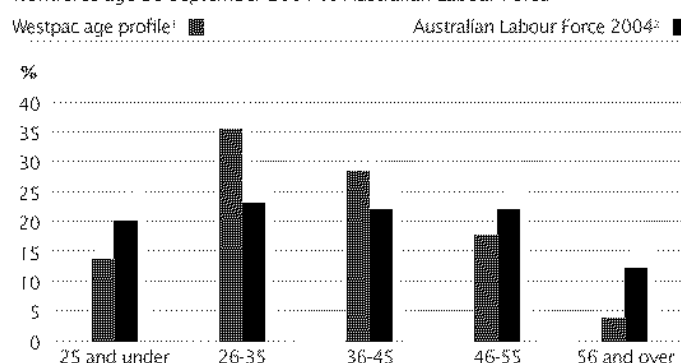
¹ The number of employees includes core full time equivalent, overtime, temporary and contractors.

Westpac workforce (Australia)

	2004 %	2003 %
Full-time	70	68
Part-time	29	31
Other	1	1
Total	100	100

Age profile of workforce

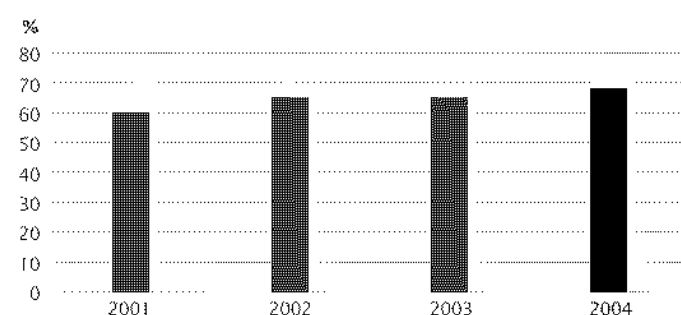
Workforce age 30 September 2004 vs Australian Labour Force



¹ Australia and New Zealand only.

² Source: ABS 6105, April 2004.

Employee commitment¹



¹ Percentage positive.

Business and Technology Solutions and Services



Michael Coomer

Group Executive, Business and Technology Solutions and Services

Activities

Business and Technology Solutions and Services (BTSS) people perform the back office functions for our products, define our overall information technology (IT) architecture, support and enhance software systems, and manage and implement major projects.

In addition, BTSS provides infrastructure support for cash management, fraud, physical security, business services and records management. The division also manages our property portfolio and outsourcing contracts.

Aspirations

With responsibility for technology, e-business innovation and execution across our banking operations, BTSS aims to ensure that Westpac has the right infrastructure, now and in the future, to satisfy the day-to-day banking requirements of our diverse customer base.

Achievements

In 2004 BTSS has kept the absolute costs of the Group's infrastructure virtually flat, through improvements in our technology efficiency and outsourcing contracts. This is creating room for Westpac to invest further in both revenue enhancing and other productivity initiatives.

More specifically, our Reach customer relationship management system has been successfully rolled out across our business banking network and is now being implemented in the consumer bank.

Our Pinnacle project is also helping our productivity by completely re-engineering our lending and credit processes, removing rework and paper.

The development of Westpac's new corporate head office is now well underway and is due to be occupied over 2006/2007. The premises will significantly improve the efficiency of our corporate infrastructure.

Branches

	2004	2003
Australia	812	812
New Zealand	196	200
Other	57	57
Total	1,065	1,069

ATM distribution

	2004	2003
Australia	1,642	1,587
New Zealand	470	480
Other	41	38
Total	2,153	2,105

Customers (million)

	2004	2003
Australia	6.6	6.3
New Zealand	1.4	1.4
Other	0.2	0.3
Total	8.2	8.0

On-line banking customers (million)

	2004	2003
Australia ¹	1.5	1.8
New Zealand	0.4	0.3
Total	1.9	2.1

¹ The definition was changed in 2004 to 'active' rather than 'registered' customers.

Corporate responsibility

Are we truly responsible?



There is no doubt that people want us to conduct our business in a way that not only meets our profit imperative, but also fulfils our broader workplace, social and environmental responsibilities. Our aims are simple – to have a society where our business enjoys the confidence, trust and respect of our owners, our customers, and the people who work within it.

Stakeholder Impact Report 2004

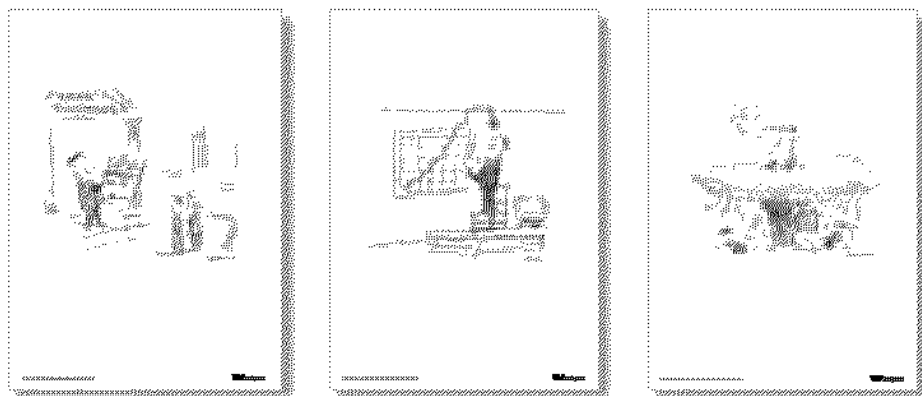
After three years of separate reporting, we are now aligning our sustainability reporting with our annual financial reporting.

We intend to release our 2004 Stakeholder Impact Report in December this year, to closely follow the release of this Concise Annual Report and our Annual Financial Report.

Our Stakeholder Impact Report measures and reports on our performance against more than 100 indicators covering social, environmental and economic dimensions.

Our sustainability reports are available at <http://www.westpac.com.au/internet/publish.nsf/Content/WI+Social+Impact+Report>

The year also marked the publication of the first Westpac New Zealand Social Impact Report, "How We Measure Up". This followed the publication of our New Zealand corporate responsibility statement, "I Never Knew You Cared" in December 2003. The report is available at: <http://www.westpac.co.nz/olcontent/olcontent.nsf/Content/Corporate+Social+Responsibility>

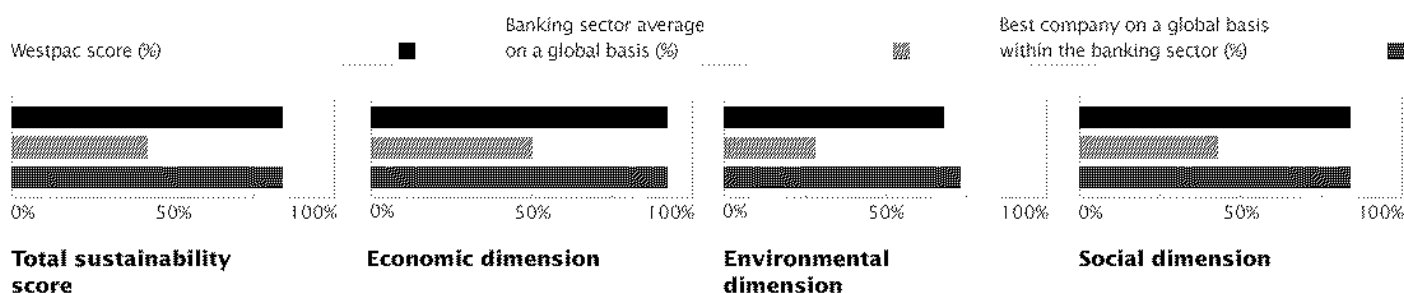


Our responsibility report card



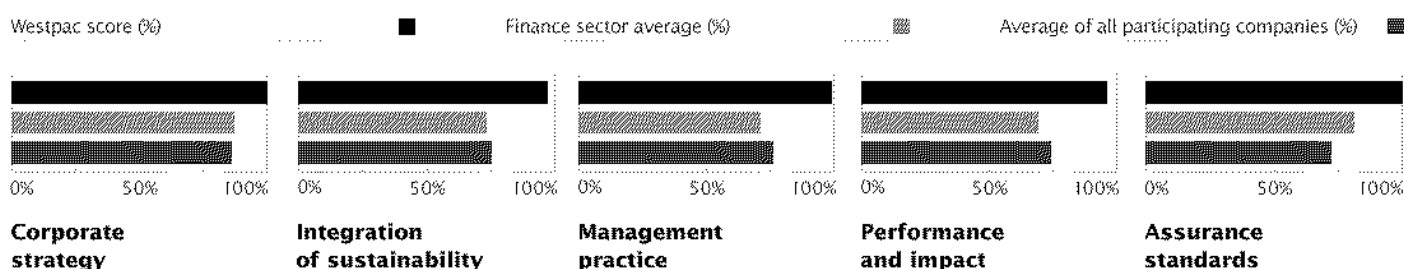
Westpac has been assessed as the global sustainability leader for the banking sector in the 2004/2005 Dow Jones Sustainability Index, for the third year

in a row. The charts below summarise Westpac's performance. Detail on the index and assessment process is available at www.sustainability-indexes.com



Within Australia, Westpac has been rated the number one company in the Corporate Responsibility Index. The Index was developed by the UK-based Business in the Community and introduced into

Australia in 2004 by the St James Ethics Centre. The charts below summarise Westpac's performance. More information on the index is available at: www.corporate-responsibility.com.au



Corporate governance

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1. Westpac's approach to corporate governance

1a) Framework and approach to corporate governance and responsibility

Westpac's approach to corporate governance is to have a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protect stakeholder interests.

This approach includes a commitment to best practice governance standards, which the Westpac Board (the "Board") sees as fundamental to the sustainability of Westpac's business and performance.

In pursuing this commitment, the Board will continue to:

- monitor global developments in best practice corporate governance;
- contribute to Australian and international debates on what represents best corporate governance practice; and
- review and improve its governance practices.

Over the past year this has involved monitoring, reviewing and responding to a number of significant developments in contemporary thinking about corporate governance principles and processes, both in Australia and overseas. Where appropriate, Westpac has adapted practices to ensure it remains at the forefront of corporate governance in protecting stakeholder interests.

In Australia, Westpac has taken into account the "Principles of Good Corporate Governance and Best Practice Recommendations" published in March 2003 by the Australian Stock Exchange Limited's Corporate Governance Council ("ASXCGC"), as well as the Australian Government's amendments to the Corporations Act 2001 (Cth) known as CLERP 9 initiatives, which came into effect on 1 July 2004, and the Australian Standard AS8000 Good Governance Principles. While most of the CLERP 9 initiatives are not required to be adopted until the financial year ending 30 September 2005, the Board has adopted some of these disclosure requirements earlier than required. These include providing a separate Remuneration Report which can be found on pages 48 to 64.

In the international arena, Westpac has responded to a range of relevant corporate governance principles and practices, including the US Sarbanes-Oxley Act of 2002 and consequential Securities and Exchange Commission ("SEC") rules, the New York Stock Exchange ("NYSE") listing rules on corporate governance, the New Zealand Exchange Limited ("NZX") listing rules, and the Corporate Governance Best Practice Code.

The Board's approach has been to adopt the principles and practices that are in the stakeholders' best interests while ensuring full compliance with legal requirements. Where Australian and international guidelines are not consistent, the best practice guidelines of the Australian Stock Exchange Limited ("ASX"), Westpac's home exchange, have been adopted as the minimum baseline for its governance practices. While Westpac's governance practices are in compliance with NYSE listing rules in all material respects, any significant variation to the governance requirements followed by US companies are disclosed consistent with NYSE listing rules and are set out in section 12 of this Corporate Governance Statement.

Additionally, in accordance with the ASXCGC best practice recommendations, Westpac has posted copies of its corporate governance practices on its website.

@ Westpac's Corporate Governance Statement is available in the corporate governance section on its website at www.westpac.com.au/investorcentre

1b) Compliance with the ASXCGC's best practice recommendations

The ASX listing rules require listed entities to include in their annual report a statement disclosing the extent to which they have followed the 28 ASXCGC best practice recommendations during the reporting period, identifying the recommendations that have not been followed and providing reasons for that variance.

As detailed in this Corporate Governance Statement, Westpac considers that its governance practices comply with the ASXCGC's best practice recommendations, subject to the qualification below relating to ASXCGC best practice recommendation 9.4. A checklist summarising this is set out in section 14 of this Corporate Governance Statement.

Recommendation 9.4 recommends that entities seek shareholder approval of equity-based reward schemes for executives. Westpac complies with recommendation 9.4 for some of its current long term incentive plans. Each of the Chief Executive Officer's three separate agreements: the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003 have shareholder approval.

Westpac's other current equity-based reward plans were introduced in 2002, prior to the release of the ASXCGC's best practice recommendations. As the plans did not require shareholder approval under the Corporations Act 2001 (Cth) ("Corporations Act") and ASX listing rules, they were not put to shareholders for approval. The 2002 equity-based reward plans were extensively disclosed to shareholders in the Corporate Governance Statements of each of the 2002 and 2003 Annual Reports and are this year set out in detail in the Remuneration Report on pages 48 to 64.

The 2002 equity-based reward plans were designed around stricter performance hurdles than existed in previous plans and structured so that rewards are only paid if shareholders have benefited.

2. Date of this statement

This statement reflects Westpac's corporate governance policies and procedures as at 8 November 2004.

3. The Board of Directors

3a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Directors' backgrounds, is set out below. The Board considers that between them, the Non-executive Directors bring the range of skills, knowledge and experience necessary to govern Westpac.

Of the eight, six have financial experience, three have specific banking experience and three have international business experience. All Directors have extensive experience of the social and environmental context in which the business operates.

The Board's approach to selection, performance evaluation and tenure of Directors is described on page 32 of this Corporate Governance Statement.



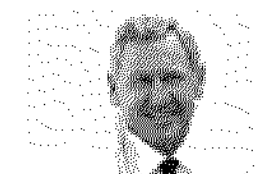
Name: Leon Davis, AO, ASAIT, DSc (h.c.), FRACI, FAustIMM
Age: 65
Term of Office: Director since November 1999. Chairman since December 2000.
Independent: Yes
External Directorships: Deputy Chairman of Rio Tinto; Director of each of Huysmans Pty Limited, Codan Limited and Trouin Pty Limited; President of the Walter

and Eliza Hall Institute of Medical Research; Trustee of the Westpac Foundation.

Skills, experience and expertise: Leon has had many years of experience in resource management, both in Australia and overseas. He has lived and worked in senior positions in Australia, Papua New Guinea, Singapore and the United Kingdom. He was formerly Chief Executive of CRA

Ltd and then Rio Tinto in the United Kingdom.

Westpac Board Committee membership: Chairman of the Nominations Committee and Member of each of the Audit Committee, Risk Management Committee, Remuneration Committee and Social Responsibility Committee.

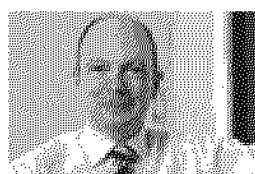


Name: David Morgan, BEc, MSc, PhD
Age: 57
Term of Office: Appointed Managing Director and Chief Executive Officer in March 1999. Executive Director since November 1997.
Independent: No
External Directorships: Nil

Skills, experience and expertise: David has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington D.C. in the 1970s and the Federal Treasury in the 1980s where he headed all major areas before being appointed Senior Deputy Secretary. Since joining Westpac

in 1990, he has had responsibility for all major operating divisions including Westpac Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking and International Banking.

Westpac Board Committee membership: Member of the Social Responsibility Committee.



Name: Gordon Cairns, MA (Hons.)
Age: 54
Term of Office: Appointed Director effective from 8 July 2004.
Independent: Yes
External Directorships: Director of Lion Nathan Limited and Opera Australia.

Skills, experience and expertise: Gordon has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited, a position he held from 1997 to September 2004.

Gordon has also held a wide range of senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé (Spillers).

Westpac Board Committee membership: Member of each of the Audit Committee and Remuneration Committee.



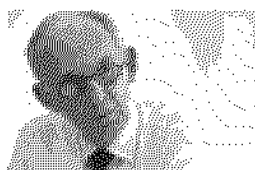
Name: David Crawford, BCom, LLB, FCA, FCPA
Age: 60
Term of Office: Director since May 2002.
Independent: Yes
External Directorships: Chairman of each of Lend Lease Corporation Limited, National Foods Limited and the Australian Ballet; Director of each of BHP Billiton Limited and Foster's Group

Limited, and is Treasurer of the Melbourne Cricket Club.

Skills, experience and expertise: David was National Chairman of KPMG from 1998 until 2001, a member of KPMG's International Board and, prior to that, Chairman of KPMG's Southern Regional Practice (1996-1998). He was Chief Executive Officer of the Rural Finance Corporation in Victoria managing the integration

and merger of the activities of the Victorian Economic Development Corporation with the Rural Finance Corporation.

Westpac Board Committee membership: Chairman of the Audit Committee and Member of each of the Risk Management Committee and Nominations Committee.



Name: The Hon. Sir Llewellyn Edwards, AC, MB, BS, FRACMA, LLD (N.C.), FAIM
Age: 69
Term of Office: Director since November 1988.
Independent: Yes
External Directorships: Chairman of each of AMACA Pty Limited, AMABA Pty Limited, The Medical Research and Compensation Foundation, UQ Holdings Pty

Limited and Pacific Film & Television Commission; Director of Uniseed Pty Limited; and Trustee of the Westpac Foundation.

Skills, experience and expertise: Sir Llewellyn Edwards has had extensive experience in Queensland State politics (including five years as Treasurer), business and in community service (Chairman World Expo 88 Authority and Chancellor of University of Queensland), as well as

acting as a consultant to business and government.

Westpac Board Committee membership: Former Chairman of the Social Responsibility Committee and former Member of each of the Nominations Committee and Remuneration Committee. He retired from these positions effective 4 November 2004 due to his impending retirement from the Board.



Name: Ted Evans, AC, BEcon
Age: 63
Term of Office: Director since November 2001.
Independent: Yes
External Directorships: Nil
Skills, experience and expertise: Ted has extensive experience in the financial sector, having joined the Australian Treasury in 1969, heading the Fiscal and Monetary Branch in

1980 and the General Financial and Economic Policy Division in 1982. From 1984 to 1989 he held the position of Deputy Secretary and was Secretary to the Treasury from 1993 to 2001. From 1976 to 1979 he was a member of the Australian Permanent Delegation to the OECD in Paris and, from 1989 to 1993, executive director on the Board of the International Monetary Fund, representing Australia and a

number of other countries, mainly in the Asia Pacific region. He was a Director of the Reserve Bank of Australia from 1993 to 2001 and the Commonwealth Bank of Australia from 1993 to 1996.

Westpac Board Committee membership: Chairman of the Risk Management Committee and Member of each of the Audit Committee and Nominations Committee.



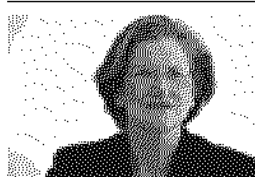
Name: Carolyn Hewson, BEc (Hons.), MA (Econ.)
Age: 49
Term of Office: Director since February 2003.
Independent: Yes
External Directorships: Director of each of the Australian Gaslight Company and CSR Limited; Board

and advisory roles with the Royal Humane Society, YWCA NSW, the Australian Charities Fund and The Neurosurgical Research Foundation.

Skills, experience and expertise: Carolyn has had 16 years' experience in the finance sector and was an Executive

Director of Schroders Australia Limited between 1989 and 1995.

Westpac Board Committee membership: Chairman of the Remuneration Committee and Member of each of the Risk Management Committee and Nominations Committee.



Name: Helen Lynch, AM
Age: 61
Term of office: Director since November 1997.
Independent: Yes
External Directorships: Chairman of the Westpac Staff Superannuation Plan Pty Limited; Director of each of Southcorp

Limited, Institute of Molecular Bioscience and Pacific Brands Limited.

Skills, experience and expertise: Helen has had 36 years' experience in Westpac including membership of Westpac's executive team before retiring in 1994.

Westpac Board Committee membership: Chairman of the Social Responsibility Committee and Member of each of the Audit Committee, Risk Management Committee and Nominations Committee.



Name: Peter Wilson, CA
Age: 63
Term of Office: Appointed Director effective from 31 October 2003.
Independent: Yes
External Directorships: Chairman of each of Port of Napier Limited, Evergreen Forests Limited, Global Equities Market Securities Limited and the Taupo Airport Authority. Director of each of

The Colonial Motor Company Limited, Westpac (NZ) Investments Limited, Urbus Properties Limited and Hill Country Corporation Limited. Member of the New Zealand Exchange Limited Discipline body.

Skills, experience and expertise: Peter is a chartered accountant and formerly a partner with Ernst & Young, with extensive experience in banking, business

establishment, problem resolution, asset sale and management of change functions. Peter was a Director and (from 1991) Chairman of Trust Bank New Zealand Limited which Westpac acquired in 1996.

Westpac Board Committee membership: Member of each of the Audit Committee, Risk Management Committee and Social Responsibility Committee.

3b) Board role and responsibility

The roles and responsibilities of the Board are formalised in the Board Charter. The Charter also defines the matters that are reserved for the Board and its Committees, and those that the Board has delegated to management.

In summary, the Board is accountable to shareholders for Westpac's performance and its responsibilities include:

- **strategy** – providing strategic direction and approving corporate strategic initiatives;
- **board performance and composition** – evaluating the performance of Non-executive Directors, and determining the size and composition of the Westpac Board as well as making recommendations to shareholders for the appointment and removal of Directors;
- **leadership selection** – evaluating the performance of and selecting the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO");
- **succession planning** – planning for Board and executive succession;
- **remuneration**
 - setting CEO remuneration; and
 - setting Non-executive Director remuneration within shareholder approved limits;
- **financial performance** – approving Westpac's budget, monitoring management and financial performance;
- **financial reporting** – considering and approving Westpac's half-yearly and annual financial statements;
- **risk management** – approving Westpac's risk management strategy and monitoring its effectiveness;
- **relationship with the exchanges and regulators, and continuous disclosure** – maintaining a direct and ongoing dialogue with the ASX and other exchanges where Westpac's securities are listed, ensuring that the market and Westpac's shareholders are continuously informed of material developments;
- **social responsibility** – considering the social, ethical and environmental impact of Westpac's activities, setting standards and monitoring compliance with Westpac's social responsibility policies and practices; and
- **audit** – selecting and recommending to shareholders the appointment of the external auditor. Determining the duration, remuneration and terms of appointment of the external auditor and evaluating their performance and ongoing independence. Maintaining a direct and ongoing dialogue with the external auditor.

The Board has delegated a number of these responsibilities to its Committees. The responsibilities of these Committees are detailed in Section 4 of this Corporate Governance Statement.

The Board has delegated to management responsibility for:

- **strategy** – developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- **senior management selection** – making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles;
- **financial performance** – developing Westpac's annual budget and managing day-to-day operations within the budget;
- **risk management** – maintaining an effective risk management framework;
- **continuous disclosure** – keeping the Board and market fully informed about material developments; and

- **social responsibility** – managing day-to-day operations in accordance with standards for social, ethical and environmental practices, which have been set by the Board.

@ Westpac's Board Charter is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 1.1

3c) Board size and composition

As at the date of this Corporate Governance Statement there are eight independent Non-executive Directors and one Executive Director on the Board. The Constitution requires a minimum of seven and a maximum of fifteen Non-executive Directors. In addition, up to three members of the Board may be Executive Directors.

The Board considers that the optimum size of the Board is between seven and nine Non-executive Directors and that a majority of the Board should be independent Directors.

The Nominations Committee develops policy, assesses the Board composition and size from time to time and recommends to the Board changes to Board composition and size. The Nominations Committee also assesses the skills required to discharge the Board's duties having regard to Westpac's business mix, financial position and strategic direction, including specific qualities or skills that the Nominations Committee believes are necessary for one or more of the Directors to possess.

@ Westpac's Constitution is available in the corporate governance section at www.westpac.com.au/investorcentre

3d) The selection and role of the Chairman

The Directors elect one of the independent Non-executive Directors to be Chairman.

The Chairman's role includes:

- ensuring that, when all Board members take office, they undertake appropriate induction covering the terms of their appointment, their duties and responsibilities;
- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Non-executive Directors.

The current Chairman, Leon Davis, is an independent Non-executive Director appointed by the Board. He has been a Director of Westpac since November 1999 and Chairman since December 2000. The Chairman is a member of each Board Committee.

The Board has determined that the maximum tenure of the Chairman is to be no more than four terms or twelve years (inclusive of any term as a Director prior to being elected as Chairman), from the date of first election by shareholders.

ASXCGC's Best Practice Recommendation 2.2, 2.3

3e) Director independence

The Board assesses each Director against a range of criteria to decide whether they are in a position to exercise independent judgement.

Directors are considered to be independent if they are independent of management and free from any business or

other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

In assessing independence, the Board considers whether the Director has a business or other relationship with Westpac, directly or as a partner, shareholder or officer of a company or other entity that has an interest, or a business or other relationship, with Westpac or another Westpac Group member.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a director's unfettered and independent judgement.

As part of this process, the Board takes into account a range of relevant matters and will have regard to whether the director or an immediate family member has any of the following relationships:

- a substantial shareholder (as defined in section 9 of the Corporations Act) of Westpac or an officer of, or otherwise associated directly with, a substantial shareholder of Westpac;
- within the last five years, employment in an executive capacity by Westpac or another Westpac Group member, or a director of Westpac after ceasing employment with Westpac;
- within the last five years, been a principal of a material professional adviser or a material consultant to Westpac or another Westpac Group member, or an employee materially associated with the service provided;
- within the last five years, a present or former affiliation with or employment by a present or former internal or external auditor of Westpac or another Westpac Group member who has worked on the Westpac (or Westpac Group member) audit;
- within the last five years, employment by any entity while that entity had an executive officer of Westpac or another Westpac Group member on its compensation committee;
- a material supplier or customer of Westpac or another Westpac Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of Westpac or any other Westpac Group member;
- a material contractual relationship with Westpac or another Westpac Group member other than as a Director or Committee member of Westpac or another Westpac Group member;
- has served on the Board of Westpac or of another Westpac Group member for a period in excess of twelve years or which having regard to all the circumstances could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac; or
- has an interest or a business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac.

On appointment, each Director is required to provide information for the Board to assess and confirm their independence as part of their consent to act as a Director. Directors re-affirm their independence annually.

In addition, the Nominations Committee is responsible for reviewing the definition of Director independence periodically and for assessing the independence of each newly appointed Non-executive Director and any other Non-executive Director whose circumstances change.

It is the Board's view that each of Westpac's Non-executive Directors is independent.

@ Board criteria for assessing independence are available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 2.1, 2.5

3f) Avoidance of conflicts of interest by a Director

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duty to Westpac and their own interests. The Board has adopted a procedure to ensure that conflicts and potential conflicts of interest of Directors are disclosed to the Board.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not participate in boardroom discussions or vote on matters on which they face a conflict.

There is a range of policies within Westpac relating to the management of conflicts of interest, such as the Insider Trading Policy. Where these types of conflicts apply to the Board there is a consistent approach adopted. The Directors are subject to policies that restrict trading Westpac shares except in specified trading window periods. The Trading Windows are 56 days (including holidays and weekends), each commencing two full trading days after announcement of the half and full year results.

In addition, the Director is required to disclose any actual or potential conflict of interest on appointment as a Director and is required to keep these disclosures up to date. Westpac then discloses any changes in Director's interests to the ASX.

3g) Meetings of the Board and their conduct

The Board has ten scheduled meetings each year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. Each July, the Board meets for two days to discuss Westpac's strategic plan and set the overall strategic direction of the organisation.

The Chairman and the CEO establish meeting agendas for assessing Westpac's coverage of financial, strategic and major risk areas throughout the year. The Directors have the opportunity to review meeting materials in advance. Directors are always encouraged to participate with a robust exchange of views and to bring their independent judgements to bear on the issues and decisions at hand.

In addition to its formal meetings, the Board undertakes regular development workshops to provide further in-depth knowledge of key issues affecting the Board. Over the past year these included workshops on Westpac's risk/reward program, succession management, treasury operations and market risk (financial markets) and the Australian mortgage strategy.

Members of executive management are regularly invited to attend Board meetings and are also available to be contacted by Directors between meetings. The Board, however, meets without executive management (other than the CEO) at the commencement of each meeting. The Board meets without the CEO or any other members of executive management at least once a year or as required. The Audit Committee meets with Westpac's auditor without executive management being present at the commencement of each Audit Committee meeting.

Meetings attended by Directors for the past financial year are reported in the Directors' Report on page 47 of the Concise Annual Report.

3h) Succession planning

The Board plans succession of its own members in conjunction with the Nominations Committee. The Nominations Committee is responsible for developing and implementing succession planning for Non-executive Directors, taking into account the challenges and opportunities facing Westpac and the skills and expertise which are therefore needed on the Board in the future.

The Board is responsible for CEO and CFO succession planning.

3i) Review of Board performance

The Board reviews its own performance and that of the Board Committees annually. This is to ensure that the Board and Board Committees are working effectively.

The performance of Non-executive Directors (including the Chairman) is subject to annual peer and executive management review. These reviews are wide-ranging and include, amongst other things, the Director's contributions to Board discussions.

Also, the Board has delegated to the Chairman of the Audit Committee the responsibility for reviewing the results of the annual performance review of the Board Chairman. Following this review, the Chairman of the Audit Committee reports to the Board without the Board Chairman being present.

The performance review process is facilitated externally and includes written surveys of Directors, Group executives and the Group Secretary & General Counsel. The survey results are independently collated and the Chairman formally discusses the results with individual Directors and Committee chairs.

ASXCGC's Best Practice Recommendation 8.1

3j) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Nominations Committee and considered by the Board as a whole.

The Nominations Committee reviews Director appointments from time to time, with eligibility criteria having regard to a proposed candidate's broad commercial experience and other qualities. External consultants are used to access a wide base of potential Directors. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. Each new Director receives a Letter of Appointment, which sets out their duties, their terms and conditions of appointment including term of appointment, and the expectations of the role and remuneration.

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election. The Nominations Committee reviews appointment criteria from time to time and makes recommendations concerning the re-election of any Director by shareholders. As part of this review, the Nominations Committee conducts a peer review of those Directors during the year in which that Director will become eligible for re-election.

ASXCGC's Best Practice Recommendation 2.5

3k) Retirement and re-election of Directors

Westpac's Constitution states that one-third of its Directors, excluding the CEO, must retire each year. Also, the maximum time that each Director can serve in any single term is three years. The Constitution also states that any Director who has

been appointed during the year must stand for election at the next annual general meeting.

Eligible Directors who retire as required may offer themselves for re-election by shareholders at the next annual general meeting. The Nominations Committee evaluates the contribution of retiring Directors through a peer review process.

3l) Director education

When appointed to the Board, all new Directors undergo an induction program appropriate to their experience to familiarise them with matters relating to Westpac's business, strategy and any current issues before the Board. The induction program is conducted over three months and includes meetings with the Chairman, the CEO, each Chairman of the respective Board Committees, each Group executive and the Group Secretary & General Counsel.

The Board ensures Directors continue their education by participating in formal workshops (generally held four times a year) and attending relevant site visits.

Westpac's Group Secretary & General Counsel provides Directors with ongoing guidance on matters such as corporate governance, Westpac's Constitution and the law.

3m) Compulsory retirement of Directors

The Board has limited the number of terms of office that any Director may serve. Directors (other than the Chairman) may not hold office as a Director for more than three consecutive terms. The Chairman may not hold office as a Director for more than four consecutive terms. Special arrangements are in place for Directors who were on the Board at the time this policy was adopted.

3n) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports from executive management to enable them to carry out their duties. Each Director enters into an Access and Indemnity Deed with Westpac to ensure seven-year access to documents after retirement from the Board.

The Chairman and other Non-executive Directors regularly consult with the CEO, the CFO, the Group Secretary & General Counsel, the General Manager Group Assurance, the Chief Compliance Officer, the General Manager Group Risk, and the Group General Manager Stakeholder Communications and may consult with, and request additional information from, any Westpac employee.

The Board collectively, and each Director individually, has the right to seek independent professional advice, at Westpac's expense, to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in the Chairman's absence, Board approval may be sought.

ASXCGC's Best Practice Recommendation 2.5

3o) Group Secretary & General Counsel

Mr Richard Willcock is Westpac's Group Secretary & General Counsel. Mr Willcock's qualifications and experience are set out on page 65.

This position is responsible for:

- providing advice to Directors and officers in relation to Westpac's Constitution, the requirements of the Corporations Act and other corporate law, other regulatory requirements and the ASX listing rules in Australia and, where appropriate,

regulatory requirements in other countries where Westpac operates and/or has listed securities;

- advising the Board and individual Directors on corporate governance principles and assisting in the implementation of corporate governance programs;
- carrying out the instructions of the Board, assisting in the implementation of corporate strategies and giving practical effect to the Board's decisions; and
- functional responsibilities for the management of the legal, compliance and company secretarial functions of Westpac.

All Directors have access to advice from the Group Secretary & General Counsel.

4. Board Committees

4a) Board Committees and membership

There are currently five Board Committees whose powers and procedures are governed by Westpac's Constitution and the relevant Committee's Charter, as approved by the Board.

The five Board Committees and their membership at 8 November 2004 are set out in the table below.

Other Committees of the Board may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

4b) Committee Charters

The roles and responsibilities of each Committee are set out in the respective Committee Charters.

@ Copies of the Committee Charters are available in the corporate governance section at www.westpac.com.au/investorcentre

4c) Committee procedures

Operation of the Committees and reporting to the Board

The Board Committees meet quarterly and at other times as necessary. Each Committee is entitled to the resources and information it requires, including direct access to employees and advisers as well as appropriate funding. The CEO, senior executives and other selected employees are invited to attend Committee meetings as necessary. All Directors receive all Committee papers and can attend all Committee meetings.

Composition and independence of the Committees

Committee members are chosen for the skills, experience and other qualities they bring to the Committees. The Audit Committee is required to have a minimum of three members. Four of the five Committees are required to be and are currently composed of only Non-executive Directors. The CEO is a member of the Social Responsibility Committee.

How the Committees report to the Board

Following each Committee meeting, generally at the next Board meeting, the Board is given a verbal report by each Committee Chair, and all Committee minutes are tabled at Board meetings.

How Committees' performance is evaluated

The performance of Committees is discussed and reviewed initially within each Committee and then reviewed as part of the Board's performance review.

The performance of each Committee member (other than the CEO) is evaluated as part of the performance review of each Director.

ASXCGC's Best Practice Recommendation 4.5, 7.3, 8.1, 9.5

4d) Audit Committee

Role of the Committee

The Westpac Board shares oversight responsibility for risk management between the Audit Committee and the Risk Management Committee.

The Audit Committee, as delegated by the Board, oversees all matters concerning:

- integrity of the financial statements and financial reporting systems;
- making recommendations to the Board for the appointment of the external auditor;
- external auditor's qualifications, performance and independence;
- performance of internal audit function; and
- compliance with financial reporting and related regulatory requirements.

The Audit Committee approves the internal audit plan following a joint review with the Risk Management Committee.

	Audit Committee	Risk Management Committee	Nominations Committee	Remuneration Committee	Social Responsibility Committee
Leon Davis	•	•	Chair •	•	•
David Morgan					•
Gordon Cairns ¹	•			•	
David Crawford ²	Chair •	•	•		
The Hon. Sir Llewellyn Edwards ³					
Ted Evans ⁴	•	Chair •	•		
Carolyn Hewson ⁵		•	•	Chair •	
Helen Lynch ⁶	•	•	•		Chair •
Peter Wilson ⁷	•	•			•

Attendances of Directors at Committee meetings are set out in the Directors' Report on page 47 of the Concise Annual Report.

Unless otherwise stated, each Director has been a member, or the Chair, of the relevant Committee for the whole of the period from 1 October 2003.

1 Member of the Audit Committee and the Remuneration Committee from 8 September 2004.

2 Member of the Risk Management Committee from 4 May 2004, and was a member of the Remuneration Committee from 1 January 2004 to 8 September 2004.

3 Was Chair of the Social Responsibility Committee and was a member of the Nominations Committee and the Remuneration Committee until 4 November 2004. He retired from these positions due to his impending retirement from the Board.

4 Member of the Audit Committee from 1 January 2004.

5 Chair of the Remuneration Committee from 1 January 2004, Member of the Nominations Committee from 1 January 2004. Was a member of the Audit Committee until 1 January 2004.

6 Chair of the Social Responsibility Committee from 4 November 2004. Member of the Risk Management Committee and the Social Responsibility Committee from 1 January 2004. Member of the Nominations Committee from 4 November 2004.

7 Member of the Audit Committee and the Social Responsibility Committee from 1 January 2004. Member of the Risk Management Committee from 8 September 2004.

Integrity of the financial statements

The Audit Committee considers whether the accounting methods applied by management are consistent and comply with applicable accounting standards and concepts.

The Committee reviews and assesses:

- any significant estimates and judgements in financial reports and monitors the methods used to account for unusual transactions;
- the processes used to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting of financial and non-financial information; and
- the major financial risk exposures and the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the half-year and annual financial statements.

External audit

The Audit Committee is responsible for making recommendations to the Board concerning the appointment of Westpac's external auditor and the terms of engagement. The Committee reviews the performance of the external auditor and regularly reviews its policy on the independence of the external auditor. This evaluation includes reviewing annually a report from the external auditor on the internal quality control procedures, or peer review, of the external audit firm, or any other inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the external audit firm, and any steps taken to deal with such issues. As well, the capabilities of the lead audit engagement staff are reviewed. The independent external auditor reports directly to this Committee and to the Board.

For permitted non-audit services, use of the external audit firm must be assessed in accordance with Westpac's pre-approval policy, which requires that all non-audit services be pre-approved by the Audit Committee, by delegated authority to a sub-committee consisting of one or more members where appropriate.

The external auditor receives all Audit Committee papers and attends all meetings. The Committee also meets with the external auditor without management being present and also meets management without the external auditor being present. Committee members are able to contact the external auditor directly at any time.

Internal audit

The Audit Committee approves the appointment and replacement of the General Manager Group Assurance (Head of Internal Audit) and reviews the internal audit responsibilities, budget and staffing. The Committee also reviews significant issues that may be raised by internal audit as well as the length of time and action taken to resolve such issues. The Audit Committee Chairman meets separately with the General Manager Group Assurance.

Compliance with financial reporting and related regulatory requirements

The Audit Committee is responsible for ensuring compliance with applicable financial reporting and related regulatory requirements.

The Committee, amongst other things:

- discusses with the members of the Risk Management Committee, the Chief Compliance Officer, management and the external auditor, Westpac's major financial risk exposures

and the steps management has taken to monitor and control such exposures, including Westpac's risk assessment and risk management policies;

- discusses with the external auditor their report regarding significant findings in the conduct of their audit and the adequacy of management's response;
- discusses with management and the external auditor the half-yearly and annual financial statements, including disclosures in the "operating and financial review and prospects" of the Annual Report on Form 20-F;
- discusses the earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies;
- discusses with management and the external auditor correspondence with regulators or government agencies and reports which raise issues of a material nature;
- discusses with the Group Secretary & General Counsel, legal matters that may have a material impact on the financial statements and/or Westpac's compliance with financial reporting and related regulatory policies; and
- establishes procedures for the receipt, retention and treatment of complaints, including accounting, internal accounting controls or auditing matters and the confidential or anonymous submission by employees of concerns regarding accounting or auditing matters.

Financial knowledge of Committee members

The Audit Committee includes members who have appropriate financial experience and an understanding of the industry in which Westpac operates. All members of the Audit Committee satisfy the independence requirements that Westpac is currently required to comply with under the ASXCGC Best Practice Recommendations, the United States Securities Exchange Act of 1934 and the rules of the NYSE.

The Board has also determined that the Chairman of the Audit Committee is an audit committee "financial expert". He is not an auditor or an accountant with respect to Westpac, does not perform "field work" and is not a full-time employee. Under the US laws, an audit committee member who is designated as an audit committee "financial expert" will not be deemed to be an "expert" for any purpose other than as a result of being identified as an audit committee "financial expert". The Board has made this determination on this basis.

Although the Board has determined that the Audit Committee Chairman has the requisite "financial expert" attributes defined under the rules of the SEC, his responsibilities are the same as those of other Audit Committee members.

The Audit Committee relies on the information provided by management and the external auditor. Management determines that Westpac's financial statements and disclosures are complete and accurate. The external auditor has the duty to plan and conduct audits.

Further information on audit governance and independence is included in section 5 of this Corporate Governance Statement.

ASXCGC's Best Practice Recommendation 4.2, 4.3, 4.4, 4.5

4e) Risk Management Committee

Role of the Committee

The Risk Management Committee oversees the risk profile of Westpac within the context of its risk/reward strategy. The Board on recommendations from the CEO and senior management determines this strategy.

The Risk Management Committee, as delegated by the Board:

- reviews and approves the framework for the management of Westpac's credit, market, liquidity, compliance and operational risk;
- considers whether there is effective monitoring of the risk profile, performance and management of Westpac's risks;
- determines, approves and reviews the limits and conditions that apply to the taking of risk;
- reviews and approves Westpac's bad debt and non-lending loss performance;
- reviews and approves Westpac's funding plan and ensures this is monitored;
- oversees compliance by Westpac with applicable laws, regulations and regulatory requirements;
- considers whether there is appropriate management of complaints and the treatment of whistleblower concerns;
- reviews jointly with the Audit Committee the internal audit plan;
- refers to the Audit Committee any matters that have come to the attention of the Committee that are relevant to the Audit Committee; and
- provides relevant periodical assurances to the Audit Committee.

ASXCGC's Best Practice Recommendation 7.1, 7.3

4f) Nominations Committee

Role of the Committee

The primary function of the Nominations Committee is performing review procedures to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Board comprises individuals best able to discharge the responsibilities of Directors, having regard to the law and the highest standards of governance.

The Committee, as delegated by the Board, is responsible for:

- developing and reviewing policies on Board composition, strategic function and size;
- performance review process of the Board, its Committees and individual Directors;
- developing and implementing induction programs for new Directors and ongoing education for existing Directors;
- developing eligibility criteria for nominating Directors;
- recommending appointment of Directors to the Board;
- reviewing Director independence;
- succession planning for the Board;
- reviewing Westpac's corporate governance policies to ensure they meet international corporate governance standards; and
- considering whether Westpac meets relevant corporate governance standards from legislation and various regulatory bodies including the ASX, the Australian Securities and Investments Commission and overseas regulators.

ASXCGC's Best Practice Recommendation 2.4, 2.5

4g) Remuneration Committee

Role of the Committee

The Remuneration Committee assists the Board by ensuring that Westpac has coherent remuneration policies and practices that fairly and responsibly reward executives having regard to performance, the law and the highest standards of governance.

The Committee's purpose, as delegated by the Board, is:

- to review and make recommendations to the Board in relation to the remuneration of the CEO;
- to review and make recommendations to the Board on remuneration policies of Non-executive Directors, taking into account the fee pool for remunerating the Non-executive Directors that was approved by shareholders;
- to review and approve executive remuneration policy;

- to approve remuneration packages and contracts for positions reporting directly to the CEO;
- to review and make recommendations to the Board for approval of all equity-based plans, including performance hurdles, proposed awards, and the purchase and/or issue of any Westpac shares;
- to approve merit recognition expenditure in relation to the remuneration of Westpac's executives; and
- to oversee general remuneration practices across the Westpac Group.

The Committee also reviews management succession planning for positions that report directly to the CEO.

Independent remuneration consultants are engaged by the Committee to ensure that Westpac's reward practices and levels are consistent with market practice.

ASXCGC's Best Practice Recommendation 8.1, 9.2, 9.5

4h) Social Responsibility Committee

Role of the Committee

The Social Responsibility Committee's purpose is to foster Westpac's commitment to operate its business in a responsible manner consistent with the evolving needs of society.

The Committee, as delegated by the Board, is responsible for:

- reviewing the social, environmental and ethical impacts of Westpac's activities;
- setting standards for Westpac's corporate responsibility policies and practices;
- overseeing initiatives to enhance Westpac's reputation as a socially responsible corporate citizen;
- monitoring compliance with Westpac's published corporate responsibility policies and practices;
- ensuring that there is effective monitoring and oversight of Westpac's reputation risks; and
- reviewing and approving the annual Stakeholder Impact Report.

Further information on Westpac's approach to corporate responsibility and sustainability is included in section 9 of this Corporate Governance Statement.

5. Audit governance and independence

5a) Approach to audit governance

The Board is committed to three basic principles:

- that Westpac's financial reports present a true and fair view;
- that Westpac's accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies; and
- that the external auditor is independent and serves shareholder interests.

Australian and international developments are monitored and practices reviewed accordingly.

5b) Engagement and rotation of the external auditor

Westpac's independent external auditor is PricewaterhouseCoopers ("PwC"). PwC was appointed by shareholders at the 2002 annual general meeting in accordance with the provisions of the Corporations Act.

The Board has adopted a policy that the responsibilities of the lead audit partner and review audit partner cannot be performed by the same people for longer than five years. The present PwC lead audit partner for Westpac's audit is David Armstrong who assumed this responsibility in 2003. The Board also requires a

minimum five-year 'cooling off' period before an audit partner is allowed back onto the audit team.

ASXCGC's Best Practice Recommendation 4.5

5c) Certification and discussions with the external auditor on independence

The Audit Committee requires the external auditor to confirm quarterly that they have maintained their independence. Westpac's external auditor gives quarterly assurance to the Audit Committee and to the Board that they have complied with the independence standards as promulgated by Australian and international regulators and professional bodies. Periodically, the Audit Committee meets separately with the external auditor without executive management being present.

5d) Relationship with the external auditor

Westpac's current policies on employment and other relationships with its external auditor involve the following:

- the audit partners and any employee of the external audit firm on the Westpac audit are prohibited from being an officer of Westpac;
- an immediate family member of an audit partner or any employee of the external audit firm on the Westpac audit is prohibited from being a Director or an officer in a significant position at Westpac;
- any former external audit partner or external audit firm's former employees who have participated on Westpac audits are prohibited from becoming a Director or officer in a significant position at Westpac for at least five years, and after the five years can have no continuing financial relationship with the audit firm;
- members of the audit team and audit firm are prohibited from having a business relationship with Westpac or any officer of Westpac unless the relationship is clearly insignificant to both parties;
- the external audit firm, its partners and its employees who are members of the audit team on the Westpac audit and their immediate family members are prohibited from having loans or guarantees with Westpac or from having a direct or material indirect investment in Westpac;
- officers of Westpac are prohibited from receiving any remuneration from the external audit firm;
- the external audit firm is prohibited from having a financial interest in any entity with a controlling interest in Westpac; and
- the audit team in any given year cannot include a person who had been an officer of Westpac during that year.

5e) Restrictions on non-audit services by the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac, including:

- preparation of accounting records and financial statements;
- financial information systems design and implementation;
- appraisal or valuation services and other corporate finance activities;
- internal audit services;
- temporary or permanent staff assignments, or performing any decision-making, supervisory or ongoing monitoring or management functions;
- broker or dealer, investment adviser or investment banking;
- legal, litigation or other expert services;
- actuarial services; and
- recruitment services for managerial, executive or Director positions.

For all other non-audit services, use of the external audit firm must be assessed in accordance with Westpac's pre-approval policy, which requires that all non-audit services be pre-approved by the Audit Committee, by delegated authority to a sub-committee consisting of one or more members where appropriate.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in the 2004 Annual Financial Report.

The SEC, through its Division of Enforcement, is currently conducting an investigation of certain Australian registrants and public accounting firms in relation to aspects of compliance with the SEC's auditor independence requirements. As a part of this investigation, Westpac is furnishing information to the SEC regarding the services rendered by PwC, the external auditor of Westpac since 1 October 2000, including information regarding services that the SEC staff may view as the secondment of PwC personnel to entities in the Westpac Group. Westpac is continuing to examine the matters covered by the SEC's investigation.

Westpac cannot predict the nature of any action the SEC might take as a result of the SEC's ongoing investigation. If the SEC determines that any of the services provided by PwC to the Westpac Group did not comply with applicable rules, the SEC could impose or negotiate a range of possible sanctions, such as fines, the entry of cease-and-desist orders or injunctions, or a requirement to engage a different accounting firm to perform procedures and report on aspects of the relevant accounts or financial statements that may have been impacted by auditor independence concerns.

5f) Attendance at the annual general meeting

Westpac's external auditor attends the annual general meeting and is available to answer questions from shareholders on:

- the conduct of the audit;
- the preparation and content of the audit report;
- the accounting policies adopted by Westpac in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

ASXCGC's Best Practice Recommendation 6.2

5g) Internal audit

Group Assurance is an independent and objective internal audit review function charged with evaluating, testing and reporting on the adequacy and effectiveness of management's control of operational risk. Group Assurance has access to all entities in the Westpac Group and conducts audits and reviews following a risk-based planning approach. The General Manager Group Assurance has a direct reporting line to the Chairman of the Audit Committee. Group Assurance provides reports to both the Audit Committee and the Risk Management Committee.

Audit and review reports are discussed widely in the Group and significant issues are reviewed at the Audit Committee and the Risk Management Committee.

6. Controlling and managing risk

6a) Approach to risk management

Westpac's approach is to identify, assess and control the risks that affect its business in accordance with a set of core risk principles. This enables the risks to be balanced against appropriate rewards. The risk management approach links Westpac's vision and values, objectives and strategies, and procedures and training.

Westpac recognises four main types of risk:

- **credit risk** – being the risk of financial loss from the failure of customers to honour fully the terms of their contract;
- **market risk** – being the risk to earnings from changes in market factors, such as interest and foreign exchange rates, or its liquidity and funding profiles;
- **operational risk** – which arises from inadequate or failed internal processes, people and systems or from external events; and
- **compliance risk** – being the risk of failure to comply with all applicable legal and regulatory requirements and industry codes of practice, and to meet Westpac's ethical standards.

Relating to the four main types of risk, Westpac allocates resources to manage the following risks:

- **reputation risk** – the risk of negative experiences and perceptions impacting Westpac's standing with stakeholders;
- **liquidity risk** – the risk of failure to adequately fund cash demand in the short term;
- **operating leverage risk** – the risk associated with the vulnerability of a line of business to changes in the strategic environment;
- **insurance risk** – the risk of not being able to meet insurance claims (related to insurance subsidiaries);
- **interest rate risk** – the risk associated with being forced to liquidate or unwind the balance sheet hedge portfolio; and
- **goodwill risk** – the risk that the future profitability of acquired businesses will not support the purchase price paid.

As these risks are interlinked Westpac takes an integrated approach to managing them.

ASXCGC's Best Practice Recommendation 7.1, 7.3

Below is a diagrammatical representation of Westpac's risk management structure:

Board	Considers and approves the risk/reward strategy of the Group • Reviews and approves Westpac's risk management strategy, policies and key risk parameters relating to the four main types of risk – Credit risk, Market risk, Operational risk and Compliance risk • Considers whether appropriate internal control mechanisms are in place and being implemented • Monitors the effectiveness of the execution of risk strategies • Maintains a direct and ongoing dialogue with Westpac's external auditor and, where appropriate, principal regulators		
Board Committees	The Board Committees, by delegated authority, assist the Board in fulfilling its oversight responsibilities for:		
	Risk Management Committee • Reviewing and approving the framework, policies, limits and conditions for the taking and managing of risk • Considers the risk profile and monitors the performance and management of risks	Audit Committee • Overseeing the integrity of the financial statements and financial reporting systems, compliance with related regulatory requirements, reviewing the performance of internal and external audit, and assessing the independence of the external auditor	Social Responsibility Committee • Maximising the economic, social, environmental and ethical value of activities • Monitoring, oversight and management of reputation risk
Independent Internal Review	Group Assurance Independent and objective internal audit review function evaluating, testing and reporting on the adequacy and effectiveness of management's control of operational risk. Also provides independent evaluation of credit risk activities and portfolios, the quality of credit management and compliance with credit policies		
Executive Risk Committees	Group Risk Reward Committee • Develops and leads the risk optimisation agenda for the Group • Recommends to the Risk Management Committee the appropriate risk/reward positioning and links this to decisions on overall capital levels and composition • Initiates and oversees strategies of the Group's risk/reward profile and boundaries for risk appetite and earnings volatility within parameters set by the Board • Oversees the performance, role and membership of the executive risk committees		
	Group Credit Risk Committee • Optimises credit risk/reward • Oversees portfolio performance • Determines limits and authority levels within Board approved parameters	Group Market Risk Committee • Optimises market risk/reward for traded and non-traded market risk • Oversees portfolio performance • Determines limits within Board approved parameters	Group Operational Risk and Compliance Committee • Oversees the governance of operational risk and compliance, including the framework and policies • Oversees the operational and reputation risk profile
Group Risk	• Enterprise-wide view of risk and its impact on performance • Development of management's strategy, framework and policies for the management of all major risk classes • Defines and promotes risk management culture		
Business Units	• Management of risks inherent in the business including the development of business-specific policies, controls, procedures and reporting in respect of the risk classes		

6b) Risk management roles and responsibilities

The Board is responsible for reviewing and approving Westpac's risk management strategy, policies and key risk parameters as well as determining Westpac's appetite for risk.

The significant risk management framework and policy approval resides with the Risk Management Committee under powers delegated by the Board.

Risk specific policies and practices are reviewed and discussed at the relevant executive risk committee and submitted for discussion and approval by the Risk Management Committee.

Executive management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Westpac's activities.

Westpac's business model recognises that the responsibility for managing risks inherent in its business is the domain of the business units. This includes the development of business unit specific policies, controls, procedures and the monitoring and reporting capability. This is done within the Group Risk Framework and in consultation with the relevant Group risk functions.

6c) CEO and CFO assurance

The Board receives regular reports about the financial condition and operational results of Westpac and its controlled entities. The CEO and the CFO periodically provide formal statements to the Board that in all material respects:

- the company's financial statements present a true and fair view of Westpac's financial condition and operational results and are in accordance with relevant accounting standards; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

ASXCGC's Best Practice Recommendation 4.1, 7.2

6d) Internal review and risk evaluation

Group Assurance provides independent assurance to the Board, executive management and external auditor on the adequacy and effectiveness of management controls for risk. The compliance function also carries out activities that measure the effectiveness of compliance risk management as provided in more detail below.

@ A description of Westpac's approach to risk management is available in the corporate governance section at www.westpac.com.au/investorcentre

6e) Compliance framework

Westpac's compliance framework is driven by a series of principles and practices:

- compliance is the responsibility of every staff member;
- complying with both the letter and spirit of regulatory standards;
- embedding compliance in how Westpac conducts its businesses;
- visibility and accountability of senior management to ensure a strong compliance culture;
- advice and assistance is provided by a dedicated compliance function; and
- active engagement in meetings to ensure high standards for the industry in which Westpac operates.

Primary responsibility for managing compliance risk resides with business line management, who are required to demonstrate that they have effective processes in place consistent with

Westpac's compliance principles and practices. Within each major business area there is a dedicated compliance function, with specific responsibilities designed to guide compliance within that business as part of the business unit risk management team.

The compliance framework utilises a range of mechanisms, including audit, file reviews, shadow shopping, customer surveys and operational risk assessments to measure the effectiveness of Westpac's compliance program. There is also a Group compliance function, led by the Chief Compliance Officer, which is responsible for ensuring that Westpac's compliance principles are consistently applied and providing an independent oversight of compliance.

The compliance framework is established and maintained by the Group Operational Risk and Compliance Committee and overseen by the Board Risk Management Committee, which receives regular reports from the Chief Compliance Officer on the status of compliance across the Westpac Group.

Key components of the framework established to support these principles include:

- **environment** – board and management oversight and accountability, culture and independence;
- **identification** – identifying obligations, compliance plans and implementing change;
- **controls** – policies, processes, procedures, communications and training, documentation; and
- **monitoring and reporting** – monitoring, incident and breach escalation, reporting, issue management and managing regulatory relationships.

@ Westpac's compliance principles and practices are available in the corporate governance section at www.westpac.com.au/investorcentre

7. Promoting ethical and responsible behaviour

7a) Westpac's Code of Conduct

Westpac's Code of Conduct applies without exception to all Directors, executives, management and employees. The Code is aligned to Westpac's core values of teamwork, integrity and performance and operates under the following key principles:

- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and not misuse information;
- value and maintain professionalism;
- avoid conflicts of interest; and
- strive to be a good corporate citizen and achieve community respect.

@ Westpac's responsibility policies and codes are available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

7b) Code of ethics for senior finance officers

Due to the nature of their function within Westpac, the CEO and principal financial officers are subject to Westpac's Code of Accounting Practice and Financial Reporting. This Code addresses the specific responsibilities that are borne by such officers in addition to their general responsibilities under the Westpac Code of Conduct. Westpac's Code of Accounting Practice and Financial Reporting is in accordance with the requirements of the US Sarbanes-Oxley Act.

@ The Code of Accounting Practice and Financial Reporting is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1

7c) Internal policies and procedures

Beyond the Code of Conduct and the Social Charter (see section 9), Westpac complies with a range of external industry codes, such as the Code of Banking Practice and the Electronic Funds Transfer Code of Conduct.

In addition, Westpac has a series of internal policies including:

- Risk Management Policies, including fraud risk, operational risk, compliance principles and practices, market risk and related entity risk;
- Personal Customer Charter and Complaints Policy and Procedures;
- Insider Trading Policy;
- Market Disclosure Policy;
- Code of Accounting Practice and Financial Reporting;
- Anti Money Laundering Policy;
- Privacy Policy;
- Anti-Hawking Policy;
- Breach and Incident Reporting Procedures;
- Whistleblower Protection Policy;
- Occupational Health & Safety Policy and other human resources policies, such as the Employee Guidelines, the Discrimination and Harassment Policy, and Disciplinary Policy;
- Business Continuity Policy;
- Sustainability Supply Chain Management Policy; and
- Internet Technology Code of Use and the Information Security Policy.

A range of procedures and guidelines and individual business applications supports these policies. In addition there are communication and training processes and tools that support these policies. These tools include the Compliance Handbook "Doing the Right Thing" (revised 2004) which forms part of the staff induction process and the on-line compliance test that staff undertake.

ASXCGC's Best Practice Recommendation 3.1, 3.3

7d) Concern reporting and whistleblowing

Employees are actively encouraged to bring any problems to the attention of management, the human resources team (People and Performance) or the compliance team. This includes activities or behaviour that may not be in accord with the Code of Conduct, Code of Accounting Practice and Financial Reporting, Insider Trading Policy, other Westpac policies, or other regulatory requirements or laws.

Westpac provides a range of mechanisms to raise issues, including:

- raising issues concerning fraud directly with Westpac's Financial Crimes Control team;
- making suggestions for more efficient processes via the on-line Ask Once program; and

- raising concerns about "people issues" such as harassment or discrimination directly with People and Performance through P&P Connect.

Concerns can be raised anonymously with the Chief Compliance Officer through Westpac's internet-based concern reporting system, Concern Online, or by telephone through the Concern Hotline, which is a service provided by an external service provider. Westpac has a Whistleblower Protection Policy to protect individuals who make reports about suspected breaches of Westpac's policies through these channels. The concern reporting system complies with the whistleblower provisions of all relevant legislative requirements and the Australian Standard AS 8004 (Whistleblower Protection Programs for Entities).

@ The concern reporting and whistleblower policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

7e) Insider trading policy and trading in Westpac shares

Directors and employees are subject to restrictions under the law relating to dealing in certain financial products, encompassing company securities (including Westpac) and related derivatives or other financial products, if they are in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the financial product.

To ensure compliance with these legal requirements and to ensure high standards of conduct, Westpac has policies in place that restrict the periods in which Directors and Prescribed Employees can trade in Westpac's securities and derivatives. The Trading Windows are 56 days (including holidays and weekends), each commencing two full trading days after announcement of the half and full year results.

Directors and Prescribed Employees must also obtain approval to trade during those periods. Prescribed Employees are designated employees who, because of their seniority or the nature of their position, come into contact with key financial or strategic information about Westpac all or most of the time. A register of Prescribed Employees is maintained by the Compliance team and regularly updated and notified to staff.

In addition, employees in Westpac Institutional Bank and BT Financial Group are subject to comprehensive restrictions and procedures applicable to buying or selling other securities and financial products. These include, though are not necessarily restricted to, seeking consent before dealing in Australian or New Zealand securities listed on the ASX and/or NZX, and a complete ban on dealing in securities in which employees have close working relationships with specific companies. In addition to the employees, the restrictions apply to their immediate family members and entities in which the employees and/or their spouse have a beneficial interest or control or investment influence. Further, Westpac Institutional Bank employees are prohibited from personal account trading of securities issued by customers if they advise, originate, structure, trade, distribute, sell or research the securities.

@ A copy of Westpac's insider trading policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.2 3.3

8. Remuneration framework

Details of Westpac's remuneration framework are included in the Remuneration Report at pages 48 to 64.

ASXCGC's Best Practice Recommendation 8.1, 9.1, 9.3, 9.4, 9.5

9. Corporate responsibility and sustainability

9a) Approach to corporate responsibility and sustainability

Westpac's aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Westpac accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom-line.

Transparency, the desire for fair dealing, responsible treatment of staff and of customers, and positive links into the community, underpin Westpac's everyday activities and corporate responsibility practices.

The Social Charter is at the core of these practices. This Charter sets out the behaviours stakeholders can expect from Westpac across marketplace practices, employee practices, occupational health and safety, community involvement, environmental practices, and risk management.

Westpac's approach, which goes beyond ASXCGC's best practice recommendations 3.1 and 10.1, also reflects the many legal, regulatory and prudential requirements, and the community expectations applying to the industry.

@ Westpac's Social Charter is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

9b) Stakeholder impact reporting

Transparent reporting of social, environmental and financial performance is central to Westpac's approach to governance and responsibility management. In line with this, Westpac publishes an annual Stakeholder Impact Report, which measures and reports against some 116 performance indicators that were developed in consultation with stakeholders.

Specialist social and environmental auditors independently verify and assure the Stakeholder Impact Report is compliant with the AA1000 Assurance Standard to safeguard the integrity of Westpac's external reporting. Independent verification and assurance also assists in driving continuous improvement.

ASXCGC's Best Practice Recommendation 3.1, 3.3

9c) External sustainability and governance ratings

Allied to external verification and assurance, Westpac endorses the principle of independent external assessment by respected sustainability and governance ratings organisations.

Westpac's recent external sustainability and governance ratings have included:

- the number one rating for banks globally in the Dow Jones Sustainability Index for 2004/2005 for the third year running;
- number one in the inaugural Australian Business in the Community, Corporate Responsibility Index;
- one of only 26 companies worldwide, the only Australian company and the only bank globally out of 2,600 companies assessed, to receive the top governance rating of 10 in the 2004 Governance Metrics International ratings;
- commended by the ASX for outstanding performance in

governance reporting in its 2003 Corporate Governance Statement in accordance with the ASXCGC's Best Practice Recommendations;

- the top company in the 2004 Reputex Social Responsibility Ratings, receiving the only AAA rating;
- number one of the top 50 Australian companies as ranked by Non-Government organisations in the 2004 Corp Rate Survey; and
- best in class and number one of 93 global banks as rated by Storebrand Investments, Norway.

@ Westpac's Stakeholder Impact Report and performance in external sustainability assessments are available in the corporate responsibility section at www.westpac.com.au

10. Market disclosure

Westpac is committed to maintaining a level of disclosure that meets the highest standards and ensuring that investors have equality of access to information. In achieving these standards Westpac maintains a Board-approved market disclosure policy governing how Westpac communicates with its shareholders and the investment community.

The policy is designed to ensure compliance with ASX continuous disclosure requirements and the requirements of other exchanges where Westpac's securities are listed. The policy ensures that information a reasonable person would expect to have a material effect on the price of Westpac's securities would be immediately disclosed.

The Disclosure Committee is chaired by the CFO and involves the CEO, senior executives, Group Secretary & General Counsel and Group General Manager Stakeholder Communications. The Disclosure Committee is responsible for making decisions on what should be disclosed publicly under the market disclosure policy, and for developing and maintaining relevant guidelines, including guidelines on information that may be price sensitive.

The Group Secretary & General Counsel has responsibility for ensuring compliance with the continuous disclosure requirements of the ASX listing rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All market announcements are released to each stock exchange where Westpac is listed – ASX, NYSE, NZX and Tokyo Stock Exchange Inc.

Westpac also publishes on its website the Concise Annual and the Annual Financial Reports, profit announcements, CEO and executive briefings (including webcasts), economic updates, notices of meetings, media releases and meeting transcripts.

@ Westpac's market disclosure policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 5.1, 5.2, 6.1

11. Shareholder communications and participation

Westpac is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed investment decisions.

A wide range of communication approaches is employed to facilitate access by all shareholders, regardless of the size of their holding or location. These include direct communications with shareholders, publication of all relevant company information in the Investor Centre section of the Westpac website, and access to all market briefings and shareholder meetings via webcasting and teleconferencing facilities.

Shareholders are also given the option to receive company information in print or electronically.

A Shareholder Newsletter is also sent to all shareholders with the half and full year dividend notices, which provides information on Westpac's performance and developments plus details on where to access further information. In addition, all shareholders are provided with contact numbers for both the Investor Relations Unit and the share registry, ASX Perpetual Registrars Limited, should they require any information.

Full participation of shareholders at the annual general meeting ("AGM") is encouraged to ensure a high level of involvement and to deepen their understanding of Westpac's strategy and goals. Proceedings of the AGM are also webcast live to maximise communication with shareholders. The proceedings can also be viewed on demand at a later time from Westpac's website.

At the time of receipt of the Notice of Meeting, shareholders are invited to put forward issues that they would like addressed at the AGM.

@ All relevant shareholder information can be accessed at www.westpac.com.au/investorcentre

ASXCCG's Best Practice Recommendation 6.1

12. Comparison of Westpac's corporate governance practices with NYSE listing rules

The NYSE listing rules, section 303A, recently enhanced the corporate governance requirements for NYSE-listed companies. Westpac is in compliance with the NYSE listing rules in all material respects.

Under the NYSE listing rules foreign private issuers such as Westpac, that have American Depositary Shares (ADS) traded on the NYSE, are permitted to follow home country practice in lieu of the NYSE listing rules, although commencing 31 July 2005, Westpac will be required to comply with certain audit committee and notification requirements.

Under the NYSE listing rules foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic US companies.

Westpac has compared its corporate governance practices to the corporate governance requirements of the NYSE listing rules and notes the following potential significant difference:

• Equity compensation

The NYSE listing rule requires shareholders be given the opportunity to vote on equity-compensation plans and material revisions thereto, with limited exemptions.

Westpac complies with the equivalent domestic requirements in that Westpac is not required under Australian law to provide shareholders with the opportunity to vote on new equity-compensation plans or material revisions to existing plans such as the 2002 equity-based reward plans. However, these plans were extensively disclosed to shareholders in the 2002 and 2003 Corporate Governance Statements and are this year set out in detail in the Remuneration Report. It should be noted that the three agreements under which the CEO has received options and share rights have received shareholder approval.

13. NZX corporate governance rules and principles

The NZX introduced a number of corporate governance amendments to the NZX listing rules in October 2003.

As an overseas listed issuer, Westpac is deemed to satisfy and comply with the NZX listing rules, so long as it remains listed on ASX. The ASX, through ASXCGC Best Practice Recommendations, and the NZX have adopted a similar "comply or explain" general approach to corporate governance, but each have some mandatory provisions. The corporate governance rules and principles of each exchange are predominantly the same, but they do differ in some material respects. These include:

- ASXCGC recommends that a majority of all directors be independent, and requires disclosure if they are not, whereas the NZX requires that one third of the directors and at least two directors be independent. Both exchanges have similar definitions of independence, however there are differences with the ASXCGC definition of independence being more exclusive in some respects and less so in others. Westpac has a majority of independent directors, as set out in sections 3a) and 3e) of this Corporate Governance Statement.
- The ASX listing rules do not necessarily require shareholder approval of major transactions to the extent required by the NZX listing rules.
- Certain matters covered by the NZX listing rules are not addressed in the ASX listing rules, but are covered in the Australian Corporations Act, including restrictions on buy-backs and financial assistance, and the rules governing auditors.
- The ASX related party transaction provisions require shareholder approval only for related party acquisitions or dispositions of assets exceeding 5% of shareholders' equity. Whereas the NZX related party transaction provisions require shareholder approval for related party acquisitions, dispositions and other transactions exceeding 5% of the issuer's average market capitalisation, and for an additional category of service arrangements where the threshold is an annual gross cost of 0.5% of the issuer's average market capitalisation.
- The ASX principles and rules specifically address additional corporate governance matters in relation to risk management, internal controls and stakeholder interests. The NZX principles and rules do not specifically address these matters.

14. ASX Corporate Governance Council Best Practice Recommendations

	ASXCGC's Best Practice Recommendations	Reference ¹	Compliance
Principle 1:	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	3b)	Comply
Principle 2:	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	3a), 3e)	Comply
2.2	The chairperson should be an independent director.	3d)	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	3d)	Comply
2.4	The Board should establish a nomination committee.	4f)	Comply
2.5	Provide the information indicated in Guide to reporting on Principle 2.	3a), 3e), 3j), 3n), 4f), Directors' Report	Comply
Principle 3:	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	7a), 7b), 7c), 7d), 9a), 9b)	Comply
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	7e)	Comply
3.3	Provide the information indicated in Guide to reporting on Principle 3.	7a), 7b), 7c), 7d), 7e), 9a), 9b)	Comply
Principle 4:	Safeguard integrity in financial reporting		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	6c)	Comply
4.2	The Board should establish an audit committee.	4d)	Comply
4.3	Structure the audit committee so that it consists of: • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the Board • at least three members.	4d)	Comply
4.4	The audit committee should have a formal charter.	4d)	Comply
4.5	Provide the information indicated in Guide to reporting on Principle 4.	4c), 4d), 5b) Directors' Report	Comply
Principle 5:	Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	10	Comply
5.2	Provide the information indicated in Guide to reporting on Principle 5.	10	Comply

	ASXCGC's Best Practice Recommendations	Reference ¹	Compliance
Principle 6:	Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	10, 11	Comply
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	5b)	Comply
Principle 7:	Recognise and manage risk		
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	4e), 6a)	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:		
7.2.1	the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.	6c)	Comply
7.2.2	the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	6c)	Comply
7.3	Provide the information indicated in Guide to reporting on Principle 7.	4c), 4e), 6a)	Comply
Principle 8:	Encourage enhanced performance		
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	3i), 4c), 4g) and Remuneration Report	Comply
Principle 9:	Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Remuneration Report	Comply
9.2	The Board should establish a remuneration committee.	4g)	Comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Remuneration Report	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders:		
▪ CEO Agreements		1b), Remuneration Report	Comply ²
▪ 2002 Equity-based plans		1b), Remuneration Report	Qualified Compliance ³
9.5	Provide the information indicated in Guide to reporting on Principle 9.	4c), 4g), Remuneration Report, Directors' Report	Comply
Principle 10:	Recognise the legitimate interests of stakeholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	7a), 7d), 9a)	Comply

¹ Reference refers to the relevant sections of this Corporate Governance Statement, the Remuneration Report or to the Directors' Report.

² Each of the Chief Executive Officer's three separate agreements: the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003 have shareholder approval.

³ Westpac's other current equity-based reward plans were introduced in 2002, prior to the release of the ASXCGC's best practice recommendations. As the plans did not require shareholder approval under the Corporations Act and ASX Listing Rules, they were not put to shareholders for approval. The 2002 equity-based reward plans were extensively disclosed to shareholders in the Corporate Governance Statements in each of the 2002 and 2003 Annual Reports and are this year set out in detail in the Remuneration Report on pages 48 to 64.

Directors' report

The Directors of Westpac Banking Corporation ("Westpac") present their report together with the financial statements of the consolidated group, being Westpac and its controlled entities (collectively referred to as the "Group"), for the financial year ended 30 September 2004.

Directors

The names of the persons who have been Directors of Westpac during the period since 1 October 2003 are: Leonard Andrew Davis (Chairman), David Raymond Morgan (Managing Director and Chief Executive Officer), Gordon McKellar Cairns (appointed 8 July 2004), William Barrett Capp (retired 12 December 2003), David Alexander Crawford, the Hon. Sir Llewellyn Edwards, Edward Alfred Evans, Carolyn Judith Hewson, Helen Ann Lynch and Peter David Wilson (appointed 31 October 2003).

Particulars of the skills, experience, expertise and responsibilities of the Directors at the date of this report are set out in the Corporate Governance statement on pages 26 to 43 and form part of this report.

Principal activities

The principal activities of the Group during the financial year ended 30 September 2004 were the provision of financial services including lending, deposit taking, payments services, investment portfolio management and advice, unit trust and superannuation fund management, nominee and custodian facilities, insurance services, leasing, general finance, foreign exchange and money market services.

Review and results of operations

A review of the operations of the Group for the financial year ended 30 September 2004 is set out on pages 68 through to 78 and forms part of this report.

The operating result of the Group attributable to shareholders for the financial year ended 30 September 2004 was a profit of \$2,539 million after tax.

Dividends

Since 30 September 2004, the Directors have proposed a final dividend of \$0.44 per fully paid ordinary share, totalling approximately \$782 million, for the year ended 30 September 2004 (2003: final ordinary dividend of \$0.40 per fully paid ordinary share, totalling \$716 million). The final dividend will be fully franked and will be paid on 15 December 2004.

An interim dividend for the current financial year of \$0.42 per fully paid ordinary share, totalling \$758 million, was paid as a fully franked dividend on 2 July 2004.

Significant changes in state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 10 May 2004, Westpac announced an agreement with Keycorp Limited to supply EFTPOS terminal services in Australia over a five-year period. The contract is worth in excess of \$100 million and resulted in Keycorp owning and managing Westpac's existing 70,000 EFTPOS terminals.

On 2 June 2004, Westpac acquired a 100% holding in three strategically placed natural gas transmission pipeline assets via a trust structure for consideration of \$576 million. The assets are to be sold to investors via a public offering in a non-controlled utilities trust. The contribution to the Group results for the year ending 30 September 2004 is \$38 million in non-interest income and \$22 million in operating expenses.

During the year ended 30 September 2004 38,522,487 ordinary Shares (approximately 2%) were bought back 'off market' at a price of \$14.50 per share for a total cost of \$559 million. The shares bought back have been cancelled.

During the year ended 30 September 2004 1,054,401 NZ Class shares (1.97%) were bought back 'on market' at an average price of NZ\$17.80 for a total cost of NZ\$19 million.

Events after end of financial year

The Directors are not aware of any matter or circumstance that has arisen since 30 September 2004 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results

Likely major developments in the operations of the Group in future financial years and the expected results of those operations are referred to on pages 3 to 25 and form part of this report.

Further information on likely developments in the operations of Westpac and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to Westpac.

Directors' interests in securities

The following particulars for each Director of Westpac are set out on page 45:

1. their relevant interests in shares of Westpac or any of its related bodies corporate;
2. their relevant interests in debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate;
3. their rights or options over shares in, debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate; and
4. any contracts:
 - (a) to which the Director is a party or under which they are entitled to a benefit; and
 - (b) that confer a right to call for or deliver shares in, debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate.

Directors' holdings of Westpac shares and options as at 8 November 2004

Director	Number of Westpac ordinary fully paid shares	Number of fully paid NZ Class Shares	Number of share options	Number of share rights	Non-beneficial
Leon Davis	35,399				112,834 ¹
David Morgan	984,732		4,390,580 ²	218,000 ³	
Gordon Cairns	8,506				
David Crawford	9,838				
Sir Llewellyn Edwards	4,229				112,834 ¹
Ted Evans	4,976				
Carolyn Hewson	5,395				
Helen Lynch	19,570				
Peter Wilson	1,259	8,000			

1 Certain Directors have relevant interests (non-beneficial) in shares, and shares subject to warrants, held beneficially by a staff/community related fund of which those Directors are trustees.

2 Options issued under the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003.

3 Performance share rights issued under the Chief Executive Securities Agreement 2003.

Other disclosable interests as at 8 November 2004

Hastings Funds Management Limited and a number of Westpac subsidiaries within the BT Financial Group offer a range of registered schemes. Westpac's Directors from time to time invest in these schemes and are required to provide a statement to the Australian Stock Exchange ("ASX") when any of their

interests in these schemes (except interests in a number of cash management trusts)¹ change.

As at 8 November 2004, the level of interest held directly and indirectly by Directors in these registered schemes is as follows:

Director	Relevant interests in cash management trusts (units)	Other relevant interests in registered schemes (units)	Date of last notification to the ASX
Leon Davis	–	741,913	13 October 2004
David Morgan	55,000	5,932,766	10 September 2004
Helen Lynch	196,067	499,300	13 October 2004

Remuneration report

Westpac's Remuneration Report (including information on shares and options issued or granted by Westpac during the year) is set out on pages 48 to 64 and forms part of this report.

Indemnities and insurance

Under Westpac's Constitution Westpac must indemnify, unless the indemnity is forbidden or made void by statute, each Director and Secretary of Westpac and of each of its related bodies corporate and each employee of Westpac against:

1. every liability incurred by each such person in their capacity as Director, secretary or employee, as the case may be; and
2. all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

Each of the Directors named on pages 28 and 29 of this Report and the Secretaries of Westpac, Richard Willcock and Emma Lawler, has the benefit of this indemnity which extends to all

Directors, Secretaries of Westpac and each of its related bodies corporate and to all employees of Westpac.

Following shareholder approval at the 2000 Annual General Meeting, Westpac entered into a Deed of Access and Indemnity with each of the Directors, which includes indemnification in identical terms to that provided in Westpac's Constitution.

Following shareholder approval at the 2003 Annual General Meeting, Westpac has entered into Deeds of Indemnity with serving directors Leon Davis and Sir Llewellyn Edwards, and with former director Barry Capp, in each case in their capacity as trustees of the Westpac Foundation, on identical terms to those set out in the 2003 Notice of Meeting.

On 24 July 2004, in accordance with the terms of the delegated authority granted to the Chief Executive Officer on 11 December 2002, the Chief Executive Officer approved the provision of an indemnity to:

1. those employees of the Group who act from time to time as Responsible Officers under the Australian Financial Services licences of a number of the Group companies; and

¹ The Australian Securities and Investments Commission has exempted each Director of Westpac from time to time from the obligation to notify the ASX of a relevant interest in a security that is an interest in BT Cash Management Fund (ARSN 087 531 539), BT Premium Cash Fund (ARSN 089 299 730), Westpac Cash Management Trust (ARSN 088 187 928), Sagitta Rothschild Cash Management Trust (ARSN 090 656 545), BT Institutional Managed Cash Fund (ARSN 088 832 491) or BT Institutional Enhanced Cash Fund (ARSN 088 863 469).

Directors' report

2. employees from time to time of Westpac subsidiaries.

A deed poll of indemnity, in terms equivalent to that provided under Westpac's Constitution, is being put in place.

No amount has been paid under any of these indemnities during the financial year ended 30 September 2004 or since that date.

The Westpac Constitution permits Westpac to the extent permitted by applicable laws to pay or agree to pay premiums in respect of any contract of insurance, which insures any person who is or has been a Director or Secretary of Westpac or any of its related bodies corporate against any liability incurred by that person in that capacity, including a liability for legal costs, unless:

- (a) Westpac is forbidden by statute to pay or agree to pay the premium; or
- (b) the contract would, if Westpac paid the premium, be made void by statute.

Westpac, on behalf of the Westpac Group of companies, for the year ended 30 September 2004 arranged insurance cover in respect of the amounts which Westpac may have to pay under any of the indemnities set out above. The insurance policy prohibits disclosure of the premium payable and the nature of the liabilities covered.

Environmental disclosure

The operations of Westpac are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia.

Westpac may, however, become subject to environmental regulation in enforcing securities over land for the recovery of loans.

Westpac has not incurred any liability (including for rectification costs) under any environmental legislation.

Rounding of amounts

Westpac is an entity to which ASIC Class Order 98/0100 dated 10 July 1998, relating to the rounding of amounts in Directors' reports and financial reports, applies. Amounts in this report and the accompanying financial report have been rounded to the nearest million dollars, unless indicated to the contrary.

Political donations

During the financial year ended 30 September 2004, donations and other contributions totalling \$228,420.00 were made to political parties in Australia and NZ\$52,000.00 to political parties in New Zealand including:

Australia

Party	Amount (\$)¹
Australian Labor Party	98,550.00
Liberal Party of Australia	107,820.00
National Party of Australia	19,300.00
Australian Democrats	2,750.00
Total	228,420.00

¹ Represents aggregate amounts at both Federal and State/Territory levels and includes contributions made to political functions and events.

New Zealand

Party	Amount (NZ\$)
New Zealand Labour Party	15,000.00
New Zealand National Party	15,000.00
ACT New Zealand	5,000.00
Green Party of Aotearoa New Zealand	5,000.00
New Zealand First	5,000.00
United Future New Zealand	5,000.00
Jim Anderton's Progressive Coalition	2,000.00
Total	52,000.00

Directors' meetings

Each Director attended the following meetings of the Board of Directors and Committees of the Board during the financial year, which ended on 30 September 2004:

Director	Notes	Regular Board Meetings		Special Board Meetings		Audit Committee		Risk Management Committee		Remuneration Committee		Nominations Committee		Social Responsibility Committee	
Number of meetings held during the year		10		2		4		4		6		1		4	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B
Leon Davis	1	10	10	2	2	4	4	4	4	6	6	1	1	4	4
David Morgan	2	10	10	2	2	–	–	–	–	–	–	–	–	4	4
Gordon Cairns	3	3	3	1	1	0	0	–	–	1	1	–	–	–	–
Barry Capp	4	3	3	–	–	–	–	1	1	2	2	–	–	–	–
David Crawford	5	10	10	2	2	4	4	1	1	3	3	1	1	–	–
Sir Llewellyn Edwards	6	10	9	2	1	–	–	–	–	6	4	1	1	4	4
Ted Evans	7	10	10	2	2	3	3	4	4	–	–	1	1	–	–
Carolyn Hewson	8	10	9	2	2	1	0	4	3	4	4	1	0	–	–
Helen Lynch	9	10	10	2	2	4	4	3	3	–	–	–	–	3	3
Peter Wilson	10	8	8	2	2	3	3	0	0	–	–	–	–	3	3

A – Meetings eligible to attend as a member.

B – Meetings attended as a member.

While not shown above, the Chief Executive Officer and many Non-executive Directors who are not Committee members also participated in scheduled Board Committee meetings and special Board Committee meetings throughout the year.

Notes to table:

Unless otherwise stated, each Director has been a member, or the Chairman, of the relevant Committee for the whole of the period from 1 October 2003.

1 Chairman of the Nominations Committee. Member of all other Board Committees.

2 Member of the Social Responsibility Committee.

3 Member of the Audit Committee and the Remuneration Committee from 8 September 2004.

4 Barry Capp resigned from the Board and its Committees with effect 12 December 2003.

5 Chairman of the Audit Committee. Member of the Nominations Committee. Member of the Risk Management Committee from 4 May 2004, and was a member of the Remuneration Committee from 1 January 2004 to 8 September 2004.

6 Chairman of the Social Responsibility Committee until 4 November 2004. Was a member of the Nominations Committee and the Remuneration Committee until 4 November 2004.

7 Chairman of the Risk Management Committee. Member of the Nominations Committee. Member of the Audit Committee from 1 January 2004.

8 Chairman of the Remuneration Committee from 1 January 2004. Member of the Risk Management Committee. Member of the Nominations Committee from 1 January 2004. Was a member of the Audit Committee until 1 January 2004.

9 Chairman of the Social Responsibility Committee from 4 November 2004. Member of the Audit Committee. Member of the Risk Management Committee and the Social Responsibility Committee from 1 January 2004. Member of the Nominations Committee from 4 November 2004.

10 Member of the Audit Committee and the Social Responsibility Committee from 1 January 2004. Member of the Risk Management Committee from 8 September 2004.

Signed in accordance with a resolution of the Board of Directors.

Leon A. Davis
Chairman

David Morgan
Managing Director & Chief Executive Officer

8 November 2004

8 November 2004

Remuneration report

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1. Remuneration Committee

The Remuneration Committee assists the Board by ensuring that Westpac has coherent remuneration policies and practices that fairly and responsibly reward executives having regard to performance, the law and the highest standards of governance.

The Committee's purpose is to:

- make recommendations to the Board of Directors in relation to the remuneration of the CEO and Non-executive Directors;
- review and approve executive remuneration policy;
- approve remuneration packages and contracts for positions reporting directly to the Chief Executive Officer;
- review and recommend to the Board to approve all equity-based plans, including performance hurdles, proposed awards, and the purchase and/or issue of any Westpac shares;
- approve short term incentive expenditure across the Westpac Group; and
- oversee general remuneration practices across the Westpac Group.

The Committee engages independent remuneration consultants to ensure remuneration practices are consistent with market practice.

The membership of the Remuneration Committee is outlined in the Corporate Governance statement. Its responsibilities and activities are governed by its Charter, which is available at www.westpac.com.au/investorcentre

2. Westpac's remuneration policy

The main principle underlying Westpac's employee remuneration policy is to ensure rewards are commensurate with performance and the results delivered, and that reward levels are market competitive.

Westpac's enterprise-wide remuneration philosophy is that:

- pay and reward schemes should emphasise performance that goes beyond our shareholders' expectations, including superior shareholder return growth relative to Westpac's chosen peer group of the 50 largest listed companies on the ASX by market capitalisation excluding Westpac itself, property trusts and specified resources companies;
- for each role, the balance between fixed and variable components should reflect market conditions and the extent to which the role contributes directly to financial performance;
- individual objectives should reflect the need to deliver sustainable outcomes for shareholders; and
- the provision of all variable pay should be tightly linked to measurable personal and business group performance, primarily measured by economic profit, within clearly defined time frames.

Consistent with this philosophy, the remuneration policy aims

to achieve a total reward mix (fixed and variable reward) that is consistent with high performance organisations; maximises the motivational impact for employees; and best aligns the interests of employees with the interests of shareholders. The policy is to pay at the market median for target performance and at the upper quartile for superior performance.

Economic profit is used as the primary measure of performance for short term incentive payments on an enterprise wide basis. Economic profit has been selected because it best reflects most of the factors that drive shareholder value.

To ensure that a short term incentive is only available where value has been created for shareholders, the size of Westpac's short term incentive pool is tied to growth in Group economic profit and is capped at a defined percentage of Group economic profit.

In order for individuals to earn a market competitive short term incentive payment, Westpac must meet economic profit related performance targets and individuals must meet their individual performance targets (both financial and non-financial).

Consistent with our pay for performance philosophy, we also allocate a larger portion of the short term incentive pool to the best performers across the Group.

Invitations to receive long term, equity-linked incentive allocations are discretionary, based on annual performance, potential and business need to retain critical skills. The Board Remuneration Committee approves aggregate long term incentive pools annually. Economic profit performance influences the amount of long term incentive to be allocated each year. The total number of shares, performance share rights, or share options that may be issued under Westpac's equity-based reward plans on a rolling five year basis is capped at 5% of Westpac's issued share capital.

Westpac's current long term, equity-linked incentive schemes are expressly aligned to the creation of value for our shareholders through the use of straightforward and transparent performance hurdles, namely, a measure of relative total shareholder return, over two or three years, against our chosen peer group. If the hurdles are not met, scheme participants forfeit the incentive.

3. Executive remuneration

3.1. Reward framework and structure

Westpac's executive reward framework sets the parameters for remuneration of Group Executives (who are the CEO's direct reports) and General Managers (who are the direct reports of Group Executives). The framework follows global best practice in seeking to align executive reward and performance with shareholder value.

The framework jointly aligns the interests of both shareholders and program participants, as follows:

Alignment to shareholders' interests

- Has economic profit as a core component of plan design
- Focuses on sustained growth in earnings and share price by incorporating reward for relative total shareholder return over two or three years
- Attracts and retains high calibre executives

Alignment to program participants' interests

- Rewards capability and experience
- Reflects competitive reward for contribution to shareholder growth
- Provides a clear structure for earning rewards
- Provides recognition for contribution

Remuneration report

The framework has four components providing a mix of fixed pay and variable ("at risk") pay:

- fixed remuneration;
- short term performance incentives;
- long term equity-linked performance incentives; and
- other compensation such as superannuation.

The cost and value of these components comprises total remuneration and is considered as a whole.

Target short term and long term incentives are approved for each executive annually. Targets are set by referencing data provided by independent remuneration consultants to ensure the levels of expected pay and performance reflect market practice.

Incentives are payable only if minimum financial and non-financial Key Performance Indicators (KPIs) are achieved.

As executives gain seniority, the balance between fixed and "at risk" remuneration shifts to a higher proportion of "at risk" remuneration through performance incentives.

3.2. Approval

Westpac follows a process of two-up approval for individual remuneration targets and outcomes. The Board Remuneration Committee makes recommendations to the Board of Directors in relation to the remuneration of the CEO. The CEO recommends, and the Board Remuneration Committee approves, individual remuneration targets and outcomes for the Group Executives, and the CEO approves the targets and outcomes of General Managers on the recommendation of the Group Executives. The Board Remuneration Committee is also responsible for approving any significant remuneration arrangements outside of general policy guidelines.

3.3. Fixed remuneration

Group Executives and General Managers are offered a competitive base pay. Base pay is reviewed annually against market data for comparable roles, performance and experience. The market data is provided by independent remuneration consultants. Adjustments to base pay are made based on increases to role scope, pay position relative to comparable market pay and performance in the role.

3.4. Short term incentives

Economic profit is the major financial performance condition for Westpac Group Executive and General Managers' short term incentives. For executives with line of business responsibilities this includes Group and/or Business Unit economic profit. For executives in support functions, financial performance conditions may also include functional unit expense management. Economic profit performance is assessed against the target performance level. Target performance is set as the average of external analyst expectations of Westpac performance. This target-setting method is used because it is an objective method.

Annual, dollar-based, short term incentive targets are set for all Group Executives and General Managers and actual short term incentives are based on achievement against a performance scoreboard.

Performance scoreboards are agreed for all Group Executives and General Managers. The scoreboards contain a mix of Group and/or line of business financial performance together with individual financial and non-financial KPIs.

Non-financial KPIs are included as performance conditions for executive remuneration because they address the needs of key stakeholders and are the leading indicators of future, sustainable value for our shareholders. The non-financial KPIs that form part of our executive scoreboards, connect our practices, employee commitment, customer satisfaction and loyalty with profitability and value creation. The importance of these non-financial KPIs is illustrated by their inclusion in the Westpac service-profit chain which is a key component of the Westpac DNA. Independent customer and employee surveys are used to ensure objective assessment of performance. Non-financial KPIs also include strategic initiatives for the Group which, although they may not immediately impact financial performance, are critical to our future success. An example of a strategic initiative is achieving synergies on the integration of BT Financial Group.

For future performance years the payment range for all Group Executives and General Managers will be 0% to 200% of target short term incentive. For 2003/2004 the potential range of short term incentive outcome against target is summarised below:

Group Executives with line of business responsibility	0% to 191% of target short term incentive
Group Executives with Group responsibility	13% to 188% of target short term incentive
Chief Financial Officer	25% to 175% of target short term incentive
General Managers	0% to 200% of target short term incentive

On recommendation from the Chief Executive Officer, the Board can apply discretion in actual short term incentive payments for the Group Executives within a 33% range of the scoreboard outcome. This discretion is to factor in such issues as behavioural values employed and demonstrated, extraneous market conditions and necessary but unforeseen changes to objectives. The level of discretion applied to the short term incentive payments of General Managers is also within a range of 33% of the scoreboard outcome and is at the approval of the Chief Executive Officer.

3.5. Long term equity-linked performance incentives

3.5.1. Policy

Westpac's long term incentives balance executive retention and corporate performance by providing Group Executives and General Managers with a long term financial incentive to ensure Westpac has a healthy and growing share price and delivers sustained growth in value for shareholders.

Dollar-based long term incentive targets are set for each Group Executive and General Manager and the final long term incentive amount allocated to each executive is wholly discretionary and at risk.

Total shareholder return over two or three years is used as the performance condition for Westpac's equity-linked long term incentive schemes because it aligns Westpac's executive remuneration with long term shareholder returns. Relative, rather than absolute, TSR over two or three years is used to ensure Westpac executives are not rewarded for the windfall benefits of a buoyant market. External service providers assess whether the performance hurdles have been met using established parameters and adjusting for any capital events.

3.5.2. Current and legacy incentive plans

The Westpac Performance Plan (the WPP) was introduced in 2002 and was designed around strict performance hurdles that result in rewards only if shareholders have benefited from Westpac's performance. The plan was designed to comply with the Investment and Financial Services Association (IFSA) Guidance Note on Executive Share and Option Schemes, and reflects an increased focus on robust performance hurdles.

Westpac also operates a number of legacy equity-linked performance plans, introduced prior to 2002, including the

General Management Share Option Plan (GMSOP) which was approved by shareholders in December 1998. Although awards are no longer made under these legacy plans, the plans are still in operation as previous grants continue to run their course. The last of the grants made under these plans will expire in 2012.

An overview of current and legacy equity-linked performance incentives, participated in by Group Executives and General Managers, is provided in the table below.

Full details of the plans are contained in the notes to the financial statements in Westpac's Annual Financial Report.

	Westpac Performance Plan (WPP)	General Management Share Option Plan (GMSOP)
Type of security	Performance options and Performance share rights	Options
Date introduced	December 2002	December 1998
Performance measurement	Relative TSR compared to the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac itself, property trusts and specified resources companies)	
Initial performance testing period	Two years or three years ¹	Three years
Maximum performance testing period	Four years or five years ¹	Five years
Performance election	Yes	Yes
History of performance election	Not yet relevant	No elections have been made to date
Minimum vesting schedule	Less than 50th percentile = nil vests	Less than 25th percentile = nil vests
Maximum vesting schedule	More than or equal to 75th percentile = 100% of grant vests	
TSR measurements to date	Not yet relevant	Min = 68th percentile ² Median = 72nd percentile ² Max = 81st percentile ²
Plan status	Current plan. First performance measurement due January 2005	Legacy plan, performance periods not yet concluded

1 Some performance share rights have a performance period of between two and four years. These must not exceed 50% of a long term incentive award.

2 A number of series of options have been issued under the GMSOP. The percentile rankings relate to those that have been tested.

3.5.3. Performance schedule

Under the WPP and the GMSOP, executives receive ownership of share options or performance share rights only if relative total shareholder return (TSR) performance hurdles are achieved over a minimum period of two or three years. The performance hurdles under the WPP are stricter than those applying to the GMSOP.

Under the GMSOP, the minimum performance hurdle is at the 25th percentile of the peer group over the relevant performance

period. GMSOP is closed to new offers and no options have been granted under the plan since 2002.

Under the WPP, all rights to performance options and performance share rights are forfeited if Westpac's TSR performance fails to be at or above the minimum performance hurdle, which is the middle (median) performance of the ranking group over the maximum performance period.

The vesting schedules for each of the WPP and GMSOP are compared in the table below:

TSR performance over minimum two or three year time period	Treatment under the WPP	Treatment under the GMSOP
If Westpac's TSR is below the 25th percentile position	Performance options and/or Performance share rights are forfeited	Options are forfeited
If Westpac's TSR is at the 25th percentile position	Performance options and/or Performance share rights are forfeited	Executives can elect to take ownership of 25% of the grant ¹
If Westpac's TSR position is between the 25th percentile and median position	Performance options and/or Performance share rights are forfeited	An additional 1% can be vested for each 1% improvement in Westpac's ranking against the ranking group. If for example, Westpac's TSR is at the 40th percentile, 40% can be vested ¹
If Westpac's TSR is at the median position	Executives can elect to take ownership of 50% of the grant ¹	
If Westpac's TSR is above the median	An additional 2% can be vested for each 1% improvement in Westpac's ranking against the ranking group. If, for example, Westpac's TSR is at the 60th percentile, 70% (calculated as 50 + (10 x 2)) can be vested ¹	
If Westpac's TSR is at or above the 75th percentile	100% of the original grant can be vested	100% of the original grant can be vested

1 In each case the remaining portion of the original grant will lapse.

3.5.4. Performance election

The Board believes that allowing executives to elect to retest against the performance hurdles at no more than two pre-defined dates is appropriate for the WPP and GMSOP. The Board considers that this limited performance election reduces the risk of losing high performing individuals during a period of temporary under-performance of banking stocks as a whole whilst still requiring longer term performance delivery.

The performance election for the WPP and GMSOP operates as follows:

- Relative TSRs are calculated at the initial performance-testing period. Executives can elect to vest based on the results of this test or opt to test again 12 months later using the relative TSR for the longer performance period. If the executive chooses to take ownership based on the initial test result any share options or performance share rights not vested under the performance test outcome are forfeited.
- At the second performance test executives can again elect to have their grant vest based on the result of the second test or opt to do a final test 12 months later. If the executive chooses to take ownership based on the second test result any share options or performance share rights not vested under the second performance test outcome are forfeited.
- Executives cannot revert to the results based on earlier testing, and the number of share options or performance share rights vested under a later test could be less than the number of share options or performance share rights that would have vested under a previous test.

3.5.5. Shareholding guidelines

Westpac Group Executives and General Managers are asked to establish and maintain a shareholding of Westpac shares. The guidelines are administered by the Board Remuneration Committee. Executives are expected to establish the following minimum shareholdings:

- CEO – 500,000 shares;
- Group Executives – 60,000 shares; and
- General Managers – 15,000 shares.

Transition arrangements apply to give executives a reasonable time within which to establish their shareholdings and vested share options and performance share rights are treated as the equivalent of 50% of one share.

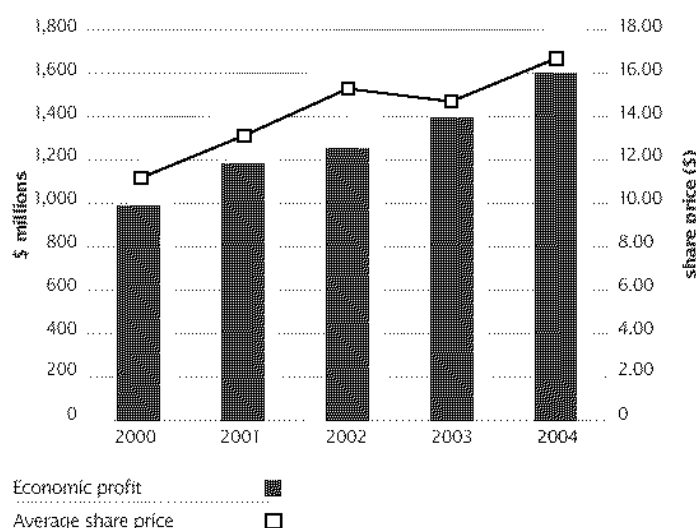
3.6. Other benefits – superannuation

Executives are generally provided with superannuation at the Superannuation Guarantee Contributions rate, currently 9%, of the applicable base pay via one of Westpac's staff superannuation funds.

3.7. Relationship of reward to historical performance

To illustrate that Westpac's financial measures are aligned with short term incentive reward outcomes, the following graph and table show Westpac's historical performance for the last five financial years, short term incentive expenditure and returns to shareholders in the form of dividends.

Westpac's five year performance history



	2000	2001	2002	2003	2004
Dividends per share (cents)	54	62	70	78	86
Dividend payout ratio (%)	59	59	61	63	62
Short term incentive pool as a percentage of economic profit (%)	12.8	11.2	11.7	13.5	13.7

Over the five year period, the portion of long term incentives vesting under equity-linked performance incentives has been between 86% and 100% of the original long term incentive awarded, commensurate with three year relative TSR performance at the 68th percentile and above the 75th percentile. Further information on long term incentive TSR measurements can be found in sections 3.5.2 and 5.3.

4. Employee Share Plans

Westpac operates two broad-based share plans for the benefit of Australian-based employees, the Deferral Share Plan and the Employee Share Plan.

4.1. The Deferral Share Plan

The Deferral Share Plan (DSP) was introduced in September 2002. Under the DSP, eligible Australian-based employees have the opportunity to pre-elect to receive any prospective short term incentive bonus as Westpac shares in the DSP. Participants pay the current market price and acquisition costs. The shares are acquired on-market and must generally remain in the DSP for 12 months, but can remain for up to 10 years.

4.2. The Employee Share Plan

The Employee Share Plan (ESP) was introduced in 2002. Under the ESP, Westpac shares may be allocated to eligible Australian-based employees at no cost to recognise their contribution to Westpac's performance over the previous financial year. The plan operates as a tax-exempt scheme with a maximum \$1,000 value allocation per employee each year. The actual allocation depends on the performance of Westpac's share price and includes a performance hurdle before any allocation is made. Dealing in the shares is restricted for three years unless the employee leaves Westpac.

All Australian-based full-time and part-time employees who have been in six months continuous employment as at 30 September each year are eligible, although they must register for the plan each year – allocation is not automatic. Executives who participate in the Westpac Performance Plan are not eligible to participate in the ESP.

5. Chief Executive Officer remuneration

David Morgan's contract was renewed effective 1 March 2004 and is for a fixed term ending on 31 December 2007.

The contract covers fixed remuneration, as well as short and long term incentives. The terms of the contract are linked to Westpac's performance and a major portion of the total potential remuneration is at risk and subject to strict performance criteria.

A summary of the key terms of the Chief Executive Officer's contract was published by Westpac on 14 August 2003.

5.1. Fixed remuneration

David Morgan's fixed remuneration is set at \$1.7 million per annum for the term of the contract.

5.2. Short term incentive

David Morgan is entitled to annual short term incentive payments if performance criteria determined by the Board are met. The performance criteria for 2003/2004 is summarised in section 5.5. The short term incentive payments may be adjusted up or down in line with under or over achievement against the target performance levels, at the discretion of the Board, up to a maximum of 200% of target short term incentive.

The short term incentive targets are the following percentage of fixed remuneration:

12 month period ended 30 September 2004 ~ 100%

12 month period ending 30 September 2005 ~ 110%

12 month period ending 30 September 2006 ~ 120%

12 month period ending 30 September 2007 ~ 130%

5.3. Long term incentive

David Morgan is entitled to long term incentives in accordance with the Chief Executive Securities Agreement 2003, which was approved by shareholders in December 2003. The incentives are designed to align David Morgan's financial interests with those of shareholders. The agreement results in rewards only if shareholders have benefited from Westpac's performance and was designed to comply with the Investment and Financial Services Association (IFSA) Guidance Note on Executive Share and Option Schemes.

The agreement provides for:

- the grant of performance options to David Morgan in three tranches of 713,000 performance options each, on 1 March 2004, 1 March 2005 and 1 March 2006 and a fourth tranche of 594,167 performance options on 1 December 2006; and
- the grant of performance share rights to David Morgan in three tranches of 218,000 performance share rights each on 1 March 2004, 1 March 2005, 1 March 2006 and a fourth tranche of 181,667 performance share rights on 1 December 2006.

Since his appointment on 1 March 1999, David Morgan has received share options and/or performance share rights under three separate agreements: the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003. Full copies of these agreements are available from Westpac's share registry, ASX Perpetual Registrars Limited by telephoning 1800 804 255 (toll free within Australia). Shareholders approved the terms of each agreement at general meetings on 2 September 1999, 13 December 2001 and 11 December 2003 respectively. The key terms of each agreement are summarised below:

	2003 Agreement	2001 Agreement ¹	1999 Agreement
Type of security	Performance options and Performance share rights	Options	Options
Date introduced	March 2004	March 2002	March 1999
Performance measurement	Relative TSR compared to the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac itself, property trusts and specified resources companies)		
Initial performance testing period	Three years	Three years	Three years
Maximum performance testing period	Three years	Five years	Five years
Performance election	Performance election not available	Yes	Yes
History of performance election	Performance election not available	Not yet relevant	Performance election was not used
Minimum vesting schedule	Less than 50th percentile ~ nil vests	First tranche: Less than 25th percentile ~ nil vests ¹ Second tranche: Less than 50th percentile ~ nil vests ¹	Less than 25th percentile ~ nil vests
Maximum vesting schedule	More than or equal to 75th percentile ~ 100% of grant vests	More than or equal to 75th percentile ~ 100% of grant vests	More than or equal to 75th percentile ~ 100% of grant vests
TSR measurements to date	Not yet relevant	Not yet relevant	2002 ~ 71st percentile 2003 ~ 71st percentile 2004 ~ 73rd percentile
Plan status	Current plan, grants still to take place in March 2005, March 2006 and December 2006. First performance measurement due March 2007	Legacy plan, last grant took place in March 2003. First performance measurement due March 2005	Legacy plan, all grants have been measured against their performance hurdles as set out above

¹ Shareholders approved a minimum performance hurdle requiring Westpac's TSR to be at or above the 25th percentile performance of the peer group. However, in February 2003 the Board determined, with the agreement of the CEO, that the minimum performance hurdle applying to the second tranche would require Westpac's TSR to be at or above the median performance of the peer group.

Remuneration report

Before his appointment to the role of Chief Executive Officer in 1999, David Morgan was awarded 500,000 stock appreciation rights. The stock appreciation rights were granted on 2 September 1997 at a nominal price of \$7.89 per right (the issue price). The stock appreciation rights vested in September 2000 and have an expiry date of 1 September 2007. Under the stock appreciation rights the holder receives a cash payment equal to the amount by which the closing price of Westpac's ordinary shares exceeds the issue price as at close of business on the ASX on the date the rights are exercised.

5.4. Other benefits – superannuation

David Morgan is a member of the defined benefit section of Westpac's staff superannuation fund. Under the terms of the Chief Executive Employment Agreement David Morgan is contractually required to make a 5% contribution each year towards his superannuation benefits and Westpac meets the

remainder of the cost. On this basis, under the fund, David Morgan's superannuation benefits increase at a rate of 18% of final average salary (average superannuation salary over the last three years of employment) for each year of service.

On leaving employment, David Morgan's superannuation salary will take into account his annual fixed remuneration, annual short term incentive, and in accordance with the provisions of the Chief Executive Employment Agreement, an eventual cash payment associated with the stock appreciation rights.

5.5. Performance scoreboard and 2004 performance outcomes

David Morgan's 2003/2004 performance scoreboard contains financial and non-financial performance conditions.

The table below lists and describes these performance conditions:

Performance condition	Summary description	Reason chosen	Method of assessment	Outcome
Economic profit ¹	Net profit less cost of capital (assumed to be 12% of shareholder funds)	Considered to be the best financial measure of shareholder value	Comparison of actual achievement against target set	Exceeded by 5.5%
Strategy	Achievement of organic growth strategy objectives, delivery of major program benefits and performance in merger and acquisition activity	Considered to be a critical component of the CEO role	Judgement of the Board	Exceeded
Customer satisfaction	Customer satisfaction survey conducted in the following key segments: • Consumer • Small and medium enterprises • Middle market and priority • Institutional • New Zealand	Considered to be the best available measure of improvements in customer service levels	Comparison of achieved scores against targets set	Met Average 5% improvement over aggregated survey scores over previous year's result
Employee commitment	Employee perspective survey conducted annually	Considered to be the best available measure of improvement in the employee's intention to remain with Westpac and their willingness to promote Westpac as a "best employer" to other participants in the employment market	Comparison of achieved score against targets set at the start of the year	Met 5% improvement, on previous year's result
Corporate and sustainability responsibility	Dow Jones Group Sustainability Index for banks	Considered to be the most appropriate measure of Westpac's reputation across social, environmental and financial dimensions thereby ensuring longer term sustainability	Comparison of achieved score against targets set at the start of the year	Exceeded Ranked number one globally (for the third year running)

¹ Performance against other measures such as cash earnings, cash earnings per share growth, cash return on equity (ROE) and Westpac's expense to income ratio is also taken into account.

The Chief Executive Officer's short term incentive target for 2004 is \$1.7 million specified in his employment agreement. For the period ended 30 September 2004, the Board has determined that the Chief Executive Officer's short term incentive payment will be \$3,000,000, which falls within the 0% to 200% of target specified in his employment agreement. This payment was calculated based on achievement at and above the target performance levels and the Board's judgement.

5.6. Termination benefit

The Chief Executive Employment Agreement provides for the payment of accrued but unpaid fixed remuneration, awarded but unpaid short term incentive payments and the reimbursement of reasonable business expenses in the event of David Morgan's employment ceasing for reasons of death, total and permanent disablement, resignation, retirement without Board consent and termination without cause.

In the event of resignation with Board consent, without cause or for poor performance, the Employment Agreement also provides for payment of up to an additional 12 months' fixed remuneration. An additional payment at the discretion of the Board may also be payable in the event of disablement and a pro-rated additional short term incentive payment may also be payable in the event of resignation with Board consent or termination without cause. An insurance benefit is also payable in the event of death or total and permanent disablement.

The Employment Agreement also provides full details of the rights that accrue in relation to pre-existing benefits (superannuation benefits and stock appreciation rights granted in 1997) and rights accruing for long term incentives under the Chief Executive Securities Agreement 2003 if David Morgan's employment ceases.

The rights accruing under the Chief Executive Securities Agreement 2003 on termination were disclosed to the market on 14 August 2003 in an ASX announcement in respect of David Morgan's reappointment as CEO; in the 2003 Notice of Meeting; and on 2 March 2004 in an ASX announcement in respect of the grant of securities under the Agreement to the CEO.

Under the Chief Executive Share Option Agreement 2001, the Board has discretion to permit the exercise of options, in whole or in part, (and to impose conditions) notwithstanding that performance requirements or other conditions have not been met if employment ceases due to death, disablement or sickness or if employment ceases due to resignation.

All options granted under the Chief Executive Share Option Agreement 1999 (as amended) have been measured against

their performance hurdles and some are now vested and remain unexercised. David Morgan retains the right to exercise these vested options for specified time periods after his employment ceases. The time periods differ depending upon the reason for the termination of employment.

6. Group Executives and highest paid senior executives

As in financial year 2002/2003 all of the Westpac Group Executives (Ilana Atlas, Philip Chronican, David Clarke, Philip Coffey, Michael Coomer, Mike Pratt and Ann Sherry) have been included as specified executives, for whom the amount and nature of remuneration is disclosed. For the financial year 2003/2004 Chris Hadley (Managing Director of Westpac Private Equity Pty Limited), George Penklis (Investment Director of Westpac Private Equity Pty Limited) and Rob Whitfield (Westpac Group Treasurer and a Westpac General Manager) have also been included in this report because their total remuneration was among the five most highly paid senior executives of the Westpac Group for the current financial year.

6.1. Employment contracts

It is Group policy that any new Group Executive employment contracts (this excludes the CEO) are unlimited in term but capable of termination on up to 12 months notice. The Group retains the right to terminate the contract immediately by making a payment in lieu of notice.

Remuneration and other terms of employment for the Group Executives are formalised in the employment contracts.

The contracts include provision for performance-related short term incentives, death and total and permanent disability cover up to \$600,000, an annual health check, and participation, when eligible, in the Westpac Performance Plan.

Generally, agreements contain the following termination and notice provisions:

- Termination and Change of Control: if employment terminated without cause up to six months after change in control, payment in lieu based on 1.5 times fixed remuneration package.
- Termination and Notice Period: 12 months notice. Payment in lieu based on fixed remuneration package.

Certain Group Executives, because of grandfathered contractual benefits or due to individual circumstances, have different provisions in their agreements relating to remuneration and notice periods. These are set out below:

Executive	Description
Philip Chronican	Superannuation salary includes annual short term incentive payments, if any
David Clarke	6 months notice period
Philip Coffey	6 months notice period
Michael Coomer	6 months notice period
	Living, travel and accommodation expenses whilst the executive is required to live away from his normal place of residence
Mike Pratt	6 months notice period
Ann Sherry	Provisions relating to current secondment to New Zealand, including relocation, travel, living and accommodation expenses and taxation services
	Superannuation salary includes annual short term incentive payments, if any

Remuneration report

The key terms of the employment contracts for the highest paid senior executives, Chris Hadley (Managing Director of Westpac Private Equity Pty Limited), George Penklis (Investment Director of Westpac Private Equity Pty Limited) and Rob Whitfield (Westpac Group Treasurer) are also set out below.

For the financial year 2003/2004 Westpac Private Equity Pty Limited as manager of Quadrant Capital Fund, Quadrant Capital Fund No. 2 and Quadrant Capital Fund No. 3 received management and performance fees in accordance with the trust deeds of those funds. The management team is entitled to a share of the pre-tax profits of Westpac Private Equity Pty

Limited, which is consistent with typical market practice for private equity funds. Members of the management team receive a fixed percentage of this profit share based on their respective employment contracts.

The earnings from Westpac Private Equity Pty Limited are excluded from the Westpac Group and relevant Business Unit economic profit results for the purposes of assessing financial performance for Westpac Group Executive and General Manager short term incentives and for setting the appropriate variable reward pools for the broader Westpac employee population.

Executive	Description
Chris Hadley	4 weeks notice period Salary continuance insurance on fixed remuneration up to a maximum amount of \$320,000 Fixed percentage profit share determined at the beginning of each year (28.8% for 2003/2004) of the pre-tax profit of Westpac Private Equity Pty Limited Not entitled to any termination payment other than payment of accrued salaries and outstanding leave, except that a proportion of the fixed percentage profit share calculated on a pro-rata basis will be payable on retrenchment or retirement
George Penklis	4 weeks notice period Salary continuance insurance on fixed remuneration up to a maximum amount of \$320,000 Fixed percentage profit share determined at the beginning of each year (16.8% for 2003/2004) of the pre-tax profit of Westpac Private Equity Pty Limited Not entitled to any termination payment other than payment of accrued salaries and outstanding leave, except that a proportion of the fixed percentage profit share, calculated on a pro-rata basis, will be payable on retrenchment or retirement
Rob Whitfield	12 months notice period. Westpac may elect to make a payment in lieu for all or part of the notice period

6.2. Performance scoreboards and 2004 performance outcomes

The 2004 weighting for Group financial performance for each of the Group Executives is 25% with the exception of the Chief Financial Officer, whose weighting is 50% for Group financial

performance. For 2004, the proportion of performance related payments and the proportion of remuneration in equity-based instruments granted during the year for each of the Group Executives and highest paid senior executives, is summarised below:

Name	Proportion of performance related payments for 2004 reward outcomes ¹ %	Proportion of remuneration in equity-based instruments granted during the year ² %
David Morgan	75	40
Ilana Atlas	67	39
Philip Chronican	78	50
David Clarke	53	56
Philip Coffey	75	41
Michael Coomer	72	43
Mike Pratt	79	35
Ann Sherry	71	42
Chris Hadley	94	–
George Penklis	93	–
Rob Whitfield	83	20

¹ Calculated based on long term incentive amounts allocated but yet to be awarded as part of 2004 performance period.

² Calculated based on long term incentive amounts as disclosed in tables in section 7.

For 2004 the Group, line of business financial and non-financial target performance levels were exceeded by each of the specified Westpac Group Executives and General Managers.

In addition to economic profit, performance is assessed against non-financial Key Performance Indicators (KPIs). The table below summarises the key non-financial KPIs for the reporting period.

Area	Example of measure
Strategy development and alignment	Various, including milestone delivery
Management and leadership capability	Continuous improvement as measured by annual independent staff surveys
Customer experience	Continuous improvement as measured by annual independent customer satisfaction surveys
Corporate responsibility and sustainability	Top quartile ranking in independent external sustainability ratings

7. Remuneration for the performance year ended 30 September 2004

Details of the nature and amount of each element of the emoluments of Westpac's Chief Executive Officer for the year ended 30 September 2004 are as follows:

	Primary benefits				Post employment	Equity compensation		Total
	Fixed remuneration \$	Short term incentive \$	Cash settled long term incentive \$	Non-monetary benefits ¹ \$	Superannuation ² \$	Share options ³ \$	Performance share rights ³ \$	Total \$
David Morgan	1,675,000	3,000,000	765,000	44,435	708,087	2,398,698	354,934	8,946,154

1 Non-monetary benefits reflect costs relating to the CEO's employment agreement renewal.

2 Superannuation benefits are calculated based on notional surchargeable superannuation contributions (as determined by the Plan's actuary).

3 Equity compensation is based on the amortisation over the vesting period (normally three years) of the fair value at grant date of options, performance options and performance share rights that were granted during the four years ending 30 September 2004. Details of grants in prior years have been disclosed in previous annual reports and the assumptions used in valuing securities granted during 2004 are summarised in the notes to the table in section 7.3.

Details of the nature and amount of each element of the emoluments of Westpac's Group Executives and highest paid

senior executives for the year ended 30 September 2004 are as follows:

Name	Notes	Primary benefits			Post employment	Equity compensation		Total
		Fixed remuneration ¹ \$	Short term incentive \$	Non-monetary benefits \$	Superannuation \$	Share options ³ \$	Performance share rights ³ \$	Total \$
Ilana Atlas	2	554,175	405,000	3,123	51,508	366,802	287,959	1,668,567
Philip Chronican	2, 3, 4	543,750	765,000	3,090	134,010	855,808	608,789	2,910,447
David Clarke	2, 4	825,000	935,000	6,801	-	1,379,208	844,440	3,990,449
Philip Coffey	2, 4	587,500	750,000	3,090	54,586	494,581	477,437	2,367,194
Michael Coomer	2, 4	624,737	600,000	169,481	58,211	536,859	424,800	2,414,088
Mike Pratt	2, 4	738,250	955,000	28,844	-	392,801	531,055	2,645,950
Ann Sherry	2, 3, 4, 6	550,000	600,000	234,664	127,400	527,293	394,294	2,433,651
Chris Hadley	7, 8	488,853	7,395,201	5,432	11,147	-	-	7,900,633
George Penklis	7, 8	288,853	4,313,867	5,637	11,147	-	-	4,619,504
Rob Whitfield		439,250	1,800,000	10,597	40,719	351,853	211,747	2,854,166

1 Fixed remuneration is the total cost of salary and salary sacrificed benefits (including motor vehicles, parking, etc. and associated fringe benefits tax).

2 Short term incentive (STI) figures reflect annual performance awards accrued but not yet paid in respect of the year ended 30 September 2004. The amount above is the entire STI relating to performance for the year. For Westpac Group Executives, where actual STI exceeds their target STI, the portion of STI in excess of target is deferred. Further details on deferred short term incentive amounts are provided in section 7.1. Amounts paid in each year in respect of deferred STI are not included as part of the executive's remuneration.

3 Superannuation benefits are calculated based on notional surchargeable superannuation contributions (as determined by the Plan's actuary).

4 Non-monetary benefits are determined on the basis of the cost to Westpac (including associated fringe benefits tax, where applicable) and include annual health checks, death and total and permanent disability insurance, relocation and living away from home expenses and staff discount on Westpac products.

5 Equity compensation is based on the amortisation over the vesting period (normally two or three years) of the fair value at grant date of options, performance options and performance share rights that were granted during the four years ended 30 September 2004. Details of grants in prior years have been disclosed in previous annual reports and the assumptions used in valuing securities granted during 2004 are summarised in the notes to the table in section 7.3.

6 Includes loan benefit as detailed in section 7.2.

7 Westpac Private Equity Pty Limited received fee income of \$28 million from the Quadrant Capital funds during 2003/2004. Extra performance fees were received during the year by Westpac Private Equity Pty Limited due to capital gains made as a result of the disposal of a number of long term investments by one of the Quadrant Capital funds. Chris Hadley and George Penklis are entitled to a fixed percentage of the pre-tax profit of Westpac Private Equity Pty Limited in accordance with their respective employment contracts.

8 Non-monetary benefits relate to the cost of salary continuance insurance.

Remuneration report

7.1. Cash deferred short term incentive payments

For Westpac Group Executives, where actual short term incentive exceeds target short term incentive, the portion in excess of target is deferred. The deferral period is up to three years from the first payment date. A portion of the deferred short term incentive payment becomes due each year as long as the Executive remains in employment with Westpac. If the Executive resigns from Westpac prior to the payment date for any reason other than retirement the deferred amount is subject

to forfeiture. Interest is applied to the balance outstanding each year and paid annually. The interest rate is based on the 365 day swap mid market rate. This rate is set at the time of the deferral. The interest rates that apply for deferrals in previous years range from 5.25% to 5.38%. The rates that apply for 2004 deferrals are provisional and will be updated in December 2004. The table below summarises current deferrals, inclusive of interest payable:

Name	New amount to be deferred \$	Deferral balance \$	Future amounts payable \$	Payment date
Ilana Atlas	105,000	144,452	9,646	December 2004
			50,046	December 2005
			47,747	December 2006
			37,013	December 2007
Philip Chronican	215,000	358,943	57,455	December 2004
			128,350	December 2005
			97,350	December 2006
			75,788	December 2007
David Clarke	400,000	588,887	73,667	December 2004
			225,740	December 2005
			148,480	December 2006
			141,000	December 2007
Philip Coffey	170,000	194,672	1,929	December 2004
			67,960	December 2005
			64,858	December 2006
			59,925	December 2007
Michael Coomer	75,000	107,181	12,155	December 2004
			40,748	December 2005
			27,840	December 2006
			26,438	December 2007
Mike Pratt	375,000	868,874	174,578	December 2004
			312,395	December 2005
			249,713	December 2006
			132,188	December 2007
Ann Sherry	150,000	295,499	67,912	December 2004
			97,982	December 2005
			76,730	December 2006
			52,875	December 2007

7.2. Loans to specified executives

The Corporate Governance Council ("CGC") Best Practice Principle 9 requires any loans to specified executives and directors on non-commercial terms to be disclosed.

As at 30 September 2004, there are no Directors or specified executives with loans on non-commercial terms.

During the reporting period, between October 2003 and May 2004, Ann Sherry had a grandfathered loan of \$674,895 with Westpac that has been evaluated as being on non-commercial terms. The loan to Ann related to lending benefits as a result of her transfer in May 1999, from Melbourne to Sydney at the request of Westpac and prior to her appointment as a Group Executive in 2000. The interest rate that applied to the loan was 3.45% at October 2003 and 3.71% between January 2004 and May 2004.

As other employees in Westpac also have similar transfer-related loan arrangements at the same interest rates the loan would have been on normal commercial terms. However, the Westpac policy conditions require the employee to salary sacrifice towards the cost of the loan and this requirement was waived for Ann. As a result of the salary sacrifice waiver, the loan is

deemed to have been on non-commercial terms for the period up to May 2004.

In May 2004 the loan balance reverted back to the applicable rate under Westpac's "old policy housing loans" and an interest rate of 5.51% now applies. The concessional interest rate of 5.51% is also available to other employees in Westpac and is now deemed to be on commercial terms. The applicable rate of 5.51% applies under Westpac's "old policy housing loans" which were grandfathered under a benefits review in 1995/96. Employees who had a loan that was discontinued as part of the 1995/96 benefits review may keep that loan under its original terms and conditions. Ann Sherry meets this criterion. The concessional interest rate is set as a percentage of the public Variable Housing Rate (VHR) and is reviewed by Westpac at 1 January each year, and when the VHR varies +/- 1.5% during the year.

7.3. Equity-based compensation granted during the year

The details of equity-based compensation granted and vested during the year for the Chief Executive Officer, each of the Group Executives and highest paid senior executives are summarised in the table below. Chris Hadley and George Penklis do not hold any interest in Westpac shares or equity-based compensation, either directly or indirectly.

Name	Type of equity-based instrument	Number vested during the year (No.)	Number granted during the year (No.) ¹	Grant date	First possible vesting date	Exercise price \$	Expiry date	Fair value per instrument ² \$	Total fair value granted during the year \$
David Morgan	Share option	954,000	713,000	1 Mar 04	1 Mar 07	16.71	1 Mar 14	2.06	1,468,780
	Performance share right	-	218,000	1 Mar 04	1 Mar 07	-	1 Mar 14	8.37	1,824,660
								Total	3,293,440
Ilana Atlas	Share option	90,910	137,362	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	314,559
	Performance share right	-	38,071	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	383,756
								Total	698,315
Philip Chronican	Share option	320,809	265,567	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	608,148
	Performance share right	-	73,604	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	741,928
								Total	1,350,076
David Clarke	Share option	90,910	320,512	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	733,972
	Performance share right	-	88,832	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	895,427
								Total	1,629,399
Philip Coffey	Share option	90,910	210,622	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	482,324
	Performance share right	-	58,375	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	588,420
								Total	1,070,744
Michael Coomer	Share option	-	183,150	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	419,413
	Performance share right	-	50,761	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	511,671
								Total	931,084
Mike Pratt	Share option	-	293,040	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	671,062
	Performance share right	-	81,218	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	818,677
								Total	1,489,739
Ann Sherry	Share option	227,275	178,571	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	408,928
	Performance share right	-	49,492	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	498,879
								Total	907,807
Rob Whitfield	Share option	318,185	109,890	21 Jan 04	21 Jan 07	16.34	21 Jan 14	2.29	251,648
	Performance share right	-	30,456	21 Jan 04	21 Jan 06	-	21 Jan 14	10.08	306,996
								Total	558,644

1 Performance options and Performance share rights granted during the year have been granted to David Morgan under the Chief Executive Securities Agreement 2003 and the Group Executives and highest paid senior executives under the Westpac Performance Plan.

2 The fair value of Performance options and Performance share rights included in the tables above have been independently calculated at grant date using a Binomial/Monte Carlo simulation pricing model. The assumptions included in the 1 March 2004 awards to the Chief Executive Officer include a risk free interest rate of 5.4%, a dividend yield on Westpac shares of 4.6% and a volatility in the Westpac share price of 18.1%. The assumptions included in the 21 January 2004 awards under the Westpac Performance Plan include a risk free interest rate of 5.6%, a dividend yield on Westpac shares of 4.5% and a volatility in the Westpac share price of 18.3%. Other assumptions include volatilities of, and correlation factors between, share price movements of the ranking group members and Westpac, which are used to assess the impact of performance hurdles. Performance options and Performance share rights have been valued assuming an expected life after the vesting date of one year. The amounts, when aggregated in this table, do not reconcile with the amounts shown in the tables in section 7 which show amortised totals of long term incentive awards over their vesting period in accordance with revised guidelines issued by the Australian Securities and Investments Commission (ASIC) issued on 28 June 2004.

Remuneration report

7.4. Value of equity-based compensation exercised and lapsed

The details of equity-based compensation that was granted prior to 30 September 2001 and that has been exercised or lapsed during the period ended 30 September 2004 are provided in the table below.

The values in excess of exercise price have been calculated by taking the difference between the exercise price of the share

option or performance share right and the 5 day weighted average Westpac share price on the date the transaction (exercise or lapse) occurred. This methodology differs to the method for calculating the fair value of performance options and performance share rights included in other tables in this report and care should be taken in interpreting the following amounts, especially if seeking to aggregate them with other compensation amounts disclosed.

Name ¹	Date of grant	Date of exercise/lapse	Number (No.)	Exercise price (\$)	Value (in excess of exercise price) (\$)	Value exercised during the year from previous grants (\$)	Value lapsed during the year from previous grants (\$)
David Morgan	1 Mar 99	15 Mar 04	46,000	10.83	6.90	–	317,400
	1 Mar 99	7 Jun 04	295,000	10.83	6.30	1,858,500	–
	1 Mar 99	7 Jun 04	405,000	10.83	6.30	2,551,500	–
Ilana Atlas	23 Apr 01	23 Apr 04	9,090	13.67	4.02	–	36,542
Philip Chronican	8 Jan 01	30 Jan 04	13,635	13.32	3.34	–	45,541
	19 Mar 01	26 Mar 04	15,556	13.85	3.94	–	61,291
	8 Jan 01	3 Jun 04	136,365	13.32	4.03	549,551	–
David Clarke	19 Mar 01	3 Jun 04	184,444	13.85	3.50	645,554	–
	8 Jan 01	30 Jan 04	9,090	13.32	3.34	–	30,361
	4 Sept 00	9 Jun 04	600,000	12.39	4.65	2,790,000	–
Philip Coffey	8 Jan 01	30 Jan 04	9,090	13.32	3.34	–	30,361
Ann Sherry	8 Jan 01	30 Jan 04	22,725	13.32	3.34	–	75,902
	1 Mar 99	2 Jun 04	45,000	10.85	6.50	292,500	–
	6 Apr 99	2 Jun 04	98,000	10.60	6.75	661,500	–
Rob Whitfield	29 Dec 99	2 Jun 04	35,000	9.57	7.78	272,300	–
	8 Jan 01	30 Jan 04	31,815	13.32	3.34	–	106,262

¹ Michael Coomer and Mike Pratt have not exercised or lapsed any share options during the period ended 30 September 2004.

7.5. Share options and performance share rights holdings

The following table sets out details of share options and performance share rights held during the year by the Chief

Executive Officer and each of the Group Executives and highest paid senior executives. The share options and performance share rights held do not include performance options and performance share rights in respect of the 2004 remuneration review that had not been issued at 30 September 2004.

Name	Type of equity-based instrument	Number held at start of year (No.)	Number granted during the year as remuneration (No.)	Number exercised during the year (No.)	Number lapsed during the year (No.)	Number held at end of year (No.)	Number vested and exercisable at end of year (No.)
David Morgan	Share option	4,423,580	713,000	700,000	46,000	4,390,580	1,477,580
	Performance share right	–	218,000	–	–	218,000	–
Ilana Atlas	Share option	518,567	137,362	–	9,090	646,839	185,096
	Performance share right	35,081	38,071	–	–	73,152	–
Philip Chronican	Share option	1,132,209	265,567	320,809	29,191	1,047,776	–
	Performance share right	79,597	73,604	–	–	153,201	–
David Clarke	Share option	2,433,080	320,512	600,000	9,090	2,144,502	445,450
	Performance share right	120,870	88,832	–	–	209,702	–
Philip Coffey	Share option	569,496	210,622	–	9,090	771,028	90,910
	Performance share right	61,909	58,375	–	–	120,284	–
Michael Coomer	Share option	498,591	183,150	–	–	681,741	–
	Performance share right	56,013	50,761	–	–	106,774	–
Mike Pratt	Share option	298,591	293,040	–	–	591,631	–
	Performance share right	56,013	81,218	–	–	137,231	–
Ann Sherry	Share option	905,687	178,571	178,000	22,725	883,533	227,275
	Performance share right	50,116	49,492	–	–	99,608	–
Rob Whitfield	Share option	634,579	109,890	–	31,815	712,654	318,185
	Performance share right	23,855	30,456	–	–	54,311	–

7.6. Ordinary share holdings

The details of Westpac ordinary shares held by the Chief Executive Officer and each of the Group Executives and highest paid senior executives during the year are summarised in the table below:

Name	Number held at start of year (No.)	Number received on exercise of equity instruments (No.)	Other changes during the year (No.)	Number held at end of year (No.)	Number held non-beneficially at start of year (No.)	Number held non-beneficially at end of year (No.)
David Morgan	959,732	700,000	(675,000)	984,732	–	–
Ilana Atlas	11,318	–	575	11,893	2,000	2,000
Philip Chronican	375,000	320,809	(187,000)	508,809	–	–
David Clarke	61,303	600,000	(597,854)	63,449	–	–
Philip Coffey	310,587	–	(69,994)	240,593	–	–
Michael Coomer	17,246	–	18,065	35,311	–	–
Mike Pratt	–	–	–	–	–	–
Ann Sherry	82,999	178,000	(177,967)	83,032	–	–
Rob Whitfield	306,333	–	–	306,333	–	–

8. Share options and performance share rights issued

During the financial year ended 30 September 2004, there were 4,963,931 performance options granted (excluding performance share rights) under the Westpac Performance Plan and the Chief Executive Securities Agreement 2003, to 65 participating officers for nil consideration, with exercise dates between November 2006 and August 2014 and a weighted average exercise price of \$16.42.

During the financial year ended 30 September 2004, there were 3,897,975 performance share rights granted (excluding performance options) under the Westpac Performance Plan and the Chief Executive Securities Agreement 2003, to 492 participating officers (60 of whom also received grants of performance options) for nil consideration, with exercise dates between November 2005 and August 2014.

In certain circumstances such as retrenchment, providing performance hurdles have been satisfied, a proportion of performance options or performance share rights can be exercised earlier than the above dates.

There were 9,181,919 shares issued during the year due to the exercise of share options and performance share rights, which resulted in total consideration of \$110,586,499 being paid to Westpac.

Currently there are 32,917,971 share options outstanding and 7,174,798 performance share rights outstanding. The latest dates for exercise of share options range between March 2009 and August 2014 and the weighted average exercise price is \$14.09. The latest dates for exercise of performance share rights range between January 2013 and November 2014.

All performance options and performance share rights granted during the year ended 30 September 2004 are subject to performance hurdles that will determine the particular proportion which may be exercised, if any, following the end of the performance period.

The performance hurdles compare the total shareholder returns received by Westpac shareholders against those received by shareholders of a group of companies over the performance period.

No person holding a share option or a performance share right has or had, by virtue of the share option or performance share right, a right to participate in any share issue of any other body corporate.

9. Cost of long term incentives as part of remuneration

Westpac has estimated that based on recognising the cost of long term incentives over their vesting period, a charge of \$33 million would have been recorded for the year ended 30 September 2004.

Total salaries and other staff expenses do not include a charge for options, performance options and performance share rights granted during the year or for performance options and performance share rights to be granted under the Westpac Performance Plan and the Chief Executive Officer's Securities Agreement 2003. Westpac will include the cost of these incentives, as an expense in its financial statements, from 1 October 2005 when new Australian accounting standards based on international financial reporting standards will apply to Westpac.

10. Non-executive Director remuneration

The Board's focus is on long term strategic direction and overall performance of the Company. As a consequence, Non-executive Director remuneration is not directly related to short term results, rather, it is related to long term performance.

10.1. Policy

Fees and payments to Non-executive Directors are determined with regard to the need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Policy is designed:

- to attract and retain Non-executive Directors;
- to motivate Non-executive Directors to achieve Westpac's business objectives; and
- to align the interests of Non-executive Directors with the long term interests of shareholders.

The Board accepts that, given the size of Westpac, Non-executive Directors' fees and associated costs must not place an inappropriate burden on Westpac's finances. However, Westpac operates in a complex market and the duties and obligations of Non-executive Directors are increasingly onerous.

The Non-executive Director fees and payments were last reviewed in February 2003. The Board seeks the advice of independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined by the Board on recommendation from the Board Remuneration Committee, independently to the fees of other Non-executive Directors, based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

10.2. Fee pool

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically approved by shareholders. Shareholders last approved a pool of \$2.5 million in December 2003. During the year ended 30 September 2004, \$1,464,056 of the fee pool was utilised.

10.3. Fees

The current base remuneration was last reviewed with effect from 1 January 2003. Non-executive Directors' base fees are \$125,000 per Director per year for Directors first appointed on or before 3 July 2003. Directors appointed after 3 July 2003 currently receive \$183,459 per annum. This amount is calculated on a base annual fee of \$125,000, a premium of 37.5% to compensate for the removal of the retiring allowance and the value of statutory superannuation equal to the superannuation guarantee maximum contribution payable by Westpac. The Chairman receives remuneration of \$440,000 per year, inclusive of Committee fees. Non-executive Directors who chair a committee receive additional yearly fees of \$20,000 per Committee. Additional fees are also payable to Directors for their membership on subsidiary boards. There is currently no differentiation between the fees for the Chairs of the various Committees. To encourage and recognise equal workload and contribution, no additional payments are presently made for membership of Committees or attendance at Committee meetings.

10.4. Equity participation

Non-executive Directors do not receive share options. Non-executive Directors may opt each year to receive a percentage of their fees in Westpac shares, which are acquired on-market at market price. Shareholders approved this arrangement in December 2000. Non-executive Directors have voluntarily agreed to build up a shareholding in Westpac equal in value to at least 100% of their annual base fees, generally over the course of their tenure.

10.5. Retiring allowance

On 3 July 2003, the Board resolved to remove retiring allowances for Non-executive Directors appointed after 3 July 2003 without affecting the entitlements of existing Non-executive Directors appointed prior to that date.

There are currently six Non-executive Directors who were first appointed prior to July 2003. These Directors continue to be eligible to receive retiring allowances after serving for more than three years in accordance with a service agreement, which was approved by shareholders at the 1989 Annual General Meeting. Where the Director's period of service is:

- less than three years – the Director is not entitled to a retiring allowance;
- at least three years but less than five years – the Director is entitled to a proportion of the retiring allowance that the Director would have been entitled to had the Director served for a period of five years. That proportion is the same proportion as the period the Director's service bears to five years;
- five years – the Director is entitled to a sum equal to the total emoluments to which the Director was entitled during the period of three years ending on the date of his or her retirement or death before retirement; and
- greater than five years – the Director is entitled to the sum that would have been payable had the Director served for the period of five years, ending on the date of his or her retirement or death before retirement, plus 5% per annum of that sum for the period of service in excess of five years. This amount cannot exceed 5 times the average annual emoluments to which the Director was entitled during the period of three years ending on his or her retirement or death before retirement.

To ensure shareholders are aware of the full cost of employing their Board, an amount equal to the cost of providing the retiring allowance to each Non-executive Director is disclosed to shareholders.

10.6. Superannuation

Westpac pays the superannuation guarantee charge in relation to its eligible Non-executive Directors appointed prior to July 2003. Superannuation guarantee payments are included in the total fees for any Non-executive Directors appointed after July 2003.

10.7. Remuneration for the year ended 30 September 2004

Details of the nature and amount of each element of the emoluments of Westpac's Non-executive Directors for the year ended 30 September 2004 are as follows:

Name	Notes	Primary	Post employment		Total		
		Fees \$	Superannuation guarantee \$	Retirement benefit accrued during the year \$	Total \$	Total retirement benefits accrued \$	Retirement benefits paid during the year \$
Leon Davis		443,385	—	360,971	804,356	1,220,687	—
Gordon Cairns	4, 6, 9	40,325	2,718	—	43,043	—	—
Barry Capp	1, 3, 4, 7	37,000	2,750	27,699	67,449	—	540,626
David Crawford	1, 4, 5	146,115	11,147	106,749	264,011	157,718	—
Sir Llewellyn Edwards	1, 4	146,115	11,147	107,996	265,258	640,942	—
Ted Evans	1, 4, 5	146,115	11,147	132,892	290,154	223,905	—
Carolyn Hewson	1, 4, 5	141,038	11,147	62,811	214,996	73,325	—
Helen Lynch	2, 4	161,231	11,147	87,004	259,382	520,550	—
Peter Wilson	3, 4, 6, 8	189,701	10,313	—	200,014	—	—

1 Includes fees paid to Chairpersons of Board Committees.

2 Includes fees for services provided as Chairman of Westpac Staff Superannuation Plan.

3 Includes fees for serving on a subsidiary board.

4 Westpac pays the superannuation guarantee charge in relation to its eligible Non-executive Directors appointed prior to July 2003 and pays the statutory superannuation guarantee payment for any Non-executive Directors appointed after July 2003.

5 Not presently entitled to retiring benefit as less than three years of service has been completed.

6 Not entitled to retiring benefits.

7 Retired effective 12 December 2003.

8 Appointed effective 31 October 2003.

9 Appointed effective 8 July 2004.

11. Glossary of terms

Term	Description
Economic profit (EP)	The excess of adjusted profit over a minimum required rate of return (12%) on equity invested. For this purpose, adjusted profit is defined as net profit after income tax, but before amortisation of goodwill, plus a portion (70%) of the face value of franking credits paid to equity holders.
Key Performance Indicator (KPI)	Key Performance Indicators are quantifiable measures that reflect critical success factors for the organisation. Westpac uses KPIs to assess organisational and individual performance and in determining annual and long term incentive payments. KPIs are agreed to at the beginning of the performance period. Westpac's short term incentive plans include a balance of financial and non-financial KPIs for Group, Business Unit and individual performance. The KPI for Group performance is Economic Profit. The weightings on Group, Business Unit and individual KPIs and financial versus non-financial KPIs are tailored to suit the role and level within the organisation.
Options	Refers to securities held under the General Management Share Option Plan (GMSOP); Senior Officers' Share Purchase Scheme (SOSPS); and the Chief Executive Share Option Agreements 1999 and 2001.
Performance options ¹	Eligible executives are given the opportunity to buy Westpac shares, subject to meeting the agreed performance hurdles. The price to be paid by the executive, or the exercise price of the Performance option, is equal to the average market price of Westpac ordinary shares over the five trading days up to the date the offer is made. At any time after vesting, up to a maximum of 10 years from the date of grant, the executive may pay the issue price of the Performance options to receive the shares (i.e. exercise the Performance options). Performance options do not carry dividend or voting rights.

1 Refers to securities held under the Westpac Performance Plan or the Chief Executive Securities Agreement 2003.

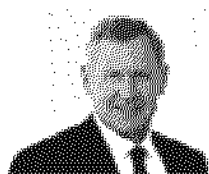
11. Glossary of terms (continued)

Term	Description
Performance share rights ¹	Eligible executives are given the opportunity to receive Westpac shares, subject to meeting the agreed performance hurdles. There is no exercise price payable by eligible executives in respect of vested Performance share rights. Once the Performance share rights vest, the executive may receive the shares (i.e. exercise the Performance share rights) at any time after vesting, up to a maximum of 10 years from the date of grant. Performance share rights do not carry dividend or voting rights.
Share options	Share options refers collectively to Options and Performance options. See separate definitions.
Total shareholder return (TSR)	TSR measures a company's share price movement and accumulated dividend yields over the relevant measurement period (i.e. the increase in value achieved by an investment in that company's shares).
Relative total shareholder return (Relative TSR)	Relative TSR involves ranking a company's TSR over the relevant measurement period against the TSRs of a defined group of companies over the same period. Westpac uses the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac itself, property trusts and specified resources companies).
Westpac Performance Plan	The Westpac Performance Plan (WPP) is a long term incentive (LTI) scheme designed as a retention and reward program for employees who have been identified as key members within the Westpac Group. Reward is delivered to participants when future high-level performance targets are met. Awards under the WPP include Performance share rights and Performance options.

¹ Refers to securities held under the Westpac Performance Plan or the Chief Executive Securities Agreement 2003.

Executive team

At 30 September 2004 our Group Executives and the Group Secretary and General Counsel were:



David Morgan

BEC, MSc, PhD, Age 57

Chief Executive Officer

David has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington D.C. in the 1970s and the

Federal Treasury in the 1980s where he headed all major areas before being appointed Senior Deputy Secretary. Since joining Westpac in 1990, he has had responsibility for all major operating divisions including Westpac Financial Services, Retail Banking,

Commercial Banking, Corporate and Institutional Banking and International Banking. He was appointed to the Board in November 1997, prior to being appointed CEO in March 1999.



Ilana Atlas

BJur (Hons.), LLB (Hons.), LL.M. Age 49

Group Executive, People and Performance

Ilana joined Westpac in 2000 as Group Secretary and General Counsel.

In October 2002 she was appointed to her present role, and is accountable for people strategy and management. She was previously a partner of Mallesons Stephen Jaques, where she worked

extensively as a corporate lawyer and in managerial roles including human resources and as managing partner.



Philip Chronican

BCom (Hons.), MBA, FAIBF, Age 48

Chief Financial Officer

Phil was appointed Chief Financial Officer (CFO) in February 2001 with responsibility for Westpac's finance,

tax, treasury, risk management, legal, strategy and investor relations functions. He was previously Deputy Chief Financial Officer and has held business group CFO roles in both retail and institutional banking.

Phil has been with Westpac in a variety of positions in Australia and in New Zealand since 1982.



David Clarke

LLB, Age 48

Chief Executive Officer, BT Financial Group

David joined Westpac in July 2000 to lead Banking and Financial Solutions, and then Australian Business and

Consumer Bank from November 2001. In September 2002, he assumed responsibility for developing Westpac's expanded wealth management business. In November 2002, following the acquisition of Rothschild Australia Asset Management Limited and BT

Financial Group, David was appointed the CEO of the new BT Financial Group. David was previously an executive director with Lend Lease Corporation and CEO of MLC Limited.



Philip Coffey

BECO (Hons.), FAIBF, Age 46

Group Executive, Westpac Institutional Bank

Phil joined Westpac in 1996, and since 2002 has led the institutional bank, responsible for Westpac's relationships

with corporate, institutional and government clients in Australia and worldwide, as well as the business areas of financial markets, debt capital markets, specialised capital, structured investments and transactional banking. Previously with AIDC and Citicorp, he

had over ten years experience in funds management and financial markets, including roles in the UK and New Zealand. He began his career with the Reserve Bank of Australia.



Michael Coomer

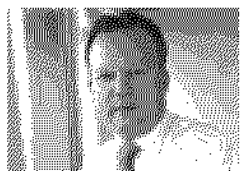
CEng, GradDipDigitalComms, AMP (Harvard), FAIBF, FAIM, ATS, MAICD, Age 51

Group Executive, Business and Technology Solutions and Services

Michael joined Westpac in January 2002 and is responsible for

information technology, outsourcing governance, banking operations and back office functions and corporate services (including fraud, anti-money laundering and security). Michael has over 30 years of experience at the forefront of information technology,

having had associations in the telecommunications, financial services, aerospace and defence industries, primarily in senior executive roles.



Mike Pratt

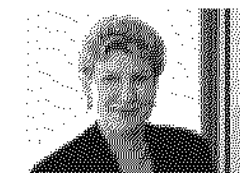
CBkg, GradDipOrgBeh, FAIBF, FAIM, Age 51

Group Executive, Business and Consumer Banking

Mike joined the Westpac executive team in April 2002 as Group Executive

for New Zealand and Pacific Banking. In August 2002, he was appointed Group Executive, Business and Consumer Banking for Australia and also CEO for Bank of Melbourne. Mike has had an extensive career in retail

banking and was previously CEO, Australian Financial Services, National Australia Bank and CEO Bank of New Zealand. He is also a director of MasterCard International.



Ann Sherry AO

BA, GradDipIR, MAICD, FAIBF, FIPAA, Age 50

Group Executive, New Zealand and Pacific Banking

After joining Westpac in 1994, Ann headed Human Resources for

the institutional and international bank and subsequently led a team driving the merger with the Bank of Melbourne. She later became CEO, Bank of Melbourne. Ann was appointed Group Executive, Human

Resources in 2000. In October 2002, she was appointed CEO of Westpac New Zealand and Group Executive, New Zealand and Pacific Banking. Ann also has had extensive experience in government at a senior level.



Richard Willcock

LLB, BA (Hons.), MBA, Age 45

Group Secretary and General Counsel

Richard joined Westpac in 1997 as Senior Counsel, Institutional and International Banking Group and

was appointed to his present role in February 2003 with responsibility for the management and delivery of company secretarial, legal and compliance services to the Westpac Board, executive and business.

Prior to his current appointment he was General Manager, Risk, for BT Financial Group. Richard previously practised law in private practice from 1982 and was a partner at law firm Abbott Tout.

10 year summary

\$m (unless otherwise indicated)	2004	2003	2002	2001	2000
Statement of financial performance – year ended 30 September¹					
Net interest income	4,755	4,326	4,205	4,051	3,669
Non-interest income	3,255	3,004	2,919	2,537	2,414
Net operating income	8,010	7,330	7,124	6,588	6,083
Operating expenses	(3,940)	(3,763)	(3,895)	(3,472)	(3,405)
Amortisation of goodwill	(164)	(163)	(100)	(98)	(98)
Bad and doubtful debts	(414)	(485)	(461)	(433)	(202)
Profit from ordinary activities before income tax expense and abnormal items	3,492	2,919	2,668	2,585	2,378
Income tax expense	(913)	(728)	(471)	(677)	(660)
Net profit attributable to outside equity interests	(40)	(8)	(5)	(5)	(3)
Net profit attributable to equity holders before abnormal items	2,539	2,183	2,192	1,903	1,715
Abnormal Items (net of tax) ²	–	–	–	–	–
Net profit attributable to equity holders	2,539	2,183	2,192	1,903	1,715
Goodwill amortisation	164	163	100	98	98
Distributions on other equity instruments	(154)	(75)	(48)	(51)	(43)
2004 TPS revaluation	10	–	–	–	–
Cash earnings	2,559	2,271	2,244	1,950	1,770
Statement of financial position at 30 September³					
Total assets	245,079	221,339	191,037	189,845	167,618
Loans	182,471	160,473	135,870	122,250	107,533
Acceptances	5,534	3,788	4,788	15,700	15,665
Deposits and public borrowings ³	146,533	129,071	110,763	96,157	89,994
Loan capital	4,431	4,544	4,512	4,838	4,892
Total equity	16,317	13,996	10,468	9,705	9,262
Total risk weighted assets	158,489	142,909	128,651	127,242	114,816
Share information					
Earnings per share (cents):					
Before abnormals	129.2	115.6	118.3	102.8	88.8
After abnormals	129.2	115.6	118.3	102.8	88.8
Dividends per ordinary share (cents)	86	78	70	62	54
Net tangible assets per ordinary share (\$) ⁴	5.47	4.97	4.56	4.28	3.96
Share price (\$):					
High	18.28	17.14	17.01	14.55	12.97
Low	15.00	12.83	13.11	11.87	9.16
Close	17.73	16.20	13.85	13.29	12.75
Ratios					
Total equity to total assets (%)	6.7	6.3	5.5	5.1	5.5
Total equity to total average assets (%)	6.9	6.7	5.6	5.4	5.8
Tier 1 ratio (%) ⁵	6.9	7.2	6.5	6.3	6.6
Adjusted common equity (ACE) (%) ⁶	4.8	5.0	–	–	–
Total capital ratio (%) ⁷	9.7	10.5	9.6	9.9	9.9
Dividend payout ratio (%)	66.6	67.5	59.2	60.3	60.8
Dividend payout ratio – cash earnings (%)	62.0	62.6	56.5	57.3	57.4
Return on average ordinary equity before abnormals (%)	19.9	19.2	21.7	21.1	18.4
Cash earnings to average adjusted ordinary equity (%)	20.7	20.3	21.9	21.4	19.0
Productivity ratio ⁸	4.03	3.99	3.90	3.60	3.35
Operating expenses to operating income ratio (%)	49.2	51.3	54.7	52.7	56.0
Net interest margin	2.53	2.62	2.81	3.11	3.10
Other information					
Points of bank representation (number at financial year end) ⁹	1,065	1,069	1,371	1,347	1,375
Core full time equivalent staff (number at financial year end) ¹⁰	25,683	25,013	23,637	27,088	29,510

- ¹ The above statements of financial performance extracts for 2004, 2003 and 2002 and statements of financial position extracts for 2004 and 2003 are derived from the consolidated financial statements included in the Annual Financial Report, and for prior years are derived from financial statements previously published, each of which have been presented in accordance with Australian GAAP.
- ² For reporting periods ending on or after 30 June 2001, we are no longer permitted (under Australian GAAP) to disclose abnormal items on the face of the statement of financial performance. Where a revenue or expense is of such a size, nature or incidence that its disclosure is relevant in explaining our financial performance, we are required to disclose its nature and amount on the face of the statement of financial performance or in the notes to the financial statements.
- ³ Public borrowing balances were only held until 2002. They related to Australian Guarantee Corporation Limited and Augusta (1962) Limited (formerly Australian Guarantee Corporation (NZ) Limited).

\$m (unless otherwise indicated)	1999	1998	1997	1996	1995
Statement of financial performance – year ended 30 September¹					
Net interest income	3,476	3,492	3,353	3,254	2,982
Non-interest income	2,155	2,003	1,739	1,472	1,391
Net operating income	5,631	5,495	5,092	4,726	4,373
Operating expenses	(3,334)	(3,286)	(3,166)	(3,015)	(2,647)
Amortisation of goodwill	(100)	(106)	(62)	(34)	(7)
Bad and doubtful debts	(171)	(168)	(78)	(121)	(330)
Profit from ordinary activities before income tax expense and abnormal items	2,026	1,935	1,786	1,556	1,389
Income tax expense	(567)	(589)	(493)	(421)	(371)
Net profit attributable to outside equity interests	(3)	(4)	(2)	(3)	(3)
Net profit attributable to equity holders before abnormal items	1,456	1,342	1,291	1,132	1,015
Abnormal items (net of tax) ²	–	(70)	–	–	(68)
Net profit attributable to our equity holders	1,456	1,272	1,291	1,132	947
Goodwill amortisation	100	106	62	34	7
Distributions on other equity instruments	(8)	(24)	(39)	(39)	(40)
2004 TPS revaluation	–	–	–	–	–
Cash earnings	1,548	1,354	1,314	1,127	914
Statement of financial position at 30 September¹					
Total assets	140,220	137,319	118,963	121,513	105,835
Loans	97,716	91,738	77,874	81,201	64,365
Acceptances	10,249	10,325	11,242	11,197	11,656
Deposits and public borrowings ³	85,546	83,164	72,636	74,886	58,198
Loan capital	2,692	2,523	1,895	2,199	2,881
Total equity	8,997	8,611	8,206	7,891	7,583
Total risk weighted assets	102,592	97,430	87,133	86,503	74,930
Share information					
Earnings per share (cents):					
Before abnormals	77.0	70.1	70.0	58.9	53.5
After abnormals	77.0	66.4	70.0	58.9	49.8
Dividends per ordinary share (cents)	47	43	39	33	28
Net tangible assets per ordinary share (\$) ⁴	3.71	3.59	3.69	3.39	3.81
Share price (\$):					
High	12.06	11.45	9.10	6.59	5.51
Low	8.36	7.10	6.43	5.20	3.90
Close	9.45	9.28	8.70	6.54	5.36
Ratios					
Total equity to total assets (%)	6.4	6.3	6.9	6.5	7.2
Total equity to total average assets (%)	6.4	6.2	6.6	6.8	7.8
Tier 1 ratio (%) ⁵	7.0	6.8	8.0	7.4	9.5
Adjusted common equity (ACE) (%) ⁶	–	–	–	–	–
Total capital ratio (%) ⁷	9.2	9.3	10.5	10.8	13.9
Dividend payout ratio (%)	61.0	61.3	55.7	56.0	56.2
Dividend payout ratio – cash earnings (%)	57.1	59.7	53.1	54.3	55.8
Return on average ordinary equity before abnormals (%)	16.8	15.5	17.0	14.6	13.0
Cash earnings to average adjusted ordinary equity (%)	17.6	15.8	17.6	15.0	13.0
Productivity ratio ⁸	3.30	3.22	2.90	2.63	2.86
Operating expenses to operating income ratio (%)	59.2	59.8	62.2	63.8	60.5
Net interest margin	3.25	3.44	3.59	3.72	3.80
Other information					
Points of bank representation (number at financial year end) ⁹	1,625	1,832	1,547	1,788	1,547
Core full time equivalent staff (number at financial year end) ¹⁰	31,731	33,222	31,608	33,832	31,416

⁴ After deducting preference equity and goodwill.

⁵ The Tier 1 ratio has not been restated for changes in methodology over the ten year period.

⁶ ACE has only been calculated since 2003.

⁷ For details on the calculation of this ratio refer note 42 to the financial statements in the Annual Financial Report.

⁸ Net operating income/salaries and other staff expenses.

⁹ As of 2003, business banking, agribusiness, private bank and financial planning centres all operate from our branch network and as such are no longer counted as separate points of representation.

¹⁰ Core full time equivalent staff includes overtime and pro-rata part time staff. It excludes staff on unpaid absences (e.g. maternity leave), temporary and contract staff.

Concise financial report

The financial statements and specific disclosures included in this Concise Financial Report have been derived from the Annual Financial Report of Westpac Banking Corporation and its controlled entities (the 'Group') and do not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the Annual Financial Report for the year ended 30 September 2004.

A copy of the 2004 Annual Financial Report including the independent audit report is available and will be sent to any shareholder without charge upon request. The Annual Financial Report can be requested by phoning Australia 612 9226 3143 and can be accessed via the internet at www.westpac.com.au.

Management discussion and analysis of the statement of financial performance

Net interest income was \$4,755 million in 2004, an increase of \$429 million on 2003, which was an increase of \$121 million on 2002.

This increase in 2004 reflects a continuation of strong growth in lending balances, an increase in deposit balances, partially offset by a decline in net interest margins. Average interest earning assets increased 14%, average deposits increased 11% and net interest margins decreased 9 basis points to 2.53%. Growth in household lending slowed from the high levels experienced in 2003 as growth in the housing property market eased, while market competition increased from both new entrants and existing market participants. The increase in net interest income in 2003 was driven by strong lending growth, particularly in housing, however, this was partly offset by compression in net interest margins from an increasingly competitive housing lending market. 2002 included \$316 million relating to the divested AGC business, which was not fully replaced through our wealth management acquisitions (BTfM in 2003 and RAAM in 2002).

Non-interest income was \$3,255 million in 2004, an increase of \$251 million on 2003, which was an increase of \$85 million on 2002. This increase was due to growth in fees from our wealth management and Institutional banking businesses. Fee income from our Australian retail banking franchise was flat on 2003, reflecting reduced credit card interchange income following the implementation of the Reserve Bank of Australia credit card reforms in November 2003. The decline in interchange income was offset by strong fee growth across the rest of the balance

sheet and active product management. Non-interest income growth was also constrained by a weaker performance from our financial markets business. In 2003, net fees and commissions benefited from strong volumes in our core retail products, increased transaction activities and active product management. In addition, we benefited from higher trading income from the Institutional Bank following a significantly improved financial markets performance and a contribution from the acquired wealth management businesses. 2002 includes several non-recurring items.

Operating expenses were \$3,940 million, an increase of \$177 million on 2003, which was a decrease of \$132 million compared with 2002. The increase in 2004 is primarily due to higher personnel costs including the 4% Enterprise Development Agreement increase in October 2003; increased short term incentives; additional FTE staff as we grew the number of customer facing positions to help capitalise on market opportunities; and in-sourcing of certain functions. In 2003, growth in expenses was attributable to higher superannuation costs from the adoption of IAS 19 in relation to our defined benefits funds, an increase due to the appreciation of the New Zealand dollar against the Australian dollar, and a change in the composition of our business following the divestment of AGC and acquisition of wealth management businesses. In 2002, we incurred a number of significant charges that were not repeated in 2003 and 2004.

Bad and doubtful debts were \$414 million for 2004, a decrease of \$71 million over 2003, which was an increase of \$24 million over 2002. The lower bad and doubtful debts charge in 2004 was due to: a lower level of stressed loans, largely from the improved credit quality of the Institutional Bank's portfolio; the benign credit environment; and lower dynamic provisioning factors following a review of our loss given default experience and the quality of security held in our business banking portfolios in Australia and New Zealand. This was partially offset by the increase in general provision resulting from the growth in our loan book. The increase in 2003 was due to increased dynamic provisioning due to loan growth and the rebuilding of the equipment finance book, partially offset by lower specific provisions and write-offs following the disposal of AGC in May 2002.

Basic earnings per share (EPS) for 2004 were 129.2 cents, compared with 115.6 cents in 2003 and 118.3 cents in 2002. Diluted earnings per share for 2004 were 127.7 cents, compared with 115.3 cents in 2003 and 117.9 cents in 2002.

Statement of financial performance for the years ended 30 September

Westpac Banking Corporation and its controlled entities

		Consolidated		
	Note	2004 \$m	2003 \$m	2002 \$m
Interest income		12,939	10,885	9,789
Interest expense		(8,184)	(6,559)	(5,584)
Net interest income		4,755	4,326	4,205
Non-interest income		3,255	3,004	2,919
Net operating income		8,010	7,330	7,124
Operating expenses		(3,940)	(3,763)	(3,895)
Amortisation of goodwill		(164)	(163)	(100)
Bad and doubtful debts		(414)	(485)	(461)
Profit from ordinary activities before income tax expense		3,492	2,919	2,668
Income tax expense		(913)	(728)	(471)
Net profit		2,579	2,191	2,197
Net profit attributable to outside equity interests:				
Managed investment schemes		(30)	–	–
Other		(10)	(8)	(5)
Net profit attributable to equity holders of Westpac Banking Corporation		2,539	2,183	2,192
Foreign currency translation reserve adjustment		(11)	(156)	(76)
Total revenues, expenses and valuation adjustments attributable to equity holders of Westpac Banking Corporation recognised directly in equity		(11)	(156)	(76)
Total changes in equity other than those resulting from transactions with owners as owners		2,528	2,027	2,116
Earnings per ordinary share (cents) after deducting distributions on other equity instruments				
Basic	4	129.2	115.6	118.3
Fully diluted	4	127.7	115.3	117.9

The above statements of financial performance should be read in conjunction with the accompanying notes and management discussion and analysis.

Management discussion and analysis of the statement of financial position

Assets

Our assets grew by \$23.7 billion or 11% during the financial year to \$245.1 billion as at 30 September 2004. Discussion on key changes in assets follows.

Amounts due from other financial institutions have increased \$3.5 billion to \$9.5 billion in 2004 as our holdings of certificates of deposits and placement of interbank collateralisation deposits grew.

Net loans and acceptances increased by \$22.0 billion or 14% to \$182.5 billion in 2004. The significant reasons for the increase were:

- continued growth in housing finance in Australia and New Zealand. Net of securitisation, housing loans increased by \$10.2 billion or 13% in Australia and \$3.7 billion or 27% in New Zealand (\$1.1 billion or 8% of this increase is due to the strengthening of the NZ dollar);
- acceptances of customers increasing \$1.7 billion or 46% to \$5.5 billion during 2004;
- increased lending to the corporate and institutional sector in Australia of \$4.2 billion for the year ended 30 September 2004; and
- translation of non-housing New Zealand loans resulting in an increase of \$1.1 billion due to appreciation of the NZ dollar against the Australian dollar.

Life insurance assets increased by \$2.4 billion or 23% to \$13.0 billion during 2004 as we consolidated certain managed investment schemes and improved market conditions increased asset values.

All other assets decreased \$6.9 billion to \$19.4 billion as at 30 September 2004. The majority of the reduction is due to a fall in other financial market assets from market movements in major currencies and interest rates and securities sold not yet delivered. Other financial market assets primarily represent the positive fair value of our trading derivative financial instruments. Securities sold not yet delivered represent the timing difference in settling trades conducted immediately prior to year end.

Liabilities and equity

Our total liabilities as at 30 September 2004 were \$228.8 billion, an increase of \$21.5 billion from \$207.3 billion as at 30 September 2003. Discussion on key changes in liabilities follows.

Funding of our asset growth from a \$17.4 billion increase in deposits and public borrowings from \$129.1 billion in 2003 to \$146.5 billion as at 30 September 2004 and increased debt issue raisings of \$6.2 billion from \$30.0 billion in 2003 to \$36.2 billion as 30 September 2004.

All other liabilities have reduced \$8.0 billion to \$18.2 billion primarily due to reduction in other financial market liabilities from market movements in major currencies and interest rates and securities purchased not yet delivered. Other financial market liabilities primarily represents the negative fair value of our trading derivative financial instruments. Securities purchased not yet delivered represent the timing difference from trade date accounting applied to purchases of trading securities.

Our equity has increased by \$2.3 billion or 16% during 2004 to \$16.3 billion. Major movements in equity included the following:

- outside equity interests increasing \$1.4 billion in 2004 from the consolidation of certain managed investment schemes;
- issue of \$0.7 billion Trust Preferred Securities (2004 TPS) in April 2004;
- redemption of \$0.5 billion Trust Originated Preferred Securities (TOPRS) in July 2004;
- off market ordinary share buy-back of \$0.6 billion in June 2004;
- retained profits held net of dividends and other equity distributions paid or provided for increasing \$0.9 billion in 2004; and
- shares issued through dividend reinvestment plan and employee share purchase and option schemes \$0.4 billion in 2004.

Statement of financial position as at 30 September

Westpac Banking Corporation and its controlled entities

	Note	Consolidated 2004 \$m	2003 \$m
Assets			
Cash and balances with central banks		1,800	1,786
Due from other financial institutions		9,538	6,035
Trading securities		9,698	8,793
Investment securities (Group market value \$3,846 million; 2003: \$3,745 million)		3,714	3,656
Loans		182,471	160,473
Acceptances of customers		5,534	3,788
Life insurance assets		12,957	10,522
Regulatory deposits with central banks overseas		523	425
Goodwill		2,394	2,558
Fixed assets		1,445	842
Deferred tax assets		838	1,019
Other assets		14,167	21,442
Total assets		245,079	221,339
Liabilities			
Due to other financial institutions		7,071	3,831
Deposits		146,533	129,071
Debt issues		36,188	29,970
Acceptances		5,534	3,788
Current tax liabilities		1	310
Deferred tax liabilities		110	246
Life insurance policy liabilities		10,782	9,896
Provisions		427	462
Other liabilities		17,685	25,225
Total liabilities excluding loan capital		224,331	202,799
Loan capital			
Subordinated bonds, notes and debentures		3,885	3,971
Subordinated perpetual notes		546	573
Total loan capital		4,431	4,544
Total liabilities		228,762	207,343
Net assets		16,317	13,996
Equity			
Parent entity interest:			
Ordinary shares		4,234	3,972
Reserves		(83)	(73)
Retained profits	3	7,812	7,343
Total parent entity interest		11,963	11,242
Other equity interests:			
New Zealand Class shares		453	471
Trust Originated Preferred Securities (TOPrS SM)			465
Fixed Interest Resettable Trust Securities (FIRsTS)		655	655
Trust Preferred Securities (2003 TPS)		1,132	1,132
Trust Preferred Securities (2004 TPS)		685	–
Total other equity interests		2,925	2,723
Total equity attributable to equity holders of Westpac Banking Corporation		14,888	13,965
Outside equity interests in controlled entities:			
Managed investment schemes		1,408	–
Other		21	31
Total equity		16,317	13,996

The above statements of financial position should be read in conjunction with the accompanying notes and management discussion and analysis.

Concise financial report

Statement of cash flows for the years ended 30 September

Westpac Banking Corporation and its controlled entities

	2004 \$m	Consolidated 2003 \$m	2002 \$m
Cash flows from operating activities			
Interest received	12,835	10,809	9,699
Interest paid	(7,929)	(6,603)	(5,779)
Dividends received excluding life business	34	36	27
Other non-interest income received	4,648	4,169	3,652
Operating expenses paid	(3,593)	(3,318)	(3,291)
Net (increase)/decrease in trading securities	(135)	1,759	(791)
Income tax paid excluding life business	(1,106)	(1,131)	(699)
Life business:			
Receipts from policyholders and customers	2,895	2,958	2,531
Interest and other items of similar nature	95	119	58
Dividends received	320	379	323
Payments to policyholders and suppliers	(2,390)	(3,025)	(1,961)
Income tax paid	(180)	(60)	(3)
Net cash provided by operating activities	5,494	6,092	3,766
Cash flows from investing activities			
Proceeds from sale of investment securities	73	189	492
Proceeds from matured investment securities	639	1,260	335
Purchase of investment securities	(655)	(2,114)	(1,873)
Proceeds from securitised loans	241	247	2,472
Net increase in:			
Due from other financial institutions	(3,486)	(698)	(212)
Loans	(24,505)	(25,942)	(25,501)
Life insurance assets	(61)	(186)	(316)
Regulatory deposits with central banks overseas	(74)	(58)	(19)
Other assets	(1,684)	(1,497)	(967)
Purchase of fixed assets	(284)	(323)	(284)
Proceeds from disposal of fixed assets	90	85	262
Proceeds from disposal of other investments	22	8	246
Controlled entities acquired, net of cash acquired	(547)	(823)	(328)
Controlled entities and businesses disposed, net of cash held	165	360	2,136
Net cash used in investing activities	(30,066)	(29,492)	(23,557)
Cash flows from financing activities			
Issue of loan capital	500	1,679	-
Redemption of loan capital	(485)	(978)	-
Proceeds from issue of ordinary shares	110	87	91
Proceeds from issue of FIRsTS (net of issue costs \$12 million)	-	655	-
Proceeds from issue of 2003 TPS (net of issue costs \$13 million)	-	1,132	-
Proceeds from issue of 2004 TPS (net of issue costs \$8 million)	685	-	-
Buy-back of ordinary shares	(559)	-	(397)
Buy-back of NZ Class Shares	(18)	-	(11)
Redemption on TOPrS	(446)	-	-
Net increase/(decrease) in:			
Due to other financial institutions	3,182	(695)	(949)
Deposits	18,451	19,384	20,095
Debt issues	5,178	3,658	2,495
Other liabilities	(330)	(368)	46
Payment of distributions and dividends	(1,672)	(1,038)	(977)
Payment of dividends to outside equity interests	(6)	(2)	(2)
Net cash provided by financing activities	24,590	23,514	20,391
Net increase in cash and cash equivalents	18	114	600
Effect of exchange rate changes on cash and cash equivalents	(4)	3	(10)
Cash and cash equivalents at beginning of year	1,786	1,669	1,079
Cash and cash equivalents at year end	1,800	1,786	1,669

The above statements of cash flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

This Concise Financial Report has been derived from or is consistent with the Annual Financial Report of Westpac Banking Corporation ('Westpac') and its controlled entities ('the Group'), for the year ended 30 September 2004, which has been prepared in accordance with the requirements for an authorised deposit-taking institution under the Banking Act 1959 (as amended), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

This Concise Financial Report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the relevant provisions of the Corporations Act 2001.

A full description of the accounting policies adopted by the Group is provided in the 2004 Annual Financial Report.

Comparative information is restated where appropriate to enhance comparability.

Change in accounting policy**Provisions for dividends**

A provision is only made for dividends declared, determined or publicly recommended by the Directors on or before the end of the financial year, but not distributed as at balance date.

The above policy was adopted with effect from 1 October 2002 to comply with the new Australian accounting standard AASB 1044: Provisions, Contingent Liabilities and Contingent Assets. In previous reporting periods, in addition to providing for any dividends declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date, a provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of \$651 million was made against the consolidated retained profits at the beginning of the 2003 financial year to reverse the amount provided as at 30 September 2002 for the proposed final dividend for the year ended on that date. This adjustment reduced consolidated provisions and total liabilities at the beginning of the 2003 financial year by \$651 million with corresponding increases in net assets, retained profits, total equity and the total dividends provided for or paid during the 2003 financial year.

The restatement of consolidated retained profits, provisions and total dividends provided for or paid set out below show the information that would have been disclosed had the new accounting policy always been applied.

	2004 \$m	Consolidated 2003 \$m	2002 \$m (Restated)
Restatement of retained profits			
Reported retained profits at the end of the previous financial year	7,343	5,930	4,174
Change in accounting policy for providing for dividends	–	651	577
Restated retained profits at the beginning of year	7,343	6,581	4,751
Net profit attributable to equity holders of Westpac Banking Corporation	2,539	2,183	2,192
Total available for distribution	9,882	8,764	6,943
Transfer from reserve fund	–	–	876
Aggregate of amounts transferred (to)/from other reserves	(1)	(1)	2
Restated dividends provided for or paid	(1,518)	(1,345)	(1,192)
Distributions on other equity instruments	(154)	(75)	(48)
Deemed dividend – shares bought back	(404)	–	–
Realised gain on redemption of TOPrS	7	–	–
Restated retained profits at year end	7,812	7,343	6,581
Restatement of dividends provided for or paid			
Reported dividends provided or paid during the year	1,518	1,345	1,266
Adjustment for change in accounting policy	–	–	(74)
Restated dividends provided for or paid during the year	1,518	1,345	1,192
Restatement of liabilities – provisions			
Reported carrying amount	427	462	1,093
Adjustment for change in accounting policy	–	–	(651)
Restated carrying amount – provisions	427	462	442

Note 1. Summary of significant accounting policies (continued)

The impacts of adopting Australian equivalents of International Financial Reporting Standards

In July 2002, the Financial Reporting Council of Australia announced its formal support for Australia to adopt standards based on International Financial Reporting Standards (IFRS) for financial years beginning on or after 1 January 2005. As a result the accounting standards that apply to Australian reporting companies under the Corporations Act 2001 will be based on IFRS for accounting periods beginning on or after 1 January 2005. We expect to adopt the Australian equivalents to IFRS (A-IFRS) from 1 October 2005 and that comparatives will be required to be restated on initial adoption.

The Board has established a formal project, monitored by a steering committee, to achieve transition to A-IFRS reporting. Our implementation project consists of three phases:

1. Assessment and planning

The assessment and planning phase aims to produce a high level overview of the impacts of conversion to A-IFRS reporting on existing accounting and reporting policies,

procedures, systems and processes, business structures and staff. We consider that the assessment and planning phase is substantially complete as at 30 September 2004.

2. Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to A-IFRS. We are currently in the design phase with work progressing. The design phase will be completed during the upcoming financial year.

3. Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable us to generate the disclosures required as part of the transition to A-IFRS.

A more comprehensive discussion of the expected impacts of adopting A-IFRS is contained in note 1 to the 2004 Annual Financial Report.

Note 2. Dividends and distributions provided for or paid

	2004 \$m	Consolidated 2003 \$m	2002 \$m
Ordinary dividends¹			
Interim ordinary dividend paid:			
Ordinary shares 42 cents per share (2003 38 cents per share, 2002 34 cents per share) all fully franked	758	673	597
New Zealand Class Shares 42 cents per share (2003 38 cents per share, 2002 34 cents per share) all fully imputed	23	20	18
Final ordinary dividend provided for or paid:			
2003 ordinary shares 40 cents per share (2002 36 cents per share) all fully franked ²	716	632	631
2003 New Zealand Class Shares 40 cents per share (2002 36 cents per share) all fully imputed ²	21	20	20
Total ordinary dividends provided for or paid	1,518	1,345	1,266
Distributions on other equity instruments			
Distributions provided for or paid:			
TOPrS	24	41	48
FIRsTS	44	34	-
2003 TPS	67	-	-
2004 TPS	19	-	-
Total distributions on other equity instruments	154	75	48
Dividends not recognised at year end¹			
Since year end the Directors have recommended the payment of the following ordinary final dividend:			
Ordinary shares 44 cents per share fully franked	782	716	-
New Zealand Class Shares 44 cents per share fully imputed	23	21	-
	805	737	-
Franking account balance			
Franking account balance at year end	894	617	104
Franking credits arising from payment of current income tax payable	13	303	466
Adjusted franking account balance at year end	907	920	570
Franking credits utilised for payment of proposed final dividend	(336)	(308)	(270)
Adjusted franking account balance after proposed final dividend	571	612	300

¹ Following a change in accounting policy for providing for dividends, as set out in note 1, a liability has not been recognised for the recommended final dividend payable on 15 December 2004 out of retained profits.

² Due to the change in accounting policy for dividend provisions, dividends previously provided for in the year ended 30 September 2002 are also shown as paid in the year ended 30 September 2003 subject to adjustment for under provision of \$1 million in 2002.

Note 3. Retained profits

	2004 \$m	Consolidated 2003 \$m	2002 \$m
Retained profits			
Reported balance at previous year end	7,343	5,930	4,174
Change in accounting policy for providing for dividends	—	651	—
Balance at beginning of year	7,343	6,581	4,174
Transfer from reserve fund	—	—	876
Aggregate of amounts transferred (to)/from other reserves	(1)	(1)	2
Net profit attributable to equity holders of Westpac Banking Corporation	2,539	2,183	2,192
Ordinary dividends provided for or paid	(1,518)	(1,345)	(1,266)
Distributions on other equity instruments	(154)	(75)	(48)
Deemed dividend – shares bought back	(404)	—	—
Realised gain on redemption of TOPrS	7	—	—
Balance at year end	7,812	7,343	5,930

Note 4. Earnings per ordinary share

	2004		Consolidated 2003		2002	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Reconciliation of earnings used in the calculation of earnings per ordinary share (\$million)						
Net profit	2,579	2,579	2,191	2,191	2,197	2,197
Net profit attributable to outside equity interests	(40)	(40)	(8)	(8)	(5)	(5)
TOPrS distribution	(24)	(24)	(41)	(41)	(48)	(48)
FIRsTS distribution	(44)	—	(34)	(34)	—	—
2003 TPS distribution	(67)	(67)	—	—	—	—
2004 TPS distribution	(19)	—	—	—	—	—
Earnings	2,385	2,448	2,108	2,108	2,144	2,144
Weighted average number of ordinary shares (millions)						
Weighted average number of ordinary shares	1,846	1,846	1,824	1,824	1,812	1,812
Potential dilutive adjustment:						
Exercise of options	—	8	—	4	—	7
Conversion of 2004 TPS	—	22	—	—	—	—
Conversion of FIRsTS	—	41	—	—	—	—
Total weighted average number of ordinary shares	1,846	1,917	1,824	1,828	1,812	1,819
Earnings per ordinary share (cents)	129.2	127.7	115.6	115.3	118.3	117.9

During the year ended 30 September 2004, 9,181,919 (2003 8,540,979; 2002 9,742,767) options and performance share rights were converted to ordinary shares. The diluted earnings per share calculation included that portion of these options and performance share rights assumed to be issued for nil consideration, weighted with reference to the date of conversion. The estimated weighted average number included was 1,248,982 (2003 1,516,098; 2002 1,774,778). In determining diluted earnings per share, options with an exercise price greater than the average market price of Westpac shares for the year ended 30 September 2004 have not been included, as these were not considered dilutive. Subsequent to 30 September 2004, 21,710 performance share rights were granted (2003 nil; 2002 155,000 options) to employees under the Westpac Performance Plan.

Note 5. Group segment information

The basis of segment reporting reflects the management of the business within the Group, rather than the legal structure of the Group. The business segment results have been presented on a management reporting basis and, consequently, internal charges and transfer pricing adjustments have been reflected in the performance of each business segment. Intersegment pricing is determined on an arm's length basis.

Primary reporting – business segments

The business segments are defined by the customers they service and the services they provide. The Business and Consumer Banking segment is responsible for servicing and product development for consumer and smaller to medium-sized business customers within Australia. The BT Financial

Group designs, manufactures and services financial products that enable customers to achieve their financial goals through the accumulation, management and protection of personal wealth. The Institutional Banking segment represents primarily corporations and institutional customers either based in, or with interests in, Australia and New Zealand, and also provides certain services to middle-market business banking customers in Australia and New Zealand. The New Zealand Banking segment provides banking and wealth management services to consumer and retail business customers in New Zealand. Other includes the results of Business and Technology Solutions and Services, Group Treasury, Pacific Banking and Head Office functions. The majority of the direct operating expenses of Other are recharged back to the business segments as indicated in the internal charges line within operating expenses.

Note 5. Group segment information (continued)

	Consolidated 2004					
	Business and Consumer Banking \$m	BT Financial Group \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	10,071	1,882	2,599	2,359	1,215	18,126
Internal revenue	273	41	2,625	1,612	(4,551)	–
Total segment revenue	10,344	1,923	5,224	3,971	(3,336)	18,126
Interest income	8,315	129	1,568	1,835	1,092	12,939
Interest expense	(2,647)	–	(572)	(823)	(4,142)	(8,184)
Internal charges ¹	(2,245)	(54)	(544)	(208)	3,051	–
Net interest income	3,423	75	452	804	1	4,755
Non-interest income	1,203	727	761	413	151	3,255
Internal charges ¹	104	(174)	23	2	45	–
Operating income	4,730	628	1,236	1,219	197	8,010
Depreciation and goodwill amortisation	(124)	(70)	(8)	(105)	(120)	(427)
Other non-cash expenses	(79)	(11)	(16)	(2)	(118)	(226)
Other operating expenses	(1,703)	(315)	(395)	(508)	(530)	(3,451)
Bad and doubtful debts	(340)	–	5	(37)	(42)	(414)
Internal charges ¹	(623)	(43)	(136)	(16)	818	–
Profit from ordinary activities before income tax expense	1,861	189	686	551	205	3,492
Income tax expense	(569)	(54)	(204)	(185)	99	(913)
Net profit	1,292	135	482	366	304	2,579
Net profit attributable to outside equity interests	–	–	(3)	(3)	(34)	(40)
Net profit attributable to equity holders of Westpac Banking Corporation	1,292	135	479	363	270	2,539
Total assets	138,095	14,951	48,803	27,913	15,317	245,079
Total liabilities	92,291	11,122	33,617	25,070	66,662	228,762
Acquisition of fixed assets and goodwill	160	17	57	32	18	284

¹ Internal charges are eliminated on consolidation.

	Consolidated 2003					
	Business and Consumer Banking \$m	BT Financial Group \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	8,546	1,462	2,274	2,126	1,332	15,740
Internal revenue	242	53	1,313	(423)	(1,185)	–
Total segment revenue	8,788	1,515	3,587	1,703	147	15,740
Interest income	6,905	95	1,330	1,521	1,034	10,885
Interest expense	(2,129)	(1)	(535)	(750)	(3,144)	(6,559)
Internal charges ¹	(1,733)	(16)	(372)	(70)	2,191	–
Net interest income	3,043	78	423	701	81	4,326
Non-interest income	1,188	682	665	352	117	3,004
Internal charges ¹	110	(189)	33	1	45	–
Operating income	4,341	571	1,121	1,054	243	7,330
Depreciation and goodwill amortisation	(81)	(75)	(4)	(72)	(181)	(413)
Other non-cash expenses	(72)	(10)	(14)	(3)	(120)	(219)
Other operating expenses	(1,641)	(302)	(329)	(464)	(558)	(3,294)
Bad and doubtful debts	(321)	–	(107)	(45)	(12)	(485)
Internal charges ¹	(625)	(27)	(127)	(19)	798	–
Profit from ordinary activities before income tax expense	1,601	157	540	451	170	2,919
Income tax expense	(494)	(48)	(156)	(146)	116	(728)
Net profit	1,107	109	384	305	286	2,191
Net profit attributable to outside equity interests	–	–	(2)	(2)	(4)	(8)
Net profit attributable to equity holders of Westpac Banking Corporation	1,107	109	382	303	282	2,183
Total assets	123,313	13,922	52,235	22,471	9,398	221,339
Total liabilities	85,071	10,343	36,376	22,727	52,826	207,343
Acquisition of fixed assets and goodwill	177	888	113	92	17	1,287

¹ Internal charges are eliminated on consolidation.

Note 5. Group segment information (continued)

	Consolidated					
	2002					
	Business and Consumer Banking \$m	BT Financial Group \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	9,579	159	1,662	2,700	1,690	15,790
Internal revenue	180	32	526	34	(772)	–
Total segment revenue	9,759	191	2,188	2,734	918	15,790
Interest income	6,380	36	994	1,355	1,024	9,789
Interest expense	(1,839)	–	(492)	(711)	(2,542)	(5,584)
Internal charges ¹	(1,564)	(7)	(94)	7	1,658	–
Net interest income	2,977	29	408	651	140	4,205
Non-interest income	1,807	345	325	401	41	2,919
Internal charges ¹	116	(195)	33	2	44	–
Operating income	4,900	179	766	1,054	225	7,124
Depreciation and goodwill amortisation	(67)	(11)	(10)	(75)	(210)	(373)
Other non-cash expenses	(77)	(5)	(11)	(4)	(289)	(386)
Other operating expenses	(1,496)	(221)	(280)	(405)	(834)	(3,236)
Bad and doubtful debts	(367)	–	(96)	(51)	53	(461)
Internal charges ¹	(777)	(37)	(78)	(16)	908	–
Profit from ordinary activities before income tax expense	2,116	(95)	291	503	(147)	2,668
Income tax expense	(451)	33	10	(140)	77	(471)
Net profit ²	1,665	(62)	301	363	(70)	2,197
Net profit attributable to outside equity interests	–	–	–	(1)	(4)	(5)
Net profit attributable to equity holders of Westpac Banking Corporation	1,665	(62)	301	362	(74)	2,192
Total assets	105,153	9,099	49,122	19,944	7,719	191,037
Total liabilities	76,333	7,342	37,361	21,403	38,130	180,569
Acquisition of fixed assets and goodwill	200	333	6	74	1	614

1 Internal charges are eliminated on consolidation.

2 This included the net profit on the sale of shares in Australia Guarantee Corporation Limited of \$662 million in Business and Consumer Banking and \$92 million in New Zealand Banking for the sale of certain assets of Australia Guarantee Corporation (NZ) Limited.

Note 5. Group segment information (continued)

Secondary reporting – Geographic segments

Geographic segmentation of revenue, net profit, assets and acquisition of fixed assets and goodwill is based on the location of the office in which these items are booked. Intersegment pricing is determined on an arm's length basis.

	2004		2003		2002	
	\$m	%	\$m	%	\$m	%
Operating revenue						
Australia	14,838	81.9	12,750	81.0	12,480	79.0
New Zealand	2,808	15.5	2,623	16.7	3,197	20.3
Other ¹	480	2.6	367	2.3	113	0.7
Total	18,126	100.0	15,740	100.0	15,790	100.0
Profit from ordinary activities before income tax expense						
Australia	2,464	70.5	2,267	77.7	2,113	79.2
New Zealand	718	20.6	430	14.7	662	24.8
Other ¹	310	8.9	222	7.6	(107)	(4.0)
Total	3,492	100.0	2,919	100.0	2,668	100.0
Net profit attributable to equity holders of Westpac Banking Corporation						
Australia	1,584	62.4	1,604	73.5	1,866	85.1
New Zealand	638	25.1	386	17.7	466	21.3
Other ¹	317	12.5	193	8.8	(140)	(6.4)
Total	2,539	100.0	2,183	100.0	2,192	100.0
Assets						
Australia	197,901	80.8	179,908	81.3	151,918	79.5
New Zealand	38,062	15.5	32,945	14.9	30,972	16.2
Other ¹	9,116	3.7	8,486	3.8	8,147	4.3
Total	245,079	100.0	221,339	100.0	191,037	100.0
Acquisition of fixed assets and goodwill						
Australia	229	80.8	1,168	90.8	539	87.8
New Zealand	44	15.5	107	8.3	74	12.0
Other ¹	11	3.7	12	0.9	1	0.2
Total	284	100.0	1,287	100.0	614	100.0

¹ Other includes Pacific Islands, Asia, Americas and Europe.

Note 6. Events occurring after reporting date

On 29 October 2004, Westpac announced the signing of an underwriting agreement with respect to an Initial Public Offering (IPO) of the Hastings Diversified Utilities trust structure (the Trusts). The IPO will result in the Group losing control of the

Trusts and the natural gas pipeline assets they hold subsequent to balance date.

There will be no significant impact on the financial performance of the Group as a result of the transaction.

Directors' declaration

In accordance with a resolution of the Directors of Westpac Banking Corporation ("Westpac"), the Directors declare that the accompanying Concise Financial Report of the consolidated entity, for the year ended 30 September 2004 set out on pages 68 to 78:

(a) has been derived from or is consistent with the Annual Financial Report for the financial year; and

(b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

Dated at Sydney this 8th day of November 2004

For and on behalf of the Board.

Leon A. Davis
Chairman

David Morgan
Chief Executive Officer

Independent audit report to the members of Westpac Banking Corporation

Audit opinion

In our opinion, the concise financial report of Westpac Banking Corporation for the year ended 30 September 2004 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Westpac Banking Corporation (Westpac) for the year ended 30 September 2004.

The directors of Westpac are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of Westpac.

Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence.

Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of Westpac for the financial year ended 30 September 2004.

Our audit report on the full financial report was signed on 8 November 2004, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report; and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

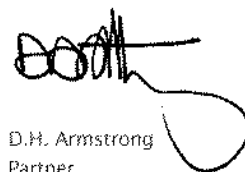
When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



PricewaterhouseCoopers



D.H. Armstrong
Partner
Sydney
8 November 2004

Information for shareholders

Shareholders' calendar

Record Date for final dividend	24 November 2004
Record Date for final dividend (New York)	25 November 2004
Final dividend payable	15 December 2004
Annual General Meeting	16 December 2004
Half year end	31 March 2005
Interim results and dividend announcement	5 May 2005
Record Date for interim dividend	7 June 2005 *
Record Date for interim dividend (New York)	6 June 2005 *
Interim dividend payable	1 July 2005 *
Year end	30 September 2005
Final results and dividend announcement	3 November 2005
Record Date for final dividend	23 November 2005 **
Record Date for final dividend (New York)	22 November 2005 **
Final dividend payable	14 December 2005 **
Annual General Meeting	15 December 2005 #

* Dates will be confirmed at the time of announcing 2005 interim results.

** Dates will be confirmed at the time of announcing 2005 final results.

Details regarding the date of this meeting, and the business to be dealt with, will be contained in the separate Notice of Meeting sent to shareholders in November 2005.

Annual General Meeting

The Westpac Annual General Meeting (AGM) will be held at the Carlton Hotel, Auckland, New Zealand, on Thursday 16 December 2004, commencing at 2.30pm (New Zealand Daylight Saving Time).

To assist those who are unable to attend the AGM in Auckland, the AGM will be transmitted live to an information meeting that will be held for shareholders in the Wentworth Ballroom at the Sofitel Wentworth Sydney, commencing at 12.30pm (Australian Eastern Daylight Saving Time). At the information meeting in Sydney shareholders will be able to observe the AGM proceedings by way of the audio-visual broadcast and ask questions but will not be able to vote at that meeting.

The AGM will be webcast live on the internet at www.westpac.com.au/investorcentre and an archive version will be placed on the website to enable the AGM proceedings to be viewed at a later time.

Voting rights

Ordinary Shares

On a show of hands, each shareholder present in person, each proxy who is not a shareholder and each duly appointed corporate representative who is not a shareholder, shall have one vote.

On a poll, each shareholder shall have one vote for each fully paid share held, each person present as a proxy and each duly appointed corporate representative shall have one vote for each fully paid share held by the shareholder that the person represents.

New Zealand Class Shares

Holders of this class of share are not personally able to vote at a general meeting of Westpac, but may give voting directions on agenda items in the event of a poll.

Dividends payment

Holders of Westpac ordinary shares traded on Australian Stock Exchange Limited (ASX) may elect, by notification to the Westpac share registry, ASX Perpetual Registrars Limited:

- to receive their Westpac ordinary share dividends by **cheque** or by **direct credit** to an account with Westpac or any other bank in Australia, New Zealand, or the United Kingdom, or with any building society or credit union in Australia. We recommend that where possible shareholders elect to receive their dividends by direct credit. Any change to existing direct credit details should be promptly notified to ASX Perpetual Registrars Limited in writing;

or

- if they are resident in, or their address on the register of shareholders is in, Australia or New Zealand, to have the dividends on some or all of their ordinary shares automatically reinvested in additional shares by participating in the **Dividend Reinvestment Plan (DRP)**.

Details of the DRP can be obtained at www.westpac.com.au/investorcentre, click on "Shareholder Services" and into "Dividend Information", then under Ordinary Shares, click on "Dividend Reinvestment Plan", or by contacting ASX Perpetual Registrars Limited (refer contact details on page 84).

Stock Exchange Listings

Westpac Ordinary Shares are listed on:

- Australian Stock Exchange Limited (code WBC);
- New York Stock Exchange (NYSE), as American Depositary Shares (code WBK);
- Tokyo Stock Exchange, Inc.; and
- New Zealand Exchange Limited (NZX).

Westpac FIRsTS (code WBKPA) are listed on the Australian Stock Exchange Limited. Westpac FIRsTS (Fixed Interest Resettable Trust Securities) are units in the Westpac First Trust.

New Zealand Class Shares (code WPT) are listed on the NZX and have been trading since October 1999. NZ Class Shares are a distinct class of shares in Westpac (NZ) Investments Limited.

Limit on size of shareholdings

There are limits on the acquisition of a shareholding in a bank under the Financial Sector (Shareholdings) Act 1998. Under this Act, a person (including a company) must not acquire an interest in an Australian financial sector company (which includes banks) where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 15% of the voting power of the financial sector company, without first obtaining the Federal Treasurer's approval. Even if a person has less than 15% of the voting power, the Federal Treasurer has the power to declare that a person has practical control of that company and, by applying for an order from the Federal Court of Australia, may require the person to relinquish that control.

Sources of information for shareholders

Westpac's internet site – www.westpac.com.au

The "Investor Centre" at www.westpac.com.au/investorcentre provides important information about Westpac and its shares, including annual reports, financial results, news and information, contacts, and important dates. There is also a link to the share registry of Westpac, ASX Perpetual Registrars Limited, for information about your shareholding – access it via "Shareholder Services" and then into "Share Registries".

An overview of Westpac's businesses and history can be found at the "Investor Centre" under "Corporate Information".

Annual Report

The annual report to shareholders is provided in two parts:

- a Concise Annual Report; and
- an Annual Financial Report.

Both parts are lodged with the ASX and the Australian Securities and Investments Commission (ASIC) and other exchanges and regulators as required. They are available on www.westpac.com.au under the "Westpac Info" tab at "Annual Report" in "Main Menu".

The main source of information is the Concise Annual Report, available as outlined above at www.westpac.com.au or in hard copy that is mailed to shareholders (who have elected to receive it) in November. Westpac, being very mindful of the environmental impact of printing hard copies of the annual reports, also places a user-friendly version of the Concise Annual Report on our website – see below on how to register your email address so as to be notified when it is available.

Shareholders who:

- do not wish to receive the Concise Annual Report; or
- who are receiving more than one copy; or
- who wish to receive the full annual report,

should notify ASX Perpetual Registrars Limited of their preference(s). Irrespective of individual elections regarding the method of receipt of the annual report, all shareholders will continue to receive all other shareholder information.

Shareholders can register their email address and receive information electronically. This provides fast access to information and, by reducing printing, paper usage and mail delivery, is friendlier to the environment. To register, go to www.westpac.com.au/investorcentre and click on "register your email" under "Shareholder News". At the time of registration, you can choose which information you would like to receive by email.

Other information

Other sources of information produced during the year include:

- a newsletter containing a review of performance, which is mailed to shareholders with dividend statements in July and December;
- an annual Summary of Performance published in Japanese for shareholders in Japan;
- documents lodged with the ASX and the NZX;
- documents lodged from time to time in the USA, at the NYSE and the Securities and Exchange Commission, to comply with that country's regulatory requirements; and
- annual reports and information booklets produced by controlled entities and businesses of Westpac.

Information for shareholders

Top twenty ordinary shareholders at 6 October 2004

	No. of fully paid ordinary shares	% held
JP Morgan Nominees Australia Limited	303,796,584	17.09
Westpac Custodian Nominees Limited	210,705,275	11.85
National Nominees Limited	194,763,170	10.95
Citicorp Nominees Pty Limited	113,052,632	6.36
RBC Global Services Australia	72,989,767	4.11
Cogent Nominees Pty Limited	43,774,813	2.46
ANZ Nominees Limited	43,285,451	2.43
Queensland Investment Corporation	29,059,160	1.63
AMP Life Limited	22,296,055	1.25
HSBC Custody Nominees	13,985,432	0.79
Australian Foundation Investment Company Limited	11,786,616	0.66
Permanent Trustee Australia Limited	11,603,565	0.65
IAG Nominees Pty Limited	8,533,134	0.48
Government Superannuation Office	8,110,474	0.46
Bond Street Custodians Limited	8,108,912	0.46
PSS Board	6,803,175	0.38
Victorian Workcover Authority	6,187,012	0.35
CSS Board	5,598,939	0.31
IOOF Investment Management	5,551,506	0.31
Milton Corporation Limited	5,196,639	0.29
	1,125,188,311	63.27

Top twenty shareholders hold 63.27 per cent of total ordinary shares issued.

Substantial shareholders at 6 October 2004

There are no shareholders appearing on the Register of Substantial Shareholders as at 6 October 2004.

Analysis of holdings at 6 October 2004

By range:	No. of holders of ordinary fully paid	%	No. of ordinary shares ('000)	%	No. of holders of options and rights to subscribe for ordinary shares*
1 – 1,000	121,034	53.64	54,437	3.06	2
1,001 – 5,000	81,035	35.91	183,794	10.34	196
5,001 – 10,000	13,948	6.18	99,265	5.58	264
10,001 – 100,000	9,222	4.09	200,486	11.28	530
100,001 and over	407	0.18	1,239,933	69.74	67
Totals	225,646	100.00	1,777,915	100.00	1,059

* Issued under Senior Officers' Share Purchase Scheme, General Management Share Option Plan, 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001, the Chief Executive Securities Agreement 2003 and the Westpac Performance Plan.

Percentage of total securities held by Top 20 shareholders in each class 63.27 53.82

Holdings of less than a marketable parcel 4,975

By domicile:	No. of holders*	% of holdings	No. of issued shares and options ('000)	% of issued shares and options
Australia	216,839	95.65	1,792,068	98.52
New Zealand	6,776	2.99	14,471	0.80
United Kingdom	1,533	0.68	5,288	0.29
United States	329	0.15	1,365	0.08
Singapore	217	0.10	1,905	0.10
Other overseas	1,011	0.45	3,895	0.21
Totals	226,705	100.00	1,818,992	100.00

* Some registered holders own more than one class of security.

Top twenty NZ Class shareholders at 6 October 2004

	No. of fully paid NZ Class Shares	% held
New Zealand Central Securities Depository Limited	9,233,287	17.20
Custodial Services Limited	809,074	1.51
Galt Nominees Limited	500,163	0.93
Forbar Custodians Limited	469,978	0.88
First NZ Capital Custodians Limited	321,000	0.60
Moturua Properties Limited	283,721	0.53
ASB Nominees Limited	252,260	0.47
Amalgamated Dairies Limited	224,100	0.42
Avalon Investment Trust Limited	222,500	0.41
ABN Amro Nominees NZ Limited	212,033	0.39
Challenge Investment Company Limited	209,400	0.39
Paradise Finance Limited	188,000	0.35
Investment Custodial Services Limited	187,974	0.35
Surrey Charles Innes Kent	172,000	0.32
Custodial Nominees Limited	133,074	0.25
Leveraged Equities Custodians Limited	131,506	0.24
Ace Finance Limited	131,049	0.24
Auckland Medical Research Foundation	129,060	0.24
Dublin Nominees Limited	100,000	0.19
AMI Insurance Limited	85,511	0.16
	13,995,690	26.07

Top twenty shareholders hold 26.07 per cent of total NZ Class Shares issued.

Note:

- Westpac (NZ) Investments Limited holds 1,059,401 (1.97%) NZ Class Shares as treasury stock. These shares were purchased through an on-market share buy-back that was announced on 6 May 2004 and commenced on 8 June 2004. The buy-back will continue for a maximum period of six months from commencement date, or until the targeted amount of 1,125,000 NZ Class Shares have been repurchased. The shares, while held as treasury stock, have all rights and obligations suspended until reissued or cancelled.
- Under the original terms of issue, NZ Class Shares may be exchanged for ordinary shares in Westpac upon the occurrence of certain limited events which, depending on the nature of the event, may result in a compulsory exchange, an exchange at the option of Westpac or an exchange at the option of the NZ Class shareholder. Westpac now has a right to trigger an exchange event as a consequence of changes in tax law as it will be subject to franking debits in respect of some payments in the NZ Class share structure. It is anticipated that franking debits will apply from July 2005. Westpac is considering its position.

Analysis of NZ Class holdings at 6 October 2004

By range:	No. of holders of NZ Class fully paid	%	No. of NZ Class Shares ('000)	%
1 – 1,000	22,562	73.48	9,521	17.73
1,001 – 5,000	6,897	22.46	15,630	29.11
5,001 – 10,000	838	2.73	6,141	11.44
10,001 – 100,000	368	1.20	8,080	15.05
100,001 and over	38	0.13	14,323	26.67
Totals	30,703	100.00	53,695	100.00
Holdings of less than a marketable parcel	1,024			
By domicile:	No. of holders	% of holdings	No. of issued shares ('000)	% of issued shares
New Zealand	30,324	98.77	53,346	99.35
Australia	225	0.72	192	0.35
United Kingdom	52	0.17	40	0.07
United States	21	0.07	19	0.03
Hong Kong	11	0.04	20	0.04
Other overseas	70	0.23	78	0.16
Totals	30,703	100.00	53,695	100.00

Useful Information

On-line

Australia

Westpac's internet site www.westpac.com.au provides information for shareholders and customers and is the gateway to Westpac's internet banking and broking services. The site also provides information on Westpac's products, economic updates, community sponsorships and support activities, media releases, and other information relating to Westpac's 187-year history. An overview of Westpac's businesses and history can be found at www.westpac.com.au/Investorcentre under "Corporate Information".

New Zealand

www.westpac.co.nz provides the gateway to Westpac's internet banking services. The site also provides a comprehensive home buying guide and information for customers on a range of Westpac products, economic updates, news and information, key financial results, sponsorships and other community activities.

Westpac Investor Relations

Information other than that relating to your shareholdings can be obtained from:

Investor Relations
Level 25, 60 Martin Place
Sydney NSW 2000 Australia
Australia: Telephone: (02) 9226 3143, Facsimile: (02) 9226 1539
Overseas: Telephone: 61 2 9226 3143, Facsimile: 61 2 9226 1539
Email: westpac@westpac.com.au

Share registries

For information about your shareholding or to notify a change of address etc., you should contact the appropriate share registry.

Australia

Ordinary shares

ASX Perpetual Registrars Limited
Level 8, 580 George Street, Sydney NSW 2000
Postal address: Locked Bag A6015, Sydney South NSW 1235
Website: www.asxperpetual.com.au

Shareholder enquiries:

Telephone: (02) 8280 7070 or 1800 804 255 (toll free in Australia)
Facsimile: (02) 9287 0303, Email: registrars@asxperpetual.com.au

A link to the ASX Perpetual Registrars Limited website is available at www.westpac.com.au/investorcentre at "Shareholder Services" and then into "Share Registries". The www.asxperpetual.com.au site allows you to view and in some instances, amend your holding details, obtain historical information and under "FAQs" find answers to the most frequently asked questions, including how to make changes to your address or dividend payment arrangements and how to select your communications preferences.

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ASX Perpetual Registrars Limited
Level 8, 580 George Street, Sydney NSW 2000
Postal address: Locked Bag A14, Sydney South NSW 1235
Telephone: 1300 888 736 (Australia), Facsimile: 02 9287 0303
Telephone: 0800 111 149 (New Zealand)

New Zealand (NZ Class Shares only)

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road,
Takapuna, North Shore City, New Zealand
Postal address: Private Bag 92119, Auckland 1020, New Zealand

Shareholder enquiries: (09) 488 8777

Facsimile: (09) 488 8787, Telephone: (09) 488 8700
Email: enquiry@computershare.co.nz

Depository in USA for American Depositary Shares (ADS)*

listed on New York Stock Exchange (code WBK - CUSIP 961214301)
JPMorgan Chase Bank
4 New York Plaza, 13th Floor, New York NY 10004 USA
Telephone: (212) 623 0347, Facsimile: (212) 623 0079

ADS/ADR holder enquiries

Telephone: (781) 575 4328, Facsimile: (781) 515 4088
Email: adr@jpmorgan.com, Website: www.adr.com

* Each ADS equals five, fully paid ordinary shares.

Paying and share handling agent in Japan for shares listed on

Tokyo Stock Exchange
The Mitsubishi Trust and Banking Corporation
1-7-7 Nishi-Ikebukuro, Toshima-ku
Tokyo 171-8508, Japan
Telephone: (3) 5391 1900, Facsimile: (3) 5391 2041
Website: www.mitsubishi-trust.co.jp

How to contact us

In Australia - At www.westpac.com.au go into "Contact Us" and click on "Telephone directory", or call us on the following:

Account enquiries and general information:

~ personal customers	132 032	ATM enquiries and service difficulties	1800 022 022
~ business customers	132 142	BT Financial Group	132 135
Home loan enquiries	131 900	Westpac Financial Services	131 817
Cardholder enquiries and lost and stolen cards	1300 651 089	Westpac Broking	131 331

In New Zealand - At www.westpac.co.nz go into "About Us" and under "Westpac New Zealand", click on "Contact Us", or call us on the following:

Account enquiries and general information:

~ personal customers	0800 400 600	Home loan enquiries	0800 177 277
~ private and priority	0800 900 910	Cardholder enquiries and lost and stolen cards	0800 888 111
~ business customers	0800 177 377	ATM enquiries and service difficulties	0800 400 600
~ agribusiness customers	0800 177 155	Financial services - investments and insurances	0800 738 641
~ telephone banking self service	0800 172 172	General insurance	0800 809 378

Note: Calls prefixed 1800 in Australia and 0800 in New Zealand are free calls; 13 or 1300 numbers are the cost of a local call in Australia.