



# Juicy result...



# ...versus public resentment.

4

#### **Chairman's report**

In his first year in the hot seat, Leon Davis outlines the year's result and sets the agenda for the bank's commercial and social objectives.

10

#### **Chief Executive Officer's review**

David Morgan tackles the issues customers are most concerned about and explains what Westpac is doing about them.

34

#### **Community involvement**

Balancing our economic goals and achievement with our genuine involvement in the community.

36

#### **Environmental responsibility**

Ten years of environmental milestones, aimed at minimising the impact our business has on the environment.

38

#### **Westpac at a glance**

Who's responsible for what and an overview of how we go about our business.

44

#### **Board of Directors**

The buck stops here. A list of our Directors and their credentials.

46

#### **Corporate Governance**

A statement covering the role of the board, its committees, codes of conduct, policies and other good governance issues.

52

#### **Directors' report**

The affairs of the bank and board, including the state of affairs, Directors' interests, remuneration practices and other matters.

60

#### **Concise financial statements**

A summary of key financial information for the year, accompanied by a ten year summary.

72

#### **Shareholder information**

Useful information for shareholders including the 2002 financial calendar, share registry information, and a full contact directory.



# Seeing

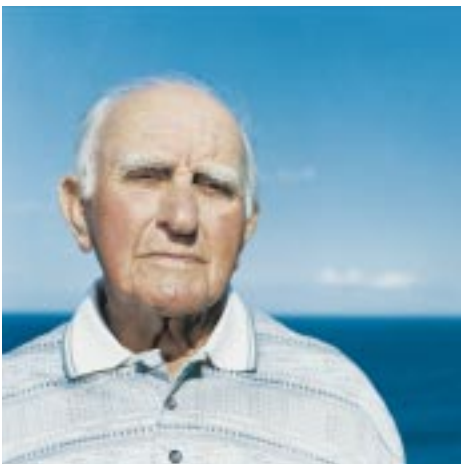
Where  
did the  
bank go?

Improving access to our services  
**Page 12**



Where's  
the value  
for money?

Delivering value for money  
**Page 20**



Is anyone  
listening?

Acting on customer complaints  
**Page 16**



# red!

Westpac has had another bumper year, but not everyone is happy. Anti-bank sentiment is running red hot. Many people feel our progress has been made at their expense or, at best, without benefit to them. We stand accused of abandoning our social responsibility by pursuing the bottom line, at any cost. This view is clearly not good for business. It is an issue so fundamental to the sustainability of our long-term success that it cannot and will not be ignored. The way forward depends on our ability to share the benefits of the banking revolution with all our customers and the wider community. In this report we outline the decisive actions we are taking to address these issues and win back the public's faith.



Would you  
work for  
a bank?

Backing our people  
Page 28



Are too  
few people  
benefiting?

Reaching everyone  
Page 24

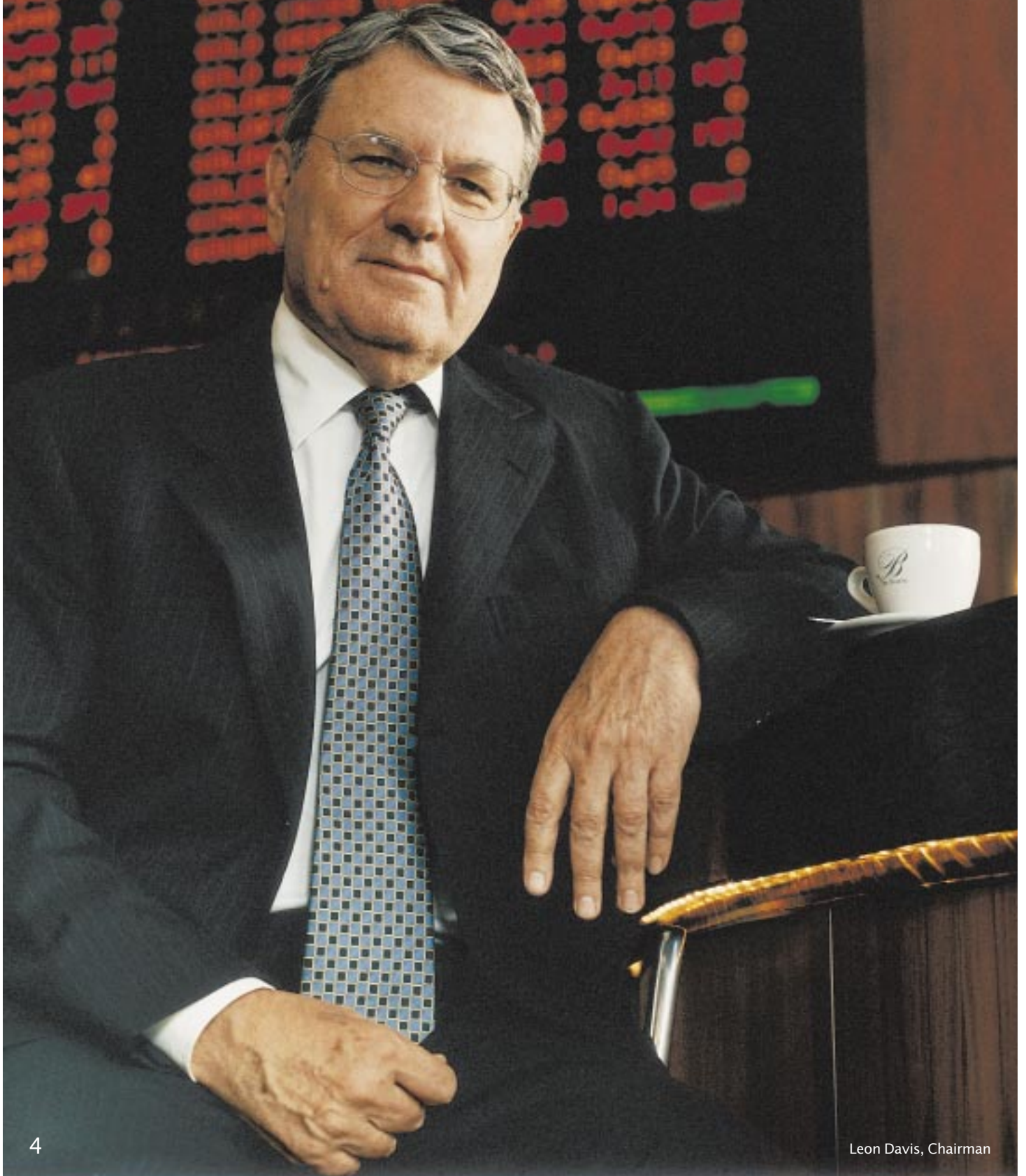


Are banks  
doing what  
they say  
they'll do?

Update on our five point plan  
Page 32

# The hot seat

Chairman's Report



My first year in the chair has been both interesting and extremely rewarding. We have worked hard to implement our plan outlined in last year's report and it is already paying dividends for us. We have realised our best result ever and we are rightly proud of this achievement.

But we are under no illusions about what comes next. We continue to grapple with the fundamental issues facing the banking industry, our reputation and our future sustainability. We recognise the need to support our economic goals and achievements with social and environmental ones.

This is not just a matter of being better liked by our customers or appeasing negative public sentiment. We genuinely believe a fresh approach makes good business sense. We are confident that by cutting through the prejudice and resentment surrounding banks and by demonstrating an affinity with all our stakeholders, especially customers, we will be able to achieve even better results in the future.



## Chairman's Report

Our profit result detailed in this report is a reality check for Westpac. It is the reality of our business because the worth of our company and the respect in which it is held cannot be separated from our financial performance.

The profit of \$1,903 million was the ninth consecutive annual improvement in profit performance. It was up 11% over last year's profit and was the result of sustained performance momentum built up in recent years.

Not surprisingly, this is adding up to strong results for our shareholders. Earnings per share is up 16% on the same period last year, with a return on equity of 21.1%.

**This solid, well-balanced financial result has allowed the board to announce a final dividend of 32 cents per share. Together with the interim dividend of 30 cents per share, the full year dividend of 62 cents fully franked represents a 15% increase over the previous year.**

This is a dividend payout ratio of 60.3%, broadly in line with the level of recent years. Your board believes this payout level is prudent and in the long term interests of shareholders.

The revenue story this year speaks for itself. We have improved revenues by substantially deepening our core franchise and increasing our market share in key products. This has led to a 21% increase in the number of customers generating significant economic value.

More importantly, we are making progress on our strategy of winning the respect of our customers. The number of customers who have a multi-product relationship with us continues to grow as a result. We believe we have achieved this through the use of better management tools while offering customers cost effective, simple services that meet their needs and products that are attractive and competitive. We recognise that to stay competitive we must have a culture of continuous improvement in this area.

We have also dealt decisively with our past cost inefficiencies and reduced our cost to income ratio from 62.9% in 1996 to just 51.5% today. All other things being equal, it is heading lower. We expect our cost containment will continue to

benefit from access to enhanced scale by partnering with several leading global players to outsource some of our service and processing activities that are not central to our customer strategy.

**Perhaps the aspect of our result that is receiving the most attention is the health of our asset quality. Despite the recent tumult in world financial markets following the September terrorist attacks in the United States and the broader downturn in global economic conditions, our asset quality is holding up well.**

Our provisioning cover remains world class at 177% of our impaired assets. While sharply up from the very low levels of recent years, our bad and doubtful debt charge at 32 basis points of our loans and acceptances is still at or below typical averages for banks of our type at this stage of the economic cycle. This increase also included a one-off post tax write-off of approximately \$40 million related to collection systems issues at our finance company, Australian Guarantee Corporation Limited. Appropriate action has been taken to ensure there is no recurrence.

The year was also notable for the much-publicised credit problems of a small number of large corporations. Consistent with our dynamic provisioning approach, we are confident that we are adequately covered for any residual exposures.

We also remain prudently capitalised in line with our targeted capital levels. After buying back 57 million shares at an average price of \$13.30 during the year, our Tier 1 capital ratio of 6.3% remains well in excess of the 4% minimum required by regulators. At year-end, our market capitalisation was \$24 billion, an increase from \$23 billion a year ago.

Despite the strength of the overall profit result, we are well aware that the market will quickly look beyond it and focus on the long term sustainability of our earnings momentum.

It is from this longer term perspective that we believe this profit result can be viewed positively. It reflects an enhanced growth momentum built up over a number of periods. Added to this, our active credit risk and capital management practices, now firmly embedded

**“The task of ensuring our long term sustainability goes beyond just the financial dimension. Our customers and the community more generally are telling us very clearly that we need to take greater account of our impact on society and treat it as a business basic, and I absolutely agree.”**

across our business, position us well to deal with these times of economic uncertainty. It is this approach to risk management, and what lies behind it, that augurs well for Westpac and its prospects for the coming years.

We believe the foundation for our future is the potential organic growth existing within our 8.2 million customer base. As well as winning new customers, we intend to deliver this growth through meeting customer needs with integrated, total financial solutions. Geographically, we will remain focused on expanding all of our businesses in Australia, New Zealand and the near Pacific and not competing in markets where we do not have any comparative advantage. Likewise, we will not seek growth just for growth's sake. We aim to balance growth with acceptable returns to our shareholders.

But the task of ensuring our longer term sustainability goes beyond just the financial dimension. Our customers and the community more generally are telling us very clearly that we need to take greater account of our impact on society and treat it as a business basic.

**We need to not only excel in how we manage our financial and physical capital; we also need to excel in how we benefit society more generally.**

A good business should be both financially successful and a good corporate citizen. We know that to produce sound and sustainable results for our shareholders we must not only constantly deliver for our customers, we must also fully meet our responsibilities to our staff and to the community. We readily accept our wider corporate responsibilities and see fulfilling them as fundamental to our longer-term sustainability and growth.

We have established a new Board Committee on Social Responsibility in an effort to realise on this aim. The committee will consider and review the social and ethical impacts of all of our activities and establish and maintain standards for our practices.

It is also why we have adopted a different approach in this report by balancing the discussion of our financial

achievements with a discussion of how we are thinking differently and demonstrating genuine corrective action. We are seeking to cut through the prejudice and resentment surrounding banks.

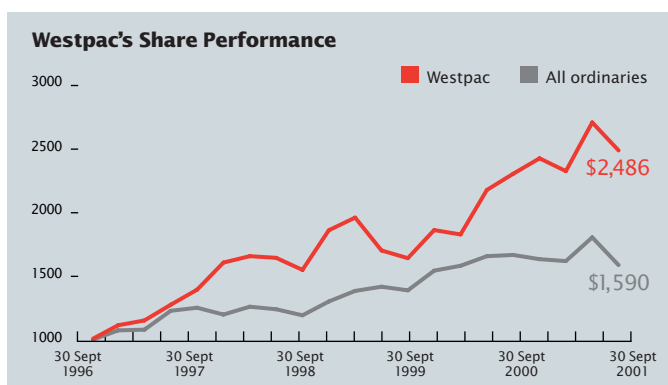
Our financial results and social responsibility progress reflect the efforts of all our staff. They are the keys to unlocking the opportunities that exist with both our customers and the communities in which we live and serve. Our staff have demonstrated a truly remarkable capacity for achievement in an environment of rapid change, increasing competition, and heightened community demands. On behalf of the board, I thank them all for their continuing hard work and dedication.

As advised at last year's Annual General Meeting (AGM), Pat Handley resigned as Chief Financial Officer and an executive director in January 2001. John Morschel also resigned as a non-executive director in July 2001. Pat and John joined Westpac at a crucial time in its history and made significant contributions during their tenure.

Your board will see several further changes after this year's AGM. Professor Warren Hogan and Ian Harper have reached the agreed retirement age for non-executive directors. Eve Mahlab has also decided not to seek re-election at this year's AGM. Eve, Warren and Ian have all contributed greatly to the fortunes of Westpac and your board thanks them for their contribution.

In November, the board appointed Mr Ted Evans as a director. Ted brings a wealth of experience in finance after a distinguished career in the public sector culminating as Secretary of the Treasury. He retired from this position in April this year.

That is the story of our year. We believe that our focus on our customers, and the significant opportunities that exist within Australia, New Zealand and the near Pacific, will be the path to delivering sustainable growth for shareholders. This focus has led us not only to this year's result, but also to a future about which we are very confident. We believe our shareholders have every reason to share that confidence.

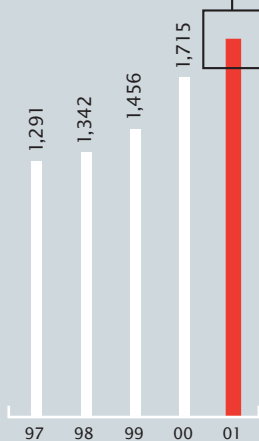


One thousand dollars invested in Westpac on 30 September 1996 would have grown in value to \$2,486 (assuming dividends were reinvested) as at 30 September 2001, which represents a compound annual return of 20.0%. The same investment in the All Ordinaries Accumulation Index (which adjusts for all dividends paid on stocks in the index) would have grown to \$1,590 representing a compound annual return of 9.7%.

# The juicy

## Chairman's Report

\$1,903m

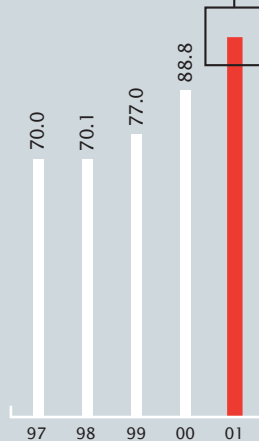


### Profit

Operating profit after tax and before abnormals, attributable to shareholders.

Net profit increased by 11% to \$1,903 million. This result is the ninth consecutive annual profit improvement. The latest result demonstrates the continued delivery of revenue growth, improved operational efficiency and sound credit quality.

102.8c

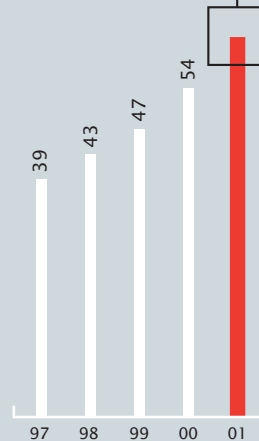


### Earnings

Earnings per share, before abnormals.

Earnings increased to 102.8 cents per share, an improvement of 16% on the previous year. The improved earnings per share growth reflects the strong profit performance and the repurchase of 57 million ordinary shares in the year.

62c

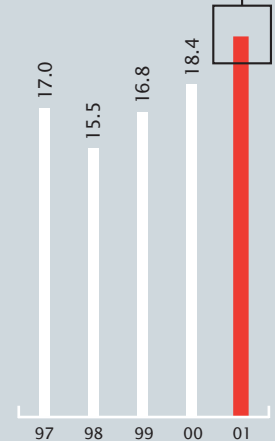


### Dividends

Dividends per ordinary share.

The strong growth in earnings has allowed the Board to announce a total dividend of 62 cents for the year, fully franked. This represents an increase of 8 cents or 15% on the prior year. The dividend represents a payout ratio of 60.3%, consistent with the level of recent years.

21.1%

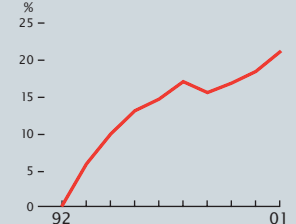
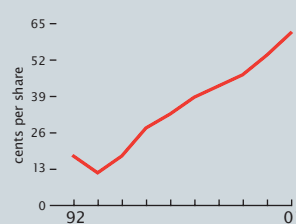
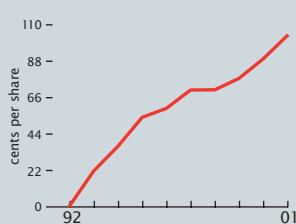
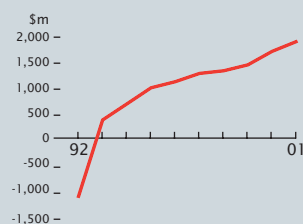


### Return

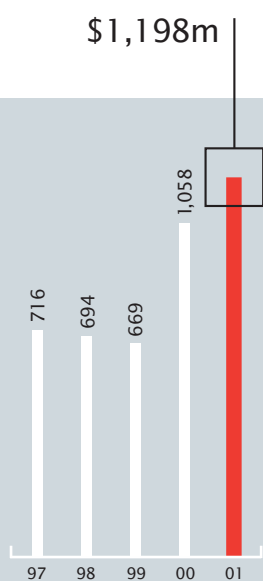
Return on average ordinary equity, before abnormals.

The return on equity increased to 21.1% from 18.4% last year, continuing the consistent improvement of recent years and in line with our aim to deliver an appropriate balance between growth and returns.

### Ten year trends



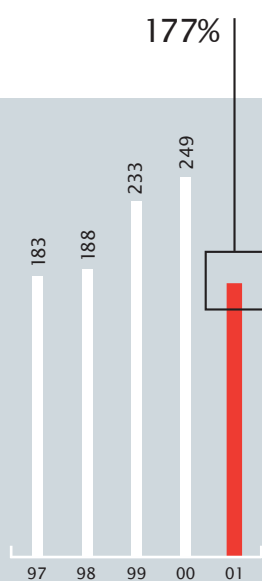
# bits



## Economic Profit

The excess of net profit after tax, plus 70% of the face value of franked dividends, over the minimum required rate of return on equity invested of 12%.

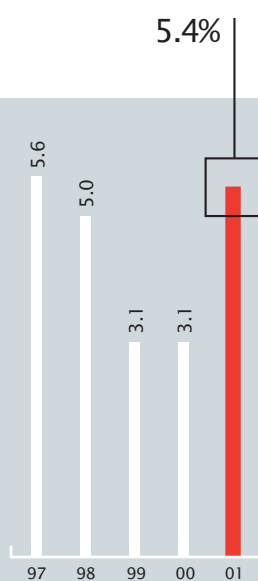
Economic profit improved by 13% over the year, from \$1,058 million to \$1,198 million. This reflects the improved profitability complemented by our capital management initiatives.



## Provisions

Total provisions to total impaired assets.

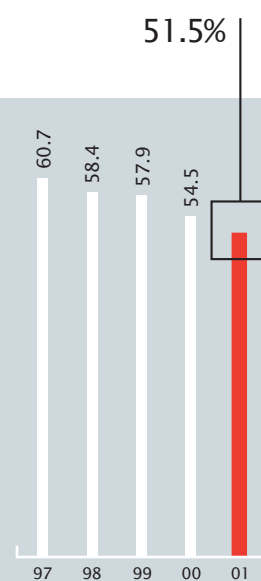
Total provisions for impaired assets at 177%, down from the peak level of 249% of last year, continues to provide a high level of coverage which is at the upper end compared to our Australian and global peer banks.



## Asset Quality

Net impaired assets to equity and general provisions.

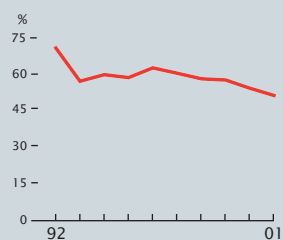
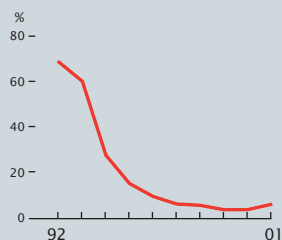
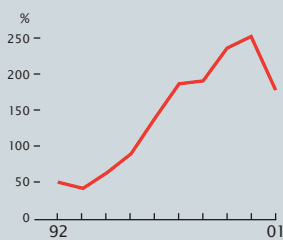
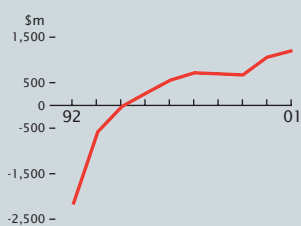
The ratio increased from 3.1% to 5.4%, moving up from the recent historical lows but consistent with our expectations at this point of the credit cycle.

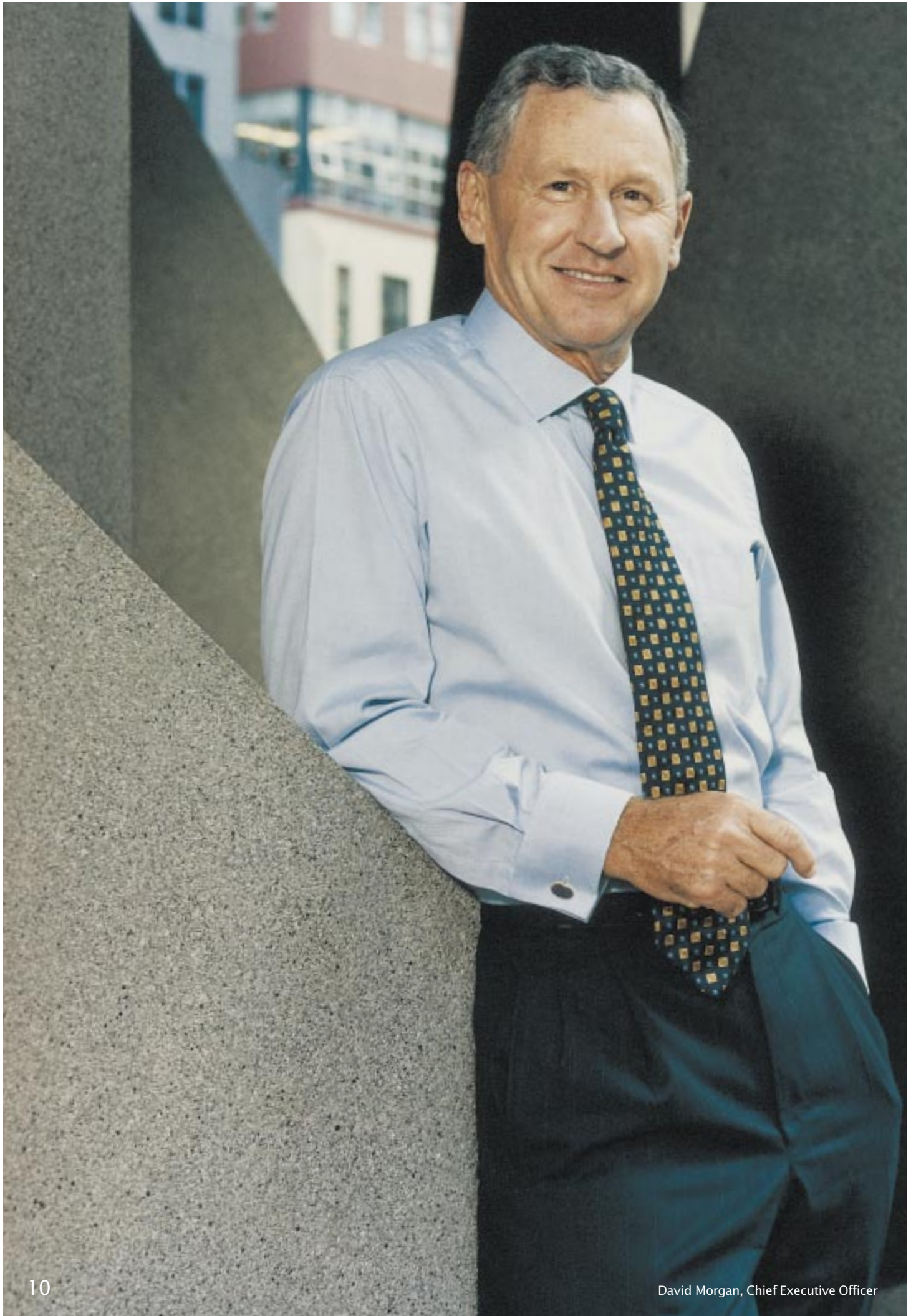


## Efficiency

Expense to income ratio, before amortisation of goodwill.

The ratio continued to improve, falling to 51.5% from 54.5% last year. Expenses increased by only 2% on 2000 levels despite increased business volumes and the absorption of increased restructuring costs and incremental goods and services tax costs.





# Getting real

## Chief Executive Officer's Review

People don't like banks. This is an unarguable fact that we can ill afford to ignore. That's why we have set ourselves a clear challenge: to front up and tackle the issues that our customers are most concerned about. We owe them a clear explanation and, most importantly, practical cost effective solutions. To restore trust we must demonstrate a genuine empathy for their needs. We must ensure that the revolution of our times works for all our customers and to the benefit of the whole community. Our commitment to meeting this challenge demands fresh thinking and decisive action.

We are proud of our recent achievements. Our ninth successive annual profit improvement speaks for itself. We could be forgiven a moment of self congratulation.

But we had better keep our celebrations quiet, because if the public hear us they are bound to say it is yet more evidence that we are out of touch, or so arrogant we don't care.

To say banks are unpopular is putting a gloss on it. Certainly some of our customers – too many – think it's been a one way street: that we deliver minimum service at maximum cost; that to satisfy our shareholders and our larger customers we pursue the bottom line at any cost, including theirs. And, like many in the community, they say we are not living up to our responsibilities to the broader community.

Obviously, there have been unpopular decisions, like branch closures. Community hostility has crystallised around them. But the causes of the general disquiet are, I think, more vague and less tangible. At least partly, they go to a call for some recognition and respect.

Whatever else changes in the banking industry, this won't. The first requirement will always be mutual trust and respect.

The banking revolution will continue and Westpac will continue to play a critical part in it. But the more change

keeps coming, the more important it is to improve the dialogue within our bank, with our customers and the community, and within our industry. Trust depends on this. To have trust we need understanding. And we cannot understand each other without dialogue.

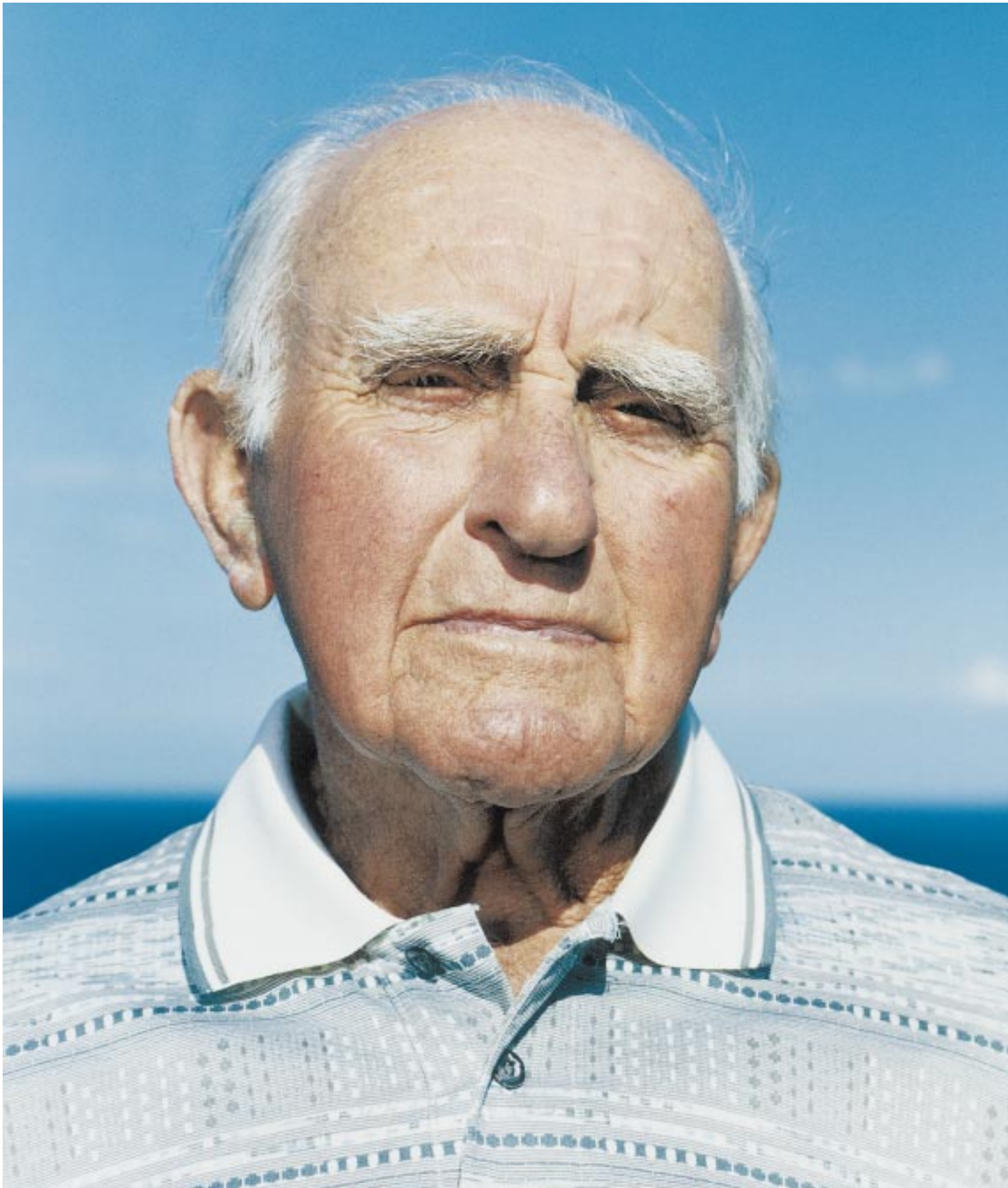
We need an environment in which our sometimes competing goals can be mutually understood. The bank needs confidence in its values and behaviour, our customers and the community needs it too. The bank needs to believe in its own enterprise and achievements, our customers and the community also need to believe.

This is the virtuous circle we are striving to establish.

It's why we've devoted a large part of this report to lifting the lid on five of the big issues that concern our customers and the community. The big bank issues.

What's clear is that these are not just perceptions to be dealt with by a few exercises in public education. They are realities: they go to the heart of what we do every day.

I invite you to take a few minutes to look at what we are doing to find the remedies for the public's concerns and to make the revolution work for all our customers and the community alike.



### Improving access to banking

“My local branch has closed down, so where do I go now? I don’t have a computer and even if I did I wouldn’t know how to bank on it.”



# Where did the bank go?

**The Issue.** Fewer bank branches, longer queues and the disappearance of the 'personal touch'. The traditional and trusted forms of banking seem to be disappearing and new, electronic-based banking methods are forcing customers to change the way they bank forever.

These are the feelings our customers – and the public in general – are most frequently voicing. And those shouting loudest are our customers in rural and suburban communities. It's these people, dependent on face-to-face services, who feel that banks have abandoned them.



**What we're doing about it.** Without a doubt, a considerable proportion of the population is concerned about access to banking services – easy access, convenient, and the right kind of access.

The last ten – or even five – years have seen unprecedented change in our industry, nationally and globally, as a result of economic, social and technological developments. At Westpac we have worked to maximise the benefits for as many of our customers as possible. But, inevitably, we misjudged some consequences, got the emphasis wrong in places, or failed to read customer needs and customer opinion.

We soon found that a lot of our customers did not believe this “progress” brought universal benefits. Particularly in rural areas, many people thought – and many still think – that it was not progress but outright regression.

Rural Australia is changing. Larger, more efficient farming practices require fewer employees. Fewer employees means less demand for rural services and, in no time, rural services are forced to close, threatening the viability of the remaining services.

Back in 1998 we accepted our role in breaking this vicious circle by being the first bank to publicly commit to keeping face-to-face transactional banking in every country town where we had a presence. Wherever it wasn't economically viable to have a rural branch, we set up an “in-store” – Westpac banking services run within an existing business, such as a chemist, general store or newsagency. Far from being a piecemeal measure, our 182 in-stores have provided host businesses with additional income and helped to boost their long-term viability and customer base.

But changes haven't been confined to the bush. Our metropolitan branches have changed, and continue

to do so, as a result of changing traffic flows, population and shopping patterns. Small suburban branches have been most affected. Recently we drew another line in the sand. We've said we expect to keep around the same number of metropolitan branches and only relocate them to follow customer traffic flow. In fact, our branch numbers nationwide in Australia are just over 800 – a figure we feel is about right.

We also have some 211 branches to service our New Zealand customers. And we have a further 57 branches, most of which serve our Pacific Island customers.

Meanwhile, banking has been changed forever by the rapid development of technology and the internet. And the enthusiasm with which many of our customers have embraced electronic banking has been astounding. Recently we registered our one millionth internet banking customer, and each month sees another 50,000 more customers discovering the convenience and low-cost benefits of Internet banking.

Telephone banking is an equally popular channel, with more than \$500 million transferred through this route every month in Australia. And customers are getting more confident in the way they use it, with increasingly complex transactions being carried out via this service. Our EFTPOS terminals now move more than \$900 million a month, and our 1,517 ATMs – a third of which are in rural Australia – are used nearly ten million times a month to move over \$1.3 billion.

Not surprisingly then, around 90% of banking transactions are today done outside our branches.

Clearly, many Westpac customers relish the opportunity to use these forms of banking. But we know a large proportion will always want the personal service that can only be found in our branches.

## Did you know?

We've now opened 182 in-store branches in rural areas.



We expect to maintain our branch numbers nationwide at just over 800.

A commitment to keep the branches as the cornerstone of our business has seen over 400 branches refurbished in the past two years.

It's therefore important to state that our branches remain the cornerstone of our business for customer education, information and advice. And the changes we've made to our branches in recent years – making them financial service centres – have been a direct result of our customers' requests for more accessible advice-based services. In line with this, we've refurbished over 400 of our branches in the last two years.

Change has inevitably led to trade-offs. Providing services customers want at a price they feel is fair means some queues are unavoidable. When customers in these queues see empty teller booths in some of our older sites, they understandably get angry. Yet here too we've tried to manage change to work in our customers' favour. We've installed telephone and internet banking kiosks in many of our branches, and our front-of-house service has reduced queue times – not least by demonstrating to customers the benefits of using alternatives to traditional over-the-counter methods.

At the same time we've been developing new services for our business customers, including a more convenient cash deposit service and a separate website providing 24 hours a day, 7 days a week business banking access and support.

It's taken us time, but we've realised that our customers haven't so much resented the changes we've made, as the way they were implemented. They feel they weren't adequately consulted and, as a result, have felt they've lost power over how their financial services are run.

It's a mistake we're determined not to make again. Customers still tell us that they don't know how to go about modern banking. So we are updating the feedback brochure available in our branches to illustrate the avenues open to them.

We're also working on developing better communication between us and our customers, through avenues like our *Let's Talk* community-based education and financial

literacy workshops, which are equipping customers with the information and support they've told us they need to make the most of their banking choices.

Of course, we have some distance to cover before we can begin to say that we're keeping all our customers happy. But now that we've pretty much settled on branch numbers, we'll focus our energies on completing our current branch conversions to ensure that as many of our customers as possible have the services tailored to their needs.

Yet it's in the realm of technology that we're facing the greatest challenges – as well as the greatest benefits. There's no doubt that organisations of the future will interact with their customers through a host of channels. And although electronic banking has transformed the lives of a large proportion of our customers for the better, the flip side is that there are still many who are feeling increasingly isolated and powerless by technological developments.

Electronic banking may be a lower cost and more flexible option, and one that can be provided more cheaply the more it's used, but many Australians view electronic banking with suspicion.

Developing our financial literacy programs, particularly in conjunction with community organisations, will be one way to help our customers embrace new banking methods and feel more empowered in their financial decisions. If provided alongside education in using the technologies themselves, this could be a real force for the better.

Technology develops far faster than human nature adapts. So it's our challenge – and that of other institutions – to make this revolution of our times work for all our customers and stakeholders right across society.

We want to truly bring the bank back to our customers by helping them to more fully embrace the new banking methods.

This year we registered our one millionth internet banking customer, and each month sees a further 50,000 sign up.



We have increased access to banking services by lifting the number of our ATMs to 1,517, a third of which are in rural areas.





# Is anyone listening?

## Acting on customer complaints

“There’s a world of difference between listening and hearing, and between saying you’ll do something and actually doing it. I just want someone to fix the problem. Is that too much to ask?”



**The Issue.** The community's perception of banks is being tested by change. Many people feel that they are being forced into the new ways of banking. They believe they have had no choice. Nothing is familiar now. At every turn

there is something new to deal with. The old comfort zones are gone or changed beyond recognition. Little wonder that customers feel alienated, even rejected, and complain that either we are not listening or not responding as we should.

**What we're doing about it.** Based on community attitudes to banks we have to recognise that even if we have been listening, we haven't been hearing too well.

Our customers – and the public at large – feel the changes we have delivered have been largely forced on them. And in the wash-up they feel that much of what they previously valued in their banks has somehow been lost.

Not surprisingly they are demanding that their banks be more accountable to them. When they take their problems to us they expect them to be resolved. If their problems are not resolved to their satisfaction, their problems become complaints, which they then want heard and acted upon promptly. They want to get back some of the respect they feel they have lost.

As a start we've set out to fix our customer feedback and complaints processes. Gone are the days of being embarrassed by complaints. We now look at the 4,000 or so we receive every month in a new light and even value them for their insight into our performance.

The bitterest pill has been the fact that 40% of those who complain say they have had to approach us four or more times with their problem before having their complaint acknowledged and satisfactorily resolved. That's plainly not good enough.

We're aiming for the goal of one call, one contact, one solution – in essence, complete consistency in the management of customer problems across the organisation. That's why in Australia we've made our on-line customer feedback tracking system accessible from all customer contact points so that we can readily channel complaints to the relevant people within the organisation.

The process doesn't end there. A customer relations team in each unit now ensures that all complaints are properly handled, and a week after the complaint is dealt with the customer is contacted to find out how they rate our handling of their problem. At that point we give customers the option to request further action.

Our improved complaints handling is proving to be an opportunity to grow our business. Around 60% of customers who complain actually grow their business with us following satisfactory resolution of their concerns.

We set ourselves a goal of initially acknowledging every complaint within one day and our aim is to resolve all complaints within a five-day period. We currently resolve nearly 80% of them within that time.

The good news is that our market research not only shows a big improvement in our performance, but we now consistently receive fewer complaints than any of our competitors. The public might say we're the best of a bad bunch. And the truth is it's still not a result to be proud of.

But complaint resolution is only part of the story. Rectifying what caused the complaint is fundamental. So we formed a team of specialists whose job it is to analyse trends in customer complaints, where they are occurring, and decide what must be done to fix the underlying problem.

And we haven't stopped there. We were the first bank in Australia to appoint a Customer Advocate who truly possesses the muscle to resolve customer relations issues across the organisation as a whole. Our Customer Advocate is the last point of reference for complaints before they reach the Banking Ombudsman.

## Did you know?

We are currently resolving nearly 80% of all complaints within a five-day period. Our goal is 100%.



We resolve 85% of our Banking Ombudsman cases before formal investigation.



To ensure that the customer viewpoint is not lost sight of, we have also set up an impartial Complaints Review Committee, chaired by Dr Simon Longstaff from the St James Ethics Centre and with another externally appointed member, Ms Anna Booth. Far from being a token gesture, the committee possesses the teeth to ensure we have robust processes to deal with our customer complaints and to fix any recurring problems that may show up.

According to the Customer Service Institute of Australia, we rank at the top of all participating national and international finance companies on our rating against ten service factors, including our attitude towards complaints.

Our dispute experience with the Australian Banking Ombudsman is currently better than the average of the 'big four' Australian banks. We resolve around 85% of the cases our customers take to the Ombudsman without the need for the Ombudsman to do a formal investigation. The Intervention Line we set up, directly linked to the Ombudsman's office, has greatly helped. Less than five per cent of the 900 or so concerned customers who so far have been channelled back to us through this link have opted to pursue their issue with the Ombudsman.

But we are not relying on complaints to tell us what our customers think and want. We're going to the source and seeking direct feedback from a large cross-section of consumers and businesses – customers and non-customers alike. In fact we get feedback from around 90,000 of them each year, most of it via independent, third-party external research agencies, but we also do some of it ourselves. Focus groups, monthly 'diaries' from selected customers and non-customers, and direct feedback from customers opening or closing accounts are just some of the methods we use.

No one knows more about our customers' concerns than our staff do. So we listen to them. Every year we conduct numerous group sessions with our staff to get their "warts and all" reports on the quality of customer experiences and their ideas about how we might improve them.

This customer dialogue is essential. If we did not fully appreciate it before, then we certainly do now. We have learned that there is no bypassing it – it will always be fundamental to delivering quality customer experiences.

Also important is a dialogue with the broader community. We regularly talk to the community and representative groups to get a wider view of general concerns and social needs. It's all part of the effort to make our bank more respected, more in touch and more successful.

The good news is that this listening is helping us come up with better solutions for our customers and the community. It has driven a number of important changes, including a decision to simplify our products and processes to deliver a better customer experience. As added benefits, this will lower our operating costs while improving the morale of our staff. And customer feedback has led us to automate things like our business loans origination process, to make it quicker and easier to respond to customers' requests.

Over the coming year in Australia, we'll be rolling out a training program to our staff aimed at helping them to resolve customer issues at first contact. We've already completed this in New Zealand. And we'll improve our centralised complaints line as a direct source of specialist advice for speedy resolution of complaints. Also, the internet is coming into its own, providing customers and our other stakeholders with the means for continuous dialogue with their bank. We intend to continue to listen and to be ready to act on what we hear. We've made a lot of progress but there is still lots of room for more.

Around 60% of our customers who complain grow their business with us following resolution of their concerns.



Our complaints tracking system now allows us to address complaints sooner.

We have set up an impartial Complaints Review Committee to police our performance in dealing with customer complaints.



**Delivering value for money**

“Banks are taking us for a ride with their fees – it’s an easy way for them to make money out of us and they push it for all it’s worth.”



# Where's the value for money?

**The Issue.** Announcements of record bank profits make investors happy, but in the wider community many people feel that the profits come at their expense. They think they are paying more and more for fees, for the same old services, and even for ones that used to be free. What is

worse, they say, they don't have control over the costs or any genuine choice about the services. The charges just arrive with the statements and they are obliged to pay. They want what any customer wants – value for money and the right to choose.



**What we're doing about it.** We look at our profit and balance sheet and all the other contemporary measures of productivity and performance and see a very healthy bank: high performing, highly competitive, sound in every limb and joint, well proportioned.

We see ourselves as prudentially sound, competitive, innovative, resilient and socially responsible. We believe we have met the endless demands of these changing times more than adequately, and our balance sheet proves it.

We might see ourselves this way, but it is not how we are seen. Of all the challenges we have faced perhaps the biggest one is the resentment of customers for whom the so-called banking revolution has created an intense feeling of powerlessness. Powerlessness towards the ever increasing fees, the erosion of the human touch they always valued and, to top it off, the chain of record bank profits.

Of course, we could shrug our shoulders and say – what's it to us? Profits are good.

We could just keep our heads down and wait for public perceptions to catch up with the reality. But the reality will continue to change and the perceptions and the frustration will intensify. Doing nothing is not an option.

In truth, we can no more ignore their dissatisfaction with value for money than we could ignore a major dip in the share price. So how do we address their concerns, their resentment and frustration?

If we tell people that the fees we charge recoup only around half of our costs on transaction accounts, or that we face system problems in moving to real-time disclosures – will our customers say “silly me” and stop their agitation about fees? We don't think so.

If we tell them that our profits represent a return of just one per cent on our assets, which means we have to be right 99% of the time when we lend or invest money, can we expect them to say, “Oh, well that's alright then. It's a privilege to do business with you”. Of course not.

It's an undeniable fact today that we charge most customers for the services they use and that what we charge, by and large, reflects what it costs to provide the service. That wasn't always the case. Before the banking system was freed up and made competitive in the early 1980s, transactions were usually free and we recovered these costs by either charging our borrowers more or paying our depositors less for their deposits. This was neither fair nor very transparent, but it was the way things were done and everyone accepted it – even liked it.

Competition changed all that. Customers were promised and expected a fair go. Many don't think this has happened.

But charging our customers for the costs of providing the services they use, we believe, is the only fair and equitable way for us to price our services. Not everyone has liked the change and there is no doubt that we have to do a lot more to help customers understand our fees and costs and make our charges much more transparent. Until we do this, we cannot expect our customers to share our satisfaction in our performance. So long as they think they are not getting a fair go they will undervalue our services and our integrity.

That's why in December 2000 we implemented a comprehensive restructuring of our pricing on personal transaction accounts in Australia to better reflect the costs of providing banking services and to assist our customers to reduce their cost of banking. While our personal transaction accounts still offer a number of fee-free

## Did you know?

Fees for Internet banking and direct debit transactions have been cut by 60%.



Last year we cut the cost of EFTPOS charges by 23% and telephone banking fees by 38%.

We are actively advising customers how to minimise fees by changing the way they bank.

transactions per month, we moved the fees paid for excess transactions further into line with our underlying cost of providing these services.

This meant that while the fees for some staff-assisted excess transactions rose, the fees for the majority of personal transactions fell. In fact, our charges for Internet banking and direct debit transactions were cut 60% to 25 cents a transaction. And EFTPOS charges fell 23% to 50 cents, while self-service telephone banking transaction charges fell 38% to 40 cents.

The new pricing puts customers in control of the fees they incur and in the majority of cases will reduce their costs of banking with Westpac.

The fact is, most people don't complain about paying for service when they feel they receive value for money. And while many of our customers are happy to pay for the benefits of being able to access their money 24 hours a day, 7 days a week, many others felt they didn't understand what they were paying for nor the real costs of providing these services. It's the lack of information about what's being charged and why, rather than the actual cost, that underlies a large percentage of complaints lodged with the Banking Ombudsman.

So, in an attempt to make our fees and charges more transparent to customers, we introduced a new class-leading transaction statement format which clearly details the banking services used and their cost – including the fees on any excess transactions. We wanted to give customers the information they needed to understand what they are paying, to make more informed decisions about how they bank, and a real opportunity to reduce their banking costs overall.

We haven't stopped at making sure there are no hidden surprises in our statements. We're also actively advising customers about how to save money by adjusting their banking activity to avoid fees – often this means choosing accounts that better meet their needs or helping them to use electronic banking services more effectively.

And we're finding other ways to help provide better value for money and to lower the cost of banking. Recently, we united with five of the world's leading financial institutions to offer our customers fee-free use of any of their 20,000 cash machines when they want to get access to their funds while travelling overseas. This alliance is a world first, as well as a ground-breaking initiative to give our customers global access to their funds without paying fees to another bank.

We've also taken the industry lead in pursuing a solution on fees for using other banks' ATMs in proposing that the industry move to direct rather than indirect charging of such fees. We've started bilateral discussions on the matter as we see it potentially delivering savings of up to 20% on existing charges. In the meantime we're posting warnings at our ATMs relating to these fees. But to make this all happen we need the other ATM providers to come along. To date we are still out there on our own.

We're only part of the way down the road to providing better information for our customers on our fees and on how to minimise them. But we're determined to get to a point where, from the service and information we provide – at our branches, on statements, on the internet, in brochures and so on – our customers will know if they are getting value for money, and how to get it if they're not.



Our statements show customers the full details of fees and charges, including which transactions were free and what others cost.



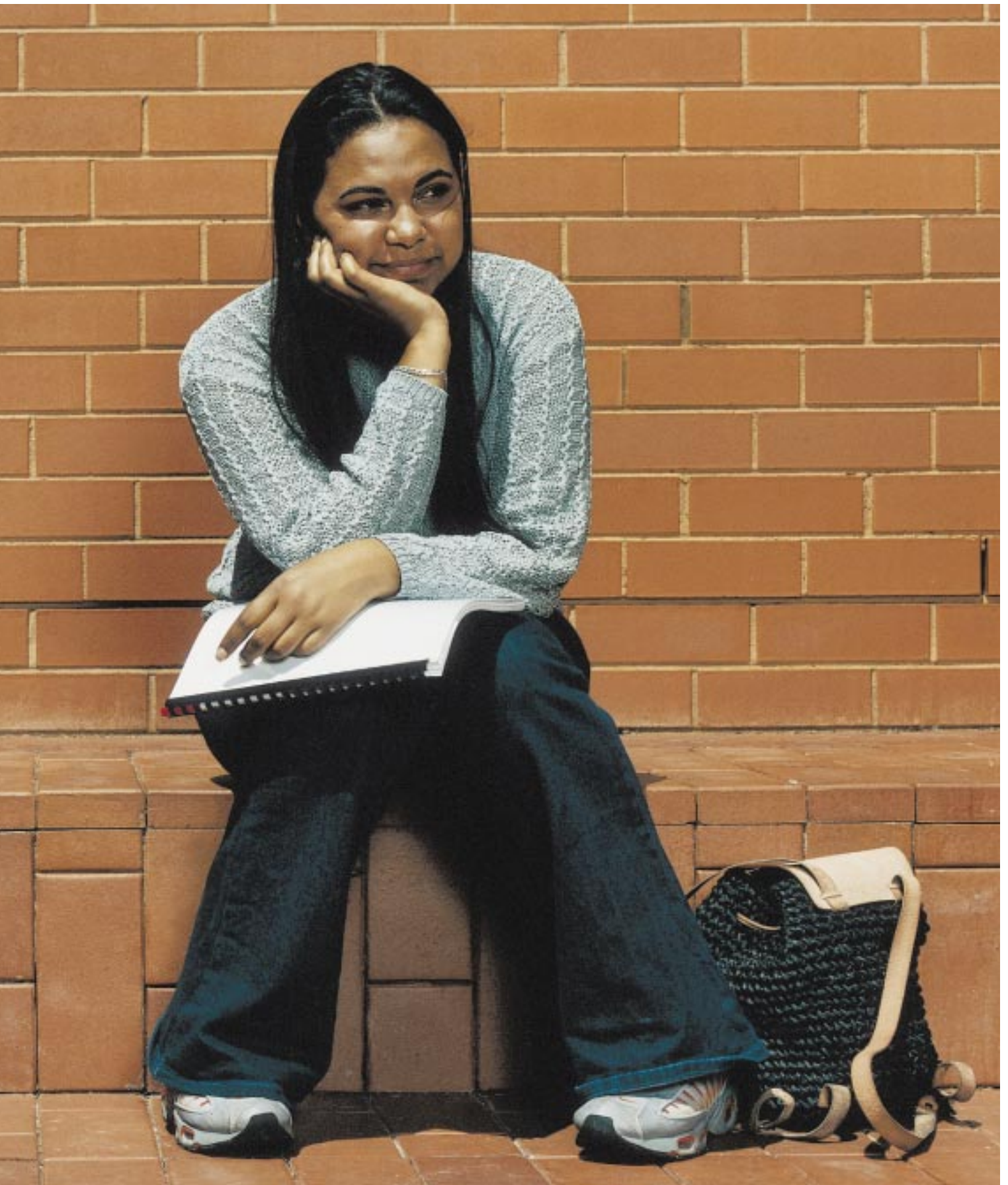
We now offer customers fee-free use of over 20,000 ATMs while travelling overseas.



# Are too few people benefiting?

**Reaching everyone**

“Banks only care about people with lots of money. The rest of us don’t seem to exist as far as they are concerned.”



**The Issue.** Community expectations of business are higher than they have ever been. And little wonder. The power to affect our lives has shifted, at least in part, from governments to big business. And people feel they have been the victims in this shift. Most of us in business recognise that we can no longer separate our economic

or financial interests from our social and environmental responsibilities. And there is no denying the community certainly expects more from its banks than they do from most other kinds of companies. What they might forgive in other organisations they won't tolerate from banks.

**What we're doing about it.** We accept our responsibility to contribute to the community. With almost eight million customers in Australia and New Zealand combined, some 32,000 employees, and several million direct and indirect shareholders, we are in every way a part of the community, and we know the community's eyes are on us and expecting us to play our part.

The banking revolution has clearly had mixed results – working wonders for some, yet leaving many others feeling more like victims than beneficiaries. In the suburbs and towns too many people feel excluded. We have been forced to think harder about the effects of our decisions on society; to find a way to blend competitiveness, the primary value of the marketplace and the goal of any business, with care and compassion. We have had to concern ourselves with social responsibility of the kind that used to be the preserve of government.

These are things all enlightened companies should do. They increase community trust and goodwill, priceless assets for any business; and for banks, part of their inherent foundations. This “social capital” we accumulate and invest is not only good for the community – it's just as good for business.

We're stepping outside our corporate walls in other ways. We're going beyond just handing money over in arms-length corporate sponsorships. We're now seeking alliances with community groups and governments at all levels, for example to help bring our services to low-income earners and other disadvantaged groups.

We started by publicly canvassing the social effects of our strategies. An open dialogue was essential – for better or

worse – because a company cannot gloss over community demands for corporate social responsibilities. It may not yet be the public perception but those discussions are yielding results.

For example, the public were of the general view that lower income and disadvantaged groups should have guaranteed minimum access to basic banking services. So for the past two years we've been providing social safety net, fee-free banking accounts to pensioners, the disabled, and other economically disadvantaged Australians. We also provide fee-free basic accounts to students and young people. It's what the community says we should do. And we've done it.

With others in our industry, we've set out a protocol for any changes to rural branch locations in rural areas to ensure that communities will have the time they need to adjust. We've gone beyond explanations to real corrective action, and people appreciate it.

With 90% of customer transactions now happening outside branches, basic social equality demands that all our customers have adequate access to the more efficient electronic banking services. Access for older people and those with disabilities are Westpac priorities and to this end we have developed a Disability Discrimination Action Plan in Australia and lodged it with the Human Rights and Equal Opportunity Commission.

As part of our responsibility to the communities in which we live and work, every year Westpac puts more than \$25 million into charitable organisations, community bodies, social support initiatives and commercial sponsorships.

## Did you know?

We provide pensioners, the disabled, and other economically disadvantaged Australians with essential fee-free banking services.



Every year Westpac contributes more than \$25 million to charitable organisations, community bodies, social support initiatives and commercial sponsorships.

Our Disability Discrimination Action Plan has been lodged with the Human Rights and Equal Opportunities Commission.

Much of this is driven by our staff. Across Australia, around 60% of them volunteer in their local communities and a third of them do so regularly. We support their volunteering through paid leave and flexible working arrangements. You find many of them out there raising money for our charitable and community causes, including our helicopter rescue services, youth education, community welfare, overseas aid and indigenous programs. The list goes on. We also match any funds donated or raised by our staff, dollar for dollar, through our Matching Gifts program.

We have underway a number of initiatives to address the education and life skills needs of indigenous Australians. We have a Corporate Leaders for Indigenous Employment Agreement with the Department of Employment, Workplace Relations and Small Business. We've pledged to increase the number of Aboriginal and Torres Strait Islander people we employ and to retain them in permanent positions. And we are continuing to work with indigenous communities in initiatives aimed at improving their economic independence.

Another of our priorities is to unlock opportunities for young people through educational and life skills programs. Recently this has included the Smith Family's Learning for Life partnership, which provides financial and mentoring support for disadvantaged children, while ensuring access to an education that will enable them to reach their full potential. We also sponsor New Zealand's Life Education Trust, teaching children the importance of keeping healthy. We're involved in a project that is aimed at providing our youth with the entrepreneurial and business skills they'll need to succeed as future business leaders. We even run a financial skills program to help non-profit organisations become more financially independent.

We will continue to help satisfy our customers' broader concerns for the environment and society. One of our recent initiatives – implemented as a result of demands to invest in high quality, environmentally conscious companies – was the launch of the Australian Eco Share Fund. The Fund was an Australian first and part of our response to the growing alignment between the company and the community's desire for sustainability.

Westpac was one of only six banks in the world to sign the founding United Nations Environmental Program Statement on Financial Institutions and the Environment in 1992. We remain the only Australian bank to do so.

Investing in social capital requires no trade-off in our competitiveness. In fact, social cohesion is a vital ingredient in a successful society and in our long-term business sustainability. Arguably, until recently, our customers and the community understood this more clearly than we did.

John Maynard Keynes defined money as that which links the present to the future. As a bank we've sometimes forgotten that when we deal with people's money, we're actually dealing with their hopes and plans. They trust us with one of the most vital links to the future of their children, their businesses and communities. We must remind ourselves of this every day.

We will continue the process. For us, corporate social responsibility and sustainable business practices go hand in hand.

We have pledged to increase the number of Aboriginal and Torres Strait Islanders we employ and retain them in permanent positions.



Around 60% of our staff do volunteer work of some kind in their local communities.





**Backing our people**

“I try to do the right thing by my customers but sometimes it isn’t enough. I sense their frustration and anger. I feel powerless and it really gets to me at times.”



# Would you work for a bank?

**The Issue.** Community scepticism, distrust and impatience with banks directly affects our staff. Hostile and disenchanted customers damage their morale and corrode the most fundamental relationship in our business. Everyone knows about bank bashing, but only bank staff have to live with it every day.

We all have to wear the criticism, both just and unjust, but only staff have to keep smiling even when the abuse is personal. To add to their burden, our staff have come through an upheaval in technology and work practices and they've borne the brunt of job shedding.



**What we're doing about it.** It's a simple truth that for our customers, the staff are the bank – they embody its character and its worth.

Our conundrum is that because our staff have to endure the most negative community opinion, they are the most likely to be worn down by it – yet it is our staff who hold the key to improving that opinion. They will be the ones, substantially, who rebuild the threads of shared understanding and trust with the community.

For all these reasons, we are determined to make our employment practices and culture second to none.

We want to be an employer of choice. It's a phrase we use a lot. It means we take our responsibility towards our employees very seriously.

Like most people, Westpac people want to feel a sense of pride and achievement in what they do. They want to deliver a good service well, and to feel confident enough in their skills and our technology to do it. They want to work for a good company, a respected company.

But daily criticism and hostility inevitably erode their faith in their industry, their bank, their job – even in themselves.

Added to this, our employees have to continually adapt to the strange new worlds of technology and the networked environment. We can't alter the fact that productivity is the engine of growth, nor can we reverse the rapid shift to greater technology take-up. But we can ensure that our staff are equipped to cope with all this through first-rate and relevant skill training.

We attach a very high value to training and development; and we organise our programs to let our staff plan their training in ways that suit their intended career paths and interests. The goal is always to improve not just their prospects at Westpac and their value to the bank, but their overall employability.

Despite all that our staff have had to bear, their morale and commitment is up and is now broadly in line with leading global financial services, and Australian and New Zealand companies.

What consistently emerges from our staff is a genuine concern that we do the right thing by our customers. They are proud of Westpac's heritage and see it as implying a responsibility, even a duty, to provide the best banking service possible. They're also big on teamwork and, despite the constant pressure and public hostility, remain positive about working for Westpac.

This dialogue with our employees has highlighted the need to clearly set out our vision and strategy so they can see and appreciate their role in the bigger scheme of things. The Learning Maps we recently rolled out to our Australian based staff were designed to do just this: abolish the "them and us" mentality and allow all our employees to see what our ambitions are and how we are pursuing them. We wanted staff to see what the board and management see and to share in the bank's big picture and decide for themselves whether they want to be a part of it.

In New Zealand, we've introduced a new program to help deepen our service culture and to improve our staff in improving the quality of our customer service.

## Did you know?

Our staff morale and commitment is up, and is now broadly in line with leading global financial services companies.



Roughly 35% of our managers are women, with the rate of promotion of women now being the same or higher than for men at all levels.

Eight out of every ten female employees return to Westpac after parental leave.

In addition, we've used One Voice – One Goal workshops to lift the lid on our business for our staff. The response confirms that most employees want to be involved in shaping our future. In truth of course they are, and always have been – but it had been a long time since anyone adequately acknowledged or encouraged it.

We've also given our staff what we call our BBQ guide. It's a no-nonsense guide to engaging with family, friends and others on the contentious matters surrounding banks: a handbook to help separate fact from fiction, perceptions from prejudices; a guide for staff to share the arguments and responses to questions – or complaints – about such issues as fees, profits, branch closures and electronic banking.

Our staff tell us that we must get to know our customers better. They say we must simplify our products and processes. We think they're right.

They also tell us that if we do these things well it will be easier for them to get it right for customers the first time. We think they're right about that as well. And we agree that customer satisfaction is inextricably linked to job satisfaction.

Consequently, we are giving our staff the tools and skills to get to know our customers better and build deeper long-term relationships with them. And we've started a program to do what they've said: simplify our products and processes.

If staff are to remain keen and motivated they must have good working conditions. We're widely recognised for our leadership in this area. We understand that the best working conditions must be adaptable enough to cope with social change. In recent times we have gone beyond paid

maternity leave and introduced paid paternity and adoption leave. We've also gone further with flexible working hours, job sharing, home-based work and on-site childcare facilities. As a result, close to eight out of ten women return to us after parental leave.

If we are to be seen as an employer of choice we must also give our staff the freedom to enjoy their work without fear of prejudice, harassment or discrimination. We do not tolerate any form of discrimination in the workplace and actively promote diversity within our workforce. Roughly 35% of our managers are women, with the rate of promotion for women now being the same or higher than for men at all levels.

We know that personal issues and concerns can affect the health, wellbeing and job performance of employees. So we've expanded our free, national information and referral service to help staff balance their work and personal lives.

We put staff in touch with *Better Life & Work* specialists who can help them find the home help, dependant care, relocation, health advice and any other assistance they need.

Building the morale of our staff has been a massive task in recent years. The fundamental point is that if we can't create the conditions for our employees to fully share our vision and values, we have little chance of inspiring the community to share them.

We are not yet where we want to be, but we think we are well on the way to providing our people with the sense of pride and enjoyment that working for Westpac entitles them to feel.

We continue to implement more flexible working hours, job sharing, and home-based work arrangements.



We have introduced paid paternity and adoption leave to help with the family/work balance.



# Doing what we

## Progress report on our five point plan

Last year's Annual Report detailed our five point strategic plan for unlocking the potential in our business. This is our score card so far.

### 1 Understanding our strengths



### 2 Being more efficient



**Understanding our strengths** means leaving no stone unturned in reviewing our operations. It's about gaining a better understanding of just where we're creating value in our business and where the opportunities for improvement lie.

**Being more efficient** means we must have all parts of our business as productive as they can be. Our customers shouldn't have to, and won't, pay for any inefficiencies. And our competitors are all too ready to grab the advantage where they see a weakness.

**Finding new opportunities** is about believing the sky's the limit and being passionate about creating better solutions for our customers.

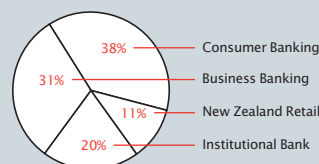
**Getting closer to customers** is about getting to really understand what makes them tick. We're privileged to have such a large customer franchise. But while we have a lot of information about our customers, we haven't always used it well. Now our customers are telling us we need to know them better.

**Backing our people** means rethinking how we work together to reach our goals. We can't expect our people's full support if they don't understand why we're doing what we're doing. And if we aren't all working towards the same objective, it's doubtful we'll get there.

#### What we did in 2001

- Enhanced the value of our scale intensive processing and operations through outsourcing representing around 20% of our cost base
- Further segmented our customer base to better meet customer needs
- Directed more investment towards higher value wealth management and business banking
- Further share buy-backs to assist us in achieving an optimal capital position
- Continued to embed and to manage our organisation by economic profit measures
- Ongoing performance reviews against external benchmarks

#### Where we delivered value across our business

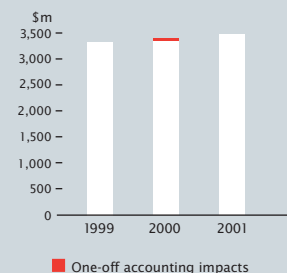


Economic Profit by business

#### What we did in 2001

- Transferred our purchase of goods and services to an eProcurement platform
- Automated our human resources and bill paying systems
- Significantly increased capability across all our call centres through virtual interlinking, and integration of AGC call centres
- Enhanced our capacity to originate personal loans over the telephone
- Centralised finance and accounting operations between Australia and NZ
- Adopted a common platform for our consumer collections business

#### Controlling our costs



# say we'll do

## 3 Finding new opportunities



## 4 Getting closer to customers



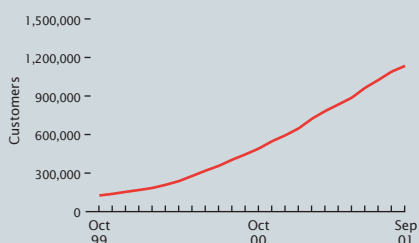
## 5 Backing our people



### What we did in 2001

- Launched B2Buy, our online marketplace
- Provided mortgage brokers with online access for loan applications and tracking
- Added customer balances in unit trust investments to our online offering
- Entered into a joint venture with NZ's largest retailer, The Warehouse, to deliver financial services through their 74 stores
- Participated in two foreign exchange internet based portals, FXAll and FX Connect
- Extended online payment capabilities, including international transfers, payment templates and merchant gateway
- Extended online business services including credit checks, GST and BAS forms
- Rolled out 120 internet kiosks within our branches in Australia

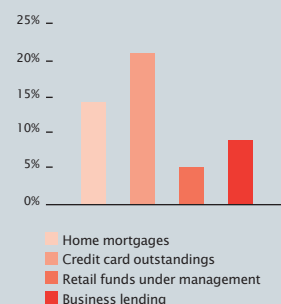
### Take-up of internet banking (Australia and New Zealand)



### What we did in 2001

- Appointed a customer advocate and established a Complaints Review Committee
- Introduced Customer Relationship Management solutions to Private Banking, Priority Consumer and Business Banking
- Electronic valuations for selected residential areas, eliminating a 48-hour delay in the mortgage application process
- Introduced 'fast track' housing loan approvals
- More than doubled our online customers to over one million with top online customer satisfaction of the major banks
- Doubled online stockbroking customers and trebled online originations of personal loans, mortgages, credit cards and transaction accounts

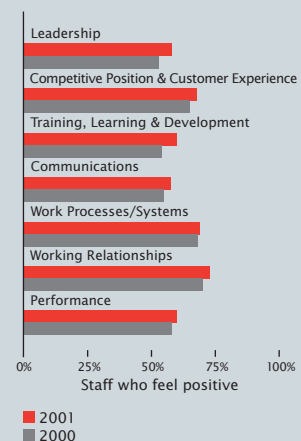
### Growth in key products (Australia)



### What we did in 2001

- Reinforced the setting of clear objectives
- Simplified our organisational structure to better meet the needs of all stakeholders
- Rolled-out the Learning Maps and comprehensively improved the staff perceptions of working at Westpac
- Greater two-way staff participation through our People Management Forums
- Introduced the *Better Life and Work* personal counselling and support services for staff
- Named as an Employer of Choice of women in Australia

### What our staff are telling us



# Getting involved

## Westpac in the community

### Issues we care about

#### Community wellbeing

Countless community organisations require outside help to do their work. It is only through long-term commitment and partnership that real community issues can truly be resolved.

#### Education and life skills

Over 730,000 children live in families below the poverty line in Australia. Education is key to breaking the poverty cycle.



### Some of our involvements

#### Staff Volunteering

Through our staff volunteering program, over 10,000 of our staff are actively involved in their local community as volunteers. We provide support at all levels such as providing paid leave and flexible working arrangements, and encourage individual and team volunteering.

#### Westpac Matching Gifts

The Matching Gifts program in Australia supports the generosity of our staff by matching, dollar for dollar, their contributions to any tax deductible charity of their choice. Since December 1998, Matching Gifts has resulted in a total of \$2.5 million being distributed to some 300 charities across Australia.

#### Life Education Trust

For the past 13 years Harold the Giraffe, mascot of the Life Education Trust, has been travelling around New Zealand spreading positive health messages to Kiwi kids. With 34 mobile classrooms located throughout New Zealand, the Life Education program reaches almost 300,000 children each year.

#### The Smith Family's Learning for Life program

The Learning for Life program delivers financial and mentoring support for disadvantaged children in Australia. The Westpac Foundation has given \$1.5 million to this program, enabling its expansion into 13 new areas, to support an additional 3,300 students, and providing 50 new tertiary scholarships.

People expect us to be involved in the community and we demand it of ourselves. We recognise the need to balance our economic goals and achievements with our social responsibilities. Our involvement is not just driven out of a sense of corporate obligation but also a genuine passion. We believe in our ability to help make a difference. Our approach focuses on understanding the issues facing communities today, knowing how best to get involved and ensuring that our effort has the maximum positive impact. We're proud of what we've achieved and are committed to continuing our involvement.

**Indigenous issues**

Unemployment rates for indigenous people are 26% compared to the national average of 7%. Training and life skills education is key to providing better opportunities for indigenous Australians.

**Rescue services**

The first 60 minutes after an accident occurs are critical to the patient's survival.



**Assisting Indigenous Australians**

We are committed to working with indigenous communities to develop solutions and support programs that foster self-sufficiency. We are supporting education, employment and cultural initiatives including providing scholarships with the Australian Indigenous Leadership Centre, sponsorship of the Garma Festival, and support of NASCA 'Hunting for an Australian Tiger' program.

**Indigenous Enterprise Partnership**

We are playing an active role in assisting indigenous communities in Cape York. As part of our three-year secondee program, ten Westpac volunteers will work in the Cape in November 2001 to help the communities to develop the Family Income Management Scheme and Micro Business Facilitation initiatives, as part of a broader plan to build financial independence. We will be providing a further 100 staff secondees over the next two years.

**Westpac Rescue Helicopters**

More than 2,000 people are assisted each year by Westpac Rescue Helicopter crews. We began providing support 28 years ago. Today, Rescue Helicopter Services operate from five bases in New South Wales, two in Queensland, and four in New Zealand – 24 hours a day, every day of the year.

**Surf Life Saving Queensland**

Our 25 year partnership with Surf Life Saving Queensland was recognised by winning the 'Outstanding Long Term Sponsorship' Award in the Australian Financial Review Awards. And the *Beach to Bush* education program teaches kids (especially those that live inland) about safety in the surf.

# Green piece

## Our commitment to the environment

Whether it is planting trees, providing environmentally responsible investment, living up to our Greenhouse Challenge commitments, or simply installing office systems which reduce energy consumption, Westpac is demonstrating that corporate leadership and an environmental commitment are not just essential – they're utterly compatible.

Deep within the second basement level of Westpac's headquarters at 60 Martin Place in Sydney, there exists something you might not normally associate with a bank. Hundreds of worms are at work around the clock composting much of our kitchen refuse.

A corporate worm farm may seem an engaging quirk, but it's actually just one of a plethora of our energy efficiency and waste management programs. Some, like our worm farm, are small; others have involved multi-million dollar investments.

Our approach is centred on our environmental management system, which includes a set of specific environmental objectives and targets. And we've implemented several sector-leading environmental programs including energy management and emissions reductions, environmental auditing, and environmental credit risk assessment.

As part of this we've developed inventories and performance indicators for greenhouse gas emissions; discharges to water; discharges to sewers; production of waste; water consumption; and raw material use.

In 1992, we became one of the founding signatories to the United Nations Environment Program Statement on Financial Institutions and the Environment. Today we remain the sole Australian banking signatory. We're also a member of the United Nations Environmental Management and Reporting Group, a voluntary Geneva-based initiative which is developing international guidelines for environmental management and reporting for the financial sector.

To extend our environmental commitment, we joined the Australian Government's Greenhouse Challenge

in 1996, the first bank to do so. We committed to reduce our greenhouse gas emissions by 24,000 tonnes by the turn of the century. Westpac achieved this target by the start of 1999. And we have now taken our total emissions reduction to approximately 55,000 tonnes.

We were also one of the first corporations in Australia to recognise the need to provide investors with a means of investing in socially responsible companies. In fact, we established Australia's first index of share price performance for eco-rated listed companies.

In conjunction with Monash University, Westpac Investment Management was declared the inaugural recipient of the Banksia Environmental Foundation Award for Socially Responsible Investment in June this year. The Award recognised our innovation and leadership in socially responsible investment practices and services.

In August 2001, we joined with Landcare Australia to administer our staff volunteer-driven, community-based environmental program Operation Backyard. While more than \$600,000 has been committed to 130 projects since 1998, Landcare Australia's involvement will mean we can utilise their expertise in identifying projects suitable for our staff involvement and in providing access to environmental networks.

The environmental catchcry "think globally, act locally" is something we not only believe in, but genuinely work towards. That's why we'll keep striving to improve our understanding and management of the full impact of our business actions on the environment.

## Environmental milestones



**1992** Founding signatory to UNEP Statement on Financial Institutions and the Environment.



**1993** Launch of Westpac's Environmental Policy and Energy Savings Program.



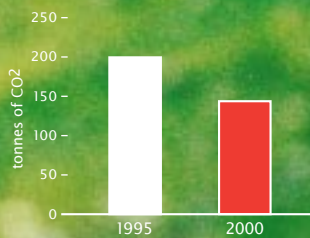
**1996** Joins the Australian Greenhouse Challenge, committing to 24,000 tonnes of emissions reductions.



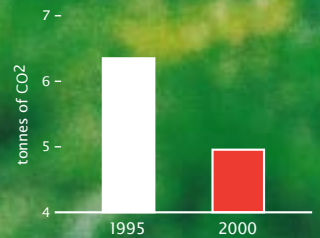
**1997** Builds a call centre in Tasmania that uses geothermal energy.



**Total greenhouse gas emissions**



**Greenhouse gas emissions per employee**



**1998** Launches Operation Backyard, a staff-driven, community-based environmental program.



**1999** Achieves Greenhouse Challenge reduction targets two years ahead of schedule.



**2000** Australian Eco Share Fund and the Westpac-Monash Eco Index launched.



**2001** Westpac Investment Management wins the inaugural SRI Banksia Award.



# Going about our

## Westpac at a glance

### Who's responsible for what

**David Morgan** BEd, MSc, PhD  
Chief Executive Officer

**Philip Chronican** B Com(Hons), MBA, FAIBF  
Chief Financial Officer

**David Clarke** LLB  
Group Executive, Business & Consumer Banking



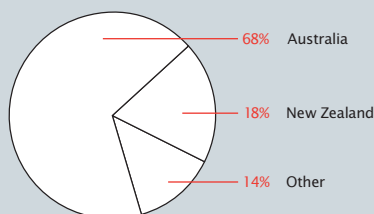
Appointed CEO in 1999, David has led all the major businesses in Westpac, including Westpac Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking, and International Banking, since joining the company in 1990. David has extensive experience in the financial sector, having worked in the International Monetary Fund in the 1970s, and the Federal Treasury in the 1980s as Senior Deputy Secretary.

Phil was appointed Chief Financial Officer in February 2001 with responsibility for Westpac's finance, tax, treasury, risk management, legal, strategy, business services and investor relations functions. Prior to Phil's appointment to Chief Financial Officer he held the position of Deputy Chief Financial Officer and has held the business group CFO roles in both Retail and Institutional Banking. Phil has been with Westpac for 19 years in a variety of positions including Treasury, major project management and Finance, both in Australia and in New Zealand.

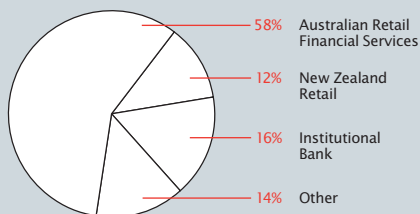
David joined Westpac in July 2000 as Group Executive, Banking and Financial Solutions. David now leads the Australian Business and Consumer Bank. In addition, he has responsibility for the Bank's technology and eBusiness initiatives. David was previously an Executive Director with the Lend Lease Group and has substantial financial services experience.

### Facts and figures

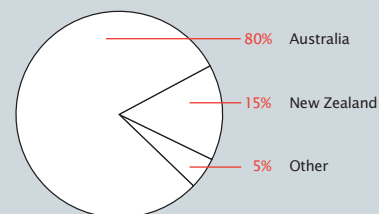
#### Profit by region



#### Revenue by key business unit



#### Assets by region



#### Customers

	million
Australia	6.5
New Zealand	1.4
Other	0.3
<b>Total</b>	<b>8.2</b>

#### Personnel by region (FTE)

Australia	21,548
New Zealand	5,537
Other	1,449
<b>Total</b>	<b>28,534</b>

#### Total assets

	\$billion
Australia	\$151.4
New Zealand	\$29.0
Other	\$9.4
<b>Total</b>	<b>\$189.8</b>

# business

## Who we are

**Westpac Banking Corporation** was founded in Sydney in 1817 as the Bank of New South Wales; and in 1982 we changed our name. With more than eight million customers, Westpac today is a leading provider of banking and financial services in Australia, New Zealand and nine Pacific Island nations. In these markets we operate through more than 1,300 points of bank representation.

**Ann Sherry** MAICA, BA, Grad Dip IR  
Group Executive, People and Performance  
and CEO, Bank of Melbourne



After joining Westpac in 1995 Ann headed the Human Resources function for the International and Institutional Bank, and subsequently led the team managing human resources, change management and public affairs for the merger with the Bank of Melbourne. She was appointed Head of Westpac Group Human Resources in 1999. Ann has had extensive experience in Government. She was First Assistant Secretary of the Office of the Status of Women, advising the Prime Minister. Ann is also the Chief Executive Officer of Bank of Melbourne.

We maintain offices in the key financial centres around the world. Across the company we provide a broad range of banking and financial services for personal, business and institutional customers. Our activities include a full range of banking services, plus investment management and insurance, and finance company activities.

**David Willis** BCom, MAICA, MNZSA  
Group Executive, Westpac Institutional Bank,  
WestpacTrust and Pacific Banking



David joined Westpac in 1996 and now leads our global wholesale banking operation, spanning Australia and New Zealand, US, UK and Asia, and the New Zealand Retail and Pacific Banking Businesses. Previously with Lloyds Bank PLC as Managing Director of its Australian operations, he has extensive experience in Financial and Capital Markets, Corporate Lending, Private Banking and Corporate Advisory Services. This included extensive periods living and working in Boston, New York, London and Tokyo.

## What we value

Our values represent the essential spirit of our company – our corporate religion.

We have three core values.

**Teamwork** – Working together to achieve common goals.

**Integrity** – Acting honestly. Doing what we say we will do.

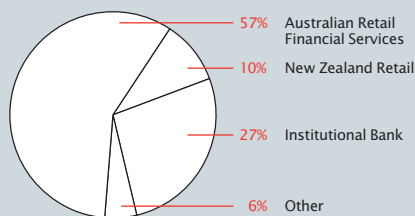
**Performance** – Staying focused, delivering superior results.

**Ilana Atlas** BJuris, LLB, LLM  
Group Secretary and General Counsel

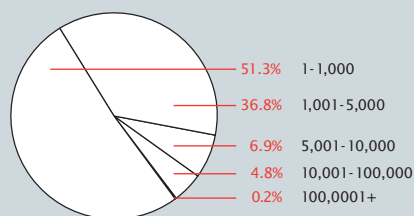


Ilana joined Westpac in 2000. She works closely with the Chairman of the Board and the other directors. She is responsible for the legal, secretariat and regulatory functions. Prior to joining Westpac, she was a partner of Mallesons Stephen Jaques where she worked extensively as a corporate lawyer and in managerial roles including responsibility for Human Resources and as Managing Partner.

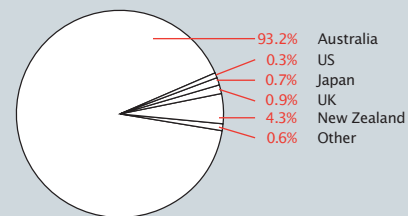
## Assets by key business unit



## Shareholders by size



## Shareholders by region



Distribution	Branches/In-stores	ATMs
Australia	806	1,517
New Zealand	211	491
Other	57	8
<b>Total</b>	<b>1,074</b>	<b>2,016</b>

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

Market capitalisation	\$24 billion*
30 Sept 2001	
Listed on	<ul style="list-style-type: none"> <li>Australian Stock Exchange</li> <li>New York Stock Exchange (ADR's)</li> <li>Tokyo Stock Exchange</li> <li>New Zealand Stock Exchange</li> </ul>

\*Based on Westpac ordinary and NZ Class shares.

# Australian Retail Financial Services

## Who we are and what we do

Australian Retail Financial Services represents the regional bank operations branded Westpac in Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania and Northern Territory, Bank of Melbourne in Victoria, and Challenge Bank in Western Australia, plus the Australian operations of Australian Guarantee Corporation, and Westpac Financial Services Group.

We conduct our activities via a nationwide network of 1,031 branches, banking centres, in-store branches, and other specialist banking centres; 1,517 automatic teller machines (ATMs); and over 59,000 electronic funds

transfer (EFTPOS) terminals; as well as a national telephone banking service and an internet banking service providing 7-24 convenient access.

Our retail banking operations cater for personal and business customers, and include deposit taking, transaction accounts, credit cards and other lending. We are a major home loan provider, and we meet the finance needs of business customers up to \$20 million.

Investment, superannuation and general and life insurance products are also sold through our branch network.

Australian Guarantee Corporation, our finance company, is one of Australia's largest and provides motor dealer finance, business finance, personal finance and personal investment products.

The details	2001	2000	1999
Profit on operations (after tax)	<b>\$1,142m</b>	\$1,038m	\$873m
Economic profit	<b>\$937m</b>	\$802m	\$543m
Total assets	<b>\$107.2bn</b>	\$99.0bn	\$79.4bn
Expense to income ratio	<b>55.8%</b>	57.5%	60.9%
Personnel numbers	<b>19,708</b>	22,297	23,851



## Private Banking

### Leadership position

- 21,500 high net worth clients, representing a growing market share of this segment
- Industry leader in client service through dedicated executive managers
- Complete client account planning service inclusive of advising investment solutions and banking services

### Opportunities for growth

- Improve competitive differentiation through superior relationship management
- Consolidate our client relationships by earning greater share of total financial and investment services
- Product innovation for customised and exclusive investment opportunities
- Greater emphasis on strategic advice
- Deepen understanding and delivery of customised wealth creation solutions for the Private Bank segment

## Priority Customers

### Leadership position

- 948,000 customers and expanding rapidly – some relationship-managed
- 72 dedicated Priority Banking Relationship Managers
- Specially tailored product offerings and packages for professionals
- 20% of total housing market

### Opportunities for growth

- Improve customer retention through superior customer service and targeted product initiatives
- Increase cross-sales to this high potential customer base
- Deepen customer relationships by product packaging
- More focused, timely and coordinated customer contact programs
- Special offers for professionals and other high income groups based upon specific needs
- Migration from our 3.6 million personal customers

## Personal Banking

### Leadership position

- 3.6 million customers representing 25% market reach
- Nationwide multi-channel distribution network with 806 branches and in-stores
- Comprehensive product range with 7-24 convenient access
- Specialist offerings to market segments, including youth and the elderly
- 600 mobile lenders

### Opportunities for growth

- Increase the number of products per customer
- Use customer information better to drive product offers and service
- Identify potentially valuable customers and grow to priority customer status
- Lower the cost to serve
- Fully e-enable customer services and processes
- Speed up our credit decisions via customer scoring and improved credit scorecards

## Business group results

To enable a more detailed analysis of our results, the results of our business operations shown on pages 40 to 43 of this report have been presented on a management reporting basis. Internal charges and adjustments have been included in the performance of each business group to reflect the management of our business rather than our legal structure.

Therefore these results cannot be compared directly to public disclosure of the performance of our individual legal entities or geographic disclosures elsewhere in this report.



## Small Business

### Leadership position

- 520,000 customers serviced through either Business Banking or the branch network
- 297,000 customers managed by Business Direct, providing access to specialised business banking manager
- Highest penetration of small business customers using internet services
- Services expanded significantly over the last 12 months to provide added value access for small businesses (eg EZY BAS)
- Professional call centre facilities dedicated to resolving operational matters for business customers

### Opportunities for growth

- Realise the potential for expanded relationships and multiple product sales
- Use customer information better to anticipate and respond to customer needs
- Broaden services and access via development of a business desktop (internet)

## Middle Market Business

### Leadership position

- Significant growth in customer numbers to 150,000
- Market penetration 29% (up from 25% in 1999)
- Customer access to institutional bank products through a new segment known as corporate banking
- In excess of \$22 billion of loans committed to Australian business
- Full range of financial services covering local and global operations
- Wide distribution of business banking teams throughout the branch network
- Sector specialists, including agribusiness, franchising, imports/exports, property finance, providing specialist advice

### Opportunities for growth

- Realise the potential for expanded customer relationships by meeting more of their financial needs
- Improve sales management and sales force productivity through Customer Relationship Management technology and practices
- Target industries with opportunity gaps, such as health and community services, communication services and agribusiness growth sectors

## Australian Guarantee Corporation Limited

### Leadership position

- Wholesale finance provided to in excess of 200 motor dealers and retail finance provided to new and used car buyers through dealers at point of sale
- Leading provider of vendor finance via 8,000 retail stores and specialist suppliers
- Provides a wide range of business finance – equipment finance, vendor rental, insurance premium funding and current asset finance
- Funded by 126,000 personal investors providing \$5.7 billion via a range of fixed rate/fixed term debentures, short-term deposits and money market access accounts

### Opportunities for growth

- Expand the products offering to AGC customers through integration with Westpac group offerings
- Increase efficiency by rationalising systems and processes with the wider group

# Westpac Institutional Bank

## Who we are and what we do

Westpac Institutional Bank (WIB) provides financial services to the corporate and institutional customer base, assisting and advising in the management of cash, funding, capital and market risk for companies and institutions in Australia and New Zealand.

WIB operates through eight industry groups, supported by specialised product expertise in Financial Markets, Corporate Finance, Advisory and Transactional Services.

The Institutional Bank does business through branches and subsidiaries located in Australia, New Zealand, New York, London, Tokyo,

Singapore and Hong Kong. It is also represented in Thailand, Indonesia and China and maintains correspondent relationships with approximately 1,500 international financial institutions in over 90 countries.

WIB's superior customer service and market leadership position is backed up by diverse independent research. Westpac is rated Australia's Leading Principal Corporate Banker with a 22% share by East and Partners (June 2001). Additionally, 25% of respondent Australian companies cited Westpac as one of their two Lead Bankers in the 2001 Greenwich Large Corporate Banking Survey.

<b>The details</b>	<b>2001</b>	2000	1999
Profit on operations (after tax)	<b>\$385m</b>	\$316m	\$252m
Economic profit	<b>\$267m</b>	\$227m	\$158m
Total assets	<b>\$51.9bn</b>	\$48.8bn	\$36.5bn
Expense to income ratio	<b>36.9%</b>	45.3%	49.2%
Personnel numbers	<b>1,264</b>	1,227	2,444



## Financial Markets

### Leadership positions

- No.1 Bank in AUD Interest Rate Swaps (2 - 10 years), AUD Interest Rate Caps, USD/AUD Cross Currency Swaps/Floors, USD/AUD Currency Forwards – Risk Magazine – September 2001
- No.1 FX Bank in Australia/New Zealand – Global Finance Magazine – June 2001
- No.1 Bank in Australian Dollars – The Journal of Foreign Exchange and Money Markets – 2000 Annual Survey
- No.1 Bank for Currency Swaps – Asiamoney Magazine – April 2001
- No.1 Bank for Australian Dollar Foreign Exchange Options – Asia Risk Magazine – December 2000
- Leaders in industry-based research with publications such as the Westpac-Melbourne Institute Index of Consumer Sentiment and the Westpac-ACCI Survey of Industrial Trends

### Opportunities for growth

- Continued development of new products in commodities
- Increased cross-sell of institutional products and services to smaller business banking customers
- Further enhancement of the manufacture and distribution of structured investment products into the retail market
- Continued efficiencies through Internet-enabled products
- Continued development of risk management

## Funding (debt and equity)

### Leadership positions

- Leading corporate bond house
- No.1 Bank for Domestic Fixed Rate Bonds – Asiamoney Magazine Capital Raising Poll – September 2001
- Well developed capability to cross-sell into retail markets
- Leading provider of on-balance sheet finance

### Opportunities for growth

- Increased equity capital markets activities
- Enhance range of capital offerings for retail customers
- Focus on the development of more structured products for customers with specific needs

## Advisory

### Leadership positions

- Australian and New Zealand expertise
- Capacity to leverage intellectual capital of the entire Westpac group
- Capacity to enhance the growth strategies of customers

### Opportunities for growth

- Improve cross-sale of advisory services to transactional customers and introduce advisory clients to transactional services
- Continued promotion of the specialised understanding of business in Australia and New Zealand

## Transactional Services (cash management and payments)

### Leadership positions

- Leading provider of domestic and international payment and trade services
- Principal transaction banker to 35% of the top 500 companies in Australia – East and Partners – 2001

### Opportunities for growth

- Leverage strong product offering and eCommerce position to enhance customers' operating efficiency
- Expand solutions across the supply chain to assist customers to manage payment relationships with their customers
- Continue to expand application and transactional solutions to business customers

# WestpacTrust

## Who we are and what we do

WestpacTrust has been operating in New Zealand since 1861 and is one of New Zealand's leading full service banks. With 1.4 million customers, more than one in three New Zealanders have a banking relationship with WestpacTrust. It is the leading provider of banking services to small to medium business and is the banker of the New Zealand government.

WestpacTrust has 5,200 staff, 211 branches and almost 500 ATMs nationwide, as well as its phone assist call centres and 24-hour phone banking services. Its online banking service was launched in April 2000 and reached 125,000 registered users by end September 2001.

<b>The details</b>	<b>2001</b>	2000	1999
Profit on operations (after tax)	<b>\$283m</b>	\$251m	\$264m
Economic profit	<b>\$142m</b>	\$115m	\$123m
Total assets	<b>\$18.5bn</b>	\$16.0bn	\$16.3bn
Expense to income ratio	<b>49.1%</b>	51.5%	53.7%
Personnel numbers	<b>5,228</b>	5,310	5,671

(The figures above relate to retail operations in New Zealand. Any institutional banking activities carried out under the WestpacTrust banner are included in the figures for Westpac Institutional Bank on page 42.

Operating results reflect the impact of the change in the NZ dollar relative to the Australian dollar over the period between 1999 and 2001).

# Pacific Banking

## Who we are and what we do

Pacific Banking provides a full range of deposit, loan, transaction account and international trade facilities to personal and business customers. In selected locations finance company and motor vehicle loans are also offered. It is represented in eight Pacific Island nations, and operates through 53 outlets, eight ATMs and an extensive EFTPOS network.

<b>The details</b>	<b>2001</b>	2000	1999
Profit on operations (after tax)	<b>\$53.9m</b>	\$31.1m	\$58.7m*
Economic profit	<b>\$42m</b>	\$20m	\$42m
Total assets	<b>\$1,251.3m</b>	\$840.8m	\$690.8m
Expense to income ratio	<b>39.2%</b>	44.4%	52.1%
Personnel numbers	<b>1,290</b>	1,083	1,174

\*Includes profit from the sale of French Territory operations.



## Personal Banking

### Leadership position

- Largest New Zealand bank by customers, staff, branch and ATM network
- 140 years of business in New Zealand
- Strong community focus
- Supporter of important community initiatives, including Rescue Helicopters and Life Education Trust

### Opportunities for growth

- Increasing market share in Auckland
- Increasing focus on wealth management solutions and risk management products
- Distribution of third party solutions through WestpacTrust network
- Leverage Private and Priority banking relationships
- Improve credit card take-up and usage
- Extend online banking services
- Develop more tailored product packages
- Leverage business and corporate relationships
- Increase mobility of sales force (i.e. mobile mortgage managers)

## Business Banking

### Leadership position

- Relationships with a third of small to medium businesses
- Largest provider of card processing (merchant) services
- Dominant in payments and transactional business
- Commitment to supporting NZ business

### Opportunities for growth

- Leverage small/middle business relationships through development of distribution capability
- Continue to improve market share positioning in middle business market
- Win disproportionate share of market growth in the agribusiness sector
- Integrate products and services in targeted packages
- Further leverage our relationships with corporates and professional associations

## Pacific Banking

### Leadership position

- Depth of experience (Fiji Centenary 2001)
- Breadth of representation: eight Pacific countries
- Low cost operation
- Local focus, global strength

### Opportunities for growth

- Enhance electronic banking channel functionality
- Leverage new branding
- Develop eBusiness capability
- Develop electronic interchange arrangements with other financial institutions
- Leverage the wider Westpac group to achieve greater synergies and lower costs
- Leverage Australian investment/funds management and insurance capabilities
- Adapt a standardised operating model across all Pacific business units

# The buck stops

## Board of Directors

As at 2 November 2001

**Leon Davis** ASAIT, DSc(h.c.), FRACI, FAustIMM. Age 62.



Appointed Chairman December 2000. Director since November 1999. Leon Davis has had many years of experience in mining, 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 Rio Tinto and is now Deputy Chairman. He is a director of Huysmans Pty. Limited, Codan Pty. Limited and Trouin Pty. Limited and a Board Member of The Walter and Eliza Hall Institute of Medical Research. Trustee of The Westpac Foundation and the Rio Tinto Aboriginal Foundation.

**Barry Capp** BE(Civil), BCom, BA. Age 68.



Director since May 1993. Barry Capp was employed for many years in financial and commercial roles and has had experience in company reconstructions. Chairman of National Foods Limited and Australian Infrastructure Fund Limited. Director of Tassal Limited, Touchcorp Limited, Hellaby Holdings Limited and Melbourne University Private Limited.

**The Hon. Sir Llewellyn Edwards** AC, MB, BS, FRACMA, LLD(h.c.), FAIM. Age 66.



Director since November 1988. 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). Chairman of Webmatchit Interactive Marketing Limited, AMACA Pty. Limited, AMABA Pty. Limited, and the Medical Research and Compensation Foundation. Also Chairman of UQ Holdings Pty. Limited and Pacific Film & Television Commission. Director of TCNZ Australia Pty. Limited and Uniseed Pty. Limited. He also acts as a consultant to business and government.

**Warren Pat Hogan** MA, PhD, DSc(h.c.), DEcon(h.c.). Age 72.



Director since August 1986. Warren Hogan was a Professor of Economics at the University of Sydney from 1968 to 1998 and is now an Emeritus Professor. He is an Adjunct Professor in the Faculty of Business of the University of Technology, Sydney. Adviser to business, government and international organisations including the World Bank, Harvard University Development Advisory Service and the Australian Associated Stock Exchanges. Director of Australian Mutual Provident Society 1993 to 1995.

**Helen Lynch** AM. Age 58.



Director since November 1997. Helen Lynch had thirty five years experience in Westpac including membership of Westpac's executive team before retiring in 1994. She is a director of Coles Myer Limited, Southcorp Holdings Limited, CRI Australia Holdings Limited and the Institute of Molecular Bioscience. Deputy Chairman of OPSM Protector Limited and Chairman of the Sydney Symphony Orchestra Holdings Pty. Limited.

# here

**Eve Mahlab** AO, LLB,  
LLD(h.c.). Age 64.



Director since October 1993. Eve Mahlab has practiced as a solicitor, managed a family, owned and operated several successful small businesses and served on government and community boards. She has been extensively involved in community activities particularly those relating to business education, women and social change. Deputy Chairman of Film Australia Limited, Board Member of The Walter and Eliza Hall Institute of Medical Research. Trustee of The Westpac Foundation.

**John Fairfax** AM. Age 59.



Director since December 1996. John Fairfax has considerable understanding of the financial services needs of the commercial and rural sectors and of the impact of production and information technology on industry strategy. He has extensive experience in the media industry and takes an active interest in community organisations including the Royal Agricultural Society of NSW. Chairman of Cambooya Investments Limited and Rural Press Limited. Director of Crane Group Limited.

**Ian Harper** AM, BA, LLB.  
Age 69.



Director since July 1987. Ian Harper, previously a partner of Allen Allen & Hemsley and now a consultant to that firm (now known as Allens Arthur Robinson), has practiced extensively in corporations law. He has held a variety of financial service company board positions over many years. Director of Mayne Nickless Limited. Chairman of the Westpac Staff Superannuation Plan Pty. Limited Board and The Westpac Foundation.

**David Morgan** BEc, MSc, PhD.  
Age 54.



Appointed Managing Director and Chief Executive Officer March 1999, executive director since November 1997. David Morgan has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington 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.

**Peter Ritchie** BCom, FCPA.  
Age 59.



Director since January 1993. Peter Ritchie has broad consumer marketing and commercial experience. Chairman and founding director of McDonald's Australia Limited and Chairman of Solution 6 Holdings Limited. Director of Seven Network Limited, 1800 Reverse Pty. Limited and Bakers Delight Holdings Pty. Limited.



# Policy matters

## Corporate governance

Principles that guide us, practices that protect us, and controls that govern us.

### The Westpac Deed of Settlement

Westpac was the first bank established in Australia. Originally known as the Bank of New South Wales, it was founded in 1817 and was incorporated in 1850 by an Act of the New South Wales Parliament. Our Deed of Settlement (the “Deed”), which governs the relationship between Westpac and its shareholders, is based on the Deed adopted in 1850. The Deed remains in force today, though it has been amended from time to time, with shareholder approval. It sets out the rules dealing with how we manage and control our business; how shares are owned and transferred; meetings are held; voting occurs; and directors, officers, auditors and other representatives are appointed.

Following shareholder approval at the Annual General Meetings in December 1999 and December 2000 and the enactment of the Westpac Banking Corporation (Transfer of Incorporation) Act 2000 which became effective on 6 September 2000, we are progressing with plans to change the status of Westpac to a Corporations Act company. Shareholders adopted a new constitution in December 2000 which will take the place of the Deed. It is anticipated that the process of Westpac’s transfer of incorporation will be completed in early 2002.



From left: A page from the original 1850 Deed of Settlement, The First Report – 1851.

### The board

#### Role of the board

The board of directors is accountable to shareholders for the performance of the parent entity, Westpac Banking Corporation (“Westpac”) and the consolidated group being Westpac and its controlled entities (“Group”) and is responsible for the corporate governance practices of the Group.

The board’s principal objective is to maintain and increase shareholder value while ensuring that the Group’s overall activities are properly managed.

Our corporate governance practices provide the structure which enables the board’s principal objective to be achieved, whilst ensuring that the business and affairs of the Group are conducted ethically and in accordance with the law. The board is committed to the highest standards of corporate governance, which it sees as fundamental to performance, integrity and professionalism in all its activities.

The board’s overall responsibilities include:

- providing strategic direction and approving corporate strategies;
- monitoring management and financial performance;
- monitoring financial reporting;
- monitoring and ensuring the maintenance of adequate risk management controls and reporting mechanisms; and
- ensuring our business is conducted ethically and transparently.

The board delegates responsibility for day-to-day management of the business to the Chief Executive Officer. In addition the Chief Executive Officer oversees the implementation of strategies approved by the board. The board also uses a number of committees to support it in matters that require more intensive review. For example, overseeing the integrity of Westpac’s internal control and risk management systems is the responsibility of the Board Credit and Market Risk Committee and the Board Audit and Compliance Committee. Further details of the board committees are provided below.

As part of its commitment to good corporate governance, the board regularly reviews the practices and standards governing the board’s composition, independence and effectiveness, the accountability and compensation of directors (and senior executives) and the board’s responsibility for the stewardship of Westpac. The main practices and policies currently in place are set out below.

#### Composition and independence of the board

The size and composition of the board is determined by the full board, subject to the limits imposed by the Deed. The Deed requires a minimum of seven directors, and a maximum of 15. In addition, up to three members of the board may be executive directors.

The Chairman is a non-executive director, appointed by the full board. Structures and procedures in place to ensure that the board can operate independently of executive management include the predominance of non-executive directors who bring independent and special professional expertise to the board and the appointment of a non-executive director as Chairman.

As at 2 November, the board has ten members, with nine non-executive directors including the Chairman, and one executive director. Details of individual directors are set out at pages 44 and 45.

### **Board access to independent information and other resources**

All directors have unrestricted access to company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

**The board collectively and each director individually has the right to seek independent professional advice at Westpac's expense to assist them to carry out their responsibilities.**

While prior approval of the Chairman is required, it may not be unreasonably withheld and, in its absence, approval by the board may be sought.

The Deed sets out rules dealing with the indemnification of and insurance cover for directors and former directors of Westpac. Any such arrangements are undertaken in accordance with limitations imposed by law. To reflect current practices and to clarify the legal position of non-executive directors, shareholders at the December 1999 Annual General Meeting approved a deed of access and indemnity being entered into between Westpac and each director.

All new directors receive induction training at the time of their appointment to the board appropriate to their experience, to familiarise them with matters relating to our business, its corporate strategy and current issues before the board.

Our Group Secretary and General Counsel also provides directors with ongoing guidance on issues such as corporate governance, the Deed and the law.

In addition to its formal meetings, the board undertakes regular workshops on matters of topical interest. In 2001 there have been workshops on, amongst other things, credit risk and client relationship management.

### **Board nominations**

Following recommendations to the board flowing from the Board Nominations Committee, nominations for appointment to the board are considered by the board as a whole.

The board selects the most suitable board candidates taking into account the diversity of experience among the existing board and a range of flexible criteria, including the candidate's background, experience, professional skills, personal qualities and availability to commit themselves to board activities.

An important quality sought in candidates, regardless of diversity of experience, is demonstrated experience in corporate decision-making, usually at a senior executive level.

If candidates are appointed by the board, they stand for election, in accordance with the Deed, at the next Annual General Meeting of shareholders.

Directors are encouraged to own Westpac ordinary shares and must, under the Deed, own a minimum of 4,000 Westpac ordinary shares.

### **Board performance review**

The performance of the Chief Executive Officer (along with other senior executives) is reviewed periodically by the Board Remuneration Committee and the full board. The performance of non-executive directors is reviewed by the Chairman on an ongoing basis and, in addition, is reviewed regularly by a peer group of directors in the year in which a director becomes eligible for re-election. The Chairman's performance is reviewed by the full board each year prior to the Chairman's appointment or re-appointment.

### **Conflicts of interest of directors**

In addition, the board has guidelines dealing with disclosure of interests by directors and participation and voting at board meetings where any such interests are discussed. In accordance with the Corporations Act, any director with a material personal interest in a matter being considered by the board must not be present when the matter is being considered, and may not vote on the matter.

### **Retirement of directors**

The new constitution proposes a reduction in the retirement age to 70. The Deed sets a retirement age of 72. One third of the directors must offer themselves for re-election each year at the time of the Annual General Meeting. In November 1999 the board adopted fixed terms of office for its non-executive directors.

### **Board meetings**

The board meets formally at least 10 times a year, and also from time to time, to deal with specific matters that require attention between scheduled meetings. Meeting agendas are established by the Chairman and the Chief Executive Officer to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

## Corporate governance

Regular board meetings consider a broad range of matters, including strategy, financial performance reviews, capital management and acquisitions.

Details of meetings and attendances are set out at pages 58 and 59.

### Board committees

To assist the board in fulfilling its duties, there are currently five board committees, whose powers and procedures are governed by the Deed and the relevant committee's terms of reference, as delegated by the board.

The five board committees (up from four in the previous year) are: Board Audit and Compliance Committee, Board Credit and Market Risk Committee, Board Nominations Committee, Board Remuneration Committee and the recently added Board Social Responsibility Committee. Other board committees may be established from time to time to consider matters of special importance.

The board committees meet on a quarterly basis and at such other times as considered appropriate.

Four of the five committees are currently composed of non-executive directors only and membership is reviewed and rotated on an ongoing basis. The Board Social Responsibility Committee also has the Chief Executive Officer as a member. Executive directors and senior executives may be invited to attend committee meetings.

#### Board Audit and Compliance Committee

The Board Audit and Compliance Committee oversees all matters concerning internal control, the appropriateness of the Group's accounting policies and principles and financial reporting including reviewing the interim and annual financial statements. It considers whether the accounting methods chosen by management are consistent and comply with accounting standards and concepts and it monitors the methods used to account for unusual transactions. The committee also reviews and assesses any significant estimates and judgements in financial reports and the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by the Group of financial and non-financial information.

The Board Audit and Compliance Committee also reviews and assesses internal processes for determining, monitoring and assessing key risk areas. It ensures that the Group has an effective risk management system in place, clear policies and procedures for reporting, actioning and documenting breaches of laws including fraud and theft, and meets periodically with management and external and internal auditors to discuss the Group control environment including the processes in place for improvement.

The committee monitors the relationship with the external auditors and reviews and assesses the independence of those external auditors. It makes recommendations to the board on the appointment and removal of external auditors, their terms of engagement, and the scope and quality of the audit. The committee also reviews and assesses non-audit service provision by the external auditor, with particular consideration given to the potential for the provision of those services to impair or appear to impair the external auditors' judgement or independence in respect of the Group.

Additionally, the committee sets the scope of the internal audit function, reviewing the internal auditors' mission, charter and adequacy of resources and the output of its work. The committee also reviews the adequacy and effectiveness of management's control of risk in relation to operational activities, financial reporting and compliance.

It is Westpac's policy to employ PricewaterhouseCoopers, the firm of which its auditors Rahoul Chowdry and Michael Codling are partners, on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with Westpac are important. These assignments relate principally to regulatory reporting, tax advice and other assurance services, or where PricewaterhouseCoopers is awarded assignments on a competitive basis.

Present membership of the committee: Helen Lynch (Chairman), Ian Harper, Peter Ritchie, Barry Capp and Leon Davis.

#### Board Credit and Market Risk Committee

The Board Credit and Market Risk Committee oversees matters relating to management of the credit and market risks inherent in our operations. It reviews and approves our risk management framework, in particular prudential policies, credit and market risk limits and controls. It delegates authority to the Chief Executive Officer and the Chief Credit Officer to approve risk exposures. It monitors the credit and market risk performance of management, and the adequacy of provisions for credit loss, both specific and general, through management reporting and independent reports from Portfolio Risk Review. Detailed discussion of the management of credit and market risk is contained in the Financial Review section of the Annual Financial Report.

Present membership of the committee: Warren Hogan (Chairman), Leon Davis, John Fairfax and Eve Mahlab.

#### Board Nominations Committee

The Board Nominations Committee develops and reviews policies on director tenure, non-executive director remuneration and retirement schemes, board composition,

strategic function and size, eligibility criteria for election of directors, and Board and Board Committee effectiveness. In addition, the committee reviews director appointment criteria from time to time and considers and makes recommendations to the board on candidates for appointment as directors.

Present membership of the committee: Helen Lynch (Chairman), Barry Capp, Warren Hogan, Leon Davis and Sir Llewellyn Edwards.

### **Board Remuneration Committee**

The Board Remuneration Committee reviews remuneration policies and practices, approves the reward levels for the general management group, approves merit recognition arrangements and staff option grants and makes recommendations to the board on the remuneration of the directors, including the Chief Executive Officer. The committee's work is supported by independent remuneration consultants to ensure that our remuneration practices are consistent with market practice.

A fuller discussion of Westpac's remuneration philosophy forms part of the Directors' Report at pages 54 and 55.

Present membership of the committee: Barry Capp (Chairman), Sir Llewellyn Edwards, Peter Ritchie and Leon Davis.

### **Board Social Responsibility Committee**

The Board Social Responsibility Committee was established in 2001. Its purpose is to review the social and ethical impacts of Westpac's policy and practice and oversee initiatives to enhance our reputation as a socially responsible corporate citizen.

Present membership of the committee: Sir Llewellyn Edwards (Chairman), Leon Davis, John Fairfax, Peter Ritchie and David Morgan.

## **Executive Office**

The Chief Executive Officer oversees the implementation of the strategies approved by the board, and the day to day running of the business with the assistance of the Executive Office.

To strengthen accountability and leadership, the Chief Executive Officer has put in place an Executive Office structure that accentuates communication, efficiency, and responsiveness across functions and geography. Meetings are held at least fortnightly and more often when necessary. The discussions help to maintain organisational cohesiveness while emphasising openness, customer focus, and participative management at all levels and across boundaries.

Current membership of the Executive Office is: Chief Executive Officer; Chief Financial Officer; Group Executive, Westpac Institutional Bank; Group Executive, Business and Consumer Banking; and Group Executive, People and Performance. Personal details of the incumbents are shown on pages 38 and 39 of this report.

## **Remuneration policy**

The total remuneration available to non-executive directors is fixed by the shareholders at Annual General Meetings. The current fee pool limit of \$1.5 million was approved by shareholders at the Annual General Meeting held in December 1999.

When setting fees for individual directors, account is taken of the responsibilities inherent in the stewardship of Westpac and the demands made of directors in the discharge of their responsibilities. The board takes advice from independent consultancy sources to ensure remuneration accords with market practice.

Remuneration of the Chief Executive Officer and key executives is determined in accordance with our executive compensation program, which is administered by the Board Remuneration Committee. In keeping with our philosophy of pay for performance, the committee evaluates performance in three key areas: group, business unit and individual. Total reward has four components: base salary, short term incentive, long term incentive and other compensation (including superannuation). With respect to our key executives, the committee takes into account the recommendations of the Chief Executive Officer, who takes advice from independent consultancy sources to ensure remuneration accords with market practice.

Details of our remuneration philosophy and practice and fees and other entitlements paid to non-executive directors, executive directors and the top six senior executives are set out in full in the Directors' Report.

## **Market disclosure and communication with shareholders**

Westpac has a comprehensive market disclosure policy governing our communications with shareholders and other stakeholders. We are committed to providing our shareholders with comprehensive information about our activities, and to fulfilling our obligations to the broader market for continuous disclosure.

Consistent with best practice disclosure and continuous disclosure requirements, all market-sensitive data, corporate presentations and reports are simultaneously released to the stock exchange and to the market via press release and posting on Westpac's internet site.

Information on pages 72 and 73 and on page 76 and the inside back cover of this report contain details of how information is provided to shareholders and how it can be obtained.

The internet now provides the quickest way of disseminating information, and so we encourage all our shareholders, customers, the media, and any other interested parties, to visit our website [www.westpac.com.au](http://www.westpac.com.au). You will find copies of annual reports, briefings and presentations given by our Chief Executive Officer and other executives, public announcements, economic updates and, of course, information on our products and services. There is even a history of Westpac covering its 184 years of operation.

To enhance disclosure, shareholders can also now elect to selectively receive, via the internet, market information disclosed by Westpac.

### Risk management

Taking and managing risk are central to our business and to creating shareholder value. We regard risk as the potential for damage or loss associated with the business activities we undertake.

For management purposes we recognise three types of risk:

- credit risk is the risk of financial loss from the failure of customers to honour fully the terms of their contract with us;
- market risk is the risk to earnings from changes in market factors such as interest and foreign exchange rates, or our liquidity and funding profiles; and
- operational risk is the risk of unexpected financial, reputational, or other damage arising from the way our organisation pursues its business objectives.

**Management is accountable to the board for maintaining an effective control environment that reflects risk appetite and business objectives.**

To monitor risk we use a dynamic approach in which our board and the executive team link the active management of risk with the pursuit of agreed business strategies and objectives. It has five elements: strategic intent, business objectives, risk assessment, risk response and continuous assessment and review.

Management is required at regular intervals to report to the executive office and the board on the effectiveness of their risk management systems. Independent assessment of this process is provided by Group Audit and Portfolio Risk Review.

A more detailed coverage of the types of risk and how we manage them is contained in our Annual Financial Report on page 24.

### Compliance

Compliance, with the many legal, regulatory, and prudential requirements of our industry, is of vital importance to us. We take our obligations seriously and constantly look for initiatives to improve our standard of compliance.

Compliance is primarily a line management responsibility with business heads required to demonstrate they have in place effective processes.

To strengthen our ability to monitor and make progressive improvement we have a Chief Compliance Officer who reports directly to the Board Audit and Compliance Committee.

### Code of Conduct

We have a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities to the highest ethical standards. The Code was updated and reissued in June 2001 and is subject to regular review so that it continues to reflect the standards of behaviour and corporate culture expected of the best corporations. It is based on the following key principles:

- acting with honesty and integrity;
- abiding by laws and regulations;
- respecting confidentiality and handling information in a proper manner;
- maintaining the highest standards of professional behaviour;
- avoiding conflicts of interest; and
- striving to be a good corporate citizen and to achieve community respect.

There are also a number of specific policies in place that underpin the Code of Conduct and elaborate on various legal and ethical issues.

The Code is designed not only to foster ethical business conduct, but also to govern such things as workplace and human resources practice, insider trading, risk management, and legal compliance.

### Insider trading

Directors and other officers are subject to restrictions under the Corporations Act relating to dealings in securities. As required by law and by our own insider trading policy, buying or selling Westpac securities is not permitted at any time by any person who possesses price-sensitive information not available to the market in relation to those securities.

In addition to these restrictions, the board's policy is that directors may only buy or sell Westpac shares or options

in the six weeks immediately following our half year and full year financial results announcements with the approval of the Chairman and the Chairman may only do so with the approval of the Chairman of the Board Audit and Compliance Committee. Any approvals are to be notified to the Board.

## Corporate social responsibility

### Social responsibility

Our statement of our social responsibility practices, released in June 2001, is an important step in ensuring constructive dialogue with customers, governments, communities and our staff.

It seeks to put what we see as our social accountabilities into plain language and to make them widely available.

Our 'Social Accountability' statement sets down what our stakeholders can expect from us when it comes to social responsibility. It is the foundation on which we conduct our business. We expect everyone at Westpac to live up to these practices and we're ready to be judged against them.

These policies and practices have developed over time and they reflect, among other things, practices that the community expects from companies like us in the key areas of:

- governance and ethical conduct;
- marketplace practices;
- human rights and employee practices;
- occupational health and safety;
- care for the environment;
- community involvement; and
- financial controls and risk management.

While reference is sometimes made to Australian legislation and practices, the policies apply across the Group, recognising the need to comply with individual country legislative requirements.

Our aim is for stakeholders to know what we stand for and how we are performing against our policies and practices. We plan to regularly monitor our effectiveness while seeking to ensure we continue to understand the development of society's expectations.

A full copy of our 'Social Accountability' statement is available at [www.westpac.com.au](http://www.westpac.com.au) under the 'Westpac Info' tab.

### Personal customer charter

The Westpac Personal Customer Charter governs our relationship with customers. Released in Australia in November this year, this charter spells out our commitment to customers on the service levels they can expect.

The charter sits alongside our 'Social Accountability' statement and the other financial services industry codes, such as the Code of Banking Practice, which we fully support and comply with.

We will report publicly our compliance with this charter and our auditors will independently review that report. A full copy of the charter is available at [www.westpac.com.au](http://www.westpac.com.au).

### Occupational health and safety

The safety and welfare of our employees is important to us, and so we are committed to occupational health & safety ("OH&S") through a process of continual improvement while meeting our legislative responsibilities. The new OH&S legislation was passed in 2001 and has a greater focus on employee consultation. We prepared for this change by reviewing our consultation mechanisms during the past year. The methods for consulting with employees have been improved and are now more varied and flexible, and accommodate the range of environments in which our businesses operate.

### The environment

We believe we have a responsibility to maximise the environmental performance of our business wherever we can.

We were the first Australian financial institution to commit to greenhouse measures when we joined the Greenhouse Challenge in 1996, and since then we have been introducing energy saving initiatives and extending the scope of environmental actions to waste, transport, and cultural change. In our experience, adopting innovative technology and practices to reduce energy and save greenhouse gas emissions can deliver both cost savings and environmental benefits.

We are the only Australian bank to be a signatory to the United Nations Environment Program (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development. We are also the first Australian bank to be included in the Dow Jones Global Sustainability Index which rates companies worldwide on their performance against social and environmental measures. Further information on our environmental programs can be found at pages 36 and 37 of this report.

## Political donations

Each year the board gives consideration to making political donations. The policy is that if political donations are to be made they should be made on a generally even-handed basis to major political parties with a broad cross-section of parliamentary representation. All donations are declared in accordance with electoral laws and are detailed on page 58 of this report.

# 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 2001.

## Directors

The names of the persons who have been directors of Westpac during the period since 1 October 2000 are Leonard Andrew Davis (appointed Chairman from 15 December 2000), John Allen Uhrig (retired 15 December 2000), David Raymond Morgan, Managing Director and Chief Executive Officer, William Barrett Capp, The Hon. Sir Llewellyn Edwards, John Brehmer Fairfax, Roger Patrick Handley (resigned 31 January 2001), Ian Rainy Lance Harper, Professor Warren Pat Hogan, Helen Ann Lynch, Eve Mahlab, John Powell Morschel (resigned 6 July 2001), Peter David Ritchie and Christopher John Stewart (retired 15 December 2000). Particulars of the qualifications, experience and responsibilities of the directors at the date of this report are set out under the headings "Board of Directors" on pages 44 and 45 and "Corporate Governance" on pages 46 to 51 and form part of this report.

In respect of those directors who have retired or resigned, John Uhrig had been a director since November 1989 and Chairman since October 1992, Patrick Handley had been a director since November 1997, John Morschel had been a director since July 1993 and Christopher Stewart had been a director since November 1997.

## Principal activities

The principal activities of the Group during the financial year which ended on 30 September 2001 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, consumer finance, leasing, factoring, general finance, foreign exchange dealing and money market services. No significant change in the nature of those activities occurred during the financial year.

## Review and results of operations

A review of the operations of the Group for the financial year ended 30 September 2001 is set out on pages 62 through to 71 and forms part of this report.

The operating result of the Group attributable to equity holders for the financial year ended 30 September 2001 was a profit of \$1,903 million after tax.

## Dividends

A final dividend for the financial year ended 30 September 2000 of 28 cents per fully paid ordinary share, totalling \$490 million, was paid by Westpac on 2 January 2001, as a fully franked dividend. \$497 million had been provided for in the financial statements for the year ended 30 September 2000.

An interim dividend for the financial year ended 30 September 2001 of 30 cents per fully paid ordinary share, totalling \$520 million, was declared by the directors and paid as a fully franked dividend on 6 July 2001.

A final dividend for the financial year ended 30 September 2001 of 32 cents per fully paid ordinary share, estimated amount \$560 million, has been provided for in the financial statements for that year and will be paid on 21 December 2001. The final dividend will be fully franked.

Details of dividends provided for or paid are set out in note 2 to the Concise Financial Report.

## Significant changes in state of affairs

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

### Technology and telecommunications outsourcing

On 12 October 2000, Westpac announced the selection of IBM Global Services Australia Limited as the preferred supplier to manage the Group's core banking technology platforms, with Telstra Corporation Limited providing telecommunications services. This became effective on 3 December 2000.

### Capital management

On 21 November 2000, the on-market buy-back scheme announced on 18 April 2000 concluded. 100 million fully paid ordinary shares were repurchased at an average price of \$12.52 per share.

On 22 November 2000, an on-market buy-back scheme to repurchase up to 50 million fully paid ordinary shares was announced. This scheme concluded on 7 June 2001, 32.4 million fully paid ordinary shares being repurchased at an average price of \$13.30 per share.

#### **Directors**

Leon Davis was appointed Chairman following the retirement of John Uhrig at the close of the Annual General Meeting held on 15 December 2000. Christopher Stewart retired as a director on 15 December 2000. Patrick Handley resigned as an executive director on 31 January 2001 and John Morschel resigned as a director on 6 July 2001.

#### **Events after end of financial year**

##### **Mortgage operations outsourcing**

Effective 1 October 2001, Westpac entered into a 10 year agreement with EDS (Business Process Administration) Pty Limited ("EDS") to manage its mortgage operations in Adelaide. EDS will assume responsibility for mortgage processing and servicing operations, while Westpac will retain control of the Mortgage Centre's sales, credit and collection functions.

#### **Directors**

Edward Alfred (Ted) Evans was appointed a non-executive director, effective 5 November 2001.

Other than as noted here, the directors are not aware of any matter or circumstance that has arisen since 30 September 2001 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 in pages 10 through to 43 and form part of this report.

#### **Directors' interests in securities**

The following particulars for each director of Westpac are set out on page 54:

- (i) their relevant interests in shares of Westpac or any related body corporate;
- (ii) their relevant interests in debentures of, or interests in any registered managed investment scheme made available by Westpac or any related body corporate;
- (iii) their rights or options over shares in, debentures of, or interests in any registered managed investment scheme made available by Westpac or any related body corporate; and
- (iv) 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 related body corporate.



## Directors' report

### Directors' holdings of Westpac shares and options as at 2 November 2001

Name	Notes	Number of ordinary fully paid shares and options	Non-beneficial interest
Leon Davis	1	5,000	167,593
David Morgan		559,732	–
	2	675,000	–
	3	3,000,000	–
Barry Capp		14,338	–
Sir Llewellyn Edwards		10,381	–
John Fairfax		103,448	291,943
Ian Harper	1	39,516	167,593
Warren Hogan		12,066	–
Helen Lynch		10,752	–
Eve Mahlab	1	14,654	167,593
Peter Ritchie		15,560	7,201

#### Notes:

- 1 Certain directors have relevant interests (non-beneficial) in shares, and shares subject to warrants, which are held beneficially by a staff/community related fund of which those directors are trustees.
- 2 Options issued under the Senior Officers' Share Purchase Scheme.
- 3 Options issued under the 1999 Chief Executive Share Option Agreement.

### Other disclosable interests as at 2 November 2001

David Morgan – interests in managed investment schemes made available by related bodies corporate: 25,681 units.

## Remuneration philosophy and practice

### Non-executive directors

Our non-executive directors are remunerated by fees determined by our board of directors within the aggregate directors' fee pool limit of \$1.5 million approved by shareholders in December 1999. The pool limit is not at present fully utilised. In setting directors' fees, account is taken of the responsibilities inherent in the stewardship

of Westpac and the demands made of directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources to ensure remuneration accords with market practice. Income received, or due and receivable by non-executive directors of Westpac for the year ended 30 September 2001 was:

Name	Notes	Fees \$	Superannuation Guarantee Charge \$	Retirement/ Resignation payment \$	Total cost \$
Leon Davis (appointed Chairman 15 December 2000)		300,769	–	–	300,769
John Uhrig (retired 15 December 2000)	3	79,769	–	1,099,862	1,179,631
Barry Capp	1	98,000	8,721	–	106,721
Sir Llewellyn Edwards	1	87,750	7,564	–	95,314
John Fairfax		85,000	7,564	–	92,564
Ian Harper	1	98,000	8,721	–	106,721
Warren Hogan	1	98,000	–	–	98,000
Helen Lynch	1	100,750	8,721	–	109,471
	2	8,000	–	–	8,000
Eve Mahlab		85,000	7,564	–	92,564
John Morschel (resigned 6 July 2001)	1,3	77,646	–	294,660	372,306
Peter Ritchie		85,000	6,800	–	91,800
Christopher Stewart (retired 15 December 2000)	3	19,942	–	130,430	150,372

Note: Remuneration for executive directors is disclosed at page 56.

#### Notes:

- 1 Includes fees payable to Chairpersons of Board Committees.
- 2 Consultancy fee for service on a Westpac Committee.
- 3 Retirement/resignation payments calculated in accordance with the formula contained in the Directors' Service Agreement approved by shareholders at the January 1989 Annual General Meeting.

### **Executive directors and senior executives**

We have designed our executive remuneration program to support a pay for performance policy that differentiates remuneration amounts based on an evaluation of performance results in three basic areas: group, business unit and individual. Remuneration has four components: base pay, short-term incentive, long-term incentive and other compensation (including superannuation). The program is administered by the Board Remuneration Committee (the "Committee"), which is composed of non-executive directors.

In combination, these four remuneration components comprise total reward. For the better performers, total reward is matched to the upper quartile of the market, reflecting a target mix of fixed and variable pay and a blend of short-term and long-term elements.

The Committee takes into account the recommendations of the Chief Executive Officer with respect to the remuneration of our key executives. In making recommendations, he receives assessments and advice from independent remuneration consultants regarding our compensation practices and those of others.

The Committee's specific objectives are to:

- provide base pay and benefits to attract and retain key executives who are critical to our long-term success, by providing a secure level of income that recognises the market value of the position as well as internal equities among roles, the individual's performance, capabilities and experience. Base pay for management typically approximates the median salary for positions of similar responsibility in the peer group. Generally, increases in base pay only occur in response to market

changes or when warranted by an executive's change in responsibilities. In 2001 a number of executives had a change in responsibilities.

- provide annual short-term incentives that:
  - (i) are tightly linked to measurable key drivers of shareholder value creation, including financial and non-financial components; and
  - (ii) emphasise performance above shareholder expectations, including superior growth in economic profit relative to peer companies.
- align the financial interests of executive officers with those of our shareholders by providing significant equity-based long-term incentives. Share options and other equity-based incentives are awarded to link a significant portion of senior management remuneration to the attainment of sustained growth in shareholder value. Award levels are determined according to the individual's responsibilities, performance and potential to enhance shareholder value. Share options awarded to senior executives have been issued under the General Management Share Option Plan under which the exercise of options is subject to performance hurdles. Share options are awarded to David Morgan under a Chief Executive Share Option Agreement, approved by shareholders, under which the exercise of options is subject to performance hurdles. The Committee uses the Black-Scholes option-pricing model, adjusted to reflect the performance hurdles, to establish the appropriate value of the long-term incentive.
- emphasise performance-based and equity-based remuneration as executive officer level increases.

## Directors' report

Details of the nature and amount of each element of the emolument of each of our executive directors for the year ended 30 September 2001 are:

Name and position	Compensation				Option grants
	Base pay <sup>1</sup> \$	Short term incentive <sup>1</sup> \$	Other <sup>2</sup> \$	Total \$	
<b>David Morgan</b> Managing Director and Chief Executive Officer	1,225,000	1,100,000	183,084	2,508,084	–
<b>Patrick Handley</b> Former Executive Director (Resigned 31 January 2001)	285,417	–	4,986,878 <sup>3</sup>	5,272,295	–

Notes:

- 1 Base pay has been received in the year to 30 September 2001. Short-term incentive figures reflect annual performance awards accrued but not yet paid in respect of the year ended 30 September 2001.
- 2 Other compensation is determined on the basis of the cost to us and includes all fringe benefits tax and superannuation surchargeable contributions for those executives who are members of our Staff Superannuation Plan, as determined by the Plan's actuary, housing (plus fringe benefits tax), car parking (plus fringe benefits tax) and other benefits, such as commencement incentives and separation payments.
- 3 This amount includes \$4,906,274 representing long term benefits comprised of payments made to offset income tax differences between Australia and the United States accumulated over a seven year period and a long term incentive payment covering performance over a three year period. The balance comprises other compensation described in note 2 above.

Details of the nature and amount of each element of the emolument of each of our six most senior executives, in addition to the executive directors, for the year ended 30 September 2001 are:

Name and position	Compensation				Option grants <sup>3</sup>		
	Base pay <sup>1</sup> \$	Short term incentive <sup>1</sup> \$	Other <sup>2</sup> \$	Total \$	No. of shares	Exercise price \$	Date first exercisable
<b>David Clarke</b> Group Executive, Banking and Financial Solutions	650,000	525,000	9,614	1,184,614	950,000	12.75	5 November 2004
<b>Michael Hawker</b> Group Executive, Business and Consumer Banking	572,916	525,000	51,440	1,149,356	–	–	–
<b>David Willis</b> Group Executive, Westpac Institutional Bank	525,000	570,000	18,086	1,113,086	600,000	14.70	9 January 2005
<b>Philip Chronican</b> Chief Financial Officer	420,834	405,000	53,216	879,050	500,000 200,000	14.70 13.85	9 January 2005 19 March 2004
<b>Ann Sherry</b> Group Executive, People and Performance	382,500	250,000	98,292	730,792	300,000	14.70	9 January 2005
<b>Christopher Skilton</b> Former Group Executive, WestpacTrust, Pacific Banking and PEP (effective 16 March 2001)	205,208	–	1,228,165	1,433,373	–	–	–

Notes:

- 1 and 2 Refer to notes for the executive directors remuneration table above.
- 3 Option grants are a right to buy ordinary shares at an exercise price equal to the market value at the date of the offer determined in accordance with the plan rules. The options are recognised in the table above based on the year in respect of which they are granted. The options will be granted with a ten year term pursuant to the General Management Share Option Plan, under which the number of options exercisable depends on our performance against prescribed performance hurdles. Under our US GAAP disclosures, the fair value of options for the purposes of inclusion in the potential compensation expense has been determined using the Black-Scholes option pricing model. The factors that are considered in the Black-Scholes option pricing model include the term of the option, the risk free interest rate, volatility of the share price, the dividend yield and a discount factor to reflect the probability of reaching the performance hurdle. The notional value of the options first exercisable in March 2004 has been assessed at \$1.97. The grant of options first exercisable in November 2004 and January 2005 have not been issued as at 2 November 2001. The notional value for these grants has been assessed at \$1.81 and \$2.02 respectively.

Note: This table discloses remuneration for the six most highly paid senior executives involved in the management of the affairs of Westpac other than executive directors. Other individuals who are rewarded under incentive-based systems according to results, consistent with market practice within the industry, may within any given year receive remuneration at a level in excess of that received by some executives shown.

## Share options

During the financial year ended 30 September 2001 there were, as a result of the 2000 remuneration review, 15,254,500 options granted under the General Management Share Option Plan ("GMSOP") and the Senior Officers' Share Purchase Scheme ("SOSPS") to 502 eligible officers for nil consideration, with exercise dates between October 2003 and August 2011 and a weighted average exercise price of \$13.31. In addition, the following options with exercise dates between January 2005 and January 2012 have been approved but not yet granted to 476 eligible officers as part of the 2001 remuneration review process:

- 6,250,000 options under the GMSOP with an exercise price of \$14.70; and
- 9,241,000 options under the SOSPS with an exercise price of \$14.65.

There were 13,214,637 shares issued during the year due to the exercise of options for a total consideration of \$110,229,982.

There are currently 40,651,737 options outstanding. The latest dates for exercise of these options range between January 2002 and August 2011 and the weighted average exercise price is \$10.86. Options issued under the GMSOP and the 1999 Chief Executive Share Option Agreement totalling 12,981,000 (weighted average exercise price \$11.69) are subject to performance requirements that will determine the particular proportion which may be exercised 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 peer group over the performance period. The peer group is the 50 largest industrial companies listed on the Australian Stock Exchange Limited at the time of the commencement of the performance period.

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

## Indemnities and insurance

Unless arising out of conduct involving a lack of good faith, under Westpac's Deed of Settlement (the "Deed") Westpac must indemnify, to the extent permitted by law, each director, secretary, executive officer and employee of members of the Group against:

- (i) any liability incurred by each such person in their capacity as director, secretary, executive officer or employee, as the case may be;
- (ii) any liability incurred:
  - (a) in defending civil or criminal proceedings in which judgment is given in their favour or in which they are acquitted;
  - (b) in connection with any application relating to any such proceedings in which relief is granted to them under the Corporations Act 2001 or the corresponding law of another jurisdiction where Westpac carries on business; or
  - (c) in connection with any investigation of any kind relating to the affairs or conduct of Westpac or any member of the Group in which they are examined or required to give evidence or produce documents.

Each of the directors named on pages 44 and 45 of this report and the secretary of Westpac, Ilana Atlas, has the benefit of this indemnity, which extends to all directors, secretaries, executive officers and employees of each member of the Group.

Following shareholder approval at the 1999 Annual General Meeting, Westpac has entered into a Deed of Access and Indemnity with each of the directors which includes indemnification in identical terms to that provided in the Deed.

## Directors' report

Following shareholder approval at the 2000 Annual General Meeting, Westpac has entered into Deeds of Indemnity with Ian Harper, Leon Davis and Eve Mahlab in their capacity as trustees of The Westpac Foundation, in identical terms to those set out in the 2000 Notice of Meeting.

Auditors of Westpac are also indemnified under the Deed on terms identical to those set out in paragraph (ii) on page 57.

No amount was paid under any of these indemnities during the financial year ended 30 September 2001 or since that date.

The Deed permits Westpac 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, secretary, executive officer or employee of any member of the Group against any liability incurred by that person in any such capacity and being a liability:

- (i) for costs and expenses in defending proceedings (whether civil or criminal), whatever their outcome; or
- (ii) not arising out of conduct involving a wilful breach of duty or which contravenes sections 182 and 183 of the Corporations Act 2001.

Westpac, on behalf of the Group, for the year ended 30 September 2001 arranged insurance cover in respect of 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.

### 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 2001:

#### Board meetings

Director	Notes	Regular board meetings		Special board meetings	
		No. of meetings held <sup>1</sup>	No. of meetings attended	No. of meetings held <sup>1</sup>	No. of meetings attended
Leon Davis		10	10	3	3
David Morgan		10	10	3	3
Barry Capp		10	9	3	3
Sir Llewellyn Edwards		10	10	3	3
John Fairfax		10	10	3	2
Patrick Handley	2	3	3	1	1
Ian Harper		10	9	3	2
Warren Hogan		10	10	3	3
Helen Lynch		10	10	3	3
Eve Mahlab		10	10	3	1
John Morschel	3	8	8	2	1
Peter Ritchie		10	8	3	1
Christopher Stewart	4	3	3	1	–
John Uhrig	4	3	3	1	1

### 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 2001, donations and other contributions totalling \$238,630 were made to political parties as follows:

Party	Amount <sup>1</sup>
Australian Labor Party	\$102,200
Liberal Party of Australia	\$100,330
National Party of Australia	\$31,400
Australian Democrats	\$4,700
Total	\$238,630

Note:

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

## Board committee meetings

Name	Notes	Board Audit and Compliance Committee		Board Credit and Market Risk Committee		Board Nominations Committee		Board Remuneration Committee		Board Social Responsibility Committee <sup>5</sup>	
		No. of meetings held <sup>1</sup>	No. of meetings attended	No. of meetings held <sup>1</sup>	No. of meetings attended	No. of meetings held <sup>1</sup>	No. of meetings attended	No. of meetings held <sup>1</sup>	No. of meetings attended	No. of meetings held <sup>1</sup>	No. of meetings attended
Leon Davis	6,7,8,9	–	–	4	4	1	1	2	2	–	–
David Morgan	7	–	–	–	–	–	–	–	–	–	–
Barry Capp	6	–	–	–	–	3	3	7	7	–	–
Sir Llewellyn Edwards	8,10	–	–	–	–	1	1	7	7	–	–
John Fairfax	7	–	–	4	3	–	–	–	–	–	–
Patrick Handley	2	–	–	–	–	–	–	–	–	–	–
Ian Harper		4	3	–	–	–	–	–	–	–	–
Warren Hogan		–	–	4	4	3	2	–	–	–	–
Helen Lynch	11	4	4	–	–	3	3	–	–	–	–
Eve Mahlab		–	–	4	4	–	–	–	–	–	–
John Morschel	3	3	3	–	–	1	1	–	–	–	–
Peter Ritchie	7	4	3	–	–	–	–	7	4	–	–
Christopher Stewart	4	–	–	1	1	–	–	–	–	–	–
John Uhrig	4	1	1	1	–	–	–	2	1	–	–

While not shown above, executive directors 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 tables:

- 1 Number of meetings held during the period the Director was a member of the Board and/or relevant Committee.
- 2 Patrick Handley resigned on 31 January 2001.
- 3 John Morschel resigned on 6 July 2001.
- 4 Christopher Stewart and John Uhrig retired on 15 December 2000.
- 5 The terms of reference of the Board Social Responsibility Committee were approved and adopted on 12 September 2001 and had its first meeting on 31 October 2001.
- 6 Leon Davis and Barry Capp were appointed to the Board Audit and Compliance Committee on 8 August 2001.
- 7 Leon Davis, David Morgan, John Fairfax and Peter Ritchie were appointed to the Board Social Responsibility Committee on 12 September 2001.
- 8 Leon Davis and Sir Llewellyn Edwards were appointed to the Board Nominations Committee on 8 August 2001.
- 9 Leon Davis was appointed to the Board Remuneration Committee on 8 August 2001.
- 10 Sir Llewellyn Edwards was appointed Chairman of the Board Social Responsibility Committee on 6 July 2001.
- 11 Helen Lynch was appointed Chairman of the Board Audit and Compliance Committee on 6 July 2001.

Signed in accordance with a resolution of the board of directors.



L.A. Davis  
Chairman  
2 November 2001



D.R. Morgan  
Managing Director and  
Chief Executive Officer  
2 November 2001

# Ten year summary

\$m (unless otherwise indicated)	2001	2000	1999	1998	1997
<b>Statement of financial performance – year ended 30 September<sup>1</sup></b>					
Net interest income <sup>2</sup>	<b>4,051</b>	3,669	3,476	3,492	3,353
Fully tax equivalent gross up <sup>3</sup>	<b>149</b>	169	127	128	127
Net interest income (including gross up)	<b>4,200</b>	3,838	3,603	3,620	3,480
Non-interest income <sup>2</sup>	<b>2,537</b>	2,414	2,155	2,003	1,739
Net operating income (including gross up)	<b>6,737</b>	6,252	5,758	5,623	5,219
Total operating expenses	<b>(3,570)</b>	(3,503)	(3,434)	(3,392)	(3,228)
Operating profit before bad and doubtful debts (including gross up)	<b>3,167</b>	2,749	2,324	2,231	1,991
Bad and doubtful debts	<b>(433)</b>	(202)	(171)	(168)	(78)
Profit from ordinary activities before income tax and abnormal items (including gross up)	<b>2,734</b>	2,547	2,153	2,063	1,913
Fully tax equivalent gross up <sup>3</sup>	<b>(149)</b>	(169)	(127)	(128)	(127)
Income tax expense	<b>(677)</b>	(660)	(567)	(589)	(493)
Net profit attributable to outside equity interests	<b>(5)</b>	(3)	(3)	(4)	(2)
Profit from ordinary activities before abnormal items (excluding gross up)	<b>1,903</b>	1,715	1,456	1,342	1,291
Abnormal items (net of tax) <sup>4</sup>	<b>–</b>	–	–	(70)	–
Net profit attributable to equity interests of Westpac Banking Corporation	<b>1,903</b>	1,715	1,456	1,272	1,291
<b>Statement of financial position at 30 September<sup>1</sup></b>					
Total assets	<b>189,845</b>	167,618	140,220	137,319	118,963
Loans	<b>122,250</b>	107,533	97,716	91,738	77,874
Acceptances	<b>15,700</b>	15,665	10,249	10,325	11,242
Deposits and public borrowings	<b>96,157</b>	89,994	85,546	83,164	72,636
Loan capital	<b>4,838</b>	4,892	2,692	2,523	1,895
Total equity	<b>9,705</b>	9,262	8,997	8,611	8,206
Total risk adjusted assets	<b>127,242</b>	114,816	102,592	97,430	87,133
<b>Share information</b>					
Earnings per share (cents):					
Before abnormals	<b>102.8</b>	88.8	77.0	70.1	70.0
After abnormals	<b>102.8</b>	88.8	77.0	66.4	70.0
Dividends per ordinary share (cents)	<b>62.0</b>	54.0	47.0	43.0	39.0
Net tangible assets per ordinary share (\$) <sup>5</sup>	<b>4.28</b>	3.96	3.71	3.59	3.69
Share price (\$):					
High	<b>14.55</b>	12.97	12.06	11.45	9.10
Low	<b>11.87</b>	9.16	8.36	7.10	6.43
Close	<b>13.29</b>	12.75	9.45	9.28	8.70
<b>Ratios</b>					
Total equity to total assets (%)	<b>5.1</b>	5.5	6.4	6.3	6.9
Net capital ratio (%)	<b>9.9</b>	9.9	9.2	9.3	10.5
Dividend payout ratio (%)	<b>60.3</b>	60.8	61.0	64.8	55.7
Return on average ordinary equity before abnormals (%)	<b>21.1</b>	18.4	16.8	15.5	17.0
Productivity ratio <sup>6</sup>	<b>4.03</b>	3.53	3.17	3.30	2.97
Expense to income ratio (excluding amortisation of goodwill) (%)	<b>51.5</b>	54.5	57.9	58.4	60.7
Net interest margin	<b>3.11</b>	3.10	3.25	3.44	3.59
Economic profit/(loss) (\$m)	<b>1,198</b>	1,058	669	694	716
<b>Other information</b>					
Points of bank representation (number at year end)	<b>1,347</b>	1,375	1,625	1,832	1,547
Core full time equivalent staff (number at year end) <sup>7</sup>	<b>27,088</b>	29,510	31,731	33,222	31,608

## Notes:

- The above statement of financial position extracts for 2001, 2000 and 1999 and statement of financial performance extracts for 2001 and 2000 are derived from the consolidated financial statements included in this report, and for prior years are derived from consolidated financial statements previously published.
- During the year guarantee fees of \$68 million in respect of certain structured finance transactions have been treated as yield adjustments to interest income. Previously these fees were reported as part of fees and commissions paid. Comparative amounts have been restated for the years ended 30 September 2000 and 1999 by \$46 million and \$16 million respectively. The change had no impact on net profit.
- We have entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a fully tax equivalent basis.
- For reporting periods ending on or after 30 June 2001, it is no longer required (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 separately its nature and amount.
- After deducting preference share capital and goodwill assets.
- Operating profit (including gross up)/personnel costs excluding restructuring expenses.
- Core full time equivalent staff includes pro-rata part time staff and excludes unpaid absences (e.g. maternity leave) and excludes temporary staff and contractors.

\$m (unless otherwise indicated)	1996	1995	1994	1993	1992
<b>Statement of financial performance – year ended 30 September<sup>1</sup></b>					
Net interest income <sup>2</sup>	3,254	2,982	2,761	2,628	2,592
Fully tax equivalent gross up <sup>3</sup>	68	45	62	86	88
Net interest income (including gross up)	3,322	3,027	2,823	2,714	2,680
Non-interest income <sup>2</sup>	1,472	1,391	1,555	1,841	1,756
Net operating income (including gross up)	4,794	4,418	4,378	4,555	4,436
Total operating expenses	(3,049)	(2,654)	(2,637)	(2,629)	(3,169)
Operating profit before bad and doubtful debts (including gross up)	1,745	1,764	1,741	1,926	1,267
Bad and doubtful debts	(121)	(330)	(695)	(1,292)	(2,802)
Profit/(loss) from ordinary activities before income tax and abnormal items (including gross up)	1,624	1,434	1,046	634	(1,535)
Fully tax equivalent gross up <sup>3</sup>	(68)	(45)	(62)	(86)	(88)
Income tax expense	(421)	(371)	(276)	(146)	548
Net profit attributable outside equity interests	(3)	(3)	(3)	(5)	(2)
Profit/(loss) from ordinary activities before abnormal items (including gross up)	1,132	1,015	705	397	(1,077)
Abnormal items (net of tax) <sup>4</sup>	–	(68)	–	(358)	(485)
Net profit/(loss) attributable to equity interests	1,132	947	705	39	(1,562)
<b>Statement of financial position at 30 September<sup>1</sup></b>					
Total assets	121,513	105,835	93,861	104,712	110,948
Loans	81,201	64,365	61,242	64,601	66,348
Acceptances	11,197	11,656	12,219	12,851	11,166
Deposits and public borrowings	74,886	58,198	54,925	57,669	60,261
Loan capital	2,199	2,881	2,929	3,333	3,261
Total equity	7,891	7,583	7,299	7,129	6,676
Total risk adjusted assets	86,503	74,930	72,567	82,777	94,904
<b>Share information</b>					
Earnings per share (cents):					
Before abnormals	58.9	53.5	36.0	21.1	–
After abnormals	58.9	49.8	36.0	0.9	–
Dividends per ordinary share (cents)	33.0	28.0	18.0	12.0	18.0
Net tangible assets per ordinary share (\$) <sup>5</sup>	3.39	3.81	3.67	3.51	3.56
Share price (\$):					
High	6.59	5.51	5.55	4.20	5.05
Low	5.20	3.90	3.83	2.39	2.73
Close	6.54	5.36	4.20	3.94	2.85
<b>Ratios</b>					
Total equity to total assets (%)	6.5	7.2	7.8	6.8	6.0
Net capital ratio (%)	10.8	13.9	13.8	12.3	9.7
Dividend payout ratio (%)	56.0	56.2	50.0	large	–
Return on average ordinary equity before abnormals (%)	14.6	13.0	9.8	5.7	–
Productivity ratio <sup>6</sup>	2.77	n/a	n/a	n/a	n/a
Expense to income ratio (excluding amortisation of goodwill) (%)	62.9	59.9	60.1	57.4	71.2
Net interest margin	3.7	3.8	3.5	3.0	2.9
Economic profit/(loss) (\$m)	554	270	(24)	(581)	(2,148)
<b>Other information</b>					
Points of bank representation (number at year end)	1,788	1,547	1,616	1,827	1,946
Core full time equivalent staff (number at year end) <sup>7</sup>	33,832	31,416	31,396	33,724	39,253

Notes:

- The above statement of financial position extracts for 2001, 2000 and 1999 and statement of financial performance extracts for 2001 and 2000 are derived from the consolidated financial statements included in this report, and for prior years are derived from consolidated financial statements previously published.
- During the year guarantee fees of \$68 million in respect of certain structured finance transactions have been treated as yield adjustments to interest income. Previously these fees were reported as part of fees and commissions paid. Comparative amounts have been restated for the years ended 30 September 2000 and 1999 by \$46 million and \$16 million respectively. The change had no impact on net profit.
- We have entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a fully tax equivalent basis.
- For reporting periods ending on or after 30 June 2001, it is no longer required (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 separately its nature and amount.
- After deducting preference share capital and goodwill assets.
- Operating profit (including gross up)/personnel costs excluding restructuring expenses.
- Core full time equivalent staff includes pro-rata part time staff and excludes unpaid absences (e.g. maternity leave) and excludes temporary staff and contractors.



# Concise financials

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 consolidated entity as the Annual Financial Report for the year ended 30 September 2001.

A copy of Westpac Banking Corporation and its controlled entities 2001 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 (61 2) 9226 3143 and can be accessed via the internet at [www.westpac.com.au](http://www.westpac.com.au)

## Management discussion and analysis of the statement of financial performance

Net profit attributable to equity holders was \$1,903 million for the year ended 30 September 2001. This represents an 11% growth on 2000 from \$1,715 million, which in turn was 18% higher than 1999.

Net interest income increased by \$362 million or 9% from 2000, and \$235 million or 7% from 1999. The increase in 2001 related to strong growth in average interest earning assets while margins remained flat. In 2000, the increase was due to strong growth in interest earnings assets offset by a 15 basis point reduction in interest margin.

Non-interest income increased by \$123 million or 5% on 2000 which in turn increased by 12% on 1999. The 2001 result included a net charge of \$41 million due to tax recoveries on the life insurance policyholders' earnings, compared to a positive contribution of \$68 million in 2000. Adjusting for this item, non-interest income increased by 10% on 2000 and 9% on 1999. The main contributors to growth in 2001 were:

- a \$111 million or 7% increase in net fees and commissions primarily due to increases in loan volumes and transaction activities;
- a \$120 million or 53% increase in financial markets non-interest income; and
- adjusting for tax recoveries, a \$68 million or 12% increase in insurance and fund management income.

2000 was the first year of the new life insurance accounting standard AASB 1038 Life Insurance Business which resulted in recognition of life insurance income and expense on a gross basis. In addition, during February 2000 we restructured part of our financial services group and as a consequence, the financial services distribution business results were brought to account on an embedded value basis. The effect of the consolidation of the life insurance business and of the restructure had been to add \$227 million to non-interest income for 2000.

Operating expenses increased by \$67 million or 2% from 2000. 2000 expenses also increased 2% from 1999, although after adjusting for the application of the life insurance accounting standard, expenses were flat from 1999 to 2000. The 2001 nominal increase includes absorbing an additional \$78 million in goods and services tax costs, \$27 million of additional restructuring costs, \$8 million in adverse exchange rate movements and incremental costs across all operations due to growing transaction volumes. Expense containment continued to be a key priority as demonstrated by continued improvement in the expense to income ratio (before amortisation of goodwill) from 57.9% in 1999 to 54.5% in 2000 and to 51.5% in 2001.

Bad and doubtful debts increased by \$231 million or 14% from 2000, which in turn increased 18% or \$31 million from 1999. The increase in 2001 was predominantly due to a small number of corporate exposure downgrades and write-offs in consumer and personal lending products.

The company tax rate in 2001 was reduced to 34% from 36% in 2000 and 1999. The Group's effective tax rates in 2001, 2000 and 1999 were below the relevant company tax rate each year due to the impact of lower overseas tax rates and certain non-taxable items. The tax expense included a \$41 million credit in 2001 and a \$68 million charge in 2000 in relation to tax recoveries on life insurance policyholders' earnings, offset in non-interest income in accordance with the requirements of the life insurance business accounting standard.

**Statement of financial performance** for the years ended 30 September  
Westpac Banking Corporation and its controlled entities

	Note	2001 \$m	Consolidated 2000 \$m	1999 \$m
Interest income		<b>10,258</b>	9,390	7,876
Fully tax equivalent gross up <sup>1</sup>		<b>149</b>	169	127
Interest expense		<b>(6,207)</b>	(5,721)	(4,400)
<b>Net interest income (including gross up)</b>		<b>4,200</b>	3,838	3,603
Non-interest income:				
Fees and commissions received		<b>2,090</b>	1,832	1,642
Fees and commissions paid		<b>(485)</b>	(338)	(286)
Proceeds from sale of assets		<b>679</b>	1,966	266
Carrying value of assets sold		<b>(670)</b>	(1,930)	(197)
Life insurance and funds management revenue		<b>575</b>	1,482	283
Life insurance claims and change in policy liabilities		<b>(51)</b>	(915)	–
Other non-interest income		<b>399</b>	317	447
Total non-interest income		<b>2,537</b>	2,414	2,155
<b>Net operating income (including gross up)</b>		<b>6,737</b>	6,252	5,758
Operating expenses:				
Salaries and other staff expenses		<b>(1,744)</b>	(1,815)	(1,830)
Equipment and occupancy expenses		<b>(648)</b>	(632)	(602)
Other expenses		<b>(1,178)</b>	(1,056)	(1,002)
Total operating expenses		<b>(3,570)</b>	(3,503)	(3,434)
<b>Operating profit before bad and doubtful debts (including gross up)</b>		<b>3,167</b>	2,749	2,324
Bad and doubtful debts		<b>(433)</b>	(202)	(171)
Fully tax equivalent gross up <sup>1</sup>		<b>(149)</b>	(169)	(127)
<b>Profit from ordinary activities before income tax expense</b>		<b>2,585</b>	2,378	2,026
Income tax expense		<b>(677)</b>	(660)	(567)
<b>Net profit</b>		<b>1,908</b>	1,718	1,459
Net profit attributable to outside equity interests		<b>(5)</b>	(3)	(3)
<b>Net profit attributable to equity holders of Westpac Banking Corporation</b>		<b>1,903</b>	1,715	1,456
Foreign currency translation reserve adjustment		<b>74</b>	115	(13)
Premises revaluation adjustment		<b>–</b>	(25)	(28)
<b>Total revenues, expenses and valuation adjustments attributable to equity holders of Westpac Banking Corporation recognised directly in equity</b>		<b>74</b>	90	(41)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>1,977</b>	1,805	1,415
<b>Earnings (in cents) per ordinary share after deducting distributions on other equity instruments</b>	4			
Basic		<b>102.8</b>	88.8	77.0
Fully diluted		<b>101.9</b>	87.7	76.1

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

<sup>1</sup> The Group has entered into various tax effective financing transactions that derive income that is subject to either a reduced or zero rate of income tax. The impact of this is reflected in lower income tax expense and interest income. In order to provide improved comparability, this income is presented on a fully tax equivalent basis.

## Concise financials

### Management discussion and analysis of the statement of financial position

Assets increased by \$22 billion to \$190 billion in 2001. This was largely driven by a 12% growth in lending assets.

Significant asset movements in 2001 were:

- loans increased by \$15 billion to \$122 billion in 2001 from 2000. This was primarily due to higher housing loan levels in Australia of \$6 billion and \$2 billion in New Zealand;
- trading securities increased by \$4 billion to \$11 billion in 2001;
- life insurance investment assets were reported for the first time in 2000 and there was minimal net movement in 2001; and
- the increase in other assets of \$2 billion related predominantly to securities sold not yet delivered and to other financial markets assets. The latter was due to an increase in the volume and the revaluation of derivative financial instruments, largely driven by the movement in the value of the Australian dollar against the United States dollar during the year.

The growth in our assets was funded by a \$9 billion growth in debt issues and \$6 billion growth in deposits and public borrowings. In 2000, the growth was funded half by debt issues and half by deposits and public borrowings.

Total equity increased by \$0.4 billion in 2001 from \$9.3 billion in 2000. This movement reflects an increase in accumulated earnings partially offset by share buy-backs and dividends during the year. The Groups' share buy-back program was suspended earlier in the year due to target capital levels being reached.

The Group maintained a strong capital position with tier 1 and net capital ratios being 6.3% and 9.9% respectively (2000 6.6% and 9.9% and 1999 7.0% and 9.2%). The minimum regulatory requirements are 4.0% and 8.0% respectively.

**Statement of financial position** as at 30 September  
Westpac Banking Corporation and its controlled entities

	Note	Consolidated 2001 \$m	2000 \$m
<b>Assets</b>			
Cash and balances with central banks		1,079	836
Due from other financial institutions		5,094	3,325
Trading securities		10,629	7,174
Investment securities		2,960	2,731
Loans		122,250	107,533
Acceptances of customers		15,700	15,665
Life insurance investment assets		7,352	7,547
Regulatory deposits with central banks overseas		482	620
Goodwill		1,501	1,535
Fixed assets		1,034	1,175
Deferred tax assets		441	467
Other assets		21,323	19,010
<b>Total assets</b>		<b>189,845</b>	<b>167,618</b>
<b>Liabilities</b>			
Due to other financial institutions		5,954	3,972
Deposits and public borrowings		96,157	89,994
Debt issues		27,989	19,203
Acceptances		15,700	15,665
Tax liabilities		706	651
Life insurance policy liabilities		7,123	6,991
Provisions		1,038	989
Other liabilities		20,635	15,999
<b>Total liabilities excluding loan capital</b>		<b>175,302</b>	<b>153,464</b>
<b>Loan capital</b>			
Subordinated bonds, notes and debentures		4,045	4,175
Subordinated perpetual notes		793	717
<b>Total loan capital</b>		<b>4,838</b>	<b>4,892</b>
<b>Total liabilities</b>		<b>180,140</b>	<b>158,356</b>
<b>Net assets</b>		<b>9,705</b>	<b>9,262</b>
<b>Equity</b>			
Share capital		2,233	2,258
Trust originated preferred securities (TOPrS <sup>sm</sup> )		465	465
Reserves		2,819	3,099
Retained profits	3	4,174	3,435
<b>Equity attributable to equity holders of Westpac Banking Corporation</b>		<b>9,691</b>	<b>9,257</b>
Outside equity interests in controlled entities		14	5
<b>Total equity</b>		<b>9,705</b>	<b>9,262</b>

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

## Concise financials

**Statement of cash flows** for the years ended 30 September  
Westpac Banking Corporation and its controlled entities

	2001 \$m	Consolidated 2000 \$m	1999 \$m
<b>Cash flows from operating activities</b>			
Interest received	10,080	10,135	8,345
Interest paid	(6,461)	(6,232)	(5,018)
Dividends received	51	43	35
Other non-interest income received	3,367	655	2,954
Operating expenses paid	(3,330)	(3,174)	(3,091)
Net (increase)/decrease in trading securities	(143)	764	(2,204)
Income tax paid	(527)	(497)	(520)
Life business:			
receipts from policyholders and customers	2,427	3,366	–
interest and other items of similar nature	138	135	–
dividends received	362	430	–
payments to policyholders and suppliers	(2,249)	(3,428)	–
income tax paid	(64)	(27)	–
<b>Net cash provided by operating activities</b>	<b>3,651</b>	<b>2,170</b>	<b>501</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment securities	508	1,441	147
Proceeds from matured investment securities	139	94	148
Purchase of investment securities	(866)	(1,907)	(444)
Proceeds from securitised loans	202	255	2,568
Net (increase)/decrease in:			
loans	(13,304)	(11,322)	(11,124)
due from other financial institutions	(1,598)	778	(898)
regulatory deposits with central banks overseas	193	(135)	752
life business investment assets	134	(118)	–
other assets	186	410	(554)
Purchase of fixed assets	(299)	(418)	(362)
Proceeds from disposal of fixed assets	171	525	119
Controlled entities acquired, net of cash acquired	5	–	–
Controlled entities disposed, net of cash held	44	139	58
<b>Net cash used in investing activities</b>	<b>(14,485)</b>	<b>(10,258)</b>	<b>(9,590)</b>
<b>Cash flows from financing activities</b>			
Issue of loan capital	350	1,924	460
Redemption of loan capital	(813)	(112)	(147)
Proceeds from issue of shares	110	91	95
Proceeds from issue of New Zealand Class shares (net of issue costs of 2001 Nil, 2000 \$16m)	203	279	–
Buyback of shares	(753)	(1,273)	(933)
Proceeds from issue of TOPrS (net of issue costs of \$20m)	–	–	465
Net increase/(decrease) in:			
due to other financial institutions	1,799	379	(266)
deposits and public borrowings	3,553	3,909	5,113
other liabilities	447	179	419
bonds, notes and commercial paper	7,007	3,962	4,450
Payment of distributions and dividends	(836)	(761)	(627)
Payment of dividends to outside equity interests	(1)	(3)	(4)
<b>Net cash provided by financing activities</b>	<b>11,066</b>	<b>8,574</b>	<b>9,025</b>
Net increase/(decrease) in cash and cash equivalents	232	486	(64)
Effect of exchange rate changes on cash and cash equivalents	11	5	6
Cash and cash equivalents at the beginning of year	836	345	403
<b>Cash and cash equivalents at year end</b>	<b>1,079</b>	<b>836</b>	<b>345</b>

The above statement of cash flows should be read in conjunction with the accompanying notes and discussion and analysis.

## Note 1. Summary of significant accounting principles and 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 2001, which complies with Australian Accounting Standards, other mandatory professional reporting requirements, the provisions of the Deed of Settlement and the Bank of New South Wales Act of 1850 (as amended). These requirements have been applied in the Annual Financial Report in a manner authorised for an authorised deposit-taking institution under the Banking Act 1959 (as amended) and, so far as considered appropriate to Westpac Banking Corporation, in accordance with the requirements of 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 Westpac is provided in the 2001 Annual Financial Report.

Comparative information is restated where appropriate to enhance comparability. In particular, as a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

## Note 2. Dividends and distributions provided for or paid

	2001 \$m	Consolidated 2000 \$m	1999 \$m
<b>Ordinary dividends</b>			
Interim ordinary dividend paid:			
Ordinary shares 30 cents per share; 2000 26 cents per share; 1999 23 cents per share (all fully franked at 30%, 34% and 36% respectively)	520	475	426
New Zealand Class shares 30 cents per share; 2000 26 cents per share (both fully imputed) <sup>1</sup>	16	13	–
Final ordinary dividend provided for:			
Ordinary shares 32 cents per share (fully franked at 30%); 2000 28 cents per share (fully franked at 34%); 1999 24 cents per share (unfranked)	560	497	445
New Zealand Class shares 32 cents per share; 2000 28 cents per share (both fully imputed) <sup>1</sup>	17	15	–
(Over)/under provision of dividend in prior year <sup>2</sup>	(7)	13	(5)
<b>Total ordinary dividends provided for or paid</b>	<b>1,106</b>	<b>1,013</b>	<b>866</b>
<b>Distributions on other equity instruments</b>			
Distributions paid or provided for:			
TOPrS	51	43	8
<b>Total distributions on other equity instruments</b>	<b>51</b>	<b>43</b>	<b>8</b>
<b>Franking account balance</b>			
Franking account balance at the end of the financial year at 30% (2000 34%, 1999 36%)	5	(110)	(173)
Franking credits arising from payment of current income tax payable	823	350	102
Franking credits utilised for payment of proposed final dividend	(560)	(497)	–
<b>Adjusted franking account balance at the end of the financial year at 30% (2000 34%, 1999 36%)</b>	<b>268</b>	<b>(257)</b>	<b>(71)</b>

Where dividends are franked in future years these will be met principally out of franking credits arising in each of those subsequent years.

## Concise financials

### Note 3. Retained profits

	2001 \$m	Consolidated 2000 \$m	1999 \$m
Balance at beginning of year	3,435	2,788	2,241
Aggregate of amounts transferred to reserves	(7)	(12)	(35)
Operating profit after tax attributable to equity holders of Westpac Banking Corporation	1,903	1,715	1,456
Dividends provided for or paid	(1,106)	(1,013)	(866)
Distributions on other equity instruments	(51)	(43)	(8)
<b>Balance at year end</b>	<b>4,174</b>	<b>3,435</b>	<b>2,788</b>

### Note 4. Earnings per ordinary share

	2001		Consolidated 2000		1999	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
<b>Reconciliation of earnings used in the calculation of earnings per ordinary share (\$million)</b>						
Net profit	1,908	1,908	1,718	1,718	1,459	1,459
add: Potential earnings from the proceeds of exercised options	–	14	–	12	–	6
less: Outside equity interests	(5)	(5)	(3)	(3)	(3)	(3)
TOPRS distribution	(51)	(51)	(43)	(43)	(8)	(8)
<b>Earnings</b>	<b>1,852</b>	<b>1,866</b>	<b>1,672</b>	<b>1,684</b>	<b>1,448</b>	<b>1,454</b>
<b>Weighted average number of ordinary shares (millions)</b>						
Weighted average number of ordinary shares	1,801	1,801	1,883	1,883	1,881	1,881
Potential dilutive adjustment:						
Exercise of options	–	30	–	38	–	29
<b>Total weighted average number of ordinary shares</b>	<b>1,801</b>	<b>1,831</b>	<b>1,883</b>	<b>1,921</b>	<b>1,881</b>	<b>1,910</b>
<b>Earnings per ordinary share (cents)</b>	<b>102.8</b>	<b>101.9</b>	<b>88.8</b>	<b>87.7</b>	<b>77.0</b>	<b>76.1</b>

AASB 1038 Life Insurance Business became operative for the Group from 1 October 1999. The effect for the financial year ended 30 September 2001 has been to increase basic and diluted earnings per share by 2.7 cents (2000 3.1 cents and 3.1 cents respectively) as compared with the earnings per share that would have been determined using the previous accounting policy.

### Note 5. Group segment information

The basis of 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.

The business segments are defined by the customers they service and the services they provide. The Australian Retail Financial Services segment consists of the combined results of Business and Consumer Banking, Banking and Financial Solutions and eBusiness and Information Technology. The Institutional Banking segment represents primarily corporate and government customers providing services including corporate finance and financial markets. The New Zealand Retail segment comprises the retail operations of this region. Other includes the results of Group Treasury, Pacific Banking and Head Office functions.

## Note 5. Group segment information (Continued)

Primary reporting – business segments	Consolidated 2001				
	Australian Retail Financial Services \$m	Institutional Banking \$m	New Zealand Retail \$m	Other \$m	Total \$m
Revenue from external customers	8,772	1,703	1,809	1,717	14,001
Internal revenue	268	730	72	(1,070)	–
Total segment revenue	9,040	2,433	1,881	647	14,001
Interest income <sup>1</sup>	6,827	1,555	1,550	475	10,407
Interest expense	(2,176)	(670)	(964)	(2,397)	(6,207)
Internal charges <sup>2</sup>	(1,533)	(363)	61	1,835	–
Net interest income	3,118	522	647	(87)	4,200
Net non-interest income	1,540	515	322	160	2,537
Internal charges <sup>2</sup>	(47)	(10)	–	57	–
Total operating income	4,611	1,027	969	130	6,737
Depreciation and goodwill amortisation	(241)	(11)	(71)	(70)	(393)
Other non-cash expenses	(125)	(1)	(4)	(19)	(149)
Other operating expenses	(2,141)	(278)	(425)	(184)	(3,028)
Internal charges <sup>2</sup>	(127)	(89)	(11)	227	–
Total operating expenses	(2,634)	(379)	(511)	(46)	(3,570)
Bad and doubtful debts	(311)	(114)	(31)	23	(433)
Operating profit before income tax	1,666	534	427	107	2,734
Income tax expense <sup>1</sup>	(524)	(149)	(144)	(9)	(826)
Outside equity interest	–	–	–	(5)	(5)
Net profit	1,142	385	283	93	1,903
Total assets	107,177	51,874	18,509	12,285	189,845
Total liabilities	78,936	37,642	19,301	44,261	180,140
Acquisition of fixed assets and goodwill	107	6	48	148	309

	Consolidated 2000				
Revenue from external customers	8,508	1,488	1,650	3,341	14,987
Internal revenue	219	882	73	(1,174)	–
Total segment revenue	8,727	2,370	1,723	2,167	14,987
Interest income <sup>1</sup>	6,314	1,541	1,375	329	9,559
Interest expense	(1,981)	(608)	(809)	(2,323)	(5,721)
Internal charges <sup>2</sup>	(1,477)	(474)	34	1,917	–
Net interest income	2,856	459	600	(77)	3,838
Net non-interest income	1,535	334	297	248	2,414
Internal charges <sup>2</sup>	8	30	–	(38)	–
Total operating income	4,399	823	897	133	6,252
Depreciation and goodwill amortisation	(234)	(7)	(69)	(57)	(367)
Other non-cash expenses	(115)	(9)	(4)	(17)	(144)
Other operating expenses	(2,129)	(266)	(417)	(179)	(2,992)
Internal charges <sup>2</sup>	(115)	(91)	(7)	213	–
Total operating expenses	(2,593)	(373)	(497)	(40)	(3,503)
Bad and doubtful debts	(184)	6	(26)	2	(202)
Operating profit before income tax	1,622	456	374	95	2,547
Income tax expense <sup>1</sup>	(584)	(140)	(123)	18	(829)
Outside equity interest	–	–	–	(3)	(3)
Net profit	1,038	316	251	110	1,715
Total assets	98,976	48,817	15,951	3,874	167,618
Total liabilities	71,306	31,047	17,454	38,549	158,356
Acquisition of fixed assets and goodwill	158	7	64	189	418

1 Interest income and income tax expense includes fully tax equivalent gross up of \$149 million for 2001 (\$169 million in 2000).

2 Internal charges are eliminated on consolidation.



## Concise financials

### Note 5. Group segment information (Continued)

Primary reporting – business segments	Consolidated 1999				
	Australian Retail Financial Services \$m	Institutional Banking \$m	New Zealand Retail \$m	Other \$m	Total \$m
Revenue from external customers	6,101	1,193	1,450	1,487	10,231
Internal revenue	215	586	90	(891)	–
<b>Total segment revenue</b>	<b>6,316</b>	<b>1,779</b>	<b>1,540</b>	<b>596</b>	<b>10,231</b>
Interest income <sup>1</sup>	5,217	1,239	1,287	260	8,003
Interest expense	(1,598)	(564)	(584)	(1,654)	(4,400)
Internal charges <sup>2</sup>	(938)	(341)	(25)	1,304	–
<b>Net interest income</b>	<b>2,681</b>	<b>334</b>	<b>678</b>	<b>(90)</b>	<b>3,603</b>
Net non-interest income	1,145	453	272	285	2,155
Internal charges <sup>2</sup>	60	(5)	(1)	(54)	–
<b>Total operating income</b>	<b>3,886</b>	<b>782</b>	<b>949</b>	<b>141</b>	<b>5,758</b>
Depreciation and goodwill amortisation	(210)	(17)	(67)	(43)	(337)
Other non-cash expenses	(117)	(16)	(9)	38	(104)
Other operating expenses	(1,622)	(249)	(459)	(663)	(2,993)
Internal charges <sup>2</sup>	(482)	(103)	(12)	597	–
<b>Total operating expenses</b>	<b>(2,431)</b>	<b>(385)</b>	<b>(547)</b>	<b>(71)</b>	<b>(3,434)</b>
Bad and doubtful debts	(130)	(8)	10	(43)	(171)
<b>Operating profit before income tax</b>	<b>1,325</b>	<b>389</b>	<b>412</b>	<b>27</b>	<b>2,153</b>
Income tax expense <sup>1</sup>	(452)	(137)	(148)	43	(694)
Outside equity interest	–	–	–	(3)	(3)
<b>Net profit</b>	<b>873</b>	<b>252</b>	<b>264</b>	<b>67</b>	<b>1,456</b>
Total assets	79,409	36,473	16,307	8,031	140,220
Total liabilities	60,180	24,081	15,428	31,534	131,223
Acquisition of fixed assets and goodwill	112	7	50	193	362

1 Interest income and income tax expense includes fully tax equivalent gross up of \$127 million.

2 Internal charges are eliminated on consolidation.

### Secondary reporting – geographic segments

	2001		2000		1999	
	\$m	%	\$m	%	\$m	%
<b>Operating revenue (excluding gross up)</b>						
Australia	10,432	74.5	10,831	72.3	7,659	74.9
New Zealand	2,382	17.0	1,898	12.7	1,801	17.6
Other <sup>1</sup>	1,187	8.5	2,258	15.0	771	7.5
<b>Total</b>	<b>14,001</b>	<b>100.0</b>	<b>14,987</b>	<b>100.0</b>	<b>10,231</b>	<b>100.0</b>

1 Other includes Pacific Islands, Asia, Americas and Europe.

### Note 6. Events subsequent to balance date

Effective 1 October 2001, Westpac entered into a 10 year agreement with EDS (Business Process Administration) Pty Limited (EDS) whereby EDS will provide mortgage and other processing services in connection with Westpac's mortgage loan portfolio. Westpac will continue to perform the sales, credit and collection functions related to the mortgage business.

## Directors' Declaration

In accordance with a resolution of the Directors of Westpac Banking Corporation ("the Parent Entity"), the Directors declare that the accompanying Concise Financial Report of the consolidated entity, for the year ended 30 September 2001, set out on pages 62 to 70:

- 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 2nd day of November 2001.

For and on behalf of the Board.



L.A. Davis

Chairman



D.R. Morgan

Managing Director and  
Chief Executive Officer

## Independent Audit Report

### to the Shareholders of Westpac Banking Corporation

We have audited the Concise Financial Report of Westpac Banking Corporation ("the Parent Entity") for the year ended 30 September 2001 as set out on pages 62 to 71, in order to express an opinion on it to the shareholders of the Parent Entity. The Parent Entity's Directors are responsible for the Concise Financial Report.

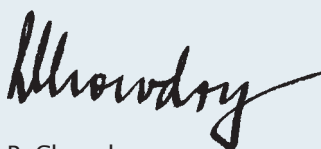
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the Annual Financial Report of the Parent Entity for the year ended 30 September 2001. Our audit report on the Annual Financial Report was signed on 2 November 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the Concise Financial Report included testing that the information included in it is consistent with the Annual Financial Report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the Annual Financial Report. These procedures have been undertaken to form an opinion as to whether the Concise Financial Report complies with Australian Accounting Standard AASB 1039 Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the Concise Financial Report of the Parent Entity for the year ended 30 September 2001 complies with Accounting Standard AASB 1039 Concise Financial Reports.



R. Chowdry



M.J. Codling

Chartered Accountants  
Sydney, Australia

2 November 2001

# Information for Shareholders

## Annual General Meeting

The meeting will be held in the Harbourside Auditorium, Level 2, Sydney Convention and Exhibition Centre North, Darling Drive, Darling Harbour, Sydney, NSW on 13 December 2001 at 1.30pm.

## Shareholders' Calendar

Record Date for final dividend	28 November 2001
Record Date for final dividend (New York)	27 November 2001
Annual General Meeting	13 December 2001
Final dividend payable	21 December 2001
Half year end	31 March 2002
Interim results and dividend announcement	2 May 2002
Record Date for interim dividend	13 June 2002*
Record Date for interim dividend (New York)	12 June 2002*
Interim dividend payable	5 July 2002*
Year end	30 September 2002
Final results and dividend announcement	31 October 2002
Record Date for final dividend	27 November 2002**
Record Date for final dividend (New York)	26 November 2002**
Annual General Meeting	12 December 2002#
Final dividend payable	20 December 2002**

\* Dates will be confirmed at the time of announcing 2002 interim results.

\*\* Dates will be confirmed at the time of announcing 2002 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 2002.

## 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; and
- one vote for each one hundred shares held which are paid to one cent.

### NZ Class shares

Holders of this class of share are not personally able to vote at a general meeting, but may give voting directions on agenda items in the event of a poll.

## Dividends payment

Holders of shares traded on Australian Stock Exchange Limited (ASX) may elect, by written notification to the Share Registry in Sydney, 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. Any change to direct credit details should be notified to the Share Registry in Sydney, promptly, in writing; or

- if they are resident in, or their address on the register of shareholders is in, Australia or New Zealand, have the dividends on some or all of their ordinary shares automatically reinvested in additional shares by participating in the Dividend Reinvestment Plan. Full details of the Plan can be obtained from the Share Registry in Sydney or at [www.westpac.com.au](http://www.westpac.com.au) under the "Westpac Info" tab, at "Investor Information" (click on "Dividend Payment Options").

## Stock Exchange listings

Westpac ordinary shares are listed on:

Australian Stock Exchange Limited (code WBC), New York Stock Exchange (code WBK), Tokyo Stock Exchange and New Zealand Stock Exchange.

NZ Class shares are listed on the New Zealand Stock Exchange.

## Limit on size of shareholdings

Under the Deed of Settlement, no person (including corporations) may hold more than 10% of the total number of ordinary shares allotted unless the Board of Directors is satisfied that it is in the interest of Westpac to allow some greater percentage not exceeding 15% in all and that the person is not precluded by the Financial Sector (Shareholdings) Act 1998 from owning ordinary shares accordingly.

## Sources of information for shareholders

Westpac's Internet Site – [www.westpac.com.au](http://www.westpac.com.au)

The Investor Information section found at the "Westpac Info" tab in [www.westpac.com.au](http://www.westpac.com.au) provides key information about investing in Westpac Banking Corporation shares, including annual reports, financial results, news and information, contacts, important dates. It also has a link to the Australian share registry for information about your shareholding via "Shareholder Information".

An overview of Westpac's businesses and history can be found under "At Westpac".

## Annual report

We are providing our report to shareholders in two parts:

- a Concise Annual Report; and
- an Annual Financial Report.

Both parts will be lodged with the Australian Stock Exchange Limited and the Australian Securities and Investments Commission and are available on [www.westpac.com.au](http://www.westpac.com.au) under the “Westpac Info” tab, at “Investor Information”.

The main source of information is the Concise Annual Report, available at [www.westpac.com.au](http://www.westpac.com.au) (as outlined above), or which is mailed to shareholders in November.

Shareholders who do not wish to receive the Concise Annual Report, or who are receiving more than one copy, or who wish to also receive an Annual Financial Report, should notify the Share Registry in Sydney in writing, including the shareholder number with the notification. Irrespective of individual elections regarding receipt of an 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](http://www.westpac.com.au) 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.

## Share Registries

For information about your shareholding you should contact the appropriate share registry. In the case of the Australian registry, this information is also available via a link on [www.westpac.com.au](http://www.westpac.com.au) under the “Westpac Info” tab and through “Investor Information” to the link at “Shareholder Information”. Any changes to your address should be notified to the registry in writing.

Addresses and phone numbers for the Share Registries can be found on page 76.

## Other Information

Other sources of information produced during the year include:

- an annual Summary of Performance published in Japanese for shareholders in Japan;
- a review of the half yearly performance mailed to shareholders with dividend statements in July;
- documents lodged from time to time in the USA to comply with that country’s regulatory requirements (such documents are submitted concurrently to the ASX); and
- annual reports and information booklets produced by controlled entities and operating divisions of Westpac Banking Corporation.

## Top twenty ordinary shareholders at 2 October 2001

	No. of fully paid ordinary shares	% held
Chase Manhattan Nominees Limited	320,331,224	18.29
National Nominees Limited	167,742,699	9.58
Westpac Custodian Nominees Limited	158,065,266	9.03
Citicorp Nominees Pty Limited	89,846,314	5.13
RBC Global Services Australia Nominees Pty Limited	42,616,008	2.43
AMP Life Limited	31,960,609	1.83
ANZ Nominees Limited	28,337,186	1.62
Queensland Investment Corporation	26,770,567	1.53
MLC Limited	25,670,999	1.47
Cede & Co.	19,059,885	1.09
HSBC Custody Nominees (Australia) Limited	18,813,412	1.07
Commonwealth Custodial Services Limited	17,253,556	0.98
Cogent Nominees Pty Limited	16,897,568	0.96
ING Life Limited	14,161,466	0.81
NRMA Nominees Pty Limited	12,865,233	0.73
Australian Foundation Investment Company Limited	10,961,616	0.63
Perpetual Trustees Nominees Limited	7,635,327	0.44
Permanent Trustee Australia Limited	6,106,936	0.35
Zurich Australia Limited	5,864,554	0.33
The National Mutual Life Association of Australasia Limited	5,770,060	0.33
	1,026,730,485	58.63

Top twenty shareholders hold 58.63 per cent of total fully paid ordinary shares issued.

## Information for Shareholders

### Substantial shareholders as at 2 October 2001

Shareholders appearing on the Register of Substantial Shareholders as at 2 October 2001 are:

	No. of shares held	% of shares held
Fully paid ordinary shares		
The Capital Group of Companies (by notice dated 23 August 2001)	105,715,558	6.04

### Analysis of holdings at 2 October 2001

By class:

	Ordinary fully paid	%	No. of ordinary shares (000)	%	Ordinary partly paid to 01¢	*Options to subscribe for ordinary shares
1 - 1,000	98,142	51.3	41,047	2.4	–	–
1,001 - 5,000	70,502	36.8	159,228	9.1	–	50
5,001 - 10,000	13,141	6.9	92,745	5.3	–	127
10,001 - 100,000	9,208	4.8	198,530	11.3	1	474
100,001 & over	486	0.2	1,259,647	71.9	–	66
<b>Totals</b>	191,479	100.0	1,751,197	100.0	1	717

\*Issued under Senior Officers' Share Purchase Scheme, General Management Share Option Plan or Chief Executive Share Option Agreement.

Percentage of total securities held by

Top 20 holders in each class	58.63	100.00	29.3
Holdings less than a marketable parcel	7,698		

By domicile:

	*No. of holdings	% of holdings	No. of issued shares & options (000)	% of issued shares & options
Australia	179,182	93.23	1,737,667	96.98
New Zealand	8,347	4.34	18,414	1.03
United Kingdom	1,712	0.89	5,445	0.30
Japan	1,316	0.69	3,665	0.20
United States	536	0.28	21,649	1.21
Other Overseas	1,104	0.57	5,022	0.28
<b>Totals</b>	192,197	100.00	1,791,862	100.00

\* Some registered holders own more than one class of security.

## Top twenty NZ Class shareholders at 2 October 2001

	No. of fully paid NZ Class	% held
New Zealand Central Securities Depository Limited	12,531,193	23.04
Eltub Nominees Limited	1,209,003	2.22
Forbar Custodians Limited	539,460	0.99
ABN Amro Nominees NZ Limited	468,185	0.86
Moturua Properties Limited	283,600	0.52
Yarrow Consulting Limited	213,131	0.39
UBS Warburg Private Clients Nominees Pty Limited	190,800	0.35
Paradise Finance Limited	188,000	0.35
Investment Custodial Services Limited	151,612	0.28
Ace Finance Limited	131,000	0.24
Auckland Medical Research Foundation	129,060	0.24
Surrey Charles Innes Kent	120,000	0.22
Amalgamated Dairies Limited	115,100	0.21
Credit Suisse First Boston NZ Scrip	103,137	0.19
Dublin Nominees Limited	100,000	0.18
Alfred James Wakefield and Susan Mary Wakefield	100,000	0.18
Avalon Investment Trust Limited	86,700	0.16
AMI Insurance Limited	85,878	0.16
Galt Nominees Limited	82,850	0.15
Henry Michael Horton	77,700	0.14
	16,906,409	31.07

Top twenty shareholders hold 31.07 per cent of total NZ Class shares issued.

## Analysis of NZ Class holdings at 2 October 2001

### By class:

	NZ Class fully paid	%	No. of NZ Class shares (000)	%
1 – 1,000	23,919	75.3	10,193	18.7
1,001 – 5,000	6,784	21.4	15,515	28.5
5,001 – 10,000	700	2.2	5,256	9.7
10,001 – 100,000	312	1.0	7,056	13.0
100,001 & over	15	0.1	16,373	30.1
<b>Totals</b>	31,730	100.0	54,393	100.0
Holdings less than a marketable parcel	1,072			

### By domicile:

	Number of holdings	% of holdings	Number of issued shares (000)	% of issued shares
New Zealand	31,471	99.18	53,936	99.17
Australia	146	0.46	349	0.64
United Kingdom	41	0.13	38	0.07
United States	13	0.04	13	0.02
Hong Kong	10	0.03	17	0.03
Other Overseas	49	0.16	40	0.07
<b>Totals</b>	31,730	100.00	54,393	100.00

# Useful information

## How to contact our share registries and our investor relations team

### Share Registries

For information about your shareholding you should contact the appropriate share registry. In the case of the Australian registry, this information is also available via a link on [www.westpac.com.au](http://www.westpac.com.au) under the 'Westpac Info' tab and through 'Investor Information' to the link at 'Shareholder Information'. Any changes to your address should be notified to the registry in writing.

#### Australia

Computershare Investor Services Pty Ltd  
Level 3, 60 Carrington Street, Sydney NSW  
*Postal address:* GPO Box 7045, Sydney NSW 1115  
*Web site:* [www.computershare.com.au](http://www.computershare.com.au)  
*Shareholder Serviceline:*  
Telephone: (03) 9611 5711  
or 1800 804 255 (toll free in Australia)  
Facsimile: (02) 8234 5050

#### New Zealand

Computershare Registry Services Ltd  
Level 2, 159 Hurstmere Road,  
Takapuna, North Shore City, New Zealand  
*Postal address:*  
Private Bag 92119,  
Auckland 1020, New Zealand  
*Shareholder Enquiries:*  
Telephone: (64 9) 488 8777  
Facsimile: (64 9) 488 8787  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

#### Depository in USA for American Depository Shares (ADS)\* listed on New York Stock Exchange (code WBK – CUSIP 961214301)

Morgan Guaranty Trust Company  
60 Wall Street, New York NY 10260-0060, USA  
Telephone: (1 212) 648 3213  
Facsimile: (1 212) 648 5104  
*Web site:* [www.adr.com](http://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, Japan  
Telephone: (81 3) 5391 7029  
Facsimile: (81 3) 5391 1911  
*Web site:* [www.mitsubishi-trust.co.jp](http://www.mitsubishi-trust.co.jp)

### Westpac Investor Relations

Information other than that relating to your shareholdings can be obtained from:

Group Investor Relations  
Level 25, 60 Martin Place,  
Sydney NSW 2000 Australia

#### In Australia

Telephone: (02) 9226 3143  
Facsimile: (02) 9226 1539  
Email: [westpac@westpac.com.au](mailto:westpac@westpac.com.au)

#### From Overseas

Telephone: (61 2) 9226 3143  
Facsimile: (61 2) 9226 1539  
Email: [westpac@westpac.com.au](mailto:westpac@westpac.com.au)

## Where to find us

### Australia

#### Head Office

60 Martin Place  
Sydney NSW 2000  
Telephone: (02) 9226 3311  
Facsimile: (02) 9226 4128

#### International Payments

Telephone: 1800 063 509  
Facsimile: (02) 9806 4152

#### Bank of Melbourne

360 Collins Street  
Melbourne Vic 3000  
Telephone: (03) 9608 3222  
Facsimile: (03) 9608 3304

#### Challenge Bank

109 St George's Terrace  
Perth WA 6000  
Telephone: (08) 9426 2211  
Facsimile: (08) 9382 5302

### Asia

#### Hong Kong

Room 3303-05  
Two Exchange Square  
8 Connaught Place  
Central, Hong Kong  
Telephone: (852) 2842 9888  
Facsimile: (852) 2840 0591

#### Japan

Level 4  
Toranomon Waiko Building ii  
5-2-6 Toranomon, Minato-Ku  
Tokyo 105-0001, Japan  
Telephone: (813) 3438 3080  
Facsimile: (813) 3438 3064

### People's Republic of China

Suite 2210 SCITECH Tower  
22 Jianguomenwai Da Jie  
Beijing  
People's Republic of China  
Telephone: (86 10) 6512 3465  
Facsimile: (86 10) 6512 3780

### Republic of Indonesia

16th Floor Wisma  
Jalan Jend Sudirman Kav 33-A  
Jakarta 10220  
Indonesia  
Telephone: (62 21) 574 3719  
Facsimile: (62 21) 574 3720

### Republic of Singapore

#19-00 SIA Building  
77 Robinson Road  
Singapore 068896  
Telephone: (65) 530 9898  
Facsimile: (65) 532 3781

### Thailand

Unit E, 8th Floor,  
Kamol Sukosol Building  
317 Silom Road  
Bangkok 10500, Thailand  
Telephone: (66 2) 234 2650  
Facsimile: (66 2) 234 2996

### Europe

#### United Kingdom

63 St Mary Axe  
London EC3A 8LE  
England  
Telephone: (44 207) 621 7000  
Facsimile: (44 207) 623 9428

### New Zealand

WestpacTrust  
318-324 Lambton Quay  
Wellington New Zealand  
Telephone: (64 4) 498 1000  
Facsimile: (64 4) 498 1158

### Pacific Banking

#### Cook Islands

Main Road Avarua  
Rarotonga, Cook Islands  
Telephone: (682) 22014  
Facsimile: (682) 20802

#### Fiji

Chief Manager's Office  
2nd Floor Westpac House  
73 Gordon Street, Suva Fiji  
Telephone: (679) 30 0666  
Facsimile: (679) 30 0718

#### Niue

Main Street Alofi, Niue Island  
Telephone: (683) 4221  
Facsimile: (683) 4043

#### Samoa

Westpac Bank Samoa Limited  
Beach Road Apia, Samoa  
Telephone: (685) 20000  
Facsimile: (685) 22848

#### Solomon Islands

National Provident Fund Building  
721 Mendana Avenue  
Honiara, Solomon Islands  
Telephone: (677) 21222  
Facsimile: (677) 23419

### Tonga

Bank of Tonga  
Railway Road Nuku'alofa, Tonga  
Telephone: (676) 23933  
Facsimile: (676) 23634

### Vanuatu

Kumul Highway Port Vila, Vanuatu  
Telephone: (678) 22084  
Facsimile: (678) 24773

### Papua New Guinea

Westpac Bank-PNG-Limited  
5th Floor Mogoru Moto Building  
Champion Parade, Port Moresby  
Papua New Guinea  
Telephone: (675) 322 0800  
Facsimile: (675) 321 3367

### United States of America

575 Fifth Avenue, 39th Floor  
New York, NY 10017-2422, USA  
Telephone: (1 212) 551 1800  
Facsimile: (1 212) 551 1999

### Westpac Financial Services

Level 22, 60 Martin Place  
Sydney NSW 2000  
Telephone: (02) 9216 0990  
Facsimile: (02) 9216 0799

### Australian Guarantee Corporation Limited

Level 25, 60 Martin Place  
Sydney NSW 2000  
Telephone: (02) 9226 0590  
Facsimile: (02) 9226 0964

## Getting information on-line

### Australia

Westpac's internet site [www.westpac.com.au](http://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 184 year history.

The **Investor Information** section found at the 'Westpac Info' tab on [www.westpac.com.au](http://www.westpac.com.au) provides key information about investing in Westpac Banking Corporation shares, including annual reports, financial results, news and information, contacts, important dates and also has a link to the Australian share registry for information about your shareholding via 'Shareholder Information'.

An overview of Westpac's businesses and history can be found under 'At Westpac'.

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](http://www.westpac.com.au) and click on register your email on the 'Westpac Info' tab. At the time of registration, you can choose which information you would like to receive by email.

### New Zealand

[www.westpactrust.co.nz](http://www.westpactrust.co.nz) provides the gateway to WestpacTrust's internet banking services. The site also provides a comprehensive home buying guide and information for customers on a range of WestpacTrust products, economic updates, sponsorships and other community activities.

## Contact numbers for our customers

### Banking and Financial Services

<b>Australia</b>	<b>Westpac</b>	<b>Bank of Melbourne</b>	<b>Challenge Bank</b>
Account enquiries and general information			
- personal customers	132 032	132 575	131 862
- business customers	132 142	131 919	132 885
Home loan enquiries	131 900	131 575	131 900
Cardholder enquiries and lost and stolen cards	1300 651 089	1300 651 089	1800 061 547
ATM enquiries and service difficulties	1800 022 022	1800 022 022	1800 022 022
Financial Services	131 817	131 817	131 817
Westpac Broking	131 331	131 331	131 331
<b>New Zealand</b>	<b>WestpacTrust</b>		
Account enquiries and general information			
- personal customers	0800 400 600		
- business customers	0800 177 377		
- self service	0800 172 172		
Home loan enquiries	0800 177 277		
Cardholder enquiries and lost and stolen cards	0800 888 111		
ATM enquiries and service difficulties	0800 807 805		
Financial Services	0800 738 641		