

Wealth Update

March 2017

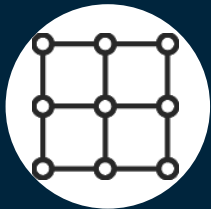
Investing in the wealth opportunity



Investments and insurance are a strategic priority



Starting from a position of strength



Scale supports investment

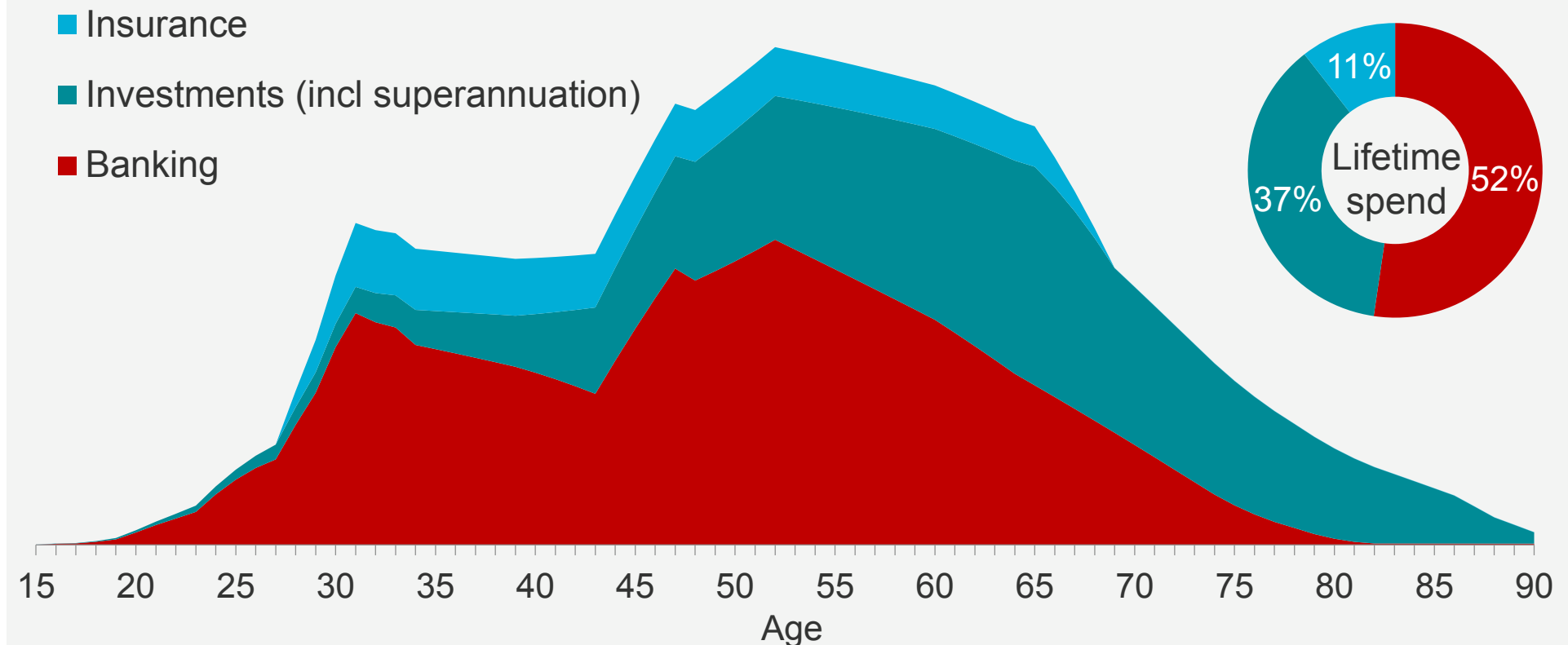


Significant investment now moving to commercialisation

Supporting customers through their life



Spend on financial services by a family through their lives (\$ per annum)





BT Financial Group

Serving customers through their life

Brad Cooper

Chief Executive, BT Financial Group

Growth and returns attractive

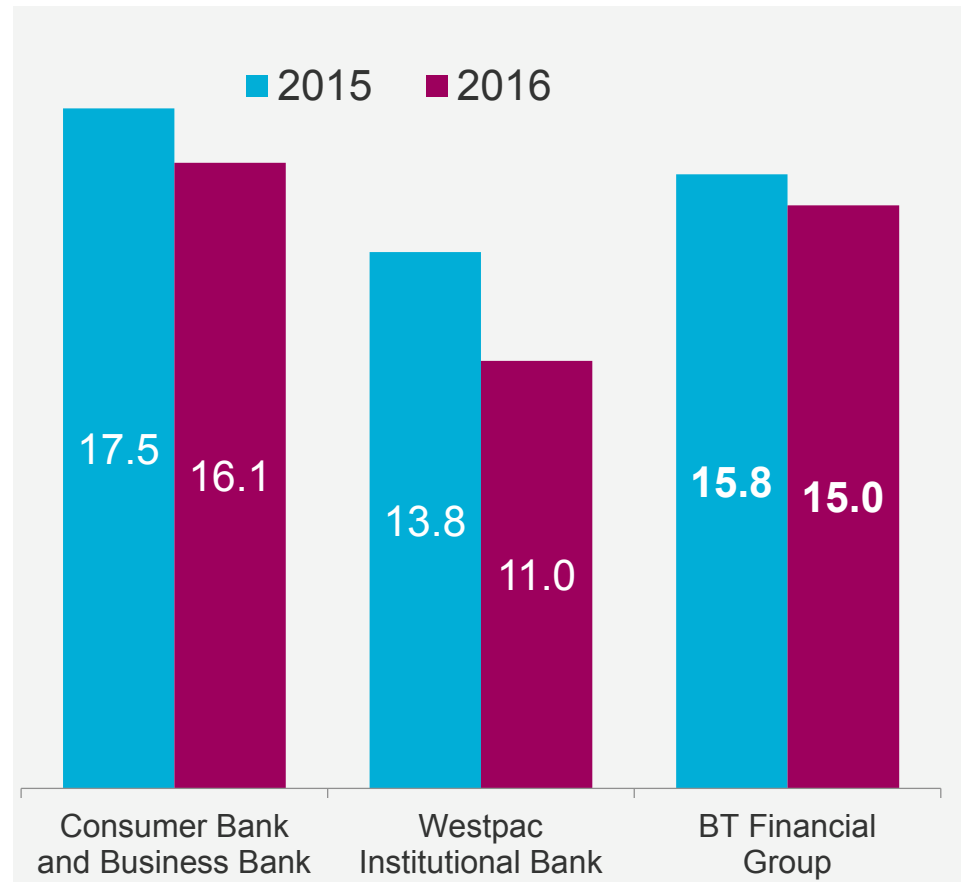
Strong growth profile

Superannuation funds projected to grow close to 8%pa over the next decade¹

- Rising superannuation guarantee
- Aging population
- Increased need to fund retirement

Banking system credit estimated to grow around 4.5-6.5%pa in the medium term²

Attractive ROE (%)³



Significant opportunity in wealth remains











18.5%¹ of Westpac Group customers have at least one BT Financial Group product although individual segment shares are small

Westpac Group customers with a BT Financial Group product (%)

Personal super	3.3
Work-based super	4.1
Managed Investments	1.2
Life insurance	4.8
Home and contents insurance	7.3
Motor vehicle insurance	1.3

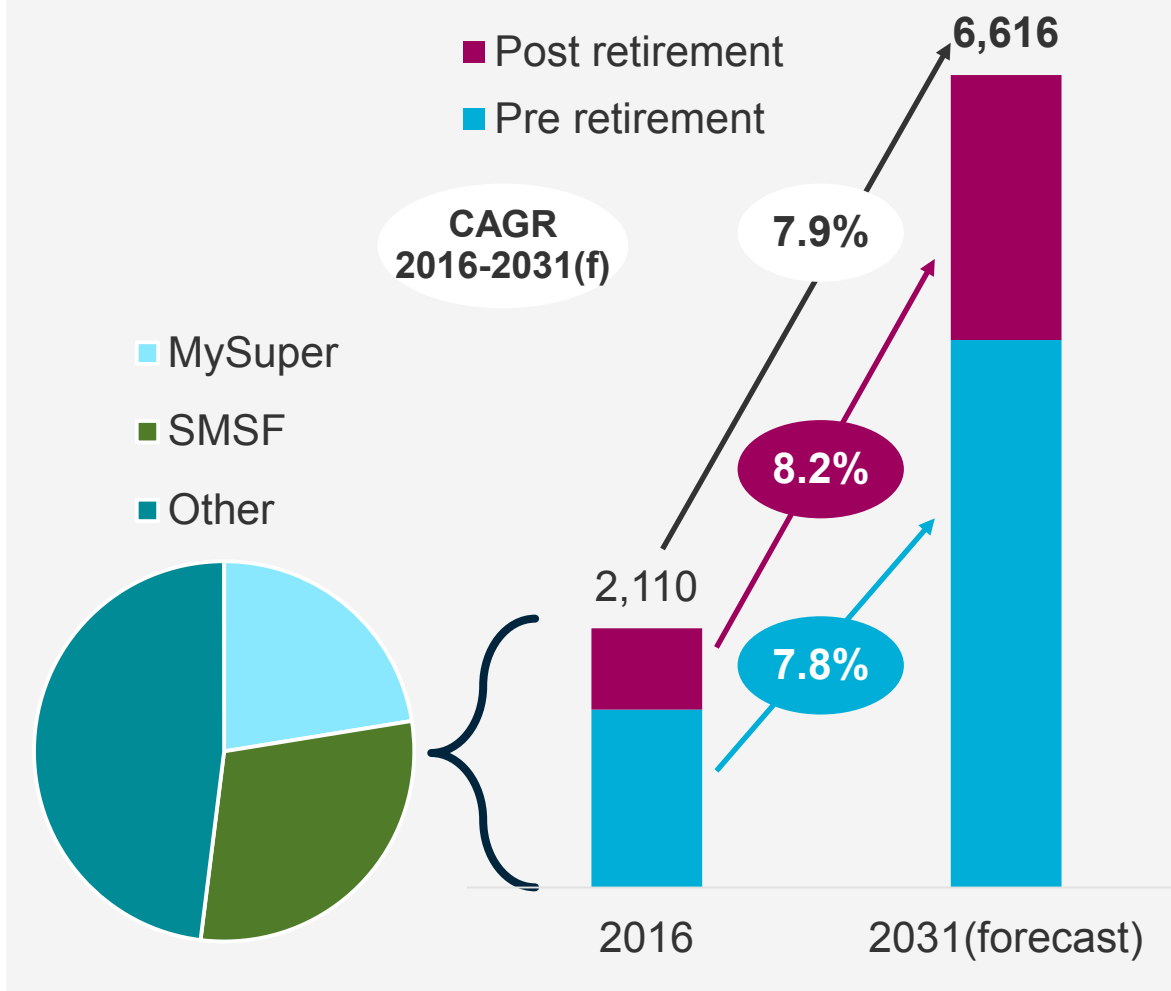
Data based on Roy Morgan Research, Respondents aged 14+ and 12 month rolling. Wealth penetration is defined as the proportion of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with a Banking Group and also have Managed Investments, Superannuation or Insurance with the same Banking Group. Westpac Group includes Westpac, St. George, Advance Bank, ASGARD, BankSA, Bank of Melbourne, BT, Challenge Bank, Dragondirect, RAMS, Rothschild, and Sealcorp.

BT spans wealth, private banking and insurance

Financial reporting	Business divisions		Dimensions ¹
Funds Management  FY16 Cash earnings \$520m		<i>Advice</i>	510 Salaried advisers 589 Magnitude and Securitor advisers
		<i>Investments</i>	\$32bn FUM ² \$1bn Deposits, \$2bn Margin lending
		<i>Private Wealth</i>	\$21bn Deposits, \$2bn FUA ³ \$17bn Mortgages
		<i>Super</i>	\$36bn FUM ² & FUA ³ . Retail ⁴ 18% share ⁵ .Corporate 13% share ⁵
		<i>Platforms</i>	\$110bn FUA ³ , 19% share ⁵ , Rank 1 ⁵ \$4bn Deposits
Insurance  FY16 Cash earnings \$309m		<i>Life Insurance</i>	\$973m Life in-force premiums 10%⁶/11%⁷ Market share ⁵
		<i>General Insurance</i>	\$503m Gross written premiums
		<i>Lenders Mortgage Insurance</i>	\$287m Gross written premiums

Well positioned for superannuation growth

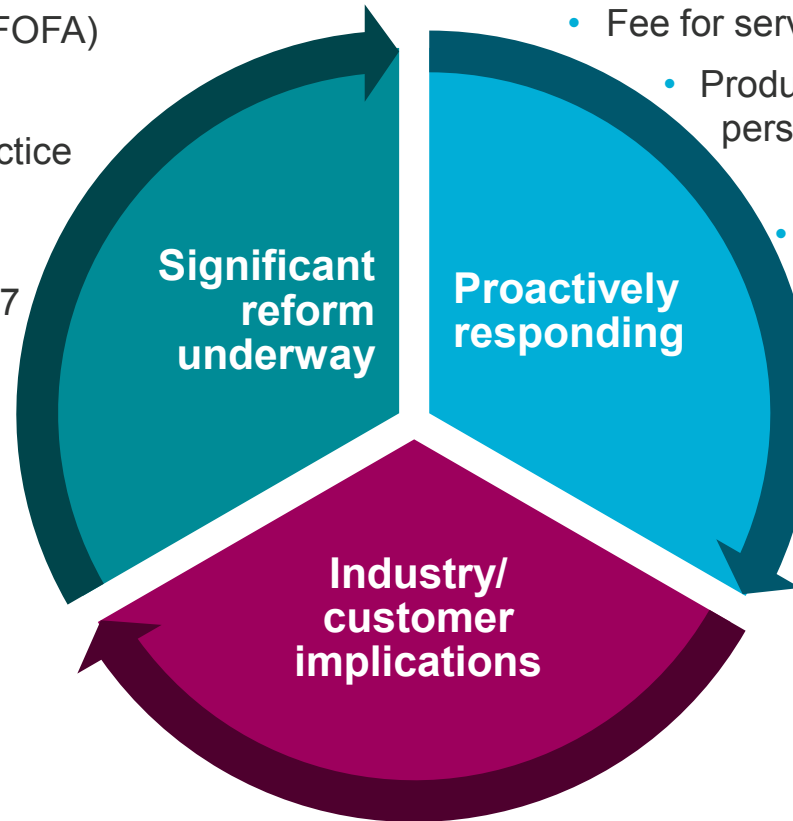
Australian superannuation funds under management¹ (\$bn)



- Service based model
- Positioned across value chain
- Strong customer relationships and adviser network
- Scale allows us to
 - Absorb margin contraction
 - Maintain low prices
 - Support compliance infrastructure

Wealth industry - a strong regulatory framework

- Comprehensive income product for retirement (CIPR)
- Future of financial advice (FOFA)
- Life Insurance Framework
- Life Insurance Code of Practice
- Corporations Amendment (Professional Standards of Financial Advisers) Act 2017



- Further investment in monitoring and detection
- Fee for service model for advisers since 2011
- Product incentives removed for tellers and personal bankers, incentives balanced between service and sales
- Led industry in raising professional standards for financial planners
- First to launch an online 'adviser register'
- Led development of new industry reference checking protocols

- Sales impacted by uncertainty/complexity of rules
- Increase in compliance costs, and costs to customer

Operating a different model in Life Insurance...

Strategy

**Customer oriented
claims philosophy**

- Fairness, transparency & empathy
- Focused on wellbeing, rehabilitation

Leading products

- 1st to introduce 24 month terminal illness cover
- High IRESS¹ ratings across products

Distribution skewed to higher return channels²

**BT distribution channels
closer to customer
Market average ROC³ >10%**

IFA wealth
specialists

Salaried
advisers

Group master
trust

**Other distribution
channels/ product
Market average ROC³ <10%**

IFA risk
specialists

IFA generalists

Direct

Group insurance⁴

Carefully managed risk

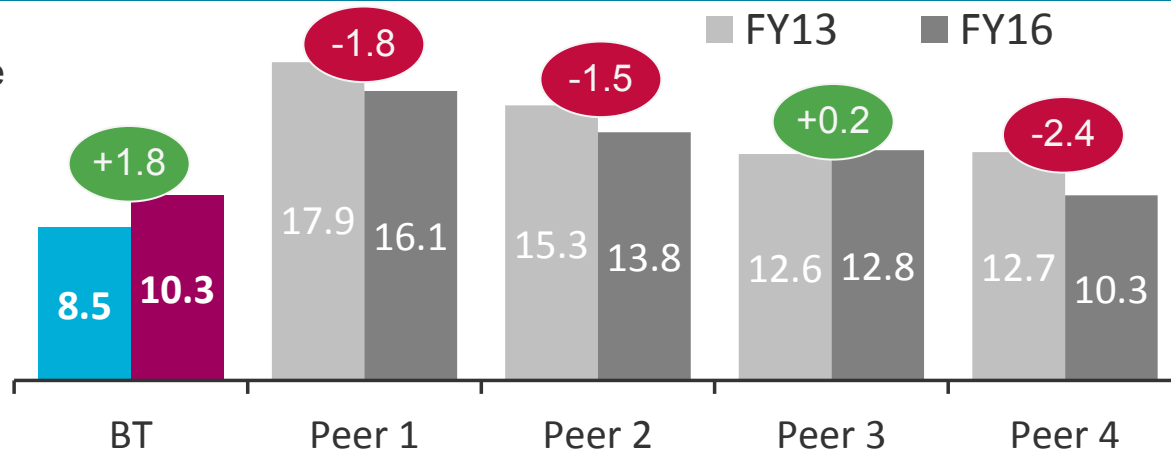
- No exposure to legacy group insurance products
- Minimal exposure to legacy income protection products
- Reinsurance program for income protection and long tail risks

...and delivering superior outcomes

Growing share

Market share of Life in-force premiums¹ (%)

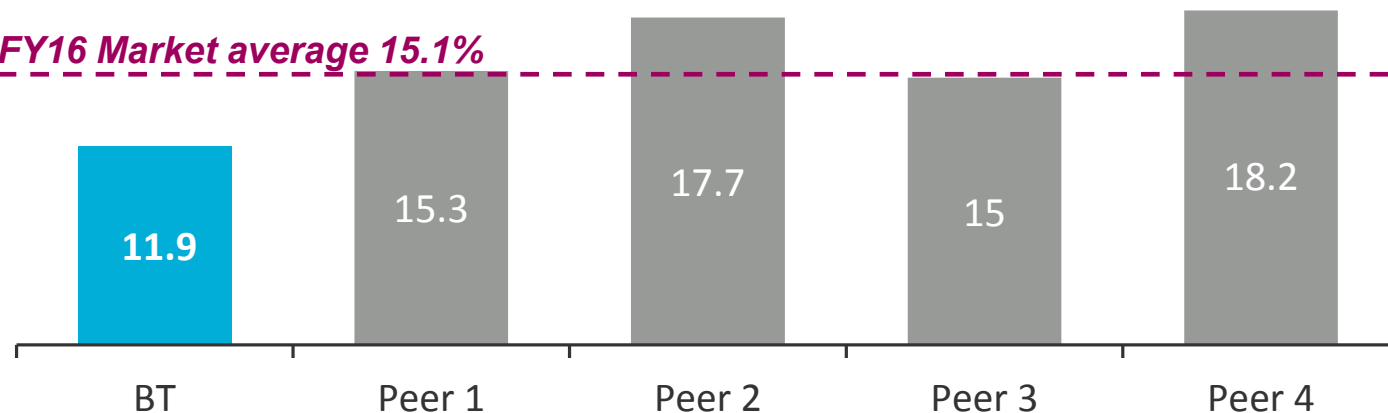
Change in market share
FY13-FY16
% pts



Superior retention

Life insurance lapse rates¹ FY16 (%)

FY16 Market average 15.1%



Life Insurance – three next steps

Investing in the customer experience

- Digital quoting, origination, and underwriting
- New wellbeing portal
- New life-stage based products
- Digital interface with medical professionals
- Complete integration with Panorama in the future

Improved efficiency and retention

Capturing opportunities in corporate master trust

- Industry shake-out has created opportunity to selectively offer group insurance
- Master trust sub-segment has better risk/return profile than other group insurance classes

Diversify revenue streams

Enhancing capital efficiency

- \$250m in capital efficiencies identified
- Requires restructuring of life insurance entities
- Benefits expected over FY17 and FY18
- Will add to Westpac Group's common equity Tier 1 capital

Likely to see Life insurance ROE rise

Panorama will enable substantial restructuring

Panorama is the new operating system underpinning BTFG's operations

- Development first commenced in 2012
- Total expected cost of around \$630m. \$390m spent to date (at 30 Sept 2016)
- Completion cost includes migration of old platforms

Transforming the business

- Not just a platform but bringing a complete change to BT's business

Efficiency

- Ultimately expected to deliver over \$120m of cost savings per annum
- Helps offset business as usual expenses increases

Grow revenue, including in new segments

- Creates a genuine end-to-end solution for SMSF
- Managed portfolios

Banking and wealth experienced aligned

- Included in online and mobile platforms
- Linked into secure bank payments system



BT Financial Group

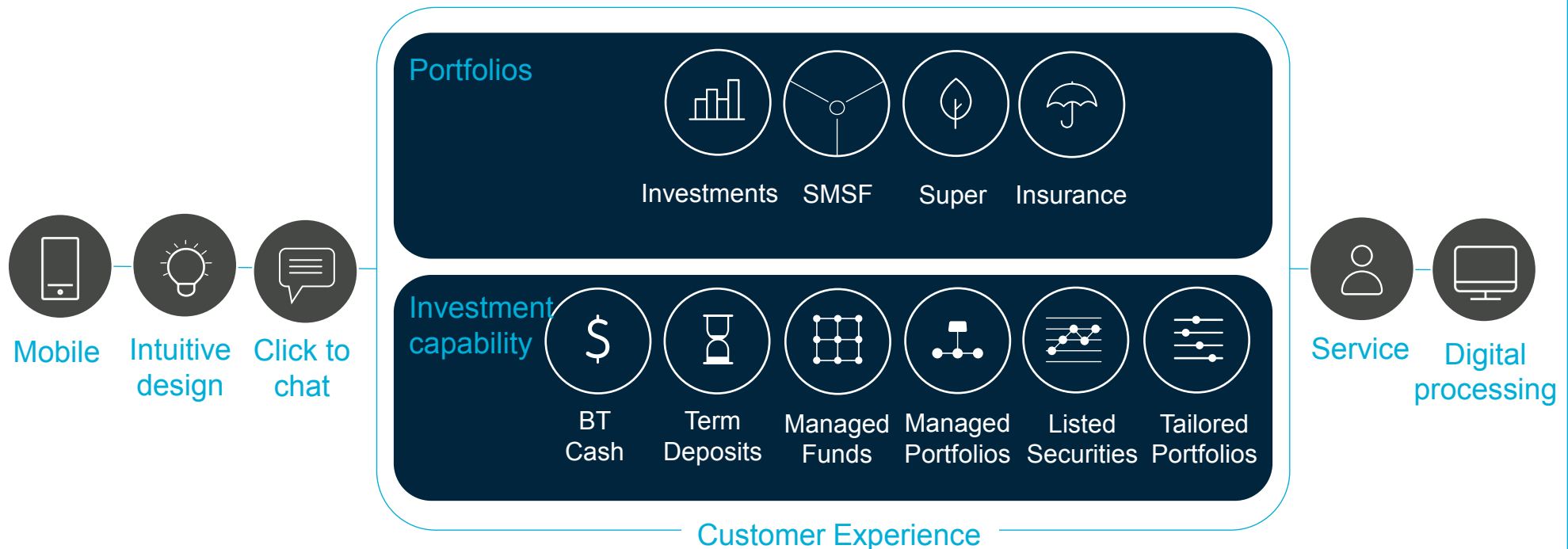
Transforming the business

John Shuttleworth

General Manager, Platforms & Investments

Panorama – a transformational operating system

Panorama is simplifying our superannuation and investments business, offering advisers and investors access to a broad range of portfolios and investments



SMSFs provide a significant opportunity

Nearly \$1 in every \$3 in superannuation is invested through a self-managed superannuation fund

Market

\$654bn - assets today¹

~\$1tn – assets in 7 years²

574,988 - SMSF funds³

33,022 – funds
established in FY16³

Westpac Position

120,000 – SMSFs via BTFG's
adviser and licenced accountant
distribution network

100,000 – SMSFs with a linked
bank deposit account

BTFG has a significant opportunity to consolidate and grow established relationships onto the Panorama platform

Product complexity – >50 products and platforms

Over time, growth and acquisitions has led to product and platform duplication.
Migration to Panorama will simplify

8 x Platforms

BT Wrap
Asgard e-Wrap
Asgard Elements
Asgard Infinity
Asgard Master Trust
BT Private Portfolio Management
BT Wrap Essentials
BT Personal Portfolio Service

12 x Retirement

BT Super for Life - Pension
BT Lifetime - Flexible Pension
Westpac Guaranteed Income Plan
Westpac Flexible Income Plan
Advance Retirement Suite – Pension
Westpac - Variable Income Plan
BT Classic Lifetime - Flexible Pension
Westpac Deferred Annuity Plan
Westpac Guaranteed Annuity Plan
Westpac Variable Annuity Fund
Advance Fixed Term Pension/Annuity
BT Complying Income Plan

15 x Personal Super

BT Super for Life
BT Lifetime Super - Personal Plan
Advance Retirement Savings Account
Westpac Lifetime Superannuation Service
Advance Retirement Suite – Personal Super
BT Classic Lifetime - Personal Super
BT Retirement Selection - Personal Super Plan
BT Superannuation Investment Fund
BT Superannuation Savings Fund
Westpac Simple Super
Westpac Personal Super Investment Bond
Westpac Personal Super Investment Plan
Westpac Personal Superannuation Bond
Westpac Rollover Investment Bond
Asgard Rollover Service

Red = closed to new investors

8 x Investment Products + 350 x MIS

Asgard e-cash and Cash Connect
Investment Funds Account (SMAF)
BT Elect (SMA)
BTIM Managed Investment Schemes
Advance Managed Investment Schemes
Pooled Superannuation Trusts
Westpac Managed Investment Schemes
Geared Self Managed Super
Westpac Investment Bond
Westpac Foundation Plan
Westpac Insurance Bonds
Westpac Investment and Protection Plans

5 x Corporate Super

BT Lifetime Super – Employer Plan
Asgard Employee Super Account
Westpac Employee Super Plan
BT Business Super
Asgard Corporate Super Service

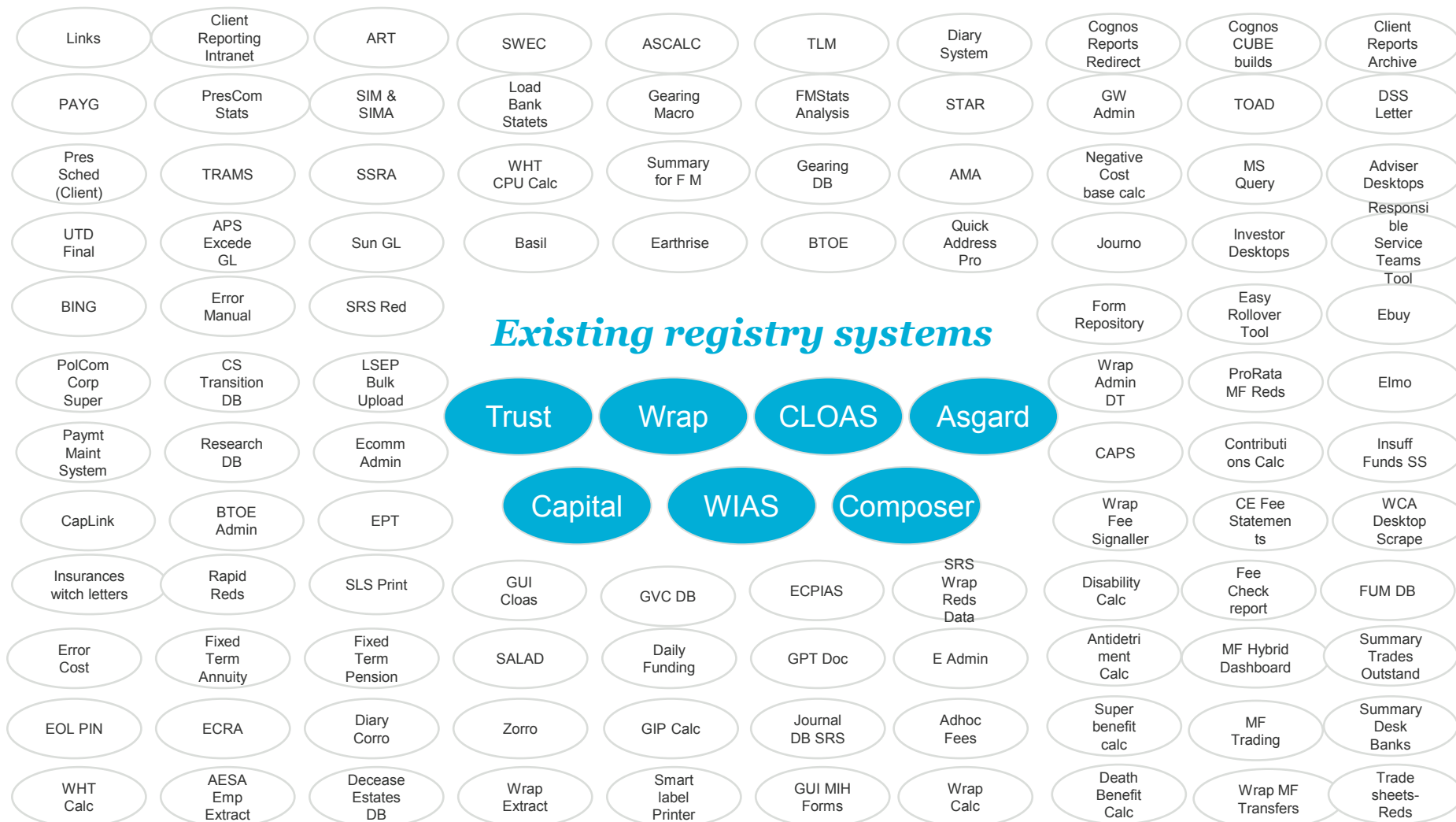
Moving from 7 systems to one core operating system

Modernising technology and consolidating registry systems into one platform

	<i>System</i>	<i>Heritage</i>	<i>Age</i>	<i>Products</i>
Asgard	APS1	Asgard	1991 (26)	Super & M/T
	AFS2	Asgard	2001 (16)	Asgard Wrap
Wrap	TRUAIO	BT	1997 (20)	BT Wrap
	Wrap (Core)	BT	1997 (20)	BT Wrap
Trust		BT	1991 (26)	BT Retail
CLOAS		Westpac	1987 (30)	Westpac Retail
WIAS		Westpac	1987 (30)	BT PPS (M/T), PPM
Capital		BT	1994 (23)	BT Corporate Super
Composer		BTFG	2007 (10)	BT Super for Life

Reducing cost and complexity

>500 end user applications are linked to our existing registry systems



Reducing multiple trustees and super funds

Trustees	Super Funds
BT FM	Retirement Wrap
	BT Lifetime Super
BT FM2	BT Classic Lifetime Super
WSAL	Westpac Master Trust
	Westpac Personal Super
	BT Super Savings
ACML	Asgard Independence Plan Div 1
	Asgard Independence Plan Div 2
	Asgard Independence Plan Div 4
	Advance Retirement Savings Acct
	Advance Retirement Suite
	Beacon Independence Plan Div 2

Reduction will deliver

- Access to best in class products for customers
- Lower system/ maintenance costs
- Reduce costs (audit and regulatory levies),
- Lower risk from reduced complexity

Materially simplifying our business

	From	To
Products	>50	3
Trustees	4	1
Super funds	12	1
Registry systems	7	1



Progress



23

*Personal
super for
advised
customers*

BT Panorama

Portfolio value as of today - \$000,000,000.00

Overview

I'd like to...

Portfolio value

\$222,732.97

Available cash

\$36,635.19

Current rate 0.61%

Performance

0.76%

Last quarter

Capital return

0.76%

Last quarter

Income return

0.01%

Last quarter

Last updated 2:09pm AEDT

Contributions summary

[Last contribution](#) 18 Feb 2016 \$2,000.00

Contribution type	Current FY \$	Cap \$	Available \$
Total concessional	22,500.90	30,000.00	7,499.10
Total non-concessional	143,000.00	-	-
Total other	7,000.00	-	-
Total contributions	\$172,500.90		

[Make a contribution](#)
[View contribution history](#)

Beneficiaries

2 beneficiaries have been nominated.
Last updated 12 Feb 2016

[Manage beneficiaries](#)

Maturing term deposits

There are no term deposits

[Check term deposit rates](#)

Recent cash transactions

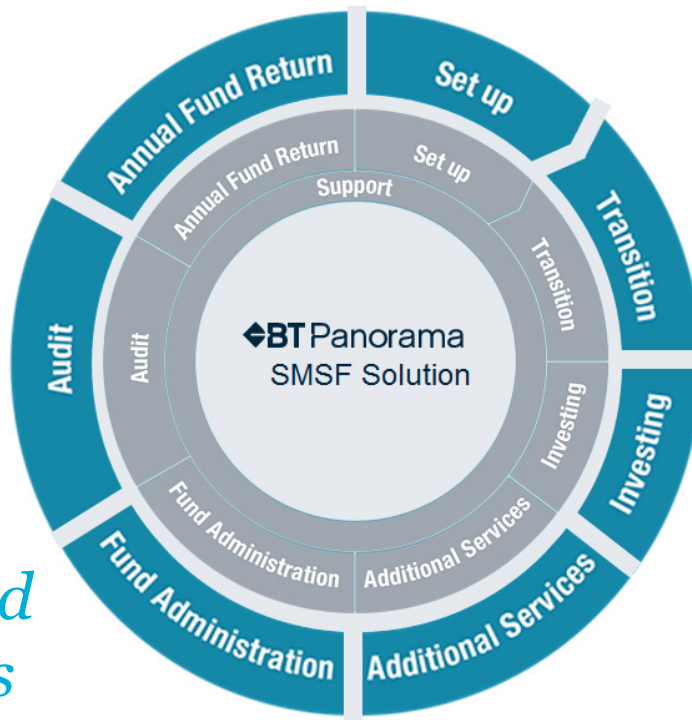
Date	Description	Amount \$
01 Jun 2013	Personal contribution made to Dennis Beecham	2,000.00

Incomplete orders

B	Buys	\$837,322.00
S	Sells	\$512,470.00

Redefining SMSF - a complete end-to-end offer for investors, advisers and accountants

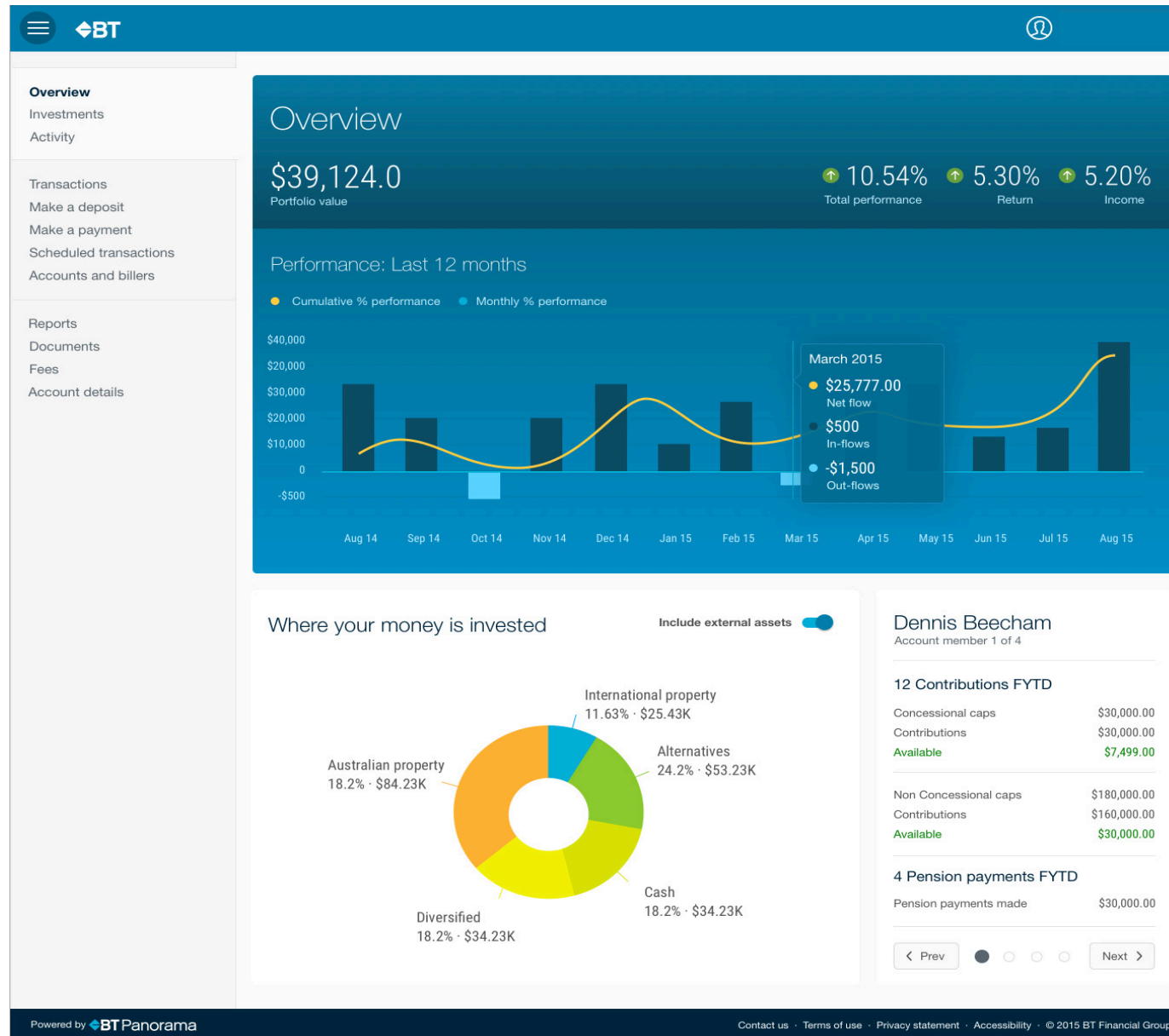
Modular structure



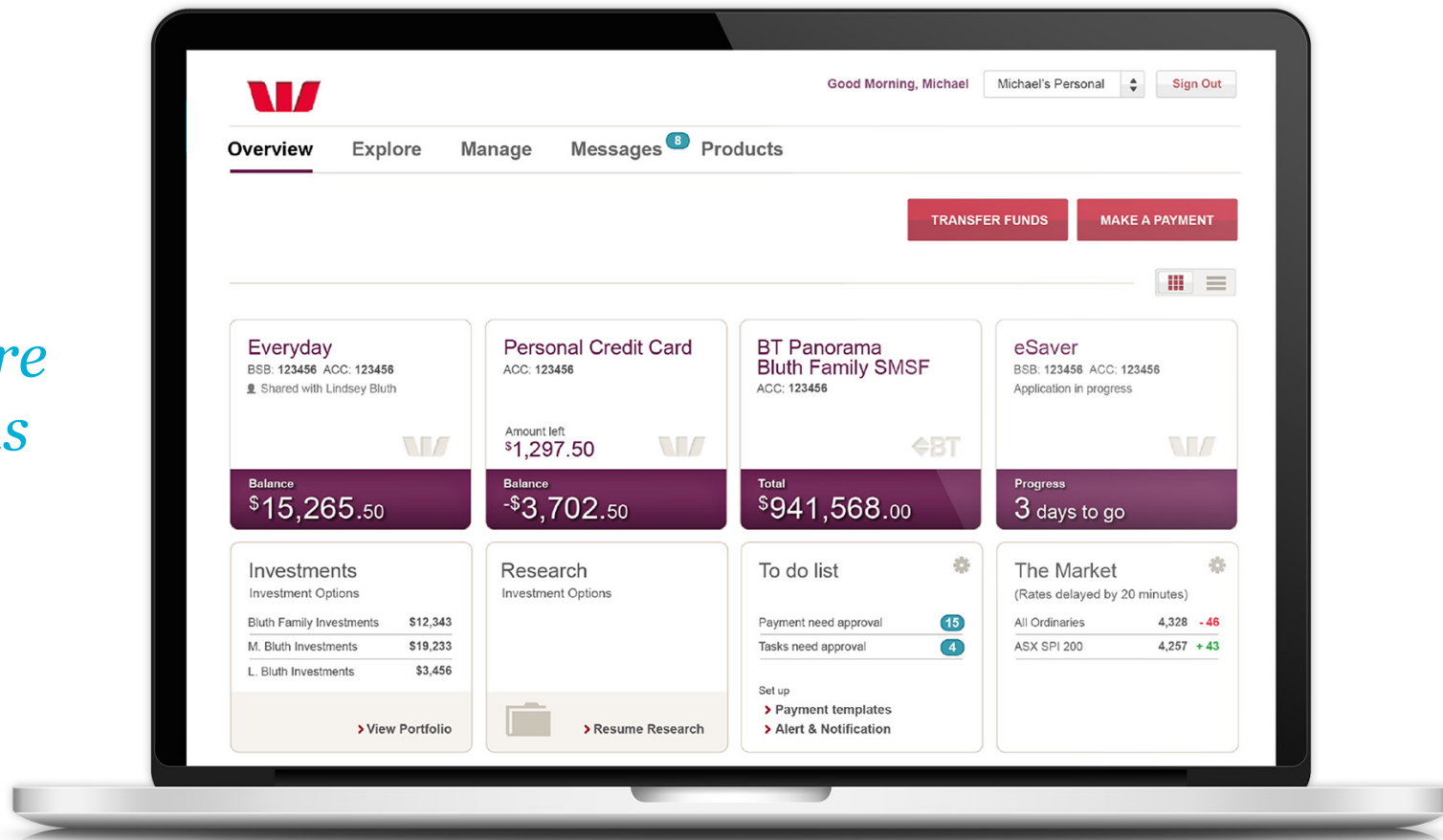
Functionality



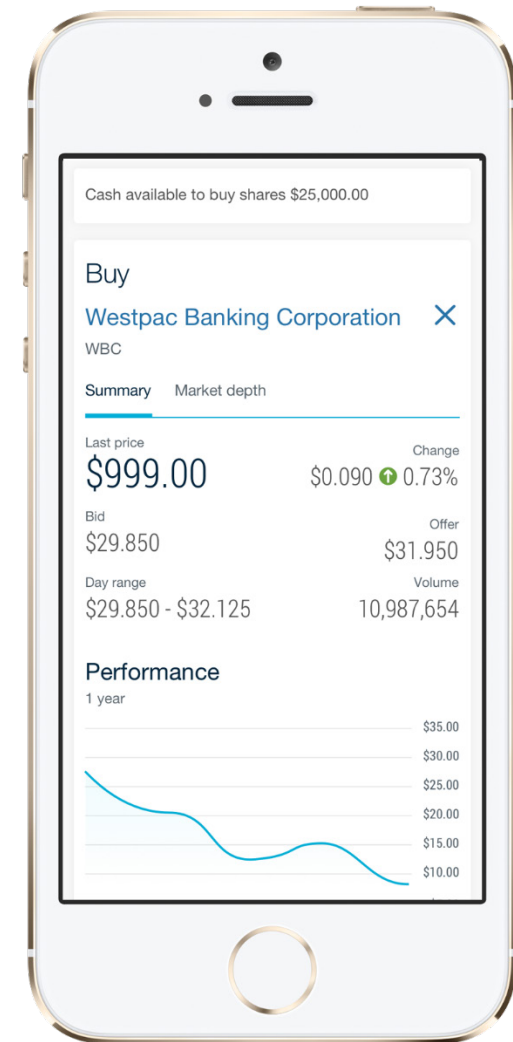
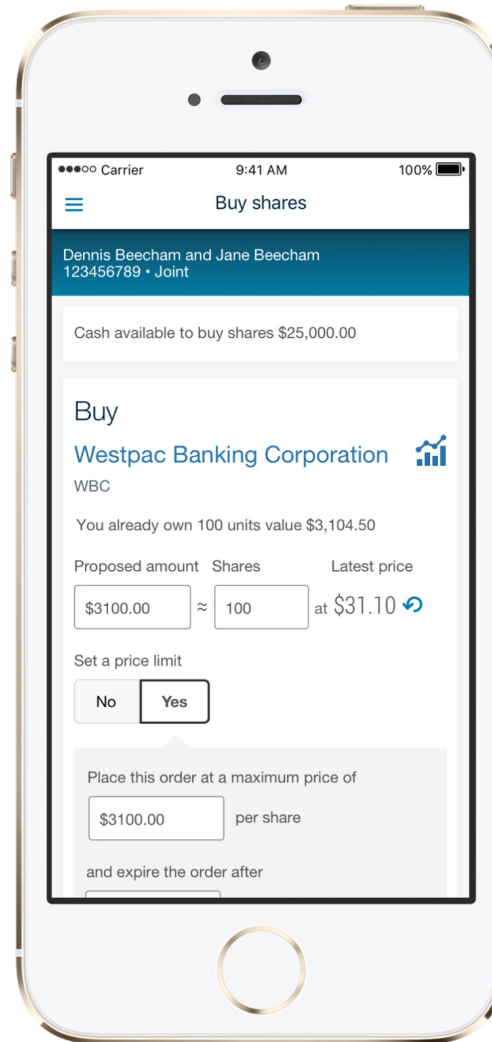
Direct investment offer - BT Invest - through online banking



*Panorama
connected to core
banking systems*

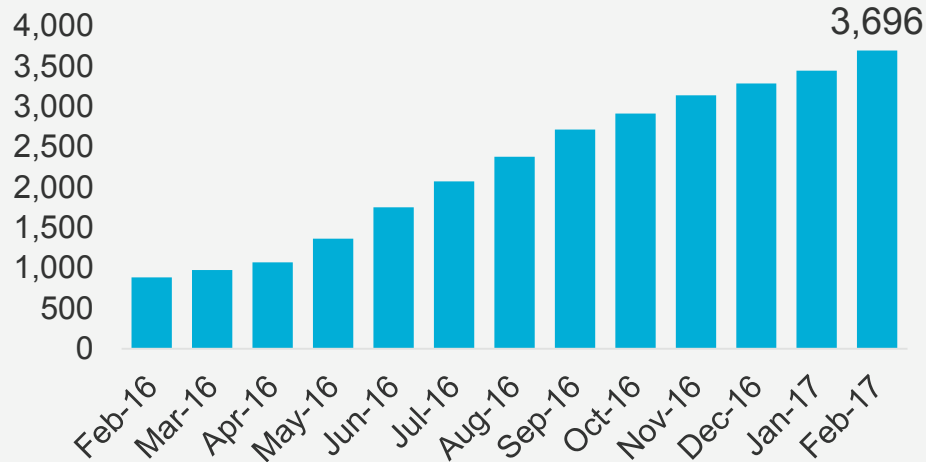


*Launched mobile
where advisers
and investors
can view and
trade their
portfolios*

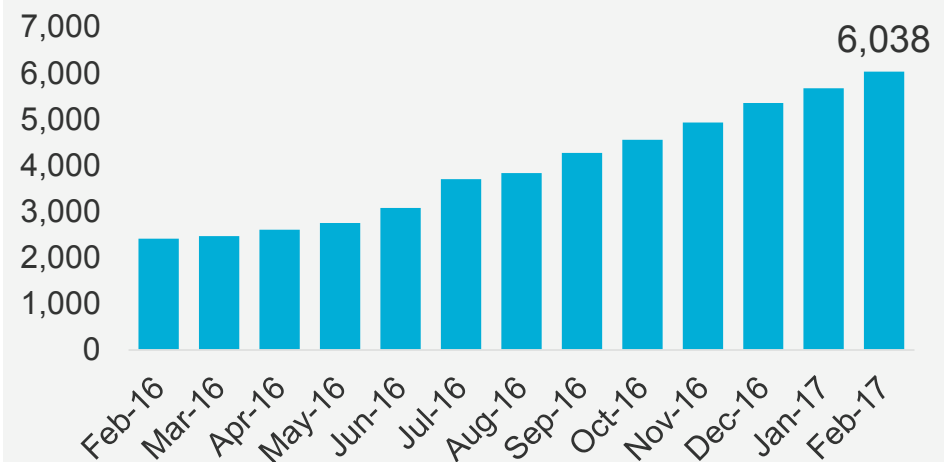


Building momentum in Panorama

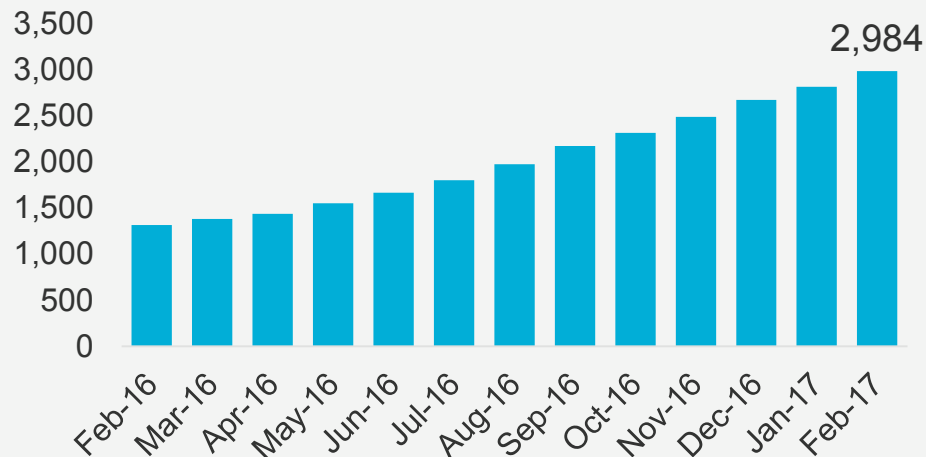
FUA on Panorama (\$m)



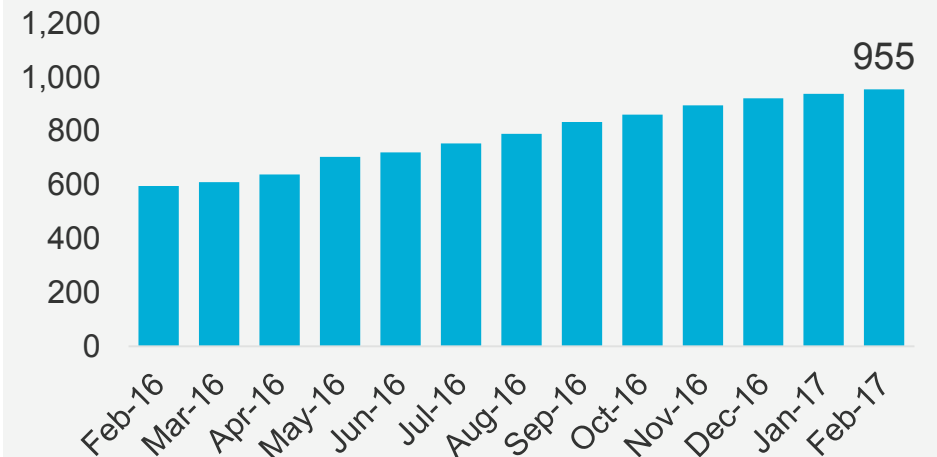
Investors on Panorama (#)



SMSF Funds on Panorama (#)



Advisers using Panorama (#)



Panorama – a unique offer for investors and advisers



One core operating system

- One operating system for super, investments, SMSFs and insurance
- Broad range of investments – cash, term deposits, managed funds, listed securities, managed portfolios, tailored portfolios



One system for investors & advisers

- One platform for simple to comprehensive solutions
- Seamlessly move from MySuper to SuperWrap without asset sale/purchase
- Investors can manage via a financial adviser or use the platform directly



Bank connectivity/ security

- Integrated with bank infrastructure and secure bank payment systems
- View investments, banking and insurance in one place
- Use online banking to originate wealth products and transfer funds



Digital user experience

- Fast sign-up to BT Invest in minutes via online banking
- Access via desktop, mobile or tablet
- Online processing, document vault, data feeds and click to chat



SMSFs

- Unique end-to-end solution – establishment, fund administration, investment administration, audit and reporting
- Enables advisers, investors and accountants to view fund information



BT Financial Group

Brad Cooper

Chief Executive, BT Financial Group

Summary



Strong franchise



*Short-term headwinds
although significant
long-term opportunities*



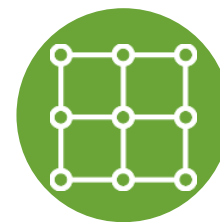
*Well placed across the
wealth value chain*



*Investing while
others pull back*



*Panorama will
extend leadership*



*Scale and growth
will mitigate
margin pressure*

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For further information

Visit our updated investor centre at
www.westpac.com.au/investorcentre

The screenshot shows the Westpac Investor Centre website. At the top, there's a navigation bar with links: Home, Personal, Business, Corporate, About us. Below this, a sidebar on the left lists various investor resources: Manage your shareholding, Dividend information, Westpac share information, Other Westpac securities, Financial information, Westpac at a glance, Events and presentations, Fixed income investors, and Contact Investor Relations. The main content area is titled 'Investor Centre' and includes sections for '2016 final dividend', 'Share prices', 'Get the latest', 'Latest news', and 'Key dates and events'. A sidebar on the right lists various investor resources: Contact our share registry link, Contact details, and a search bar.

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We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'aim', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control, and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with our expectations or that the effect of future developments on us will be those anticipated. Actual results could differ materially from those which we expect, depending on the outcome of various factors. Factors that may impact on the forward-looking statements made include, but are not limited to, those described in the section titled 'Risk factors' in Westpac's 2016 Annual Report available at www.westpac.com.au. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation to update any forward-looking statements contained in this presentation, whether as a result of new information, future events or otherwise, after the date of this presentation.