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2017 FULL YEAR FINANCIAL RESULTS

24/7 Banking

Westpac Banking Corporation
ABN 33 007 457 141

Westpac Full Year 2017 result index

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Image on right

Bank of New South Wales
Maldon Branch, Victoria 1870





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BRIAN HARTZER
CHIEF EXECUTIVE OFFICER

24/7 Banking

Financial results based on cash earnings unless otherwise stated. Refer page 33 for definition. Results principally cover the FY17, FY16 and 2H17 and 1H17 periods. Comparison of 2H17 versus 1H17 (unless otherwise stated)

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Strong franchise – solid result

- Cash earnings up 3% over the year and 1% over the half
- Continued discipline: Focus on strength and return over growth
- Operating divisions all performing well
- Strategy delivering for customers and increasing franchise value
- Review of products and services underway ('Get it right/Put it right')
 - \$169 million in customer refunds/payments (earnings impact 1.5%)
- Building a highly engaged workforce and innovative culture

Headline results

	FY17	Change FY17 – FY16	Change 2H17 – 1H17
Reported net profit after tax	\$7,990m	7%	5%
Cash earnings	\$8,062m	3%	1%
Cash EPS ¹	239.7c	2%	-
Common equity Tier 1 capital ratio ²	10.6%	108bps	59bps
Return on equity (ROE) ³	13.8%	(22bps)	(36bps)
Net tangible assets per share	\$14.66	5%	3%
Margin (excl. Treasury & Markets) ⁴	2.03%	(3bps)	6bps
Expense to income ratio ⁴	42.2%	18bps	82bps
Impairment charge to average loans	13bps	(4bps)	(4bps)
Full year dividends ⁵ (fully franked)	188c	-	-

¹ Cash EPS is cash earnings per weighted average ordinary shares. ² Common equity Tier 1 capital ratio on an APRA Basel III basis. ³ Return on equity is cash earnings divided by average ordinary equity.
⁴ Cash earnings basis. ⁵ Cents per share.

Portfolio of businesses delivering

Division	Cash earnings (% change)		Comments 2H17 – 1H17
	FY17-FY16	2H17-1H17	
Consumer Bank	4	5	<ul style="list-style-type: none"> Core earnings up 5%; net interest income up 7% Credit cards and customer refunds a drag on non-interest income
Business Bank	6	8	<ul style="list-style-type: none"> Core earnings up 5%; net interest income up 4% Increased fee income; expense to income ratio 35% Impairments down 21%
BT Financial Group	(11)	(6)	<ul style="list-style-type: none"> Insurance income higher; claims mostly lower FUA up 1% on prior half, 6% over the year Income down from infrequent items
Westpac Institutional Bank	18	(14)	<ul style="list-style-type: none"> Net interest income up 3%; trading income lower Expense growth limited to 1%
New Zealand (NZ\$)	9	10	<ul style="list-style-type: none"> Core earnings up 10%; net interest income up 7% Lower loan growth; improved margin Expenses down 2%

Our strategy for creating value **is delivering**

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Strong Balance sheet

- Material increase in capital; CET1 capital ratio up 108 basis points
- Asset quality improved; impaired assets at 22bps of gross loans
- Prioritised strength and return above growth

Grow customer numbers and relationship depth

- Customer numbers up 3.4%; added 1 million new customers since 2015
- NPS and customer satisfaction higher¹; complaints lower
- Household deposits grew above system²; SME up 6%; FUA up 5%
- \$4bn net flows on Panorama

Drive efficiency via digital

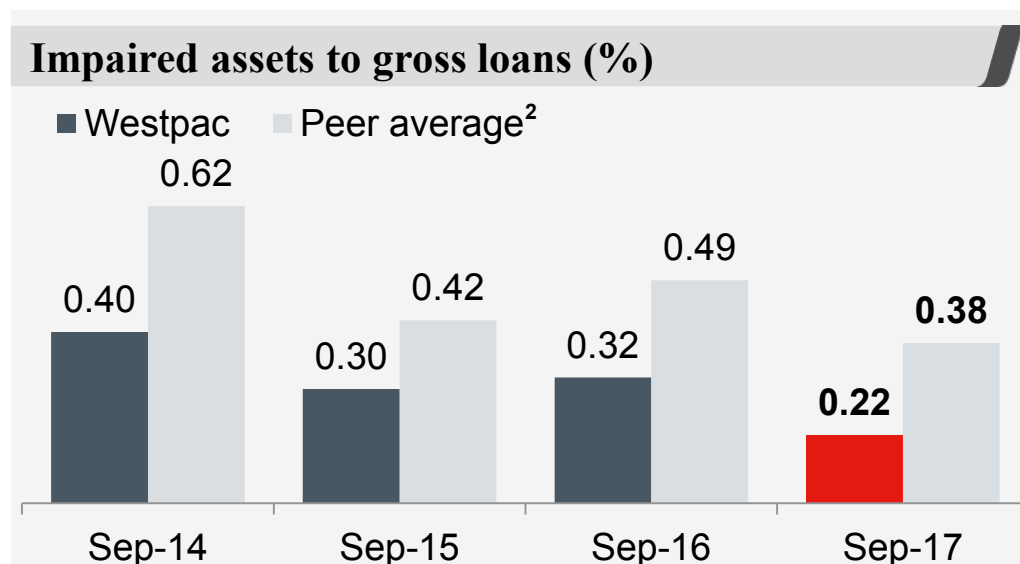
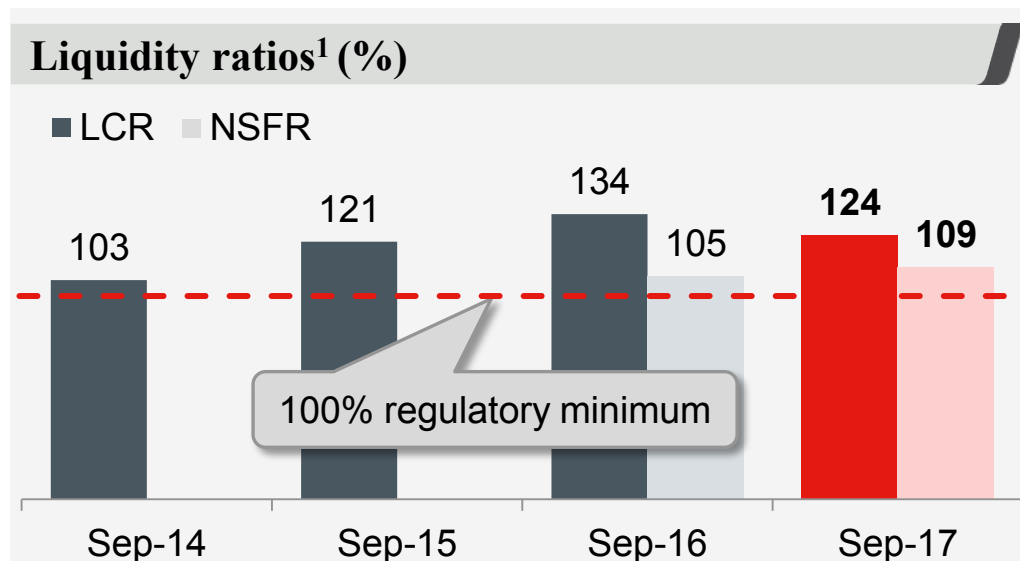
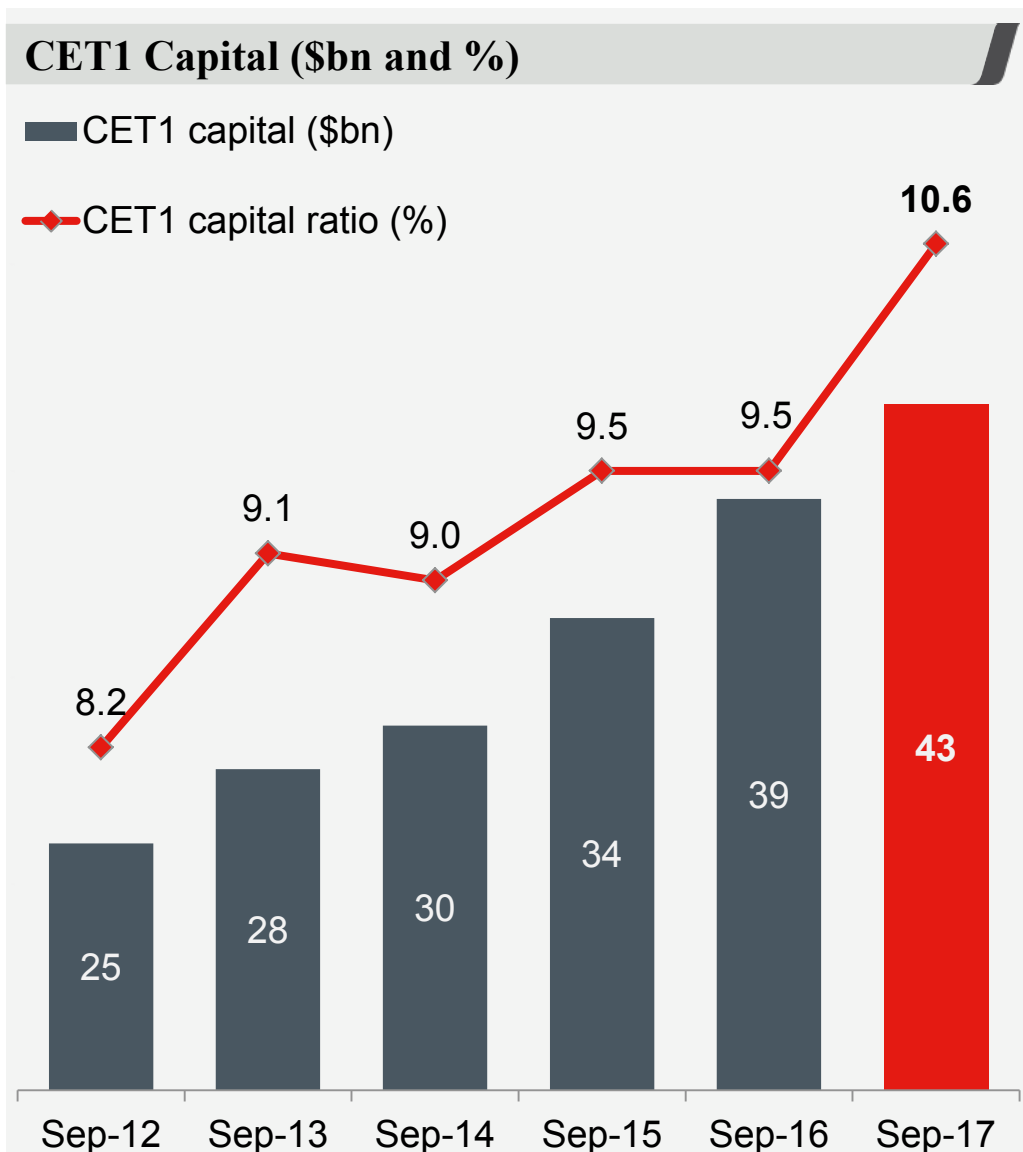
- Cost to average interest earning assets down to 1.21%
- Delivered Panorama, Big Data, contact centre system, CSH³ Phase 1
- Digitisation driving 59 fewer branches, net ~500 reduction in FTE
- Expanded digital partnerships with Uno, zipMoney, Assembly

Highly engaged, innovative culture

- Staff engagement 79%, above global high performing benchmark
- More than 10,000 people working in an agile environment
- 50% women in leadership¹
- World's most sustainable bank⁴ 4 years in a row

1 Refer to slide 132 for metric definition. 2 APRA banking statistics. 3 CSH is Customer Service Hub. 4 Dow Jones Sustainability Index 2017.

10 year balance sheet build largely complete

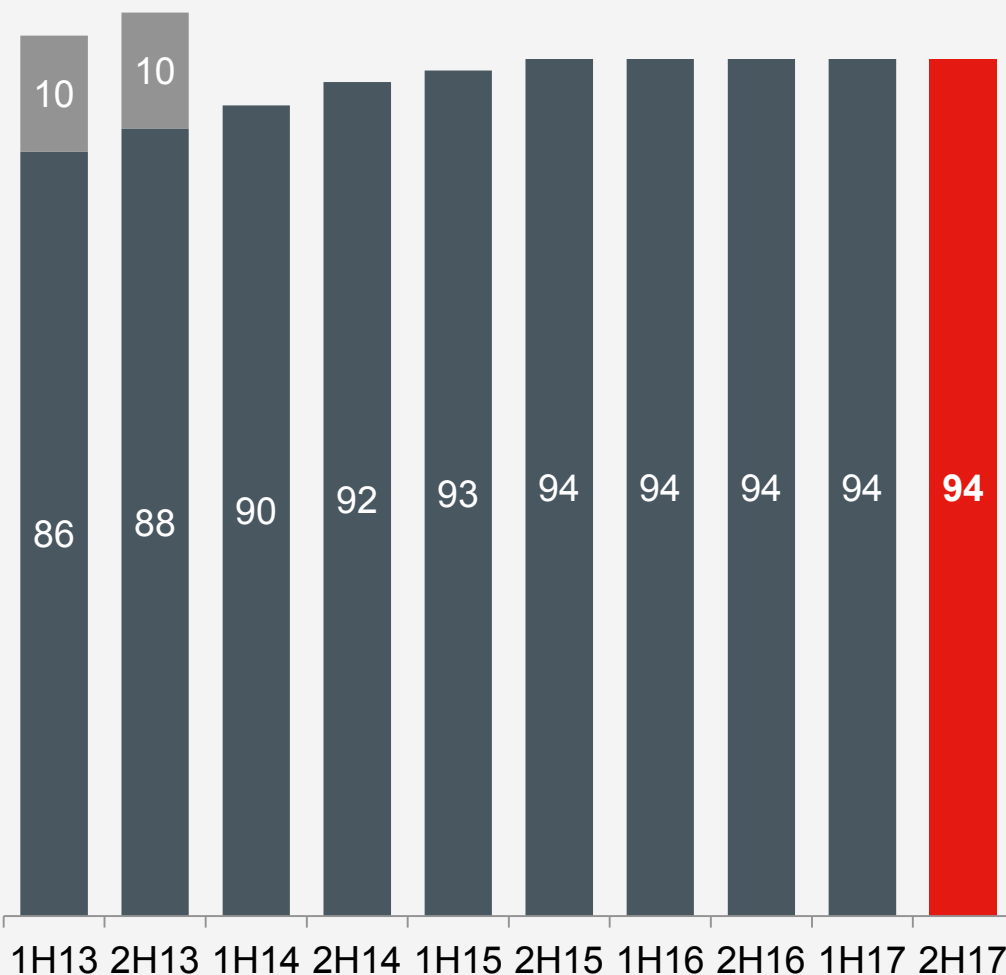


¹ Minimums applied from Jan 2015 – LCR and Jan 2018 – NSFR. The LCR prior to Sep 15 is an estimate. The NSFR for Sep 16 and Sep 17 is an estimate. ² Includes one peer with a balance date of June.

94 cent Dividend

Dividends per ordinary share (cents)

■ Special dividend

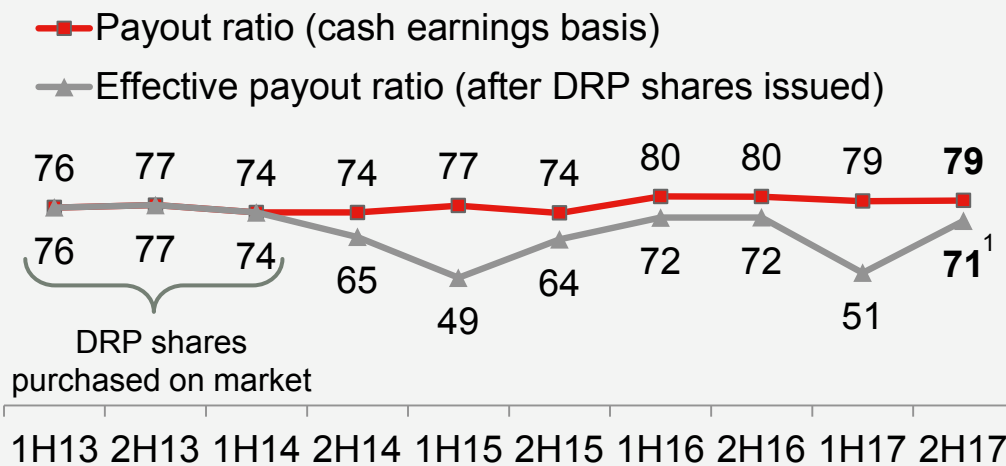


1 2H17 assumes DRP participation rate of 10%.

Dividend considerations

- Sustainability of the payout ratio over the medium term
- Strong CET1 capital ratio
- Surplus franking credits
- Bank Levy equivalent to 2 cents per share

Dividend payout ratio (%)



Good **momentum** on service

Better services

- Materially improved mobile useability
- Credit cards: New payment plans, decrease limits online, spending and fee alerts
- New Corporate online portal

Improved availability

- System stability: no Severity 1 incidents in Australia in 2H17 (vs. 19 in 2016)
- Mobile banking customers directly connect to call centre with no additional verification

New products

- Westpac Lite (low rate card), Westpac Life (savings account), Bump savings account
- Lite pay: Low cost international funds transfer (4 currencies/22 countries)

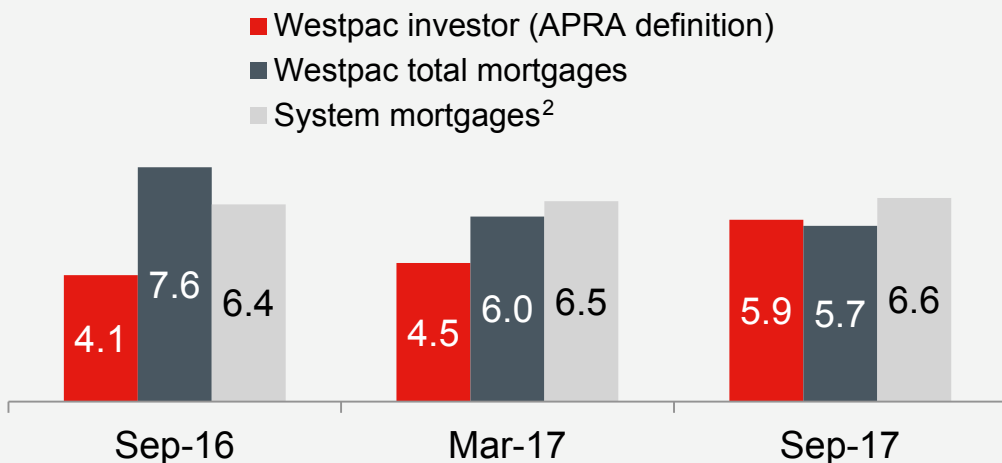
Service metrics¹



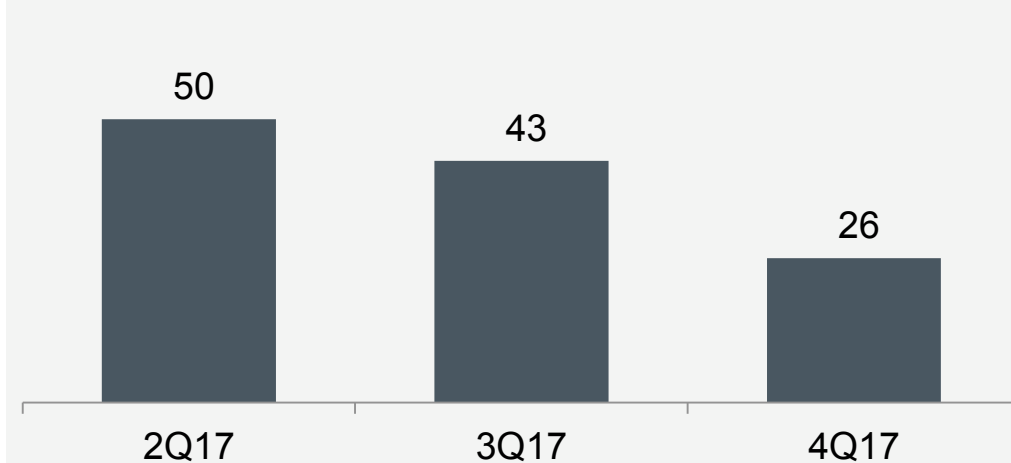
¹ Australian service metrics, unless indicated. Refer slide 132 for customer metric definitions.

Disciplined management

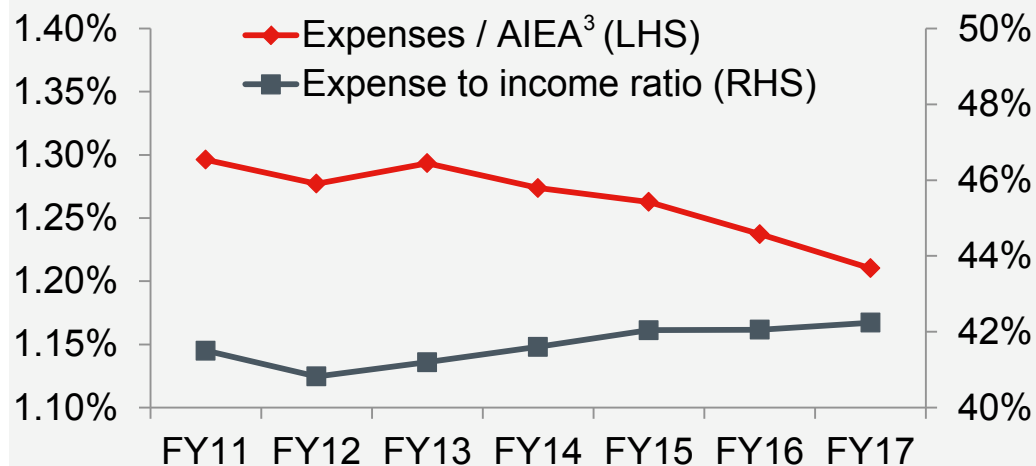
Australian mortgage growth¹ (annual %)



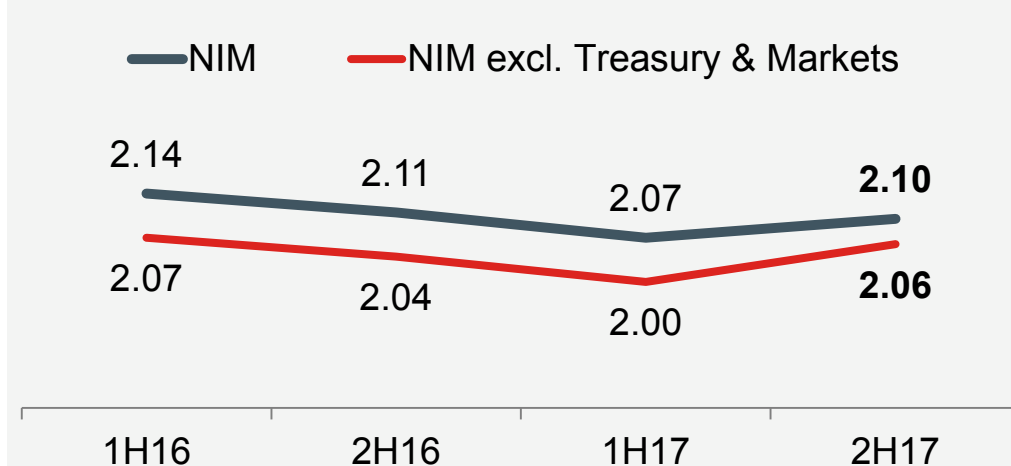
Australian mortgages interest only flows (% of total)



Productivity ratios (%)



Net interest margin (NIM) (%)



1 Gross loans. 2 RBA Financial aggregates. 3 AIEA is average interest earning assets.

- Global growth improved in 2017, further improvement likely in 2018
- Australian growth likely to remain sound but slowing through 2018
 - Supported by growth in resources, services and infrastructure
 - Some moderation from soft income growth and slowing construction
- House price growth expected to slow however mortgage serviceability remains strong with significant household equity
- Westpac well positioned for the environment with good momentum on strategy



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PETER KING
CHIEF FINANCIAL OFFICER

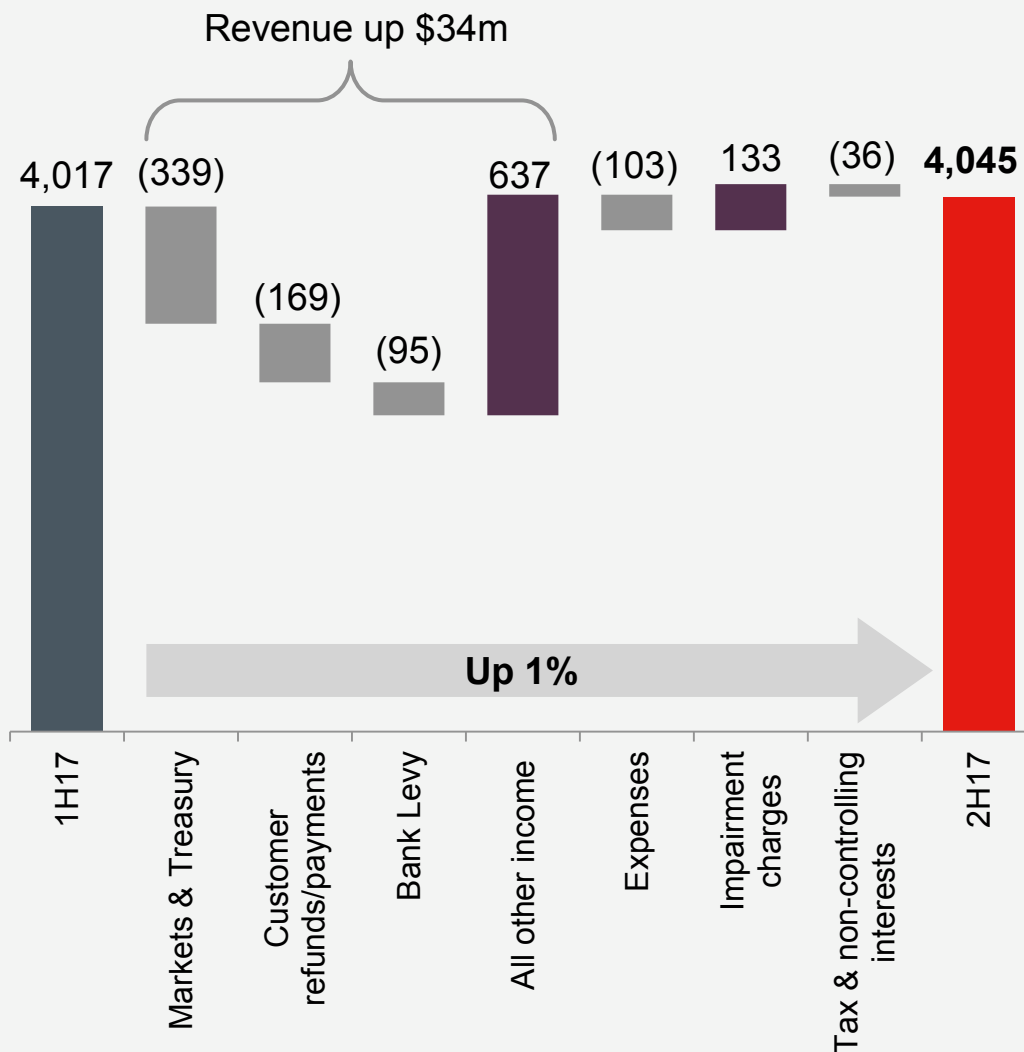
24/7 Banking

Financial results based on cash earning unless otherwise stated. Refer page 33 for definition. Results principally cover the FY17, FY16 and 2H17 and 1H17 periods. Comparison of 2H17 versus 1H17 (unless otherwise stated)

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Results at a glance

Cash earnings movements (\$m)



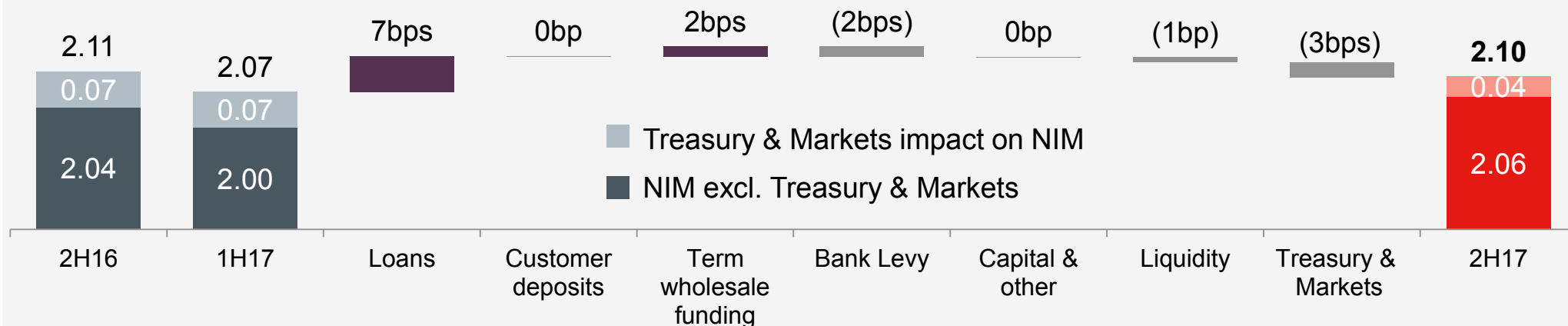
Infrequent/volatile items (\$m)

Cash earnings impact	2H16	1H17	2H17
Asset sales	(4)	4	0
Performance fees/ manager revaluation	22	0	(3)
Group CVA ¹	3	15	20
Provision for customer refunds/payments(after tax)	0	0	(118)
Total impact	21	19	(101)
Bank Levy from 1 July 2017 (after tax)			(66)

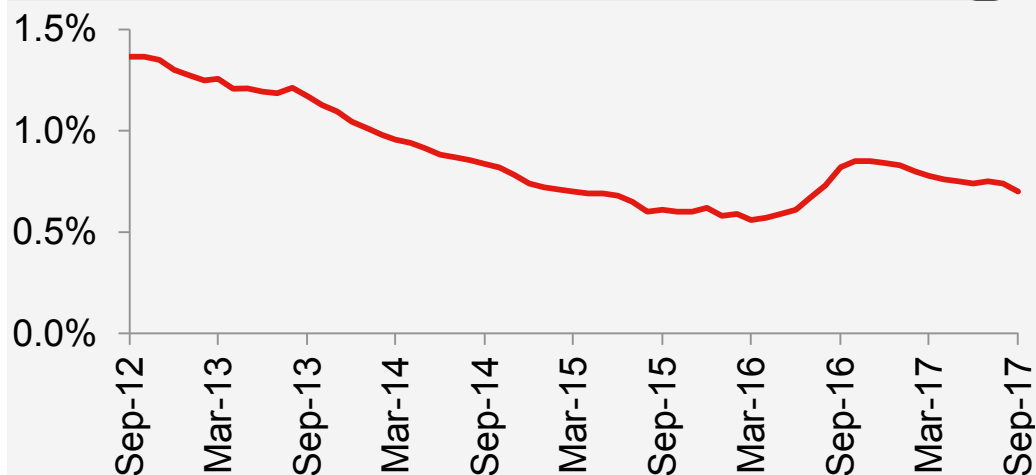
1 CVA is credit valuation adjustment.

Margins **resilient**

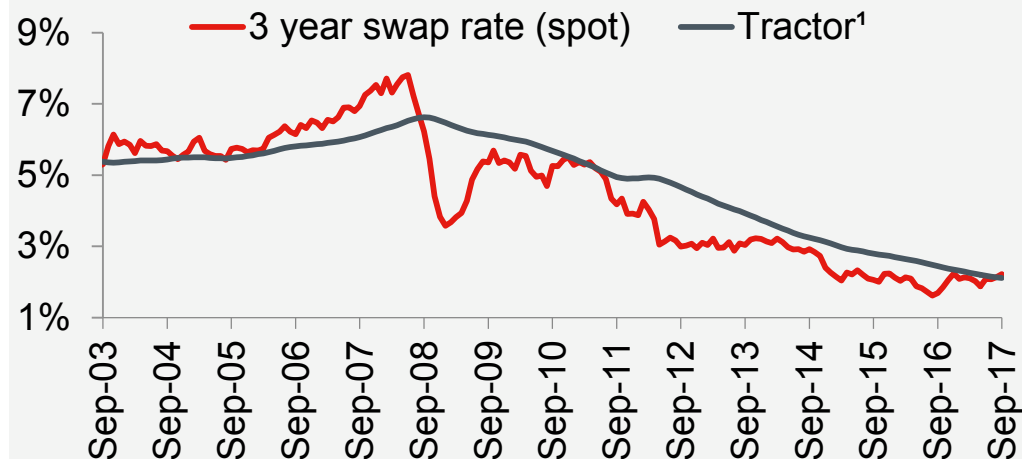
Net interest margin movement (% and bps)



Term deposit costs over benchmark (portfolio)



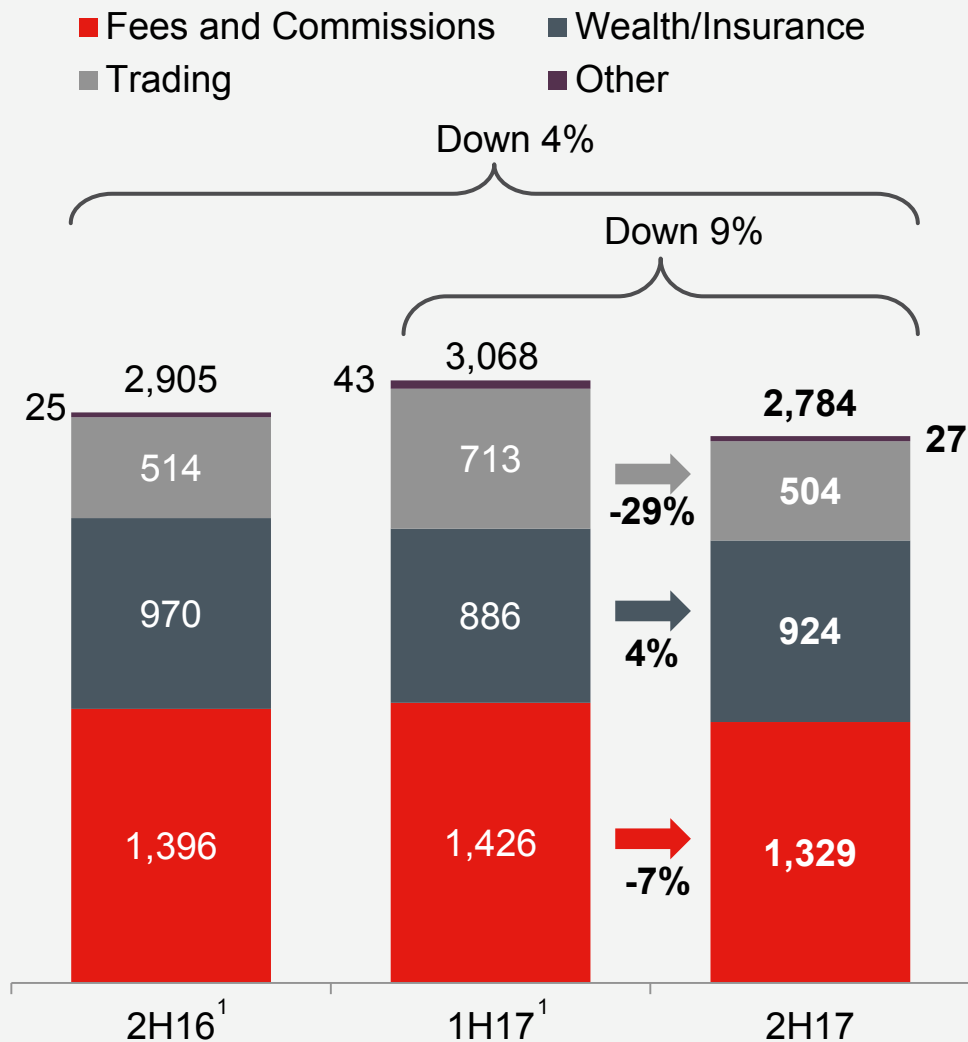
Lower returns on capital and low rate deposits



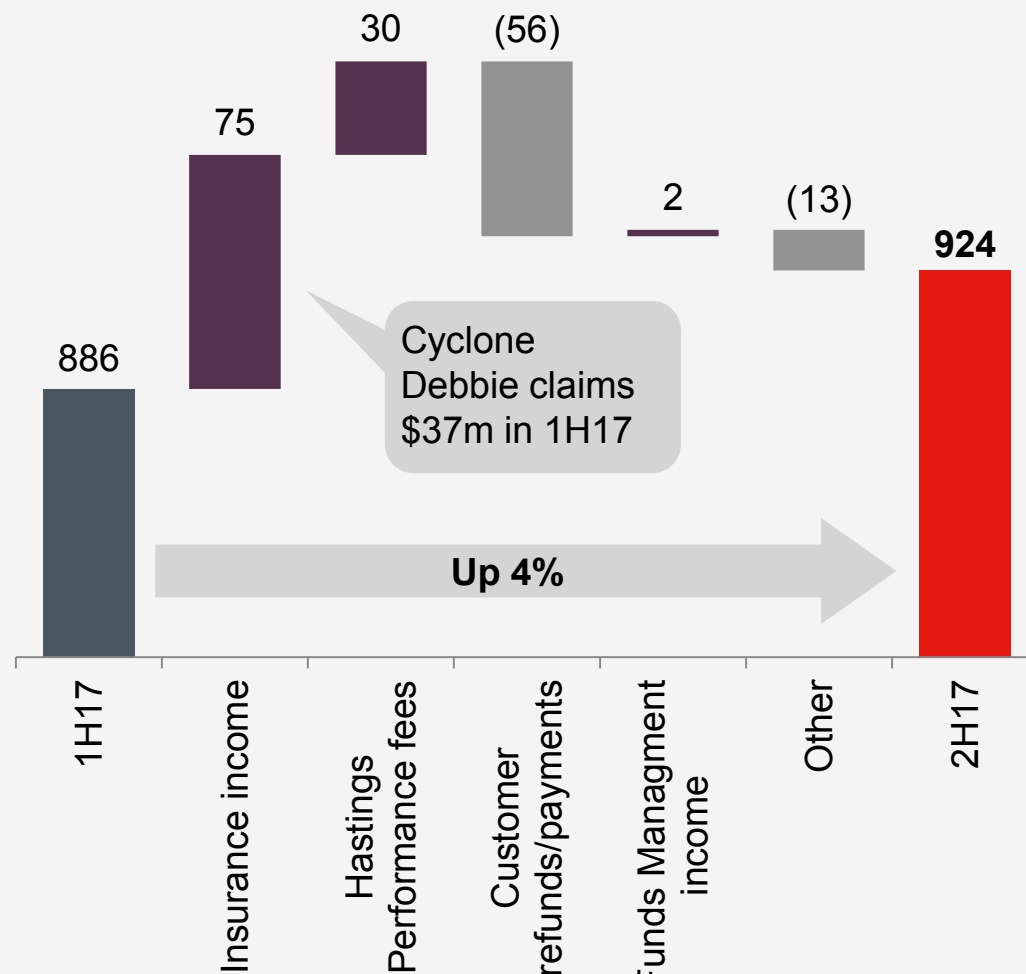
¹ Tractor is the 3 year moving average hedge rate for hedges on capital and low rate deposits.

Non-interest income

Non-interest income (\$m)



Wealth/insurance non-interest income (\$m)



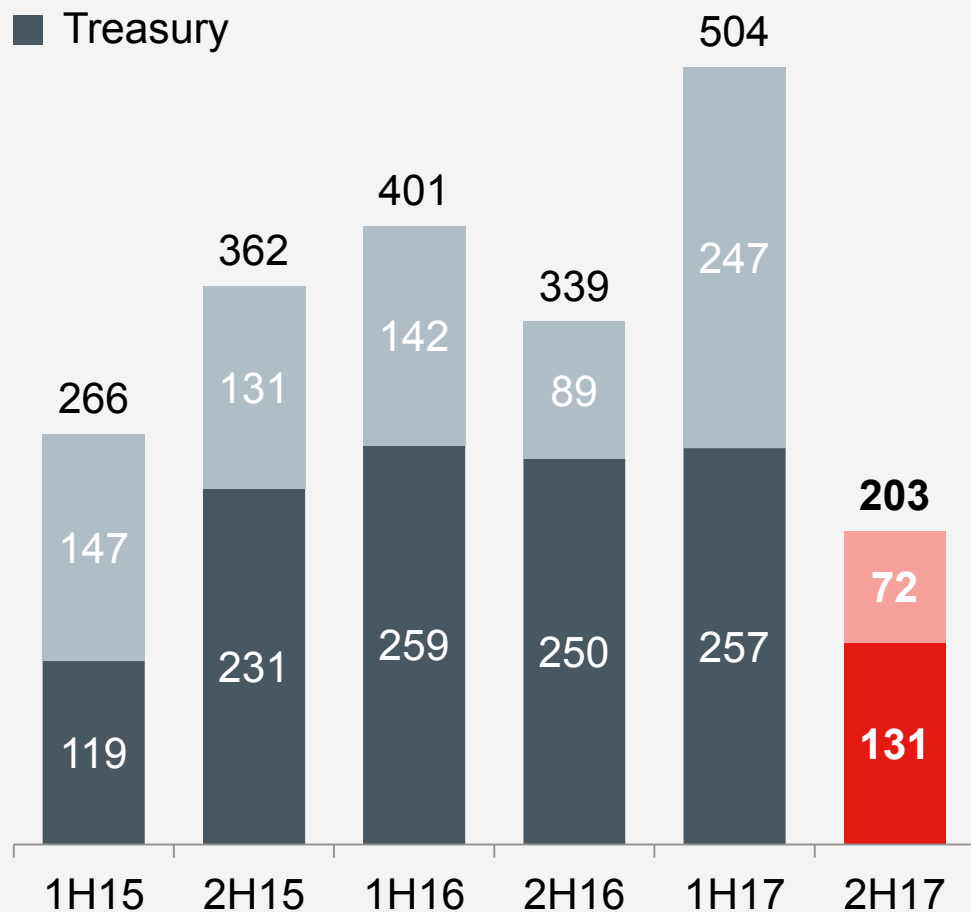
¹ Fees and commissions in 2H16 and 1H17 restated to reflect the accounting change to the Westpac New Zealand credit card rewards scheme.

Markets & Treasury¹ – soft 2H17

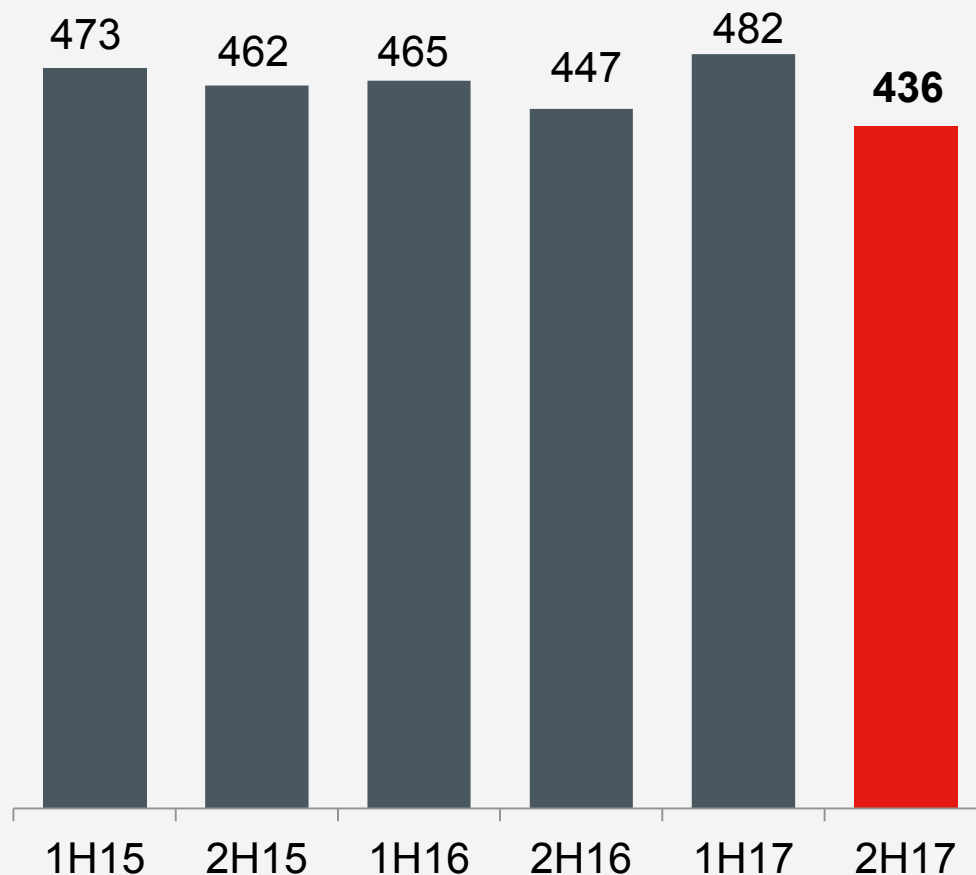
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Markets non-customer and Treasury income (\$m)

■ Markets non-customer
■ Treasury



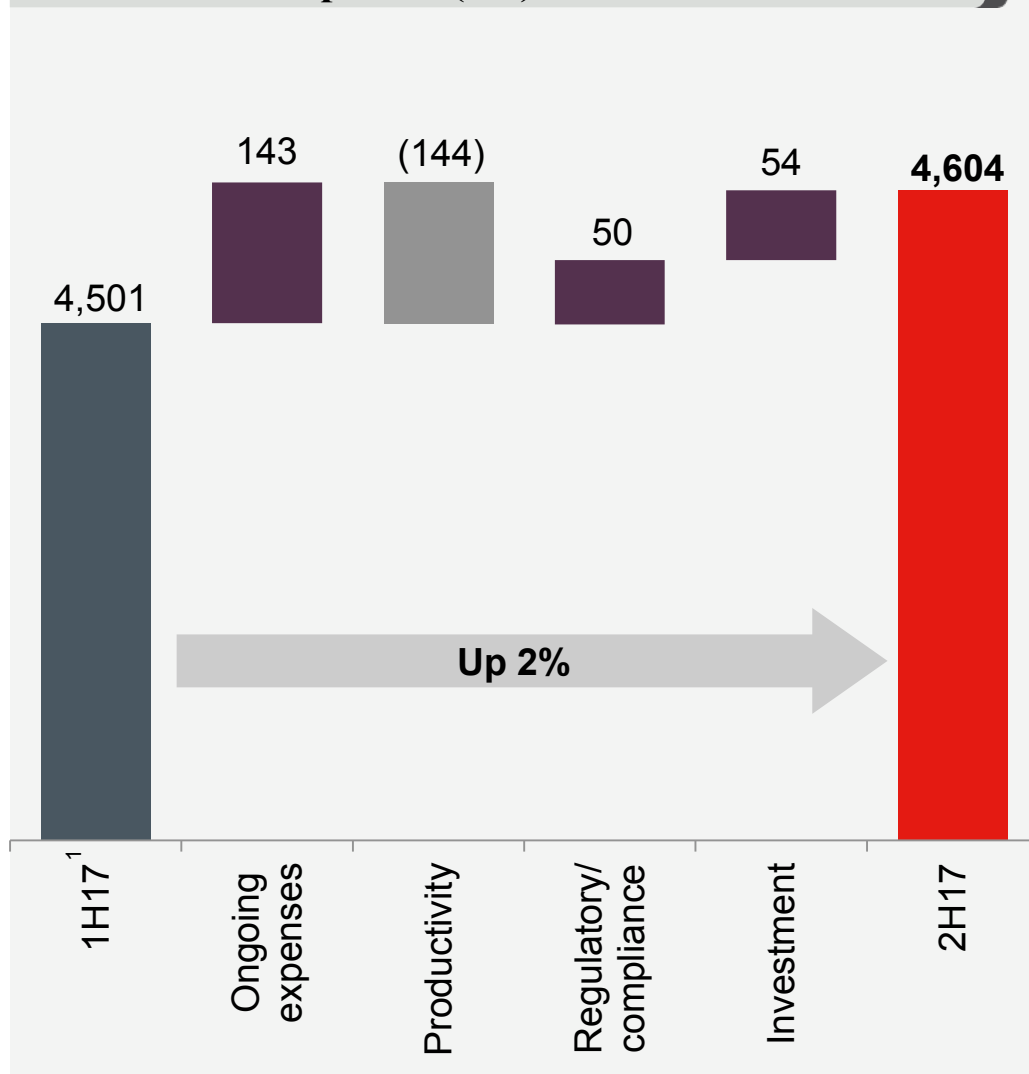
Markets customer income (\$m)



1. Includes net interest income and non-interest income but excludes DVA.

Expenses **well managed**

Movement in expenses (\$m)

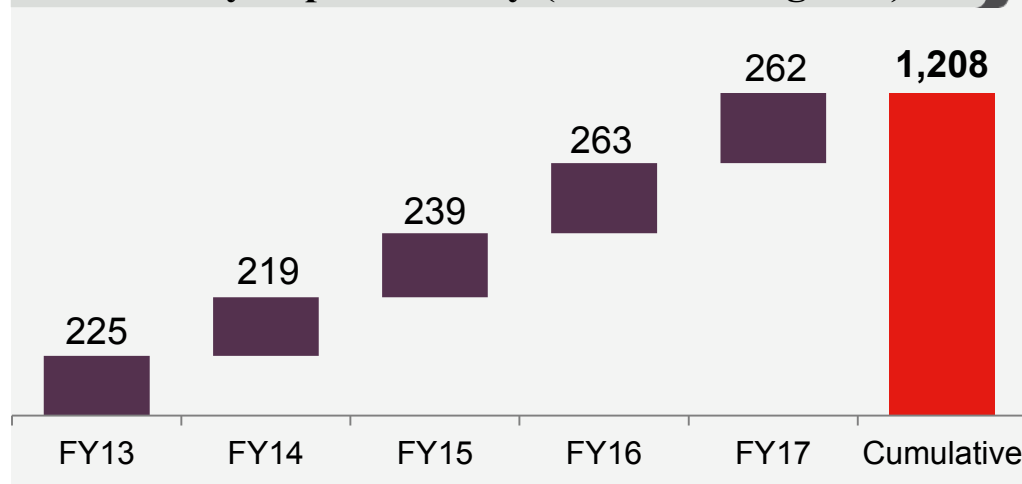


1 1H17 restated to reflect the accounting change to the Westpac New Zealand credit card rewards scheme.

Divisional expense growth 2H17 – 1H17

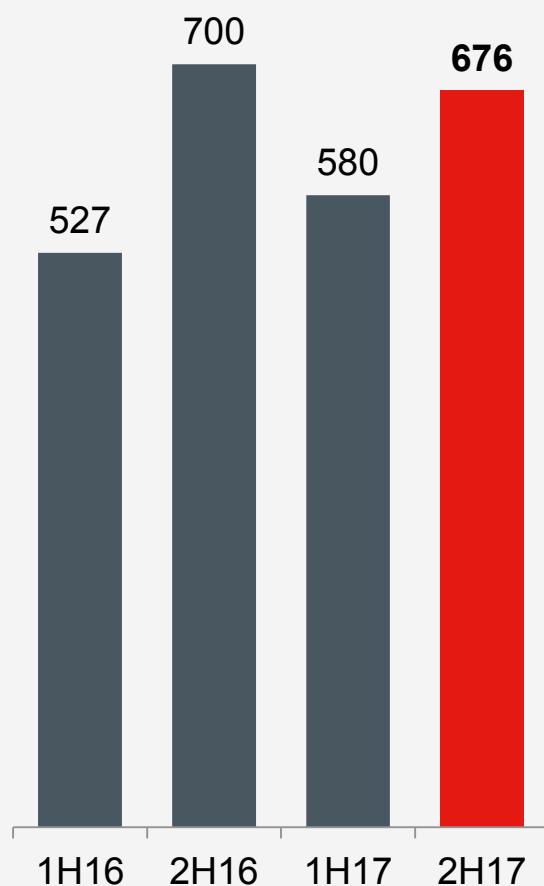
	\$m	%
Consumer Bank	79	5
Business Bank	17	2
BTFG	20	3
WIB	9	1
New Zealand (in NZ\$)	(11)	(2)
Group Businesses	(3)	(1)

Consistency in productivity (annual savings \$m)

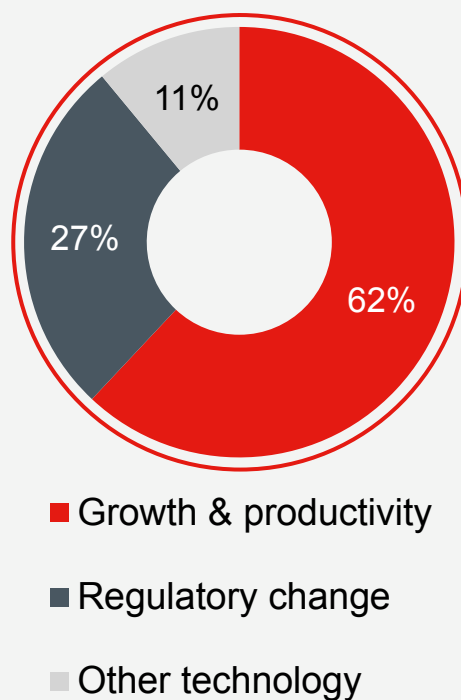


Investment spend

Total investment spend (expensed and capitalised) (\$m)

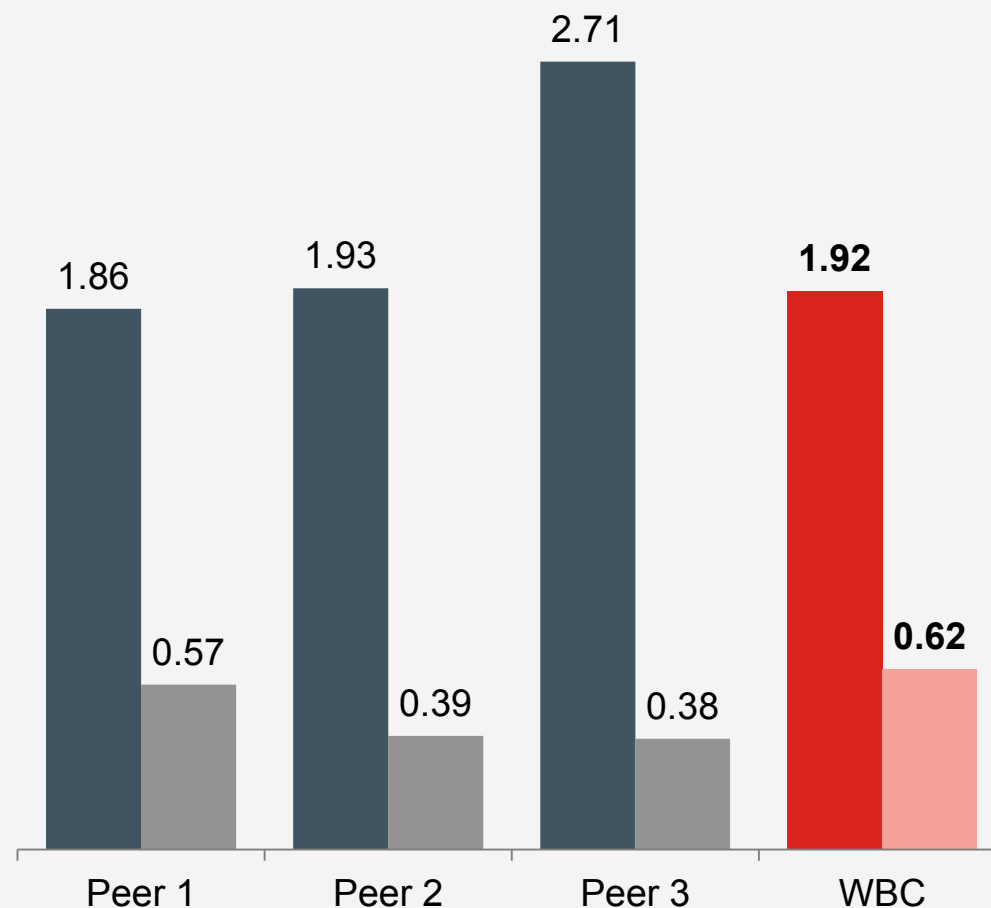


% of 2H17 spend



Capitalised software balance and amortisation¹ (\$bn)

- Capitalised software
- Annual software amortisation



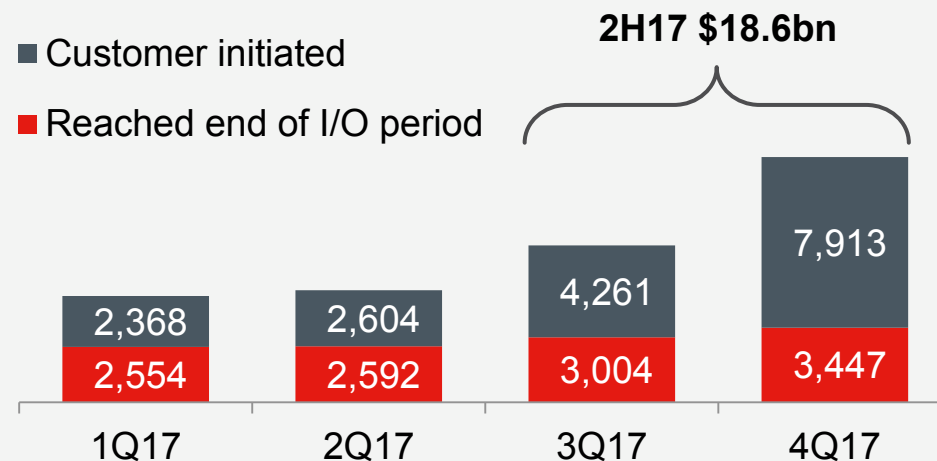
¹ Data based on FY17 results, excludes write-offs. Amortisation expense is based on amortisation expense excluding any impairment and is based on FY17.

Australian mortgage trends

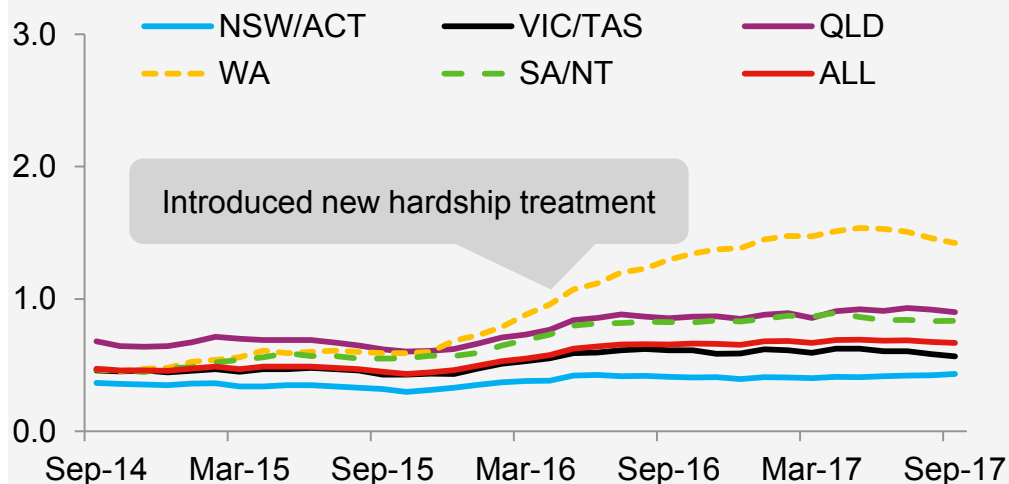
Mortgage portfolio (\$bn)

	2H16	1H17	2H17
New lending	40.2	37.0	40.3
Run-off	26.8	27.3	27.0
Net flows	13	10	13
Fixed (% of book)	17	18	21
Interest only (% of book)	51	50	46

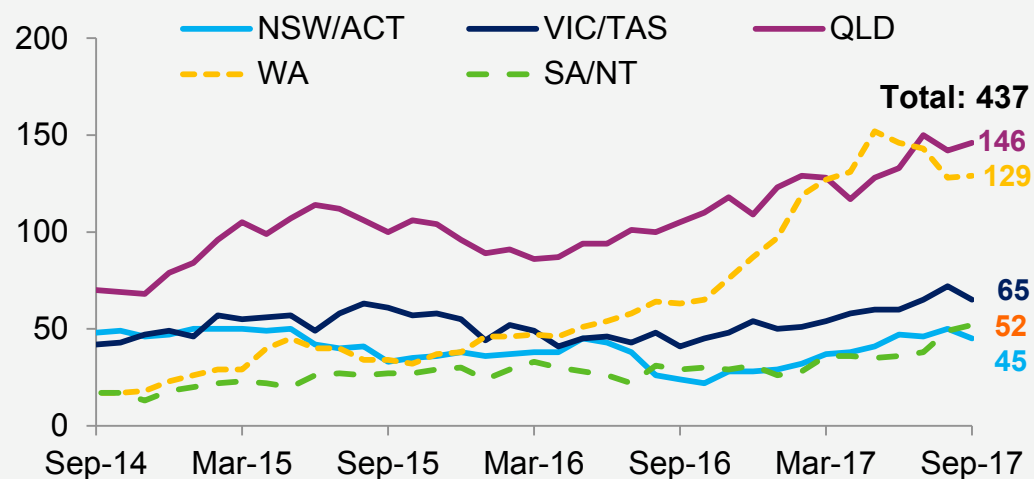
Switching from I/O to P&I¹ (\$m)



Australian mortgages 90+ day delinquencies (%)



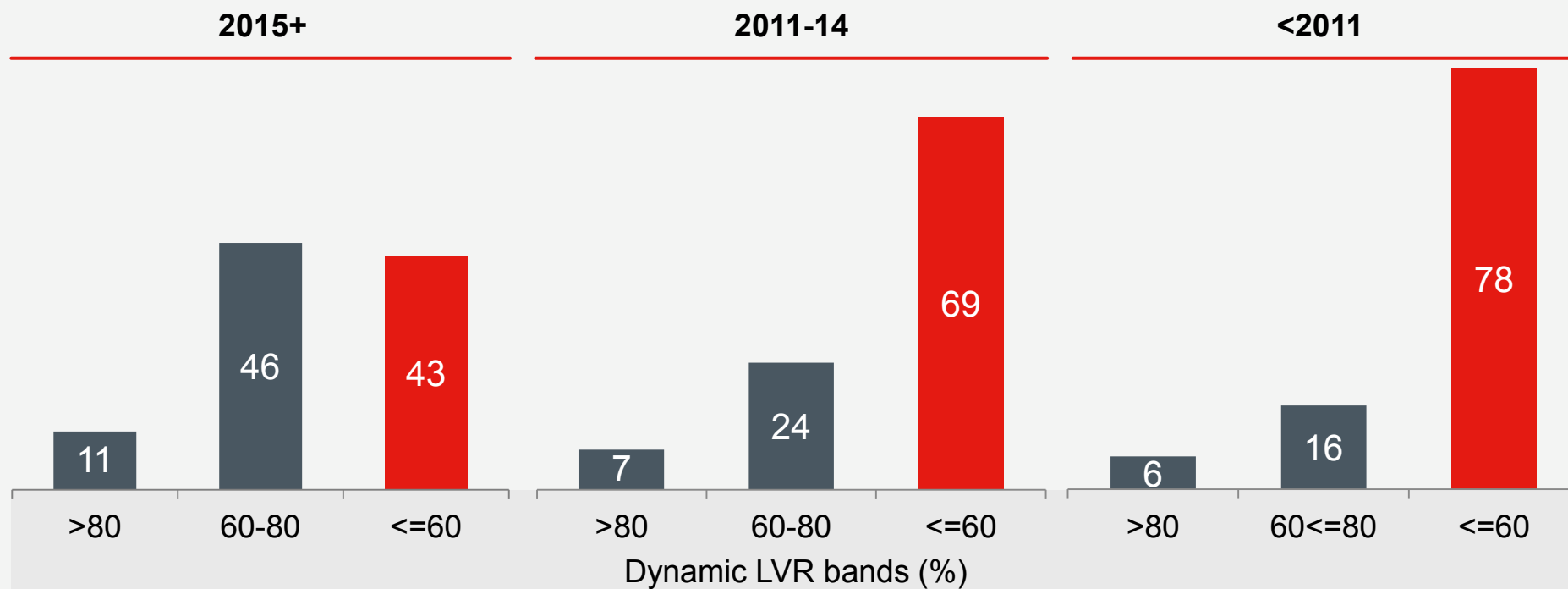
Properties in Possession (#)²



1 I/O is interest only mortgage lending, restated to include RAMS. 2 Consumer only.

Australian mortgage **deep dive**

Australian mortgage lending¹ by origination date, dynamic LVR² (%)

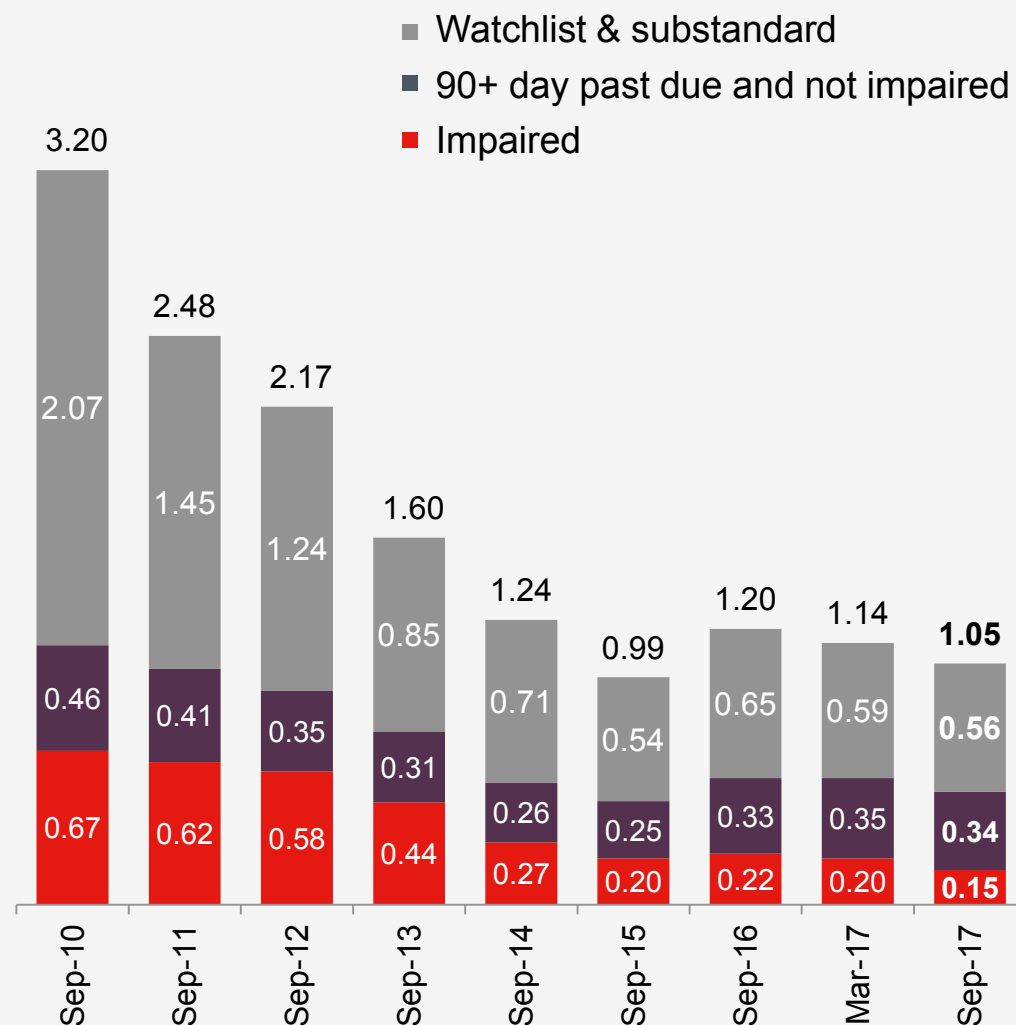


% of portfolio	41	33	26
Westpac interest rate floor (%)	7.25	6.80	6.80
Average house price changes ³	0 – 23%	40% – 23%	At least 40%

1 Portfolio comprised of residential mortgages, excluding RAMS, and business mortgages originated via a separate platform such as construction loans and loans to SMSFs. 2 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 3 Source, Westpac Economics, CoreLogic. All dwellings Australia - average 8 major capital cities. Prices to Sept 17.

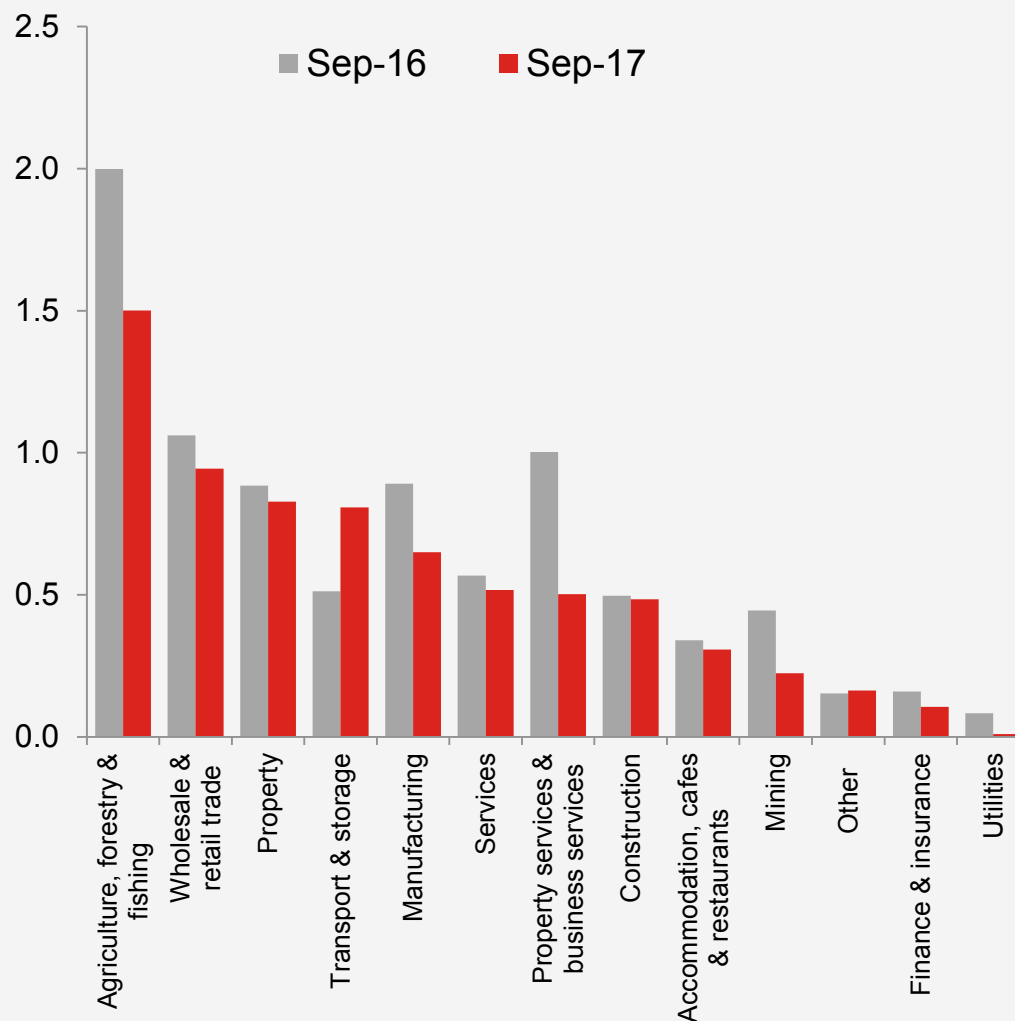
Asset quality **remains sound**

Stressed assets as a % of TCE¹



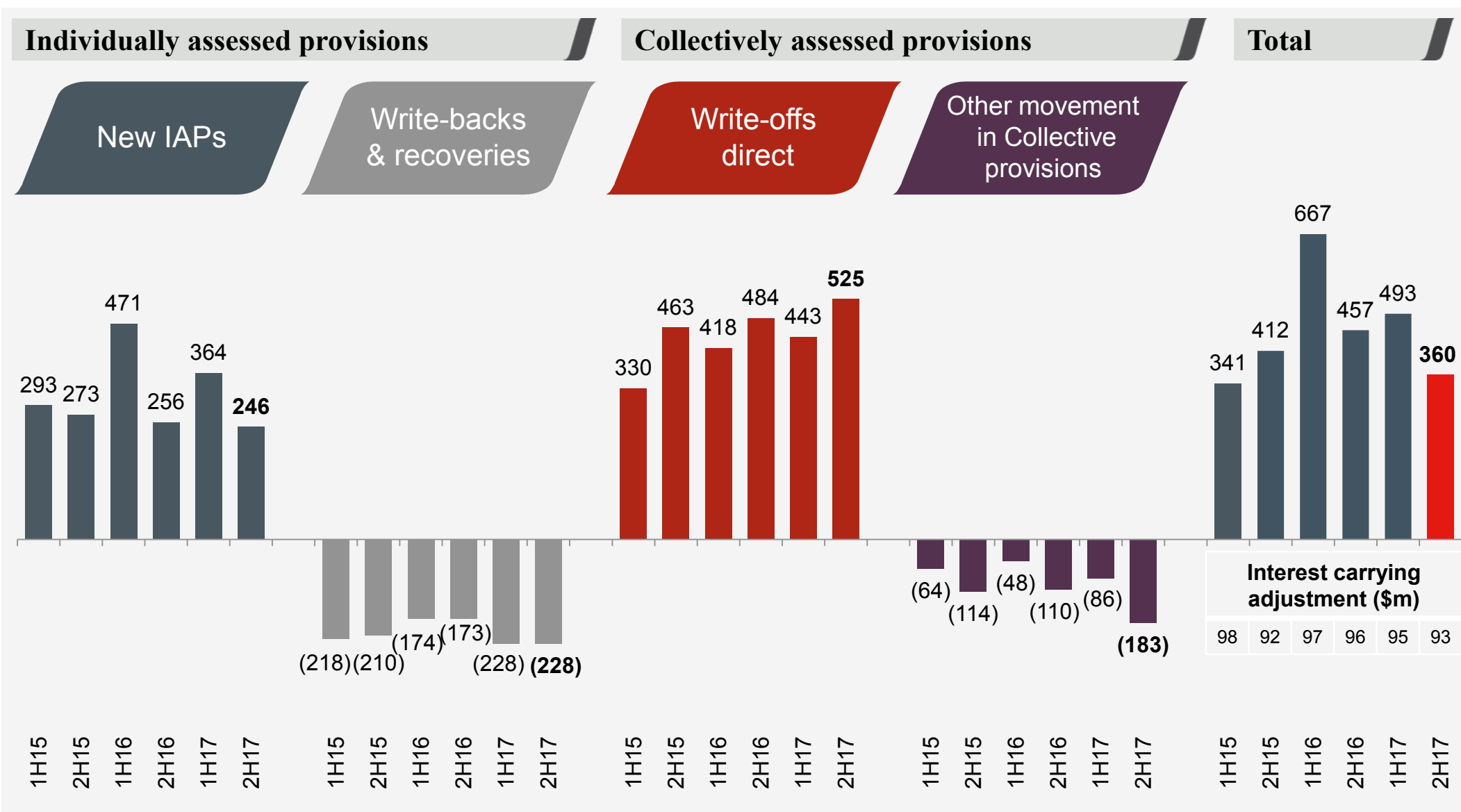
¹ TCE is total committed exposure.

Corporate/business stressed exposure by sector (\$bn)



Impairment charge components (\$m)

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Considerations for FY18

- Remaining disciplined on growth/return
- Expect system lending growth to moderate
- Exit margin (Sept 17 month) higher than 2H17. FY18 margin will be impacted by more mortgage switching from interest only to principal & interest
- Headwinds from changes in ATM and transaction fees (approximately \$50m)
- Targeting similar productivity savings and keeping costs in 2-3% range
- Asset quality remains in good shape



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Investor Discussion Pack

24/7 Banking

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Strategy

24/7 Banking

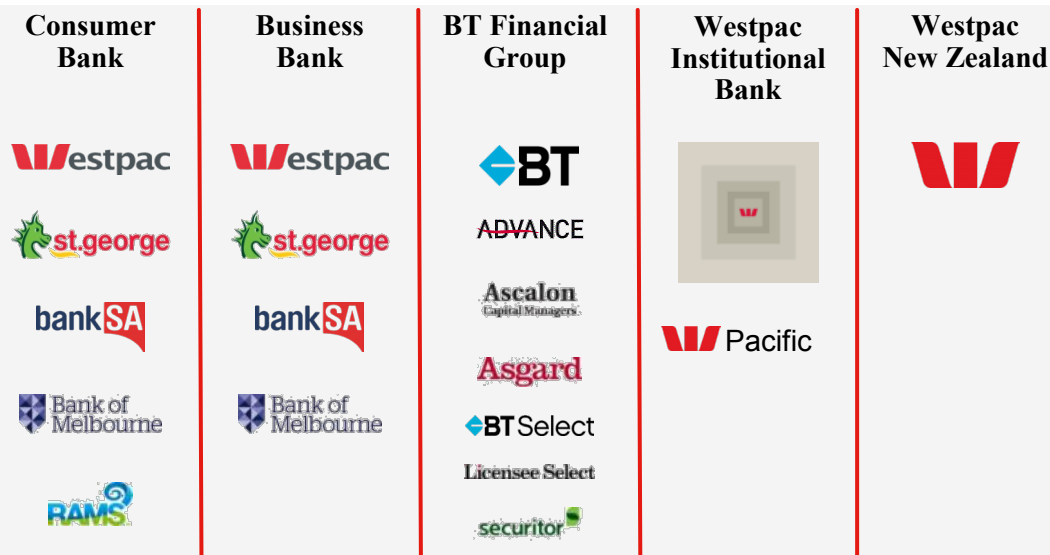
Westpac Group at a glance: Australia's First Bank

WBC
listed on
ASX & NZX

WBK
LISTED
NYSE

Strategy | 27

- In its 200th year, Australia's first bank and first company, opened 1817
- Australia's 2nd largest bank and 24th largest bank in the world; ranked by market capitalisation¹
- Well positioned across key markets with a service-led strategy focused on customers and differentiated through service
- Supporting consumers and businesses in Australia and New Zealand and customers with ties to these markets
- Unique portfolio of brands providing a full range of financial services including consumer, business and institutional banking, wealth management and insurance
- One of the most efficient banks globally²
- Consistent earnings profile over time
- Capital top quartile globally, with sound asset quality
- Credit ratings³ AA- / Aa3 / AA-
- Leader in sustainability⁴



Key statistics at 30 September 2017

Customers	13.8m
Australian household deposit market share ⁵	23%
Australian mortgage market share ⁶	23%
Australian business market share ⁶	19%
New Zealand deposit market share ⁷	19%
New Zealand consumer lending market share ⁷	19%
Australian wealth platforms market share ⁸	19%

Key financial data for Full Year 2017

Reported net profit after tax	\$7,990m
Cash earnings	\$8,062m
Expense to income ratio ⁹	42.2%
Common equity Tier 1 capital ratio (APRA basis)	10.6%
Return on equity ⁹	13.8%
Total assets	\$852bn
Market capitalisation ¹⁰	\$108bn

¹ 30 September 2017. Source: S&P Capital IQ, based in US\$. ² Credit Suisse analysis of expense to income ratio of world's largest banks October 2017. ³ S&P Global Ratings, Moody's Investors Service and Fitch Ratings respectively. S&P Global Ratings has Westpac on a negative outlook, Moody's Investor Services and Fitch Ratings have Westpac on a stable outlook. ⁴ Included in 2017 Global 100 most sustainable companies, announced at World Economic Forum in January 2017. ⁵ APRA Banking Statistics, September 2017. ⁶ RBA Financial Aggregates, September 2017. ⁷ RBNZ, September 2017. ⁸ Plan for Life, June 2017, All Master Funds Admin. ⁹ Cash earnings basis. ¹⁰ Based on share price at 29 September 2017 of \$31.92.

Our Vision: To be one of the world's great service companies, helping our customers, communities and people to prosper and grow

Strategic Priorities



Performance Discipline



Service Leadership



Digital Transformation



Targeted Growth



Workforce Revolution

Measures

Seeking to achieve 13-14% ROE (medium-term)


+1m customers (2015-2017)

Cost growth 2-3% per annum and expense to income ratio below 40%



Stronger growth in wealth and SME




Employee engagement in top of high performing norms, women in leadership¹ 50% by end of 2017

Progress FY17

ROE 13.8% 
Down 22 bps

13.8m customers up 3%
Grew by 1m 2015-2017 

Expenses up 2% 
Expense to income ratio 42.2% 

FUM up 12% 
FUA up 5% 
SME lending up 6% 

Women in leadership 50% 
Employee engagement 79% 

¹ Refer slide 136 for metric definition.

Clear strategic position

- Seeking to differentiate on service
- No. 1 or 2 position across key markets - all divisions well placed
- Unique portfolio of brands, reaching a broader customer set
- Comparative advantage in wealth platforms
- Embracing digital opportunities with leading online and mobile capability

Conservative balance sheet

- Asset quality
 - Lowest impaired assets of peers (0.22% of gross loans); well provisioned at 46%¹
 - Sound quality; balance sheet weighted to mortgages
 - Sector leading through global financial crisis
- Capital - CET1 ratio above APRA's "unquestionably strong" benchmark internationally harmonised ratio in top quartile of international peers
- Liquidity - LCR of 124%; NSFR of 109%
- Only major Australian bank SEC registered and listed on NYSE

Global efficiency leader

- Expense to income ratio of 42.2% at lower end of global peers and less than the average of Australian major banks
- Targeting expense to income ratio below 40%
- Productivity focus has delivered \$2.1bn of savings FY09 to FY17

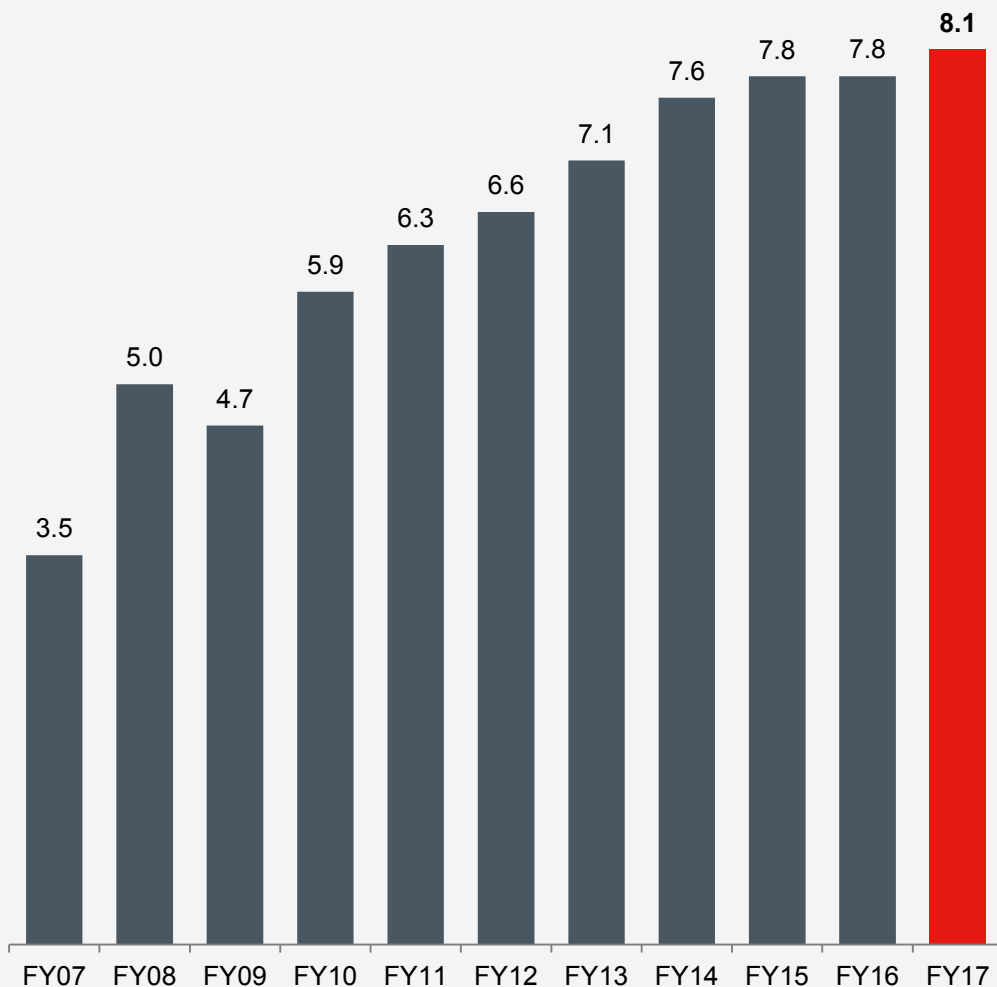
Sustainability culture

- Australia's first bank and first company, reached 200 year anniversary on 8th April 2017
- Global banking leader in Dow Jones Sustainability Index since 2002, named sector leader 10 times, including 2014, 2015, 2016 and 2017
- Ranked as one of the Global 100 most sustainable corporations in the world by Corporate Knights for 10 of the last 11 years
- Released refreshed climate change policy

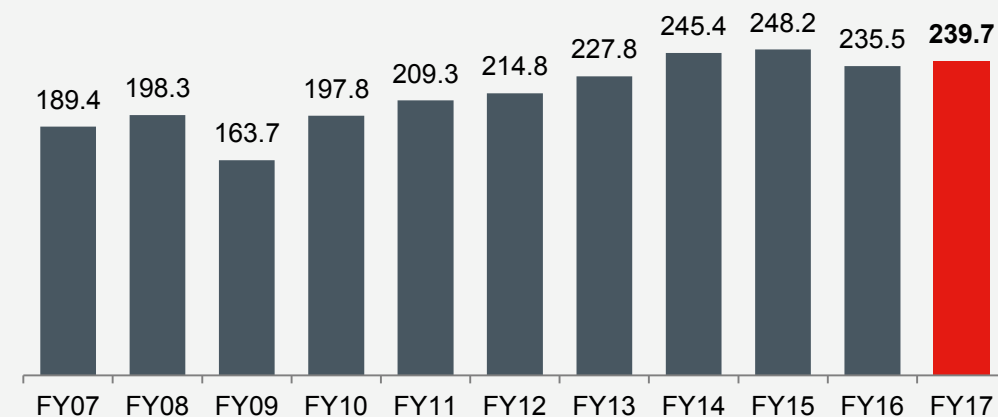
¹ Gross impaired asset provisions to gross impaired loans.

Consistent performer over the long term

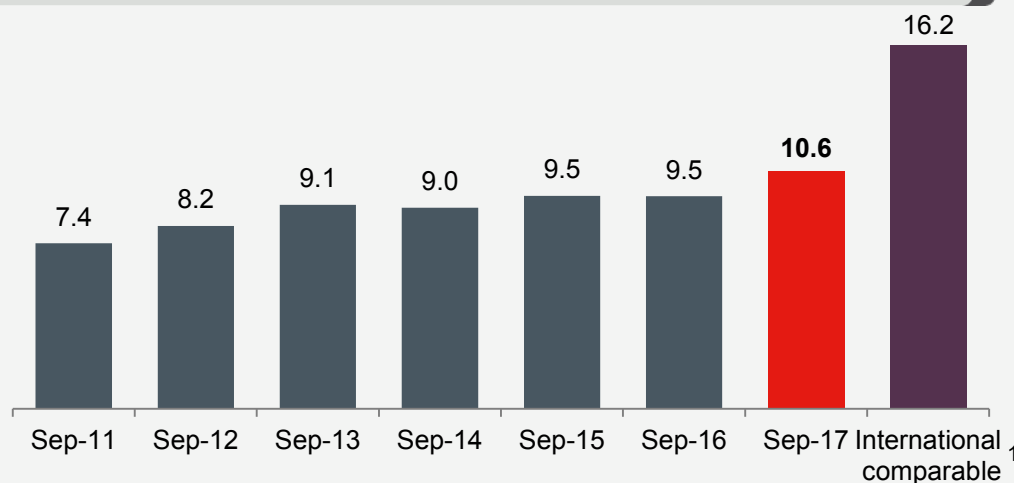
Cash earnings (\$bn)



Cash earnings per share (cents)



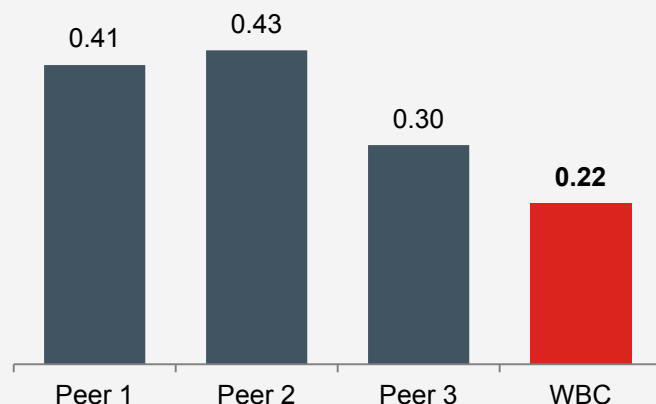
Common equity Tier 1 capital ratio (%)



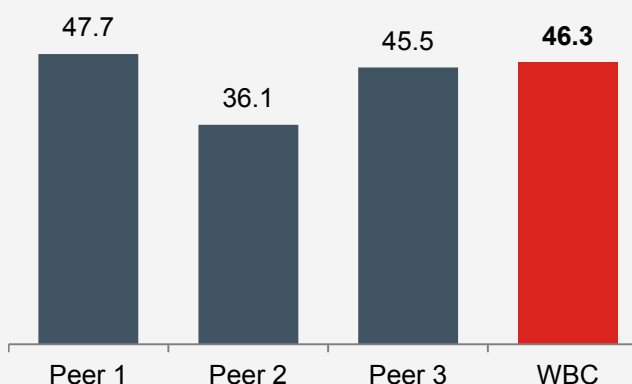
1 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. For more details on adjustments refer slide 91.

A conservative, **high quality** bank

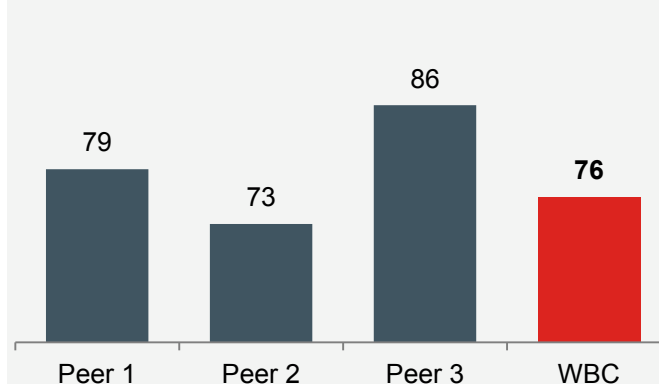
Impaired assets to gross loans¹ (%)



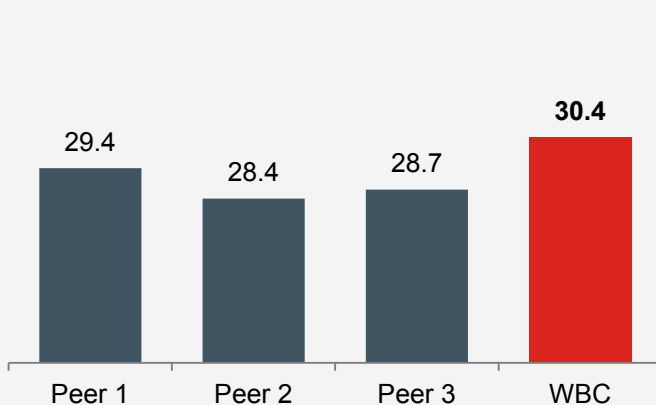
Individually assessed provisions to impaired assets¹ (%)



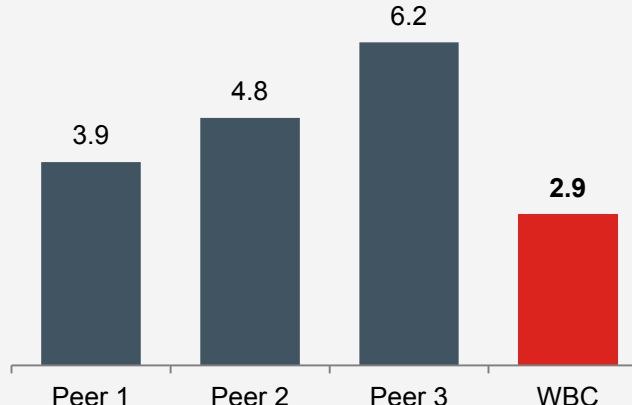
Collectively assessed provisions to credit RWA¹ (bps)



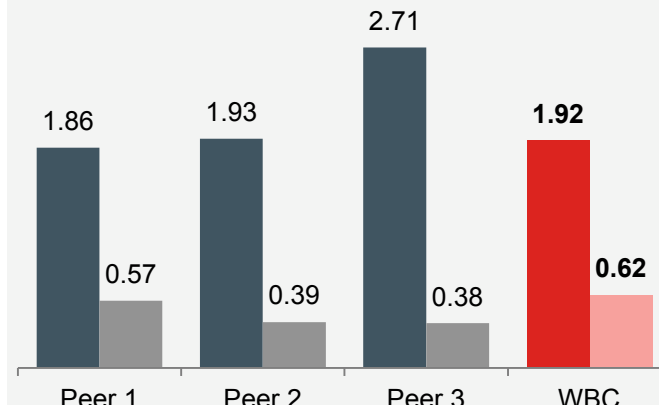
Effective tax rate¹ (%)



Capitalised software, average amortisation period^{1,2} (years)



Capitalised software balance and amortisation^{1,2} (\$bn)



¹ Based on FY17 results. ² Peer 2 data based on FY17 cash earnings results, excludes write-offs. Amortisation expense is based on amortisation expense excluding any impairment or accelerated amortisation. Based on FY17 expense.

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Overview

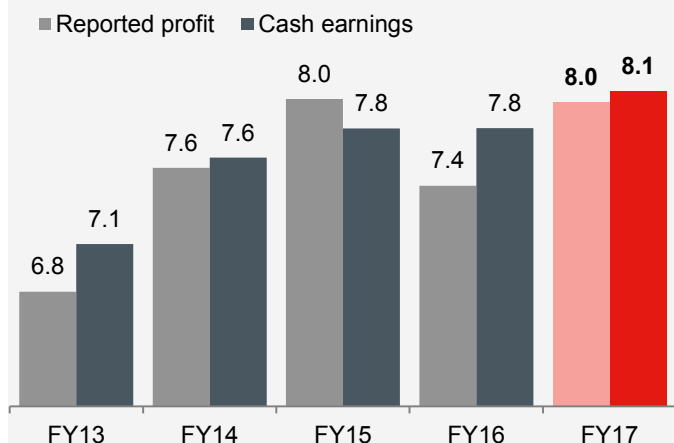
24/7 Banking

Cash earnings and reported net profit reconciliation

Cash earnings¹ policy

- Westpac Group uses a measure of performance referred to as cash earnings to assess financial performance at both a Group and divisional level
- This measure has been used in the Australian banking market for around 15 years and management believes it is the most effective way to assess performance for the current period against prior periods and to compare performance across divisions and across peer companies
- To calculate cash earnings, reported net profit is adjusted for:
 - Material items that key decision makers at Westpac Group believe do not reflect ongoing operations
 - Items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of treasury shares and economic hedging impacts
 - Accounting reclassifications between individual line items that do not impact reported results

Reported net profit and cash earnings (\$bn)



	FY17 (\$m)	% chg FY17- FY16	% chg 2H17- 1H17
Cash earnings	8,062	3%	1%
Cash EPS (cents)	239.7	2%	-
Reported net profit	7,990	7%	5%

Reported net profit and cash earnings adjustments (\$m)

	FY16	FY17
Reported net profit	7,445	7,990
Amortisation of intangible assets	158	137
Acquisition transaction and integration expenses	15	-
Fair value (gain)/loss on economic hedges	203	69
Ineffective hedges	(9)	16
Partial sale of BTIM	-	(171)
Treasury shares	10	21
Cash earnings	7,822	8,062

¹ Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with AAS (Australian Accounting Standards). The specific adjustments outlined include both cash and non-cash items. Cash earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits available to ordinary shareholders. All adjustments shown are after tax. For further details refer to slide 132.

	FY17	Change FY17 – FY16	Change 2H17 – 1H17		FY17	Change FY17 – FY16	Change 2H17 – 1H17
Earnings¹				Balance sheet			
Earnings per share (cents)	239.7	2%	-	Total assets (\$bn)	851.9	2%	1%
Core earnings (\$m)	12,451	1%	(1%)	Common equity Tier 1 (CET1) capital ratio (APRA basis) (%)	10.56	108bps	59bps
Cash earnings (\$m)	8,062	3%	1%	CET1 capital ratio (Internationally comparable) (%)	16.20	177bps	86bps
Return on equity (%)	13.8	(22bps)	(36bps)	CET1 capital (\$bn)	42.7	10%	6%
Dividend (cents per share)	188	-	-	Risk weighted assets (\$bn)	404.2	(1%)	-
Expense to income ratio (%)	42.2	18bps	82bps	Loans (\$bn)	684.9	3%	3%
Net interest margin (%)	2.09%	(4bps)	3bps	Customer deposits (\$bn)	486.7	4%	2%
Asset quality				Net tangible assets per share (\$)	14.66	5%	3%
Impairment charges to average gross loans (bps)	13	(4bps)	(4bps)	Funding and liquidity			
Impaired assets to gross loans (bps)	22	(10bps)	(8bps)	Customer deposit to loan ratio (%)	71.1	56bps	71bps
Impaired provisions to impaired assets (%)	46.3	(3ppts)	(6ppts)	Net stable funding ratio (%) (estimate)	109	n/a	n/a
				Liquidity coverage ratio (%)	124	(10ppts)	(1ppt)
				Total liquid assets ² (\$bn)	138	(4%)	(1%)

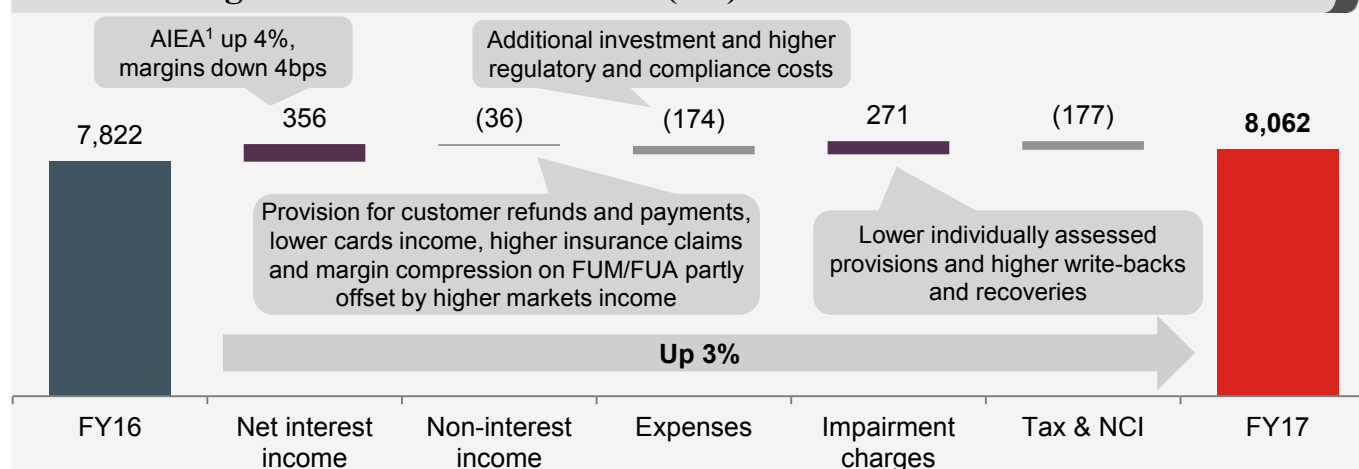
1 All measures on a cash earnings basis. 2 Total liquid assets represent cash, interbank deposits and assets eligible for existing repurchase agreements with a central bank.

Cash earnings up 3% over the year and 1% on prior half

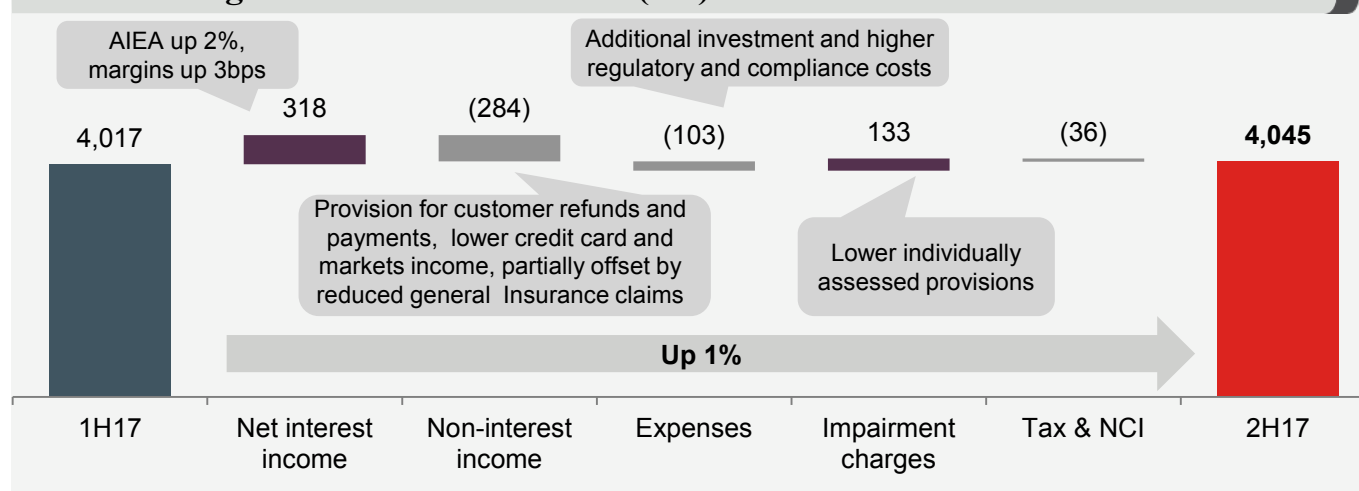
	FY17 (\$m)	% chg FY17- FY16	% chg 2H17 - 1H17
Net interest income	15,704	2	4
Non-interest income	5,852	(1)	(9)
Expenses	(9,105)	2	2
Core earnings	12,451	1	(1)
Impairment charges	(853)	(24)	(27)
Tax and non-controlling interests	(3,536)	5	2
Cash earnings	8,062	3	1
Reported net profit	7,990	7	5

1 AIEA is average interest-earning assets

Cash earnings features of FY17 – FY16 (\$m)



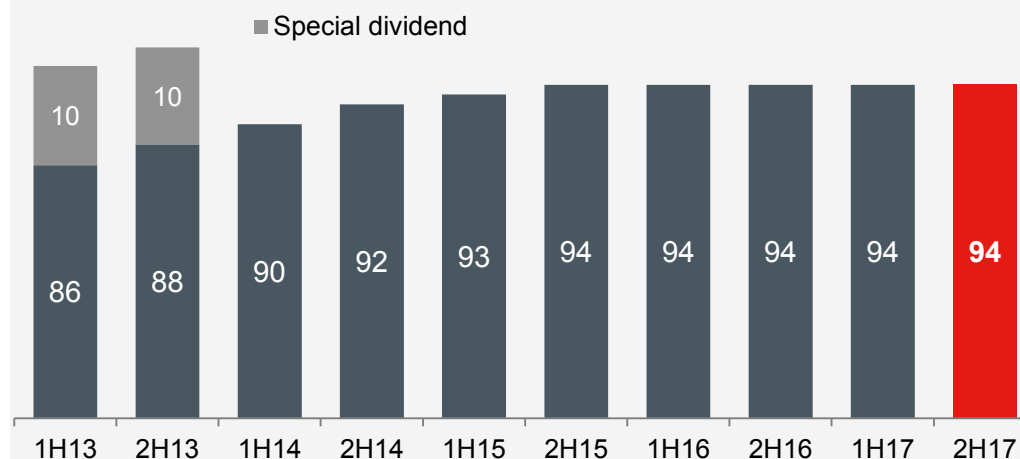
Cash earnings features of 2H17 - 1H17 (\$m)



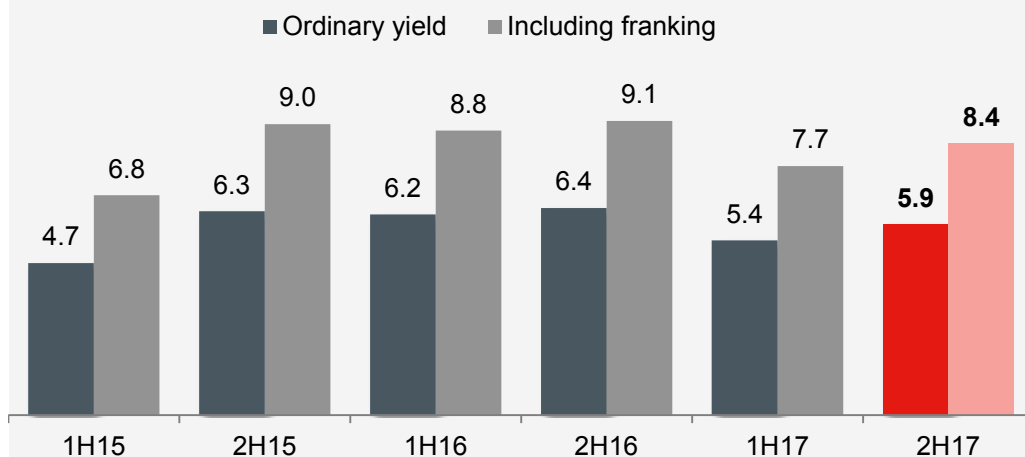
Key dividend considerations for 2H17

- Sustainability of payout ratio over medium term. Based on current financial position/growth a payout ratio of 70-75% is considered sustainable
- CET1 capital ratio well positioned for APRA's "unquestionably strong" benchmark
- Still awaiting final regulatory capital requirements from APRA
- Modest RWA growth
- Impact of the Bank Levy (2 cents per share in 2H17)
- Surplus franking credits

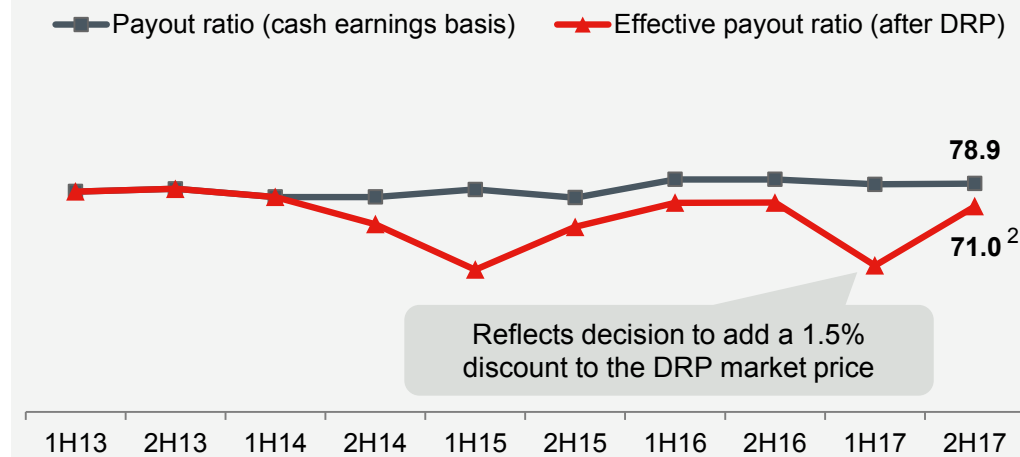
Dividends (cents per share)



Westpac dividend yield¹ (%)



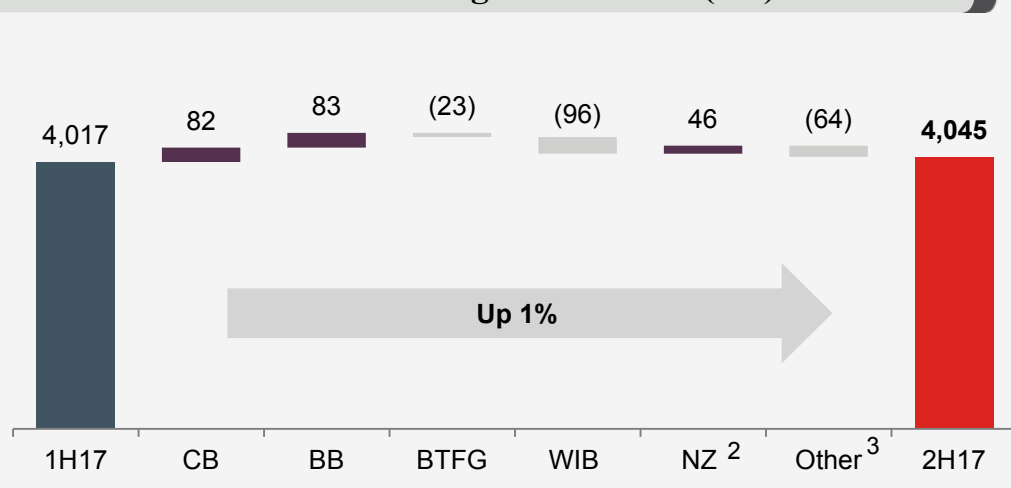
Ordinary dividend payout ratio (%)



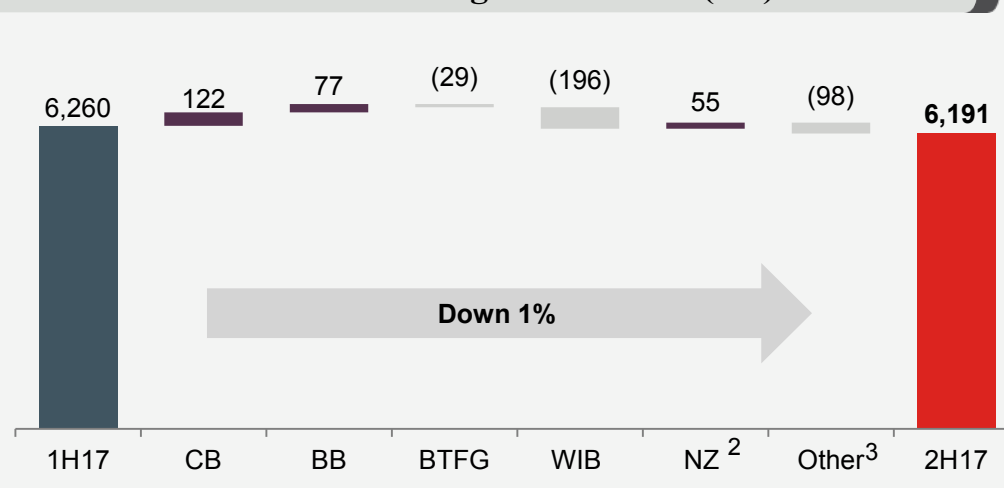
1 Data using half year dividends and share price at 29 September 2017, or period end. 2 2H17 assumes DRP participation rate of 10%.

Uplift in Consumer and Business divisions

2H17 divisional¹ cash earnings movements (\$m)



2H17 divisional¹ core earnings movements (\$m)

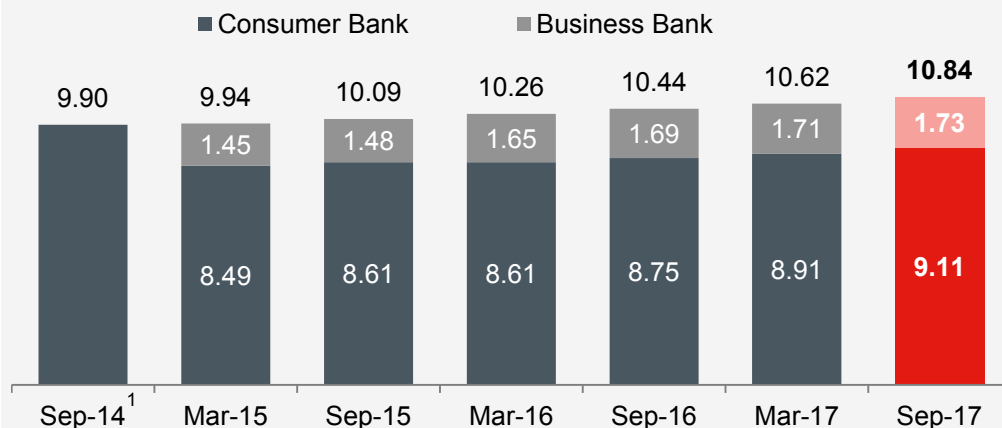


2H17 (\$m)	CB	BB	BTFG	WIB	NZ ²	Other ³	Group
Operating income	4,256	2,651	1,136	1,513	1,071	168	10,795
Bank Levy impact (pre-tax) (included above)	(48)	(27)	(5)	(15)	-	-	(95)
Expenses	(1,708)	(928)	(598)	(666)	(442)	(262)	(4,604)
Core earnings	2,548	1,723	538	847	629	(94)	6,191
Impairment (charges) / benefits	(274)	(162)	(1)	8	37	32	(360)
Tax & non-controlling interests	(681)	(470)	(163)	(251)	(185)	(36)	(1,786)
Cash earnings	1,593	1,091	374	604	481	(98)	4,045
Bank Levy impact (post-tax) ⁴	(34)	(19)	(3)	(11)	-	-	(66)
% of Group cash earnings	39	27	9	15	12	(2)	

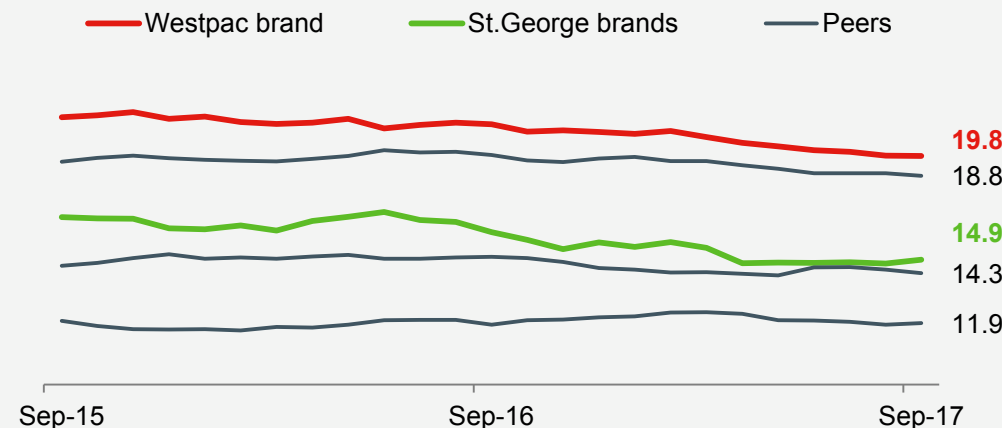
1 Refer to division definitions, slide 133. 2 In A\$. 3 Other is Group Businesses (including Treasury). 4 May not add due to rounding.

Building long term franchise value

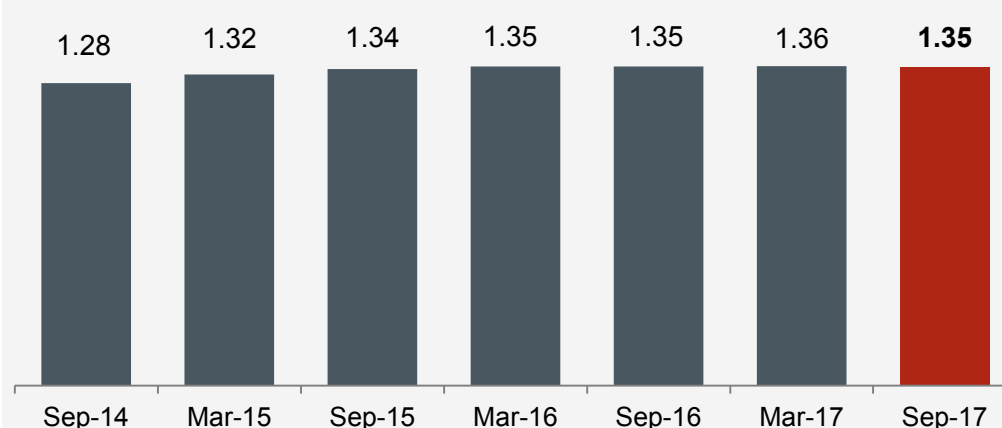
Australian banking customer numbers (#m)



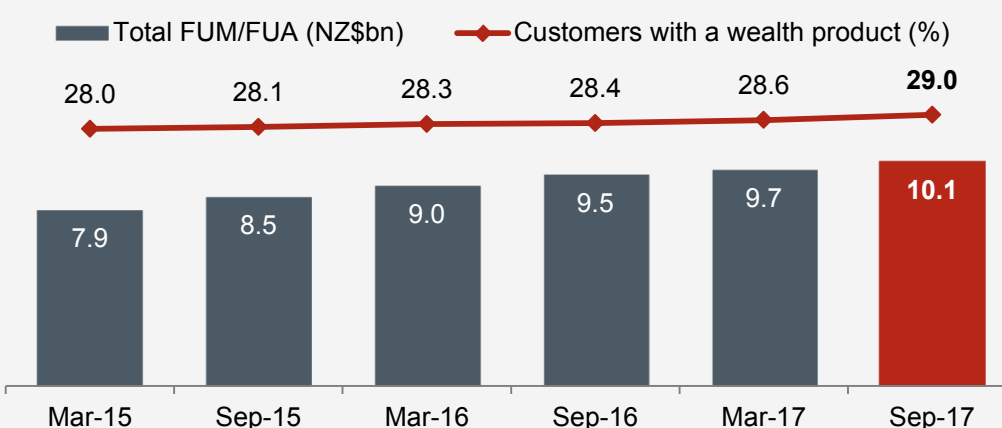
Australian customers with a wealth product² (%)



New Zealand customer numbers (#m)



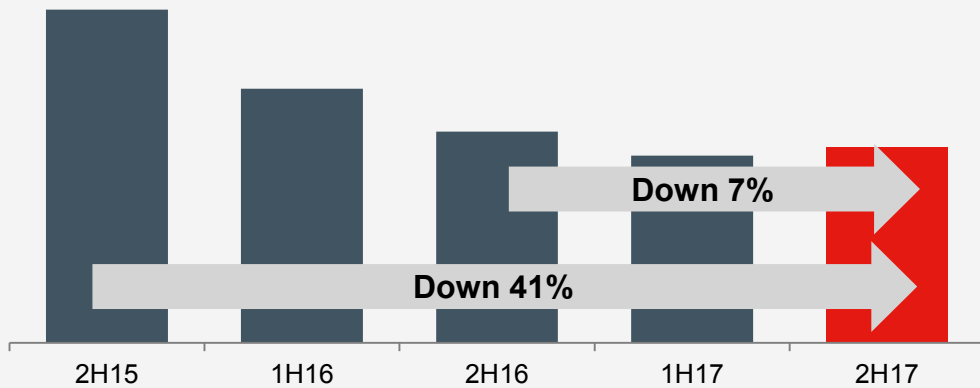
New Zealand wealth metrics^{2,3} (%)



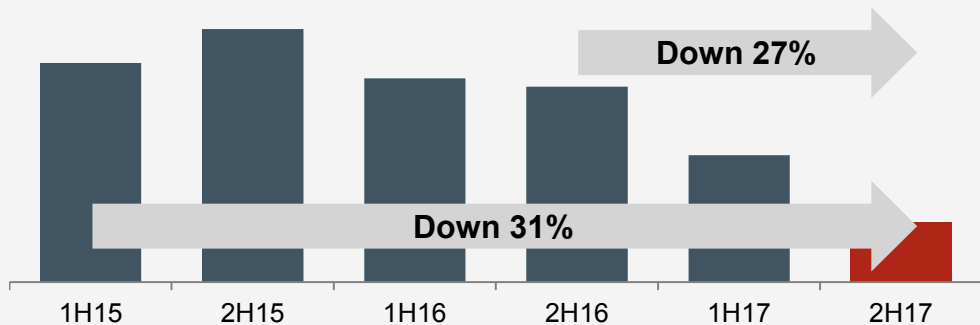
1 September 2014 customer numbers not split between Consumer Bank and Business Bank. 2 Refer slide 136 for metric definition. 3 No peer data available for New Zealand.

Customer complaints (#)

Australian retail (CB, BB and BT)



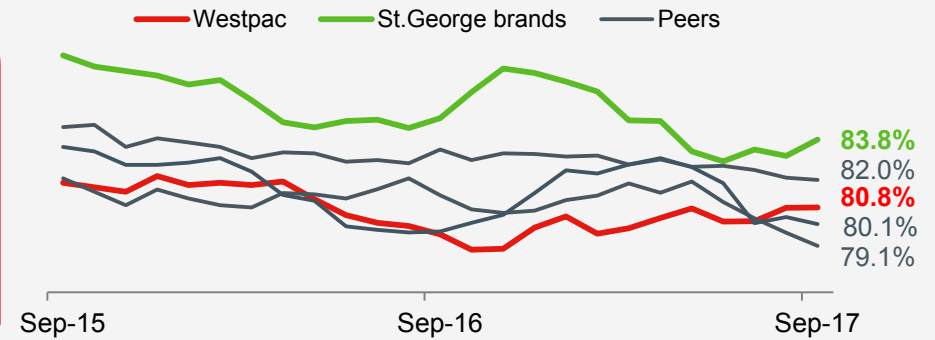
New Zealand retail



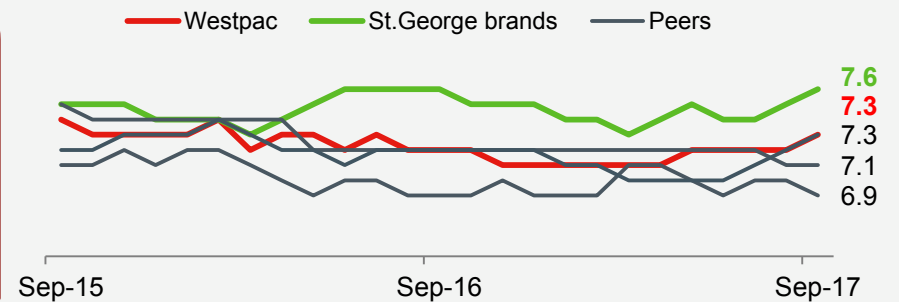
Customer satisfaction¹

Consumer and New Zealand (%), Business (mean)

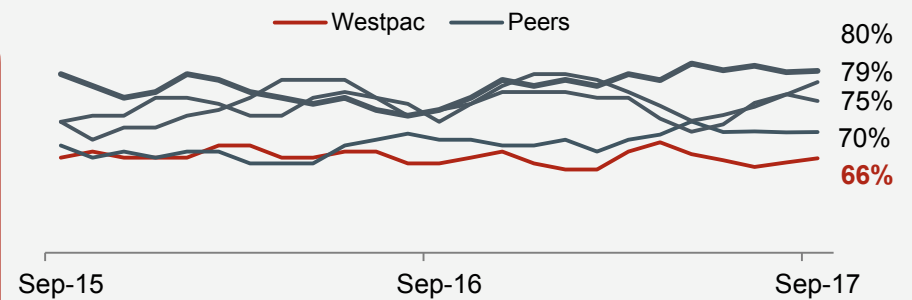
Consumer



Business



New Zealand



¹ Refer slide 136 for metric definition.

Westpac is actively responding to digital threats and opportunities through three streams of work. These streams seek to encourage digital innovation inside, adjacent and outside the Group. In this way Westpac can both learn directly, and gain access to emerging fintech developments

Accelerating innovation



"The Hothouse" provides innovation services supported by Entrepreneurs-In-Residence to solve customer problems. Dedicated space at Kogarah and 275 Kent St, Sydney



The Hotbox program supports the entrepreneurs within Westpac in creating products and services that will form the leading edge of innovation at Westpac



Sponsoring the innovation ecosystem through Stone & Chalk allows Westpac to partner with the fintech community and bring the best of the outside in



Active member of R3 creating opportunities through industry collaboration. Utilising distributed ledger-based systems to simplify and automate financial services

Direct investment/partnering solving business issues & customer problems



Uno is a disruptor mortgage broker. Enabling consumers to search, compare and apply for a home loan online, from a choice of 20 lenders



Surgical Partners helps medical practices improve efficiency by connecting practice management software to cloud based accounting



Offers point-of-sale credit and digital payment services to the retail, health, travel and education sectors. It also owns Pocketbook, a personal financial management app



LanternPay is a scalable, cloud based claims and payments platform for use in consumer directed care programs such as the NDIS, aged / home care and Government insurance schemes



QuintessenceLabs (Qlabs) creating opportunities with quantum technology that encrypts confidential data

Reinventure is a \$100m fintech venture capital fund

Reinventure has directly invested in a range of fintech businesses to enable Westpac access to insights and assess adjacent business opportunities

The model also helps Westpac review different ways of working to be more innovative and deliver faster

16 investments to date covering areas such as:

- Blockchain
- Digital currencies
- Payments
- Peer-to-peer lending
- Big data
- Data analytics
- Social networks
- B2B networks
- Digital processes

For further details on these areas see following slide

¹ Logos are of the respective companies Stone & Chalk, R3, Uno, Surgical Partners, zipMoney, LanternPay and Qlabs.

Reinventure – Investing in new technology businesses¹

Westpac has committed \$100m to Reinventure, an independently run venture capital fund. The operation allows Westpac to gain access to emerging fintech business models, adjacent business opportunities and entrepreneurial ways to execute at speed



Using data to shed light on high volume crimes, improving prevention and detection



A bitcoin wallet and platform where merchants and consumers can transact the digital currency, bitcoin



A social media platform for local communities. Nabo differentiates itself by helping residents develop real online geographical communities (by suburbs)



A trust framework and secure platform that allows users to exchange data safely and securely



A peer-to-peer lending platform reducing the cost of originating and managing consumer loans, sharing its operating cost advantage with both borrowers and investors to get a better deal



A global Big Data, business intelligence and enterprise data warehousing company



A one-stop payments platform that helps marketplaces, merchants and their customers transact simply and securely online (previously PromisePay)



A free, all-in-one HR and benefits platform that manages on-boarding and compliance and lets HR teams focus on value added tasks



A platform to help home sellers find and compare real estate agents



Connects ordering apps, payment devices, loyalty and reservations platforms to any point of sale



Standardises mobile forms into a format you can easily read and fill at the tap of a button



A business loan marketplace that matches SMEs to the best lender based on their characteristics and needs



A natural language AI system for data analysis targeting relatively simple business queries that comprise 70% of an analyst's work in a large organisation



Indebted is providing a new way for businesses to collect outstanding debts. The system helps businesses of all sizes by leveraging modern communications, automation and machine learning



Open Banking API platform that provides connectivity to over 100 financial sources across Australia and NZ



An app to revolutionise the payment process for customers when dining out or grabbing a coffee on the go

¹ Logos are of the respective companies.

Significant momentum in Customer Service Hub

Phase 1 Strategy

**Re-engineering the home loan process:
Digitising the end-to-end home loan origination experience by 2020**

Capabilities to be delivered

Customer access via any channel

Applications available seamlessly across channels

Banker dashboard

Single point for bankers to view customer information and loan status

Application tracker

At any time customers have clarity as to the status of their application

Remote digital upload of information

Customers can upload documents digitally

Settlement

Digital settlement. Integrated with land titles registry

Digitised offer and acceptance

Plain English terms & conditions and online acceptance

Simplified application assessment / approval for customer and banker

Digitises a number of manual processes

Leading to



Improved customer experience



Increased banker productivity



Lower cost of change



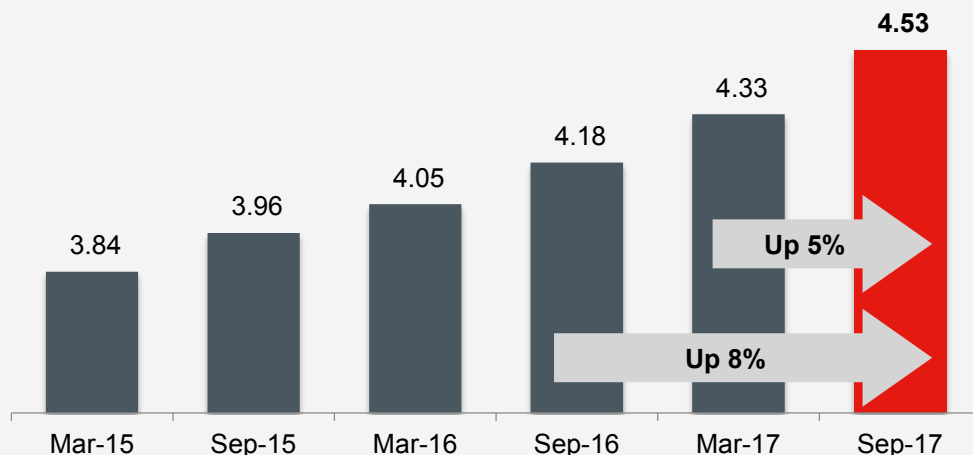
More home ownership needs met at origination



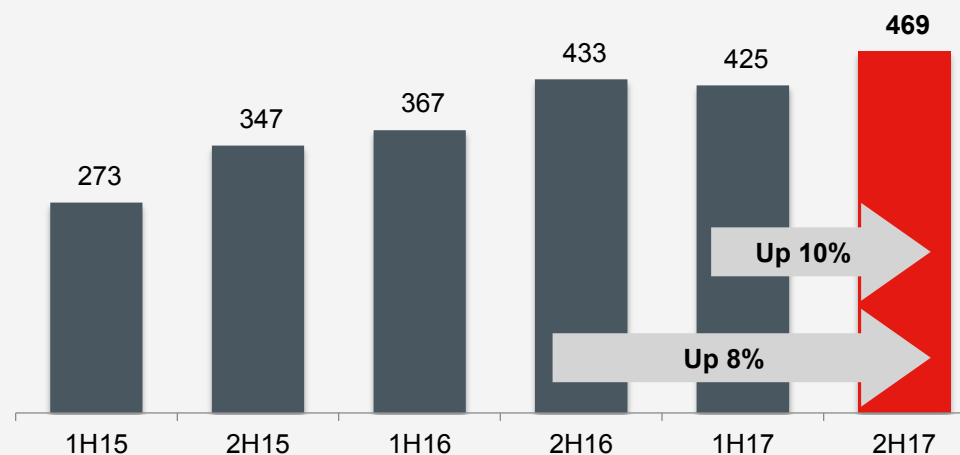
Increased efficiency

Customers continue to **migrate to digital**

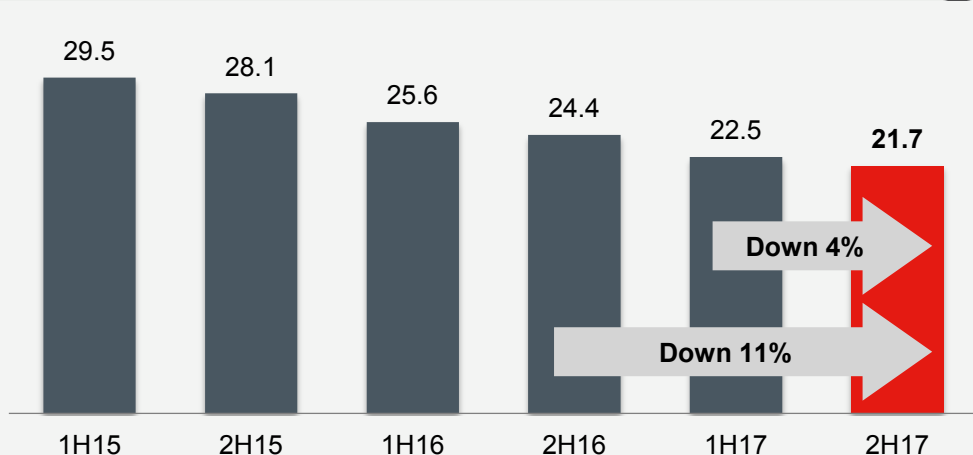
Digitally active customers¹ (#m)



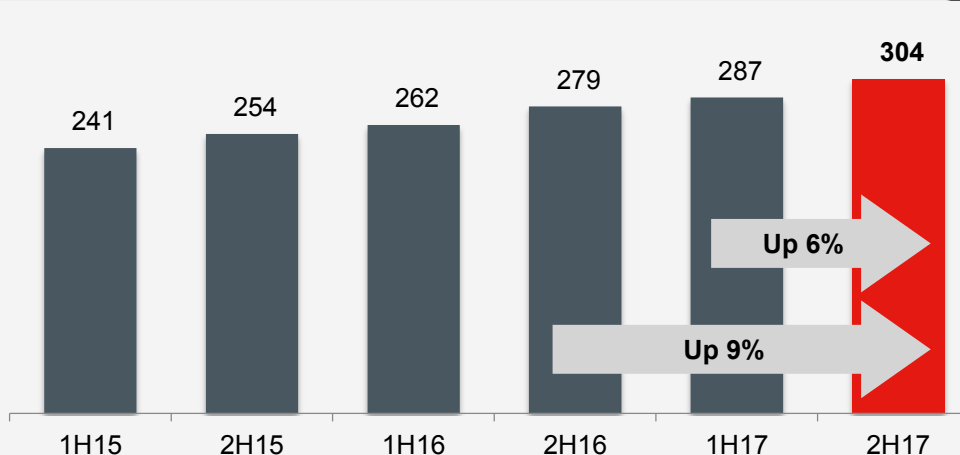
Digital sales¹ (#'000's)



Branch transactions^{1,2,3} (#m)



Digital transactions^{1,2} (#m)

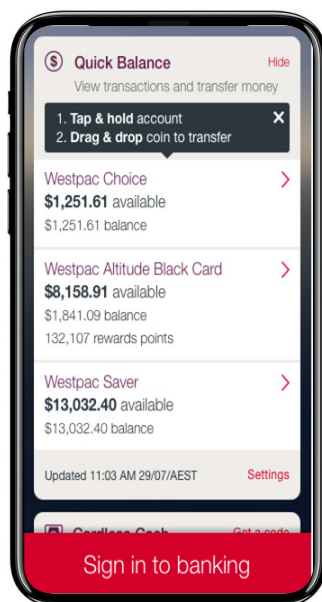


1 Australian Consumer and Business customers. 2 Digital transactions are typically payments and transfers. Branch transactions are typically withdrawals and deposits along with transfers and payments.
3 Prior periods have been restated to exclude certain non-financial transactions that had previously been included.

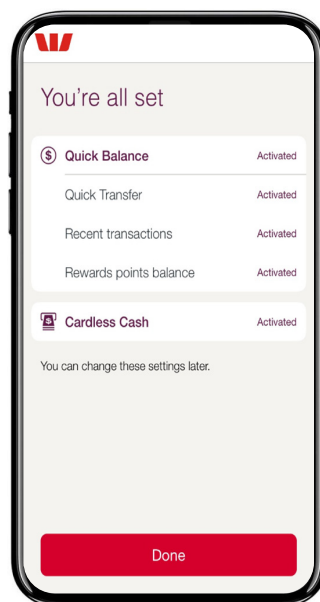
Mobile is our dominant channel.....

72% of digitally active customers use mobile

Building out mobile specific capabilities for banking on the go



Improve mobile app useability

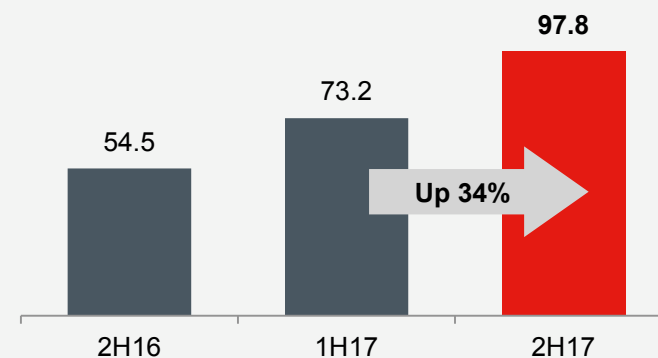


Quick zone:
Check balances and transfer funds between accounts on your mobile without having to log on, making it easier to use

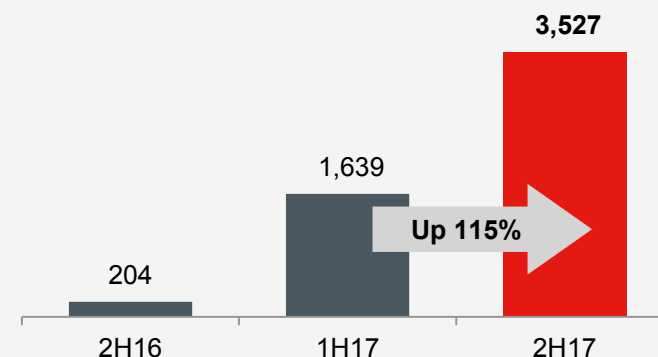
A new **on-boarding** experience presents our capabilities upfront and helps customers sign on and use them quickly

Strategy of building out mobile capabilities and improving useability is working

Quick balance checks (#'000's)

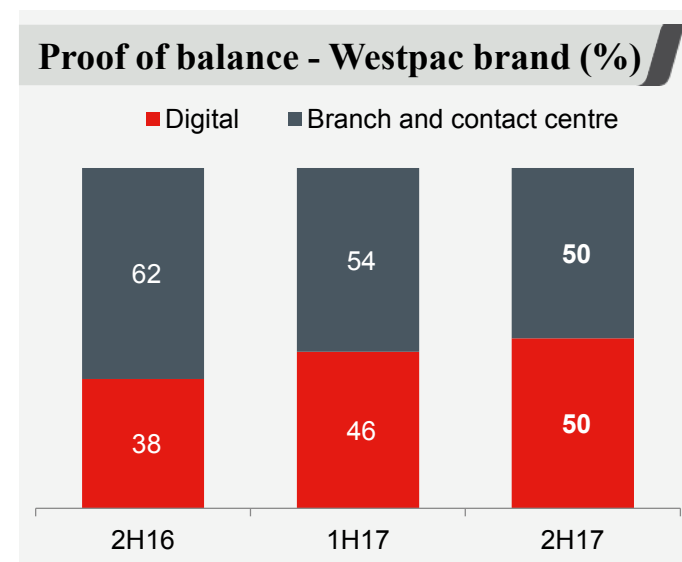
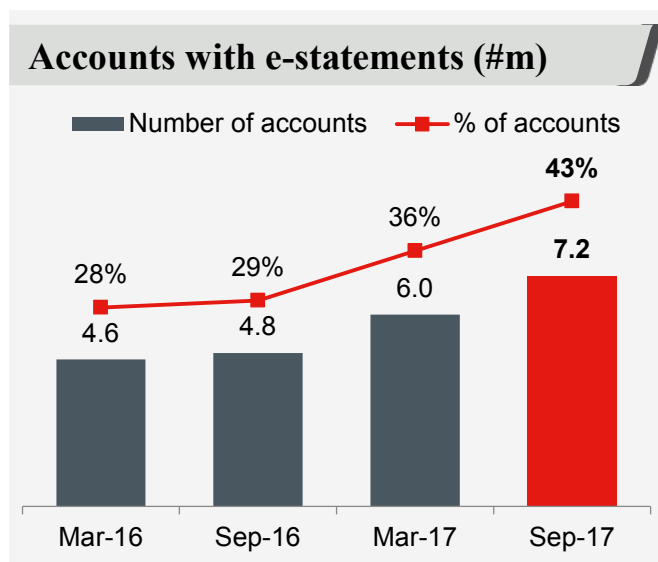
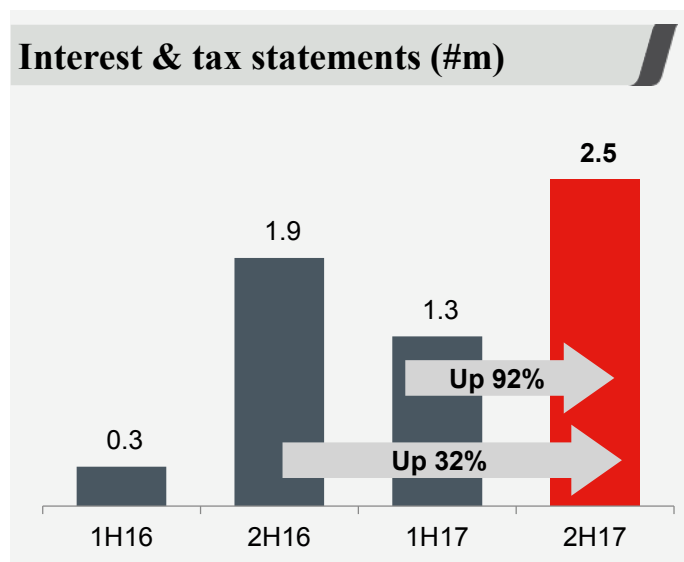
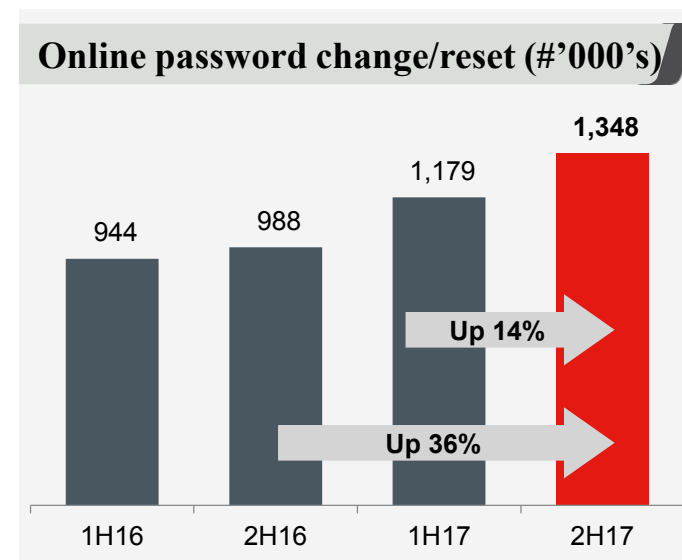
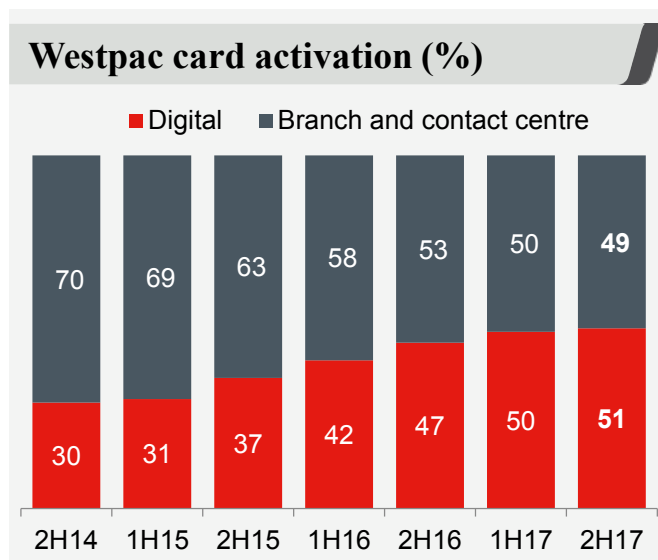
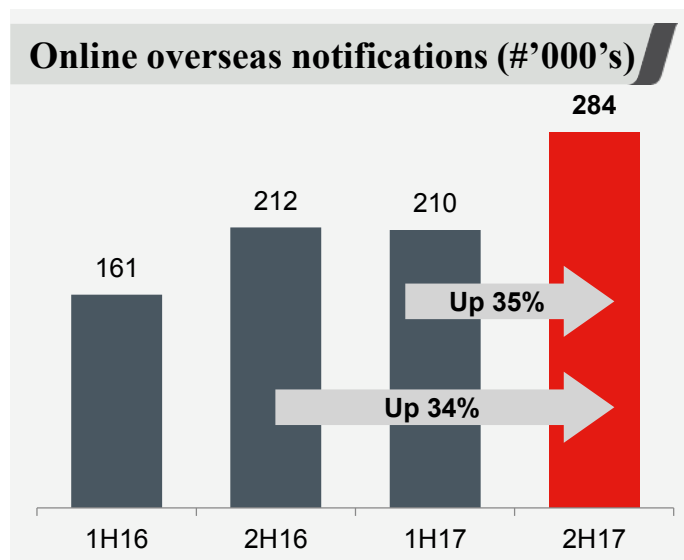


Quick transfer data (#'000's)¹



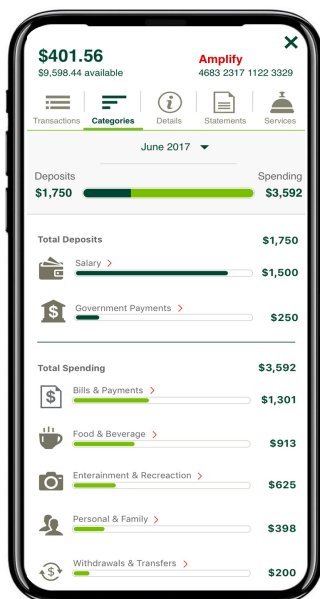
¹ Introduced for SGB customers in June 2016 and Westpac customers in December 2016.

Increasing use of self-serve options is driving efficiency



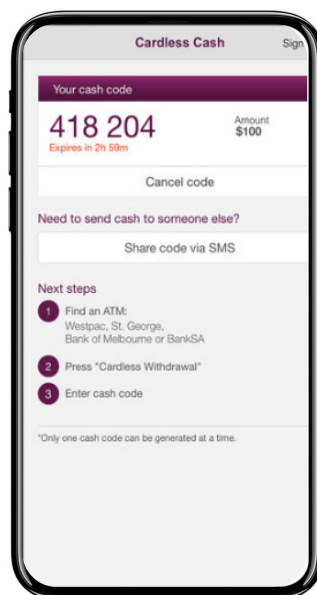
New digital services launched over the last 6 months

Categorisation of spend (St.George brands only)



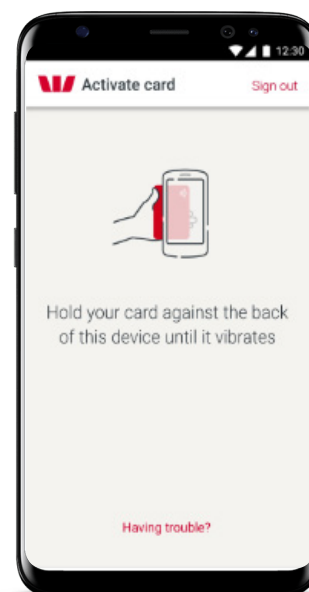
- Transaction, savings and credit card transactions are grouped into categories and sub-categories
- Enables customers to obtain insight into their spending patterns

Cardless cash at any Westpac Group ATM



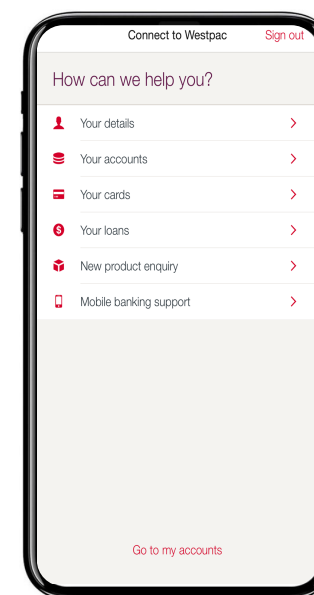
- Cardless cash withdrawals are now available from over 3,000 Westpac Group ATMs (Westpac, St.George, BankSA and Bank of Melbourne)

Activate card with NFC¹ (Westpac brands only)



- Customers with an eligible Android device can activate their card using the NFC¹ chip in their phone rather than scanning their card with their phone's camera or entering their card details manually

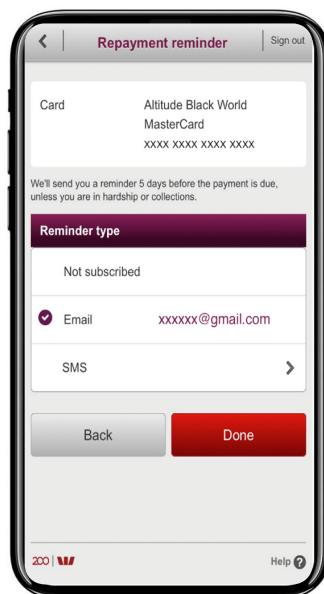
Connect² across all brands



- Customers can connect to the contact centre directly from mobile app with no need to verify with security questions
- Saves ~60-90 seconds per call³
- Offer to self-serve taken up by ~46% of Connect logins

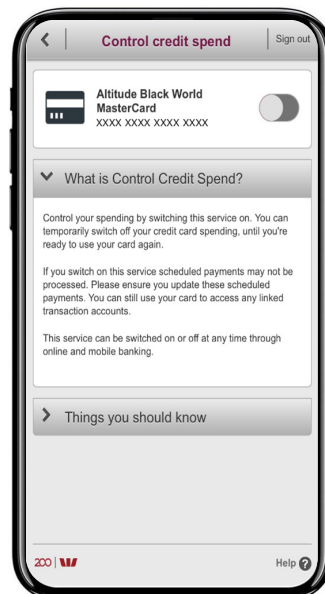
1 NFC is near field communication. 2 Connect allows for customers to connect directly with the contact centre once they are in a mobile app without the need to reverify. 3 Savings for Westpac brand.

Keeping on top of credit card repayments



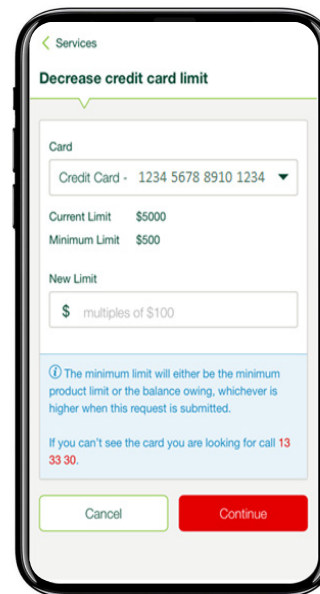
- Credit card reminder alerts allows customers to subscribe to a notification via SMS or email 5 days before their monthly credit card repayment is due

Control over spending



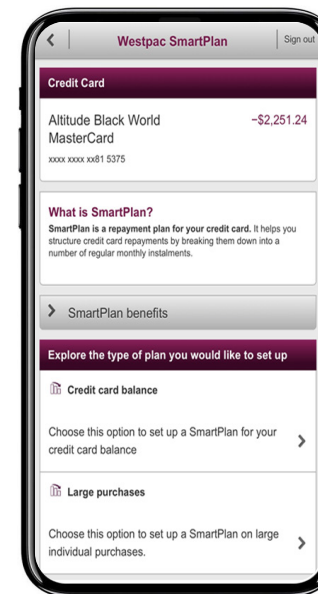
- Customers can add extra discipline to their spending habits by restricting all debit transactions on their credit card account including direct debits and scheduled payments

Choice and flexibility in credit limits



- Customers can request a decrease to their credit card limit in an instant through desktop, mobile or tablet¹

Help managing my debt



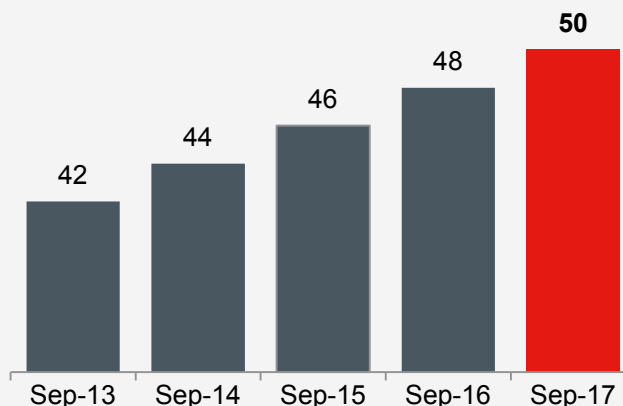
- SmartPlan is a new structured repayment plan to help customers manage their credit card balance
- The system can break down payments into a number of regular monthly instalments – all within their existing credit limit

¹ SGB customers can access via desktop, mobile or tablet. Westpac customers can only access via desktop at this point.

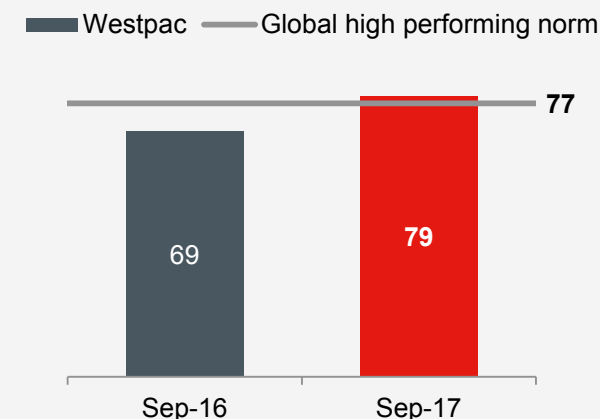
Major workforce developments

- Achieved 50% women in leadership
- Employee engagement up 10 percentage points to 79%, with improvements in 'Risk Culture' and 'Senior Leadership' dimensions
- Health, safety and wellbeing metrics improved reflecting the focus and efforts in preventing injury across the Group. Lost time injury frequency rate 0.6
- Introduced new performance framework 'Motivate', focused on values, conduct, ethics and customer-centred decision making
- Continued to build a service culture through specialist frameworks including: 'Our Service Promise', 'Leadership Star' and from updating the Group's Code of Conduct
- Remuneration structures for tellers and personal bankers updated to focus on service
- Around 10,000 employees now in flexible workplaces

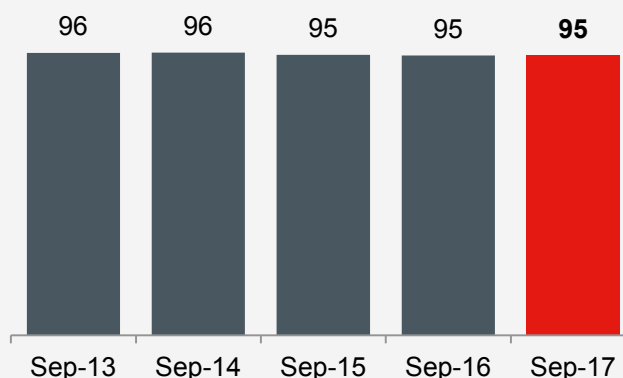
Women in leadership positions¹ (%)



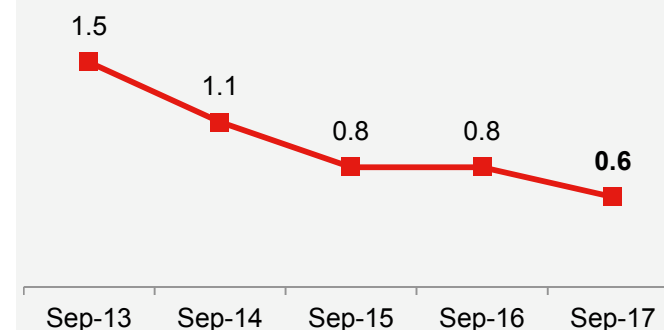
Staff engagement²(%)



High performer retention (rolling 12 months) (%)



Lost time injury frequency rate (rolling 12 months) (ratio)³



1 Spot number as at 30 September for each period. 2 Global high performing norm reflects the benchmark score for high performance organisations in the IBM engagement database. 3 Lost time injuries per hours worked.

Strategic priorities and 2H17 progress highlights

- | | | |
|--|---|--|
| 1 | Embracing societal change | <ul style="list-style-type: none"> Achieved goal of 50% women in leadership roles (up from 48% a year ago) Exceeded 2017 target to recruit 500 Indigenous employees |
|  | <p>Help improve the way people work and live as our society changes</p> | |
| 2 | Environmental solutions | <ul style="list-style-type: none"> Released revised Climate Change Position Statement Total committed exposure to the CleanTech and environmental services sector was \$7.0bn at 30 September 2017, exceeding target of \$6.0bn¹ Issued the first Australian originated offshore foreign currency Climate Bond |
|  | <p>Help find solutions to environmental challenges</p> | |
| 3 | Better financial futures | <ul style="list-style-type: none"> Introduced new products to meet the changing needs of customers, including a low interest rate credit card and new savings accounts Lending to the social and affordable housing sector increased to \$1.32bn, up from \$1.05bn a year ago |
|  | <p>Help customers to have a better relationship with money, for a better life</p> | |

Further information on Westpac's Sustainability and progress on our strategic priorities is available at www.westpac.com.au/sustainability

Leading track record

- Most sustainable bank globally in the 2017 Dow Jones Sustainability Index for the fourth year in a row, and among sector leaders annually since 2002
- Assigned a Gold Class ranking in the RobecoSAM Sustainability Yearbook for 2017, released in January 2017
- Achieved 'Leadership' score level in the CDP² 2017 climate change questionnaire

Significant achievements

- Met or exceeded 80% of 2013-17 Sustainability Strategy measures
- Awarded more than 200 scholarships³, 200 community grants⁴, and recognised 200 Businesses of Tomorrow in our 200th year
- Continue to fund social enterprises developing skill pathways and employment opportunities for vulnerable Australians
- Industry-first introduction of sustainability scoring data in BT Invest and BT Panorama

¹ From 2015, a higher threshold for green buildings was introduced in line with industry trends. ² Formerly the Carbon Disclosure Project. ³ From the Westpac Bicentennial Foundation. ⁴ From the Westpac Foundation.

Continue to strengthen sustainability governance

- Updated the Group's sustainability governance frameworks responding to material sustainability topics (issues and opportunities) which included updates to:
 - Climate Change Position Statement and 2020 Action Plan
 - Human Rights Position Statement and 2020 Action Plan
 - Reconciliation Action Plan 2018 - 2020
 - Accessibility Action Plan 2018 - 2020
- Released our first Slavery and Human Trafficking Statement in response to the UK Modern Slavery Act
- Released our Responsible Sourcing Code of Conduct and established our global Responsible Sourcing Steering Committee to oversee its application

Climate change

Climate Change Position Statement and 2020 Action Plan



Human rights

Human Rights Position Statement and 2020 Action Plan



Reconciliation



Partnering for prosperity

Australia's first bank and Australia's First Peoples.



WESTPAC GROUP
RECONCILIATION ACTION PLAN
2018-2020

Supply chain

Westpac Group Responsible Sourcing Code of Conduct

March 2017

Modern Slavery Act

200 | Westpac GROUP

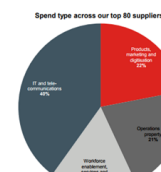
2016 Slavery and Human Trafficking Statement

This statement sets out the steps Westpac¹ has taken to prevent modern slavery² in our business and supply chains globally during the financial year ending 30 September 2016. It has been prepared in accordance with Transparency in Supply Chains provision (section 54) of the United Kingdom's Modern Slavery Act 2015.

Our business

The Westpac Group provides consumer, business and institutional banking services along with wealth management, wealth administration and insurance services to customers predominantly located in Australia, New Zealand and the Pacific region. The Westpac Group also maintains branches and offices in New York, London and Asia. We employ almost 40,000 employees across the Group and our goods and services from around 30,000 suppliers.

More information about Westpac's business is set out in our 2016 Annual Report and Sustainability Performance Report available at www.westpac.com.au.



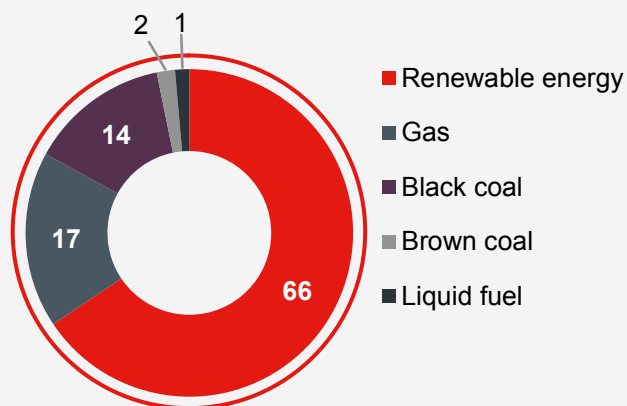
In 2016, we spent A\$54.6bn on our top 80 suppliers by spend in Australia, New Zealand and the Pacific.

Accessibility

Embedding Accessibility into our DNA

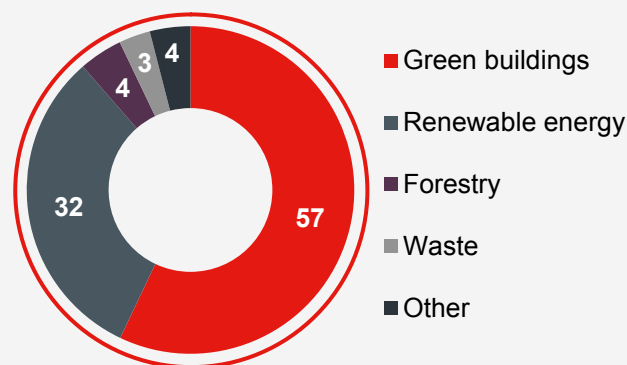


Electricity generation exposure (%)¹

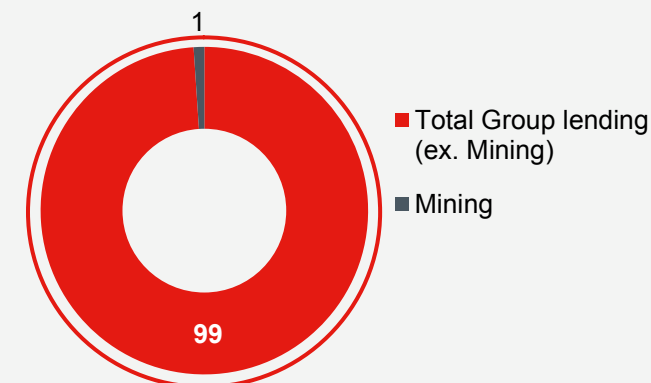


CleanTech and environmental services exposure (%)^{1,2}

TCE at 30 September 2017 \$7.0bn



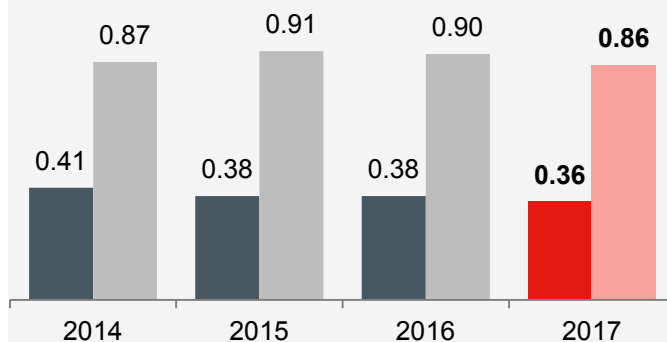
Mining portfolio to total lending TCE (%)



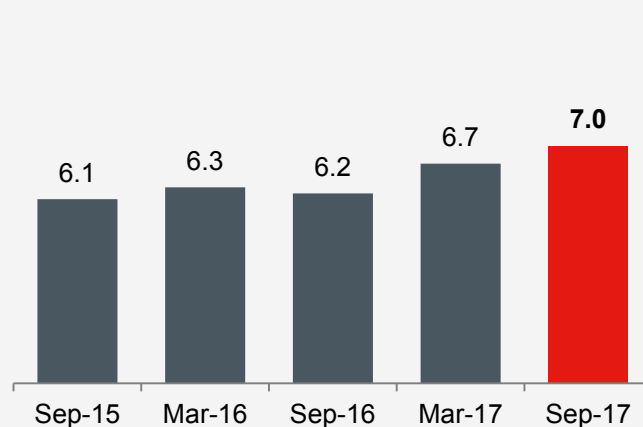
Charts may not add to 100 due to rounding

Emissions intensity (tCO₂-e/MWh) – Australia only

■ Westpac electricity generation portfolio
■ National Electricity Market (NEM) Benchmark

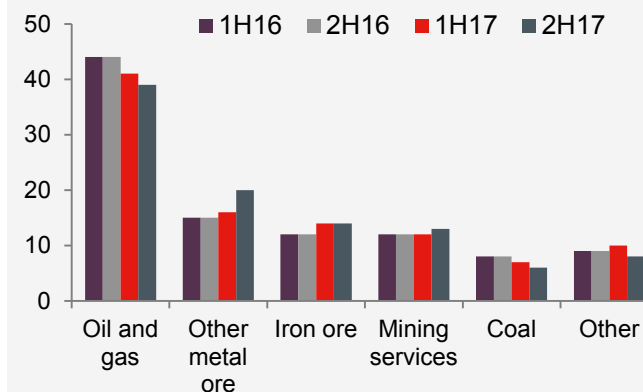


CleanTech and environmental services exposure (\$bn)



Mining portfolio (TCE) by sector (%)

TCE at 30 September 2017 \$9.7bn



¹ Exposures in WIB only. ² At 30 September 2017, Westpac had no exposure to water or land remediation projects that met the criteria for the Group's CleanTech exposures.

Supporting communities¹

Backing economic activity

- Provide loans to help Australians own their home or grow their business
- Support the efficient flow of funds in the economy and keep deposits safe

\$101bn
new lending²
\$599bn
total
Aust. loans

Wealth of many Australians

- Support working and retired Australians either directly or via their super funds (630k shareholders)

\$6.3bn
in dividends³;
Market
capitalisation
\$108bn

The bottom line

- 2nd largest Australian taxpayer⁴ paying more than \$3bn in income tax in 2017

>\$3.5bn
in income tax
expense for
the year

The workforce

- Employ over 39,000 people

\$4.7bn
in payments
to employees

The nation

- Westpac 200 Businesses of Tomorrow
- First 200 Westpac Scholars⁵
- 200 Community Grants⁶
- 40+ years continuous support of the Westpac Rescue Helicopter Service

>1% of
pre-tax
profit to
community
contributions

Income tax expense on a cash earnings basis (\$m)

	FY16	FY17
Notional income tax based on the Australian company tax rate of 30%	3,354	3,479
Net amounts not deductible/ (not assessable)	(10)	50
Total income tax expense in the income statement	3,344	3,529
Effective tax rate (%)	29.9	30.4

Effective tax rate (%)

Other major tax/government payments (\$m)

Bank Levy⁷

n/a

95

Net GST, Payroll tax, FBT

447

469

Westpac also makes a number of other government and regulatory payments including fees for the committed liquidity facility, APRA fees and stamp duties which are not included in the above.

Similarly, Westpac also collects tax on behalf of others, such as withholding tax and PAYG. These are excluded from this analysis

¹ All figures for the full year to 30 September 2017 unless otherwise stated. ² New mortgage and new business lending in Australian retail operations which includes CB, BB and BTFG. ³ Dividends paid represents the 1H17 plus 2H17 dividend. ⁴ Source: ATO's Corporate Tax Transparency Report for the 2014 - 15 Income Year, published December 2016. ⁵ From the Westpac Bicentennial Foundation. ⁶ From the Westpac Foundation. ⁷ Westpac is liable for the Major Bank Levy, which began to apply from 1 July 2017, and the amount payable for the last quarter of FY17 was \$95m. This amount will be paid on 21 March 2018.



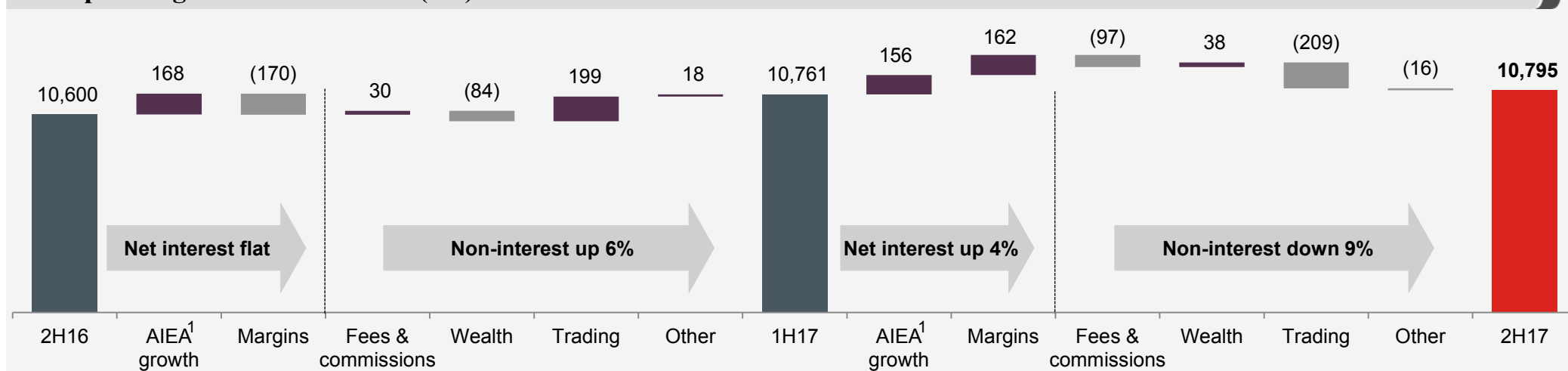
200 years proudly supporting Australia

Earnings Drivers

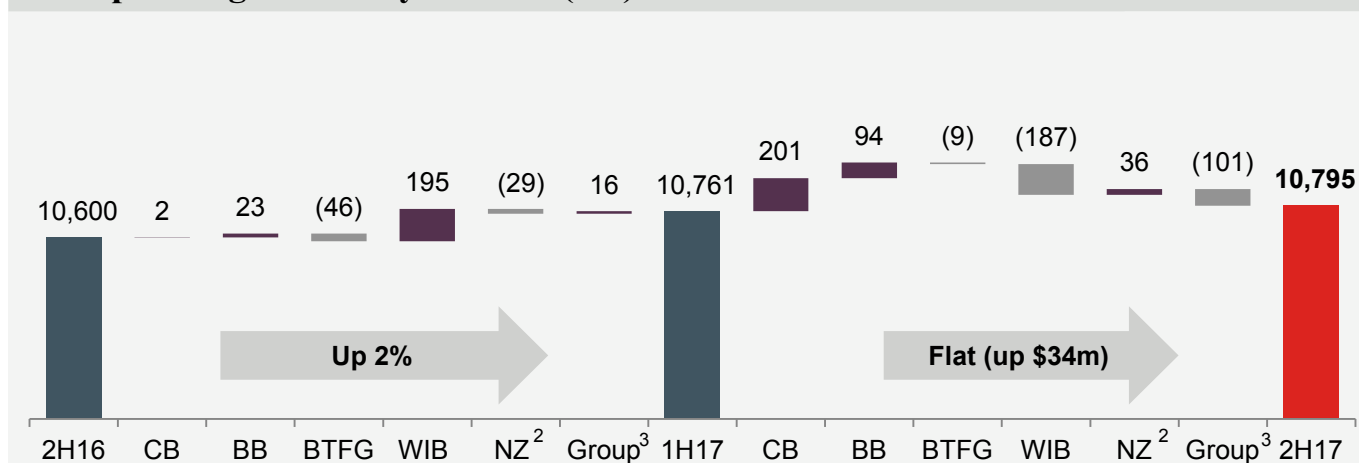
Net operating income **flat over the half**

Revenue | 54

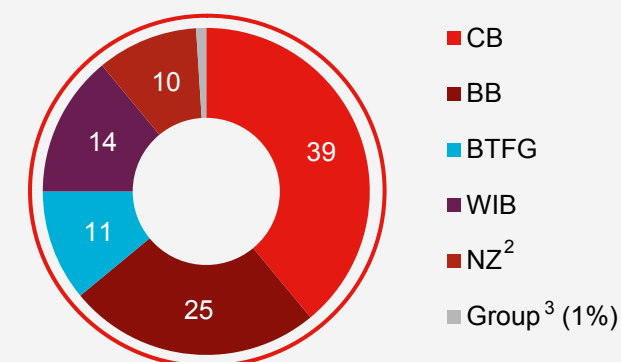
Net operating income movement (\$m)



Net operating income by division (\$m)



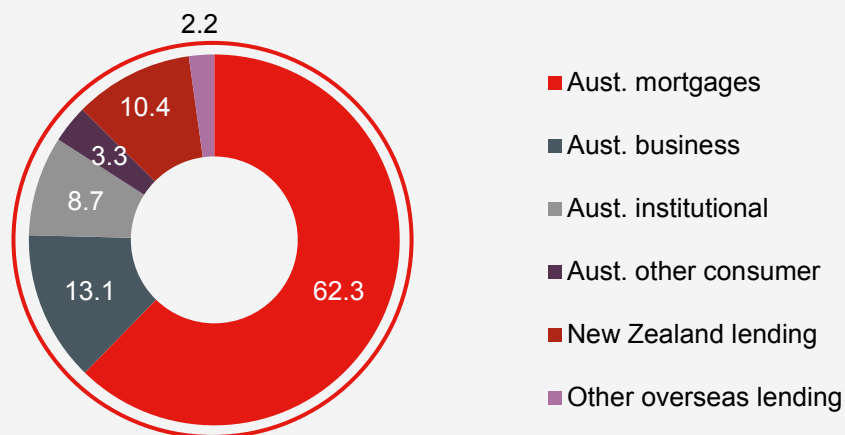
2H17 Divisional contribution (%)



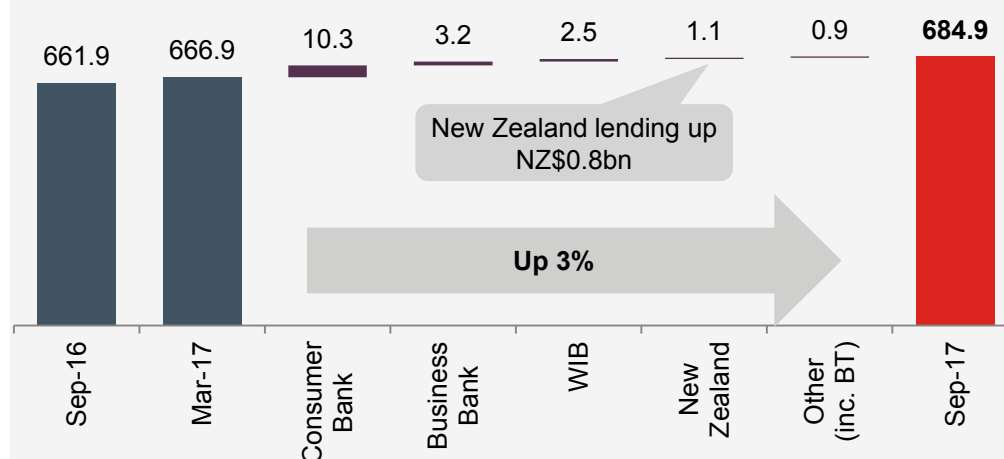
1 AIEA is average interest-earning assets. 2 New Zealand contribution represented in A\$. 3 Group Businesses.

Composition of lending

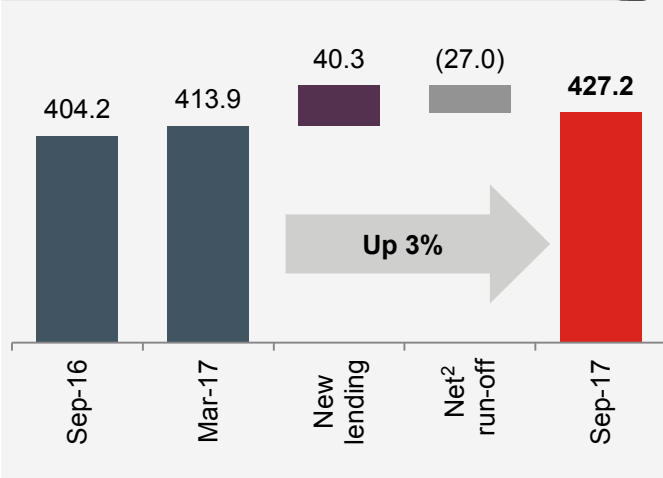
Composition of lending (% of total)



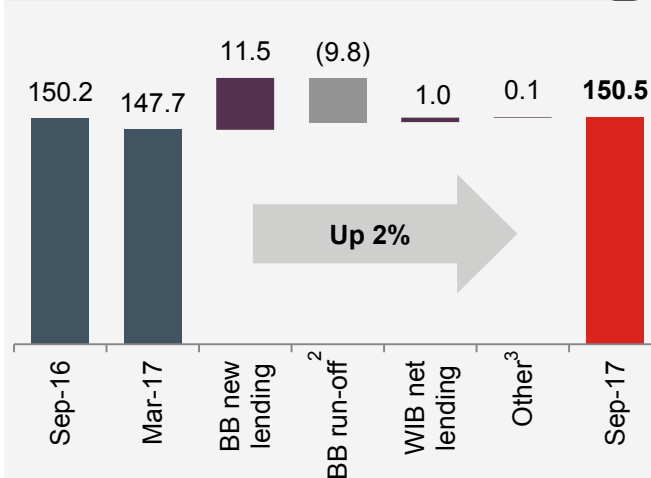
Net loans (\$bn)



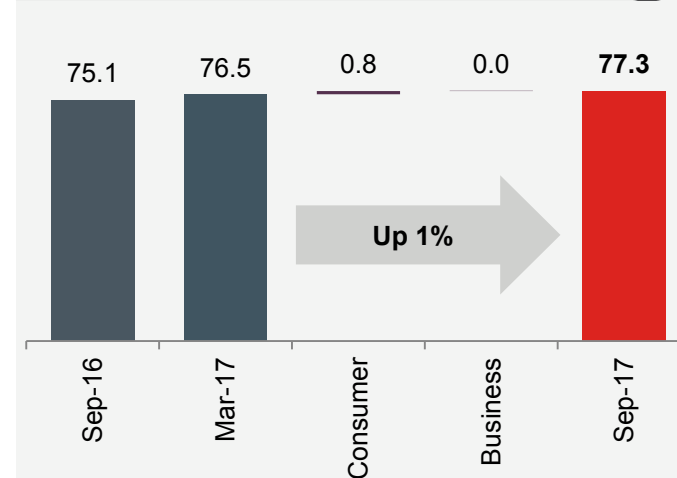
Australian mortgage lending¹ (\$bn)



Australian business lending¹ (\$bn)



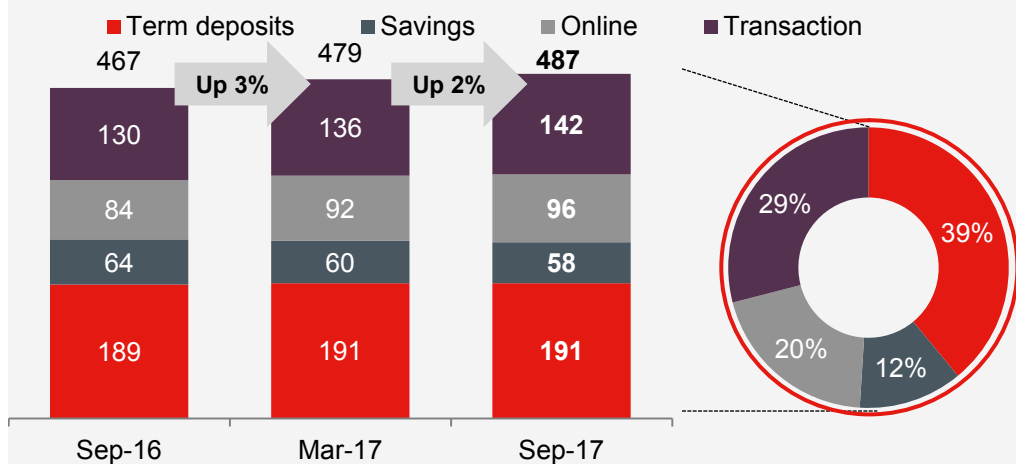
New Zealand net loans (NZ\$bn)



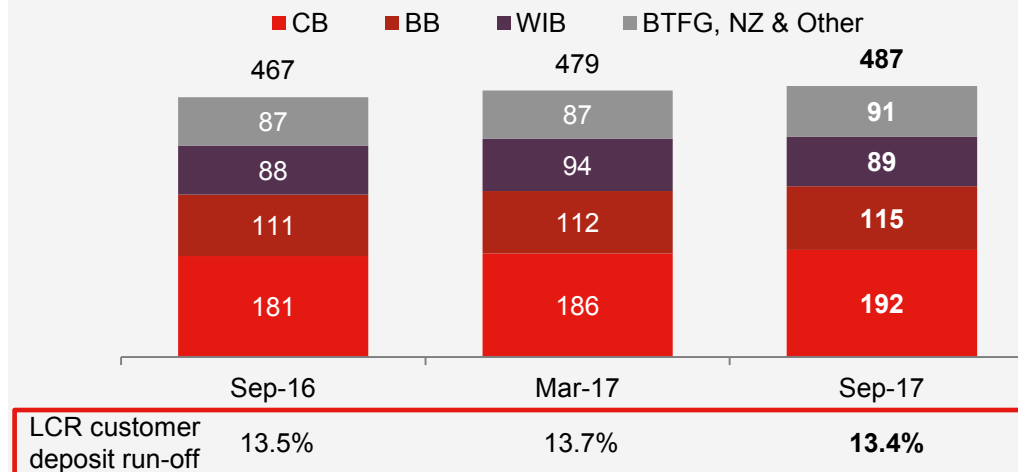
1 Gross loans. 2 Run-off includes repayment. 3 Other includes business lending in Private Wealth.

Customer deposits

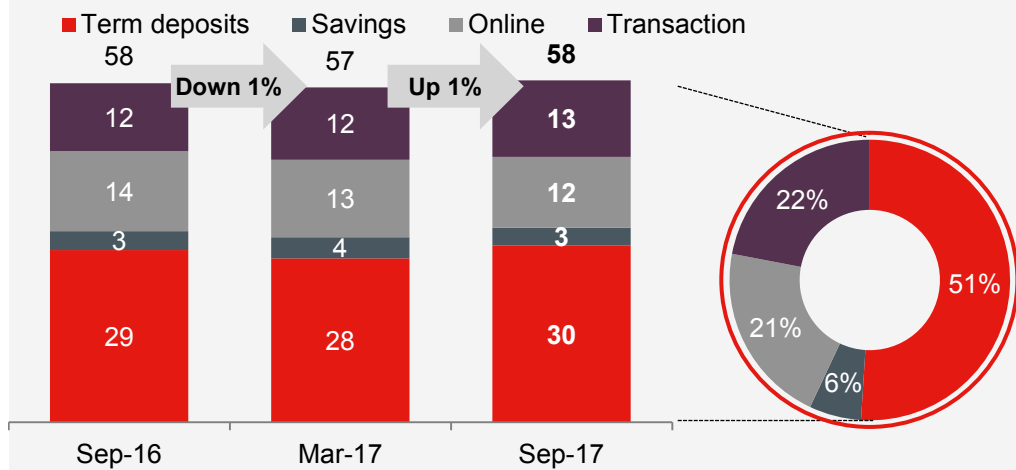
Customer deposit mix (\$bn) and % of total



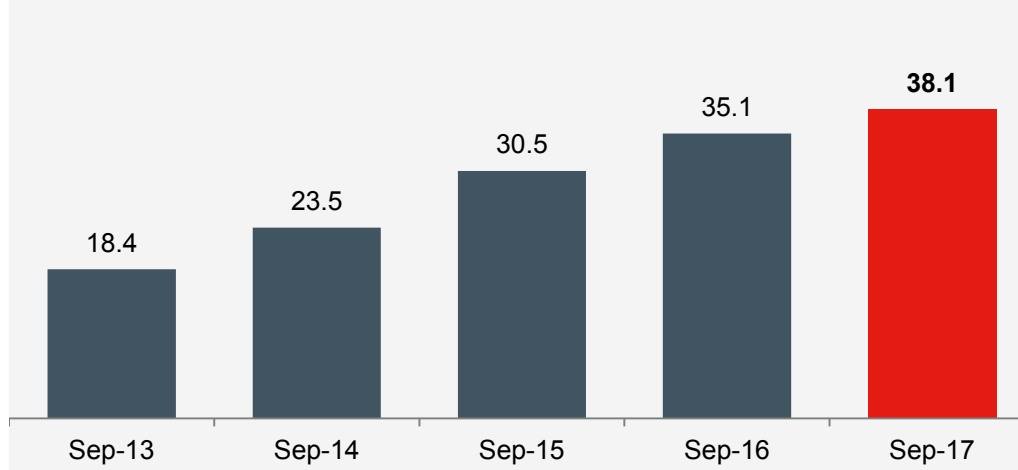
Customer deposit composition (\$bn)



New Zealand customer deposits (NZ\$b) and % of total



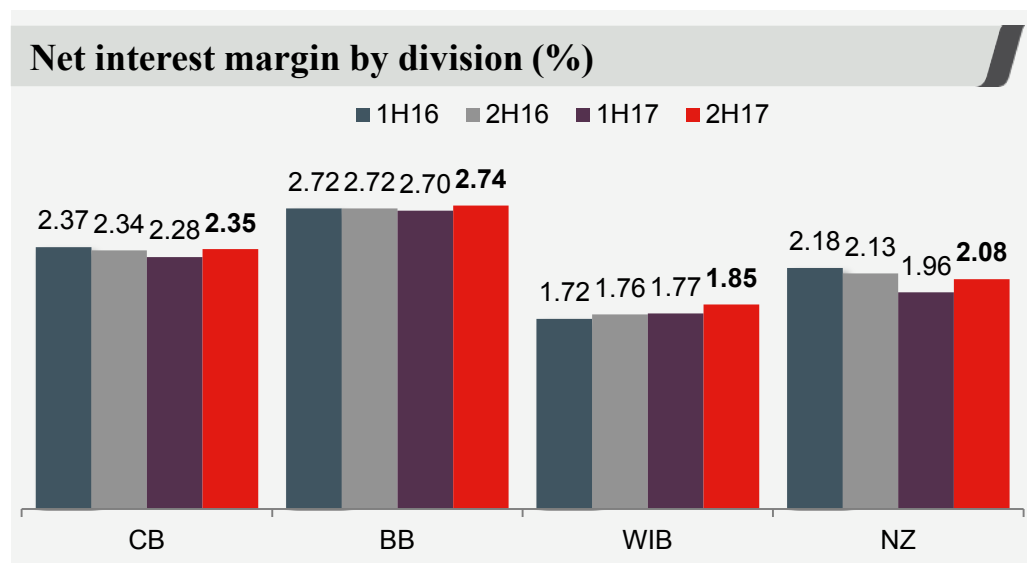
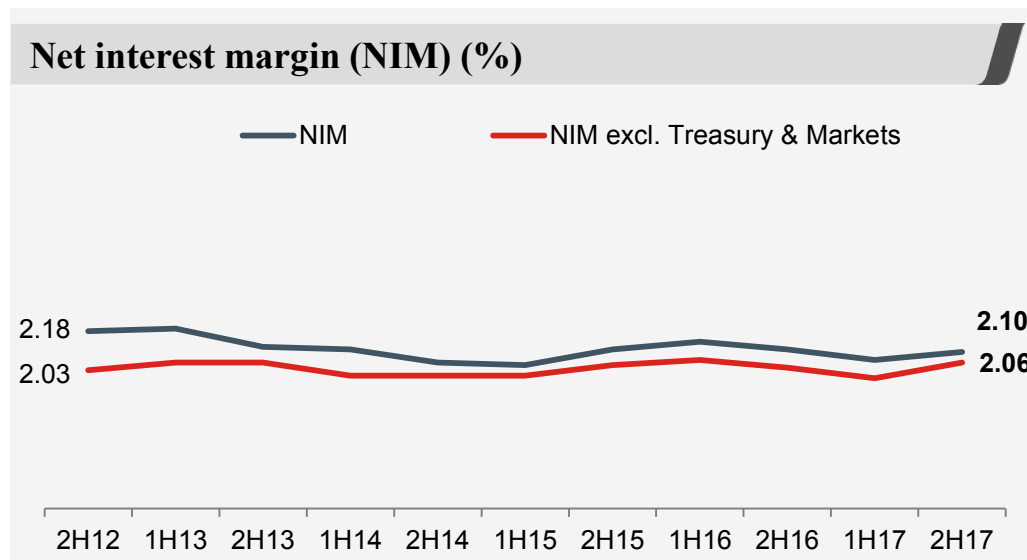
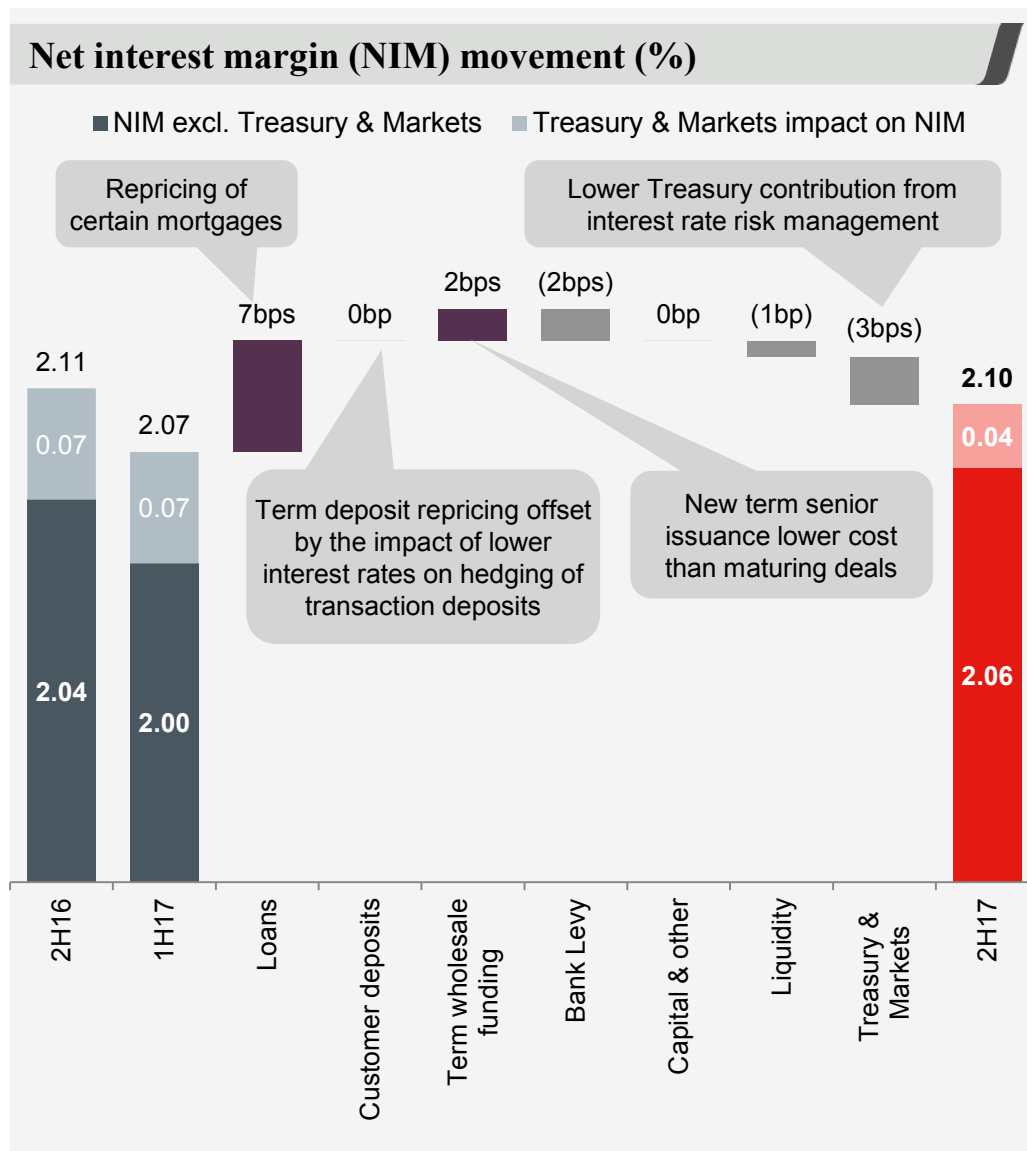
Mortgage offset¹ balances (\$bn)



¹ Included in transaction accounts.

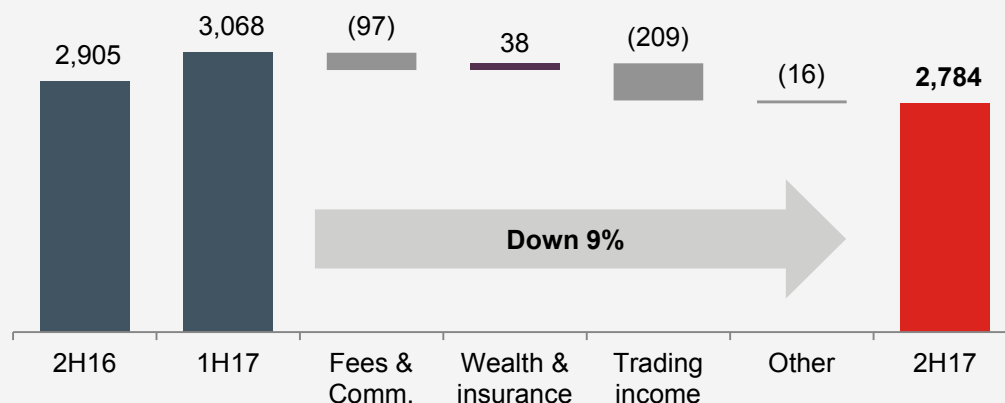
Net interest margin up 3bps; rise in asset spreads partly offset by Bank Levy and lower Treasury income

Revenue | 57

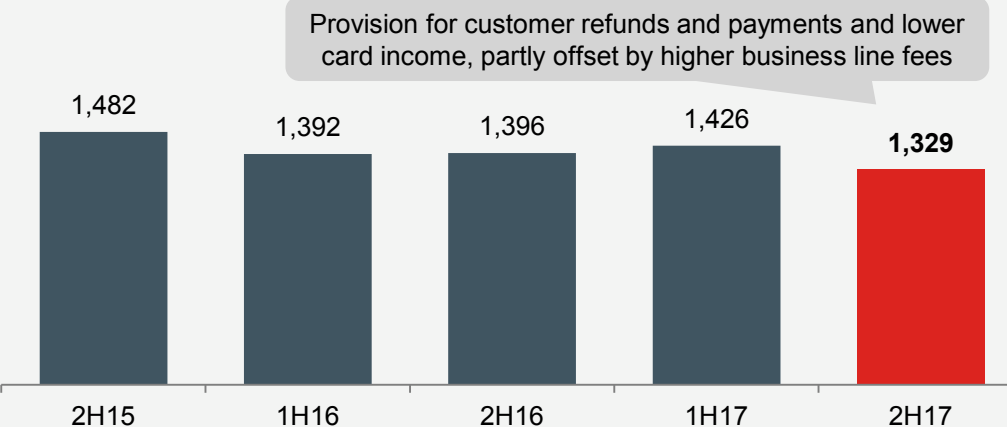


Non-interest income down 9% from lower markets income and provision for customer refunds and payments

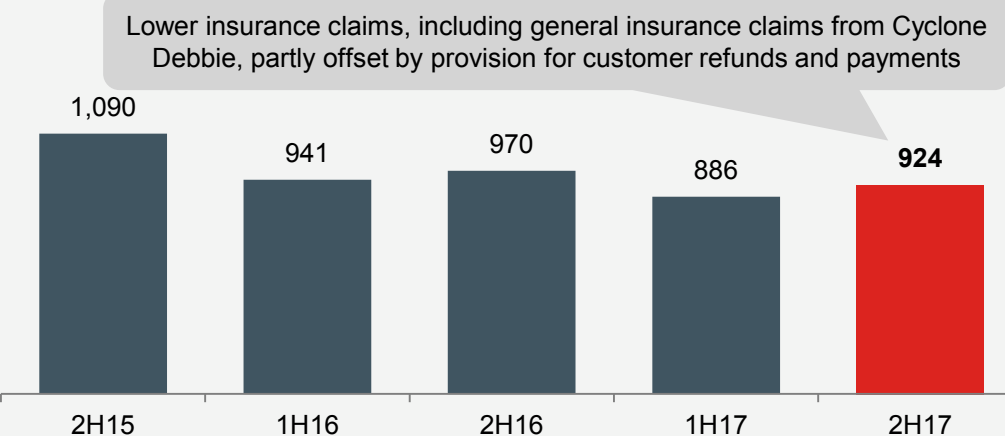
Non-interest income contributors (\$m)



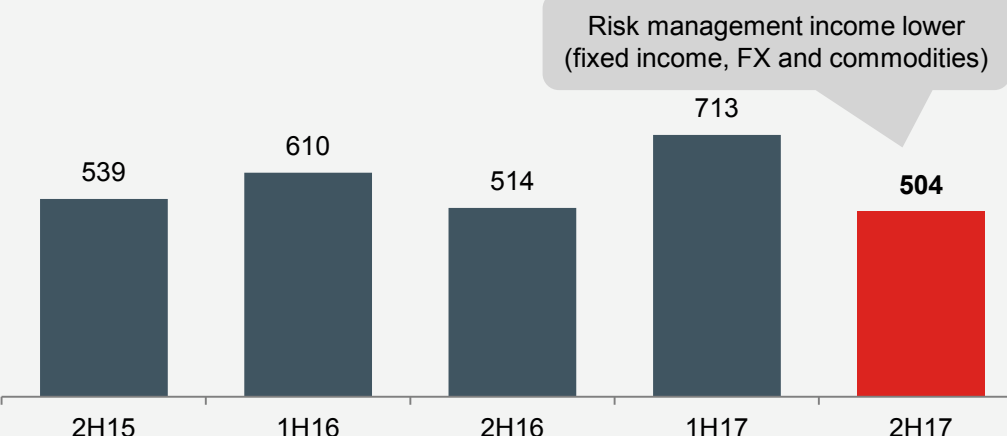
Fees and commissions income¹ (\$m)



Wealth and insurance income (\$m)



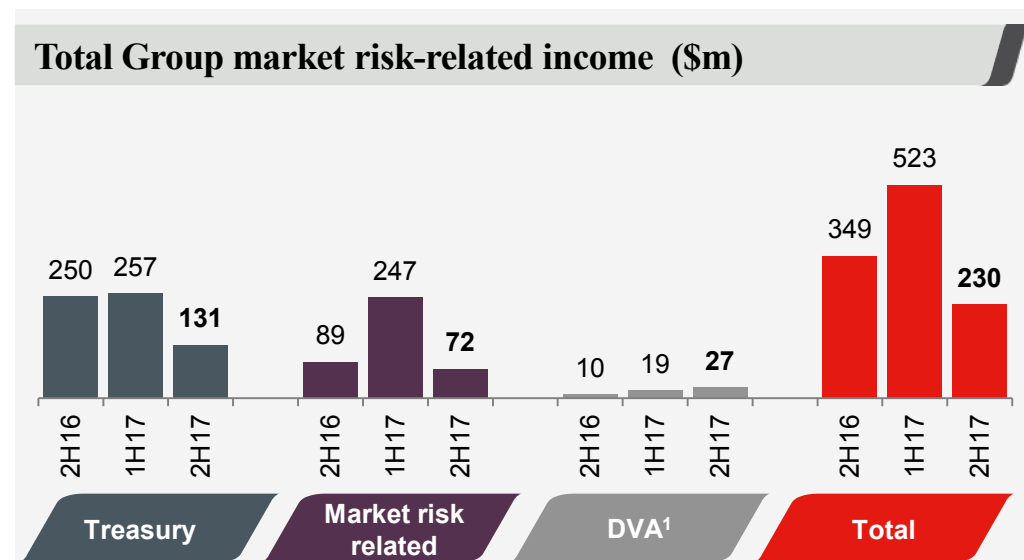
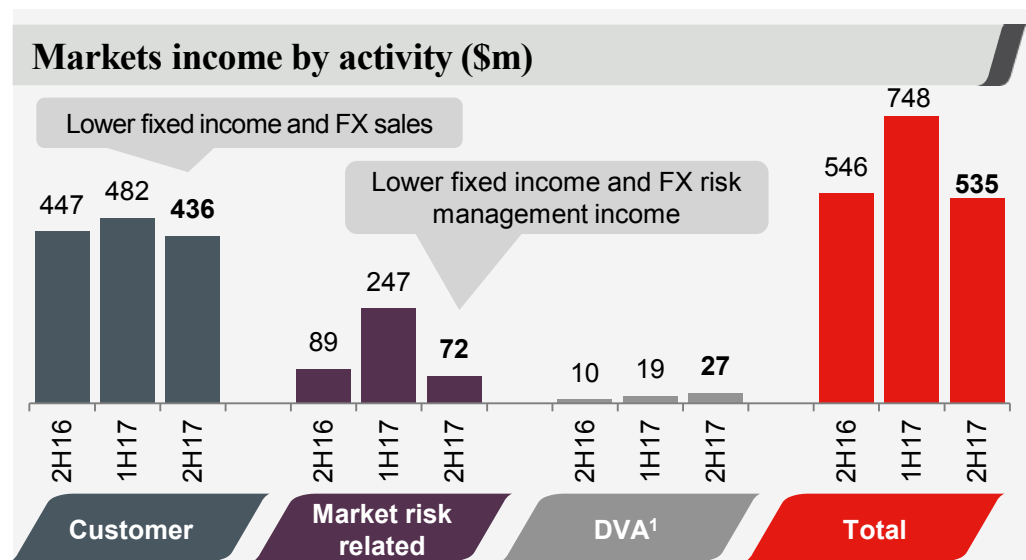
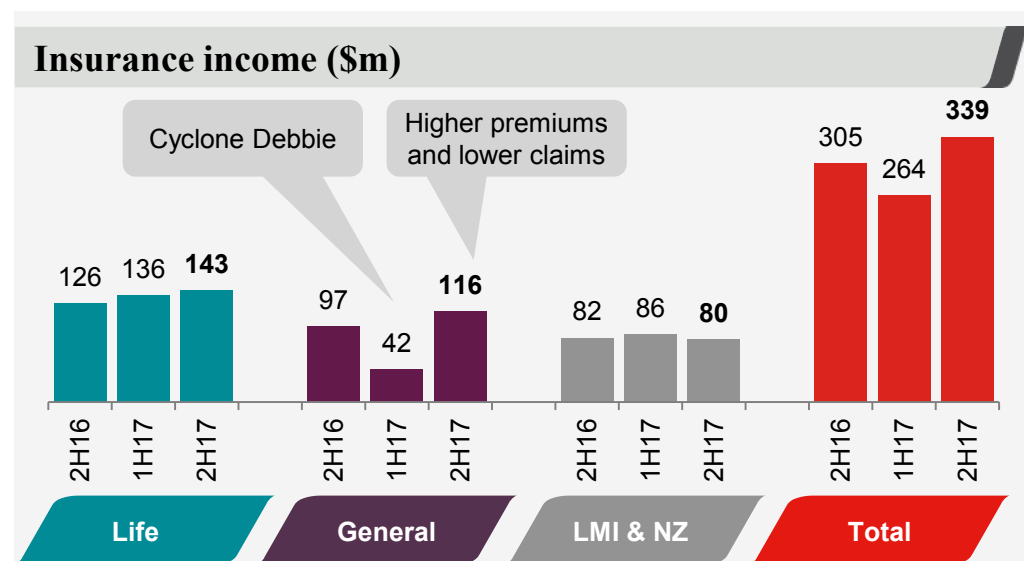
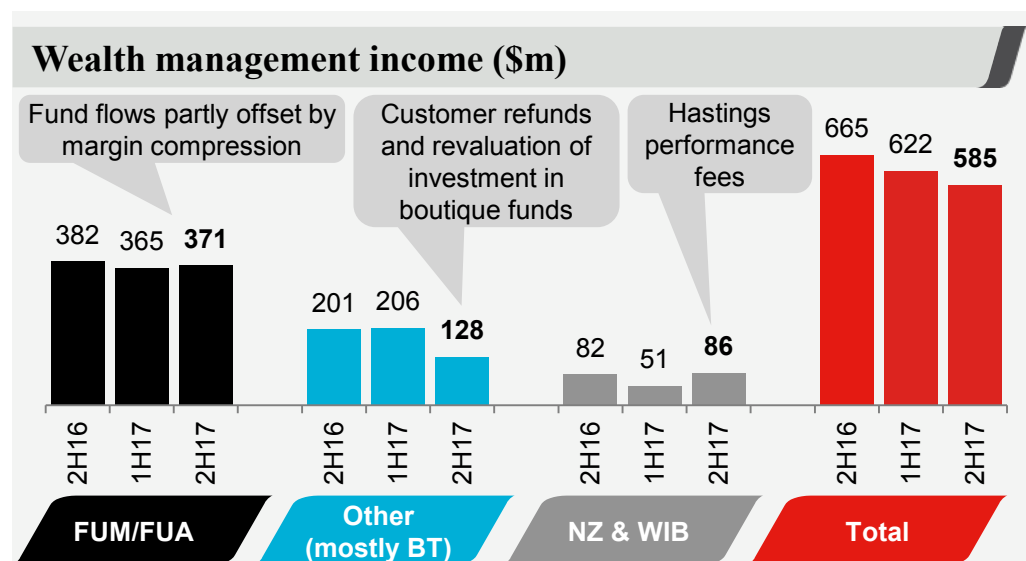
Trading income (\$m)



¹ Comparatives have been restated for the accounting change to the Westpac New Zealand credit card rewards.

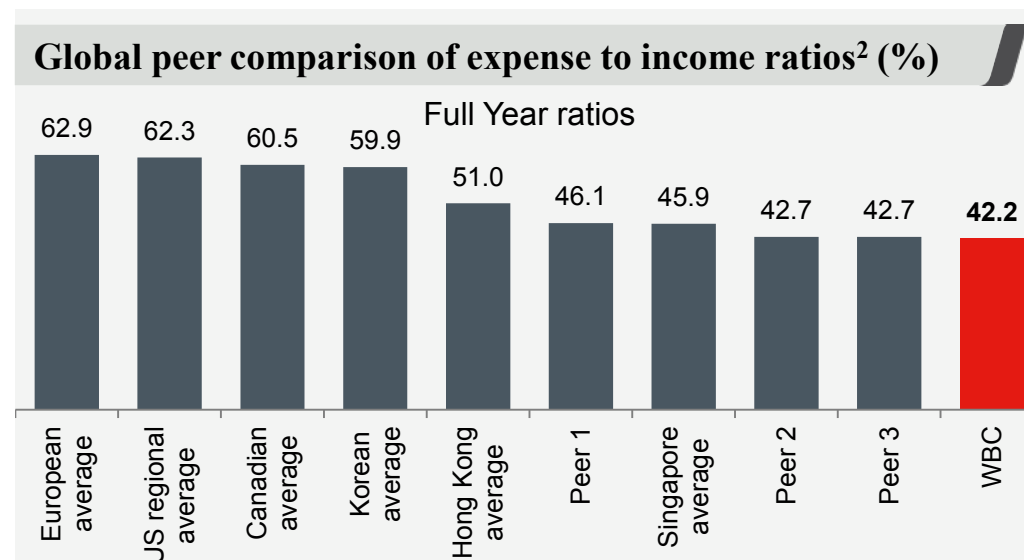
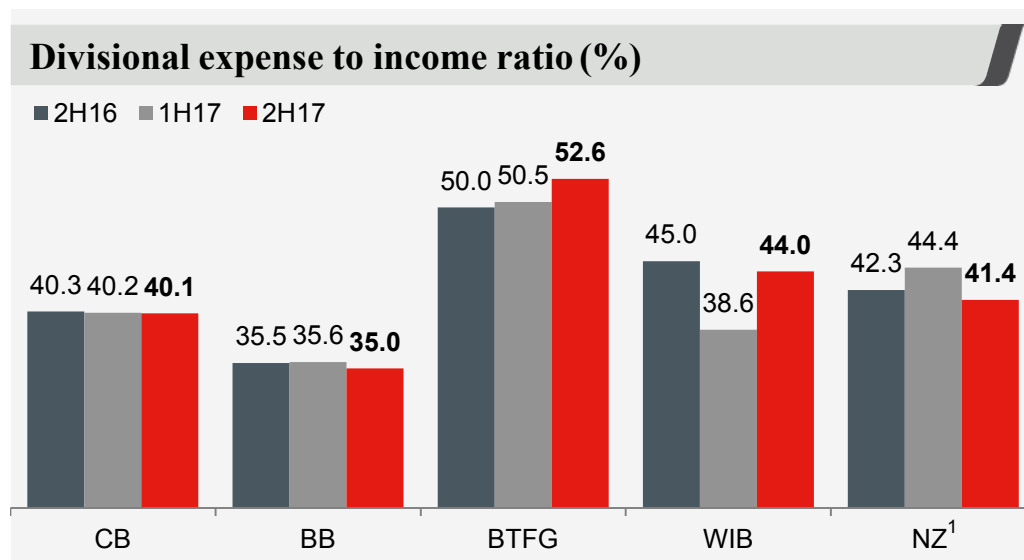
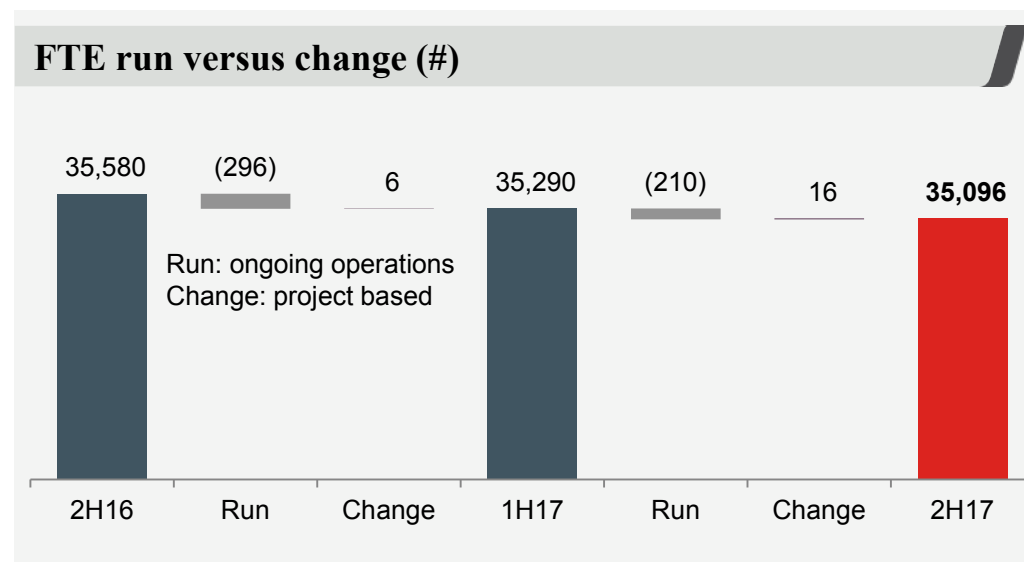
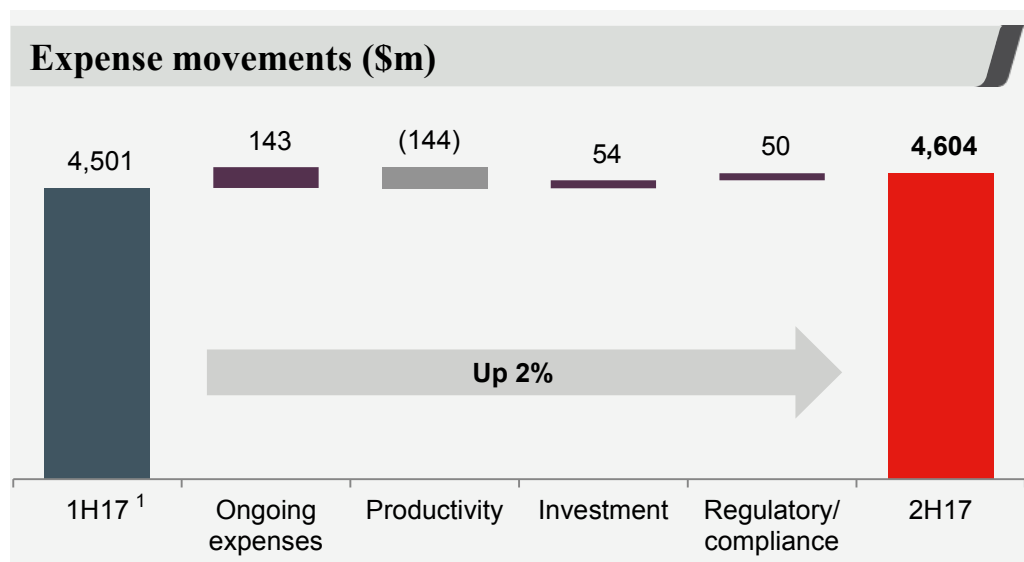
Wealth, insurance, markets and Treasury income

Revenue | 59



¹ DVA is derivative valuation adjustments.

Expenses up 2% from investments and increased regulatory and compliance costs

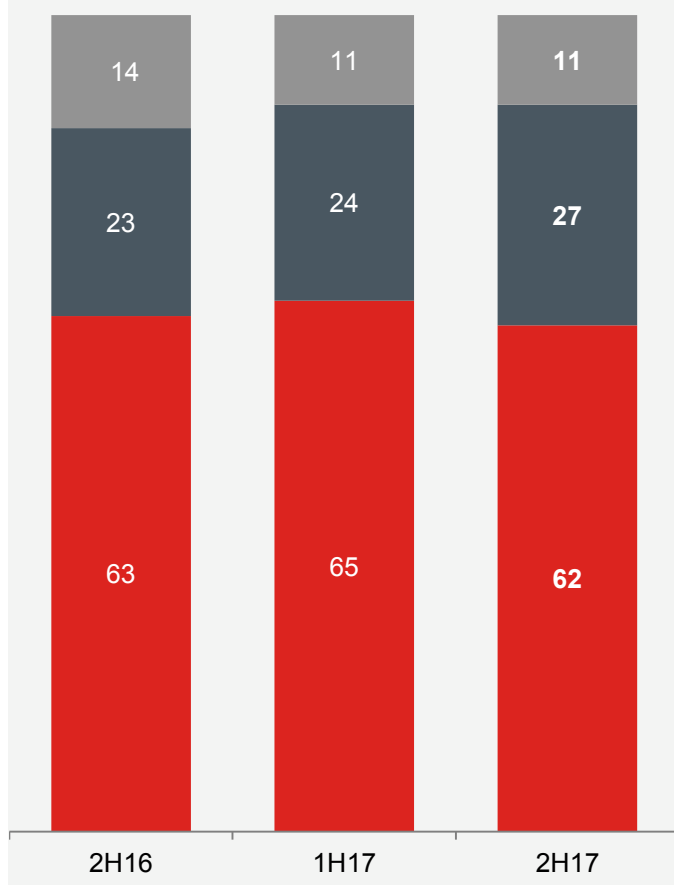


¹ Comparatives have been restated for the accounting change to the Westpac New Zealand credit card rewards. ² Company data, Credit Suisse. Expense to income ratio average for Peer 1, 2 and 3 based on their FY17 results, all others based on FY16. European average excludes Deutsche Bank.

Investment spend focused on growth and productivity

Total investment spend mix (% of total)

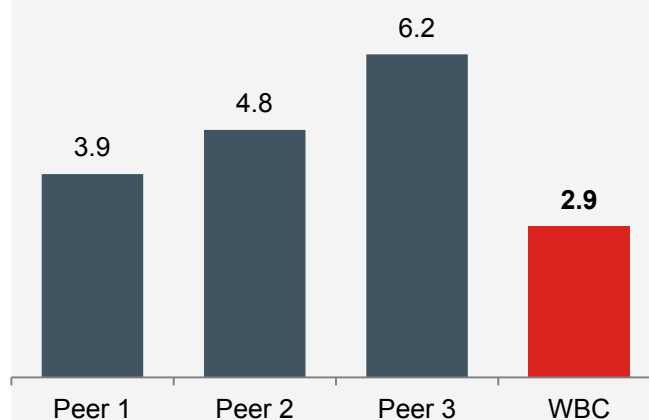
- Growth & productivity
- Regulatory change
- Other technology



Investment spend (\$m)

	2H16	1H17	2H17
Expensed	261	236	243
Capitalised ¹	439	344	433
Total investment spend	700	580	676
Investment spend expensed	37%	41%	36%
Software amortisation	294	303	312
Average amortisation period	2.8yrs	2.9yrs	2.9yrs

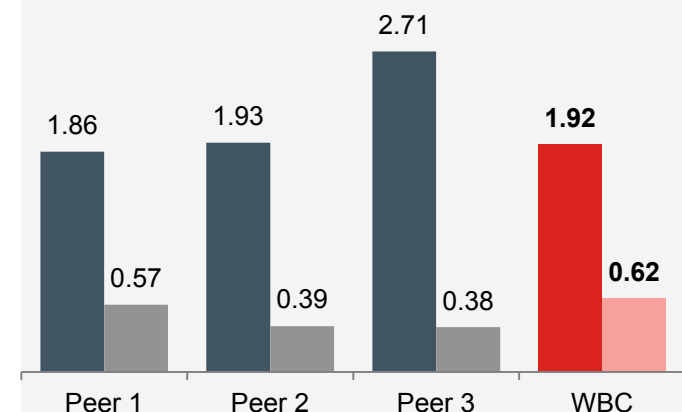
Average amortisation period² (years)



Investment spend capitalised¹ (\$m)

	2H16	1H17	2H17
Capitalised software			
Opening balance	1,651	1,781	1,814
Additions	428	344	424
Amortisation	(294)	(303)	(312)
Write-offs, impairments and foreign exchange translation	(4)	(8)	(10)
Closing balance	1,781	1,814	1,916
Other deferred expenses			
Deferred acquisition costs	101	91	86
Other deferred expenses	45	56	28

Capitalised software balance and amortisation² (\$bn)



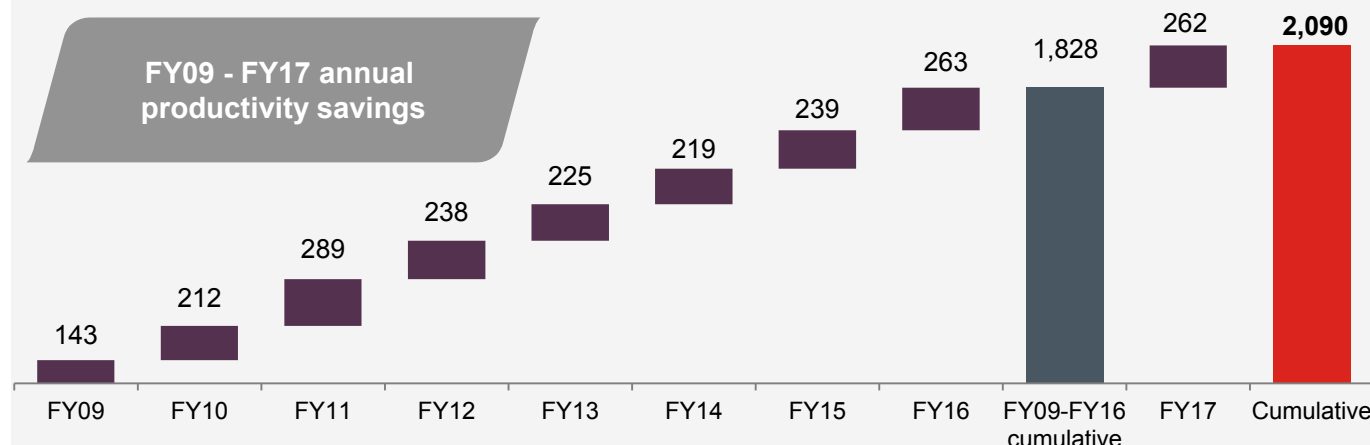
¹ Investment spend capitalised also includes technology hardware equipment. ² Data based on FY17 results, excludes write-offs. Amortisation expense is based on amortisation expense excluding any impairment expense.

Productivity track record: \$2.1bn in savings since 2009

Efficiency initiatives

- Business model changes across divisions
- Head office consolidation and migration to flexible workspaces
- Migration to digital, supporting the net reduction of 59 branches
- Improved e-Statement functionality in Consumer Bank has supported an increase in the number of accounts registered for e-Statements to 7.2 million
- 67% of customers in New Zealand registered for e-Statements
- Fast tracked application to funds from 10 days to same day with electronic delivery and acceptance of St.George mortgage top-up documents
- Improved time to cash for unsecured personal loans from 8.5 days, with 45% of customers experiencing same-day settlement
- Roll out of the new digital cheque imaging technology, across all branches in Australia, scanning over 45,000 items daily. Digital cheque imaging reduces courier costs and results in faster and more efficient processing
- Introduced two-way SMS capability that enables St.George customers to request an instant status update for their credit card or personal loan application and confirm any missing information required to assess their application

\$2.1bn saved from efficiency programs since FY09 (\$m)



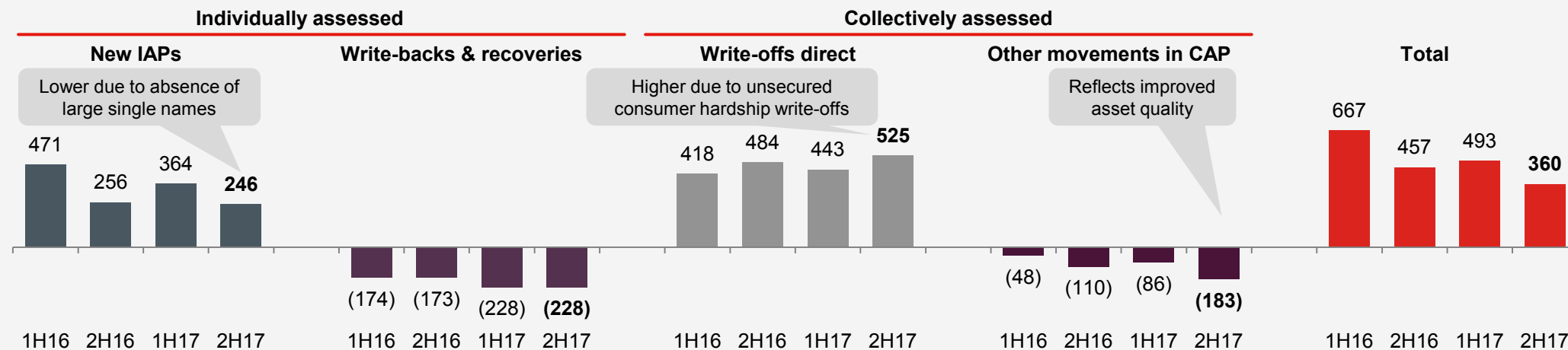
Metrics

	Sep-15	Sep-16	Sep-17
Number of branches ¹	1,429	1,310	1,251
Australian SmartATMs as a % of total ATM network	34%	41%	44%
Business Connect/Connect Now video conferencing ²	86%	90%	94%
Consumer Bank and Business Bank active digital customers ³ (# m)	4.0	4.2	4.5
Retail and business banking and wealth complaint reduction ⁴	28%	31%	18%
Number of IT applications closed ³	119	151	186

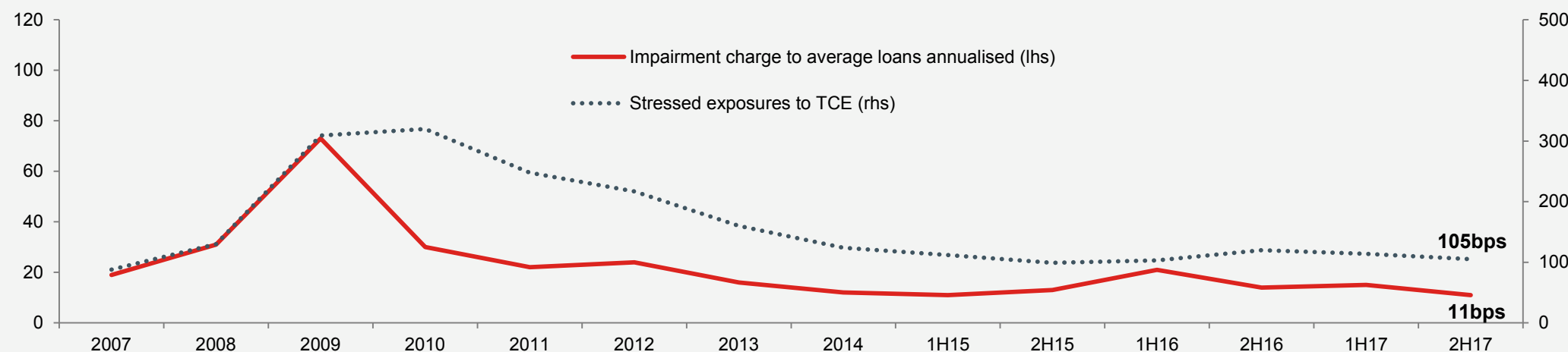
¹ Total branches in Australia, New Zealand and Westpac Pacific. ² Represents % of Australian branches with Business Connect/Connect Now. ³ Cumulative numbers. ⁴ Percentage change is based on prior corresponding period.

Lower 2H17 impairment charge reflects improving asset quality

Impairment charges (\$m)



Impairment charges and stressed exposures¹ (bps)



¹ Pre-2008 does not include St.George. 2008 and 2009 are pro forma including St.George for the entire period with 1H09 ASX Profit Announcement providing details of pro forma adjustments.



200 years proudly supporting Australia

Asset Quality

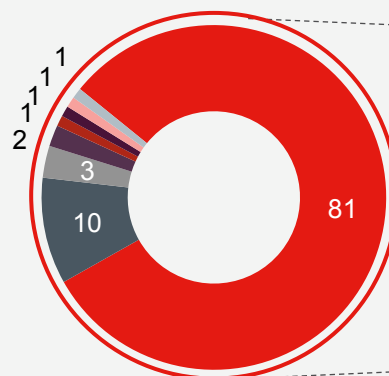
High quality portfolio with bias to secured consumer lending

Asset quality | 65

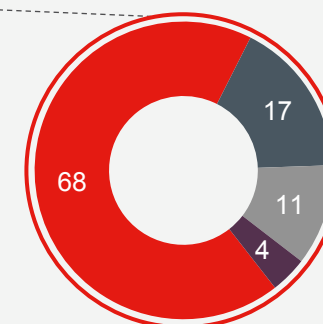
Asset composition as at 30 September 2017 (%)

- Loans (81%)
 - Trading securities, financial assets at fair value and available-for-sale securities (10%)
 - Derivative financial instruments (3%)
 - Cash and balances with central banks (2%)
 - Life insurance assets (1%)
 - Goodwill (1%)
 - Receivables due from other financial institutions (1%)
 - Other assets (1%)

Total assets (\$852bn)



Total loans (\$685bn)



- Housing
- Business
- Institutional
- Other consumer

Exposure by risk grade as at 30 September 2017 (\$m)

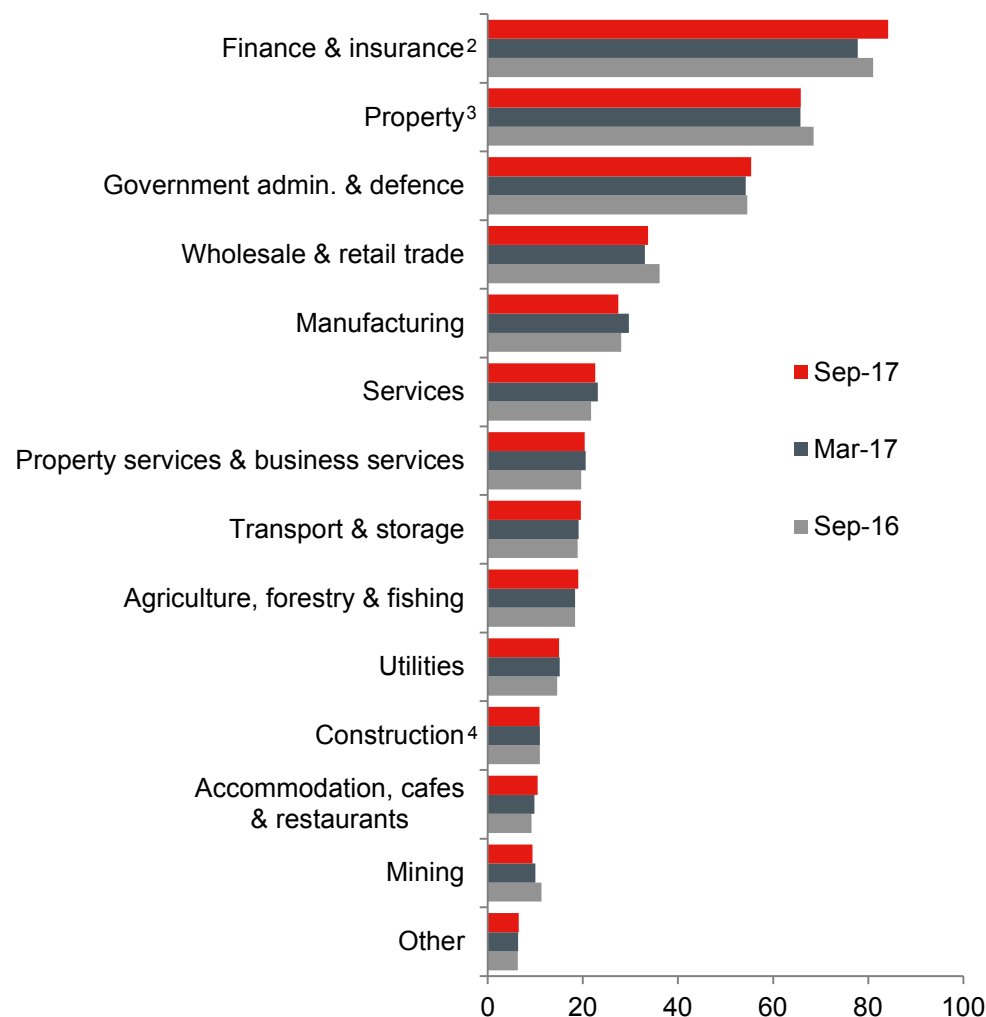
Standard and Poor's Risk Grade ¹	Australia	NZ / Pacific	Asia	Americas	Europe	Group	% of Total
AAA to AA-	95,108	9,341	811	7,837	575	113,672	11%
A+ to A-	31,918	5,419	6,198	4,864	2,815	51,214	5%
BBB+ to BBB-	59,189	10,367	8,025	2,133	1,582	81,296	8%
BB+ to BB	73,368	10,787	1,638	321	526	86,640	9%
BB- to B+	59,416	9,397	96	78	5	68,992	7%
<B+	5,073	2,798	28	-	18	7,917	1%
Secured consumer	493,322	51,949	447	-	-	545,718	54%
Unsecured consumer	45,175	5,258	-	-	-	50,433	5%
Total committed exposures (TCE)	862,569	105,316	17,243	15,233	5,521	1,005,882	
Exposure by region² (%)	86%	10%	2%	2%	<1%		100%

1 Risk grade equivalent. 2 Exposure by booking office.

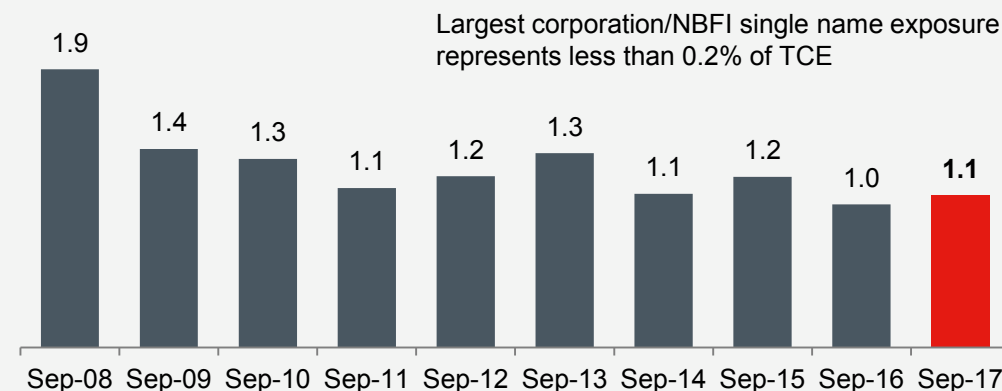
A well diversified loan portfolio

Asset quality | 66

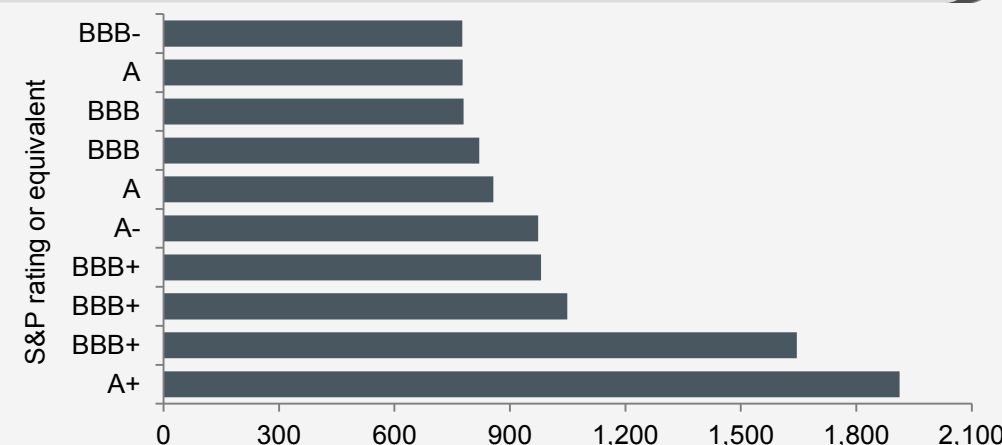
Exposure at default¹ by sector (\$bn)



Top 10 exposures to corporations and NBFIs⁵ as a % of TCE (%)



Top 10 exposures to corporations & NBFIs⁵ at 30 September 2017 (\$m)



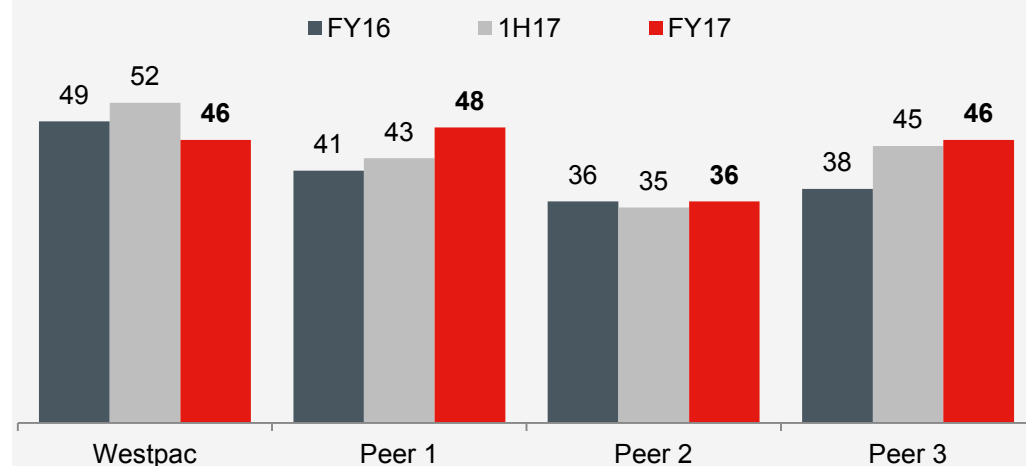
1 Exposure at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. 2 Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. 3 Property includes both residential and non-residential property investors and developers, and excludes real estate agents. 4 Construction includes building and non-building construction, and industries serving the construction sector. 5 NBFI is non-bank financial institutions.

Well provisioned, **asset quality improved**

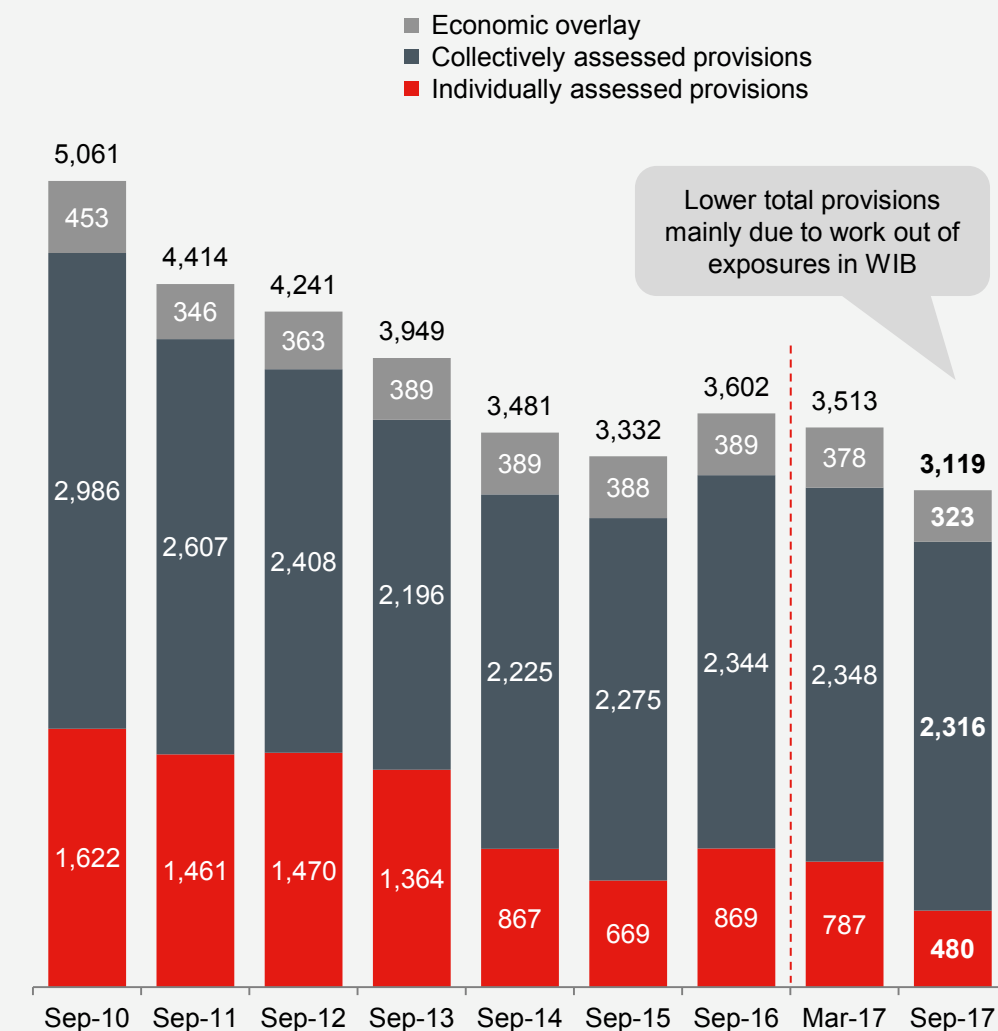
Provisions

	Sep-16	Mar-17	Sep-17
Total provisions to gross loans (bps)	54	52	45
Impaired asset provisions to impaired assets (%)	49	52	46
Collectively assessed provisions to credit RWA (bps)	76	77	76
Economic overlay (\$m)	389	378	323

Impaired asset provisions to impaired assets (%)

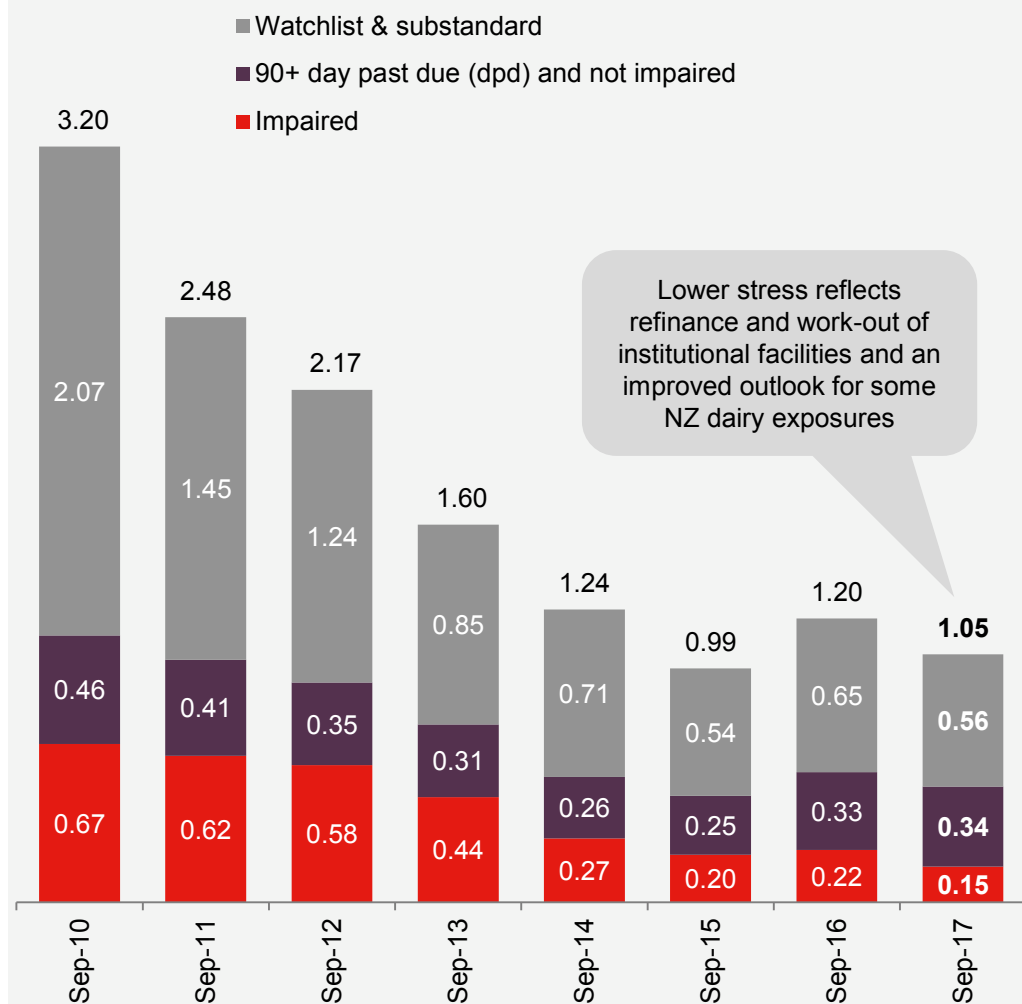


Total provisions (\$m)

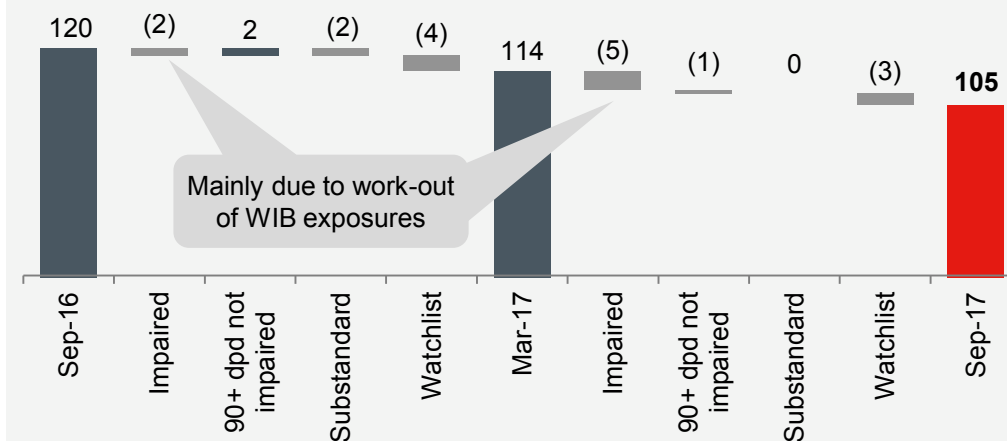


Stressed exposures **lower**

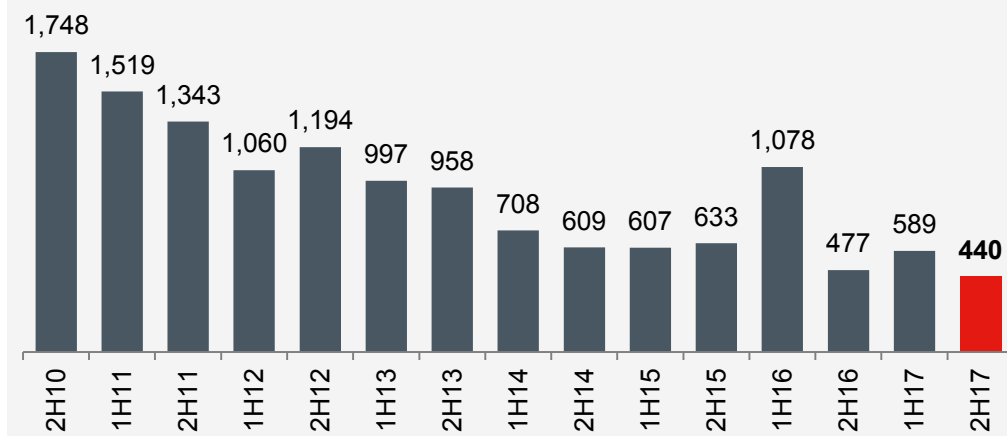
Stressed exposures as a % of TCE



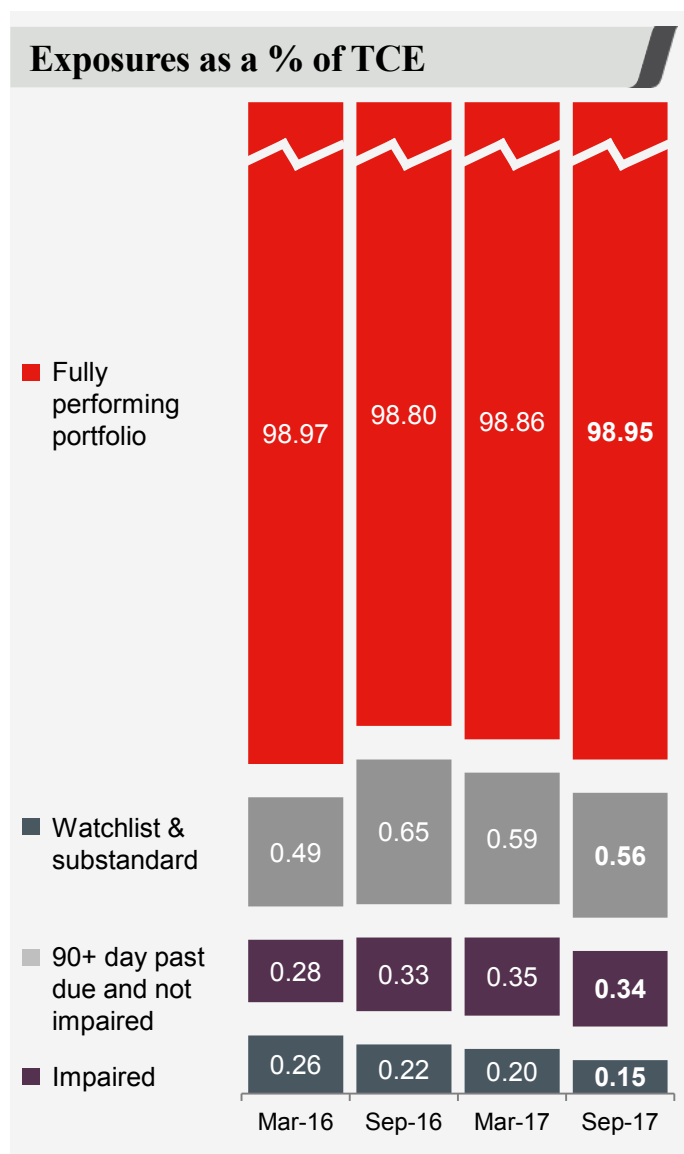
Movement in stressed exposure categories (bps to TCE)



New and increased gross impaired assets (\$m)



Provision cover by portfolio category



Collective provisions

Impaired asset provisions

Provisioning to TCE (%)

Mar-16 Sep-16 Mar-17 **Sep-17**

Fully performing portfolio

- Small cover as low probability of default (PD)
- Includes economic overlay

0.22 0.22 0.21 **0.20**

Watchlist & substandard

- Still performing but higher cover reflects elevated PD

4.89 4.51 4.52 **4.76**

90+ day past due and not impaired

- In default but strong security

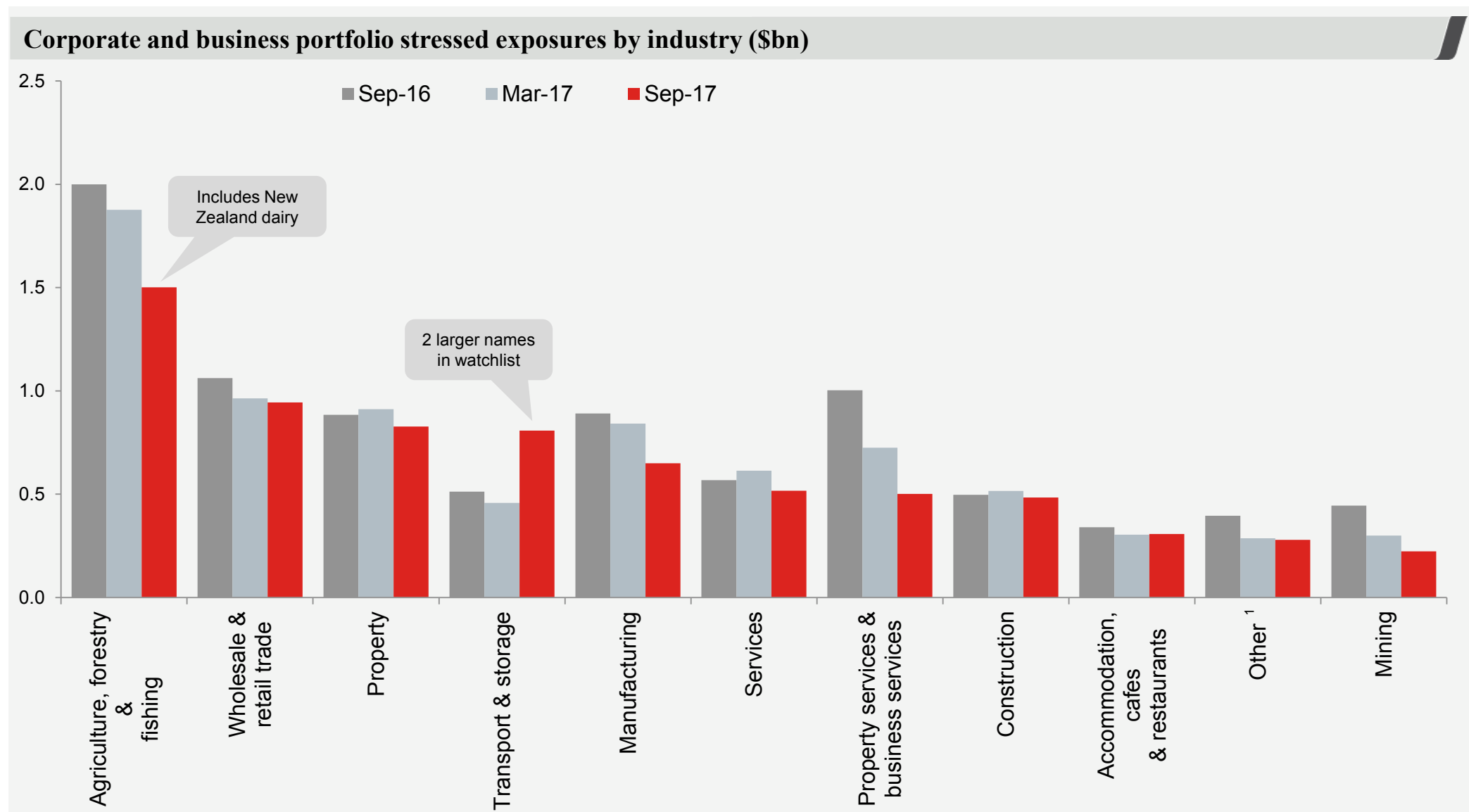
4.99 4.57 5.04 **5.08**

Impaired assets

- In default. High provision cover reflects expected recovery

47.65 49.44 52.07 **46.30**

Stressed exposures **lower** across industries



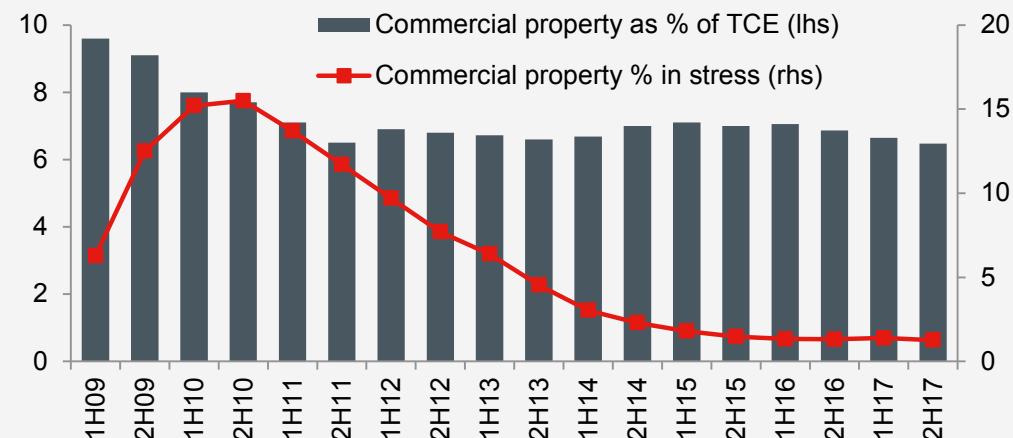
Areas of interest: Commercial property

Asset quality | 71

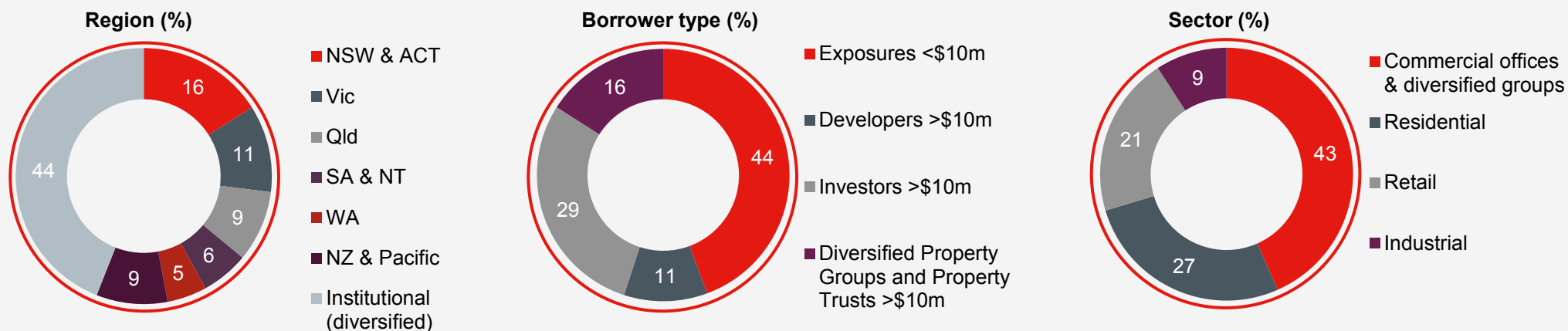
Commercial property portfolio

	Mar-17	Sep-17
Total committed exposures (TCE)	\$65.5bn	\$65.2bn
Lending	\$49.7bn	\$49.6bn
Commercial property as a % of Group TCE	6.65	6.48
Median risk grade	BB equivalent	BB equivalent
% of portfolio graded as stressed ^{1,2}	1.39	1.27
% of portfolio in impaired ²	0.46	0.38

Commercial property exposures % of TCE and % in stress



Commercial property portfolio composition (%)



1 Includes impaired exposures. 2 Percentage of commercial property portfolio TCE.

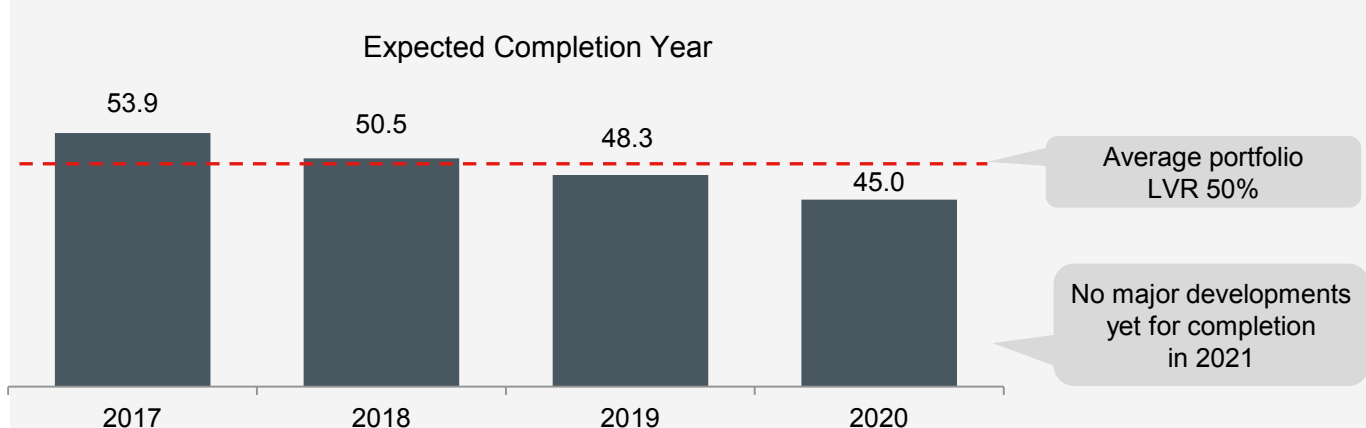
Areas of interest: Inner city apartments

Asset quality | 72

Commercial property portfolio TCE (\$bn)

	Sep-16	Mar-17	Sep-17	TCE % ¹	
Residential apartment development >\$20m	5.1	4.1	4.2	6.4%	<ul style="list-style-type: none"> Progressively tightened risk appetite in areas of higher concern since 2012 Actively monitoring settlements for >\$20m residential development book
Residential apartment development >\$20m in major markets, shown below	3.2	2.8	2.7	4.1%	<ul style="list-style-type: none"> While settlements have been slightly slower, Westpac's debt has been repaid in full given low LVRs
Sydney major markets	1.2	1.3	1.5	2.3%	<ul style="list-style-type: none"> 2H17 new lending LVR 42%
Inner Melbourne	1.4	1.0	0.7	1.1%	<ul style="list-style-type: none"> 2H17 new lending LVR 44%
Inner Brisbane	0.4	0.2	0.4	0.6%	<ul style="list-style-type: none"> Exposure low, new lending at 47% LVR
Perth metro	0.2	0.2	0.0	0.0%	<ul style="list-style-type: none"> Exposure low and falling
Adelaide CBD	0.1	0.1	0.1	0.2%	<ul style="list-style-type: none"> One project

Residential apartment development >\$20m weighted average LVR (%)



¹ Percentage of commercial property TCE.

Consumer mortgages

Consumer mortgages where security is within an inner city residential apartment development	Mar-17	Sep-17
Total consumer mortgage loans for inner city apartments	\$13.5bn	\$14.1bn
Average LVR at origination	71%	70%
Average dynamic LVR	53%	53%
Dynamic LVR >90%	2.0%	1.94%
90+ day delinquencies	37bps	36bps

Mining (inc. oil and gas) portfolio

	Mar-17	Sep-17
Total committed exposures (TCE)	\$10.4bn	\$9.7bn
Lending	\$6.0bn	\$5.1bn
% of Group TCE	1.05	0.96
% of portfolio graded as stressed ^{1,2}	2.90	2.33
% of portfolio in impaired ²	1.15	0.44

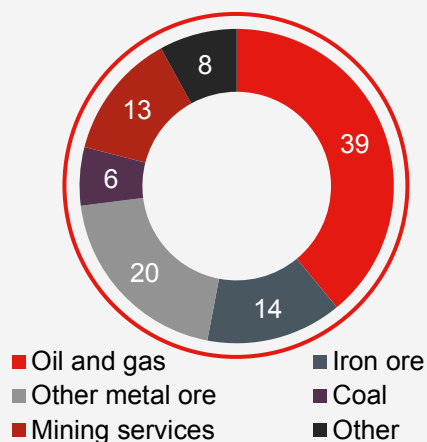
New Zealand dairy portfolio

	Mar-17	Sep-17
Total committed exposure (TCE)	NZ\$5.9bn	NZ\$6.0bn
Lending	NZ\$5.6bn	NZ\$5.8bn
% of Group TCE	0.55	0.55
% of portfolio graded as stressed ^{1,2}	21.70	17.02
% of portfolio in impaired ²	0.34	0.34

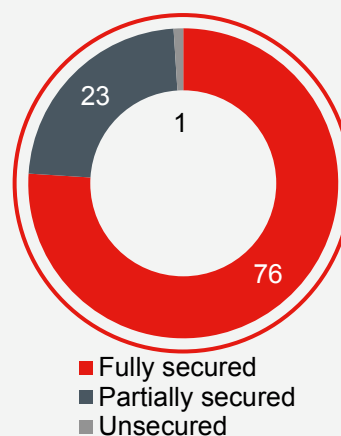
Retail trade portfolio

	Mar-17	Sep-17
Total committed exposures (TCE)	\$15.3bn	\$15.4bn
Lending	\$11.3bn	\$11.5bn
% of Group TCE	1.55	1.53
% of portfolio graded as stressed ^{1,2}	2.51	3.02
% of portfolio in impaired ²	0.40	0.31

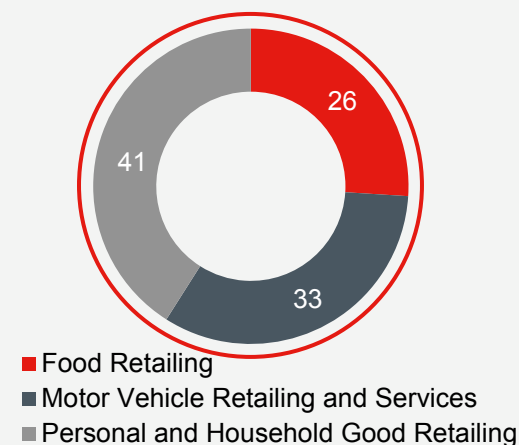
Mining portfolio (TCE) by sector (%)



NZ dairy portfolio (TCE) by security (%)



Retail portfolio (TCE) by sector (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

Changes in the treatment of hardship now flowing through other consumer delinquencies

APRA is standardising the industry treatment of delinquency classification of facilities in hardship

Hardship allows eligible customers to reduce or defer repayments in the short term to manage through a period of financial difficulty (e.g. unemployment, injury, natural disasters). Solutions are tailored to customer circumstances and may include extending the loan or restructuring.

Prior Westpac approach

- When a mortgage account entered hardship its delinquency status (30, 60, or 90 days etc.) was frozen until after hardship arrangements ended or the facility returned to performing (or not)
- When an unsecured account entered hardship its delinquency status was treated as performing whilst under the hardship arrangement

Current Westpac approach

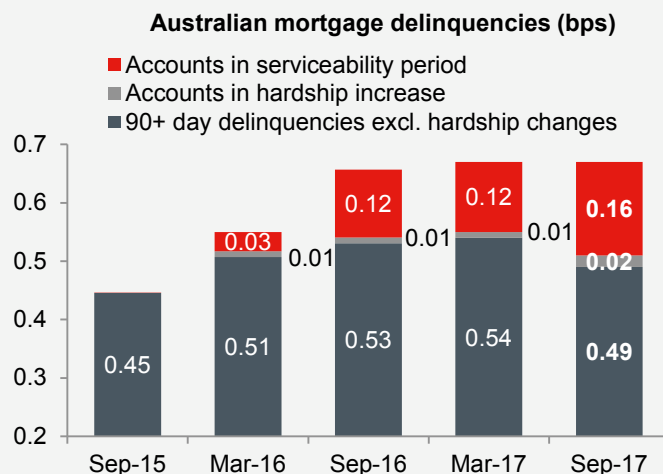
- An account in hardship continues to migrate through delinquency buckets
- Accounts reported as delinquent¹ until repayments maintained for 6 months ('serviceability period')²
- Average hardship period granted is 3-4 months
- Hardship plus serviceability period averages 10 months
- Changes have no impact on Westpac's risk profile

Industry comparability

- Westpac changed hardship treatment following guidance from APRA. Implemented change for mortgage portfolio; changes for NZ and consumer unsecured currently underway
- Treatment across banks and non-banks, including serviceability period applied is not yet aligned. This makes comparability of absolute 90+ day delinquencies across the industry more difficult

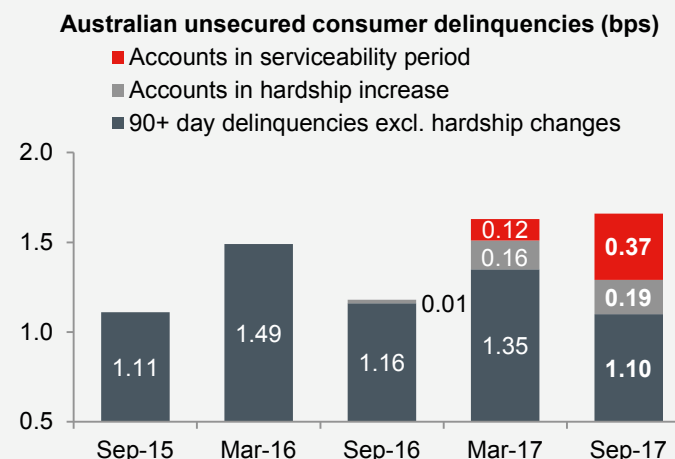
Impact on mortgages - completed

- Implemented in 1H16 and has now fully flowed through
- Increased mortgage 90+ day delinquencies by 18bps, with 4bps attributed to hardship facilities for Cyclone Debbie.



Impact on unsecured consumer lending

- Implemented for credit cards, personal loans and auto in 2H16 and 1H17
- Impact on 90+ day delinquencies in FY17 was 56bps.
- Is resulting in higher write-offs¹ and higher recoveries²
- The change has yet to flow through to risk weighted assets



1 For consumer unsecured portfolios when an account reaches 180 days past due, in line with portfolio practices, it is written off. 2 For consumer unsecured portfolios any payments received after write-off and until the serviceability period has expired and if the account returns to performing are recorded as recoveries.

Australian consumer unsecured lending, 3% of Group loans

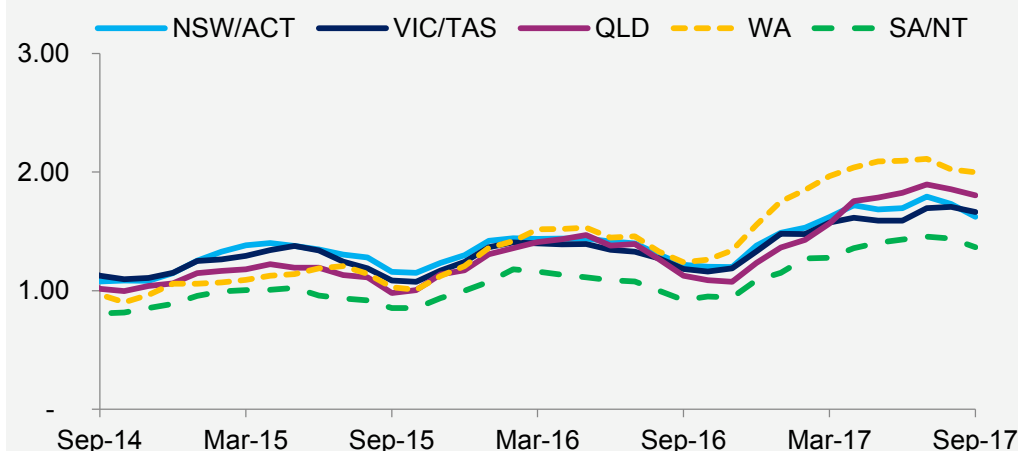
Asset quality | 75

Australian consumer unsecured lending portfolio

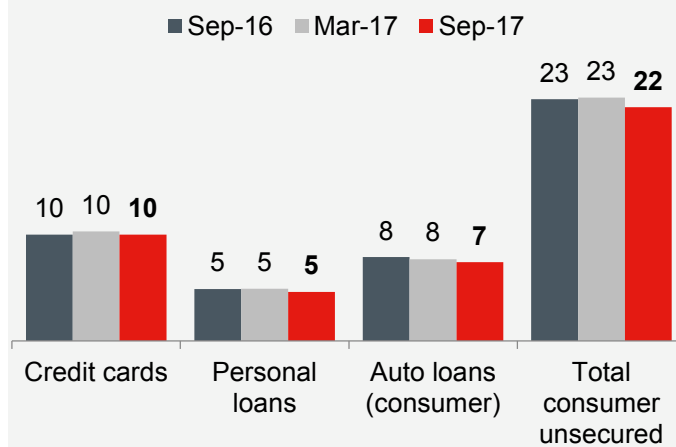
	Sep-16	Mar-17	Sep-17
30+ day delinquencies (%)	2.95	3.99	3.60
90+ day delinquencies (%)	1.17	1.63	1.66
Estimated impact of changes to hardship treatment for 90+ day delinquencies (bps)	1bp	28bps	56ps

- APRA hardship policy adopted across Australian unsecured portfolios in FY17
- September 2017 unsecured consumer delinquencies, excluding hardship reporting changes are 6bps lower than September 2016

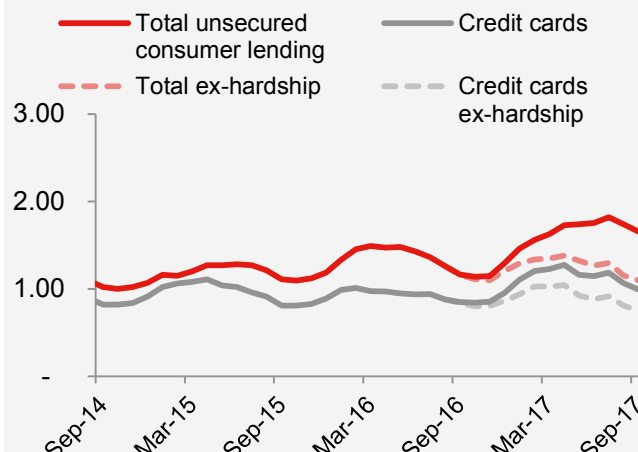
90+ day delinquencies (%) - By State



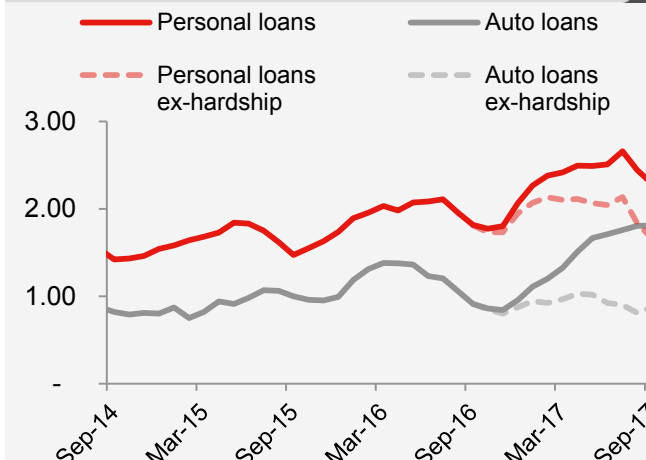
Australian unsecured portfolio (\$bn)



90+ day delinquencies (%)



90+ day delinquencies (%)



Australian mortgage portfolio continues to perform well, higher stress in regions impacted by mining slowdown

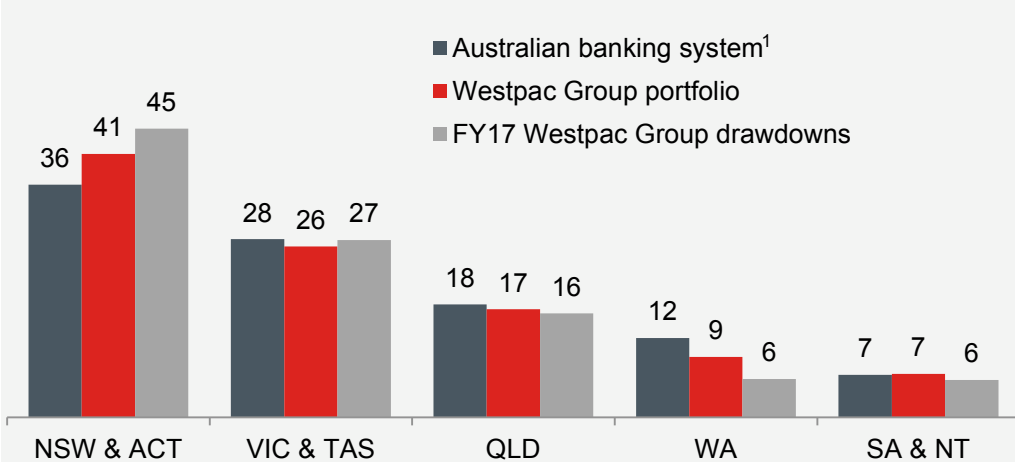
Asset quality | 76

Australian mortgage delinquencies and properties in possession (PIPs)

	Sep-16	Mar-17	Sep-17
30+ day delinquencies (bps)	130	139	130
90+ day delinquencies (bps) (includes impaired mortgages)	66	67	67
Estimated cumulative impact of changes to hardship treatment (bps)	13	13	18
Consumer PIPs	262	382	437

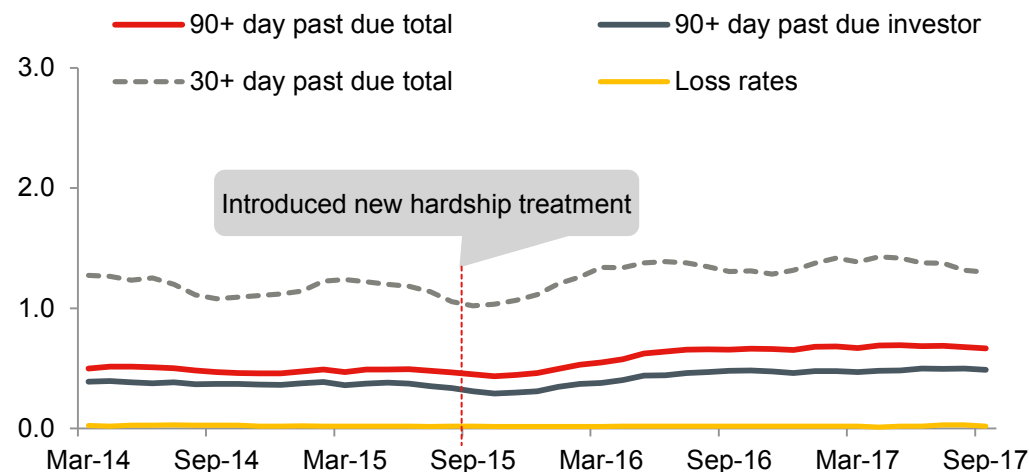
Increase in both 1H17 and 2H17 mainly due to rise in WA and Qld reflecting weaker economic conditions in those states

Housing lending portfolio by State (%)

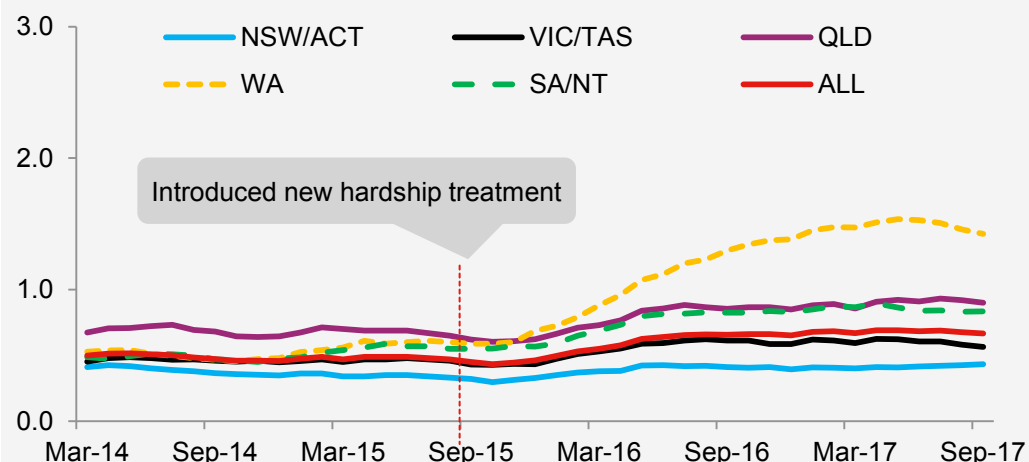


¹ Source ABA Cannex August 2017.

Australian mortgage portfolio delinquencies



Australian mortgages 90+ day delinquencies by state (%)



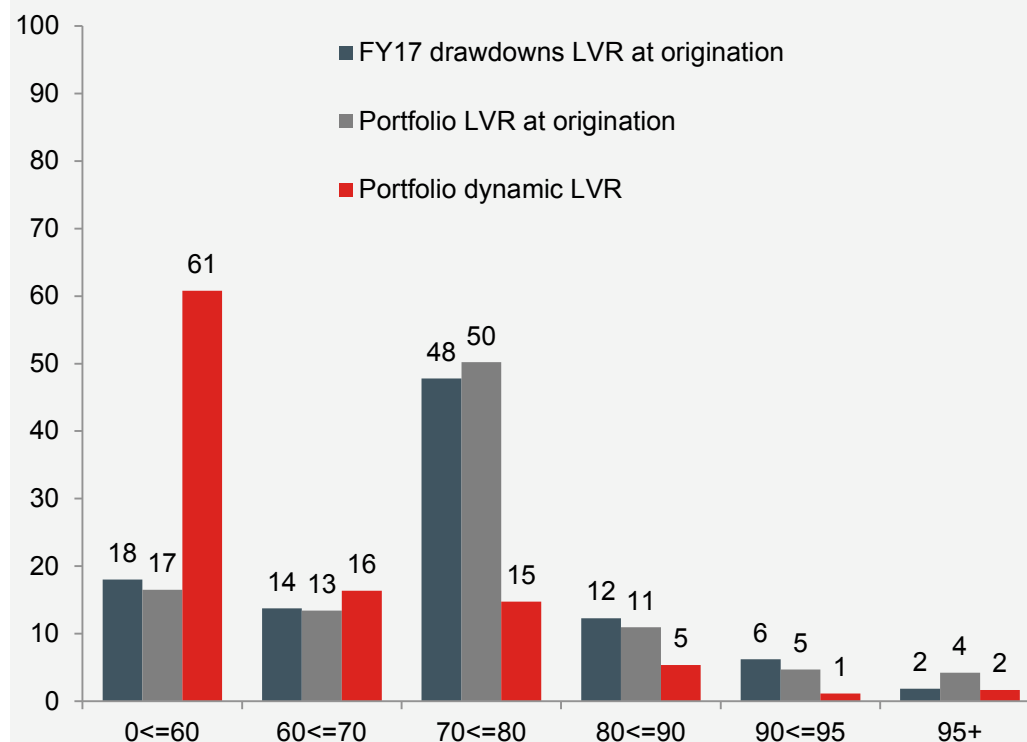
Australian mortgage portfolio well collateralised

Asset quality | 77

Australian mortgage portfolio	Sep-16 balance	Mar-17 balance	Sep-17 balance	2H17 flow ¹
Total portfolio (\$bn)	404.2	413.9	427.2	40.3
Owner occupied (%)	55.0	55.3	55.5	52.5
Investment property loans (%)	39.3	39.5	39.8	46.8
Portfolio loan/line of credit (%)	5.7	5.3	4.8	0.7
Variable rate / Fixed rate (%)	83 / 17	82 / 18	79 / 21	64 / 36
Interest only (%)	51.0	50.1	45.5	34.2
Low doc (%)	2.4	2.2	2.0	0.4
Proprietary channel (%)	57.9	57.7	57.3	54.1
First home buyer (%)	8.6	8.4	8.1	6.5
Mortgage insured (%)	18.4	18.1	17.5	14.1
	Sep-16	Mar-17	Sep-17	
Average loan size ² (\$'000's)	254	259	264	
Customers ahead on repayments including offset account balances ^{3,5} (%)	72	71	70	
Actual mortgage losses net of insurance ⁴ (\$m)	31	36	48	
Actual mortgage loss rate annualised (bps)	2	2	2	

1 Flow is all new mortgages settled during the 6 month period ended 30 September 2017 and includes RAMS. 2 Includes amortisation. 3 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. 4 Mortgage insurance claims 2H17 \$9m (1H17 \$3m, 2H16 \$7m). 5 Excludes RAMS. 6 LVR calculated as simple average by balances. 7 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 8 Average LVR of new loans is on rolling 6 month window.

Australian housing loan-to-value ratios (LVRs)⁵ (%)



Australian mortgage portfolio LVRs	Sep-16 balance	Mar-17 balance	Sep-17 balance
Average LVR at origination ^{5,6} (%)	70	70	70
Average dynamic LVR ^{5,6,7} (%)	43	42	42
Average LVR of new loans ^{5,6,8} (%)	70	68	67

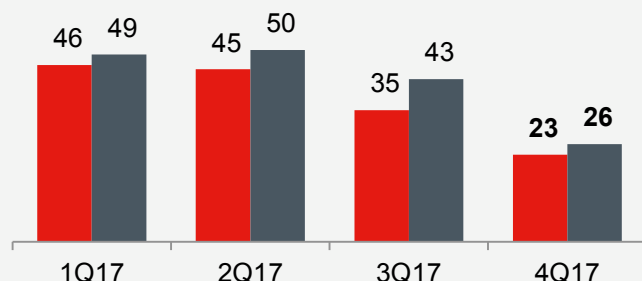
Interest only now 46% of mortgage portfolio

Asset quality | 78

Flow of interest only¹ (% of total limits)

New interest only flows now <30%

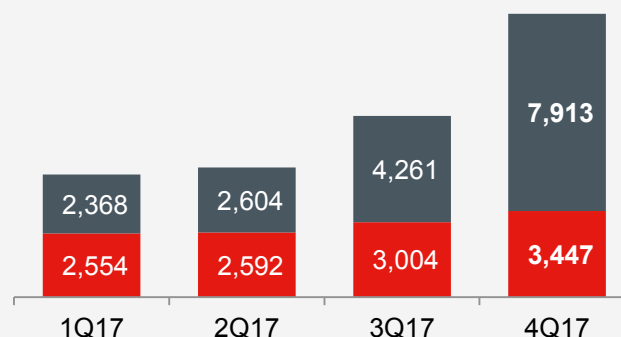
■ Applications ■ Settlements



Switching from I/O to P&I² (\$m)

Customers switching to P&I

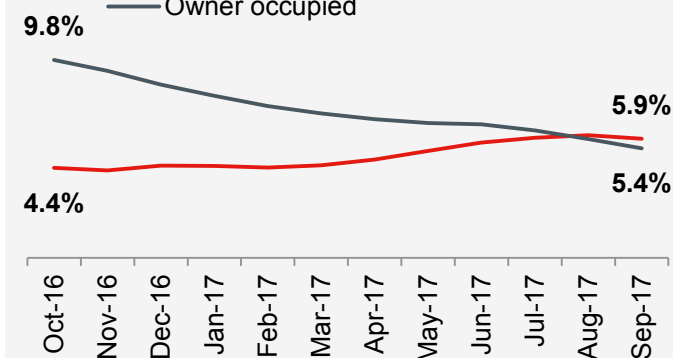
■ Reached end of I/O period ■ Customer initiated



Mortgage lending growth (%)

Investor lending³ growth remaining <10%

— Investor (APRA Extended definition)
— Owner occupied

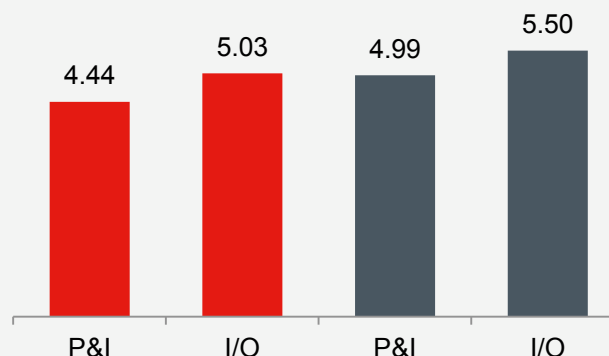


Key changes to interest only mortgage settings

- Pricing – differential pricing for investor property lending, interest only and SMSF lending
- 80% maximum LVR for all new interest only loans (includes limit increases, interest only term extension and switches) with limited exceptions
- No switch fee for customers switching to P&I from interest only since June 2017
- No longer accepting external refinances (from other financial institutions) for owner-occupied interest only

Current variable mortgage interest rate⁴ (%)

■ Owner occupied ■ Investor



Interest only flow definition

- The 30% interest only cap incorporates all new interest only loans including bridging facilities, construction loans and limit increases on existing loans
- The interest only cap excludes flows from switching between repayment types, such as interest only to P&I or from P&I to interest only and also excludes term extensions of interest only terms within product maximums⁵
- Any request to extend term beyond the product maximum is considered a new loan, and hence is included in the cap

¹ Flow is based on APRA definition. ² I/O is interest only mortgage lending. P&I is principal and interest mortgage lending. ³ Investor is as per APRA extended definition used for reporting against the 10% cap. ⁴ Interest rates as at 20 September 2017 for Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount assuming loan amount \$250,000 - \$499,999. ⁵ Product maximum term for Interest only is 5 years for owner occupied and 10 years for investor loans.

Performance of **interest only** mortgages remains sound

Asset quality | 79

Interest only lending

- Interest only (I/O) loans assessed on a principal and interest basis, from 2015 over the residual amortising term. I/O loans are full recourse
- Serviceability assessments include an interest rate buffer (at least 2.25%), minimum assessment rate (7.25%) and a requirement to be in surplus¹

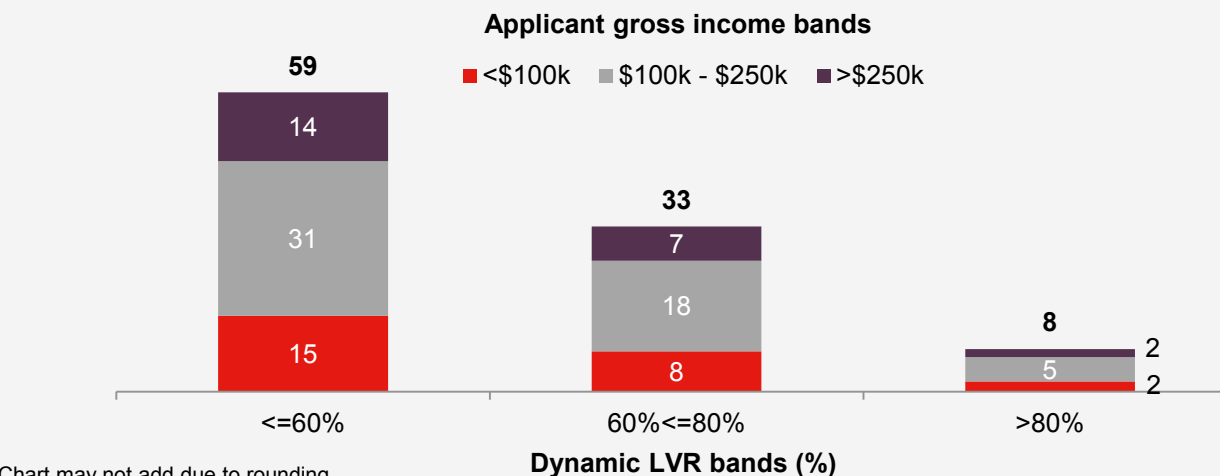
I/O portfolio statistics as at 30 September 2017

- 67% average LVR of interest only loans at origination^{2,3}
- 65% of customers ahead of repayments (including offset accounts)^{2,4}
- Offset account balances attached to interest only loans represent 62% of offset account balances

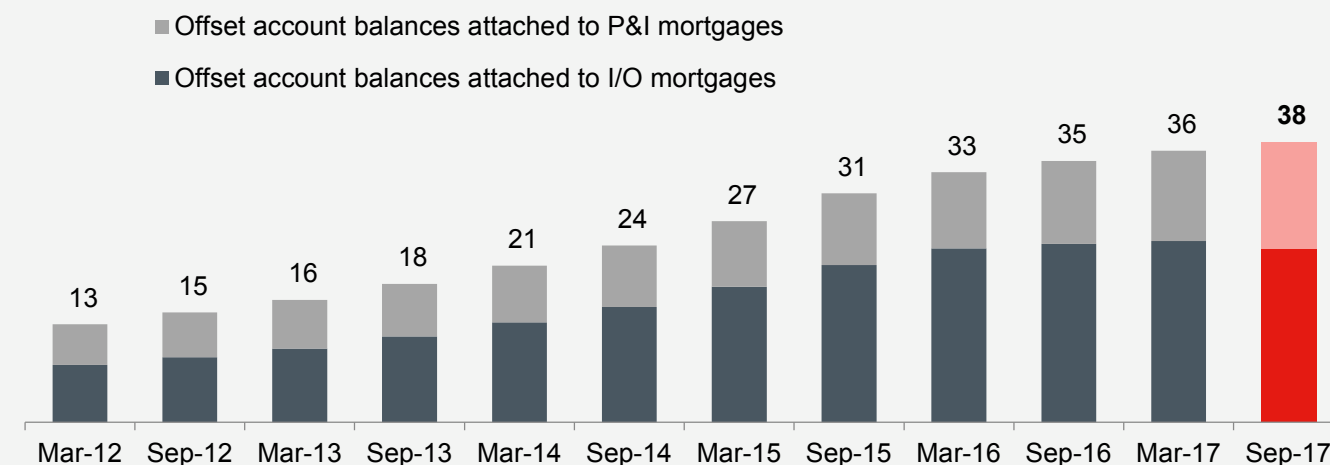
I/O portfolio performance as at 30 September 2017

- 90+ day delinquencies 52bps (compared to portfolio of 67bps)
- Annualised loss rate 2bp (net of insurance claims)

Interest only lending by dynamic LVR^{2,5} and income band (%)



Westpac Australian offset account balances² (\$bn)

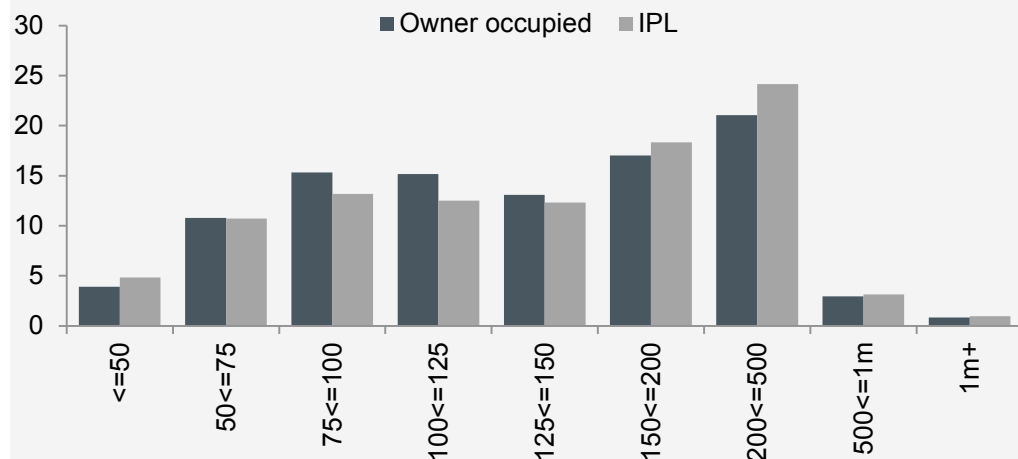


1 A surplus requirement measures the extent to which a borrower's income exceeds loan repayments, expenses and other commitments, as assessed. 2 Excludes RAMS. 3 LVR calculated as simple average by balances. 4 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. 5 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors.

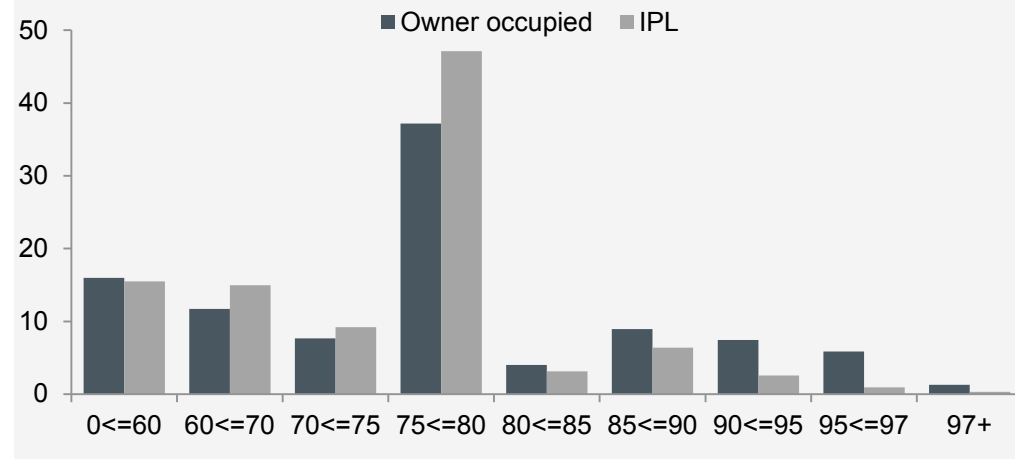
Investor property lending (IPL) portfolio: **sound underwriting**

Asset quality | 80

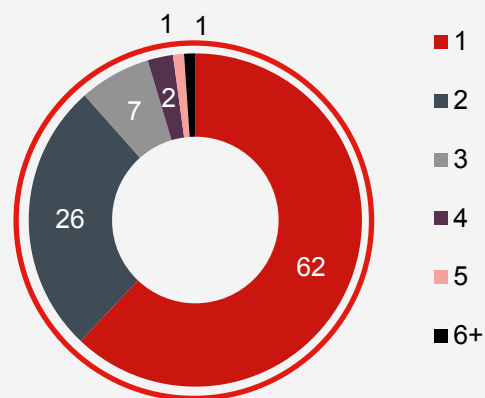
Applicants by gross income band (%)



LVR at origination¹ (%)



Investment property portfolio by number of properties per customer (%)



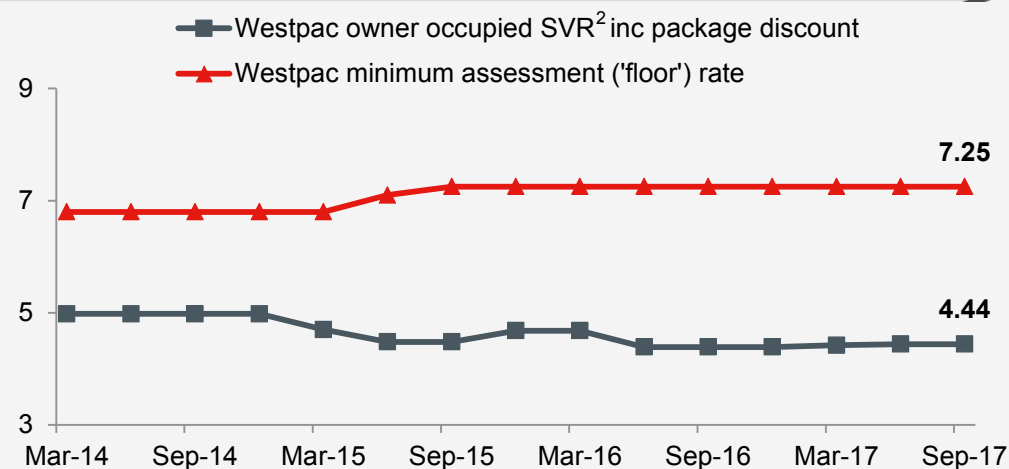
Investment property lending portfolio	Sep-16	Mar-17	Sep-17
Average LVR of IPL loans at origination ^{1,2} (%)	72	72	72
Average LVR of new IPL loans in the period ^{1,2,3} (%)	66	65	66
Average dynamic LVR ^{1,2,4} of IPL loans (%)	48	47	47
Average loan size ⁵ (\$'000)	305	309	313
Customers ahead on repayments including offset accounts ^{1,6} (%)	62	61	59
90+ day delinquencies (bps)	48	47	49
Annualised loss rate (net of insurance claims) (bps)	2	2	3

¹ Excludes RAMS. ² LVR calculated as simple average by balances. ³ Average LVR of new loans is on rolling 6 month window. ⁴ Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. ⁵ Includes amortisation. ⁶ Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

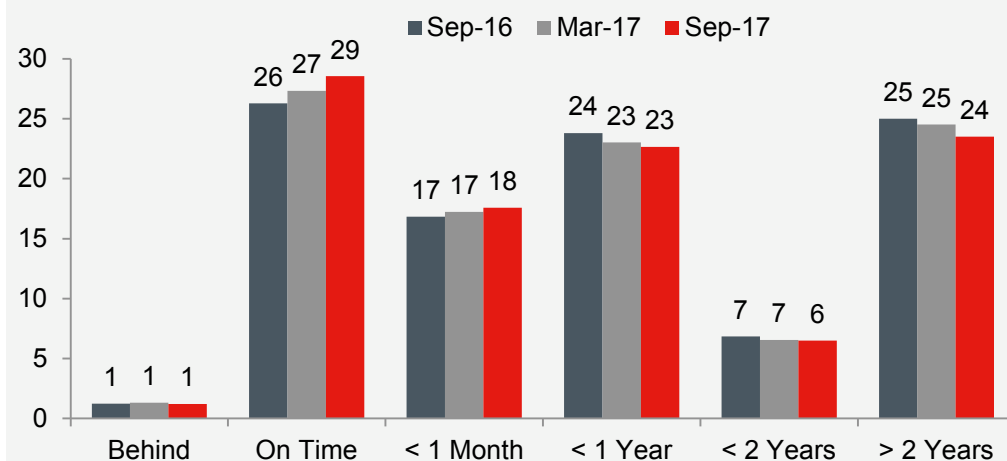
Westpac's key serviceability requirements and controls

Income	<ul style="list-style-type: none"> Income and employment is verified Separate guidelines in place to assess self employed and contractor applicants Discounts of 20% apply to less certain income sources such as rental income/bonuses/dividends
Expenses	<ul style="list-style-type: none"> Higher of declared expenses or HEM¹ (HEM varies by family size, income level and geography)
Other loans	<ul style="list-style-type: none"> Verified using payments data, bank statements and/or Credit Bureau
Interest only loans	<ul style="list-style-type: none"> New loans assessed at principal & interest over the residual amortising term Max LVR 80% (with limited exceptions) and max interest only term 5 years (owner occupied) / 10 years (investment)
Interest rate buffer	<ul style="list-style-type: none"> Higher of customer rate plus 2.25% or the minimum assessment ('floor') rate of 7.25% applied
Security	<ul style="list-style-type: none"> Conservative bank valuation methodologies Maximum LVR limits Minimum property size and location restrictions apply
Restrictions	<ul style="list-style-type: none"> LVR restrictions apply to single-industry towns, high-density apartments in defined areas LVR restrictions to Australian and NZ citizens and permanent visa holders using foreign income Loans to non-residents not offered since April 2016 (limited exceptions)

Mortgage interest rate buffers (%)

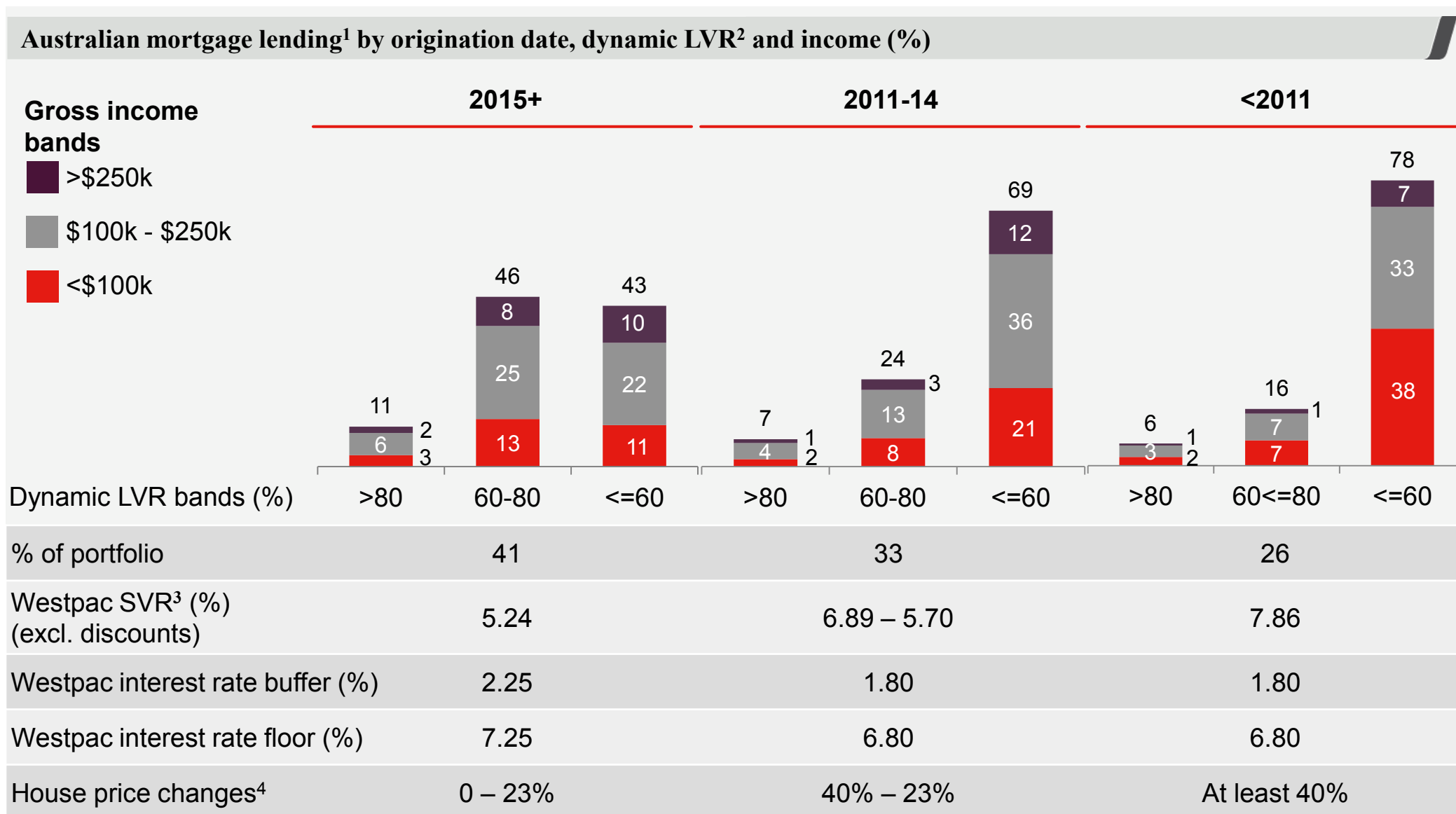


Australian home loan customers ahead on repayments³ (%)



1 HEM is the Household Expenditure Measure, produced by the University of Melbourne. 2 SVR is the Standard Variable Rate for owner-occupied Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount. 3 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due.

Australian mortgage **deep dive**

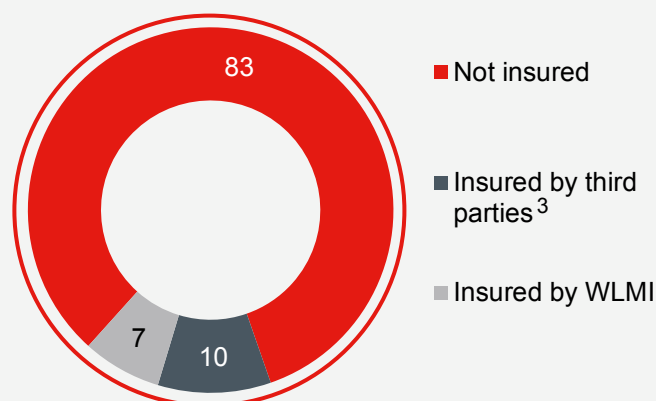


1 Portfolio comprised of residential mortgages, excluding RAMS, and business mortgages originated via a separate platform such as construction loans and loans to SMSFs. 2 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 3 Based on a specific Rocket Repay rate offered during the period. Westpac Rocket Repay Home Loan exclusive of discounts assuming loan amount \$250,000 - \$499,999. 4 Source, Westpac Economics, CoreLogic. All dwellings Australia - average 8 major capital cities. Prices to Sept 17.

Lenders mortgage insurance

- Where mortgage insurance is required, mortgages are insured through Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance¹ (WLMI), and reinsured through external LMI providers, based on risk profile
- WLMI is well capitalised (separate from bank capital) and subject to APRA regulation. WLMI targets a capitalisation ratio of 1.2x PCR² and has consistently been above this target
- Scenarios indicate sufficient capital to fund claims arising from events of severe stress – estimated losses for WLMI from a 1 in 200 year event are \$117m net of re-insurance recoveries (1H17: \$130m)

Australian mortgage portfolio (%)



Lenders mortgage insurance arrangements

LVR Band	Insurance
<ul style="list-style-type: none"> LVR ≤80% Low doc LVR ≤60% 	Not required
<ul style="list-style-type: none"> LVR >80% to ≤ 90% Low doc LVR >60% to ≤ 80% 	<ul style="list-style-type: none"> Where insurance required, insured through captive insurer, WLMI LMI not required for certain borrower groups Reinsurance arrangements: <ul style="list-style-type: none"> 40% risk retained by WLMI 60% risk transferred through quota share arrangements with Arch Reinsurance Limited, Tokio Millennium Re, Endurance Re, Everest Re, Trans Re and AWAC
<ul style="list-style-type: none"> LVR >90% 	<ul style="list-style-type: none"> 100% reinsurance through Arch Reinsurance Limited Reinsurance arrangements see loans with LVR >90% insured through WLMI with 100% of risk subsequently transferred to Arch Reinsurance Limited

Insurance statistics

	2H16	1H17	2H17
Insurance claims (\$m)	7	3	9
WLMI loss ratio ⁴ (%)	17	7	27
WLMI gross written premiums ⁵ (\$m)	154	141	109

1 From 18 May 2015 WLMI underwrites all mortgage insurance, where required, on Westpac originated Mortgages. The in-force portfolio of loans includes mortgage insurance provided by external providers. 2 Prudential Capital Requirement (PCR) calculated in accordance with APRA standards. 3 Insured coverage is net of quota share. 4 Loss ratio is claims over the total earned premium plus reinsurance plus exchange commission. 5 LMI gross written premium includes loans >90% LVR reinsured with Arch Reinsurance Limited. 2H17 gross written premium includes \$73m from the arrangement (1H17: \$107m, 2H16: \$125m).

Mortgage portfolio stress testing outcomes

- Westpac regularly conducts a range of portfolio stress tests as part of its regulatory and risk management activities
- The Australian mortgage portfolio stress testing scenario presented represents a severe recession and assumes that significant reductions in consumer spending and business investment lead to six consecutive quarters of negative GDP growth. This results in a material increase in unemployment and nationwide falls in property and other asset prices
- Estimated Australian housing portfolio losses under these stressed conditions are manageable and within the Group's risk appetite and capital base
 - Cumulative total losses of \$2.9bn over three years for the uninsured portfolio (FY16: \$2.9bn)
 - Cumulative claims on LMI, both WLMI and external insurers, of \$762m over the three years (FY16: \$856m)
 - Cumulative loss rates are unchanged (69bps compared to 69bps at FY16)
 - WLMI separately conducts stress testing to test the sufficiency of its capital position to cover mortgage claims arising from a stressed mortgage environment
- Capital targets incorporate buffers at the Westpac Group level that also consider the combined impact on the mortgage portfolio and WLMI of severe stress scenarios

Australian mortgage portfolio stress testing as at 30 September 2017

Key assumptions	Current	Stressed scenario		
		Year 1	Year 2	Year 3
Portfolio size (\$bn)	426	411	403	400
Unemployment rate (%)	5.6	11.8	10.8	9.5
Interest rates (cash rate, %)	1.50	0.50	0.50	0.50
House prices (% change cumulative)	-	(13.0)	(22.4)	(26.2)
Annual GDP growth (%)	1.8	(4.8)	(1.1)	0.8
Stressed loss outcomes (net of LMI recoveries)¹				
\$ million	85	1,033	1,622	527
Basis points ²	2	22	35	12

¹ Assumes 30% of LMI claims will be rejected in a stressed scenario. ² Stressed loss rates are calculated as a percentage of mortgage exposure at default.



200 years proudly supporting Australia

Capital, Funding and Liquidity

24/7 Banking

Well positioned for “Unquestionably strong”

Highlights

10.6% CET1 capital ratio

- 108bps increase over the year
- 59bps increase from March 2017

Above APRA's unquestionably strong benchmark

- APRA's unquestionably strong industry benchmark is 10.5%
- Well placed to respond to final APRA requirements

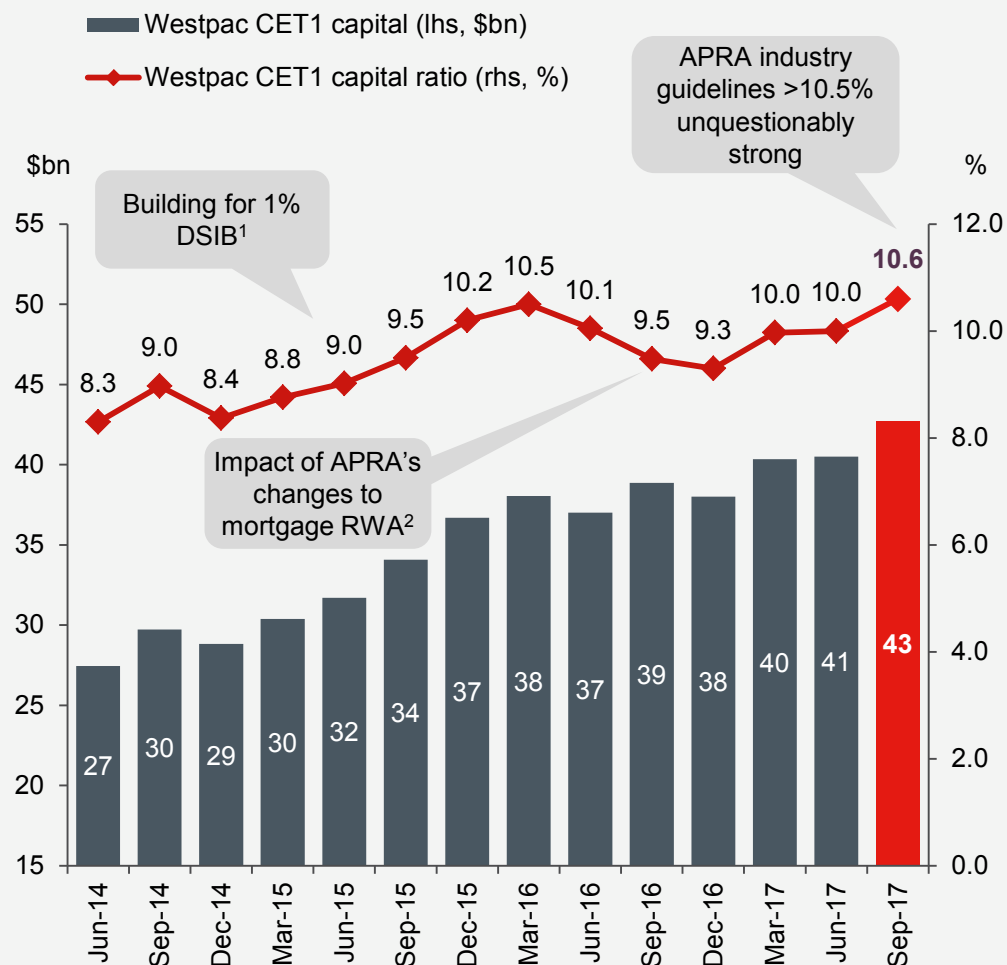
Disciplined RWA management

- Total RWA flat over the half
- Credit risk RWA 1.0% lower over the half from disciplined RWA management and improvement in asset quality

Capital built

- 1.5% discount on 1H17 DRP
- Further sell down of BTIM
- Life insurance statutory fund consolidation

CET1 capital ratio (%) and CET1 capital (\$bn) (APRA basis)



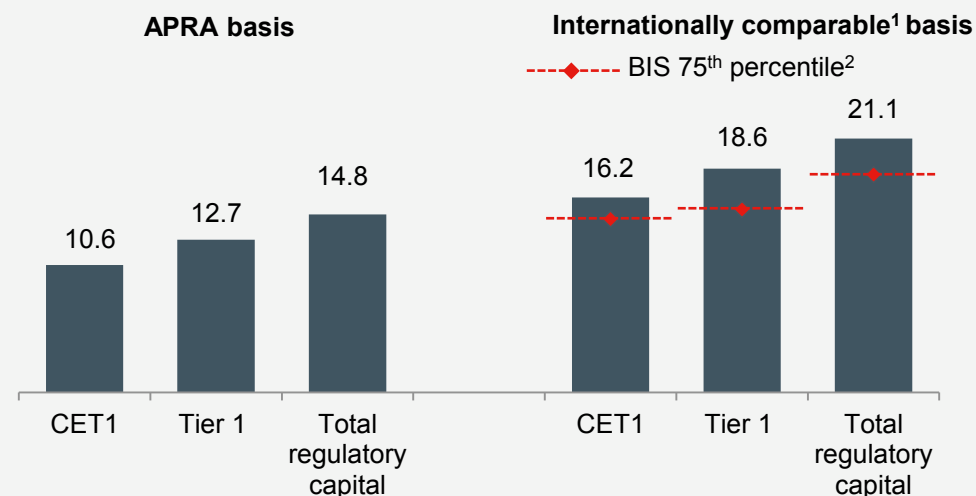
1 Domestic systemically important bank. 2 APRA's revision to the calculation of RWA for Australian residential mortgages, which came into effect on 1 July 2016.

CET1 ratio, **top quartile** globally

Capital ratios

	Sep-16	Mar-17	Sep-17
CET1 capital ratio	9.5	10.0	10.6
Additional Tier 1 capital	1.7	1.7	2.1
Tier 1 capital ratio	11.2	11.7	12.7
Tier 2 capital	1.9	2.3	2.1
Total regulatory capital ratio	13.1	14.0	14.8
Risk weighted assets (RWA) (\$bn)	410	404	404
Leverage ratio	5.2	5.3	5.7
Internationally comparable ratios¹			
Leverage ratio (internationally comparable)	5.9	6.0	6.3
CET1 ratio (internationally comparable)	14.4	15.3	16.2

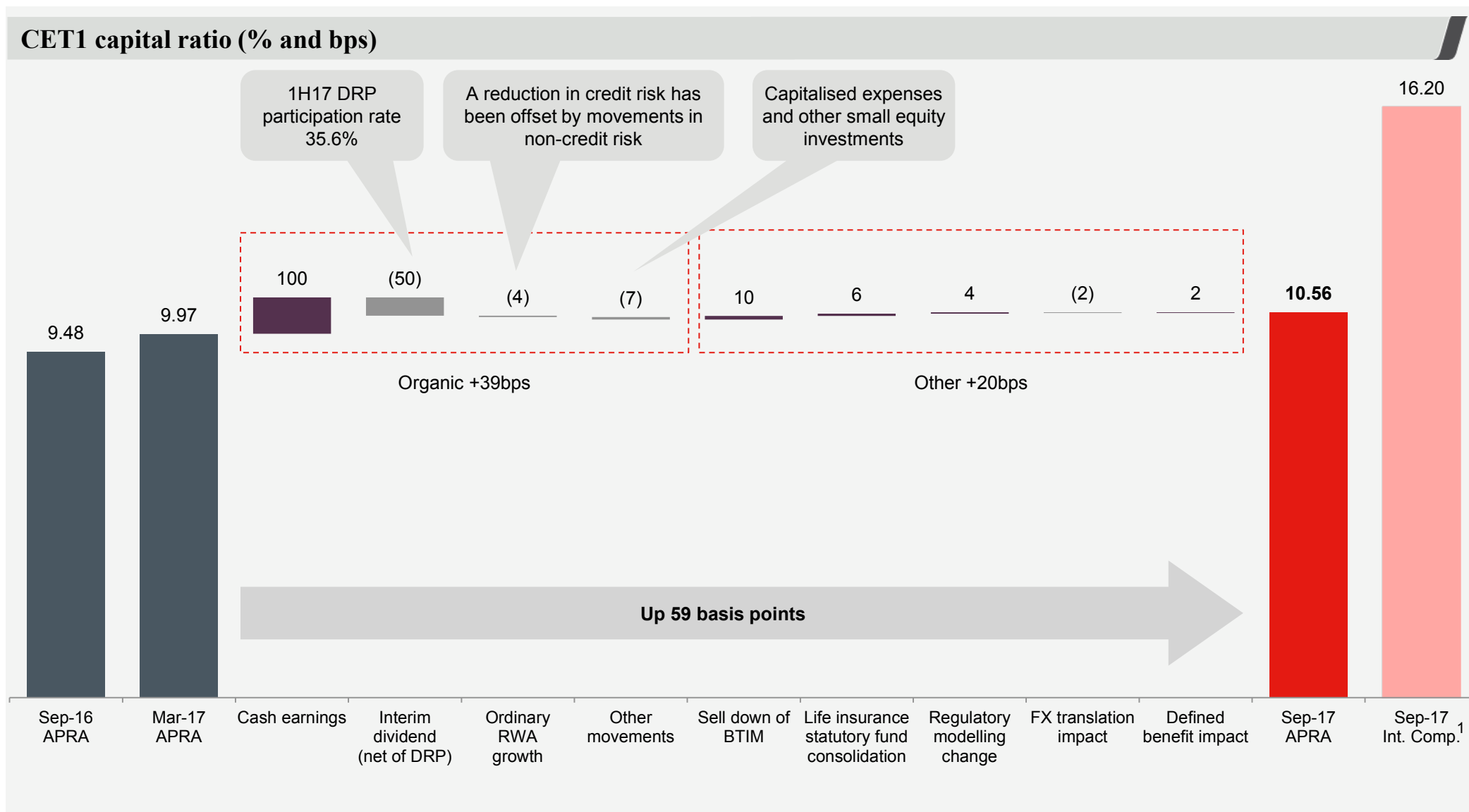
Key capital ratios (%)



- Internationally comparable ratios exclude Basel III transitional instruments, which are included in the APRA capital ratios on a transitional basis
- Westpac is seeking to replace Basel III transitional instruments with Basel III fully compliant instruments. Should Westpac do this, pro forma internationally comparable:
 - Tier 1 capital ratio would be 19.0%³ (up from 18.6%)
 - Total regulatory capital ratio would be 21.9%³ (up from 21.1%)
 - CET1 capital ratio would be unchanged

¹ Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. For more details on adjustments refer slide 91. ² Group 1 banks BIS 75th percentile fully phased-in Basel III capital ratios from BIS monitoring report released 12 September 2017. ³ Includes transitional capital instruments eligible as Additional Tier 1 and Tier 2 capital under APRA Basel III rules.

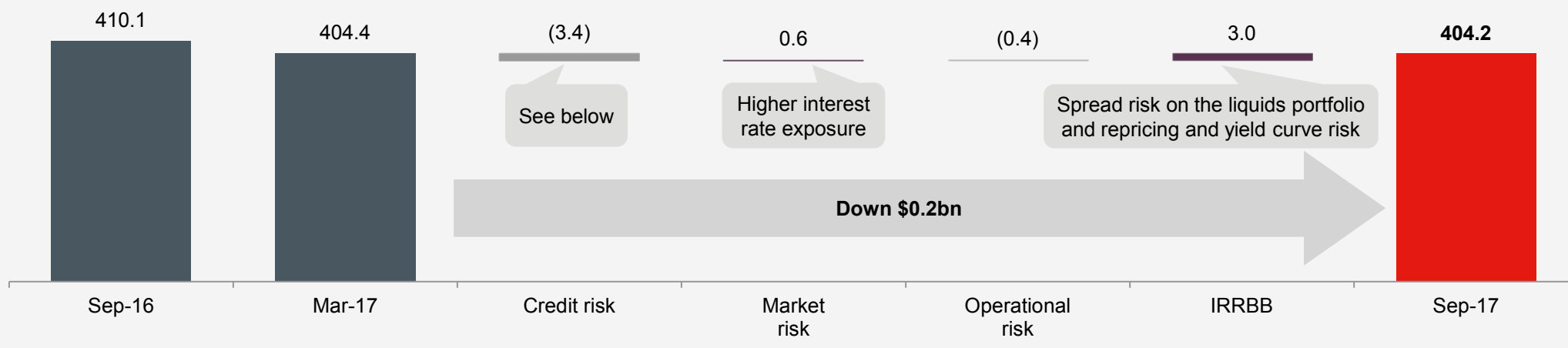
Strong capital generation supported by disciplined loan growth



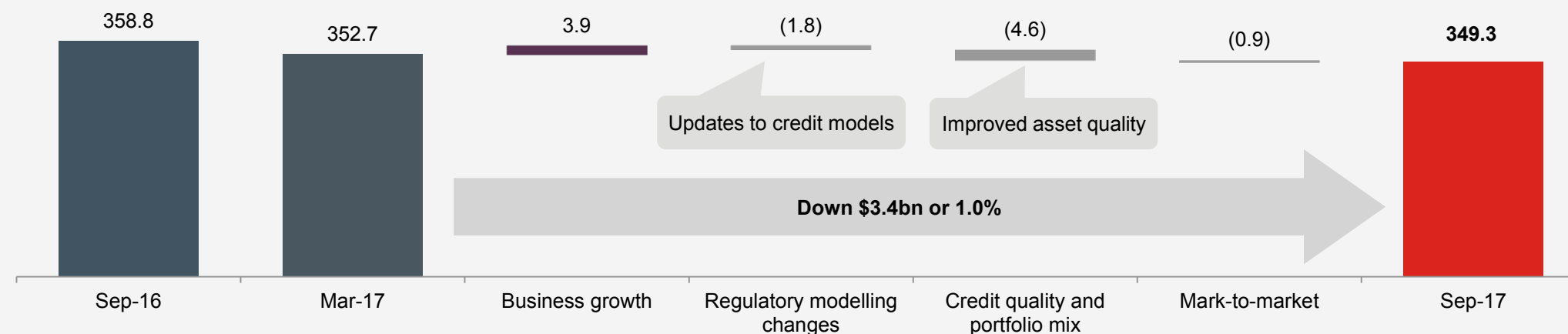
¹ Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015.

Disciplined management and **improved asset quality** reduce RWA

Movement in risk weighted assets (\$bn)

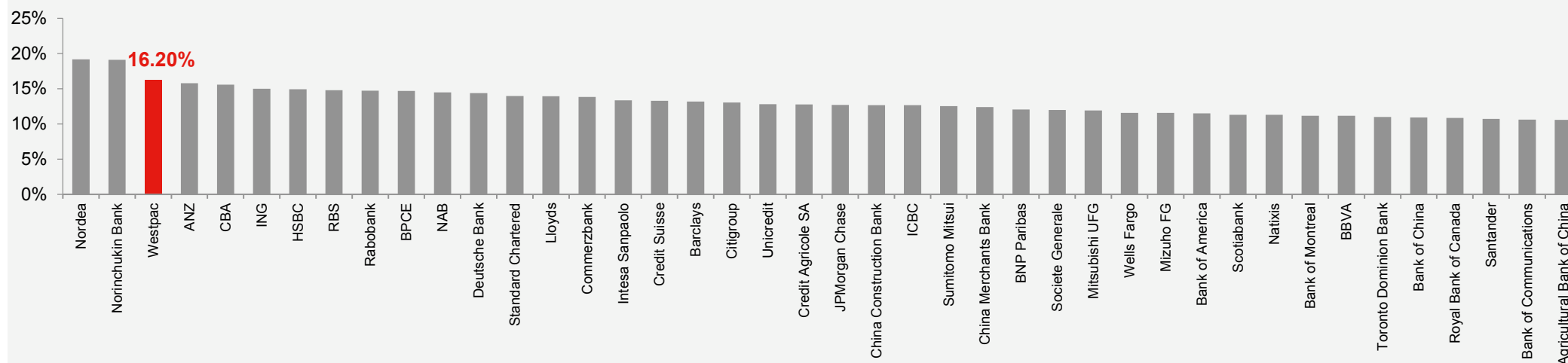


Movement in credit risk weighted assets (\$bn)

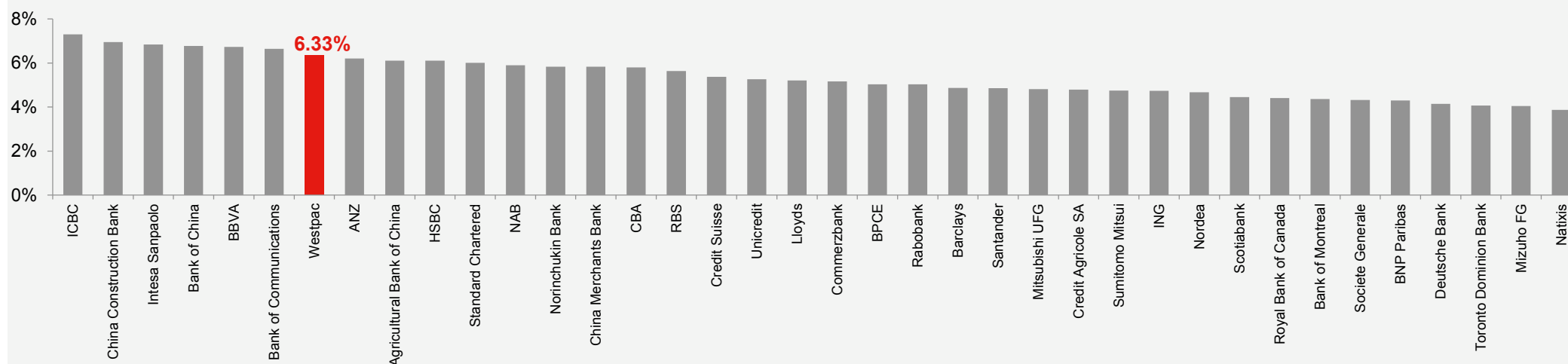


Well placed on **internationally comparable** CET1 and leverage ratios

Common equity Tier 1 ratio (%)



Leverage ratio (%)



Peer group comprises listed commercial banks with assets in excess of A\$700bn and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure to estimate. Based on company reports/presentations. Ratios at 30 June 2017, except for Westpac, ANZ and NAB, which are at 30 Sep 2017, while Scotiabank, Bank of Montreal, Royal Bank of Canada and Toronto Dominion are at 31 July 2017. For CET1, assumes Basel III capital reforms fully implemented. Leverage ratio is on a transitional basis. Where accrued expected dividends have been deducted, these have been added back for comparability. US banks are excluded from leverage ratio analysis due to business model differences, for example from loans sold to US Government sponsored enterprises.

Internationally comparable capital ratio reconciliation

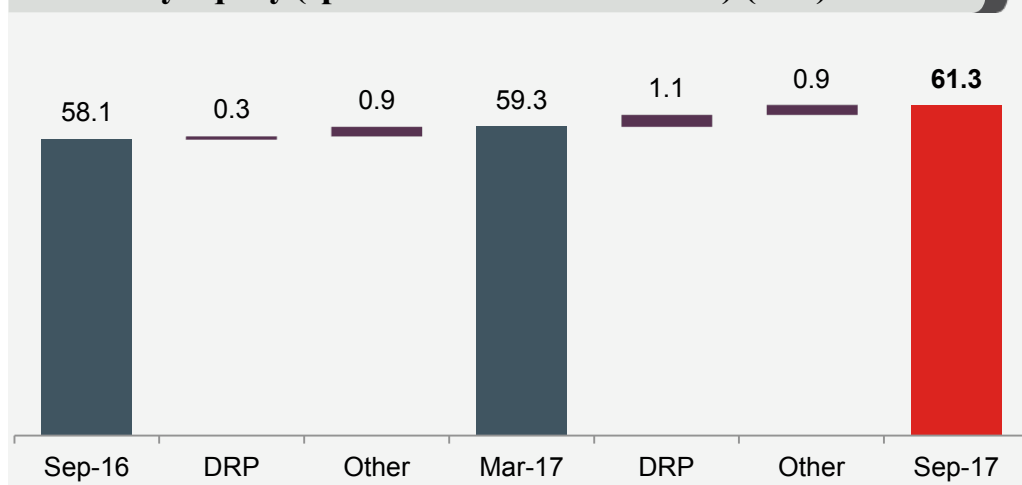
APRA's Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios by Australian banks. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers¹. The following details the adjustments from this study and how Westpac's APRA Basel III CET1 capital ratio aligns to an internationally comparable ratio

		(%)
Westpac's CET1 capital ratio (APRA basis)		10.6
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.5
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.3
Interest rate risk in the banking book (IRRBB)	APRA requires capital to be held for IRRBB. The BCBS does not have a Pillar 1 capital requirement for IRRBB	0.4
Residential mortgages	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements. APRA also applies a correlation factor for mortgages higher than the 15% factor prescribed in the Basel rules	1.8
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements	0.7
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements	0.5
Specialised lending	Use of internal-ratings based (IRB) probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors	0.8
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures	0.2
Capitalised expenses	APRA requires these items to be deducted from CET1. The BCBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1	0.4
Internationally comparable CET1 capital ratio		16.2
Internationally comparable Tier 1 capital ratio		18.6
Internationally comparable total regulatory capital ratio		21.1

¹ Methodology aligns with the APRA study titled "International capital comparison study", dated 13 July 2015.

Optimising returns by actively managing capital

Ordinary equity (spot and includes reserves) (\$bn)



Actively managing returns

- All divisions with a full year ROE > 13%
- Divisional capital allocation model to be refined in 2018 (post APRA clarification)
- \$3.8bn of capital still to be allocated
- Group ROE is lower from higher levels of capital held; average equity up 5%, cash earnings up 3% over FY17
- Leverage ratio improved from the increased average ordinary equity (AOE)

Capital allocated to divisions (average, \$bn)

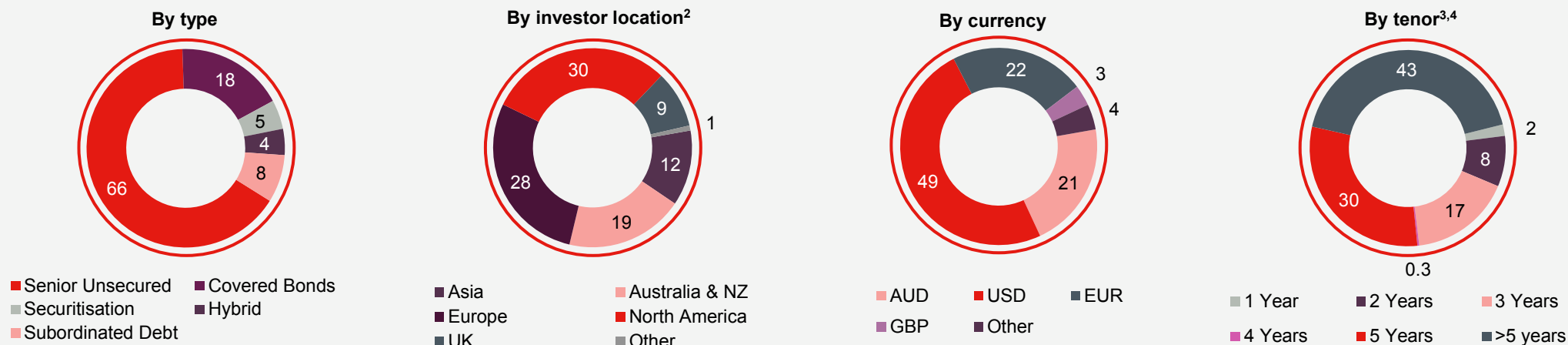
Division	2H16	1H17	2H17
Total Group (including intangibles)	56.6	57.7	59.4
Consumer Bank and Business Bank	23.7	24.4	23.7
BTFG	3.3	3.4	3.4
WIB	9.6	9.4	8.9
Westpac NZ (A\$)	4.4	4.6	4.4
Excess capital held in Group Businesses	1.7	1.8	3.8

Return on equity (%)

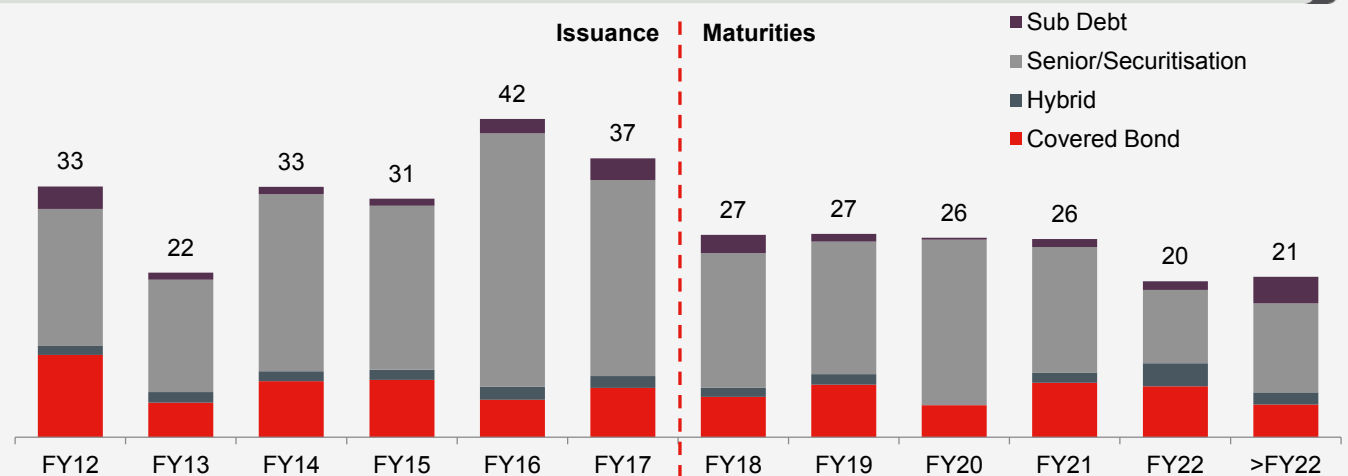
Division	FY16	FY17	2H17
Total Group	14.0	13.8	13.6
Consumer Bank and Business Bank	16.6	17.0	17.6
BTFG	15.6	14.0	13.6
WIB	10.6	13.4	12.7
Westpac NZ (A\$)	17.2	18.3	19.4

New term issuance well diversified

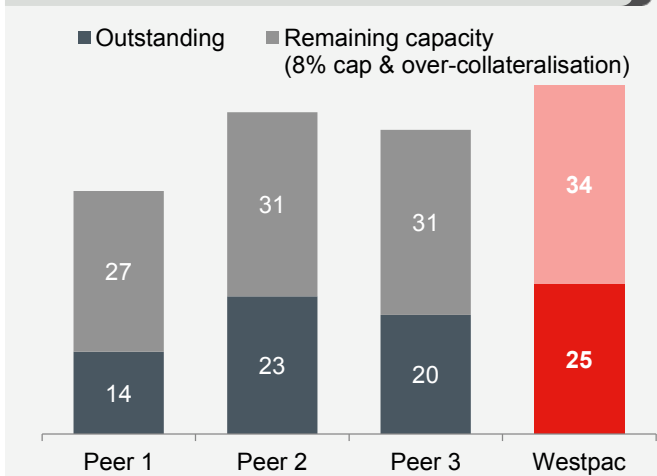
FY17 new term issuance composition¹ (%)



Term debt issuance and maturity profile^{1,3,5} (\$bn)



Australian covered bond issuance⁶ (\$bn)



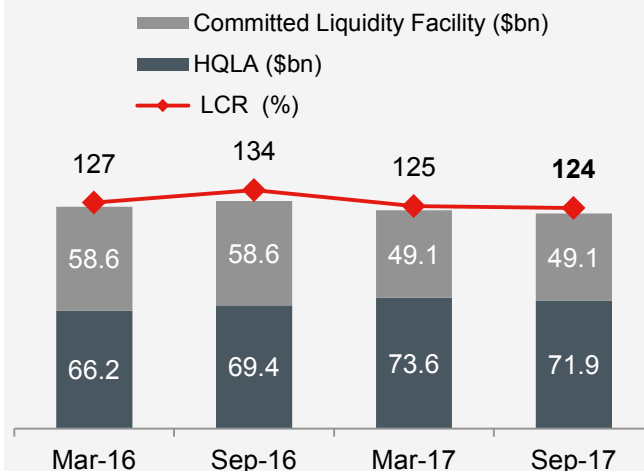
¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 370 days excluding US Commercial Paper and Yankee Certificates of Deposit. ² Westpac public benchmark transactions only. ³ Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. ⁴ Tenor excludes RMBS and ABS. ⁵ Perpetual sub-debt has been included in >FY22 maturity bucket. Maturities exclude securitisation amortisation. ⁶ Sources: Westpac, APRA Banking Statistics September 2017.

Well positioned for NSFR on 1 January 2018

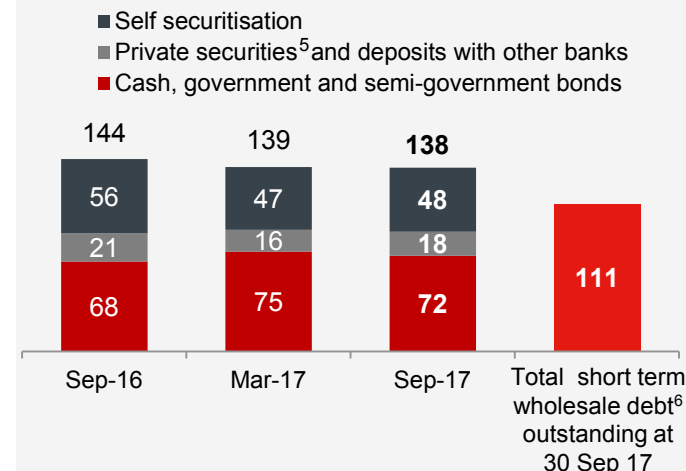
Liquidity coverage ratio (\$bn and %)

	Sep-16	Mar-17	Sep-17
HQLA ¹	69.4	73.6	71.9
CLF ²	58.6	49.1	49.1
Total LCR Liquid assets	128.0	122.7	121.0
Customer deposits	63.5	65.9	65.6
Wholesale funding	13.1	13.2	12.2
Other flows ³	19.2	19.1	20.1
Total cash outflows	95.8	98.2	98.0
LCR⁴	134%	125%	124%

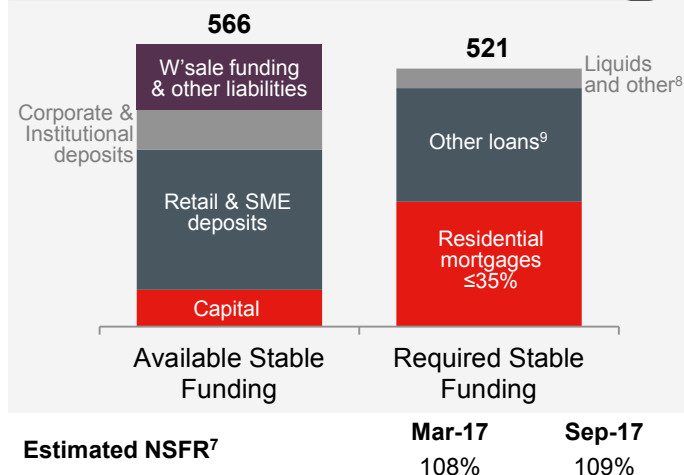
Liquidity coverage ratio (%)



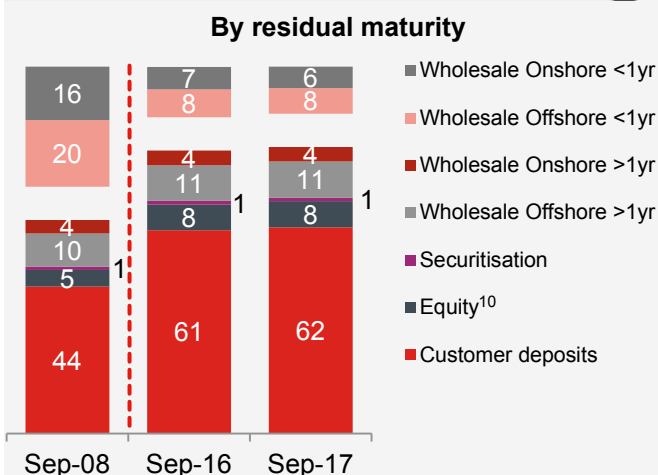
Unencumbered liquid assets (\$bn)



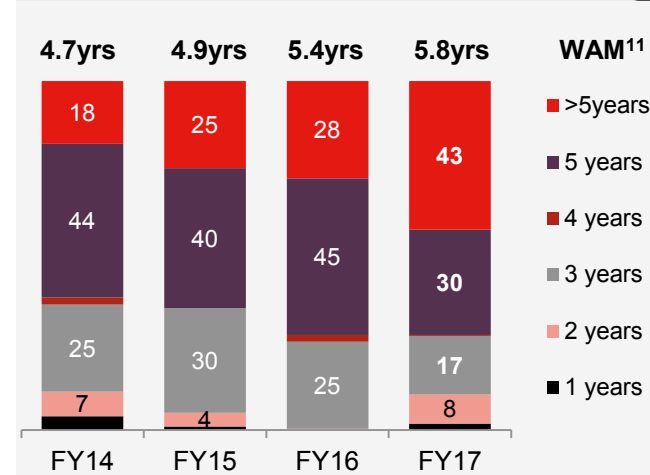
Net stable funding ratio (NSFR, \$bn)



Total funding composition (%)



New term issuance by tenor^{11,12} (%)



1 Includes HQLA as defined in APS 210, RBNZ eligible liquids, less RBA open repos funding end of day ESA balances with the RBA. 2 The RBA makes available to Australian Authorised Deposit-taking Institutions a committed liquidity facility (CLF) that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 – Liquidity. 3 Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. 4 LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash outflows in a modelled 30 day defined stressed scenario. Calculated on a spot basis. 5 Private securities include Bank paper, RMBS, and Supra-nationals. 6 Includes long term wholesale funding with a residual maturity less than or equal to 1 year. 7 NSFR is estimated based on current APRA guidelines. NSFR will commence in Australia on 1 January 2018. 8 Other includes derivatives and other assets. 9 Other loans includes off balance sheet exposures and residential mortgages >35% risk weight. 10 Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. 11 Tenor excludes RMBS and ABS. 12 Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure.



200 years proudly supporting Australia

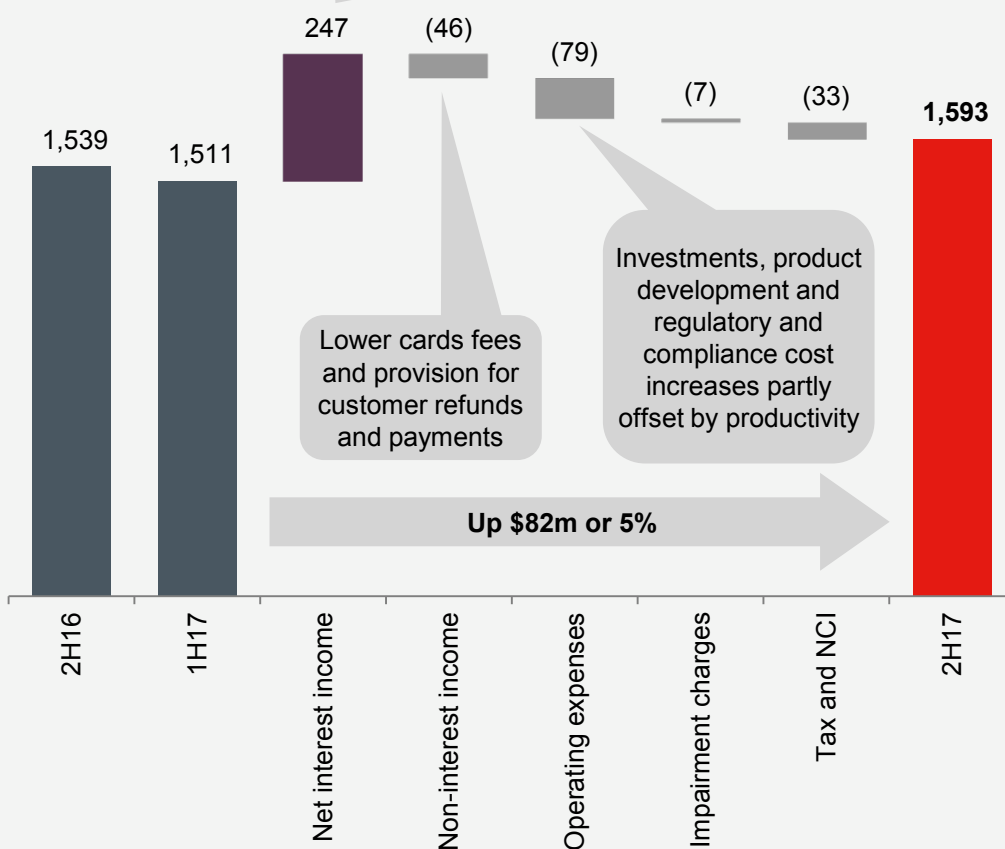
Divisional results

24/7 Banking

Consumer Bank – growing the franchise

Cash earnings (\$m)

AIEA up 3%, margin up 7bps, repricing of mortgages partly offset by some switching, customer preference for fixed rate home loans and the impact of the Bank Levy (3bps)



1 Refer slide 136 for metric definition and details of provider.



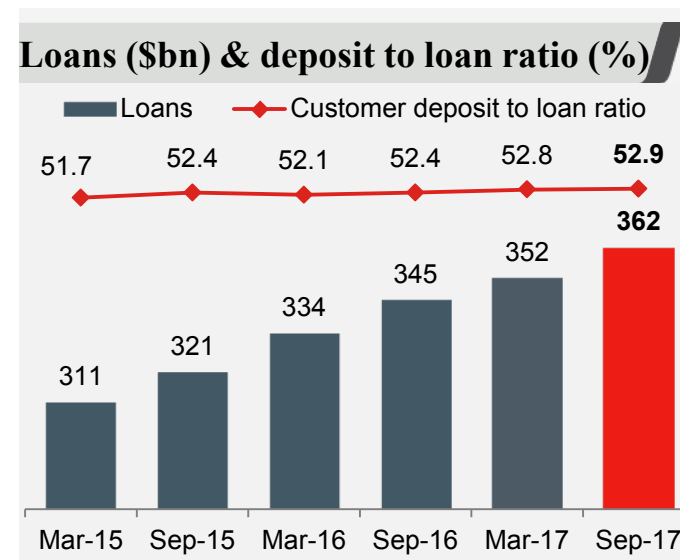
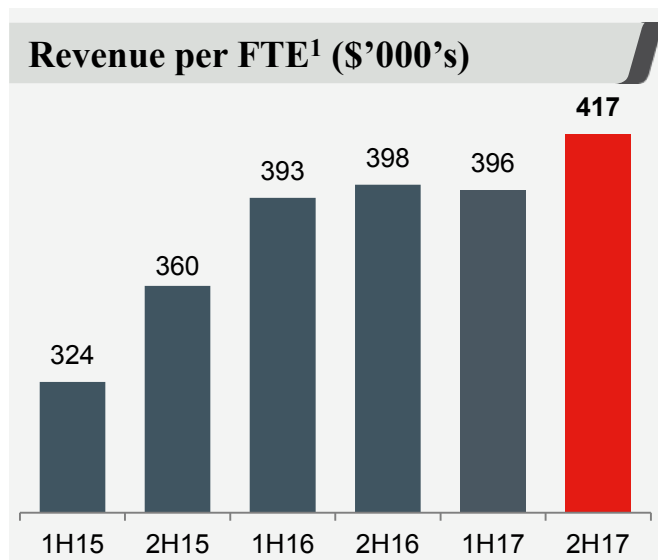
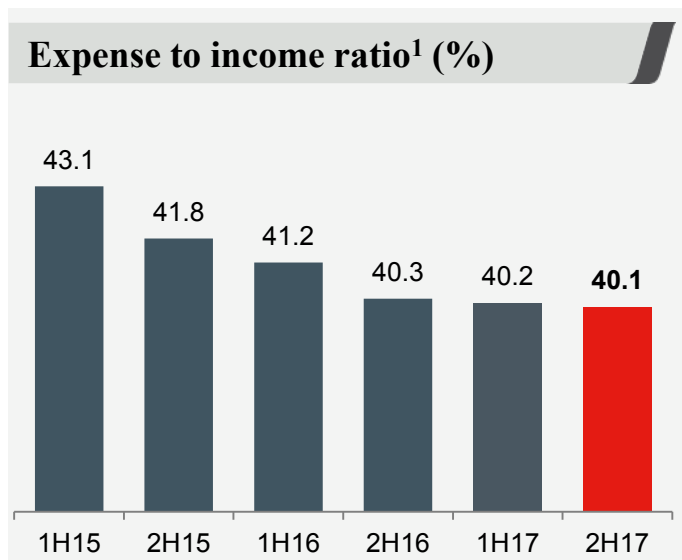
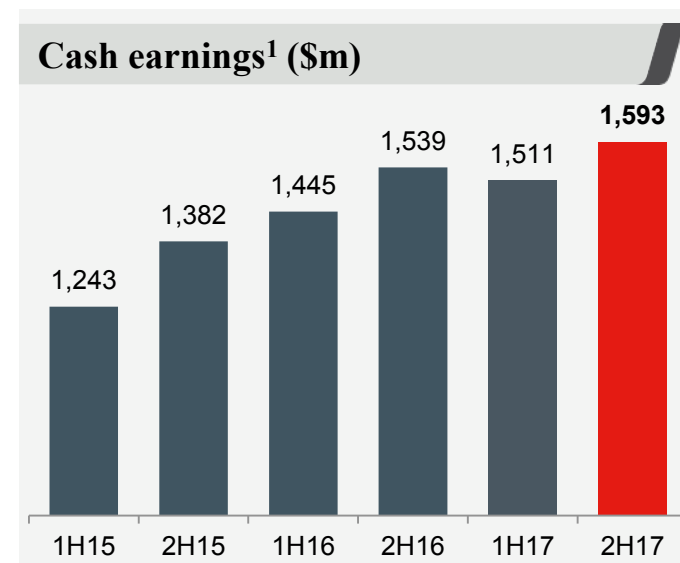
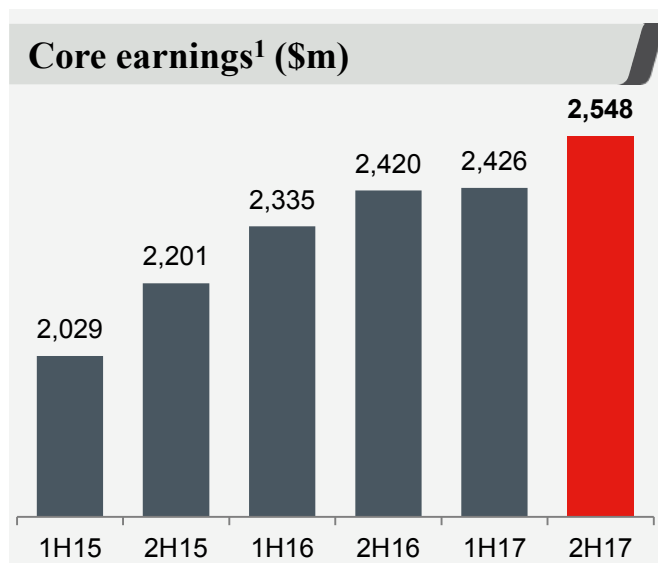
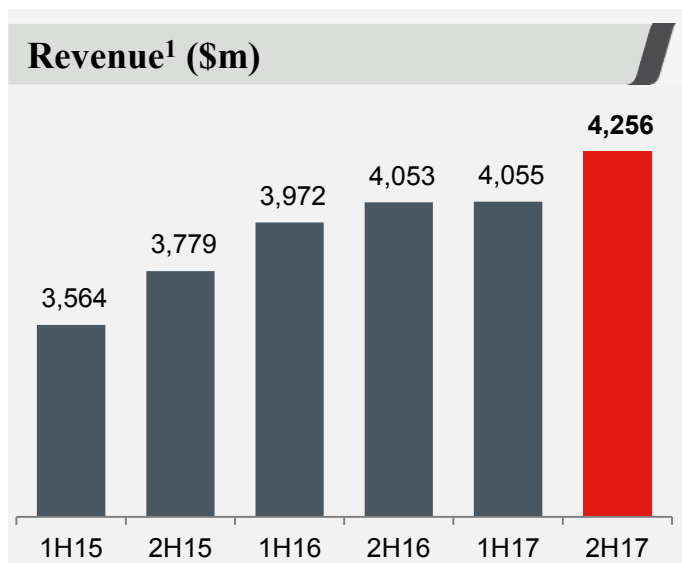
Key financial metrics

	2H16	1H17	2H17	Change on 1H17
Revenue (\$m)	4,053	4,055	4,256	5%
Net interest margin (%)	2.34	2.28	2.35	7bps
Expense to income (%)	40.3	40.2	40.1	(4bps)
Customer deposit to loan ratio (%)	52.4	52.8	52.9	13bps
Stressed assets to TCE (%)	0.61	0.64	0.62	(2bps)

Key operating metrics

	2H16	1H17	2H17	Change on 1H17
Total customers (#m)	8.8	8.9	9.1	2%
Active digital customers (#m)	3.6	3.8	4.0	5%
Total branches (#)	1,085	1,059	1,046	(13)
Customer satisfaction ¹ (%)	81.3	81.6	81.9	30bps
Net promoter score (NPS) ¹ 6mma	4 th	4 th	1 st	+4.9
Service quality – complaints (#'000)	13.1	11.8	12.7	8%

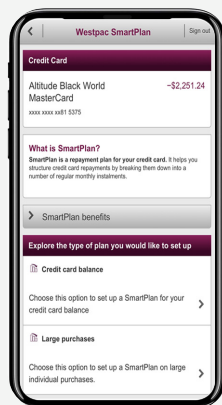
A disciplined 2H17 performance



¹ Following an update to the Group's capital allocation framework, numbers prior to 1H17 have been restated to ensure comparability to 1H17 and 2H17.

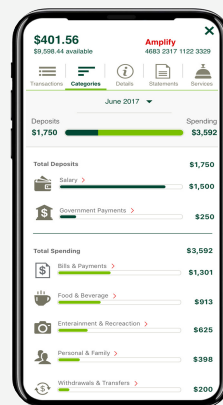
SmartPlan

- Launched in May 2017, SmartPlan is a structured repayment plan that helps customers manage their credit card balance by breaking it down into a number of regular monthly instalments – all within their existing credit limit
- Supported with SMS alerts to assist customers to make their payments on time
- Over 3,700 SmartPlans have been established



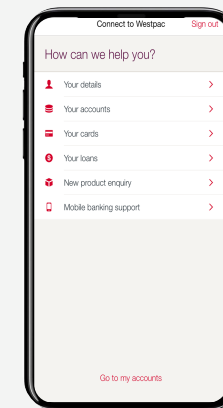
Categorisation of spend

- Enables St.George customers to obtain insight into their spending patterns
- Automatically groups credit card, everyday¹ and savings account transactions into categories
- Monthly spend is categorised by category and sub-category



Banker in Pocket – all brands

- Enables customers to ring the contact centre directly from mobile app with no need to verify with security questions
- Saves ~60-90 seconds per call
- Before connecting to the contact centre, customers directed to a targeted self-serve option, with around 50% of customers taking up the self-serve option



Bump

- Bump Savings account introduced in April. Designed to encourage children (and their parents) to develop saving habits
- The account has no fees, a competitive base interest rate (1.5%) and the opportunity to earn a bonus interest rate (plus 0.8%)
- For eligible children², Westpac will deposit \$200 into their account
- Since launch, around 33,000 accounts have been opened, with an average balance of \$1,400. 25% are new to bank customers

Westpac Life

- Westpac Life is a new savings product designed to help customers save on a regular basis by rewarding savings behaviour (1.5% plus 0.8% bonus if balance is higher at month end)
- Since the August launch, over 25,000 accounts have been opened, with an average balance of \$32k
- 37% of these accounts are for customers who have not had a savings account with Westpac

Westpac Lite

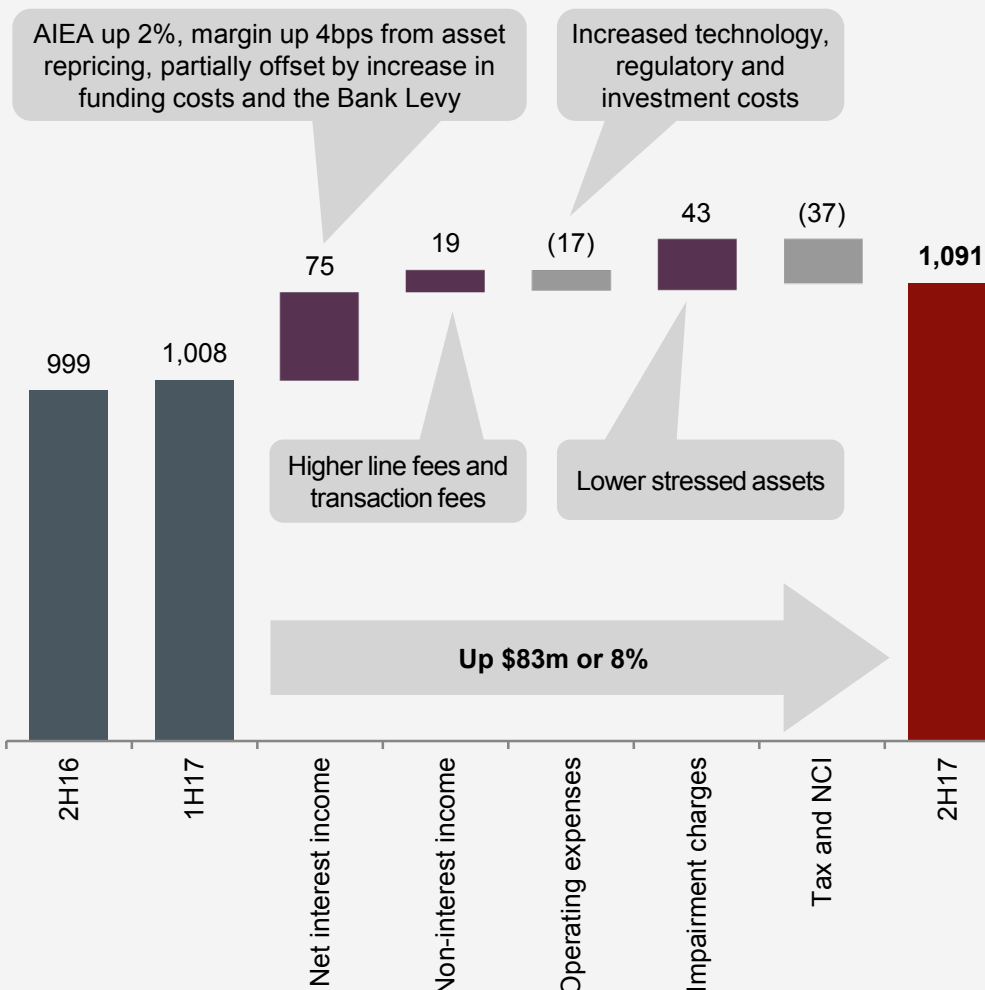
- Launched in June, Westpac Lite is a basic credit card with a low interest rate (9.90%) and low fees
- No fees for foreign transactions or late payments
- Low credit limit, between \$500 and \$4,000
- Over 1,600 cards activated since launch



¹ Everyday accounts are consumer transaction accounts. ² Eligible children must be born in 2017, have a permanent Australian residential address and have the Bump Savings account opened in their name by 31 May 2018.

Business Bank delivers another solid result

Cash earnings (\$m)



Key financial metrics

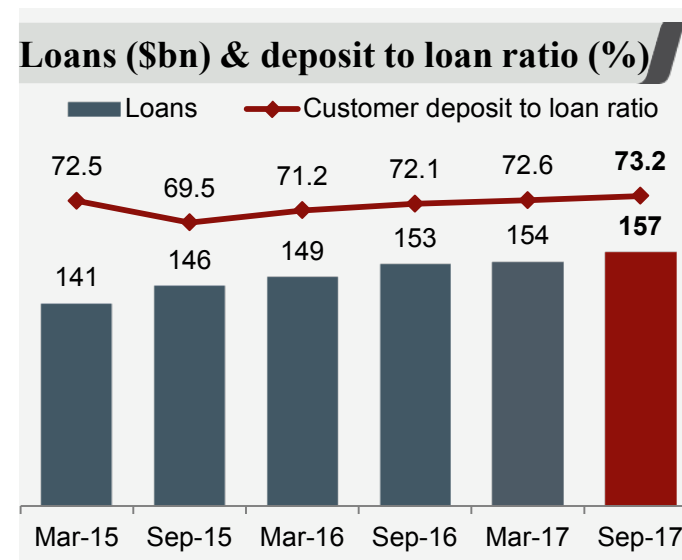
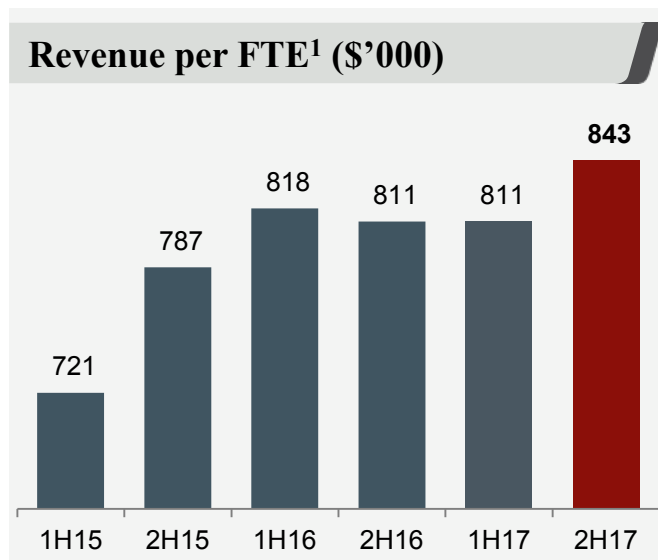
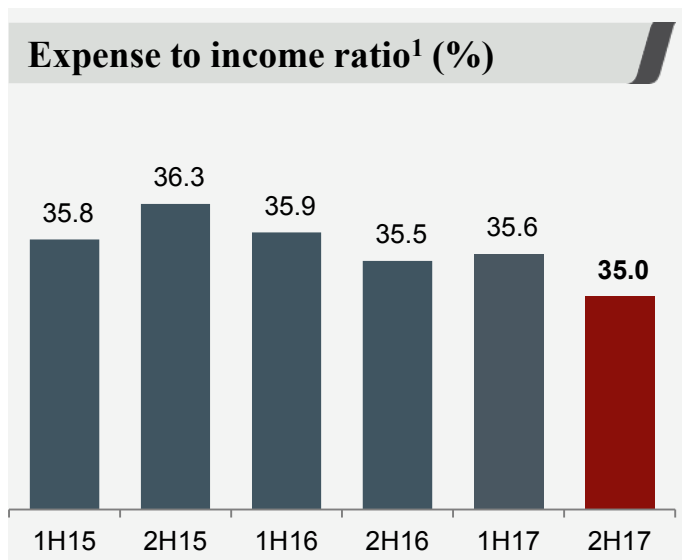
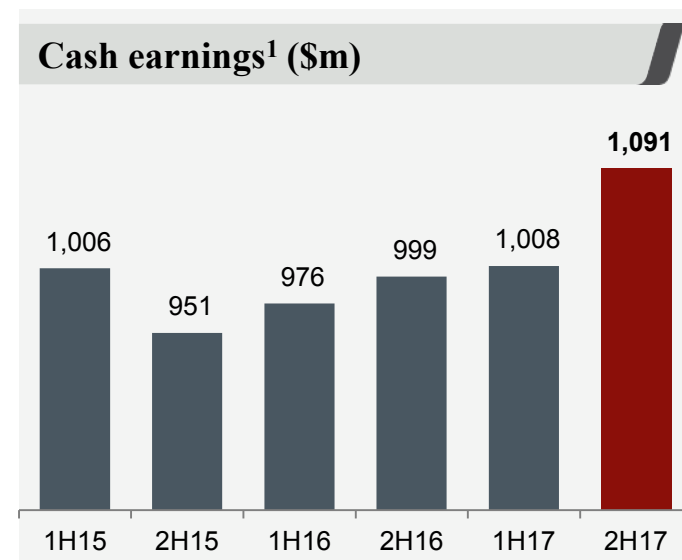
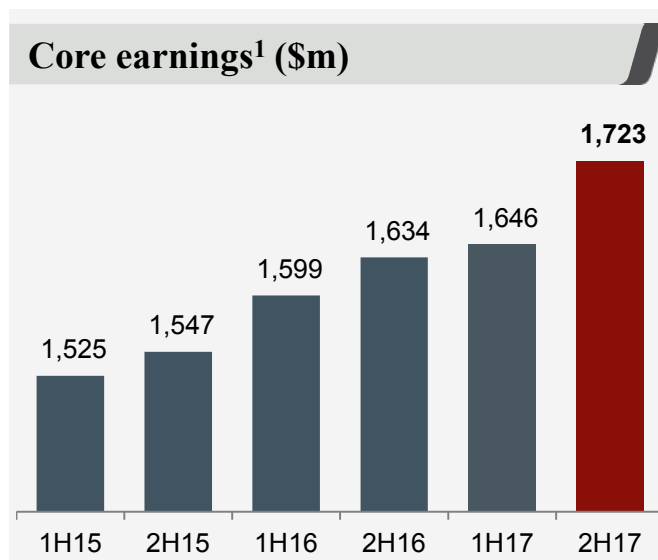
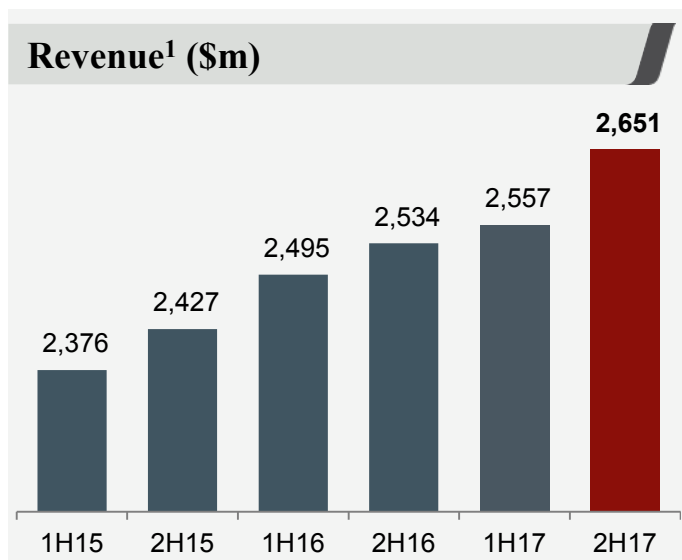
	2H16	1H17	2H17	Change on 1H17
Revenue (\$m)	2,534	2,557	2,651	4%
Net interest margin (%)	2.72	2.70	2.74	4bps
Expense to income (%)	35.5	35.6	35.0	(62bps)
Customer deposit to loan ratio (%)	72.1	72.6	73.2	62bps
Stressed assets to TCE (%)	2.24	2.32	2.16	(16bps)

Key operating metrics

	2H16	1H17	2H17	Change on 1H17
Total business customers ('000's)	1,170	1,183	1,207	2%
Customer satisfaction ¹ (rank)	#1	=#1	#1	-
Customer satisfaction - SME ¹ (rank)	#1	#2	#1	+ 1 place
Digital sales (%) ²	9	10	12	+ 2ppt
Loans via LOLA (\$m) ³	729	1,236	1,244	1%

1 Refer slide 136 for metric definition and details of provider. 2 Represents the % of sales of products that are available via digital. 3 Loans via LOLA in 2H16 includes both loans completed on the platform and conditional limits. From 1H17 this metric no longer includes conditional limits.

A disciplined 2H17 performance



¹ Following an update to the Group's capital allocation framework, numbers prior to 1H17 have been restated to ensure comparability to 1H17 and 2H17.

Digital for bankers

LOLA

LOLA, the division's simplified loan origination platform continues to deliver reduced processing times and faster credit decisions to customers. \$2.5bn loans processed via LOLA in FY17

Optimist

Enhancements to the credit risk management system have reduced manual processing and saved time by simplifying credit risk reviews, serviceability assessments and automated covenant monitoring

**St.George
"Walk-out-working"**

New businesses to the St.George brands can be established over the phone in 10 mins, without the need to visit a branch for verification. Includes account opening, ordering a new debit card and the set up of internet banking

Digital for customers

**Westpac
Live**

- Providing more digital self service options, including new deposit account opening and instant decisions on overdrafts¹
- Digital sales accounted for 11% of sales in FY17 (8% in FY16)²



eStatements

- Converted over 300,000 accounts to eStatements

Payment solutions



**Enhanced
merchant
terminal
capabilities**

- Including Union Pay card acceptance, surcharge configuration and improved reporting (such as shift totals, tips, transaction listings)
- Over 2017, merchant numbers are up 4%



**Product
rationalisation**

- Rationalising deposit products to a core set providing greater clarity to customers and improving efficiency through streamlining processes and systems
- To date, 30 products have been closed or grandfathered with 110,000 customers migrated



**Simplified
onboarding
process**

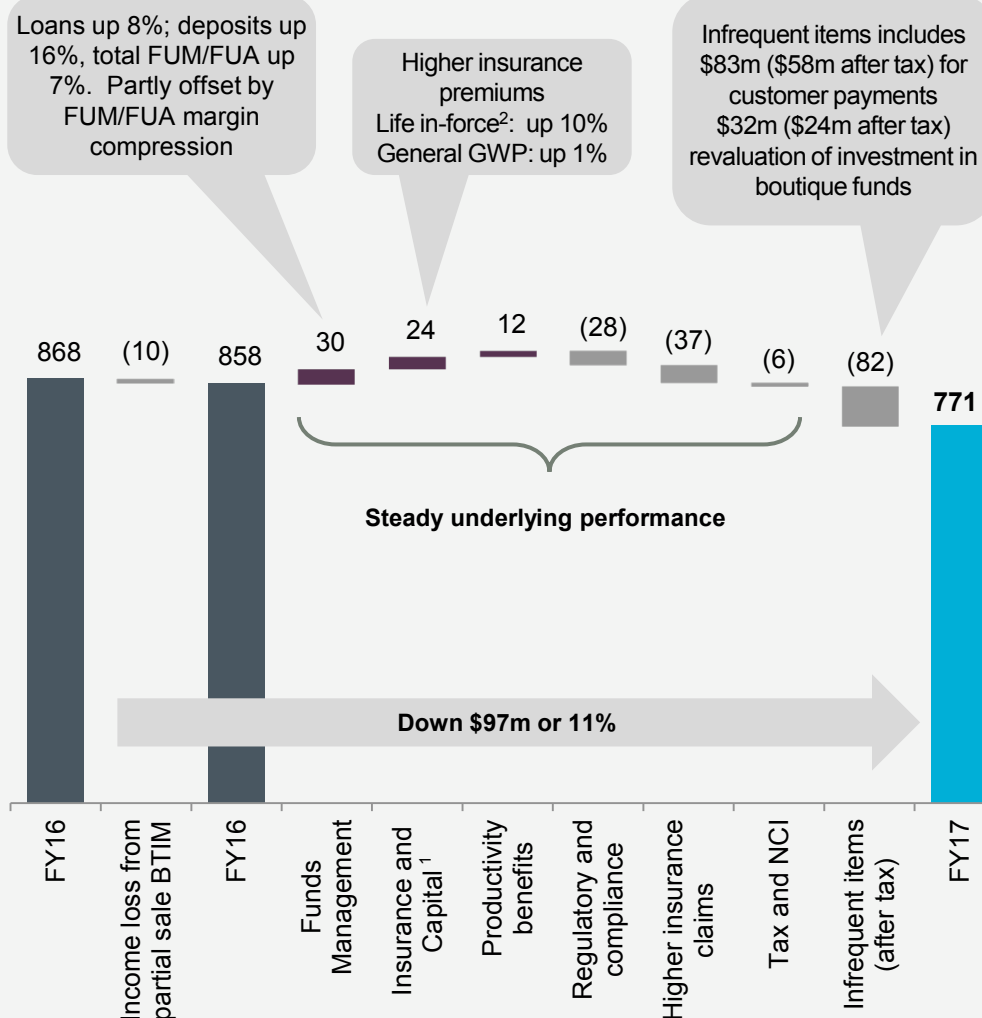
- For Westpac Commercial customers, reducing 25 forms to 1 single application for transaction products



¹ For existing customers with credit limits. ² Represents the % of sales of products that are available via digital.

BT continued business growth offset by industry headwinds

Cash earnings (\$m)



Key financial metrics

	FY15	FY16	FY17	Change on FY16
Revenue (\$m)	2,626	2,394	2,281	(5%)
Expense to income (%)	49.0	48.5	51.6	large
FUM and FUA (\$bn) (spot)	168.2	179.2	191.4	7%
Loans (\$bn) (spot)	17.2	18.6	20.1	8%
Deposits (\$bn) (spot)	23.4	25.5	29.7	16%

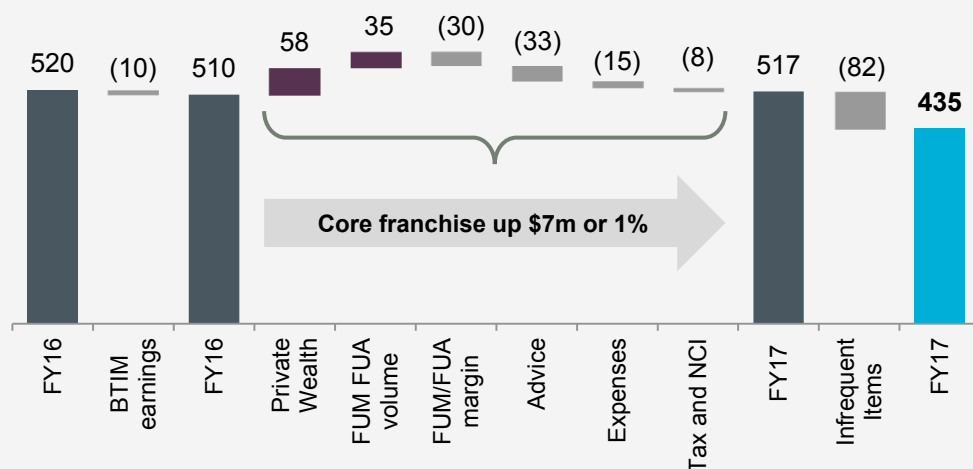
Key operating metrics (\$m)

	2H16	1H17	2H17	Change on 1H17
Customers with a wealth product³ (%)	19	19	18	(1ppt)
Planners (salaried & aligned) (#) (spot)	1,134	1,094	1,011	(83)
Platform FUA market share⁴ (inc. Corp Super) (%)	19	19	19	(10bps)
Platform gross flows market share⁴ (inc. Corp Super) (%)	21	20	21	1ppt
Life Insurance market share⁵ (%)	11	12	12	10bps
Life Insurance in-force premiums (\$m)	973	1,030	1,068	4%
H&C insurance market share⁶ (%)	6	6	6	-
General Insurance gross written premiums (\$m)	258	250	258	3%

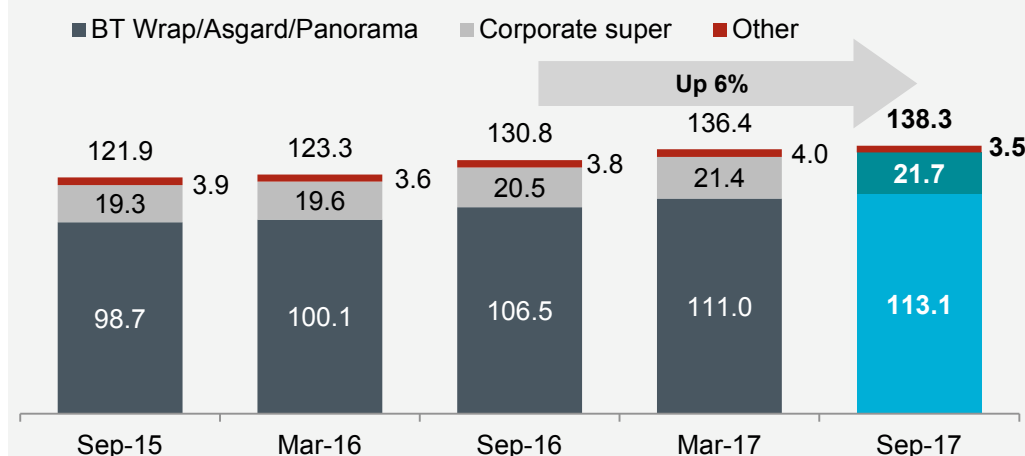
1 Includes income (\$10 million) on invested capital balances required to held for regulatory purpose primarily in relation to Life Insurance entities. 2 Excluding one-off increase of \$32 million for methodology change in the calculation of premium discounts, in-force premium growth on Full Year 2016 is 6%. 3 Refer slide 136 for details of metric and metric provider 4 Strategic Insight, All Master Funds Admin as at June 2017 (for 2H17), as at December 2016 (for 1H17), as at June 2016 (for 2H16) and represents the BT Wealth business market share at these times. 5 Strategic Insight (Individual Risk) rolling 12 month average. New sales includes sales, premium re-rates, age and CPI indexation June 2017. 6 Internally calculated from APRA quarterly general insurance performance statistics, June 2017.

Funds management: Growth in Private Wealth and Platforms offset by margin compression and lower Advice income

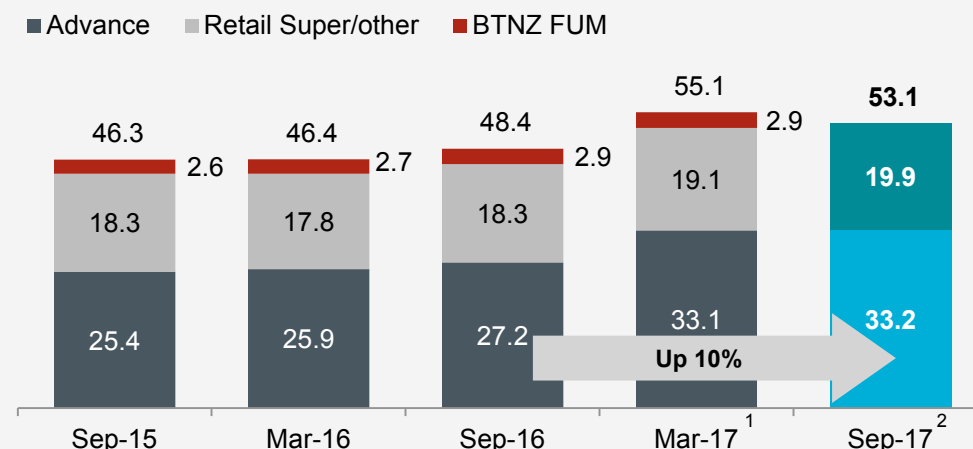
Cash earnings movement (\$m)



FUA (\$bn)

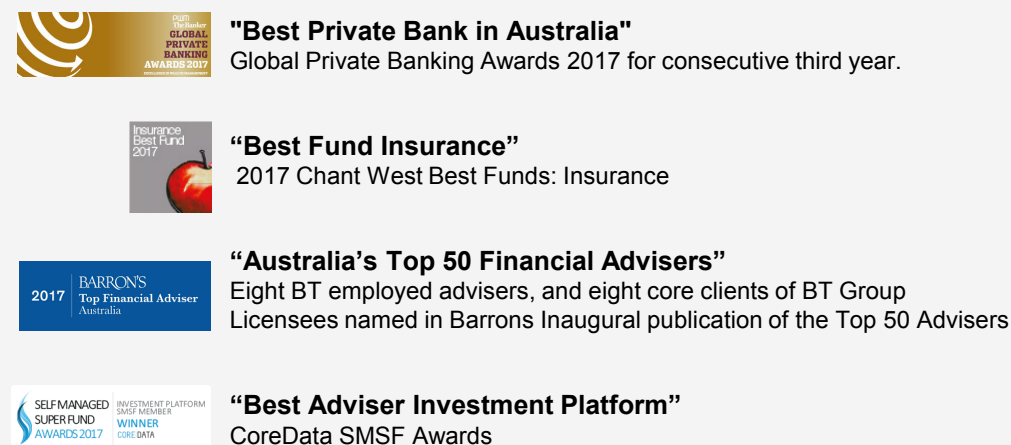


FUM (\$bn)

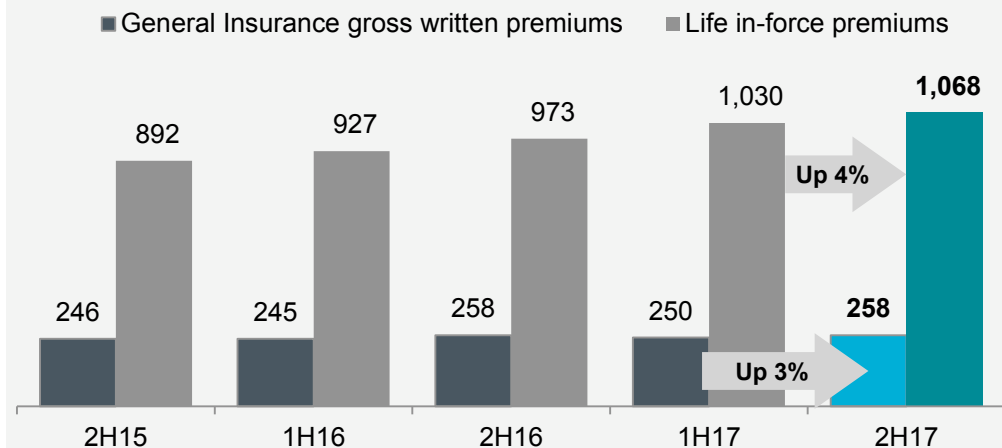


¹ Includes \$4bn increase due to MySuper migrations which occurred in late 1H17. ² \$2.9bn redemption of BTNZ FUM which is now being managed through BTNZ.

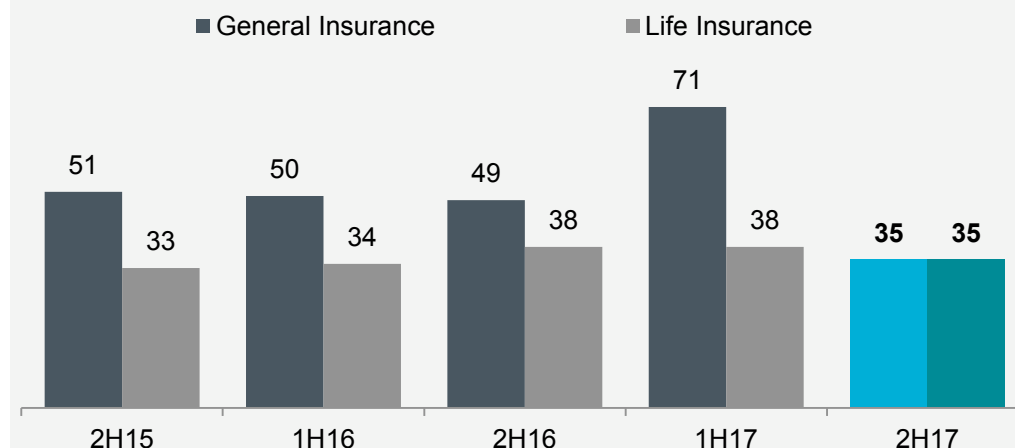
Industry recognition



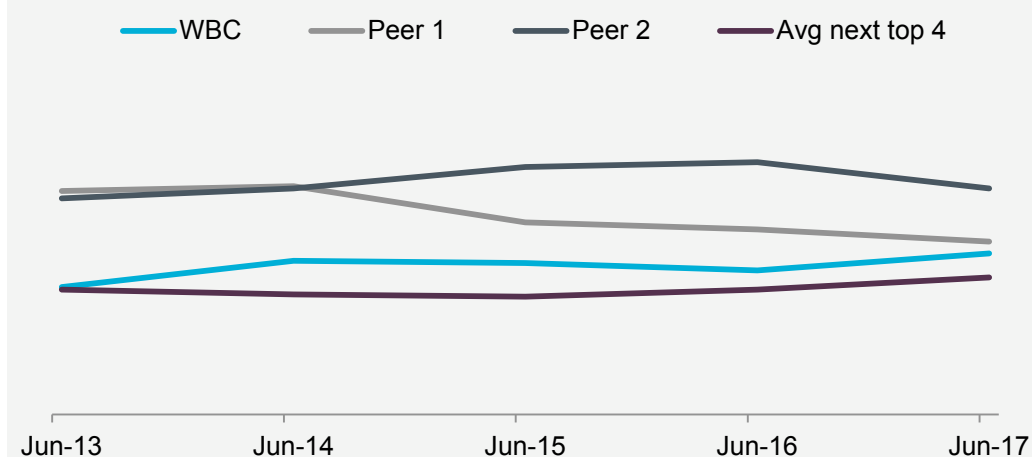
Insurance premiums (\$m)



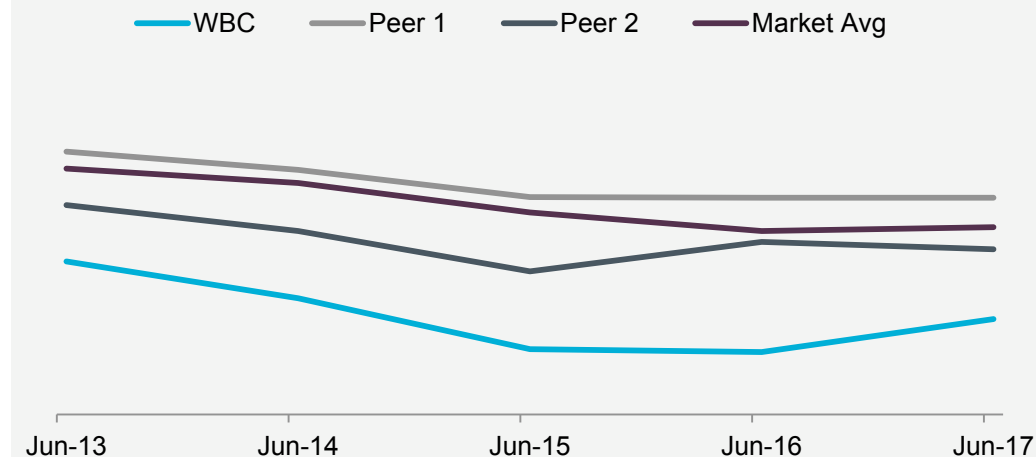
Insurance claims rates (%)



Life Insurance individual new sales market share¹ (%)



Life Insurance lapse rates¹ (%)



¹ Strategic Insight June 2017.

Panorama: a market leading wealth management system for customers and advisors

One core operating system

One of the first platforms to support complex account types online, such as SMSFs

One system for investors & advisors

Building on our direct customer investment offers by leveraging Panorama's integration with Westpac's banking systems

Investments



A direct investment offer, integrated with Westpac Live

SMSFs



Unique end-to-end solution from establishment, administration to reporting

Super



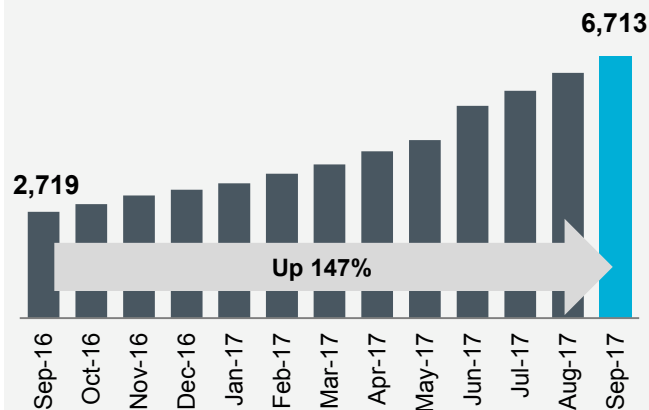
Personal Super for advised and direct customers

Insurance

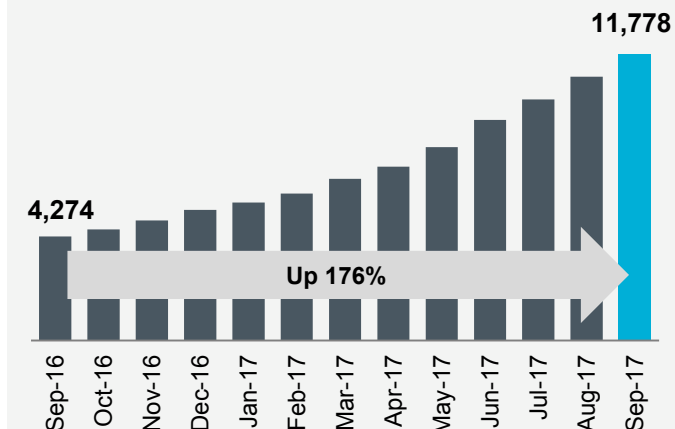


Investment, superannuation and pension with integrated insurance

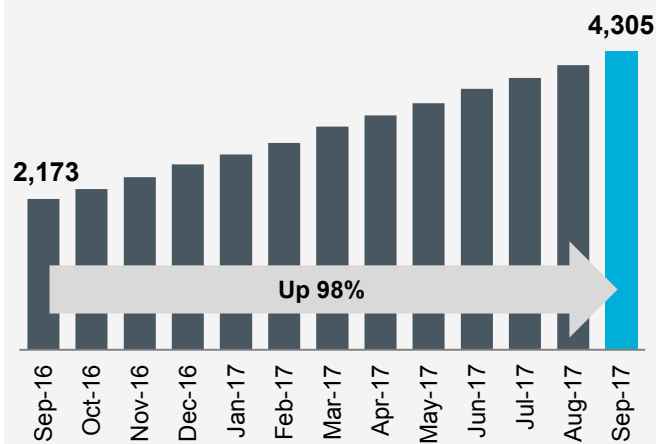
FUA on Panorama (\$m)



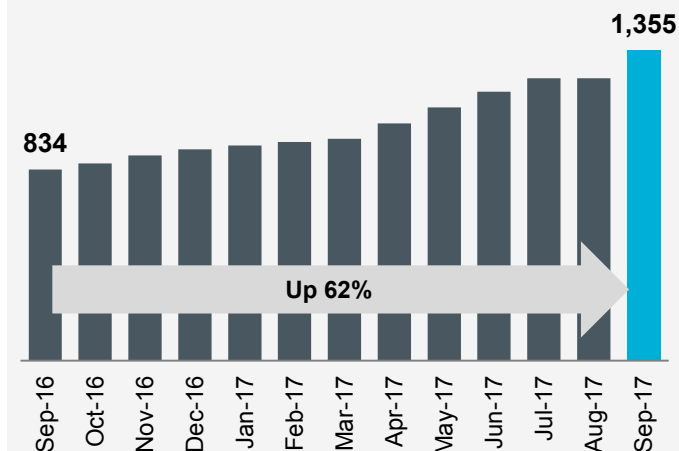
Investors on Panorama (#)



SMSF Funds on Panorama (#)

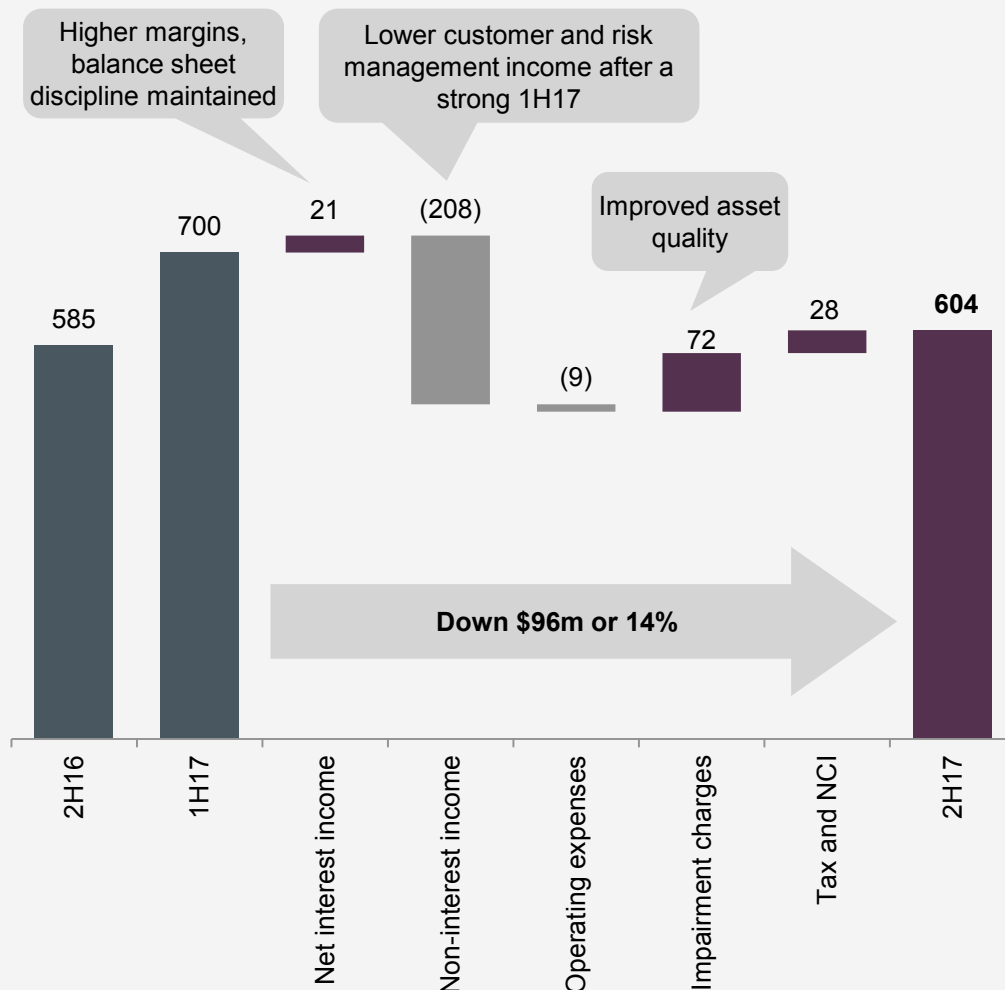


Advisers using Panorama (#)



WIB 2H17 result reflects lower markets income after a strong 1H17 and significantly lower impairment charges

Cash earnings (\$m)



Key financial metrics

	2H16	1H17	2H17	Change on 1H17
Revenue (\$m)	1,505	1,700	1,513	(11%)
Net interest margin (%)	1.76	1.77	1.85	8bps
Expense to income ratio (%)	45.0	38.6	44.0	large
Customer deposit to loan ratio (%)	119.8	131.2	120.8	large
Stressed assets to TCE (%)	0.88	0.59	0.55	(4bps)

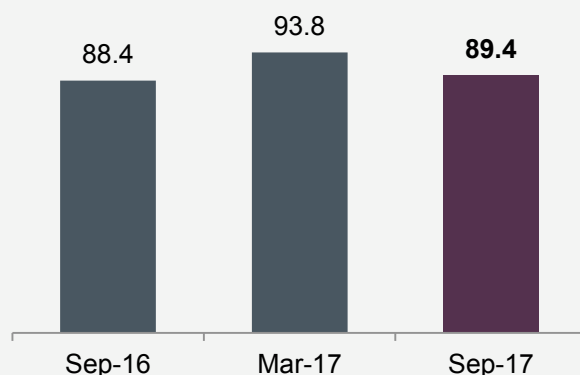
Key operating metrics

	2H16	1H17	2H17	Change on 1H17
Customer revenue ¹ / total revenue (%)	82	77	85	large
Trading revenue / total revenue (%)	6	14	5	(large)
Revenue per FTE (\$'000)	555	631	564	(11%)
Deposits (\$bn)	88.4	93.8	89.4	(5%)

¹ WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading, derivative valuation adjustments and Hastings.

Disciplined balance sheet management

WIB deposits (\$bn)



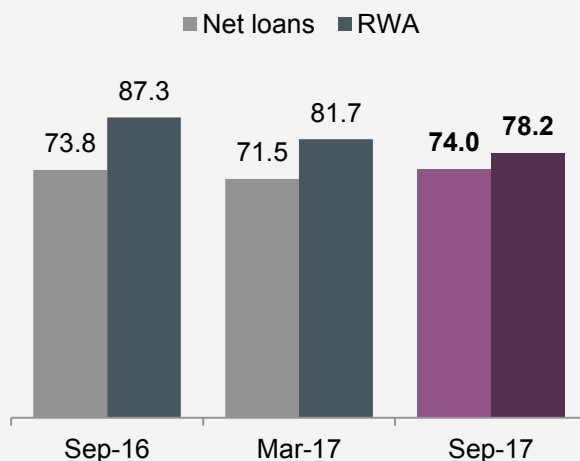
Deposits

- Deposits 5% lower reflecting the roll-off of some government deposits towards the end of 2H17
- Average balances up 4%

Net loans

- 3% increase in loans primarily reflects an increase in the use of mortgage warehouse facilities following a decline in 1H17

WIB net loans and RWA (\$bn)



Margin

- Margin up 8 basis points to 1.85% reflecting continued discipline on lending spreads and an improved funding mix, with higher average deposit balances over the half

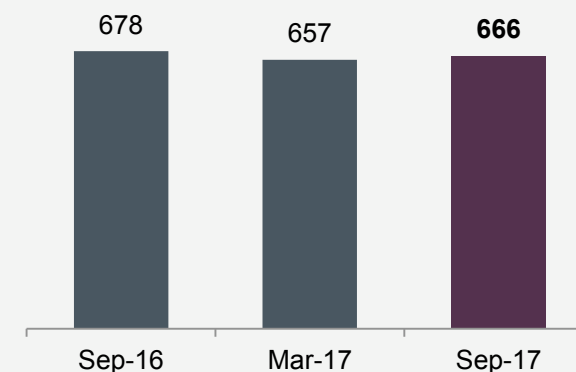
ROE

- Discipline reflected in FY17 return on average equity 13.4% (2H17: 12.7%)

Expense control

- Expense growth 1% supported by productivity initiatives, including refinement of the offshore operating model

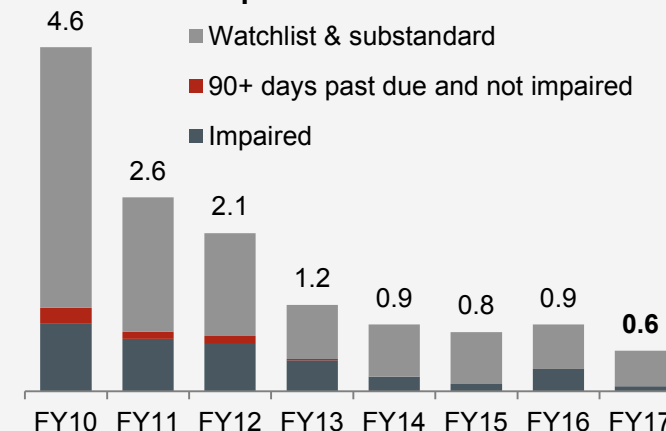
WIB expenses (\$m)



Portfolio stress remains at historically low levels

- Portfolio performing well, with very low stress levels
- Impaired assets to TCE 0.07%, down 11bps
- Impairment provisions to impaired assets 2H17 46.5% (1H17: 66.6%)

Stressed exposures as a % of TCE



Delivering for customers with leading industry expertise and capabilities



Strong and enduring customer franchise

- 864 transactional banking relationships
- 99% transactional banking retention rate¹
- 94% of the ASX100 bank with Westpac Institutional Bank
- Main transaction banker to 4 of the 8 State and Territory governments and several Commonwealth Government agencies



Industry expertise and capability

- 7 out of 10 major infrastructure deals won in FY17; >\$45bn total infrastructure project value
- Provided >\$2.4bn of new committed funding in support of Australian and NZ infrastructure sector in FY17
- Provided funding commitments to support over 2,100MW of Renewable Energy projects, enough to power over 1.1 million homes when complete



Well positioned for opportunities as they arise

- Continuing the landmark successes for Ausgrid, WIB acted as joint lead placement agent for the largest ever Australian corporate international USPP for Ausgrid, raising USD\$1.88 billion (AUD\$2.4 billion) alongside alliance partner, BAML
- Building on success with QuickSuper's digital superannuation payments solutions, WIB is working with the Digital Business Council on developing eInvoicing standards



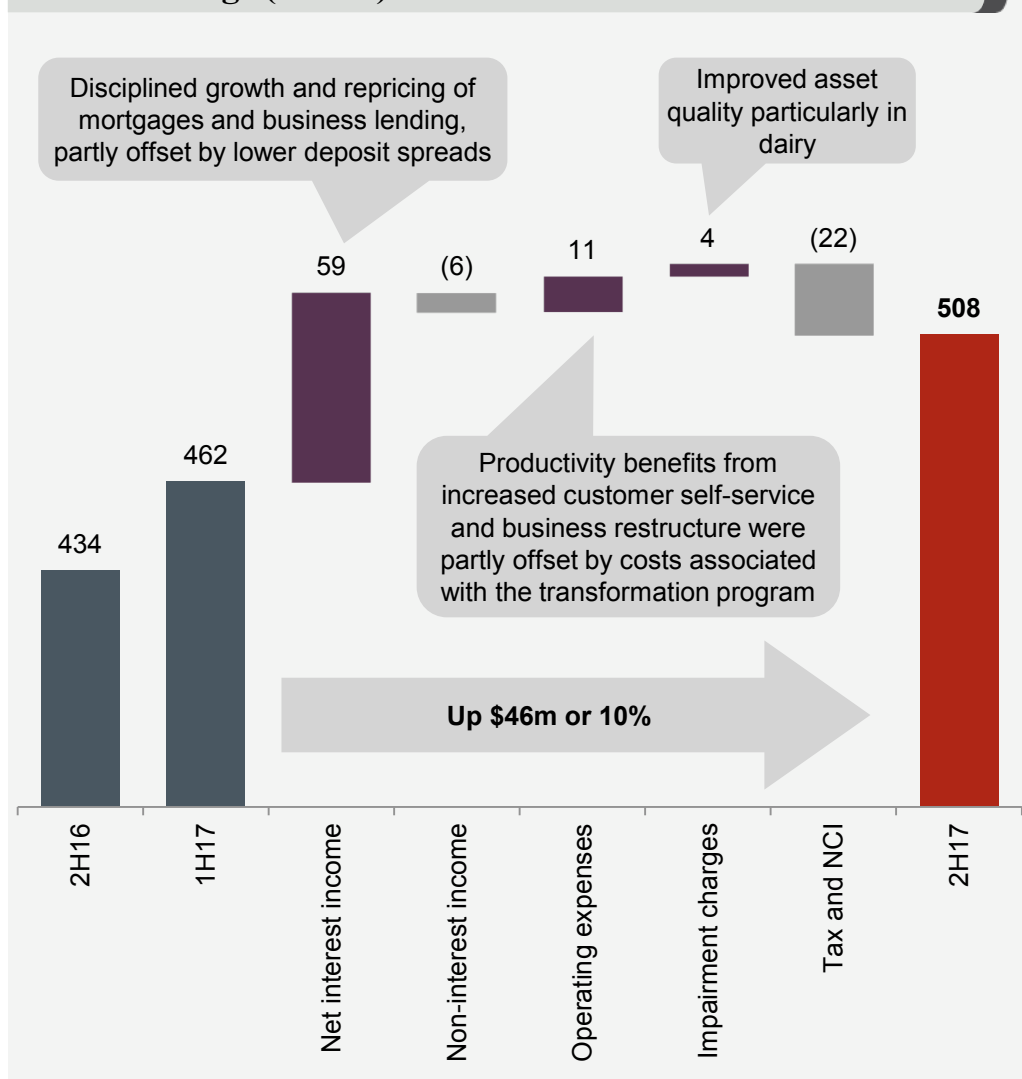
Investing in innovative customer solutions

- First to market with online Corporate Loan Portal
 - Over 40 customers currently being onboarded, with several already live on the portal
- LitePay enables low value international payments from online and mobile banking, offering a low cost, fast and transparent service for sending funds overseas
 - Available in 4 currencies including EUR, GBP, INR and PHP to 22 countries

¹ Transactional banking relationships retention rate defined as the percentage of transactional relationships at the start of FY17 that were retained through to the end of FY17.

NZ delivered improved 2H17 from margin management

Cash earnings (NZ\$m)



Key financial metrics

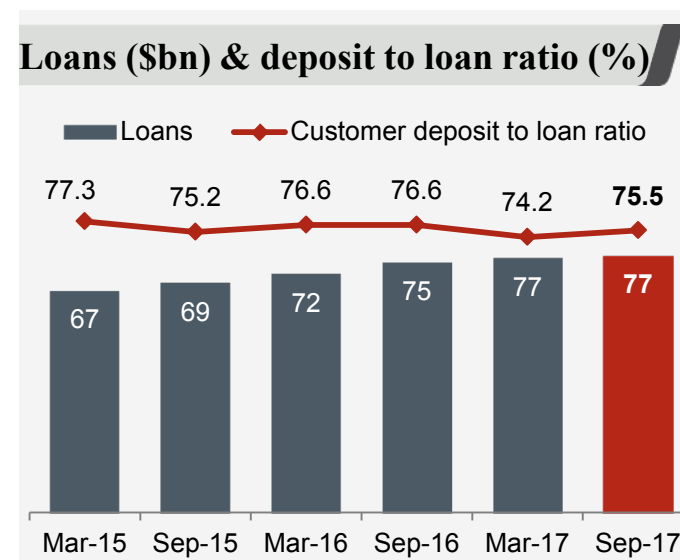
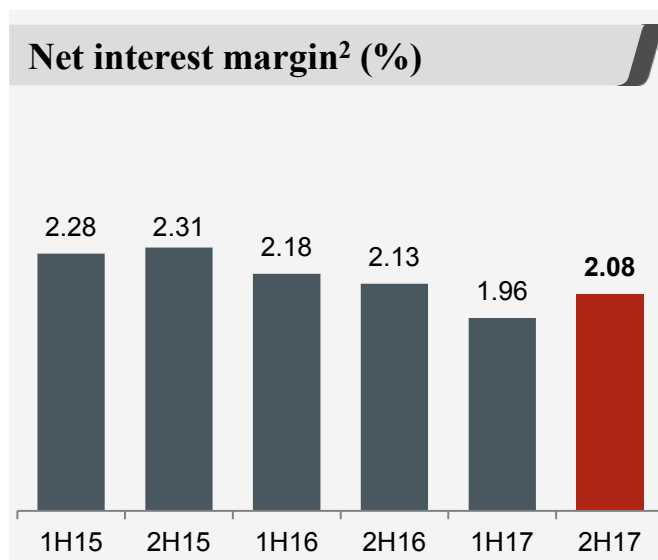
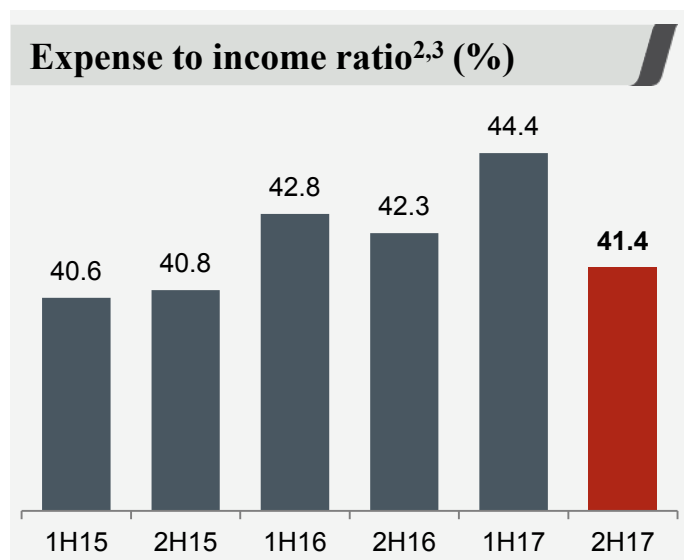
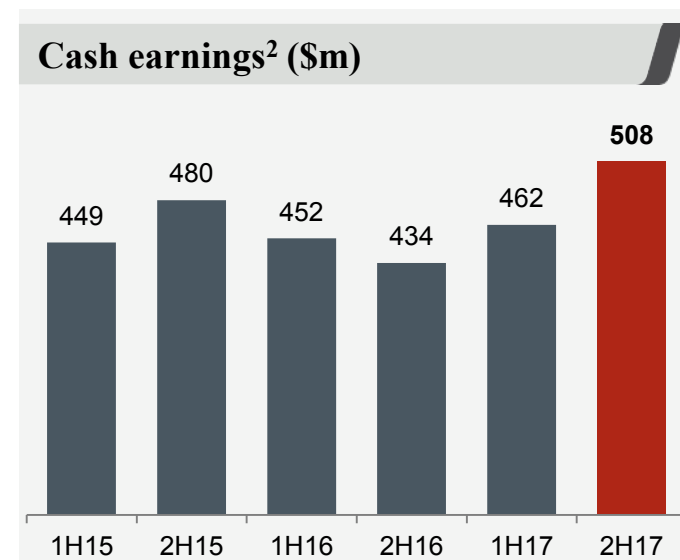
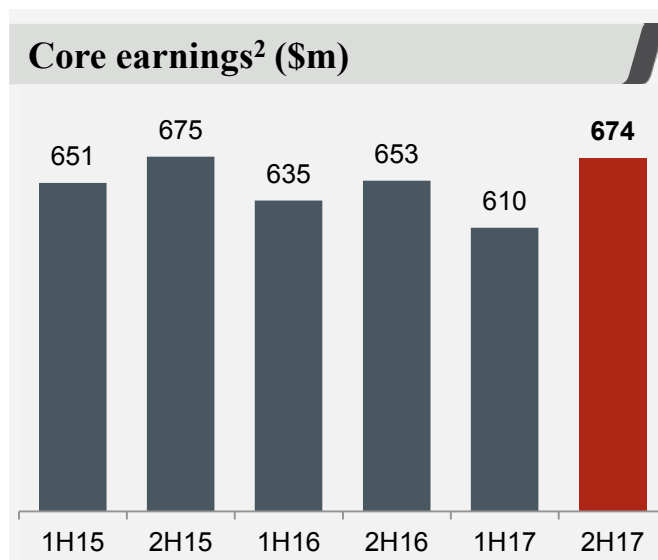
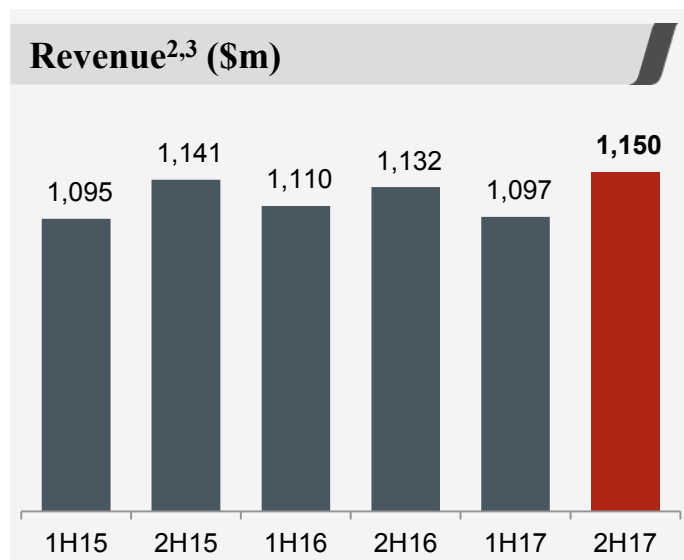
	2H16	1H17	2H17	Change on 1H17
Revenue (NZ\$m)	1,132	1,097	1,150	5%
Net interest margin (%)	2.13	1.96	2.08	12bps
Expense to income (%)	42.3	44.4	41.4	(300bps)
Customer deposit to loan ratio (%)	76.6	74.2	75.5	130bps
Stressed assets to TCE (%)	2.54	2.41	2.06	(35bps)

Key operating metrics

	2H16	1H17	2H17	Change on 1H17
Customers (#m)	1.35	1.36	1.35	-
Branches	189	170	169	(1)
Customers with a wealth product ¹ (%)	28.4	28.6	29.0	36bps
FUM and FUA (NZ\$bn) (spot)	9.5	9.7	10.1	4%
Service quality - complaints (000's)	13.2	11.4	9.6	(16%)

¹ Refer slide 136 for metric definition.

New Zealand key metrics¹



¹ All figures in NZ\$ unless otherwise indicated. ² Following an update to the Group's capital allocation framework, numbers prior to 1H17 have been restated to ensure comparability to 1H17 and 2H17.

³ Revenue and expense to income ratios prior to 2H17 have been restated to reflect the accounting change to the Westpac New Zealand credit card rewards scheme.

Improving the digital customer experience

Westpac One

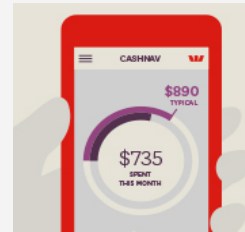
- Market leading online platform. Canstar Best Online Bank in New Zealand 2017, 2016, 2015
- Around 36% of all applications are online, with over 58% of all card applications
- 772k active digital customers up 14% since launch in April 2015
- Active digital customers 57% of total

2017 Canstar
Best Online Bank
in New Zealand



CashNav

- Integrated app to track finances and deliver spending insights
- Market first and leading - Canstar Innovation Excellence Award 2017
- Over 96,000 registrations to date since launched in September 2016

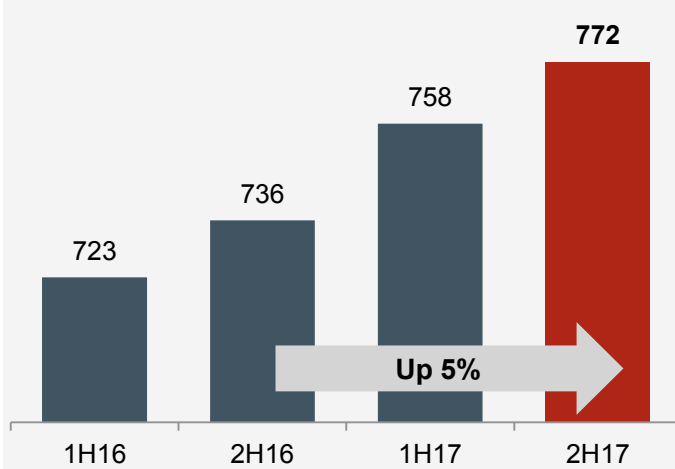


Transforming the network

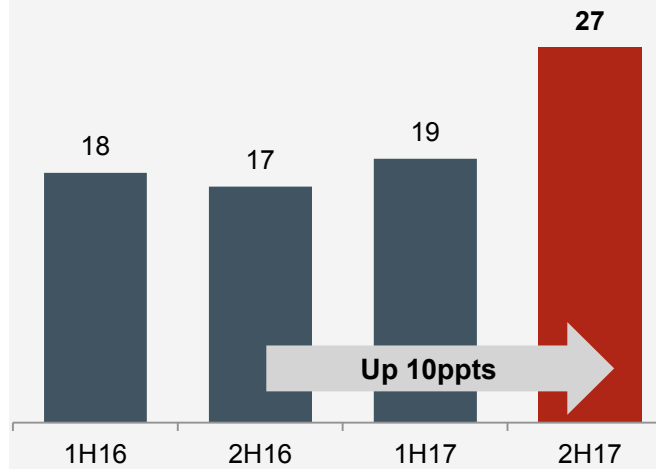
- Further enhancing 24/7 capability
- 175 SmartATM's across the country
- Market first with Reo Māori and Reo Waikato language options on ATMs and ATM coin dispenser
- Over 750k paper statements have migrated to e-Statements
- Over 700k transactions migrated to self-serve in the half



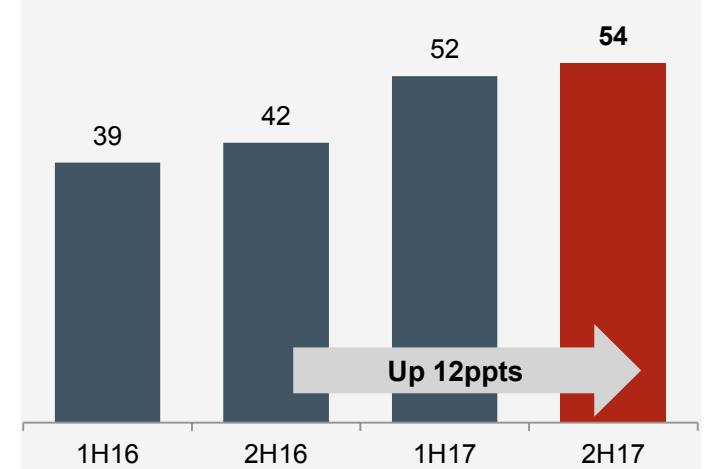
Digitally active customers (#'000's)



Digital sales (% of total sales)

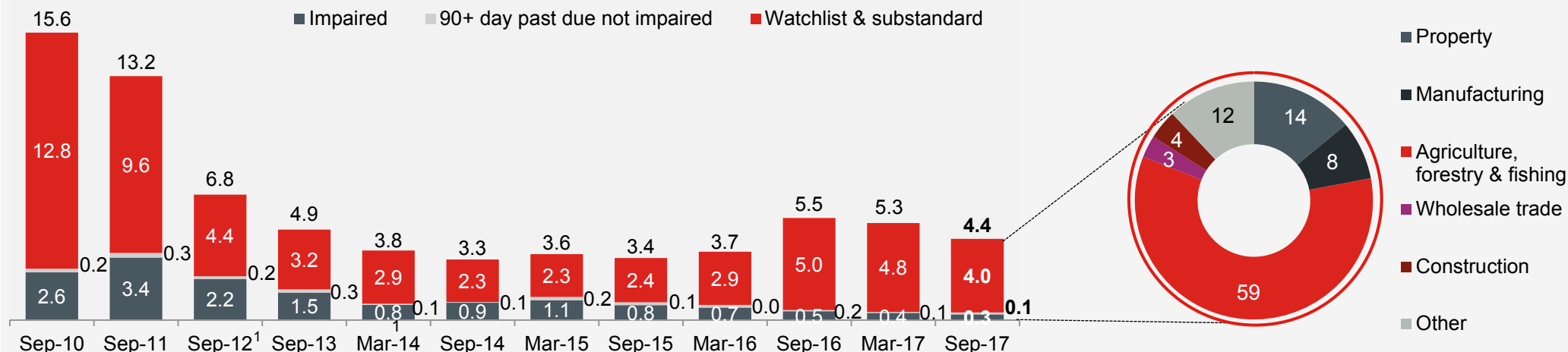


SmartATM deposits (% of total)



Stressed exposures lower as dairy portfolio improves

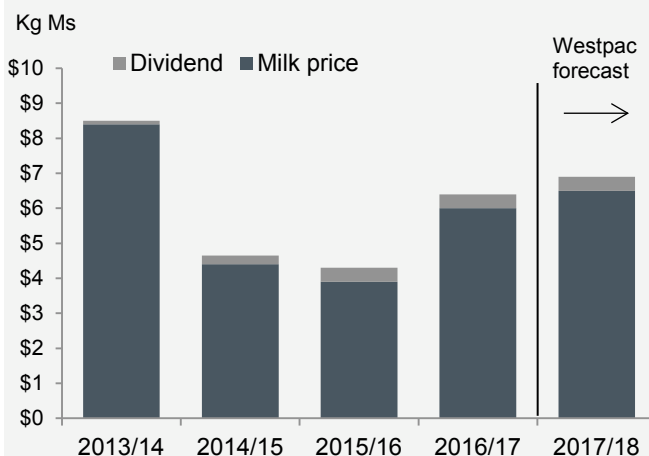
Business stressed exposures as a % of New Zealand business TCE



Agribusiness portfolio

	Sep-16	Mar-17	Sep-17
TCE (NZ\$bn)	8.6	8.6	8.9
Agriculture as a % of total TCE	8.1	8.0	8.2
% of portfolio graded as 'stressed' ²	18.6	16.9	13.5
% of portfolio in impaired	0.42	0.44	0.41

Milk price & Fonterra dividend (NZ\$)



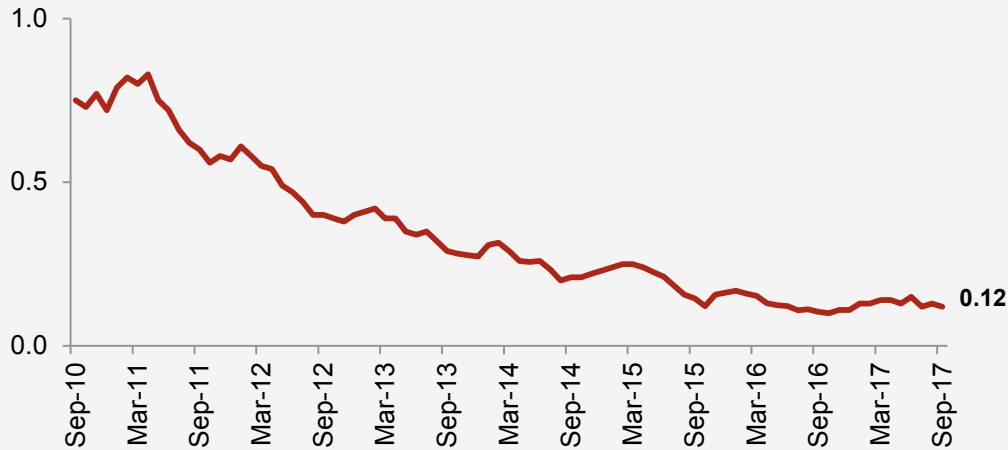
Summary

- Dairy portfolio's risk grade profile is improving following favourable milk price movements
- Focus remains on supporting existing dairy customers with proven long-term financial viability
- Expect portfolio to continue improving as high milk price translates to cash flow

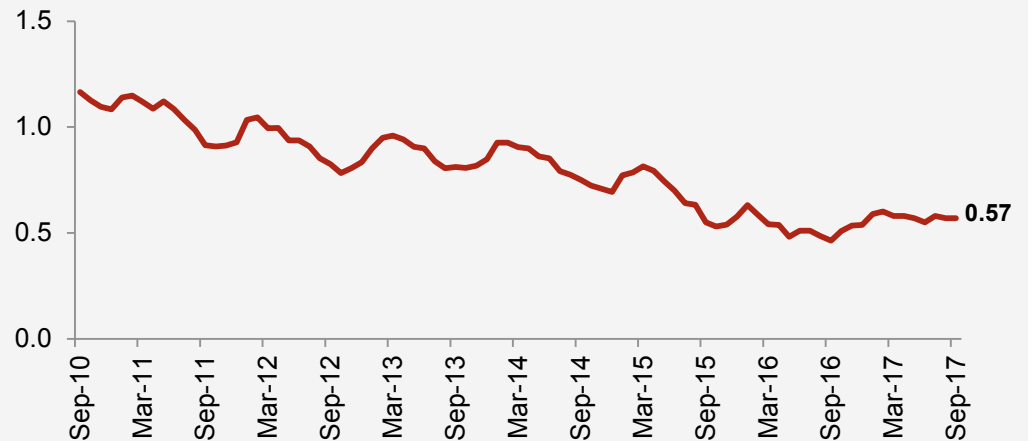
¹ Large reduction in stressed exposures from Sep 2011 to Sep 2012 due primarily to transfer of WIB assets during 2012. ² Includes impaired exposures.

Consumer asset quality in good shape

Mortgage 90+ day delinquencies (%)

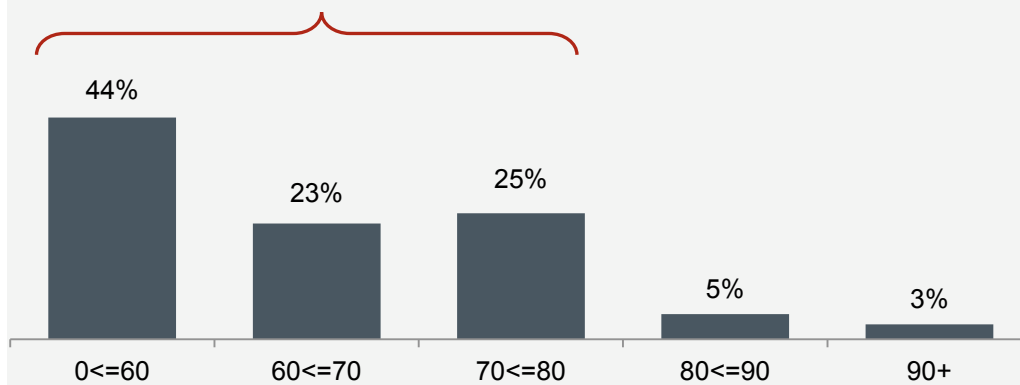


Unsecured consumer 90+ day delinquencies (%)



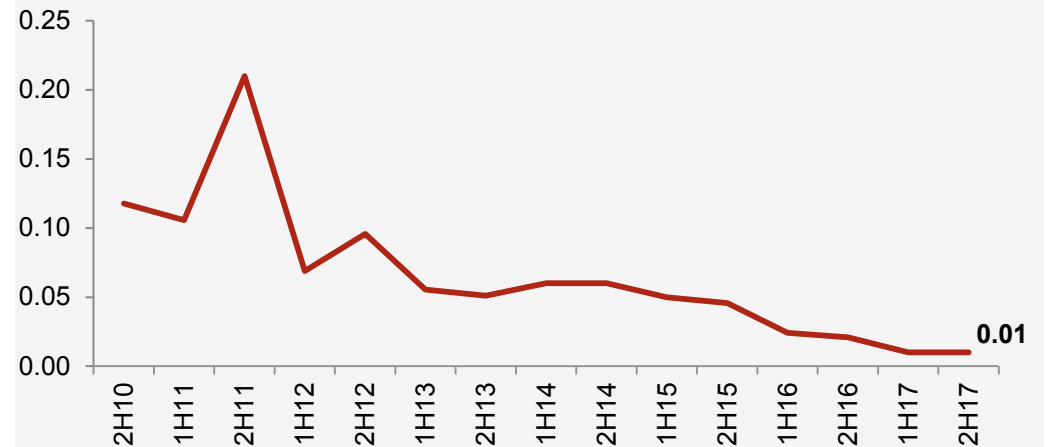
Mortgage portfolio LVR¹ (%) of portfolio

92% of mortgage portfolio less than 80% LVR



¹ LVR based on current loan and property value at latest credit event.

Mortgage loss rates each half (%)



200



200 years proudly supporting Australia

Economics

24/7 Banking

Australian economic snapshot

Economics | 115

Australian economy key statistics (latest available as at October 2017)

GDP **1.8%**

Westpac Economics Forecast
(end calendar 2018) 2.5%

Unemployment Rate **5.5%**

Westpac Economics Forecast
(end calendar 2018) 6.1%

Inflation **1.8%**

Westpac Economics Forecast
(end calendar 2018) 2.5%

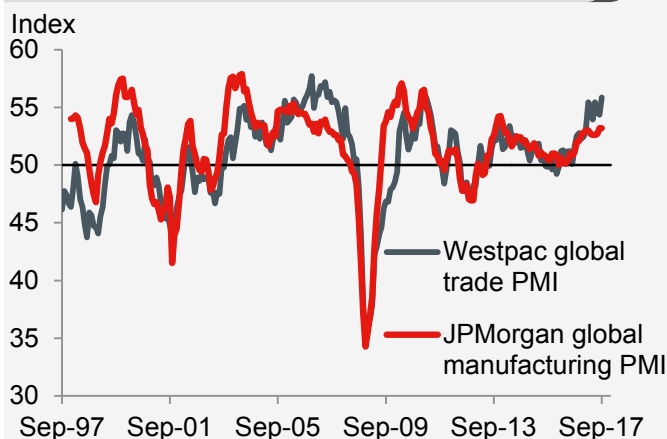
Cash Rate **1.50%**

Westpac Economics Forecast
(end calendar 2018) 1.50%

AUD/USD **US\$0.78**

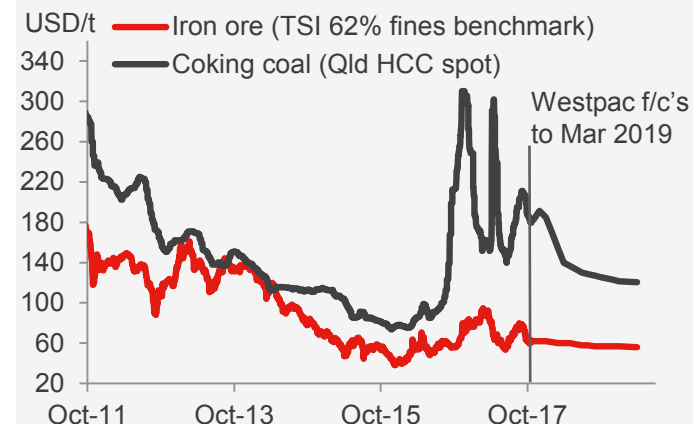
Westpac Economics Forecast
(end calendar 2018) US\$0.70

Global conditions have improved



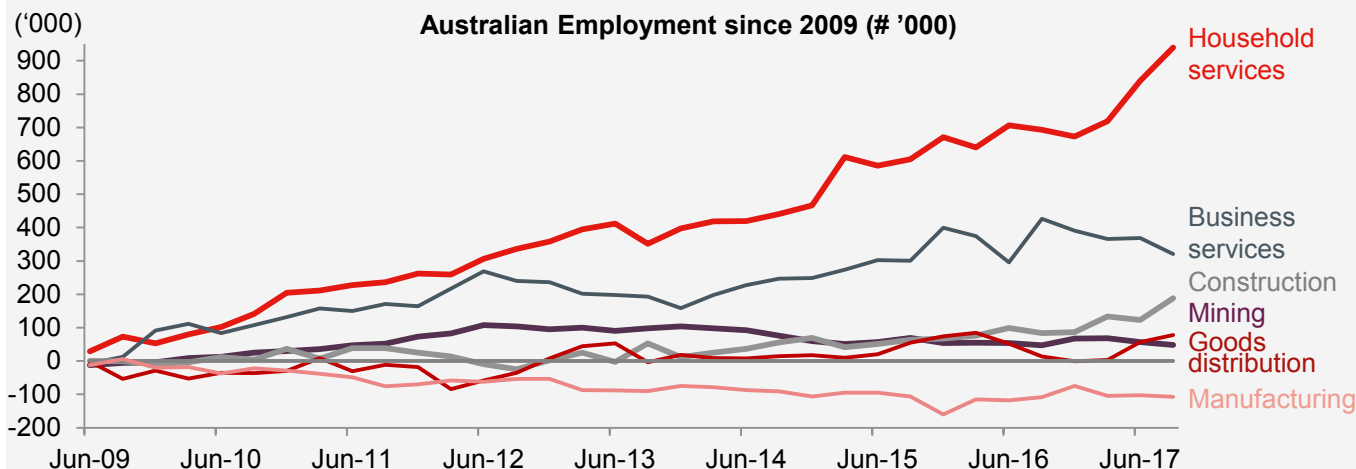
Sources: Reuters, Westpac Economics

Continued strength in commodity prices



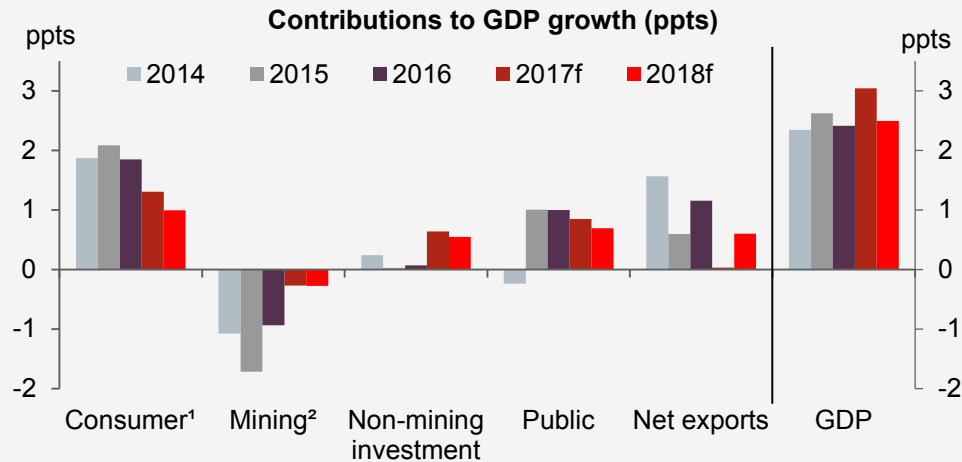
Sources: Westpac Economics, Bloomberg

Jobs growth



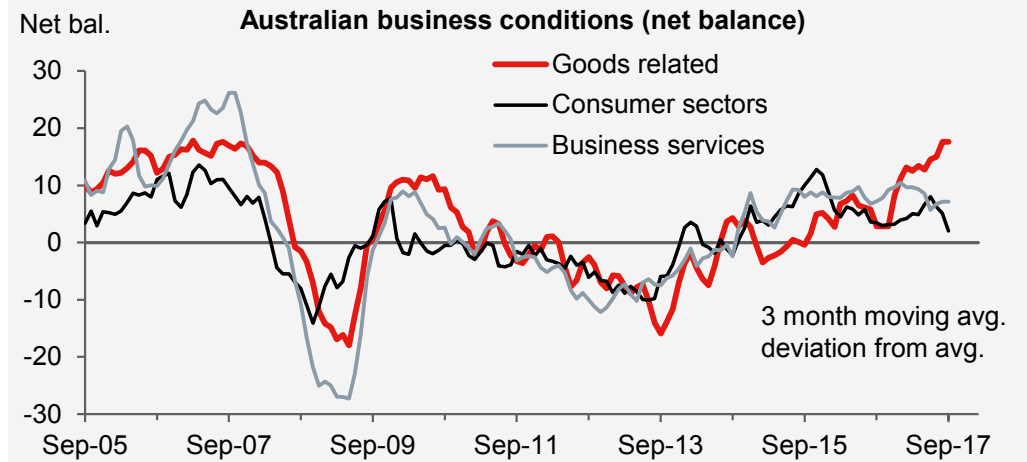
Sources: ABS, Westpac Economics.

Australian growth mix points to moderation in 2018



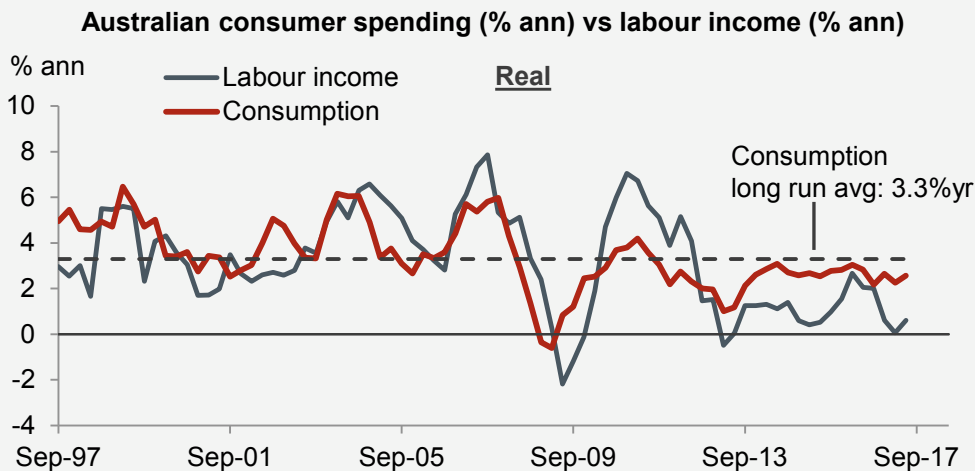
Sources: ABS, Westpac Economics.

Positive business conditions



Sources: NAB survey, Westpac Economics.

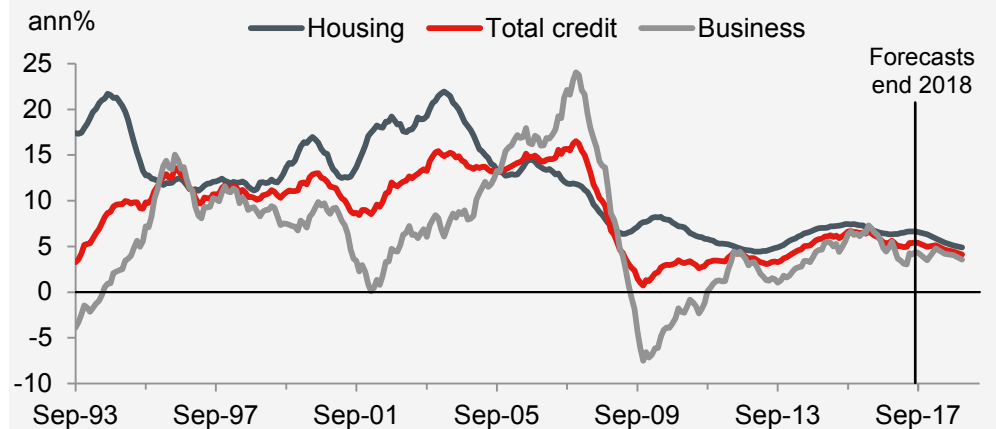
Consumer spending constrained by slow income growth



Sources: ABS, Westpac Economics.

1 Incl. housing. 2 Mining investment.

Australian private sector credit growth (% ann)



Sources: RBA, Westpac Economics.

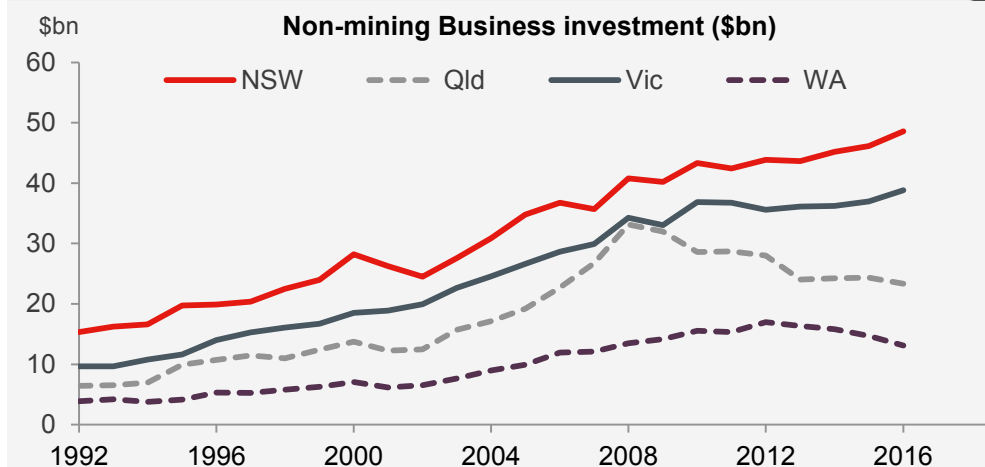
Conditions continue to diverge across States

NSW and Victoria 57% of population, 58% of employment



Sources: ABS, Westpac Economics

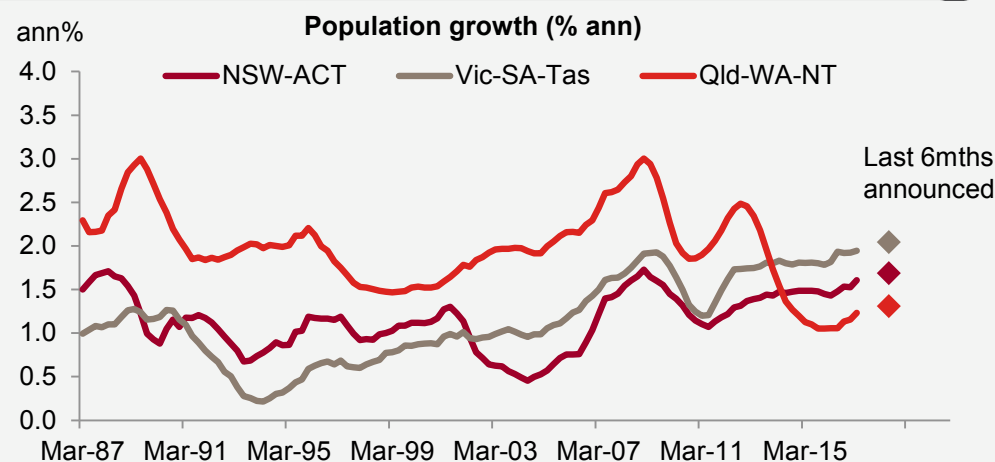
Activity picking up in NSW and Victoria²



Sources: ABS, Westpac Economics

¹ GSP is Gross State Product. ² Real, financial years, experimental estimates.

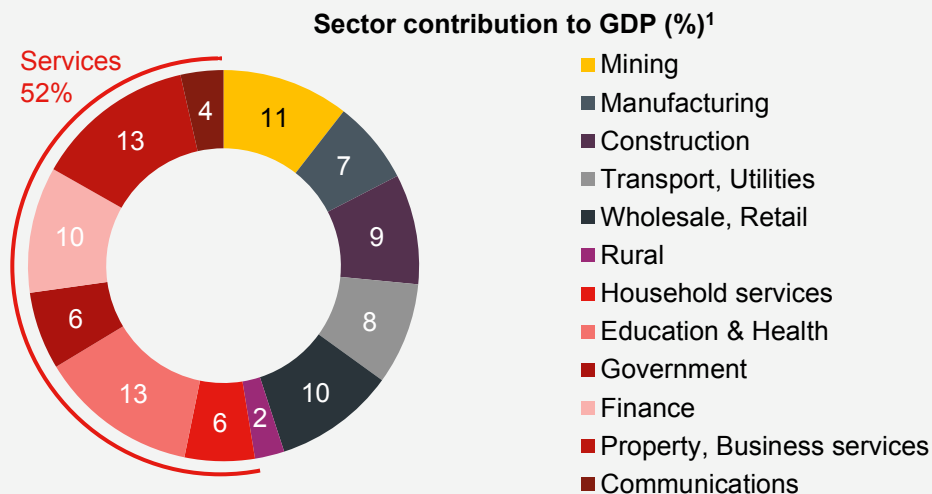
Population growth strongest in NSW and Victoria



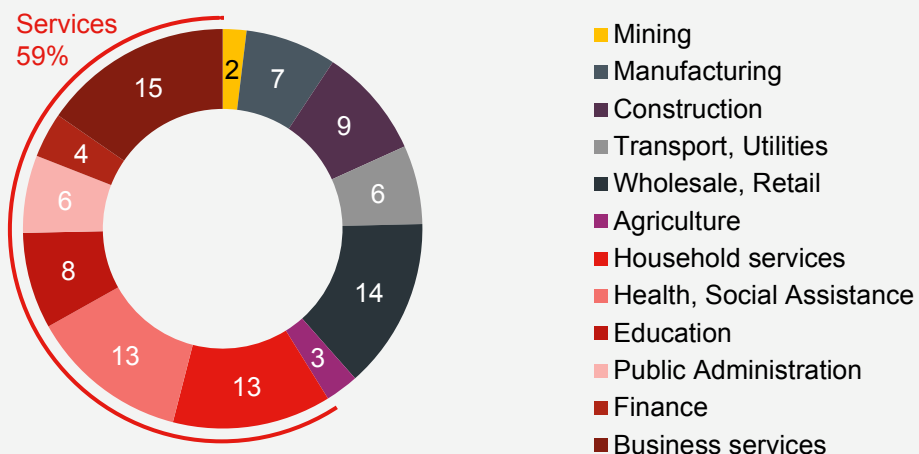
Sources: ABS, Westpac Economics

Jobs are being created, although wage growth remains low

Services employ a large part of the Australian workforce



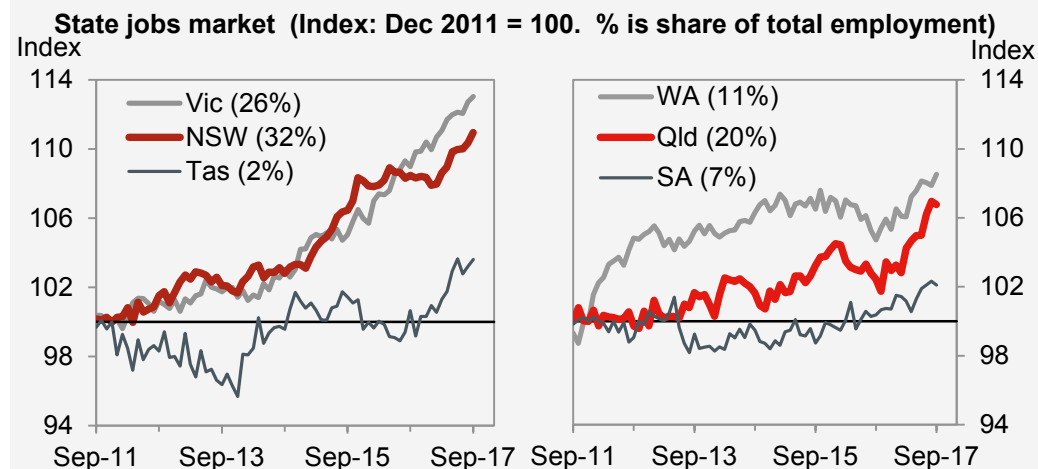
Australian employment by sector 2015/16 (%)



Sources: ABS, Westpac Economics.

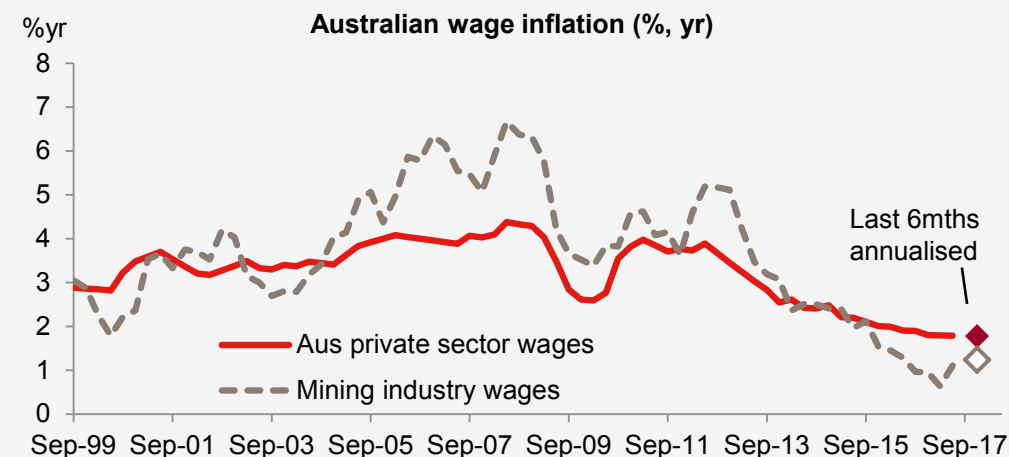
¹ Excludes ownership of dwellings and taxes less subsidies.

Jobs growth across all states



Sources: ABS, Westpac Economics.

Australian wage inflation remains low

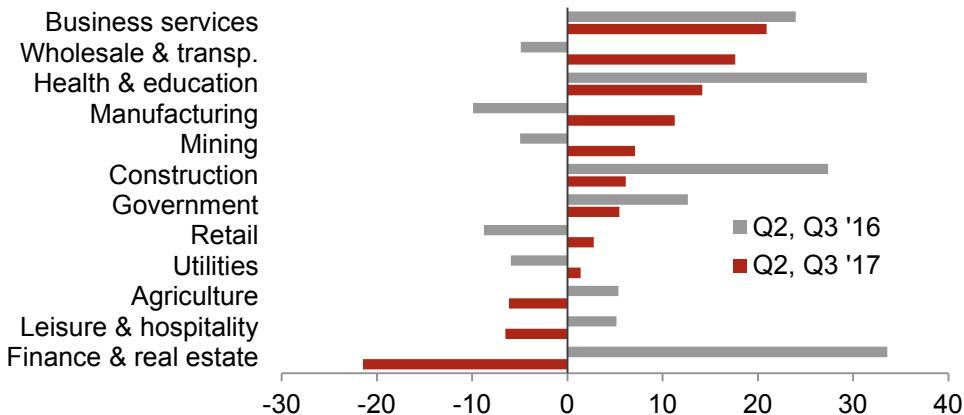


Sources: ABS, Westpac Economics.

A closer look: State employment by sector

NSW backdrop of robust economic activity supportive

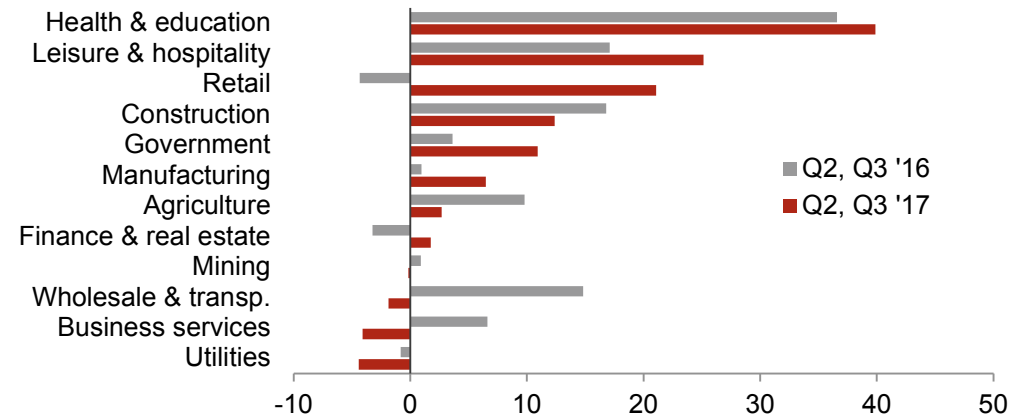
NSW: Employment by sector (annual change in employment, '000)



Sources: ABS, Westpac Economics.

Victorian job gains widespread across industries

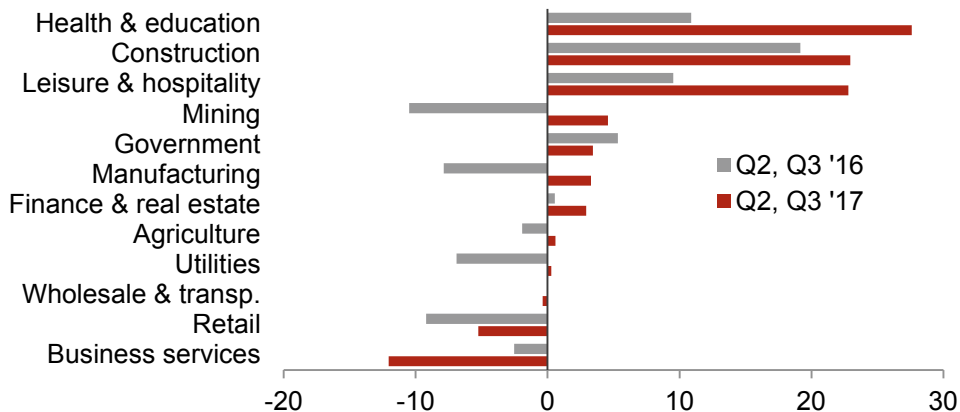
Victoria: Employment by sector (annual change in employment, '000)



Sources: ABS, Westpac Economics.

Queensland mining downtrend has ceased

Queensland: Employment by sector (annual change in employment, '000)

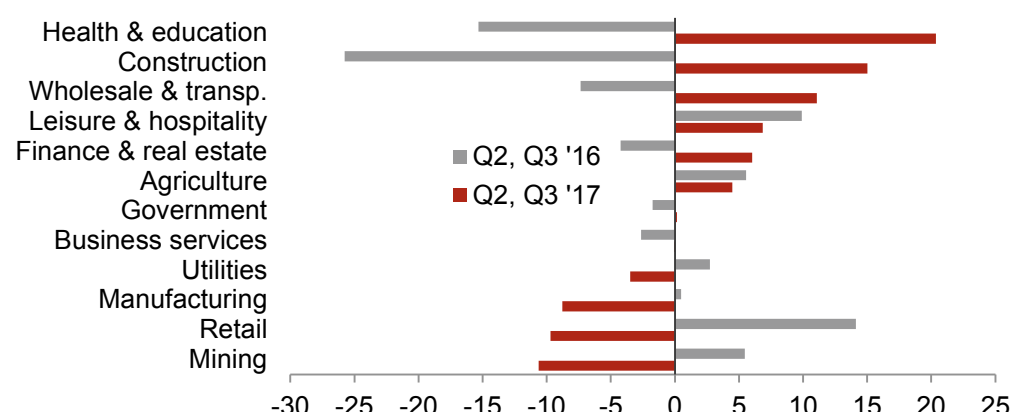


Sources: ABS, Westpac Economics.

Charts represents 6 month average level compared to 6 month average level a year ago

Western Australian employment conditions improving

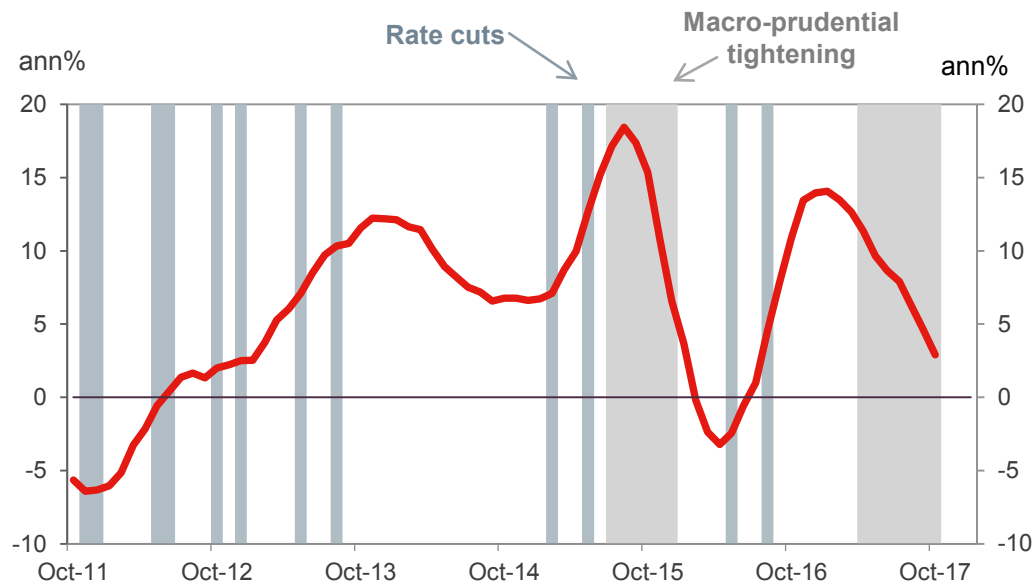
WA: Employment by sector (annual change in employment, '000)



Sources: ABS, Westpac Economics.

Dwelling prices cooling

Change in Australian dwelling prices (annual %)



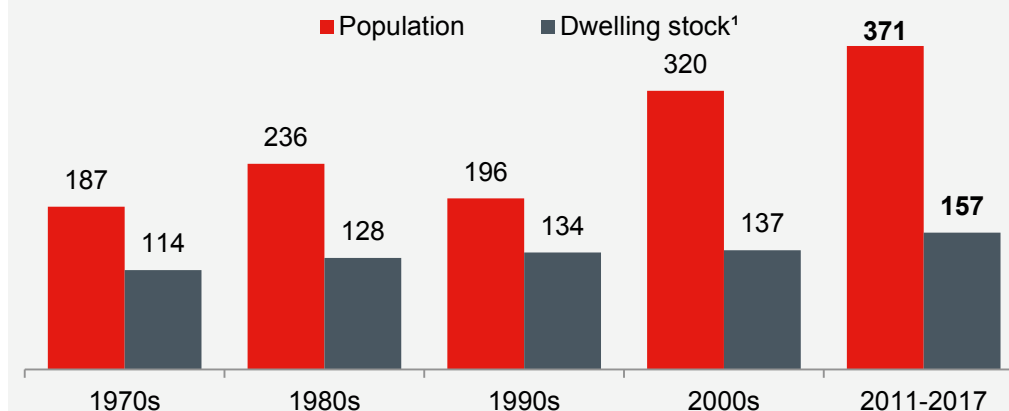
Sources: CoreLogic, Westpac Economics. Dwelling prices are all dwellings, 6mth annualised growth.

Capital city	Pop'n	House prices		
		% Change last 3mths (Oct-17)	% Change YoY (Oct-17)	Avg since 2007
Sydney	4.8m	Down 0.6%	Up 7.7%	Up 6.4%
Melbourne	4.5m	Up 1.9%	Up 11.0%	Up 5.8%
Brisbane	2.3m	Up 0.6%	Up 2.7%	Up 1.1%
Perth	1.9m	Down 0.7%	Down 2.5%	Down 0.6%

Sources: ABS, CoreLogic, Westpac Economics.

Aggregate supply/demand fundamentals remain positive

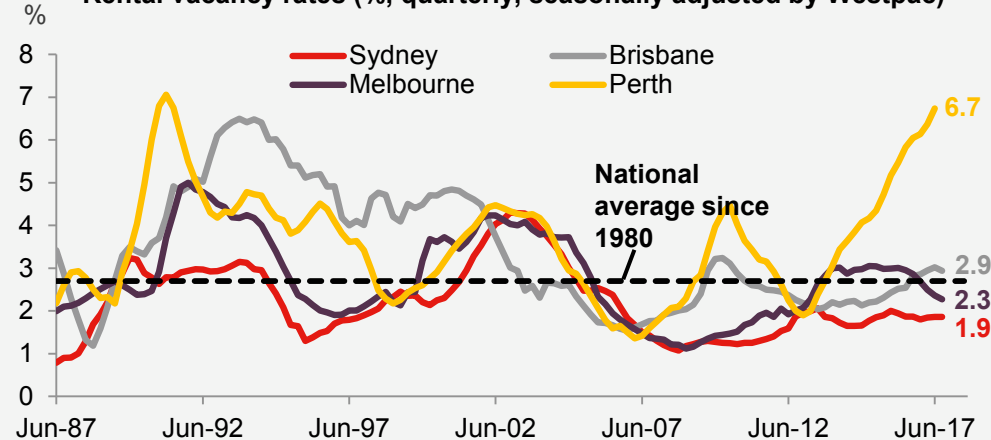
Population versus dwelling stock (annual average change '000)



Sources: ABS, Westpac Economics. 1 Net of demolitions – implied by Census data.

Rental vacancy rates remain tight in Sydney and Melbourne

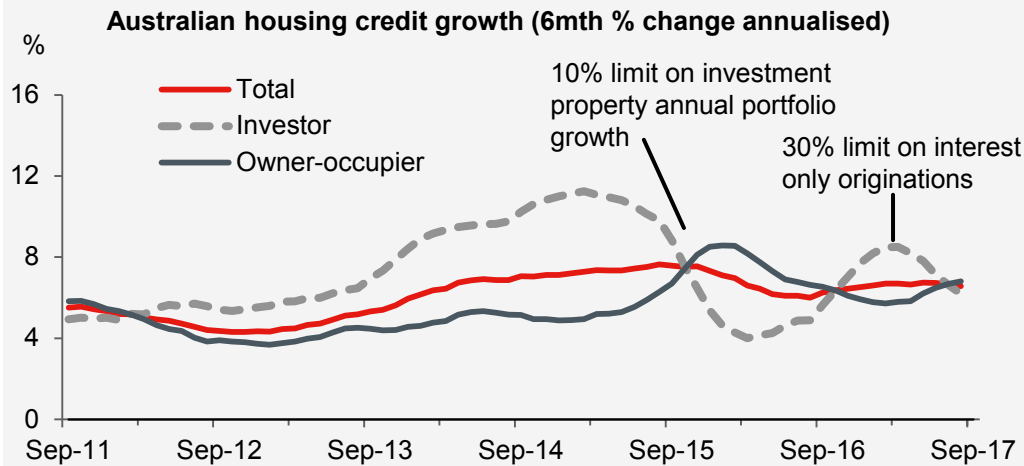
Rental vacancy rates (% quarterly, seasonally adjusted by Westpac)



Sources: REIA, Westpac Economics.

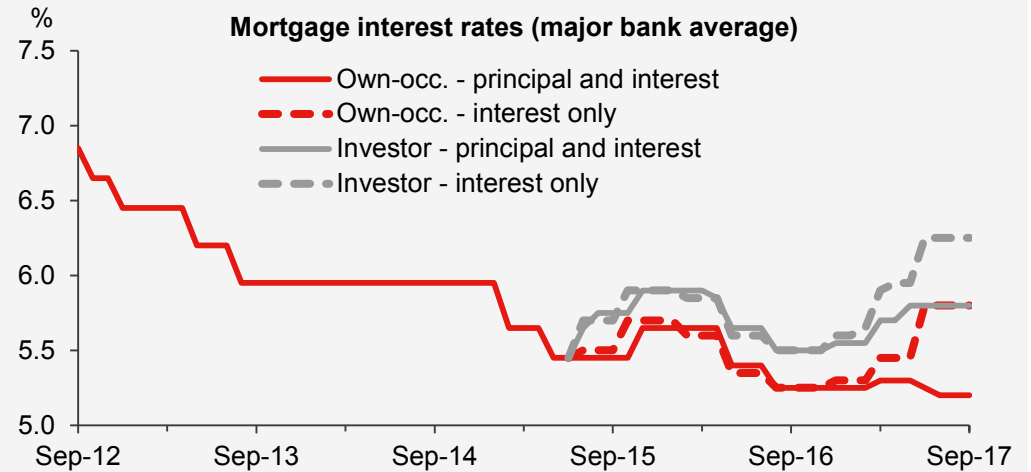
Impact of macro-prudential measures across Australian industry

Change in composition of housing credit



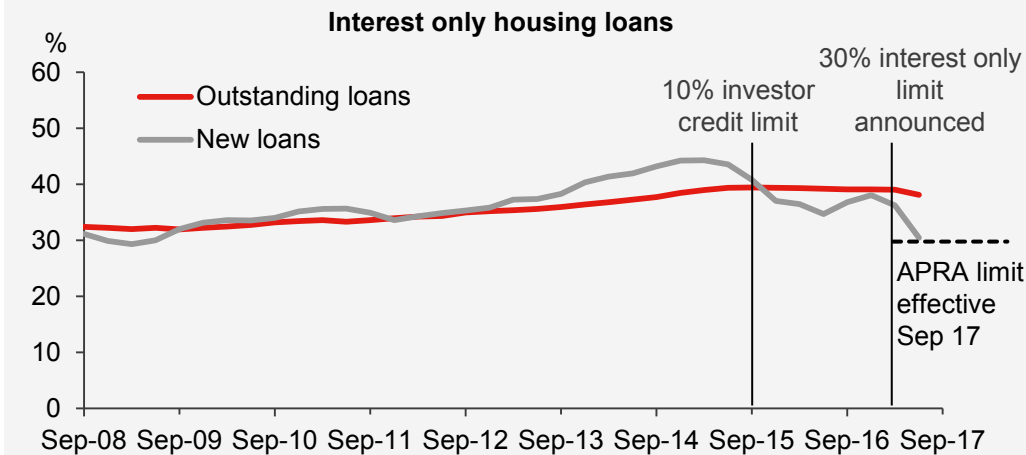
Sources: RBA, Westpac Economics.

Introduction of differentiated mortgage pricing



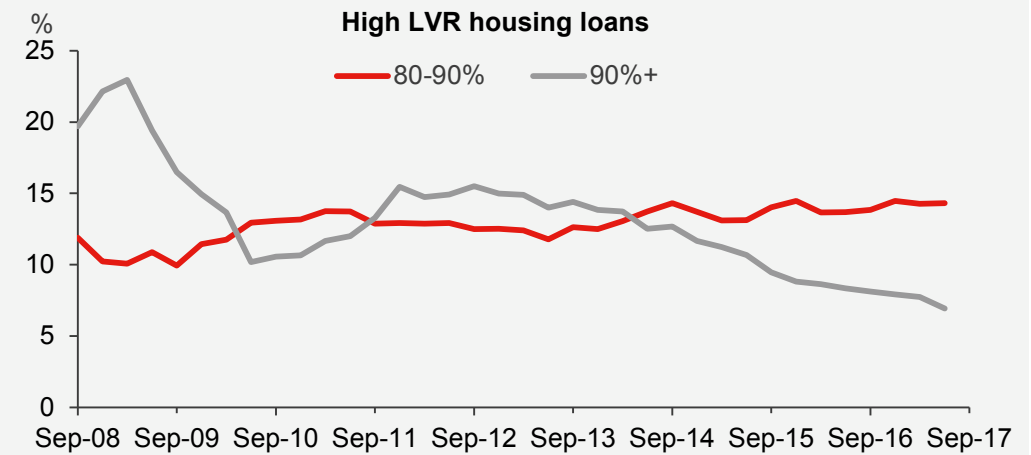
Source: APRA, RBA, Westpac Economics

Lower new flow of interest only loans



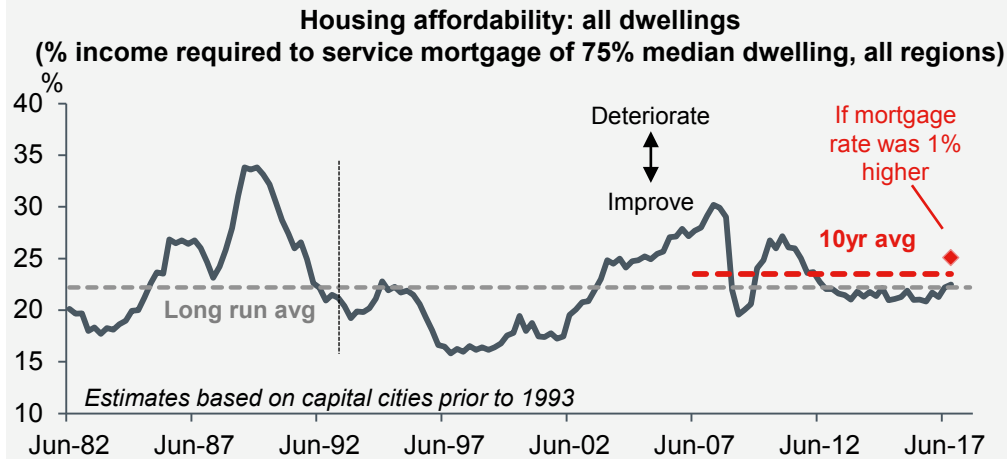
Sources: ABS, APRA, RBA, Westpac Economics.

Lower new flow of high LVR loans



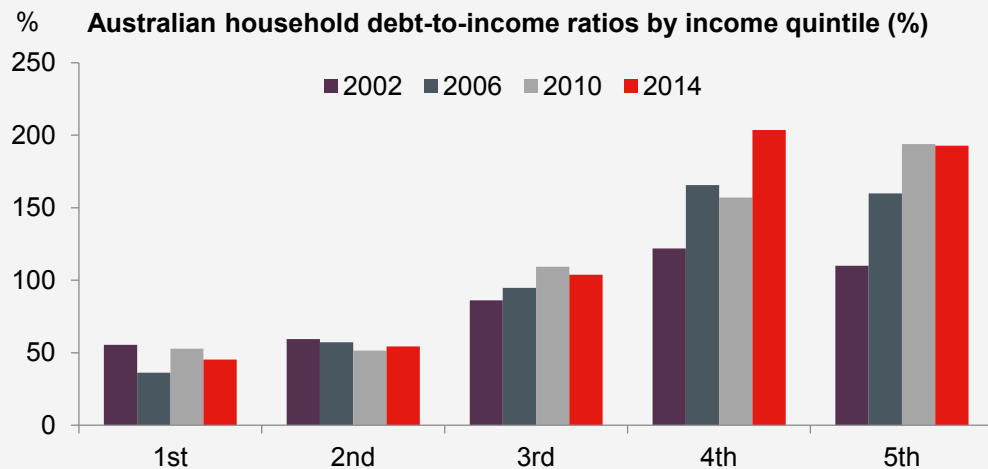
Sources: ABS, APRA, RBA, Westpac Economics

Affordability on repayment basis below 10 year average



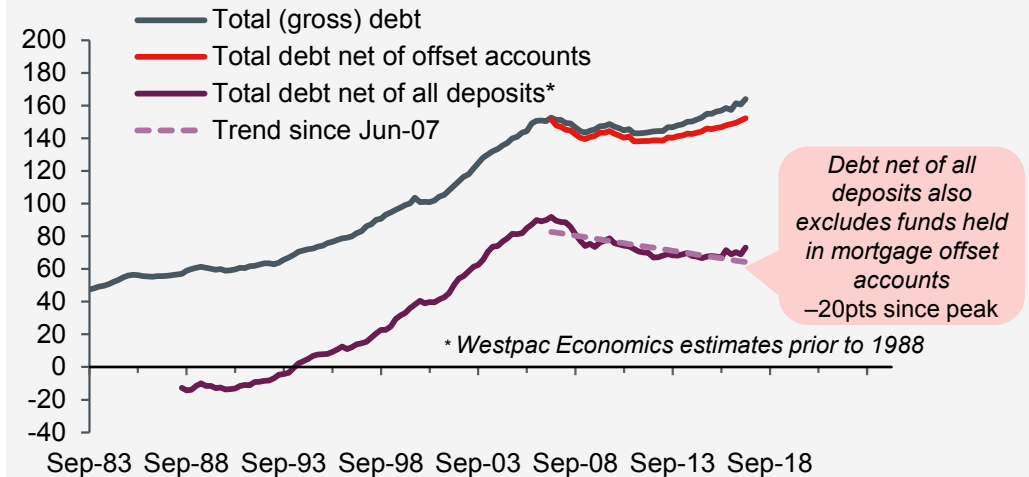
Sources: RBA, Westpac Economics. Housing credit in 6 month % change annualised.

Higher income households have increased borrowings



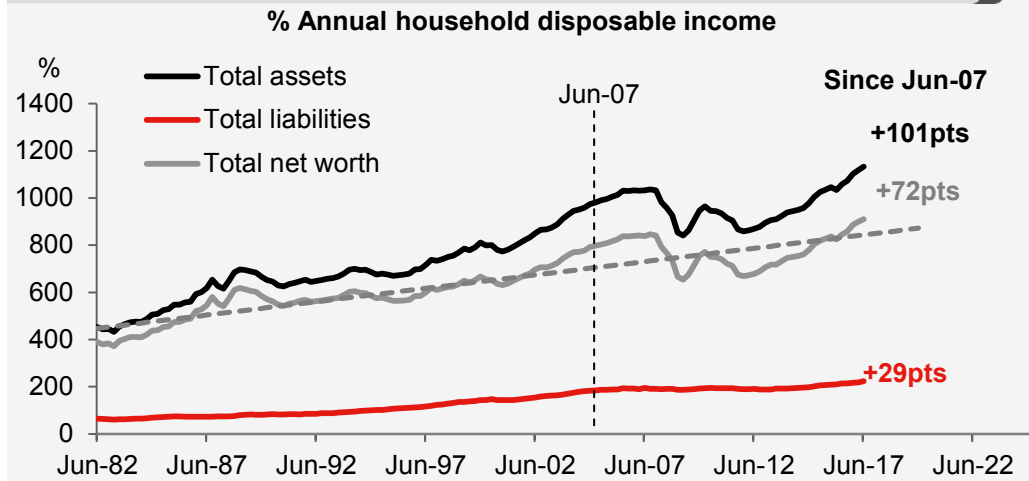
Sources: ABS, RBA, Westpac Economics.

Australian households debt to income ratio (%)



Sources: ABS, RBA, Westpac Economics

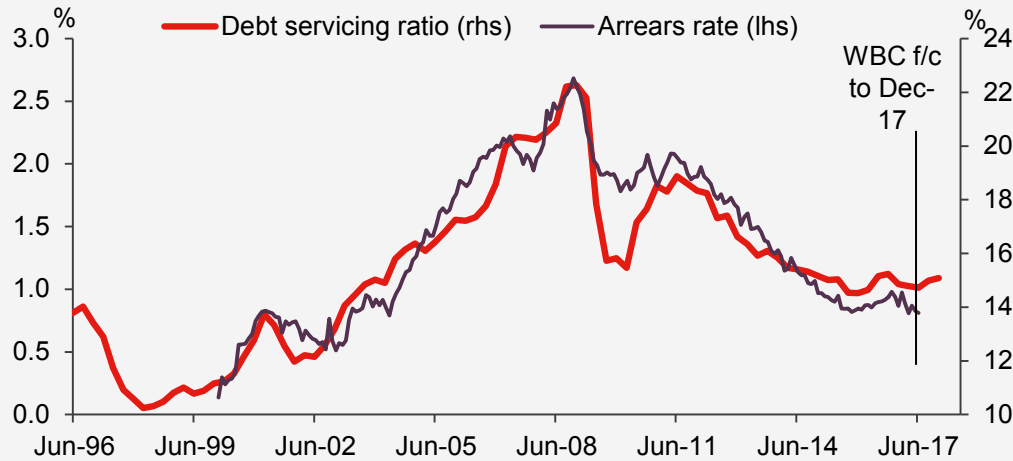
Australian household net wealth has also increased



Sources: ABS, RBA, Westpac Economics.

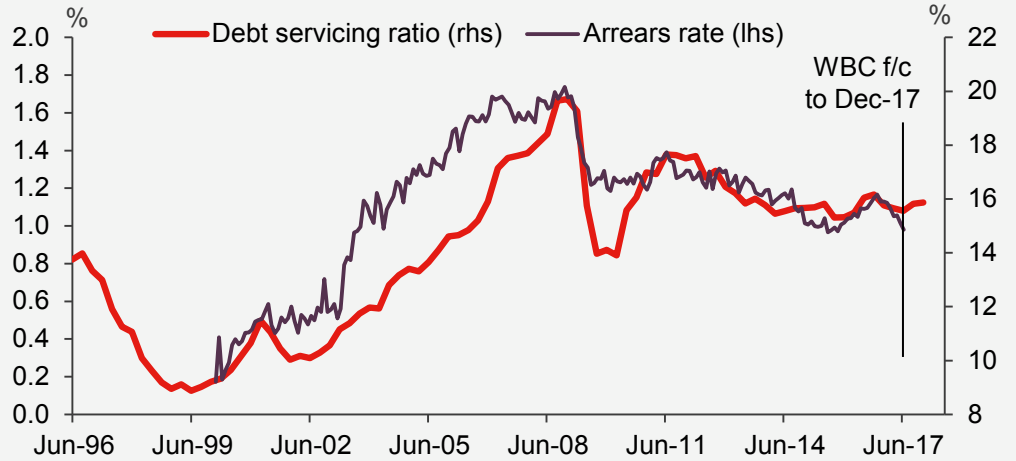
A closer look: Debt servicing and arrears by State

NSW: Arrears near 13 year lows¹



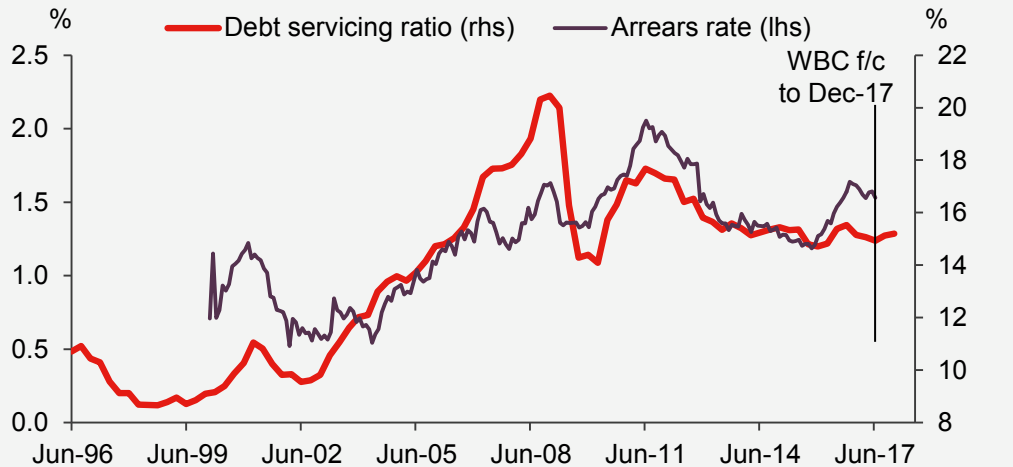
Sources: ABS, RBA, Standard & Poor's, Westpac Economics

Victoria: Arrears low, debt burden around post GFC avg¹



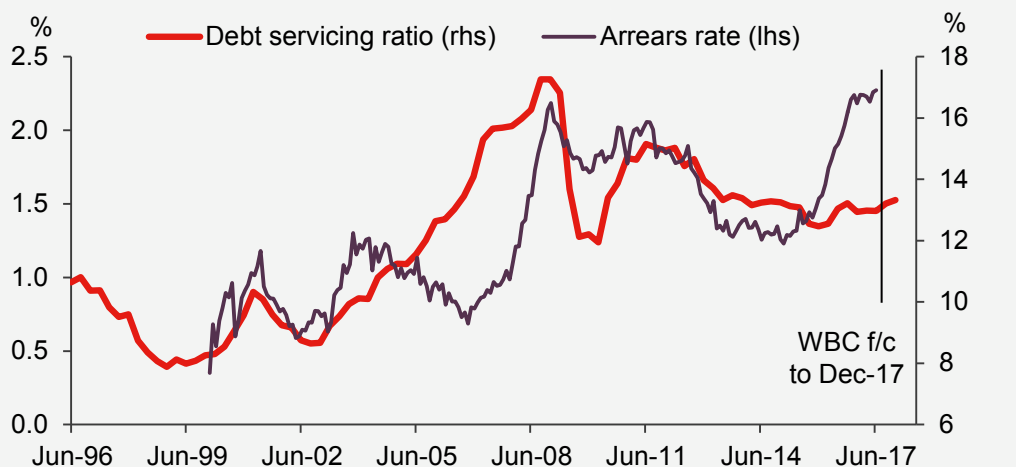
Sources: ABS, RBA, Standard & Poor's, Westpac Economics

Qld: Higher arrears mainly in mining-related regions¹



Sources: ABS, RBA, Standard & Poor's, Westpac Economics

WA: Arrears reflect weak economic conditions¹

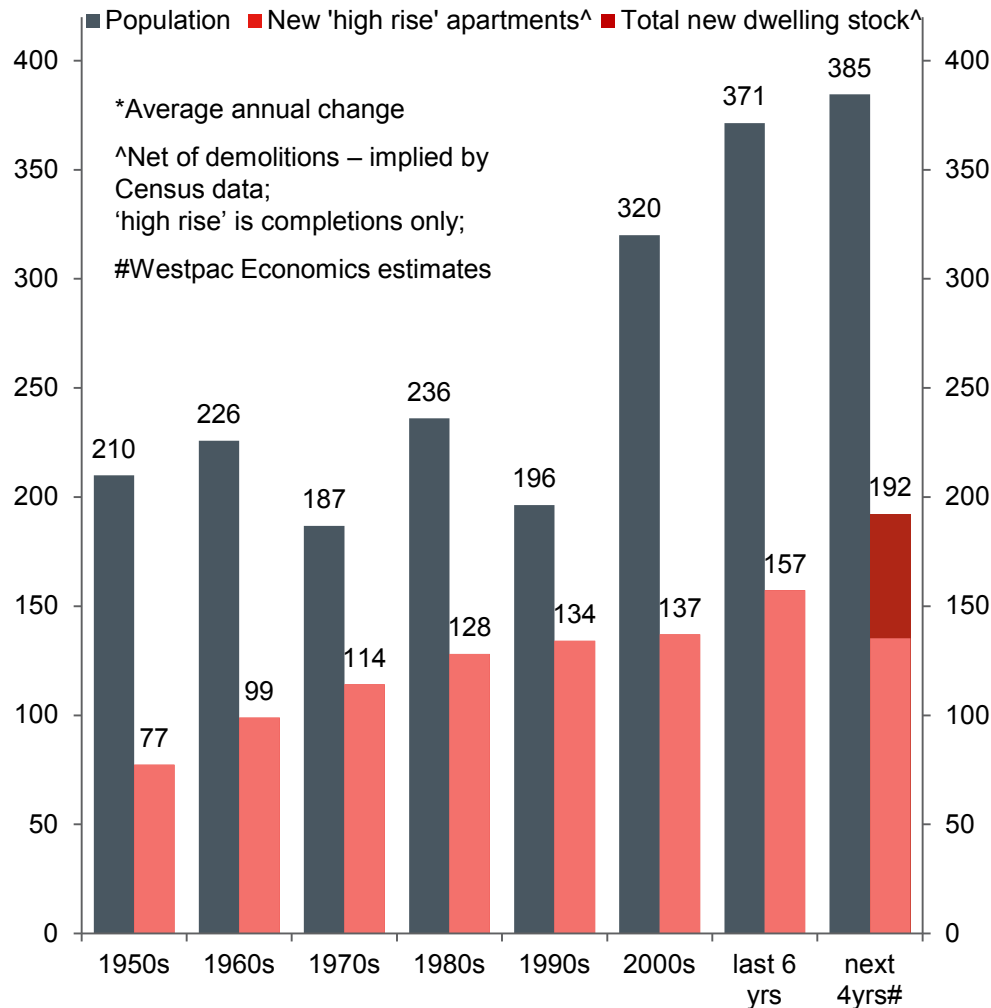


Sources: ABS, RBA, Standard & Poor's, Westpac Economics

1. Debt servicing ratio is % mortgagors' household income required to service existing mortgage debt, advanced 6mths. Arrears rate is % of securitised loans in arrears, by value, seasonally adjusted.

Australia's high rise apartment market

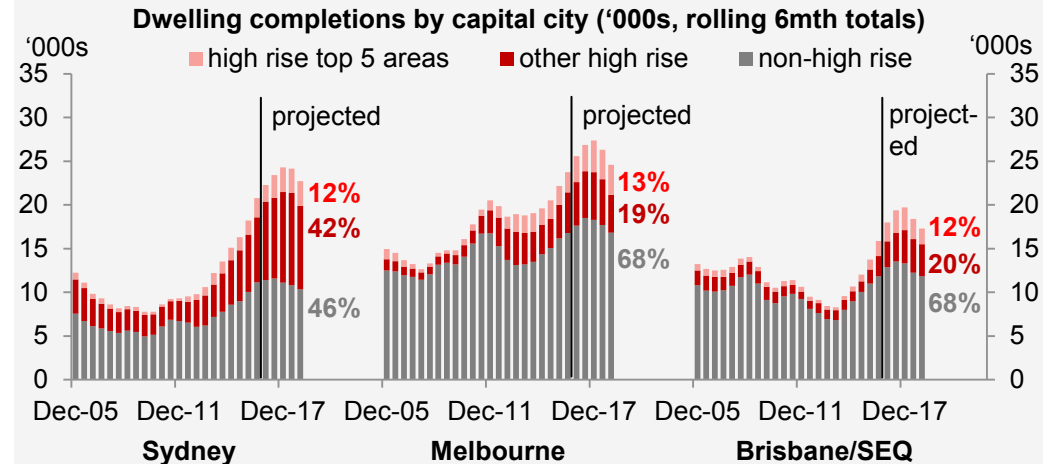
Population versus new dwelling stock (annual average change '000)



Source: REIA, Westpac Economics.

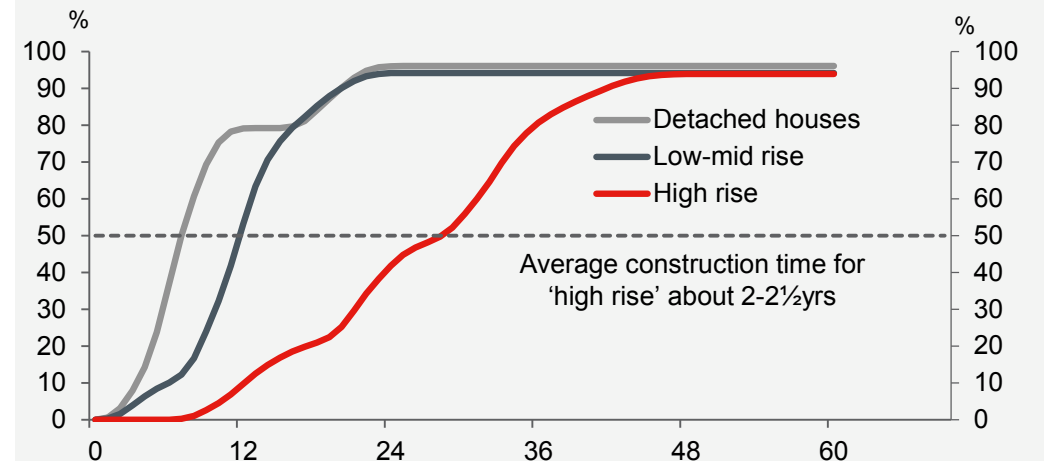
1 Estimated proportion of approved dwellings completed by months after approval. Note that not all approved dwellings are completed, reflecting both cancellations and reductions in project size. Also, 'high rise' projects often have significant delays between approval and commencement.

Projected dwelling completions, major metro areas



Sources: ABS, Westpac Economics

Dwelling construction: indicative completion times¹

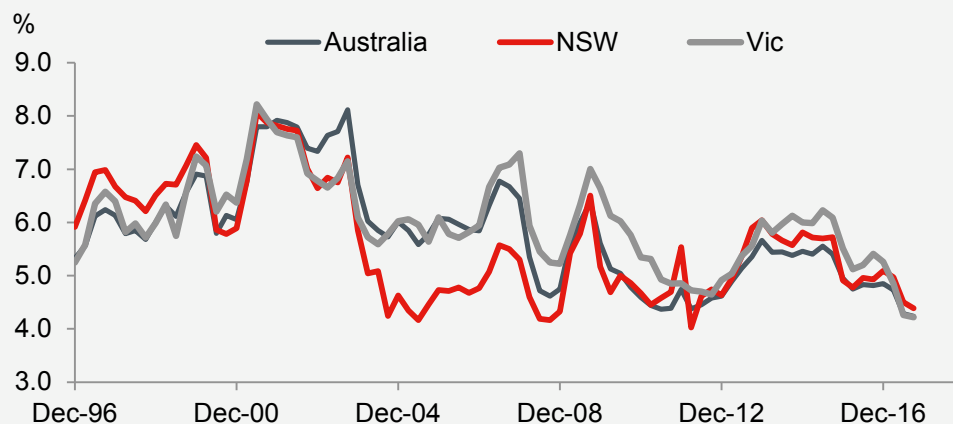


Source: RBA, CoreLogic.

Few signs of speculative behaviour in housing markets

- Investor activity has been a key driver of Australia's housing markets in recent years
- Demand from investors tends to be less sensitive to affordability considerations with price expectations and yields more important factors
 - Both remain supportive for demand with surveyed price expectations positive and gross rental yields similar to the dividend yield on Australian shares and well above returns on term deposits
- Investor activity can also be more volatile and susceptible to riskier 'speculative' behaviour. However, the latter does not appear to be a significant factor at the moment. In particular, the proportion of 'short term' transactional buying appears to be low: turnover in Australia's housing markets is low by historical standards, even in the stronger Sydney and Melbourne markets

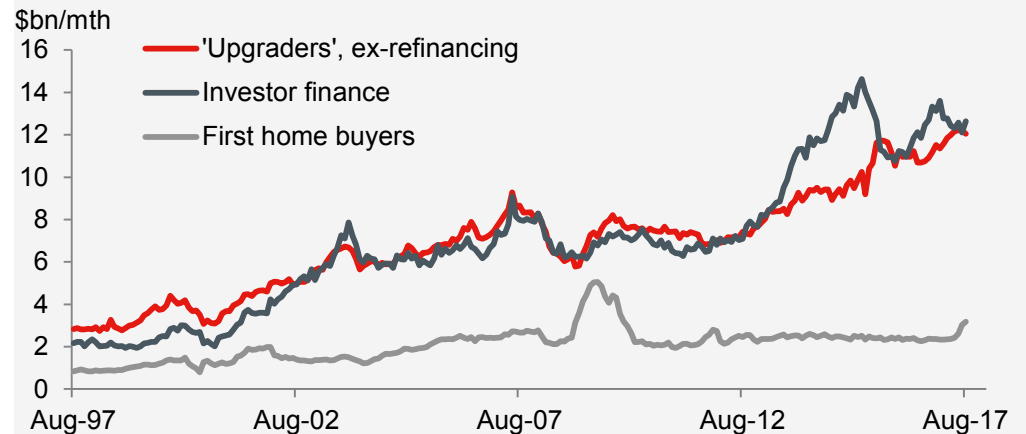
Dwelling turnover¹ (% total stock)



Sources: CoreLogic, ABS, Westpac Economics

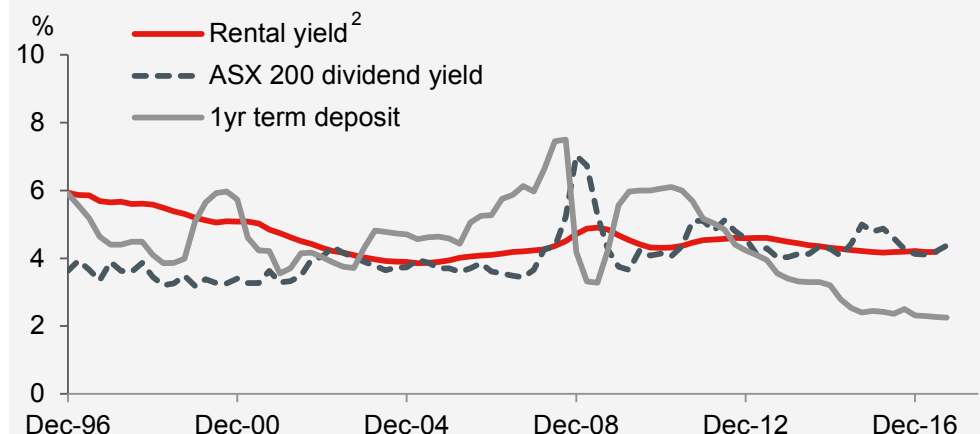
¹ Quarterly, annualised; last 3mths are estimates based on partial data.

Housing finance approvals: value of housing finance (\$bn/mth)



Sources: ABS, Westpac Economics.

Investor housing yields vs shares, deposits (% p.a.)



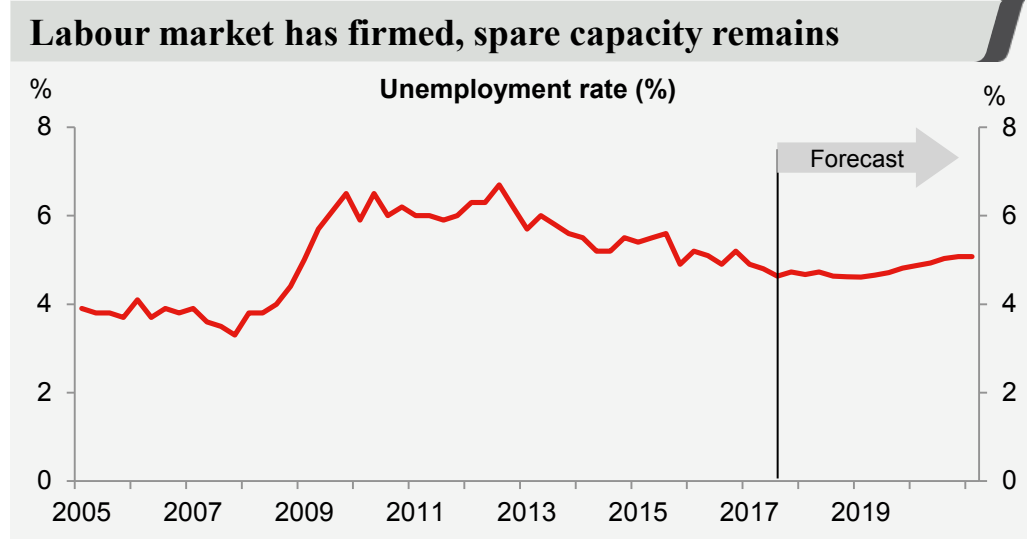
Sources: CoreLogic, REIA, RBA, Westpac Economics.

² Gross yield, median rent on 2bdrm unit as % of median unit price.

New Zealand economic snapshot

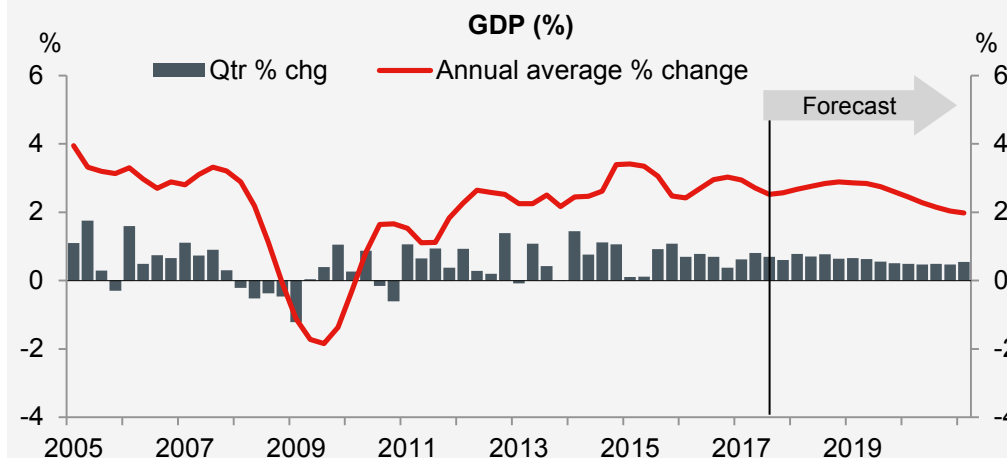
Key economic statistics	FY17	FY18f	Change
GDP annual average growth ¹	2.5%	2.8%	30bps
Inflation rate	1.9%	1.4%	(50 bps)
Official cash rate (OCR)	1.75%	1.75%	-
Unemployment rate	4.6%	4.6%	-
Dairy payout (ex dividend) ²	\$6.12	\$6.50	\$0.38

Source: RBNZ, Westpac Economics



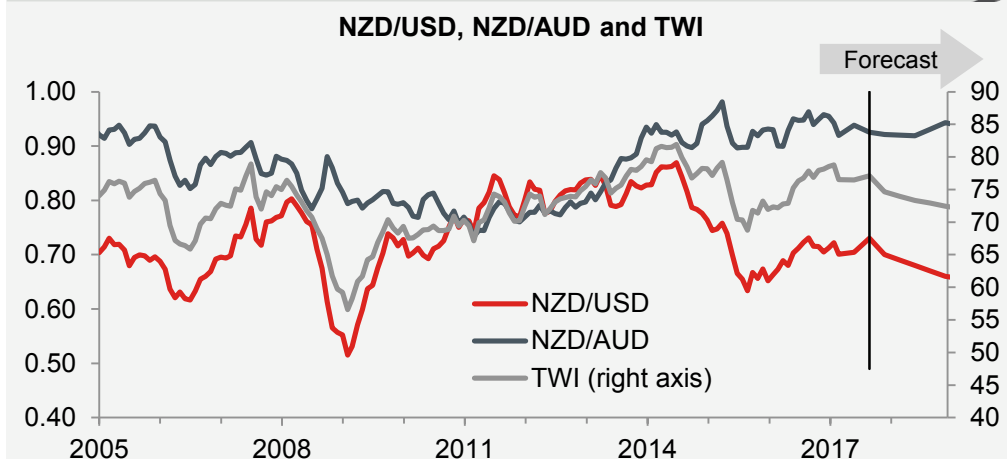
Source: Statistics NZ, Westpac Economics
 1 For year to September. 2 Seasons ended May.

Firm growth in recent years, pace to slow going forward



Source: Stats NZ, Westpac Economics

Low rates keeping downward pressure on NZD

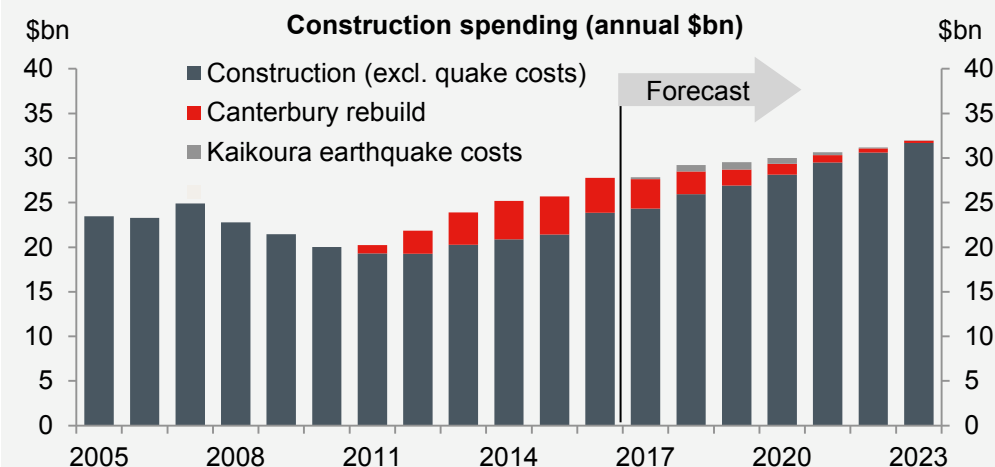


Source: Statistics NZ, Westpac Economics

Drivers of GDP growth in recent years are dissipating

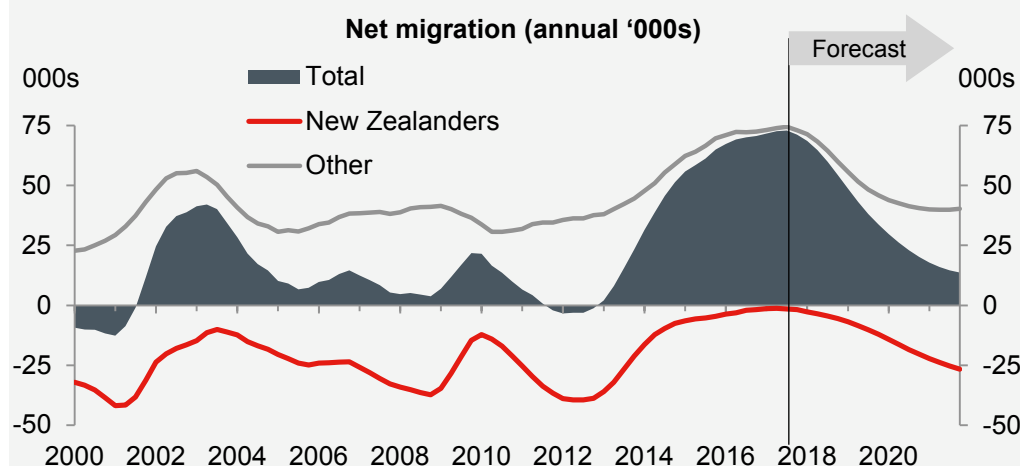
- After expanding at a firm pace in recent years, New Zealand GDP growth is expected to soften over the next few years
- Strong net migration has been a key driver of demand growth in recent years. Migration flows have now started to ease back, and net migration is set to fall sharply before the closer of the decade. Potential policy changes could reinforce this slowdown
- There is a large amount of residential and non-residential building work planned nationwide. However, construction activity has flattened off at a high level due to tighter credit conditions, constraints on access to skilled labour and the softening housing market. The level of activity is expected to remain elevated for an extended period
- Post-earthquake reconstruction in the South Island is continuing. Spending is well advanced and has been gradually winding down
- Housing market conditions have softened, and this is weighing on household spending
- Export returns for our key commodities have improved over 2017, but prices are expected to soften over the coming year. Tourist inflows remain strong
- The new coalition Government looks set to spend more than the previous one, with new spending weighted towards education and health. It will be partly funded by cancelling the income tax cuts that were legislated to take effect on April 1 and by introducing new taxes. The balance would be funded by an additional \$7bn of net core Crown debt over the next four years. Proposed changes would not significantly affect the Governments financial position
- Borrowing rates are expected to remain low for an extended period

Large pipeline of construction work, increases to be gradual



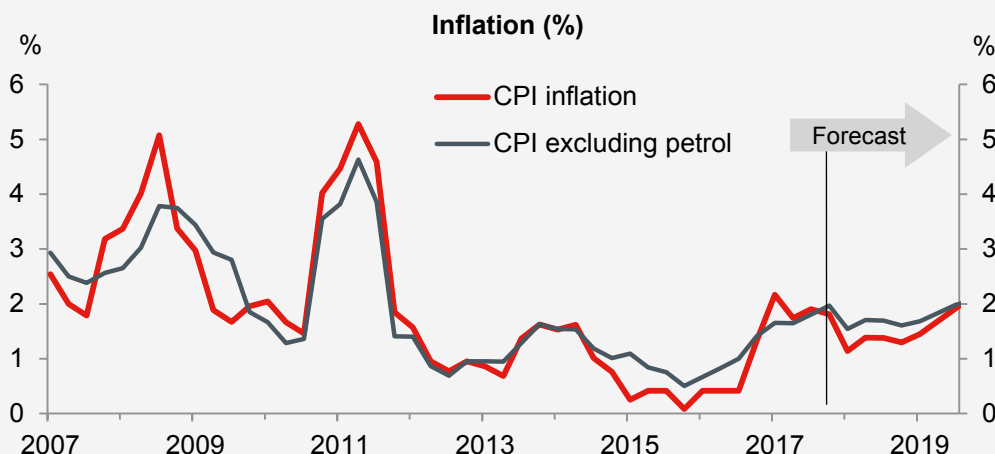
Source: Westpac Economics estimates

Migration cycle has started to turn down



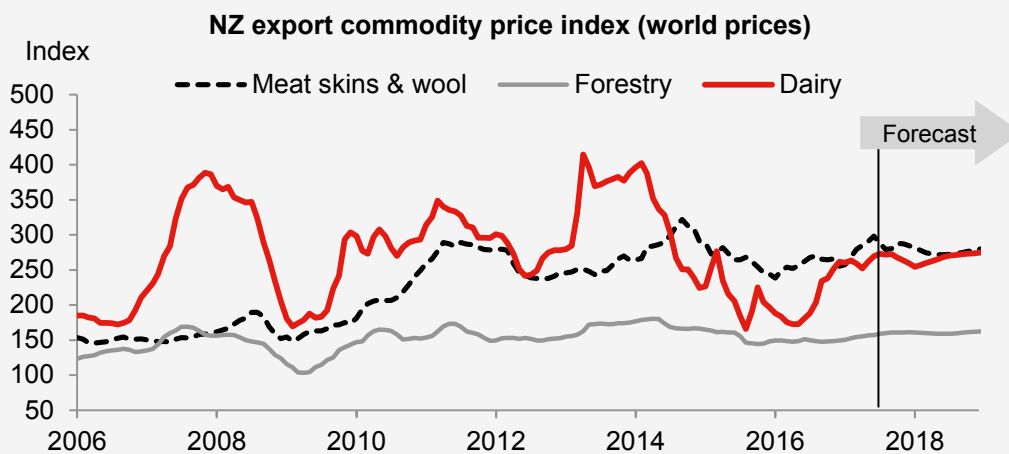
Source: Statistics NZ, Westpac Economics

Inflation off its lows, sustained return to target elusive



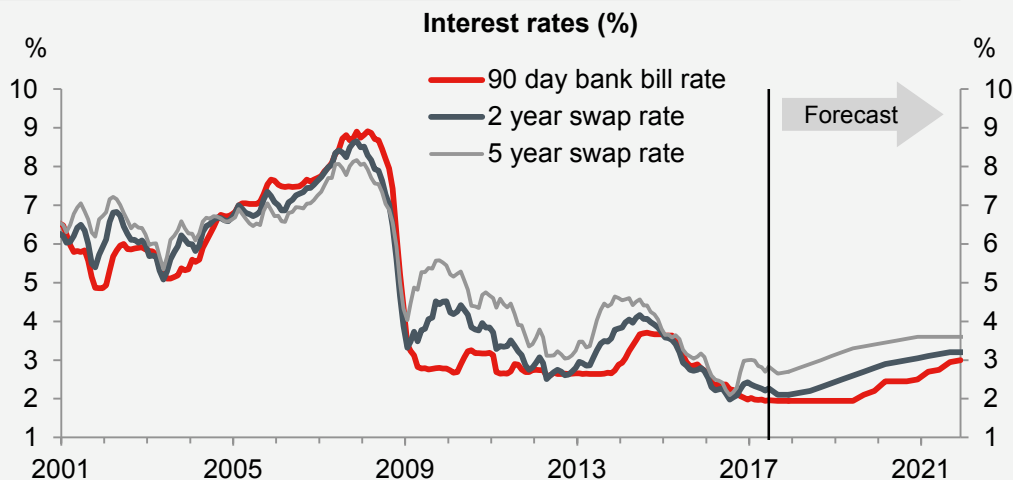
Source: Statistics NZ, Westpac Economics

Commodity prices remain firm



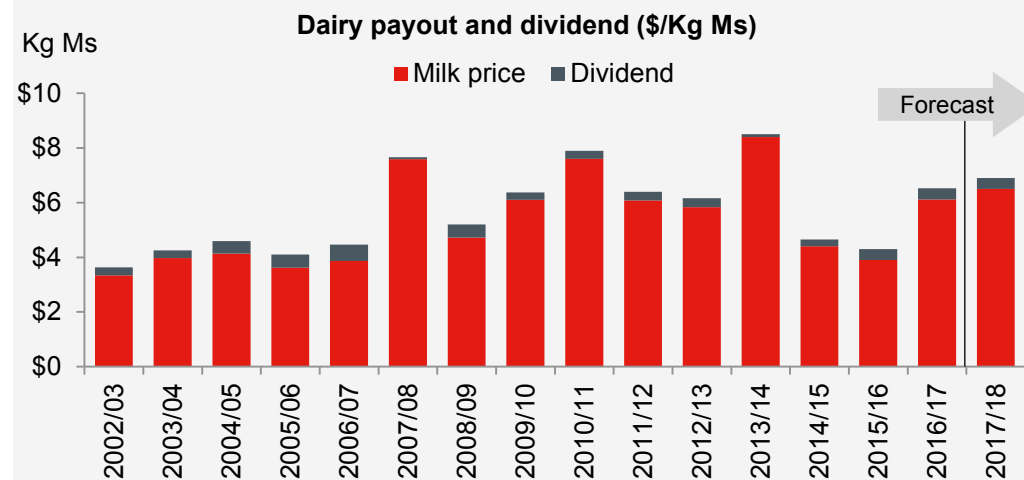
Source: ANZ, Westpac Economics

RBNZ on hold, offshore factors pursuing rates higher



Source: RBNZ, Westpac Economics

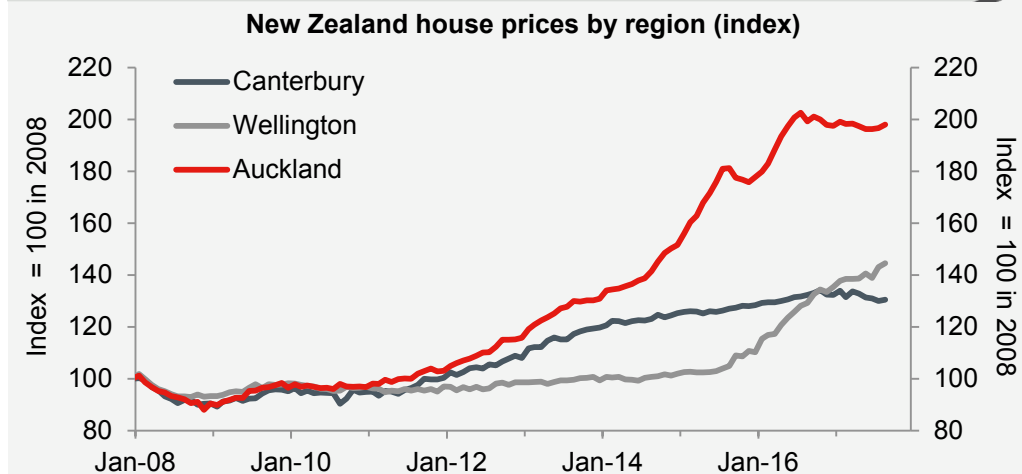
Milk price payout at average levels



Source: Fonterra, Westpac Economics

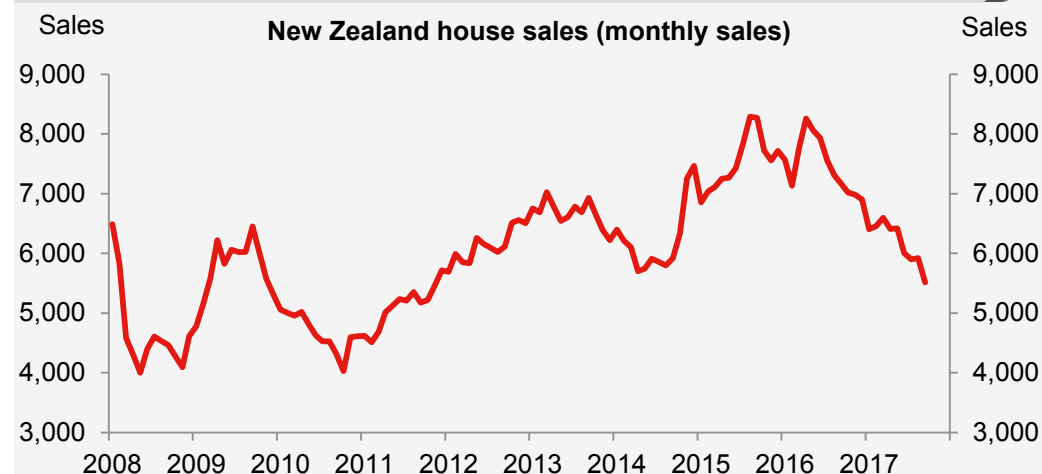
New Zealand housing market momentum has faded

Housing price inflation has flattened off



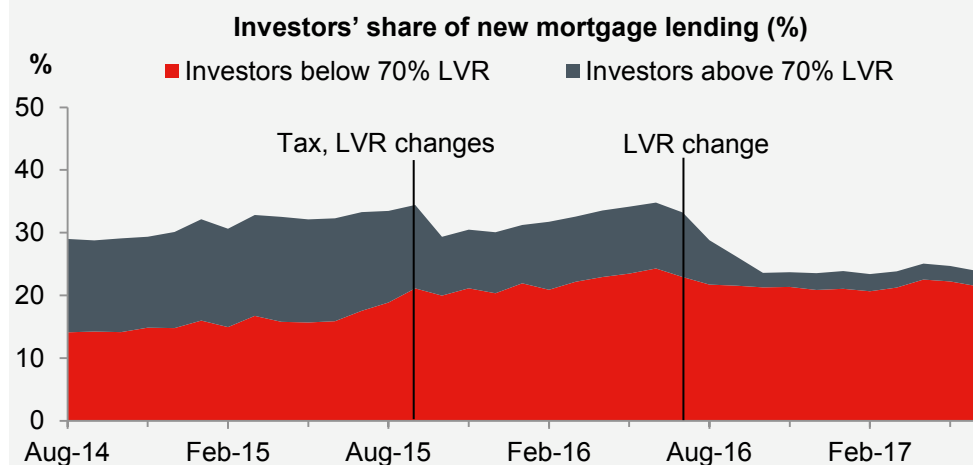
Source: REINZ

Sales volumes low



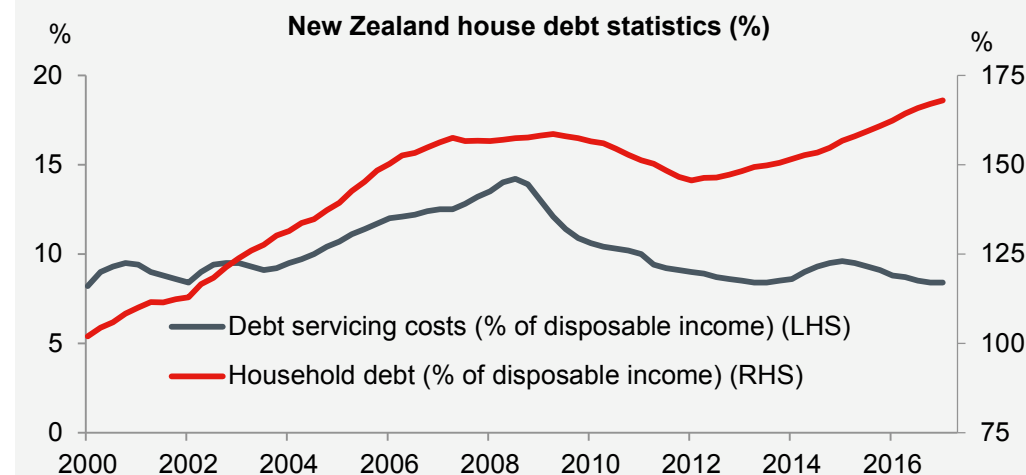
Source: REINZ

Macro-prudential policies have slowed the housing market...



Source: RBNZ

...but financial stability concerns persist



Source: REINZ, RBNZ, Westpac Economics

Australian and New Zealand economic forecasts

Key economic indicators (%) as at October 2017		Calendar year		
		2016	2017F	2018F
World	GDP¹	3.2	3.6	3.6
Australia	GDP²	2.4	3.0	2.5
	Private consumption ²	2.6	2.5	2.5
	Business investment ^{2,3}	-6.2	3.0	2.0
	Unemployment – end period	5.7	5.7	6.1
	CPI headline – year end	1.5	2.1	2.5
	Interest rates – cash rate	1.50	1.50	1.50
	Credit growth, Total – year end	5.6	5.0	4.0
	Credit growth, Housing – year end	6.3	6.3	5.0
	Credit growth, Business – year end	5.5	3.5	3.5
New Zealand	GDP²	2.6	2.8	2.9
	Unemployment – end period	5.2	4.7	4.6
	Consumer prices	1.3	1.8	1.3
	Interest rates – official cash rate	1.75	1.75	1.75
	Credit growth – Total ⁴	7.5	6.3	4.8
	Credit growth – Housing ⁴	8.6	7.4	4.7
	Credit growth – Business ⁴	6.5	4.9	4.8

Source: Westpac Economics.

1 Year average growth rates. 2 Through the year growth rates. 3 Business investment adjusted to exclude the effect of public sector purchases of public assets. 4 NZ credit forecasts are for growth over the calendar year.



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Appendix and disclaimer

24/7 Banking

Appendix 1: Cash earnings adjustments

Cash earnings adjustment	2H16 \$m	1H17 \$m	2H17 \$m	Description
Reported net profit	3,744	3,907	4,083	Net profit attributable to owners of Westpac Banking Corporation
Amortisation of intangible assets	79	73	64	The merger with St.George and acquisition of select Lloyds' Australian businesses resulted in the recognition of identifiable intangible assets. Notional identifiable intangible assets were also recognised within the carrying value of BTIM during the period this investment was equity accounted. The intangible assets recognised relate to core deposits, customer relationships, management contracts and distribution relationships. These intangible items are amortised over their useful lives, ranging between four and twenty years. This amortisation (excluding capitalised software) is a cash earnings adjustment because it is a non-cash flow item and does not affect cash distributions available to shareholders
Acquisition transaction and integration expenses	8	-	-	Costs associated with the acquisition of select Lloyds' Australian businesses were treated as a cash earnings adjustment as they do not reflect the earnings expected from the acquired businesses following the integration period
Fair value (gain)/loss on economic hedges	120	7	62	The unrealised fair value (gain)/loss on FX hedges of future NZ earnings and accrual accounted term funding transactions are reversed in deriving cash earnings as they may create a material timing difference on reported results but they do not affect the Group's cash earnings over the life of the hedge
Ineffective hedges	(35)	(4)	20	The unrealised (gain)/loss on ineffective hedges is reversed in deriving cash earnings for the period because the gain or loss arising from the fair value movement in these hedges reverses over time and does not affect the Group's profits over time
Sale of BTIM shares	-	-	(171)	During Second Half 2017 the Group recognised a gain, net of costs, associated with the sale of shares in BTIM. Consistent with the treatment of prior gains from sale, this gain has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Treasury shares	2	34	(13)	Under AAS, Westpac shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares can not be recognised as income in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income
Cash earnings	3,918	4,017	4,045	

Appendix 2: Definitions

Consumer Bank

Consumer Bank (CB) is responsible for sales and service to consumer customers in Australia under the Westpac, St.George, BankSA, Bank of Melbourne and RAMS brands. Activities are conducted through a dedicated team of specialist consumer relationship managers along with an extensive network of branches, call centres and ATMs. Customers are also supported by a range of internet and mobile banking solutions. CB also works in an integrated way with BTFG and WIB in the sales and service of select financial services and products including in wealth and foreign exchange. The revenue from these products is mostly retained by the product originator

Business Bank

Business Bank (BB) is responsible for sales and service to micro, SME and commercial business customers in Australia for facilities up to approximately \$150 million. The division operates under the Westpac, St.George, BankSA and Bank of Melbourne brands. Customers are provided with a wide range of banking and financial products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, automotive and equipment finance, property finance and treasury. The division is also responsible for consumer customers with auto finance loans. BB works in an integrated way with BTFG and WIB in the sales and service of select financial services and products including corporate superannuation, foreign exchange and interest rate hedging. The revenue from these products is mostly retained by the product originator

WIB

WIB delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, financial and debt capital markets, specialised capital, and alternative investment solutions. Customers are supported throughout Australia as well as via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB is also responsible for Westpac Pacific currently providing a range of banking services in Fiji and PNG. WIB works in an integrated way with all the Group's divisions in the provision of more complex financial needs including across foreign exchange and fixed interest solutions

BTFG

BTFG is the Australian wealth management and insurance arm of the Westpac Group providing a broad range of associated services. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation, retirement products, wealth administration platforms, private banking, margin lending and equities broking. BTFG's insurance business covers the manufacturing and distribution of life, general and lenders mortgage insurance. The division also uses third parties to manufacture certain general insurance products. In managing risk across all insurance classes the division reinsures certain risks using external providers. BTFG operates a range of wealth, funds management and financial advice brands and operates under the banking brands of Westpac, St.George, Bank of Melbourne and BankSA for Private Wealth and Insurance

Westpac NZ

Westpac NZ, is responsible for sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. New Zealand also maintains its own infrastructure, including technology, operations and treasury

Group Businesses or GBU

This segment provides centralised Group functions including Treasury, Technology and Core Support (finance, human resources etc.). Costs are partially allocated to other divisions in the Group, with costs attributed to enterprise activity retained in Group Businesses. This segment also reflects Group items including: earnings on capital not allocated to divisions, earnings from non-core asset sales, earnings and costs associated with the Group's fintech investments and certain other head office items such as centrally raised provisions

Appendix 2: Definitions

Capital ratios	As defined by APRA (unless stated otherwise)	
Risk weighted assets or RWA	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non-asset-backed risks (ie. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5	Net stable funding ratio (NSFR) The NSFR is defined as the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. The amount of ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. From 1 January 2018, ADI's must maintain an NSFR of at least 100%
Leverage ratio	As defined by APRA (unless stated otherwise). Tier 1 capital divided by 'exposure measure' and expressed as a percentage. 'Exposure measure' is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures	
Internationally comparable ratios	Internationally comparable regulatory capital ratios are Westpac's estimated ratios after adjusting the capital ratios determined under APRA Basel III regulations for various items. Analysis aligns with the APRA study titled "International capital comparison study" dated 13 July 2015	
Liquidity coverage ratio (LCR)	An APRA requirement to maintain an adequate level of unencumbered high quality liquid assets, to meet liquidity needs for a 30 calendar day period under an APRA-defined severe stress scenario. Absent a situation of financial stress, the value of the LCR must not be less than 100%, effective 1 January 2015. LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash out-flows in a modelled 30 day defined stressed scenario	90 days past due and not impaired Includes facilities where: <ol style="list-style-type: none"> 1. contractual payments of interest and / or principal are 90 or more calendar days overdue, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days, including accounts for customers who have been granted hardship assistance; or 2. an order has been sought for the customer's bankruptcy or similar legal action has been instituted which may avoid or delay repayment of its credit obligations; and 3. the estimated net realisable value of assets / security to which Westpac has recourse is sufficient to cover repayment of all principal and interest, or where there are otherwise reasonable grounds to expect payment in full and interest is being taken to profit on an accrual basis. These facilities, while in default, are not treated as impaired for accounting purposes
High quality liquid assets (HQLA)	Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR	
Committed liquidity facility (CLF)	The RBA makes available to Australian Authorised Deposit-taking Institutions a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 Liquidity	Collectively assessed provisions or CAPs Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data. Included in the collectively assessed provision is an economic overlay provision which is calculated based on changes that occurred in sectors of the economy or in the economy as a whole

Appendix 2: Definitions

Impaired assets	Includes exposures that have deteriorated to the point where full collection of interest and principal is in doubt, based on an assessment of the customer's outlook, cashflow, and the net realisation of value of assets to which recourse is held and includes:
	1. facilities 90 days or more past due, and full recovery is in doubt: exposures where contractual payments are 90 or more days in arrears and the net realisable value of assets to which recourse is held may not be sufficient to allow full collection of interest and principal, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days;
	2. non-accrual assets: exposures with individually assessed impairment provisions held against them, excluding restructured loans;
	3. restructured assets: exposures where the original contractual terms have been formally modified to provide for concessions of interest or principal for reasons related to the financial difficulties of the customer;
	4. other assets acquired through security enforcement (includes other real estate owned): includes the value of any other assets acquired as full or partial settlement of outstanding obligations through the enforcement of security arrangements; and
	5. any other assets where the full collection of interest and principal is in doubt
Individually assessed provisions or IAPs	Provisions raised for losses that have already been incurred on loans that are known to be impaired and are assessed on an individual basis. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and, as this discount unwinds, interest will be recognised in the income statement
Stressed assets	Stressed assets are the total of watchlist and substandard, 90 days past due and not impaired and impaired assets
Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal

Total committed exposures (TCE)	Represents the sum of the committed portion of direct lending (including funds placement overall and deposits placed), contingent and pre-settlement risk plus the committed portion of secondary market trading and underwriting risk
Average interest-earning assets (AIEA)	The average balance of assets held by the Group that generate interest income. Where possible, daily balances are used to calculate the average balance for the period
Cash earnings per ordinary share	Cash earnings divided by the weighted average ordinary shares (cash earnings basis)
Core earnings	Net operating income less operating expenses
Full-time equivalent employees (FTE)	A calculation based on the number of hours worked by full and part-time employees as part of their normal duties. The full-time equivalent of one FTE is 76 hours paid work per fortnight
Net interest margin (NIM)	Calculated by dividing net interest income by average interest-earning assets
Net tangible assets per ordinary share	Net tangible assets (total equity less goodwill and other intangible assets less minority interests) divided by the number of ordinary shares on issue (reported)
Weighted average ordinary shares (cash earnings)	Weighted average number of fully paid ordinary shares listed on the ASX for the relevant period

Appendix 2: Definitions

Women in Leadership	Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders, three levels below General Manager, and Bank and Assistant Bank Managers		
Australian customers with wealth products metrics provider	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. Note: Westpac and St.George use Managed Investments, Superannuation or Insurance with Westpac Group Westpac includes Westpac, BT, Challenge Bank, Rothschild, ASGARD, and Sealcorp. St.Georgebrands include St.George, Advance Bank, BankSA, Bank of Melbourne, Dragondirect, RAMS. Westpac Group includes Westpac, St.George, Advance Bank, ASGARD, BankSA, Bank of Melbourne, BT, Challenge Bank, Dragondirect, RAMS, Rothschild, and Sealcorp Peers includes: ANZ Group, CBA Group and NAB Group	Customer satisfaction – overall consumer	Source: Roy Morgan Research, September 2015 – September 2017, 6MMA. Main Financial Institution (as defined by the customer). Satisfaction ratings are based on the relationship with the financial institution. Customers must have at least a Deposit / Transaction account relationship with the institution and are aged 14 or over. Satisfaction is the percentage of customers who answered 'very' or 'fairly satisfied' with their overall relationship with their MFI St.George Brands: St.George Bank, Asgard, BankSA, Bank of Melbourne, RAMS Westpac: Westpac
NZ customers with wealth products (%)	Number of customers who have managed investments or superannuation with Westpac NZ as a proportion of the total active customers in Westpac NZ Retail, Private and Business Bank	Customer satisfaction – overall business	Source: DBM Consultants Business Financial Services Monitor, September 2015 – September 2017, 6MMA. MFI customers, all businesses. The Customer Satisfaction score is an average of customer satisfaction ratings of the customer's main financial institution for business banking on a scale of 0 to 10 (0 means 'extremely dissatisfied' and 10 means 'extremely satisfied')
Net Promoter Score or NPS	Source: Roy Morgan Research, September 2016 – September 2017, 6MMA. Main Financial Institution (as defined by the customer). Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution. Net Promoter Score SM is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. Using a scale of 1 to 10 (1 means 'very unlikely' and 10 means 'very likely'), the 1-6 raters (detractors) are deducted from the 9-10 raters (promoters)	Customer satisfaction – SME	Source: DBM Consultants Business Financial Services Monitor, September 2015 – September 2017, 6MMA. MFI customers, SME businesses. SME businesses are those organisations with annual turnover under \$5 million (excluding Agribusinesses). The Customer Satisfaction score is an average of customer satisfaction ratings of the customer's main financial institution for business banking on a scale of 0 to 10 (0 means 'extremely dissatisfied' and 10 means 'extremely satisfied')
		Westpac Group rank	The ranking refers to Westpac Group's position relative to the other three major Australian banking groups (ANZ Group, CBA Group and NAB Group)

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All amounts are in Australian dollars unless otherwise indicated.

Unless otherwise noted, financial information in this presentation is presented on a cash earnings basis. Cash earnings is a non-GAAP measure. Refer to Westpac's 2017 Full Year Financial Results (incorporating the requirements of Appendix 4E) for the twelve months ended 30 September 2017 available at www.westpac.com.au for details of the basis of preparation of cash earnings. Refer to slides 33 for an explanation of cash earnings and Appendix 1 slide 132 for a reconciliation of reported net profit to cash earnings.

This presentation contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the US Securities Exchange Act of 1934. Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', 'aim', or other 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 2017 Full Year Financial Results for the twelve months ended 30 September 2017 (or Annual Report for the year ended 30 September 2016) 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.