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2019 INTERIM RESULTS

FOR THE SIX MONTHS ENDED
31 MARCH 2019

Presentation and Investor Discussion Pack
Westpac Banking Corporation ABN 33 007 457 141

Westpac
2019 Interim
Results Index

Image on front

Westpac's advertising campaign 'Helping customers in their moment of need'

Image on left

Westpac's 'bank in a box' up and running in the carpark at Annandale Central shopping centre

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Brian Hartzer
Chief Executive Officer

Financial results throughout this presentation are in Australian dollars and are based on cash earnings unless otherwise stated. Refer page 41 for definition. Results principally cover the 1H19, 2H18 and 1H18 periods. Comparison of 1H19 versus 2H18 (unless otherwise stated)

Summary 1H19

- Disappointing 1H19 earnings compared to 2H18:
  - Reported net profit down 19%, cash earnings down 14%
  - Excl. major remediation & restructuring items cash earnings down 1%
- Taking action on key priorities:
  - Exiting advice; wealth strategy reset
  - Remediating customer issues
  - Actioning Royal Commission recommendations
  - Reducing structural costs
- Balance sheet strength maintained
- Service strategy delivering for customers

1H19 earnings snapshot

	Reported 1H19	Change 1H19 – 2H18[1]	Change 1H19 – 1H18[1]
Reported net profit	$3,173m	(19%)	(24%)
Cash earnings	$3,296m	(14%)	(22%)
Cash EPS[2]	95.8c	(14%)	(23%)
Return on equity[3,4]	10.4%	(165bps)	(353bps)
Margin (excl. Treasury & Markets)[4]	2.04%	(2bps)	(12bps)
Expense to income ratio[4]	49.9%	Large	Large
Cash earnings excluding major remediation and restructuring items[5]			
Cash earnings[5]	$4,049m	(1%)	(5%)
Cash EPS[2,5]	117.6c	(2%)	(6%)
Return on equity[3,4,5]	12.8%	(15bps)	(114bps)
Margin (excl. Treasury & Markets)[4,5]	2.09%	1bp	(7bps)
Expense to income ratio[4,5]	43.7%	(6bps)	193bps

1 Prior year cash earnings comparatives have been restated for the impacts of AASB 9 & AASB 15. 2 Cash EPS is cash earnings divided by the weighted average ordinary shares. 3 Return on equity is cash earnings divided by average ordinary equity. 4 Cash earnings basis. 5 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40.

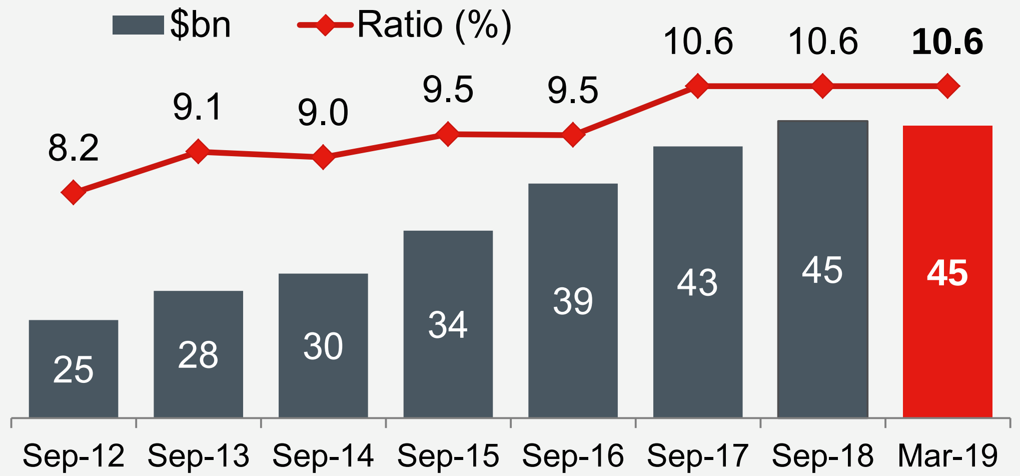
1H19 divisional snapshot

	Cash earnings 1H19 ($m)	Change 1H19 – 2H18	
		As reported	Excl. major items[1]
Consumer Bank	$1,514	7%	-
Business Bank	$1,013	(6%)	5%
BT Financial Group	($305)	large	(18%)
Westpac Institutional Bank	$543	1%	1%
New Zealand (NZ$)	$555	4%	1%
Group Businesses	$7	(85%)	(89%)

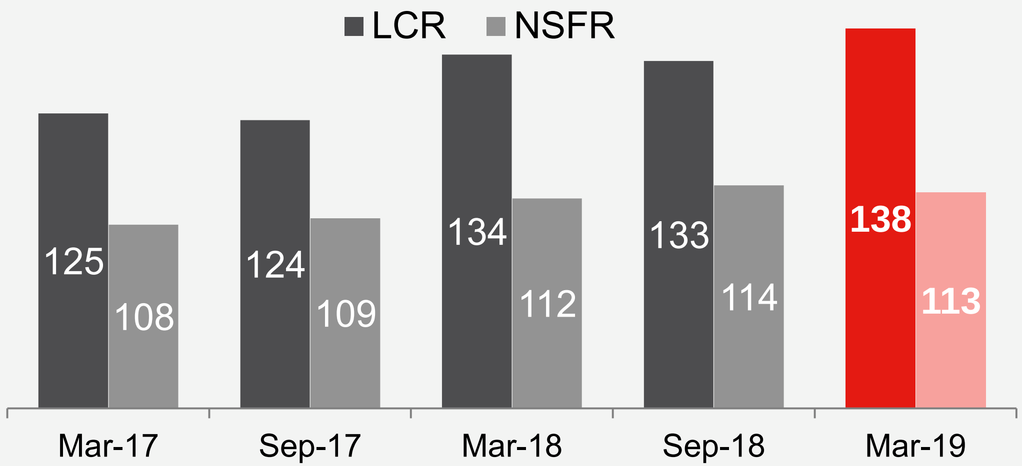
1 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40.

Strong balance sheet; dividend maintained

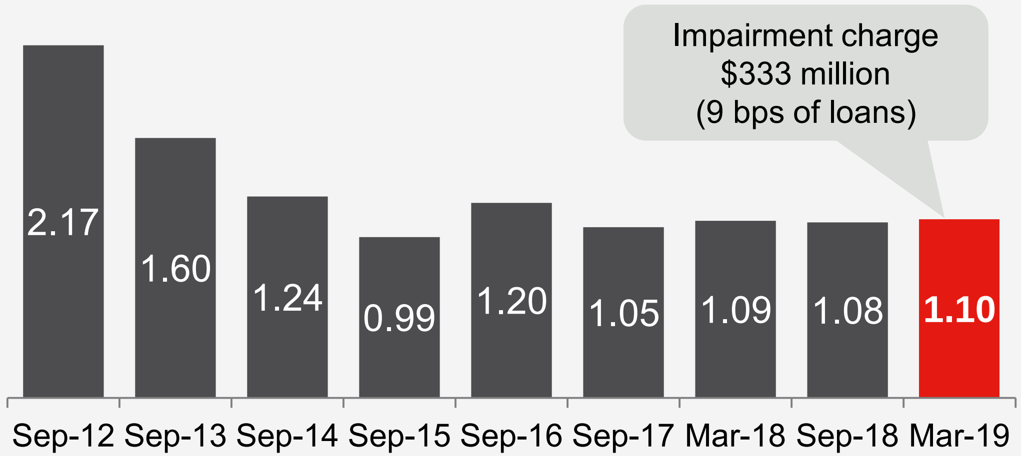
Common equity Tier 1[1] (ratio % and $bn)



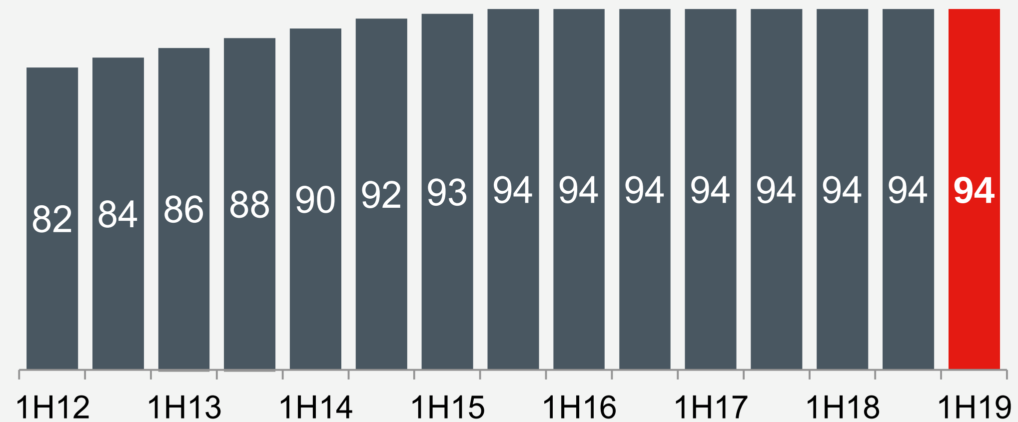
Liquidity ratios[2] (%)



Stressed exposures to total committed exposure (%)



Dividends (cents per share)



1 Common equity Tier 1 capital ratio on an APRA Basel III basis. 2 LCR is Liquidity coverage ratio, NSFR is Net stable funding ratio.

Delivering our 2019 priorities

1 Deal with outstanding issues

2 Momentum in customer franchise

3 Structural cost reduction

Taking decisive action on outstanding issues

Reset wealth strategy

- Reset wealth strategy and commenced exit of personal financial advice

Customer remediation

- Provided more clarity on major areas of remediation
- Approximately $200 million paid to customers to date

Royal Commission response

- Implementing recommendations
- Clear executive accountability

'Get it right, put it right' initiative

- Continuing product reviews and simplification
- Improved complaints handling
- Working to close out legacy regulatory/compliance issues

Building momentum in customer franchise[1,2]

New customers

- Increased new Australian banking customers by over 36,000
- General insurance gross written premiums up 3%
- Panorama – 29% rise in advisers using platform

Depth of relationship

- Customer Service Hub live, rollout underway, new consumer dashboard now in place
- Further roll out of "life events" campaign to support customers in times of need
- New banker desktop in Business Bank

Service quality

Net Promoter Score

Consumer Bank	#2
Business Bank	#1

Employee sentiment **73%**

Cost to serve

- Property
  - 2 corporate sites exited
  - 40 branches closed
  - 346 ATMs consolidated
- Digitally active customers up to 4.9m
- Branch transactions down 8%
- 52% of accounts now on eStatements

Customer retention

- Improved complaints handling times, down 22%
- Proactive fraud detection prevented $5m in customer loss
- Stability of infrastructure improved – no severity 1 incidents since April 2018

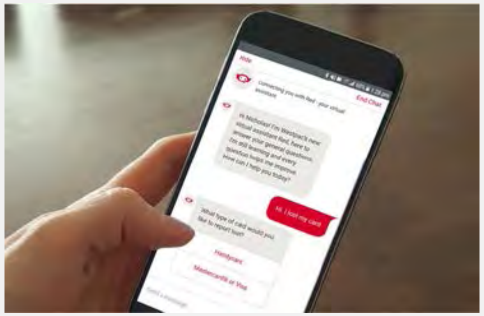
1 See page 160 for definitions. 2 Metrics are 1H19 compared to 2H18 unless otherwise stated.

Digital highlights

More digital sales[1,2]

- Fully digital sales now 36% of total (35% of NZ)
- Online TD renewals more than doubled

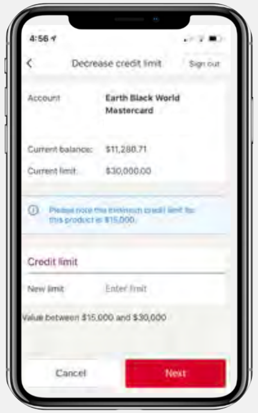
New features



Red

- New chat-bot ‘Red’ uses IBM’s Watson AI
- EasyID (NZ) materially improves account opening
- Digital mortgage progress
  - Digital mortgage launched[3]
  - Customer Service Hub
  - eConveyancing up 12%
  - Electronic signatures

Help managing finances[1,2]



- Credit card alert emails
- Online card limit reductions
- Blocked over $110,000 in card payments to online gambling (customer opt in)

Leader in Fintech

HYPER ANNA

uno.[4] DATA REPUBLIC

zip[5] ASSEMBLY

- Expanded Reinventure funds to $150m, portfolio value well exceeds investment
- Generating real strategic value, insights and opportunities

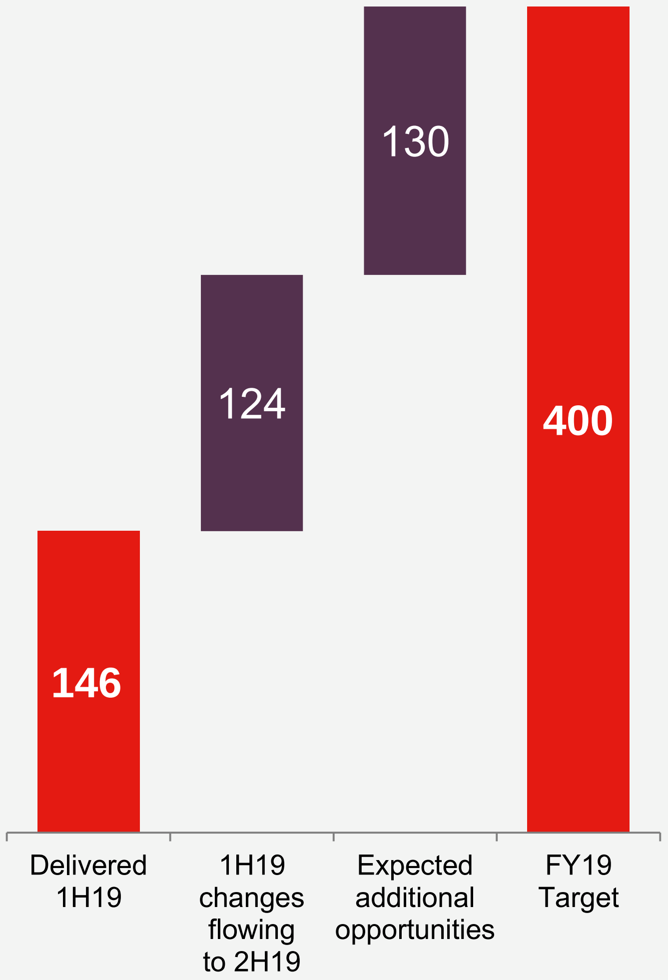
1 Australia unless otherwise stated. 2 1H19 on 2H18. 3 Launched for Bank of Melbourne, BankSA and St.George Bank. 4 Uno is an online mortgage broker. 5 Zip offers point-of-sale credit and digital payment services.

Consistent investment in technology infrastructure

Stability and security	• No severity 1 incidents since April 2018
Panorama	• New reporting functionality; rolled-out digital signatures
Customer Service Hub (CSH)	• System live – rollout underway • Improves mortgage process for customers and bankers while reducing cost
New Payments Platform	• Rolled out to Westpac consumer customers • Westpac processed one third of all Osko payments
Internal systems	• New HR system improves workforce cost management • New risk analytics platform • Upgraded desktop software, new teleconferencing facilities

Structural cost reduction – 1H19

Productivity savings ($m)



Simplify **$88m**

- FTE down ~800 (net)
- Continued product simplification
- Removed over $700m in cash turnover from branches

Digitise **$33m**

- Digital sales now 36% of total[1]
- Reduced physical presence; branches, ATMs, and corporate sites
- Reduced 50 tonnes of paper[2]

Modernise **$25m**

- CSH now live, scaled roll out underway
- 20% increase in cloud storage volumes; 13 applications removed; 130 APIs in use
- ~120 contracts reviewed/renegotiated

1 In Australia. 2 Annualised.

Summary

- Cash earnings lower – material uplift in provisions
- Decisive action on wealth strategy and remediation
- Taking costs out: structural productivity work delivering
- Change underway to address RC & CGA[1] recommendations
- Continuing to deliver on service strategy
- Maintain focus on 2019 priorities:

1 Deal with outstanding issues

2 Momentum in customer franchise

3 Structural cost reduction

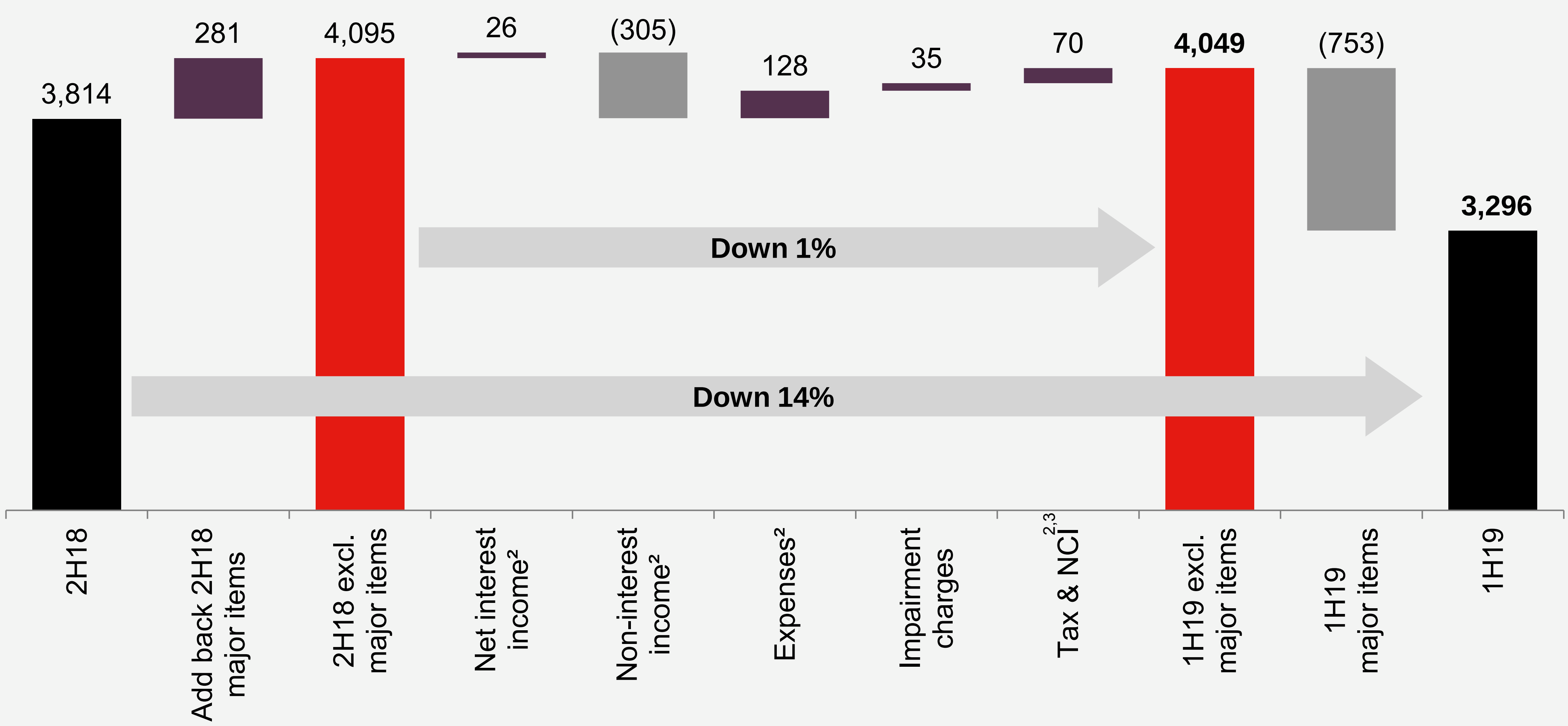
1 RC is Royal Commission, CGA is Westpac's Culture, Governance and Accountability self-assessment.

Peter King
Chief Financial Officer

Financial results throughout this presentation are in Australian dollars and are based on cash earnings unless otherwise stated. Refer page 41 for definition. Results principally cover the 1H19, 2H18 and 1H18 periods. Comparison of 1H19 versus 2H18 (unless otherwise stated)

Results impacted by major remediation & restructuring items[1]

Cash earnings movements ($m) 1H19 v 2H18



1 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40. 2 Excludes impact of major items. 3 NCI is non-controlling interests.

Major/infrequent/volatile items

Major items[1] – by area ($m after tax)

	1H18	2H18	1H19
Wealth remediation	–	(141)	**(484)**
Banking remediation	–	(140)	**(133)**
Wealth reset	–	–	**(136)**
Total	**–**	**(281)**	**(753)**

Infrequent/volatile items ($m after tax)

	1H18	2H18	1H19
Asset sales	(7)	–	**41**
Fund manager revaluations	–	(13)	**–**
Group CVA[2]	(1)	13	**(11)**
Total cash earnings impact	**(8)**	**–**	**30**

Major items[1] – by line item ($m)

	1H18	2H18	1H19
Revenue	–	(268)	**(812)**
Expenses	–	(112)	**(274)**
Core earnings	–	(380)	**(1,086)**
Cash earnings	**–**	**(281)**	**(753)**

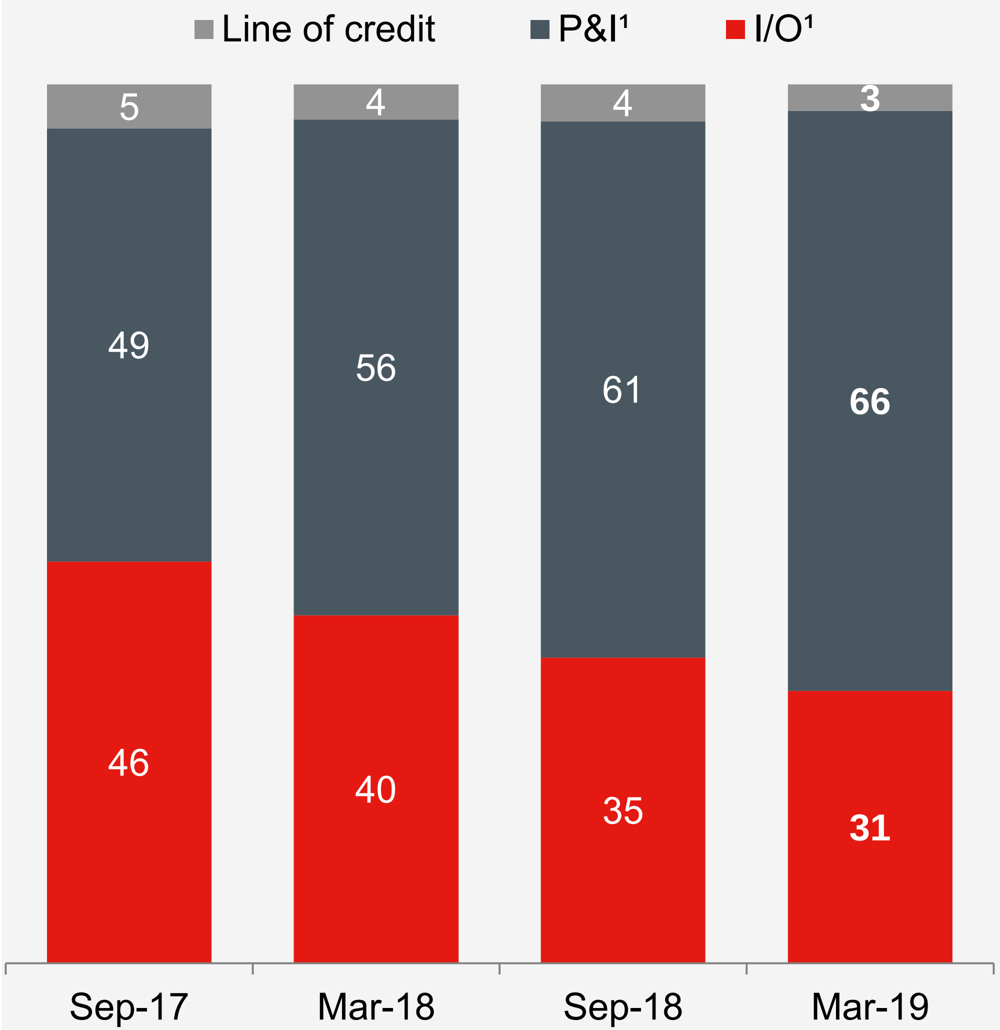
Hastings P&L ($m)

	1H18	2H18	1H19
Revenue[3]	23	180	**–**
Expenses	(37)	(121)	**–**
Core earnings	(14)	59	**–**
Cash earnings	**(2)**	**19**	**–**

1 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40. 2 CVA is credit valuation adjustment. 3 Excludes capital benefit.

Australian mortgage growth slowed

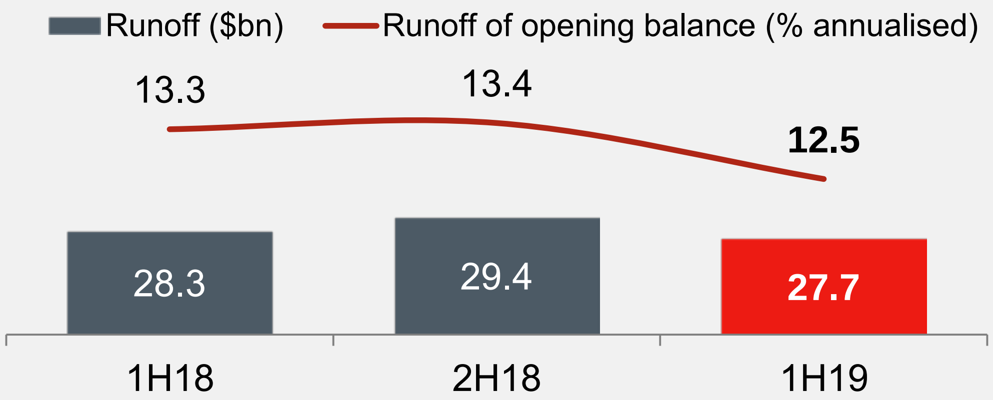
Australian mortgages mix (%)



Mortgage growth composition (%)

	1H18	2H18	1H19
Owner occupied growth	3	3	**2**
Investor growth	2	1	**–**
Total growth[2]	3	2	**1**

Runoff dynamics

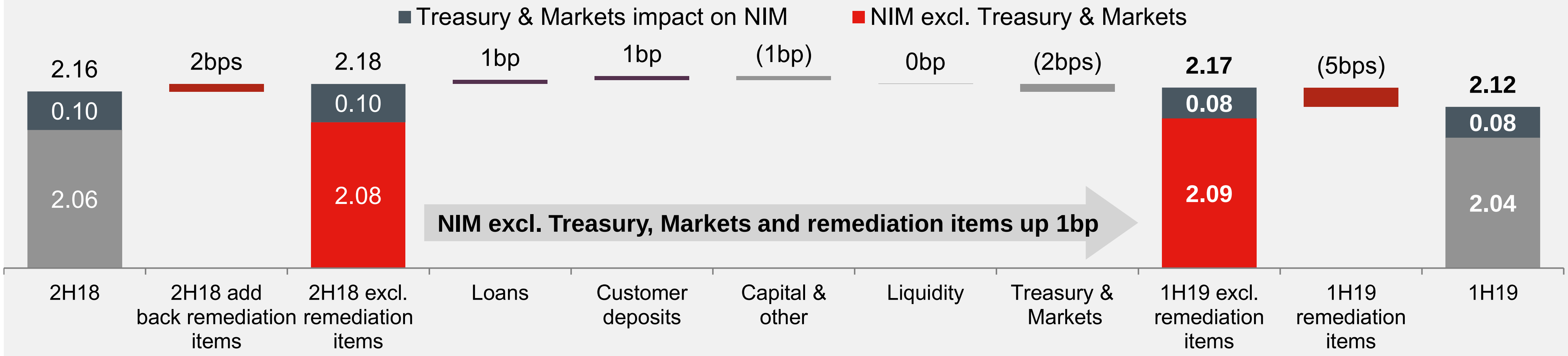


Runoff (% of opening balance)	1H18	2H18	1H19
I/O	11	11	**9**
P&I	15	15	**14**

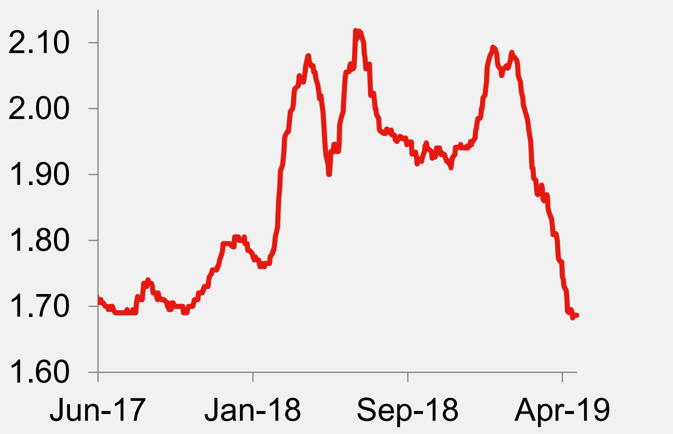
1 I/O is interest only mortgage lending. P&I is principal and interest mortgage lending. 2 Total excludes line of credit.

Margins well managed in difficult environment

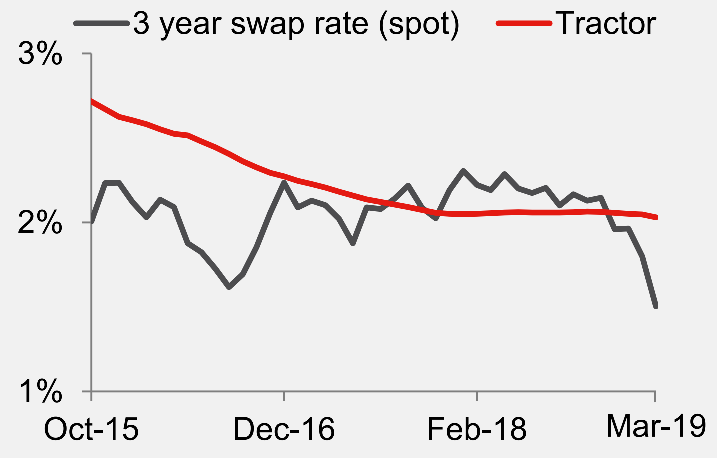
Net interest margin (bps)



3mth BBSW (%)



Tractor rate[1] (%)



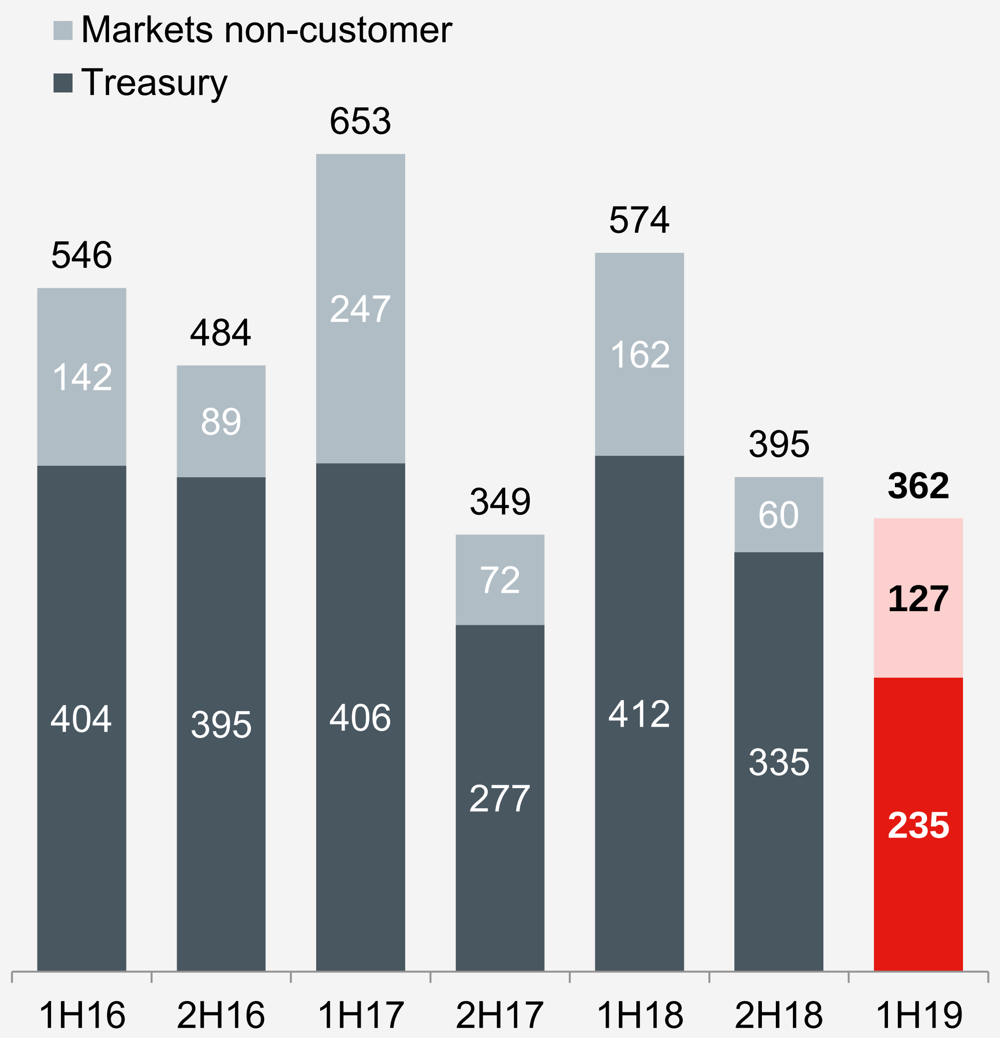
Hedged capital / deposits ($bn)

Capital hedged	49
Deposits hedged	41

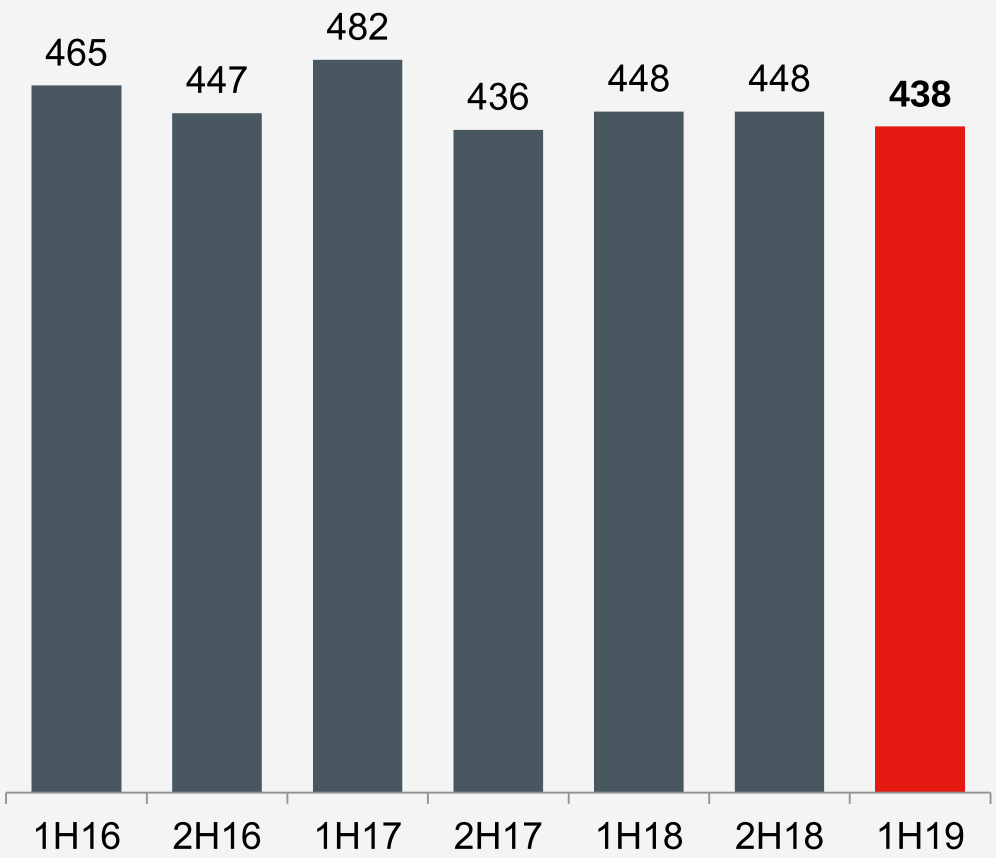
1 Tractor is the 3 year moving average hedge rate for hedges on capital and low rate deposits.

Markets & Treasury[1] income down 5% this half

Markets non-customer and Treasury income ($m)



Markets customer income ($m)

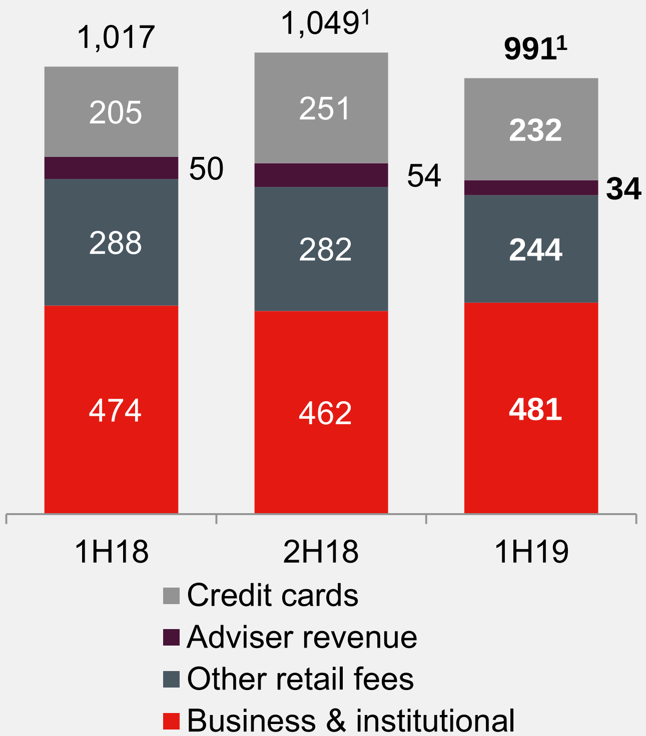


1 Includes net interest income and non-interest income but excludes derivative valuation adjustments.

Non-interest income down 30%, down 12% excl. major items[1]

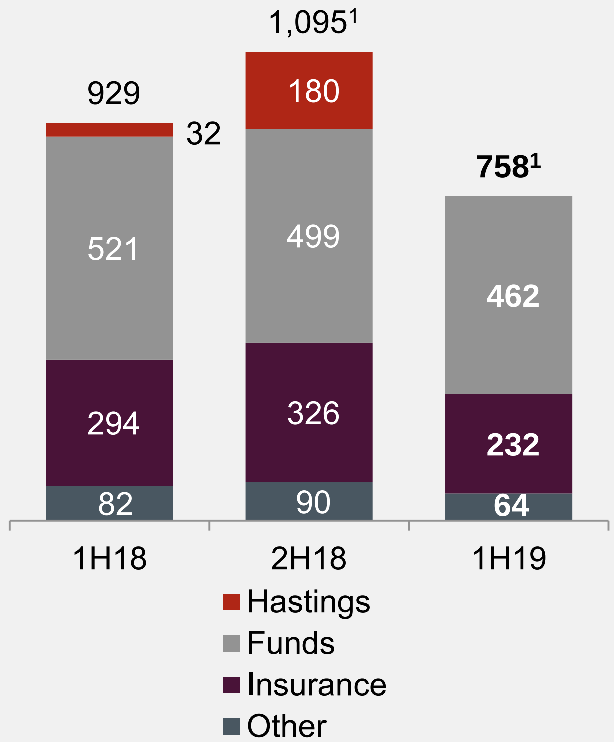
Net Fees ▼ 6%[1]

- ▼ Cards ($19m); reduced FX fees and annual fees
- ▼ Adviser revenue ($20m)
- ▼ Merchant and NZ fees
- ▲ WIB – infrastructure & syndication



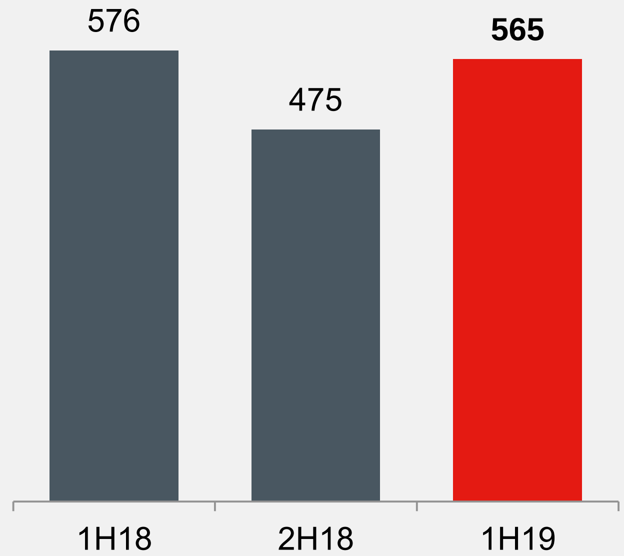
Wealth and Insurance ▼ 31%[1]

- ▼ Exit of Hastings ($180m)
- ▼ General insurance catastrophe claims ($94m)
- ▼ Ceasing grandfathered commission payments, competition, platform repricing and lower markets



Trading and Other ▲ 19%[1]

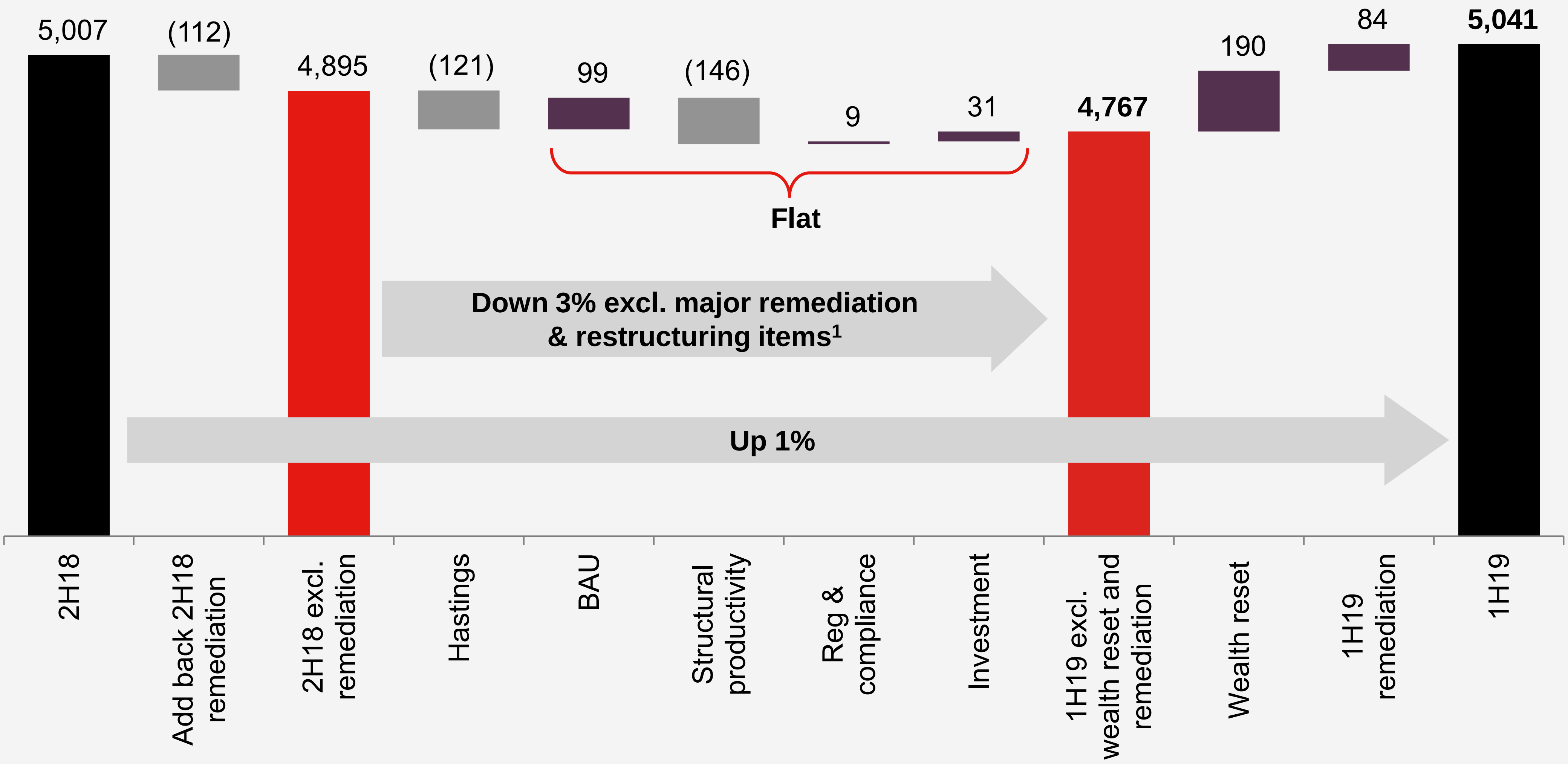
- ▲ WIB markets income
- ▲ Asset sales (Paymark $38m, Ascalon $3m)



1 Analysis and comments 2H18 on 1H19 excludes impact of major items. Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40.

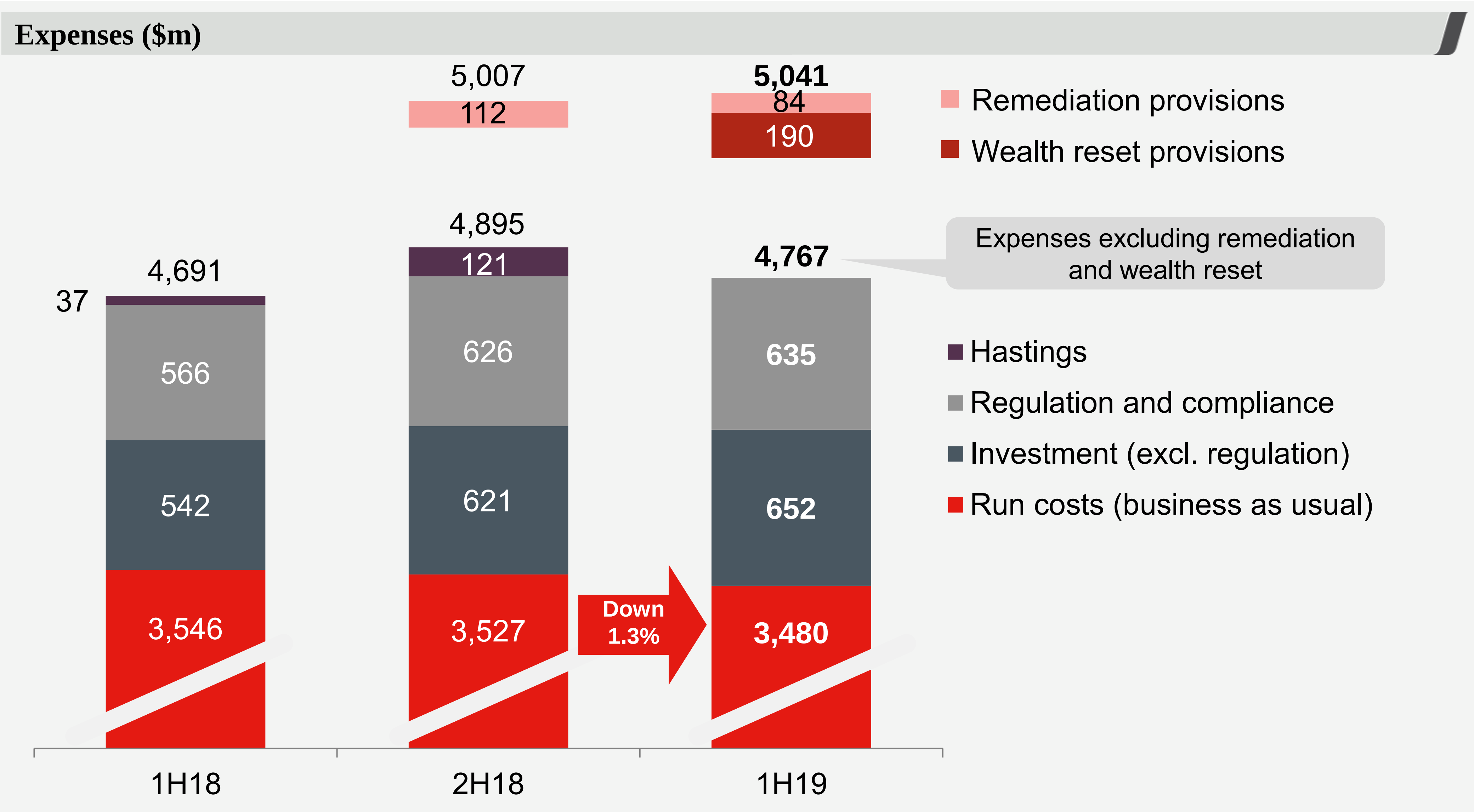
Managing expenses through structural productivity

1H19 – 2H18 Movement in expenses ($m)



1 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40.

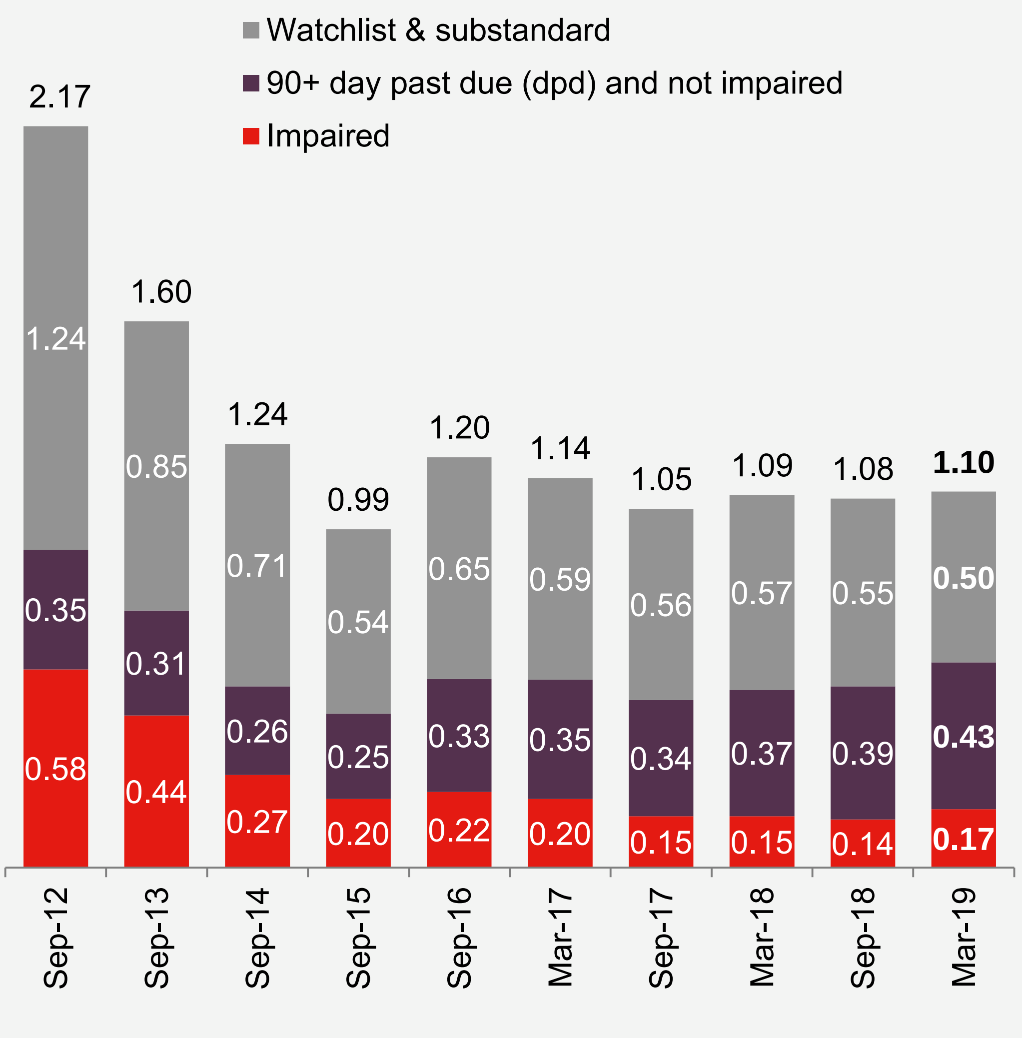
Target 1% expense reduction[1] on FY18; $400m in productivity



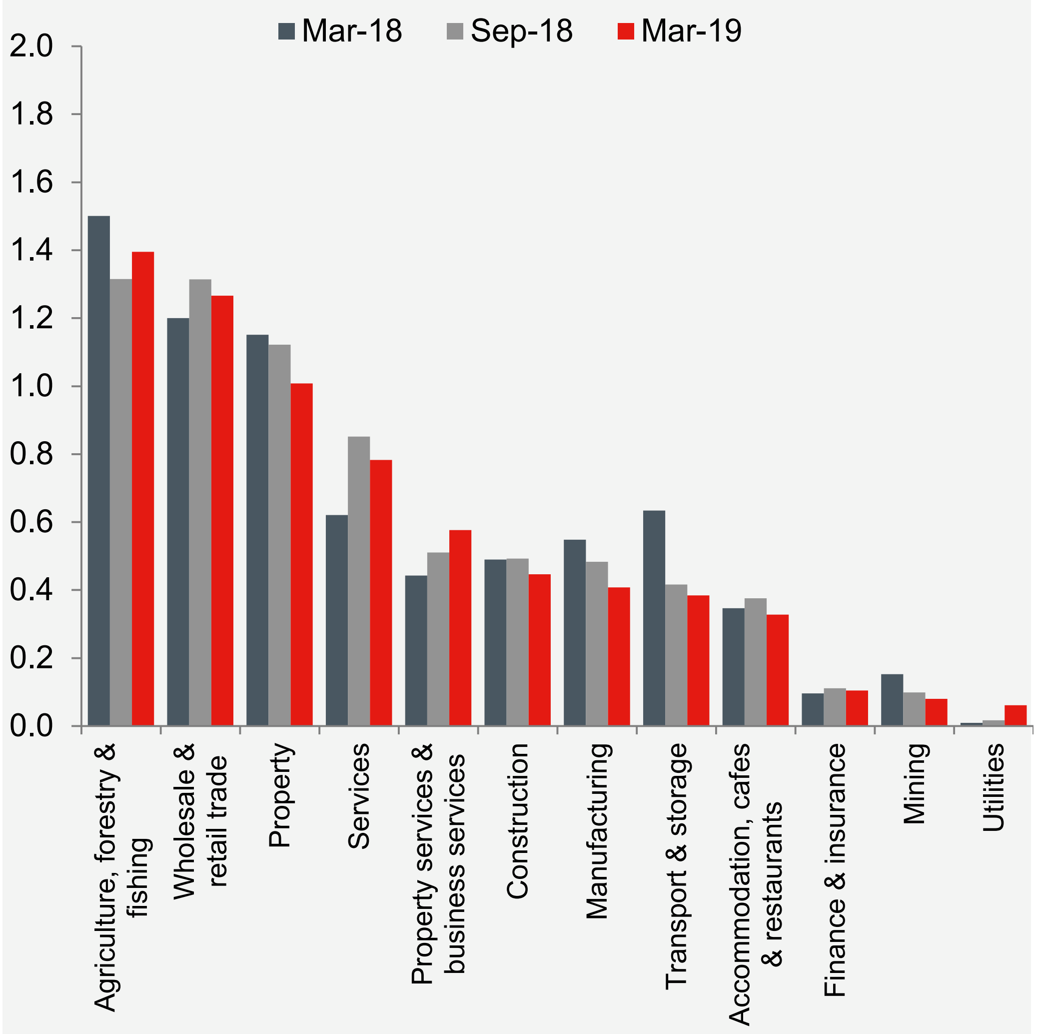
1 1% reduction is based on FY18 and FY19 expenses excluding provisions for remediation and wealth reset.

Credit quality sound

Stressed exposures as a % of TCE[1]



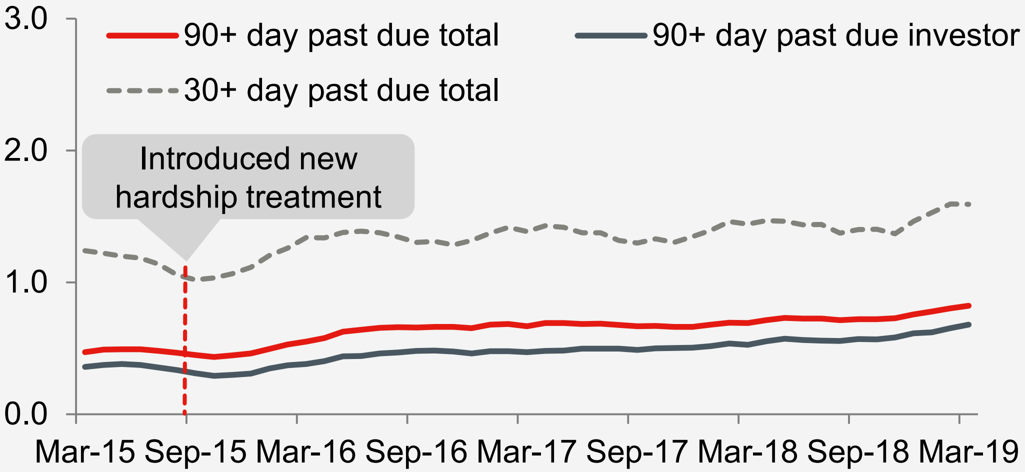
Corporate/business stressed exposure by sector ($bn)



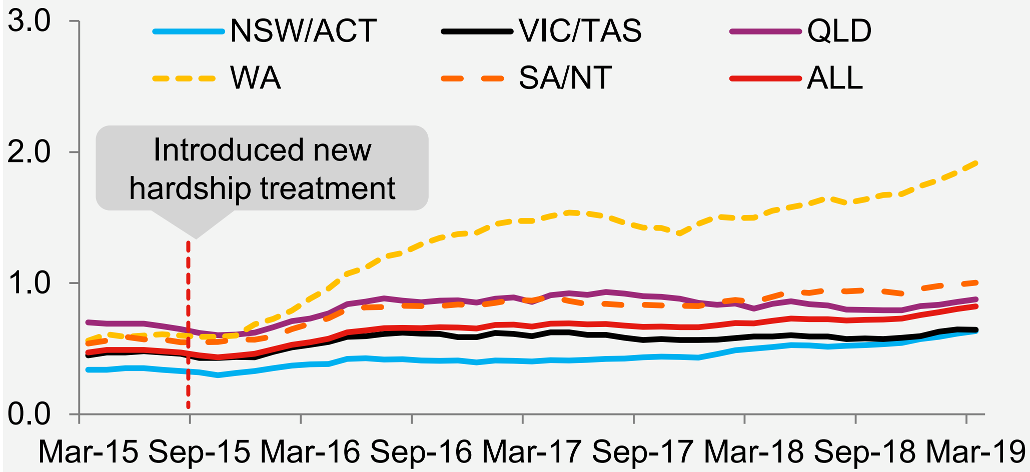
1 TCE is total committed exposure.

Australian mortgage credit quality sound

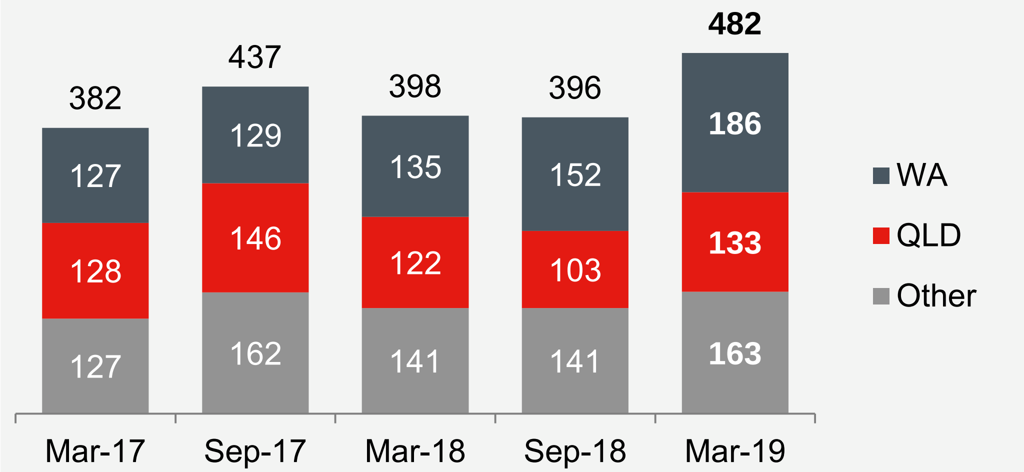
Australian mortgage portfolio delinquencies (%)



Australian mortgages 90+ day delinquencies by State (%)



Properties in possession (number)



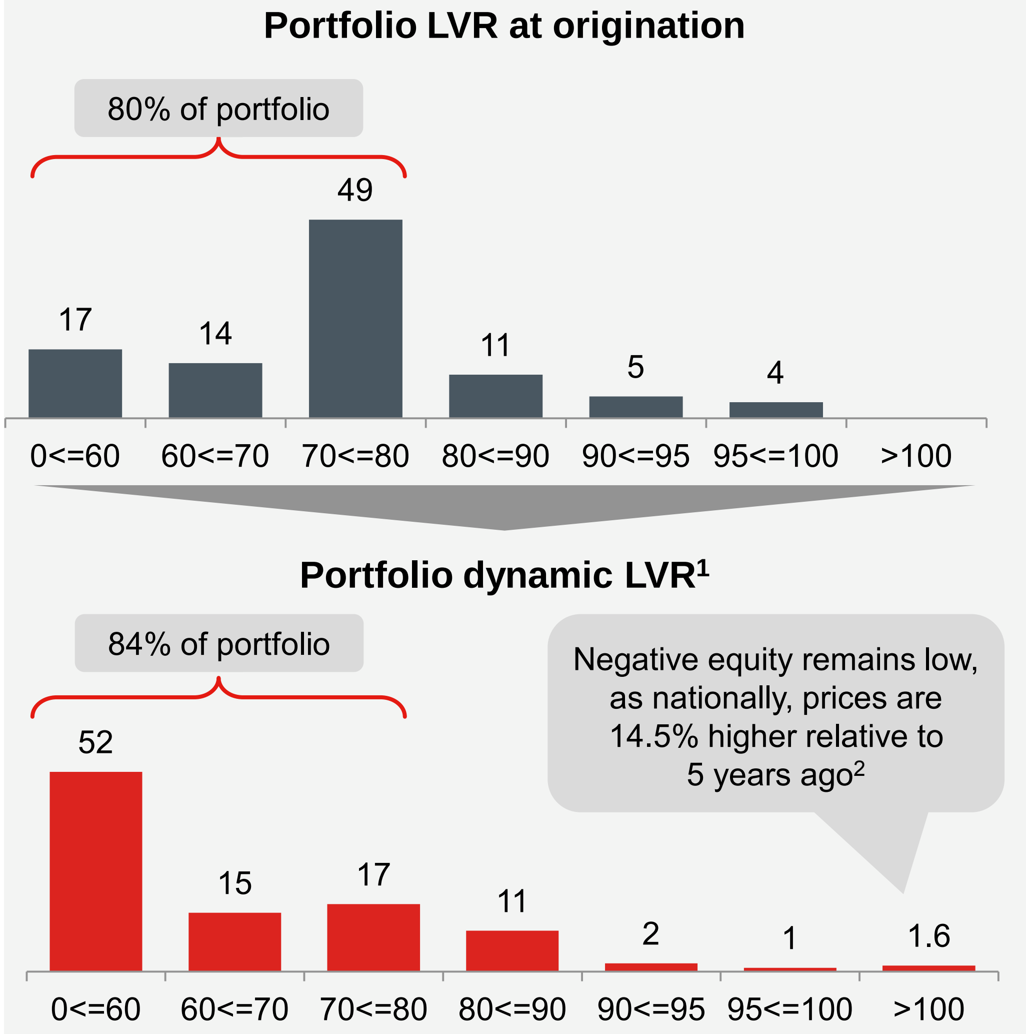
Australian mortgage portfolio characteristics

	Mar-18	Sep-18	Mar-19
30+ day delinquencies	144bps	140bps	**159bps**
90+ day delinquencies	69bps	72bps	**82bps**
Customers ahead of repayments[1]	68%	69%	**69%**
Realised mortgage losses[2] ($m)	48	38	**51**
Dynamic LVR (weighted average)	52%	54%	**57%**

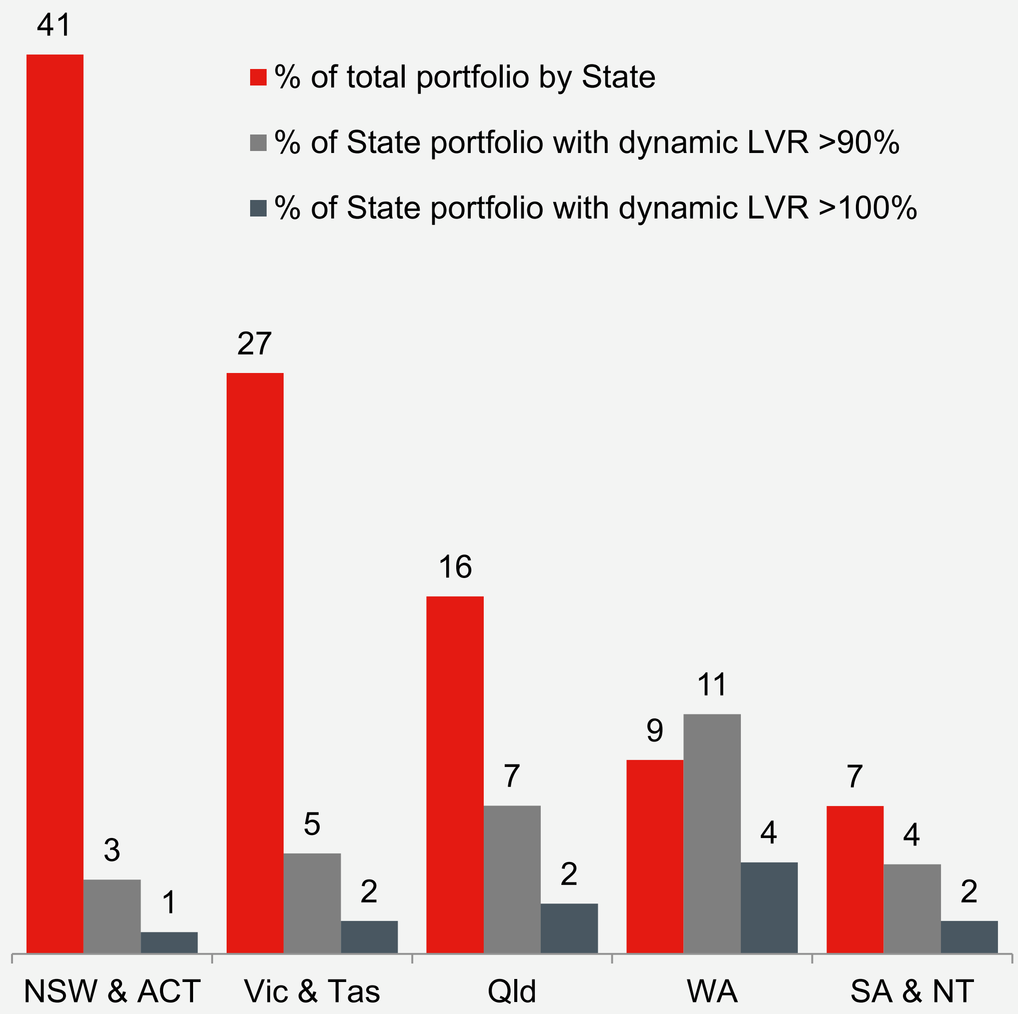
1 Including offset balances. 2 Net of reinsurance costs.

Well collateralised mortgage portfolio

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

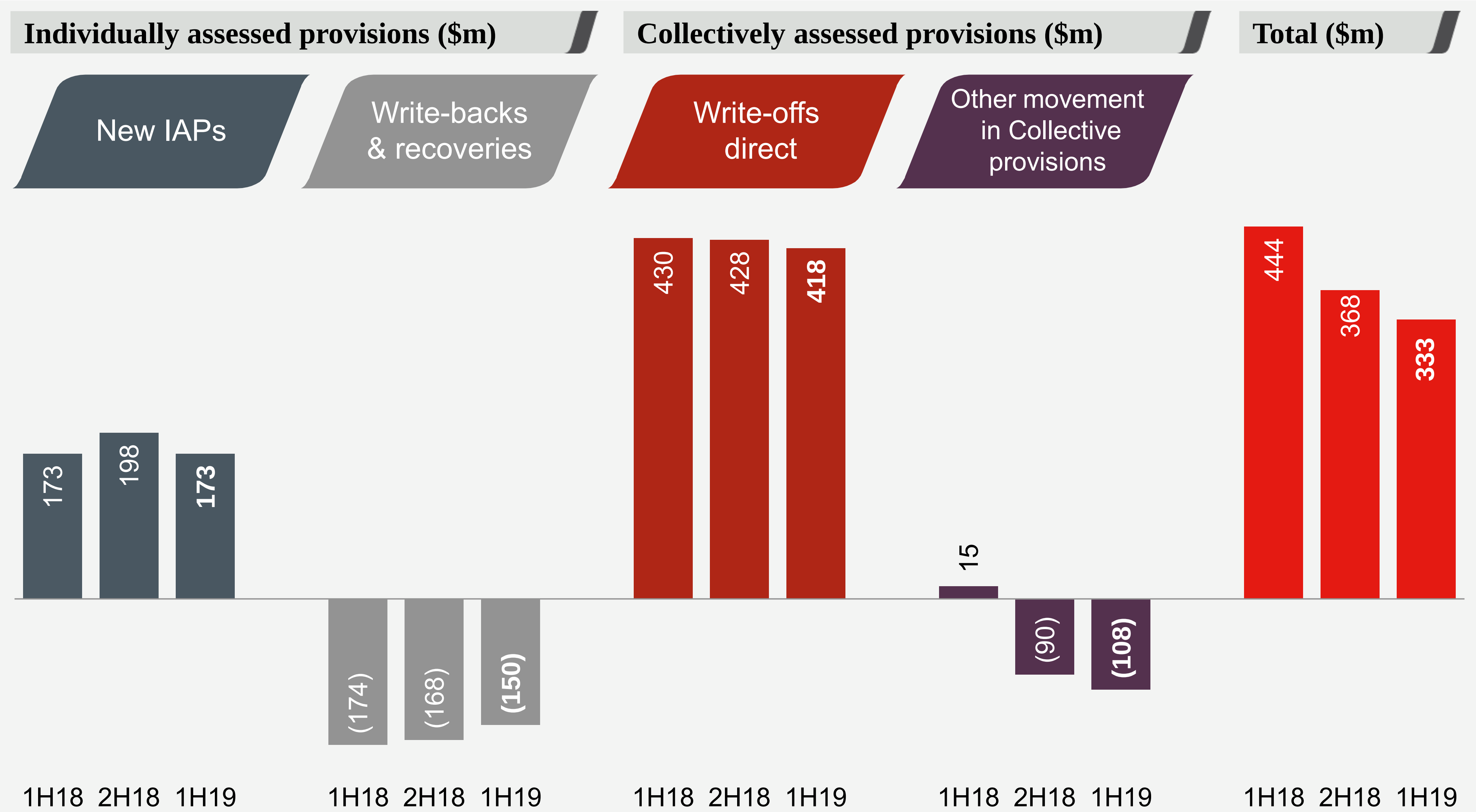


Australian housing LVRs (%)



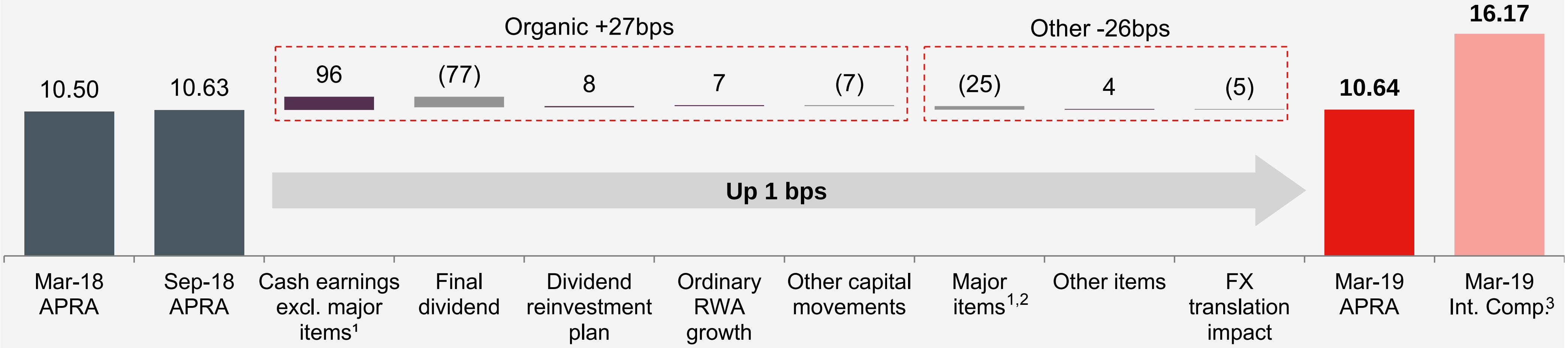
1 Dynamic LVR is the loan to value ratio taking into account the current loan balance, changes in security value based on property priced indices, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 2 Source: CoreLogic, 1 May 2019.

Impairment charge 9bps of loans



CET1 ratio 10.6%

CET1 capital ratio (% and bps)



APRA considerations

- Further clarity on revised capital frameworks expected 2019/20
- New derivative standard expected to impact Westpac's CET1 ratio by approx. 20bps in 2H19

RBNZ considerations

- New capital proposals
  - Tier 1 capital of 16%
  - RWA measurement changes
  - Consultation closes 17 May
  - WNZL has a Tier 1 capital ratio of 14.5% (Mar 19)
  - Potential NZ$3.5bn – NZ$4bn of additional capital (based on balance sheet at Mar 19)

1 Major remediation and restructuring items (major items) include provisions for estimated customer refunds, payments and associated costs, along with restructuring costs associated with resetting the Group's wealth strategy. For further details see slide 40. 2 The impact of major items on the CET1 ratio incudes capital deduction for the associated deferred tax assets. 3 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015.

Considerations for 2H19

- Expect system credit growth to moderate
- Continued focus on return
- Margins: continued competition; lower interest rates; short term funding costs
- Non-interest income will reflect impact of previously announced wealth reset; general insurance claims elevated in 1H19
- Expenses targeting 1% reduction on FY18[1], $400m in productivity
  - Wealth reset costs in 2H19 ~$70m
- Credit quality: expected to remain in good shape, delinquencies to reflect economic environment

1 1% reduction is based on FY18 and FY19 expenses excluding provisions for remediation and wealth reset.

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Brian Hartzer
Chief Executive Officer

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Operating environment

- Overall economic fundamentals remain sound
- Economic activity has slowed with GDP growth likely to end the year at 2.2%
- Expect credit growth to remain soft across both business and consumer
- Anticipating lower interest rates
- Housing in good shape but a further easing in prices likely
- Some regulatory uncertainty remains – expecting some clarity through 2H19

2H19 Priorities

1 Deal with outstanding issues

- Prioritise customer refunds
- Implement recommendations from RC and CGA[1]
- Deal with regulatory/litigation matters

2 Momentum in customer franchise

- Continue to grow customer numbers and relationship depth
- Roll out Customer Service Hub
- Further migration to digital, especially sales

3 Structural cost reduction

- Committed to $400m in FY19 structural productivity
- Finalise wealth reset

1 RC is Royal Commission, CGA is Westpac's Culture, Governance and Accountability self-assessment.

Investor Discussion Pack

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Strategy

Westpac Group at a glance: Australia's First Bank

- In its 203rd year, Australia's first bank and first company, opened 1817
- Australia's 2nd largest bank and 28th largest bank in the world; ranked by market capitalisation[1]
- Well positioned across key markets with a service-led strategy focused on customers
- 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, and wealth administration
- One of the most efficient banks globally[2]
- Capital ratios are in the top quartile globally, with sound credit quality
- Credit ratings[3] AA- / Aa3 / AA-
- Leader in sustainability[4]

Consumer Bank	Business Bank	BT Financial Group	Institutional Bank	Westpac New Zealand
Westpac	Westpac	BT	Westpac	
st.george	st.george	BT Panorama	Pacific	
bankSA	bankSA	ADVANCE ASSET MANAGEMENT		
Bank of Melbourne	Bank of Melbourne			
RAMS				

Key statistics at 31 March 2019

Customers	14.2m
Australian household deposit market share[5]	23%
Australian mortgage market share[6]	23%
Australian business credit market share[6]	18%
New Zealand deposit market share[7]	19%
New Zealand consumer lending market share[7]	18%
Australian wealth platforms market share[8]	18%

Key financial data for First Half 2019

Reported net profit after tax	$3,173m
Cash earnings	$3,296m
Expense to income ratio[9]	49.9%
Common equity Tier 1 capital ratio (APRA basis)	10.6%
Return on equity[9]	10.4%
Total assets	$891bn
Market capitalisation[10]	$89bn

1 31 March 2019 Source: S&P Capital IQ, based in US$. 2 Credit Suisse analysis of expense to income ratio of world's largest banks April 2019. 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 A member of banking sector leadership group DJSI World, since 2002. Ranked leader in Sustainalytics ESG Rating. 5 APRA Banking Statistics, March 2019 6 RBA Financial Aggregates, March 2019. 7 RBNZ, March 2019. 8 Strategic Insights December 2018, All Master Funds Admin. 9 Cash earnings basis. 10 Based on share price at 29 March 2019 of $25.92.

Framing our strategic agenda

Our Vision

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

Strategic Priorities

- **Service Leadership**
- **Performance Discipline**
- **Digital Transformation**
- **Targeted Growth**
- **Workforce Revolution**

Non-negotiables

- Balance sheet strength
- Credit quality
- Return disciplines
- Culture
- Great service

2019 Priorities

- **Deal with outstanding issues**
- **Customer franchise momentum**
- **Structural cost reduction**

Progress on our 2019 priorities

Deal with outstanding issues

Progress:

- Announced reset of Wealth Strategy
  - Exiting personal financial advice and moving to a referral model
  - Restructured BTFG businesses into Consumer and Business divisions
- Raised provisions for Wealth customer remediation in 1H19 for:
  - Salaried advisers of $127m (after tax)
  - Authorised representatives of $357m (after tax)
- Centralising the oversight of customer remediation with the Chief Operating Officer
- Accelerated processing of customer refunds, paid out approximately $200m to date

Customer franchise momentum[1]

Progress:

- Increased Australian banking customer numbers by 36k to 11.1m over 1H19
- Number 1 in Net Promotor Score (NPS) for Business customers and Number 2 for Consumer customers
- NZ NPS improving
  - Consumer NPS +11 (up 3)
  - Business NPS +4 (up 4)
- Deepen relationships[2]
  - #2 MFI consumer market share (16%)
  - #2 MFI SME market share (21%)
  - #1 MFI commercial market share (26%)
  - #1 in platform funds under administration[3] (18%)

Structural cost reduction

Progress:

- $146m in productivity benefits delivered in 1H19
- Migrated activity to digital
  - 52% of accounts now use eStatements
  - >900,000 letters sent via digital mail
  - >90,000 mortgages settled via eConveyancing in 1H19
- Simplified products and processes
  - 5 products closed
  - 13 applications removed
- Improvements in major platforms:
  - Customer service hub (CSH) operational in Westpac brand, St.George brands in 2H19
  - Additional functionality on Panorama with advanced reporting and eSignatures

1 Refer to pages 160 and 161 for metric definitions and details of metric provider. 2 MFI is main financial institution. 3 Strategic insights December 2018. All Master Funds Admin.

What sets Westpac apart

Strong strategic position – consistent strategy

- No. 1 or 2 position across key markets – all divisions well placed
- Unique portfolio of brands, reaching more customers
- Strategic position in platforms and insurance, with a comparative advantage in platforms
- No material non-core businesses

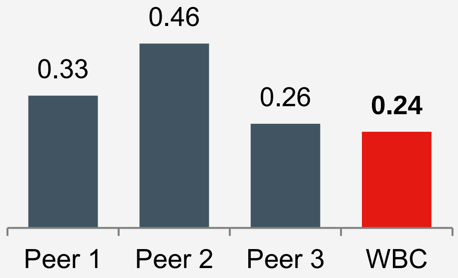
Sustainability leadership

- Australia's first bank and first company, opened 1817
- First Australian bank to:
  - Sign Equator Principles (2003)
  - Commit to 2 degree economy (2014)
- Public support for Taskforce on Climate-related Financial Disclosures (TCFD) recommendations (2017)
- Foundation member of United Nations Environment Program Finance Initiatives Principles for Responsible Banking (2018)
- Member of global banking leadership group in Dow Jones Sustainability Index since 2002; sector leader 10 times; ranked #17 in 2018

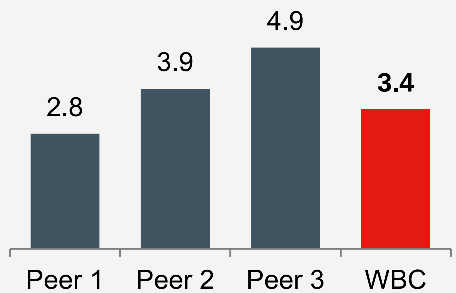
Conservative balance sheet

- Strong credit quality with lowest impaired assets to gross loans of peers
- Capital ratios at top end of banks globally
- Provision cover at upper end of peers
- Balance sheet weighted to mortgages
- Disciplined amortisation of capitalised software
- Only Australian Bank SEC registered – Sarbanes Oxley certification

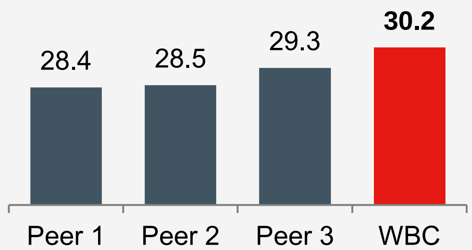
Impaired assets to gross loans[1] (%)



Capitalised software average amortisation period[1] (years)



Effective tax rate[1] (%)



1 Peer 1 and 2 are on continuing operations basis. Peers based on 1H19 results as reported.

Overview

Notable items in 1H19 and 2H18

In 1H19 and 2H18 the Group raised provisions in relation to certain matters. These are known throughout this document as "notable items" and relate to the following:

Customer remediation

The Group booked provisions of $617 million (after tax) in 1H19, $281 million in 2H18. The majority of the provisions related to remediation programs for:

- Certain ongoing advice service fees associated with the Group's salaried financial planners
- Certain ongoing advice service fees charged by the Group's authorised representatives that provided financial planning services under Magnitude and Securitor brands
- Refunds for certain customers that had interest only loans that did not automatically switch, when required, to principal and interest loans
- Refunds to certain business customers who were provided with business loans where they should have been provided with loans covered by the *National Consumer Credit Protection Act*

Resetting Wealth

In March 2019, the Group announced its decision to reset its Wealth business. In 1H19, the Group raised provisions for restructuring and transition costs of $190 million (after tax $136 million)

	Remediation					Wealth reset	
1H19 notable items	**CB**	**BB**	**BTFG**	**NZ**	**GB[1]**	**BTFG**	**Group**
Net interest income	(47)	(161)	(4)	-	-	-	**(212)**
Non-interest income	-	(13)	(587)	-	-	-	**(600)**
Expenses	31	(14)	(101)	-	-	(190)	**(274)**
Core earnings	(16)	(188)	(692)	-	-	(190)	**(1,086)**
Impairment charges	-	-	-	-	-	-	**-**
Tax and non-controlling interests	14	57	208	-	-	54	**333**
Cash earnings	**(2)**	**(131)**	**(484)**	**-**	**-**	**(136)**	**(753)**

	Remediation					
2H18 notable items	**CB**	**BB**	**BTFG**	**NZ**	**GB[1]**	**Group**
Net interest income	(99)	-	-	(2)	(4)	**(105)**
Non-interest income	(6)	-	(146)	(11)	-	**(163)**
Expenses	(39)	(5)	(55)	(3)	(10)	**(112)**
Core earnings	(144)	(5)	(201)	(16)	(14)	**(380)**
Impairment charges	-	-	-	-	-	**-**
Tax and non-controlling interests	34	-	60	4	1	**99**
Cash earnings	**(110)**	**(5)**	**(141)**	**(12)**	**(13)**	**(281)**

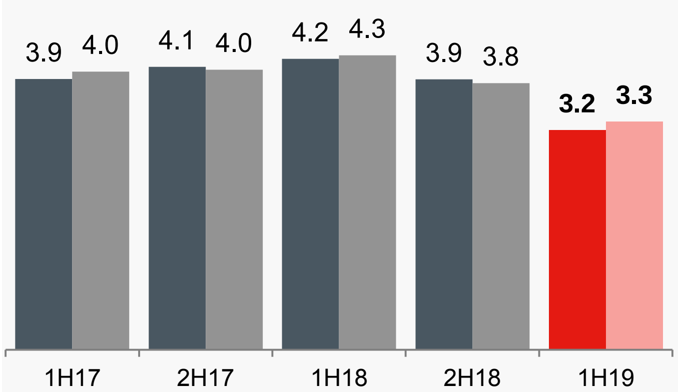
1 Group Businesses.

Cash earnings and reported net profit reconciliation

Cash earnings[1] 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 over 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 the Westpac Group believe do not reflect the Group's operating performance
  - 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)



	1H19 ($m)	% chg 1H19-2H18	% chg 1H19-1H18
Cash earnings	**3,296**	(14)	(22)
Cash EPS (cents)	**95.8**	(14)	(23)
Reported net profit	**3,173**	(19)	(24)
Reported EPS (cents)	**92.3**	(19)	(25)

Reported net profit and cash earnings adjustments ($m)

	2H18	1H19
Reported net profit	3,897	**3,173**
Fair value (gain)/ loss on economic hedges	(163)	**126**
Ineffective hedges	4	**(5)**
Adjustments related to Pendal Group (formerly BTIM)	73	**4**
Treasury shares	3	**(2)**
Cash earnings	3,814	**3,296**

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 page 154.

1H19 financial snapshot

	1H19	Change 1H19– 2H18	Change 1H19 – 1H18
Earnings[1]			
Earnings per share (cents)	**95.8**	(14%)	(23%)
Core earnings ($m)	**5,062**	(14%)	(23%)
Cash earnings ($m)	**3,296**	(14%)	(22%)
Return on equity (%)	**10.4**	(165bps)	(353bps)
Dividend (cents per share)	**94**	-	-
Expense to income ratio (%)	**49.9**	407bps	816bps
Net interest margin (%)	**2.12**	(4bps)	(16bps)
Credit quality			
Impairment charges to average gross loans (bps)	**9**	(1bp)	(4bps)
Impaired assets to gross loans (bps)	**24**	4bps	2bps
Impaired provisions to impaired assets (%)	**45.7**	(38bps)	20bps

	1H19	Change 1H19– 2H18	Change 1H19– 1H18
Balance sheet			
Total assets ($bn)	**891.1**	1%	2%
Common equity Tier 1 (CET1) capital ratio (APRA basis) (%)	**10.6**	1bp	14bps
CET1 capital ratio (Internationally comparable[2]) (%)	**16.2**	3bps	4bps
CET1 capital ($bn)	**44.7**	(1%)	2%
Risk weighted assets ($bn)	**420**	(1%)	1%
Loans ($bn)	**714.3**	1%	2%
Customer deposits ($bn)	**511.6**	(1%)	2%
Net tangible assets per share ($)	**15.12**	(2%)	1%
Funding and liquidity			
Customer deposit to loan ratio (%)	**71.6**	(132bps)	5bps
Net stable funding ratio (%)	**113**	1ppt	(1ppt)
Liquidity coverage ratio (%)	**138**	5ppts	4ppts
Total liquid assets[3]($bn)	**151.6**	(1%)	3%

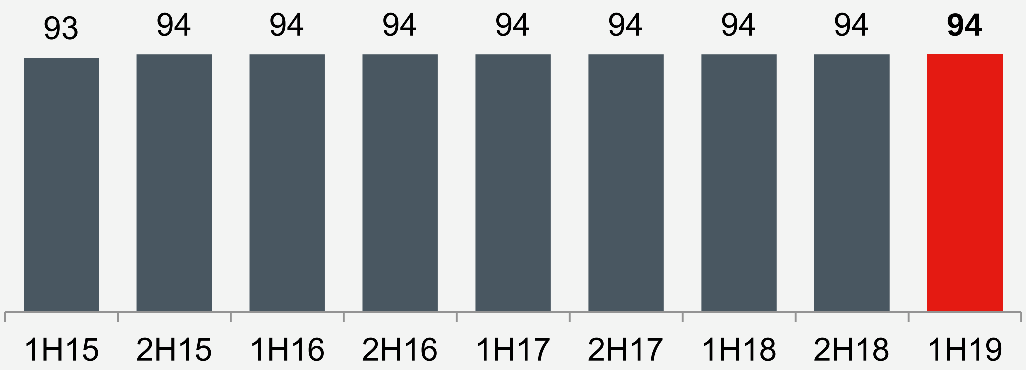
1 All measures on a cash earnings basis. 2 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. 3 Total liquid assets represent cash, interbank deposits and assets eligible for existing repurchase agreements with a central bank.

Unchanged dividend

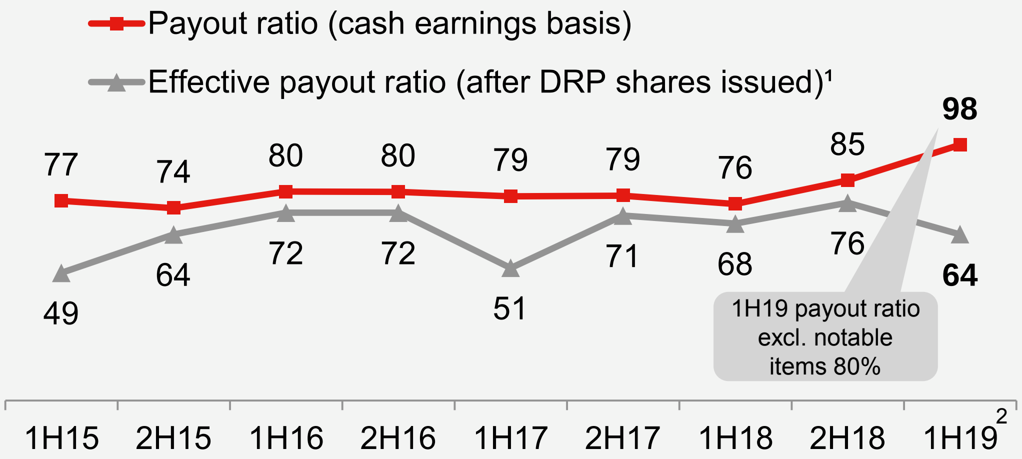
Dividend considerations

- Sustainability of the payout ratio over the medium term
- CET1 capital ratio = unquestionably strong benchmark
- Surplus franking credits
- 1H19 Bank Levy equivalent to 4 cents per share
- Performance excluding notable items

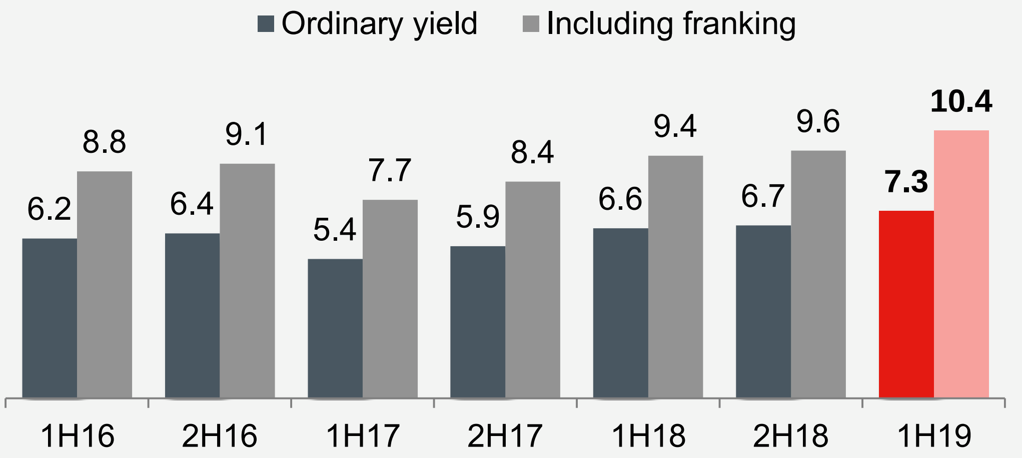
Dividends per ordinary share (cents)



Dividend payout ratio (%)



Ordinary dividend yield[3] (%)

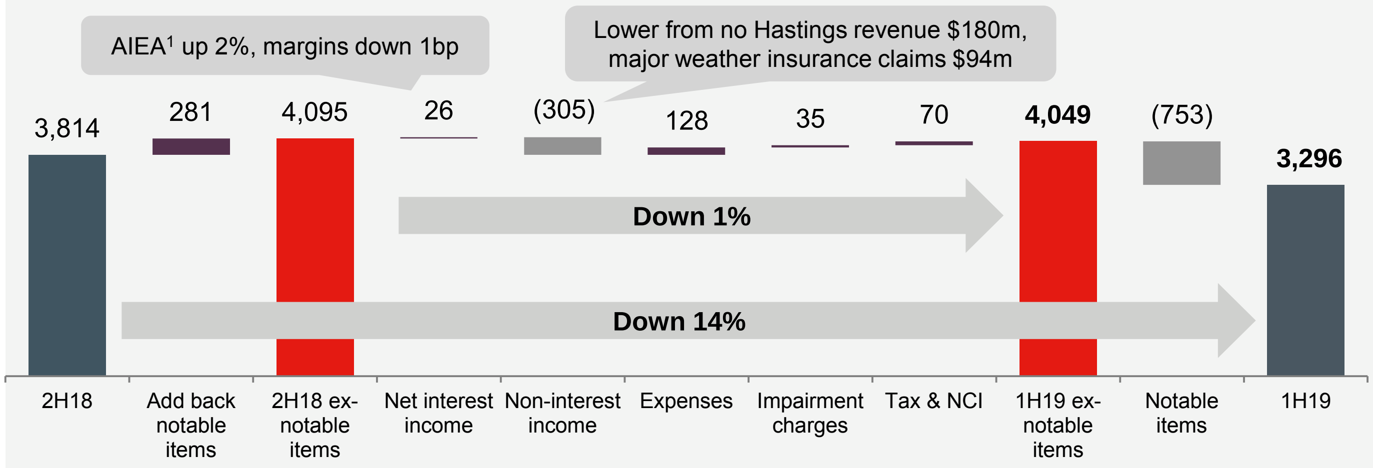


1 A 1.5% discount will be applied to the market price used to determine the number of shares issued under the DRP. The DRP discount has been applied to give the Group additional capital flexibility, including the expected regulatory changes to the measurement of capital and risk weighted assets likely to be announced in 2H19. 2 DRP participation rate of 35% assumed. 3 Yield based on closing price as at 31 March or 30 September respectively.

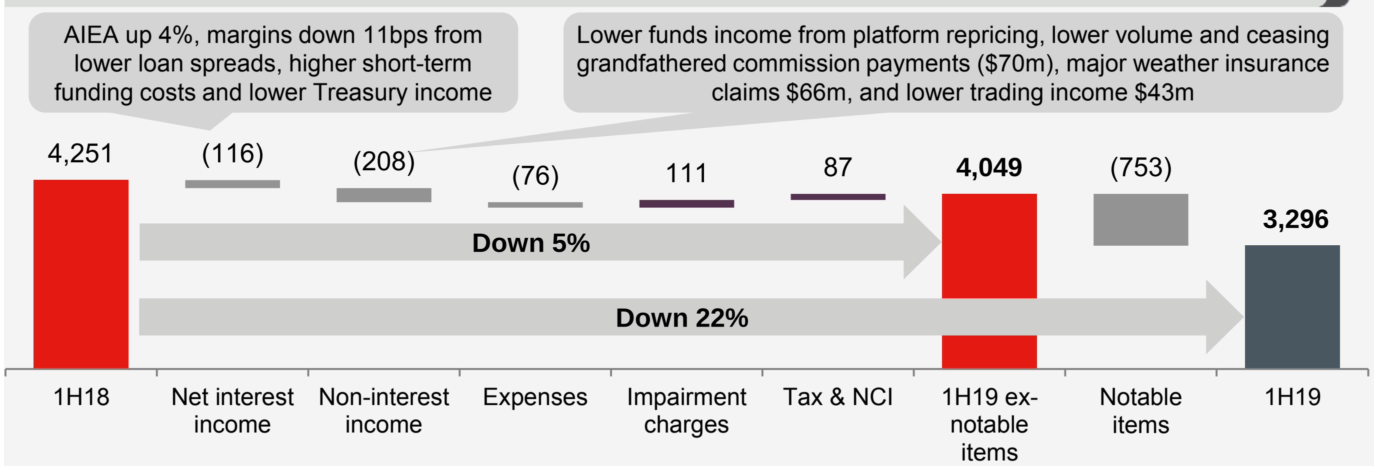
1H19 cash earnings impacted by notable items of $753m

	1H19 $m	% Change 1H19 – 2H18	% Change 1H19 – 1H18
Net interest income	**8,389**	(1)	(4)
Non-interest income	**1,714**	(30)	(32)
Expenses	**(5,041)**	1	7
Core earnings	**5,062**	(14)	(23)
Impairment charges	**(333)**	(10)	(25)
Tax and non-controlling interests (NCI)	**(1,433)**	(18)	(23)
Cash earnings	**3,296**	**(14)**	**(22)**
Add back notable items	753	168	-
Cash earnings ex notable items	**4,049**	**(1)**	**(5)**
Reported net profit	***3,173***	***(19)***	***(24)***

Cash earnings features of 1H19– 2H18 ($m)

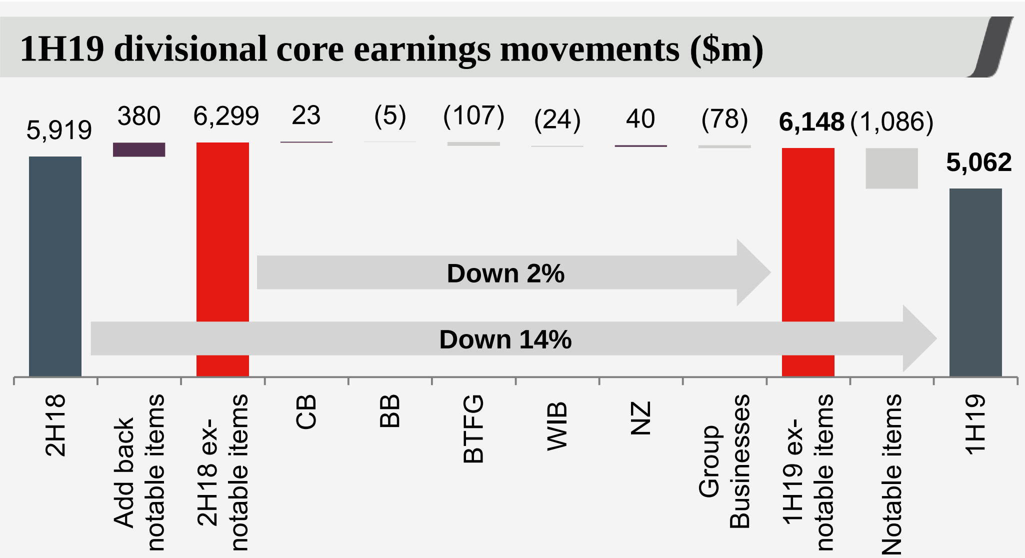


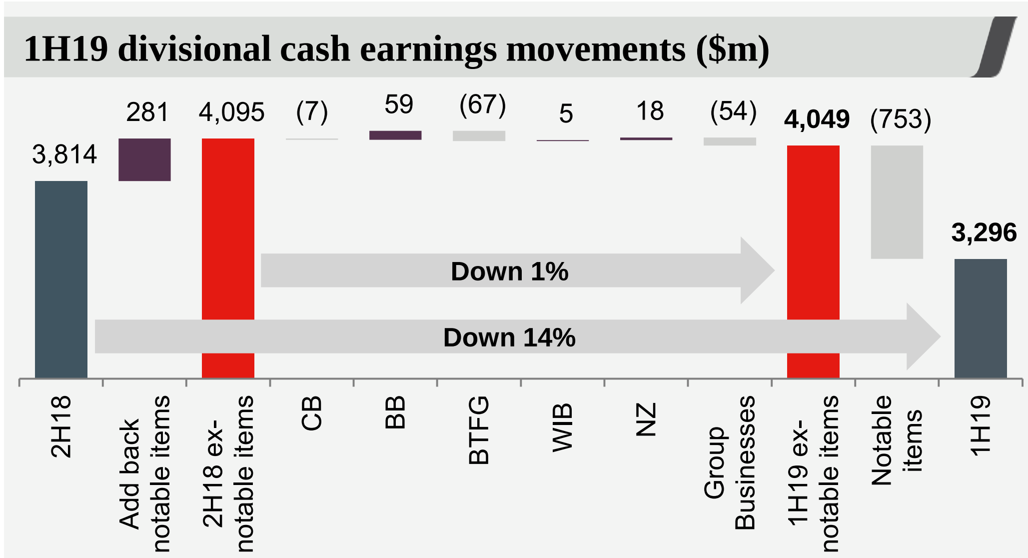
Cash earnings features of 1H19 – 1H18 ($m)



1 Average interest-earning assets.

Divisional[1] contributions





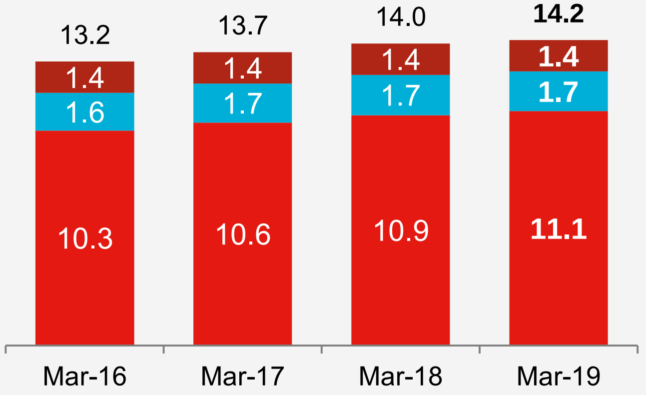
1H19 ($m)	CB	BB	BTFG	WIB	NZ	Group Businesses	Group
Operating income	4,241	2,510	439	1,425	1,179	309	**10,103**
Expenses	(1,821)	(988)	(872)	(654)	(454)	(252)	**(5,041)**
Core earnings	2,420	1,522	(433)	771	725	57	**5,062**
Impairment (charges)/benefits	(268)	(75)	1	(15)	(13)	37	**(333)**
Tax & non-controlling interests	(638)	(434)	127	(213)	(188)	(87)	**(1,433)**
Cash earnings	**1,514**	**1,013**	**(305)**	**543**	**524**	**7**	**3,296**
Add back notable items	2	131	620	-	-	-	753
Cash earnings ex notable items	**1,516**	**1,144**	**315**	**543**	**524**	**7**	**4,049**
% of Group cash earnings ex notable items	**37**	**28**	**8**	**13**	**13**	**-**	

1 Refer to division definitions, page 157.

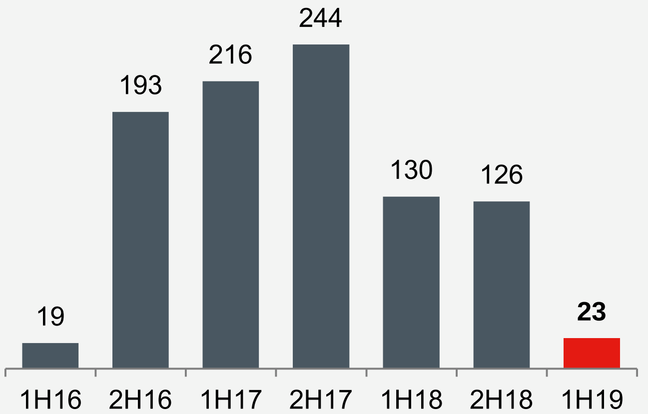
More customers, deeper relationships and strong balance sheet

Grow customers

Customer numbers (#m)

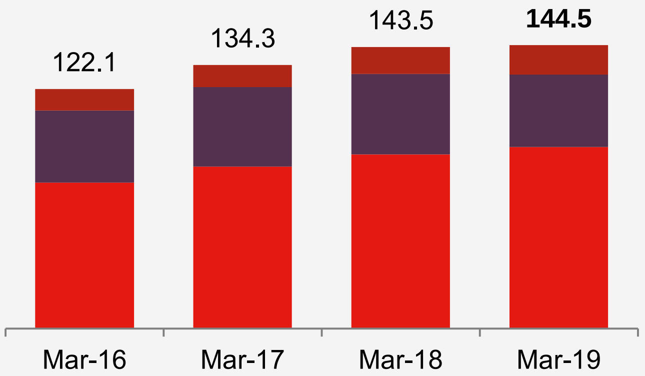


Increase in customer numbers (#'000's)

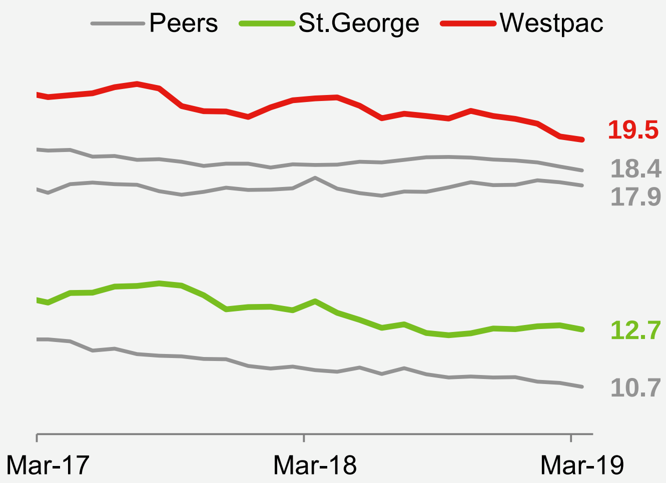


Deepen relationships

Transaction account balances ($bn)

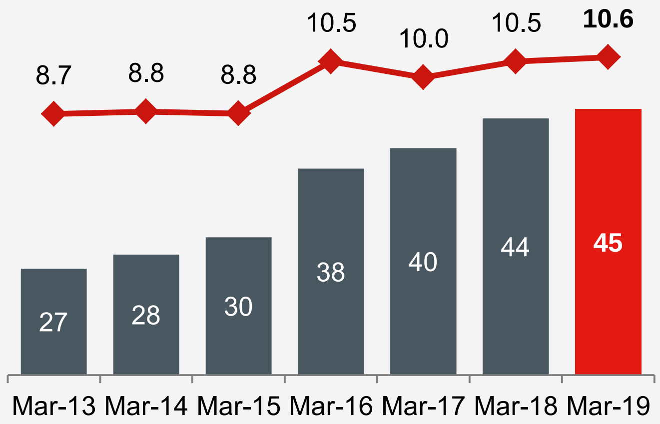


Australian customers with a wealth product[5] (%)

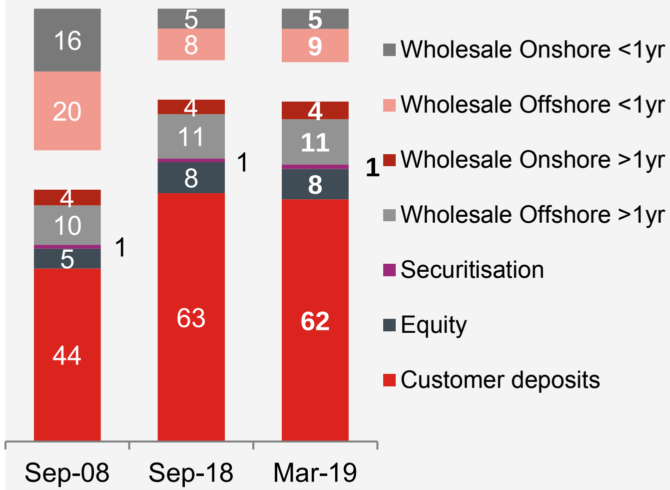


Maintain balance sheet strength

CET1 capital ratio (%) and capital ($bn)



Funding composition by residual maturity (%)



1 Australian banking refers to Consumer Bank and Business Bank. 2 Australian retail refers to Consumer Bank, Business Bank and Private Wealth. 3 WIB includes Group Businesses. 4 In A$. 5 Refer to page 160 for details of metric provider.

Supporting customers in life moments

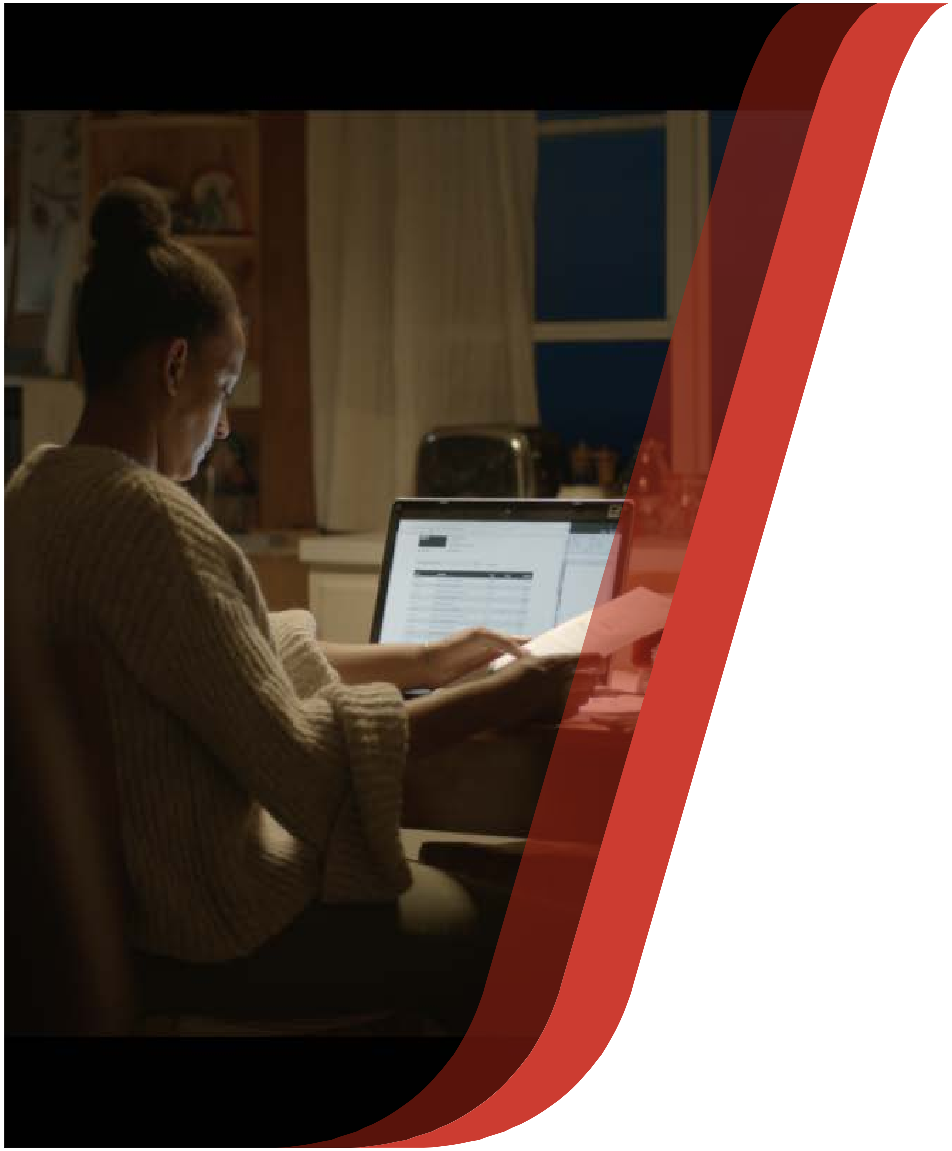
Overview

As Australia's oldest company, Westpac prides itself in helping customers when they need it most, particularly in times of uncertainty and change. As a result we have established dedicated resources to help in these major moments

These resources include helpful guides, checklists and where to go for help, and what products can support customers. These resources are backed by employees who are trained in these matters and can help customers to get on with what is important to them

Specialist help is now available for:

- planning a future with someone you love
- separating from a partner
- loss of a loved one
- having a baby
- starting a business
- dealing with fraud
- experiencing financial difficulty
- navigating the loss of a job
- helping to get big plans off the ground
- natural disasters



Supporting customers in life moments

Having a baby

Supporting customers who are planning to start (or add to) a family:

- Features on mortgages such as options to reduce repayments while on parental leave; recognition of paid parental leave and back to work income when applying for a new home loan
- Parental leave checklist
- Budget planners and toolkits
- Protecting your family with insurance
- Savings products such as Bump and Westpac Life

Separating from a partner

Supporting customers who are separating. A comprehensive Divorce and Separation Hub with self-serve tools including:

- Separation guide
- Checklists
- Separation calculator (a stocktake of joint and individual assets and liabilities)
- Educational videos
- Privacy and protection referral points

Financial hardship

Support for customers experiencing financial hardship through:

- Specialist Customer Assist teams and a dedicated support line
- Opportunity to receive free independent advice from a financial counsellor
- Dedicated online 'hub' providing resources and guides to help get back on track
- 27,000 customers helped with hardship assistance packages in 1H19

Natural disasters

Helping our customers, communities and employees when natural disasters hit, such as bush fires, floods and cyclones.

Disaster Relief Packages include:

- ability to defer home loan or credit card payments for up to 3 months
- loan restructuring
- access to establishment fee-free personal loans at a discounted rate
- early withdrawal of term deposits with no penalty. Customers with BT Home and Contents insurance may be able to receive assistance including emergency funds and temporary accommodation
- "Bank in a box", allows banking services to be available to customers faster in a natural disaster

Loss of a loved one

Supporting customers who are dealing with bereavement and the management of a deceased estate.

Loss of a Loved One Hub includes:

- A support guide and checklist of what you need to know and the documents you need when you manage a deceased estate
- Estate planning guide and checklist
- Automatic process for the waiver of certain fees and charges for customers (mortgage and personal loans) in estate management
- A centralised key estate management team, providing a single point of contact

Helping customers through natural disaster – Townsville flood case study

Westpac's 'bank in a box' up and running in the carpark at Annandale Central shopping centre

When Townsville was struck by one-in-five-hundred year flood waters in February 2019, Westpac's coordinated approach across banking and insurance, together with community organisations helped affected customers. In particular, Westpac:

Set up its portable branch
moved across two sites in Townsville to help customers manage their banking and insurance claims. The converted shipping container is known as 'bank in a box'

Provided over 410 disaster relief packages to customers[1]
to help make it easier for customers to manage their finances, including providing alternative arrangements such as repayment holidays.
This comprised over:

- 60 packages across cards and personal lending
- 200 packages for home loans
- 150 packages for business banking products

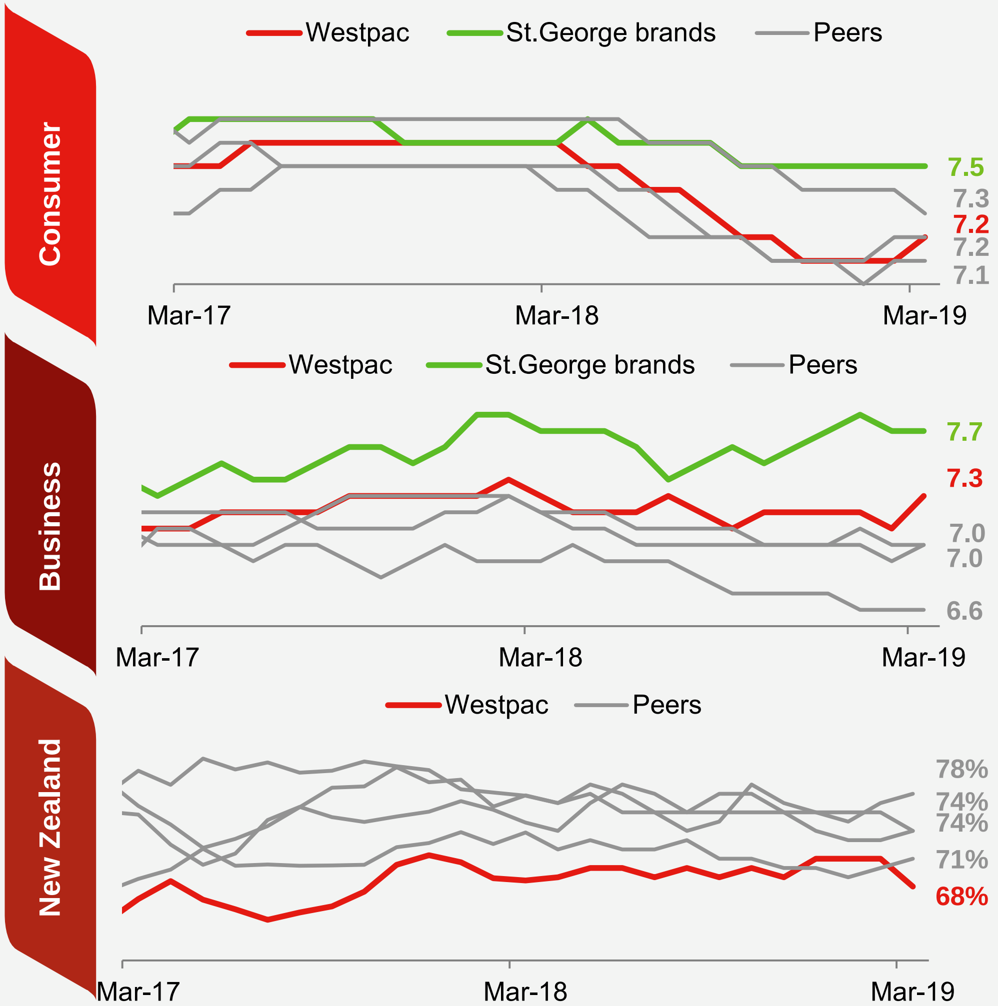
Received 1,638 General Insurance claims from customers
The total claims from this event currently estimated at $70 million[2].
361 claims now finalised and $13 million paid to customers

Donated $250,000 to flood-affected communities
$150,000 to the Salvation Army and $100,000 to the Foundation for Rural & Regional Renewal to support disaster recovery and programs to build local community resilience

1 Disaster Relief Packages provided to customers to 30 April 2019. 2 Estimated gross cost for Westpac. After reinsurance, the estimated net cost is $36.5m.

Building long term franchise value – customer service

Customer satisfaction[1]
Consumer and Business (mean), New Zealand (%)



Improved complaints management

Focus on improving the experience of customers who make a complaint:

- Group-wide culture program to change the way complaints are identified, logged and dealt with. New training completed by 93% of employees
- New operating model, centralised complaints teams under one division. New team established to help Customer Care teams solve complaints in the moment
- Group-wide policy and standards around complaint handling refreshed
- Improved website and refreshed customer communication materials
- Established a new Customer Outcome Committee to resolve complex and long dated complaints
- Increased priority support for vulnerable customers, including faster identification and providing extra care
- Established Priority Assist (non-complaints) team with dedicated number to support vulnerable customers
- Using complaints data to identify root causes to feed insights into product reviews and development. Established a root cause monthly forum chaired by the CEO

540
Long-dated outstanding complaints resolved in 1H19[2]

22%↓
In time to resolve complaints[3]

1 Refer page 160 for metric definition and details of provider. 2 Defined as total number of complaints outstanding for 120 days or longer. 3 Refers to complaints that are subject to internal dispute resolution. Saving is average time to resolve in March 2019 compared to September 2018.

Workforce revolution delivering

Service leadership - Navigate

- The **Navigate** program continues to embed 'Our Compass' into Westpac, providing our people with a consistent understanding of our code of conduct, values, service promise and vision. The program focuses on clarity around ethical behaviour and treatment of our customers

Learning and development

- Over 1,525 leaders participated in leadership development programs since the start of 2018, with 1,092 leaders now qualified for the Certificate of Executive Leadership through the AGSM
- Employees have enrolled in over 147,000 courses on LearningBank, our online learning platform, and obtained over 150 micro–credentials through partnerships with AGSM, Udacity and Deakin University

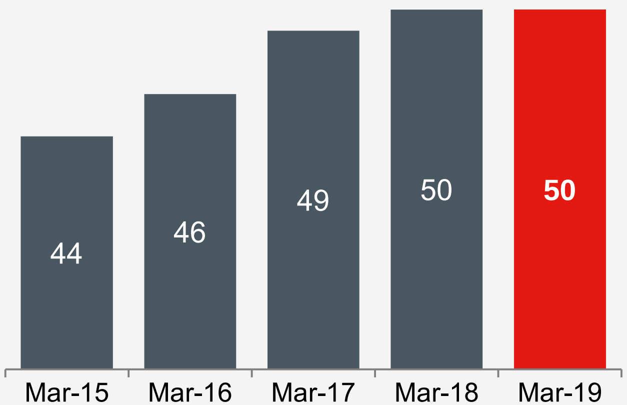
Simplification

- Released PeopleHQ, a new cloud HR system for Westpac, with enhanced position management and workforce controls, enabling tighter management of costs and workforce risks
- Continued organisation design reviews focusing on structural simplification through removing duplication and layers across the organisation

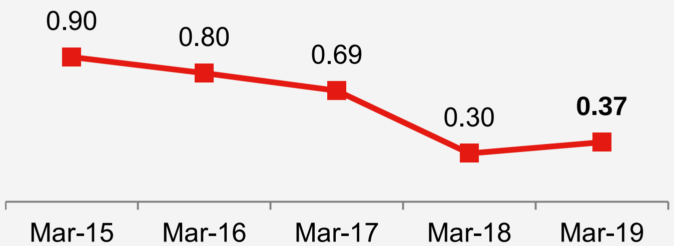
Employee culture and engagement

- Employee engagement measured monthly, with six month rolling average 73% (stable)
- Culture measured monthly, with the Culture Index[1] six month rolling average 73% (stable)
- Adopted a single whistle blower approach across the Group. This included a dedicated "Speaking Up Program" designed to provide our people with protections and confidence about raising concerns

Women in Leadership positions[2](%)



LTIFR[3] (rolling 12 months) (#)



1 Culture Index measures four elements: trust and care, service orientation, agility and innovation, and risk culture. 2 Spot number at 31 March for each period. Refer page 161 for metric definition. 3 Lost time injury frequency rate.

Four pillars of our digital strategy

Secure and reliable

- Protecting both the Group and customers against security threats through digital solutions
- Ensuring customers have 24/7 access to core digital services
- Improving internal operational resilience
- Leveraging data to improve credit decision making

Giving customers control

- Refining digital services to provide a painless customer experience
- Encouraging customers to take greater control of their financial health through services and control features
- Creating new services to allow customers to manage their finances more easily

Reducing cost to serve and cost to change

- Replacing aging infrastructure through projects such as Customer Service Hub, and saving customers and bankers time
- Streamlining customer interactions and engagement through digital self service
- Shifting internal data storage to the cloud to reduce costs

Investing in Fintech

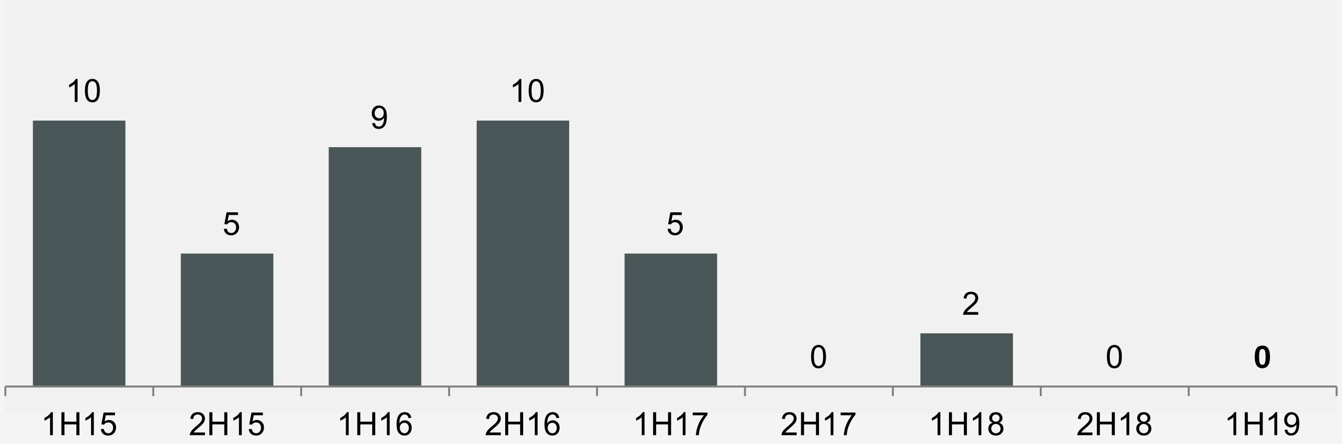
- Direct investment and investment via Reinventure, the Group’s fintech venture capital fund
- Accessing insights and adjacent business opportunities
- Creating new commercial partnerships that generate value for customers
- Delivering new products for Westpac customers such as Presto Smart

Secure and reliable service

Protecting customers

- Protecting customer's through:
  - Two-factor SMS authentication
  - Biometric fingerprint logon to mobile banking
  - Customer location and payment triangulation to prevent fraud with real time SMS alerts
  - Real time monitoring tools and proactive risk management to identify suspicious transactions and notify customers in real time
  - Travel notifications: encouraging customers to notify us of their travel plans to prevent unauthorised overseas transactions
  - Malware indicator: inspecting online banking activities to identify if malicious software is present on a customer's device

Severity 1 IT incidents (Australia)



Detection

Identifying fraudulent / suspicious behaviour quickly by implementing security solutions such as:

- **Real-time monitoring tools and Proactive Risk Manager:** Monitoring transactions real-time & identifying suspicious transactions in milliseconds so they can be held, declined or an alert raised for investigation. Customers are then notified and prompted for additional validation
- **Device ID:** Inspecting transaction devices to determine whether the customer is using a known device. Real time monitoring tools provide further validation if required

PROTECT

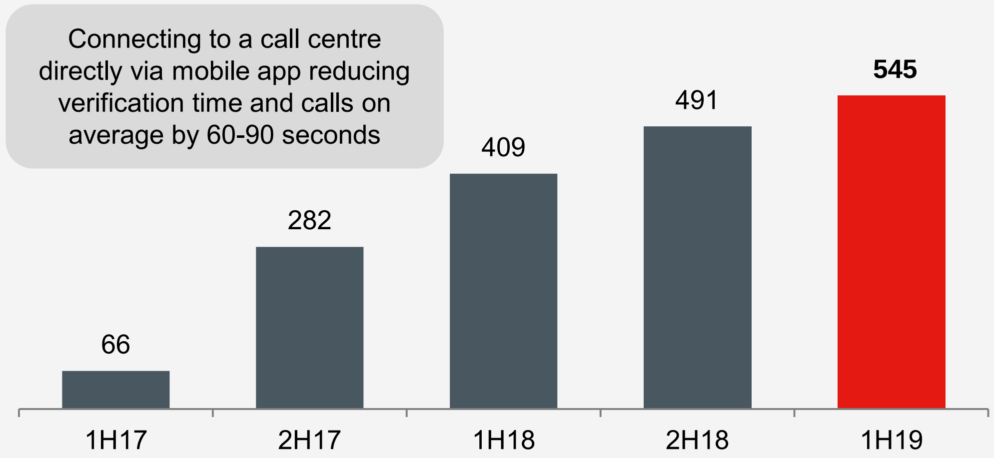
Giving customers control

Customer control features

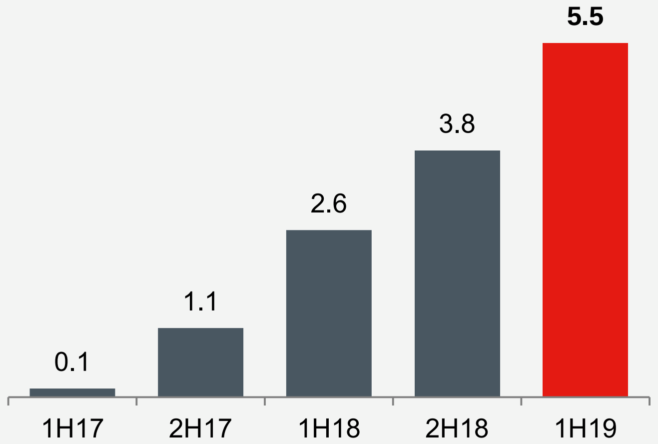
Continuing to develop and implement services which allows customers to control their finances including:

- Ability to lock and unlock lost cards online
- Ability to close/cancel credit card and reduce credit limits online
- Ability to place controls on spend with merchants identified as providing gambling services
- Online transaction history available for 13 months
- Historical statements, including for closed accounts
- Providing new payment methods through eWallet[1]
- Ability to obtain proof of balance

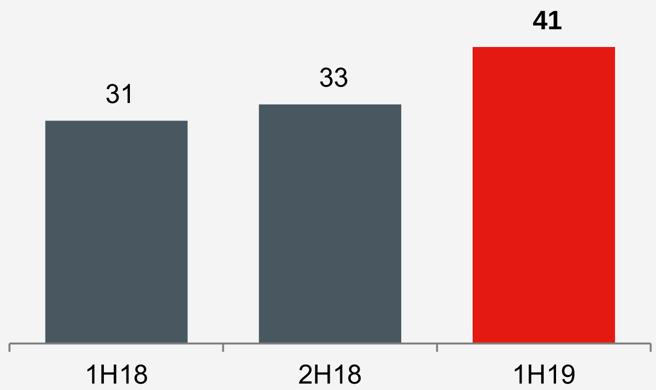
Customer direct connect usage (# 000's)



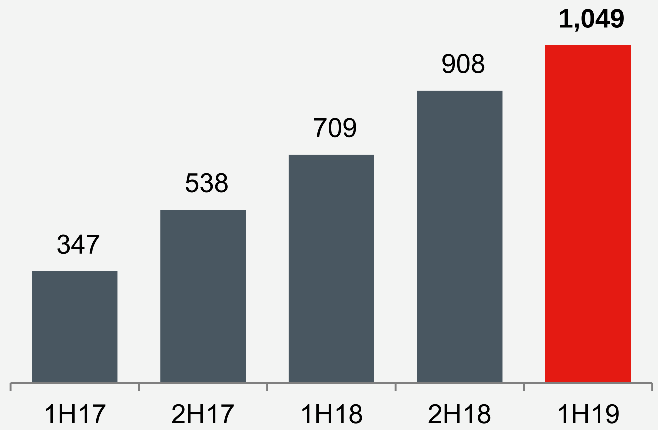
eWallet transactions (#m)



Online credit card limit reduction (# 000's)



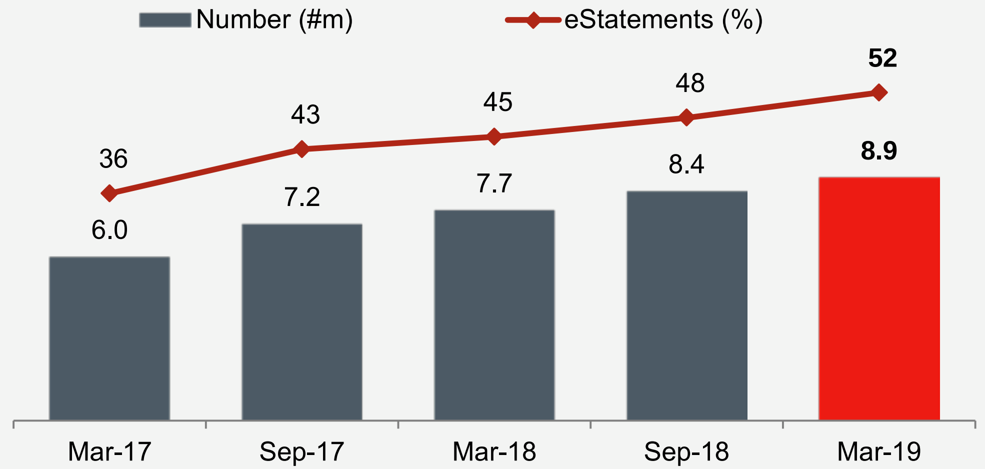
Online card lock and unlock (# 000's)



1 eWallet include transactions via Android Pay, Fitbit Pay, Garmin Pay and Samsung Pay. 2 1H17 Connect usage is St.George only.

Reducing cost to serve

Accounts with eStatements

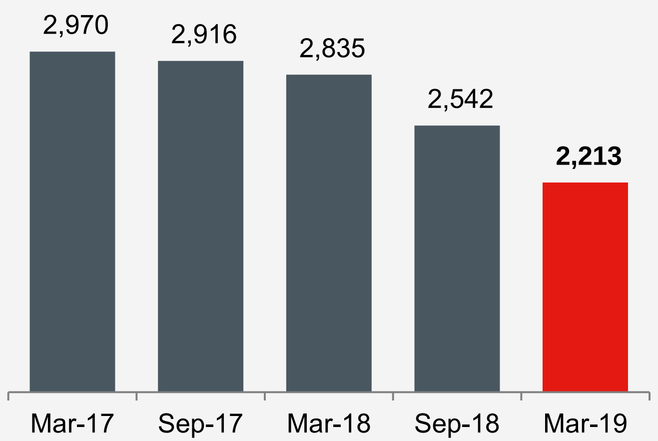


Progress on key initiatives

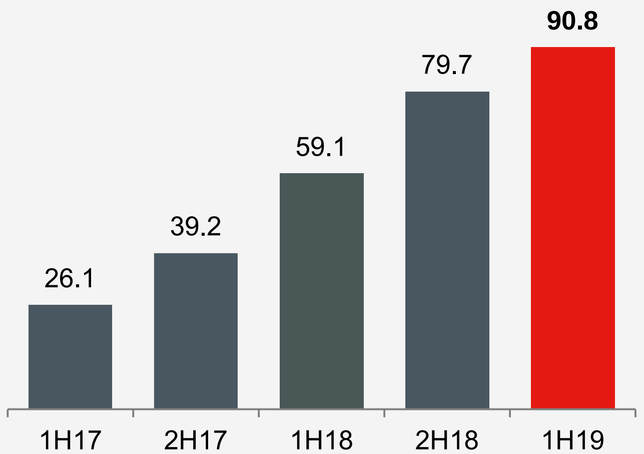
Digitising processes to improve productivity and enhance the customer experience

- More digital communication such as eConveyancing, eStatements, and eSignatures
- Improving self service to address common issues via the Westpac Red chatbot
- Decreasing physical presence and supporting customer preference for cashless transactions by providing different ways to pay (wearables, eWallet, etc)

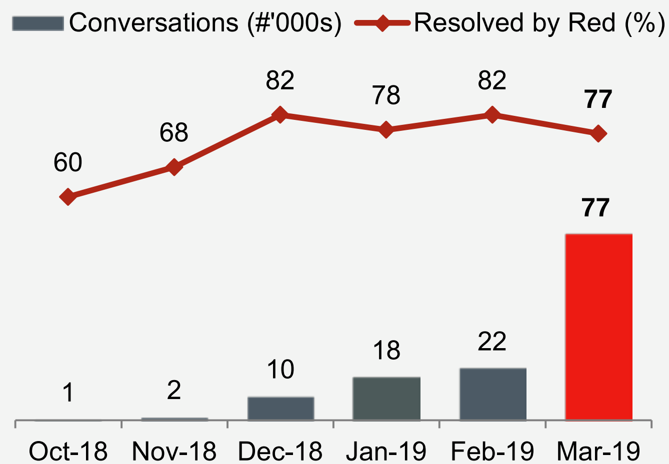
Australian ATMs (#)



eConveyancing[1] (000's)



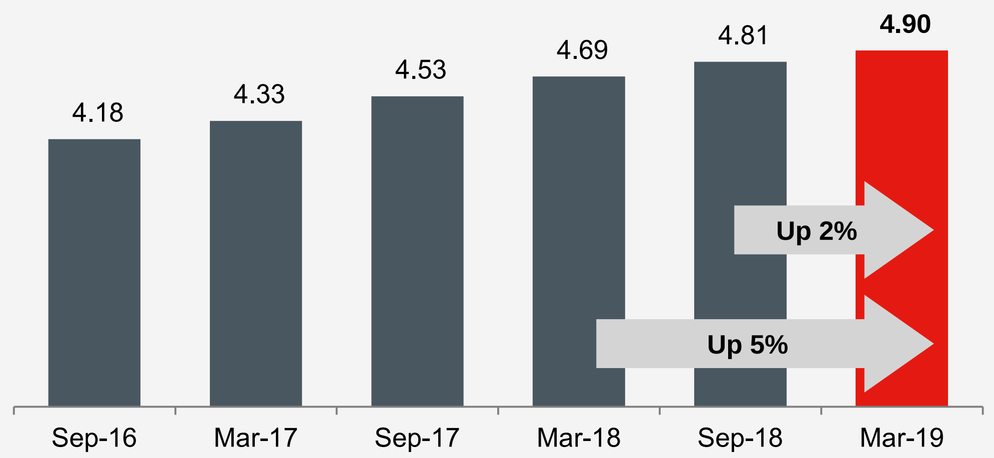
Westpac Red interactions



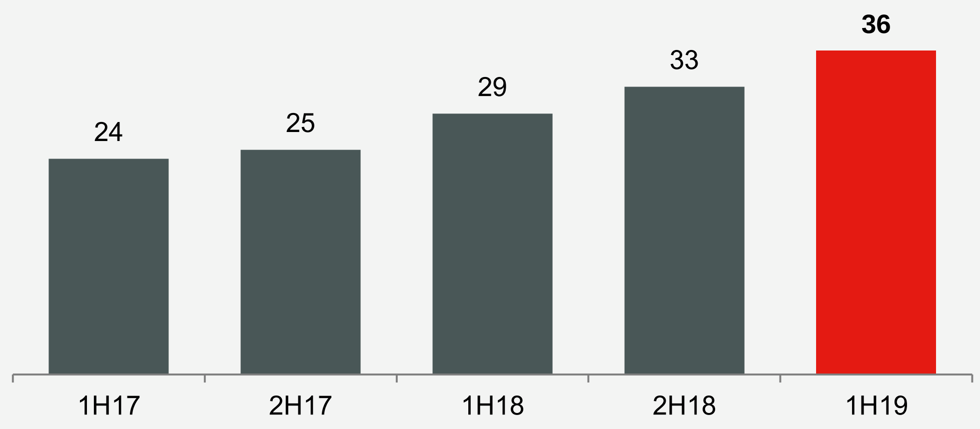
1 Does not include RAMS.

Customers preferring digital channels[1]

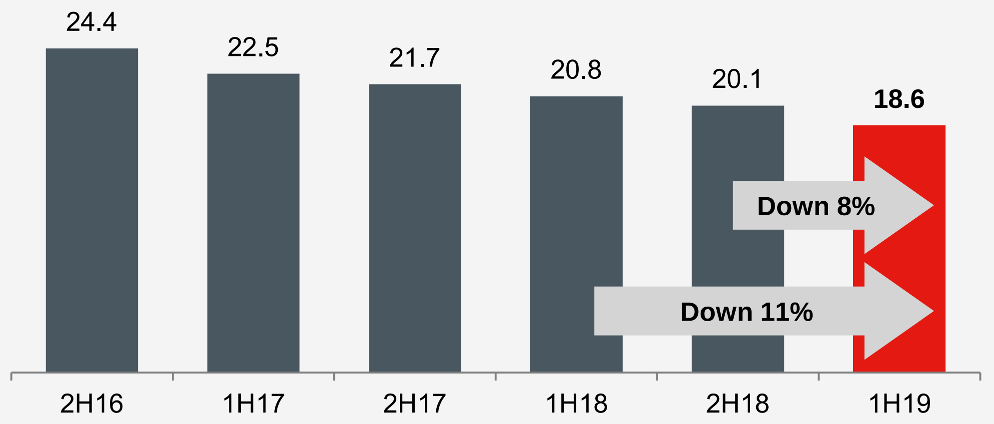
Digitally active customers (#m)



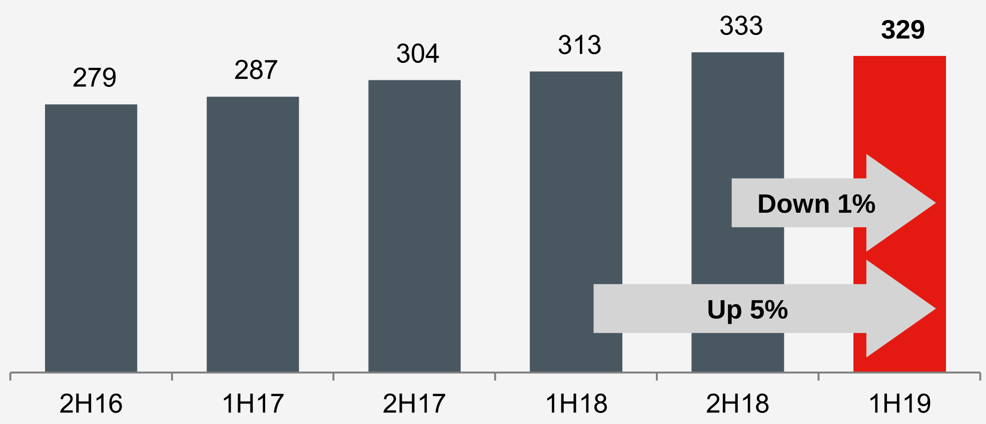
Sales via digital (%)



Branch transactions (#m)



Digital transactions (#m)



1 Refer page 160 for definitions.

Customer Service Hub

Re-engineering the home ownership process

Strategy

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 application status

Customer application tracker
At any time customers have clarity on their loan application status

Digital upload of information
Customers can upload documents from home

Simplified application assessment / approval for customer and banker
Digitises a number of manual processes

Digital offer and acceptance
Plain English terms & conditions and online acceptance

Settlement
Digital settlement integrated with land titles registry

Every element of the process supports providing a record of verification

Leading to:

Improved customer experience	Increased banker productivity	Lower cost of change	More home ownership needs met at origination	Increased efficiency
50% reduction in customer documents, faster time to conditional approval	25% reduction in banker time spent processing	1.7x to 1.2x reduction in costs. Single platform across multiple brands	10% more of customer's lifestyle and protection needs met	25% reduction in the cost of mortgage origination

Reinventure – Investing in new fintech businesses[1]

Westpac has committed $150m to fintech venture capital fund, Reinventure[2]. Reinventure enables Westpac to access insights and adjacent business opportunities, both in Australia and offshore.
The model also helps Westpac to source commercial partnerships that create value for customers

New business models

SocietyOne
Peer-to-peer (P2P) online lending platform connecting borrowers and investors

flare
Comprehensive cloud-based human resources and employee benefits platform to streamline HR processes

OpenAgent.com.au
Helps home sellers make decisions about who they choose to sell their property

BRICKX
Enables the purchase of residential property, one 'brick' at a time

ASSEMBLY
Full stack payments platform

Valiant
Business loan marketplace that matches SMEs to the best lender based on their characteristics and needs

Auror.
Uses data to shed light on high volume crimes, improving prevention and detection

Hey YOU
A payment app for customers when dining out or grabbing a coffee on the go

coinbase
A bitcoin wallet and platform

New technology capabilities

kasada	Enterprise cyber security company that protects businesses from malicious bot attacks
CODELINGO	Enabling software development teams to scale processes and improve code quality
doshii	Connects ordering apps, payment devices, loyalty and reservations platforms to any point of sale
InDebted	Digitised debt collection, leveraging modern communications, automation and machine learning
Slyp™	Smart receipts that automatically link purchase receipts to customers' bank accounts

Insights from offshore markets

Polychain Capital	A fund of funds for cryptocurrency and blockchain technology
Flybits	AI-powered, context-as-a-service platform, to deliver personalised experiences to customers
zest	A consumer digital lending platform

Data, AI and analytics

HYPER ANNA	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
BASIQ	Open Banking API platform that provides connectivity to over 100 financial sources across Australia and NZ
DATA REPUBLIC	A trust framework and secure platform that allows users to exchange data safely and securely
A·kin	AI company that integrates neuroscience into their platform creating capability that not only manages complex problems but is able to form intrinsic relationships with humans
Fillr	Standardises mobile forms into an easily readable format and fillable at the tap of a button
KEPLER ANALYTICS	B2B platform for physical retail stores that provides insights through their AI engine and in-store sensors

1 Logos are of the respective companies. 2 Increase of $50m in FY18.

New digital offers for customers[1]

Examples of how Westpac and Reinventure's investments are delivering

Investing in merchant propositions

Assembly, Zip[2], Slyp, Doshii, Hey You

Building on Presto Smart for Westpac customers

- Powered by Assembly software, Presto Smart enables merchant terminals to pair with point-of-sale (PoS) systems, eliminating manual reconciliation
- With >3000 devices currently operational, Presto Smart is now integrated with 24 retail and hospitality PoS providers

Investing in the home ownership ecosystem

Uno[3], BrickX, OpenAgent.com.au

Strategic investment in OpenAgent

- Bringing new capability to Australian property buyers, sellers and investors

Investing in data, AI and analytics

Discovery Ag[4], Quintessence Labs[5], A·kin, Data Republic, Hyper Anna, Fillr, Basiq, Kepler Analytics

Leveraging Data Republic to deliver advanced data insights

- Powered 12 new data partnerships
- Developed 15 data products

1 Logos are of the respective companies. 2 Zip offers point-of-sale credit and digital payment services. 3 Uno is an online mortgage broker. 4 Discovery Ag is an agribusiness focused on optimising on-farm efficiencies. 5 Quintessence Labs creates opportunities with quantum technology that encrypts confidential data.

Continued sustainability leadership

United Nations Sustainable Development Goals alignment	Westpac's sustainability priority areas	1H19 outcomes (unless otherwise stated)
4 Quality Education; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 17 Partnerships for the Goals	Helping people make better financial decisions	• Delivered a range of financial literacy programs to individuals, businesses, not-for-profit organisations and community groups through the Davidson Institute in Australia and through Managing Your Money program in New Zealand • Delivered financial capability programs for different customer segments, including 850,000 young Australians via universities and TAFE partnerships, 498,000 women through Ruby Connection and 1.8 million older Australians via Starts at 60
8 Decent Work and Economic Growth; 10 Reduced Inequalities; 17 Partnerships for the Goals	Helping people by being there when it matters most to them	• Published the 2020 Customer Vulnerability Action Plan • Provided 496 relief packages for customers impacted by natural disasters across Australia • Launched a series of Life Moments campaigns to assist customers and their families going through difficult circumstances such as "loss of a loved one" or "divorce and separation", providing practical tools and resources to guide them • Established a dedicated customer care team to support Indigenous Australians in remote communities
4 Quality Education; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 17 Partnerships for the Goals	Helping people create a prosperous nation	• $4.2m in educational scholarships to the next 101 Westpac Scholars, bringing the cohort to 431[1] • Westpac Foundation job creation grants to social enterprises helped to create 364 jobs[1] for vulnerable Australians • Supported the development of 174 businesses through our Many Rivers partnership. Since its establishment the partnership has created jobs[2] for 2,087 people, with 763 identifying as Indigenous • Increased committed exposure to climate change solutions to $10.1bn at 31 March 2019
5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities	A culture of doing the right thing	• Programs underway to rebuild trust, strengthen governance and deliver more consistent customer outcomes • Navigate training to reinforce Our Compass, with sessions facilitated by people leaders to continue the conversation within teams • 73% of employees surveyed in 1H19 feel safe to speak up • Launched the "Spot it, Log it and Own it" internal campaign, promoting an improved culture of complaints handling
7 Affordable and Clean Energy; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 13 Climate Action	The fundamentals – sustainability policies, action plans and frameworks	• Launched the world's first Green Tailored Deposit certified by internationally recognised Climate Bonds Initiative (CBI) • Announced our commitment in April 2019 to source 100% of global electricity consumption through renewable energy sources by 2025 • Analysed the transition risks to our Australian Business and Institutional lending[3] under a 1.5-degree climate scenario

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

1 Funded by the Westpac Bicentennial Foundation. 2 Jobs created through the Westpac Foundation Social Scale-up grant and Many Rivers are as at 31 December 2018. 3 Australian business and institutional lending, excluded retail, sovereign and bank exposures.

Delivering sustainable value for all stakeholders[1]

Customers

14.2m
Customers

Provided
$30bn
New home loans in Australia

Provided
$9bn
New business lending in Australia (excludes Institutional)

Over
27,000
Customers supported through Westpac Group Assist

Employees

37,371
Employees

50%
Women in Leadership positions

$2.6bn
Paid to employees

90%
Of employees[4] endorsed new Enterprise Agreement. Effective 1 January 2019

Community

~500
relief packages for customers impacted by natural disasters

$1.48bn
Committed exposure to social and affordable housing sector

$131m
In community contributions in FY18

$4.2m
Awarded in educational scholarships to the next 101 Westpac Scholars

Suppliers

$2.9bn
Spent with suppliers in Australia

$2.1m
Spent with Indigenous Australian suppliers

$6.8m
Spent with diverse Australian suppliers[2]

Investors

10.4%
Cash return on equity

$3.2bn
In dividends to shareholders

+620k
shareholders and more via super funds

95.8
Cash earnings per ordinary share (cents)

Economy

$1.4bn
Income tax 1H19

30.2%
Effective tax rate

3rd
Largest tax payer in Australia[3]

$193m
Bank Levy

34.3%
Effective tax rate including the Bank Levy

Environment

$10.1bn
Committed exposure to climate change solutions

$2.4bn
To facilitate climate solutions

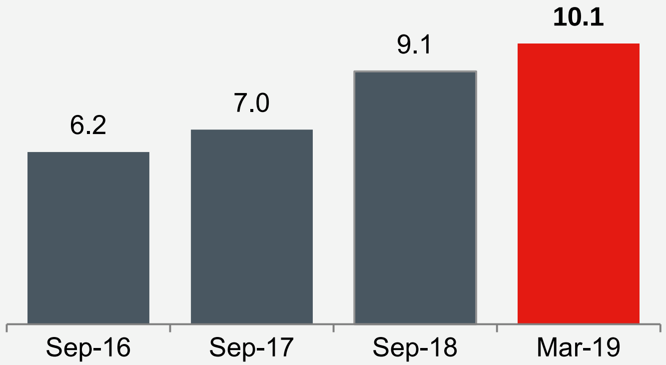
100%
Of global electricity consumption through renewable energy sources by 2025

17 years
Recognised as a global banking leader in the Dow Jones Sustainability Indices for 17 years in a row

1 Data for 1H19 or as at 31 March 2019 unless otherwise stated. 2 Diverse suppliers includes businesses at least 51% owned and controlled by indigenous Australians or women. Also includes Australian Disability Enterprises and social enterprises. 3 Source: Corporate Tax Transparency Report 2016 - 2017, published December 2018. 4 Represents percentage of employees that voted.

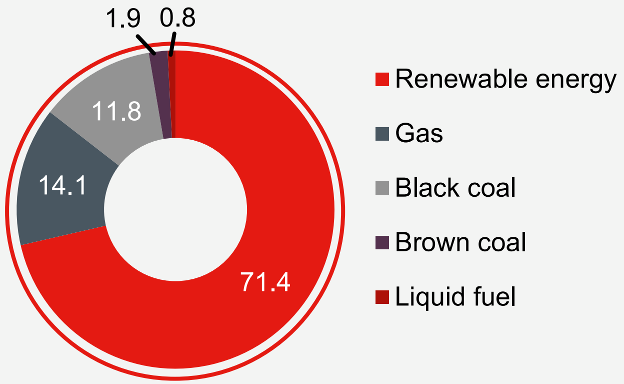
Climate-related metrics

Climate change solutions exposure ($bn of TCE)

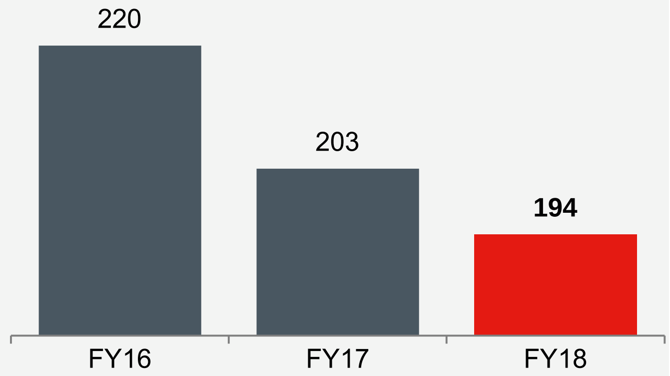


Electricity generation exposure (% of TCE)[1,3]

TCE at 30 September 2018 $3.5bn

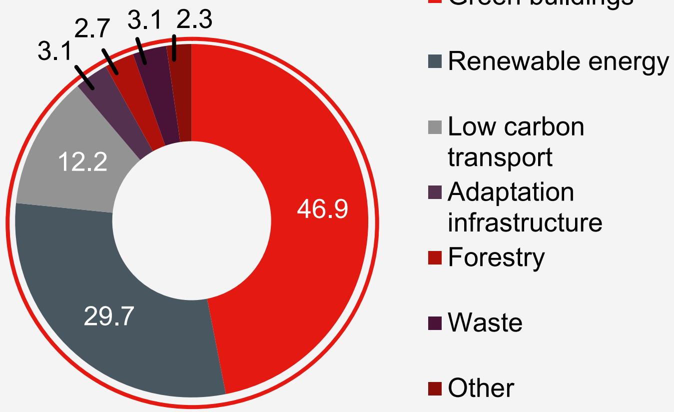


Total scope 1, 2 and 3 emissions (tCO_2-e, 000s)[3]

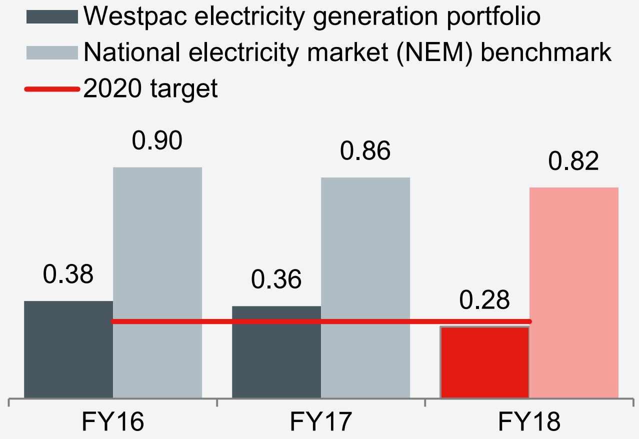


Climate change solutions exposure (% of TCE)

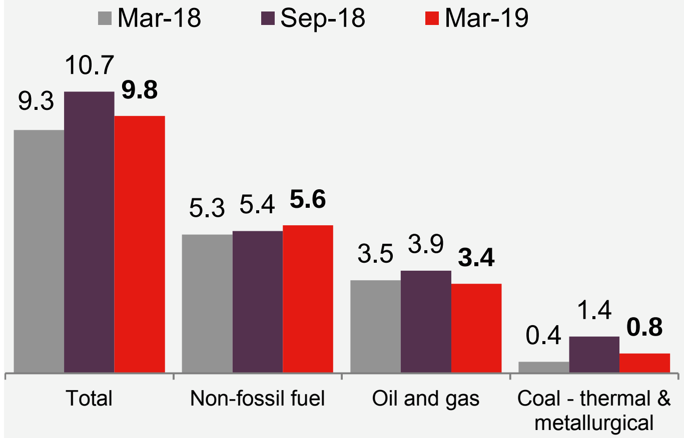
TCE at 31 March 2019 $10.1bn



Emissions intensity (tCO_2-e/MWh)[2,3]



Mining exposure ($bn)



1 Exposures in WIB only. TCE is total committed exposure. 2 Australia only. NEM benchmark is sourced from Australian Energy Market Operator. 3 Data reported annually.

Climate-related disclosures – scenario analysis

Continued alignment with the TCFD

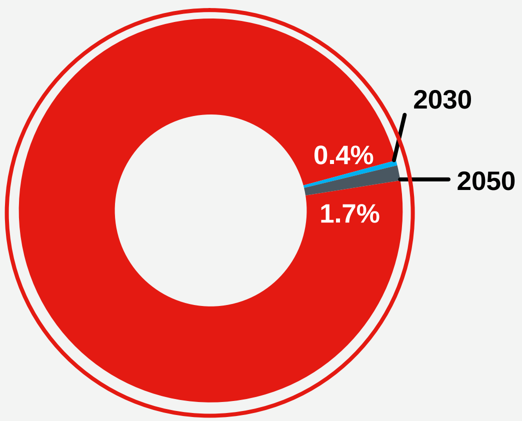
- Westpac continues to integrate the consideration of climate-related risks and opportunities into business operations. This includes alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Climate change-related risks are managed within the Group's sustainability, and wider risk management framework

Transition risk – key points

- Westpac assessed potential transition risks (policy, legal, technology and market changes related to climate change)
- Analysis focused on our current Australian Business and Institutional lending[1] and exposure to sectors that may face growth constraints under 1.5[2] and updated 2 degree scenarios by 2030 and 2050
- Approximately 2.7% of the portfolio is exposed to sectors that may experience higher risk in a transition to a 1.5 degree economy by 2030
- Approximately 0.9% of the portfolio is exposed to sectors that may experience higher risk in a transition to a 2 degree economy by 2030

Portfolio physical risk – 4 degree scenario

Share of current portfolio exposed to higher physical risk (%)



Physical risk – key points

- Westpac assessed potential physical risks[3] (financial impacts of changes in climate patterns and extreme weather events)
- Analysis focused on the Australian mortgage portfolio and exposure to postcodes that may face increased physical risk under a 4 degree scenario
- Approximately 1.7% of the portfolio is exposed to postcodes that may experience higher physical risk by 2050 under a 4 degree scenario
- Data presented shows the share of current exposure to postcodes that may experience higher physical risk at intervals of 2030 and 2050 under our IPCC RCP 8.5 Scenario[4]

1 Australian Business and Institutional lending, excludes retail, sovereign, and bank exposures. 2 1.5 degree scenario based on the 'P2' pathway articulated in the Intergovernmental Panel on Climate Change's report – Global Warming of 1.5°C. 2 degree disclosures incorporate multiple scenarios including the IRENA REMap, IEA SDS, IPCC (presented according to updated methodology), and those described in Westpac's Sustainability Performance Report, 2016 (page 52). 3 Five natural perils were assessed: inundation, soil contraction, floods, wind and cyclones, and bushfires. 4 For further information see Westpac's 2018 Sustainability Performance Report (page 56).

Conduct and Governance

Rebuilding trust is integral to our service strategy

The Royal Commission and other regulator and government-led inquiries have highlighted shortcomings in the financial services industry, including in the management of non-financial risks, incentive models and treatment of customers.

Westpac has taken important lessons from the findings of these inquiries, and from our own assessments, including our Culture, Governance and Accountability (CGA) self-assessment. These lessons can be categorised under three areas:

Lessons	
Non-financial risk management	• More focus is needed to increase maturity in the management of non-financial risks to be consistent with financial risks • The underlying risks in the financial planning business were underestimated • Some employee remuneration arrangements inadvertently contributed to poor behaviour
Product design, performance, and remediation	• The design and performance of our products did not always lead to appropriate outcomes for customers • There was too much complexity in certain product sets • Product design processes relied too heavily on manual intervention and work-arounds • Some errors could have been identified and remediated sooner
Complaints and customer care	• Customer complaints were not sufficiently understood and analysed and, in many cases, they were not dealt with promptly • Insufficient care was taken for some customers in vulnerable situations • There were too many long-outstanding complaints and insufficient escalation processes • Customer feedback could have been better addressed

Westpac is committed to strengthening the business and restoring trust – change is underway

Coordinated programs of work underway

Westpac's response to the lessons outlined on the prior page represent a turning point for the Group. A coordinated program of work brings together actions which reinforce our service strategy and embed more deeply the 'customer first' philosophy that is core to our vision of being one of the world's great service companies

1 Royal Commission response plan	• Response to the 51 recommendations applicable to Westpac is underway with Group Executive accountability and Board oversight
2 Culture, Governance, Accountability (CGA) self-assessment	• CGA self-assessment completed and provided to APRA in November 2018 • Identified a range of strengths, shortcomings and common behaviours • Commenced a two year program overseen by the Board
3 Remuneration and accountability	• Completed early implementation of Sedgwick recommendations for employees • Implemented the Bank Executive Accountability Regime (BEAR) • Rolled out new performance management framework focused on behaviours first • New Group consequence management framework in place • Reviewing executive remuneration framework
4 Product design, performance, and remediation	• Commitment to deal with outstanding issues and refund customers as quickly as possible • As part of our 'get it right, put it right' initiative, proactively identifying issues so they don't reoccur • Ongoing product and service reviews to ensure the Group delivers the right outcomes for customers (and if necessary, make further changes) • Refunded approximately $200 million to customers to date
5 Customer care transformation	• New division created to centralise and improve customer complaint management • Implementing Banking Code of Practice

1 Royal Commission response plan

The Royal Commission Final Report's recommendations raise important points of policy, principle and behaviour for the industry and regulators. Westpac is actively responding to the findings with a detailed response plan that has Board oversight

Principles

1 Adopt the spirit of the report

- Do not take a technical approach to interpreting and implementing recommendations

2 Be proactive

- Move ahead of the legislative and regulatory agenda where we are able

3 Actively participate

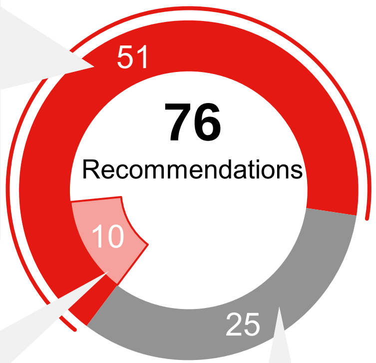
- Engage constructively to ensure positive outcomes for customers and the economy

4 Transparency

- Be open about our response and update on our progress

Implementation underway

Preparing for implementation
Preparatory work is underway or further guidance from government / regulators required before substantive work can commence



Implemented or underway
(e.g. Removal of grandfathered commission payments for its financial planners and Sedgwick Review recommendations for employees)

Not applicable to Westpac
But will require action from other industry participants

Responsibility

Executive accountability for Westpac's response to the 51 recommendations applicable to Westpac[1]

Division	#
Consumer	14
Business	14
Enterprise Services	7
Human Resources	8
Risk	4
Customer and Corporate Relations	1
Shared across divisions	3
Total	**51**

1 Aligns to new Group structure with major BT Financial Group businesses realigned to Consumer and Business divisions

1 Royal Commission response plan implementation examples

Implementation of Westpac's Royal Commission response plan is underway. Examples of some recommendations, along with our progress and considerations, are set out below

Topic area	Recommendation	Accountability	Progress / considerations
Farm debt mediation	A national scheme of farm debt mediation should be enacted	GE[1] Business	• Westpac has advocated for a harmonised farm debt mediation scheme. We are currently engaged with the Department of Agriculture and Water Resources to provide feedback on the implementation of this recommendation
Distressed agricultural loans	When dealing with distressed agricultural loans, banks should: ensure they are managed by experienced agricultural bankers; offer farm debt mediation as soon as a loan is classified as distressed; manage every distressed loan on the footing that working out will be the best outcome for bank and borrower, and enforcement the worst; recognise that appointment of receivers is a remedy of last resort; and cease charging default interest when no prospect of recovering debt	GE Business	• Current process for managing stressed farm loans is consistent with recommendations • Recognise that appointing receivers or an external administrator is a remedy of last resort • Provide Disaster Relief Packages for customers impacted by major events such as drought and floods
Compensation scheme of last resort	The three principal recommendations to establish a compensation scheme of last resort made by the panel appointed by government to review external dispute and complaints arrangements made in its supplementary final report should be carried into effect	GE Customer and Corporate Relations	• Advocated for the establishment of a scheme and will work with the Government to implement • Fully cooperating with Australian Financial Complaints Authority (AFCA) processes to consider disputes dating back to 1 January 2008 that have not been heard before
Grandfathered commissions	Grandfathering provisions for conflicted remuneration should be repealed as soon as is reasonably practicable	GE Strategy and Enterprise Services	• Ceased the payment of grandfathered financial advice commissions to salaried advisers from 1 October 2018 • Invited third party advisers to stop accepting grandfathered commissions
Sedgwick Review	Banks should implement fully the recommendations of the Sedgwick Review	GEs HR, Consumer, Business	• Implemented recommendations of the Sedgwick Review for employees from 1 October 2018, two years ahead of schedule • Made changes to mortgage broker remuneration from 1 January 2019
Amending the Banking Code	• Banks will work with customers: who live in remote areas or who are not adept in using English; to identify a suitable way for those customers to access and undertake their banking; • If a customer has difficulty proving their identity, and identifies as an Aboriginal or Torres Strait Islander person, the bank will follow AUSTRAC's guidance about identification and verification; • Without prior express agreement with the customer, banks will not allow informal overdrafts on basic accounts; and • Banks will not charge dishonour fees on basic accounts.	GE Consumer	• Established a dedicated telephone support service for Indigenous customers in December 2018 • We already follow AUSTRAC's guidance through our Remote Account Opening Policies and Procedures which provide flexibility and a number of options for the verification of identity of Indigenous customers in remote communities • Prevented informal overdrafts on Westpac's basic, fee-free account for recipients of government benefits and no dishonour fees are charged to these account holders

1 GE is Group Executive.

2 Culture, Governance and Accountability self-assessment

In 2018 Westpac completed a Culture, Governance and Accountability (CGA) self-assessment examining the Group's risk culture, governance and accountability frameworks and practices, and the impact on the management of non-financial risks

Background to self-assessment

- Coordinated by a team of Westpac employees with external support from Oliver Wyman
- The self-assessment process was subject to continuous assurance by Group Audit
- Took guidance from APRA and lessons from a CGA assessment completed by another Bank
- Provided to APRA and the Board is overseeing implementation of its recommendations

Key findings

As well as identifying a number of strengths across the Group, the self-assessment identified shortcomings and proposed a series of recommendations and actions to address them. It highlighted that while Westpac's culture, governance and accountability settings in their totality generally support sound management of non-financial risks:

- Its management of non-financial risks was generally less mature than the management of financial risks and the likely root cause of many of its non-financial risk-related issues; and
- There were a common set of behaviours across the Group, including: a lack of clarity on accountability and consequences; and, at times, Westpac was too slow to identify, prioritise, escalate and remediate issues.

In addition, the self-assessment found that some of the Group's strengths also created weaknesses. For example, Westpac has a deep focus on financial risk, and although this is inherently positive, it has at times diluted a focus on important non-financial risks.

Westpac was also assessed as having an analytical culture that is highly consultative. While this characteristic has its benefits, it has at times slowed down decision making, created undue complexity and diluted accountability.

Implementation of self-assessment recommendations is underway

2 Culture, Governance and Accountability self-assessment action plan underway

The Group has commenced implementing the recommendations of the self-assessment with Group Executive sponsorship and Board oversight. The work is focused on five key areas, which are set out below alongside some examples:

Board and executive governance	**Enhance governance practices and elevate oversight of non-financial risks:** • Enhance reporting of key risks to make appropriate assessments and improve resolution • Enhance risk analysis of not progressing or delaying certain investments • Strengthening accountability for the prompt and effective resolution of long-outstanding issues
Risk and compliance	**Strengthen 'three lines of defence' and risk operating models:** • Enhance three lines of defence model and better define roles/responsibilities of each line • Standardise risk language and policies, and strengthen accountability for issue closure
Customer	**Enhance processes to improve the customer experience:** • Aggregate complaints data across divisions to better identify the root cause of issues • Enhance reporting of long dated complaints • Centralise customer complaint handling
Remuneration and accountability	**Update remuneration frameworks to better support conduct and avoid conflicts:** • Strengthen alignment of remuneration across the Group • Review risk gates and adjustments in remuneration
Culture	**Build on existing programs focused on leadership, skills and behaviours:** • Strengthen 'Speak up' culture, including adoption of a single whistle-blower approach across the Group • Increase clarity of accountability and reduce collective decision making • Review and simplify the Group's service promise and culture materials

3 Remuneration and accountability

In addition to responses specific to recommendations of the Royal Commission and CGA self-assessment, a number of initiatives are underway (several commenced prior to the establishment of these inquiries) to address root causes of issues, strengthen conduct, remove structures that may lead to poor behaviour and drive better customer outcomes. These include:

Remuneration

- Implemented Sedgwick Review recommendations for employees effective from 1 October 2018, two years ahead of schedule and changed mortgage broker remuneration from 1 January 2019
- Replaced variable reward for tellers with fixed pay; removed all individual product specific targets for personal bankers and limited financial measures in bonus scorecards to no more than 30% for all customer facing employees
- Ceased the payment of grandfathered financial advice commissions to employed advisers from 1 October 2018
- Review of the effectiveness of Group Remuneration Policy
- Executive remuneration being reviewed (following Westpac's first strike on its Remuneration Report in 2018 and investor feedback) to seek opportunities to better align to shareholder expectations

Strengthening accountability

- Established new Group-wide Consequence Management Framework in 2018, building on existing processes and standards expected of employees and increasing consistency and transparency of the management of employee conduct matters. Includes providing guidance about consequences for remuneration and employment
- Reinforcing executive responsibility and accountability under the BEAR regime − implemented in July 2018
- In 2018 completed implementation of 'Motivate', a new performance management framework that emphasises behaviours, culture and delivery against objectives
- Rolled out Group-wide employee program, 'Navigate', to bring to life Westpac's values, Service Promise and Code of Conduct. Quarterly Navigate scenarios continue to be shared with employees
- Extended whistleblowing protections to employees of service providers and family members

4 Product design, performance and remediation

Westpac is committed to doing the right thing for customers. However, when mistakes are made, putting things right is a priority. Our focus remains on customer remediation and refunding customers as quickly as possible. At the same time, as part of Westpac's ongoing reviews, issues are being identified and fixed to stop them from reoccurring

The right products and services

- Products and services are regularly reviewed through product lifecycle reviews
- Group Products and Services Lifecycle Policy was updated in December 2018. Further work required to strengthen disciplines across design, maintenance and remediation of product issues

Remediation: putting things right for customers

- Where Westpac got it wrong and we can reliably estimate the liability, provisions for estimated customer payments and refunds along with costs of implementation have been made
- The provisions cover a number of matters with the largest items relating to: advice service fees where the records of advice were insufficient or it is not clear that the services were provided; interest-only loans that did not automatically switch to principal-and-interest after the fixed-rate period; and loans to businesses that should have been provided to individuals under the National Consumer Credit Protection Act
- Executives are accountable for remediation programs in their respective divisions; Westpac Group Chief Operating Officer responsible for BT remediation

Provisions for customer refunds and payments ($m)[1]	2017	2018	1H19	Total	Approximate payments to customers or utilised
Banking	94	122	225	441	(106)
Wealth	75	146	587	808	(94)
Implementation costs	-	62	119	181	(24)
Cash earnings impact of above	118	231	652	1,001	-

1 Excludes litigation payments.

5 Customer care transformation

A centralised Customer and Corporate Relations division has been established and a new complaints strategy is being rolled out to make things better for customers:

Culture & customer connection

Lifting our Group-wide complaints culture:

- Focused campaign to reset the perception of complaints through Group-wide Navigate program and customer complaint training for all employees
- Increasing accountability for customer complaints through specific KPIs in CEO/GE/GM scorecards
- Increasing customer engagement through 'customer voice' roundtables

Progress:

- 93% of employees completed training in 1H19
- 41% of complaints in 1H19 solved at first point of contact in the Consumer and Business divisions

Service excellence

Improving the complaints process for customers:

- New operating model: centralising triage; first response; complex and priority care
- Improved web pages and refreshed customer communication materials
- New 'Moments team' to help solve complaints in the moment
- Improved Group-wide complaints policy, framework and standards

Progress:

- 22% reduction in time to resolve for Internal Dispute Resolution for 1H19
- Resolved 540 long dated or contentious complaints in 1H19

Priority support

Improving the identification and support of vulnerable customers:

- New Vulnerable Customer Action Plan and position statements
- A dedicated '1800' Priority Assist telephone line staffed by assistance specialists
- New Customer Outcome Committee focused on resolving complex and long-dated complaints

Progress:

- 91% of vulnerable customer complaints assigned to priority case managers within three day target
- 300 calls per month to Priority Assist since December 2018

Root cause and complaint prevention

Identifying causes of complaints to stop them recurring:

- Using complaints data to identify root causes of complaints and use insights in product reviews
- Investing in data analytics to identify root causes of customer complaints
- Product General Managers have action plans to resolve top root cause issues that cause complaints

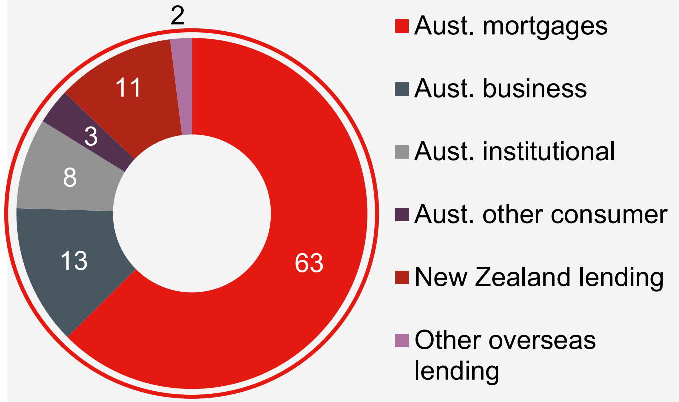
Progress:

- 50 specific root cause improvements implemented YTD
- 3 business improvement programs under development

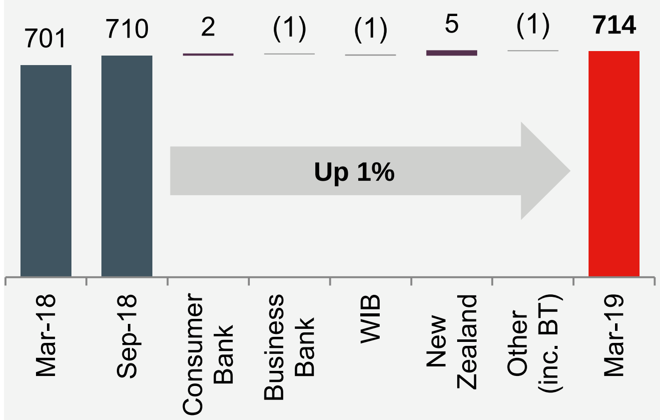
Earnings Drivers

Composition of lending and deposits

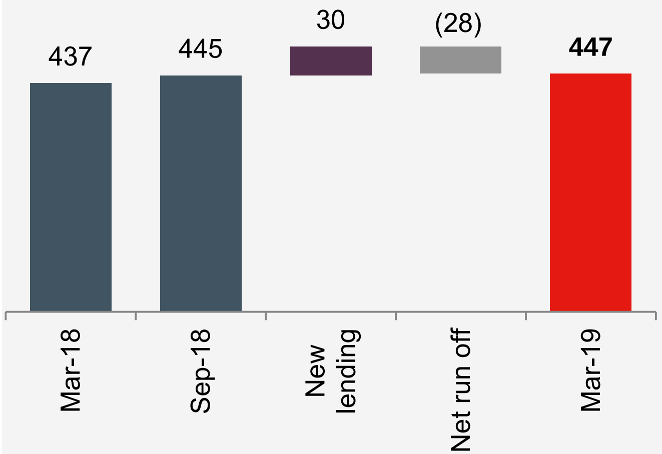
Composition of lending (% of total)



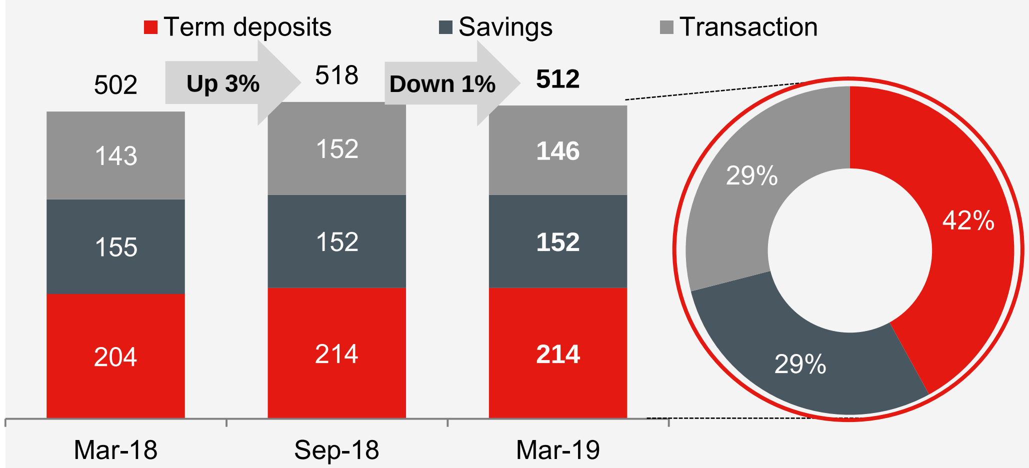
Net loans ($bn)



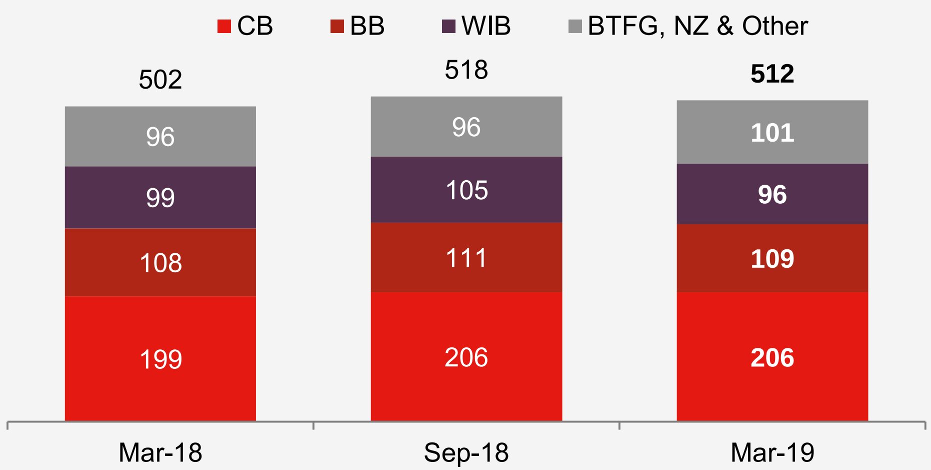
Australian mortgage lending[1] ($bn)



Customer deposit mix ($bn) and % of total



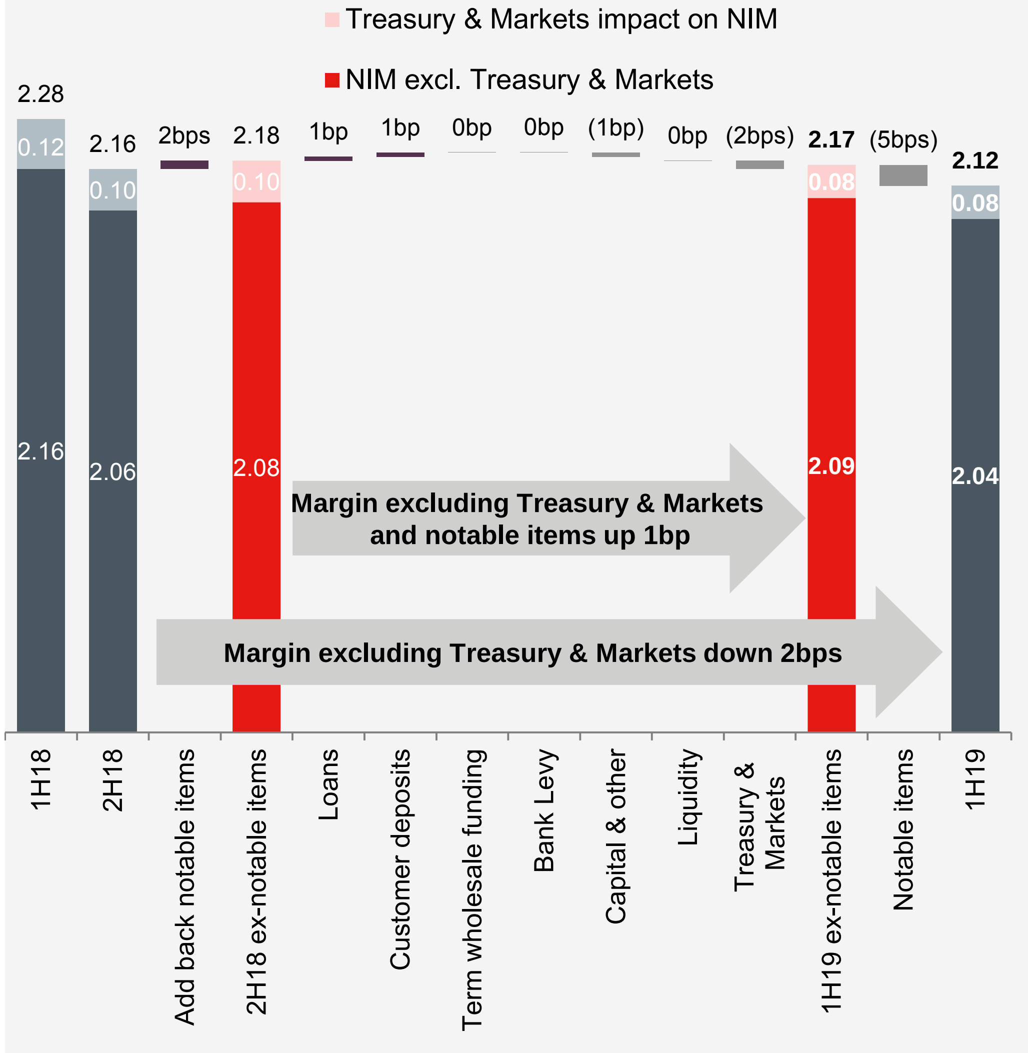
Customer deposit composition ($bn)



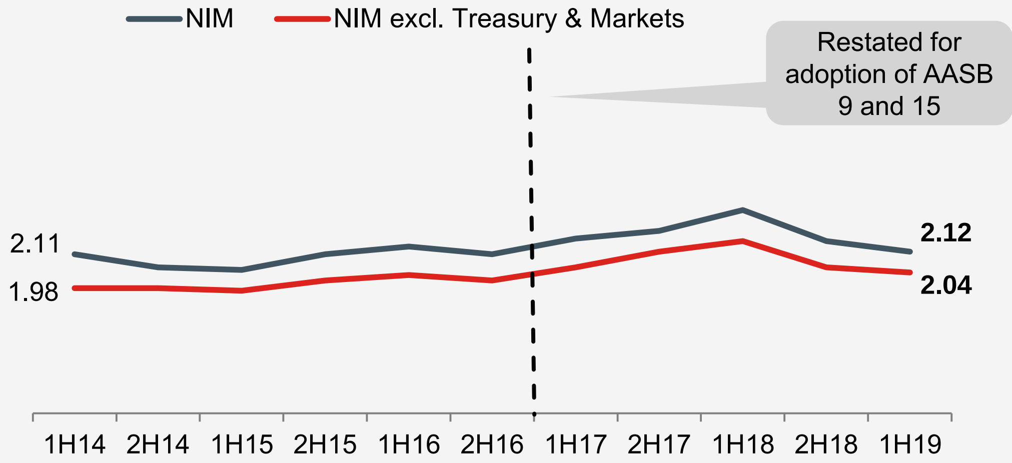
1 Gross loans.

NIM excluding Treasury & Markets and notable items up 1bp

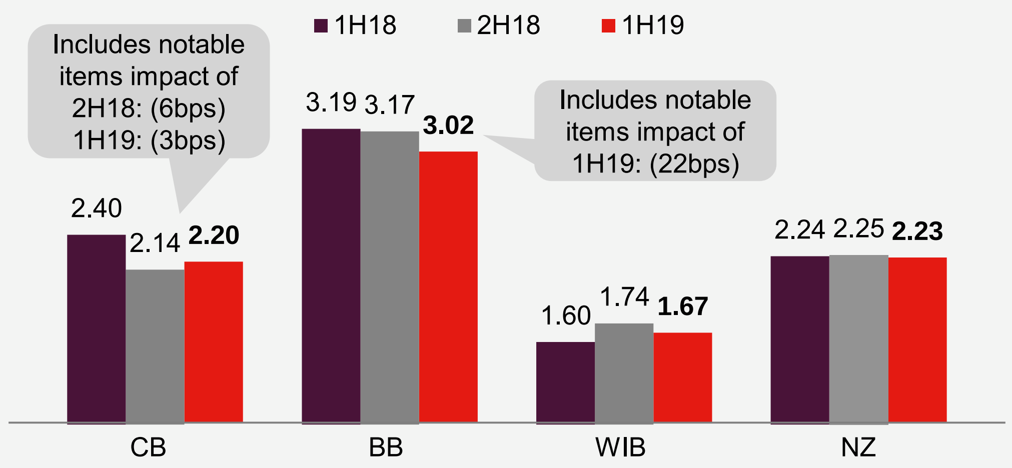
Net interest margin (NIM) movement (%)



Net interest margin (%)

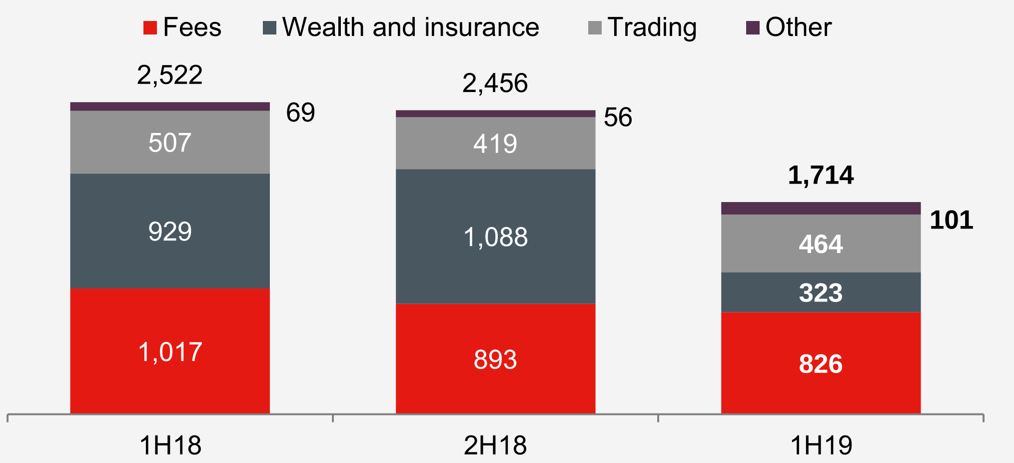


Net interest margin by division (%)

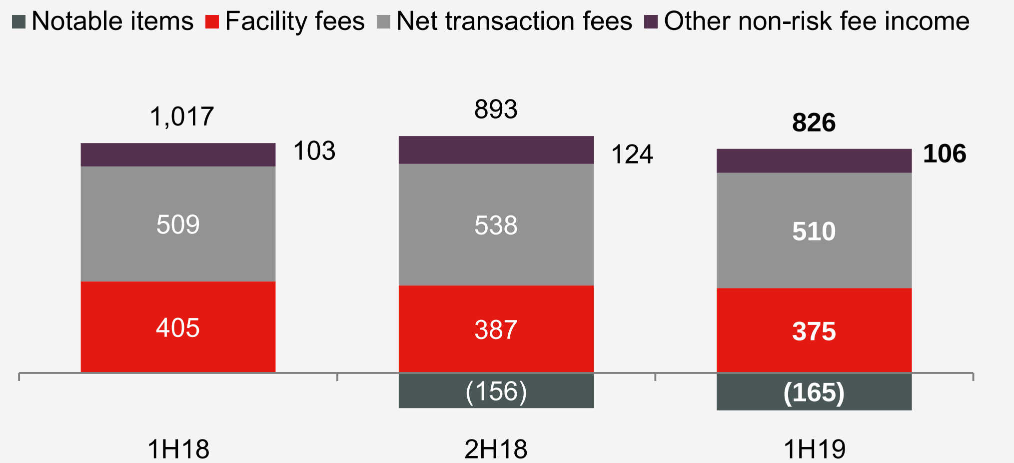


Non-interest income down 30% from notable items, higher general insurance claims and impact of the sale of Hastings

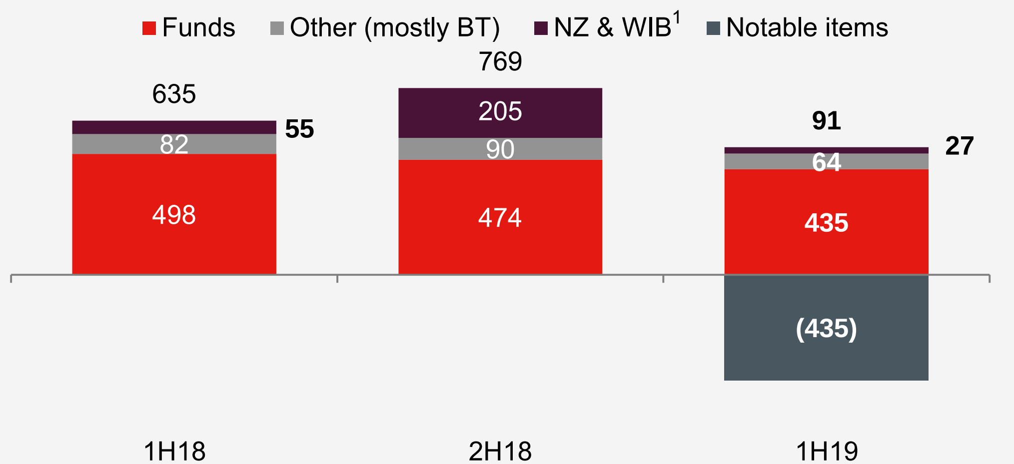
Non-interest income contributors ($m)



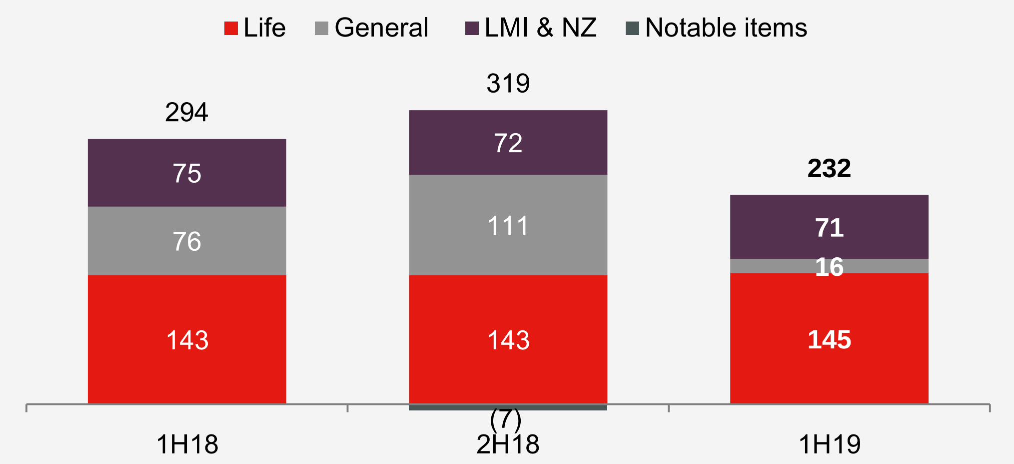
Net fee income ($m)



Wealth management income ($m)



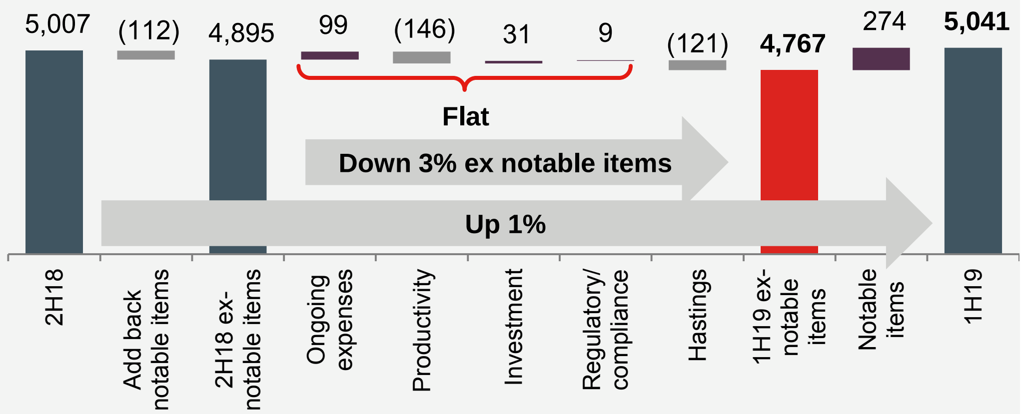
Insurance income ($m)



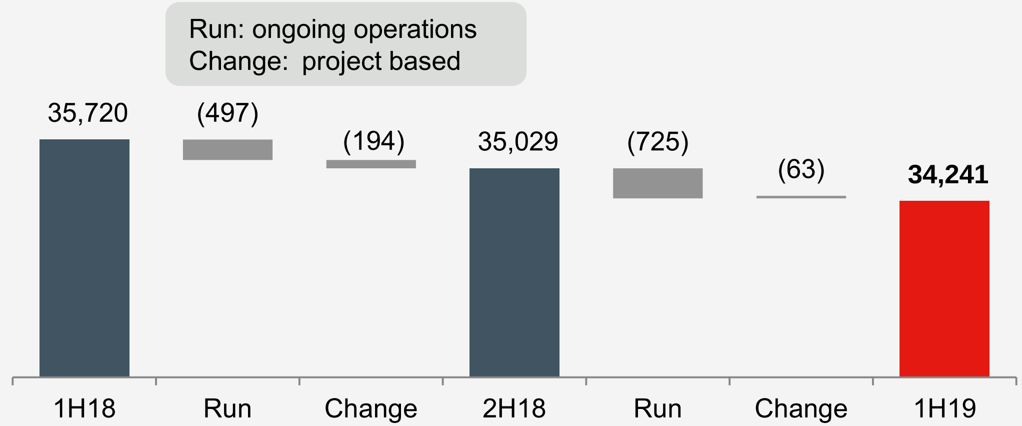
1 2H18 includes $180m of fees associated with Hastings exit.

Expenses ex notable items down 3% from Hastings exit, while productivity benefits offsetting other cost increases

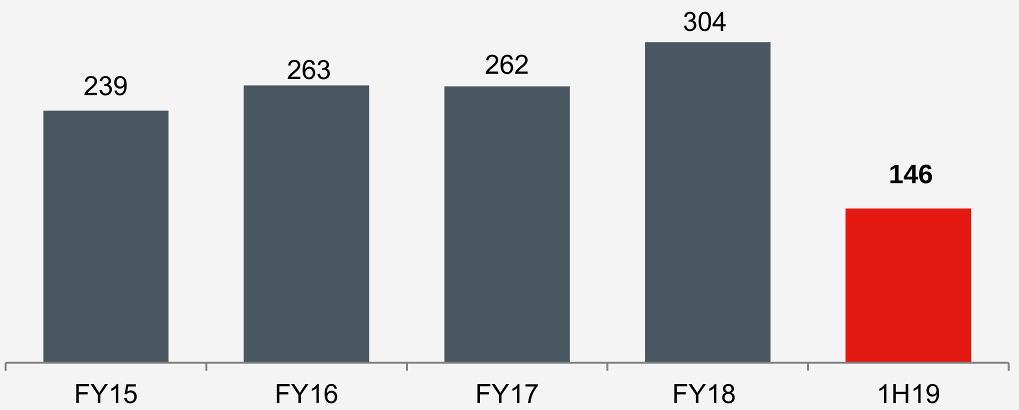
Expense movements ($m)



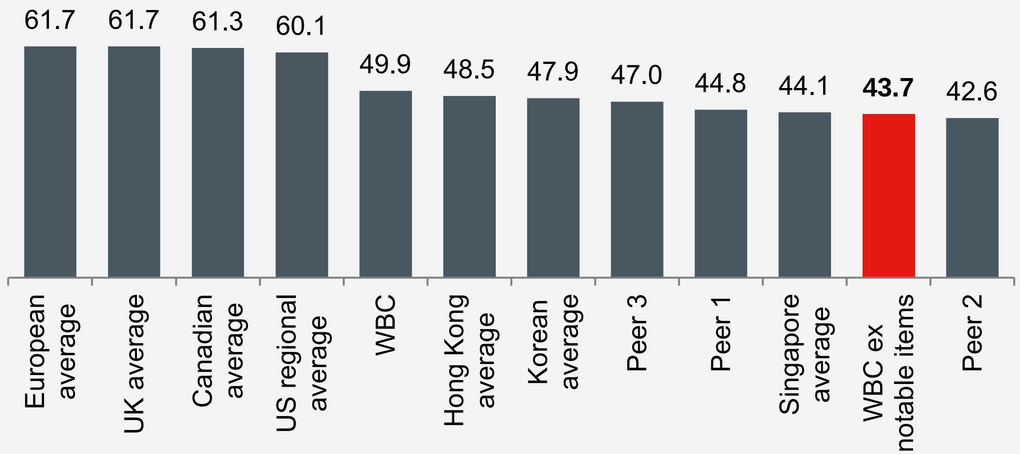
FTE run versus change (#)



Productivity savings ($m)



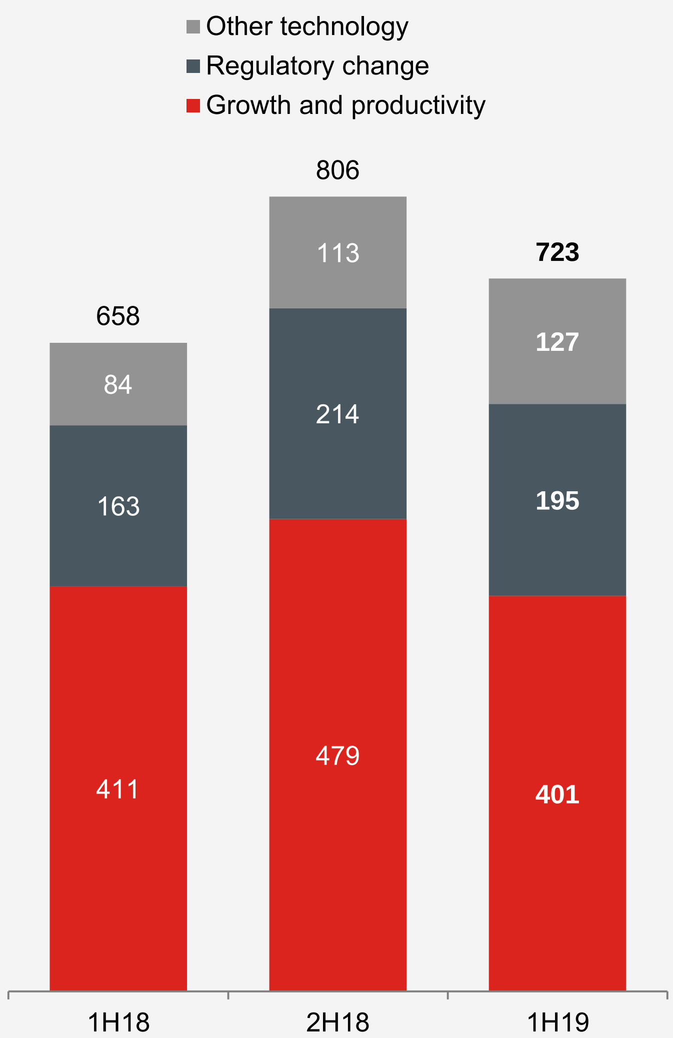
Global peer comparison of expense to income ratios[1] (%)



1 Company data, Credit Suisse. Expense to income ratio average for Peer 1, 2 and 3 based on 1H19 results, all others based on FY18. Peer 1 and 2 are presented on a continuing operations basis. European average excludes Deutsche Bank.

Investment spend focused on growth, productivity and compliance

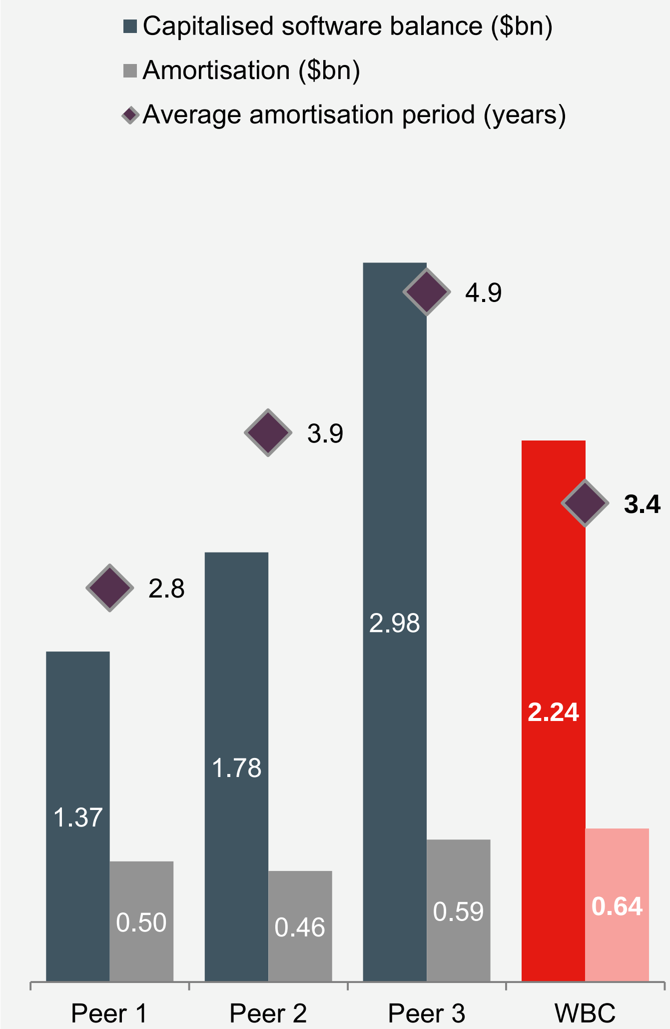
Investment spend mix ($m)



Investment spend ($m)

	1H18	2H18	1H19
Expensed	271	312	**331**
Capitalised	387	494	**392**
Total investment spend	658	806	**723**
Investment spend expensed	41%	39%	**46%**
Capitalised software			
Opening balance	1,916	2,005	**2,177**
Additions	389	493	**395**
Amortisation	(301)	(317)	**(318)**
Other[1]	1	(4)	**(10)**
Closing balance	2,005	2,177	**2,244**
Average amortisation period	3.2yrs	3.2yrs	**3.4yrs**
Other deferred expenses			
Deferred acquisition costs	80	71	**63**
Other deferred expenses	30	29	**30**

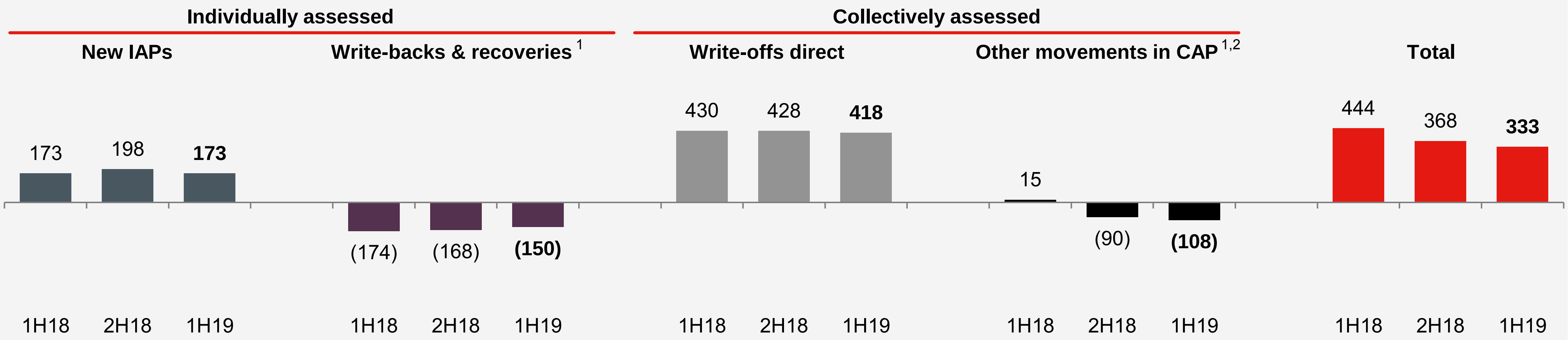
Capitalised software[2]



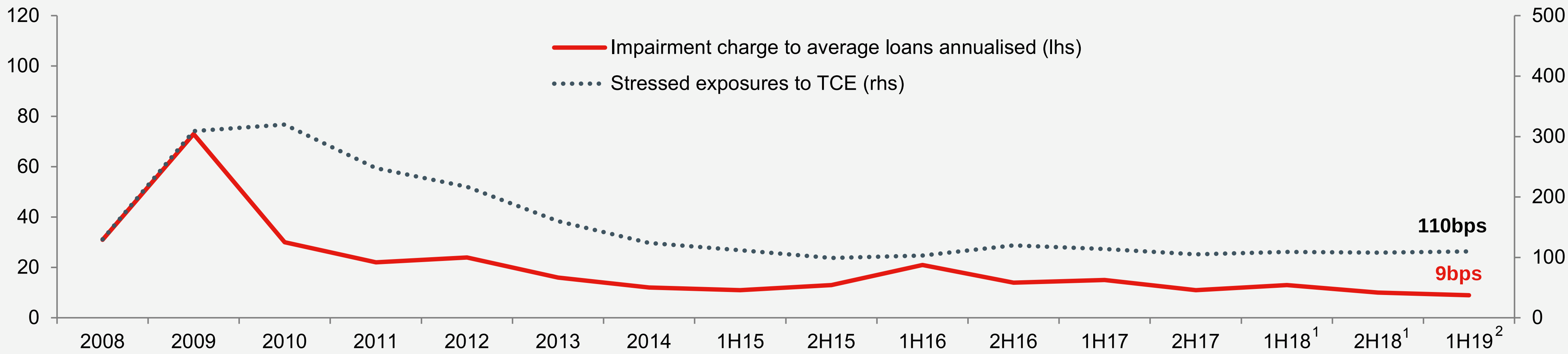
1 Includes write-offs, impairments and foreign exchange translation. 2 Peer 1 and 2 are reported on a continuing operations basis. Based on 1H19 results. Software amortisation has been annualised.

Continued low impairment charge reflects sound credit quality

Impairment charges ($m)



Impairment charges and stressed exposures[3] (bps)



1 1H18 and 2H18 include impacts of pro forma adjustments to recoveries (other fees and expenses) and CAP (interest carrying adjustments). 2 1H19 reflects the adoption of AASB 9 from 1 October 2018. 3 2008 and 2009 are pro forma including St.George for the entire period with 1H09 ASX Profit Announcement providing details of pro forma adjustments.

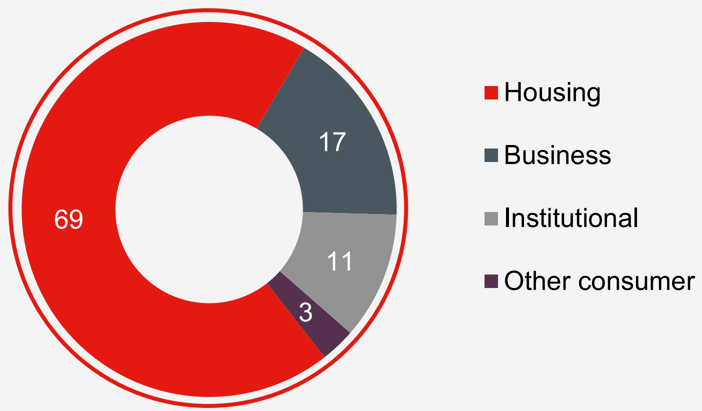
Credit Quality

High quality portfolio with bias to mortgage lending

Asset composition (%)

Total assets ($891bn)	Mar-18	Sep-18	Mar-19
Loans	80	81	**80**
Available-for-sale securities and investment securities	7	7	**8**
Trading securities and financial assets at fair value through income statement	3	3	**3**
Derivative financial instruments	3	3	**3**
Cash and balances with central banks	3	3	**2**
Collateral paid and other financial assets	1	1	**1**
Intangible assets	1	1	**1**
Life insurance assets and other assets	2	1	**2**

Lending composition at 31 March 2019 (% of total)



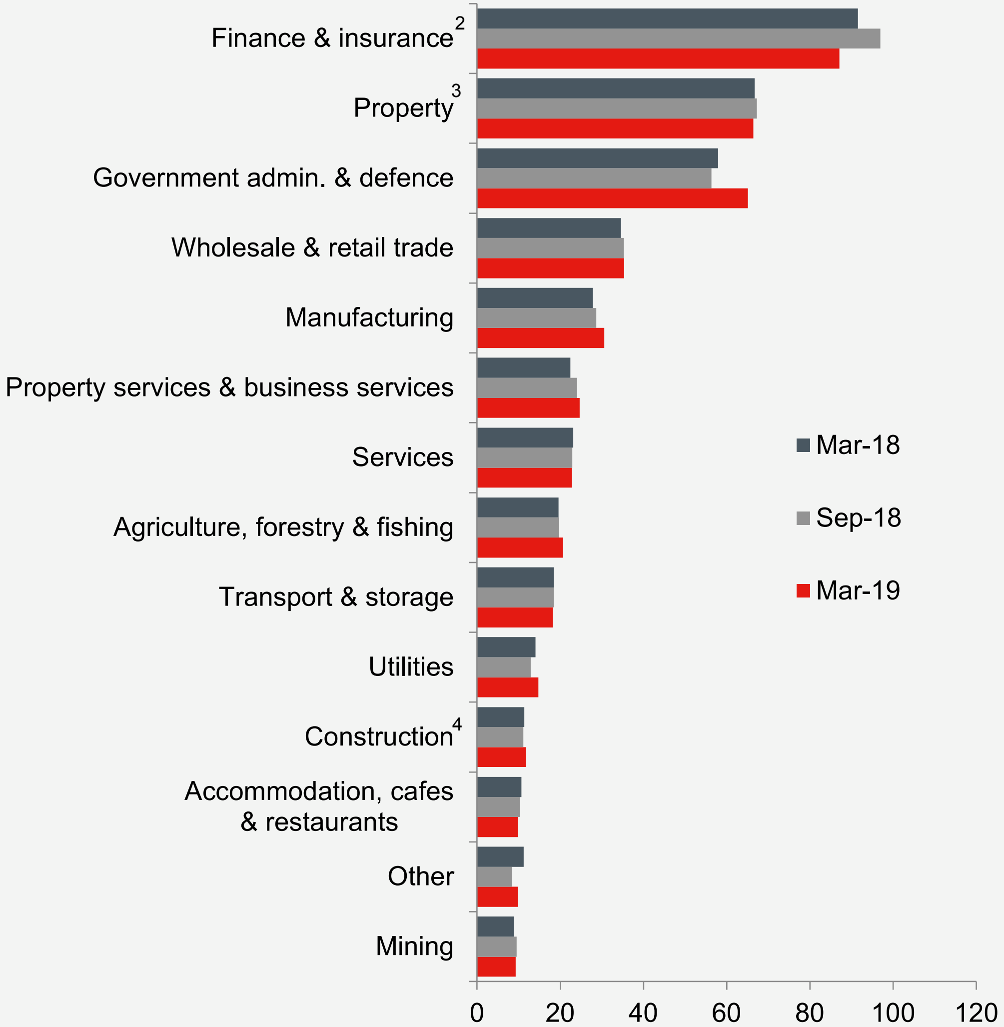
Exposure by risk grade at 31 March 2019 ($m)

Standard and Poor's Risk Grade[1]	Australia	NZ / Pacific	Americas	Asia	Europe	Group	% of Total
AAA to AA-	95,105	10,368	18,839	2,249	479	**127,040**	**12%**
A+ to A-	33,861	5,521	4,644	7,113	3,186	**54,325**	**5%**
BBB+ to BBB-	57,572	11,189	3,356	10,526	2,005	**84,648**	**8%**
BB+ to BB	69,630	12,580	377	1,897	92	**84,576**	**8%**
BB- to B+	61,364	10,924	14	163	-	**72,465**	**7%**
<B+	5,542	1,718	-	-	-	**7,260**	**1%**
Mortgages	510,930	56,544	-	310	-	**567,784**	**54%**
Other consumer products	43,765	4,910	-	3	-	**48,678**	**5%**
Total committed exposures (TCE)	**877,769**	**113,754**	**27,230**	**22,261**	**5,762**	**1,046,776**	
Exposure by region[2] (%)	84%	11%	3%	2%	<1%		**100%**

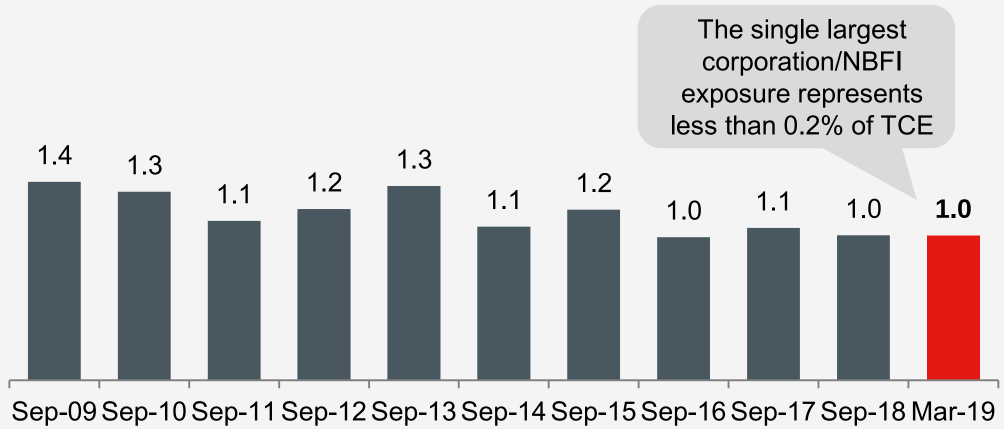
1 Risk grade equivalent. 2 Exposure by booking office.

A well diversified loan portfolio

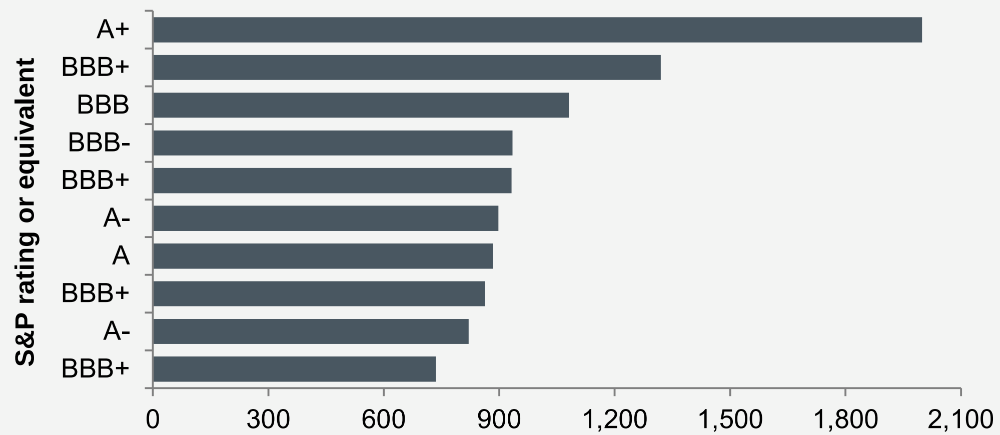
Exposures at default[1] by sector ($bn)



Top 10 exposures to corporations and NBFIs[5] (% of TCE)



Top 10 exposures to corporations & NBFIs at 31 March 2019 ($m)



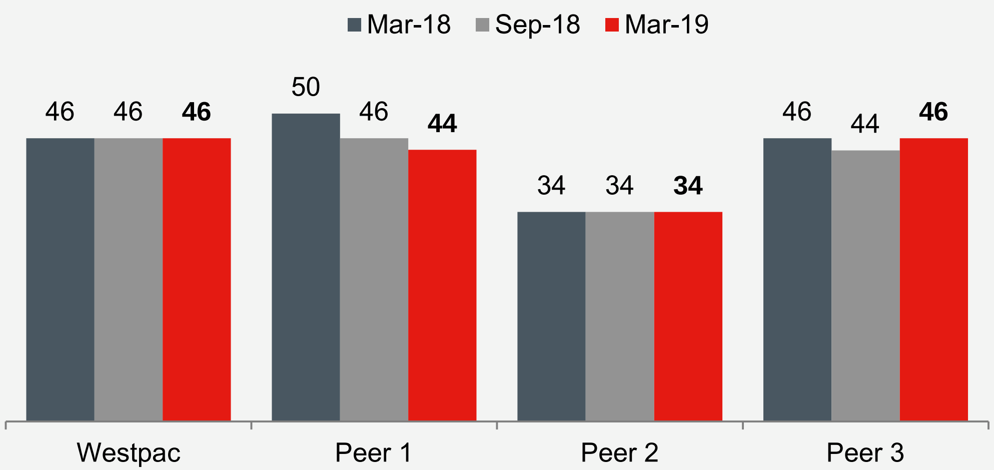
1 Exposures at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. 2 Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. 3 Property 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, sound credit quality

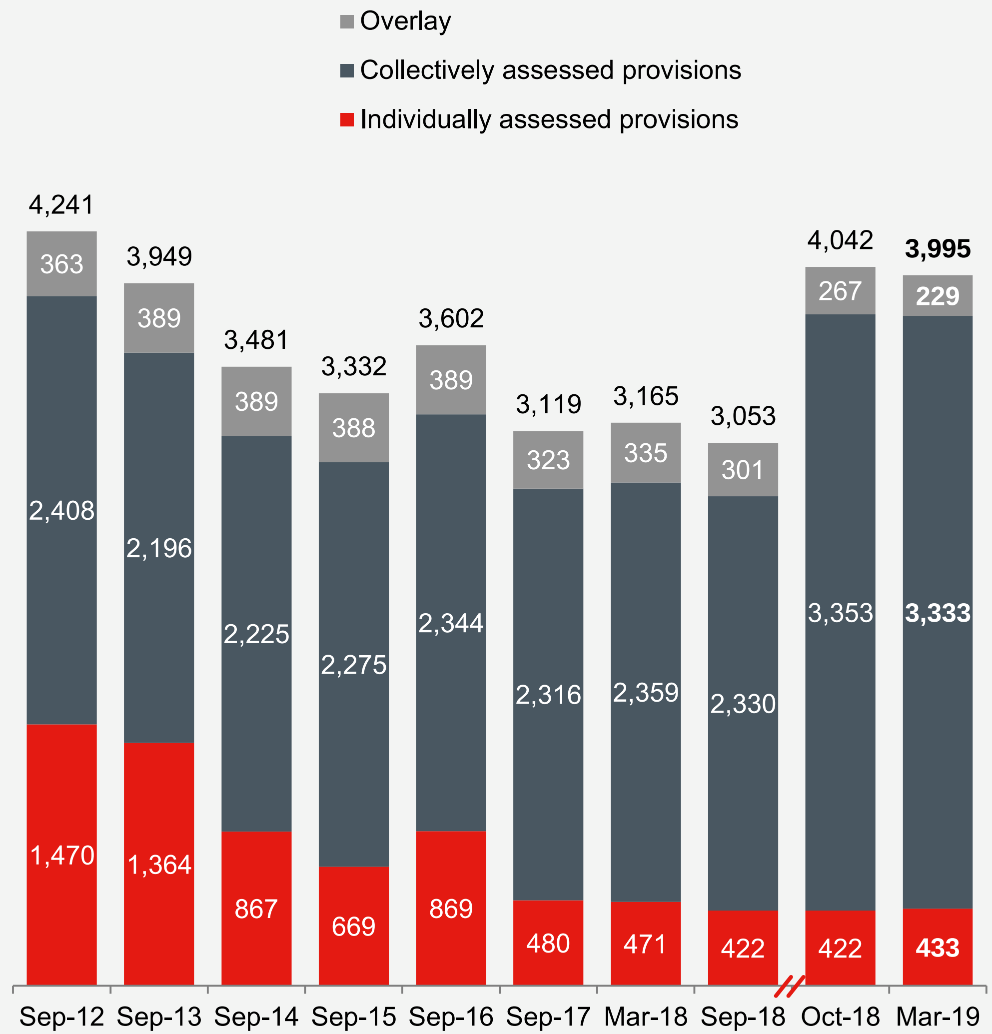
Provisions for impairments

	Mar-18	Sep-18	1-Oct-18	Mar-19
Total provisions to gross loans (bps)	45	43	57	**56**
Impaired asset provisions to impaired assets (%)	46	46	47	**46**
Collectively assessed provisions to credit RWA (bps)	75	73	101	**98**

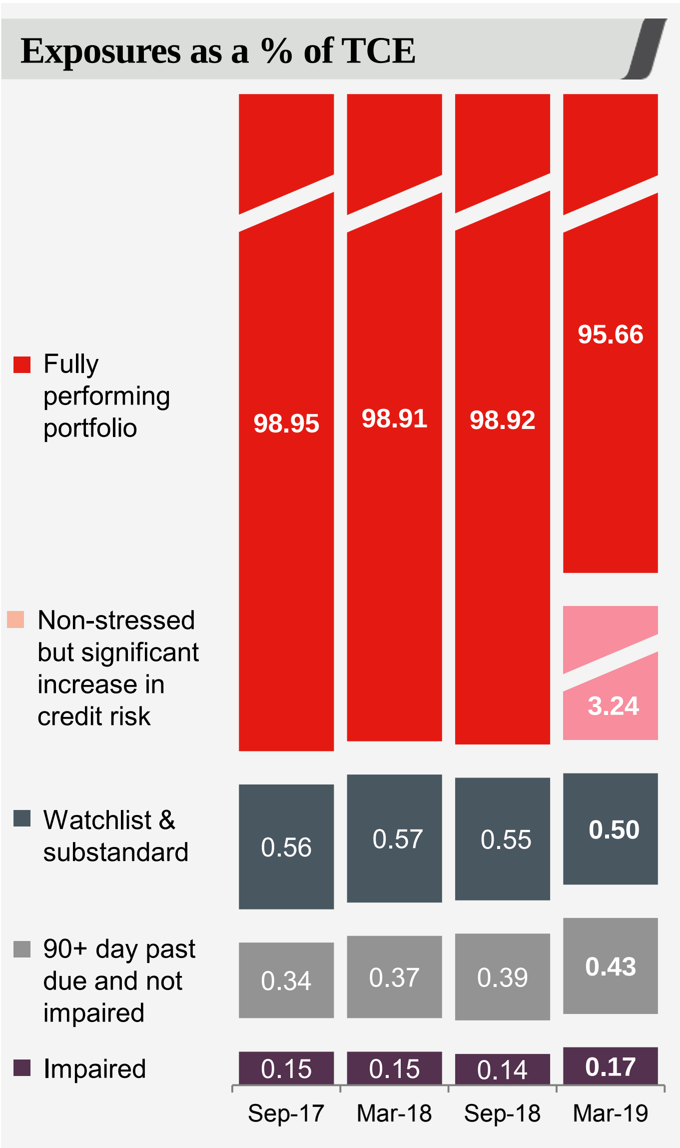
Impaired asset provisions to impaired assets (%)



Total impairment provisions ($m)



Provision cover by portfolio category

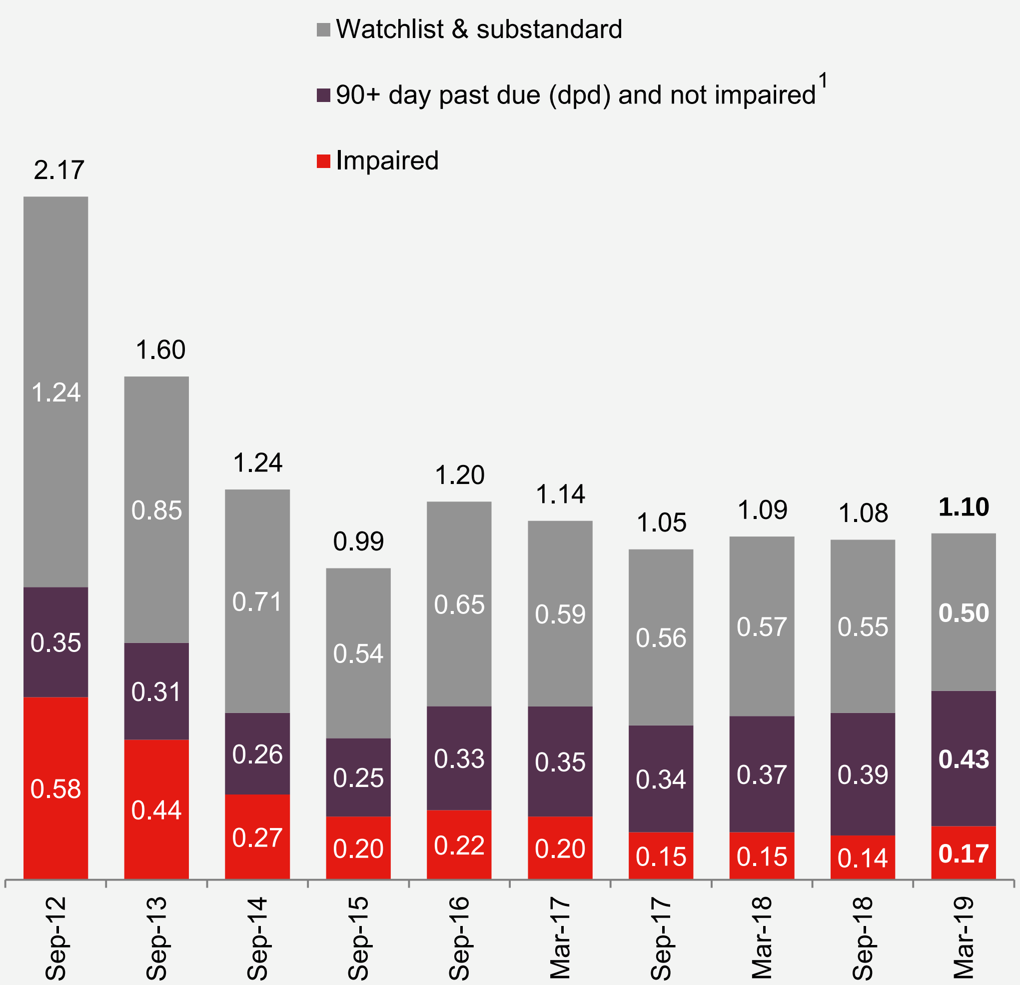


Provisioning to TCE (%)

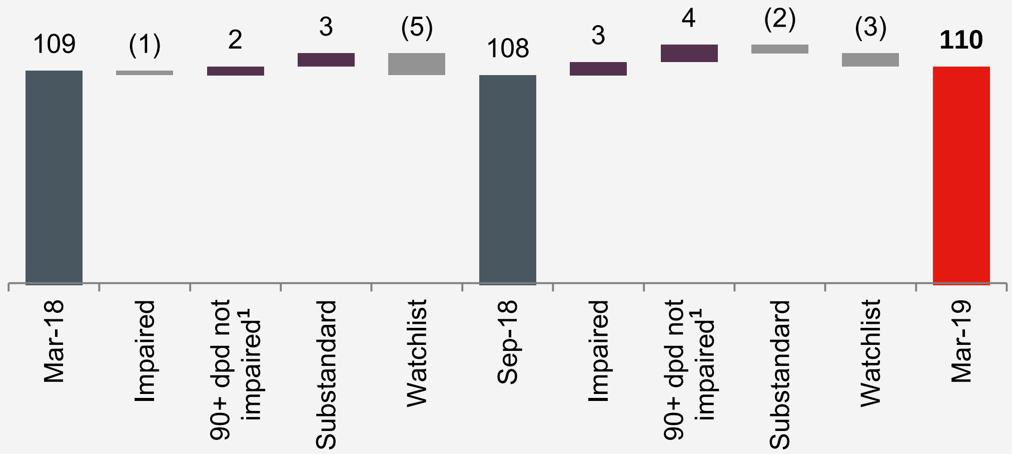
		Sep-17	Mar-18	Sep-18	Mar-19
Stage 1 provisions	**Fully performing portfolio**				
	Small cover as low probability of default (PD)	0.20	0.20	0.18	**0.09**
	Non-stressed but significant increase in credit risk				
	Lifetime expected loss based on future economic conditions				**4.18**
Stage 2 provisions	**Watchlist & substandard**				
	Still performing but higher cover reflects deterioration	4.76	4.71	5.27	**5.59**
	90+ day past due and not impaired				
	In default but strong security	5.08	5.03	5.11	**12.34**
Stage 3 provisions	**Impaired assets**				
	In default. High provision cover reflects expected recovery	46.30	45.54	46.10	**45.74**

Stressed exposures little changed

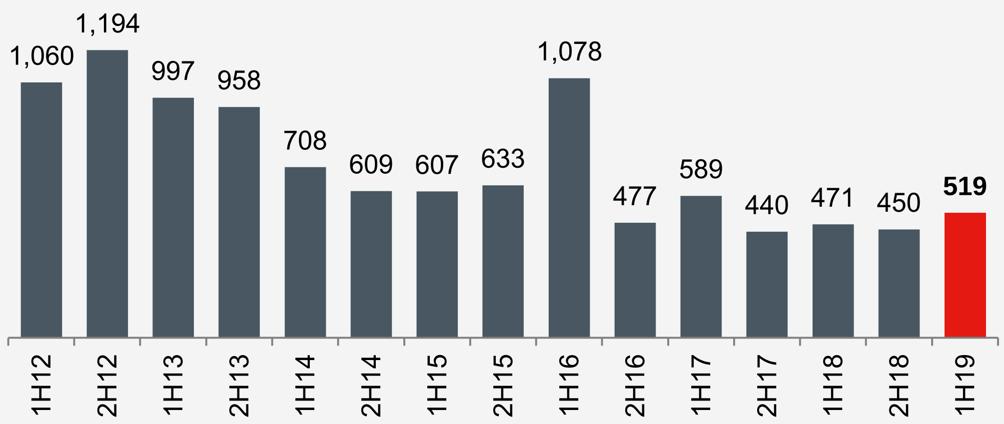
Stressed exposures as a % of TCE



Movement in stressed categories (bps)



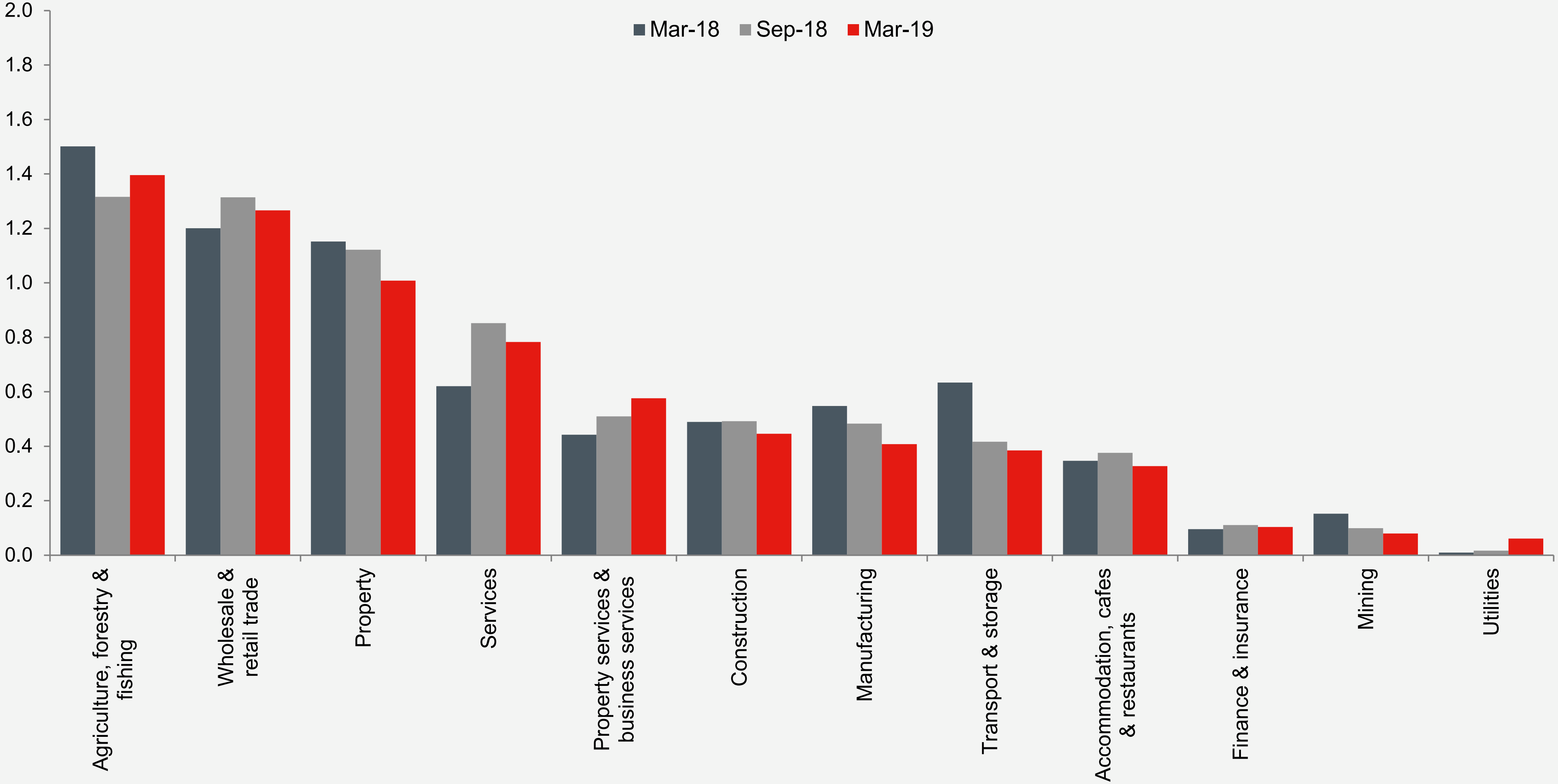
New and increased gross impaired assets[2] ($m)



1 Facilities 90 days or more past due date not impaired. These facilities, while in default, are not treated as impaired for accounting purposes. 2 Includes individually managed impaired assets only.

Overall stressed exposures little changed over 1H19

Corporate and business portfolio stressed exposures by industry ($bn)

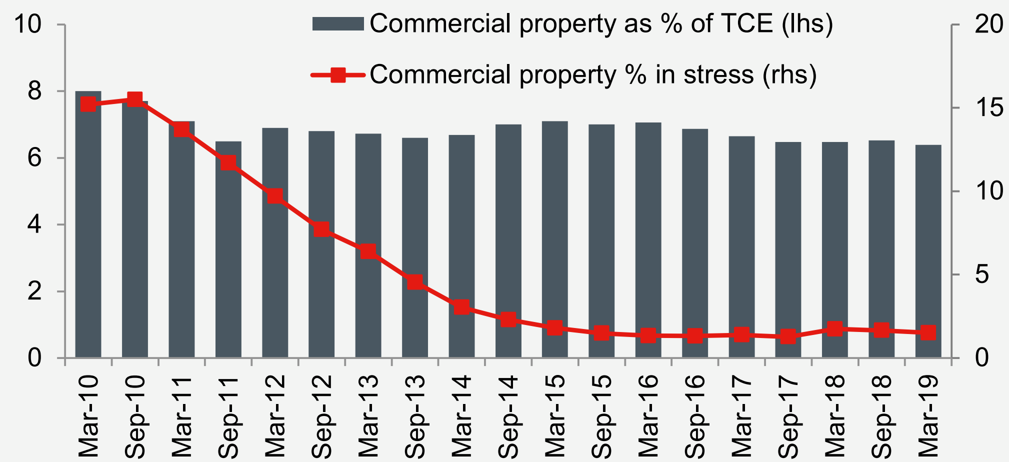


Areas of interest: Commercial property

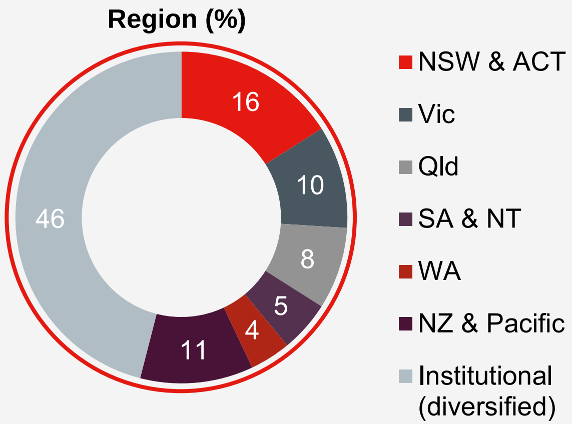
Commercial property portfolio

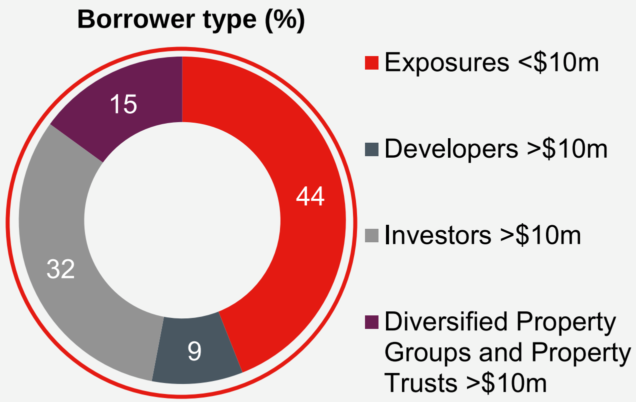
	Mar-18	Sep-18	Mar-19
Total committed exposures (TCE)	$66.3bn	$67.6bn	**$66.9bn**
Lending	$51.1bn	$52.0bn	**$52.3bn**
Commercial property as a % of Group TCE	6.48	6.51	**6.39**
Median risk grade	BB equivalent	BB+ equivalent	**BB+ equivalent**
% of portfolio graded as stressed[1,2]	1.74	1.66	**1.51**
% of portfolio in impaired[2]	0.28	0.23	**0.22**

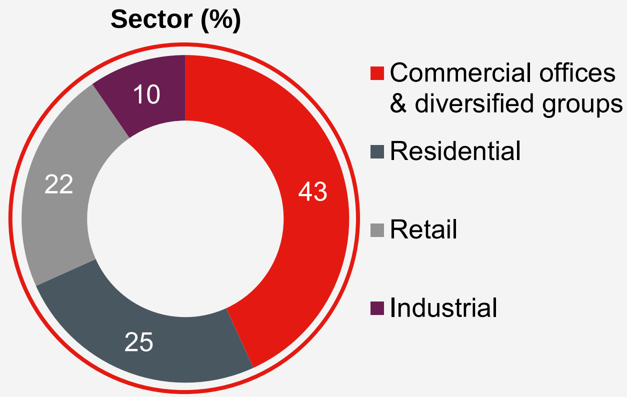
Commercial property exposures % of TCE and % in stress



Commercial property portfolio composition (%)







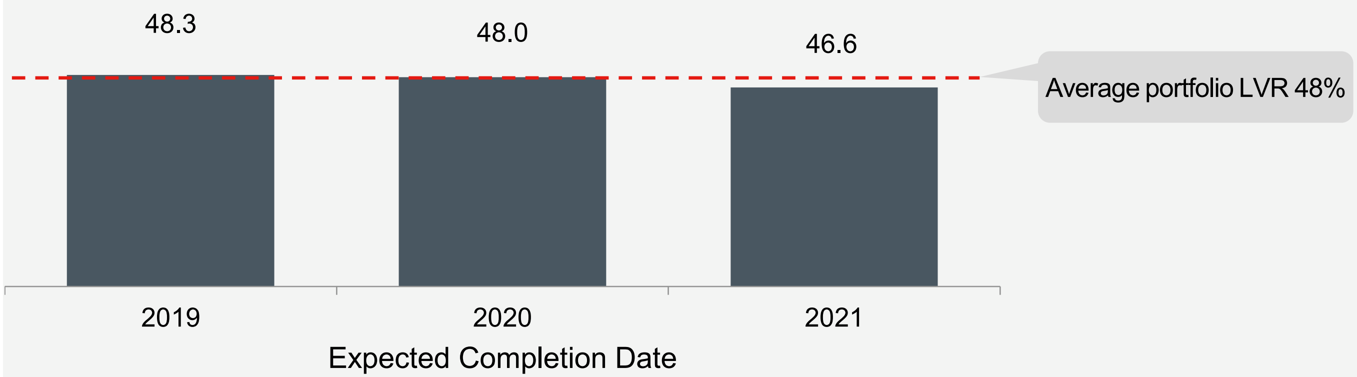
1 Includes impaired exposures. 2 Percentage of commercial property portfolio TCE.

Areas of interest: Inner city apartments

Residential apartment development TCE ($bn)

	Mar-18	Sep-18	Mar-19	TCE (%)[1]	
Residential apartment development >$20m	4.0	4.1	**3.3**	4.9	• Approvals and new starts lower and expected to slow further. • Tightened risk appetite for areas of concern remains in place • Settlements remain slightly slower than historical experience, but Westpac's debt has been repaid in full given low LVRs
Residential apartment development >$20m in major markets, refer below	2.7	2.6	**2.8**	4.2	
Sydney major markets	1.9	1.8	**2.1**	3.1	• Increase due to expanding definition of 'major ' Sydney suburbs in Nov-18. Comparable TCE to Sep-18 would be $1.6bn at Mar-19
Inner Melbourne	0.6	0.6	**0.5**	0.7	• Weighted average LVR 48.3%
Inner Brisbane	0.2	0.1	**0.1**	0.1	• Slow market. Exposure low
Perth metro	0.0	0.1	**0.1**	0.1	• Activity slowly lifting. Recent loans at 45% weighted average LVR

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	Sep-18	Mar-19
Total consumer mortgage loans for inner city apartments	$15.2bn	**$15.3bn**
Average LVR at origination	73%	**72%**
Average dynamic LVR	57%	**56%**
Dynamic LVR >90%	2.49%	**3.59%**
90+ day delinquencies	44bps	**62bps**

Areas of interest: Retail trade

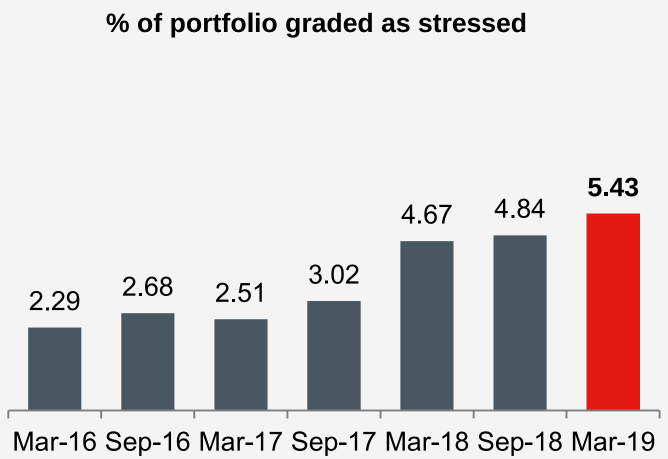
Overview

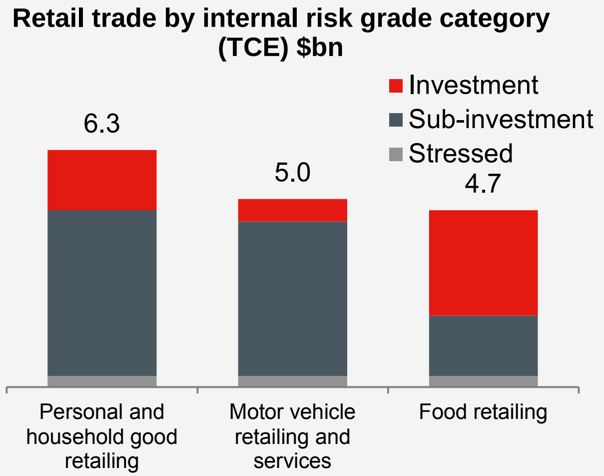
- The retail sector continues to be challenged by subdued consumer demand and growth in domestic and international online channels
- These changes have been emerging for a number of years and businesses need to continue to adapt
- Whilst there has been a small increase in stress, the portfolio is diversified and credit quality remains sound
- During the period one large facility was downgraded from watchlist and substandard to impaired

Retail trade portfolio

	Mar-18	Sep-18	Mar-19
Total committed exposures (TCE)	$15.5bn	$16.2bn	**$16.0bn**
Lending	$11.3bn	$11.6bn	**$11.5bn**
Retail trade as a % of Group TCE	1.51	1.56	**1.53**
Median risk grade	BB equivalent	BB equivalent	**BB equivalent**
% of portfolio graded as stressed[1,2]	4.67	4.84	**5.43**
% of portfolio in impaired[2]	0.48	0.41	**1.24**

Retail trade portfolio composition





1 Includes impaired exposures. 2 Percentage of retail trade portfolio TCE.

Areas of interest: Aged care sector

Overview

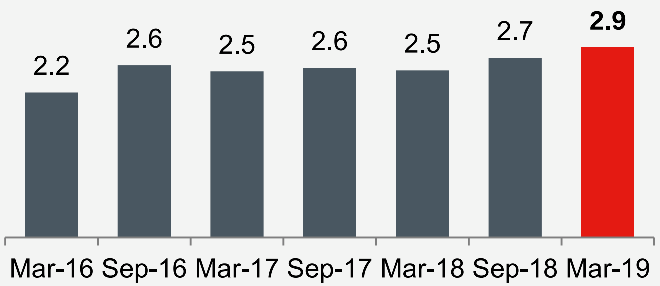
- Aged care sector is forecast to grow with significant investment required to meet demand from Australia's aging population
- Stress decrease over 1H19 driven by repayments and improvements in credit quality
- The portfolio more generally is diversified and credit quality remains sound. Westpac maintains a strong history of involvement in this sector
- On 16th September 2018, a Royal Commission into Aged Care Quality and Safety was announced. The interim report is to be provided by 31 October 2019 with a final report no later than 30 April 2020

Aged care portfolio

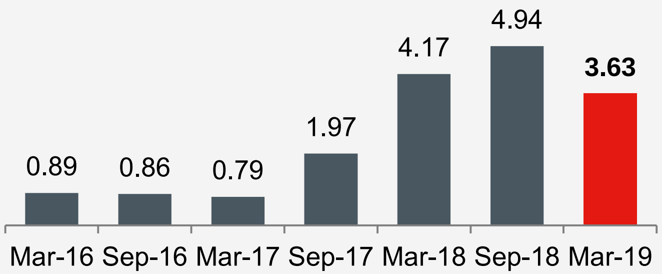
	Mar-18	Sep-18	Mar-19
Total committed exposures (TCE)	$2.5bn	$2.7bn	**$2.9bn**
Lending	$1.5bn	$1.6bn	**$1.8bn**
Aged Care as a % of Group TCE	0.24	0.26	**0.28**
Median risk grade	BB+ equivalent	BB+ equivalent	**BB+ equivalent**
% of portfolio graded as stressed[1,2]	4.17	4.94	**3.63**
% of portfolio in impaired[2]	0.00	0.00	**0.00**

Aged care portfolio composition

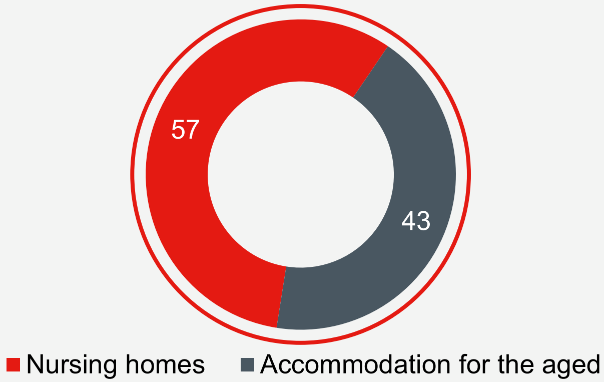
Aged care exposure (TCE) $bn



% of portfolio graded as stressed



Aged care portfolio (TCE) by sector (%)



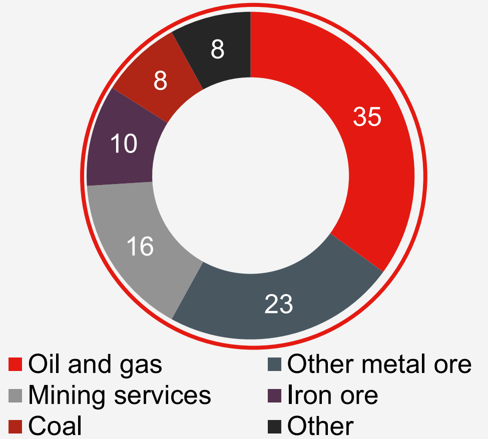
1 Includes impaired exposures. 2 Percentage of Aged Care portfolio TCE.

Areas of interest: Mining and Australian Agriculture

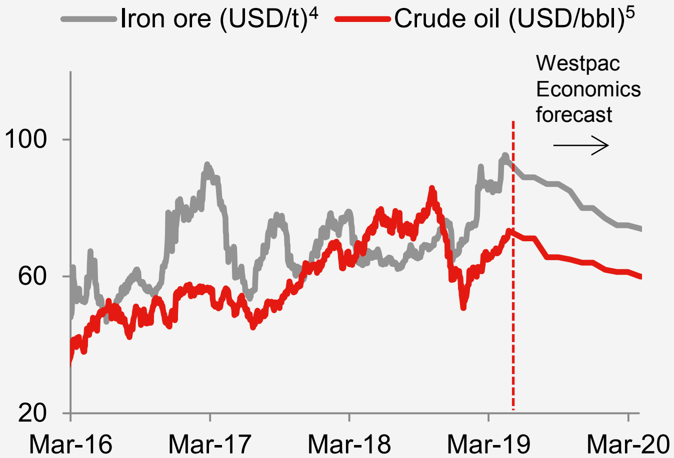
Mining (inc. oil and gas) portfolio

	Mar-18	Sep-18	Mar-19
Total committed exposure (TCE)	$9.3bn	$10.7bn	**$9.8bn**
Lending	$5.1bn	$5.7bn	**$5.2bn**
% of Group TCE	0.91	1.03	**0.94**
% of portfolio graded as stressed[1,2]	1.72	0.99	**0.81**
% of portfolio in impaired[2]	0.31	0.17	**0.16**

Mining portfolio (TCE) by sector (%)



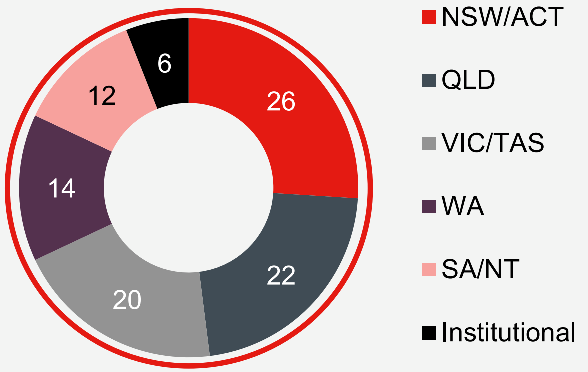
Iron Ore and Oil prices ($)[3]



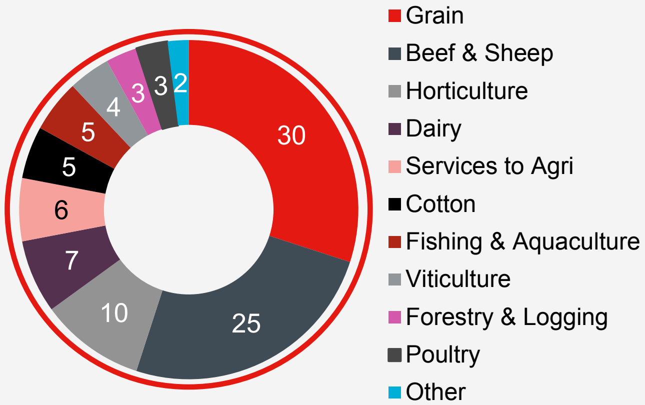
Australian Agriculture portfolio

	Mar-18	Sep-18	Mar-19
Total committed exposure (TCE)	$10.6bn	$10.6bn	**$10.9bn**
Lending	$8.2bn	$8.5bn	**$8.6bn**
% of Group TCE	1.04	1.02	**1.04**
% of portfolio graded as stressed[1,2]	4.27	4.40	**4.65**
% of portfolio in impaired[2]	0.31	0.27	**0.35**

Australian Agriculture (TCE) by state (%)



Australian Agriculture (TCE) portfolio composition (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE. 3 Sourced from Westpac Economics and Bloomberg. 4 The steel index 62% Fe fines benchmark. 5 Brent oil price.

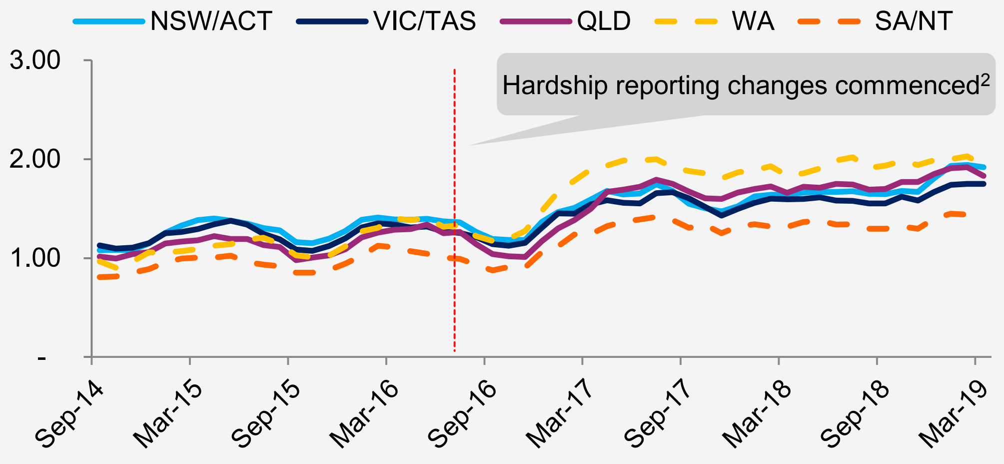
Australian consumer unsecured lending, 3% of Group loans

Australian consumer unsecured lending portfolio[1]

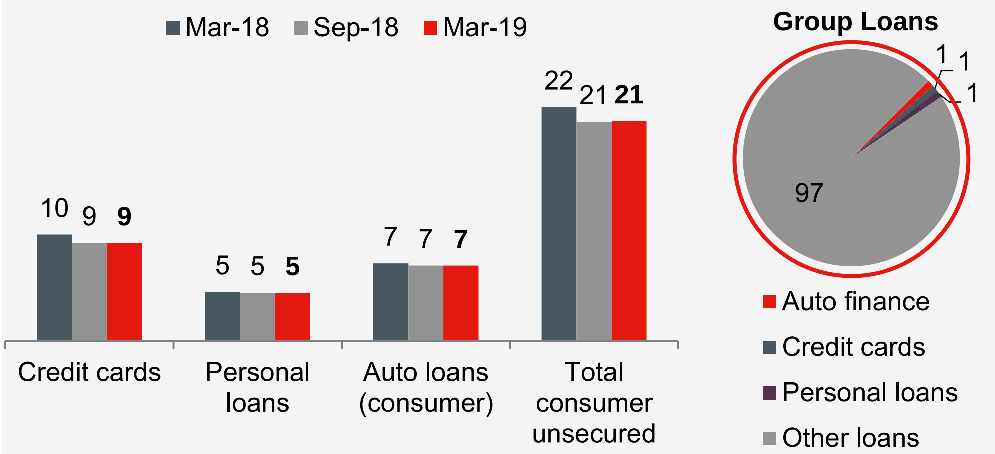
	Mar-18	Sep-18	Mar-19
Lending	$21.8bn	$21.1bn	**$20.7bn**
30+ day delinquencies (%)	3.95	3.65	**4.08**
90+ day delinquencies (%)	1.71	1.73	**1.87**

The increase in Australian unsecured lending portfolio 90+ day delinquencies over 1H19 was driven by portfolio run off and an operational issue in collections

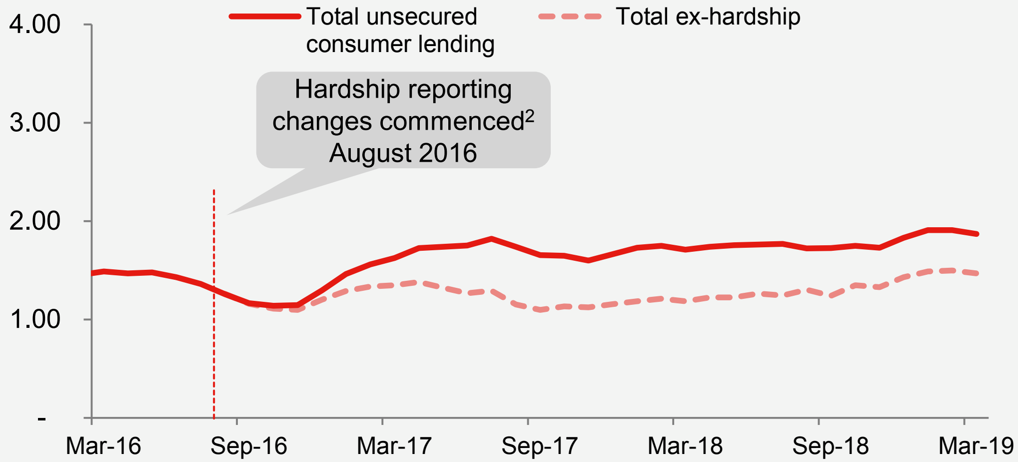
90+ day delinquencies (%) by State



Australian unsecured portfolio ($bn)[1]



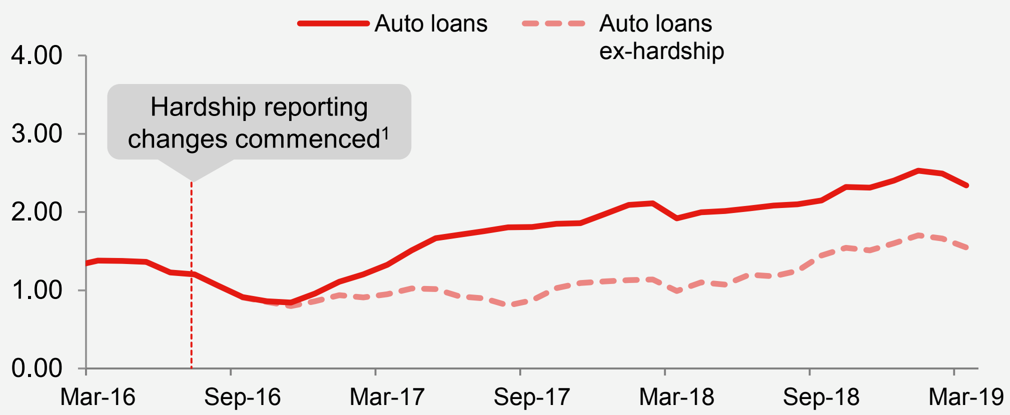
90+ day delinquencies (%)



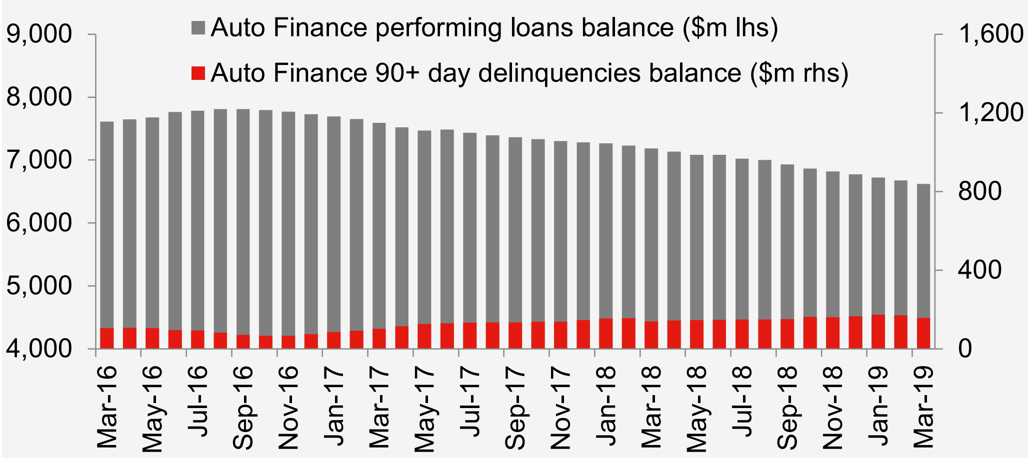
1 Does not include Margin Lending. 2 Westpac changed hardship treatment following guidance from APRA which is intended to standardise the industry treatment of delinquency classification of facilities in hardship. Hardship allows eligible customers to reduce or defer repayments in the short term to manage 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.

Australian consumer unsecured lending portfolios

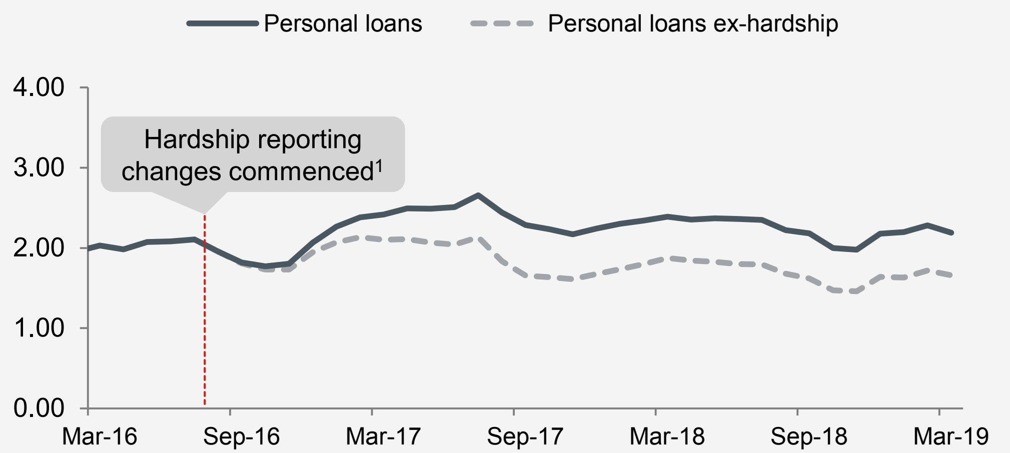
Auto finance portfolio 90+ day delinquencies (%)



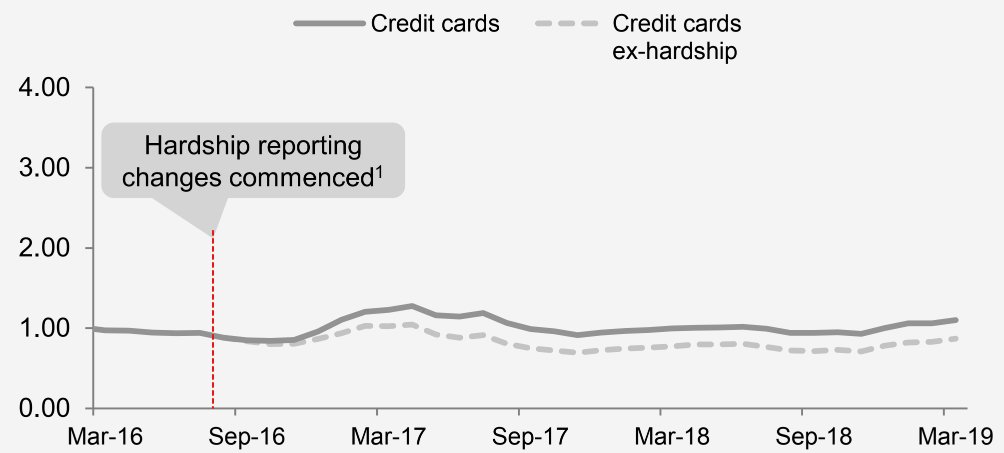
Auto finance portfolio ($m) – reduced over last 2 years



Personal loans 90+ day delinquencies (%)



Credit cards 90+ day delinquencies (%)



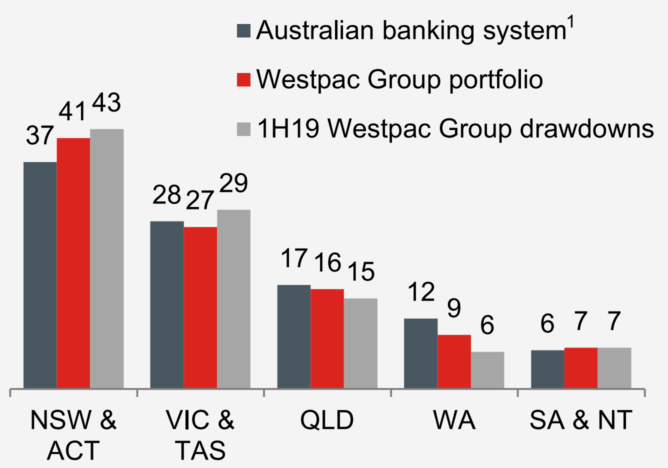
1 Westpac changed hardship treatment following guidance from APRA which is intended to standardise the industry treatment of delinquency classification of facilities in hardship. Hardship allows eligible customers to reduce or defer repayments in the short term to manage through a period of financial difficulty (e.g. unemployment, injury, natural disasters). Solutions are tailored to customer circumstances and may include extending the loan or restructuring.

Australian mortgage portfolio performance

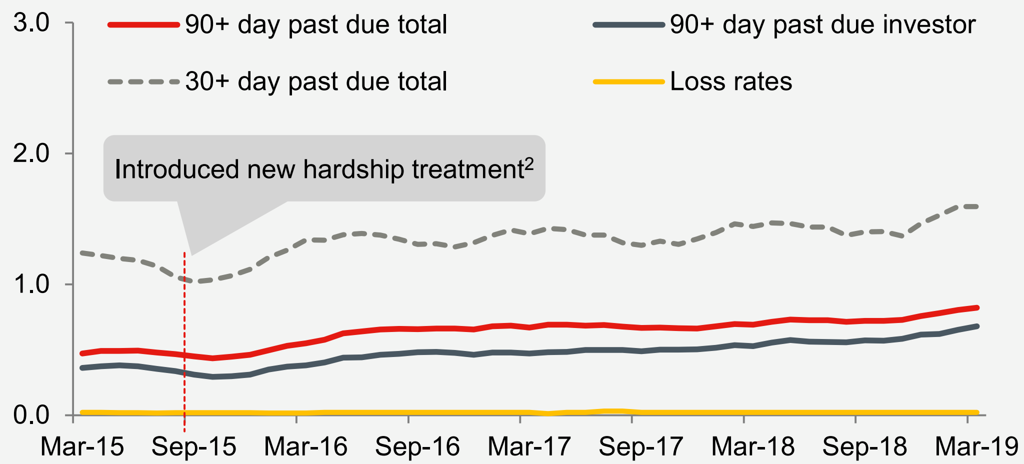
Australian mortgage delinquencies and properties in possession (PIPs)	Mar-18	Sep-18	Mar-19
30+ day delinquencies (bps)	144	140	**159**
90+ day delinquencies (bps) *(includes impaired mortgages)*	69	72	**82**
Consumer PIPs	398	396	**482**

- Increase in mortgage delinquencies from higher NSW delinquencies (off a low base) as well as continued weakness in WA
- A greater proportion of P&I loans in the portfolio is also contributing to a higher delinquency profile
- Increase also reflects slowing economic activity and lower market activity, leading to customers remaining in collections for longer
- Seasoning of the RAMS portfolio also contributed, as these loans have a higher delinquency profile
- Properties in possession higher mostly in WA and Qld, reflecting both a higher volume and longer times to clear properties

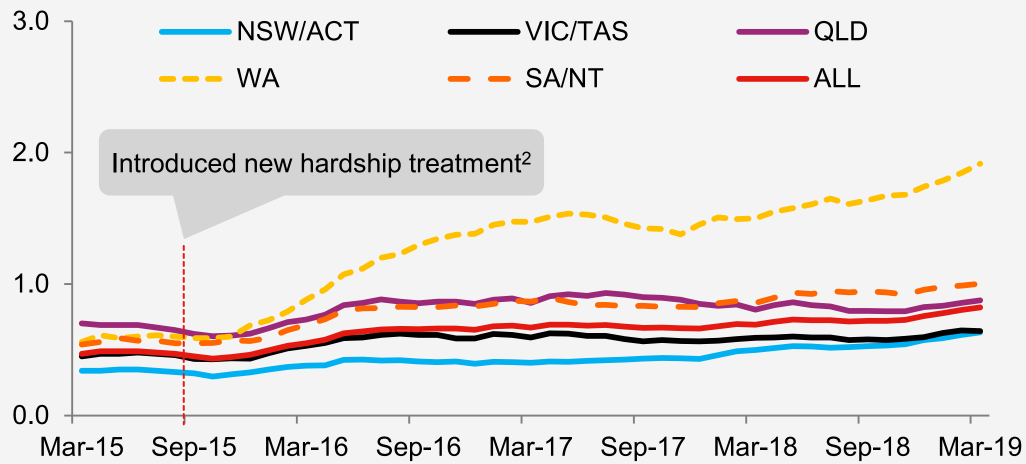
Housing lending portfolio by State (%)



Australian mortgage portfolio delinquencies (%)



Australian mortgages 90+ day delinquencies by State (%)



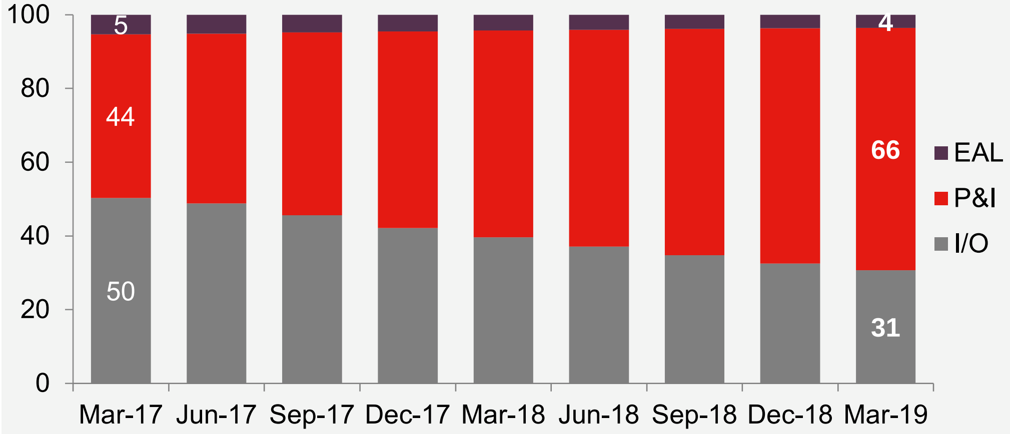
1 Source ABA Cannex February 2019. 2 Under the changes in hardship treatment, an account in hardship continues to migrate through delinquency buckets until 90+ days past due. Accounts are then reported as 90+ days past due until full repayments are maintained for 6 months.

Australian mortgage portfolio composition

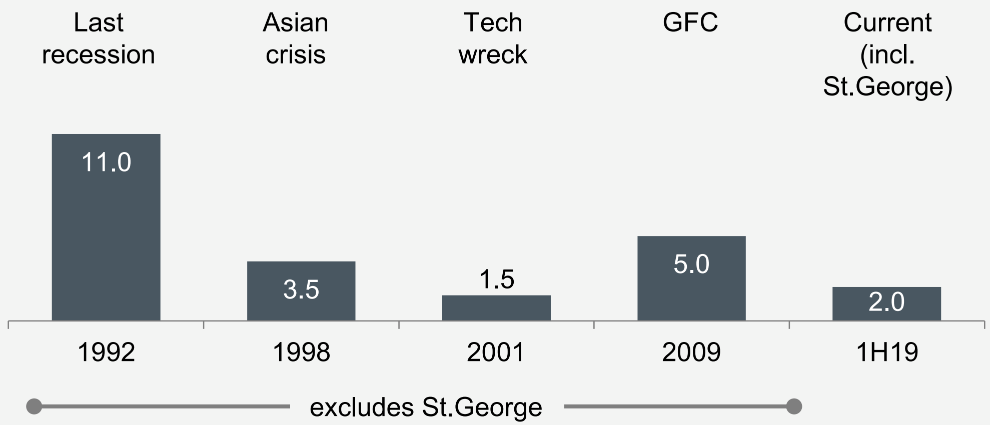
Australian mortgage portfolio	Mar-18 balance	Sep-18 balance	Mar-19 balance	1H19 Flow[1]
Total portfolio ($bn)	437.2	444.7	**447.2**	**30.1**
Owner occupied (%)	56.0	56.8	**57.3**	**62.6**
Investment property loans (%)	39.5	39.1	**39.1**	**37.0**
Portfolio loan/line of credit (%)	4.5	4.1	**3.6**	**0.4**
Variable rate / Fixed rate (%)	77 / 23	77 / 23	**76 / 24**	**64 / 36**
Interest only (%)	39.6	34.8	**30.6**	**18.5**
Proprietary channel (%)	56.5	56.1	**56.3**	**54.4**
First home buyer (%)	7.9	7.8	**8.0**	**9.3**
Mortgage insured (%)	16.9	16.3	**15.9**	**10.6**
	Mar-18	**Sep-18**	**Mar-19**	**1H19 Flow[1]**
Average loan size[2] ($'000)	270	273	**275**	**375**
Customers ahead on repayments including offset account balances[3] (%)	68	69	**69**	
Actual mortgage losses net of insurance[4] ($m, for the 6 months ending)	48	38	**51**	
Actual mortgage loss rate annualised (bps, for the 6 months ending)	2	2	**2**	

Australian mortgage portfolio composition[5] (%)

Bars may not add due to rounding



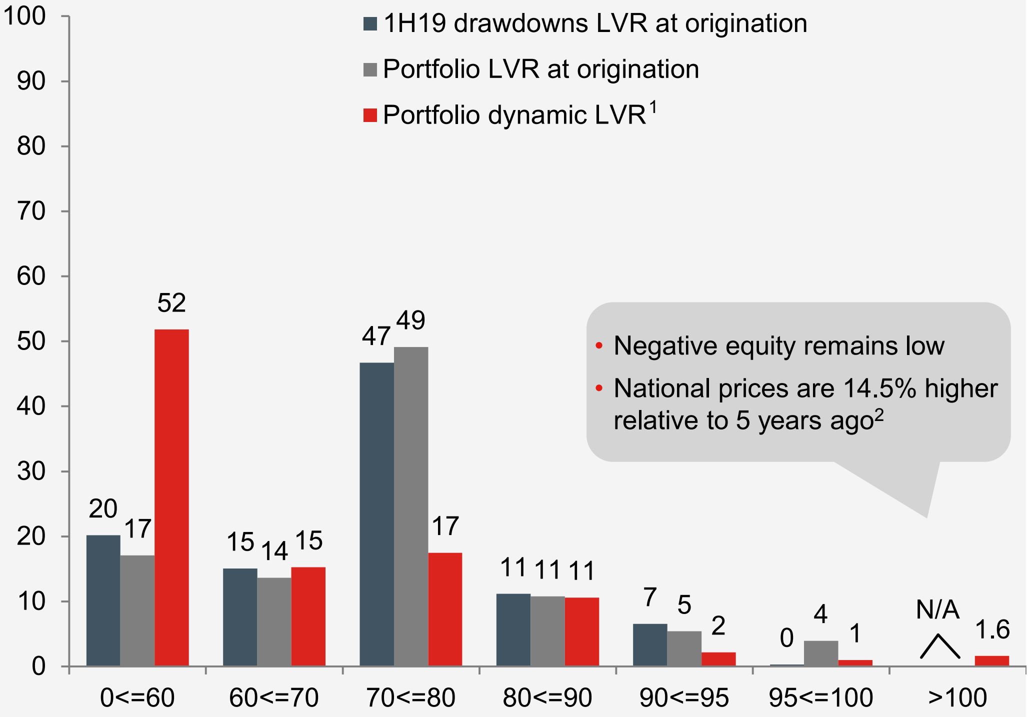
Westpac Australian mortgage loss rates (bps)



1 Flow is new mortgages settled in the 6 months ended 31 March 2019 and includes RAMS. 2 Includes amortisation. Calculated at account level, where split loans represent more than one account. 3 Loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. 4 Mortgage insurance claims 1H19 $7m (2H18 $4m; 1H18 $6m). 5 1 I/O is interest only mortgage lending. P&I is principal and interest mortgage lending. EAL is Equity Access Loans.

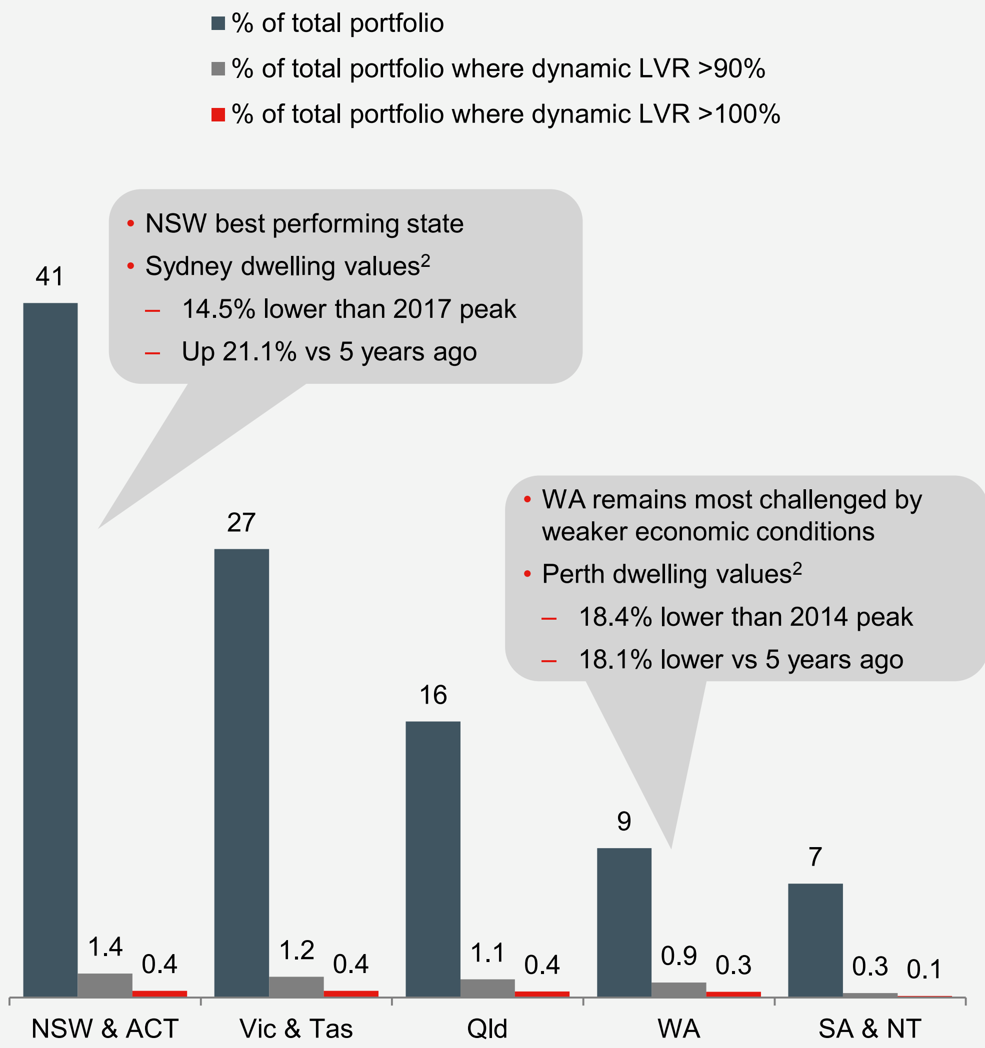
Australian mortgage portfolio – borrower equity sound

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



Australian mortgage portfolio LVRs		Mar-18 balance	Sep-18 balance	Mar-19 balance
Weighted averages[3]	LVR at origination (%)	74	74	**74**
	Dynamic LVR[1,4] (%)	52	54	**57**
	LVR of new loans[5] (%)	71	71	**72**

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



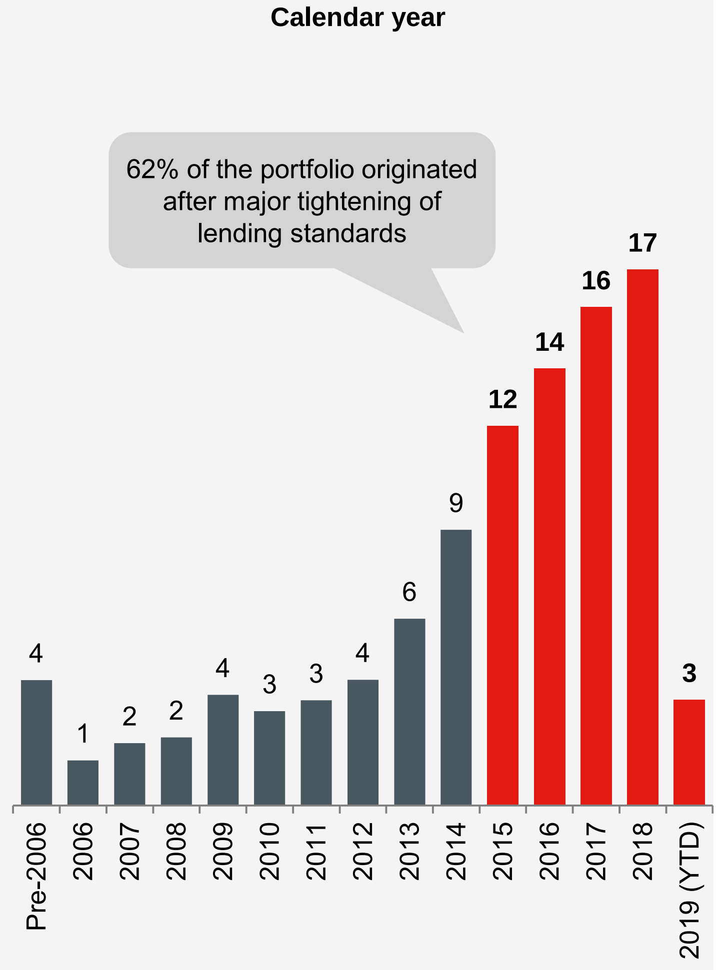
1 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 2 Source: CoreLogic , 1 May 2019. 3 Weighted average LVR calculation considers size of outstanding balances. 4 Includes RAMS in 1H19. Excludes RAMS in 1H18 and 2H18. 5 Average LVR of new loans is on rolling 6 months.

Australian mortgage portfolio underwriting

Notable changes to Westpac mortgage lending standards

2014	• 10% limit on investment property lending growth announced – implemented by 30 September 2015
2015	• Stricter loan affordability tests for new borrowers – Increase in minimum assessment ('floor') rate to 7.25% – Increase in serviceability assessment buffer to 2.25% • Credit card repayments assessed at 3% of limit (previously 2%) • Expenses benchmark (HEM) adjusted by income bands as well as post settlement postcode location, marital status and dependants • Serviceability for loans with interest only terms assessed over the residual P&I term, not full loan term • Maximum I/O terms reduced – owner occupied reduced to 5 years
2016	• Mandatory 20% minimum shading on all non-base income (e.g. rental income, annuity income) – previously non-base income discounted by varying amounts • Stopped non-resident lending – For Australian and NZ citizens and permanent visa holders using foreign income, tightened verification and LVR restricted to 70% • Maximum I/O[1] terms for new IPLs reduced to 10 years • Maximum LVRs restricted to include LMI capitalisation
2017	• 30% limit on new I/O lending (based on % of limits) • Tighter limits on I/O lending >80% LVR • Heightened supervision of mortgage lending warehouses • Strengthened pre settlement hind-sighting process of applications with introduction of day 2 review team
2018	• More granular assessment of expenses through the introduction of 13 categories to capture living expenses and other commitments • Income verification requirements for self-employed applicants strengthened

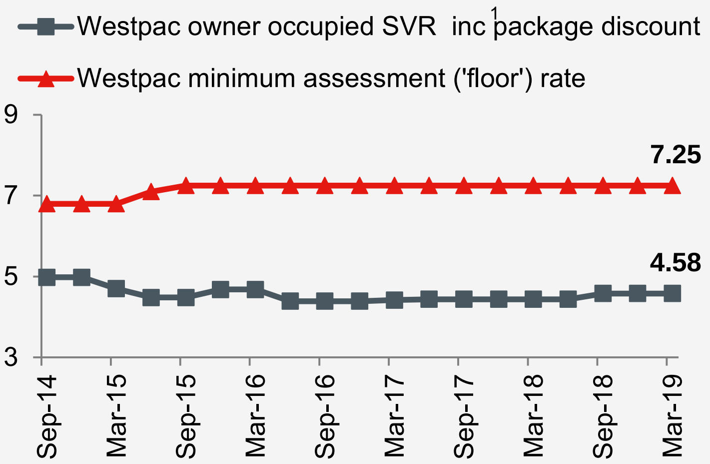
Australian mortgage portfolio by year of origination (% of total book)



1 I/O is interest only mortgage lending.

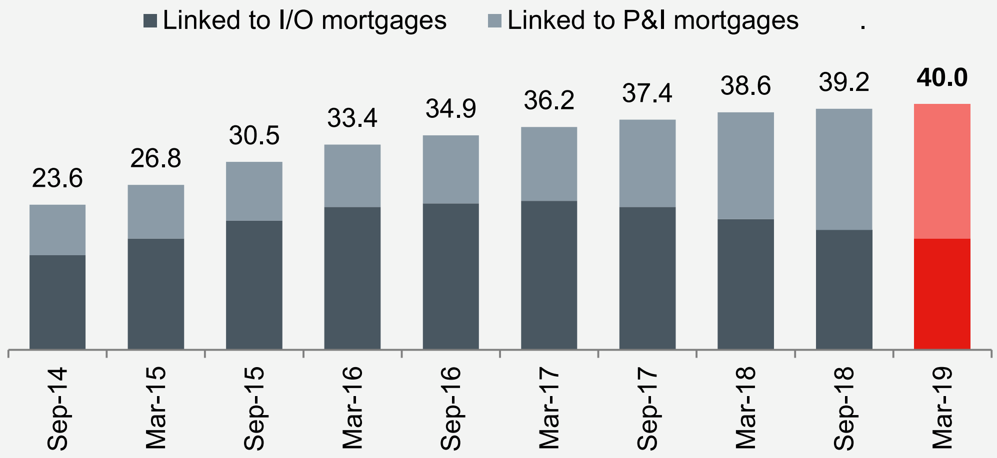
Australian mortgage portfolio repayment buffers

Mortgage interest rate buffers (%)

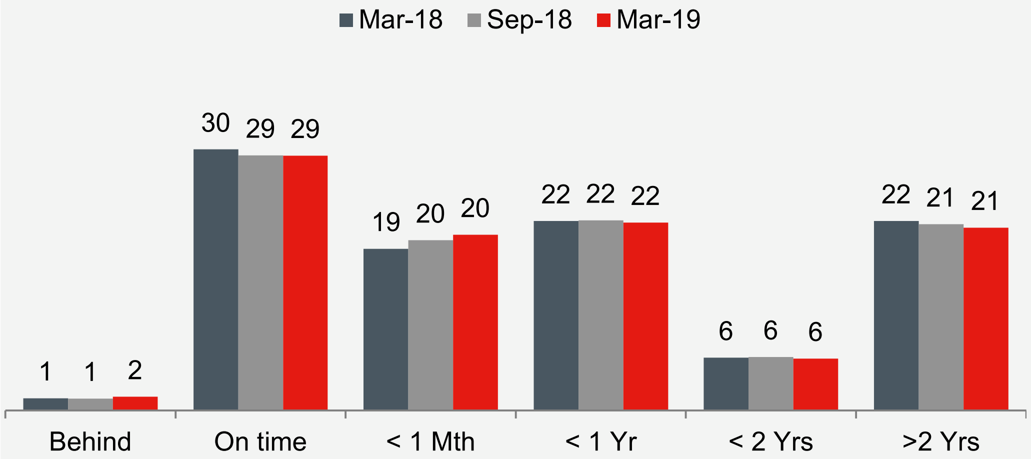


- Borrowers applying for a mortgage must be able to service the higher of either:
  - 7.25% minimum assessment rate; or
  - Product rate plus 2.25% buffer

Westpac Australian offset account balances[2] ($bn)

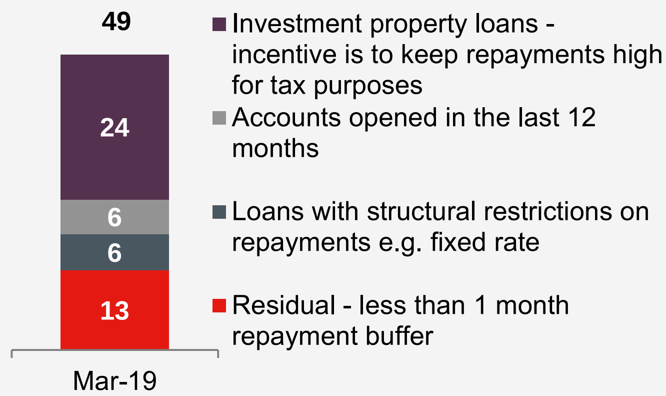


Australian home loan customers ahead on repayments[3] (% by balances)



69% of Westpac borrowers are ahead on their mortgage repayments, including offset account balances

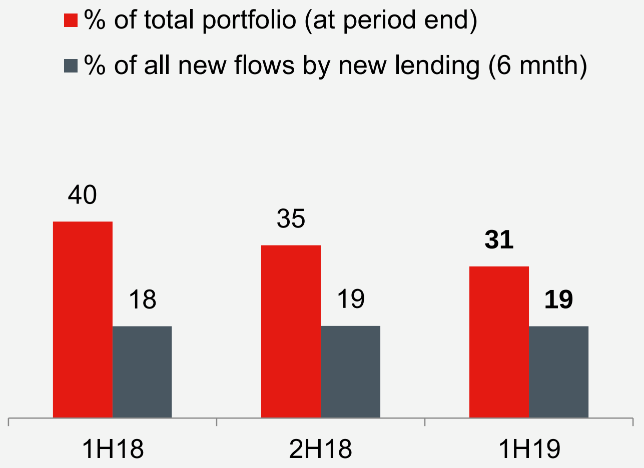
Loans 'On time' and <1 mth ahead (% of balances)



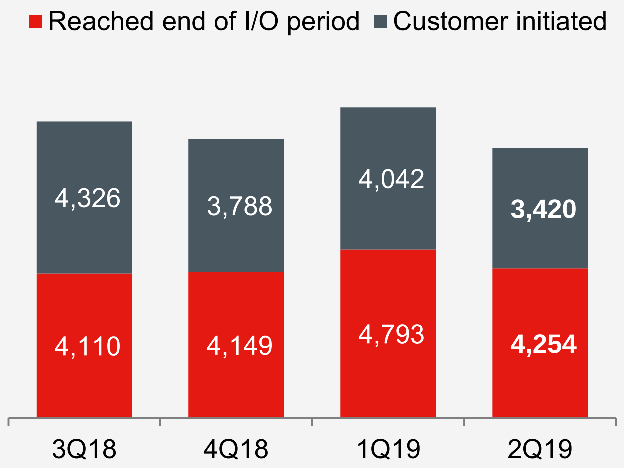
1 SVR is the Standard Variable Rate for owner-occupied Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount. 2 Excludes RAMS. 3 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset accounts. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due.

Interest only (I/O) portfolio

I/O portfolio (%)

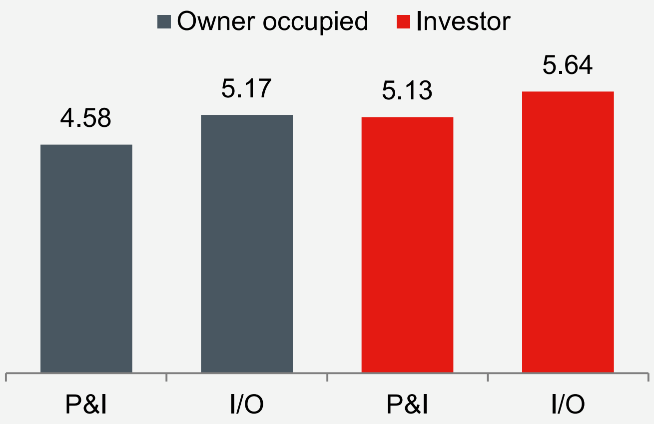


Switching from I/O to P&I[1] ($m)

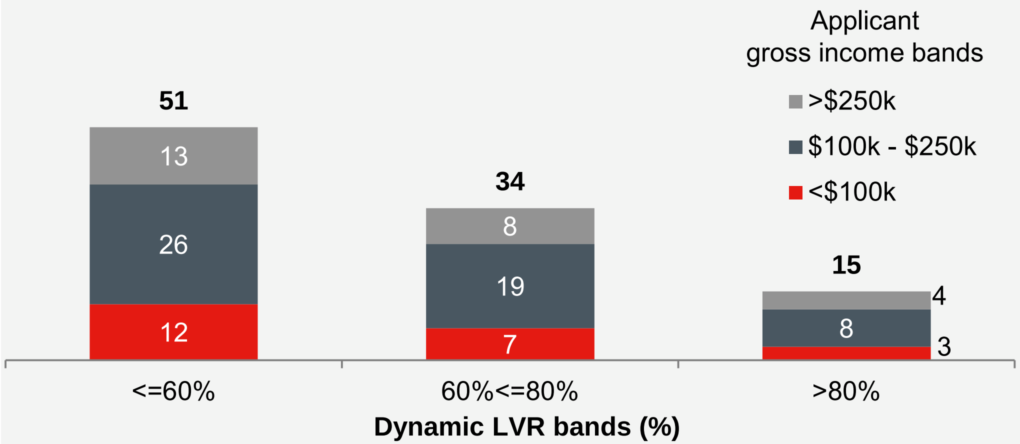


Variable mortgage interest rates[2] (%)

at 12 April 2019



I/O lending by dynamic LVR[3] and income band (%)



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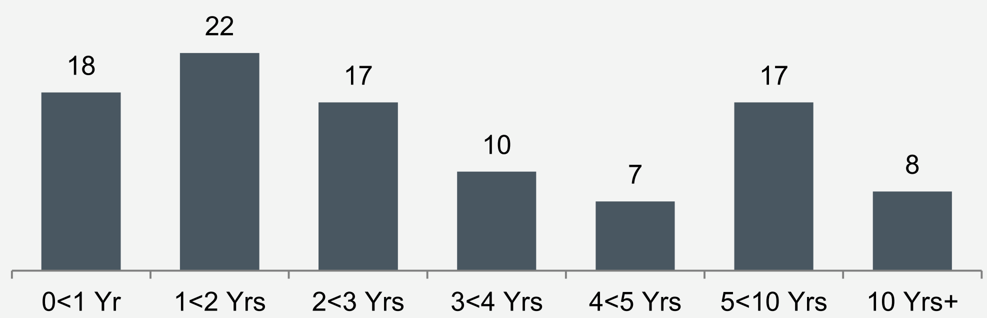
Scheduled I/O term expiry[4] (% of total I/O loans)



1 I/O is interest only mortgage lending. P&I is principal and interest mortgage lending. 2 Interest rates for Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount assuming loan amount $250,000 - $499,999.
3 Excludes RAMS. 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.
4 Excludes I/O loans that should have switched to P&I but for the previously announced mortgage processing error.

Performance of interest only mortgages

Interest only (I/O) lending

- I/O loans assessed on a principal and interest basis
  - Loans originated prior to 2015 were assessed on a principal and interest basis over the full contractual term
  - Loans originated from 2015 were assessed on a principal and interest basis over the residual amortising term
- Serviceability assessments also include an interest rate buffer (currently at least 2.25%), minimum assessment rate (7.25%) and a requirement to be in surplus[1]
- I/O loans are full recourse

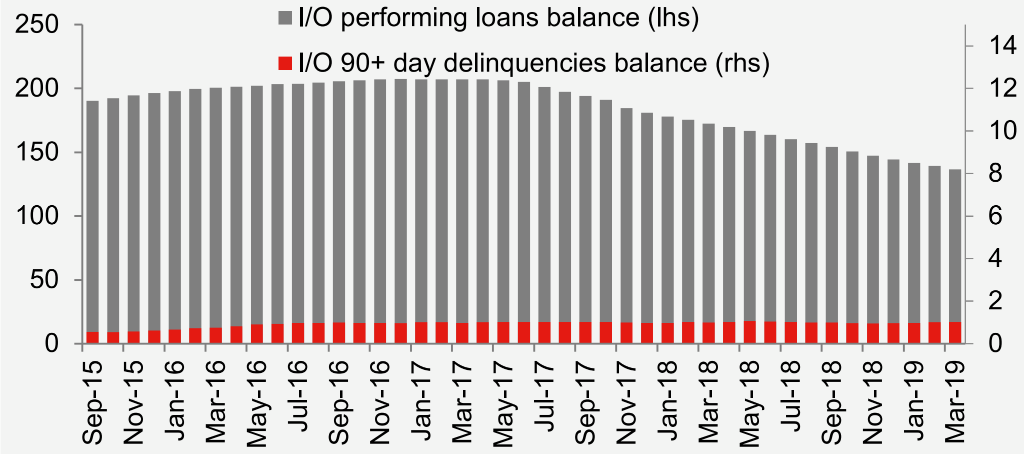
I/O portfolio statistics as at 31 March 2019

- 73% weighted average LVR of interest only loans at origination[2]
- 65% of customers ahead of repayments (including offset accounts)[3]
- Offset account balances attached to interest only loans represent 45% of offset account balances

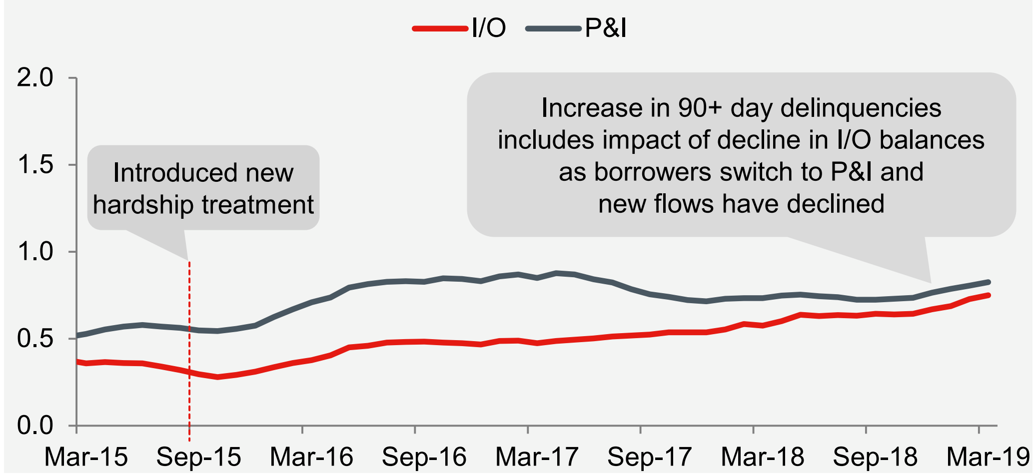
I/O portfolio performance as at 31 March 2019

- 90+ day delinquencies 75bps (compared to P&I portfolio 83bps)
- Annualised loss rate 3bps (net of insurance claims)

Australian I/O loan portfolio balances ($bn)



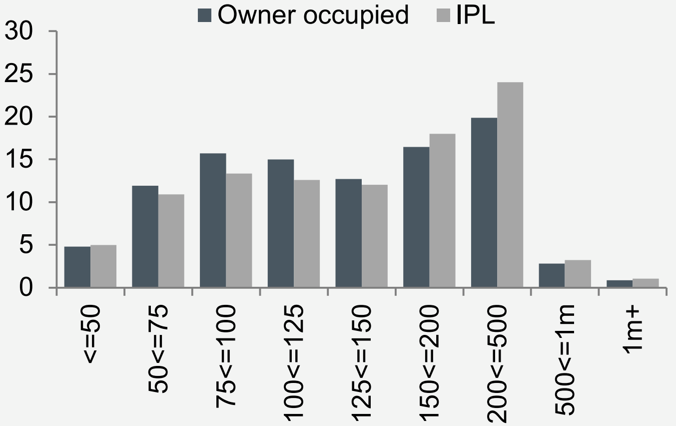
Australian mortgage portfolio delinquencies (%)



1 A surplus requirement measures the extent to which a borrower's income exceeds loan repayments, expenses and other commitments, as assessed. 2 Weighted average LVR calculation takes into account size of outstanding balances. 3 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

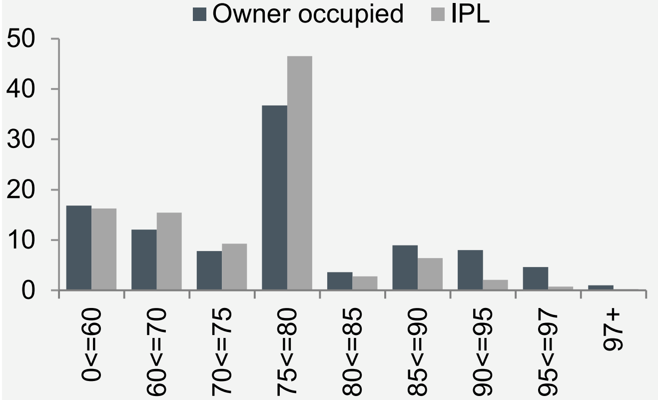
Australian investment property portfolio

Mortgage applications by gross income band (%)



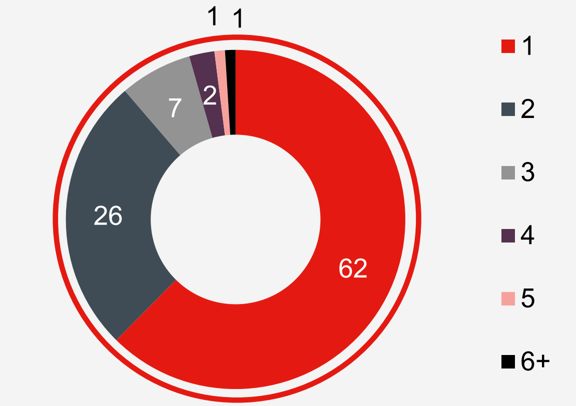
Australian mortgage portfolio at 30 September 2018

LVR at origination (%)



Australian mortgage portfolio at 31 March 2019

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



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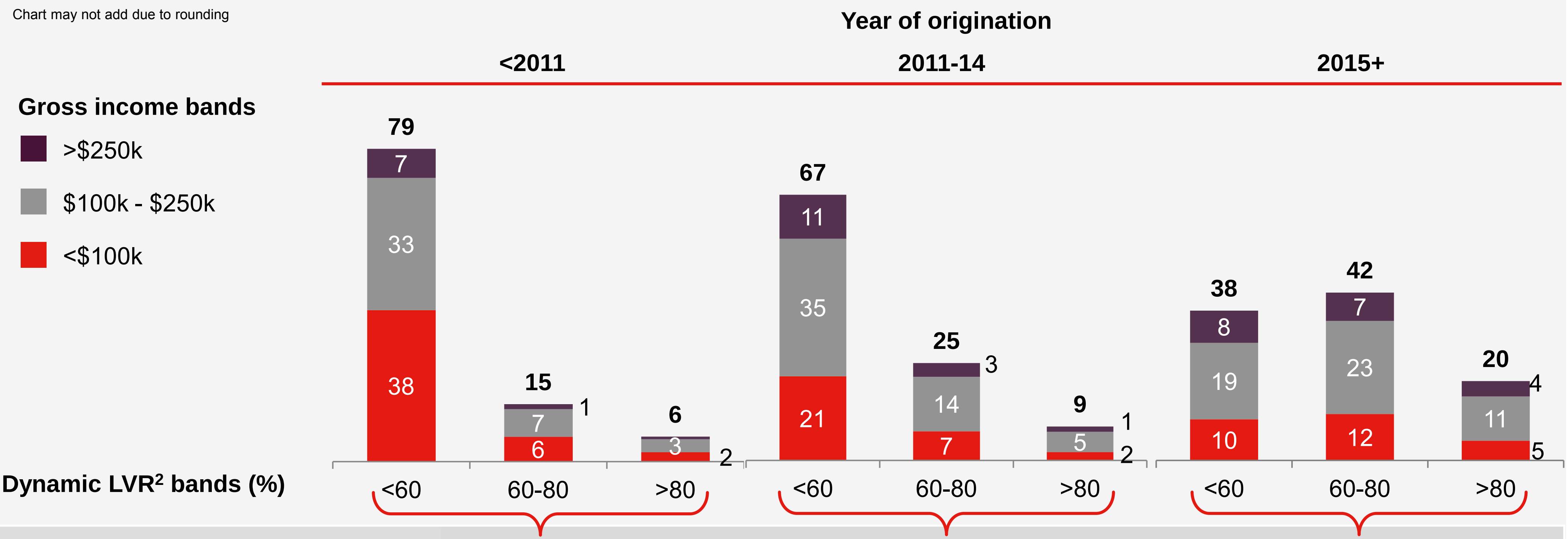
Investment property lending (IPL) portfolio		Mar-18	Sep-18	Mar-19
Weighted averages[1]	LVR of IPL loans at origination (%)	73	73	**73**
	LVR of new IPL loans in the period[2] (%)	71	70	**71**
	Dynamic LVR[3] of IPL loans (%)	54	56	**59**
Average loan size[4] ($'000)		318	321	**321**
Customers ahead on repayments including offset accounts[5] (%)		58	58	**58**
90+ day delinquencies (bps)		53	57	**68**
Annualised loss rate (net of insurance claims) (bps)		2	3	**3**

1 Weighted average LVR calculation takes into account size of outstanding balances. 2 Average LVR of new loans is on rolling 6 month window. 3 Includes RAMS in 1H19. Excludes RAMS in 1H18 and 2H18. 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. 4 Includes amortisation. Calculated at account level where split loans represent more than one account. 5 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

Australian mortgage deep dive

Australian mortgage lending[1] by origination date, dynamic LVR[2] and income bands (%)

Chart may not add due to rounding



	<2011	2011-14	2015+
% of portfolio at 31 March 2019	16	22	62
Westpac SVR[3] (%) (excl. discounts)	7.86	6.89 – 5.70	5.38
Westpac interest rate buffer (%)	1.80	1.80	2.25
Westpac interest rate floor (%)	6.80	6.80	7.25
House price changes[4]	At least +26%	+11% to +34%	(9%) to +10%

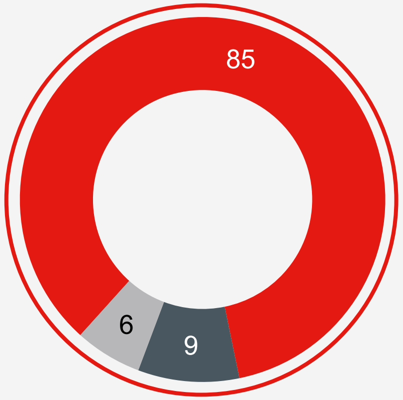
1 Portfolio comprised of residential mortgages, excluding RAMS, and business mortgages originated via a separate platform such as construction loans and loans to SMSFs. 2 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances 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 March 2019.

Lenders mortgage insurance arrangements

Lenders mortgage insurance (LMI)

- Where mortgage insurance is required, mortgages are insured through Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance[1] (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 PCR[2] 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 $97m net of re-insurance recoveries (2H18: $105m)

Westpac's Australian mortgage portfolio at 31 Mar 2019 (%)



Lenders mortgage insurance arrangements

LVR Band	Insurance
• LVR ≤80% • Low doc[4] LVR ≤60%	Not required
• LVR >80% to ≤ 90% • Low doc[4] LVR >60% to ≤ 80%	• Where insurance required, insured through captive insurer, WLMI[5] • LMI not required for certain borrower groups • Reinsurance arrangements: – 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, AWAC and Capita 2232
• LVR >90%	• 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

	1H18	2H18	1H19
Insurance claims ($m)	6	4	**7**
WLMI claims ratio[6] (%)	20	11	**25**
WLMI gross written premiums[7] ($m)	90	90	**76**

1 Since 18 May 2015 WLMI has underwritten 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 Low doc loans no longer sold. Refers to arrangements in place for legacy products. 5 No WLMI coverage if the loan goes 90+ days in arrears in the first twelve months and insurance via WLMI ceases once the loans is 8 years from origination (unless in a securitised pool) . 6 Loss ratio is claims over the total earned premium plus exchange commission. 7 LMI gross written premium includes loans >90% LVR reinsured with Arch Reinsurance Limited. 1H19 gross written premium includes $52m from the arrangement (2H18: $61m and 1H18: $62m).

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 here assumes a severe recession in which 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 $4.9bn over three years for the uninsured portfolio (FY18: $4.4bn)
  - Cumulative claims on LMI, both WLMI and external insurers, of $1.0bn over the three years (FY18: $1.0bn)
  - Loss rates presented this half have increased from previously presented results primarily due to further declines in house prices which lead to a higher dynamic LVR starting point for the portfolio and from more granular information on the RAMS portfolio
  - The introduction of AASB 9 on 1 October 2018 sees accounting recognition of losses recognised earlier in the stressed scenario compared to AASB 39
- In addition to Group stress testing, 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

		Stressed scenario		
Key assumptions	**Current**	**Year 1**	**Year 2**	**Year 3**
Portfolio size ($bn)	446	430	421	419
Unemployment rate (%)	5.0	11.6	10.6	9.6
Interest rates (cash rate, %)	1.50	0.25	0.25	0.25
House prices (% change cumulative)	-	(18.5)	(29.7)	(35.2)
Annual GDP growth (%)	2.4	(3.9)	(0.2)	1.7
Stressed loss outcomes (net of LMI recoveries)[1]				
Portfolio as at 30 September 2018[2]				
$ million	86	1,619	2,390	785
Basis points[4]	2	33	51	17
Portfolio as at 31 March 2019				
$ million	102[3]	1,837	2,578	874
Basis points[4]	2	38	54	19

1 Assumes 30% of LMI claims will be rejected in a stressed scenario. 2 Stress test outcomes for 30 September 2018 have been restated to reflect the implementation of AASB 9, improved portfolio data and general model updates. 3 Represents 1H19 actual losses of $51m annualised. 4 Stressed loss rates are calculated as a percentage of average exposure at default (EAD).

Capital, Funding and Liquidity

Organic capital generation offset by impact of notable items

Highlights

CET1 ratio of 10.64%

- CET1 ratio up 1bp from September 2018
- Organic capital growth of 27bps, offset by impact of notable items (25bps)

Risk weighted assets (RWA)

- RWAs down $5.6bn, mostly in non-credit risk
- Credit RWA was little changed as business growth, changes in credit quality and foreign exchange movements were offset by the impact of AASB 9 adoption

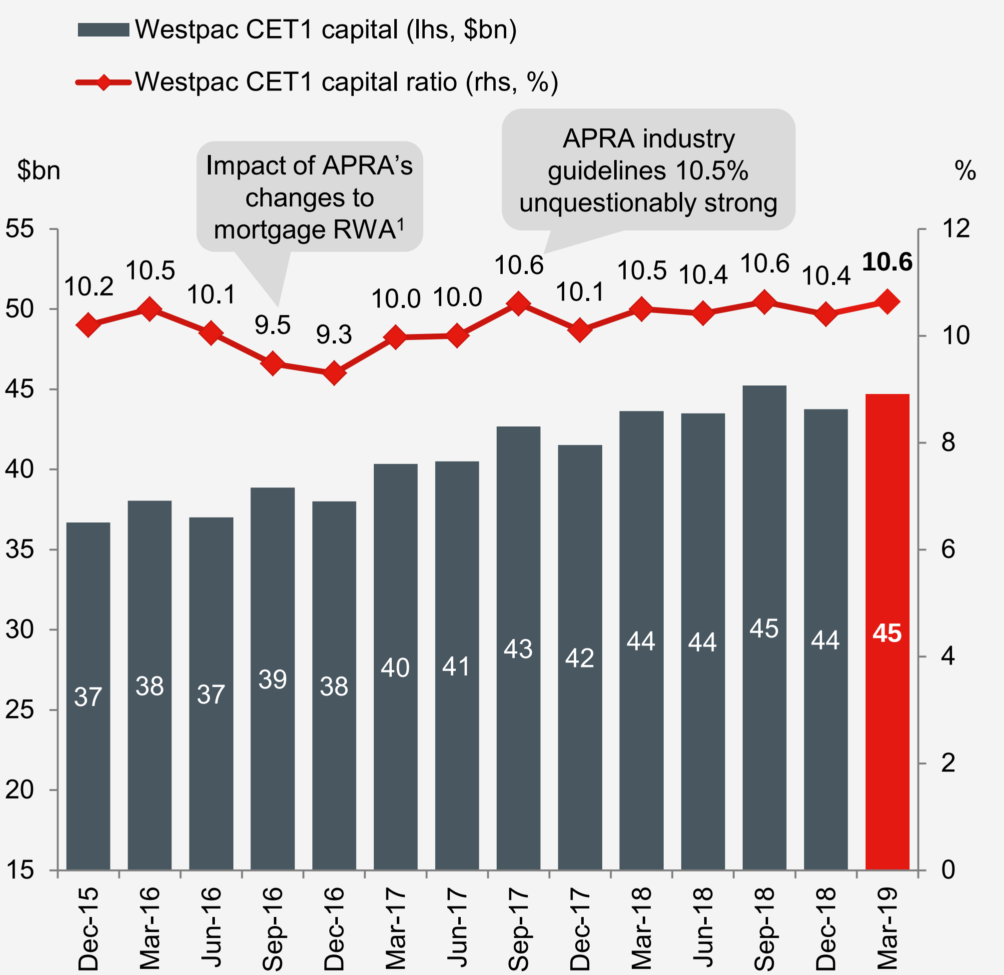
Impact of AASB 9 and AASB 15 Implementation

- Minimal impact to the CET1 ratio (+2bps) from AASB 9. No impact to CET1 ratio on transition to AASB 15
- Lifted accounting impairment provisions by $989m, reduced RWA by $3.9bn, and increased stressed exposures

Future developments

- Further clarity on revised capital frameworks expected over 2019/2020
- APRA new derivative capital standard applies from 1 July 2019 (estimated 20bp impact to the CET1 ratio)

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



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

Current proposals on the capital framework[1]

	First half 2019	Second half 2019	2020	2021	2022
Standardised approach to credit risk	Consult		Finalise	APRA expected to finalise updates to suite of prudential standards 2020-21	Implementation
Advanced approach to credit risk		Consult, Quantitative impact study			Implementation
Operational risk	Consult		Finalise		Implementation
Leverage ratio	Consult		Finalise		Implementation
Measurement of capital		Consult			Implementation
Interest rate risk in the banking book		Consult			Implementation
Counterparty credit risk		Implementation 1 July 2019			
Loss absorbing capacity	Consult	Finalise			2023 Implementation
Related party exposures	Finalise		Implementation		
RBNZ capital framework	Consult	Implementation date and transition under consultation			

1 Regulatory change timeline is based on APRA's 2019 policy agenda (published 28 February 2019).

RBNZ capital proposals

Summary of proposals

In December 2018, the RBNZ released a paper "Capital Review Paper 4: How much capital is enough?" outlining its capital proposals for NZ banks

The RBNZ proposed:

- A Tier 1 capital requirement of 16% for systematically important NZ banks, including Westpac NZ (WNZL). This includes prudential buffers totalling 10% of RWA
- Changes to RWA measurement for IRB[1] accredited banks like WNZL so that RWA equates to approximately 90% of the standardised approach (currently closer to 75%)
- The 16% requirement may be met with up to 1.5% of non-redeemable preference shares
- Existing AT1 capital instruments will no longer be eligible as regulatory capital
- A five year transition period will apply

Consultation closes on 17 May and the RBNZ has indicated that final decisions are expected to be communicated in the third quarter of 2019

Potential WNZL implications

WNZL's Tier 1 capital ratio was 14.5% at 31 March 2019

Assuming WNZL had to achieve a minimum 16% Tier 1 capital ratio under the RBNZ's proposals, WNZL would require a further $3.5 – $4.0bn of Tier 1 capital if applied at 31 March 2019[2]

Potential Group implications

Assuming a further $2.0 – $2.5bn[2] of Tier 1 capital was retained or injected into WNZL, under current APRA rules the potential capital implications for the Group are:

- No change to Westpac Group's reported Level 2 CET1 ratio as WNZL is consolidated at Level 2
- The Group's Level 1 CET1 ratio would reduce by ~20bps. The Level 1 CET1 ratio would be 10.5% on a pro forma basis at 31 March 2019

APRA consultation on APS222 (Association with Related Entities) is currently underway. APRA is proposing to reduce limits on the level of capital and exposure to intra-group entities.

On a pro forma basis, exposure to WNZL is below APRA's currently proposed prudential limit of 25% if applied at 31 March 2019

Final outcomes for the Group are dependent on other capital consultations APRA currently has open

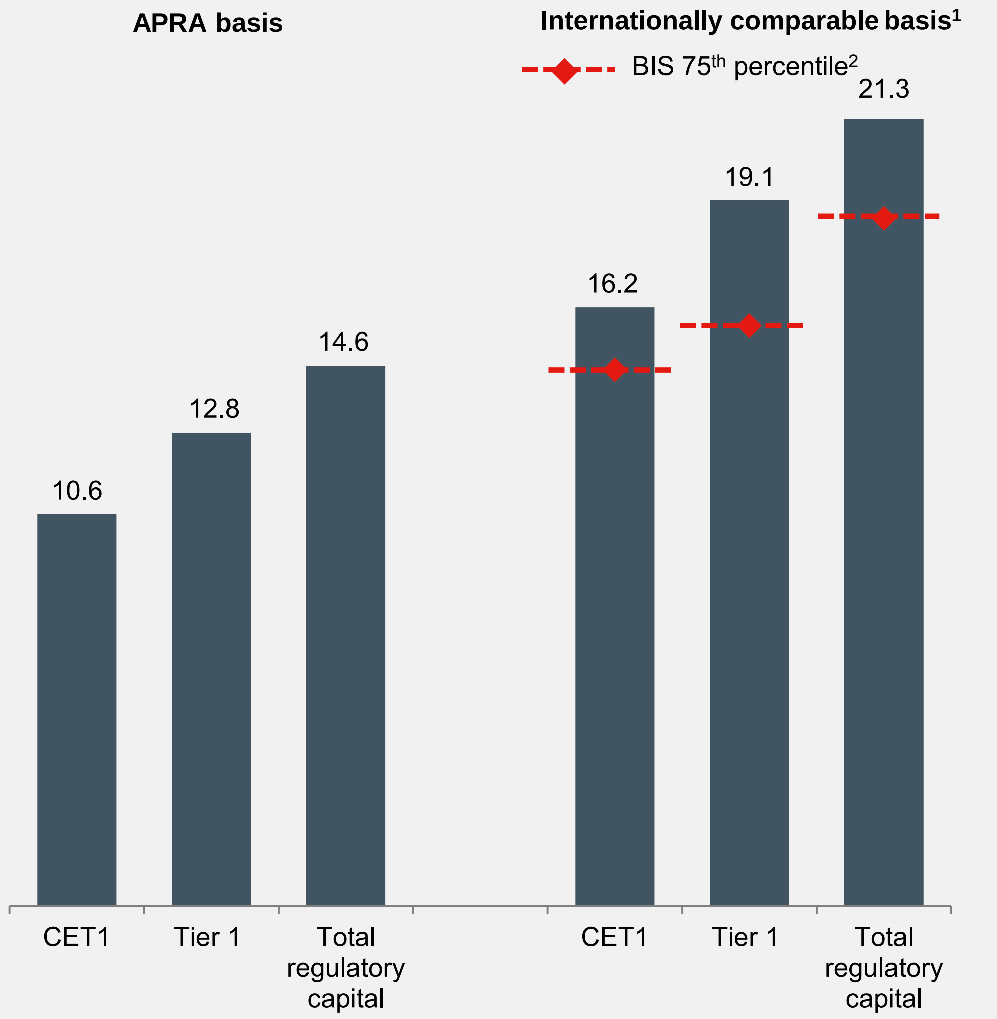
1 Internal ratings based. 2 This includes replacing an existing NZ$1.5 billion Additional Tier 1 instrument, which is issued to Westpac ,with an eligible form of Tier 1 capital.

CET1 capital ratio, top quartile globally

Capital ratios

%	Mar-18	Sep-18	Mar-19
CET1 capital ratio	10.5	10.6	**10.6**
Additional Tier 1 capital	2.3	2.2	**2.2**
Tier 1 capital ratio	12.8	12.8	**12.8**
Tier 2 capital	2.0	1.9	**1.8**
Total regulatory capital ratio	14.8	14.7	**14.6**
Risk weighted assets (RWA) ($bn)	416	425	**420**
Leverage ratio	5.8	5.8	**5.7**
Internationally comparable ratios[1]			
Leverage ratio (internationally comparable)	6.4	6.5	**6.4**
CET1 capital ratio (internationally comparable)	16.1	16.1	**16.2**

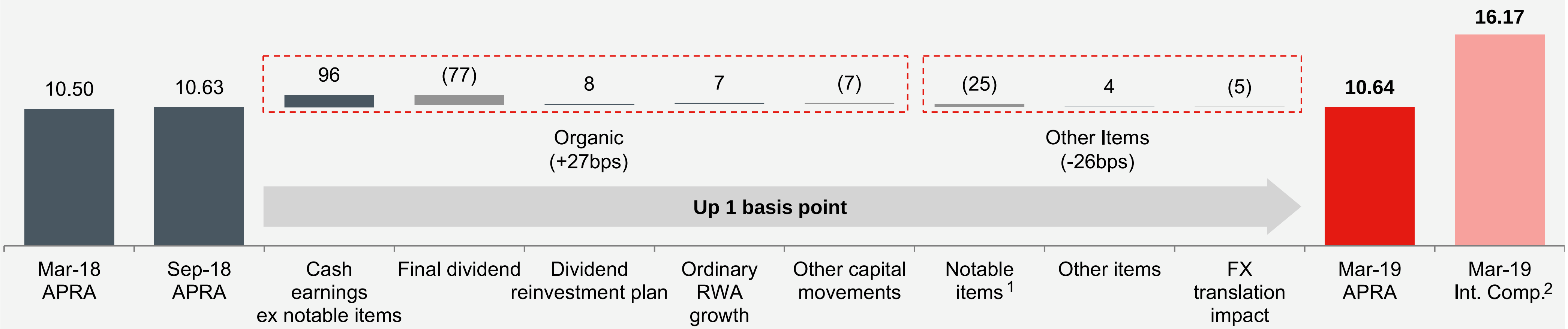
Key capital ratios (%)



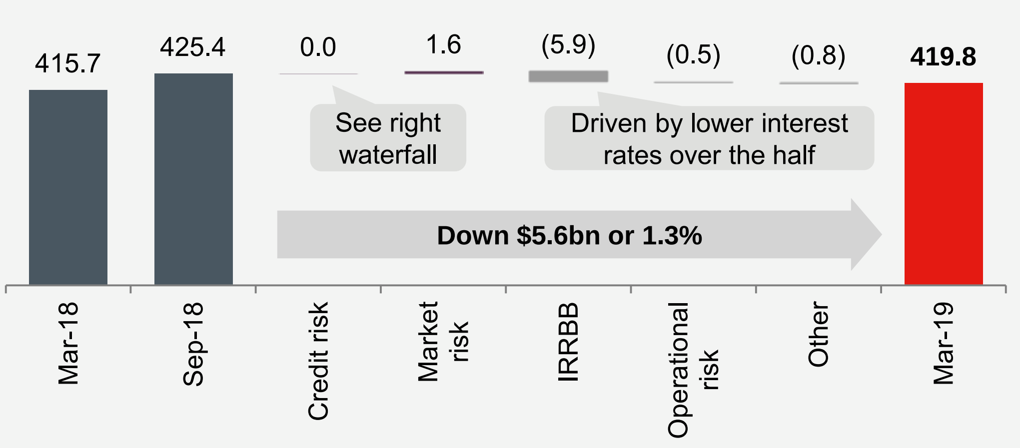
1 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. For more details on adjustments refer slide 113. 2. Group 1 banks BIS 75th percentile fully phased-in Basel III capital ratios from BIS monitoring report released 20 March 2019.

CET1 capital ratio and RWA movements

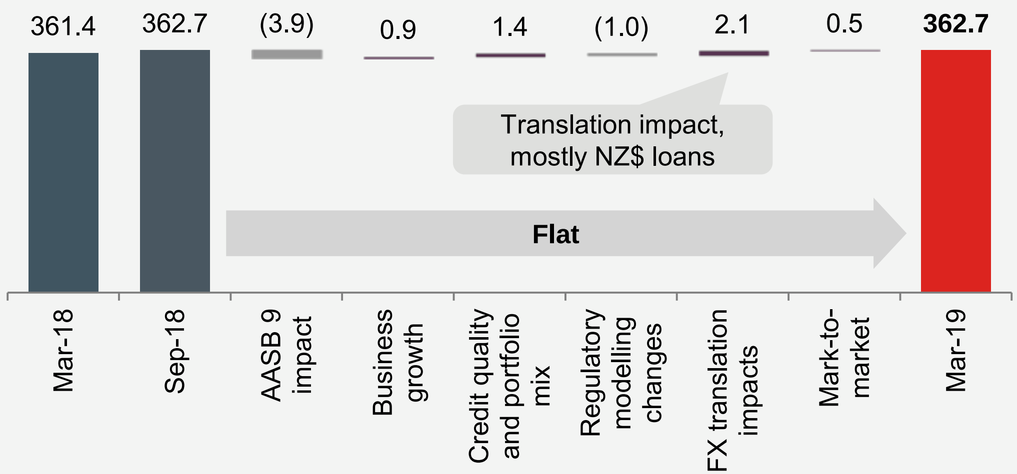
CET1 capital ratio (% and bps)



Movement in risk weighted assets ($bn)



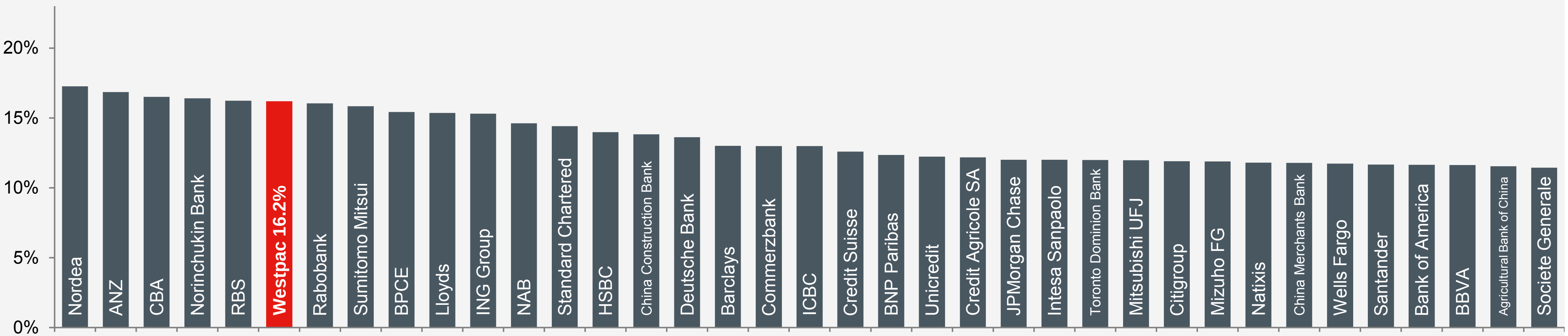
Movement in credit risk weighted assets ($bn)



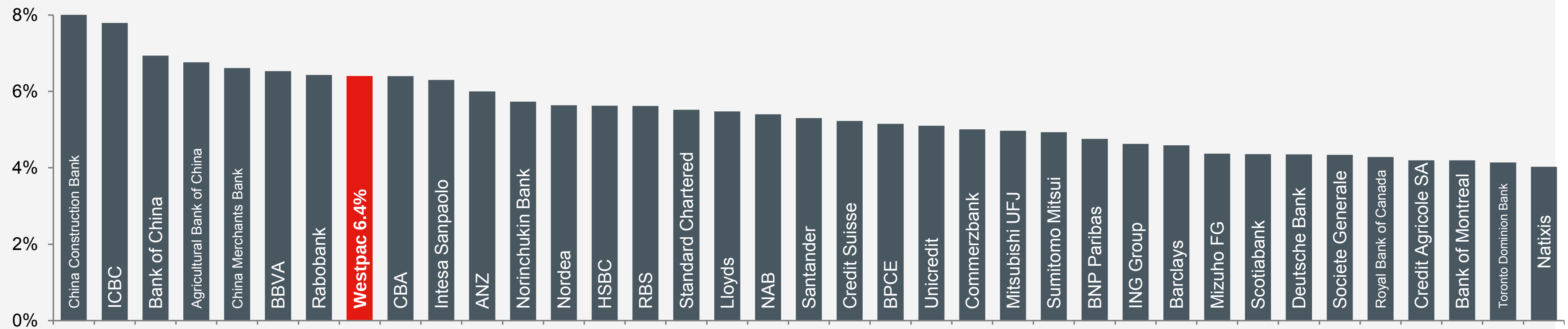
1 The impact of notable items on the CET1 ratio includes the capital deduction for the associated deferred tax assets. 2 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015.

Well placed on internationally comparable CET1 and leverage ratios

Common equity Tier 1 ratio (%)[1]



Leverage ratio (%)[1]



1 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 31 December 2018, except for ANZ, NAB and Westpac which are at 31 March 2019, (note NAB leverage ratio is as at 30 September 2018) and Bank of Montreal, Scotiabank, Royal Bank of Canada and Toronto Dominion are at 31 January 2019. 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.

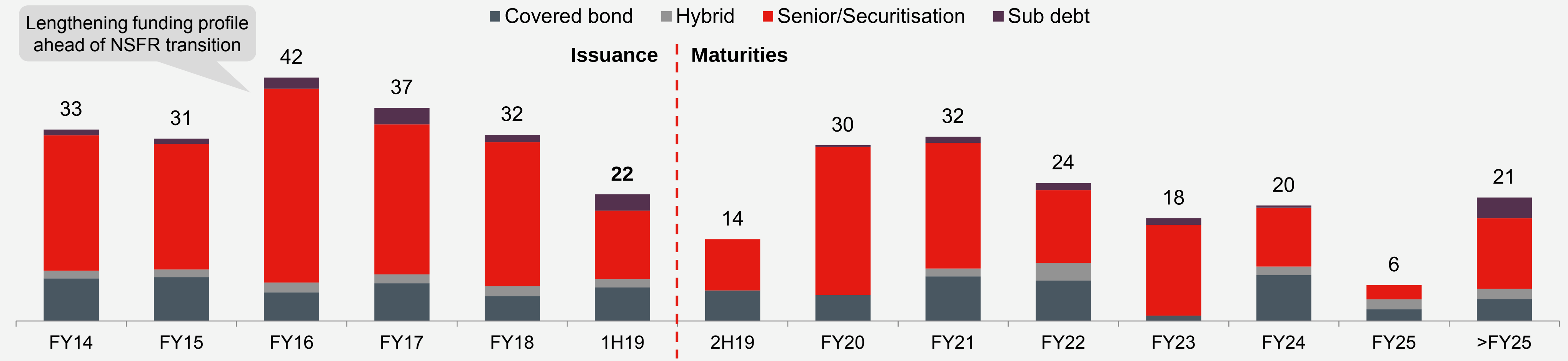
Internationally comparable capital ratio reconciliation

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 peers. The following details the adjustments from this study and how Westpac's APRA Basel III CET1 capital ratio aligns to an internationally comparable ratio, the methodology aligns to this study

		(%)
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	0.4
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.5
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	0.2
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	1.9
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		**19.1**
Internationally comparable total regulatory capital ratio		**21.3**

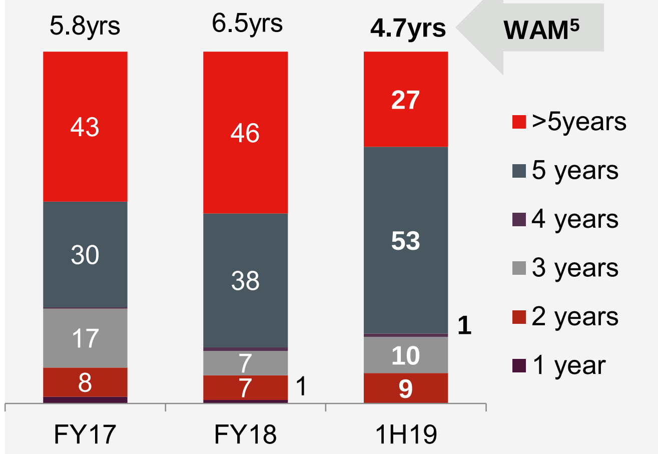
A$22bn new term funding raised in 1H19

Term debt issuance and maturity profile[1,2,3] ($bn)



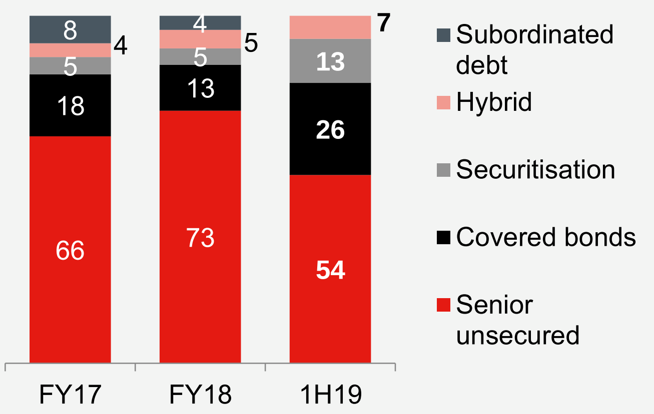
New term issuance by tenor[2,4] (%)

Charts may not add to 100 due to rounding.



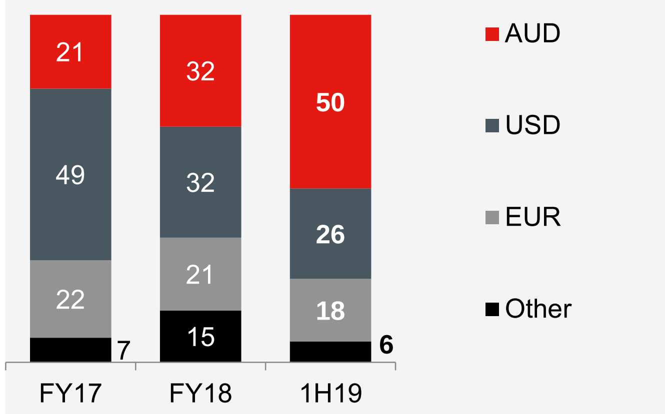
New term issuance by type (%)

Charts may not add to 100 due to rounding.



New term issuance by currency (%)

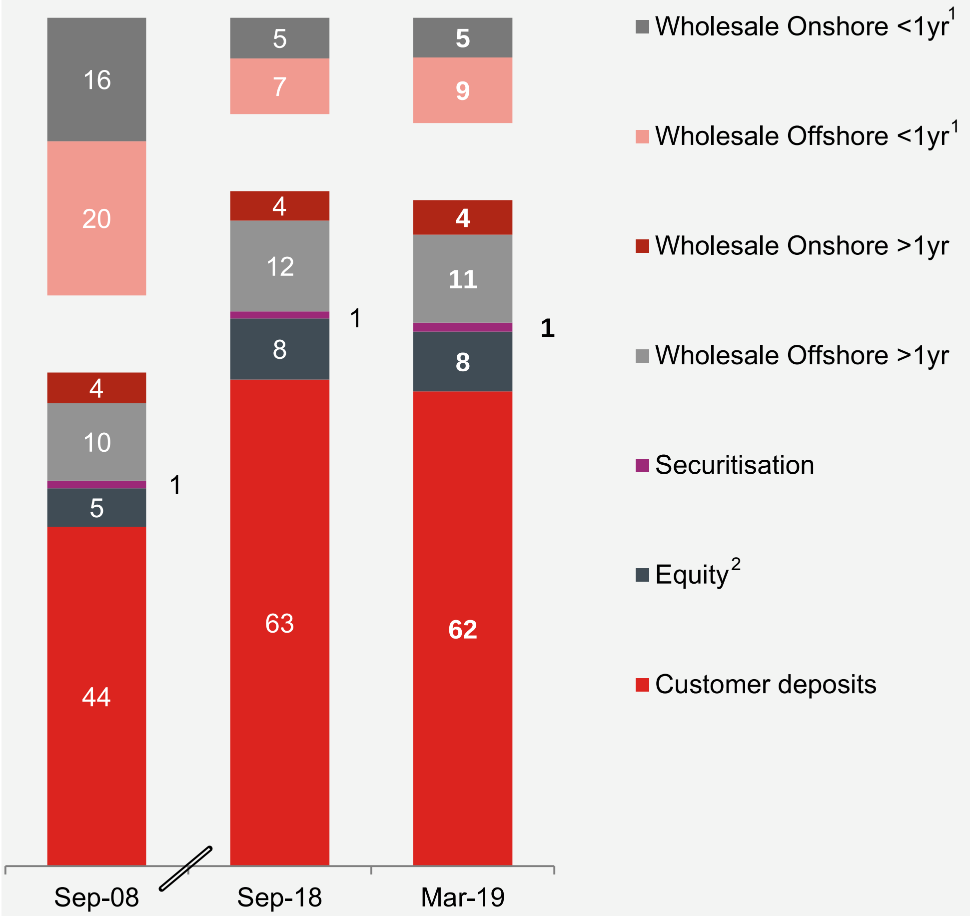
Charts may not add to 100 due to rounding.



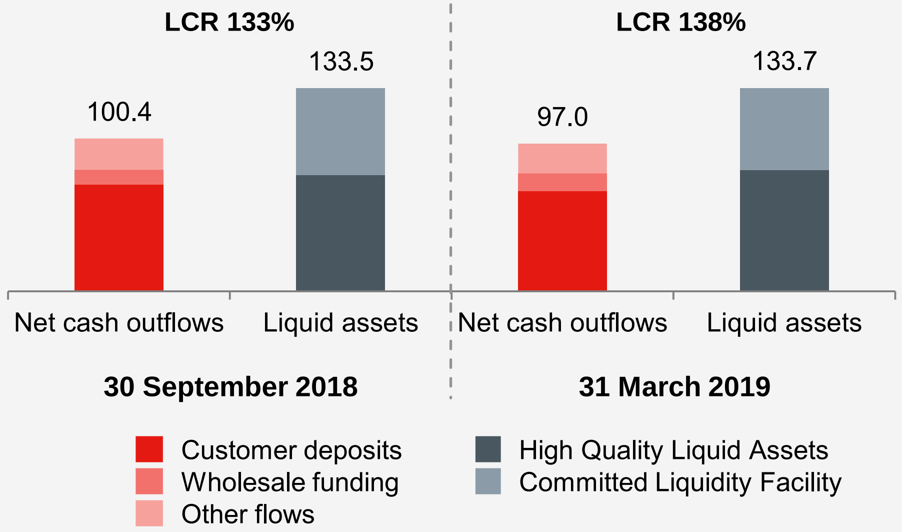
1 Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. 2 Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. 3 Perpetual sub-debt has been included in >FY25 maturity bucket. Maturities exclude securitisation amortisation. 4 Tenor excludes RMBS and ABS. 5 WAM is weighted average maturity.

Funding and liquidity metrics

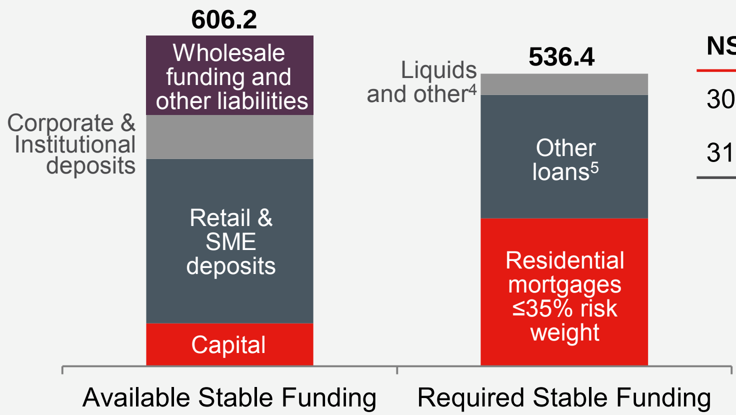
Funding composition by residual maturity (%)



Liquidity coverage ratio (LCR)[3] (%)



Net stable funding ratio (NSFR) at 31 March 2019 ($bn)



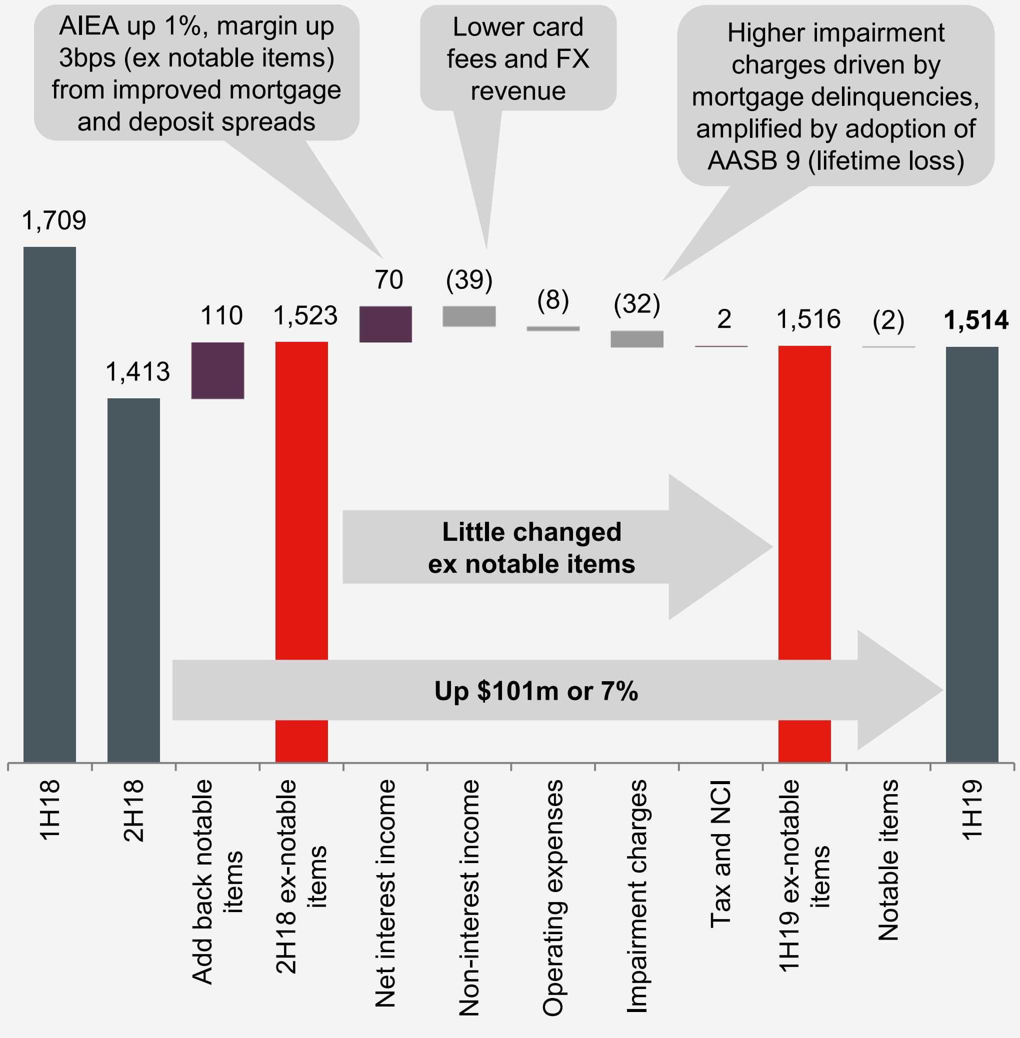
NSFR	
30 Sep 2018	114%
31 Mar 2019	113%

1 Includes long term wholesale funding with a residual maturity less than or equal to 1 year. 2 Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. 3 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. HQLA includes HQLA as defined in APS 210, RBNZ eligible liquids, less RBA open repos funding end of day ESA balances with the RBA. Committed Liquidity Facility or CLF is made available to Australian Authorised Deposit-taking Institutions by the RBA that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 – Liquidity. Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. 4 Other includes derivatives and other assets. 5 Other loans includes off balance sheet exposures and residential mortgages >35% risk weight.

Divisional Results

Consumer Bank earnings reflect challenging environment

Cash earnings ($m)



Key financial metrics

	1H18	2H18	1H19	Change on 2H18
Revenue[1] ($m)	4,459	4,152	**4,241**	2%
Net interest margin[1] (%)	2.40	2.14	**2.20**	6bps
Expense to income[1] (%)	39.6	45.4	**42.9**	(241bps)
Customer deposit to loan ratio (%)	52.7	53.5	**53.2**	(34bps)
Stressed exposures to TCE[1] (%)	0.64	0.65	**0.74**	9bps

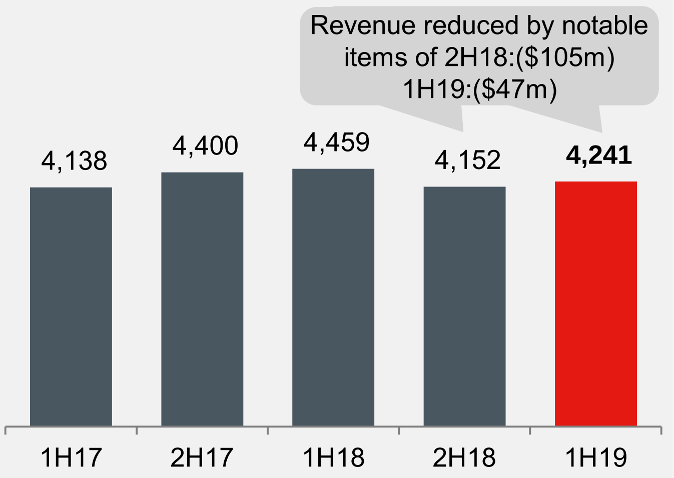
Key operating metrics

	1H18	2H18	1H19	Change on 2H18
Total customers (#m)	9.3	9.5	**9.5**	-
Active digital customers (#m)	4.2	4.3	**4.4**	2%
Digital sales[2] (%)	29	33	**36**	3ppts
Total branches (#)	1,025	1,006	**971**	(35)
Total ATMs (#)	2,835	2,542	**2,213**	(329)
Customer satisfaction[2,3]	7.6 (=2nd)	7.3 (2nd)	**7.3 (2nd)**	-
Net promoter score (NPS)[2,3] 6mma[4]	+0.3 (3rd)	-6.8 (2nd)	**-6.6 (2nd)**	-

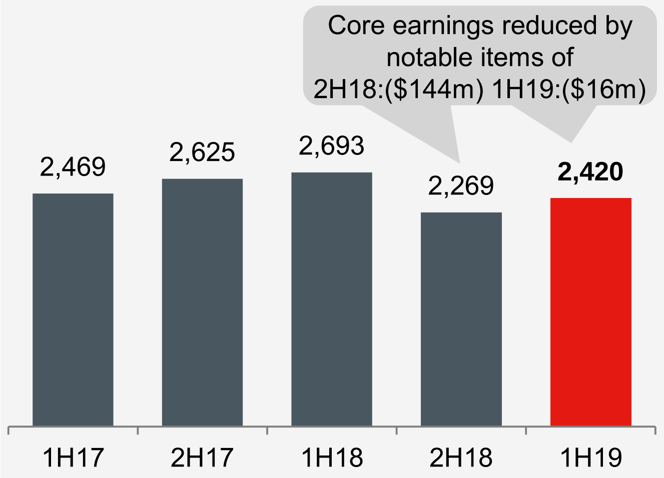
1 Restated for the impact of AASB 9 and AASB 15. 2 Refer pages 160 & 161 for metric definitions and details of provider. 3 Customer satisfaction and NPS metrics refer to total Consumer Bank customers across the Westpac Group. 4 6 month moving average.

1H19 performance reflects the challenging environment

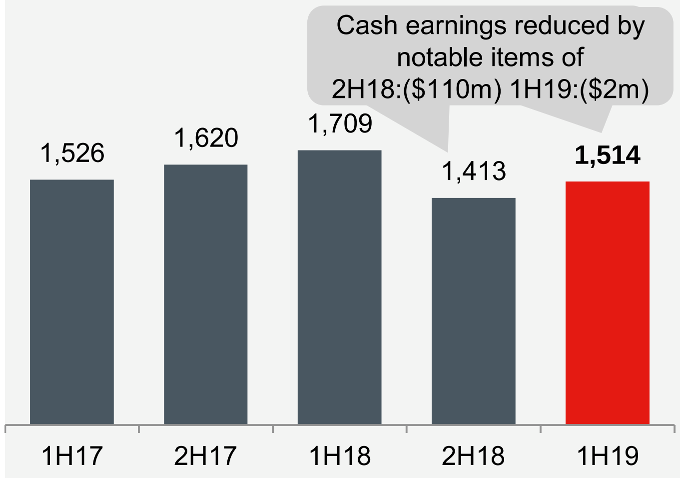
Revenue ($m)



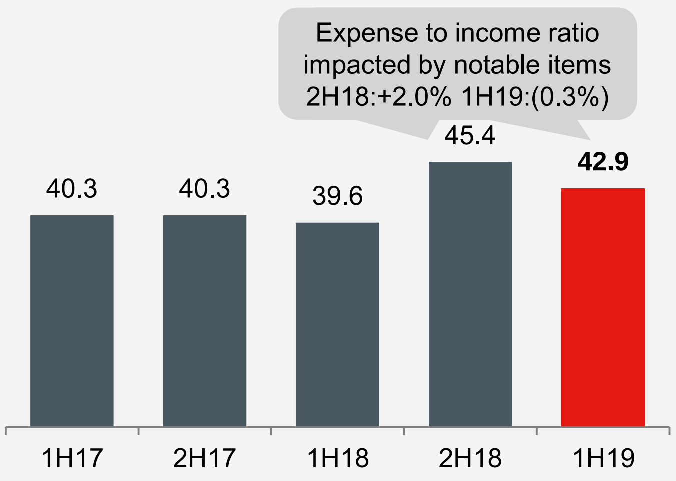
Core earnings ($m)



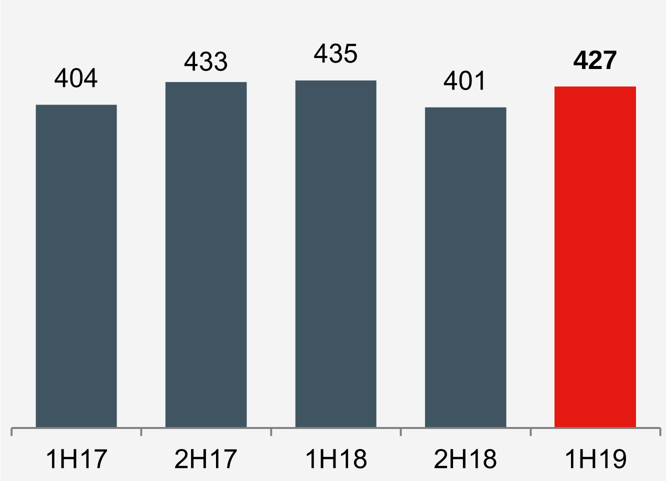
Cash earnings ($m)



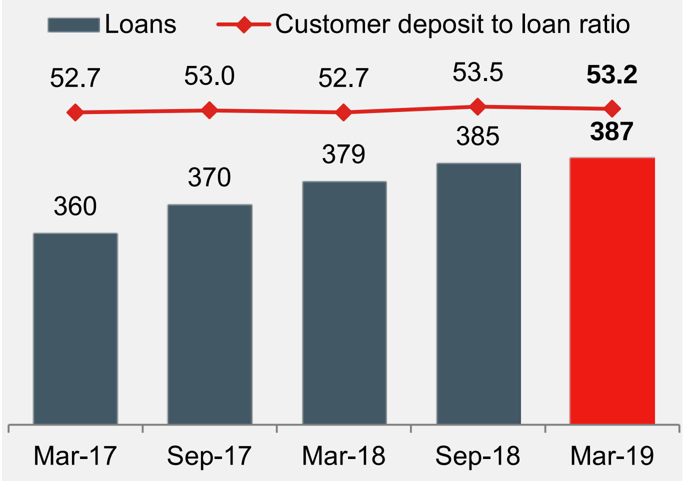
Expense to income ratio (%)



Revenue per FTE ($'000)



Loans ($bn) & deposit to loan ratio (%)

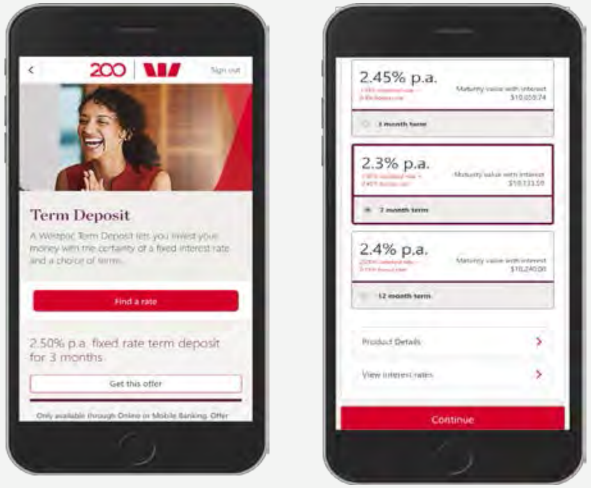


Improving the customer experience through digital

Innovation

Term deposit pricing platform

- Platform allowing customers to view, accept and fulfil term deposits online
- 18% of term deposit sales[1] now via digital (up from 12% in October 2018)



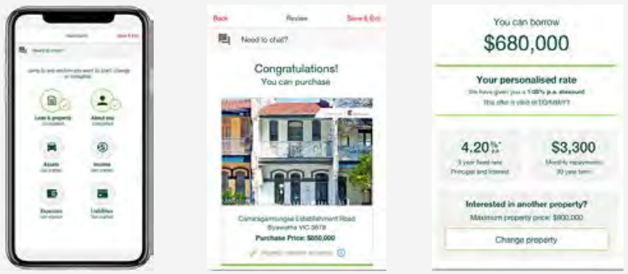
Building saving habits

- Customers can view tailored and dynamic content in their online banking, helping them make the best use of their accounts
- Almost 6,000 new savings accounts opened since January 2019

Digitising

St.George online home loan application

- Applications can be completed online or via mobile
- Documents can be uploaded remotely
- Specialist support available via live chat
- Personalised pricing and valuations available
- Customers can stop and re-start the process at any time
- Ability to sign mortgage documents electronically[2]



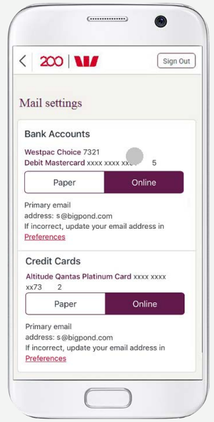
Improving the application process

Auto save feature, allows customers to enter and exit product applications at any stage, continuing their application from where they left off

Making it easier to connect

Digital Mail[3]

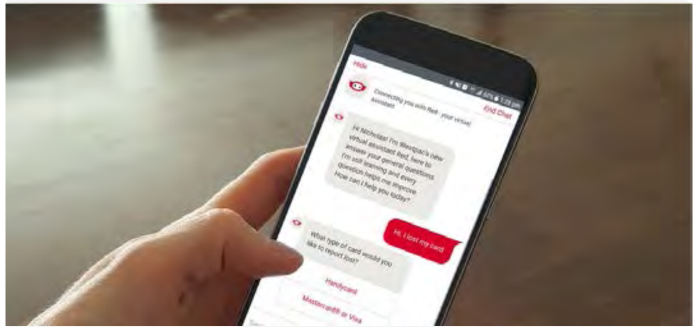
- Customers can receive documents faster, and access them anywhere, anytime
- Reduces postage and paper usage, and provides a permanent record of communication
- ~900k letters have been sent via Digital Mail since launch



Webchat

Customers on Westpac desktop and mobile can contact Westpac via secure messaging and Webchat anywhere, anytime. To date 130,000 chats have occurred, with 79% resolved without escalation to a banker

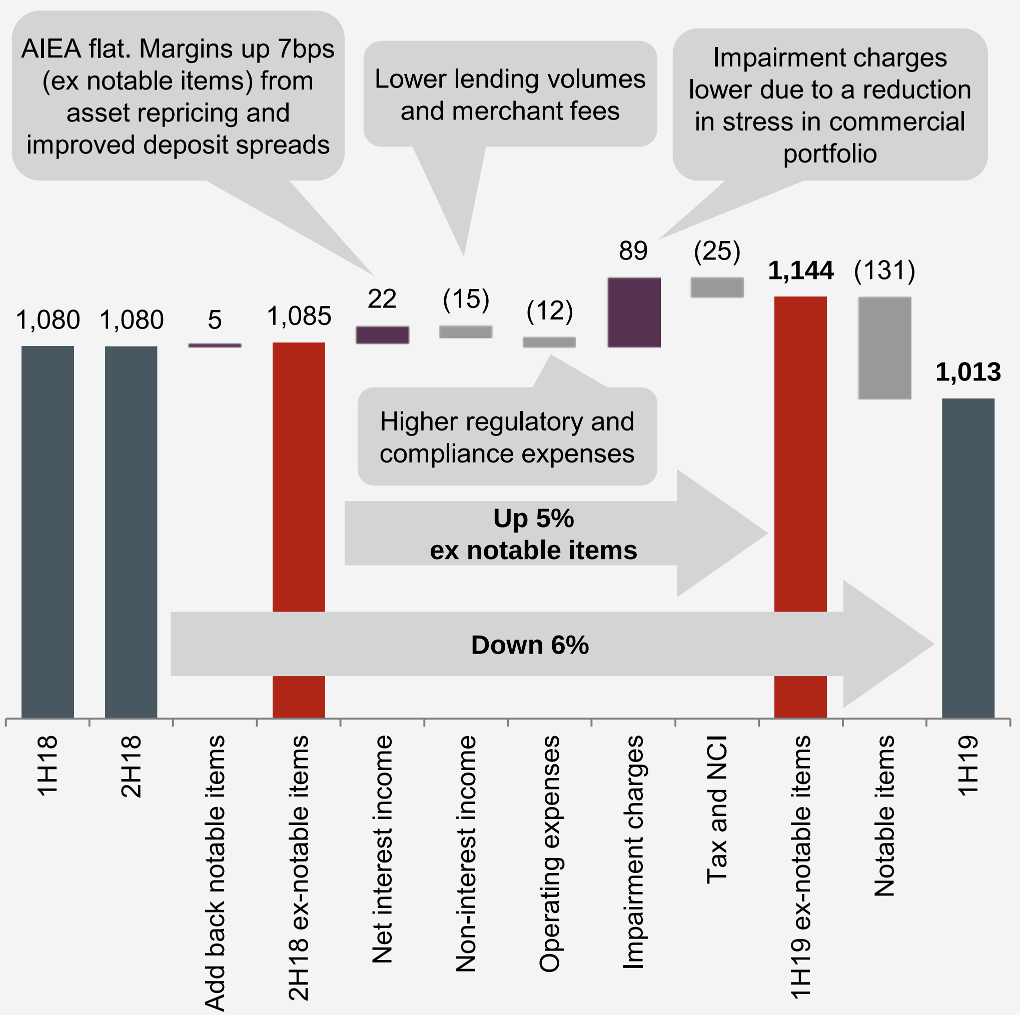
Red



1 Sales refer to Westpac brand. 2 This feature is currently only available to Bank of Melbourne customers. 3 Digital Mail launched in March 2018 for St.George, February 2018 for Westpac.

Business Bank, headline results impacted by remediation provisions, up 5% excl. notable items

Cash earnings ($m)



Key financial metrics

	1H18	2H18	1H19	Change on 2H18
Revenue ($m)	2,639	2,677	**2,510**	(6%)
Net interest margin (%)	3.19	3.17	**3.02**	(15bps)
Expense to income (%)	35.9	36.1	**39.4**	324bps
Customer deposit to loan ratio (%)	71.4	72.5	**72.2**	(38bps)
Stressed exposures to TCE (%)	2.56	2.79	**2.74**	(5bps)

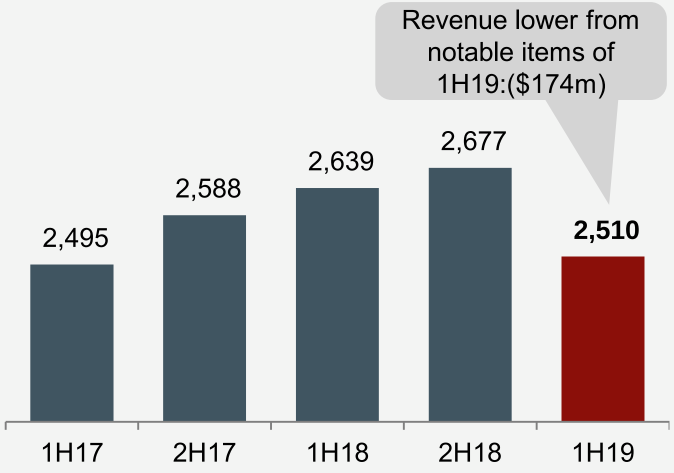
Key operating metrics

	1H18	2H18	1H19	Change on 2H18
Total business customers ('000's)	1,085	1,079	**1,073**	(1%)
Customer satisfaction[1] (rank)	#1	#1	**#1**	-
Customer satisfaction - SME[1] (rank)	#1	#1	**#1**	-
Digital sales[1] (%)	13	15	**20**	5ppts

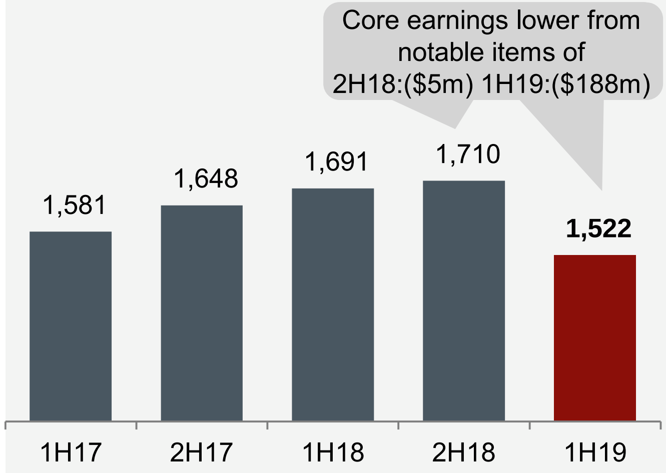
1 Refer page 160 for metric definitions and details of provider.

1H19 performance impacted by notable items

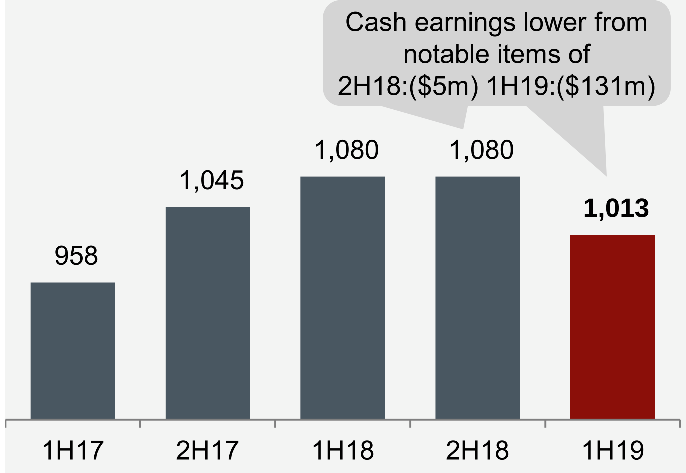
Revenue ($m)



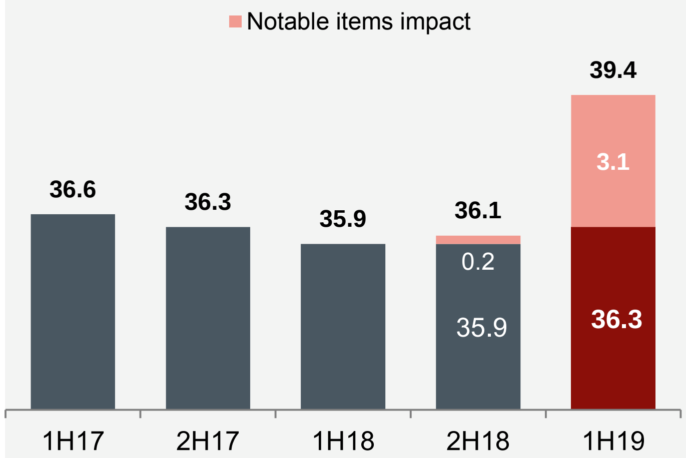
Core earnings ($m)



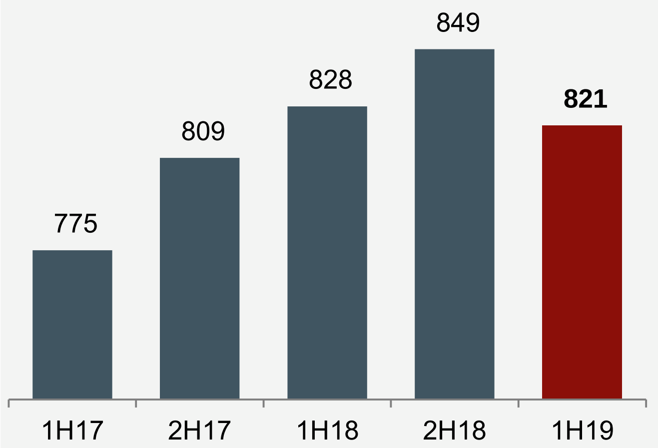
Cash earnings ($m)



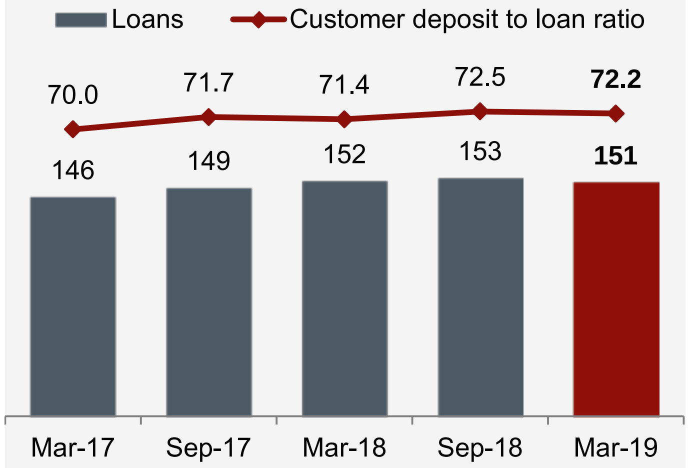
Expense to income ratio (%)



Revenue per FTE ($'000)



Loans ($bn) & deposit to loan ratio (%)



Transforming the Business Bank

Investing in bankers

Enabling bankers to build great customer relationships through industry insights, paperless processes, simplified products and innovative technologies

Improving banker productivity

- Implemented an online tool for bankers providing integrated diary management, compliance and regulatory alerts, and access to customer information
- Launched an online portal for SME customers' service requests. Increased "first time right" to 99%

Improving operating model

- Introduced a dedicated relationship team, for Westpac SME customers, of business bankers and other specialists. Enabling greater support for small business customers
- Driving efficiency through centralised servicing activity for Commercial customers
- LOLA embedded in St.George, Bank of Melbourne and BankSA, contributing to quicker time to yes for customers and 1,200 hours saved
- 1,650 bankers have completed the Business Institute program since its launch in October 2017. Continued to expand the program, with the development of a new credit curriculum, in partnership with Macquarie University, in 1H19

Digital for customers

Empowering more customers with online capabilities such as account opening, overdraft access and servicing

Digital sales

- Investment in digital capabilities has supported a 5ppt rise in the proportion of digital sales to 20% from 2H18

Biz Invoice

- Online invoice solution provides SME customers with a free service to create, preview and send invoices to customers

Improved online capability

- Self serve usage three times higher than March 2018, through new features including:
  - Enabled push notifications making term deposit rollovers easier
  - Simplified the process for customers to open multiple accounts online
  - Password resets made easier, with more security and removal of mandatory resets

Payment and transaction solutions

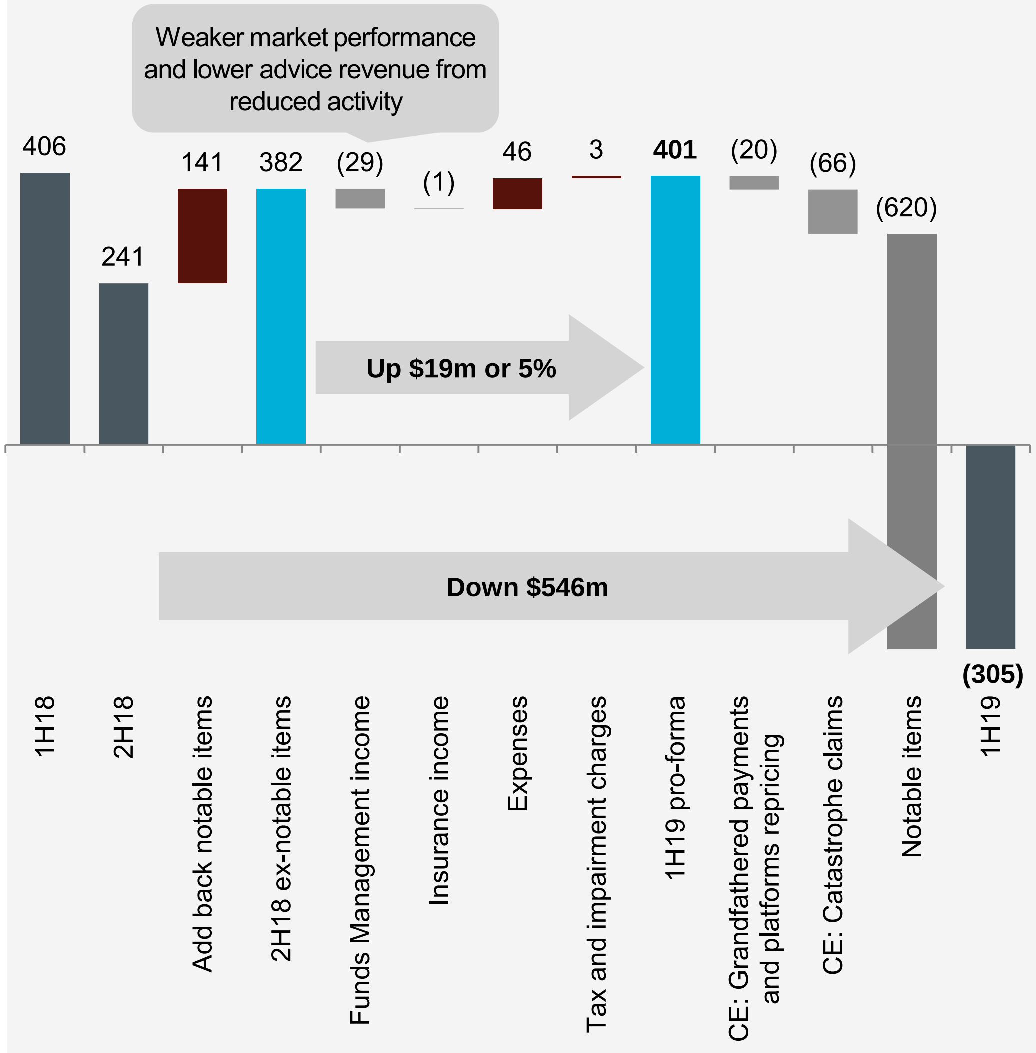
Helping customers take and make payments, meet cash flow shortfalls and manage payables and receivables

Presto Smart (launched 2018)

- Integrated payments solution, which provides fast, reliable and secure payments without the need for manual reconciliation and re-keying
- Supporting an increase in the merchant business with 60% of Presto Smart customers new to this business
- Expanded network of PoS partners, with 24 retail and hospitality PoS providers integrated
- >3000 devices currently operational
- Presto Smart developed collaboratively via the Group's Fintech investment

BTFG, committed to putting it right: announced wealth reset, repriced platforms and ceased grandfathered commission payments

Cash earnings (CE) ($m)



Key financial metrics

	1H18	2H18	1H19	Change on 2H18
Revenue ($m)	1,175	1,037	**439**	(58%)
Expense to income (%)	50.2	65.8	**198.6**	large
Total funds ($bn) (spot)	197.7	205.6	**203.1**	(1%)
Loans ($bn) (spot)	20.8	21.0	**21.1**	-
Deposits ($bn) (spot)	31.7	33.0	**33.5**	2%
Life Insurance in-force premiums[1] ($m)	1,276	1,277	**1,259**	(1%)
General Insurance GWP ($m)	251	252	**259**	3%

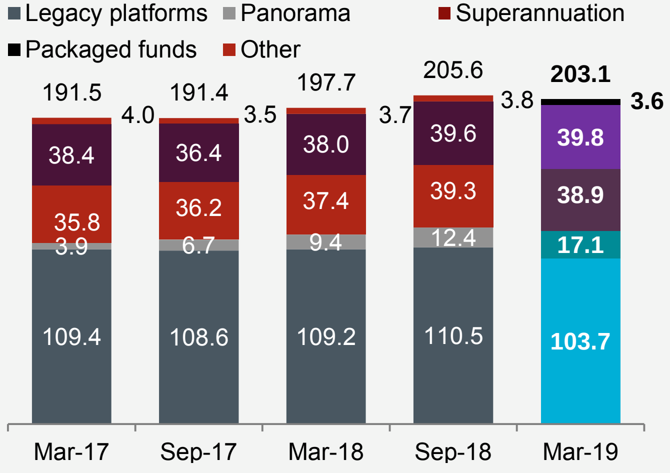
Key operating metrics ($m)

	1H18	2H18	1H19	Change on 2H18
Customers with a wealth product[2] (%)	18	17	**17**	-
Planners (salaried & aligned) (#) (spot)	939	803	**679**	(124)
Platform FUA market share[3] (inc. Corp Super) (%)	18	19	**18**	(1ppt)
Platform gross flows market share[3] (inc. Corp Super) (%)	21	20	**25**	5ppt
Life Insurance market share[4] (%)	11	10	**9**	(1ppt)
H&C insurance market share[5] (%)	6	6	**6**	-

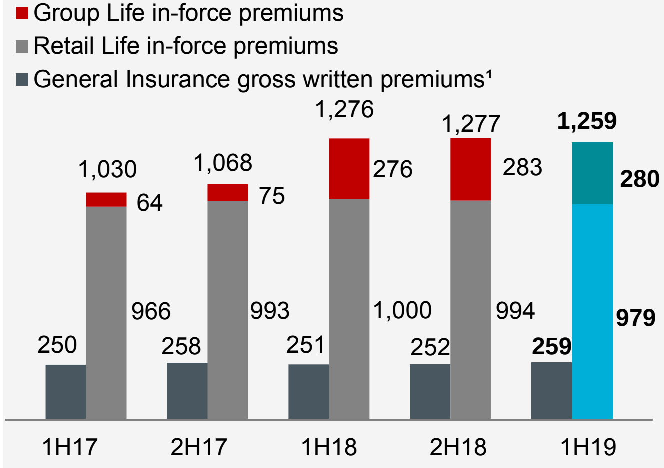
1 At 1 Jan 18, Westpac Life Insurance Services Limited became the preferred insurer for BTFG Corporate Super members. Life insurance in-force premium at Mar 19 consist of $979m retail, $280m Group Life Insurance (2H18 consists $994m retail, $283m Group Life Insurance; 1H18: $1,000m retail, $276m Group Life insurance). **2** Refer page 160 for wealth metrics provider. **3** Strategic Insight, All Master Funds Admin at Dec 18 (for 1H19), at Jun 18 (for 2H18), and at Dec 17 (for 1H18) and represents the BT market share at these times. **4** Strategic Insight (Individual Risk) rolling 12 month average. New sales includes sales, premium re-rates, age and CPI indexation Dec 18. **5** Internally calculated from APRA quarterly general insurance performance statistics, Dec 18.

Sound fundamentals

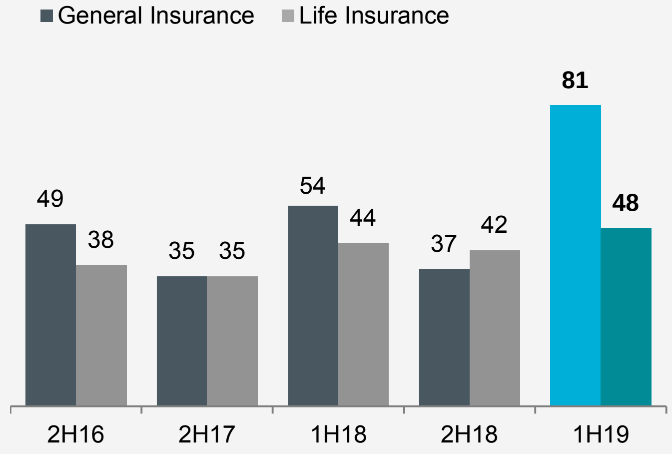
Funds ($bn)



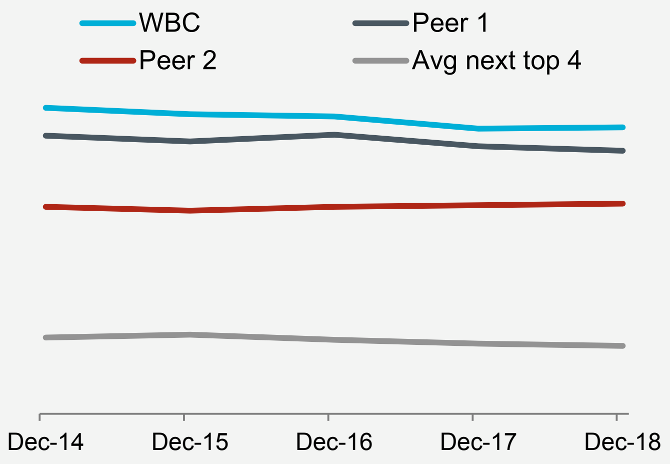
Insurance premiums ($m)



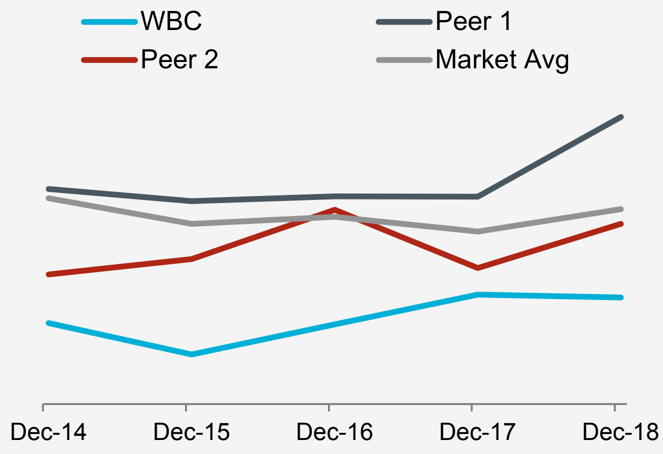
Insurance claims rates (%)



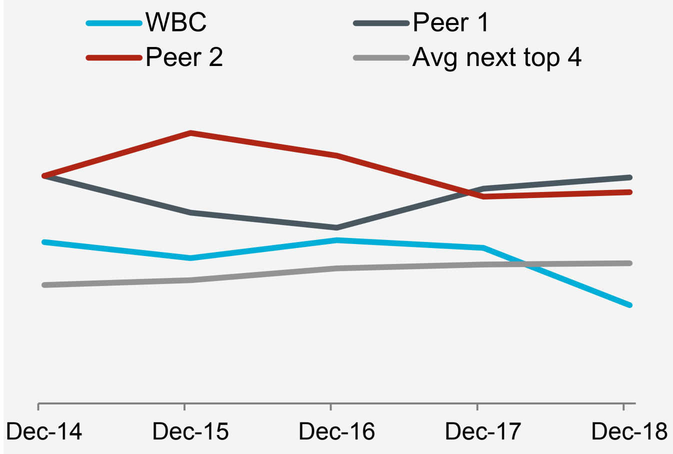
Retail platforms market share[2,3] (%)



Life insurance lapse rates[3] (%)



Life insurance market share[3,4] (%)



1 Includes CCI gross written premiums of $12m in 1H19 (2H18: $13m; 1H18:$16m; 2H17:$21m; 1H17:$25m) 2 Retail Platforms market share sourced from Strategic Insight, All Master Funds Admin segment and represents the BT Wealth business market share disclosed in Strategic Insight as at December 2018. 3 Strategic Insights December 2018. 4 Market share is Retail life insurance new sales.

Meeting customers' wealth needs via digital

New and improved customer services

Panorama

- **Voted No1 investment platform** for online business management features and cyber security, with an overall score of 92%[1]
- Rated top three investment platform overall and topping "**Best online business management**", "**Best mobile app**" and "**Best client portal**" categories[1]

$8bn in Managed Funds FUA[2], up 113% over last 12 months

Global Investment Services online portal launched which provides clients with access to their investment profile

Wider choice of Investments on **Super For Life**, **investment menu increased from 4 to 38 options**

Super Invest and BT Invest now available to St.George, Bank of Melbourne and BankSA customers

41% growth in customers wealth needs met digitally since 1H18

Digitising insurance: improving customer experience

Quote and Buy tool for H&C launched in 1H19

- Improved design, redesigned questions to improve customer understanding, more interactive quotes
- "Compare cover" table which explains the differences in levels of cover

Enhanced online claims process and form, supporting customers choosing to complete online claims lodgement through to completion

↑ 81% growth in general insurance digital sales since 1H18

Enhancement to LifeCENTRAL+
(BT's Life Insurance Quote and application software)

- Split payment options for policies linked inside and outside super
- Integration with OmniLife Risk Research tool
- Personal statement navigation

↑ 30% increase in quotes generated by advisers since launch in April 2019

Award Winners

"Best Technology Offering" (Panorama)
Conexus Financial Superannuation Awards

"Wealth Management Experts of the Year 2019"
APAC Australian Enterprise Awards

"Best Private Bank in Australia 2019"
Global Finance Awards

The Westpac Online Investing Loan awarded a **5 star rating in both the Managed Fund Investor and Share Investor profiles**
Canstar 2018

"Innovation in Retail Life Insurance" for Claims Cancer Assistance program
FSC Life Insurance Award – in March 2019

Outstanding Value Contents Insurance
Canstar 2018

"Underwriting Team of the Year " and "Trauma / Critical illness Product of the year"
The Association of Financial Advisers (AFA) – in March 2019

1 Investment Trends Platform Competitive Analysis and Benchmarking Report, December 2018. 2 Managed funds are managed investment schemes which are unlisted products. Investor may buy and sell units in the funds available on our investment menus,

Panorama: supporting advisers and investors

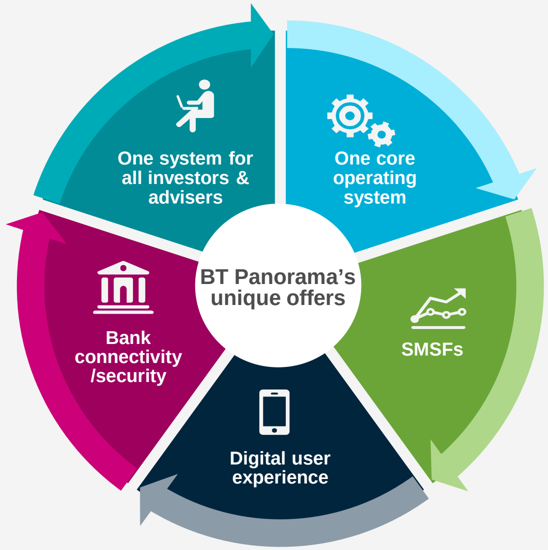
New pricing structure success measures since 1st October 2018:

- **1,066** new advisers registered on Panorama
- **7,152** accounts on Asgard Open eWrap and **20,685** accounts on BT Wrap Open
- **3,090** accounts transferred from legacy platforms onto Panorama

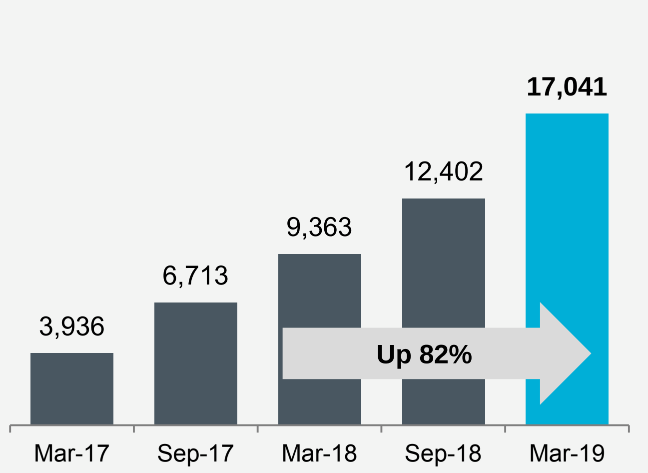
Panorama highlights

#1 platform for netflows in the Retail Market[1]

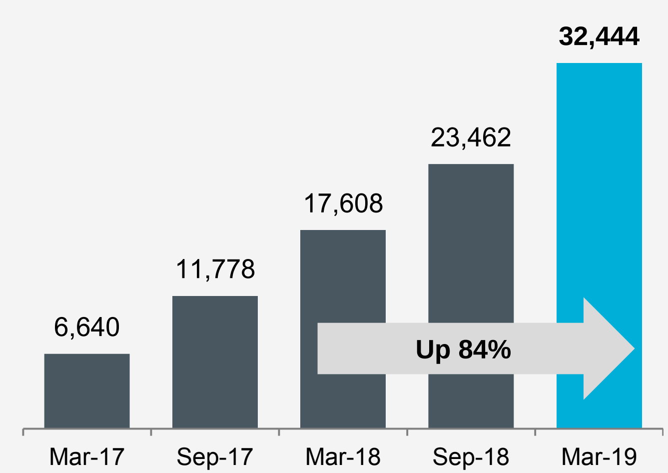
Launch of CoreSeries Porfolios managed accounts, available on both BT Panorama Full and Compact menus, with no portfolio level management fees and a low underlying management fee between 50bps and 78bps



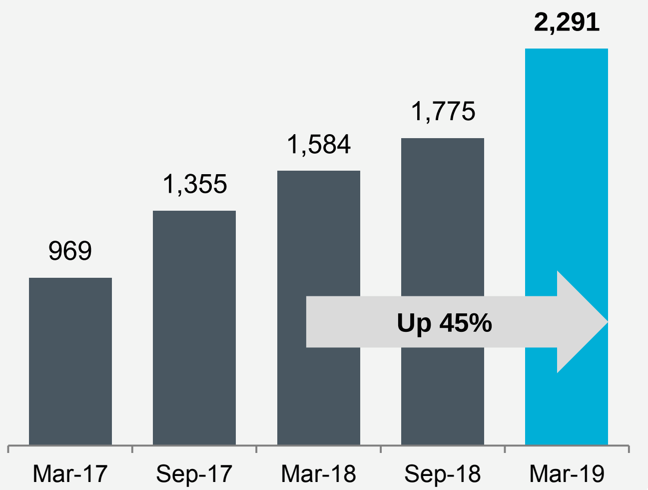
FUA on Panorama ($m)



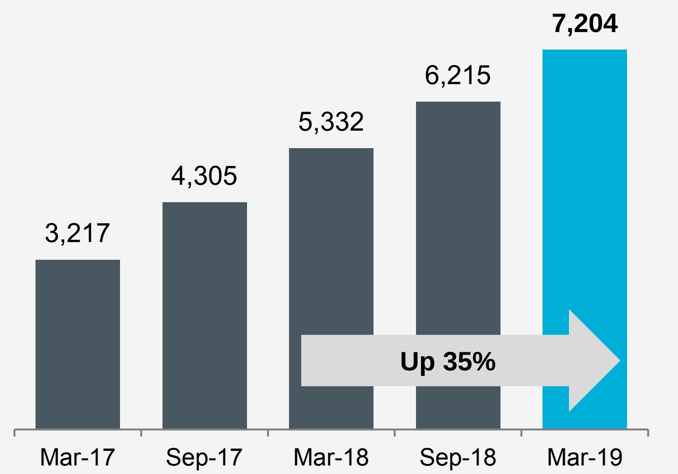
Investors on Panorama (#)



Advisers on Panorama (#)



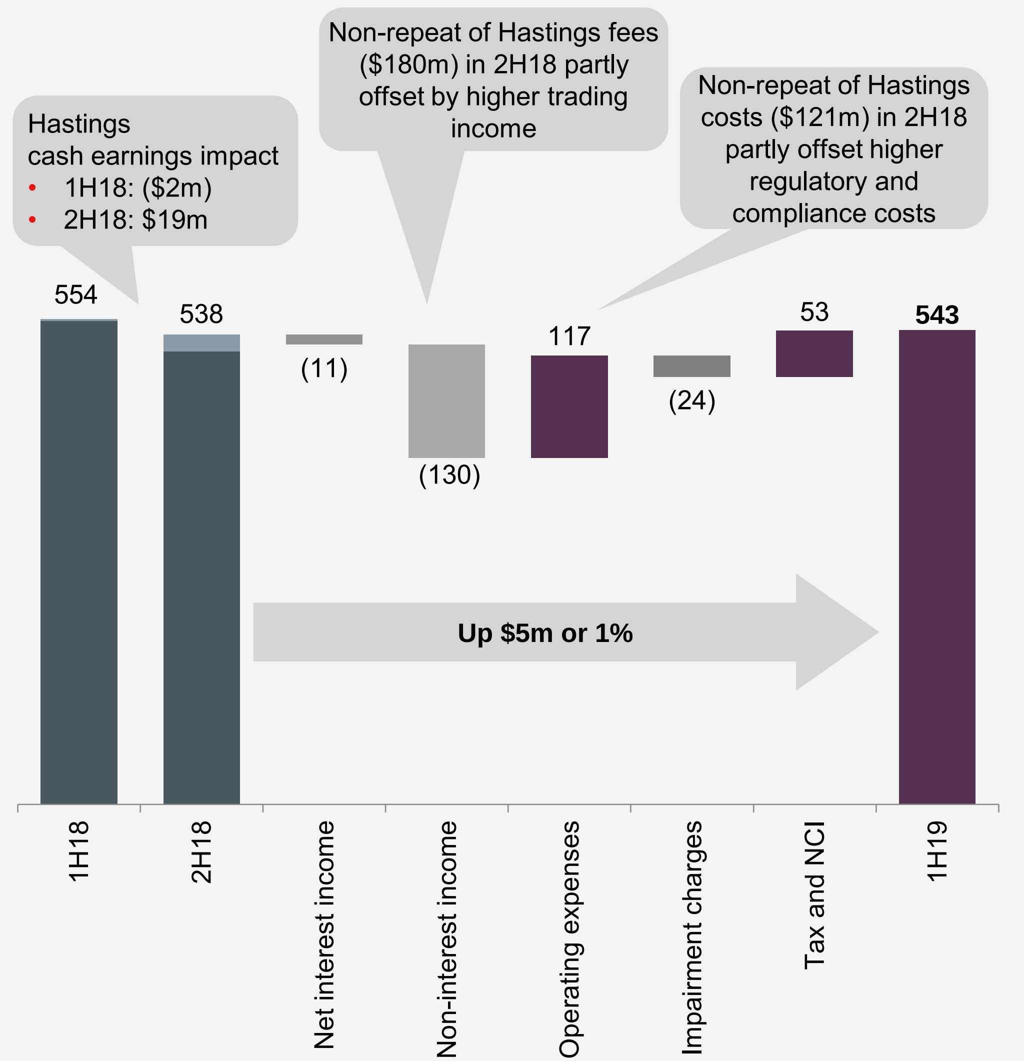
SMSF funds on Panorama(#)



1 Strategic Insights December 2018.

WIB discipline delivers a solid performance

Cash earnings ($m)



Key financial metrics

	1H18	2H18	1H19	Change on 2H18
Revenue ($m)	1,441	1,566	**1,425**	(9%)
Net interest margin (NIM) (%)	1.60	1.74	**1.67**	(7bps)
Expense to income ratio (%)	47.1	49.2	**45.9**	(334bps)
Customer deposit to loan ratio (%)	129.8	135.5	**125.1**	large
Stressed exposures to TCE (%)	0.78	0.66	**0.63**	(3bps)

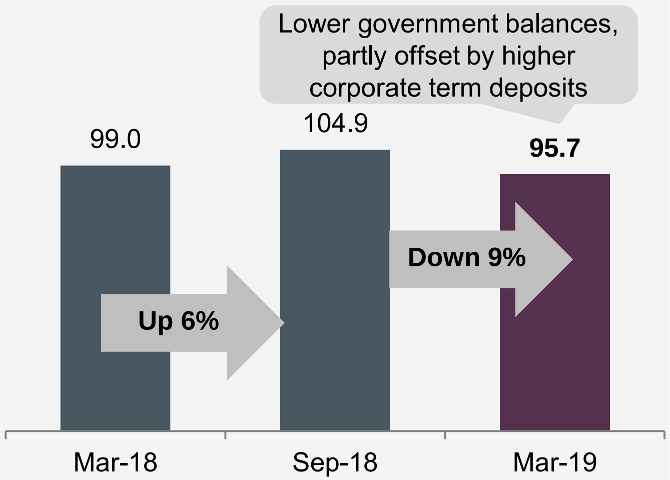
Key operating metrics

	1H18	2H18	1H19	Change on 2H18
Customer revenue[1] / total revenue (%)	87.3	83.1	**91.6**	large
Trading revenue / total revenue (%)	11.2	3.8	**8.8**	large
Revenue per FTE ($'000)[2]	802	909	**844**	(7%)

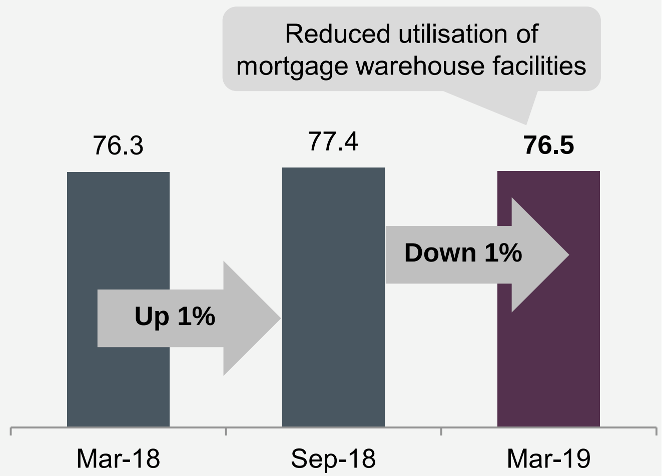
1 WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading, derivative valuation adjustments and Hastings. 2 Excludes Westpac Pacific revenue and FTE.

Maintaining focus on returns

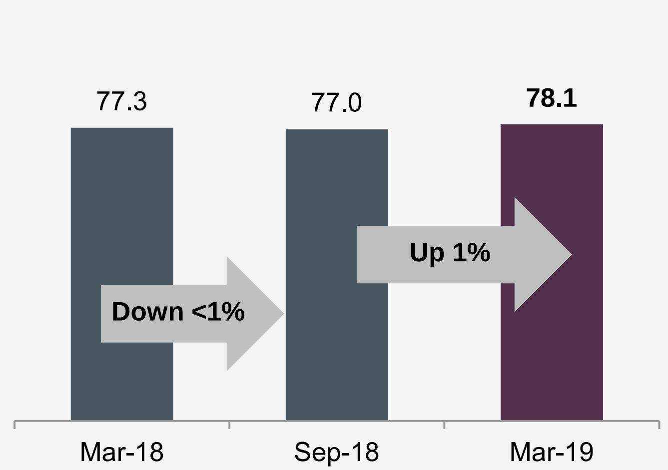
Deposits ($bn)



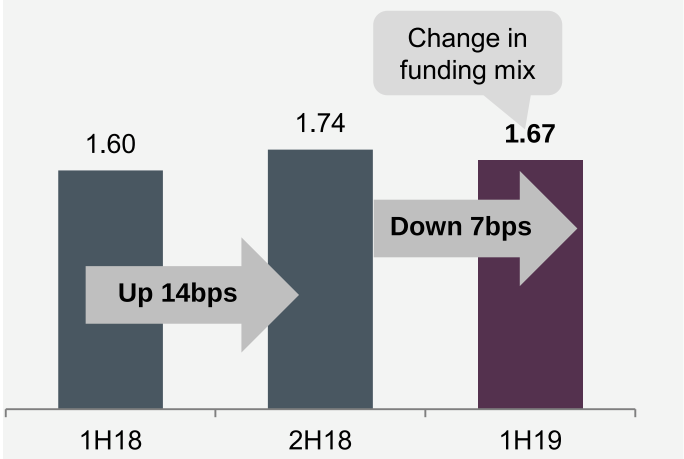
Net loans ($bn)



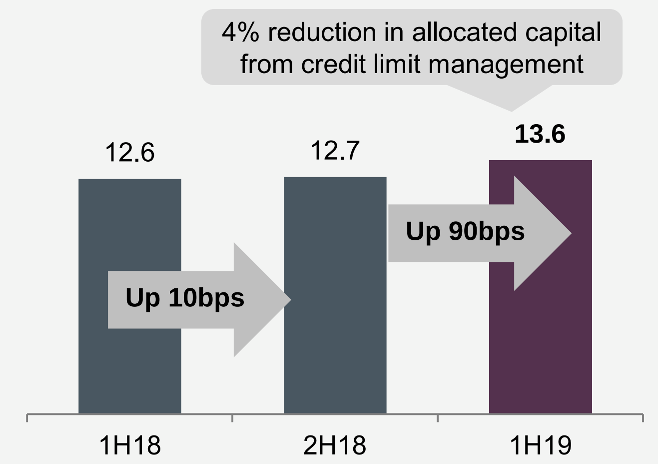
Risk weighted assets ($bn)



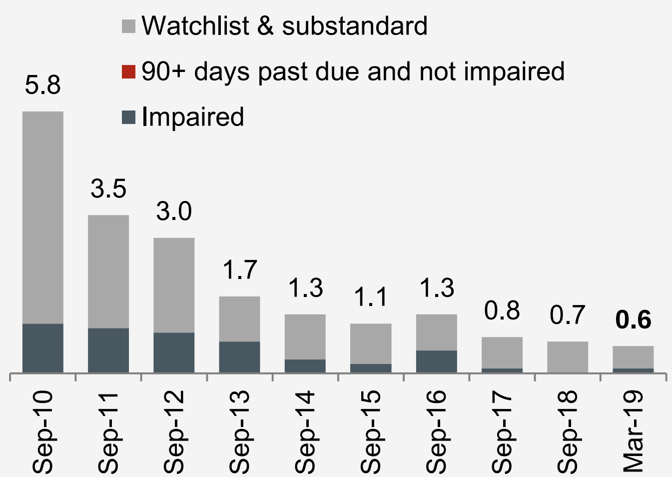
Margin (%)



ROE (%)



Stressed exposures as a % of TCE



Opportunities in Institutional banking

Westpac Institutional Bank

- Leading financial markets, financing and transactional banking product capability
- Deep expertise and industry insights
- Digital and banker-led service aligned to customer needs

Infrastructure

Infrastructure market leadership

- The leading Australian infrastructure bank – supported 5 out of the 6 most recent nation building infrastructure projects, and the only Australian bank to do so
- Strong relationships with borrowers (e.g. Government) and investors (e.g. Super)

Key public sector relationships

- Victorian Government has established the Central Banking System (CBS), with Westpac as its banking partner, allowing Government to centralise and more efficiently manage its working capital requirements across its departments and numerous agencies. The CBS has resulted in a significant number of new to bank relationships in the Victorian Public Sector, in addition to deepening our existing relationship with the Victorian Government

Key role in major infrastructure project

- One of the lead bank's to the Transurban-led consortium in their $9.3 billion acquisition of 51% equity stake in WestConnex. Westpac was the only bank to provide a debt underwrite to support key aspects of the transaction and one of a select number of banks mandated as swap execution bank

M&A financing

Supporting M&A financing

- Completed 12 transactions in 1H19
- Provided A$1.5billion in financing across a number of industries including property, infrastructure, health tech and logistics

Renewables

Leading bank in AUD renewable project finance commitments[1]

- Leading financier to greenfield renewable energy projects in Australia, providing more than $390m of new financing to seven projects in the last 12 months

Launched world's first certified green deposit product

- Launched the world's first Green Tailored Deposit to be certified by the internationally recognised Climate Bonds Initiative (CBI) in November 2018
- All Green deposits are associated with a defined pool of eligible assets or projects which meet the strict CBI criteria, which can include renewable energy, low carbon transport, low carbon buildings and water infrastructure
- Globally recognised for innovation in green finance at the Climate Bonds 4th Annual "Green Bond Pioneer Awards"

Digitisation

Digitising liquidity and working capital management

- First release of WIB's Digital Institutional Bank platform
- Offers digitised transactional banking with real-time cash mobility, visibility of account balances, intraday balance movement and a single view of cash liquidity throughout their entire corporate structure

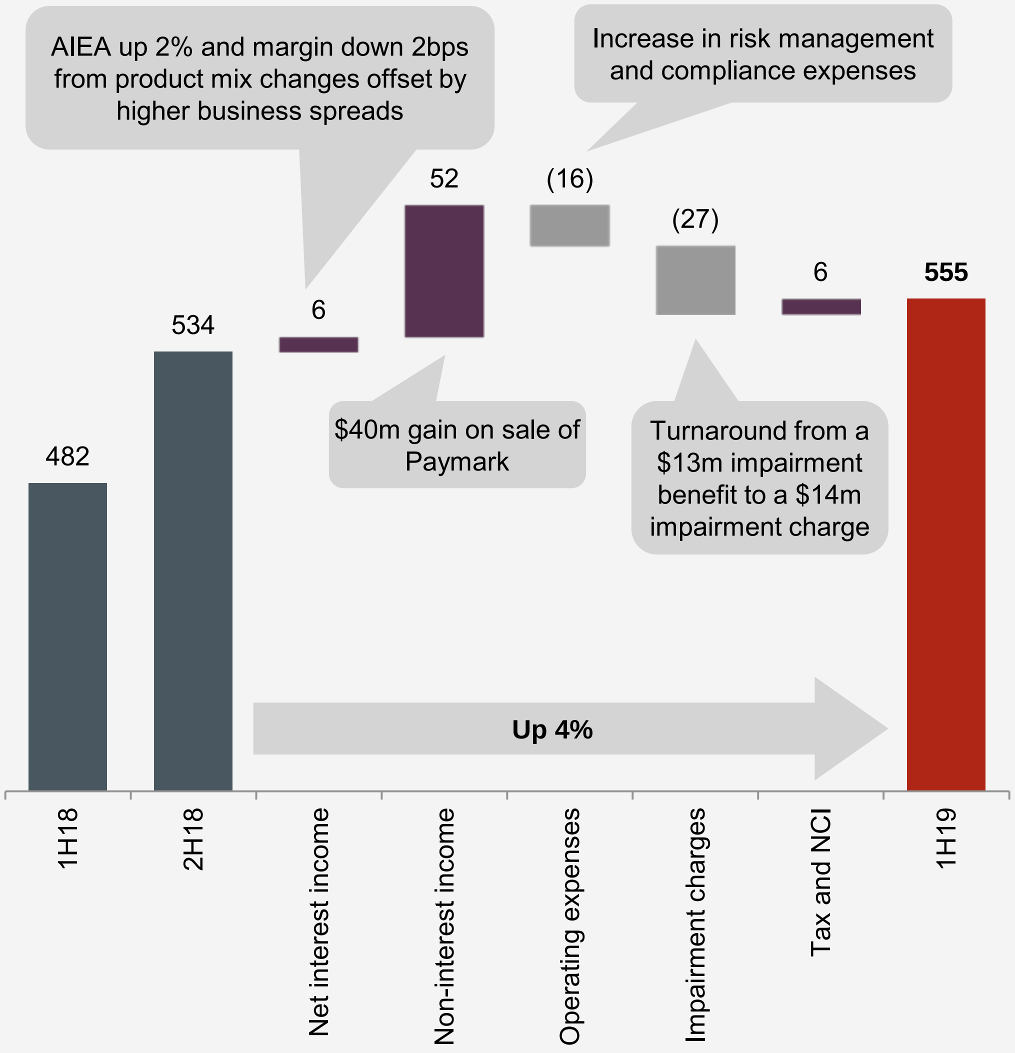
Corporate Loan Portal

- First online portal providing customers with greater visibility and control over their loans - now has 35 institutional customers

1 Source: IJGlobal, March 2019.

Sound NZ earnings

Cash earnings (NZ$m)



Key financial metrics

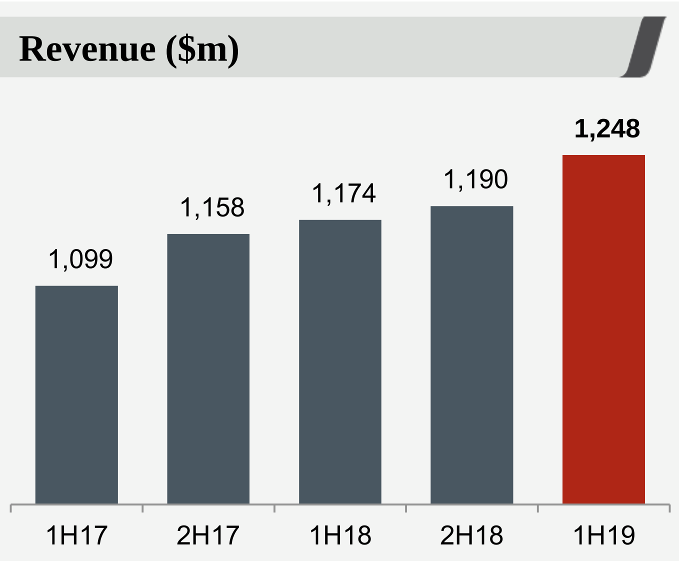
	1H18	2H18	1H19	Change on 2H18
Revenue (NZ$m)	1,174	1,190	**1,248**	5%
Net interest margin (%)	2.24	2.25	**2.23**	(2bps)
Expense to income (%)	39.7	39.0	**38.5**	(53bps)
Customer deposit to loan ratio (%)	77.9	77.0	**78.2**	121bps
Stressed exposures to TCE (%)	1.86	1.57	**1.57**	-

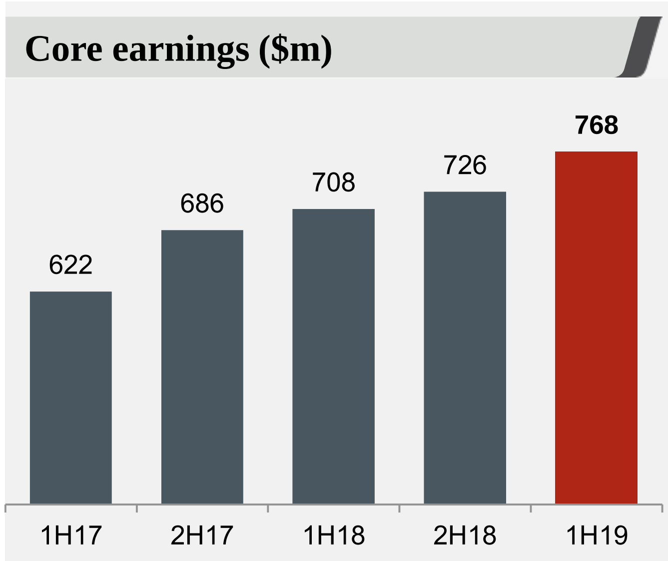
Key operating metrics

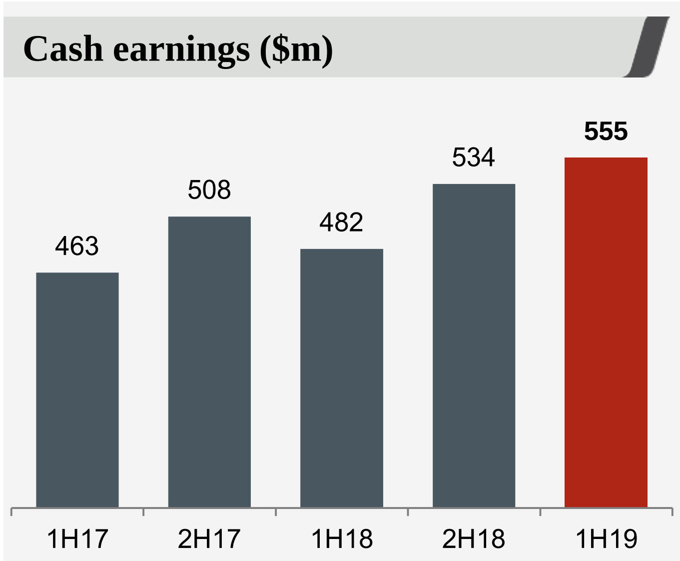
	1H18	2H18	1H19	Change on 2H18
Customers (#m)	1.36	1.35	**1.35**	-
Branches (#)	164	163	**161**	(2)
Consumer NPS[1]	+9	+8	**+11**	Up 3
Business NPS[1]	+17	+0	**+4**	Up 4
Agri NPS[1]	+52	+17	**+16**	Down 1
Funds (NZ$bn) (spot)	10.3	10.7	**10.9**	2%
Service quality – complaints (000's)	8.5	9.2	**8.6**	(7%)

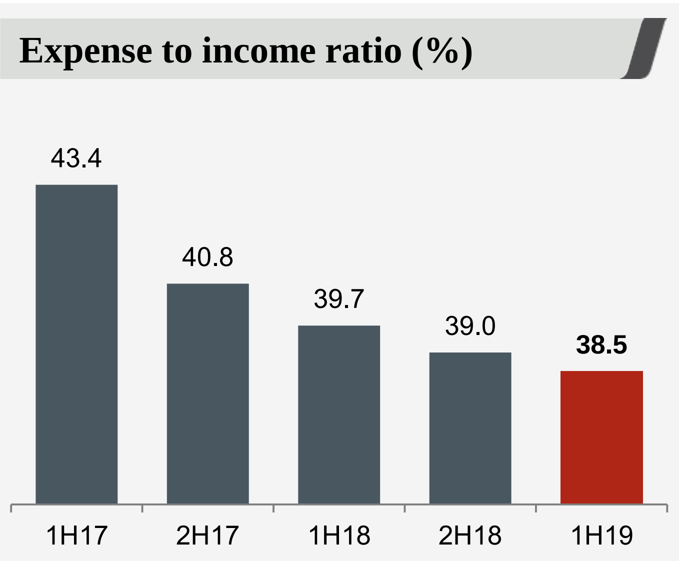
1 Refer page 161 for details of metric definition and provider.

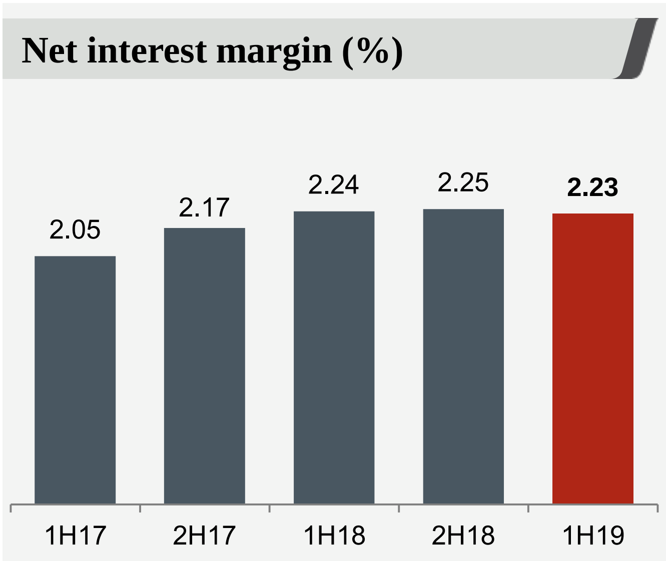
New Zealand key metrics[1]

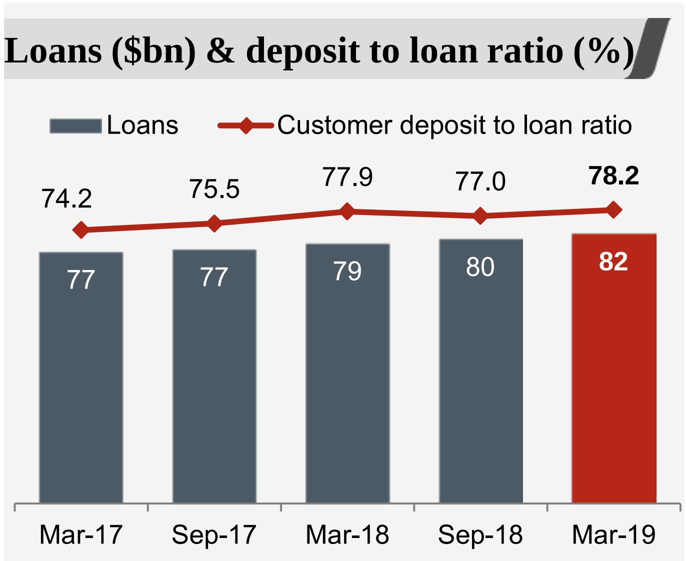










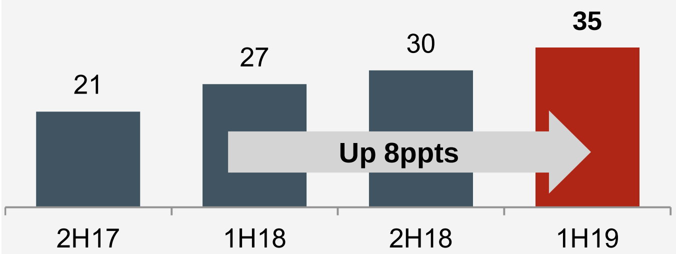


1 All figures in NZ$ unless otherwise indicated.

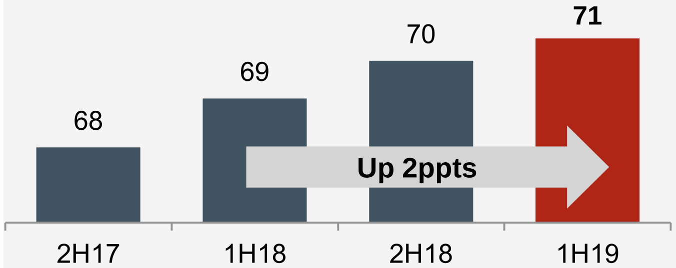
Improving the customer experience through digital and new services

Digital for customers

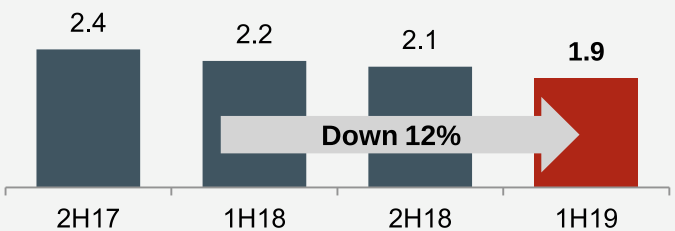
Digital sales[1] (%)



Digitally active retail customers (%)



Over-the-counter transactions (#m)

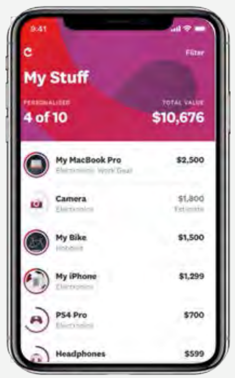


Making it easier for customers

- **Apple pay** launched 2nd April, allows customers to use their iPhone and Apple Watch to make secure contactless payments

- **EasyID** enables new to bank customers to open a transaction or savings account, activate Westpac online banking and PIN using their own mobile device along with a NZ driver's license or passport from March 2019

- ***beContento,*** a lifestyle mobile application for insurance, that allows customers to upload photos and details of their possessions and receive a contents insurance quote



Deeper customer relationships

Solutions based on customer goals

- **Your Story[2]**, is a tool, used in branches, to assist customers identify what's important to them and identify solutions to help them achieve their goals

- Since launch, 104,000 Your Story customer conversations have been completed
- Expanded to cover businesses supporting small business customers from January 2019

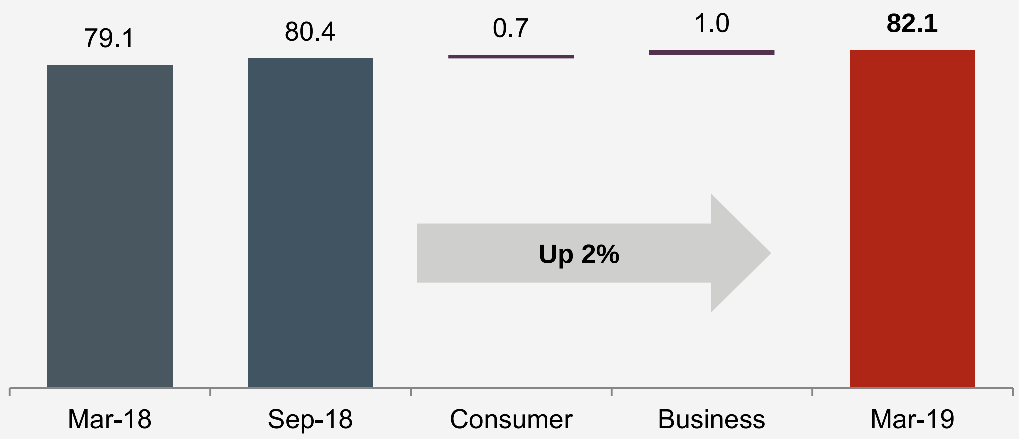
Creating ongoing value for customers

- **Value Me** program helps customers by identifying the best products, services and banking solutions based on their behaviour, saving customers time and money
- 1.2m Playback reports have been sent to customers since launch. 52% of customers contacted, are more likely to recommend Westpac and 71% of customers are feeling more valued. Program has supported improved retention

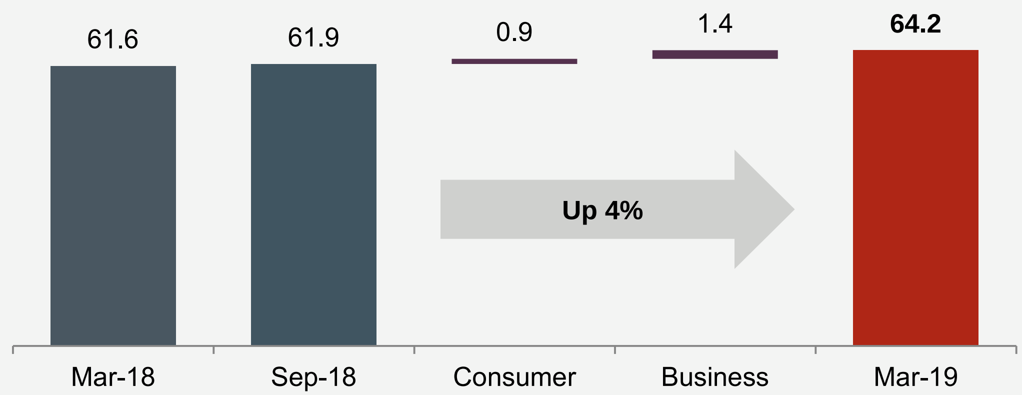
1 Digital online sales includes fulfilment volumes. 2. YourStory launched August 2018.

Balance sheet drivers

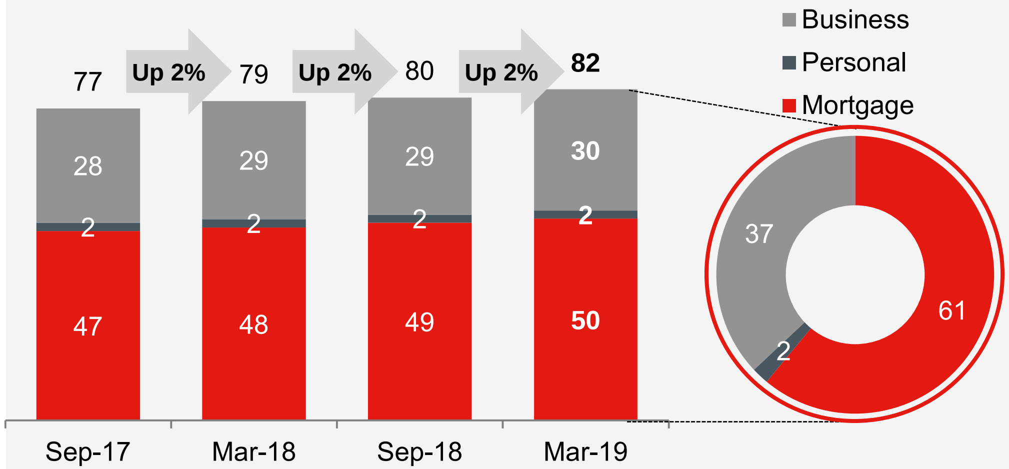
New Zealand net loans (NZ$bn)



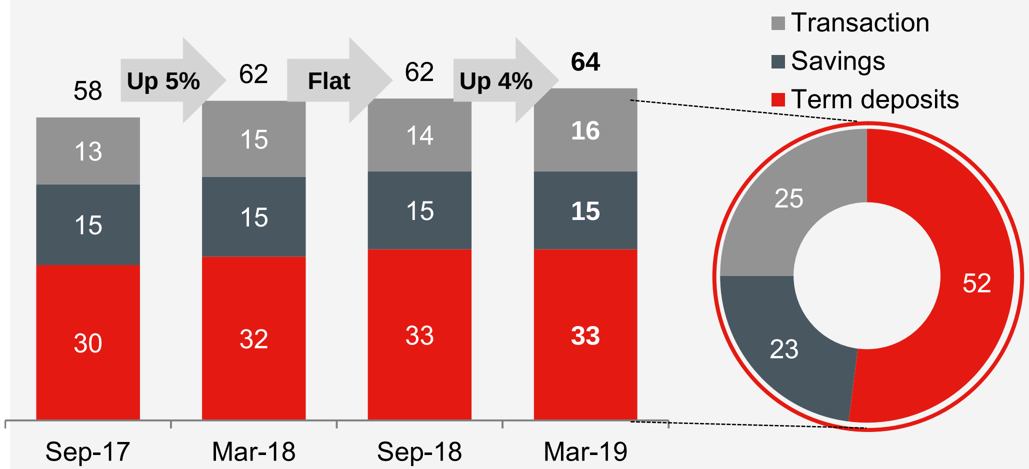
New Zealand deposits (NZ$bn)



New Zealand customer loans (NZ$bn) and % of total

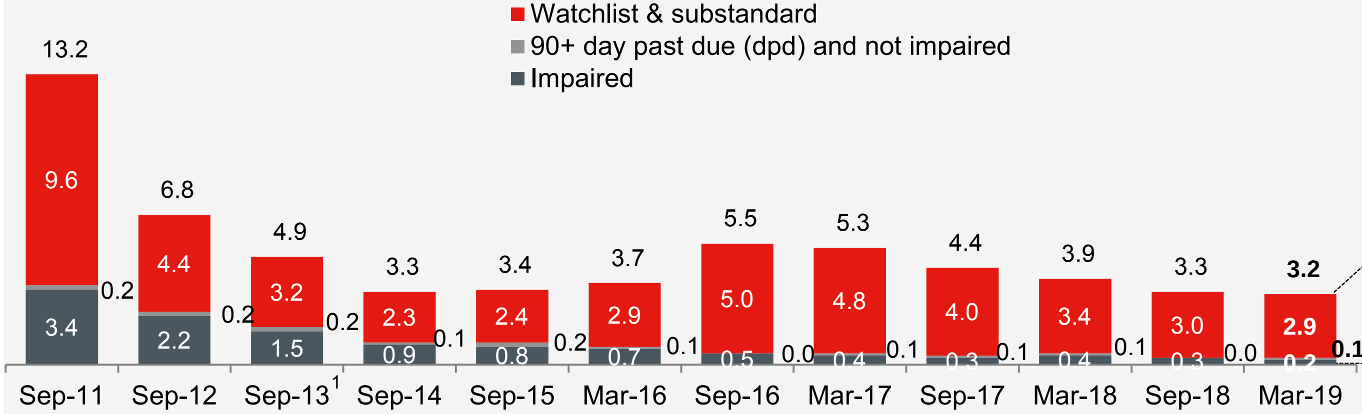


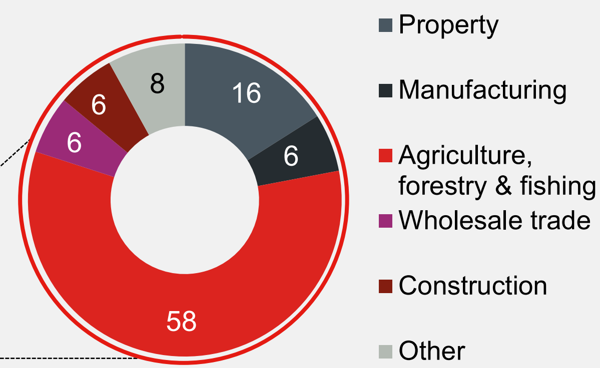
New Zealand customer deposits (NZ$bn) and % of total



Stressed exposures remain low

Business stressed exposures as a % of New Zealand business TCE

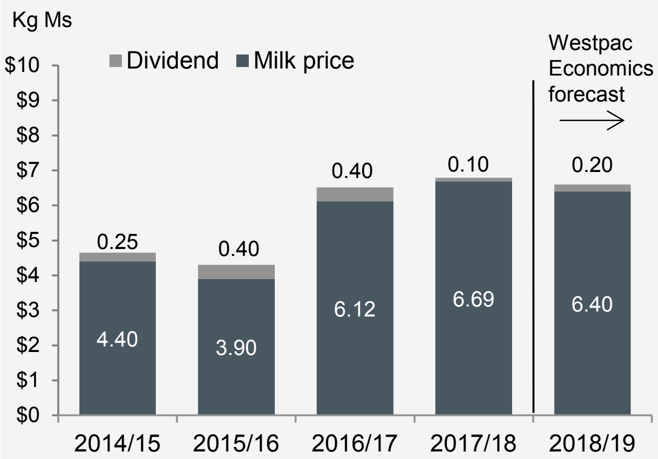




Agribusiness portfolio

	Mar-18	Sep-18	Mar-19
TCE (NZ$bn)	8.9	9.2	**9.4**
Agriculture as a % of total TCE	8.0	8.3	**8.2**
% of portfolio graded as 'stressed'[2]	12.1	9.7	**10.0**
% of portfolio in impaired	0.50	0.42	**0.40**

Milk price & Fonterra dividend[3] (NZ$)



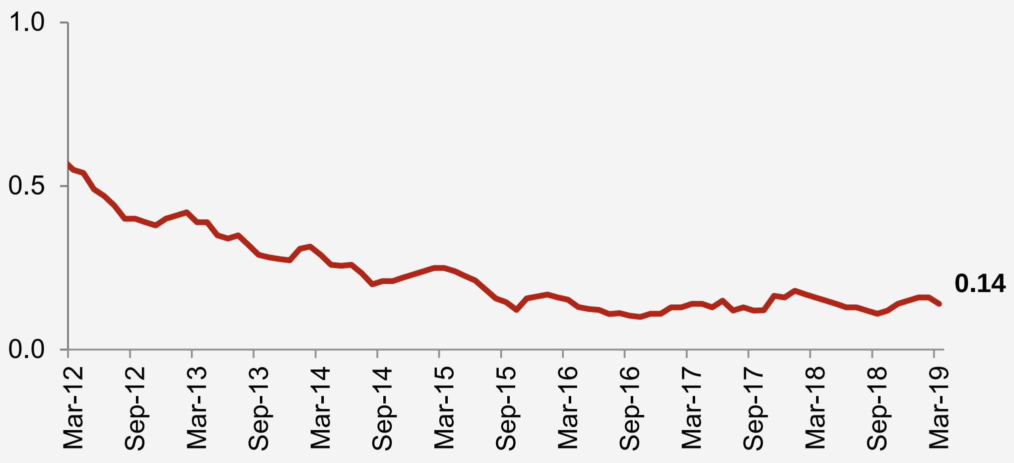
Dairy portfolio summary

- Overall portfolio health remains sound. Dairy stressed exposures have been largely flat since November 2018. Focus remains on supporting existing dairy customers with proven long-term viability
- Domestic milk production for 2018/19 is expected to be up slightly on last season following a record start. This is supporting higher Global Dairy Trade auction prices and lifts in 2018/19 forecast milk price
- Regulatory reform, increasing costs, and disease issues (M. Bovis) continue to pose challenges

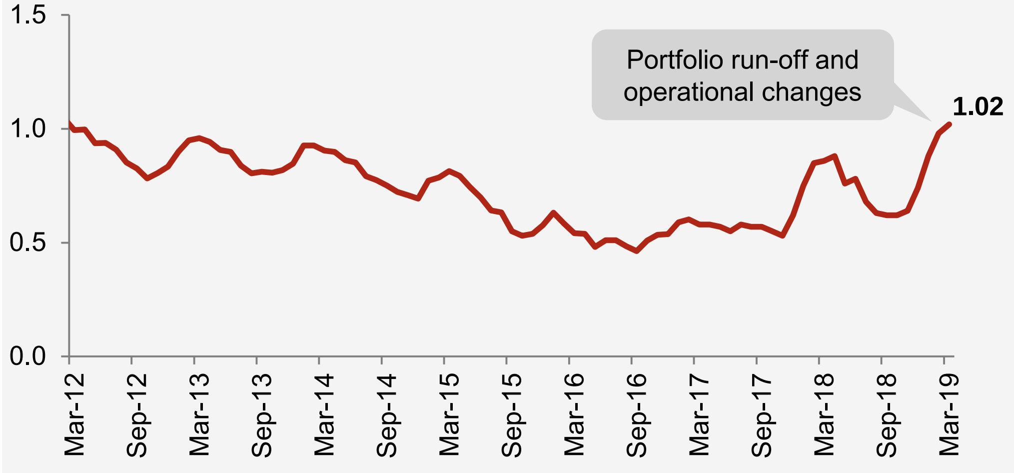
1 Large reduction in stressed exposures from Sep 2011 to Sep 2012 due primarily to transfer of WIB assets during 2012. 2 Includes impaired exposures. 3 Source: Fonterra.

Consumer credit quality in good shape

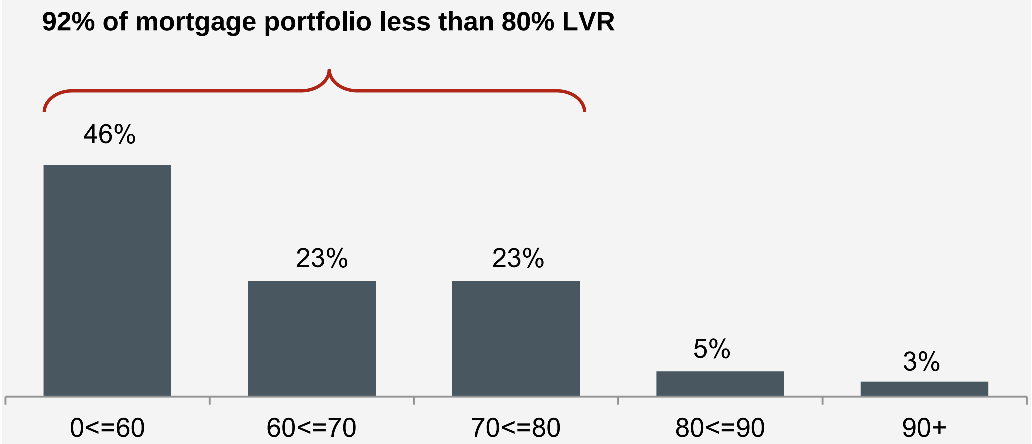
Mortgages 90+ days past due (%)



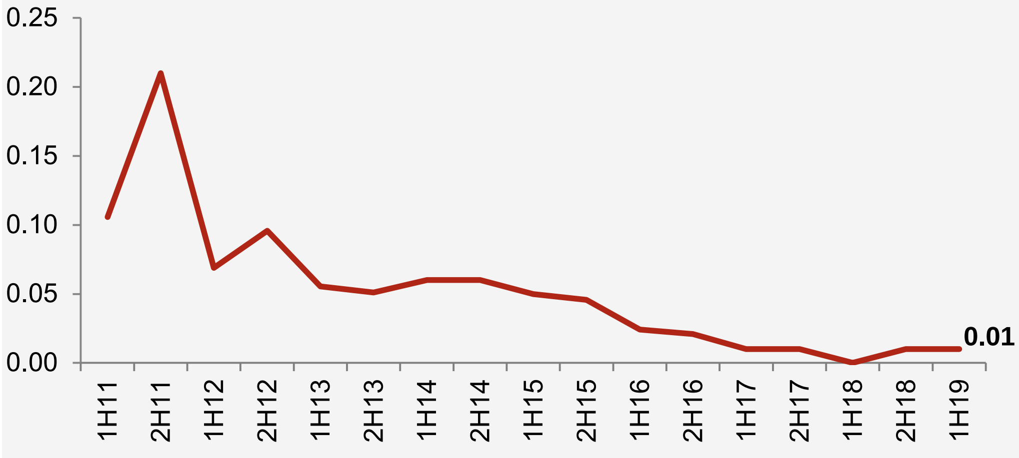
Unsecured consumer 90+ day delinquencies (%)



Mortgage portfolio LVR[1] (%) of portfolio



Mortgage loss rates each half (%)



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


Economics

Australian and New Zealand economic forecasts

Key economic indicators (%) as at April 2019		Calendar year		
		2017	**2018**	**2019F**
World	**GDP[1]**	**3.8**	**3.6**	**3.5**
Australia	**GDP[2]**	**2.4**	**2.3**	**2.2**
	Private consumption[2]	2.8	2.0	2.2
	Business investment[2,3]	6.9	-0.2	1.0
	Unemployment – end period	5.5	5.0	5.5
	CPI headline – year end	1.9	1.8	1.8
	Interest rates – cash rate	1.50	1.50	1.00
	Credit growth, Total – year end	4.8	4.3	2.8
	Credit growth, Housing – year end	6.3	4.7	2.8
	Credit growth, Business – year end	3.0	4.7	3.3
New Zealand	**GDP[2]**	**3.4**	**2.3**	**2.8**
	Unemployment – end period	4.5	4.3	4.2
	Consumer prices	1.6	1.9	1.5
	Interest rates – official cash rate	1.75	1.75	1.50
	Credit growth – Total[4]	6.5	5.2	5.6
	Credit growth – Housing[4]	7.4	5.9	6.1
	Credit growth – Business[4]	5.2	4.3	5.2

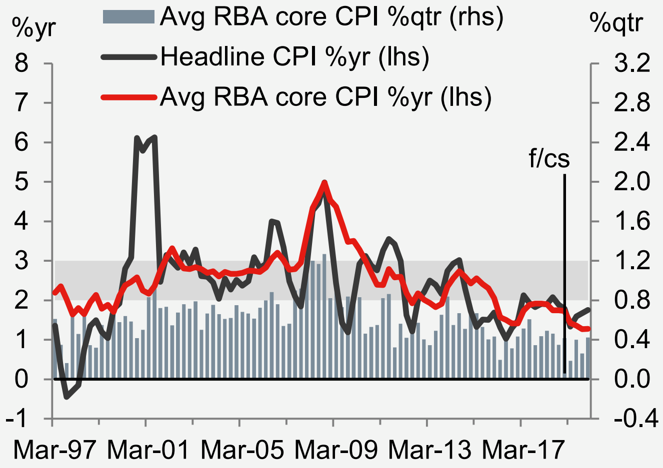
Source: Westpac Economics.
1 Year average growth rates. 2 Through the year growth rates. 3 Business investment adjusted to exclude the effect of public sector purchases of public assets. 4 NZ credit forecasts are for growth over the calendar year.

Australian economic snapshot

Australian economy key statistics (latest available as at 30 April 2019)

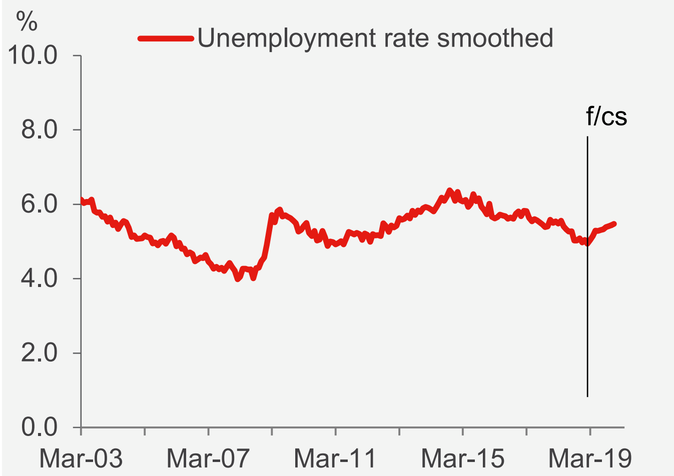
GDP	**2.3%**
Westpac Economics Forecast (end calendar 2019)	2.2%
Unemployment Rate	**5.0%**
Westpac Economics Forecast (end calendar 2019)	5.5%
Inflation	**1.3%**
Westpac Economics Forecast (end calendar 2019)	1.80%
Cash Rate	**1.50%**
Westpac Economics Forecast (end calendar 2019)	1.00%
AUD/USD	**US$0.70**
Westpac Economics Forecast (end calendar 2019)	US$0.68

Inflation remains subdued[1]



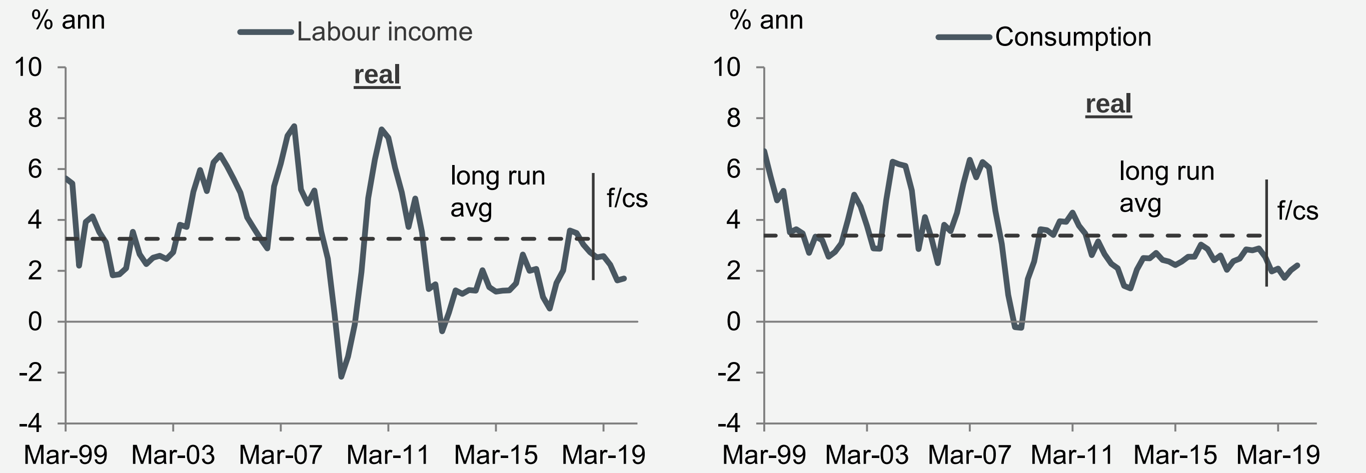
Sources: ABS, RBA, Westpac Economics.

Labour market to cool



Sources: ABS, Westpac Economics.

Persistent weakness in labour incomes and consumer spending



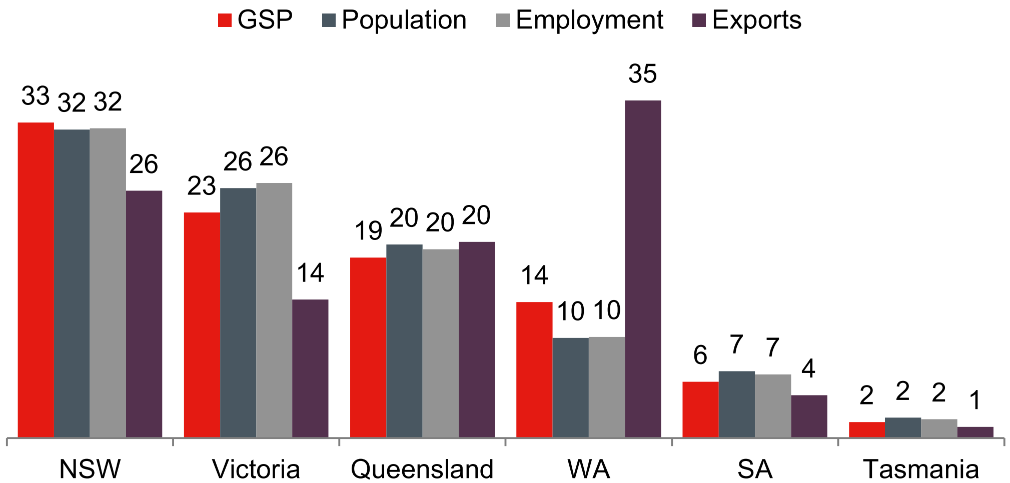
Sources: ABS, Westpac Economics.

1 Average RBA core CPI is average of seasonally adjusted trimmed mean & weighted median CPI.

The Australian economy

NSW and Victoria 58% of population and employment

Relative size of States (Share of Australia, 2017/18, %)

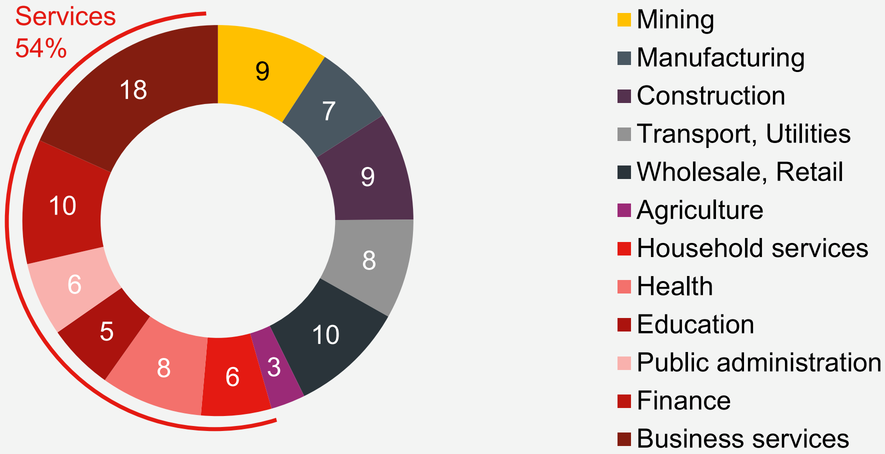


Sources: ABS, Westpac Economics.

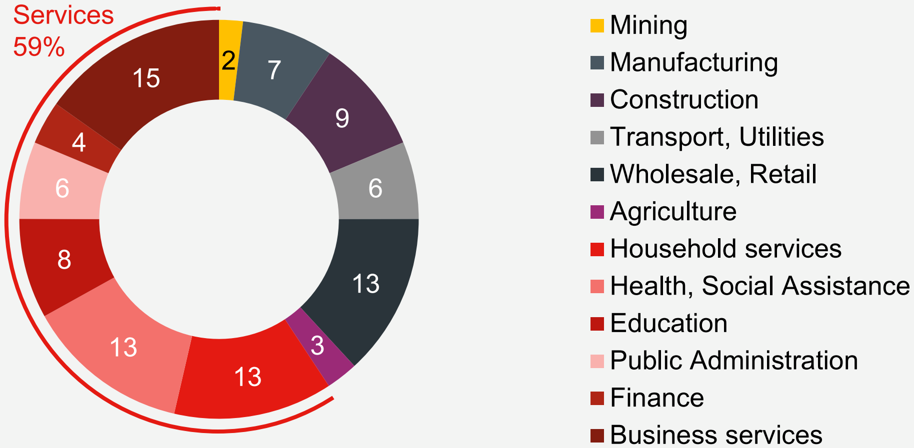
1 Real, financial years, experimental estimates.

Services employ a large part of the Australian workforce

Output 2018 - sector contribution to GDP (%)[1]



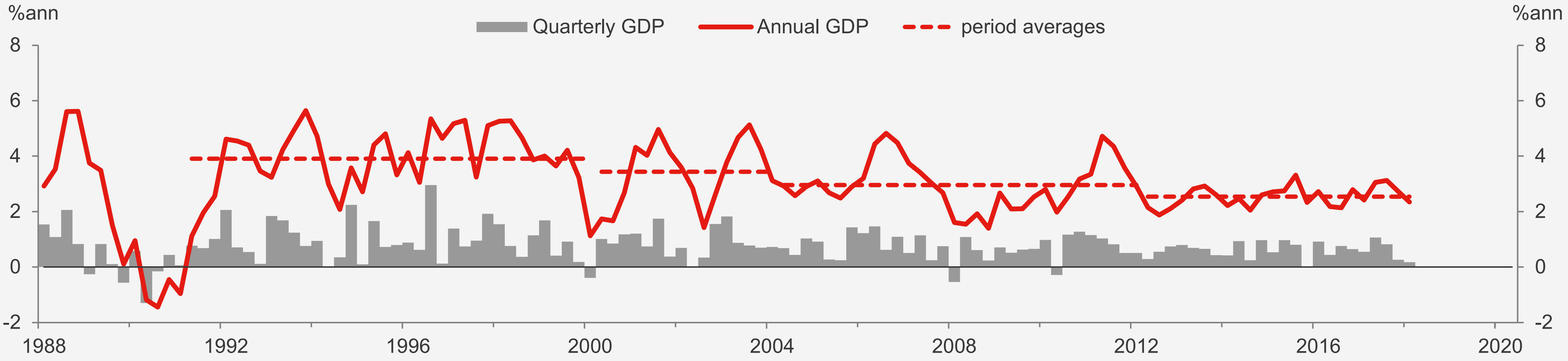
Australian employment by sector 2018 (%)



Sources: ABS, Westpac Economics. 1 Excludes ownership of dwellings and taxes less subsidies.

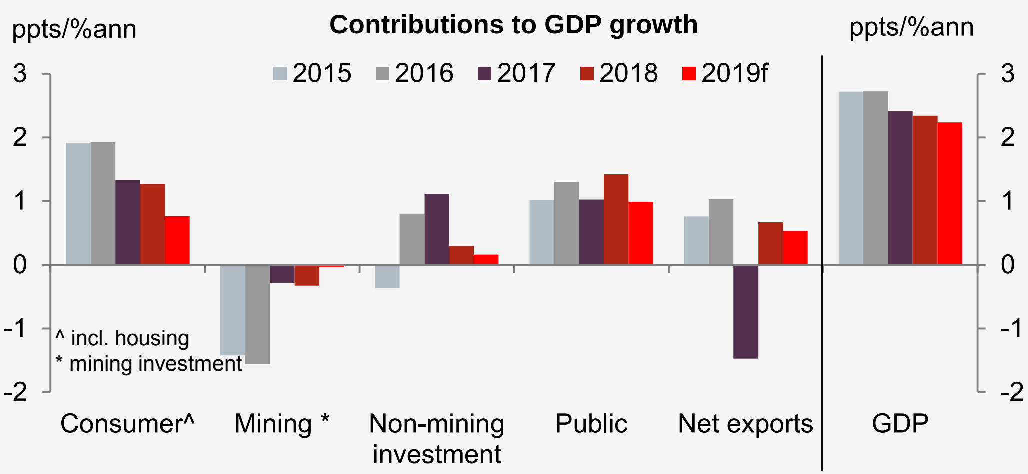
Australian economic outlook: slower growth ahead

Australia: 27 years of uninterrupted growth



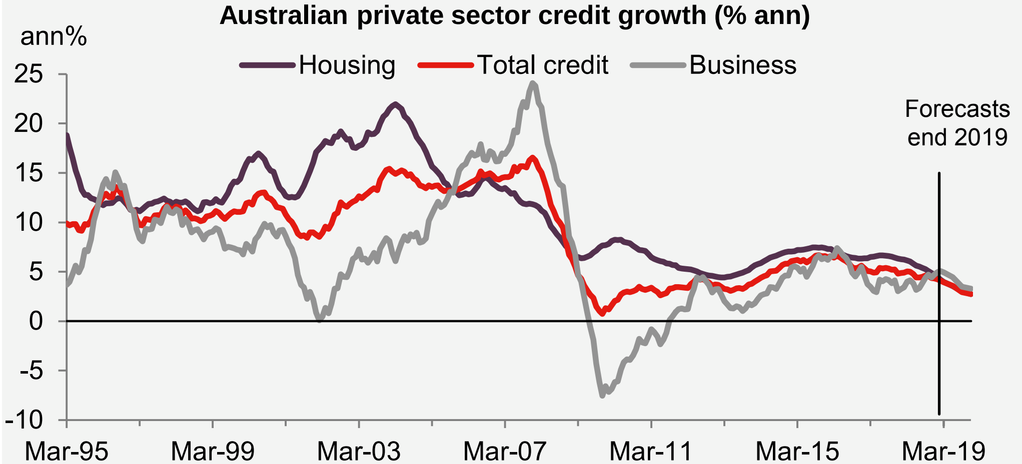
Sources: ABS, Westpac Economics.

Australian growth mix: shifting drivers



Sources: ABS, Westpac Economics.

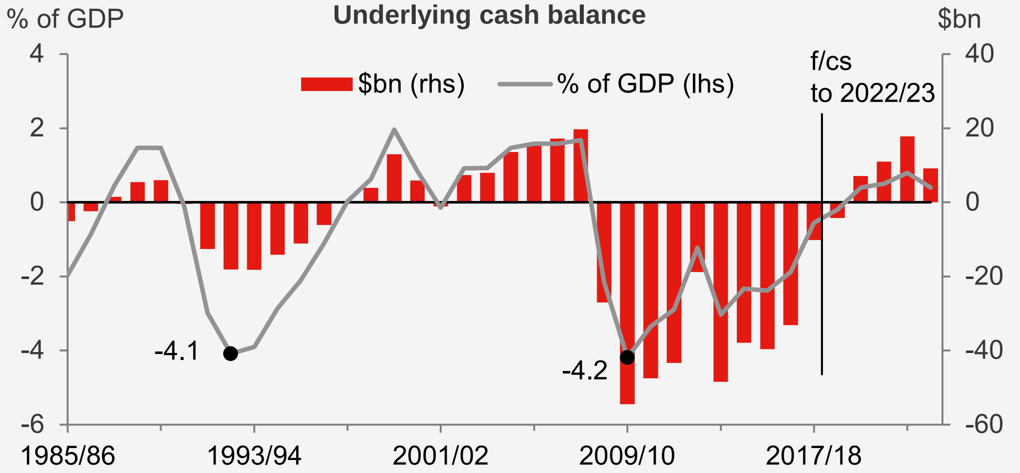
Australian private sector credit growth subdued



Sources: RBA, Westpac Economics.

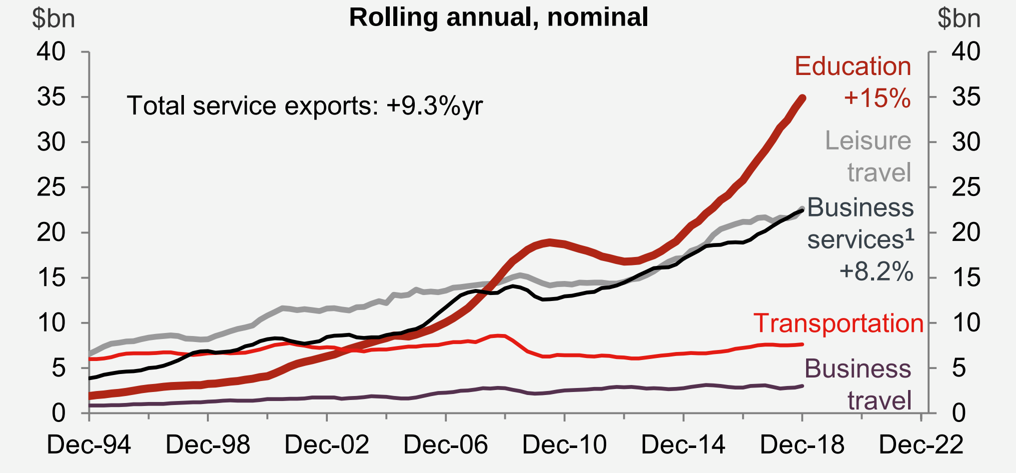
Public sector supporting growth; service exports solid

Budget balance: return to surplus in 2019/20



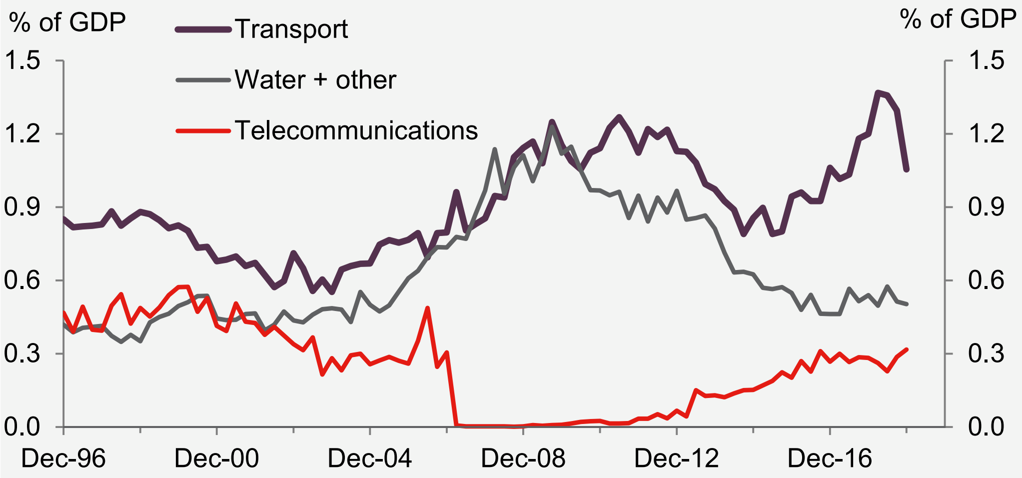
Sources: Budget papers, ABS, Westpac Economics.

Services exports rising



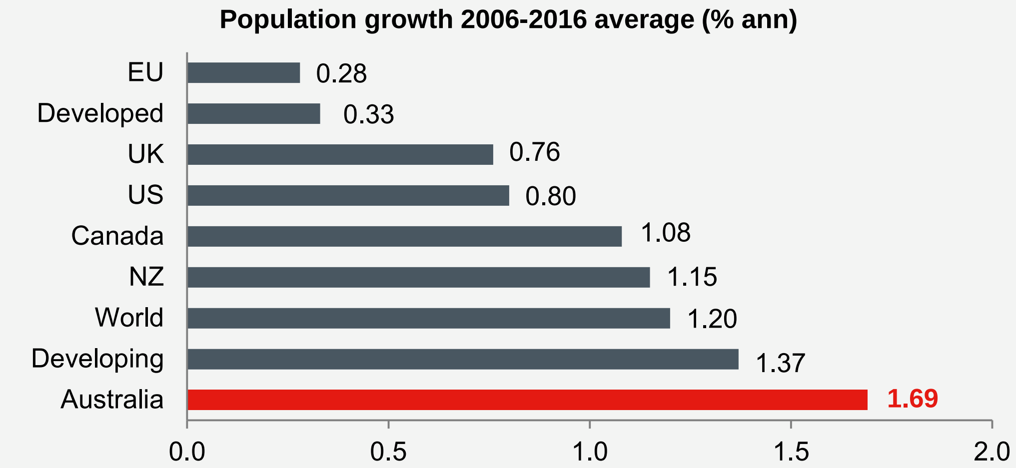
Sources: ABS, Westpac Economics.

Public infrastructure: strong upswing



Sources: ABS, Westpac Economics.

Population growth remains high

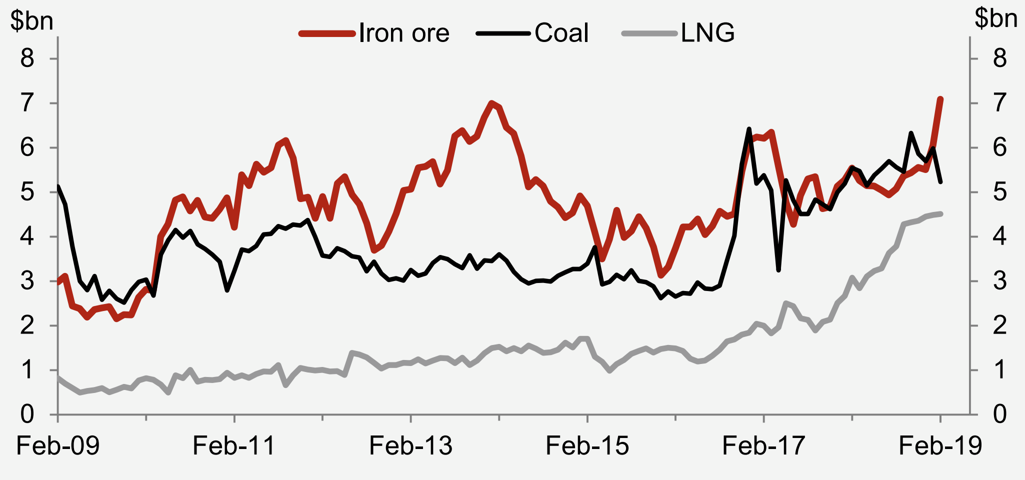


Sources: ABS, AFR, Westpac Economics.

1 Business services: $21bn, including: legal & professional services $5.3bn, financial services $4.3bn, IT & Telecomm $3.8bn, Intellectual property rights $1.1bn and other $6.3bn. 2 Includes WCFI+BI commodities index, 2 year swap spread and NFD to GDP.

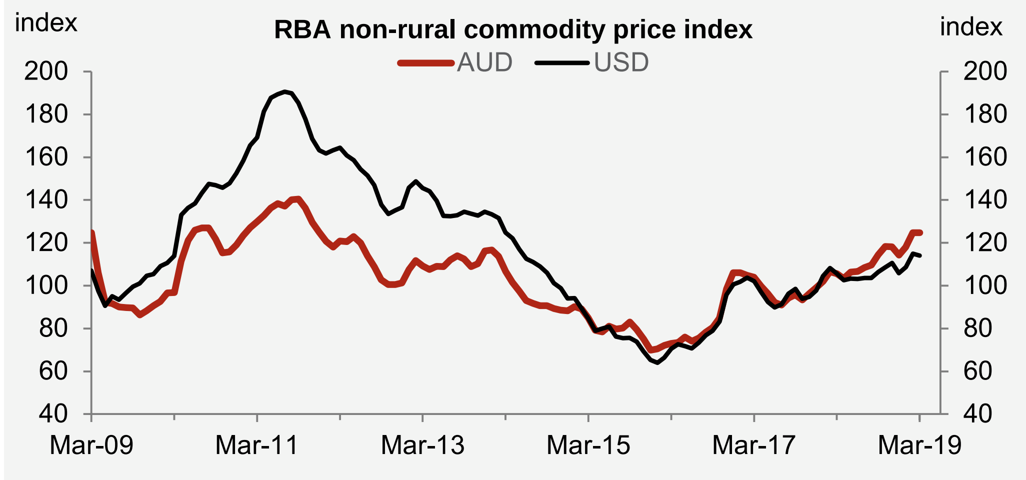
Australia’s commodity prices holding up

Australia: key commodity exports ($bn)



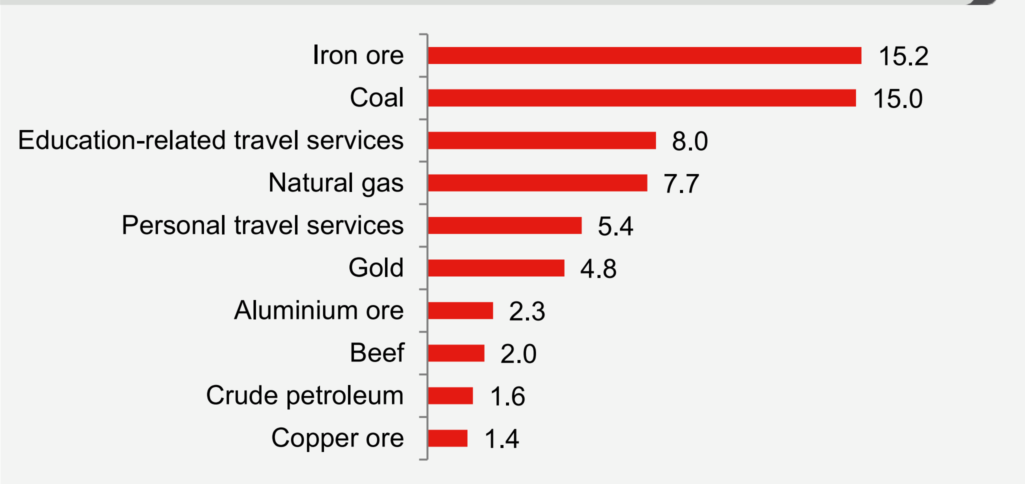
Sources: ABS, Westpac Economics.

Australia: commodity prices (index)



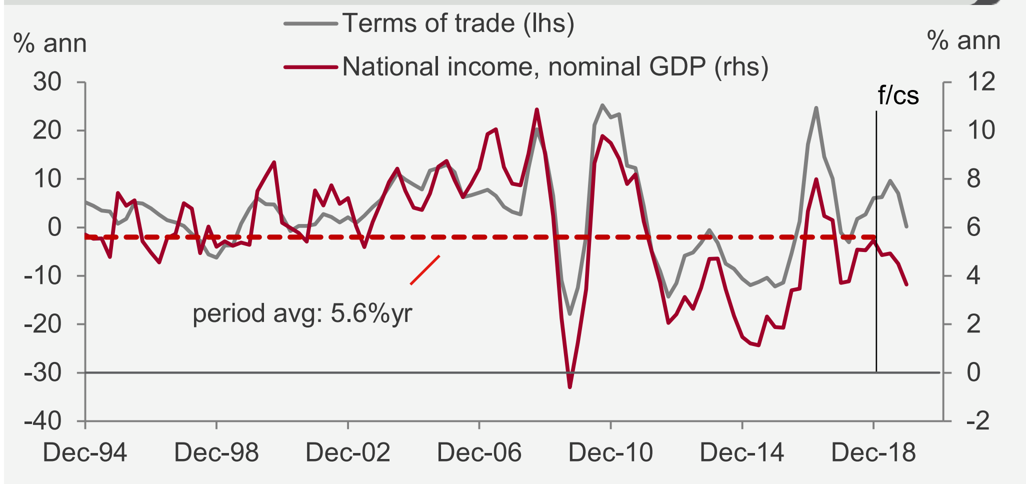
Sources: RBA, Westpac Economics.

Australia’s top exports 2017-18 (% share)



Source: DFAT, ABS.

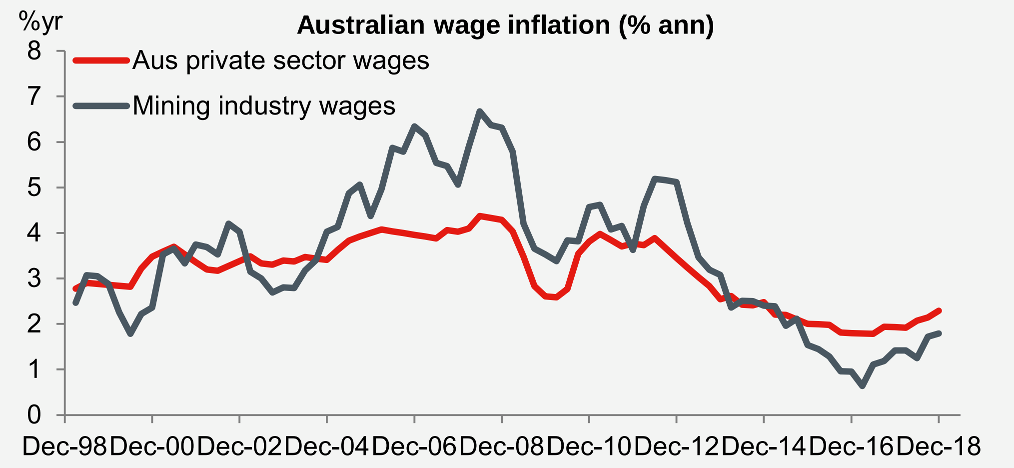
Terms of trade (% ann)



Sources: ABS, Westpac Economics.

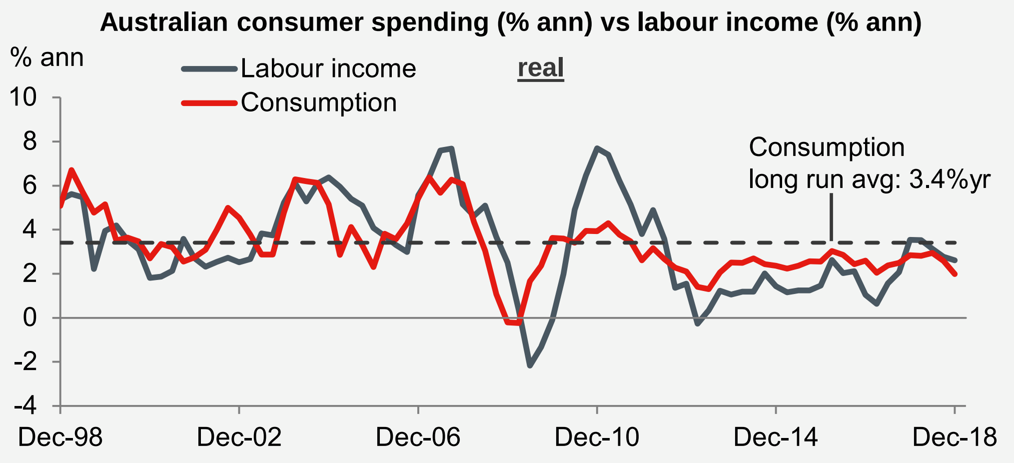
Some headwinds for the Australian consumer

Australian wage inflation remains low



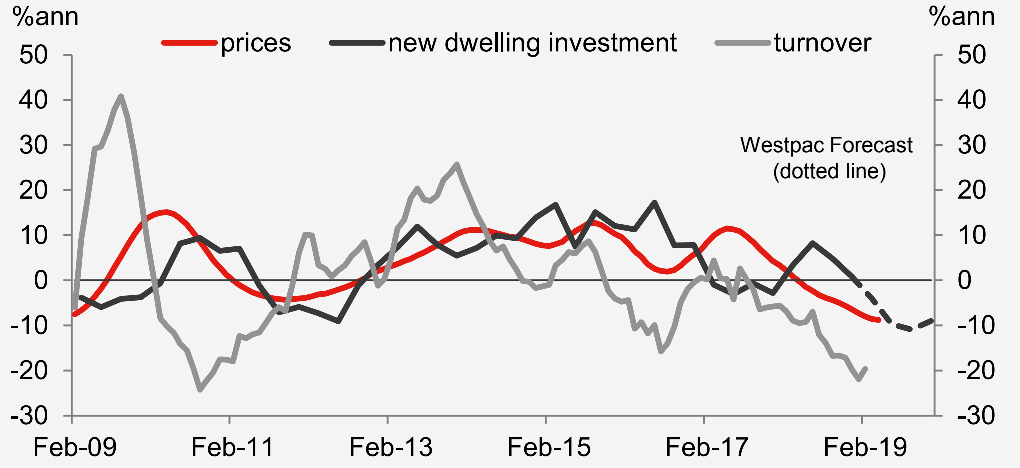
Sources: ABS, Westpac Economics.

Consumer spending constrained by income growth



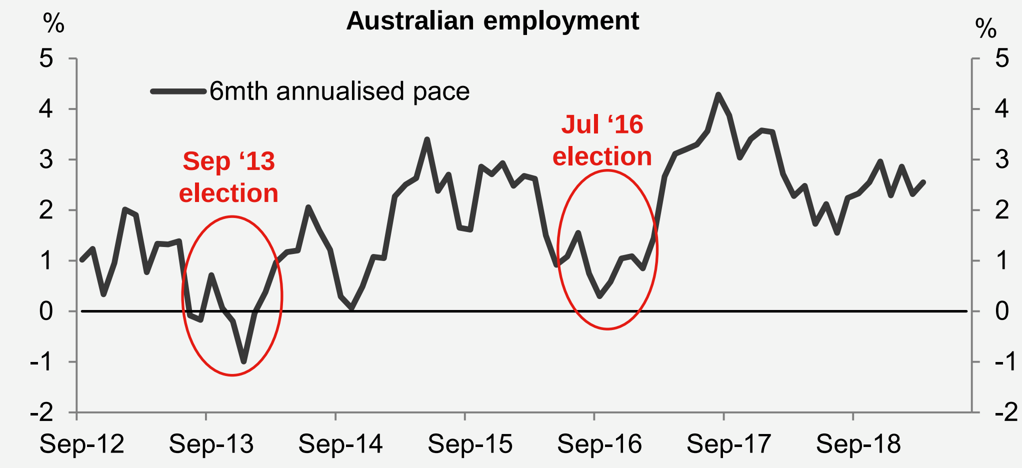
Sources: ABS, Westpac Economics.

Cooling housing market



Sources: CoreLogic, ABS, Westpac Economics.

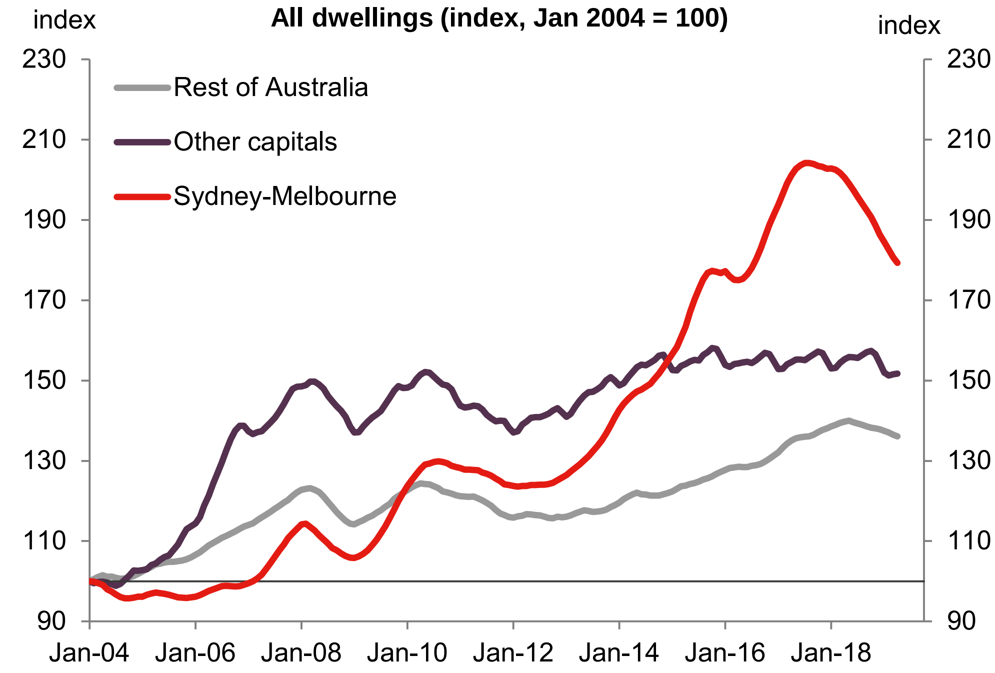
Election uncertainty



Sources: ABS, Westpac Economics.

The Australian housing market in a period of adjustment

Australian dwelling prices

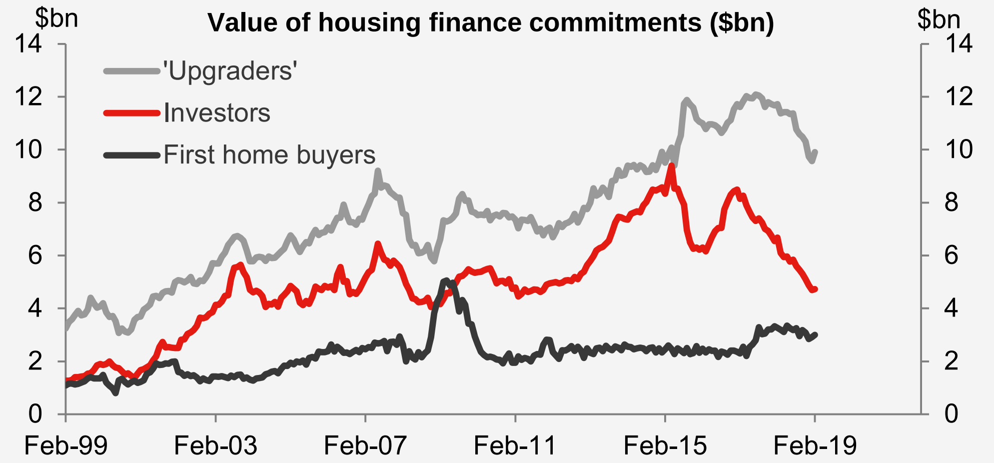


Sources: CoreLogic, Westpac Economics.

Capital city	Pop'n	Dwelling prices %ch last 3mths (Apr-19)	Dwelling prices YoY (Apr-19)
Sydney	4.8m	Down 2.5%	Down 10.9%
Melbourne	4.5m	Down 2.4%	Down 10.0%
Brisbane	2.3m	Down 1.2%	Down 1.9%
Perth	1.9m	Down 2.3%	Down 8.3%

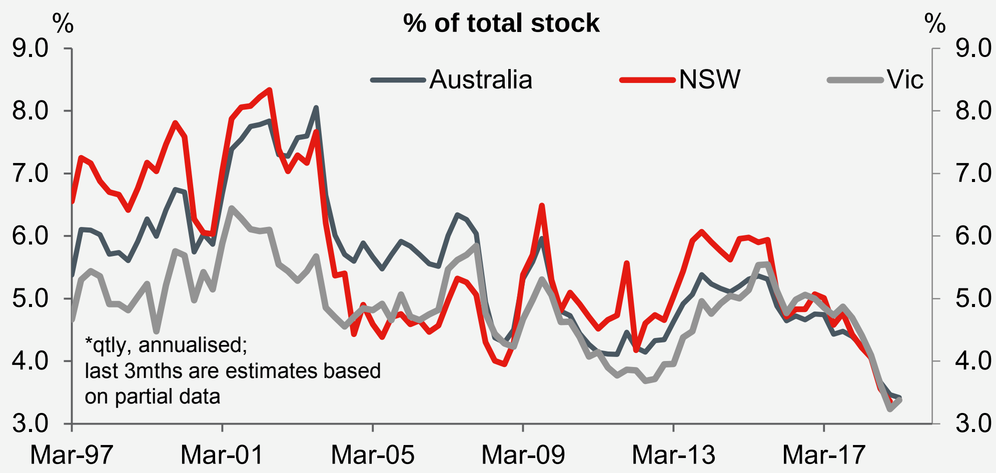
Sources: ABS, CoreLogic, Westpac Economics.

Finance approvals



Sources: ABS, Westpac Economics.

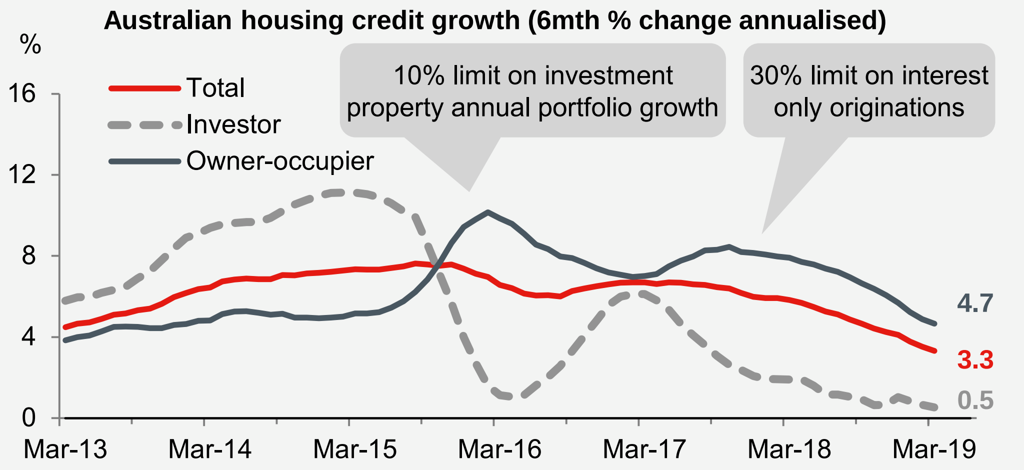
Dwelling turnover



Sources: CoreLogic, ABS, Westpac Economics.

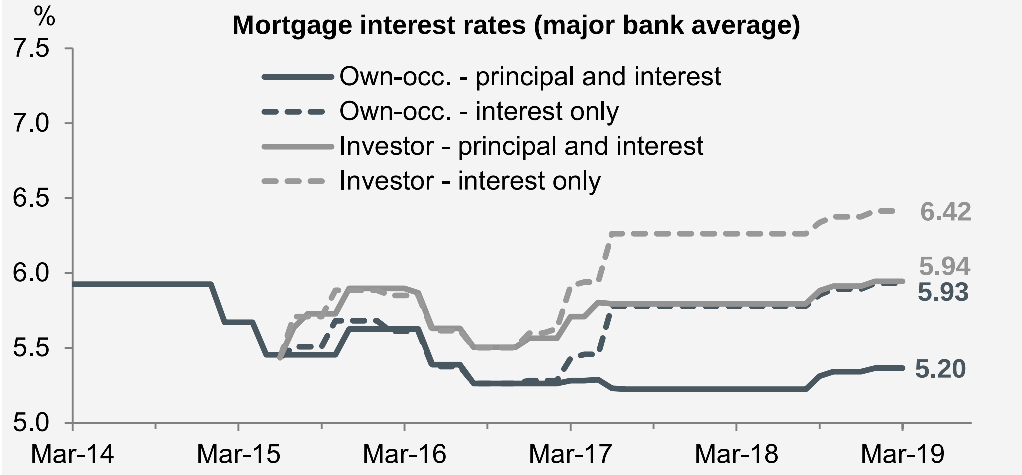
Quality of banks' new lending continues to improve

Change in composition of housing credit



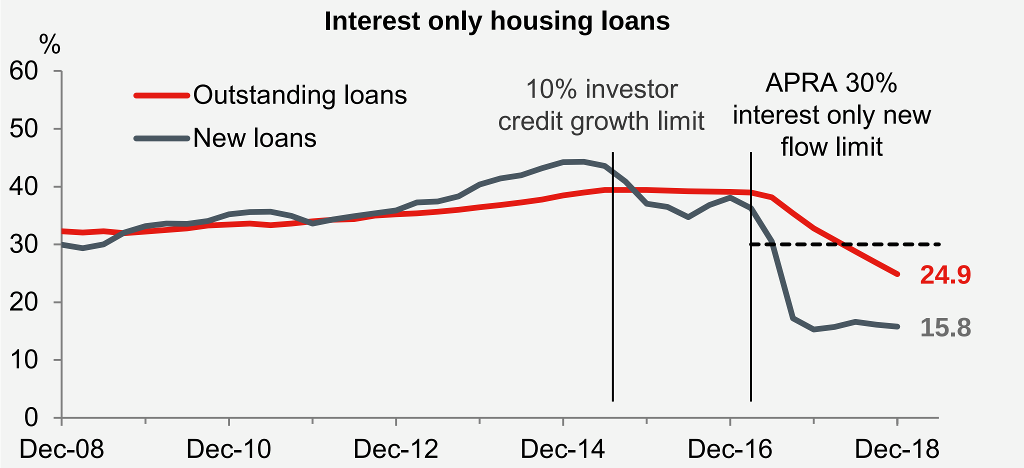
Sources: RBA, Westpac Economics.

Introduction of differentiated mortgage pricing



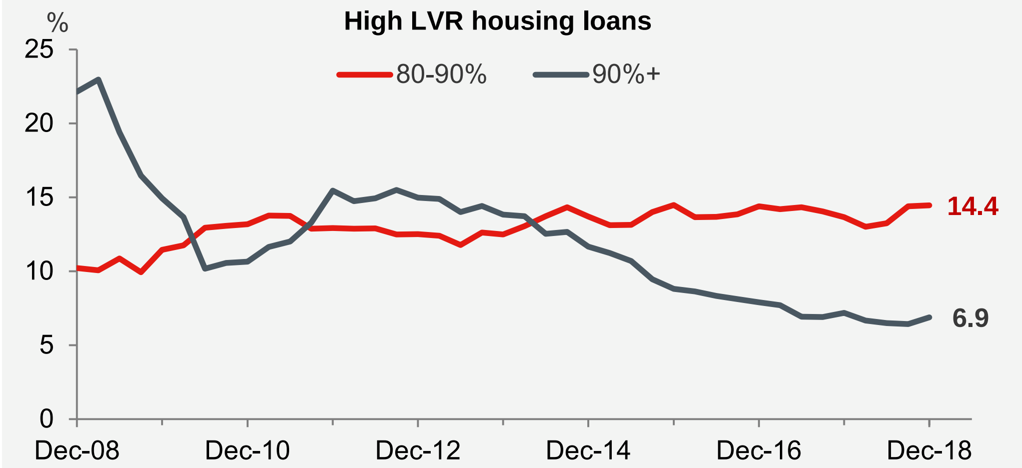
Source: APRA, RBA, Westpac Economics.

Lower flow of interest only loans



Sources: ABS, APRA, RBA, Westpac Economics.

Lower new flow of 90%+ LVR loans

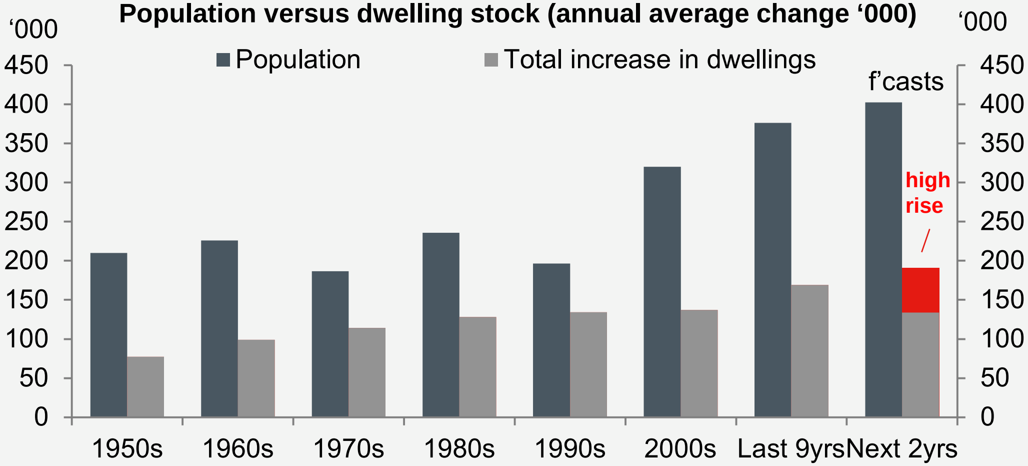


Sources: ABS, APRA, RBA, Westpac Economics.

Physical supply/demand fundamentals remain sound across wider market

Dwelling supply has not kept pace with stronger demand

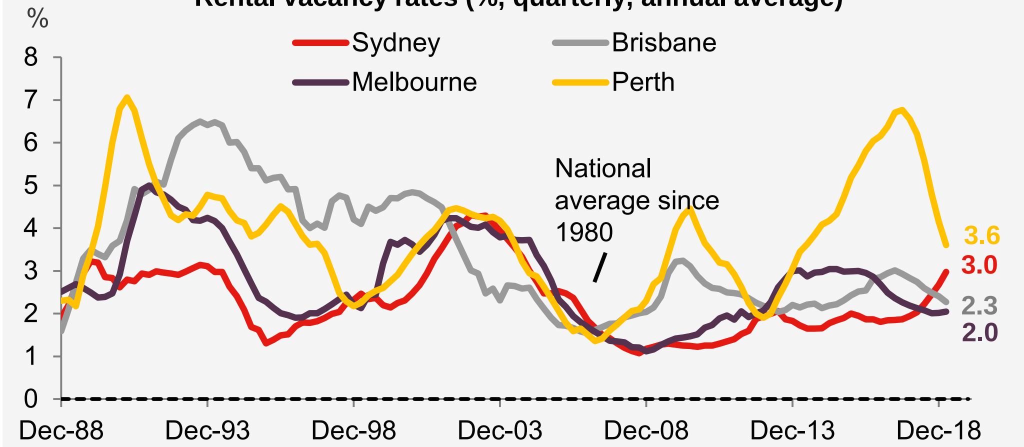
Population versus dwelling stock (annual average change '000)



Sources: ABS, Westpac Economics. Dwelling stock is net of demolitions – implied by Census data.

Rental vacancy rates

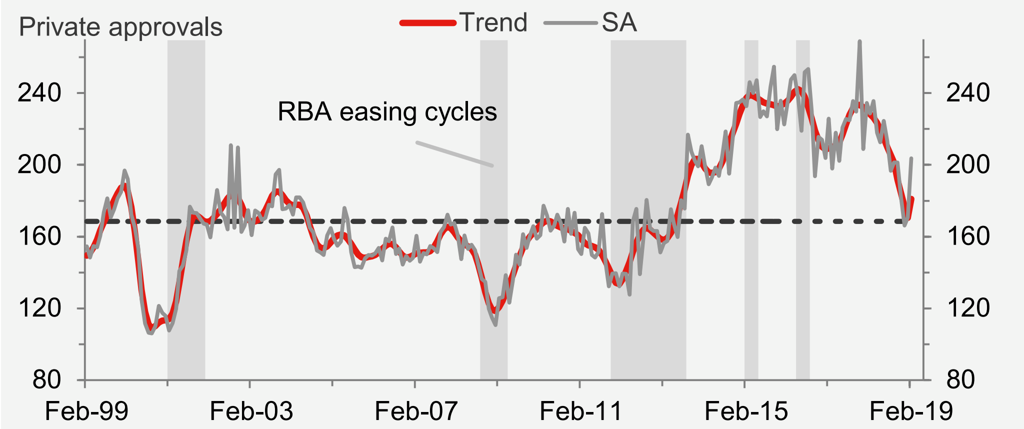
Rental vacancy rates (%, quarterly, annual average)



Sources: REIA, Westpac Economics.

Dwelling approvals down from 2016 highs

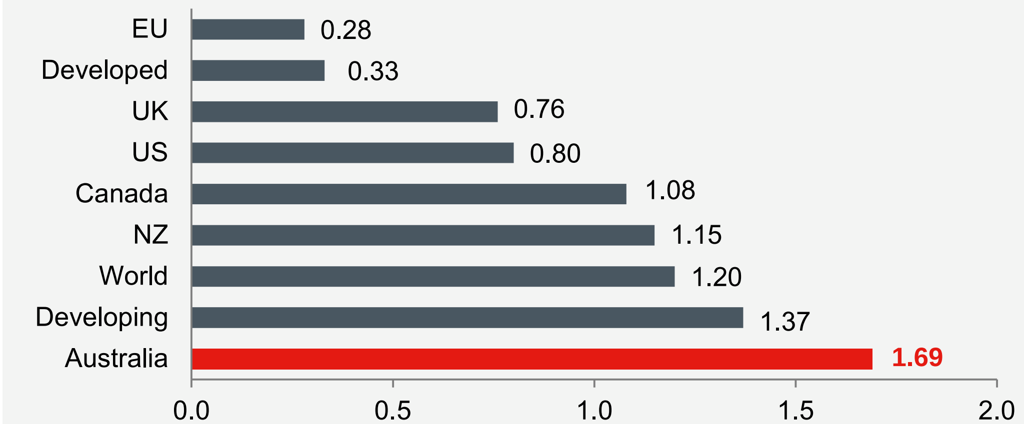
Dwelling approvals ('000 month, annualised)



Sources: ABS, RBA, Westpac Economics.

Population growth remains high in Australia

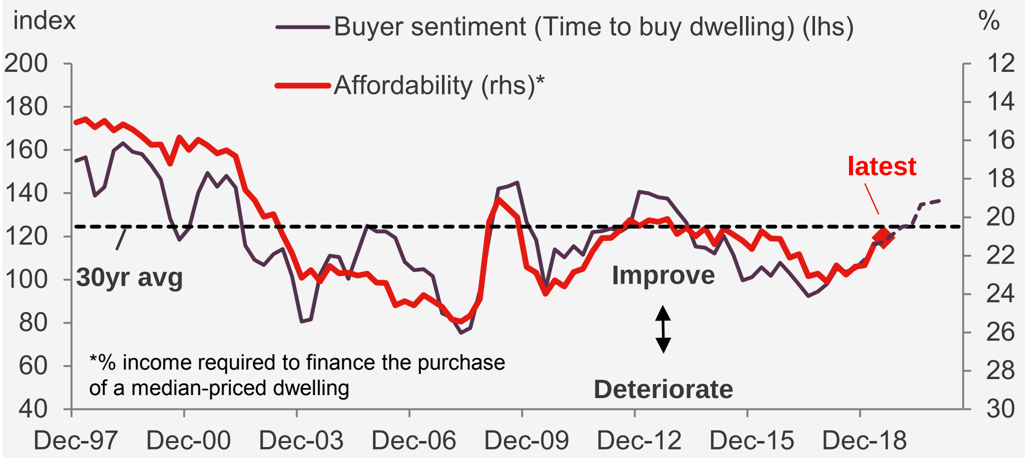
Population growth 2006-2016 average (% ann)



Source: AFR, Westpac Economics.

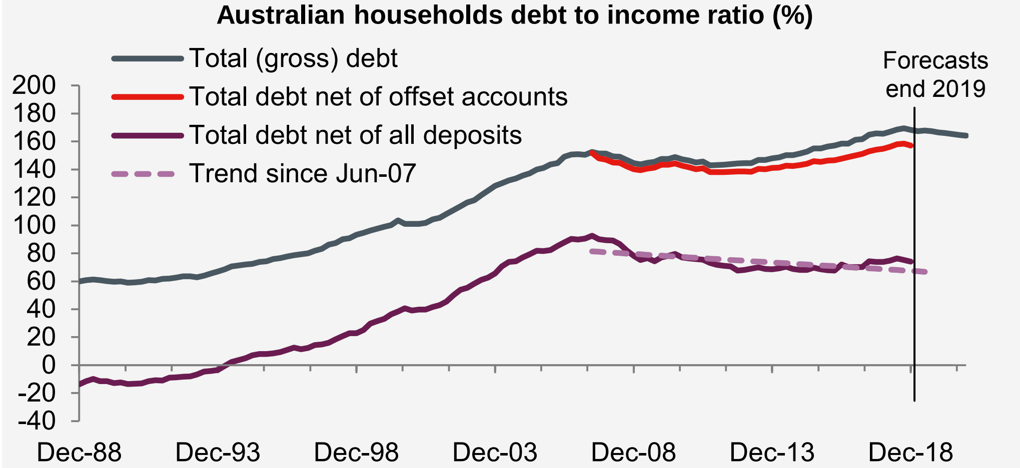
Australian household balance sheets

Affordability & buyer sentiment



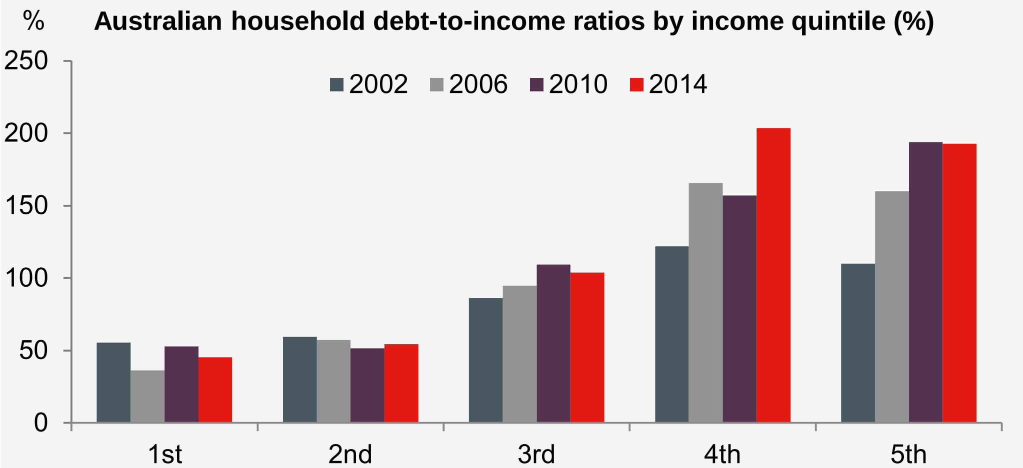
Sources: CoreLogic, ABS, Westpac-Melbourne Institute.

Australian household debt to income ratio remains high



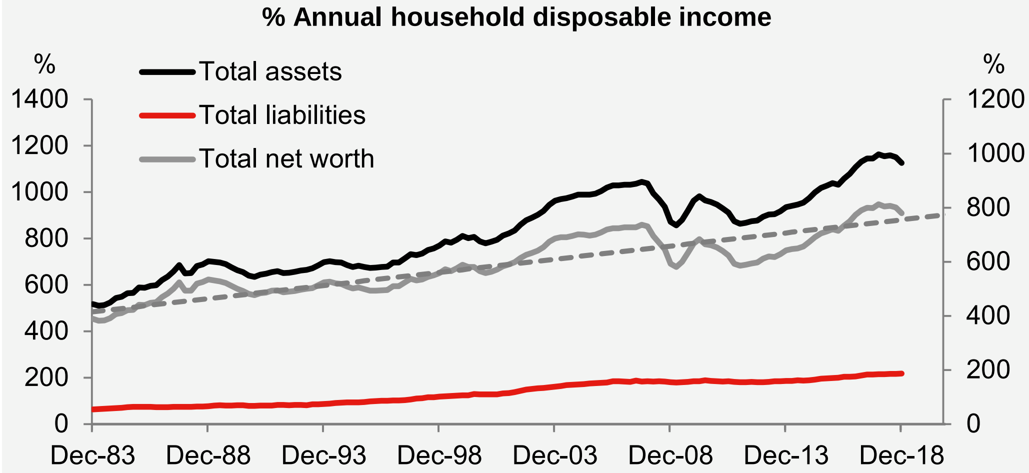
Sources: ABS, RBA, Westpac Economics.

Higher income households have increased borrowings



Sources: ABS, RBA, Westpac Economics.

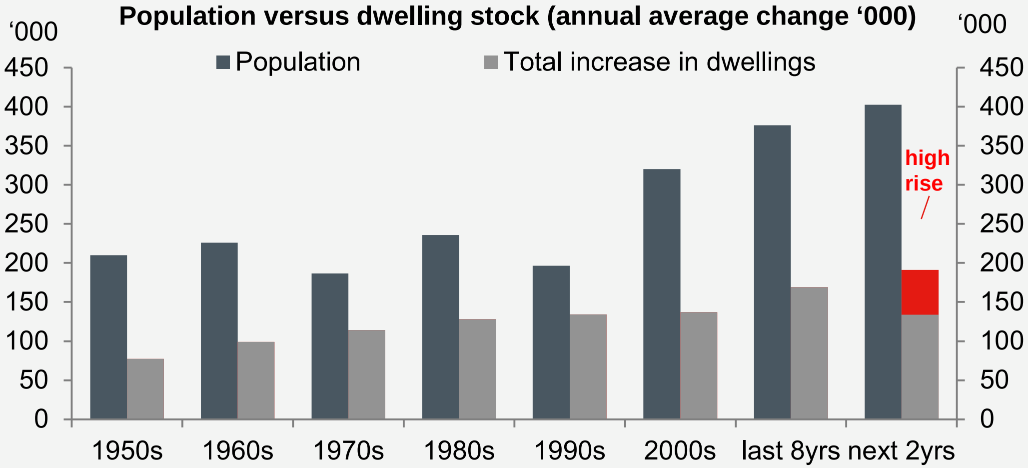
Australian household net wealth has also increased



Sources: ABS, RBA, Westpac Economics.

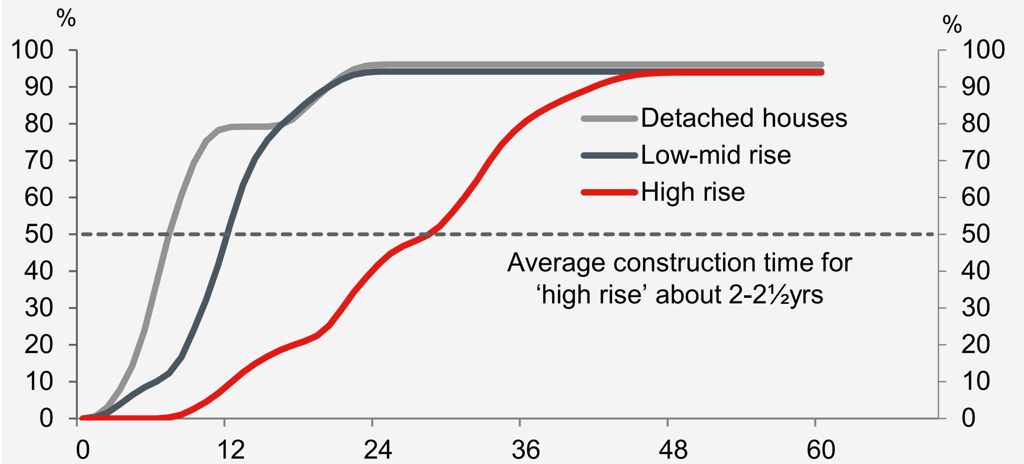
Australia's high rise apartment market – past the peak although supply still coming online

Aggregate supply/demand fundamentals remain positive



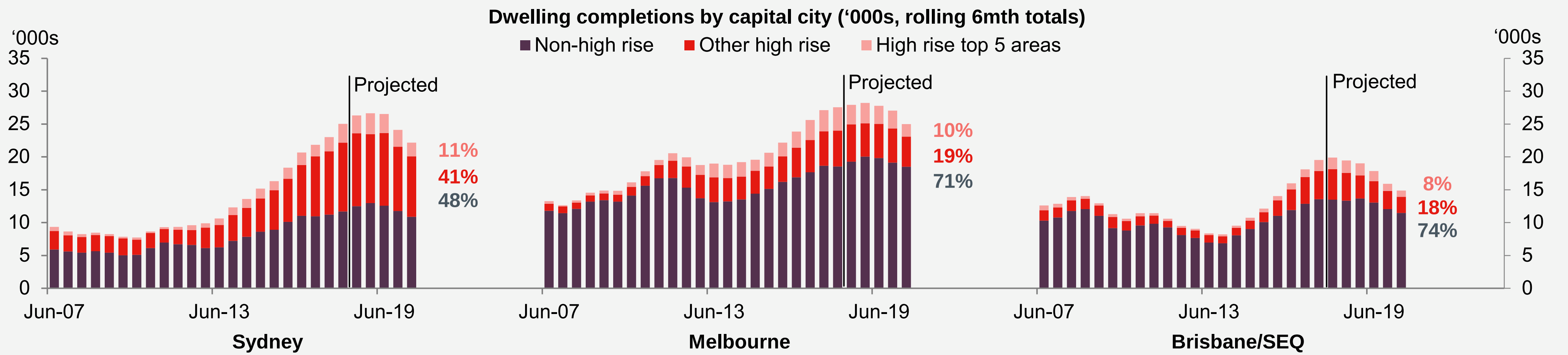
Sources: REIA, Westpac Economics. Dwelling stock is net of demolitions – implied by Census data.

Dwelling construction: indicative completion times[1]



Source: RBA, CoreLogic.

Projected dwelling completions, major metro areas



Sources: ABS, 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.

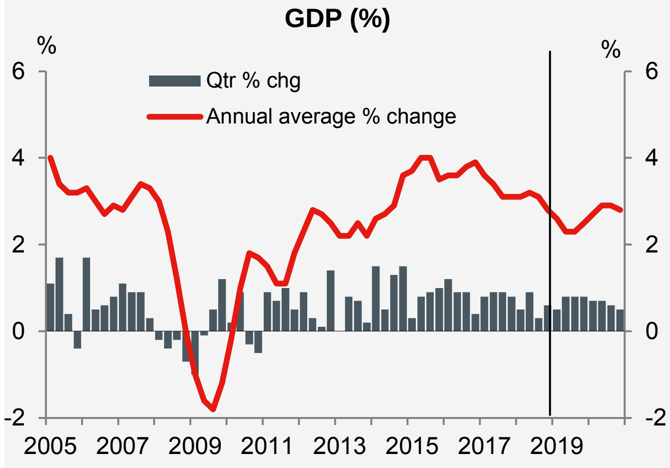
New Zealand economic snapshot – growth has taken a step down

New Zealand economy key statistics (latest available as at 30 April 2019)

GDP[1]	**2.8%**
Westpac Economics Forecast (end calendar 2019)	2.5%
Unemployment Rate	**4.3%**
Westpac Economics Forecast (end calendar 2019)	4.2%
Inflation	**1.5%**
Westpac Economics Forecast (end calendar 2019)	1.5%
Cash Rate	**1.75%**
Westpac Economics Forecast (end calendar 2019)	1.50%
NZD/USD	**US$0.67**
Westpac Economics Forecast (end calendar 2019)	US$0.66

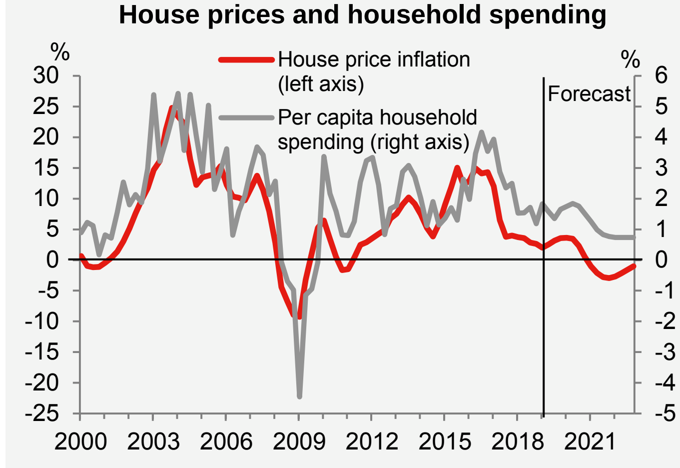
1 Year average growth rates.

GDP growth has cooled



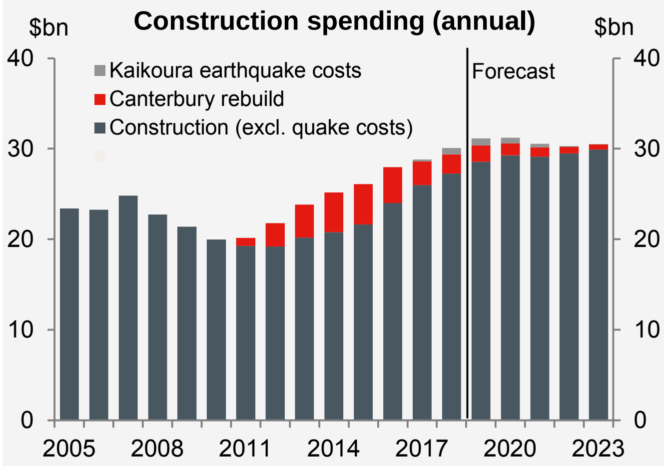
Source: Stats NZ, Westpac Economics.

Spending to slow as housing cools



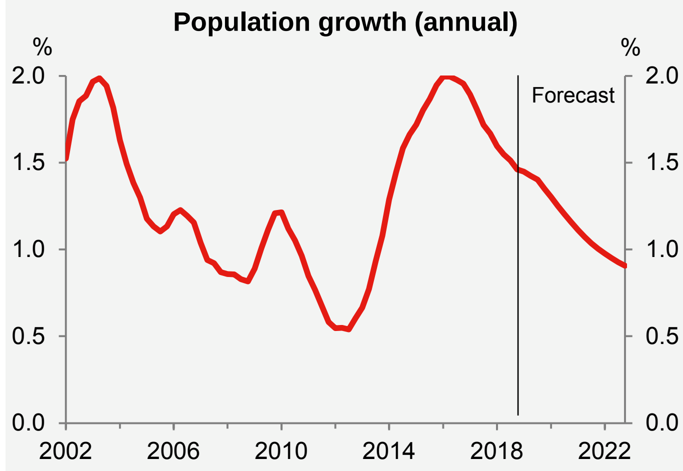
Source: Stats NZ, Westpac Economics.

Construction approaching peak



Source: Westpac Economics estimates.

Population growth cooling

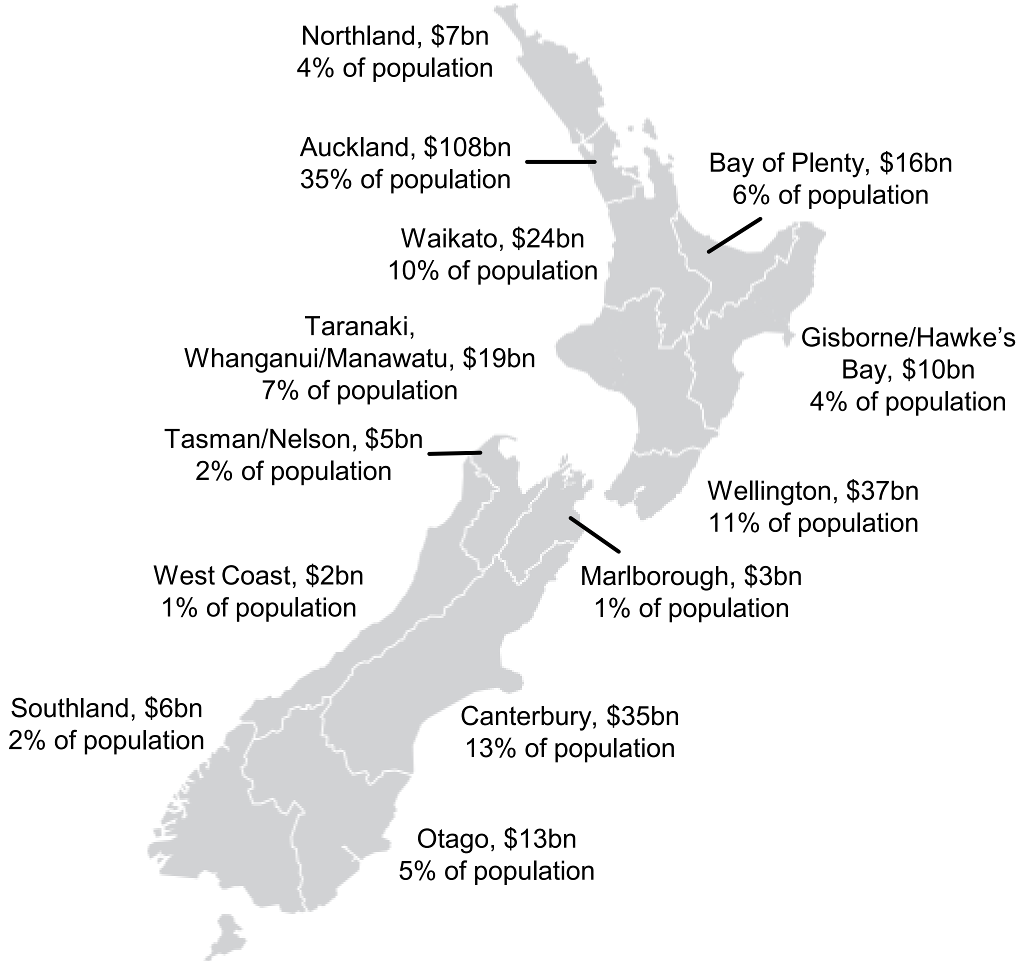


Source: Stats NZ, Westpac Economics.

The New Zealand economy

Regional GDP

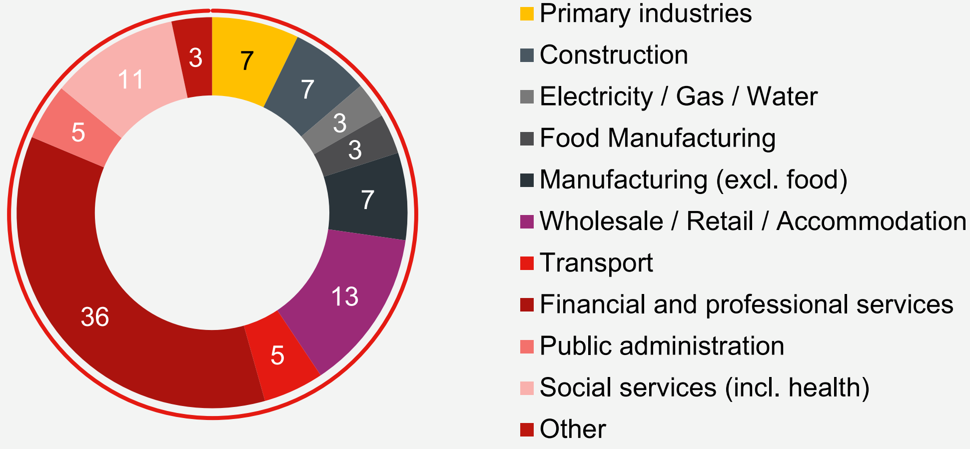
Total nominal GDP 2018: $293bn
Population 4.9 mil



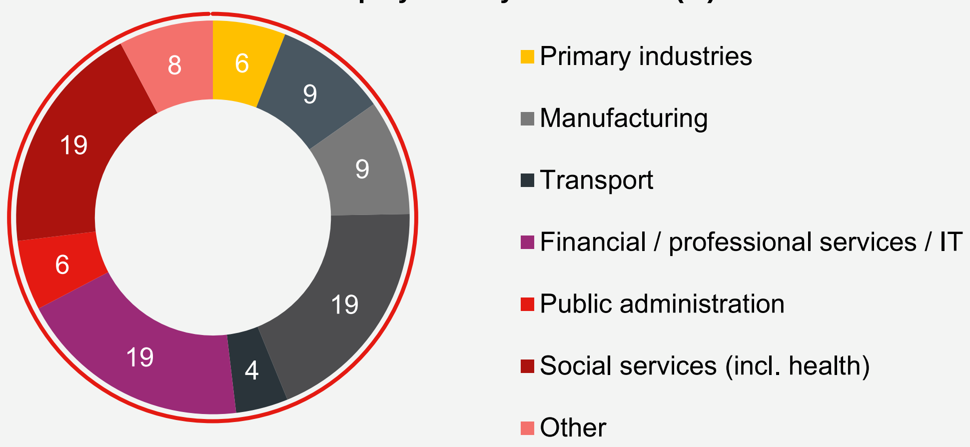
Sources: Stats NZ, Westpac Economics.
Nationwide GDP and employment figures are for the year to December 2018, regional figure are for the year to March 2018.

NZ output and employment

Output 2018 - sector contribution to GDP (%)



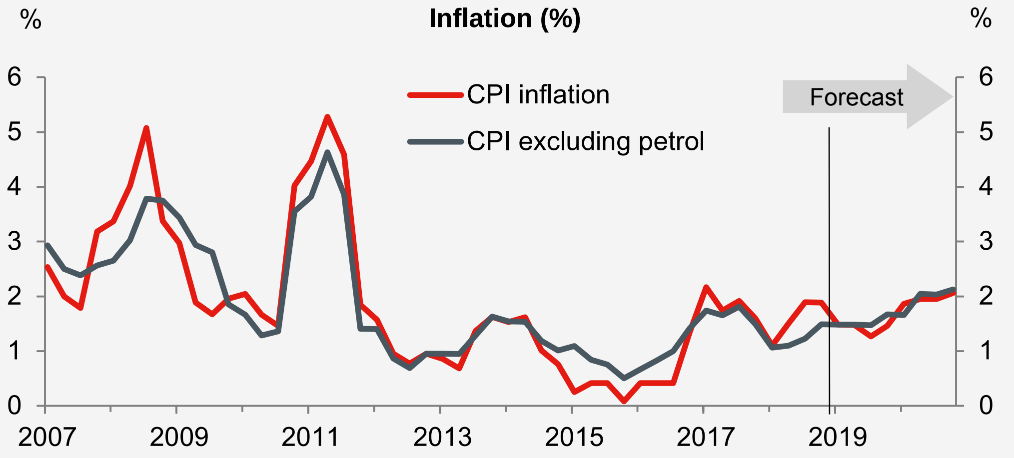
NZ employment by sector 2018 (%)



Sources: Stats NZ, Westpac Economics.

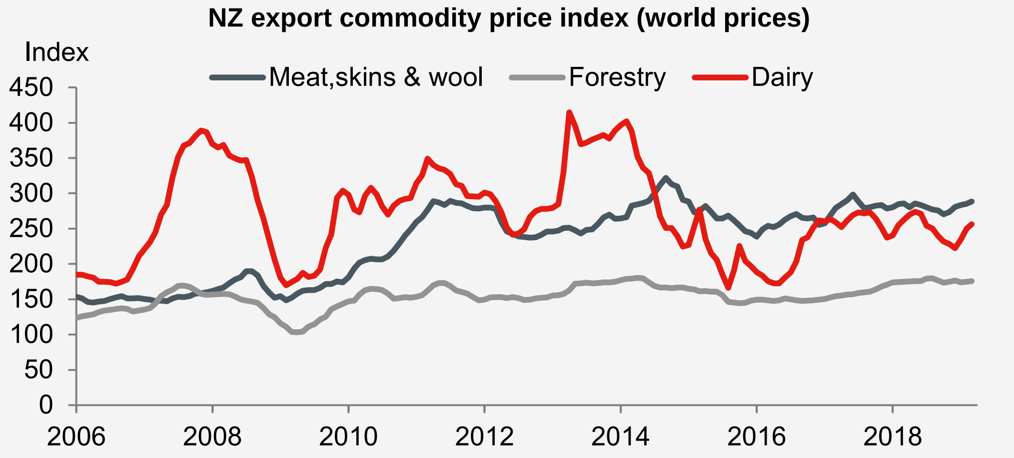
New Zealand economic indicators

Inflation off its lows, still moderate



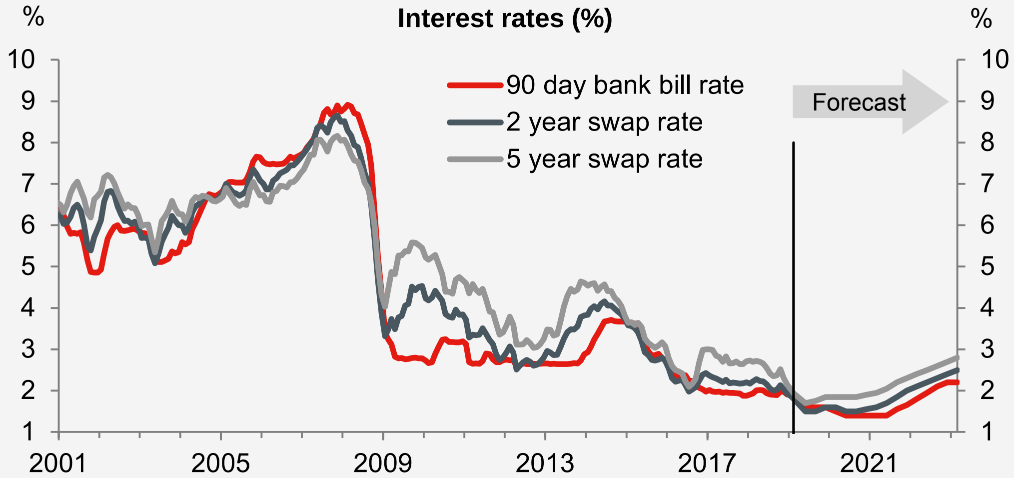
Source: Stats NZ, Westpac Economics.

Export prices remain favourable



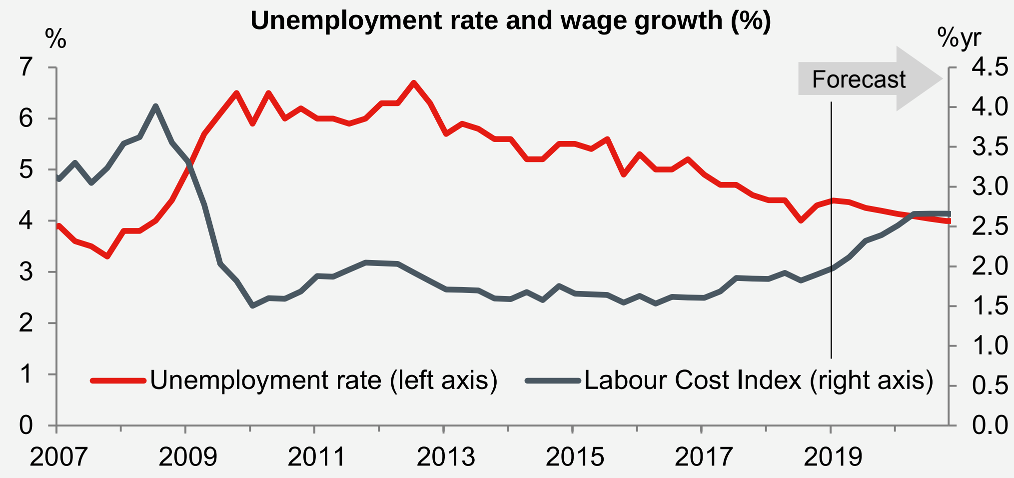
Source: ANZ, Westpac Economics.

RBNZ has shifted to an easing bias



Source: RBNZ, Westpac Economics.

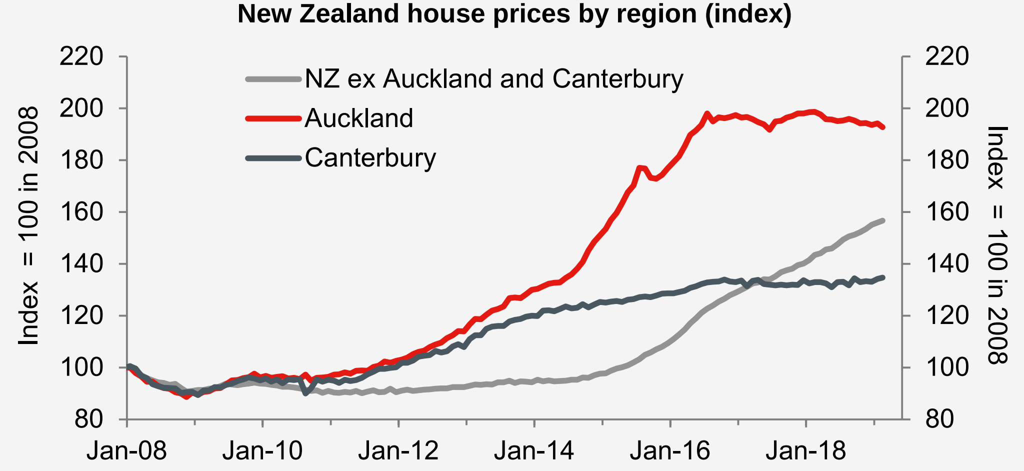
Labour market has tightened



Source: Stats NZ, Westpac Economics.

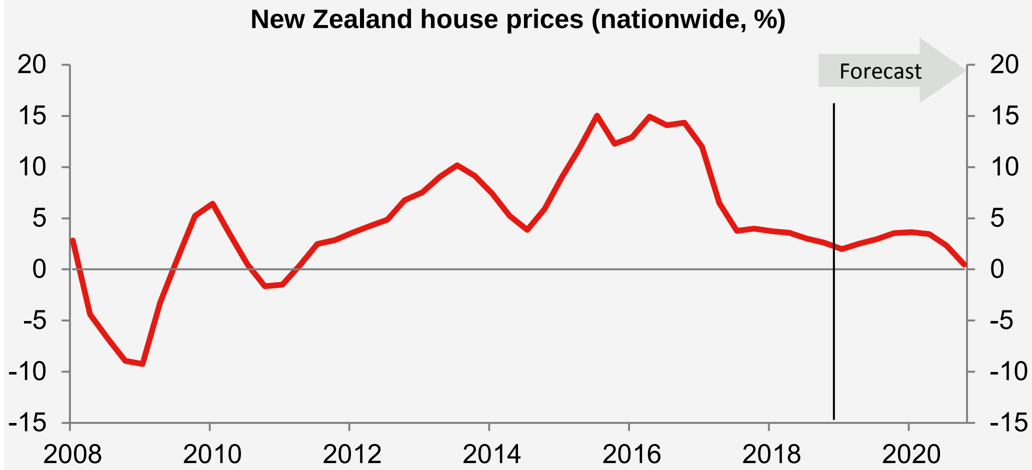
New Zealand housing market expected to be dampened by policy changes

Policy changes have softened housing demand…



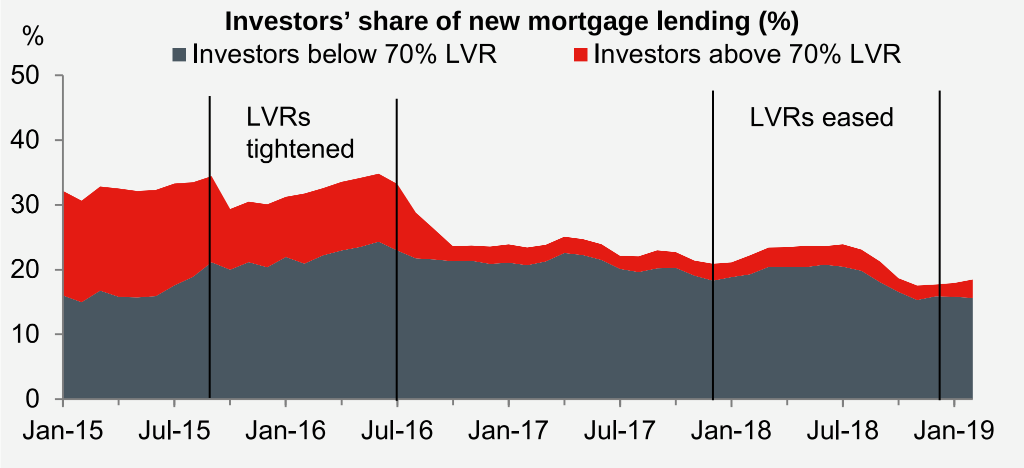
Source: REINZ.

…and a period of subdued price growth is expected



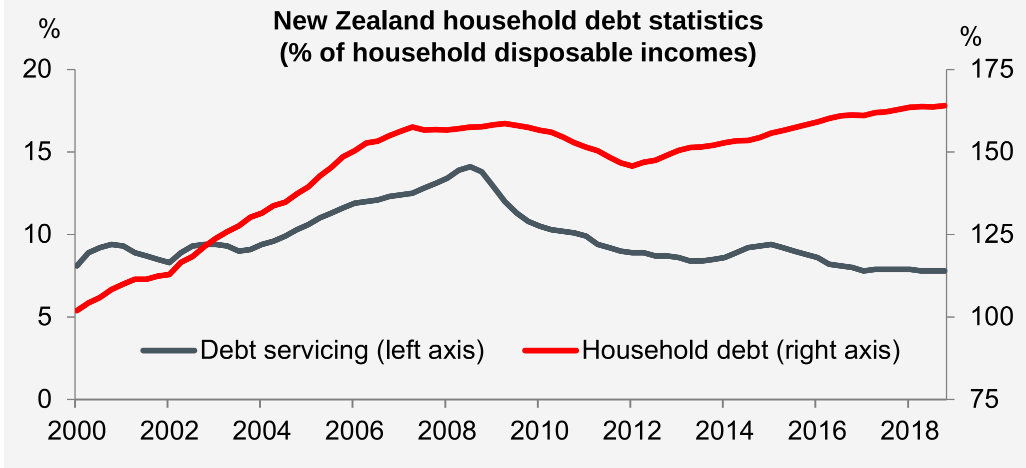
Sources: QVNZ, Westpac Economics.

Macroprudential policies have eased…



Source: RBNZ.

…further easing likely if property market slows further



Source: RBNZ.

Appendix and Disclaimer

Appendix 1: Cash earnings adjustments

Cash earnings adjustment	1H18 $m	2H18 $m	1H19 $m	Description
Reported net profit	4,198	3,897	**3,173**	Net profit attributable to owners of Westpac Banking Corporation
Amortisation of intangible assets	17	-	**-**	Identifiable intangible assets arising from business acquisitions 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. The last of these intangible assets were fully amortised in December 2017
Fair value (gain)/loss on economic hedges	37	(163)	**126**	Fair value on economic hedges (which do not qualify for hedge accounting under AAS) comprise: • The unrealised fair value (gain)/loss on foreign exchange hedges of future New Zealand earnings impacting non-interest income is reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge; and • The unrealised fair value (gain)/loss on hedges of accrual accounted term funding transactions are reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge
Ineffective hedges	9	4	**(5)**	The unrealised (gain)/loss on ineffective hedges is reversed in deriving cash earnings 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
Adjustments related to Pendal Group (formerly BTIM)	-	73	**4**	Consistent with prior periods' treatment, this item has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations. The Group has indicated that it may sell the remaining 10% shareholding in Pendal Group Limited at some future date. From September 2018, this adjustment relates to the mark to market of the shares and separation costs related to the original sell down. Any future gain or loss on this shareholding will similarly be excluded from the calculation of cash earnings
Treasury shares	(10)	3	**(2)**	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 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	**4,251**	**3,814**	**3,296**	

Appendix 2: Sustainability

Industry awards[1]

Awarded Bronze Class ranking in RobecoSAM's 2019 Sustainability Yearbook

Achieved highest "Leading" rating for the 11th consecutive year for disclosure of sustainability risks in 2018

Received "B" rating in the 2018 CDP for our response to climate change, announced January 2019

Reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Global, April 2019

Achieved highest ISS QualityScore Environment and Social score of 1, last confirmed April 2019.

Sustainability indexes[1]

A world leader and member of DJSI World, DJSI Asia Pacific, and DJSI Australia Indexes

Leader class among peer group[2], highest ranked Australian Bank, April 2019

Member of the FTSE4Good Index, of which Westpac has been a member for over 10 years, announced in August 2018

Member of the MSCI ESG Leaders index[3]

Member of the STOXX 2018/2019 ESG Leaders Indices for the sixth consecutive year

Inclusion and diversity recognition[1]

Included in the 2019 Bloomberg Gender Equality Index

Employer of Choice by The Workplace Gender Equality Agency, held for 15 years

Received highest accolade of Platinum status in the Australian Workplace Equality Index Awards in May 2018

1 As at 31 March 2019, unless otherwise indicated. 2 Copyright ©2019 Sustainalytics. 3 The inclusion of WBC in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of WBC by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Appendix 2: Sustainability

Key commitments and partnerships[1]

Principles for Responsible Banking
Founding bank of the PRBs, and first to report alignment with the draft Principles

Principles for Responsible Investment
Signatory (2007)

UN Sustainable Development Goals
CEO Statement of Commitment (2015)

Paris Climate Agreement
Supporter (2015)

The Equator Principles
Founding Adopter,
First Australian Bank (2003)

UN Environment Program Finance Initiative
Founding Member (1991)

Financial Stability Board's Task Force on Climate-related Financial Disclosures
Align with and support

Climate Action 100+
Signatory (2018)

RE100, an initiative of The Climate Group in partnership with CDP
Member (2019)

Commitment to United Nations Global Compact
Signatory (2002), Global Compact Network Australia Founding Member (2009)

Global Investor Coalition Statement on Climate Change
Signatory (2014)

The Montreal Carbon Pledge
Signatory (2014)

Climate Bonds Initiative
Partner

Carbon Markets Institute
Corporate Member

We Mean Business Coalition
Signatory (2015)

Social Traders
(for social enterprises)
Member of Connect (2016)

Carbon Neutral Certification
Since 2012

Supply Nation
(for Indigenous owned businesses)
Founding member (2016)

WeConnect International
(for women owned businesses) (2014)

United Nations Tobacco-Free Finance pledge
Founding signatory (2018)

1 As at 31 March 2019, unless otherwise indicated.

Appendix 3: Definitions – Divisions

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 Business Bank, BTFG and WIB in the sales and service of certain 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 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, and property finance. The division is also responsible for consumer customers with auto finance loans. BB works in an integrated way with Consumer Bank, 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
BTFG	BT Financial Group (Australia) (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 and retirement products, wealth administration platforms, private wealth, 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. In addition to the BT brand, BTFG operates a range of financial service brands along with the banking brands of Westpac, St.George, Bank of Melbourne and BankSA for Private Wealth and Insurance
WIB	Westpac Institutional Bank (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 financing, transactional banking, and financial and debt capital markets. 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
Westpac NZ	Westpac New Zealand 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 3: Definitions – Credit quality

90 days past due and not impaired	Includes facilities where: • 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 • 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 • 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.
Provision for expected credit losses (ECL)	Expected credit losses (ECL) are a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and future economic conditions
Collectively assessed provisions (CAPs)	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics
Individually assessed provisions (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
Stage 1: 12 months ECL – performing	For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months expected credit losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset
Stage 2: Lifetime ECL – performing	For financial assets where there has been a significant increase in credit risk since origination but where the asset is still performing a provision for lifetime expected losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset

Stage 3 Lifetime ECL – non-performing	For financial assets that are non-performing a provision for lifetime expected losses is recognised. Interest revenue is calculated on the carrying amount net of the provision for ECL rather than the gross carrying amount
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: • 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; • non-accrual assets: exposures with individually assessed impairment provisions held against them, excluding restructured loans; • 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; • 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 • any other assets where the full collection of interest and principal is in doubt
Stressed assets	Watchlist and substandard, 90 days past due and not impaired and impaired assets
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
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

Appendix 3:
Definitions – Earnings, capital and liquidity

Earnings Drivers	
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
Capital	
Capital ratios	As defined by APRA (unless stated otherwise)
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

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
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
Liquidity	
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
High quality liquid assets (HQLA)	Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR
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
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. ADI's must maintain an NSFR of at least 100%

Appendix 3: Definitions – Other

Australian customers with wealth products metrics provider	Data based on DBM Consultants, Respondents aged 18+ and 12 month rolling. Wealth penetration is defined as the proportion of Australians who have a Deposit Product, Lending Product or Credit/Debit Card with a Banking Group and also have Managed Funds, Superannuation or Insurance with the same Banking Group. Note: Westpac and St.George use Managed Funds, Superannuation or Insurance with Westpac Group. **Westpac** includes Westpac and Challenge Bank. **St.George** includes St.George, BankSA, Bank of Melbourne, RAMS and Dragondirect. **Westpac Group** includes Westpac, Challenge Bank, St.George, BankSA, Bank of Melbourne, RAMS, Dragondirect, Advance Asset Management, Asgard, Bankers Trust, BT, Rothschild and Sealcorp. **Peers** includes: ANZ Group, CBA Group and NAB Group.
Branch transactions	Branch transactions are typically withdrawals, deposits, transfers and payments
Customer satisfaction or CSat	The Customer Satisfaction score is an average of customer satisfaction ratings of the customer's main financial institution for consumer or business banking on a scale of 0 to 10 (0 means 'extremely dissatisfied' and 10 means 'extremely satisfied)
CSat – overall business	Source: DBM Consultants Business Financial Services Monitor, March 2017 – March 2019, 6MMA. MFI customers, all businesses
CSat – overall consumer	Source: DBM Consultants Consumer Atlas, March 2017 – March 2019, 6MMA. MFI customers
CSat – SME	Source: DBM Consultants Business Financial Services Monitor, March 2017 – March 2019, 6MMA. MFI customers, SME businesses. SME businesses are those organisations with annual turnover under $5 million (excluding Agribusinesses)

CSat (Westpac NZ)	3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Main bank customers are asked to rate the overall level of service they receive from their main bank on a scale of 1 (poor) to 5 (excellent). Results represent the % of customers who rate the service as either 4 (very good) or 5 (excellent), excluding "don't know"
Digitally active	Australian consumer and business customers who have had an authenticated session (including Quickzone) on Westpac Group digital banking platforms in the prior 90 days
Digital sales	Sales refers to digital sales of consumer core products only. Sales with a funded deposit or activation constitute a quality sale. Includes new American Express credit card sales
Digital transactions	Digital transactions are typically payments and transfers
MFI share	MFI share results are based on the number of customers who have a Main Financial Institution (MFI) relationship with an institution, as a proportion of the number of customers that have a MFI relationship with any institution
Consumer MFI share	Source: DBM Consultants Consumer Atlas, 6 months to March 2019, MFI customers
SME MFI share	Source: DBM Consultants Business Financial Services Monitor, 12 months to March 2019, MFI customers, SME businesses. SME businesses are those organisations with annual turnover under $5 million (excluding Agribusinesses)

Appendix 3: Definitions – Other

Commercial MFI share	Source: DBM Consultants Business Financial Services Monitor, 12 months to March 2019, MFI customers, Commercial businesses. Commercial businesses are those organisations with annual turnover $5 million to $100 million (excluding Agribusinesses)
Net Promoter Score or NPS	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 0 to 10 (0 means 'extremely unlikely' and 10 means 'extremely likely'), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters)
NPS Agri (Westpac NZ)	6 month rolling Agri Market Monitor data (survey conducted by Key Research). Respondents are asked about likelihood to recommend their main business bank to business colleagues, friends or family on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
NPS Business (Westpac NZ)	Source: 6 month rolling Business Finance Monitor data (survey conducted by Kantar TNS among businesses with an annual turnover of $5 to $150 million). Respondents are asked about likelihood to recommend their main business bank to business colleagues and associates on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
NPS Consumer (Westpac NZ)	Source: 3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Respondents are asked about likelihood to recommend their main bank to family and friends on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)

NPS – overall consumer	Source: DBM Consultants Consumer Atlas, March 2017 – March 2019, 6MMA. MFI customers
NPS – overall business	Source: DBM Consultants Business Financial Services Monitor, March 2017 – March 2019, 6MMA. MFI customers, all businesses.
SGB Brand	SGB Brands (Consumer): St.George Bank, Bank of Melbourne, BankSA, RAMS, Dragondirect SGB Brands (Business): St.George Bank, Bank of Melbourne and BankSA
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)
Women in Leadership	Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executive, 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

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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.

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