

What's important to you
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1Q16 Capital & Asset Quality Update (Pillar 3)

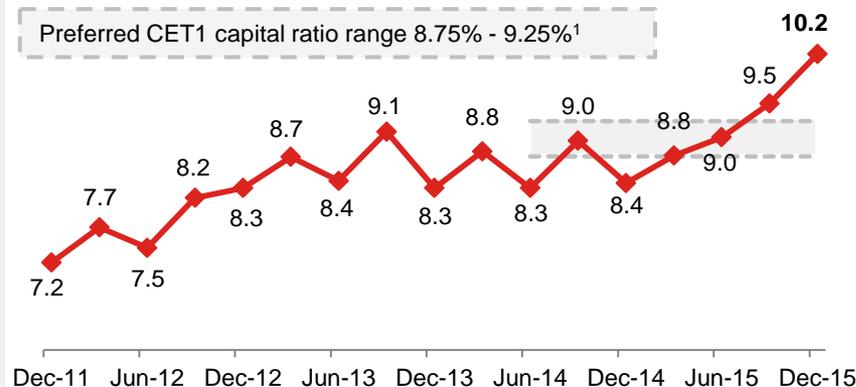
February 2016

Capital ratios further strengthened

Key movements in regulatory capital ratios in 1Q16

- \$3.5bn Entitlement Offer (+97bps)
- 2H15 final dividend, net of dividend reinvestment plan (-72bps)
- Risk weighted asset (RWA) growth (excluding FX translation impact) (-6bps)
- FX translation impact on RWA (-1bp)
- 1Q16 earnings and other movements in capital deductions
- Internationally comparable CET1 capital ratio of 14.3% comfortably in top quartile of global peers
- 2006 TPS (A\$763m) will cease to be eligible as Additional Tier 1 (AT1) capital after 30 June 2016. As a result, the Group is considering the issuance of a new A\$ AT1 capital security, subject to market conditions
- On 11 February 2016 Westpac announced its intention to redeem 2004 TPS (US\$525m) on 31 March 2016
- In 2015, APRA announced changes to the correlation factor used to calculate RWA for Australian residential mortgages that will become effective on 1 July 2016. If this change was applied at 31 Dec 2015, it would increase RWA by approximately \$43bn and reduce the CET1 capital ratio by approximately 110bps

CET1 capital ratio quarterly (%)

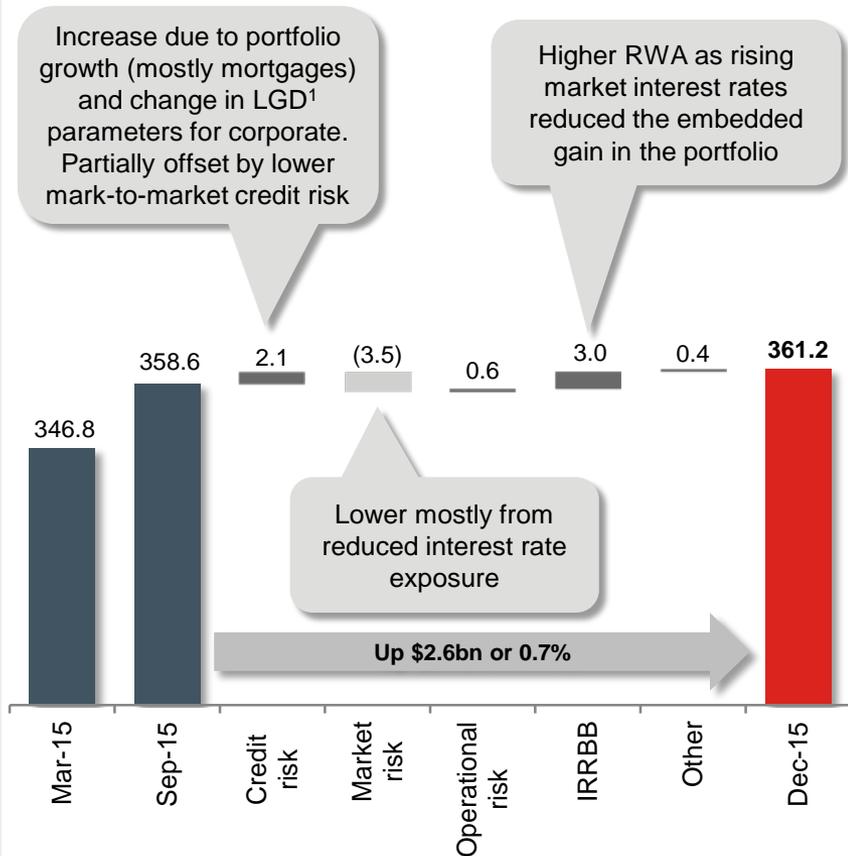


Key capital ratios (%)	Mar-15	Sep-15	Dec-15
Common equity Tier 1 (CET1) capital ratio	8.8	9.5	10.2
Additional Tier 1 capital	1.5	1.9	1.8
Tier 1 capital ratio	10.3	11.4	12.0
Tier 2 capital	1.8	1.9	1.9
Total regulatory capital ratio	12.1	13.3	13.9
CET1 capital ratio (internationally comparable ²)	12.2	13.2	14.3
Risk weighted assets (RWA) (\$bn)	347	359	361
Leverage ratio (APRA)	n/a	4.8	4.9
Leverage ratio (internationally comparable ²)	n/a	5.5	5.6

¹ The low end of the preferred capital range provides a 75bp buffer to the total of APRA's regulatory minimum of 4.5% and the capital conservation buffer (CCB) of 3.5%. The CCB includes the domestically systemically important bank (D-SIB) buffer of 1%, effective 1 Jan 2016. ² Internationally comparable aligns with the APRA study titled "International capital comparison study" of 13 July 2015. For more details on adjustments refer to Westpac's 2015 Full Year Financial Results Presentation and Investor Discussion Pack, available at www.westpac.com.au.

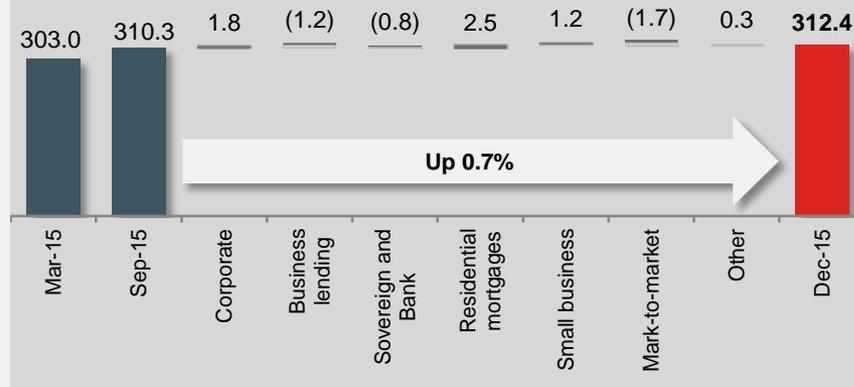
RWA movements

RWA movements (\$bn)

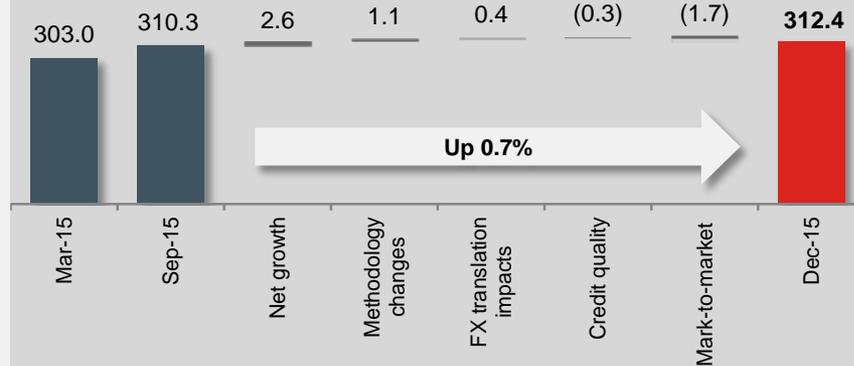


1 Loss given default.

Components of Credit RWA movements (\$bn)



Credit RWA movements (\$bn)

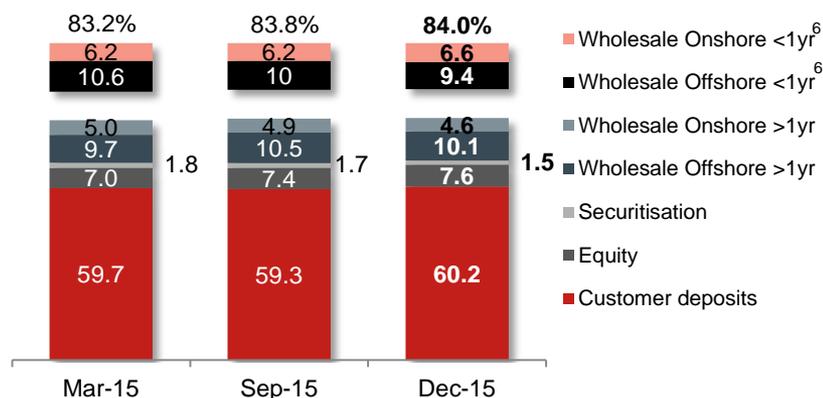


Strong funding and liquidity position

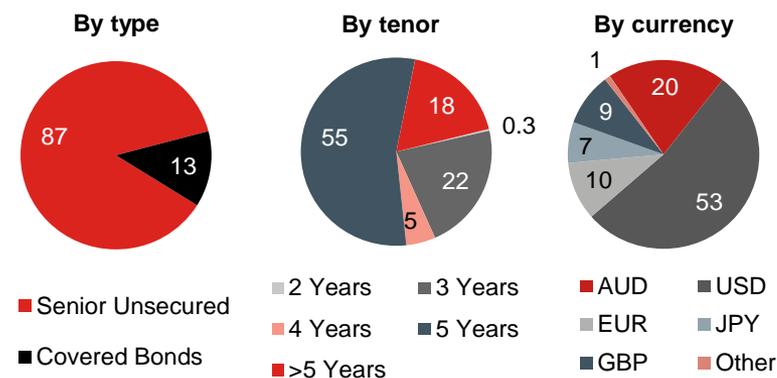
- Stable funding ratio lifted to 84.0% at 31 Dec 2015 due to customer deposit growth and increased capital
- \$14bn of term wholesale funding raised year to date (31 Jan 2016)
 - Issued benchmark trades in major markets
 - Weighted average term to maturity of 5.1 years
- Increased liquidity coverage ratio (LCR) to 129%
 - \$30bn in excess liquidity above 100% requirement
 - Boosted HQLA as at 31 Dec 2015, in preparation for lower CLF of \$58.6bn from 1 Jan 2016
- \$139bn of unencumbered liquid assets at 31 Dec 2015¹

Liquidity coverage ratio (\$bn)	Mar-15	Sep-15	Dec-15
High quality liquid assets ² (HQLA)	57	61	68
Committed liquidity facility ³ (CLF)	66	66	66
Total LCR liquid assets	123	127	134
Cash outflows in a 30-day defined stressed scenario (\$bn)			
Customer deposits	66	65	64
Wholesale funding	17	15	17
Other flows ⁴	25	25	23
Total	108	105	104
LCR⁵	114%	121%	129%

Stable funding ratio (%)



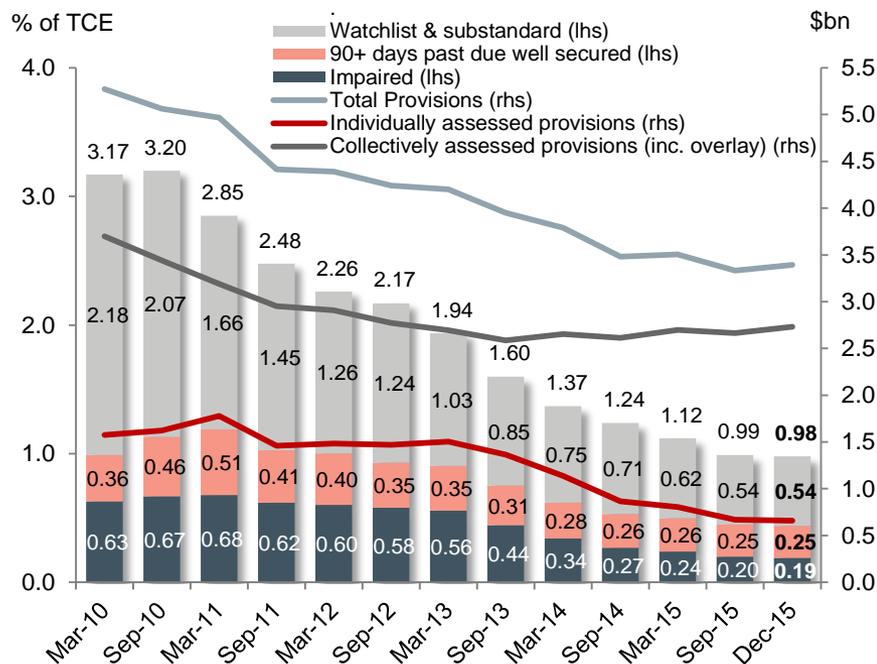
New term issuance 1 Oct 15 to 31 Jan 16 (%)



¹ Includes repo eligible liquid assets not eligible for LCR. ² Includes HQLA as defined in APS 210 - Liquidity, RBNZ qualifying liquids, less RBA open repos funding end of day exchange settlement account (ESA) balances with the RBA. ³ 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. ⁴ Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. ⁵ LCR is calculated as the percentage ratio of HQLA and CLF over the total net cash outflows in a modelled 30-day defined stressed scenario. Calculated on a spot basis. ⁶ Includes long term wholesale funding with a residual maturity less than 1 year.

Asset quality in good shape

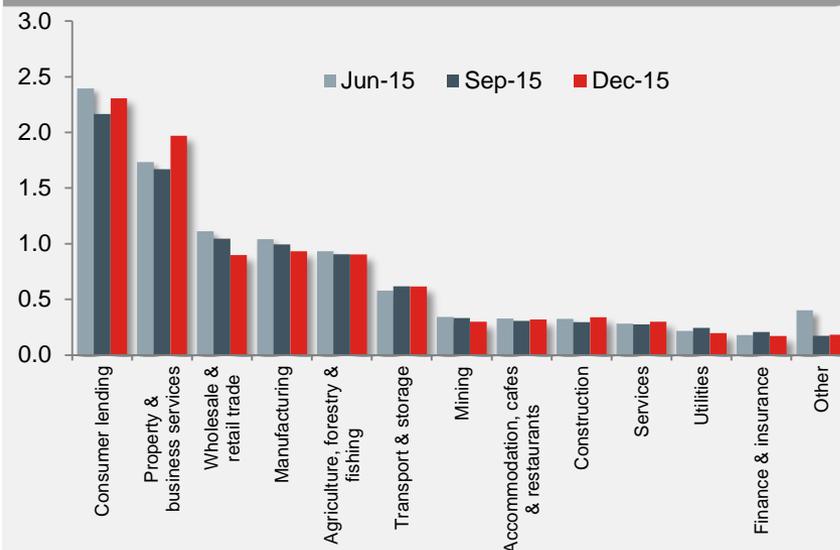
Stressed exposures (as a % of TCE¹) and provisions (\$bn)



Provision coverage ratios	2H14	1H15	2H15	1Q16
Collectively assessed provisions to credit RWA	93bps	89bps	86bps	87bps
Impairment provisions to impaired assets	45%	48%	46%	48%

¹ Total committed exposure.

Stressed exposures by industry (\$bn)



- In aggregate, asset quality has been broadly stable with total stressed assets in dollar terms up modestly but down as a per cent of TCE. Total impaired assets down around \$80m
- Increase in stress in consumer lending reflects 2bps increase in Group mortgage +90 days delinquencies, to 44bps
- Increase in property and business services stress relates to a facility downgraded to watchlist in business services
- Small lift in stress in construction and services sectors due principally to lower commodity prices

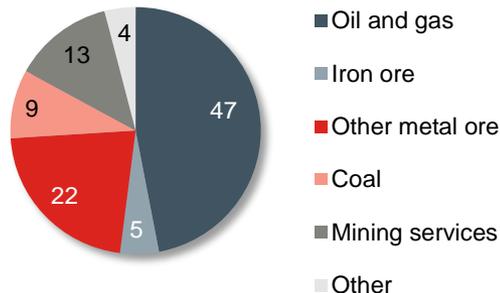
Areas of interest

Mining, agriculture and commercial property portfolios

Mining portfolio

	Sep-15	Dec-15
TCE	\$14.4bn	\$13.4bn
Lending	\$7.1bn	\$6.7bn
% of Group TCE	1.54	1.40
% of portfolio graded as stressed ^{1,2}	1.86	2.22
% of portfolio in impaired ²	0.28	0.30

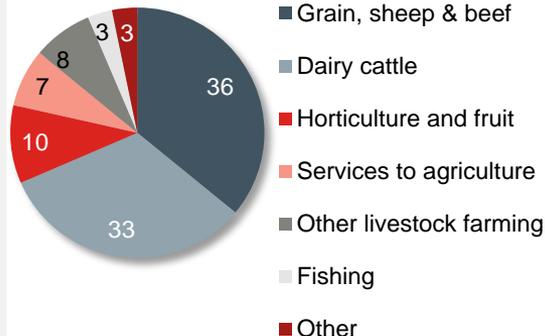
TCE by sector (%)



Agriculture portfolio

	Sep-15	Dec-15
TCE	\$18.1bn	\$18.3bn
Lending	\$15.1bn	\$15.0bn
% of Group TCE	1.92	1.90
% of portfolio graded as stressed ^{1,2}	4.80	4.93
% of portfolio in impaired ²	0.43	0.46

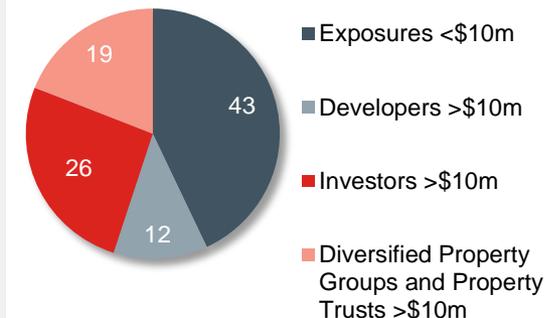
TCE by sector (%)



Commercial property portfolio

	Sep-15	Dec-15
TCE	\$65.6bn	\$66.2bn
Lending	\$51.3bn	\$51.1bn
% of Group TCE	7.00	6.91
% of portfolio graded as stressed ^{1,2}	1.48	1.43
% of portfolio in impaired ²	0.64	0.61

TCE by borrower type (%)

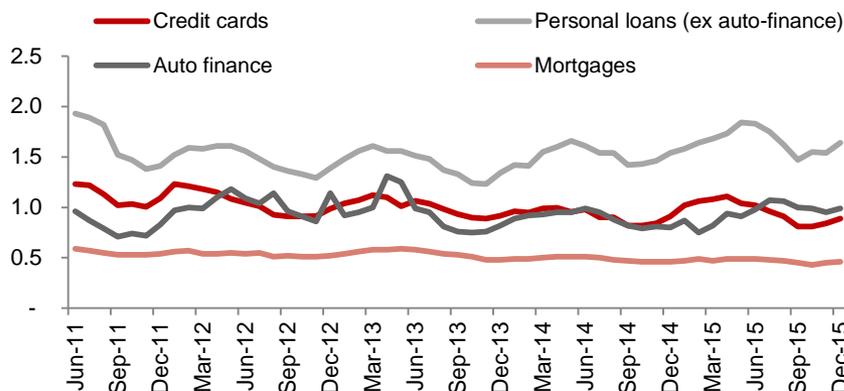


1 Includes impaired exposures. 2 Per cent of portfolio is to TCE.

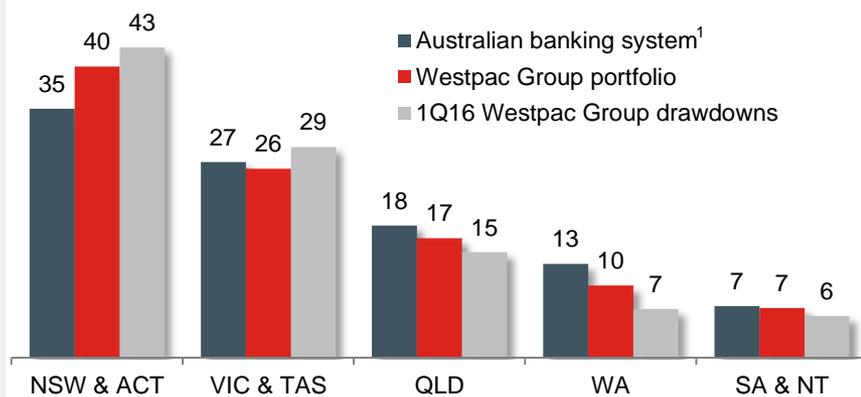
Consumer asset quality **remains sound**

- Australian mortgage 90+ days delinquencies up 1bp to 46bps
 - Continuing strong performance in NSW and Vic with a softer performance in WA consistent with weaker economic conditions in that state
- Auto finance 90+ days delinquencies down 1bp to 99bps
- High quality New Zealand consumer portfolio maintained
 - 90+ days mortgage delinquencies up 2bps to 16bps
 - 90+ days credit card delinquencies flat at 48bps

Australian consumer 90+ days delinquencies (%)

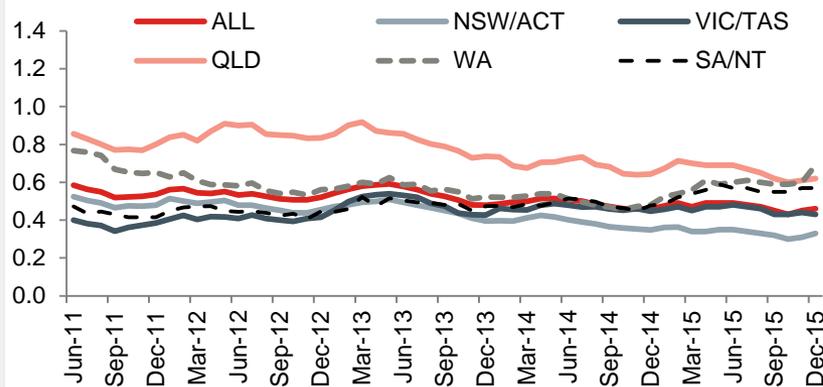


Australian housing portfolio and system by State (%)



¹ Source ABA Cannex December 2015.

Australian mortgage 90+ days delinquencies by State (%)



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For further information on Westpac

www.westpac.com.au/investorcentre

- Financial information (results, Annual reports, regulatory disclosures)
- Presentations and webcasts
- 5 year financial summary

The screenshot shows the Westpac Investor Centre website. The top navigation bar includes 'Home', 'Personal', 'Business', 'Corporate', and 'About Westpac'. The 'About Westpac' section is active. Below the navigation, there are links for 'Westpac Group', 'Investor Centre', 'Media centre', 'Careers', 'Sustainability & Community', 'Westpac Foundation', and 'Global locations'. The main content area is titled 'Investor Centre' and provides information and support for Westpac Securityholders and those considering investing in Westpac. The page is organized into several columns: 'Investor Centre' with links to 'Manage your shareholding', 'Dividend information', 'Westpac share information', 'Other Westpac securities', 'Financial information', and 'Westpac at a glance'; 'Latest news' with a strategy update and capital notes offer; 'Key dates and events' with a full financial calendar link; and a sidebar with 'Contact our share registry link' (including email and phone) and 'Westpac financial calendar' (with a 'View calendar' link). A '2015 Interim dividend' section at the bottom right states '90 cents per share' and 'Fully franked and paid on 2'.

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