

2 May 2016

Dear shareholder,

Westpac Banking Corporation 2016 Interim results – 94 cents per share dividend

Today we announced our 2016 interim results for the six months ended 31 March 2016 reporting cash earnings of \$3,904 million, up 3% on the six months ended 31 March 2015. Statutory net profit was \$3,701 million also up 3% over the same period.

An interim dividend of 94 cents per Westpac ordinary share, fully franked, was also determined, increasing 1% on the 2015 interim dividend. This dividend will be paid on 4 July 2016 to eligible holders.

Key features of the result¹ include:

- Cash earnings per share of 118.2 cents, down 2%;
- Cash return on equity (ROE) of 14.2%, down 166 basis points;
- Much strengthened capital with a Common equity tier 1 capital ratio of 10.5%, up from 8.8%;
- Sound growth with lending and customer deposits up 6% and 5% respectively; and
- Improved efficiency with an expense to income ratio of 41.6%, down from 42.5%.

The result was supported by a solid operating performance across divisions contributing to an 8% rise in core earnings (earnings before impairment charges). Cash earnings growth was lower due to higher impairment charges, mostly from additional provisions raised for a small number of larger names coming under increased stress over the half. Asset quality continues to be sound with aggregate levels of stress down since 31 March 2015 and little changed from September 2015. The ratio of stressed exposures to total committed exposures has fallen to 1.03% from 1.12%

A key feature of the result was the significant increase in capital over the year, responding to regulatory developments and requirements to hold more capital against our lending – particularly mortgages. In calendar 2015, capital increased by \$6.0 billion; this included the \$3.5 billion entitlement offer completed in November 2015. We would once again like to thank shareholders for supporting this important initiative.

While this capital has significantly strengthened the balance sheet, it has come at the cost of returns. This has led to a reduction in the return on equity and lower earnings per share. Given this, and the increase in shares on issue, the Board decided that a 94 cents per share dividend was appropriate, up 1 cent over the 2015 interim dividend and unchanged over the 2015 final dividend.

Full details of the result, including our ASX announcement, an investor presentation and discussion pack, along with a webcast of our institutional presentation are available online. These can be accessed at our [Investorcentre website](#) by selecting 'Westpac's 2016 half year results' from 'Latest news' in the centre of the page.

Important information relating to the 2016 interim dividend

Key dates

Ex-dividend date (New York) – 11 May 2016
Ex-dividend date – 12 May 2016
Record date (New York) – 12 May 2016
Record date (Sydney) – 13 May 2016
Payment date – 4 July 2016

Dividend Reinvestment Plan

Shares will be issued to DRP participants at the Market Price which will not include a discount.

To participate in the DRP, or to vary your participation, you must do so by 5.00pm (Sydney time) on 16 May 2016. If the value of your shares is less than \$50,000 for a single holding, or less than \$1,000,000 per shareholding held within a Link Market Services portfolio, this can be completed online via Link Market Services' (Link) [website](#). Otherwise, you will need to download and complete the DRP Application or Variation Form from Link's [website](#) and return it to Link (contact details below).

Need more information?

If you have questions regarding your dividend or management of your shareholding, please contact Link either by email: westpac@linkmarketservices.com.au or by telephone on **1800 804 255** (toll free in Australia).

Yours sincerely,

Westpac Investor Relations

1. All comparisons are against prior corresponding period (6 months to 31 March 2015) and on a cash earnings basis unless otherwise stated. For an explanation of cash earnings refer to Westpac's 2016 Interim Results Announcement.

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