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SHAREHOLDER E-NEWS HEADER

7 November 2016

Dear shareholder,

Westpac Banking Corporation 2016 full year results

Today we announced our Full Year results for the twelve months ended 30 September 2016 reporting cash earnings of \$7,822 million, flat on prior year. Statutory net profit was \$7,445 million, down 7% on Full Year 2015 (FY15).

Key features of the result¹ compared to the prior year include:

- Final fully franked dividend of 94 cents per share;
- Cash earnings per share of 235.5 cents, down 5%;
- Cash return on equity (ROE) of 14.0%, down 185 basis points;
- Common equity Tier 1 (CET1) capital ratio of 9.5%, down 2 basis points;
- Lending and customer deposits up 6% and 9%, respectively; and
- Expense to income ratio at 42%, down 7 basis points.

The dividend will be paid on 21 December 2016 to shareholders on the register at the record date of 15 November 2016. The final 94 cents per share (cps) dividend was unchanged from the interim 2016 dividend taking dividends for 2016 to 188 cps, up 1 cps or 0.5% on FY15.

The result was supported by a solid operating performance across divisions contributing to a 3% rise in core earnings (earnings before impairment charges). Cash earnings growth was little changed due to higher impairment charges, mostly from additional provisions raised for a small number of larger institutional names - in the first half of the year.

A key feature of the result was the further significant strengthening of the balance sheet, with capital raised early in the year assisting to lift average ordinary equity by 13%. This contributed to the Group's CET1 capital ratio on an internationally comparable basis being in the top quartile of banks globally. The Group's funding and liquidity position was also significantly improved including with the deposit to loan ratio rising by two percentage points to 70.5%.

While this additional capital provides strength, it comes at a cost to returns. This has led to the reduction in the return on equity and lower earnings per share.

We continue to manage our business in a sustainable manner, and are pleased to be recognised once again as the most sustainable bank globally in the 2016 Dow Jones Sustainability Indices.

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 [Investor Centre website](#) by selecting 'Westpac's 2016 final

results' from 'Latest news' in the centre of the page.

Important information relating to the 2016 final dividend

Key dates

Ex-dividend date (New York) – 9 November 2016
Ex-dividend date (Sydney) – 14 November 2016
Record date (New York) – 14 November 2016
Record date (Sydney) – 15 November 2016
Payment date – 21 December 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 15 November 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 reported results for the 12 months ended 30 September 2015 and on a cash earnings basis unless otherwise stated. For an explanation of cash earnings refer to Westpac's 2016 Full Year Results Announcement.

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