

BT Financial Group

Delivering on growth opportunities in investments,
insurance, and private wealth

Brad Cooper
Chief Executive
February 2014

BT strongly positioned

- Wealth a key investment priority for the Westpac Group
 - Continue to see significant value from aligning banking and wealth
 - Consistently attaining strong returns
 - Delivering on strategic initiatives
- Well positioned across the wealth value chain, including
 - Investments: New wealth administration platform to extend our leadership in this space
 - Insurance: Life insurance upside from high quality product suite and low risk underwriting
 - Private wealth: Industry leader and expanding capability and services

Wealth a key investment priority for Westpac Group

Wealth management is helping the Group to deepen relationships while providing high quality earnings and low capital intensive growth

Favourable long term macro trends

- Growth in Australia's super assets are expected to continue outpacing growth of the real economy
- People are living and working longer and will retire more affluent
- Super guarantee is stepping up from 9.25% to 12% ultimately

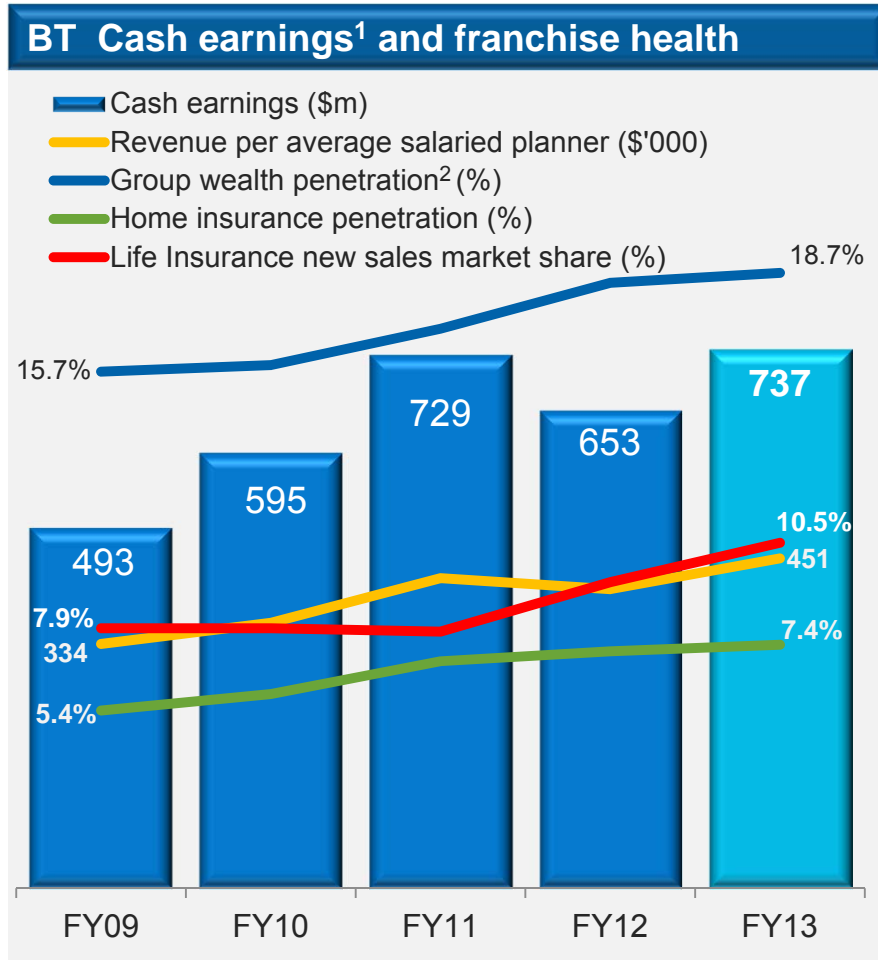
Technology providing better customer access

- Financial advice is only accessed by 1 in 5 Australians, however technology is increasingly providing customers with direct access
- New online/mobile platform and release of new administration platform will be a step-change for customers, further integrating wealth/banking information

Well placed for regulatory reform

- FOFA provisions will drive growth of simple, affordable and scalable advice models
- BT is in a strong position with scalable solutions (My Super and Super Stream) and a mix of advice through channels
- Higher compliance costs requires increased scale

BT strong and consistent earnings growth



- BT senior management have an average of 13 years of wealth experience
- BT generates 10% of Westpac Group's Cash earnings
- Earnings at record levels, with strong momentum
 - FY13 Cash earnings up 13%
 - 4 year Cash earning CAGR 11%
- Strong franchise health

1 Results from FY11 include Equities business and updated economic capital models. 2 Refer to slide 23 for Wealth penetration metrics provider details. Period September 2009 to September 2013.

Delivering against stated 2010 strategic targets

2010 Targets¹

1. Alignment of banking and wealth distribution

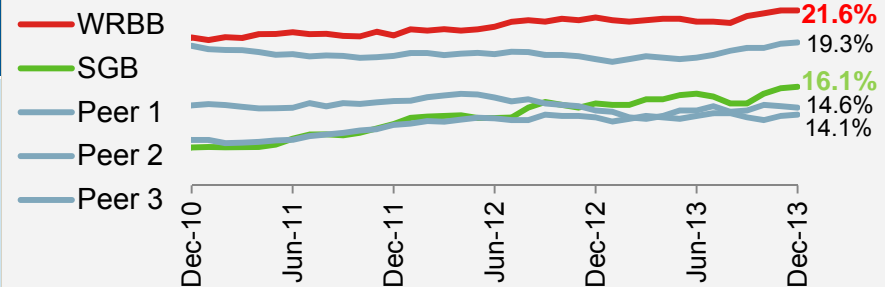
2. High net worth (HNW) customers

3. Compelling customer experience

2013 Progress

Wealth penetration (%)²

Highest wealth penetration in sector with WRBB. St. George has the fastest growing wealth penetration



High net worth customers

Focus on deepening relationships across the sector

Movement in HNW metrics 2010 to 2013

Total connections	6.4% 3 year CAGR
Wealth penetration	Up 36 percentage points to 54%
Customers with 8+ products ³	8.8% 3 year CAGR

2013 customer experience indicators⁴

Customer service and products being externally recognised

- Ranked #1 retail life insurance provider by Plan for Life⁵
- Smart Investment Blue Ribbon Award: trauma product
- Advance - Money Managers Fund Manager of the year, 2012 & 2013
- 4 Aust Private Banking Council awards and 5 Euromoney awards 2013
- Westpac RBB planner NPS at 24 (up from 19 in 2012 and -17 in 2010)

¹ Targets first detailed in BT market presentation, June 2010. ² Refer to slide 23 for Wealth penetration metrics provider details. ³ Data for Westpac Private Bank. ⁴ Refer slide 13 for details of awards. ⁵ Sourced from Plan for Life Benchmarking Report, December 2013.

Delivery against stated 2010 strategic targets (cont.)

2010 targets

4. Target insurance segments

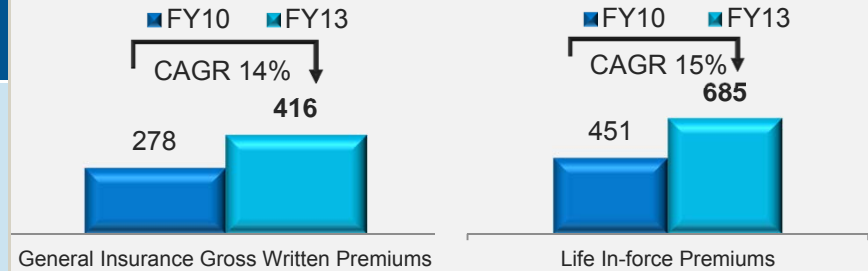
5. Superannuation, accumulation and transition to retirement

6. Advice and platform service

2013 progress

Insurance growth (\$m)

Significant growth in General and Life Insurance from stronger sales and extending distribution



Spot FUM/FUA (\$bn)

Strong growth in FUM (3 year CAGR 20%) and FUA (3 year CAGR 9%)



Advisers

Solid growth in planner numbers and productivity

Movement in advice metrics Sep10 to Sep13

Salaried & aligned planner numbers	3.2% 3 year CAGR
Salaried & aligned planner insurance sales	44% 3 year CAGR
Advisors using BT platforms	4.2% 3 year CAGR

Well positioned across wealth value chain, with key segment focus

Investments, both within and outside Super

- Advice: continue to build planner revenue (holistic and scaled)
- Asset management: build on strength across BTIM; JOHCM; Advance and Ascalon
- Administration: new platform in development

Insurance with emphasis on Life Insurance

- Increasing focus on sale of life insurance to existing customers
- General insurance growth from launching new capabilities
- LMI focused on optimising risk and return

Private wealth

- High net worth investor sentiment has sharply improved over last 2 years
- Built leadership position in Private Wealth over last 4 years
- Proposition focused on providing 'whole of wealth' solutions

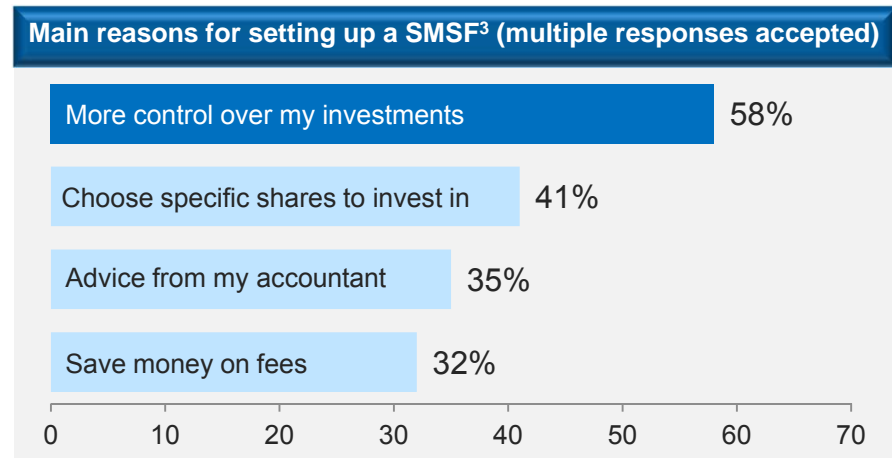
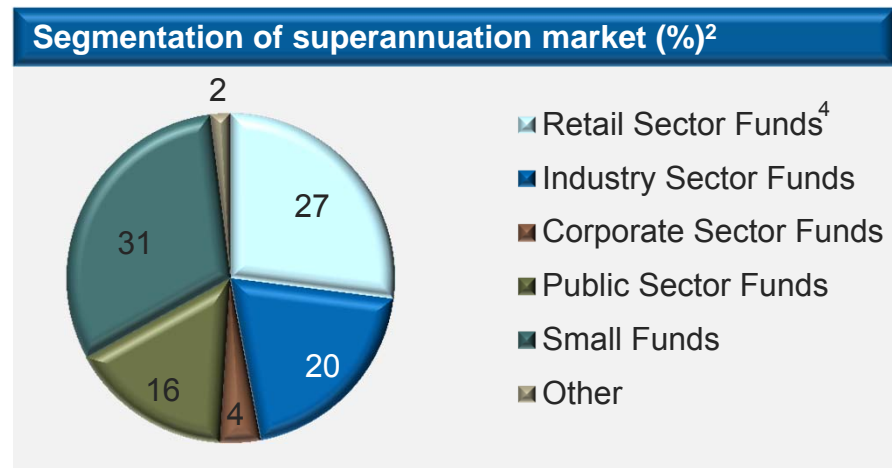
 Presentation will focus on these areas

Strongly positioned in superannuation market

- BT strongly positioned in key superannuation segments^{1,2}
 - 6.9% share of APRA regulated superannuation segments (excludes SMSFs)²
 - 16.9% share of retail sector superannuation funds^{1,2}
 - 13.9% share of corporate (employer) superannuation trusts

- SMSFs remain a significant opportunity
 - Largest part of the superannuation market at 31.4%
 - Top reason given for setting up a SMSF (58% of people) is to get more control over their investments³

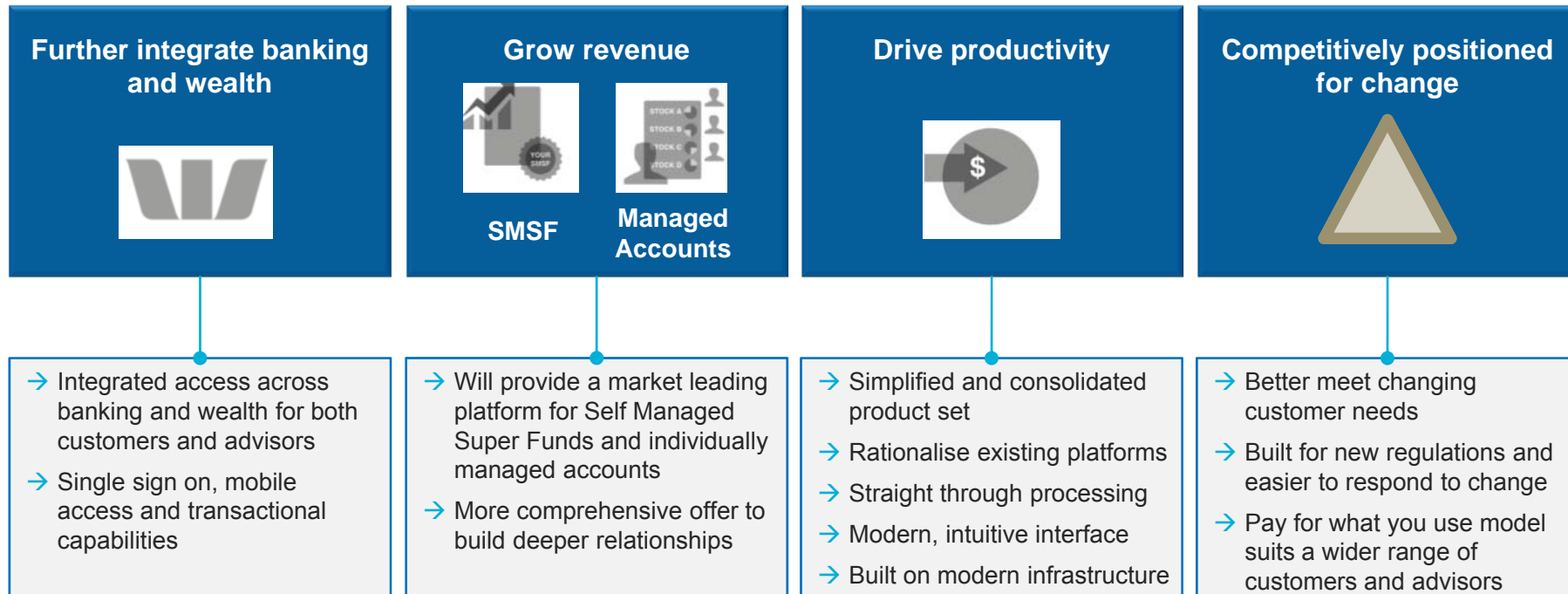
- BT's new platform will be a step-change for SMSFs



1 Plan for Life, September 2013. 2 APRA Annual Superannuation Bulletin, September 2013. 3 Investment trends Pty. Ltd. April 2013 SMSF Investor report. 4 Retail Sector Funds includes immediate Annuities.

BT's new platform will extend our leadership in funds administration

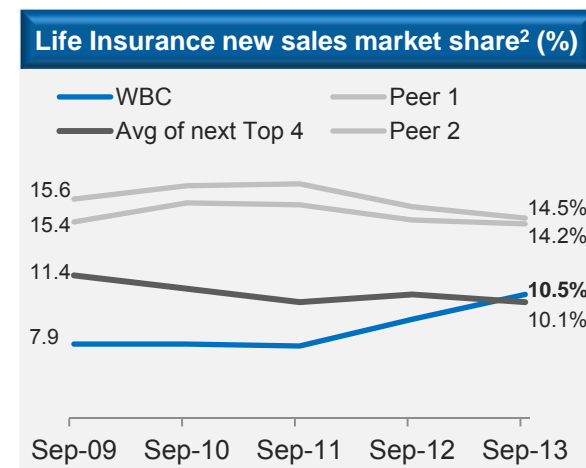
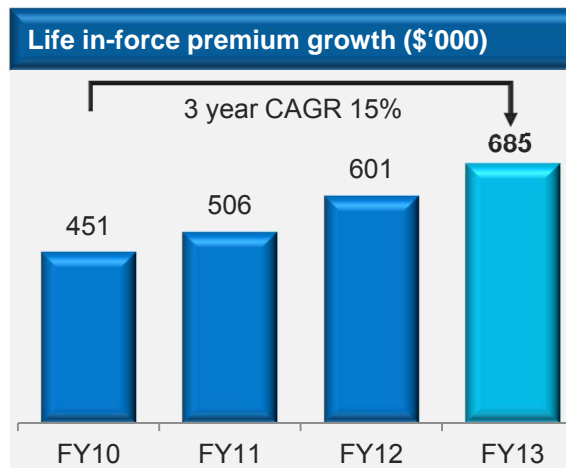
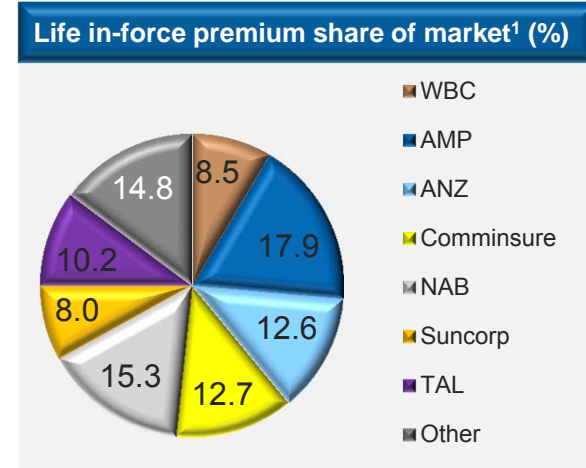
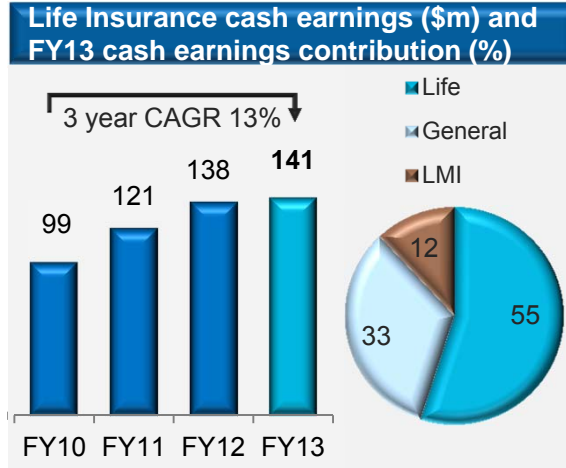
BT is developing a new, integrated wealth platform to transform how customers build, manage and protect their wealth



The wealth platform will be delivered in stages over the coming years - the first phase of the investment platform, 'BT Cash' scheduled for release in 1H14

Life insurance – strong opportunity to leverage customer base

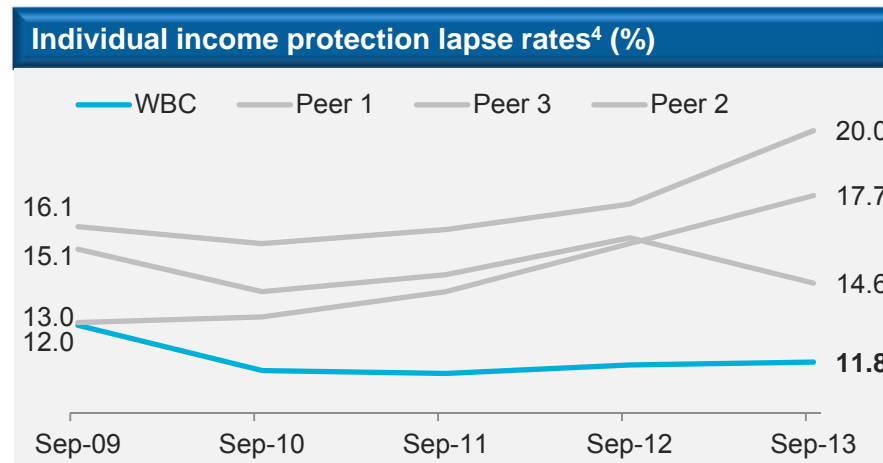
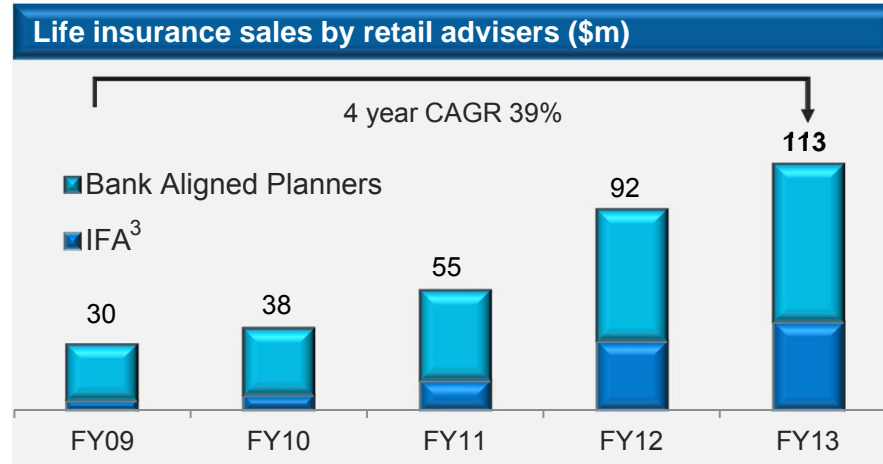
- Life Insurance represents 55% of BT's Insurance Cash earnings
 - 3 year CAGR 13%
- Australians are significantly underinsured in life insurance
- Significant opportunity to increase market share
 - Life in-force premiums \$685m (3 year CAGR 15%)
 - New sales market share improved from 7.9% to 10.5% over last three years
 - Increasing focus on existing customers where market share is low



1 In Force Market Share - Individual market (single premiums included) from Plan for Life to September 2013. 2 New Business Market Share - Individual market from Plan for Life data (new sales includes sales, premium re-rates, age and CPI indexation), September 2013.

Life Insurance competitive strengths

- Culture of selling both banking and wealth products is embedded across Group
- Strengths include
 - Quality of distribution
 - Products integrated in platforms
 - Top quartile rated products¹
- Strong risk framework
 - Do not underwrite group insurance²
 - Strong claims management process
 - Robust underwriting standards and reinsurance arrangements
 - Lapse rates low by industry standards

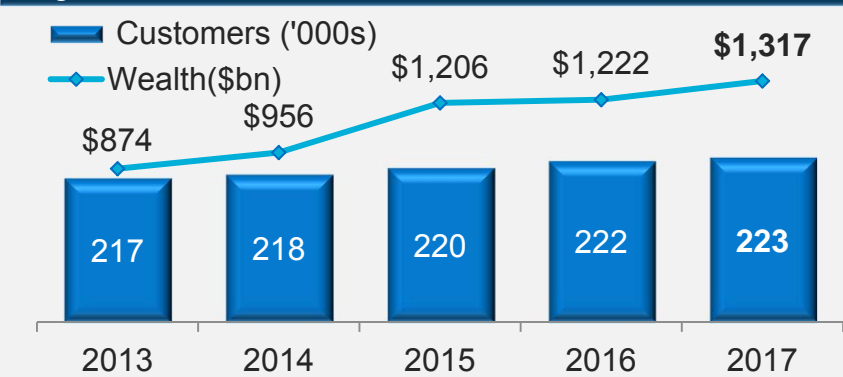


¹ Won three industry awards in 2013 including ANZIFF Insurance Industry Innovation Award; Smart Investor Blue Ribbon Award: Trauma product and Investment Trends 2013 Planner Risk Report for product offering and underwriting process and Ranked #1 Retail Life Insurance Provider by Plan for Life. ² With the exception of Westpac Staff scheme although risk is reinsured. ³ IFA is Independent Financial Advisers. ⁴ Plan for Life, September 2013 Quarter Market Report.

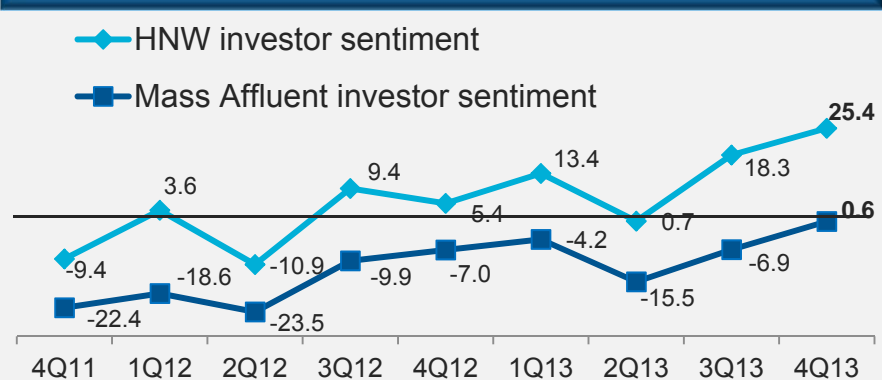
Private Wealth market poised for growth

- High Net Worth (HNW) defined as having >\$1m in investable assets, is a significant market segment with attractive value characteristics
- Market is forecast to grow at around 11% over next 4 years
- Westpac's independent sentiment survey consistent with positive growth outlook with scores at highest levels for the last 2 years
- HNW investor sentiment is a leading indicator of the ASX200
- Improved sentiment driven by
 - More favourable outlook for markets and business conditions
 - Strengthened financial security

Actual and projected size of the High Net Worth customer segment¹ in Australia



Investor sentiment indexes²

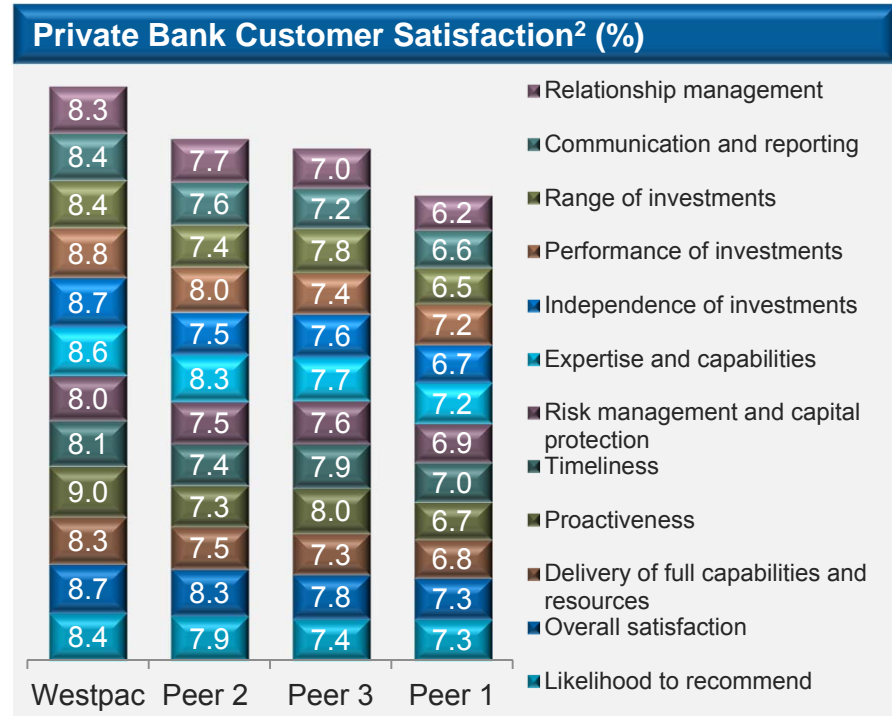


1 Source CoreData. 2 Source CoreData November 2013. The research was conducted between October 29th and November 11th, 2013 via an online quantitative survey of approximately 50-60 questions, developed and hosted by CoreData. Using a randomly selected sample from CoreData's proprietary panel of more than 130,000 Australian consumers. A sample total of 1,928 valid responses, of which 838 were high net worth investors (HNWI), form the basis of the analysis.

BT has built a strong position in Private Wealth

- Private Wealth represents around 12% of BT revenue
- Division is strongly placed
 - Highest average footings per connection of major bank peers
 - ‘Whole of wealth’ rather than just a banking focus
 - Deposit to loan ratio 130%
 - Leader in customer satisfaction ratings
 - Strong industry recognition
 - Portfolio of brands enables more tailored customer propositions

HNW Industry statistics ¹	Westpac	Peer 1	Peer 2	Peer 3
Deposit to loan ratio (%)	130	56	77	91
Ave footings per customer (\$m)	3.0	2.2	1.7	2.7



¹ Source: RFI, September 2013. ² Source: CoreData December 2013, respondent satisfaction scores rated from 1-10, where 10 is very satisfied and 0 is least satisfied.

Private bank one of the most highly awarded

Australian Private Banking and Wealth Awards 2013

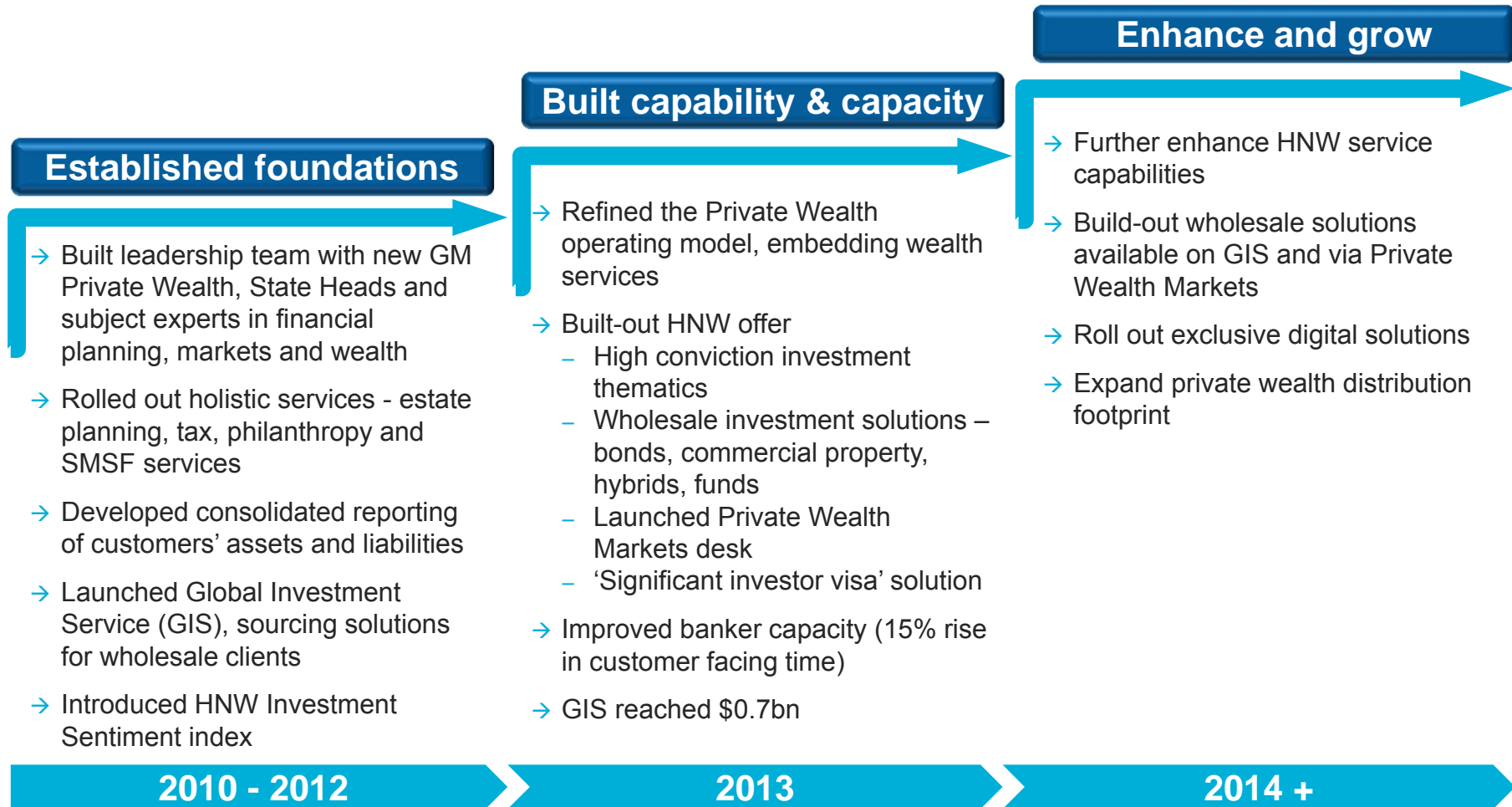


Customer Service Institute of Australia Service Excellence Awards



- Winner: National Customer Experience Executive of the Year
- Winner: Private Office Services at both a national and state level for customer service

Well advanced in journey of becoming a whole of wealth provider



BT strong wealth proposition

- Leader in banking/wealth integration
- Proven track record of delivery
- Strongly placed to capture growth across the wealth value chain

Strategic targets to measure BT success

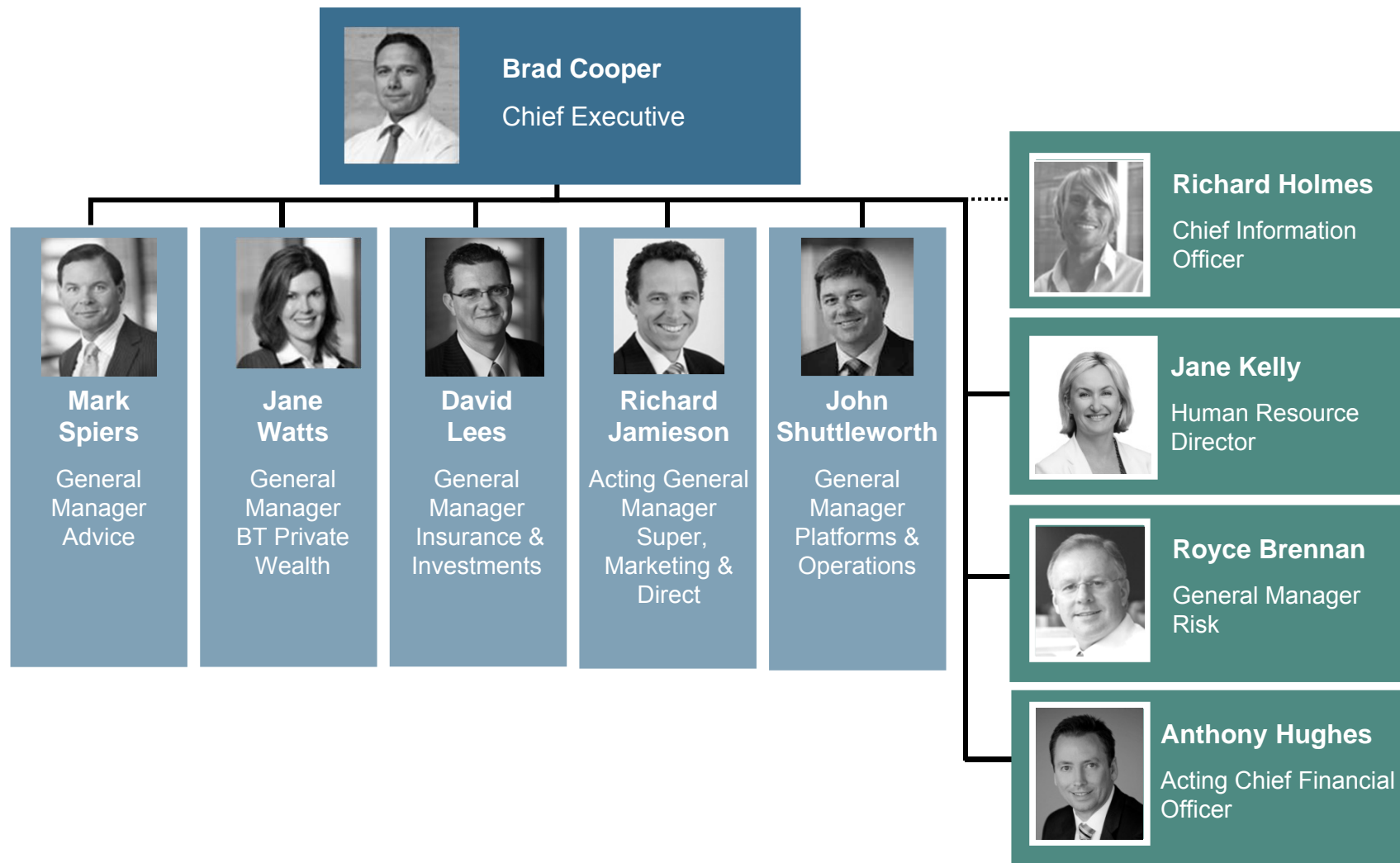
Targets going forward	Measured by
1 Alignment of banking and wealth distribution	Roy Morgan Survey
2 High net worth customers	Wealth penetration
3 Compelling customer experience	External recognition; Net Promoter Score
4 More Australians have protection for their family	Life insurance market share
5 More advice to more Australians (holistic and scaled)	Growth in number of interviews
6 Support of independent financial advisers	% accredited to use our platform

Refreshed from 2010

BT Financial Group

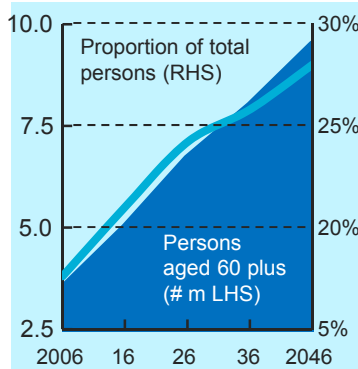
Appendix

BT senior management average 13 years wealth experience



Big shifts in customers, regulation and technology presenting great opportunities to lead the industry

An aging generation prepares to retire, more affluent than any before it

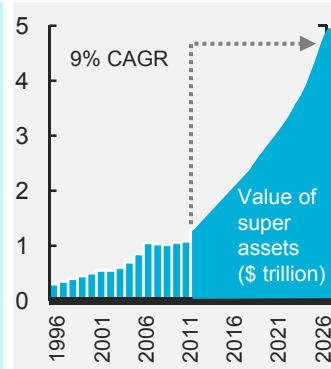


Demographics

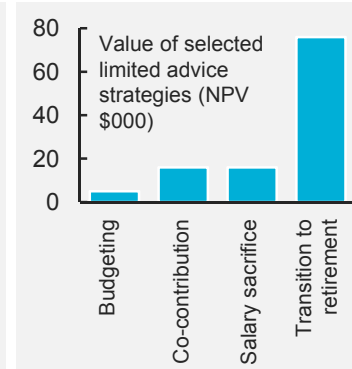
People are living and working longer, and attitudes to retirement are changing

Demand for help will grow, creating an opportunity for a brand/company to own this space as there currently is no clear go-to expert for retirement

Growth in Australia's super assets is expected to outpace that of the real economy



Financial advice is valuable but accessed by only 1 in 5 Australians



Regulatory reform

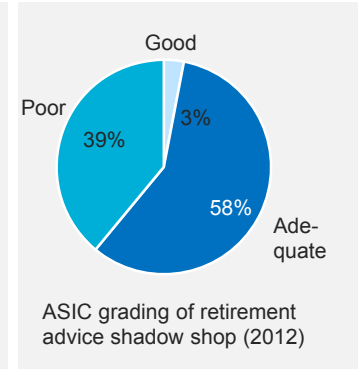
Super guarantee will step up over the next 8 years to reach 12% in 2019/20

Increased competition and consolidation will likely follow this automatic growth of the market

FOFA makes specific provisions for scaled and 'self-service' advice

Financial advice 'polarization' will drive growth of simple, affordable and scalable advice models, while more sophisticated full advice will only be economical for a small portion of customers

The GFC has brought quality of advice issues to the forefront



FOFA introduces best interest tests and removes conflicted remuneration

Increasing risk aversion and decreasing loyalty to financial institutions following the GFC will drive demand for low cost, simple, transparent, easily understood products

Technology provides consumers with direct access to financial services

Service	Percentage
Banking transfers	70%
Pay bills	68%
File tax return	21%
Trade shares	10%
Buy insurance	9%

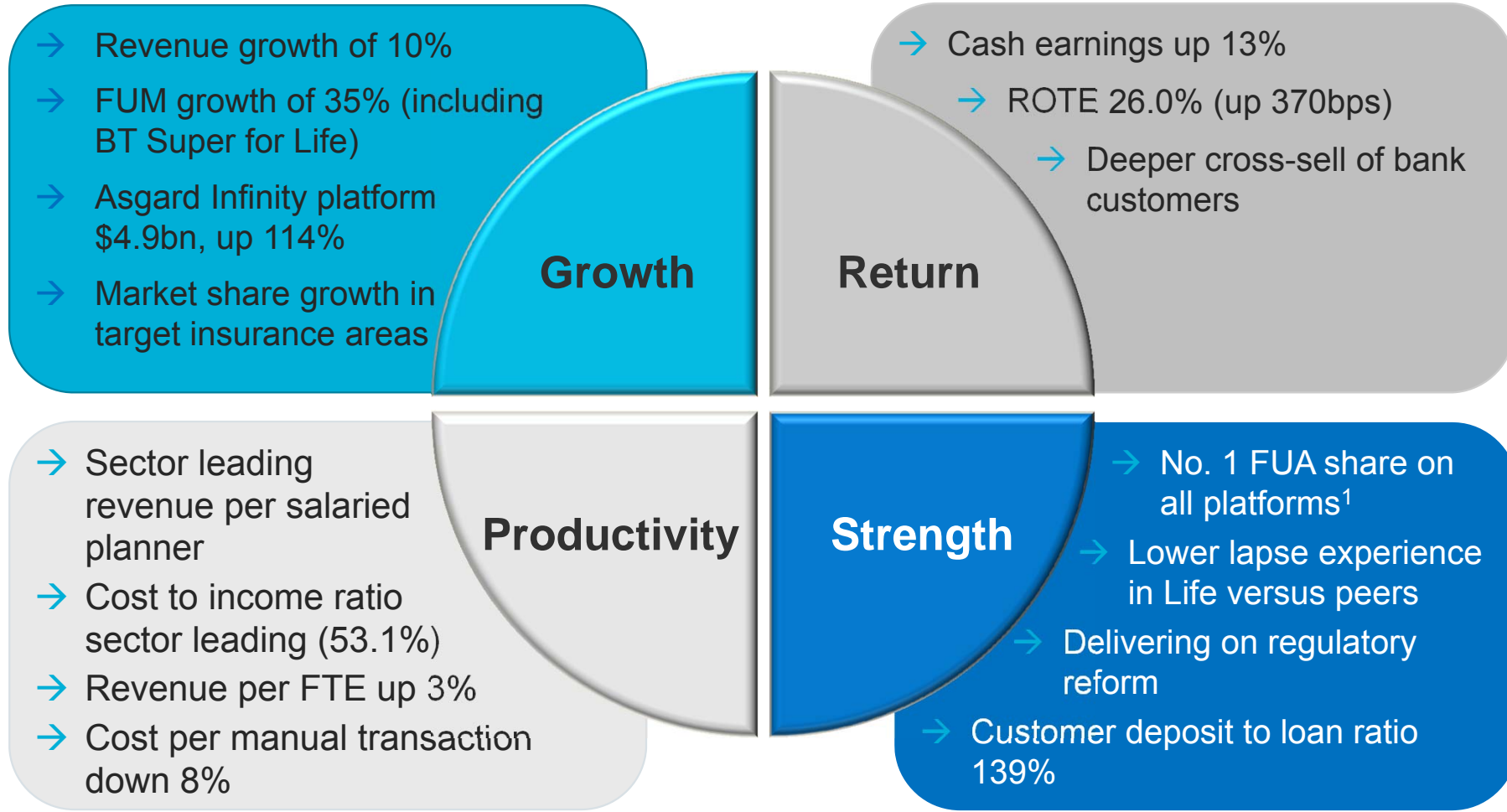
Proportion of Australians using the internet to access selected financial services

Technology

The internet, mobile devices and social media drive access on the consumer's terms

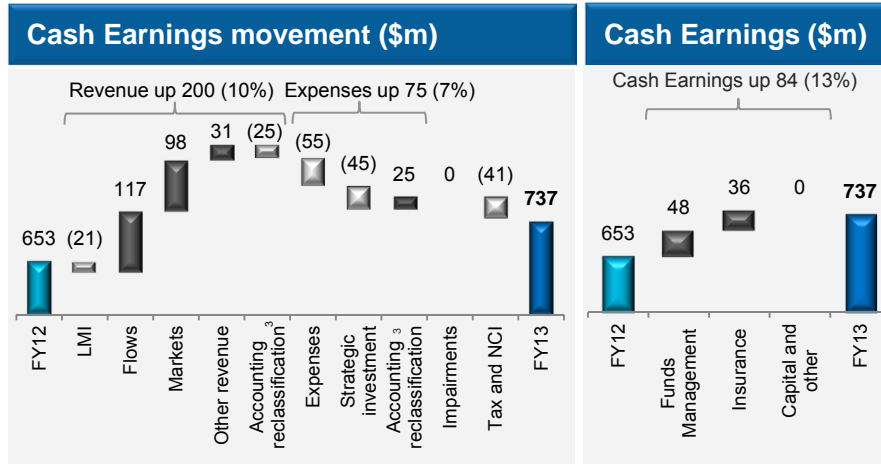
Online and self-directed choices will continue to grow faster than the market

FY13 strong result



1 Including Corporate Super. Plan for Life, June 2013, All Master Funds Admin.

Leading wealth provider and investing for the future



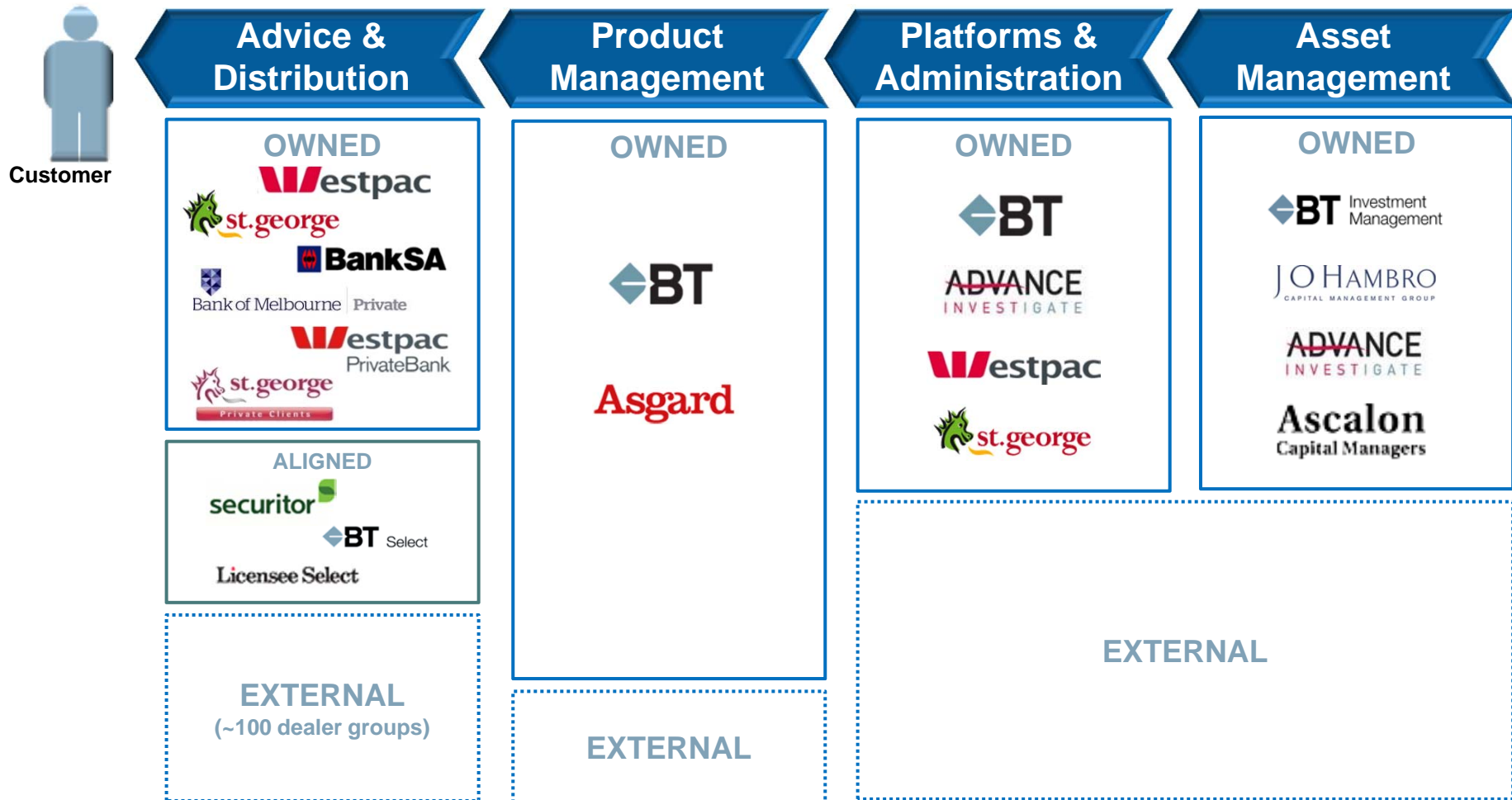
Movement FY13 – FY12 ¹			
Flows	↑	6%	<ul style="list-style-type: none"> → Flows revenue up \$117m (6%) → All Platforms market share ranked number 1 at 19.5%² → Advice new business revenue up 19%, driven by improved productivity and an increase in planner footprint → Increase in asset markets with FUM growth of 35% → Life Insurance in-force premium and General Insurance gross written premium growth of 14% and 17% respectively → Average margin lending balances down 18%
Markets	↑	5%	<ul style="list-style-type: none"> → Asset markets higher including average ASX200 increasing 15%, positively impacting FUM and FUA related revenue across platforms, superannuation and asset management → Higher average daily broking volumes up 7%
Other revenue & accounting reclassification	↑	1%	<ul style="list-style-type: none"> → Increase in BTIM / JOHCM performance fees → Accounting reclassification reduced revenue by \$25m³
Expenses	↑	7%	<ul style="list-style-type: none"> → Expenses up \$75m (7%) → BAU expenses up \$55m, driven by higher performance related fees (\$17m), compliance and volume related costs → Strategic investment up \$45m, focus on growing planner numbers, platform technology and business transformation → Accounting reclassification reduced expenses by \$25m³

Cash Earnings FY13 – FY12 up 13%			
Funds Management	↑	13%	<ul style="list-style-type: none"> → Up \$48m to \$405m driven by <ul style="list-style-type: none"> – Increase in asset markets with FUM growth of 35% – 19% growth in Advice new business revenue – BTIM / JOHCM performance fee growth of \$31m – Partially offset by increased strategic investment and business as usual spend
Insurance	↑	16%	<ul style="list-style-type: none"> → Up \$36m to \$256m driven by <ul style="list-style-type: none"> – 17% General Insurance gross written premium growth – Lower catastrophe claims of \$15m – Life in-force premiums up 14%, lapse rates increased to 14.2%² and were below market – Partially offset by Lenders Mortgage Insurance down \$15m

Movement in key metrics				
	FY12	FY13		Change on FY12
Expense to income (%)	54.6	53.1	↓	151bps
ROTE (%)	22.3	26.0	↑	368bps
Customer deposit to loan ratio (%)	141.1	139.0	↓	209bps

¹ Movement percentage calculated over prior year total revenue or expense. ² Plan for Life, June 2013, All Master Funds Admin. ³ One-off accounting reclassifications altered the composition of the result reducing both revenue and expenses by \$25 million. The changes reflect an adjustment to how certain items are recognised and had no impact on Cash Earnings. BTFG total Cash Earnings for FY12 was not adjusted although FY12 Funds management and Insurance businesses have been restated to improve comparability with the corresponding entries processed through the Capital and other line.

BT Financial Group at a glance



Note: Aligned Advisers includes 550 Securitor & BT Select advisers for which we hold the license, and 450 Licensee Select advisers who operate under their own licenses. BTFG owns 62% of BT Investment Management (BTIM) which includes J O Hambro Capital Management.

Disclaimer

Definitions:

Wealth Penetration metrics. Data based on Roy Morgan Research, Respondents aged 14+. Wealth penetration is defined as the number of Australians who have Managed Investments, Superannuation or Insurance with each group and who also have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group as a proportion of the total number of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with that group. 12 month average to December 2013. WRBB includes Bank of Melbourne (until July 2011), BT, Challenge Bank, RAMS (until December 2011), Rothschild, and Westpac. St.George includes Advance Bank, Asgard, BankSA, Bank of Melbourne (from August 2011), Dragondirect, Sealcorp, St.George and RAMS (from January 2012). Westpac Group includes Bank of Melbourne, BT, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Barclays, Dragondirect, Sealcorp and St.George.

Disclaimer:

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation (Westpac) and its Australian wealth division, BT Financial Group.

The information is supplied in summary form and is therefore not necessarily complete. It is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

All amounts are in Australian dollars unless otherwise indicated.

Unless otherwise noted, financial information in this presentation is presented on a Cash earnings basis. Refer to Westpac Full Year 2013 Results (incorporating the requirements of Appendix 4E) for the full year ended 30 September 2013 available at www.westpac.com.au for details of the basis of preparation of Cash earnings.

This presentation contains statements that constitute "forward-looking statements" including within the meaning of Section 21E of the US Securities Exchange Act of 1934. The forward-looking statements include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as "will", "may", "expect", "indicative", "intend", "seek", "would", "should", "could", "continue", "plan", "probability", "risk", "forecast", "likely", "estimate", "anticipate", "believe", or similar words to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from the expectations described in this presentation. Factors that may impact on the forward-looking statements made include those described in the section entitled "Risk factors" in Westpac's Annual Report for the full year ended 30 September 2013 available at www.westpac.com.au. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation, and do not intend, to update any forward-looking statements contained in this presentation.

For further information please contact Westpac Investor Relations. Andrew Bowden +61 2 8253 4008.