



Customer Bandwidth

When a financial services group is truly in touch with its customers it understands that people are different. That they prefer to choose a brand that is aligned with their beliefs and aspirations. When it respects their choices with a genuine multi-brand strategy – that’s when it’s a financial services group with the bandwidth to delight its customers.



“What a relief I’ve a financial expert who wraps things up in straight forward ways”



“I love it when you deal with a bank where the people think about the bigger picture”



“I’m looking for a bank that’s dedicated to the community I live in”

Westpac Banking Corporation ABN 33 007 457 141

Information contained in or accessible through the websites mentioned in this Annual Review and Sustainability Report does not form part of this document unless we specifically state that it is incorporated by reference and forms part of this document. All references in this report to web sites are inactive textual references and are for information only. For more information about The Westpac Group refer to Useful Information and Contact Details on pages 47 and 49, or visit www.westpac.com.au/investorcentre



“My mortgage specialist took the hassle out of getting a mortgage”



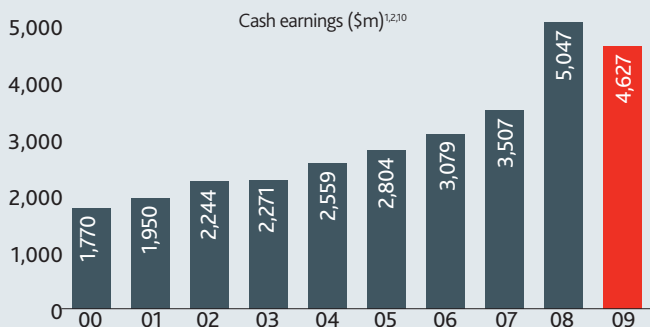
“Thank goodness for a bank that really knows me”



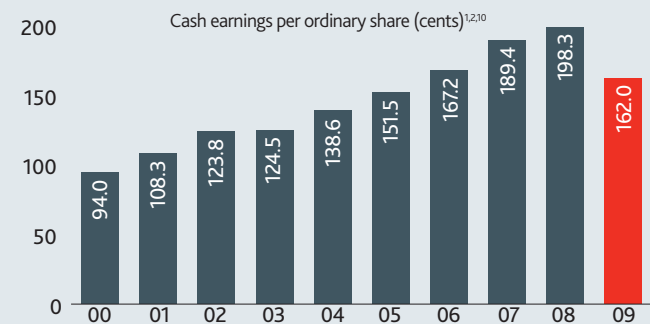
“At the top end of town I still like someone who can give you support when it’s really needed”

2009 Performance Highlights

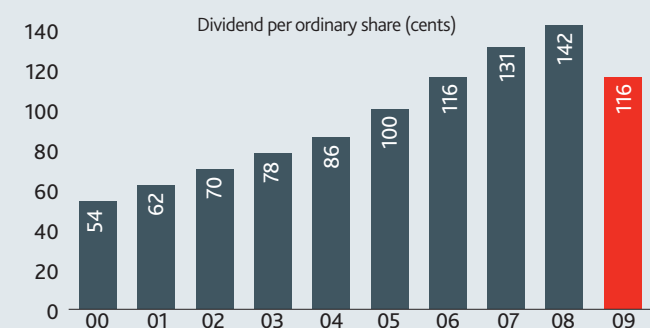
Cash earnings \$4,627 million, down 8%



Cash earnings per ordinary share down 18%



Dividend 116 cents, down 18%



Our Performance

	2009	2008	% change 2009/08
Cash basis^{1,2}			
Cash earnings (\$m)	4,627	5,047	(8)
Cash earnings per share (cents)	162.0	198.3	(18)
Cash return on equity ³ (%)	13.8	22.3	(38)
Economic profit ⁴ (\$m)	2,094	2,779	(25)
Reported Earnings			
Net profit ⁵ (\$m)	3,446	3,859	(11)
Earnings per share (cents)	125.3	206.0	(39)
Dividends per share (\$m)	116	142	(18)
Return on equity ^{3,6} (%)	10.8	23.1	(53)
Expense to income ratio ⁶ (%)	43.4	47.0	(8)
Tier 1 capital ratio (%)	8.1	7.8	4
Asset quality ratio ⁷ (%)	5.7	3.0	large
Sustainability			
Employee engagement ⁸	81	78	4
Greenhouse gas emissions (tonnes CO ₂ -e) ⁹	190,900	191,521	0

- Cash earnings is net profit attributable to equity holders adjusted for the impact of Treasury shares, fair value changes on economic hedges of hybrid instruments, and one-off significant items not part of ongoing business operations. Figures for 2000 are all provided on a statutory basis rather than a cash earnings basis.
- Figures for 2009 (and for cash earnings in 2008 only), are presented on a 'pro forma' basis, that is as if the merger between Westpac and St. George was completed on 1 October 2007.
- Return on average ordinary equity.
- Economic profit represents the excess of adjusted cash earnings over a minimum required rate of return on equity invested. For this purpose, adjusted cash earnings is defined as cash earnings plus the estimated value of franking credits paid to shareholders.
- Net profit attributable to equity holders.
- The 2008 reported figure has been restated due to retrospective appreciation of changes in accounting policies.
- Net impaired assets to equity and collectively assessed provisions.
- Employee engagement is a score out of 100; prepared by Towers Perrin - ISR.2009. Score of 81 is equal to the Global High Performing Companies' norm.
- Refers to Scope 1 and 2 emissions in Australia, New Zealand, the UK and Pacific Banking. Prepared in line with the National Greenhouse and Energy Reporting Act (2008), Greenhouse Gas Protocol and Certified Emissions Measurement and Reduction Scheme (CEMARS). The 2009 figure includes 8,802 tonnes CO₂-e not included in the baseline. Therefore on a like for like basis emissions decreased by 5%.
- Figures for 2000 – 2004 inclusive are presented on an AGAAP basis; figures for 2005 – 2009 inclusive are prepared on an AIFRS basis, so they are not directly comparable.

Annual General Meeting

The Westpac Annual General Meeting (AGM) will be held in Plenary Hall 2 at the Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Victoria, on Wednesday, 16 December 2009, commencing at 10:30am.

The AGM will be webcast live on the internet at www.westpac.com.au/investorcentre and an archived version of the webcast will be placed on the website to enable the AGM proceedings to be viewed at a later time.

The AGM will be transmitted live to an information meeting to be held in the Grand Ballroom at the Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, commencing at 10:30am. Shareholders attending the information meeting will have the opportunity to observe the AGM proceedings and ask questions, but can only vote by pre-lodged proxies.

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Will we keep all our brands?

"Absolutely! The Westpac Group is focused on customers and determined to respect their choices and decisions. Preserving individual brands is therefore important to those choices. If you believe that customers are individuals then maintaining multiple brands is the best way to meet their needs."

Where's future growth going to come from?

"The Westpac Group's strategy is focused on delivering more for our 10 million customers. There remain significant opportunities across the business, particularly in managing their wealth needs."

Is sustainability still important?

"Sustainability is at the heart of The Westpac Group's culture. Our employees demand it and our customers expect it. It's a perpetual journey of reducing our impacts, operating with the highest standards of governance, and recognising and responding to the needs of our customers and the community. We've made good progress but there's more to do."

Bad debts were high this year. Why?

"Banking is about managing risk, not avoiding it. If we lend to customers on the basis that we never expect to lose money it would be difficult to lend at all. The last 12 months has been extraordinary and has resulted in many of our customers experiencing stress. However, in the circumstances we've done pretty well."

Chairman's Report

Ted Evans AC Chairman, The Westpac Group

The past year has been one of extraordinary challenge and change – from the extremes of the global financial crisis earlier in the year, and the significant worldwide economic downturn, to the relative stabilisation and early signs of recovery in the latter part of the year.

While these events had an undeniable impact on the Australian financial system and economy, our financial system held up well. There were many reasons for this: risky, sub-prime lending was not a feature of Australian banking; our strong regulatory regime helped ensure a more sustainable approach to lending; the Australian economy was well placed leading into the crisis with a Government budget in surplus and room to move on monetary policy; and Australia's strong links to a strengthening Asia, particularly China, were supportive.

As the global financial crisis took hold, the Australian Government and Reserve Bank acted swiftly with proactive fiscal and monetary stimulus, together with measures to guarantee liquidity in the system.

Against this backdrop, I am pleased to report that The Westpac Group performed strongly through this period, delivering a sound financial result, as well as successfully completing the \$12 billion merger with St.George in December 2008. The merger with St.George has assisted in transforming the Group, materially increasing the scale and reach of the organisation, including a 40 per cent increase in customers and distribution, improved efficiency, as well as increasing our capacity to invest in growth.

Throughout the year we placed a high priority on strengthening our balance sheet to ensure we were able to support customers. This included raising over \$3.8 billion of core equity, improving our funding profile and boosting our liquid assets. In relation to the dividend, in light of the uncertainty during the first half of the year, your Board chose to conservatively manage capital by reducing the interim dividend, in line with the decline in cash earnings per share.

While the environment has begun to improve, operating conditions are materially different to those experienced prior to the global crisis. CEO Gail Kelly will highlight our approach to these changes in her report, as well as comment on our strategic progress, including the merger with St.George.

A sound financial result

Our net profit was \$3,446 million, a decline of 11 per cent from last year. This was a solid result given the challenging conditions.

Cash earnings, presented on a 'pro forma' basis, that is, prepared as if the merger with St.George was completed on 1 October 2007, was \$4,627 million, down 8 per cent. Cash earnings per share declined 18 per cent, given the additional shares issued over the year through the merger and capital raisings.

Revenue growth on a 'pro forma' cash basis up 13 per cent was a key feature of the result, reflecting strong business momentum. Expense growth was 5 per cent, resulting in further improved efficiency, with the cost to income ratio falling to 40.2 per cent on a pro forma cash basis, a record low.

The return on equity on a pro forma cash basis was 13.8 per cent, down from 22.3 per cent last year, reflecting the lower earnings and expanded equity base.

Much higher impairments also had a major impact on the result. Institutional and commercial exposures drove the bulk of the increase in impairments, with the consumer sector holding up very well. Management of risk has again been a focus of the Board this year. In conjunction with management, we closely monitored the impacts of the global crisis this year and took steps to address these impacts, including ensuring that the Group was strongly provisioned. The Board has also sought to ensure that the lessons learned from this cycle are embedded across the organisation.

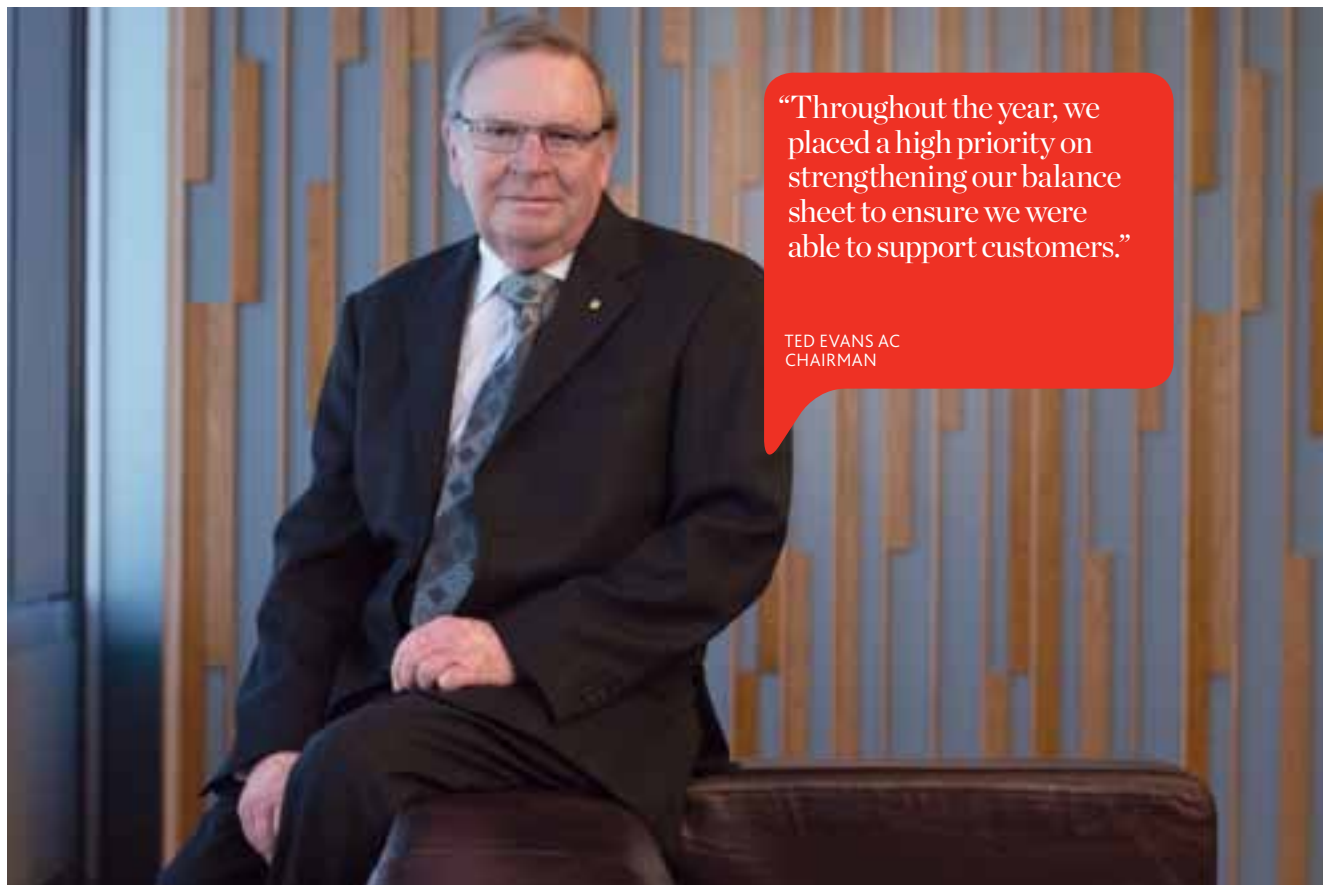
Shareholder returns

The final dividend for the year of 60 cents brought the total dividends for the year to \$1.16 per share, down 18 per cent on the prior year and representing a cash earnings payout ratio of 73.4 per cent for the year. In considering the final dividend, the Board recognised that earnings had been impacted by the cyclically higher impairment charges, but also noted the strength of the Group's capital position. The Westpac Group maintains that a long-term payout ratio of around 70 per cent is appropriate.

Key shareholder measures improved over the year: the Westpac share price recovering by 22 per cent to close at \$26.25 on 30 September 2009; our market capitalisation stood at \$77.2 billion, up from \$40.7 billion a year ago; and, over a three year basis, to 4 November 2009, our total shareholder return was the strongest of the major banks.

Strong position maintained

Given the uncertain environment through much of the year, we significantly increased the strength of our balance sheet. Specific actions included: lifting the Tier 1 capital



“Throughout the year, we placed a high priority on strengthening our balance sheet to ensure we were able to support customers.”

TED EVANS AC
CHAIRMAN

ratio from 7.8 per cent to 8.1 per cent; increasing provision coverage with our total provisions to total risk weighted assets at 1.64 per cent, up from 1.11 per cent a year ago; and enhancing our liquidity and funding position, particularly by raising more customer deposits.

Of particular note is that right through the global crisis we have maintained our 'AA' credit rating, now one of just 10 banks globally with a credit status of 'AA' or higher.

People and leadership

The extraordinary performance of the Group this year reflects the outstanding leadership of our CEO and her hard-working Executive team. I acknowledge also the support and dedication of my Board colleagues.

Following approval of the merger with St.George, three new directors joined the Board on 1 December 2008 and were elected at the 2008 AGM.

John Curtis, the former Chairman of St.George, was appointed a Director and Deputy Chairman of The Westpac Group. For the past 21 years John has been a professional company director, Chairman and Director of a wide variety of public companies, government entities and foreign corporations.

Peter Hawkins was a director of St.George with a career in the banking and financial services industry spanning over 36 years in Australia and overseas, in major organisations, including senior positions within ANZ Bank.

Finally, Graham Reaney, also a former director of St.George, brings over 30 years' business experience, including as managing director of major companies such as National Foods Limited and Industrial Equity Limited. He has extensive experience both in Australia and overseas in a broad range of industries including mining, energy, food, rural, fast moving consumer goods, and financial services.

Looking forward

2009 has been a particularly challenging year for the global financial system, for Australia and for Australian banks. As I noted at the outset, the Australian economy and the Australian financial system have held up extremely well.

The economic outlook for the year ahead is positive but conditions are likely to be uneven across the economy as it recovers. Changes in the international regulatory environment are also under way, seeking to address some of the systemic issues that emerged in world markets. While Australia's starting

position is strong, regulatory changes, inevitably, will add pressure to funding costs and hence pricing.

For The Westpac Group, your company performed well through the global crisis, ending the year in stronger shape having successfully completed the transformational merger with St.George and with good progress made on the Group's strategic priorities. The Group starts the new year well positioned and with strong business momentum. As a result, we look forward to the period ahead and the continued delivery of strong returns for shareholders.

Chief Executive Officer's Report

Gail Kelly Chief Executive Officer, The Westpac Group

As the Chairman has outlined, the external environment changed significantly over the 2009 financial year. The Global Financial Crisis escalated early in the year, creating a period of significant uncertainty and extreme volatility in global capital and credit markets, the failure of a number of financial institutions globally, and many economies falling into recession.

Widespread Government intervention has contributed to the more recent stabilisation of markets and early signs of economic recovery, including improving consumer and business confidence.

In this context, our major priorities for the year were to successfully navigate our way through the Global Financial Crisis (GFC), to continue to implement our customer-focused strategy and to execute the merger with St.George, using the merger to facilitate our overall Transformation. I am pleased to report that we have made very good progress against these objectives. In terms of managing through the GFC, we supported our customers right through the crisis and delivered a healthy financial performance. We have successfully completed the merger with St.George, with excellent customer retention, improved business momentum and high staff engagement. We also made strong progress on our transformation agenda, investing more in building a stronger distribution capability. We finished the year very well placed, with a set of powerful, iconic brands, a much larger customer base and stronger distribution network, and with the most improved customer advocacy of our peers.

I would like to share with you my thoughts on our performance in each of these key areas.

Impact of the Global Financial Crisis

The 2009 financial year has been one of the most extreme in the history of financial markets. This environment impacted our funding, increased market volatility, reduced asset values, weakened operating conditions and caused increased company stress and associated impairments. In the second half, while operating conditions improved, they remain materially different from those experienced prior to the crisis and we do not expect a return to pre-crisis conditions.

In particular, in addition to raising capital and reducing the dividend, we have actively repositioned our funding profile and continued to carry a much higher level of liquidity as a buffer for unexpected shocks. These actions have strengthened the Group's balance sheet and assisted us remain just one of ten banks globally retaining a rating of 'AA' or better. Such a strong rating benefits us in terms of access to, and the cost of funding, and has enabled us to continue to meet our customers' needs and indeed grow market share.

Our financial performance

The Westpac Group has performed soundly through this volatile and difficult period, delivering cash earnings of \$4,627 million,

with a significantly strengthened balance sheet and good operating momentum across all divisions.

Revenue growth was a highlight, up 13%, driven by above system growth in key areas of mortgages and deposits, and strong returns from our Financial Markets and Treasury businesses.

Westpac Retail and Business Banking (Westpac RBB) and St.George Bank both grew mortgages and deposits comfortably ahead of system growth. Westpac RBB delivered a particularly strong result, with cash earnings up 9%, reflecting the impact of our increased investment in distribution, with over 500 additional front-facing employees.

St.George Bank's revenue improved significantly over the previous year, a very pleasing result in the context of what has been a period of extraordinary change for St.George. Renewed investment in the St.George brand and positive growth in customer numbers helped drive much improved momentum over the period. Cash earnings were tempered by higher impairment charges, primarily in the commercial sector.

Westpac Institutional Bank achieved very strong core earnings growth, up 29%, however cash earnings fell 58% due to a significant increase in impairment charges, particularly impacted in the first half by three large corporate exposures. Importantly, the division ended the year with strong momentum and the clear leadership in institutional banking in Australia and New Zealand.

BT Financial Group continued to be impacted by weaker investment markets, with cash earnings down 8%. On a positive note, BT had net new fund inflows well ahead of industry averages and new Super for Life accounts continue to grow at around 1,600 per week. As markets improved in the latter part of the year earnings in this division began to recover.

And finally, our New Zealand operations had a challenging and disappointing year with cash earnings falling 51% due to high impairments and a weak operating environment. There are some positive signs for the economy and of an improved performance with a rise in customer numbers and growing customer support.



“I am very proud to be presenting this report to shareholders, at the end of what I believe has been a defining year for The Westpac Group.”

GAIL KELLY
CHIEF EXECUTIVE OFFICER

Merger and Transformation

The year marked a strategically important and transformational period for the Group, with the completion of the \$12 billion merger with St.George. The merger provides us with an enhanced growth platform, an expanded customer base and an improved efficiency profile. In addition, by maintaining and indeed investing more in the separate brands, including Westpac, St.George, RAMS, BankSA, BT Financial Group and Asgard, the Group has increased its strategic flexibility to better meet customer needs. With a larger revenue base, we have additional resources to accelerate the refreshment of our technology infrastructure, particularly those elements directly impacting customers.

Customer retention has been excellent, both within Westpac RBB and St.George – there are now more people banking with us than before the merger. We’ve invested in more St.George and BankSA branches and are refurbishing St.George’s iconic Kogarah headquarters. The merger integration plan is on track – on track to meet our synergy benefits target and within our forecast merger expense allocation. Staff engagement within St.George is also up, evidencing strong morale and engagement with our strategy and direction.

This year has also seen excellent progress on our Transformation journey. The merger has had a galvanising impact on the whole Group and provided a platform for change. We have placed a much greater focus on customers, driving changes to the way we are organised and the way we do business. Our Westpac Local model is an excellent example of this, with additional investment in distribution and our approach of empowering and upskilling employees resulting in stronger customer advocacy and deeper customer relationships.

Our People

An important element to enable our success has been the improved quality of our key teams, as well as the high levels of engagement of our people. This is also true of our Executive Team, representing the best of Westpac and St.George talent, as well as an infusion of strong external experience with the appointments of Bob McKinnon and John Arthur in late 2008 and George Frazis in 2009. We have a very strong team of executives, focused on their individual brands and businesses but dedicated ‘as one’ towards meeting all our customers’ needs and our vision to be the leading financial services company in Australia and New Zealand.

Looking to the future

I would like to finish with a few words on the outlook for the period ahead. While the economic outlook for the year ahead is positive overall, from a sector perspective, credit growth is expected to remain relatively subdued as the impacts and lessons from the financial crisis continue.

With economic activity improving, we are seeing positive trends in our portfolio of brands, with growth in stressed assets moderating and easing consumer delinquencies. Given these trends and our sector-leading provisioning levels, we believe that it is likely that impairment charges have peaked.

While risk management remains at the forefront of our focus, there is growing evidence that markets are improving, confidence is rising, and economies stabilising and in some cases, starting to improve. Against this background, and given our strong strategic position and operational momentum, The Westpac Group is, we believe, well positioned leading into the new financial year. Thank you for your continued support.

Gail Kelly

Group Strategy and Structure

Customer Focused Strategy



“Everywhere I go I talk to our customers (and to our people) about what we stand for. I explain our vision - to be the leading financial services company in Australia and New Zealand – and I am clear on our strategy; to put customers at the centre of our business, to seek to earn all of their business and to do this by delighting them and by ensuring that we pull together as One Team.”

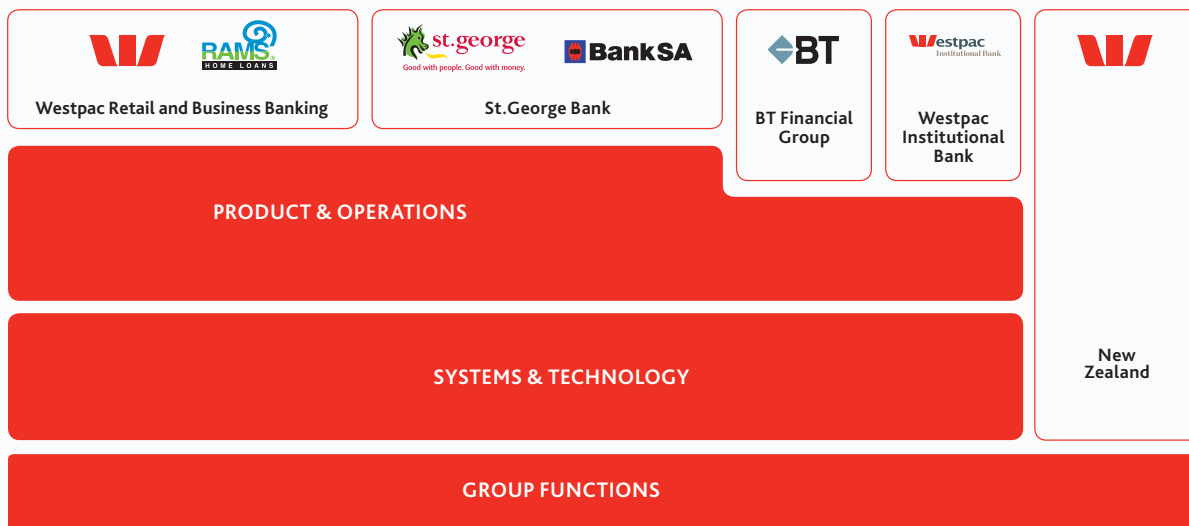
GAIL KELLY
CHIEF EXECUTIVE OFFICER



“My priority is to make things simpler and more consistent for our customers and our people who serve them. Streamlined end-to-end processes and a broad suite of products will delight our customers and help us earn all of their business.”

PETER CLARE
GROUP EXECUTIVE PRODUCT & OPERATIONS

Customer Oriented Operating Model



“I am passionate about transforming our bank into a customer-centric, leading financial services organisation, which offers real choice to customers as they achieve all their financial goals. And, our successfully integrated merger with St.George has added more brands, more choices.”

BRAD COOPER
GROUP CHIEF TRANSFORMATION OFFICER

“My focus is on technology reliability and our future technology roadmap, closely linked to The Westpac Group’s business strategy. We will provide a world class IT environment that enables our employees to delight our customers and earn all of their business.”

BOB MCKINNON
GROUP EXECUTIVE TECHNOLOGY



Peter Hanlon Group Executive, Westpac Retail and Business Banking

Westpac Retail and Business Banking (WRBB) is responsible for sales, marketing and customer service for all consumer and small-to-medium enterprise customers within Australia under the 'Westpac' and 'RAMS' brands.

Consumer activities are conducted through our nationwide network of 848 branches (including in-store branches), 70 RAMS franchise outlets, home finance managers (HFM), specialised consumer relationship managers, call centres, 1,820 ATMs and internet and telephone channels.

For business customers, these activities are conducted by specialised business relationship managers, with the support of Cash Flow, Financial Markets and Wealth specialists, via the branch network, 57 business banking centres and internet and telephone channels.

WRBB also includes the management of our third party consumer and business relationships, and the operation of the RAMS franchise distribution business.

What's new?

So, we've brought back the Bank Manager and given them the authority and autonomy to make a difference in their own patch. But what does it really mean – what can I expect to see different about my bank?

Taking charge locally – for customers

It's all about people – people connected to their customers and the community that they work and live in. That's why Greg Pawson, our General Manager, Commercial Banking, has taken himself and all his people out of the head office in Kent Street and co-located them with a team of practicing Commercial Managers in the heart of Alexandria, Sydney.

The Bank Managers of today, supporting personal and business customers, have the same dedication and skills of the Bank Manager of old but with the tools of today. They really do run the business as if they own it and have the support of all the experts they need to draw on, including wealth advisers and small business experts on the spot.

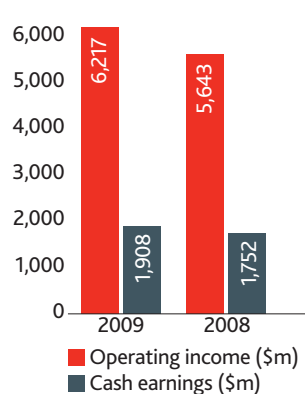
Our people are smart, friendly and helpful and they are committed to not only supporting their customers with their basic banking needs but to also fulfil a role as an adviser and educator, in such areas as financial management for personal customers and Beyond Survival workshops and networking opportunities for our business customers. It is all about helping their customers to build better lives and better businesses.

“Westpac’s initiative and professionalism meant that we were the only bank deemed to be an essential service.”

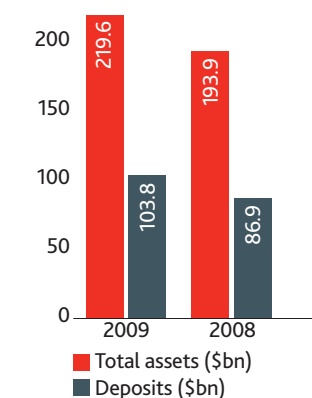
PETER HANLON

Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (\$m)	6,217	5,643	10%
Operating expenses (\$m)	(2,943)	(2,787)	(6%)
Cash earnings (\$m)	1,908	1,752	9%
Economic profit (\$m)	1,827	1,677	9%
Total assets (\$bn)	219.6	193.9	13%
Deposits (\$bn)	103.8	86.9	19%
Net loans (\$bn)	215.6	189.0	14%
Expense to income ratio (%)	47.3%	49.4%	(4%)
Employee numbers	11,803	11,365	4%

Income



Balance Sheet



Taking charge locally – for the community

The most powerful example of the progress that we have made has to be our involvement in the aftermath of the Victorian bushfires in February 2009.

“While driving back from Canberra to Sydney on the Sunday morning, I received a call from Mark Paton, State General Manager, Regional Victoria, to say that the team including Simon Lehmann, Regional General Manager, Northern Suburbs, who manages 14 branches in and around the worst affected fire-zone, was on that Sunday opening seven branches and 12 emergency sites to assist the devastated communities. Westpac’s initiative and professionalism meant that we were the only bank deemed to be an essential service and able to get to the heart of the communities and start providing help – cashing cheques and providing financial assistance.



A day or so later, I was able to see this incredible story first hand as I spent time in Whittlesea and Kinglake. That first phone call was the best call I’ve had in years – in the worst possible situation. And, the call was not to seek my permission – I knew right then that we had really begun to make a difference.”

PETER HANLON

“The Bank Managers of today have the same dedication and skills of the Bank Manager of old, but with the tools of today.”

RICK FONTYN
BANK MANAGER, LAUNCESTON TASMANIA





Greg Bartlett Chief Executive, St.George Bank

St.George Bank is a full service financial institution serving more than 2.6 million customers. It operates under the St.George brand across the mainland states of Australia, except in South Australia where it operates the BankSA brand.

Consumer activities are conducted through the network of 396 St.George and BankSA branches, third party distributors, call centres, 1,132 ATMs, EFTPOS terminals and internet banking services.

Business and corporate customers are provided with the full range of banking and financial products and services, including specialist advice for Cash Flow Finance, Trade Finance, Automotive and Equipment Finance, Property Finance, Transaction Banking and Treasury Services. Sales and servicing activities for business and corporate customers are conducted by relationship managers via 28 business banking centres, and internet and telephone banking channels.

Big enough – small enough

Never has our way of thinking been more relevant than following the merger.

What continues to make St.George the successful bank that it is, is its people. People steeped in its local building society heritage. People who really care. People who are in close contact with the communities in which they live and operate. People who are accessible, who listen and respond.

We are proud of being Bank of the Year, Home Lender of the Year and of having a customer contact centre judged 'best in the world'. These awards are a true testament to and recognition of the successes of all our employees.

At the same time we now have the backing of a strong parent, one of just a handful of banks globally with a 'AA' rating, providing certainty to our funding and our ability to keep investing in our brand. Through the merger we now also have access to a much broader range of products and services to better meet our customers' needs.

Business as usual?

Well might you ask – what has happened following the merger? We haven't lost a customer; in fact there are more people banking with St.George than before the merger! We're now investing in more branches and frontline staff, and refurbishing our Kogarah headquarters, and are progressively bringing our existing branches up to a new 'Future Bank' standard.

If the recent measure of our employee engagement is any guide, with an increased score, higher even than that for The Westpac Group as a whole, our employees are telling us they are happy with the Bank's direction.

From the BankSA perspective, not only have we grown customer engagement and willingness to promote over the year, our Net Promoter Score has improved from -0.1% to 3.9%. We have also delivered very low levels of impaired assets, at just 0.18% of total

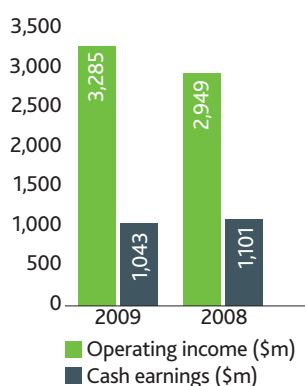
assets, which is testimony to the effectiveness of staying so close to our customers!

The St.George business banking model ensures that we have maintained the highest ratio in the market of relationship managers to customers. Our specific industry capabilities, developed over a number of years, provided a great example of success this year with our Health and Aged Care portfolio partnering with Thompson Health Care. Doug Thompson recognised that St.George shared many common values with his own – of putting the welfare of the residents of their homes first, as we do for our customers, and making their experience, and that of their families, the best it can be. That's why he moved all his business to us.

You really can expect to see even more from your St.George in the future.

Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (\$m)	3,285	2,949	11%
Operating expenses (\$m)	(1,200)	(1,153)	(4%)
Cash earnings (\$m)	1,043	1,101	(5%)
Economic profit (\$m)	793	940	(16%)
Total assets (\$bn)	127.6	110.5	15%
Deposits (\$bn)	61.1	53.9	13%
Net loans (\$bn)	121.2	110.3	10%
Expense to income ratio (%)	36.5%	39.1%	(7%)
Employee numbers	5,236	5,245	0%

Income



Balance Sheet



“Every customer who walks into a St. George branch knows that they are not just a number but a real person, and we make it our business to understand and act on their individual needs.”

GORDANA GERUN
BRANCH MANAGER



welcome



Melos Sulicich General Manager, RAMS and Third Party Distribution

RAMS Home Loans (RAMS) is a brand of RAMS Financial Group Pty Limited, which is wholly owned and funded by Westpac.

Separate from the Group's other distribution networks, RAMS operates a dual distribution model, supporting a national owner-operated franchise network as well as a third-party Broker distribution channel. On 30 September 2009 RAMS had 47 franchisees operating through 70 Home Loan Centres.

RAMS is an important business of Westpac. It offers customers competitive choice in the market and a distinct value proposition that supports Westpac's objective of offering a wide array of choices to ensure we can meet all of our customers' needs, and as a result be able to capture a greater share of the market.

Independent but still connected

RAMS is a great example of The Westpac Group multi-brand strategy in practice – RAMS continues to offer customers choice in the market with a differentiated brand strategy and distinct core target segments. RAMS is in a unique position to be able to work with Westpac to share market knowledge, centralised resources and key suppliers yet continue to deliver 'non-bank' qualities of innovation and flexibility to meet their target segments of the market, such as first home buyers, self-employed borrowers, and first time investors.

Although RAMS is part of The Westpac Group, RAMS continues to operate as a freestanding entity with a dedicated management team, independent home loan origination systems, differentiated products and pricing and services through its own distribution channels.

Earlier this year, RAMS was recognised as the winner of Money magazine's 2009 Non-Bank Lender of the Year in the annual Consumer Finance Awards. RAMS outperformed all other non-bank lenders to win the prestigious title based on its consistent performance across its home loan categories.

“Although RAMS is part of The Westpac Group, RAMS continues to operate as a freestanding entity with a dedicated management team.”

MELOS SULICICH

With the backing of Westpac, RAMS offers customers the 'best of both worlds' – the flexibility and personality of a non-bank, yet backed by the strength and security of funding of a major bank. RAMS continues to evolve and expand its product range to include new products and services to meet its customers' needs.



Everybody loves Raymond

The RAMS brand is positioned as a consumer champion, working passionately to deliver flexible, innovative home loans to help everyday Australians. The key target segments for RAMS include first home buyers, young families, self-employed borrowers and investors.

The iconic 'Raymond the Ram' represents the brand's distinctive personality; Australian, down-to-earth, honest and approachable.

RAMS is known for providing down-to-earth advice, hassle-free service, and for being innovative and agile in its approach. The franchisees who work in local communities across Australia represent the friendly, personable and straightforward nature of the brand.

RAMS understands how daunting buying a home can be, and as a specialist lender it is an advocate for first home buyers and young families. The RAMS 'can-do' attitude is quirky yet engaging and makes customers feel confident and relaxed about dealing with RAMS.



Rob Chapman Managing Director, BankSA

BankSA is the largest financial institution in South Australia and an icon in the State due to its powerful brand, extensive branch network, long and rich history, and substantial community involvement.

It employs 1,200 staff and operates the largest distribution network in South Australia (SA), with 120 branches, 193 ATMs and 89 electronic agencies. BankSA also operates four branches and four ATMs in the Northern Territory.

BankSA's strategy is simple, adopting a local market model approach to ensure it stays close to customers and the local community. This deep knowledge of SA ultimately means better decisions are made across all areas of the business and has been a major driver of the consistently strong financial results, with double digit profit growth for the past nine consecutive years. The bank has complete autonomy

and authority, with an experienced local managing director with a strong track record. The stand-alone strategy is thriving in SA, but BankSA is also able to benefit from the synergies gained by being part of the broader St. George and Westpac entities.

BankSA puts the right people into the right jobs and then executes the strategy with a strong focus on excellent service, beyond what customers are expecting.

Strong and trusted brand with modern edge

BankSA commands enormous respect in the SA community

as the market leader. It has made strong gains this year as customers go in search of trusted, dependable brands. The bank has a history stretching back to 1848 when the first account was opened by Afghan shepherd Croppo Singh.

While that strength, dependability and tradition is one of the central tenets of its success, BankSA has also ensured it shifts with the times and is a key part of contemporary life in SA.

One of the main avenues of this is through a partnership with the Adelaide Fringe, an annual arts festival, which is the world's second largest of its type. It draws huge crowds in the 18 to 35 year-old age group. In October 2009, BankSA signed a new agreement extending this strong partnership until 2013.

Roxby Downs here we come

BankSA has a large presence in rural SA and is building even stronger links. In July 2009 it opened a new branch in the mining town of Roxby Downs in the far north of SA, eyeing the projected population growth stemming from the future expansion of the giant Olympic Dam mine.

It was the first new BankSA branch to be opened in SA since 1995, and was part of a \$5 million investment program across regional branches over a 12-month period.

“BankSA's strategy is simple, adopting a local market model approach to ensure it stays close to customers and the local community.”

ROB CHAPMAN





Rob Coombe Chief Executive, BT Financial Group

BT Financial Group Australia (BTFG) is Westpac's wealth management business. As a result of the merger with St.George, BTFG now also includes operations under the Asgard, Advance, Ascalon, Licensee Select, Magnitude, BankSA and Securitor brands.

BTFG designs, manufactures and distributes financial products that are designed to help customers achieve their financial goals by administering, managing and protecting their assets. These products include retail investments, personal and business superannuation (pensions), retirement, life, general and lenders mortgage insurance, deposit bonds and client portfolio administration (Wrap and Master Trust platforms). BTFG also provides financial planning advice and private banking products and services.

BT Investment Management Limited (BTIM), which is 60% owned by Westpac, operates the Australian investment management business.

Asgard, an entity within St.George Wealth, offers a superannuation and wealth management administration platform business. Advance Funds Management, an entity within St.George Wealth,

provides an investment packaging business.

The Insurance operations manufacture and distribute insurance for Westpac, St.George and BankSA.

At BTFG, we have a collective focus on our customers and the importance of improving their experiences with us through our product and service offerings.

Super for Life takes on the Dragon

We are excited to have the opportunity to extend our unique super product to our St.George customers.

BT Super for Life, our unique award-winning on-line super product, has gone from strength to strength since its launch in late 2008, with over 130,000 customers, total invested funds in excess of \$500 million and growing at more than 5,000 clients a month. From day one of the merger

with St.George, we recognised that Super for Life was the one product most needed by our St.George customers. And, with over 2.6 million customers, this is one of the key growth benefits to come from the merger.

Throwing clients a lifeline

We know that life insurance can be a daunting issue for clients.

It is a fact that we have an increasingly ageing population and that many Australians are underinsured. At the same time, we recognise that each of our advisers operates differently, so it is important for us to make it easier for advisers to be able to cater for their clients' different life insurance needs. That's where LifeSAVER+ comes to the fore.

LifeSAVER+ is a 'best in class' tool that looks at a customer's life stages and provides examples of how insurance can help them at different times of their life. It is an online tool that an adviser

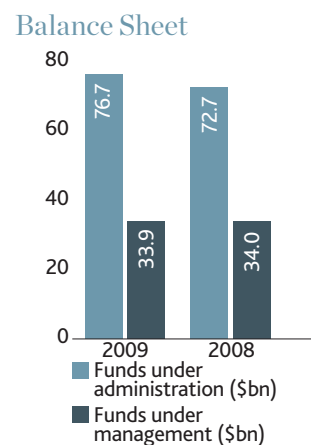
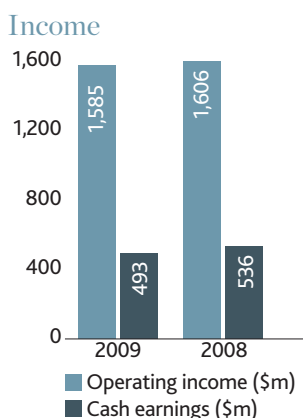
can work through, with the active participation of their client.

Of great value is that at the end of the conversation, the client gets a detailed, tailored report for them to take away and consider the options that have been developed to meet their specific needs. There is no other tool like this in the industry.

Relevant and appropriate financial advice for our customers

Our organisational design separates our Advice and Private Bank businesses from our Product and Services businesses. This enables us to put the customer at the centre of everything we do by unbundling advice and considering the customer's needs first, then the relevant strategy and structure appropriate to these needs before considering the relevant product or service that would be best suited to the customer.

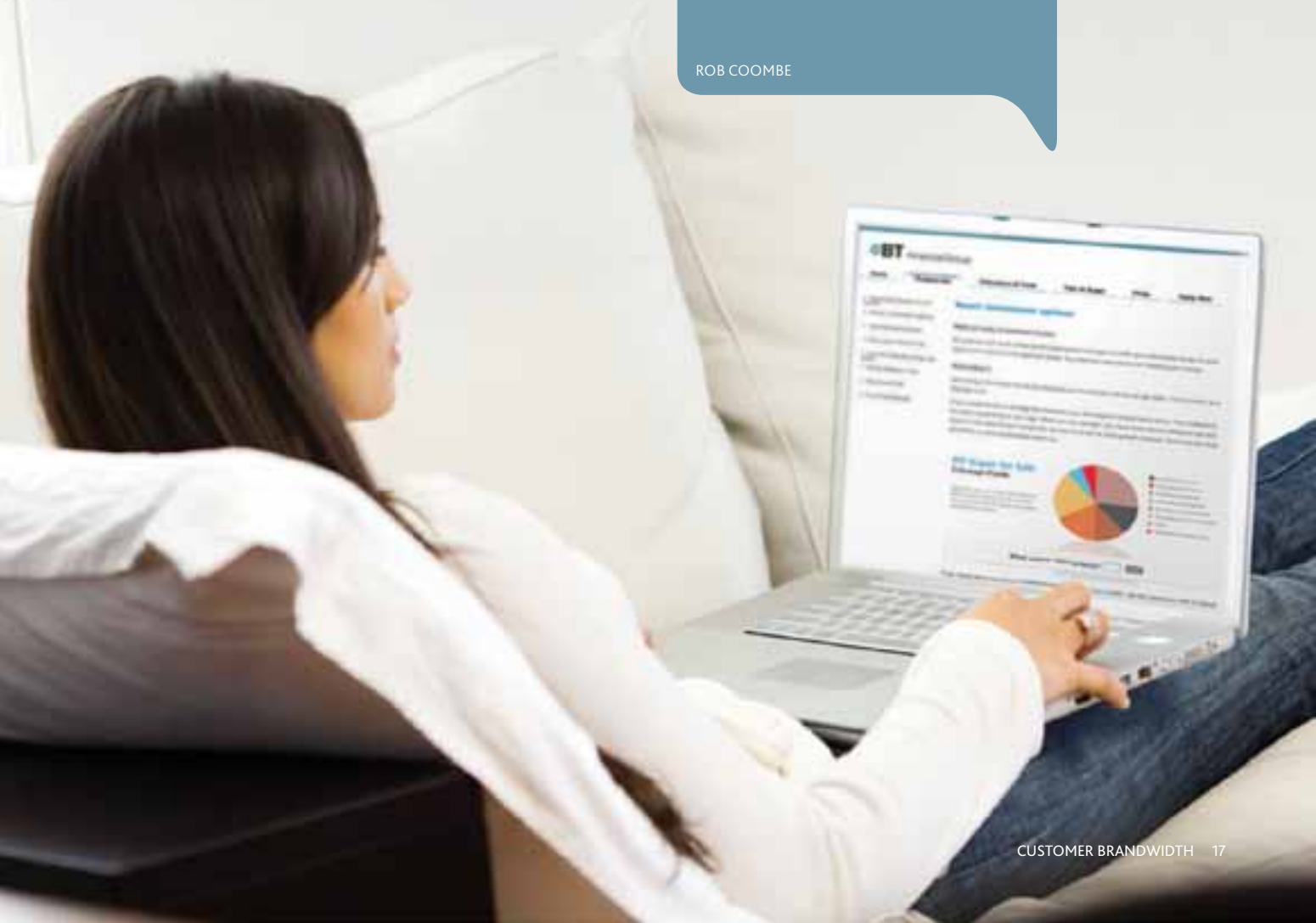
Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (\$m)	1,585	1,606	(1%)
Operating expenses (\$m)	(856)	(847)	(1%)
Cash earnings (\$m)	493	536	(8%)
Economic profit (\$m)	329	398	(17%)
Total assets (\$bn)	26.1	24.5	7%
Funds under administration (\$bn)	76.7	72.7	6%
Funds under management (\$bn)	33.9	34.0	0%
Expense to income ratio (%)	54.0%	52.7%	2%
Employee numbers	3,949	3,881	2%





“We are excited to have the opportunity to extend our unique super product to our St.George and BankSA customers.”

ROB COOMBE





Rob Whitfield Group Executive, Westpac Institutional Bank

Westpac Institutional Bank (WIB) delivers a broad range of financial services to commercial, corporate, institutional and government customers either based in or with interests in Australia and New Zealand.

WIB operates through dedicated sales industry teams, supported by specialist knowledge in financial and debt capital markets, transactional banking, margin lending, broking and alternative investment solutions. It also includes the Premium Business Group, which was transferred from WRBB during 2009.

Customers are supported through Westpac branches and subsidiaries located in Australia, New Zealand, New York, London and Asia.

Thriving, not just surviving...

The last year has been unquestionably difficult, and further challenges lie ahead.

We have remained committed to supporting our customers, we are passionate about ensuring that we are partnering

with them to deepen our relationships for the long term.

Our recent recognition as the clear number one Lead Bank* in Australia and New Zealand is important to us because it is a strong endorsement of the enormous focus we have on putting our customers at the centre of everything we do.

Part of that has been about providing our customers with market-leading solutions, and knowing their industry intimately. It is also about understanding their funding, cash management, and offshore banking needs better than anyone else.

The strongest feedback we have had from our customers has been their appreciation of the consistent and proactive approach we have demonstrated in helping them navigate through this difficult period.

More than just traditional 'banking'

Over the last few years we have looked to shift the traditional view of how our customers think about their bank. The value that we seek to bring to these deep customer relationships extends further than lending and core banking products.

We continue to strive to help customers with those needs; and more and more we are adding value to our customers with solutions that incorporate our market-leading capabilities.

For example, we continue to make significant investment in our payments and transaction service technology, and this is allowing customers to streamline and significantly improve their cash management capabilities.

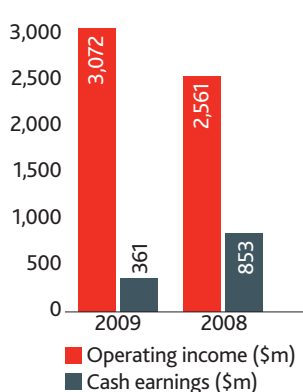
The Westpac Group is recognised globally as a leader in sustainability, and in the Institutional Bank we are leading the way in helping customers understand the risks and opportunities that are emerging in a carbon-constrained economy. We will continue to work with our customers to apply our strong risk management disciplines and embed sustainability practices in their business.

While we have had a clear focus on helping our customers survive the GFC, we have continued to work with them to find ways to ensure they can thrive. That's what partners do.

* Peter Lee Survey, July 2009.

Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (\$m)	3,072	2,561	20%
Operating expenses (\$m)	(1,028)	(976)	(5%)
Cash earnings (\$m)	361	853	(58%)
Economic profit (\$m)	(361)	422	(186%)
Total assets (\$bn)	114.6	130.0	(12%)
Deposits (\$bn)	51.0	38.3	33%
Net loans (\$bn)	75.3	83.9	(10%)
Funds under management (\$bn)	8.9	9.3	(4%)
Expense to income ratio (%)	33.5%	38.1%	(12%)
Employee numbers	3,061	3,167	(3%)

Income



Balance Sheet



“The Westpac Group is recognised globally as a leader in sustainability and in 2009 were included in the Global Carbon Leadership Index for the sixth year in a row.”





George Frazis Chief Executive Officer, Westpac NZ

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for more than 1.2 million consumer and small to medium business customers in New Zealand. It has more than 930,000 registered online banking users.

The division operates via an extensive network of 196 branches (including agency sites) and 508 ATMs across both the North and South islands. Banking products are provided under the Westpac brand while wealth and insurance products are provided by Westpac Life New Zealand and BT New Zealand. Institutional customers are supported by the New Zealand Institutional Bank, the results of which appear within WIB.

Committed to local banking, local communities

Key to our long-term success is building strong local businesses with highly capable local bankers, and truly empowering them to be able to help their customers and communities.

In support of bringing back the Bank Manager, we are transitioning our branches

to a refreshed customer-centric branch operating model – the Local Operating Model. This is not just a quick makeover, but a fundamental restructuring of roles and responsibilities that frees up our Bank Managers to better meet their customers' needs and spend more time in the communities in which they live and work.

Often it's the little things that most powerfully demonstrate this important bridge between banker and community, such as Bank Manager, Tracey Mold encouraging pupils of the local school in Otangarei to apply for positions as 'School Tellers' as part of their school banking. So not only meeting the pupils' banking needs and encouraging them to save, she is also assisting them to understand the value of what they are learning at school – applying English and maths to real life.

Building long-term capability through financial literacy

At Westpac we believe having financially literate customers is vital for the well-being of our customers and the sustained growth of our economy. It's the right thing to do – and it's also good for the long-term sustainability of our business.

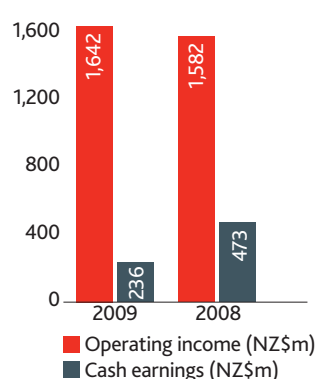
In 2006 Westpac launched its financial literacy program, 'Managing Your Money'. In New Zealand, it is unique as it is facilitated by Westpac employees within their own communities. We have set ourselves the goal of having 45,000 New Zealanders participate in our Managing Your Money program by 2012. Given the difficult financial environment, this program has been well received by our customers.

By the end of September 2009, more than 3,000 people have attended one of more than 300 Managing Your Money workshops and nearly 4,500 have accessed our online tutorial when unable to attend in person. At present we have 182 active workshop facilitators trained throughout New Zealand.

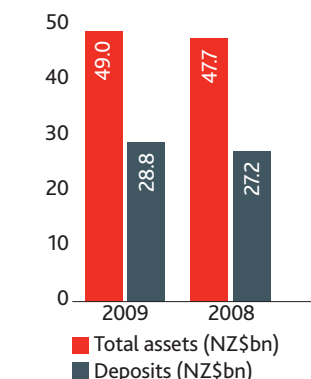
We have expanded the program to include a workshop specifically designed for secondary school students, which is particularly relevant to school leavers. Workshops are free, delivered in multiple languages and fully accessible, catering for the visually impaired and deaf members of the community.

Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (NZ\$m)	1,642	1,582	4%
Operating expenses (NZ\$m)	(741)	(716)	(3%)
Cash earnings (NZ\$m)	236	473	(50%)
Economic profit (NZ\$m)	(68)	213	(132%)
Total assets (NZ\$bn)	49.0	47.7	3%
Deposits (NZ\$bn)	28.8	27.2	6%
Net loans (NZ\$bn)	47.7	46.5	3%
Funds under management (NZ\$bn)	2.1	2.0	5%
Expense to income ratio (%)	45.1%	45.3%	(0.2%)
Employee numbers	4,540	4,674	(3%)

Income



Balance Sheet



“We were thrilled to have Westpac delivering your Managing Your Money sessions at Air New Zealand Leadership College in 2009 after we had received such positive feedback from the previous sessions.”

NICKY BEBBINGTON
AIR NEW ZEALAND





Jane Kittel General Manager, Pacific Banking

Pacific Banking provides a full range of financial products, including home, personal, and business lending, and savings and investment accounts, for more than 245,000 retail and business customers throughout the Pacific.

“We take pride in how we serve our customers and the community, with genuine Pacific warmth and flair.”

SYLVIA ALEXANDER
BRANCH MANAGER
PORT DENARAU, FIJI



It delivers its core business activities in Fiji, Papua New Guinea (PNG), Vanuatu, Cook Islands, Tonga, Solomon Islands and Samoa, through a range of channels including 51 branches and agencies, 80 ATMs, telephone banking and internet banking.

Cultural respect from a global bank

Getting close pays dividends. Banking in the Pacific is different. We've been in the Pacific region for over 108 years and more than 97% of our workforce is employed locally. It's these long term local relationships that enable us to better understand and respect the ways and culture of a very diverse group of local communities across the seven Pacific islands in which we operate.

So why is it that in just two years since opening our branch on Denarau Island Fiji, we have all the local businesses, bar one, banking with us?

Branch Manager, Sylvia Alexander (pictured at left) puts it down to building strong local relationships, listening to the needs of our customers, delivering on our promises and making it easier for our customers to bank with us.

Over the past few years we have invested in infrastructure essential to improving our technology, systems and organisational capability, to improve reliability, convenience and access for our customers. In PNG we've worked with Air New Guinea to provide a secure online payment system opening up multi-currency electronic ticketing to travellers globally.

Serious about supporting our communities

Education and health are key measures of development progress in the Pacific. Our commitment in these areas has driven our key activities in local communities where our focus includes: delivering financial

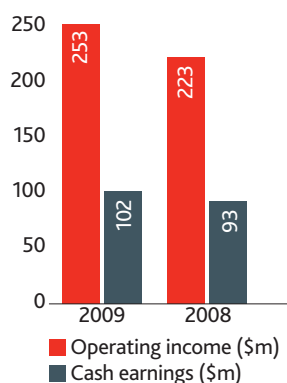
literacy training in schools, churches and community groups across the region; contributing to the development of safe and clean drinking water sources in local villages in Fiji, Vanuatu and Solomon Islands; and educating our employees and their extended families on the impact and prevention of HIV/AIDS in PNG.

“Over the last few years in PNG we have successfully built on our ‘Women in Business’ program to facilitate the start of a broader women’s network. We strongly believe that by helping individuals and communities to help themselves, we can contribute to the much-needed sustainability of the region.”

JANE KITTEL

Business Unit Performance	2009	2008	% Mov't 2009/08
Operating income (\$m)	253	223	13%
Operating expenses (\$m)	(85)	(67)	(27%)
Cash earnings (\$m)	102	93	10%
Economic profit (\$m)	78	73	7%
Total assets (\$bn)	2.1	2.4	(13%)
Deposits (\$bn)	1.7	2.2	(23%)
Expense to income ratio (%)	33.6%	30.0%	12%
Employee numbers	1,176	1,152	2%

Income



Balance Sheet



5 Year Summary

Financial and Other Information¹

	2009	2008	2007	2006	2005
	\$m	\$m	\$m	\$m	\$m
Income statements – years ended 30 September²					
Net interest income	11,646	7,222	6,313	5,642	5,259
Non-interest income	4,859	4,383	4,006	3,693	3,554
Net operating income	16,505	11,605	10,319	9,335	8,813
Operating expenses ⁴	(7,171)	(5,455)	(4,689)	(4,413)	(4,259)
Impairment losses on loans	(3,238)	(931)	(482)	(375)	(382)
Profit from ordinary activities before income tax expense	6,096	5,219	5,148	4,547	4,172
Income tax expense	(2,579)	(1,287)	(1,630)	(1,422)	(1,223)
Net profit attributable to outside equity interests	(71)	(73)	(67)	(54)	(251)
Net profit attributable to equity holders	3,446	3,859	3,451	3,071	2,698
St. George cash earnings prior to merger	163	1,321	–	–	–
Cash earnings adjustments – non-merger related ³	812	(144)	56	8	106
St. George merger related cash earnings adjustments	206	11	–	–	–
Cash earnings	4,627	5,047	3,507	3,079	2,804

Financial position and key financial ratios²

Balance sheet					
Total assets (\$m)	589,587	439,676	377,620	301,461	267,664
Shareholders' equity and minority interests (\$m)	36,571	19,471	17,908	16,126	16,927
Business performance					
Operating expenses to operating income ratio (%)	43.4	47.0	45.4	47.3	48.3
Net interest margin (%)	2.38	2.07	2.19	2.29	2.45
Productivity ratio (net operating income to salaries and other staff expenses)	4.47	4.16	4.07	4.06	4.05
Capital adequacy					
Tier 1 ratio (%)	8.1	7.8	6.5	6.9	7.2
Total capital ratio (%)	10.8	10.8	9.5	9.6	9.7
Total equity to total assets (%)	6.2	4.4	4.7	5.3	6.3
Credit quality					
Net impaired assets to equity and collectively assessed provisions (%)	5.7	3.0	1.4	1.5	1.9
Total provisions to gross loans and acceptances (basis points)	101.2	69.0	61.6	63.0	84.0
Shareholder value					
Dividends per ordinary share (cents)	116	142	131	116	100
Dividend payout ratio (%)	92.6	68.9	70.1	69.4	67.2
Dividend payout ratio – cash earnings (%)	73.4	71.6	69.2	69.4	66.0
Cash earnings to average ordinary equity (%)	13.8	22.3	23.8	23.0	22.2
Earnings per share (cents)	125.3	206.0	186.9	167.2	148.9
Net tangible assets per ordinary share (\$)	7.89	7.71	7.00	6.14	5.71
Share price as at 30 September (\$):	26.25	21.48	28.50	22.71	21.10
Other information					
Points of bank representation (number at financial year end)	1,491	1,089	1,073	1,068	1,060
Total employees (number at financial year end) ⁴	34,188	26,717	25,903	25,363	25,583

1. The Summary Income Statement and the Balance Sheet and key financial ratio information has been extracted from the Westpac 2009 audited Annual Report.

2. For more detail please refer to the Westpac 2009 Annual Report, which is available at: www.westpac.com.au/investorcentre.

3. Net profit attributable to equity holders adjusted for the impact of Treasury shares, fair value changes on economic hedges of hybrid instruments, and one-off significant items not part of ongoing business operations.

4. Core full-time equivalent staff includes overtime and pro-rata part-time staff. It excludes staff on unpaid absences (e.g. unpaid maternity leave), temporary and contract staff.

Managing Sustainability

This year the impacts of the financial crisis and the challenges of moving to a low-carbon economy have again shown that sustainability issues are, in many cases, simply fundamental issues for our business and our customers. Over time, risk, strategy and sustainability will be increasingly linked – and this is the thinking behind our first integrated report.

Indeed, being a global leader in sustainability is one of our key strategic goals for The Westpac Group. Sustainability is fundamental to delivering our overall strategy – of building advocacy, and truly earning all of our customers’ business.

An immediate priority this year has been to help customers experiencing hardship. The expansion of Assist, our support for financial counsellors, and our commitment to equipping customers and the community with financial know-how have all been important measures, discussed at length at the Board Sustainability Committee.

We’ve made good progress during the year in making sustainability more tangible to our customers and employees. I’m pleased that, with over a decade of thinking about, and responding to these new issues, we are well placed to actively share this experience with customers.

Much of our work to date has been behind the scenes, embedding our sustainability

thinking into key processes, such as product development. We are now seeing some positive outcomes, for example, our involvement in the Federal Government’s green loan program, the launch of the innovative SENSE savings product in St. George and BankSA, and our ongoing work with institutional clients on carbon risks and opportunities.

Over the next period, we remain committed to further developing the foundations of our governance and risk frameworks, including the development of a consistent framework for environmental, social and governance credit risk analysis, as well as finalising a governance process to ensure the implementation of the UN Principles for Responsible Investment.

Moving forward, we have the benefit of Group-wide support for our five-year sustainability plan. The rollout of ‘Our Tomorrow’, our employee sustainability program, was an important step to engage

our people on these objectives and to tap into their enthusiasm and expertise.

For The Westpac Group, sustainability is deeply embedded in our culture. We have a strong history of supporting communities, of doing the right thing – because it is the right thing to do. We have a proud record of international recognition for our efforts in this area, but we recognise that ultimately we will be measured by our actions, in the eyes of our customers, and the communities we serve. We are clear about our goals, and about our progress against the objectives we have set.



GAIL KELLY
CHIEF EXECUTIVE OFFICER

OBJECTIVE

To be recognised by customers, employees, investors and the community as a global leader in sustainability

6 FOCUS AREAS

Going Mainstream	People & Places	Tread Lightly	Climate Change	Speaking Out	Solid Foundations
Building sustainability into our products and services to help customers become more sustainable	Social sustainability including responsible banking and working on issues of concern to local communities	Managing our own environmental footprint	Helping customers and employees transition to a low-carbon economy	Leading beyond the corporate walls and speaking out in support of sustainable business practices	Corporate governance, risk management, values and ethics

For us sustainability is about managing 'what matters'. This means both emerging issues like water security and the ageing population, and areas of business performance, such as governance or human capital management. Both have material impacts on our business and our stakeholders.

By seeking to embed sustainability within business processes and decision-making, writing about 'sustainability' becomes increasingly difficult to do in isolation. It is for this reason that we have not produced a separate sustainability report, because it is no longer considered separate.

Our view is that sustainability can be financially material and should be taken into account by investors. We aim to be clearer about how sustainability value drivers link to financial outcomes.

Ultimately, sustainability is about understanding and managing areas material to future performance. This must be as true for the future of our customers as it is for our own operating environment if we are to be truly customer focused.

Embedding Sustainability into Business Decision Making

Endorsed by internal Sustainability Council & Board Sustainability Committee and reviewed by our external assurers



Continuous dialogue with our stakeholders is key to staying on top of emerging trends and issues, and building these into our strategic response. During the year we undertook a stakeholder mapping exercise to ensure that the views of stakeholder groups were raised in suitable governance forums. This process provided reassurance that stakeholder views are fed through to the appropriate decision-making bodies and to our materiality process.

Our structured approach includes the Board Sustainability Committee, Group Sustainability Council, Australian and New Zealand Community Consultative Councils (CCC), Indigenous Working Group, Facilities Management Governance Forum, Supplier Forum, various employee forums, including our Group-wide annual employee survey, two Carbon & Water groups, and the Graduate Sustainability Group.

Customer feedback is gathered through many channels including online feedback, research and complaints tracking. Customer advocacy is the lead performance indicator, measured via the Net Promoter Score (NPS). Progress on addressing systemic complaints across each of our brands is also reported centrally in a quarterly Voice of the Customer report. Together these are important inputs in guiding our transformation to customer centricity.

This brand-wide process facilitates local resolutions to customer issues whilst maintaining processes for systemic complaints and has replaced the role of the customer advocate. This is consistent with our overall approach empowering local leaders to take responsibility for regular engagement with their employees, customers and the community.

Our Community Consultative Councils are pivotal in determining material issues and priorities. The Australian Council comprises the CEO or similar executives from key stakeholder organisations as well as our Group Executive team. In 2008 the membership was again revised to fully represent our stakeholders and issues.

In February 2009 we held a special meeting on the impacts of the Global Financial Crisis on customers and the community to better understand their needs during this time.

There was additional specific engagement during the year on our new approach to skills-based mentoring as well as our approach to reporting.

The role of stakeholder engagement

Full facts and figures on our 2009 sustainability performance are online at www.westpac.com.au/corporateresponsibility and in our regular online newsletter, PACT.

Identifying material issues, risks and opportunities

The most material issues to our business and stakeholders are assessed throughout the year and feed directly into strategy development and in turn into this report.

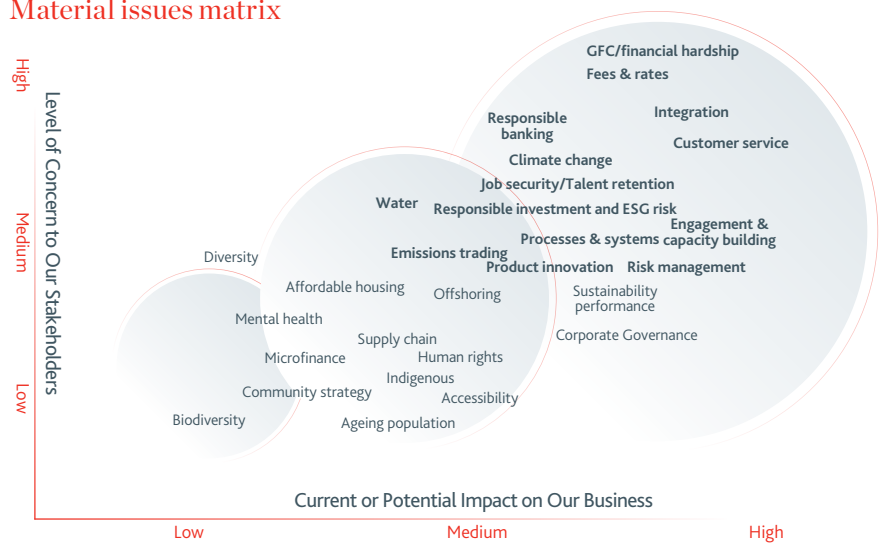
Issues, risks and opportunities are identified from a wide variety of sources, including regular stakeholder consultation, strategic planning across the Group, media coverage, government priorities, customer research and benchmarking with our peers.

We prioritise issues according to the impact on our stakeholders, our business operations and financial outcomes. The resulting matrix is reviewed and approved by the Group Sustainability Council, the Executive Team and the Board Sustainability Committee. It is also reviewed by our assurers, Banarra.

This process helps us identify our most material issues, this year including the impact of the financial crisis, fees, customer service and responsible banking. Through the strategy development process described earlier, we work through the risks and opportunities associated with each. Our approach is shaped by additional stakeholder feedback as required, as evidenced by our special CCC meeting on financial hardship this year.

Information on how we are managing these issues and associated risks and opportunities can be found in this report, on our website www.westpac.com.au/corporateresponsibility and in our regular online newsletter, PACT. To receive these updates email corporateresponsibility@westpac.com.au

Material issues matrix



Note: Issues in bold are material and discussed in this report.

Our reporting and assurance frameworks

Information previously reported in a separate Stakeholder Impact Report is now within this Annual Review, or online. We have further consolidated Group-wide data, including from St. George Bank for the first time. As before, the core reporting frameworks and data techniques used are the Global Reporting Initiative G3 and Financial Services Sector Supplement, to an **A+ level**.

A significant development this year was the requirement to report greenhouse gas emissions and energy consumption under the new Australian Federal Government legislation – the National Greenhouse and Energy Reporting Act. This data was subject to specific assurance by Banarra as well as a number of reviews by internal audit. Our internal auditors also undertook a review of our Matching Gifts program.

The sustainability data and content in this Review is independently assured using the

revised AA1000 Assurance Standard. The assurance statement from Banarra is available online. This is the final year of our current assurance contract and we will be undertaking a formal review and tender for assurance services for our 2010 reporting. Our New Zealand emissions data is verified locally by Deloitte under the CEMARS scheme.

Embedding our sustainability priorities

Further progress has been made on building sustainability priorities into strategy and funding decisions. As part of the Group's core strategy process, the Business Strategy Review, divisions set out the positive or negative sustainability impacts for each element of their strategies. In addition, all major project investment is also assessed against our sustainability focus areas.

Divisions take the lead on issues according to their core responsibilities. For instance New Zealand has a complete approach, known as Our Tomorrow, whilst Product



In September 2009 our corporate governance performance was again top-rated (10.0) in the nineteenth consecutive assessment by GovernanceMetrics International.

& Operations leads on our environmental footprint, and the Institutional Bank leads on climate change.

At St.George this has taken the form of a structured engagement and benchmarking exercise to see how sustainability was managed previously, to identify potential risk issues, and to gain a clear understanding of 'what sustainability means' for St.George and BankSA. We have the opportunity to build on the distinctive heritage and cultures of these businesses. This work will be advanced following the appointment of a Head of Corporate Social Responsibility & Public Affairs.

Governance and capacity-building

The Board Sustainability Committee continues to review policy, commitments, strategy, and performance outcomes. Each committee meeting during the year included a workshop discussion between

the Board and Executive Team on progress against objectives, significant division initiatives, and benchmarking. The meetings looked at: social strategy, corporate reporting; and customer concerns on climate change.

The Executive Team has explicit accountability for sustainability performance, reflected in their scorecards. All Executive Team members take clear personal leadership for the sustainability agenda within their divisions.

The Sustainability Council is now well established as the primary coordinating body for sustainability across the Group. The Council reviews and reports progress against our sustainability objectives, shares best practice, and discusses and pursues initiatives, issues and dilemmas. It has the power to recommend and escalate issues for discussion and decision to the Executive Team and Board Sustainability Committee.

BT Financial Group (BTFC) and Product & Operations have established their own divisional councils to implement sustainability initiatives and build awareness and capacity. These are in addition to existing Carbon and Water groups within Westpac Institutional Bank (WIB) and Westpac Retail and Business Banking (WRBB), the Facilities Management Governance Forum, and NZ Environmental Sustainability and Community Engagement Steering Committees.

This broad governance approach means that our capabilities to manage sustainability performance and issues are embedded in many different roles and responsibilities across the Group. This is supported by Doing the Right Thing training completed by all employees every two years and +ONE induction training, which includes a module on sustainability. In addition are specific training programs on topics such as climate change.

Measuring performance

Progress against the year one objectives of our five year strategy are detailed in this report, together with our objectives for 2010 and 2013. These revised objectives were discussed and approved by the Sustainability Council and endorsed by the Board Sustainability Committee. Given the breadth of this agenda, benchmarking and performance assessment occurs right throughout the business.

- ▶ The Dow Jones Sustainability Index (DJSI) is one of the few available overall measures of sustainability performance. It examines 22 areas of sustainability practice deemed to be most material for investment purposes. The bar is raised each year, in that best practice is continually reassessed. In 2009 we achieved our highest ever score, and were recognised as a global leader and one of only two banks to achieve gold status.
- ▶ We were again included in the FTSE4GOOD and the Carbon Disclosure Project's Leaders Index.
- ▶ Sustainable Asset Management Group and the World Wildlife Fund recognised us as one of only six 'mainstreamers' in the global financial sector who have integrated climate change strategies into core business processes.
- ▶ In September 2009 our corporate governance performance was again top-rated (10.0) for the nineteenth consecutive assessment by GovernanceMetrics International.
- ▶ We remain an active member of the St James Ethics Centre Corporate Responsibility Index (CRI) Leaders Network, contributing to the Centre's project to encourage the uptake of responsible business practice amongst SMEs.
- ▶ The Westpac Group is a founding signatory to the United Nations Global Compact and over the year actively supported the establishment of the new Australian network.

Sustainability Objectives

Going Mainstream – sustainable products

2010	2013
Embed sustainability criteria into consumer product design and decision making processes across our Australian retail brands	Sustainability principles applied throughout key retail product lines
Launch an energy efficiency loan product for personal customers in Australia and New Zealand	Responsible lending and investment practices embedded in key processes
Roll out St.George employee green loan to all Australian employees	Reach 45,000 people through New Zealand's Managing Your Money program
Roll out an innovative savings product to assist customers in savings and budget planning	
To be ranked as the top 1 & 2 for Net Promoter Score (NPS) scores in Australia amongst the major banks and St.George, and 4th in New Zealand	

People and Places – local social leadership and responsible banking

2010	2013
Measure and report customer feedback on Assist services and the Financial Solutions Group	To have established and be meeting service targets for Assist and the Financial Solutions Group
Complete rollout of Westpac Local in Westpac Retail and Business Banking	Measurable local engagement on community issues
Provide \$1 million in financial and in-kind support for financial counselling services	Embed organisational mentoring approach
Continue to build scale for organisational mentoring	
Maintain a Group-wide engagement score of 81%	

Treading Lightly – environmental footprint

2010	2013
Reduce Scope 1 and 2 emissions by 12.5% on 2008 levels	Reduce Scope 1 and 2 emissions by 30% on 2008 levels
Reduce paper consumption by 7% on 2008 levels	Reduce paper consumption and air travel by 15% on 2008 levels
Reduce water consumption by 6% in Australian corporate and contact centres on 2008 levels	Reduce water consumption by 10% in Australian corporate and contact centres on 2008 levels
Identify and measure additional areas of Scope 3 (indirect emissions)	Share best practice from our footprint reduction program

Climate Change – carbon and water

2010	2013
Implement New Zealand carbon strategy	Top 3 regional player in carbon related markets
Launch carbon hedging and risk management products in Australia and New Zealand	
Incorporate carbon considerations into credit and risk processes and sector strategies	
Continue to engage with all identified priority customers	

Speaking Out – in support of sustainable business practice

2010	2013
Advocate for continued action on climate change	Complete research and greater advocacy on climate change adaptation requirements in our key areas of operations
Continue to encourage the adoption of sustainable business practices amongst SMEs and within the community sector	Sustainability criteria embedded into the category management plans for priority areas of spend
Encourage greater use of Environmental, Social and Governance (ESG) factors in investment decision-making	Increased internal engagement with our sustainability strategy and approach
Scope opportunities to embed sustainability criteria into the category management plans for priority areas of spend	
5% of employees registered as Our Tomorrow Champions across the Group	

Solid Foundations – governance and risk

2010	2013
Develop a consistent framework for Environmental, Social and Governance (ESG) credit risk analysis across all business units	Consideration of Environmental, Social and Governance (ESG) issues incorporated into relevant risk management policies, practices and decision-making processes
Establish a governance process to implement the United Nations Principles for Responsible Investment (UN PRI) across the merged funds management businesses	Mainstream Environmental, Social and Governance (ESG) within investment decisions
Implement Sustainable Supply Chain Management across all countries and brands	Sustainable Supply Chain Management embedded across all countries and brands
Explore opportunities to align sourcing practices with our local community engagement approach	

2009 Performance Scorecard

Going Mainstream – sustainable products

Achieve at least second highest Net Promoter Score (NPS) in the sector for Australia and at least third highest in New Zealand	<ul style="list-style-type: none"> – Westpac Australia achieved the second highest NPS amongst the major banks (excluding St.George). – Whilst the NPS score for Westpac New Zealand improved relative to peer companies it remains lower than third in the sector. 	<p>✓</p> <p>✗</p>
Develop additional wealth offerings based on sustainability principles	– Customer-centric design workshops were held to inform the development of new products. A strategic review of emerging and future customer product needs arising from the impact of the global financial crisis was also undertaken. A number of new products are in development as a result.	IP
Conduct roundtables on the major issues contributing to financial difficulty	<ul style="list-style-type: none"> – A special meeting on financial hardship was held with members of the Community Consultative Council (CCC) and senior leaders in our Australian retail brands in February 2009. Financial hardship was also the main focus of the CCC held in New Zealand. – Subsequent meetings have been held with leading community organisations as part of our commitment to provide \$1 million in funding and in-kind support to financial counsellors. – Internally a number of business lines have made presentations to the Board Sustainability Committee on the impact of financial crisis on their customers and our response. 	✓
Expand Westpac Assist to SME customers and expand proactive approaches to other consumer lending products	– Westpac Assist was extended to SME customers in April 2009. The Assist service has also been expanded across St.George and BankSA. Proactive calling was trialled during the reporting year and will be further refined following customer feedback.	✓

People and Places- local social leadership and responsible banking

Maintain a Group-wide employee engagement score of 78%	– Employee engagement increased to 81% across the Group. Now equal to the Towers Perrin-ISR Global High Performing Companies norm. This included an engagement score of 82% for St.George.	✓
Reduce Lost Time Injury Frequency Ratio (LTIFR) by 5% to 3.23 in Australia and to 8 days per million hours worked in New Zealand	<ul style="list-style-type: none"> – LTIFR reduced to 2.83% in Australia, a reduction of over 12%. – In New Zealand LTIFR increased to 17 days lost per million hours due to one incident that represented 40% of the total. 	<p>✓</p> <p>✗</p>
Launch employee offering to increase product take-up and experience	– A package of products was launched to employees in late 2008.	✓
Rollout of local social engagement and investment model	– The Westpac Local model (management, marketing, recruitment etc) is being implemented across Westpac RBB over a two-year period commencing in 2009 – this includes local community investment.	IP

Treading Lightly – environmental footprint

Reduce Scope 1 and 2 emissions by 5%	– Like-for-like emissions decreased by 5% against the 2008 baseline. Emissions from the newly merged St.George portfolio also decreased by 7% over the reporting period.	✓
Complete site-by-site energy management plans for corporate sites	– Energy management plans are now in place for all corporate sites in Australia (including St.George sites), New Zealand and the United Kingdom. Branch audits are also underway in Pacific Banking.	✓
Reduce paper consumption by 5%	– Paper consumption decreased by more than 10% on a like-for-like basis against the 2008 baseline.	✓
Reduce water consumption in corporate and contact centres by 5%	– Water consumption remained steady. We are working with local water authorities on water management plans for our key head office sites and are working to include St.George data in future reports.	✗
Take increased accountability for indirect emissions	– Taxi data has been reported for the first time. We have also reported Scope 3 emissions for many categories for St.George and have established objectives to work with suppliers in priority areas of spend to embed specific sustainability criteria into the selection process.	✓

Climate Change – carbon and water

Complete institutional and business banking carbon risk training	<ul style="list-style-type: none"> – More than 300 employees from institutional and business banking divisions completed a half-day session on carbon risk, including client case studies during 2008/09. Training sessions were also undertaken with The Westpac Group and Institutional Banking Executive Teams in September 2009. – This has been supported by ongoing information sessions and client engagement tools. 	✓
Launch Commodities, Carbon and Energy products and services to our customers	<ul style="list-style-type: none"> – Commodities, Carbon and Energy (CCE) offers a full range of spot, forward and structured trading solutions across carbon markets in Australia, New Zealand and Europe. 	✓
Continue customer engagement on carbon risk	<ul style="list-style-type: none"> – Meetings have been held with priority clients in Australia and New Zealand in all high-risk sectors throughout the year. 	✓

Speaking Out – in support of sustainable business practice

Continue to advocate for robust emissions trading schemes in Australia and New Zealand	<ul style="list-style-type: none"> – We have been involved in ongoing policy dialogue with the Australian and New Zealand governments including contributing to Parliamentary Committee inquiries in both countries. 	✓
Encourage the further adoption of sustainable business practices within the SME sector	<ul style="list-style-type: none"> – Involved in the St James Ethics Centre's National SME Project to source, refine and develop resources and tools to engage and promote sustainable business practices amongst SMEs. – Continued supplier engagement around the rollout of the Sustainable Supply Chain Management (SSCM) Code of Conduct designed for smaller suppliers. 	✓

Solid Foundations – governance and risk

Develop key sensitive sector and issue specific lending and investment policies	<ul style="list-style-type: none"> – We are currently developing a formal ESG framework covering the Group's broad management of ESG issues. This work supports existing lending policies covering environmental risk, Equator Principles and ESG risks in mining, specialised inventory finance, and forestry and wood processing. 	✗
Further integrate financial and non-financial reporting	<ul style="list-style-type: none"> – External stakeholder consultation completed and discussions held with the Board Sustainability Committee. This year's Annual Review combines financial, strategy and sustainability information in a single report. 	✓
Establish a governance process to ensure the implementation of the UN Principles for Responsible Investment	<ul style="list-style-type: none"> – The development of a governance process has been integrated into the program of work to merge the BT Financial Group and Advance portfolios. This work is due for completion in 2010. 	✗
Align sustainable supply chain policies across the Group	<ul style="list-style-type: none"> – Sustainable Supply Chain Management (SSCM) policies have been aligned for all Australian businesses and adopted for the top 20 suppliers in Pacific Banking. An SSCM approach is also being piloted in New Zealand. 	✓

IP – In Progress

Going Mainstream

“There are many different aspects that the consumer is juggling when they’re thinking about ethical purchases or sustainability related purchases.”

PROF. SUZANNE BENN
PROFESSOR OF EDUCATION FOR
SUSTAINABILITY AND DIRECTOR, ARIES
MACQUARIE UNIVERSITY, SYDNEY

We know that a number of customers choose to bank and invest with The Westpac Group because they share our views on sustainability. Building sustainability into our products as a way of life provides an opportunity to connect with these customers more directly.

Our approach is twofold. First, we aim to innovate with new products and services to meet specific emerging customer needs, for instance, assisting our customers’ transition to a low-carbon economy, discussed in the Climate Change section of this report.

Second, we recognise the need to design all our products with sustainability in mind. This includes taking account of the value chain impacts of our financing activities, discussed in the Solid Foundations section of this report.

Niche products

Customer support for our sustainability stance is not yet equalled with strong take-up of our specific sustainability offerings, but we see this as an important time to refine our offerings as this market emerges. Research currently being undertaken in partnership with Macquarie University has confirmed there is often a gap between intent and action by consumers.

Despite modifying the offers in our Economical Living home loan package, take-up has remained low. In Australia, we will trial a campaign approach, with more timely, flexible offers on energy and water-saving products for existing customers.

In New Zealand, the Green Home Loan was replaced with an online eco shop with discounts on energy and water efficiency products for all online banking customers. However, this has received a limited response and will be integrated into our

existing credit card redemption benefits. We continue to offer environmental redemption options to Westpac’s Australian credit card customers.

We will be supporting the Australian Federal Government’s Green Loan initiative to provide householders with interest-free loans to fund energy and water-saving initiatives identified via a home assessment. The loans will initially be offered through Westpac Retail and Business Banking (WRBB).

In St. George, interest-free green loans are already provided to employees. We plan to extend this offer across the Group next year.

In New Zealand, establishment fees for home loan top-ups and personal loans were waived for customers using the funds to install insulation or heat pumps in conjunction with the New Zealand Government’s Warm Up New Zealand campaign. We are exploring similar opportunities to promote household efficiency in Papua New Guinea.

We have also been working at the request of the Fijian Government to develop a microfinance solution, which we hope to roll out across our Pacific business.

Serving niche markets

We continue to provide specific solutions for customer groups that may have traditionally been under-represented. The formation of Women’s Markets over a decade ago was an early example of this. Since then we have advised other banks, looking to establish similar functions.

We also run Women in Business Awards in Papua New Guinea, Tonga and Fiji to highlight the outstanding achievements of local women. The program has evolved to become a networking forum and will soon offer education programs to improve capacity in the region.

We have a long partnership with the Indigenous Capital Assistance Scheme (ICAS) providing subsidised business loans in conjunction with the Australian Federal Government. Currently 33 Indigenous businesses have loans under the scheme with \$5.6 million in funding.

More recently has been the formation of Community Markets in WRBB to meet the needs of community-focused organisations. A review was undertaken to determine what should be considered a community organisation. Following consultation with potential customers – not-for-profit organisations, community service providers and religious organisations are all included in this segment.

**As at July 2009, we have over
53,000 community markets
customers with footings of
\$5.6 billion.**



(From left) Jane Kittel, General Manager, Pacific Banking; Betty Higgins, overall winner of the 2009 Westpac Women in Business Awards, PNG; and Honourable Powes Parkop, Governor National Capital District, Port Moresby.

Over 300 Westpac bankers have been trained in the needs of the sector, including 50 community specialists.

Initial product offers focus on helping community organisations to become more efficient deposit takers, from donations to membership fees and products that help reduce the risk of fraud. We've also adapted our Beyond Survival finance training for the sector, available at reduced rates, and offered \$100,000 worth of training at no cost.

We continue to provide a guide for community treasurers and we support the Community Treasurers' Award. We are also developing Investment and Understanding Finance guides.

Making all our products more sustainable

Our efforts to build sustainability principles into products started with BT Financial Group's superannuation product Super for Life. The account is paperless upon opening and a portion of the funds, currently one dollar in every five, is invested in prescribed sustainability investments. Super for Life also tackles the 'set and forget' approach to superannuation taken by many Australians, by automatically changing the asset allocation to suit the customer's changing risk profile as they age.

Building on this experience, we held a series of consultation sessions with internal and external stakeholders. Our aim was to determine how we could systematically incorporate sustainability principles into our product design.

From this our wealth management business worked to expand their customer-centric design process to incorporate a broader set of sustainability criteria. This approach has been applied to insurance and wealth management products. A major project was also undertaken to assess the impact of the financial crisis on investors.

A parallel but different process was developed for all Australian retail products. The criteria includes the impact of the product on both the bank and the customers' environmental footprint, the transparency of product information, including fees and charges, accessibility and the ability of the product to contribute to customers' financial capability.

So far this thinking has led to a revamp of our e-statements offering to include more products, and an improved design to reduce print margins and make the statements easier to export and save. This will also be made available to St.George customers. Already 700,000 customers have saved more than 310 tonnes of paper since 2006, resulting in cost savings of \$8.2 million.

Fees dominated customer complaints this year, particularly concerns about break costs for fixed rate mortgages in response to falling interest rates in Australia and New Zealand. These costs apply as the wholesale funding for the loan is locked in at the time of funding and reflects the cost of the loan. Whilst this is included in product information, the complaints received this year indicate there is an opportunity for us to improve how we communicate these fees.

We also restructured exception fees for all St.George, BankSA and Westpac accounts. After a full review of our fee structures, a single rate of \$9 will apply to all exception fees. This fairer and more transparent system applies to both business and personal accounts.

In New Zealand we have removed the Honour Fee – a fee previously charged when a customer's payment was honoured despite having insufficient funds in their account. This was undertaken in response to customer feedback and industry trends.

In October 2009 St.George and BankSA launched an innovative product, SENSE, to help customers budget and save using a number of tools, including spending charts, savings target graphs and a 'round up' feature to transfer spare change to their savings account.

People & Places

“Some of our Financial First Steps participants regretted the bad money choices they made before and challenged themselves to follow what they learned in the sessions.”

LILY COCKER
TRAINING OFFICER, WESTPAC, TONGA

Our early reports highlighted that prosperous high streets need prosperous backstreets. Our thinking on this remains unchanged, and is reflected in our commitment to people and places as a focus of our sustainability strategy.

The current downturn has increased attention on business behaviour and trust in the corporate sector generally. Whilst unrelated to the downturn, the response of the New Zealand community when a business customer left the country with funds provided in error, was a reminder that there is still work to do to improve the reputation of our industry.

Impact of the global financial crisis

Whilst the local banking sector performed better than our international peers, the standout social issue has still been the impact of the financial crisis.

Meetings of our Community Consultative Councils focused on this issue. These meetings highlighted that many of the people impacted were experiencing financial difficulty for the first time – and in many cases were also reluctant to seek help.

In response we've extended the Assist service which provides dedicated support to customers experiencing financial stress, including loan extensions and repayment breaks. This was made available to St. George and BankSA customers and also to business customers.

More than 50,000 customers with over \$3 billion in accounts have been assisted during the year. More than 5,000 calls have been received from business customers since April 2009.

We are continuing to trial ways to proactively contact customers showing signs of financial stress in a way that is not seen as intrusive. A trial of proactive calling via the local model will occur in late 2009.

The Financial Solutions Group in New Zealand provides a similar service. Here we doubled the size of the team and also rolled out refresher training on financial hardship to credit officers.

It also became clear that the financial counselling community was under increased pressure. In April we announced \$1 million in funding, including in-kind support. We have been working closely with counselling organisations on the most effective use of this support. The projects agreed so far include: training conferences and programs, support for remote Indigenous financial counsellors; research to better understand why people may be reluctant to seek early assistance; and technical support and equipment.

We have enhanced our financial capacity programs in all regions. In Australia, Financial First Steps training has been included in induction training for Westpac Bank Managers and graduates. Financial Next Steps will be incorporated into the proactive calling component of Assist to be trialled via the local retail model.

This year, St. George supported long-term partner the Wesley Mission's Credit Line Consumer Education Program.

In Pacific Banking, our implementation of Financial First Steps continues. This year, we have extended the program in partnership with the Australian Agency for International Development (AusAID) for seasonal workers from Vanuatu and Tonga as part of the Pacific Seasonal Workers Pilot Scheme. It is also offered to school and church groups and other community organisations in the region.

The success of Managing Your Money, our financial literacy program in New Zealand, is highlighted on page 20.

The program was also included in our offering to a number of Maori Trusts, as part of the Treaty Settlements process to build financial literacy and capability within the Maori community. Employees have also been provided with Maori Cultural training to help them better understand the aspirations of Maori and the specific needs of Maori customers and business owners.

Localising our approach to community engagement

In support of our multi-brand approach, the management of a number of community partnerships moved to our individual customer businesses. This has been a major shift in our approach and we are working to make these partnerships more relevant locally. For instance, connecting Westpac branches with their local surf clubs as a part of our national partnership with Surf Life Saving.

In a further move within the Westpac Local model, branches now have their own budgets to support community initiatives according to the specific needs of their areas. Since March 2009 more than \$130,000 has been invested in 138 communities. For example, employees in Burleigh Waters provided financial and in-kind support to an organisation helping local homeless people.

This model has already been successful in St. George for a number of years. In addition, the St. George Foundation raises funds to support community activities.

We continue to match employee donations dollar-for-dollar up to the value of \$10,000 per employee via Matching Gifts and have extended the program to employees in St. George and BankSA, building on existing programs in these brands. During the reporting period \$2.2 million was donated to 550 charities, with employees and the bank donating almost \$20 million over the last ten years. Donations are also matched in New Zealand.

The common feature across all brands is a focus on active participation. Partnerships in New Zealand with the Sir Peter Blake Trust and The Halberg Trust has seen 54% of employees volunteer. This exceeded our target of 40% set in 2008. Employees have also raised more than NZ\$1.1 million for the local rescue helicopter service.

Research in Australia has shown that 63% of employees have participated in volunteering or fundraising activities during the year. One third of this volunteering is done in work time, with almost half of all volunteers using their professional skills in their volunteering work.

Organisational mentoring

Since March 2008, we have been piloting a new approach to community involvement. The approach sees a greater focus on skills-based support with select community organisations. Typically undertaken over a two year period, these mentoring relationships focus on providing support for specific change programs.



Victorian Bushfires

The Westpac Group actively supports communities during times of natural disaster including drought, flood and fires. In February 2009, the Group provided a comprehensive and immediate response to those affected by the Victorian bushfires, including providing \$1 million to support immediate assistance requirements.

Over \$18 million was collected through our retail networks, and employees donated over \$800,000 to the Victorian Bushfire Relief Appeal, matched by the Matching Gifts program. Many of our employees are now actively focused on contributing to the rebuilding of affected communities.

FURTHER DETAILS OF OUR RESPONSE CAN BE FOUND ON PAGE 11.

We believe this is the next generation of community involvement, providing ongoing benefits to both our community partners and the professional development of our people.

Employees are invited to volunteer as mentors using their professional areas of expertise. Further support is provided to develop change management skills, a skill set previously identified in our annual employee survey as an area for improvement.

Initial feedback has been positive with community partners impressed by the tailored nature of the program and the dedication of the mentors. Mentors have appreciated the opportunity to apply their skills in a different environment and have built stronger influencing and coaching skills as a result.

Long time community partner the Juvenile Diabetes Research Foundation (JDRF) improved their employee attrition rates from 40% to 9% in just 18 months.

Mentors worked with the JDRF team to identify and address the underlying issues contributing to attrition. There has also been a more direct return for the business with 12 new customer referrals.

Organisational Mentoring is now integrated as a value-added offering to selected not-for-profit customers, and is being integrated into our employee development offerings.

The program builds on the work undertaken in Cape York over the last eight years. So far, over 400 employees have participated in a secondment to Cape York During 2009, almost half of the secondees were from St. George. The program offers a shorter term alternative for participation in community mentoring projects, whilst making a lasting difference in Indigenous communities. We are also investigating ways to become more involved in Indigenous communities in the Redfern/Waterloo area, near our head office locations.

Tread Lightly

“Switching off lights, hanging out the washing instead of using the dryer, turning appliances off at the wall. It’s the small things we do every day that make a difference.”

JESSICA PITTON
WESTPAC BRANCH, WA

Whilst managing our resources efficiently brings with it financial gain, treading lightly is also about practising what we preach. Our employees and customers rightly question if we really are as interested in sustainability as we say when they receive unnecessary paper – or see our lights on after hours.

Making changes right across a large, geographically diverse organisation can be a lengthy and challenging process. Many of the broad improvements have been made, so further reductions require a more detailed look at our operations.

To help focus our efforts we have in place five-year targets for emissions associated with energy and fuel consumption, as well as targets for paper, air travel and waste. These are not just public objectives but are shared targets of our senior executives.

We also want to account for more of the emissions within our value chain. We currently report emissions associated with air travel, paper and waste. This year we have reported emissions for the use of taxis.

Emissions profile

Our merger with St.George has resulted in significant increases in our emissions profile. This means we must report under two mandatory schemes for the first time.

The first of these, the newly introduced National Greenhouse and Energy Reporting Act has an impact on our emissions profile. The focus of the Act on operational control means we now capture a small number of additional sites not previously reported. We have also changed our fleet reporting to account for all emissions associated with ‘tool of trade’ vehicles. These changes are detailed in the waterfall chart (right).

We must also report emissions from our property trusts held by Hastings Funds Management. These are reported as a

separate item and separate targets will be established for these operations in line with guidelines for the property sector.

The second piece of legislation, the Energy Efficiency Opportunities Act (EEO), requires us to report energy savings opportunities. This is consistent with work underway to achieve our emissions target.

Our New Zealand operations were the first in the world to certify their emissions using the CEMARS methodology. Applying this tool for the second year means both the quality and breadth of data reported improved.

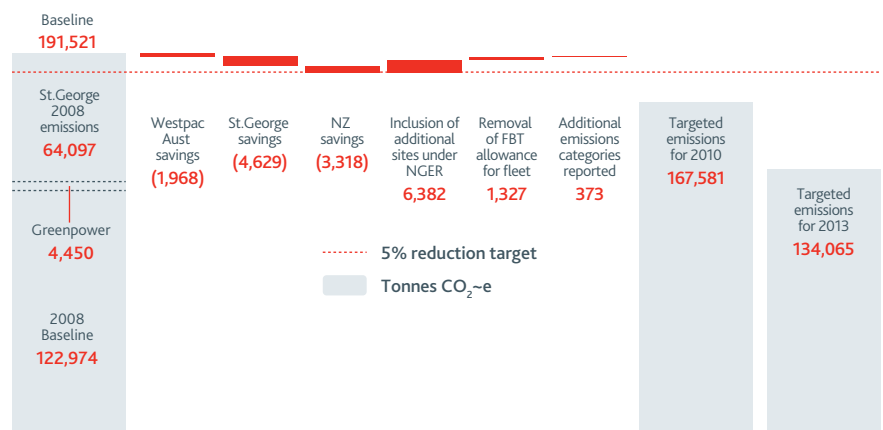
We met our 2009 5% reduction target, on both a like-for-like comparison against our original baseline boundary and when re-based to account for the St.George portfolio.

Although we purchased 7,000 MWh of Greenpower we will no longer be offsetting it against our emissions and have adjusted our 2008 baseline accordingly.

Much of the improvement has come from decreases in electricity emissions. This includes a 44% reduction in New Zealand, driven by energy efficiency gains and changes in the national grid profile. A full breakdown of emissions is provided in our online report.

In 2010 we will target a 12.5% reduction off our revised 2008 baseline. Our commitment remains to make these reductions through improved efficiency rather than offsetting as we target a 30% reduction by 2013.

The Westpac Group Scope 1 & 2 Emissions Profile 2009





Between 1996 and 2008, prior to the current target period, we reduced our emissions by over 40%. This means that most of the easy wins are in the past.

Energy

Between 1996 and 2008, prior to the current target period, we reduced our emissions by over 40%. This means that most of the easy wins are in the past.

Detailed energy audits have been completed for our major sites in Australia, including St. George Bank sites, New Zealand and the United Kingdom, and are currently underway in the Pacific. Observation audits of building user

behaviour have also been undertaken for selected sites.

Activities have focused on implementing key audit findings. This has included modifications to pre-programmed lighting hours, the installation of efficient lighting and voltage reduction units, improvements to air conditioning efficiency, and educating employees on how to be better energy users.

We also commenced our move to an energy efficient head office in Auckland and undertook extensive energy efficiency retrofits throughout the New Zealand branch network.

Whilst overall energy consumption decreased, some areas increased, neutralising some of the efficiency gains made, most notably in our Australian data centres.

Business travel

This year saw a decrease in fleet-related emissions following the introduction of hybrid vehicles to our Westpac branded fleet in New Zealand and Australia.

On a like-for-like basis air travel has reduced by over 20%, meeting our five-year target in the first year. Even including all of St. George's air travel for the first time, total air travel still fell by over one million kilometres. The challenge is to maintain these levels, especially as economic conditions improve. To help combat this, our wealth management business has reallocated funds from its travel budget to invest in improved video-conferencing facilities.

Whilst not formally measured we also expect that the rollout of Westpac Local in the Australian retail business will reduce employee travel because of the emphasis on employing people within their local communities.

Paper

Paper reduction is an area that strikes a tangible chord with employees, with paper saving ideas dominating sustainability suggestions we received throughout the year.

These initiatives typically deliver other benefits as well. For instance, over one million sheets of paper were saved by amending duplicate processes that had seen customers receiving two financial services guides. The result was a 32 tonne reduction in paper consumption and the end of some unnecessary frustration for customers.

This year we achieved like-for-like reductions of 10% across Westpac alone and have included St. George data in our annual figures. To drive further reductions we are now providing more detailed reporting to each operating area.

Waste

Recycling rates have increased due to the rollout of recycling facilities across additional corporate sites. However individual building recycling rates have fallen. This has occurred largely in buildings where there have been significant changes in occupancy. In response, we have increased programs to improve awareness of local recycling systems.

In addition we are finalising waste management contracts for St. George sites and will include waste data in future reports.

Climate Change

“One of the things that we’ll be increasingly looking to do with partners such as Westpac is to develop innovative types of products that allow customers to implement fairly capital-intensive solutions to energy supply and demand.”

TIM NELSON,
HEAD OF CARBON AND
SUSTAINABILITY, AGL ENERGY

We have long recognised climate change as much more than an environmental issue, but as one that will have direct and indirect impact on all sectors of business and society. As the market frameworks and policy responses develop to remove carbon from our everyday lives, we can play an important role helping our customers’ transition to this low-carbon world.

We take a precautionary approach to climate change and our broader management of environmental performance. This was recognised by specialist analysts Sustainable Asset Management Group, and the World Wildlife Fund, who named us as one of only six ‘mainstreamers’ in the global banking sector to have integrated climate change strategy into core business processes.

Our five-year climate change strategy, launched in November 2008, confirms this approach. We report detailed progress against each of the five elements of the strategy both on our website and in what is our seventh response to the Carbon Disclosure Project, where we were again recognised in the Carbon Disclosure Leadership Index. Our full response, available online details our assessment of the challenges and opportunities arising from climate change.

The main focus in the first year of implementation of the strategy has been on public advocacy, risk and capacity-building, and the development of carbon-related products and services.

This year regulatory uncertainty at the national and international level has dominated the carbon risk landscape and exacerbated the challenges of implementing our operational agenda.

Climate change policy and advocacy

There has been significant debate over the past year, both in New Zealand and Australia, and globally on climate change

policy. We continue to actively engage to promote effective policy outcomes and work with industry associations and community groups to develop effective policy solutions. Our submissions to government are available on our website.

Our position remains supportive of flexible market-based mechanisms as part of a wider policy response to climate change. We have focused our engagement on the detailed workings of an emissions trading scheme where we can contribute our core expertise in financial markets. We have also supported the need for transitional arrangements to help companies adjust to a carbon-constrained economy, and encourage the necessary investment in suitable technology.

We support targets that are guided by science. Accordingly, in the lead-up to the Copenhagen negotiations we supported both the Copenhagen Communiqué and the Investor Statement on Climate Change. These statements also recognise the need for adaptation work – an area on which we plan to advocate more strongly in the future.

Risk and capacity-building

Our own employees need to have the right skills, tools and capabilities to support our customers in understanding and managing their climate impacts.

This broad capacity-building exercise has been led by the Carbon and Water Forum, consisting of senior leaders from Westpac Institutional Bank (WIB). A similar forum has also been established in Westpac Retail

and Business Banking (WRBB) to better coordinate our response to the specific carbon and water issues impacting agribusiness, small business and retail customers.

Our Agribusiness division has developed a dedicated carbon and water strategy and has appointed carbon champions in each state to focus on the unique issues for this sector.

This year, carbon risk has been explicitly incorporated into the WIB credit manual together with the templates for industry sector strategy reviews. Work is also underway to review our Environmental Credit Risk Policy (EV3).

Training and capacity-building activities continue, with more than 300 employees from relationship, credit and other risk roles completing carbon training. Tailored training has also been provided to The Westpac Group’s and WIB’s Executive Teams.

This training is supported by ongoing internal carbon updates and the development of a client engagement toolkit to assist employees when discussing carbon issues with their customers.

Carbon products and solutions

To date, client engagement has focused on customers in sectors most impacted by the planned emissions trading regimes in Australia and New Zealand. Discussions have centred on their level of carbon readiness as well as the products and services they will need to adjust to a low-carbon economy. These have taken

place against a backdrop of ongoing regulatory uncertainty as companies work through the issues and impacts for their operations.

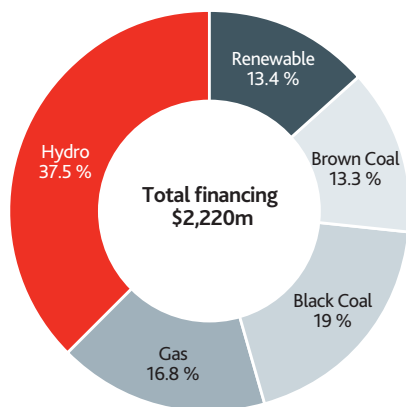
Carbon management is now taken into account in our transaction and finance structuring and we are looking to expand financing solutions for customers making low-carbon investments.

Our Commodities, Carbon and Energy (CCE) team has been trading carbon since 2006 and offers a full range of spot, forward and structured trading solutions across carbon markets in Australia, New Zealand and Europe.

The Renewable Energy Target (RET) came into force in Australia this year, requiring that 20% of all energy generation in Australia will come from renewable sources by 2020. We estimate that this can only be achieved with around \$25 billion in investment and a Renewable Energy Strategy to actively pursue investment opportunities in this sector has been established.

We continue to offer products to help our retail customers reduce their own environmental footprint. See our update in Going Mainstream for more details.

Infrastructure and utilities financing¹ – Australia and New Zealand 2009



¹ Full details of the calculation methodology are available in our online report at www.westpac.com.au/corporateresponsibility



Our own employees need to have the right skills, tools and capabilities to support our customers in understanding and managing their climate impacts.

CEO Water Mandate

In late 2007 The Westpac Group committed to the UN's CEO Water Mandate. Whilst ourselves not a large direct user of water, the indirect impact of water shortages are potentially great for both our customers and the communities in which we operate, already evidenced by the impacts of the current prolonged drought in Australia. The following outlines our progress on each dimension of the Mandate.

Direct operations	<ul style="list-style-type: none"> - report water consumption for Westpac Australia for non-retail operations and estimate water consumption for our retail portfolio - working to report on our operations outside Australia - working with local water authorities and landlords to implement water saving initiatives
Supply chain and watershed management	<ul style="list-style-type: none"> - included questions regarding management of environmental issues as part of our supplier selection process - established Carbon and Water forums in our institutional and agricultural businesses to help us better understand and engage on our indirect water impacts. Future work includes the development of specific water policies and strategies as well as assessment of the impacts in key sectors.
Collective action	<ul style="list-style-type: none"> - ongoing involvement in the Water Stewardship Initiative (WSI) and UN Environment Program Finance Initiative's water risk stream
Public Policy	<ul style="list-style-type: none"> - engaged in the Australian Banker's Association water security group's public policy recommendations
Community engagement	<ul style="list-style-type: none"> - ongoing relief packages for farmers in drought-affected areas
Transparency	<ul style="list-style-type: none"> - detailed water data is provided in our online report - provided a case study on our removal of bottled water for the Bottled Water Alliance www.bottledwateralliance.com

Speaking Out

“The key thing is that sustainability should reflect the company’s approach to its core business, rather than just being an add on.”

ELAINE PRIOR
DIRECTOR/ANALYST CITI INVESTMENT
RESEARCH & ANALYSIS

A hallmark of our approach to sustainability has been our public advocacy and willingness to share information with stakeholders on sustainability issues and sustainable business practices.

Typically sustainability issues are complex and often have impacts beyond our immediate sphere of influence – we can’t achieve serious traction on these problems by going it alone. It requires leadership but also collaboration.

We don’t have all the answers – but we can share our experiences to encourage suppliers, customers and the community. This is certainly the view of our Community Consultative Council, which continues to encourage us to step up and advocate on a range of issues.

Climate change is one area where our advocacy is well known. Activities for the year are set out in the Climate Change section of this report. We have also been advocates on other issues such as financial hardship which, in line with our strategy, is an issue that is very real for our employees and customers.

Engaging employees

In December 2008 our New Zealand business launched an employee engagement program, Our Tomorrow Project, to inform, motivate and engage employees about sustainability. Based on the idea that “the little things we do today add up to big things tomorrow,” the campaign features a champions program and encourages

employees to develop personal sustainability plans. A dedicated intranet site sets out progress against the 10 objectives of the Project, and features blogs and articles on how employees can be more sustainable in the office and at home.

So far almost 10% of New Zealand employees are registered champions – an important reference group for shaping the program and leading change on the ground. This demand has meant that initially questions could not be responded to as quickly as we would have liked. Additional resources have now been engaged to ensure more regular updates and to help employees develop their individual sustainability plans.

In June, the New Zealand sustainability plan was launched to customers. The advertising campaign features ‘Fred,’ an approachable character representative of Westpac employees. His central message is that we understand that being sustainable is tough – but worth it.

The campaign also encourages online feedback at www.westpac.co.nz/sustainability. Changes were made to broaden the appeal of the advertisement in recognition of some of the comments received.

In June, Our Tomorrow was adapted and launched more widely across The Westpac Group to raise awareness of our sustainability focus areas and encourage employees to get involved. Already the intranet site has received almost 7,000 hits

and more than 300 employees have formally registered as champions.

As part of this we formally measured current awareness and engagement of our sustainability priorities. Importantly the research established a link between awareness and engagement on sustainability and other strategic objectives, for example the extent to which employees act as advocates for the company. It also revealed differing levels of engagements between business divisions. We aim to improve our scores and enrol more Our Tomorrow champions across a wide range of geographies and job roles.

What happened to the penguins?

We’ve had questions during the year on whether the current Westpac advertising signals a shift in our priorities. The ‘penguin’ and ‘equator principle’ campaigns of 2006 and 2007 were deservedly popular and explicitly featured our sustainability credentials on the topical issue of the environment.

Sustainability remains an important theme in our current campaign. Its focus on thinking about the issues and acting responsibly is a more implicit demonstration of embedding sustainability into the way we do business.



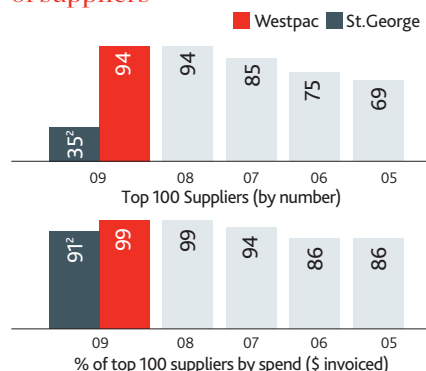
'Fred' as seen in our recent New Zealand sustainability advertising campaign.

Promoting responsible business practices

Together with the St James Ethics Centre and other business leaders, we have been working on a Federally funded project to encourage the widespread adoption of more responsible business practices amongst Australian small to medium enterprises.

We shared our Sustainable Supply Chain Management (SSCM) model, recognised as global best practice by the Dow Jones Sustainability Index, to help develop a national register. The register will allow SMEs to record and communicate their responsible business practices in a way that also meets the needs of corporate supply chains. We will be encouraging some of our customers and suppliers to pilot the register. For more information see: www.hub.ethics.org.au

Sustainability assessment of suppliers¹



1 Full details of the calculation methodology are available in our online report at www.westpac.com.au/corporateresponsibility
 2 Refers to top 50 for St. George.

Ongoing work with suppliers

We continue to engage our own suppliers through the rollout of the Supply Chain Code of Conduct setting out the minimum standard for all suppliers. As part of this we introduced the Code to our top 20 local suppliers in the Pacific Islands. It was the first experience of sustainability screening for many of these suppliers, and we provided coaching in response to requests for additional support. We also responded to problems associated with limited reliable online services in the region by implementing manual workarounds.

The policy is also being extended to the top 100 St. George suppliers – progress in doing so is set out in our online Factpac. Our New Zealand business is currently reviewing its approach to SSCM and will pilot an SSCM questionnaire with its high-value, high-risk suppliers. This is part of a new New Zealand supplier governance framework to be rolled out in early 2010.

We have also shared our experience and the SSCM model in a UN Environment Program Finance Initiative project organised through the EPA Victoria. We have worked with other Australian member banks to develop a common supplier accreditation system. The aim is to reduce duplication and offer a more streamlined process for suppliers to our sector.

A similar program is under way in New Zealand through a sub-group of Business New Zealand. In this case the group has been working with key government ministries to develop simple best practice SSCM for New Zealand companies.

Furthering the debate on valuing sustainability performance

If sustainability issues and performance are material to our business and stakeholders it follows that they should be taken into account by investors. Whilst early concepts of a single business case are simplistic, investors may gain insights into value generation or more direct links to cost or revenue. Assessing how we manage these complex issues can contribute to existing assessments on quality of management.

We are working to better measure and communicate the financial materiality of sustainability performance and issues. This year we met with a range of analysts, in part, to shape how to report our performance, but also to help us engage the investment community more broadly.

Combining our sustainability report with our traditional annual reporting is a first step. It means we can set out sustainability in the context of our business strategy. Ultimately we will need to model how value drivers link to cost or revenue outcomes and then to traditional valuation models.

Solid Foundations

“The challenge for Westpac is around providing an environment of confidence and certainty for older Australians.”

MICHAEL O'NEILL,
CEO NATIONAL SENIORS ASSOCIATION

Corporate governance, risk management, our values and principles underpin everything we do. They are the backbone of any financial institution and the Group's continuing strength and resilience is testament to our long-standing focus on these issues. Our aim is to employ the governance and risk management principles which will maximise our sustainability in all economic conditions.

These areas are discussed elsewhere in this Annual Review and the Annual Report, for example changes to risk management frameworks in response to the challenging market conditions, and the review of frameworks, policies and related procedures as part of the integration of St.George. Specific areas are also reflected in our sustainability priorities, and these are set out below.

Business Principles

Westpac's Principles for Doing Business were first formulated in 2001. They set out our commitments and expected behaviours for all areas of business practice. Both the Principles and the Code of Conduct, a subset of the Principles, were reviewed during the year.

The Principles review followed a survey of people leaders in late 2008. In response we developed a concise version and considered how to audit compliance with the Principles. We plan to relaunch the Principles across the entire Group, including a specific process of engagement for St.George and BankSA.

The Code of Conduct was also reviewed, following the merger with St.George. A further area of focus was how to meaningfully report on breaches of the Code.

Between April and September 2009, potential misconduct cases resulted in 235 formal warnings and 51 terminations in Australia, not including St.George. In future we want to more completely consolidate breaches of the Code.

The online Factpac also includes separate summary data on the number and type of issues raised through whistleblower channels.

In a separate initiative, BT Financial Group is developing a specific set of Business Principles to guide its practices.

ESG Risk Management

Investment markets use the term 'ESG', Environmental, Social and Governance, to mean the sustainability performance and issues which are thought to be financially material.

We take a comprehensive approach to managing these risks across most areas of business activity, including assessing our suppliers on their ESG performance since 2002.

Our long-standing reputation risk framework was revised in line with the increasing reputation risk arising from the current global economic and local political environment. This identifies key risks, the underlying drivers/causes, their materiality, and the effectiveness of risk mitigation and management. This is built into the comprehensive systems and resources of the operational risk team.

The revisions mean that the Executive Team and General Managers have explicit reputation risk management responsibilities. Corporate Affairs and Sustainability and Group Operational Risk now review and challenge the identification, measurement and management of reputation risk.

Employees within all divisions are also expected to consider the potential reputation implications of individual transactions and where required refer these to the Group Conflicts and Ethics Committee.

A continued area of focus is whether we can improve ESG risk management in lending and investment.

Currently ESG risks are taken into account via our Principles for Responsible Lending in Westpac and St.George retail banking, division credit manuals, environmental and sensitive transactions policies, the Equator Principles and the UN Principles for Responsible Investment (UN PRI).

An important governance feature of these credit policies is the separation of credit decisions from the sale of credit products. This is supported by strict loan criteria to help avoid conflicts of interest. Our Principles for Responsible Lending also include principles regarding responsible marketing and lending only what customers can afford to repay.

In New Zealand draft principles for retail customers have been shared with internal stakeholders. It is proposed to launch the principles internally as part of a new Lender Accreditation training program during 2010. We have also begun the process of drafting responsible lending principles for

Business Banking also expected to launch next year. This will be supported by the rollout of accompanying policies and procedures.

In future, we want to better explain our ESG credit risk processes and demonstrate our approach to financing and investing in high risk sectors or issues.

In recognition of this, Group Risk and Group Sustainability are developing a high-level framework for ESG risk management to describe how ESG risk issues are embedded in the whole credit risk cycle, that is, through credit origination, evaluation, approval, documentation and monitoring.

For example, work is underway to more fully capture carbon and water risk issues within the Institutional Banking credit manual.

We continue to look at the merits of having public positions and the specific inclusion of ESG aspects in credit policies for high risk sectors, where there is a clear case that this would positively guide lending and investment outcomes or enable us to more clearly communicate our approach.

There was not as much progress made on these specific public position statements as outlined in our original objectives, given the focus on traditional credit risk management across the Group arising from the financial crisis.

Project Finance

The Equator Principles (EP) are the financial industry benchmark for determining, assessing and managing ESG issues in project financing.

In future, we aim to better disclose how the Equator Principles are implemented, and how this translates into specific financing decisions. This was emphasised by recent negative community response to a planned project which we are part funding and which was reviewed against the EP. We are holding discussions to better understand and respond to these concerns whilst upholding our customer privacy obligations. In addition are gaps between the perception of the Equator Principles and the role of EP signatories. We will be looking at our

understanding of and response to these issues more generally through our Carbon and Water forums.

Westpac's application of the Equator Principles for each project financing is incorporated within its credit assessment process and is approved by the Head of Project and Infrastructure Finance.

This year we participated in 14 project finance transactions (categorised as three A, five B and six C for risk and potential impact) located in Australia, UK, Europe, Qatar and North America. This included six greenfield developments, one expansion of existing assets, five projects refinancing existing assets and two acquisitions.

The projects ranged across a number of asset classes including social infrastructure projects, gas and electricity distribution, water projects, ports, toll roads, airports, rail, oil & gas and chemical production. Our roles in these transactions vary and include Lead Arranger, Joint Lead Arranger and Underwriter, Sole Lender, and Club Participant. Further details are available at www.westpac.com.au/corporateresponsibility

Asset management

Our responsible investment practices are led by our wealth management business, BT Financial Group (BTFG). BT Investment Management Limited (BTIM), which is 60% owned by The Westpac Group, operates the Australian investment management business. BTFG total funds at 30 September 2009 was \$110.6 billion, including \$34 billion in funds management.

Whilst BTFG outsources its funds under management to other fund managers, BTIM manages approximately half of BTFG's funds under management.

BTFG has been a signatory to the UN PRI since 2006. We report the progress made against the Principles through the annual UN PRI Reporting & Assessment survey.

We acknowledge the need to build understanding and analysis of ESG performance right through the investment supply chain, from companies to analysts, asset managers and asset owners.

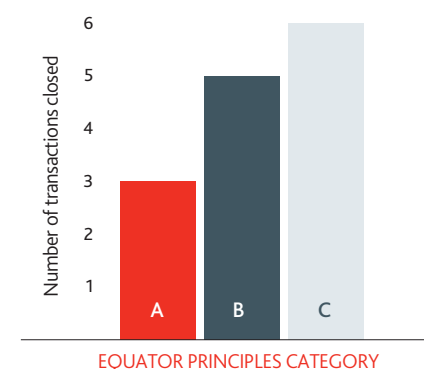
BTIM part-owns specialist ESG research provider Regnan Governance Research and Engagement. Regnan and partners Monash Sustainability Enterprises and Goldman Sachs JB Were provide comprehensive ESG data and analysis. These ESG factors are built into the investment analysis and decision-making for our SRI funds, and form part of the fundamental analysis of individual companies for mainstream listed equities and listed property funds.

We continue to assess how best to extend this ESG analysis to other asset classes, and also to external investment managers.

We take a comprehensive approach to active ownership, including exercising voting rights, engaging with the companies in which we invest, both individually and collaboratively, and considering and filing shareholder resolutions consistent with ESG factors. BTIM's proxy voting history and supporting policies are at www.btonline.com.au.

We engage with companies both directly and via Regnan on a wide range of ESG-related issues including benefits and compensation, climate change, health and safety, and labour issues.

Application of Equator Principles 2009



Board of Directors



Ted Evans AC
BEcon (Hons.), Age 68

Independent Director since November 2001. Chairman since April 2007. Chairman of the Nominations Committee. Member of each of the Audit, Risk Management, and Technology Committees.



Gail Kelly
Dip. ED, BA, MBA, Doctor of Bus. (Charles Sturt University), Age 53

Executive Director since February 2008. Managing Director and Chief Executive Officer since February 2008. Member of both the Sustainability and Technology Committees.



John Curtis
BA, LLB (Hons.), Age 59

Independent Director and Deputy Chairman since December 2008. Member of each of the Audit, Risk Management, and Remuneration Committees.



Elizabeth Bryan
BA (Econ.), MA (Econ.), Age 63

Independent Director since November 2006. Chairman of the Technology Committee. Member of each of the Audit, Risk Management, and Nomination Committees.



Gordon Cairns
MA (Hons.), Age 59

Independent Director since July 2004. Chairman of the Remuneration Committee. Member of each of the Audit, Risk Management, and Nominations Committees.



Peter Hawkins
BCA (Hons.), SSFin, FAIM, ACA (NZ), Age 55

Independent Director since December 2008. Member of each of the Audit, Risk Management, and Nomination Committees.



Carolyn Hewson AO
BEc (Hons.), MA (Econ), Age 54

Independent Director since February 2003. Chairman of the Risk Management Committee. Member of each of the Audit, Nominations, and Remuneration Committees.



Lindsay Maxsted
DipBus (Gordon), FCA., Age 55

Independent Director since March 2008. Chairman of the Audit Committee. Member of both the Risk Management and Nominations Committees.



Graham Reaney
BComm, CPA, Age 66

Independent Director since December 2008. Member of each of the Audit, Risk Management, and Sustainability Committees.



Peter Wilson
CA, Age 68

Independent Director since October 2003. Chairman of the Sustainability Committee. Member of each of the Audit, Risk Management, and Nominations Committees.

Full details of the Directors' skills, experience and expertise, and their directorships can be found in The Westpac Group 2009 Annual Report on the The Westpac Group website www.westpac.com.au/thewestpacgroup

Corporate Governance

The Westpac Group is committed to the highest standards of governance based on embedding the values and behaviours required to ensure transparency and fair dealing, and to protect stakeholders' interests.

The Westpac Group's full corporate governance statement is set out in the 2009 Annual Report. The statement can also be accessed, together with all documents referenced (unless otherwise stated), in the corporate governance section of our website at www.westpac.com.au/corgov

Westpac complies with all of the revised ASX Limited's Corporate Governance Council (ASXCGC) Principles and Recommendations published in August 2007 and the full statement includes a detailed checklist detailing that compliance.

Merger with St. George Bank Limited successfully completed

- Expanded Board by three Non-executive Directors, all with St. George experience, assisting integration;
- Effective governance, risk and reporting structures have facilitated complex integration to proceed smoothly;
- Multi-brand model reduced risks and delivered above plan synergies.

Risk management

- No. 1 Board priority during the year;
- All Non-executive Directors sit on the Board's Risk Committee and Audit Committee, reflecting the importance and focus these two areas have had in the current environment;
- Continued to encourage a culture of proactively identifying and acting on emerging issues, which has enabled the Bank to continue to support its customers through this difficult period.

Board Committee structure broadened

- A Deputy Chairman role appointed, supporting Chairman in managing a much larger and more complex organisation;
- Expanded Board Committees to six; with a new Board Technology Committee, recognising the importance of, and need for rigorous oversight of this key area of strategic investment.

Governance focus and events in 2009

Enhanced market disclosure

- The Bank released its first detailed Prudential Market Disclosure Report (Pillar 3 Report) in November 2008;
- This and subsequent quarterly Pillar 3 reports provide additional information on our regulatory capital, risk exposures and risk management practices;
- The Pillar 3 Report release marked the completion of Westpac's adoption of all elements of the Basel Capital Accord (Basel II) framework.

Sustainability governance strengthened

- Formalised a Group-wide Sustainability Council, which coordinates sustainability performance and activities across the Group;
- Westpac's Community Consultative Council, which is chaired by our CEO and has senior representation from key external stakeholder groups, convened a special meeting on financial hardship.

Governance recognition

- Continued top (10.0) rating by GovernanceMetrics International in our 19th consecutive assessment – one of only 43 with the top rating out of over 4,200 companies assessed.



Director and Group Executive Remuneration 2009

The Westpac Group's remuneration strategy for the CEO and senior executives aims at getting the best result for shareholders. Our strategy is to attract and retain talented employees, by rewarding them for achieving high performance and delivering superior long-term results for our customers and our shareholders, while adhering to sound risk management and governance principles.

Our Directors focus on the Group's long-term strategic direction and overall corporate performance. In line with this, the Group's Non-executive Director

fees are designed to attract and retain appropriately experienced and qualified Board Members, and are not linked to The Westpac Group's short-term results.

During 2009 the Group materially increased in size and complexity as a result of the merger with St.George. The Group also faced significant challenges in the external environment caused primarily by the global financial crisis.

The Group has met these challenges head on:

- We have successfully completed the merger with St.George, with excellent customer retention, improved business momentum and high staff engagement.
- We have closed out the year very well placed, with a set of powerful, iconic brands, a much larger customer base and stronger distribution network, and with the most improved customer advocacy of all our peers.

Key to this success was the continuing efforts of our Board and our executive team led by CEO, Gail Kelly.

The value the CEO, Non-executive Directors and senior executives each received from the various components of their remuneration during 2009, including from previous year's equity awards, is set out in the following table. Further details, including an explanation of remuneration components and individual circumstances, are provided in the Remuneration Report in the Group's 2009 Annual Report – available at www.westpac.com.au/investorcentre

Name	Position	Fees/Fixed Remuneration & Superannuation \$000	Other payments & benefits \$000 ¹	STI received as cash \$000 ²	Total cash & superannuation received	Value of equity-based awards that vested during the year \$000 ³
Your Board of Directors						
Ted Evans	Chairman	714	N/A	N/A	714	N/A
John Curtis ^{4,5}	Deputy Chairman	343	N/A	N/A	343	N/A
Elizabeth Bryan ⁴	Non-executive Director	349	N/A	N/A	349	N/A
Gordon Cairns	Non-executive Director	309	N/A	N/A	309	N/A
Peter Hawkins ^{4,5}	Non-executive Director	286	N/A	N/A	286	N/A
Carolyn Hewson ⁴	Non-executive Director	429	N/A	N/A	429	N/A
Lindsay Maxsted	Non-executive Director	342	N/A	N/A	342	N/A
Graham Reaney ^{4,5}	Non-executive Director	245	N/A	N/A	245	N/A
Peter Wilson ⁴	Non-executive Director	401	N/A	N/A	401	N/A
Your senior executive team						
Gail Kelly	CEO and Managing Director	2,700	1	2,625	5,326	3,158
John Arthur ⁵	Group Executive, Counsel & Secretariat	644	0	555	1,199	0
Ilana Atlas	Group Executive, People	757	1	860	1,618	342
Greg Bartlett ⁵	Chief Executive, St.George Bank	715	16	713	1,444	311
Peter Clare	Group Executive, Product & Operations	950	1	863	1,814	0
Philip Coffey	Chief Financial Officer	1,071	1	1,688	2,760	502
Rob Coombe	Chief Executive Officer, BT Financial Group	937	1	975	1,913	454
Brad Cooper	Group Chief Transformation Officer	972	1,435	1,013	3,420	0
George Frazis ⁵	Chief Executive, Westpac New Zealand	597	121	630	1,348	0
Peter Hanlon	Group Executive, Westpac Retail & Business Banking	1,075	1	975	2,051	185
Bob McKinnon	Group Executive, Technology	800	1	900	1,701	0
Greg Targett ⁵	Chief Risk Officer	666	1	288	955	116
Rob Whitfield	Group Executive, Westpac Institutional Bank	1,635	2,249	732	4,616	415

1. Includes: annual health checks; relocation at the Group's instigation; living away from home expenses; and allowances.

2. The CEO and senior executives receive part of their annual Short-Term Incentives (STI) as cash and part is required to be deferred for up to two years (Rob Whitfield and Greg Targett for up to three years). The figure in this column represents the value of the 2009 STI they actually received as cash.

3. The value calculated as the number of securities that vested during 2009, multiplied by the Group's share price at the time they vested, less any exercise price payable. For example, the value shown for the CEO reflects the value of the first tranche of shares granted under the CEO Restricted Share Plan as part of her sign-on grant, which was approved by shareholders at the 2007 Annual General Meeting. None of the CEO's equity vested in 2008.

4. These Non-executive Directors also served on the boards of Group subsidiaries and/or advisory boards. A breakdown of their fees is provided in the 2009 Remuneration Report.

5. These individuals commenced during the year.

Useful Information

Key sources of information for shareholders

We report to shareholders each year, in late October or early November, in two forms: an Annual Review and Sustainability Report, and an Annual Report. This year the Annual Review incorporates The Westpac Group Sustainability Report, previously issued separately. We also report half-yearly to shareholders via a newsletter, in conjunction with the dividend payments in July and December.

Electronic communications

Shareholders can elect to receive the following communications electronically:

- Annual Review and Annual Report;
- Dividend statements when paid by direct credit or via Westpac's Dividend Reinvestment Plan (DRP);
- Notices of Meetings and proxy forms; and
- Shareholder Newsletters and major company announcements.

Shareholders who wish to register their email address should go to www.westpac.com.au/investorcentre and click on 'Register your email' under 'Shareholder News', or contact the Westpac share registry.

Online information

Australia

www.westpac.com.au provides information for shareholders, including:

- Access to internet banking and broking services;
- Company history, results, economic updates, market releases and news; and
- Corporate responsibility and sustainability.

Investors can short cut to the Investor Centre at www.westpac.com.au/investorcentre. The Centre includes the current Westpac share price and charting, and links to the latest ASX announcements and Westpac's share registries.

New Zealand

Westpac's New Zealand internet site www.westpac.co.nz provides:

- Access to internet banking services;
- Details on products and services, including a comprehensive home buying guide;
- Economic updates, news and information, key financial results; and
- Sponsorships and other community activities.

Stock exchange listings

Westpac Ordinary Shares are listed on:

- Australian Securities Exchange (ASX), (code WBC);
- New York Stock Exchange (NYSE), as American Depositary Shares, (code WBK); and
- New Zealand Exchange Limited, (code WBC).

Westpac Investor Relations

Information other than that relating to your shareholding can be obtained from:

Westpac Investor Relations
Level 20, 275 Kent Street
Sydney NSW 2000 Australia

Telephone: +61 2 8253 3143

Facsimile: +61 2 8253 1207

Email: investorrelations@westpac.com.au

Share registries

For information about your shareholding or to notify a change of address etc., you should contact the appropriate share registry. Please note that in Australia broker sponsored holders are required to contact their broker to amend their address.

Australia – Ordinary shares on the main register, and Westpac SPS and Westpac SPS II

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Postal address: Locked Bag A6015,
Sydney South NSW 1235

Website: www.linkmarketservices.com.au

Shareholder Enquiries:
Telephone: 1800 804 255
(toll free in Australia)

International: +61 2 8280 7070

Facsimile: +61 2 9287 0303

Email: westpac@linkmarketservices.com.au

New Zealand – Ordinary Shares on the New Zealand branch register

Link Market Services Limited
Level 16, Brookfields House,
19 Victoria Street West,
Auckland, 1142, New Zealand

Postal address: P.O. Box 91976,
Auckland 1030, New Zealand

Website: www.linkmarketservices.com

Shareholder Enquiries:
Telephone: 0800 002 727
(toll free in New Zealand)
International: +64 9 375 5998
Facsimile: +64 9 375 5990

Email:

lmsenquiries@linkmarketservices.com

Depository in USA for American Depositary Shares (ADS)¹

Listed on New York Stock Exchange
(code WBK CUSIP 961214301)

JPMorgan Chase Bank, N.A.
PO Box 64504, St Paul
MN 55164-0504, USA

Shareholder Enquiries:
Telephone: 1 800 990 1135
(toll free: non-US callers will be charged IDD)
Telephone: +1 651 453 2128
(Hearing impaired: +1 866 700 1652)

Email: jpmorgan.adr@wellsfargo.com

Website: www.adr.com

1. Each ADS equals five, fully paid ordinary shares

Financial Calendar

Record date for final ordinary share dividend 13 November 2009¹

Annual General Meeting 16 December 2009

Final ordinary share dividend payable 21 December 2009

Record date for Westpac SPS and SPS II quarterly distribution 24 December 2009

Payment date for Westpac SPS and SPS II quarterly distribution 31 December 2009

Record date for Westpac SPS and SPS II quarterly distribution 24 March 2010

Half Year end 31 March 2010

Payment date for Westpac SPS and SPS II quarterly distribution 31 March 2010

Interim results and ordinary share dividend announcement 5 May 2010

Record date for interim ordinary share dividend 21 May 2010^{2,3}

Record date for Westpac SPS and SPS II quarterly distribution 23 June 2010

Payment date for Westpac SPS and SPS II quarterly distribution 30 June 2010

Interim ordinary share dividend payable 2 July 2010³

Record date for Westpac SPS and SPS II quarterly distribution 23 September 2010

Year end 30 September 2010

Payment date for Westpac SPS and SPS II quarterly distribution 30 September 2010

Final results and ordinary share dividend announcement 3 November 2010

Record date for final ordinary share dividend 12 November 2010^{4,5}

Annual General Meeting 15 December 2010⁶

Final dividend payable 20 December 2010⁴

1. Record date for 2009 final ordinary share dividend in New York – 12 November 2009.

2. Record date for 2010 interim ordinary share dividend in New York – 20 May 2010.

3. Dates will be confirmed at the time of announcing the 2010 interim results.

4. Dates will be confirmed at the time of announcing the 2010 final results.

5. Record date for 2010 final ordinary share dividend in New York – 11 November 2010.

6. Details regarding the location of this meeting and the business to be dealt with will be contained in the separate Notice of Meeting sent to shareholders in November 2010.

Contact Details



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Adelaide SA 5001
Australia
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From outside Australia: +61 2 9845 4772
Facsimile: 1300 725 907
Email: banksa@banksa.com.au
www.banksa.com.au

Global locations

Westpac maintains offices throughout the Near Pacific Island nations and in key financial centres around the world. Specific contact details for the following locations can be located on our website at www.westpac.com.au. Select 'About Westpac' from the top menu bar, then 'Global locations' from the 'Explore' menu.

Westpac Institutional Bank

Hong Kong
India – Mumbai
People's Republic of China
– Beijing
– Shanghai
Republic of Indonesia – Jakarta
Republic of Singapore – Singapore
United States of America – New York
United Kingdom – London

Pacific Banking

Cook Islands – Rarotonga
Fiji – Suva
Papua New Guinea – Port Moresby
Samoa – Apia
Solomon Islands – Honiara
Tonga – Nuku'alofa
Vanuatu – Port Vila

Note: Calls prefixed 13 or 1300 in Australia are at the cost of a local call.

Sustainability contacts

For further information on The Westpac Group's sustainability policies and performance, call +61 2 8253 0769; email corporateresponsibility@westpac.com.au, or visit www.westpac.com.au/corporateresponsibility

or contact:

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Head of Group Sustainability & Community.
Email: gpaterson@westpac.com.au

Tim Williams

Head of Strategy, Group Sustainability.
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Alison Ewings

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Anne Templeman-Jones

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Chief Operating Officer – Europe
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For further information on our compliance with International Agreements, including the United Nations Global Compact and Declaration on Human Rights, contact Sally Herman, General Manager, Corporate Affairs & Sustainability: sherman@westpac.com.au

