

FIRST HALF 2014 FINANCIAL RESULT

STRENGTH

RETURN

GROWTH

PRODUCTIVITY

Index

Presentation of First Half 2014 Result	3
CEO summary	4
CFO details	14
Investor Discussion Pack of First Half 2014 Result	29
Overview	30
Features	45
Net interest income	46
Non-interest income	50
Markets and Treasury income	51
Expenses, investment and productivity	52
Impairment charges	55
Capital, Funding and Liquidity	56
Asset Quality	65
Business Unit Performance	79
Australian Financial Services	80
Westpac RBB	90
St.George	93
BT Financial Group	96
Westpac Institutional Bank	100
Westpac New Zealand	105
Westpac Pacific	111
Technology	112
Economics	117
Appendix and Disclaimer	132
Appendix 1: Cash Earnings adjustments	133
Appendix 2: Definitions	135
Investor Relations Team	136
Disclaimer	137

FIRST HALF 2014 FINANCIAL RESULT

GAIL KELLY
CHIEF EXECUTIVE OFFICER

STRENGTH

RETURN

GROWTH

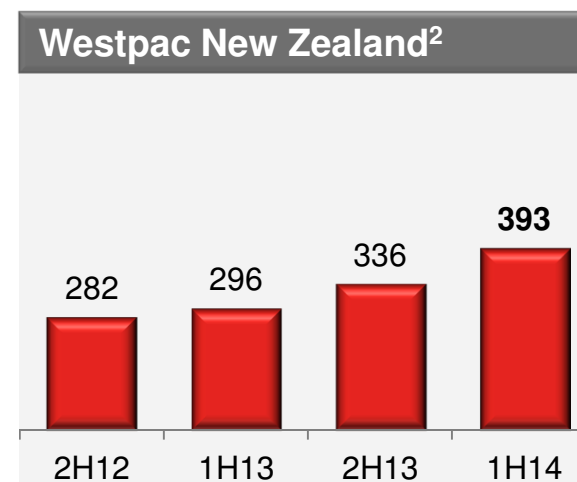
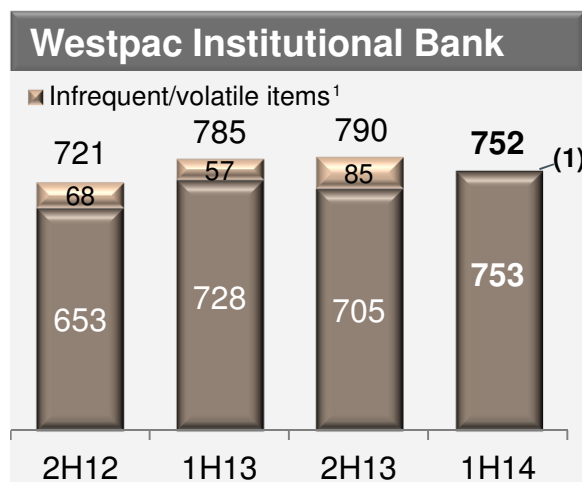
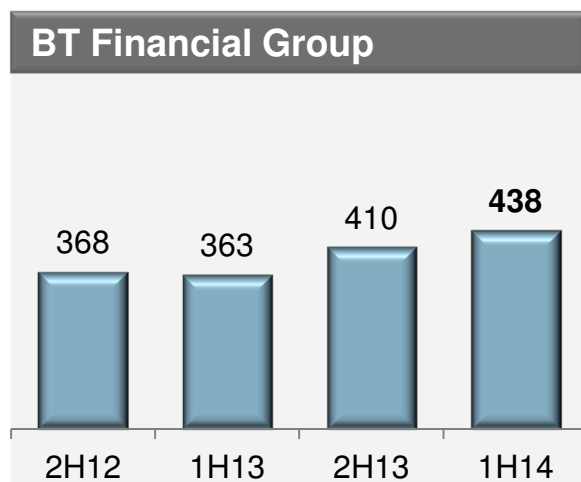
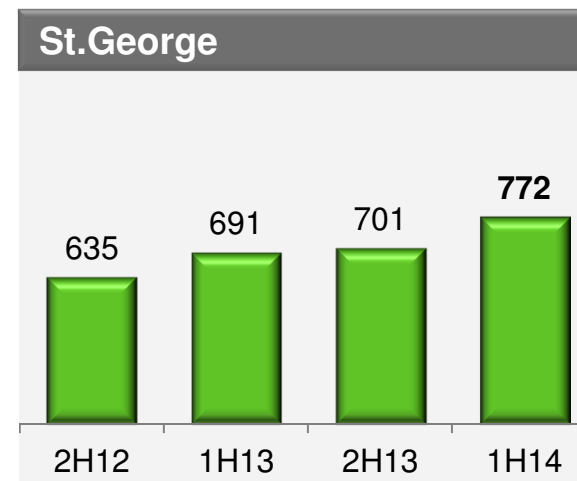
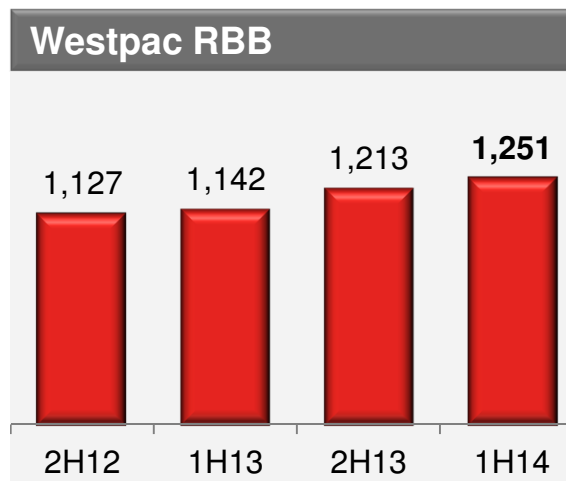
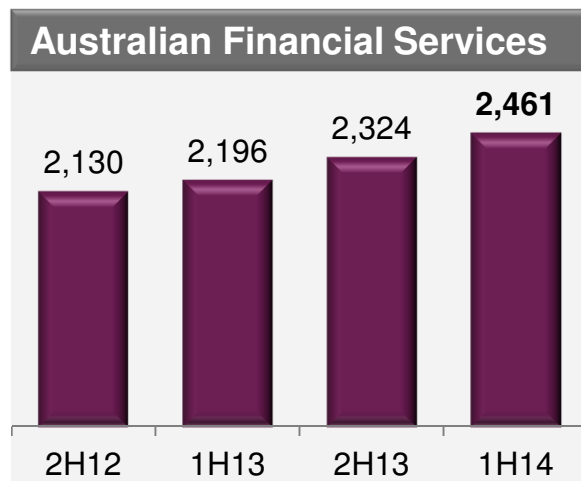
PRODUCTIVITY

A high quality, consistent performance

	1H14	Change 1H13-1H14	Change 2H13-1H14
Cash EPS ¹	121.3c	7%	6%
Cash Earnings	\$3,772m	8%	6%
Core earnings ^{2,3}	\$5,794m	5%	5%
Reported net profit	\$3,622m	10%	5%
Return on equity ²	16.5%	43bps	68bps
Impairment charges to average loans	12bps	(5bps)	(3bps)
Expense to income ratio ²	41.2%	35bps	(29bps)
Common equity tier 1 capital ratio	8.82%	8bps	(28bps)
Fully franked dividend	90c	5%	2%

¹ EPS is earnings per share. ² Cash Earnings basis. ³ Core earnings is operating profit before income tax and impairment charges.

Divisional contributions (Cash Earnings \$m)

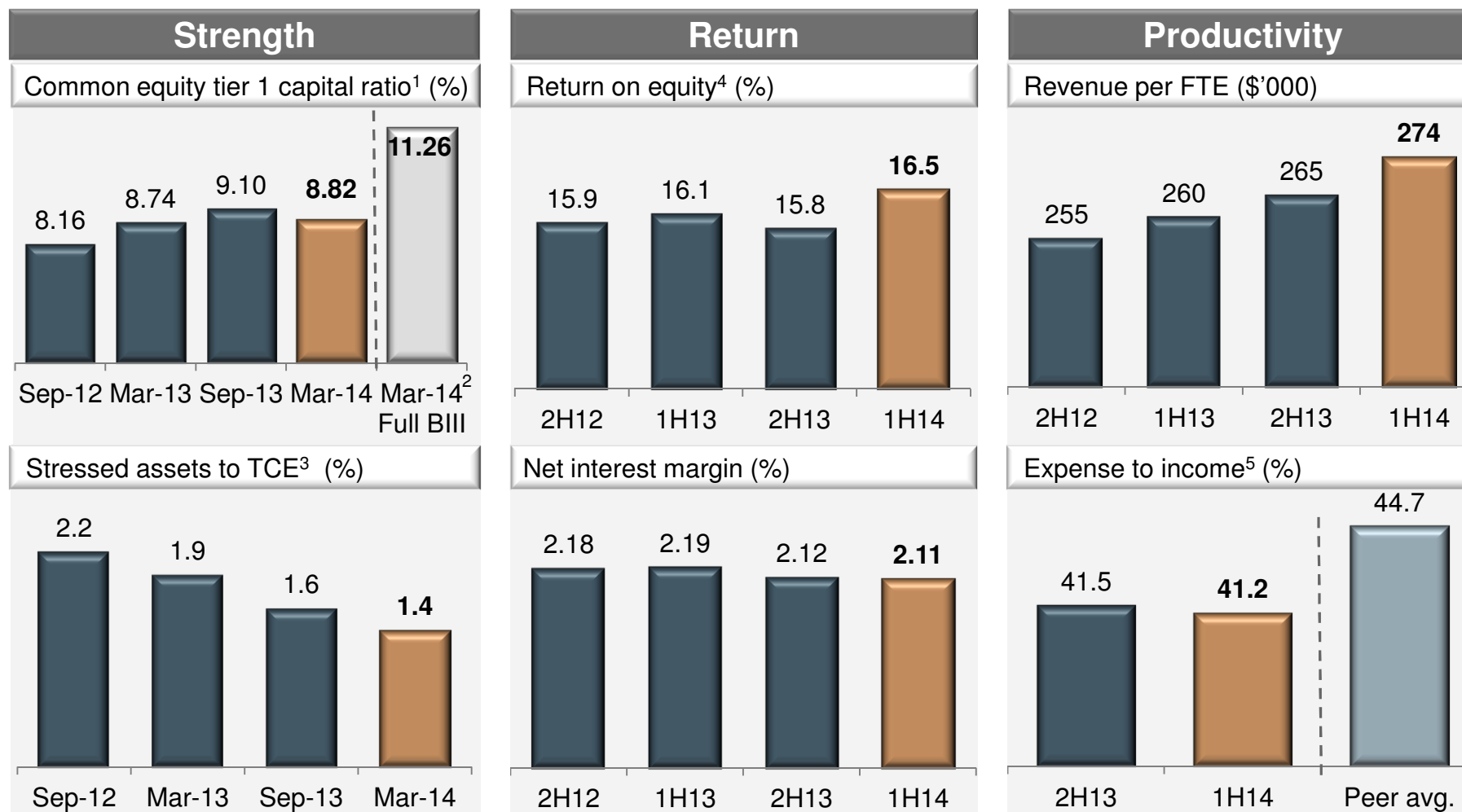


¹ Infrequent/volatile items includes the CVA and revenues associated with the Hastings exit of its listed infrastructure business. ² Cash Earnings in A\$. In NZ\$ 1H14 \$432m (up \$32m or 8% on 2H13).

Executing on strategic priorities and tilting to growth



Achieving strength, return, productivity

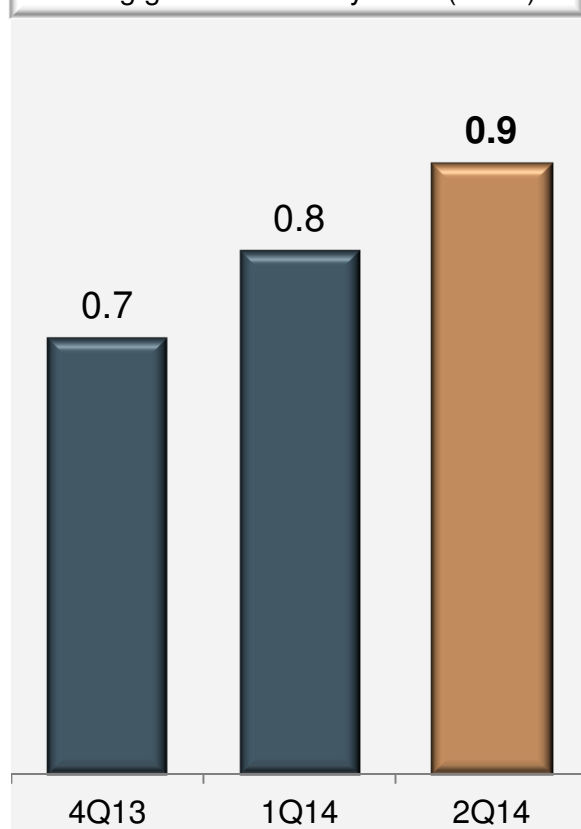


1 Sep12 is a Basel III pro forma estimate. Common equity tier 1 ratio based on APRA definition. 2 Common equity tier 1 capital ratio on a fully harmonised Basel III basis. 3 TCE is Total Committed Exposures. 4 Return on equity is Cash Earnings divided by average ordinary equity. 5 Peer avg is average of Australian major bank peers, with Peer 1, 2 and 3 at 1H14.

Tilt to growth delivering improved momentum

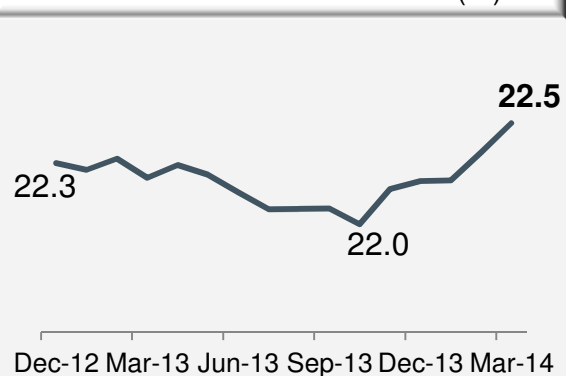
Sustainably improved Australian housing momentum

Housing growth versus system¹ (times)

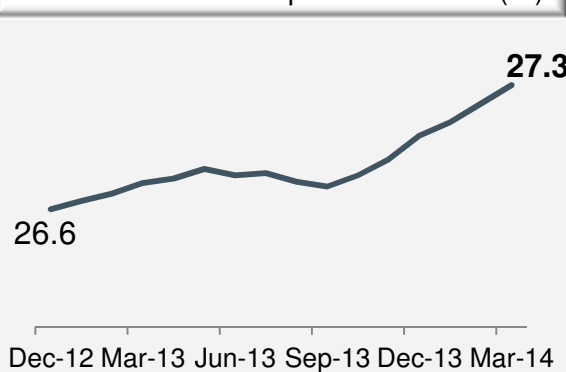


Growth returning to Australian personal lending

AFS market share in credit cards² (%)

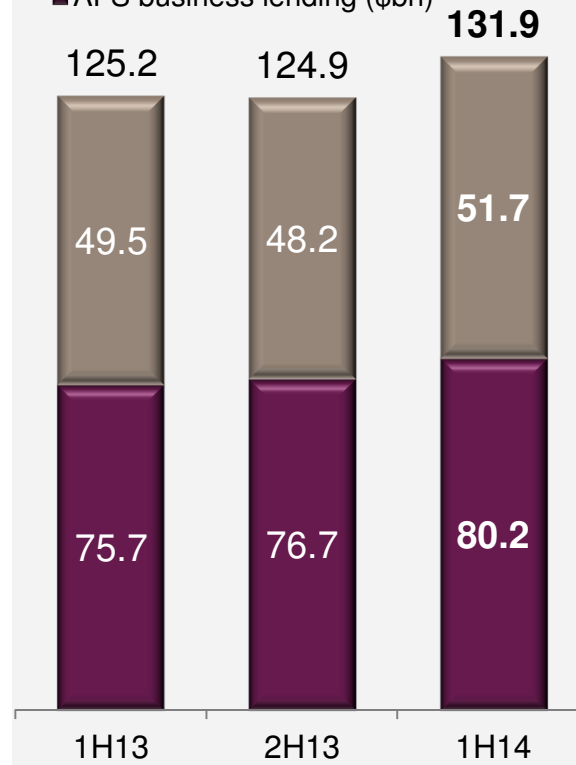


AFS market share in personal loans³ (%)



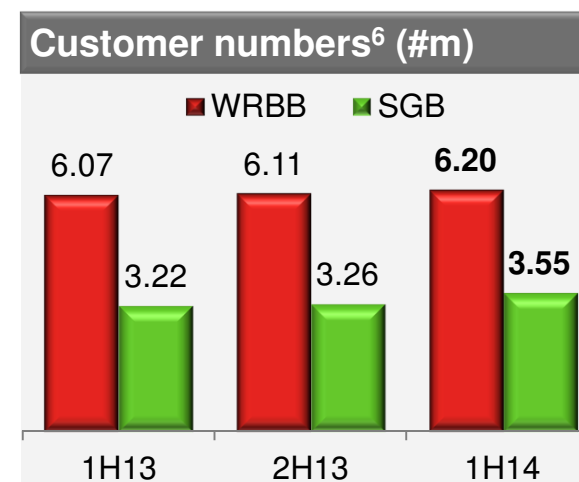
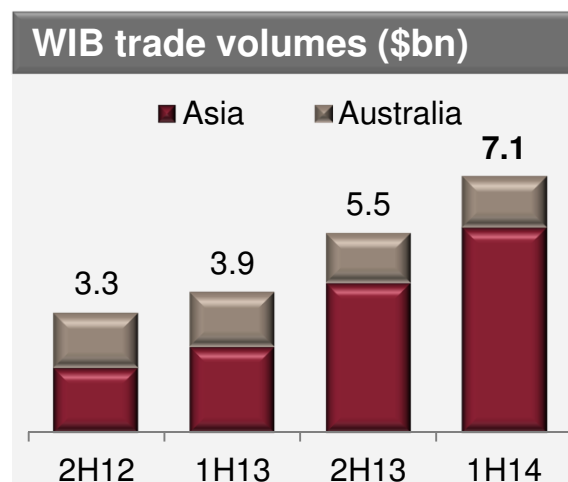
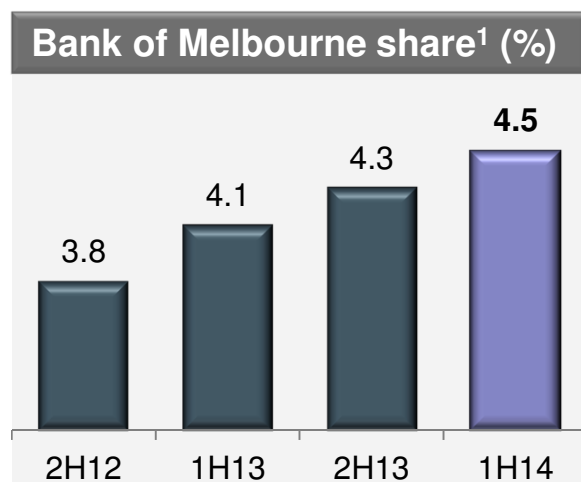
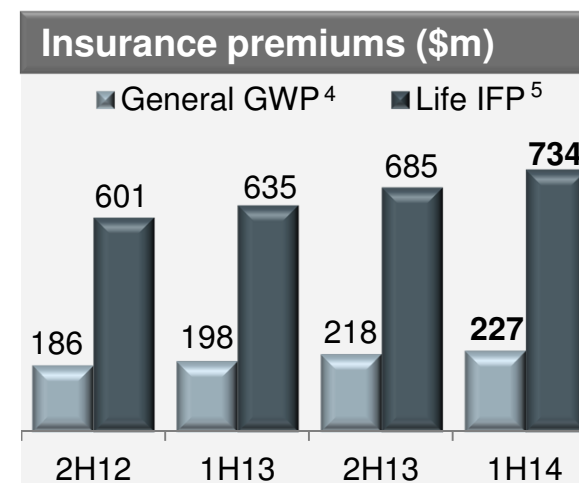
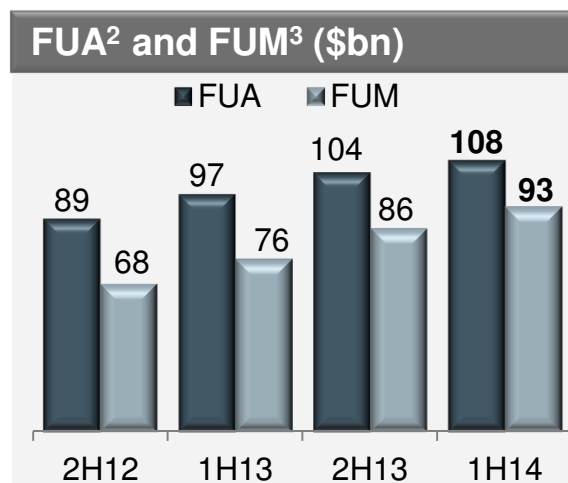
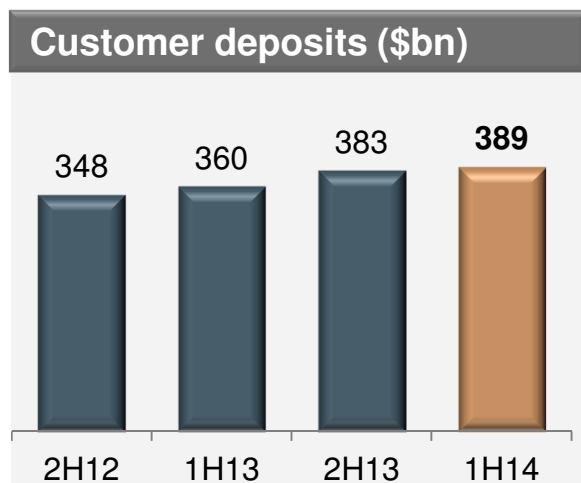
Australian business lending⁴ supported by Lloyds and trade

■ WIB lending (\$bn)
■ AFS business lending (\$bn)



¹ RBA Financial Aggregates, March 2014. ² APRA monthly banking statistics, March 2014. ³ RFI data, March 2014. Does not include Lloyds. ⁴ Loans net of provisions.

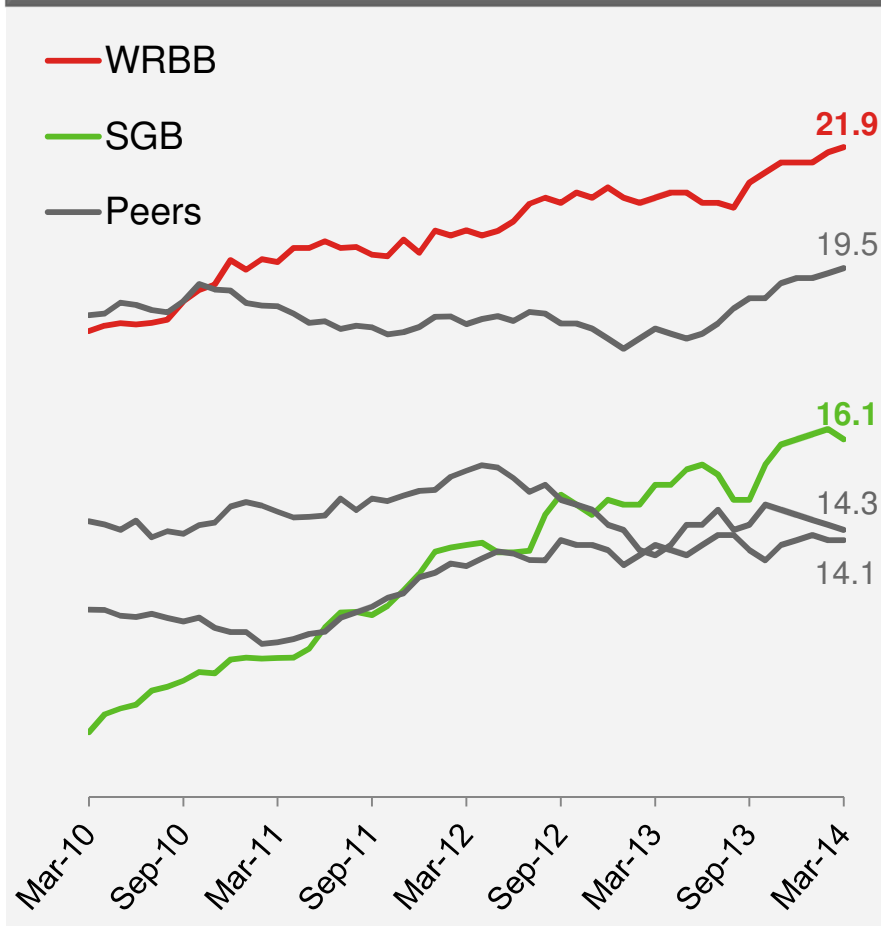
Growth continues in targeted areas



¹ Bank of Melbourne market share of Victorian market, by household footings (calculated as household deposits plus housing loans). Sources RBA, APRA, ABS and internal analysis. ² Funds under administration. ³ Funds under management. ⁴ General insurance gross written premiums. ⁵ Life insurance in-force premiums. ⁶ Rebased 2013 WRBB customer data.

Deepening customer relationships

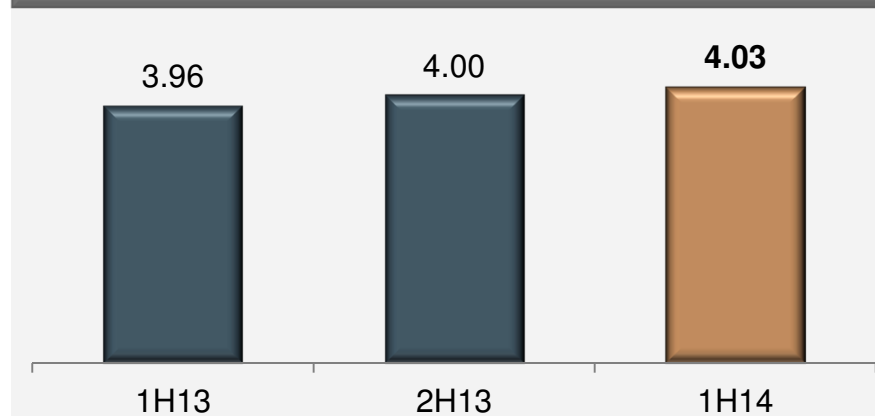
Wealth penetration¹ (%)



MyBank² customers (#m)



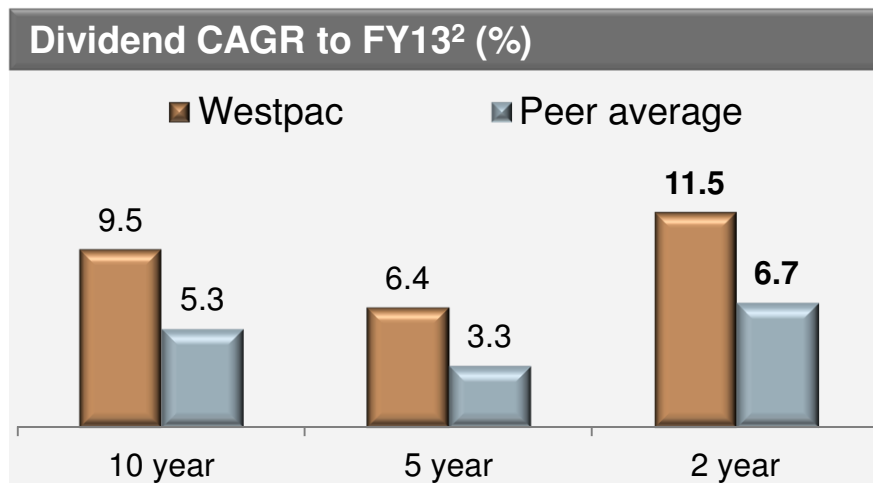
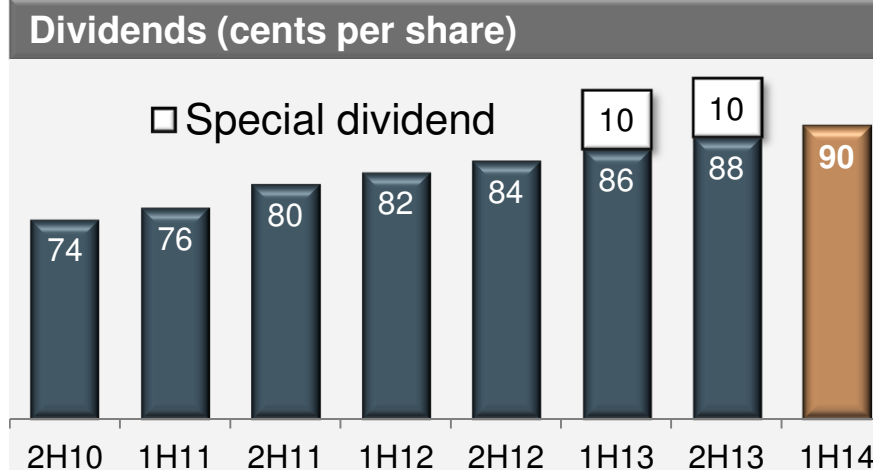
Customer return³ (%)



¹ Refer slide 134 for wealth penetration metrics. ² MyBank customer defined on slide 135. ³ Customer return is core earnings, less Treasury and Markets non-customer income, (annualised) divided by average credit RWA.

Capital strong, consistent dividend path

- Common equity tier 1 capital ratio 8.82%, well above regulatory requirements
- 1H14 dividend of 90 cents per share maintains consistent dividend path
- Neutralising DRP¹ for interim dividend
- Franking surplus \$315m after dividend



¹ DRP is dividend reinvestment plan. ² Data using past full year dividends for major Australian bank peers (excluding Westpac) up to FY13 results and includes special dividends.

A service revolution for customers is underway



1 Refer to slide 104 for details.

Summary

- A high quality and consistent performance
- Best in class balance sheet
- Improving growth in targeted areas
- Good operating momentum across all divisions
- Delivering value for customers and shareholders



FIRST HALF 2014 FINANCIAL RESULT

PETER KING
CHIEF FINANCIAL OFFICER

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

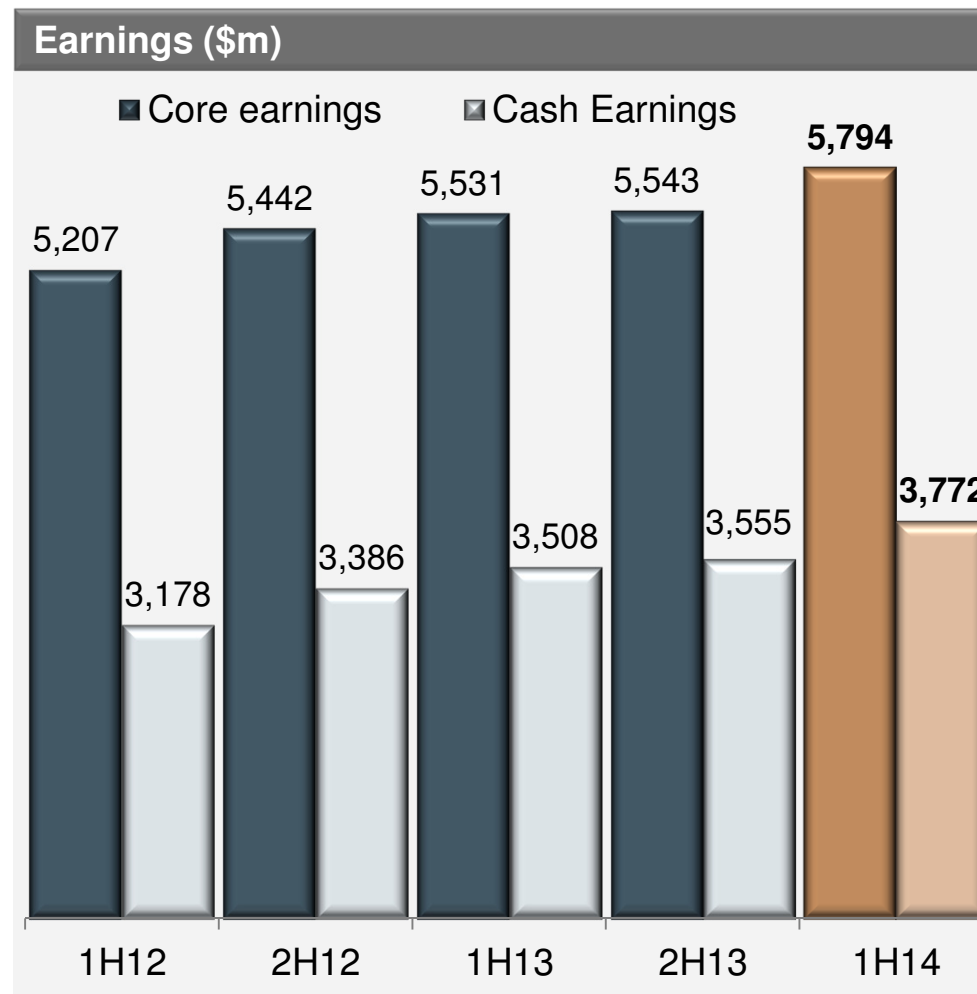
RETURN

GROWTH

PRODUCTIVITY

A consistent, high quality performance

- Consistent growth in core and Cash Earnings
- Quality reflecting
 - Divisional contributions
 - Tilting to growth now evident
 - Risk disciplines a highlight
- Lloyds a good acquisition
 - \$20m to Cash Earnings in first 3 months
- Continued leadership on balance sheet strength



Actively managing returns

Return on average interest-earning assets (AIEA) (%)	1H13	2H13	1H14
Net interest income (margin)	2.19	2.12	2.11
Non-interest income	0.98	0.99	1.00
Operating income	3.17	3.11	3.11
Operating expenses	(1.30)	(1.29)	(1.28)
Core earnings	1.87	1.82	1.83
Impairment charges	(0.15)	(0.13)	(0.11)
Tax & non-controlling interests	(0.53)	(0.52)	(0.53)
Cash Earnings (ROA¹)	1.19	1.17	1.19
Leverage (AIEA/AOE²)	13.50x	13.55x	13.85x
Return on average ordinary equity (ROE)	16.1	15.9	16.5

1 Return on average interest-earning assets. 2 Average ordinary equity.



Areas of interest within result

**Markets and Treasury
income improved**

**FX and infrequent/
volatile items had
little impact**

**Funding focused on
LCR environment**

**Margins
well managed**

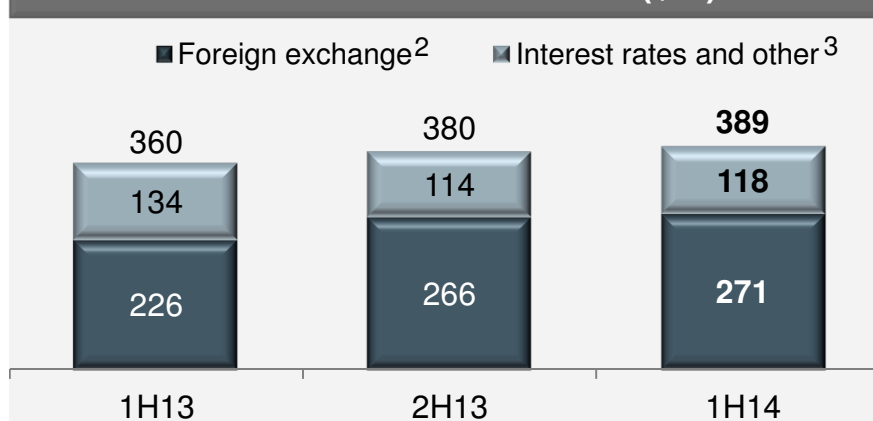
**Productivity creating
room for investment**

**Sector leading capital
and asset quality**

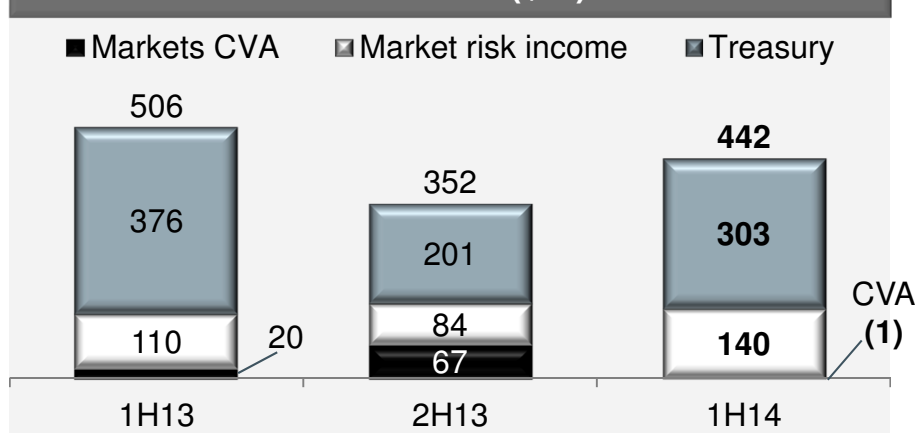
Improved Markets and Treasury performance

- Relationship approach seeing consistent growth in customer related markets income
 - AFS/WIB partnership contributing
- Treasury income up over 2H13, but lower versus very strong 1H13
 - 1H13: all portfolios performing well, particularly the liquid assets portfolio
 - 2H13: lower returns from liquid assets
 - 1H14: improved return from balance sheet management, liquid assets portfolio and basis risks
- Markets risk income higher from FX & CCE¹ and Debt markets

Customer related markets income (\$m)



Market risk related income (\$m)



¹ Foreign Exchange and Commodities, Carbon and Energy. ² Most foreign exchange income in AFS and WIB. ³ Income from interest rates and equities in AFS and WIB.

Infrequent items had little impact on earnings

Foreign exchange movements not a major contributor to earnings in 1H14

- \$15m net impact on Cash Earnings
 - Higher offshore earnings from movement in exchange rates (mostly AUD/NZD)
 - Largely offset by hedging impact
- Individual line items more impacted

FX Impact on Cash Earnings 2H13 – 1H14

	% growth as reported	% growth excl. FX
Operating income	4.0	3.5
Operating expenses	3.3	2.5
Core earnings	4.5	4.1
Cash Earnings	6.1	5.7

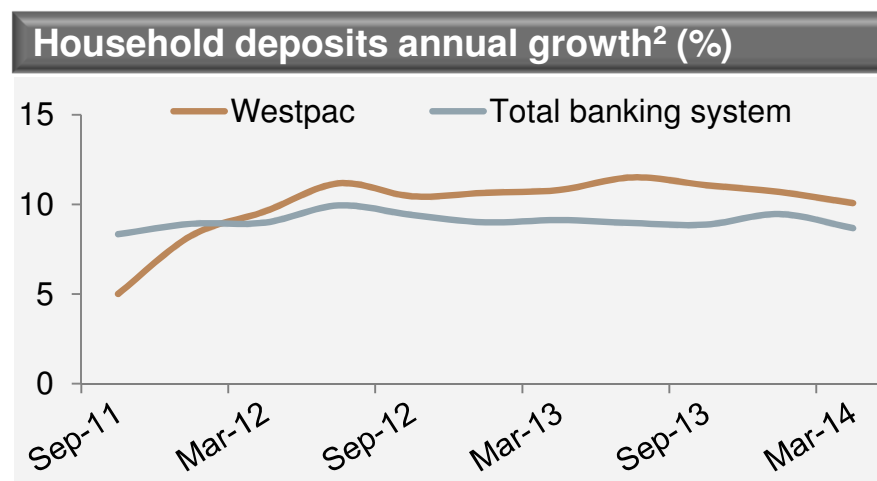
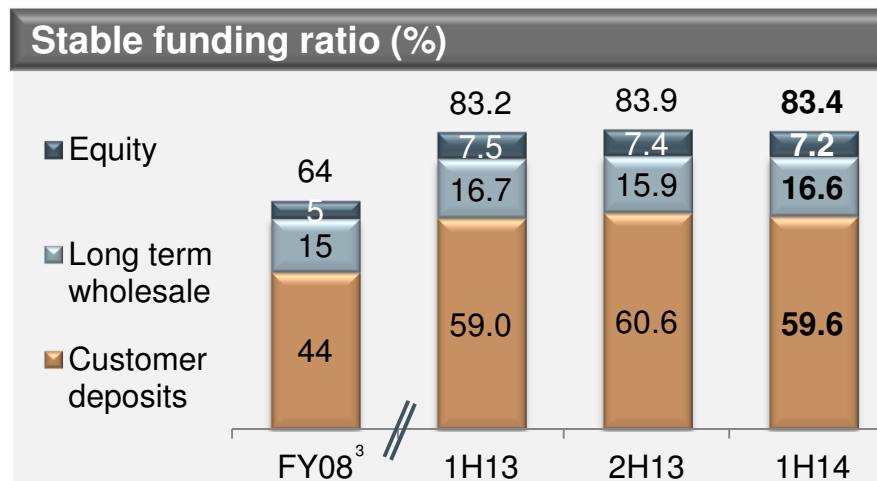
Infrequent and volatile items did not lift growth in 1H14

- Infrequent/volatile items lower than the prior 2 halves
 - Down \$50m from 2H13
 - Have been positive for last 3 halves
- Impact is more pronounced across divisions

Cash Earnings impact (\$m)	1H13	2H13	1H14
Asset sales	25	21	30
Performance fees	27	43	29
Group CVA	15	47	2
Total impact	67	111	61

Funding – actively working towards the LCR¹

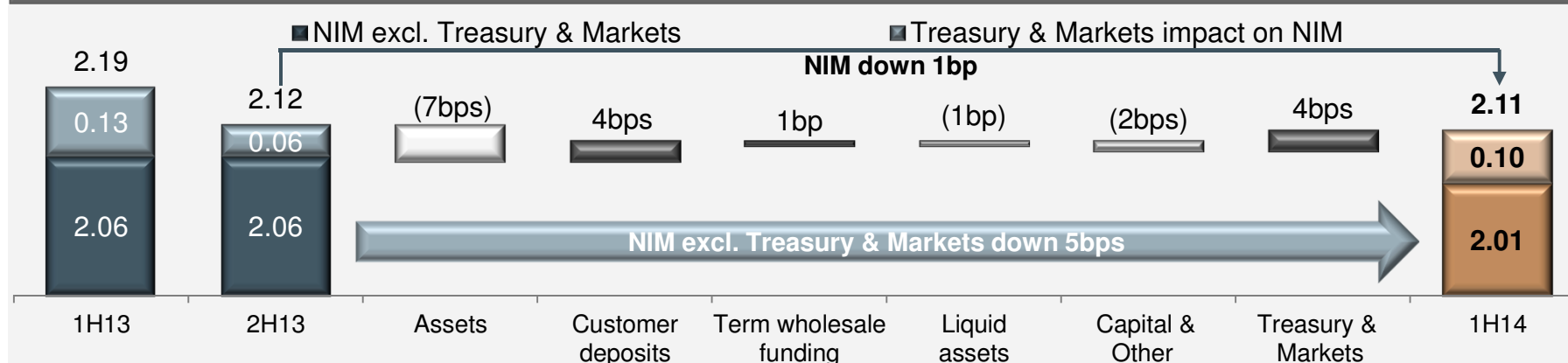
- Continued to fund loan growth with stable funding sources
- Funded Lloyds acquisition (\$8bn), growth in trade (\$3bn) and other lending (\$17bn)
- Having strengthened funding, now focused on optimising the mix and meeting LCR requirements
 - Preference for deposits with higher LCR value (household deposits growing at system²)



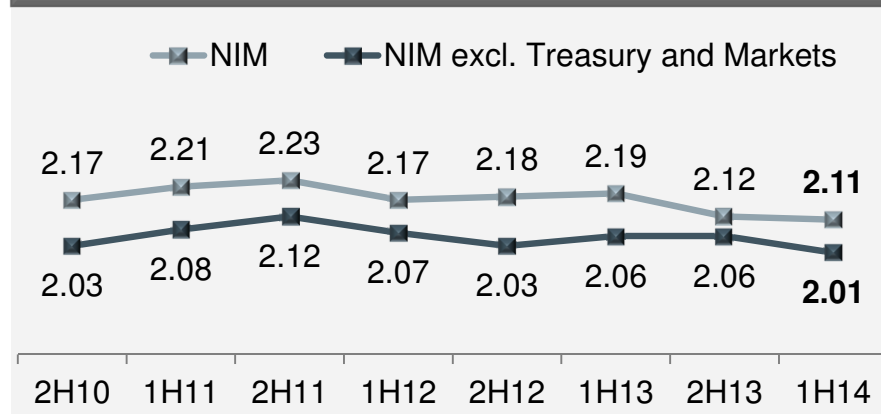
¹ LCR is Liquidity Coverage Ratio. ² APRA Banking Statics, March 2014. ³ 2008 does not include St.George.

Margins down 1bp

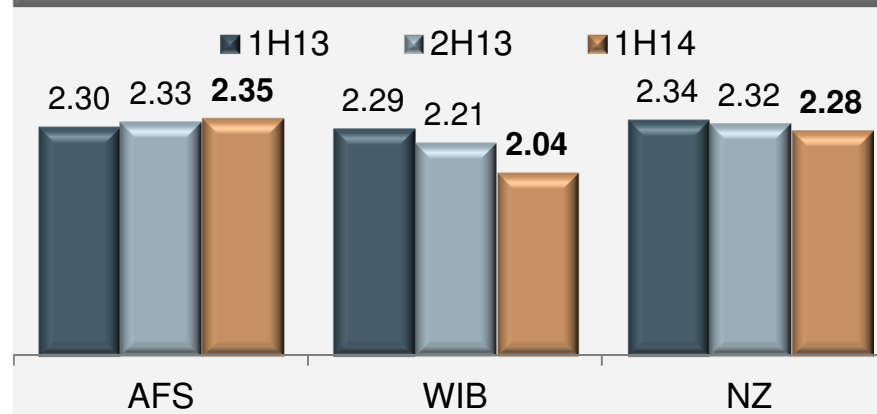
Net interest margin (NIM) movement (%)



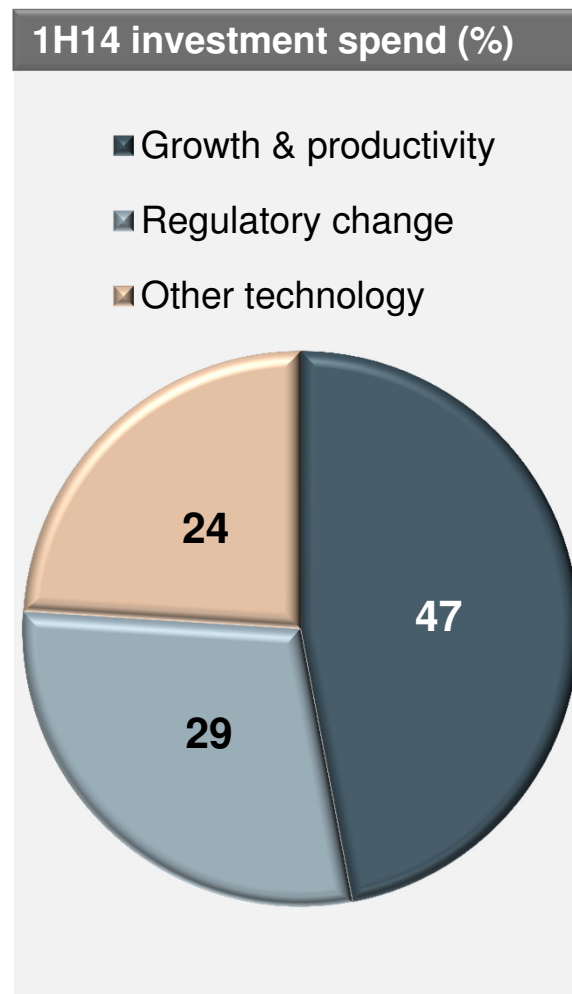
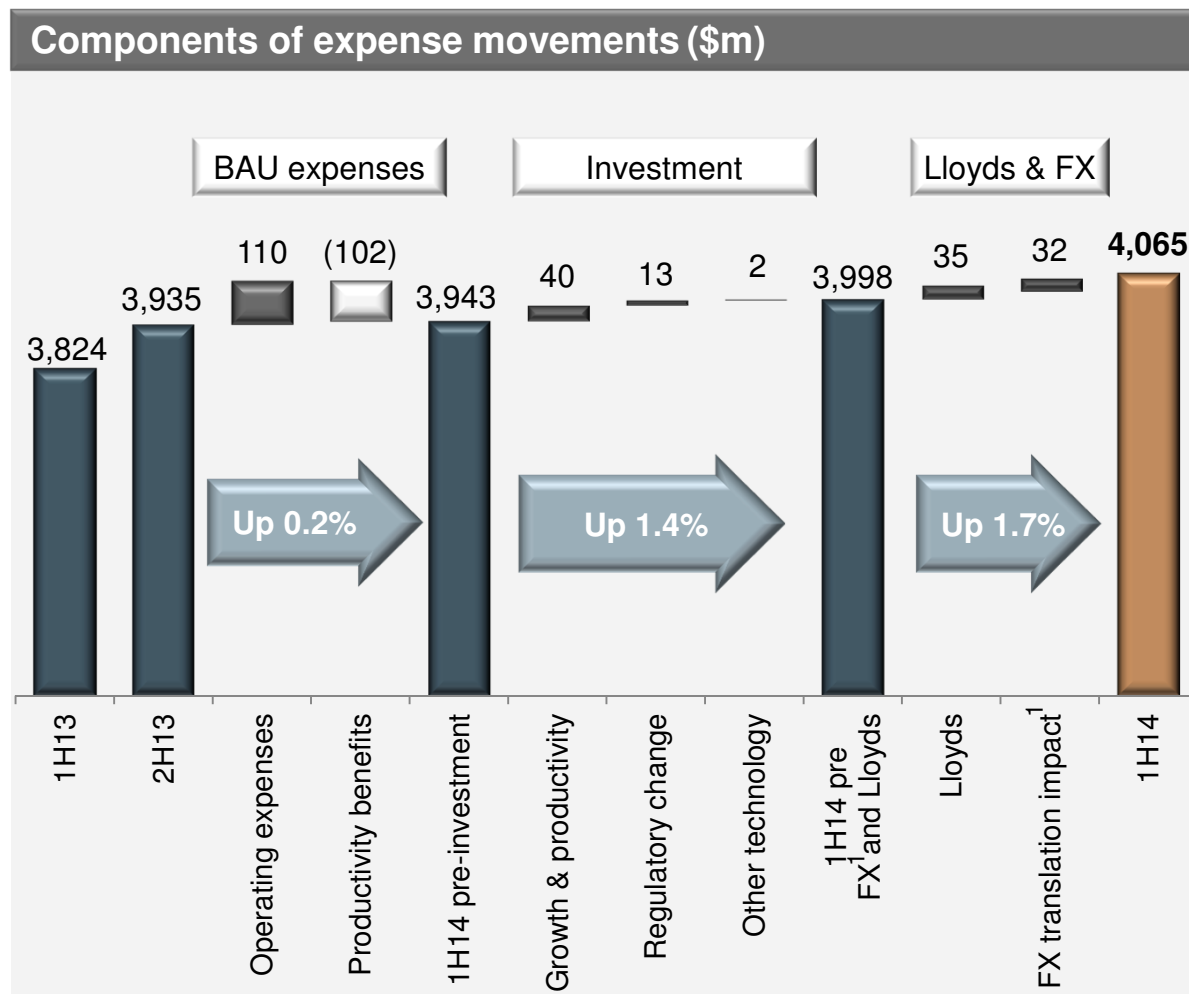
NIM (%)



NIM by division (%)



Expense growth from investment and FX translation

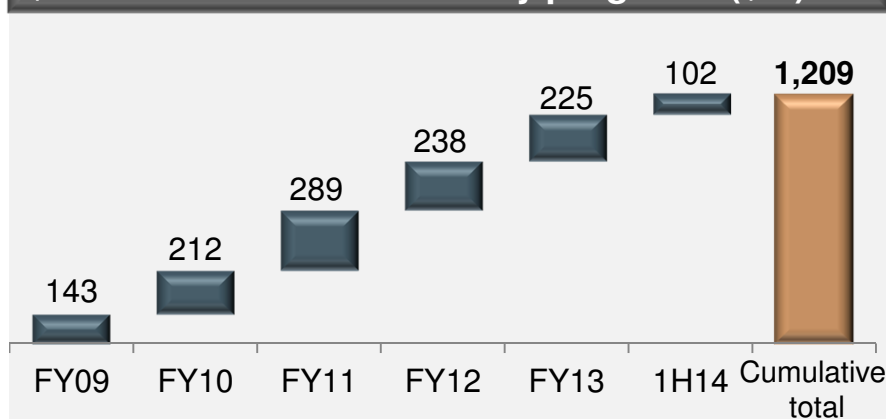


¹ FX impacts are for both WIB and New Zealand.

Productivity remains a priority

Productivity savings in 1H14	\$m
Operating model changes	32
Continuous improvement	22
Supplier changes	19
NZ simplification for growth	11
Other	18
Total	102

\$1.2bn saved from efficiency programs (\$m)



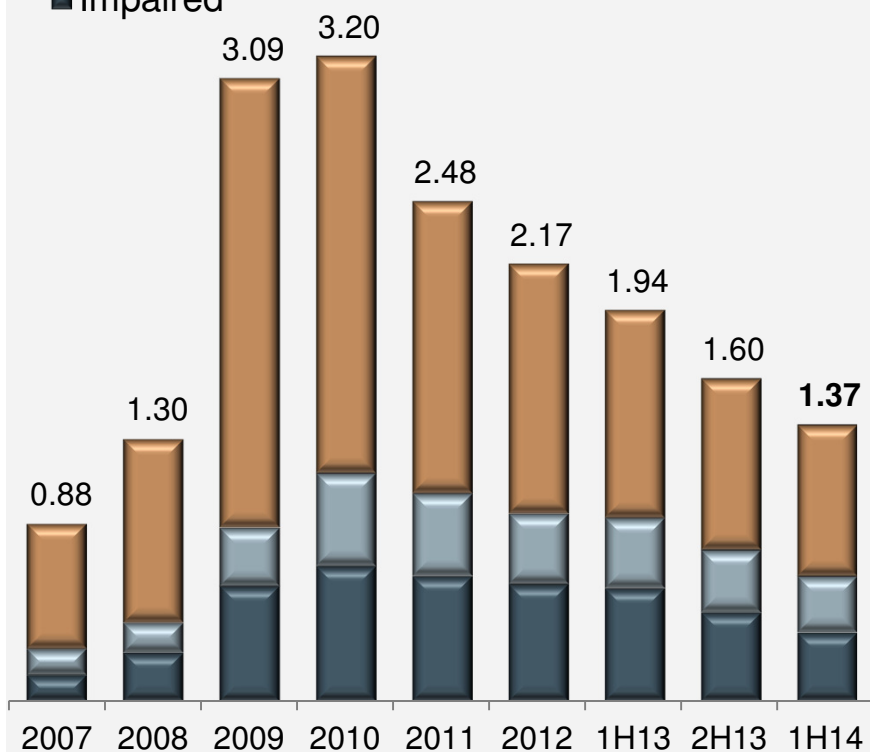
Key efficiency programs

Simplification	Over 100 people working on 50 projects focused on improving customer service and simplifying the business
Lloyds	Ongoing efficiency benefits of \$70m per annum. WIB integration completed. Focus in 2H14 on operating model and systems integration
NZ	Rapid uptake of digital channels is helping to improve efficiency across the network
Branch redesign	Continued roll-out of new branch layouts, utilising new digital technologies, video conferencing and smart ATMs

Asset quality a highlight

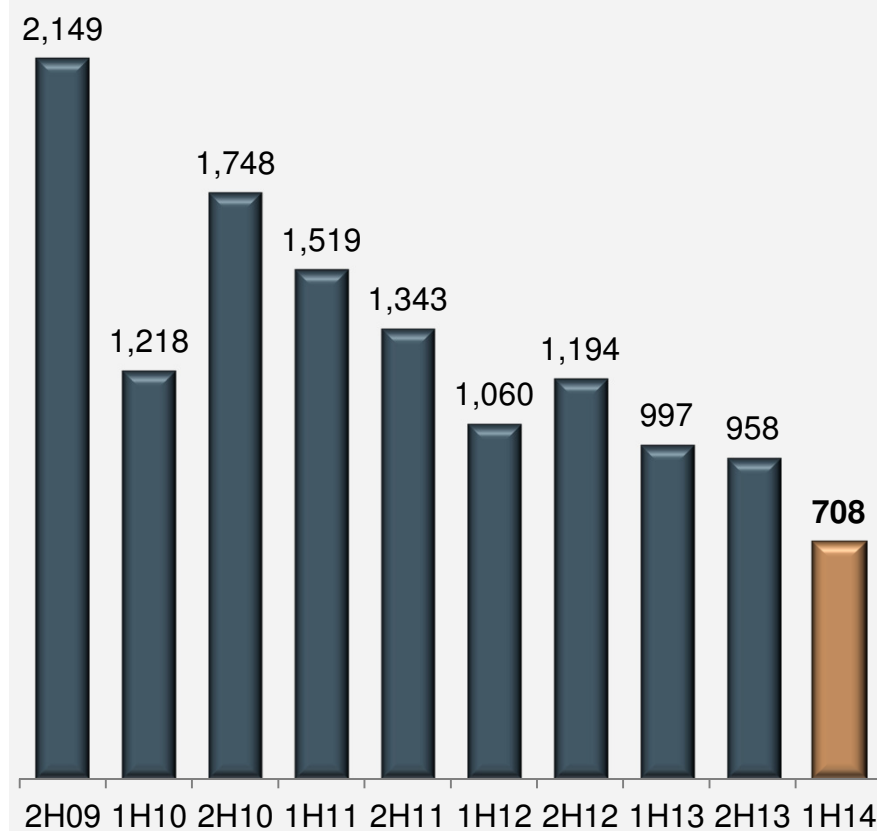
Stressed exposures as a % of TCE¹

- Watchlist & substandard
- 90 days past due well secured
- Impaired

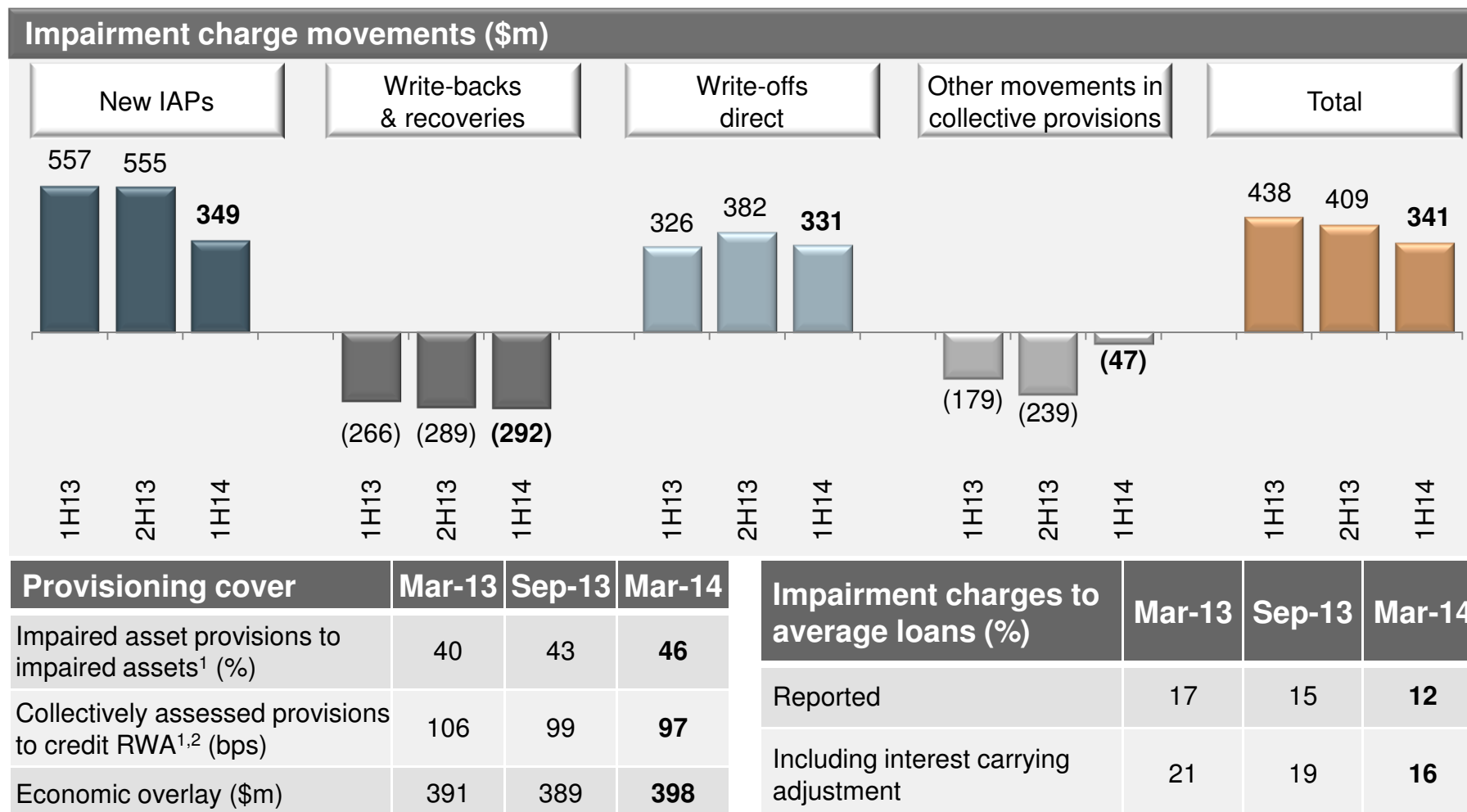


¹ TCE is Total Committed Exposures.

New and increased gross impaired assets (\$m)

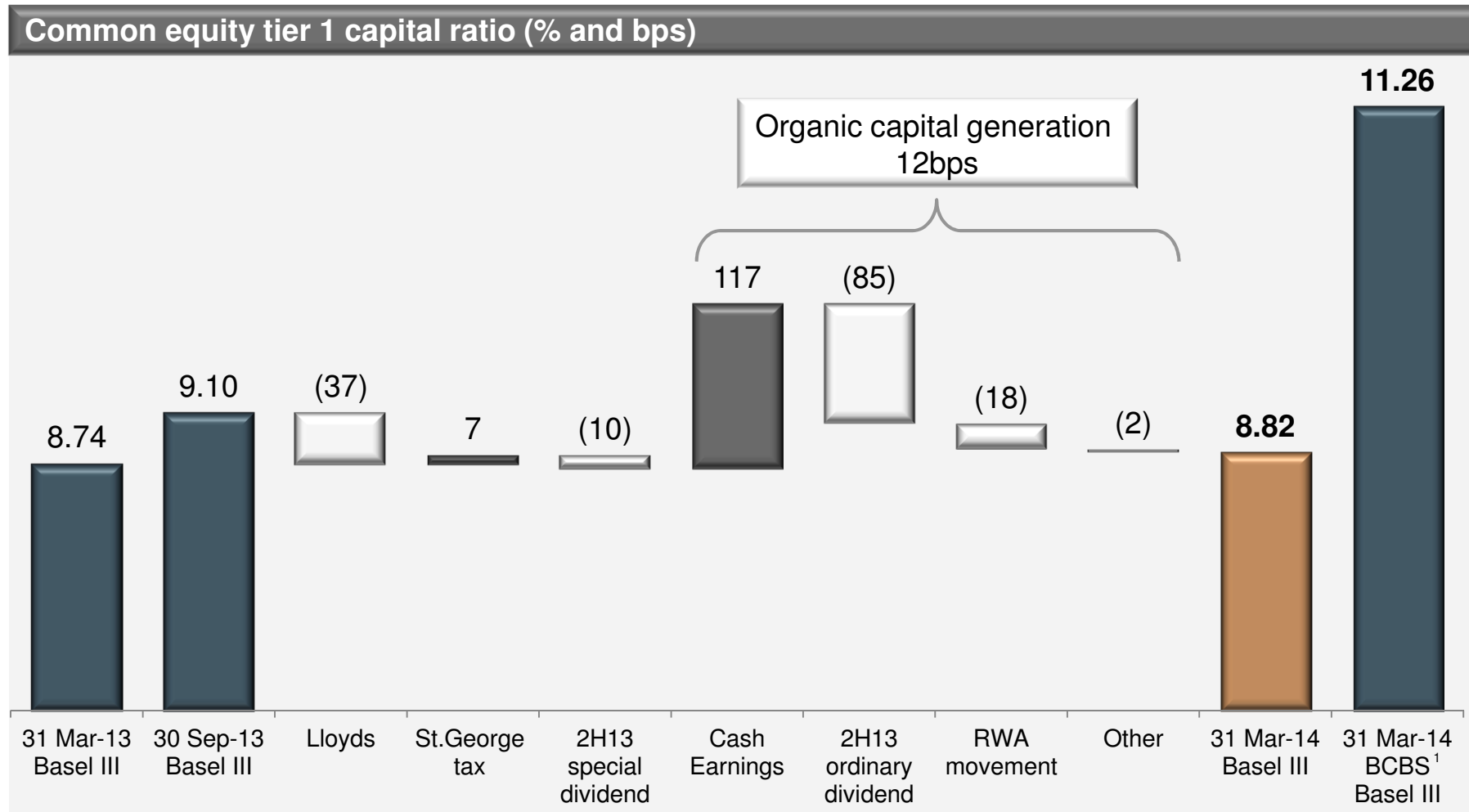


Lower impairments, strong provisioning cover



1 Impact of Lloyds on impaired asset provisions to impaired assets is 1 percentage point and 3bps on collectively assessed provisions to credit RWA. 2 RWA is risk weighted assets.

Strong capital position

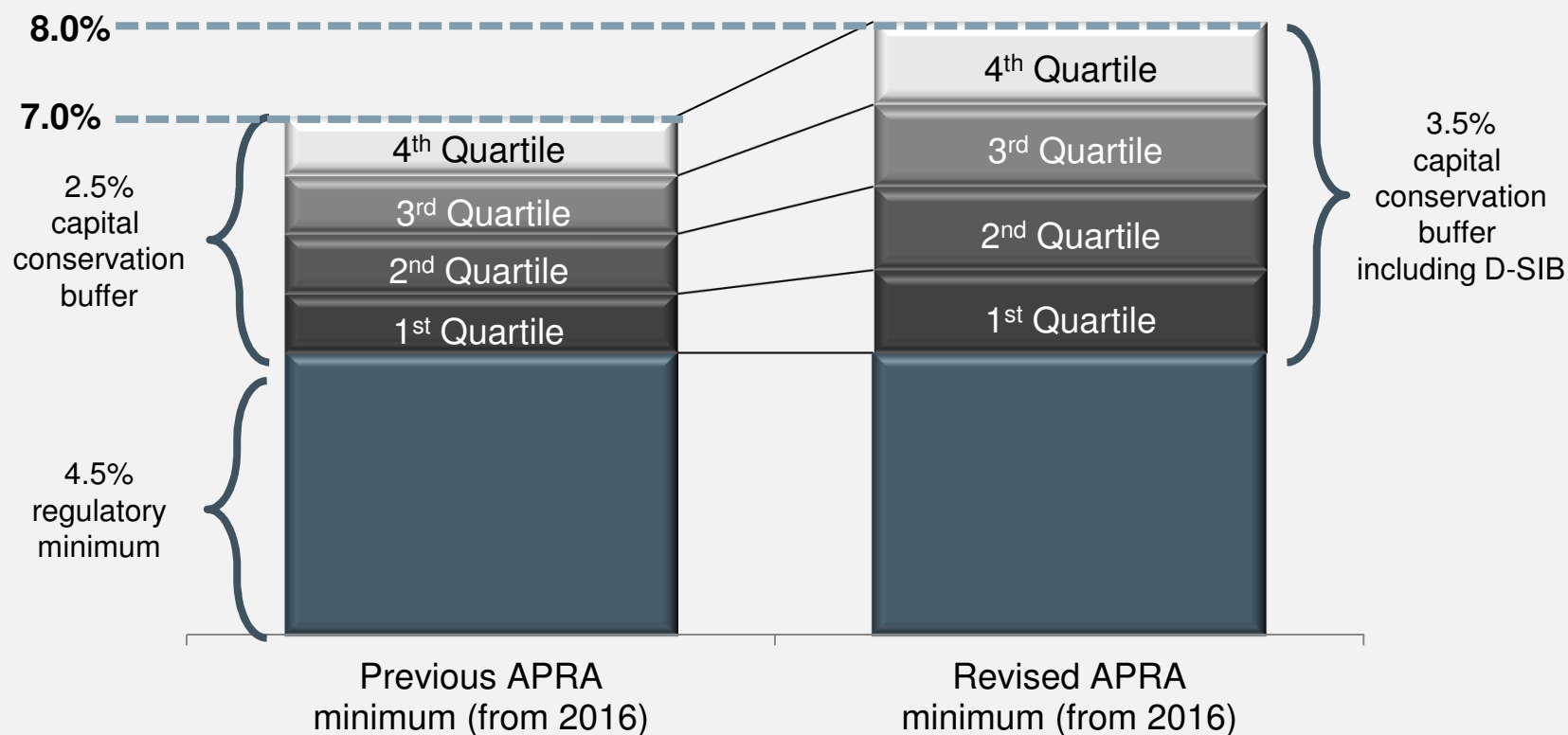


¹ BCBS is Basel Committee on Banking Supervision.

Considering the impact of D-SIB buffer

APRA CET1 ratio¹ minimums, including additional D-SIB buffer

Westpac CET1 ratio 8.82% at March 2014



¹ CET1 ratio is Common equity tier 1 capital ratio.



Expectations for 2H14

- Lending growth to trend higher
- Continue to actively manage margins
- Productivity benefits to largely offset business as usual expenses, with most expense growth related to investments
- Strong returns from supporting customers' wealth/insurance needs
- Strong asset quality picture to remain
- All divisions well positioned with good momentum

FIRST HALF 2014 INVESTOR DISCUSSION PACK

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

RETURN

GROWTH

PRODUCTIVITY

FIRST HALF 2014 OVERVIEW

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

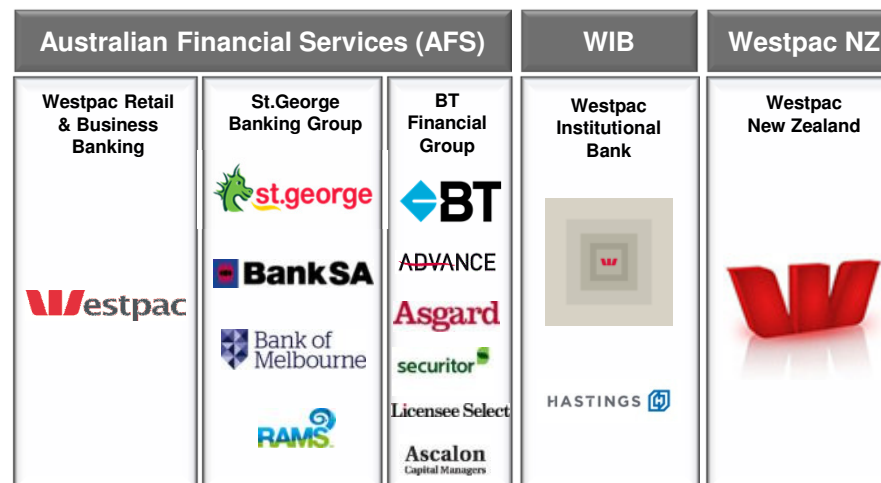
RETURN

GROWTH

PRODUCTIVITY

Westpac Group at a glance

- Australia's first bank and first company, opened in 1817
- Australia's 2nd largest bank, and 13th largest bank in the world, ranked by market capitalisation¹
- Strategy focused on deepening customer relationships. Supporting customers and markets connected to Australia, New Zealand and the near Pacific
- Portfolio of brands providing retail, business, institutional banking and wealth management services, with excellent positioning in key markets
- Efficiency leader of Australian peers and one of the most efficient banks globally²
- Rated AA- / Aa2 / AA-, with stable outlook³
- Strong capital, funding, liquidity and provisioning
- Consistent earnings profile over time
- Leader in sustainability, voted world's most sustainable company⁴



Key statistics for 1H14

Customers	12m
Australian household deposit market share ⁵	23%
Australian housing market share ⁶	23%
Australian business market share ⁶	19%
New Zealand household deposit market share ⁷	21%
New Zealand consumer lending market share ⁷	20%
Australian wealth platforms market share ⁸	20%

Key financial data for 1H14 (31 March 2014)

Reported net profit	\$3,622m
Cash Earnings	\$3,772m
Cash Earnings per share	121.3c
Common equity tier 1 capital ratio	8.82%
Return on equity (Cash Earnings basis)	16.5%
Total assets	\$729bn
Market capitalisation ¹	\$107bn

1 As at 31 March 2014. Source: IRESS, CapitalIQ and www.xe.com based in US Dollars. 2 Data sourced from Credit Suisse analysis of cost to income ratio of world's largest banks March 2014. 3 Source: Standard and Poor's, Moody's Investors Service, Fitch Ratings. 4 WBC the highest ranked company at the 2014 World Economic Forum, Global 100 most sustainable companies. 5 APRA Banking Statistics, March 2014. 6 RBA Financial Aggregates, March 2014. 7 RBNZ, March 2014. 8 Plan for Life, December 2013, All Master Funds Admin.

1H14 financial snapshot

	1H14	Change ¹ 1H13 – 1H14	Change ¹ 2H13 – 1H14		1H14	Change ¹ 1H13 – 1H14	Change ¹ 2H13 – 1H14
Earnings²				Balance sheet			
EPS ³ (cents)	121.3	7%	6%	Total assets (\$bn)	729	7%	4%
Core earnings (\$m)	5,794	5%	5%	Common equity tier 1 capital ratio (%)	8.82	8bps	(28bps)
Cash Earnings (\$m)	3,772	8%	6%	Risk weighted assets (\$bn)	322.5	5%	5%
Return on equity (%)	16.48	43bps	68bps	Loans (\$bn)	565	8%	5%
Dividends per share (cents)	90	5%	2%	Customer deposits (\$bn)	389	8%	2%
Expense to income ratio (%)	41.2	35bps	(29bps)	NTA ⁶ per share (\$)	11.13	40cps	4cps
Net interest margin (%)	2.11	(8bps)	(1bp)	Asset quality			
Funding and liquidity				Impairment charges to average gross loans (bps)	12	(5bps)	(3bps)
Customer deposit to loan ratio (%)	68.9	(13bps)	(248bps)	Impaired assets to gross loans (bps)	51	(31bps)	(16bps)
Stable funding ratio ⁴ (%)	83	24bps	(45bps)	Impaired provisions to impaired assets (%)	46	620bps	327bps
Short term wholesale funding ⁵ (\$bn)	108	5.6bn	6.4bn	Collectively assessed provisions to credit RWA (bps)	97	(9bps)	(2bps)
Total liquid assets (\$bn)	126.5	15.4bn	0.9bn				

¹ For profitability metrics the change represents results for 1H14 versus 1H13 and 1H14 versus 2H13, the actual results for 1H13 and 2H13 are not represented here. ² All measures on a Cash Earnings basis. ³ EPS is Cash Earnings Per Share. ⁴ Stable funding ratio calculated on the basis of customer deposits + wholesale funding with residual maturity greater than 12 months + equity + securitisation, as a proportion of total funding. ⁵ Includes long term wholesale funding with a residual maturity less than 1 year. ⁶ NTA is Net Tangible Assets.

Reconciliation between Cash Earnings and reported net profit

Cash Earnings policy¹

- Westpac Group uses a measure of performance referred to as Cash Earnings to assess financial performance
- This measure has been used in the Australian banking market for over a decade and management believes it is the most effective way to assess performance for the current period against prior periods and to compare performance across divisions and across peer companies
- To calculate Cash Earnings, reported net profit is adjusted for
 - Material items that key decision makers at the Westpac Group believe do not reflect ongoing operations (both positive and negative)
 - Items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of Treasury shares and economic hedging impacts
 - Accounting reclassifications between individual line items that do not impact reported results

Cash Earnings appropriate measure of profit

- Cash Earnings is used as the primary method of management reporting for the Group and for operating divisions
- Cash Earnings adjustments have had little net impact on aggregate earnings over recent years

	1H14 (\$m)	% change 1H13-1H14	% change 2H13-1H14
Cash Earnings	3,772	8	6
Reported net profit	3,622	10	5

Reported net profit and Cash Earnings¹ adjustments (\$m)

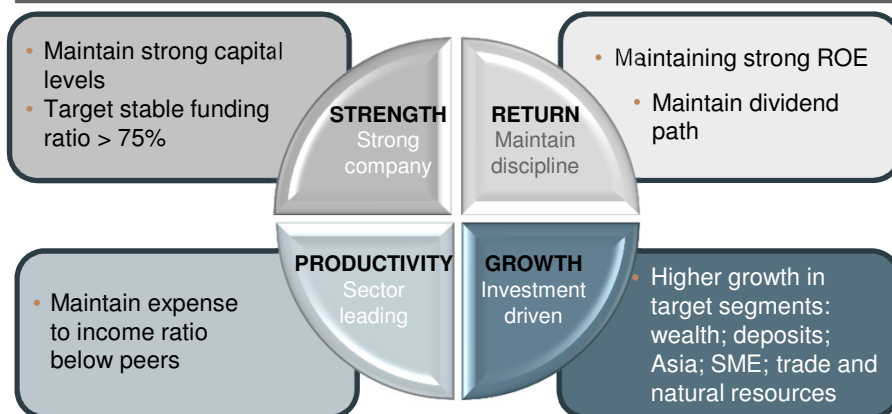
	2H13	1H14
Reported net profit	3,464	3,622
TPS revaluations	1	-
Treasury shares	13	13
Ineffective hedges	3	17
Fair value gain/(loss) on economic hedges ²	(36)	46
Buyback of government guaranteed debt	-	(30)
Amortisation of intangible assets	75	70
Fair value amortisation of financial instruments	35	9
Acquisition transaction and integration expenses	-	25
Cash Earnings	3,555	3,772

¹ Cash Earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with A-IFRS. The specific adjustments outlined include both cash and non-cash items. Cash Earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits therefore available to ordinary shareholders. All adjustments shown are after tax. Refer to slide 133 for a summary of the Westpac Group Half Year 2014 Results. ² 2H13 Fair Value for Economic hedges has been restated from \$67m to \$36m as Westpac Group has early adopted changes to AASB 9: Financial Instruments.

Managing for a balanced performance

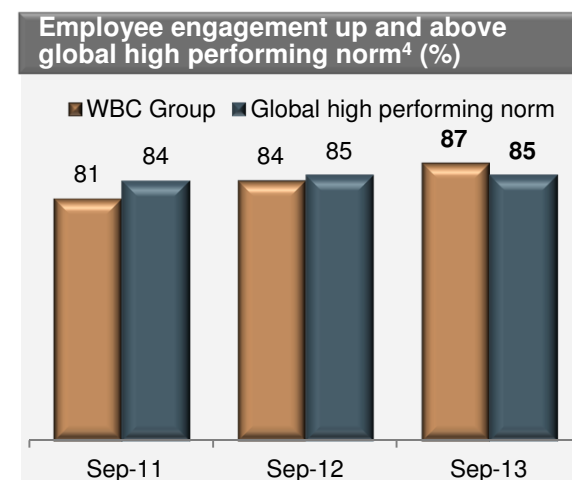
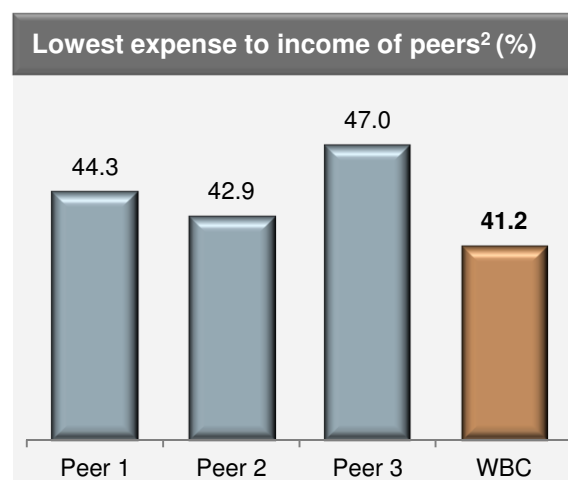
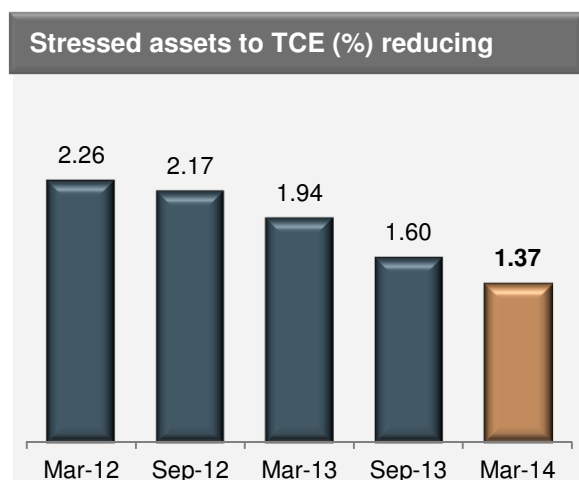
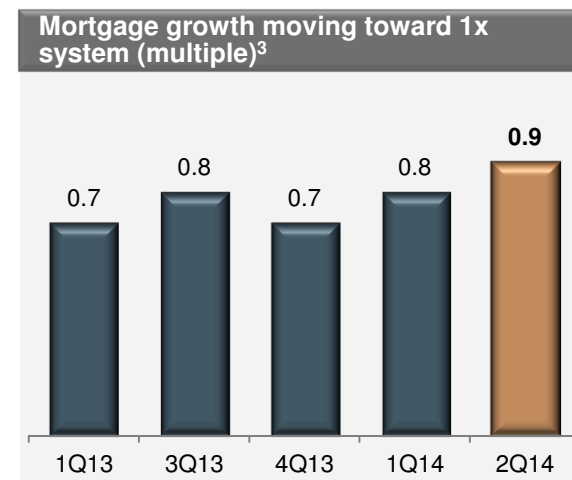
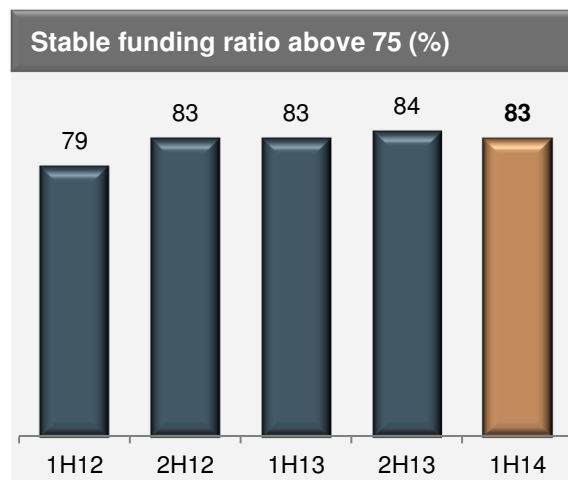
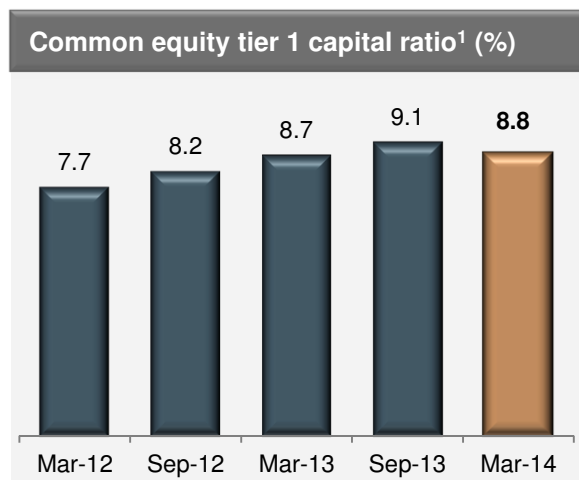
Strategic priorities		1H14 outcomes
Remain strong	Remain strong	<ul style="list-style-type: none"> Common equity tier 1 capital ratio at 8.82%, well placed for D-SIB Stable funding ratio at 83%, down 45bps Stressed assets to TCE down 23bps, to 1.37% Ranked most sustainable company in world by Corporate Knights 2014 Global 100 Most Sustainable Corporations
Targeted growth	Targeted growth	<ul style="list-style-type: none"> BT total retail FUA growth 1.1x system¹ Growing at system in household deposits² Improved mortgage system growth from 0.7x to 0.9x system³ BoM added 7 more branches, customers up 8%, market share up 20bps to 4.5%⁴, household deposits up 11%, mortgages up 8% BT Super for Life retail customers up 9% and FUM up 16% General insurance gross written premiums and Life Insurance in-force premiums up 4% and 7% respectively Trade finance volumes up 28%, strengthened capabilities Asian revenue up 40% (USD), expanded capabilities Lloyds acquisition boosting business lending and personal finance
Customer relationships	Customer relationships	<ul style="list-style-type: none"> Customer numbers up 1% Customer return on credit risk weighted assets⁵ up 3bps to 4.03 Highest wealth penetration⁶, up 97bps to 19.7% Increased MyBank⁷ customers across all brands
Materially simplify	Materially simplify	<ul style="list-style-type: none"> Expense to income ratio down 29bps, to 41.2%, well below peers \$102m in productivity savings Revenue per FTE up 3% Rolling out of new online/mobile platform 95 Bank Now/FreshStart branches, up 71 AFS complaints reduced 20%
One team approach	One team	<ul style="list-style-type: none"> AFS/WIB partnership generated \$292m revenue 1,028 accredited 'Best Bankers' Women in leadership roles increased to 43% from 42% Employee engagement at 87%, above global high performing norm⁸

Managing the business in a balanced way across the dimensions of growth, return, productivity and strength



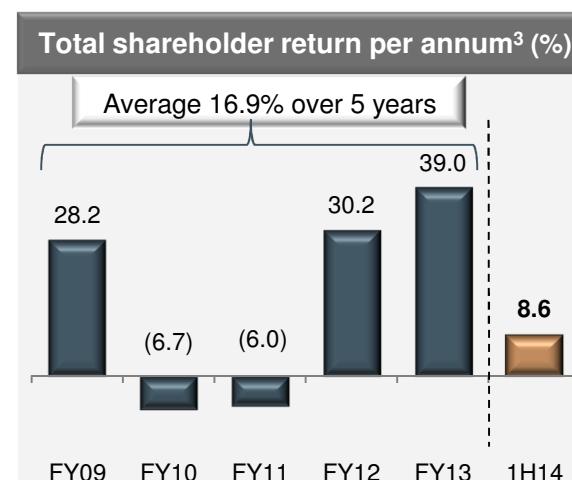
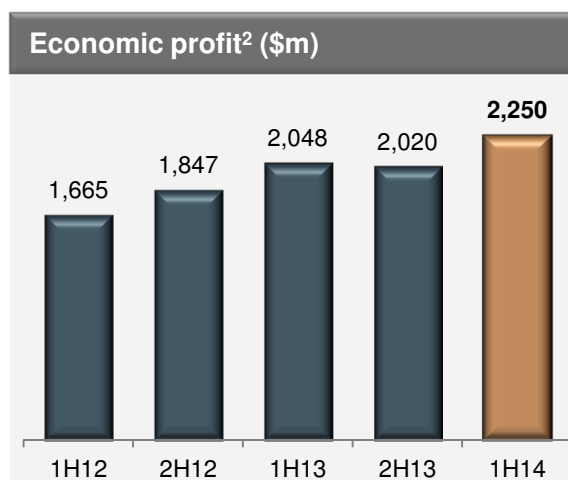
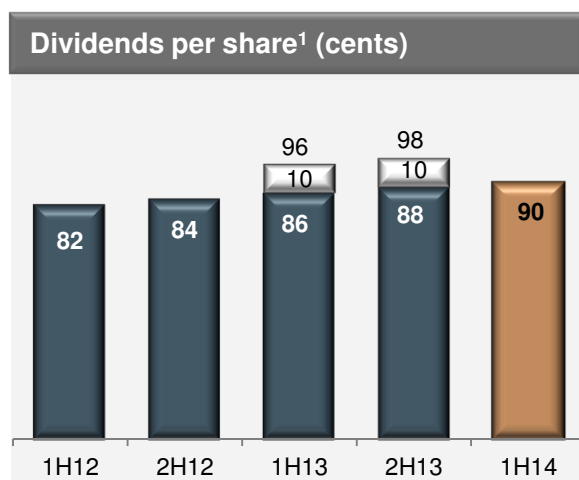
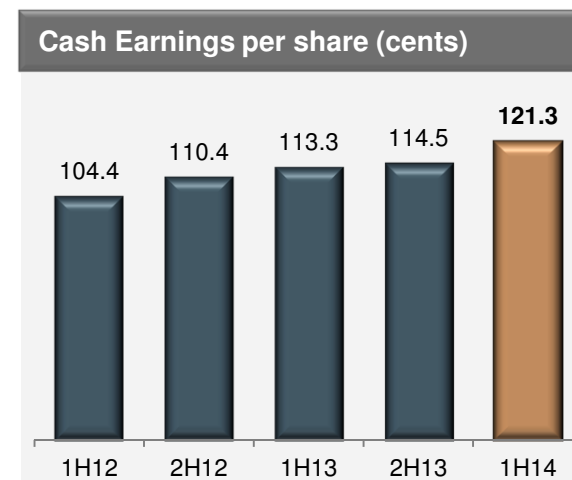
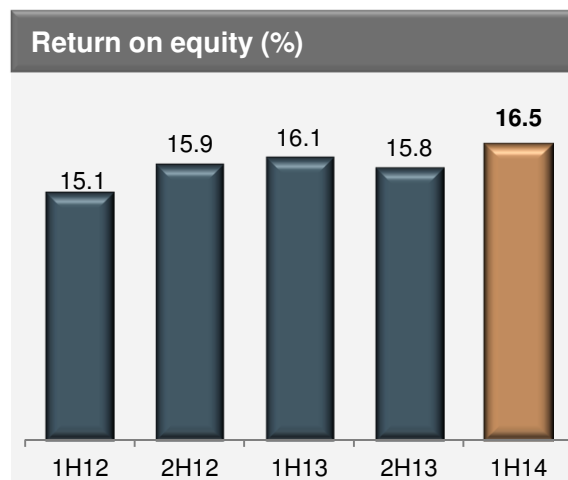
1 Plan for Life, QDS (December 2013). 2 APRA Banking Statistics, March 2014. 3 RBA Financial Statistics, March 2014. 4 Market share defined as footings (calculated as household deposits + housing loan balances). 5 Customer Return to Credit RWA calculated as operating income, less Treasury and Markets (non-customer) income less operating expenses, divided by average credit risk weighted assets. 6 Refer to slide 134 for wealth penetration metrics provider details. 7 Refer slide 135 for MyBank customer definition. 8 Towers Watson's global high performing norm 85% at September 2013.

Delivering against key strategic priorities



¹ Numbers prior to March 2013 are on a pro-forma Basel III basis. ² Expense to income on a Cash Earnings basis with Peer 1 and Peer 3 for 6 months to 31 March 2014 and Peer 2 for 6 months to 31 December 2013. ³ RBA Financial Aggregates, March 2014. ⁴ Tower Watson's global high performing norm, September 2011 to 2013.

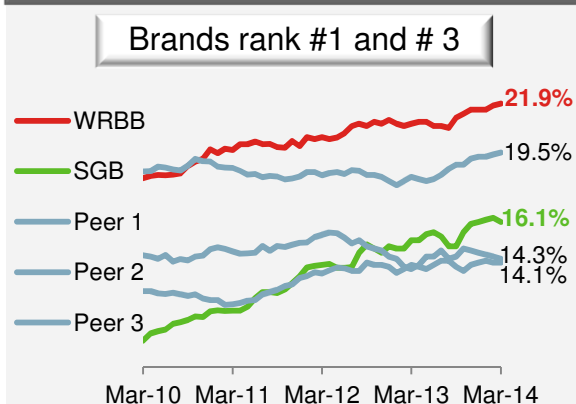
Market valuation metrics continuing to improve



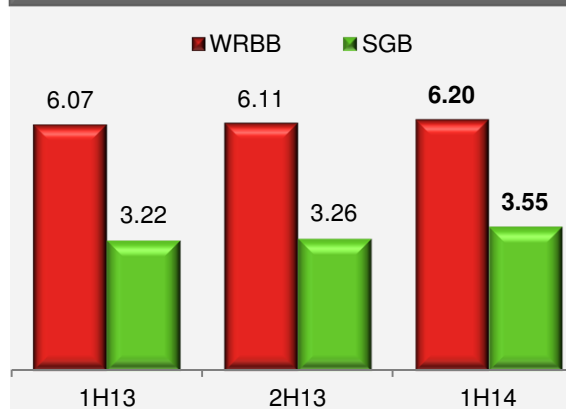
¹ 1H13 and 2H13 includes ordinary dividends per share and special dividends per share. ² Economic profit is Cash Earnings plus a franking benefit equivalent of 70% of the value of Australian tax paid less a capital charge calculated at 11% of average ordinary equity. ³ Total shareholder return FY09 to FY13 incorporates share price movements and total ordinary and special dividends paid over each Full year ending 30 September, and 1H14 incorporates share price movements and interim dividend paid over half year ending 31 March 2014.

Improving franchise quality

Wealth penetration improving¹ (%)



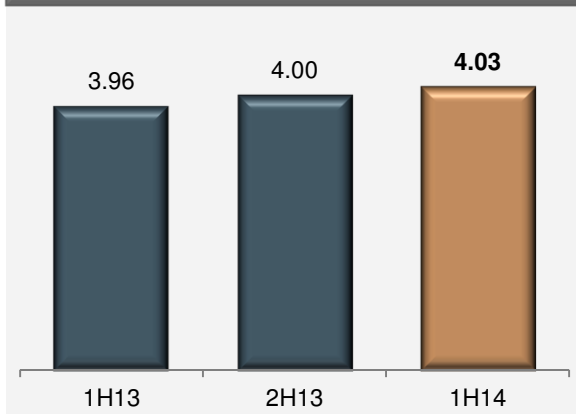
Customer numbers up across brands (#m)



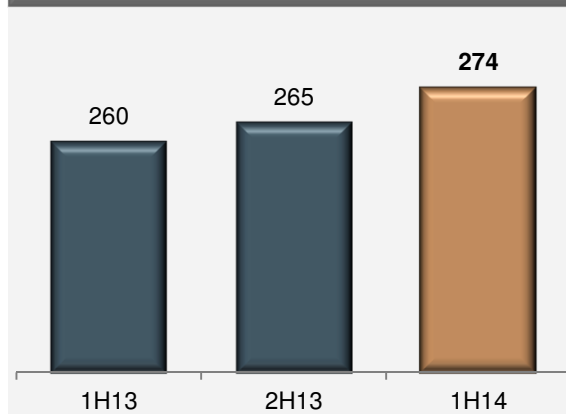
MyBank customer numbers rising (#m)



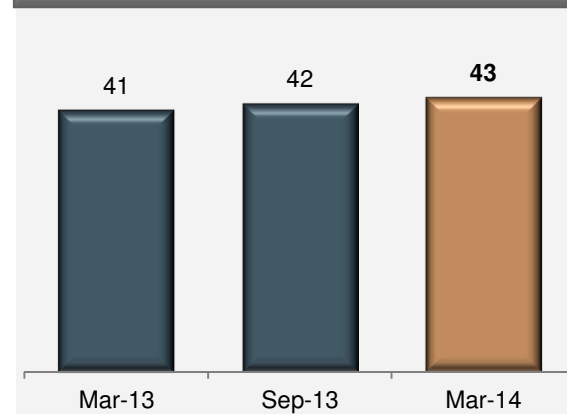
Customer return improving (%)



Revenue per FTE improving (\$'000)



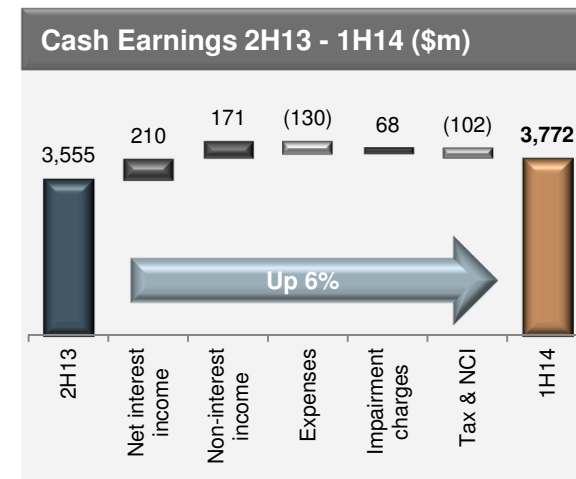
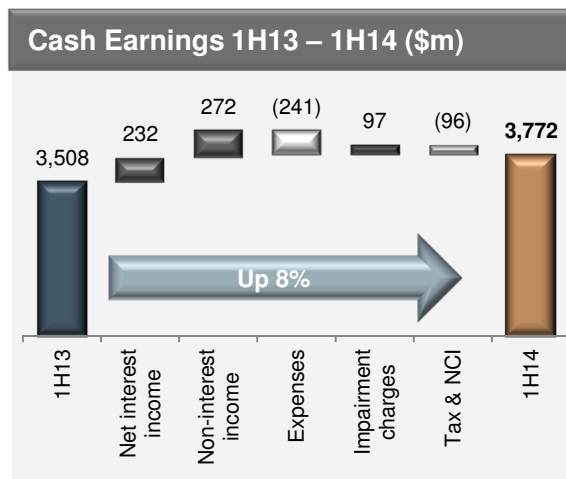
Women in senior leadership positions (%)



¹ Refer to slide134 for wealth penetration metrics provider details.

1H14 Cash Earnings up 6%

Cash Earnings	1H14 (\$m)	% change ¹ 1H13-1H14	% change ¹ 2H13-1H14
Net interest income	6,677	4	3
Non-interest income	3,182	9	6
Expenses	4,065	6	3
Core earnings	5,794	5	5
Impairment charges	341	(22)	(17)
Cash Earnings	3,772	8	6
Reported net profit	3,622	10	5



Cash Earnings features of 1H13 – 1H14

- Consumer banking and wealth driving result. AFS (up 12%), with: WRBB up 10%; SGB up 12%; and BTFG up 21%. Strong performance by Westpac NZ up 33% (up 17% in NZ\$) while WIB earnings were down 4%
- Higher Cash Earnings absorbed a 40% fall in the contribution from the Group Businesses from lower Treasury earnings and lower returns on capital
- Net interest income rose 4%, with a 7% rise in average interest-earning assets partially offset by an 8bps decline in margins
- Non-interest income up 9%, with a significant uplift in wealth and insurance earnings and improved customer flows lifting markets income
- Expenses up 6% (excluding Lloyds and FX up 4%). Wage increases along with investment in Bank of Melbourne, Wealth and Asia, which were partly offset by productivity savings
- Impairment charges down 22%, as asset quality continues to improve

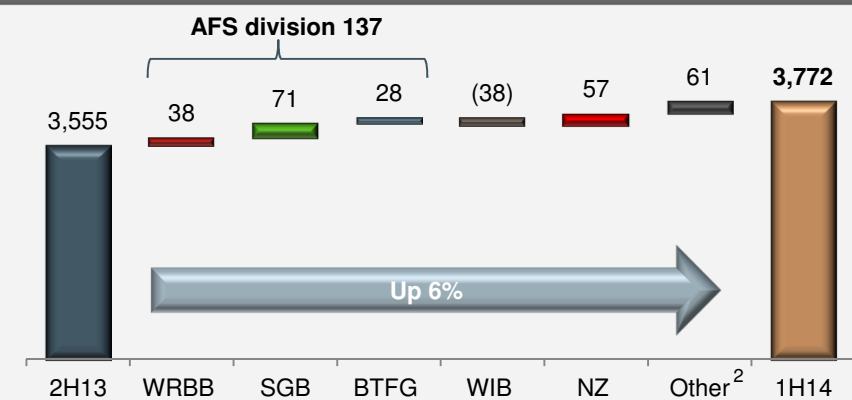
Cash Earnings features of 2H13 – 1H14

- Cash Earnings up 6% overall. AFS a highlight up 6% with: BTFG a strong performer in a seasonally weaker half (up 7%); WRBB (up 3%); and SGB delivering strong growth (up 10%). Westpac NZ delivered a strong result up 17% (up 8% in \$NZ), while WIB earnings were down 5%. Lift in Group Businesses from higher Treasury earnings
- Net interest income up 3%, driven by a 5% rise in average interest earning assets. NIM little changed, down 1bp to 2.11%
- Non-interest income up 6%, reflecting strong growth in wealth management and insurance income, improved fees and commissions and higher trading income. This was only partly offset by seasonally higher insurance claims
- Expense growth 3% (excluding Lloyds and FX up 2%). Productivity savings of \$102m largely offset higher ongoing investment in Bank of Melbourne, Wealth and Asia. Compliance costs also higher in half
- Impairment charges down 17%, driven by WIB, Westpac NZ and St.George

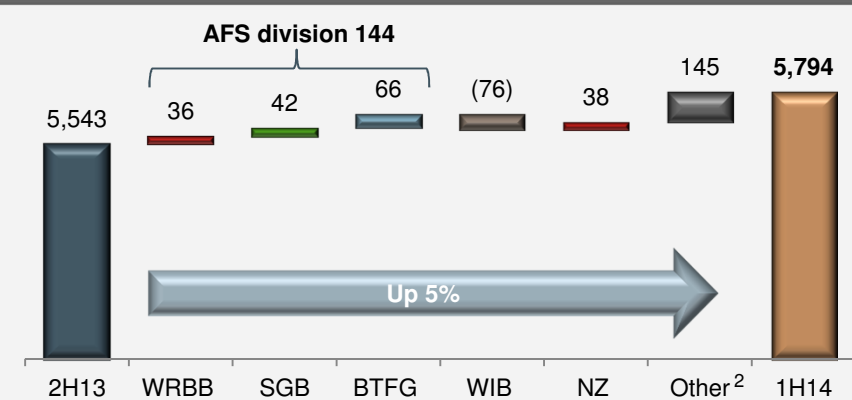
¹ For profitability metrics the change represents results for 1H14 versus 2H13 and 1H14 versus 1H13, the actual results for 1H13 and 2H13 are not represented here.

Strong Cash Earnings and core earnings growth

1H14 divisional contribution to Cash Earnings¹ (\$m)




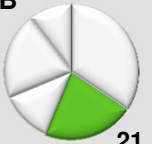
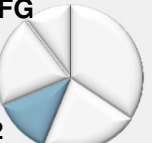
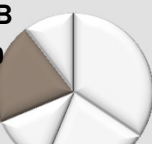

1H14 divisional contribution to core earnings¹ (\$m)



1H14 (\$m)	AFS	WRBB	SGB	BTFG	WIB	NZ	Other ²	Group
Operating income	6,890	3,609	1,960	1,321	1,581	931	457	9,859
Expenses	(3,012)	(1,595)	(747)	(670)	(590)	(385)	(78)	(4,065)
Core earnings	3,878	2,014	1,213	651	991	546	379	5,794
Impairment charges	(330)	(226)	(108)	4	90	(3)	(98)	(341)
Tax & non-controlling interests	(1,087)	(537)	(333)	(217)	(329)	(150)	(115)	(1,681)
Cash Earnings	2,461	1,251	772	438	752	393	166	3,772

¹ Refer to division definitions, slide 134. ² Other includes Group Businesses and Westpac Pacific.

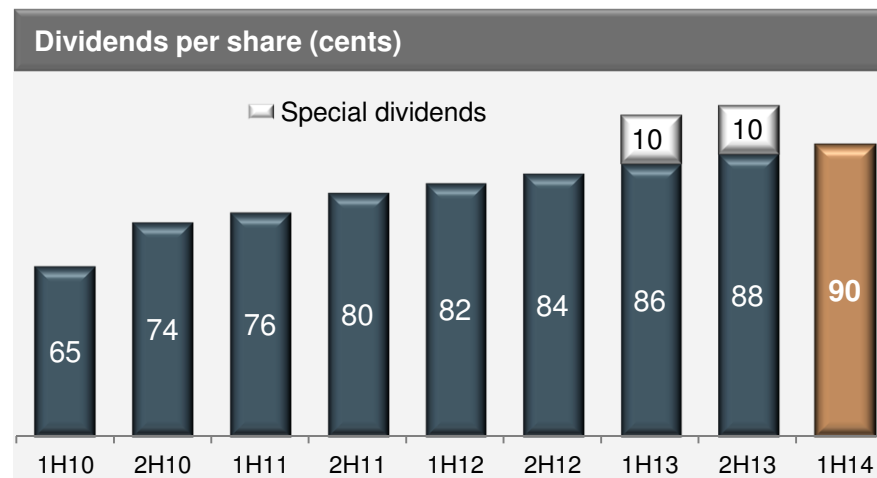
1H14 divisional performance highlights operating momentum

% of Group Cash Earnings ¹	1H14 Cash Earnings		Core earnings % change on 2H13	Performance summary	Performance highlights
	\$m	% change on 2H13			
WRBB 	1,251	3	2	<ul style="list-style-type: none"> Deposits up 2%, customer deposit to loan ratio up 11bps Improving loan growth up 2%, home loans up 2% and business lending up 1% Margins up 2bps Expenses up 1%, expense to income down 11bps Impairment charges down 7% 	<ul style="list-style-type: none"> Household deposits grew at system³ led by transaction and savings account growth Sector leading wealth penetration⁴ at 21.9% (up 70bps) Improved productivity with revenue per FTE up 3% Active mobile customers up 8% 2014 AB+F Award for Business Banking at Branch⁵
SGB 	772	10	4	<ul style="list-style-type: none"> Deposits flat (up \$0.2bn), customer deposit to loan ratio down 337bps due to Lloyds acquisition Lending growth up 6% (excluding Lloyds up 2%) Margins up 2bps (excluding Lloyds flat) Expenses up 5% (excluding Lloyds up 1%) Impairment charges down 37% 	<ul style="list-style-type: none"> Household deposits³ and housing⁶ grew at system Wealth penetration ranked 3rd versus majors⁴, at 16.1% (up 122bps) Bank of Melbourne customer growth 6% and growing ahead of Victorian system at 2.5x deposits⁷ and 2.0x mortgages⁸ Stressed assets to TCE down 47bps Awarded Best First Home buyer⁹
BTFG 	438	7	11	<ul style="list-style-type: none"> Funds management Cash Earnings up 19%, with good flows, improved markets and strong performance fees Insurance Cash Earnings lower as increased earned premiums partly offset by higher seasonal general insurance claims Expenses up 10%, with strategic investments in platform technology and higher performance fees 	<ul style="list-style-type: none"> Ranked #1 on all platforms (including corporate super) with 19.7%¹⁰ market share BT Super for Life (retail) FUM up 16% Asgard Infinity reached \$6bn FUA (up 19%) WRBB revenue per salaried planner (\$574K) leads market, post freeing up planners from back office activities
WIB 	752	(5)	(7)	<ul style="list-style-type: none"> WIB customer revenue up 2%. Overall revenue 3% lower as 2H13 benefitted from CVA gains and income associated with Hastings exit from listed infrastructure funds Lending up 13% Deposits 1% lower, margins down 17bps WIB markets business strong contribution, particularly FX&CCE Expenses up 4%, continuing to invest in Asia Impairment benefit of \$90m (up \$44m) 	<ul style="list-style-type: none"> Leading domestic transactional bank in Australia for 10 consecutive years¹¹ No. 1 Lead Relationship bank in Australia¹¹ Leading market positions in Debt Markets¹² and FX Markets¹³ Continuing to build Asian capabilities, Asian revenues up 40% (in USD)
NZ² 10 	432	8	-	<ul style="list-style-type: none"> Deposits up 4%, customer deposit to loan ratio up 93bps Lending up 3%, good growth in mortgages with LVR <80% Margins down 4bps Expenses up 2%; expense to income up 54bps Impairment charges down 92% 	<ul style="list-style-type: none"> Revenue per FTE up 2% Customers with wealth products up 30bps to 27.0% MyBank customers up 1% Unique mobile banking customers up 16% Electronic deposits via Smart ATMs increased 25% CANSTAR 5 award for home loan products

¹ Group Businesses and Westpac Pacific not represented. ² Data in NZ dollars, % of earnings based on A\$. ³ APRA Banking statistics, March 2014. ⁴ Refer slide 134 for wealth penetration metrics provider details. ⁵ For major banks. ⁶ RBA Financial Aggregates, March 2014. ⁷ Growth multiple is 6 months to Dec 13 for Victoria and estimated based on State based ABS National Accounts data along with ABA/Cannex surveys. ⁸ Growth multiple is for 6 months to Feb 14 for Victoria and estimated based on ABS new housing finance statistics, State based ABS National Accounts data along with ABA/Cannex surveys. ⁹ Australian Lending Awards 2014. ¹⁰ Plan for Life, Dec. 2013, All Master Funds Admin. ¹¹ Refer to slide 104 for Peter Lee surveys. ¹² No. 1 Australian Domestic 'Bank of Choice' for Fixed Income, refer to slide 104 for Peter Lee survey. ¹³ No. 1 Australian bank for FX, Globally, Euromoney FX Poll 2013. Rank vs. marketplace from 16,298 industry votes.

Consistent dividend growth path

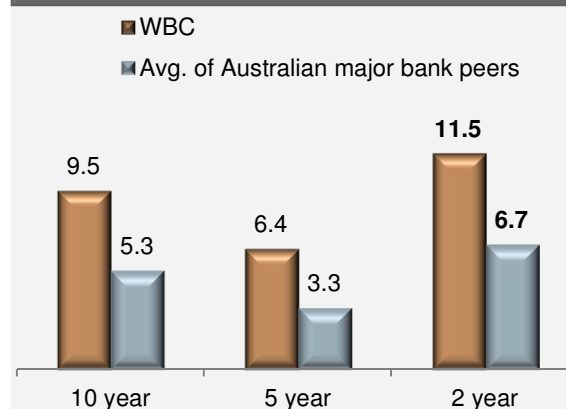
- 1H14 ordinary dividend of 90 cents, up 2%
- Payout ratio at 74%
 - Arranging to purchase shares to fully neutralise DRP
- 1H14 dividend yield¹ 5.2%
 - Equivalent to a fully franked dividend yield¹ of 7.4%
- Franking balance of \$315m after allowing for interim dividend
- Dividend CAGR significantly higher than average of Australian peer banks on 2, 5, and 10 year view



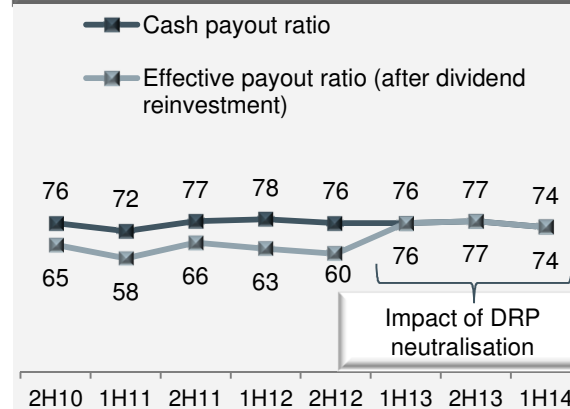
Key dividend considerations

- Seek to consistently lift dividend cents per share each half while maintaining a strong capital position to support growth
- Pay fully franked dividends, utilising franking surplus to distribute value to shareholders
- Maintain payout ratio that is sustainable in the long term

Total dividend CAGR to FY13² (%)



Ordinary dividend payout ratio³ (%)



¹ Annualised 1H14 ordinary dividends using 31 March 2014 Westpac closing share price of \$34.56. ² Data using past full year dividends for major banks up to FY13 results and includes special dividends. ³ Effective payout ratio adjusted for shares issued to satisfy DRP.

Lloyds integration progressing well

- On 11 October 2013, Westpac entered into an agreement to acquire selected assets of Lloyds Banking Group's Australian business
- Transaction was completed on 31 December 2013
- \$7.6bn of net loans¹ at 31 March 2014
 - \$6.3bn SGB (auto and equipment finance)
 - \$1.3bn WIB (corporate loans and equipment finance)
- At time of acquisition, Lloyds lifted the Group's Australian market share
 - 0.6 percentage points in business lending²
 - 2.3 percentage points in personal lending²

Achievements in first three months of ownership

Financial	<ul style="list-style-type: none"> • Cash Earnings contribution of \$20m
Business momentum	<ul style="list-style-type: none"> • New business volume for auto and equipment up 16.7% pcp • Corporate loan book in WIB has continued to run-down as expected
Customers	<ul style="list-style-type: none"> • Retained dealer/broker base • Net growth in retail and SME customers of 4,000 (up 1.7%)
Integration	<ul style="list-style-type: none"> • Program progressing well against plan

¹ Previous market releases have quoted gross loans. ² RBA Financial aggregates, December 2013.

Integration progress

Westpac Institutional Bank	<ul style="list-style-type: none"> • Corporate loan book fully integrated onto WIB systems • Corporate equipment finance business integration into WIB complete • Operating lease capability added to product set
St.George Banking Group	<ul style="list-style-type: none"> • Integration planning for consolidated auto and equipment finance business complete • Key people retained to help guide and lead integration effort • Positive response from auto dealers to integration plans
Integration/transaction costs	<ul style="list-style-type: none"> • Total integration costs of \$130m, budget unchanged • 1H14 integration and transaction costs of \$28m (pre-tax) • Ongoing synergies of \$70m pa expected

Continuing sustainability leadership

Sustainability strategic priorities

- 1 Help improve the way people work and live as our society changes
- 2 Help find solutions to environmental challenges
- 3 Help customers to have a better relationship with money for a better life

Leading track record

- Ranked number one in the 2014 Global 100 Most Sustainable Corporations in the World by Corporate Knights. Announced at World Economic Forum in January 2014
- Assigned a Gold Class ranking in the RobecoSam Sustainability Yearbook for 2013 on the back of a score of 92% in the Dow Jones Sustainability Index
- Named as one of the World's Most Ethical Companies in 2014 by Ethisphere Institute, for the 7th consecutive year

Significant commitments

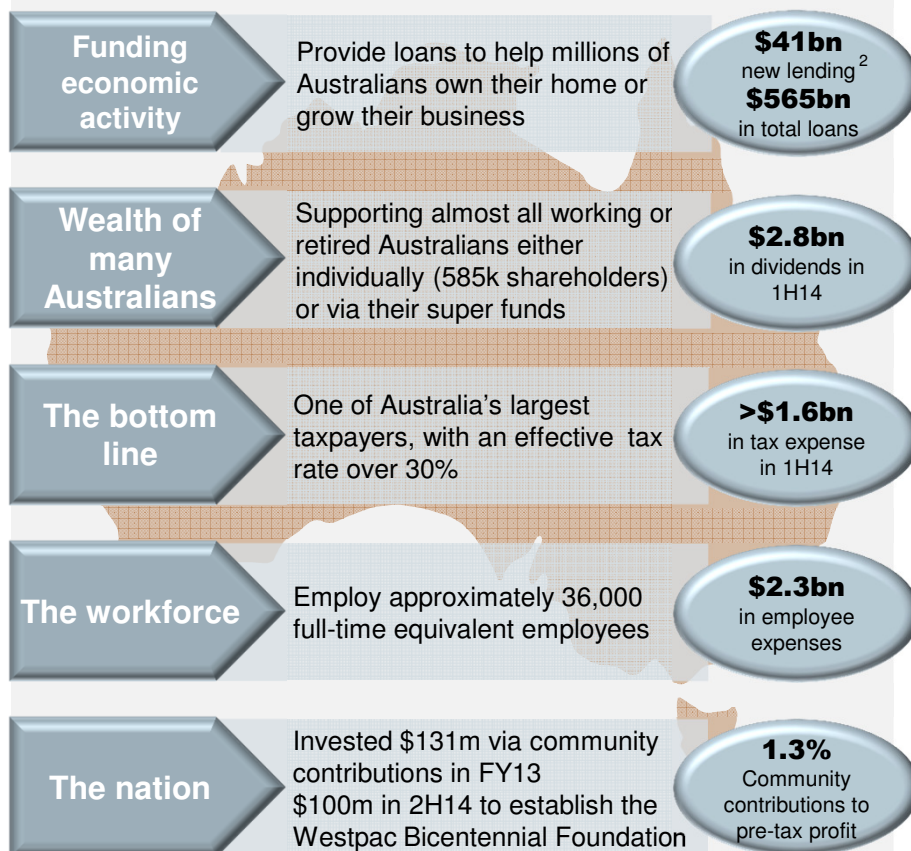
- Adopted the Banking Environment Initiative's Soft Commodities Compact to support efforts to achieve zero net deforestation by 2020
- On 2 April 2014, launched Australia's largest ever private education scholarship fund, the Westpac Bicentennial Fund - \$100m designed to support 100 scholars every year

1H14 progress

Priority	Objectives	1H14 achievements
1	<ul style="list-style-type: none"> Ensure our workforce is representative of community 	<ul style="list-style-type: none"> Increased women in leadership to 43%, up 1% Increased participation of mature aged workers (50+) to 20.8%, up 0.3%
	<ul style="list-style-type: none"> Extend length and quality of working lives 	<ul style="list-style-type: none"> Increased mean employee retirement age to 61.4 years, up 0.8 years
	<ul style="list-style-type: none"> Anticipate the future product and service needs of aging and culturally diverse customers 	<ul style="list-style-type: none"> Launched the Stella Network, supporting female financial planners at Westpac – to better support 45+ year old Prime of Life customers
2	<ul style="list-style-type: none"> Provide products/services to help customers adapt to environmental challenges 	<ul style="list-style-type: none"> Partnered with the World Bank to develop the first green bond for the Australian market (launched 16 April 2014)
	<ul style="list-style-type: none"> Increase lending and investment in CleanTech and environmental services 	<ul style="list-style-type: none"> \$4.0bn lent to this sector as at 31 March 2014, up \$0.4bn
	<ul style="list-style-type: none"> Continue to reduce our environmental footprint 	<ul style="list-style-type: none"> Achieved carbon neutrality and tracking against environmental targets
3	<ul style="list-style-type: none"> Ensure customers have access to the right advice to achieve a secure retirement 	<ul style="list-style-type: none"> Developed a 'building wealth acumen' learning program for WRBB bank managers
	<ul style="list-style-type: none"> Help customers meet their financial goals in retirement 	<ul style="list-style-type: none"> Piloting a self managed superannuation contact centre
	<ul style="list-style-type: none"> Increase access to financial services in Pacific Island nations 	<ul style="list-style-type: none"> Customers increased 44,000 in Pacific
	<ul style="list-style-type: none"> Help people gain access to social and affordable housing 	<ul style="list-style-type: none"> \$700m lent to the social and affordable housing sector as at 31 March 2014, up \$0.5m

Helping Australia prosper and grow

Supporting Australia¹



Tax and related payments reconciliation (Statutory basis)	1H13 \$m	2H13 \$m	1H14 \$m
Prima facie income tax based on the Australian company tax rate of 30%	1,440	1,492	1,576
Net amounts not deductible/(not assessable)	37	(22)	19
Total income tax expense in the income statement	1,477	1,470	1,595
Effective tax rate (%)	30.8%	29.6%	30.4%
Other tax/government payments Includes net GST, Payroll tax, FBT	226	200	218
Westpac also makes a number of other government and regulatory payments including fees for Government guarantees, APRA fees and stamp duties which are not included in the above. Similarly, Westpac also collects tax on behalf of others, such as withholding tax, PAYG and GST. These have been excluded from this analysis.			

Rated the world's most sustainable company by the Global 100³

¹ All figures for the six months to 31 March 2014 unless otherwise stated. ² New mortgage and new business lending in Westpac RBB and St.George. ³ 2014 Global Most Sustainable Corporations in the world by Corporate Knights.

FIRST HALF 2014 FEATURES

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

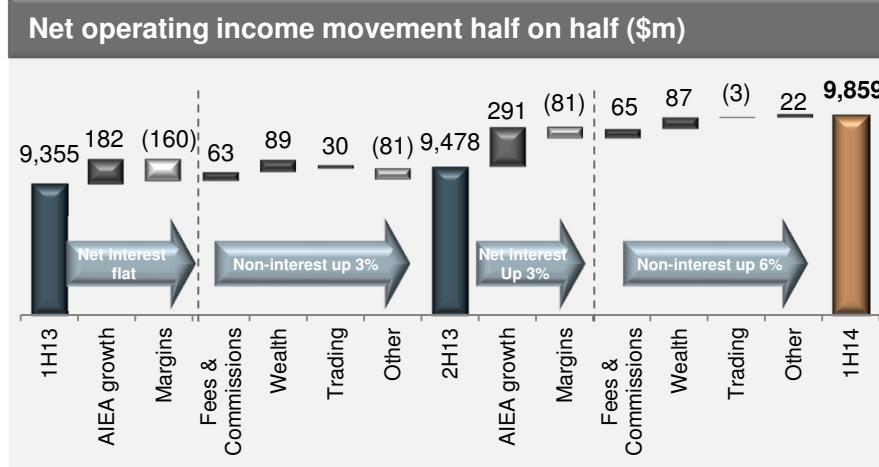
RETURN

GROWTH

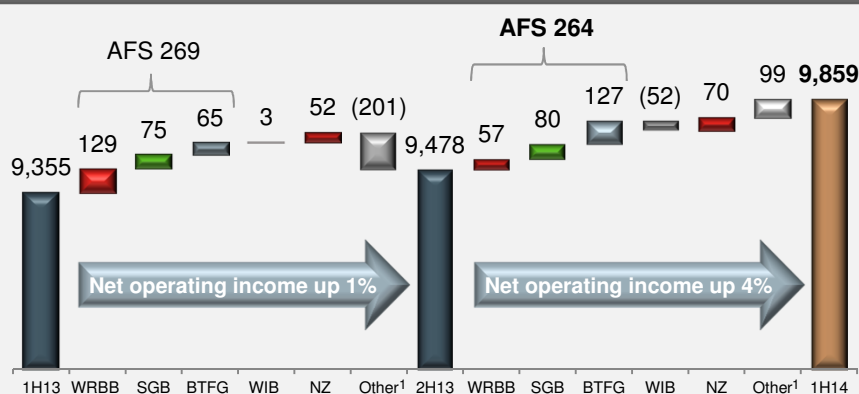
PRODUCTIVITY

Net operating income up 4% on 2H13

- Net interest income up 3%
 - Average interest-earning asset (AIEA) growth of 5%
 - Customer deposit growth of 2%, mostly household deposits
 - Margins down 1bp
- Non-interest income up 6%
 - Fees and commissions up 5% to \$1,458m, with higher credit card income and undrawn line fee and trade income in WIB
 - Wealth and insurance up 8% to \$1,111m, with higher FUM/FUA related income and strong performance fees from BTIM
 - Trading income, down 1% to \$547m due to large movement in CVA offsetting higher income in WIB markets
 - Other income up 50% to \$66m, mostly reflecting the sale of Visa shares

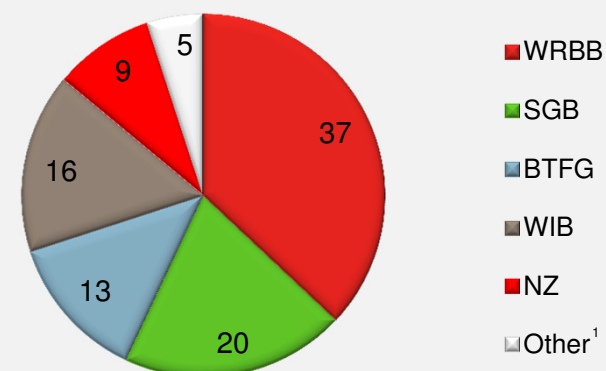


Divisional contribution to net operating income (\$m)



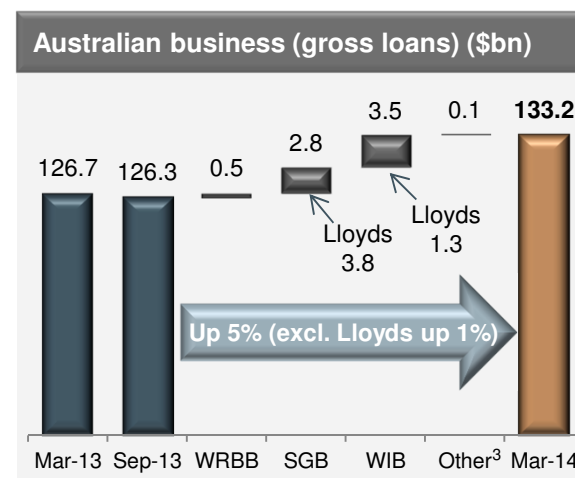
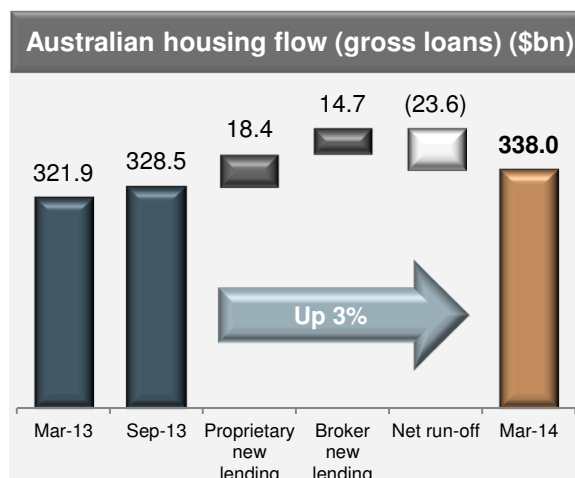
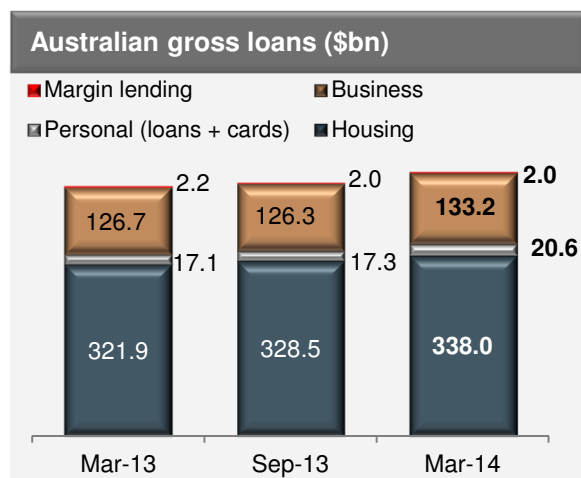
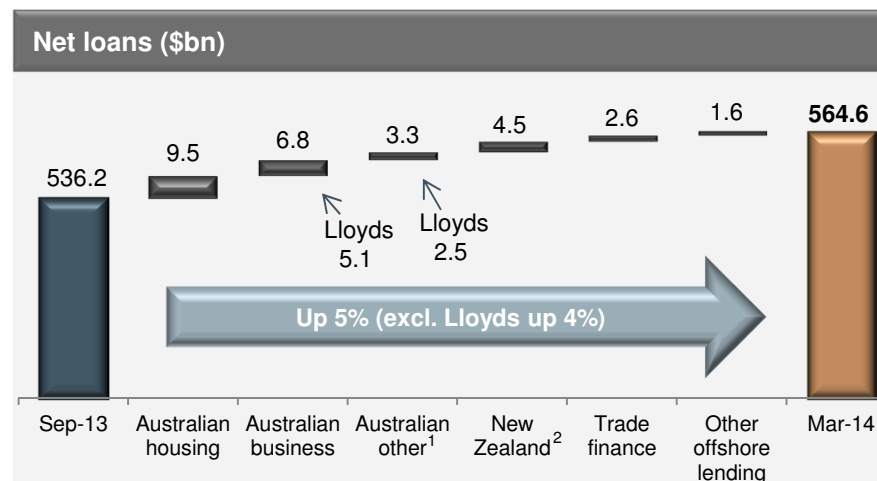
¹ Other includes Westpac Pacific and Group Businesses.

Net operating income divisional contribution (%)



Loan growth from Australian housing, Institutional and Lloyds

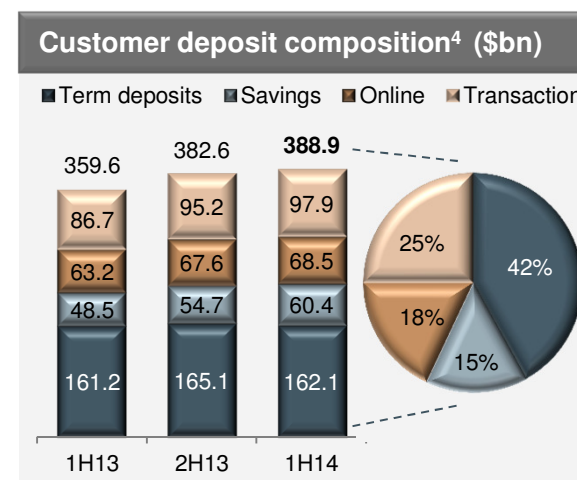
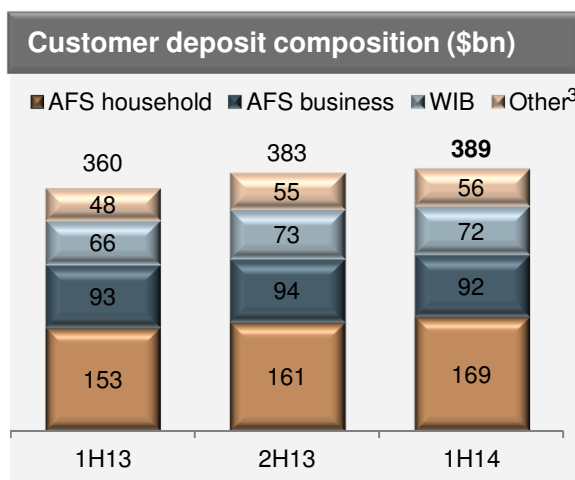
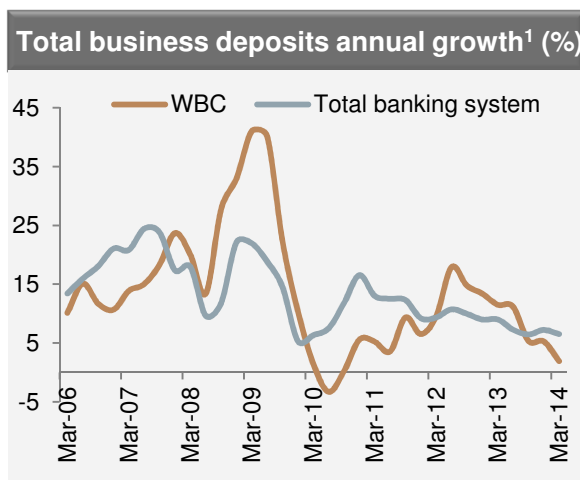
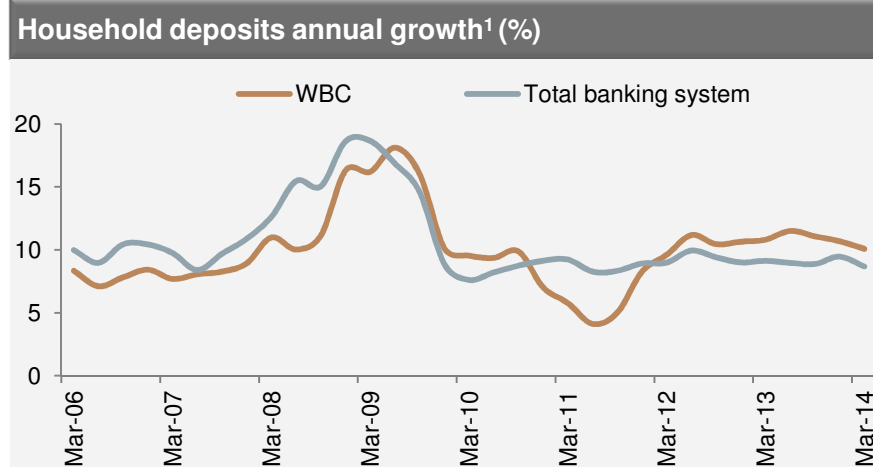
- Westpac Group loans up 5% (up 4% excluding Lloyds)
- Australian housing loans up 3%
 - Growth in new lending (up 12%) partly offset by higher run-off as lower rates enable customers to repay faster
- Australian business lending up 5% (up 1% excluding Lloyds)
 - Growth weighted towards corporate customers
 - Continued run-off in stressed assets
- Australian personal lending up 20% (up 5% excluding Lloyds)
 - Growth in credit cards supported by new Westpac Black card
- New Zealand lending up 3% (in NZ\$ terms) with growth in housing, personal and business loans



¹ Australian margin lending, personal loans, credit cards and other loans. ² New Zealand lending in Australian dollars and includes FX movement. ³ Includes BTFG and Treasury.

Focused on higher quality deposit growth

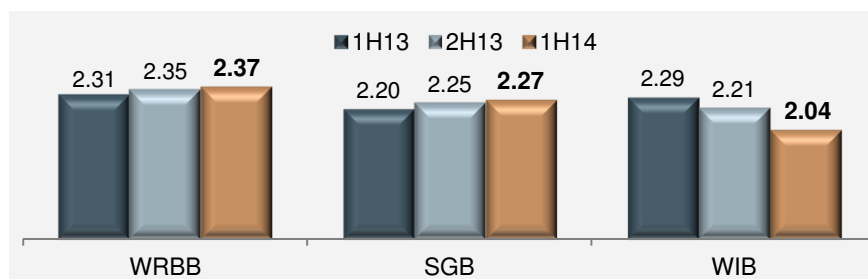
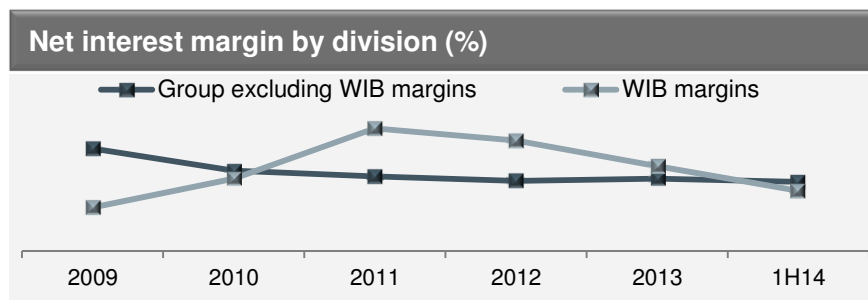
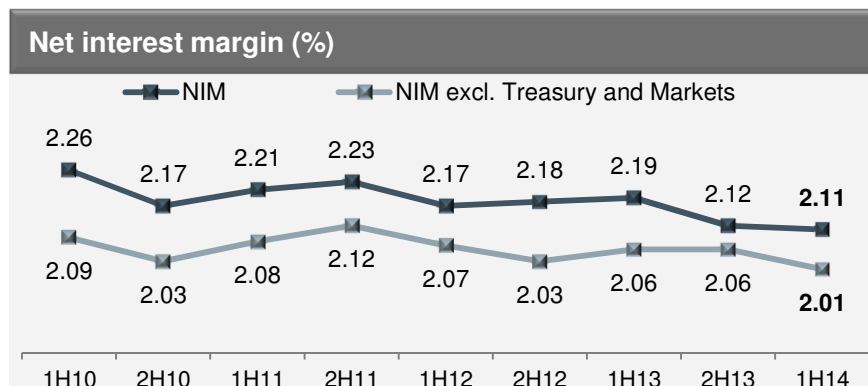
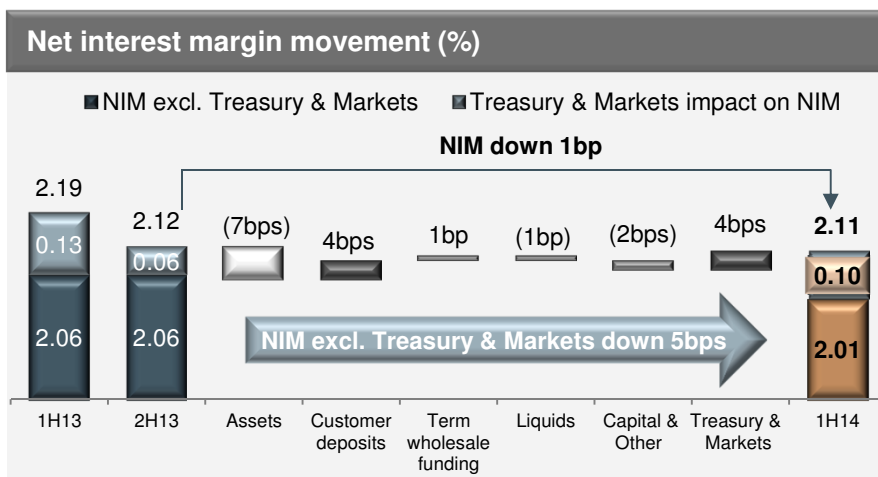
- Customer deposits up \$6.3bn or 2%
 - Focus has been on higher quality deposits
 - Household deposit growth at 1.0x system¹
 - Business deposits lower, mostly balances that do not contribute strongly to the LCR
- Most growth in at-call accounts as customers sought increased flexibility, rather than locking in rates
 - Savings balances up 10%, with strong growth in reward saver accounts with attractive pricing
 - Transaction balances up 3%, mostly mortgage offset accounts of \$2.5bn²
 - Online deposits up 1%
 - Term deposits down 2%



¹ APRA Banking Statistics, March 2014. ² Excludes RAMS. ³ Other is predominately comprised of NZ and Westpac Pacific. ⁴ Mortgage offset accounts are included in transaction accounts.

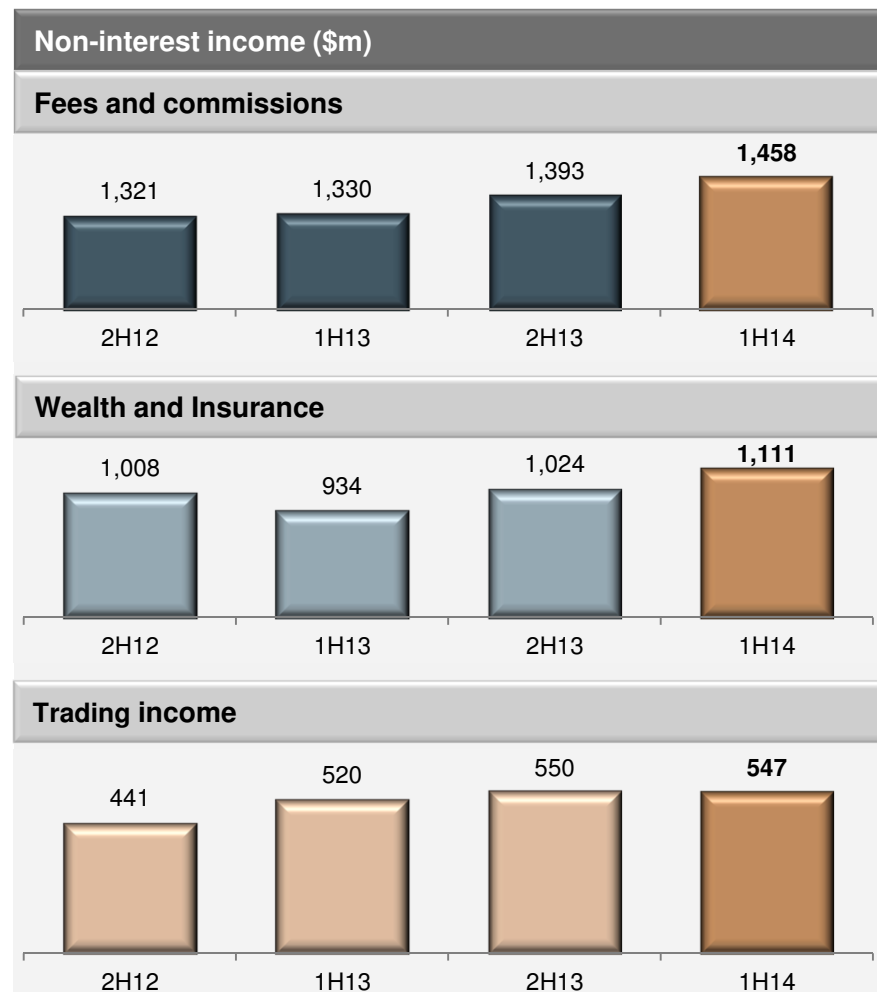
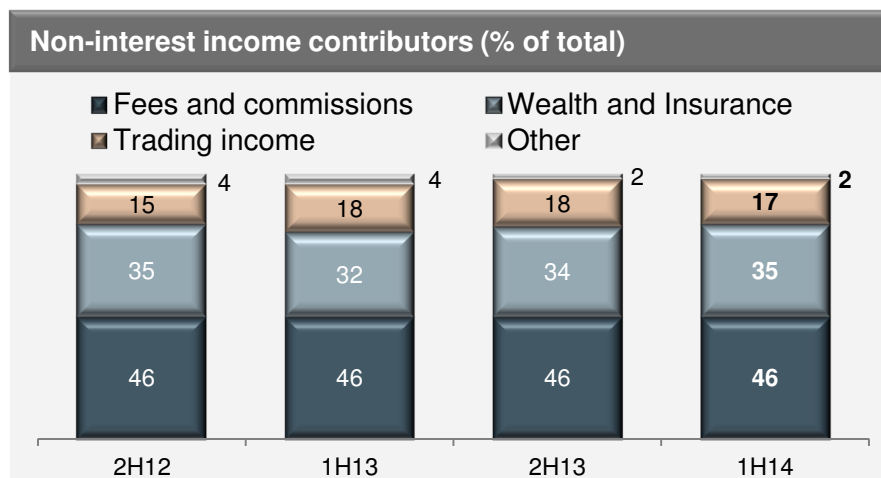
Net interest margin down 1bp

- Net interest margin (NIM) down 1bp to 2.11%
- Margins firmer in Australian retail banking (up 2bps). NZ margins down 4bps due to mix impacts of higher growth in lower spread fixed rate mortgages. WIB margins down 17bps reflecting competitive market environment
- NIM excluding Treasury and Markets down 5bps at 2.01%
 - 7bps decrease in asset spreads due to mix impacts and increased competition for new lending, particularly mortgages and institutional
 - 4bps increase from customer deposits, reflecting improved term deposit spreads offset by lower hedging benefit on low interest deposits
 - 1bp reduction from higher average holdings of liquid assets
 - 1bp improvement in term wholesale funding as new longer term issuance costs lower relative to maturing wholesale funding
 - 2bps decline in capital and other due to lower hedging rates



Non-interest income featured strong fees & commissions and Wealth & Insurance result

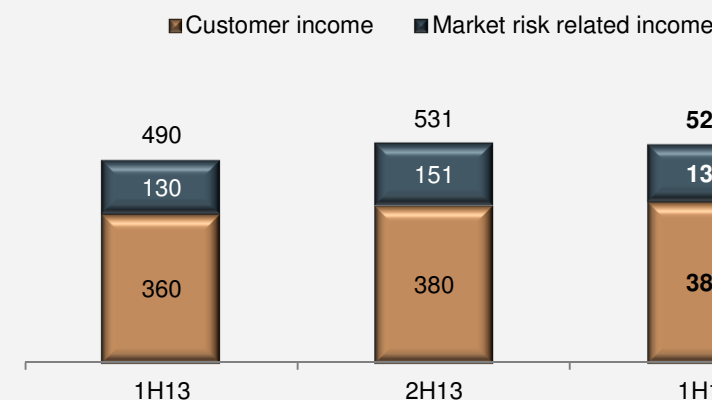
- Non-interest income up 6%
- Fees and commissions up 5% to \$1,458m, with higher credit card income reflecting seasonality and higher income driven by the Westpac Black credit card, increased loyalty points, and higher undrawn line fee and trade income in WIB
- Wealth and Insurance up 8% to \$1,111m, with higher FUM/FUA due to positive net flows and improved investment markets, higher performances fees from BTIM, and higher life insurance income. Partially offset by lower general insurance income due to seasonally higher claims
- Trading income down 1% to \$547m, due to large negative CVA movement offsetting higher income in WIB markets
- Other income up 50% to \$66m, largely reflecting sale of Visa shares (\$43m)



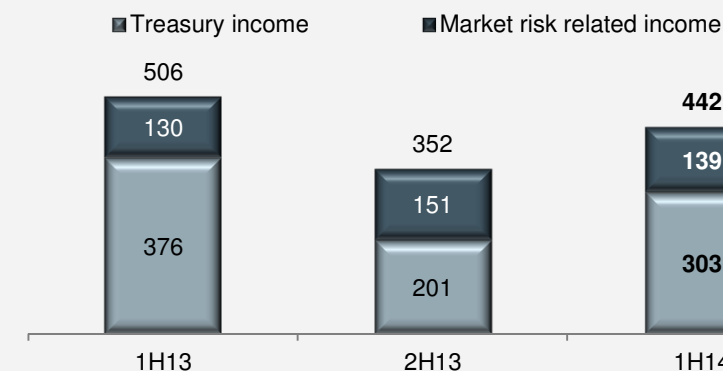
Markets and Treasury income

- Markets income \$528m, was little changed over the half, down 1%, as a lift in customer sales and improved trading performances were offset by a large movement in CVA
 - Customer income \$389m, up 2% (up 8% 1H13/1H14)
 - FX sales, up 2% on a strong 2H13 performance. WIB leveraged its leading FX market position as customer demand for FX products remained high. WIB/AFS partnership initiatives also contributed to the improved outcome
 - Market risk income \$139m, down 8% (up 7% 1H13/1H14)
 - A lift in Debt Markets and FX&CCE trading income in WIB was offset by a large movement in CVA. CVA was a \$1m charge in 1H14 compared to a \$67m benefit in 2H13
 - WIB 1H14 average daily VaR \$10.0m (\$8.6m 2H13, \$5.4m 1H13)
- Overall contribution from market risk activities and Treasury was \$90m higher in 1H14, as lower market risk income was offset by a strong increase in Treasury income
- Treasury income \$303m up significantly on 2H13, but lower on the very strong 1H13 performance
 - Increase over the half mainly reflects management of the liquids portfolio and interest rate positions
 - Treasury 1H14 average daily VaR \$15.5m (\$17.9m 2H13, \$25.5m 1H13)

Markets income by activity (\$m)



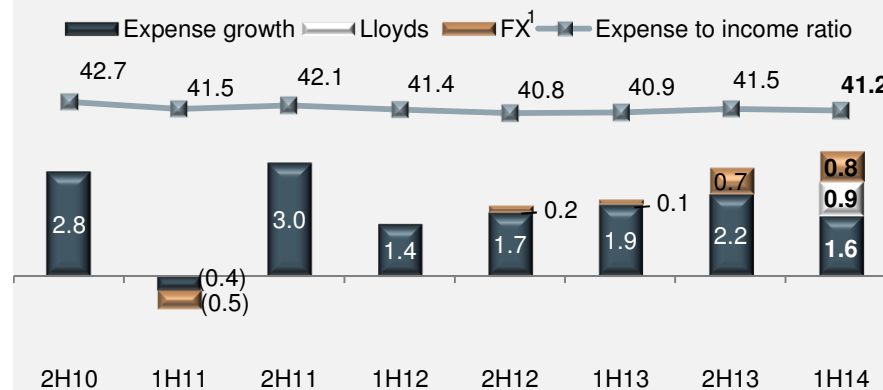
Market risk related income (\$m)



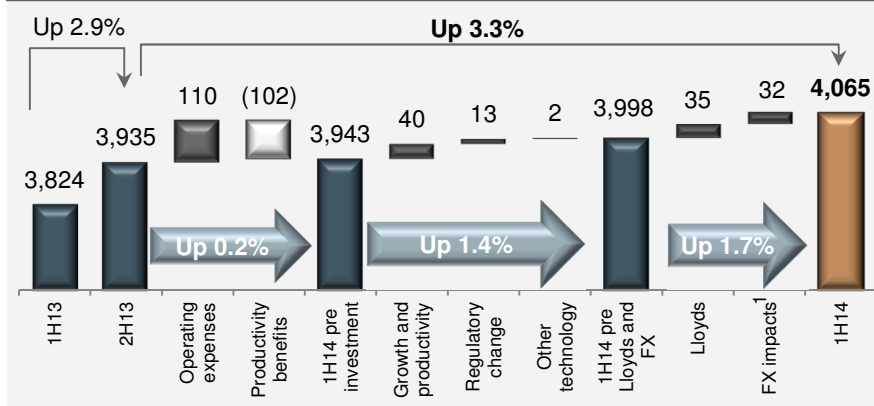
Expenses well managed while continuing to invest

- Expenses up 3.3% (up 1.6% excluding FX¹ and Lloyds)
- Expense to income ratio down 29bps to 41.2%
- Well controlled expenses pre-investment (up 0.2%), with \$110m increase in operating expenses largely offset by \$102m of productivity initiatives delivered. Productivity included
 - Operating model changes \$32m
 - Continuous improvement \$22m
 - Vendor performance and contract management \$19m
 - NZ productivity savings \$11m
- Investment related spending up 1.4%
 - Weighted towards growth and productivity (47% of 1H14 investment spend)
 - Amortisation was broadly flat

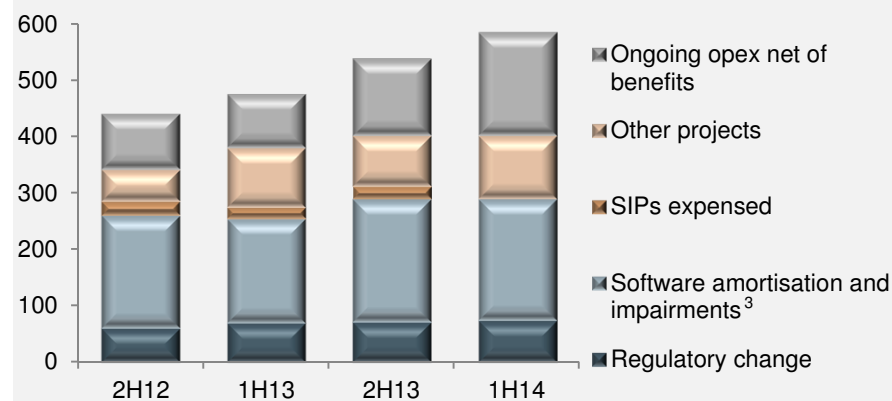
Expense growth and expense to income ratio² (%)



Expense movement (\$m)



Total impact on expenses from projects (\$m)



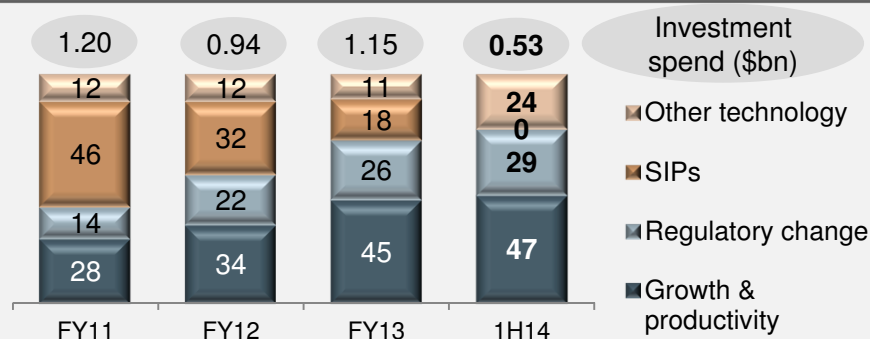
¹ FX impacts for both WIB and New Zealand. ² Prior expense numbers have been restated to include impact of change to defined benefits treatment. ³ Software amortisation and impairments excludes depreciation related to investments.

Disciplined investment spend, focussed on growth & productivity

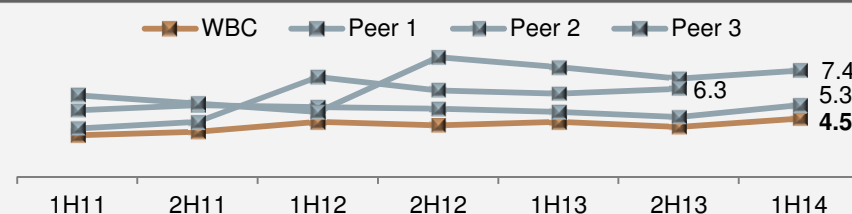
Capitalised software & deferred expenses (\$m)	1H13	2H13	1H14
Capitalised software			
Opening balance	1,551	1,651	1,897
Additions	286	452	332
Amortisation	(182)	(206)	(209)
Write-offs, impairments and other ¹	(4)	-	3
Closing balance	1,651	1,897	2,023
Other deferred expenses			
Deferred acquisition costs	139	126	118
Other deferred expenses	20	24	28

Investment spend expensed (\$m)	1H13	2H13	1H14
Growth and productivity	83	75	80
Regulatory change and compliance	69	71	74
Other technology	42	37	32
Total²	194	183	186
Investment spend capitalised (\$m)	1H13	2H13	1H14
Growth and productivity	183	251	169
Regulatory change and compliance	59	101	81
Other technology	51	123	95
Total²	293	475	345

Composition of investment spending² (%)



Average amortisation period (excluding write-offs)³ (years)



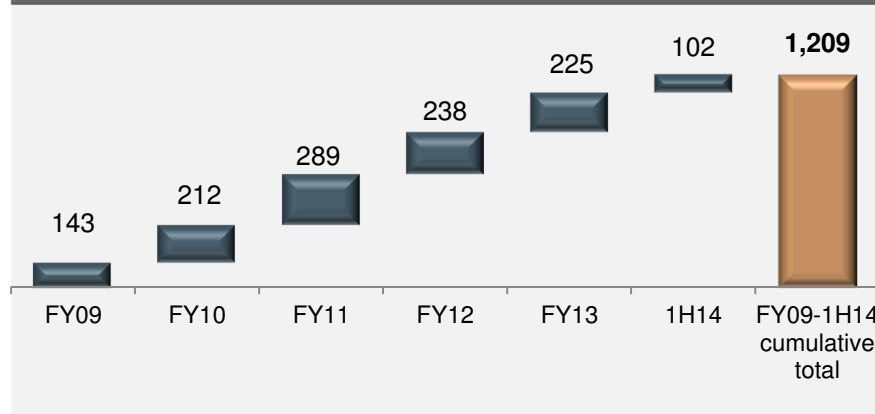
Capitalised software balance³ (\$bn)



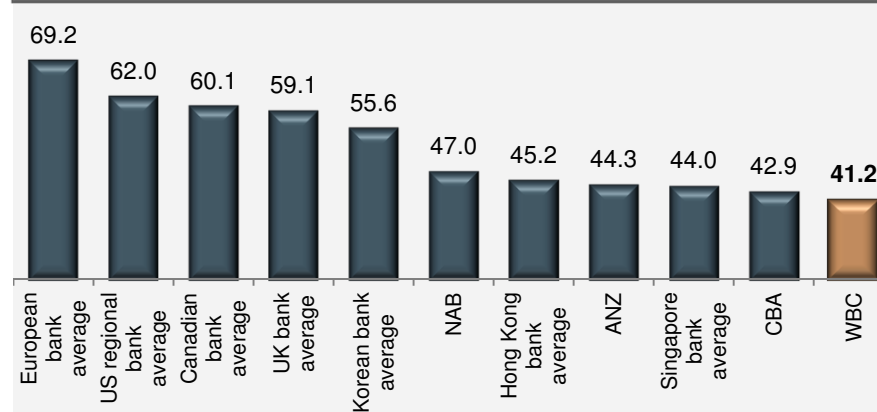
¹ Includes positive FX revaluation of \$9m offset by write-offs of \$6m in 1H14. ² Investment spend capitalised also includes technology hardware equipment. ³ Data for Westpac and Peer 1, 2 and 3 from 1H14 results.

Australia's most efficient bank, continued focus on productivity

\$1.2bn saved from efficiency programs since FY09 (\$m)



Global peer comparison of expense to income ratios¹ (%)

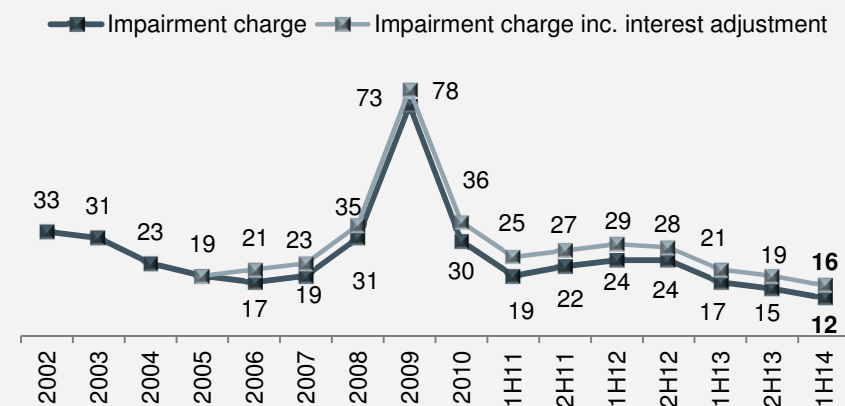


Stream		Sample metrics	1H13	FY13	1H14
Simplify and digitally enable distribution	Simplify branch distribution	Number of Bank Now / FreshStart / 24/7 ATM branches ²	7	24	95
		Branch sales FTE/branch FTE	45%	47%	50%
	Digitally enable distribution	% AFS active digital customers	39%	41%	42%
		% AFS active mobile customers (subset of digital)	20%	22%	24%
	Simplify customer contact centres	% Sales growth per average customer contact centre FTE	28%		6%
Simplify products		Number of 'for sale' products removed ²	11	31	40
Simplify processes		AFS complaint reduction	15%		20%
Simplify IT		Number of IT applications closed ²	8	20	35

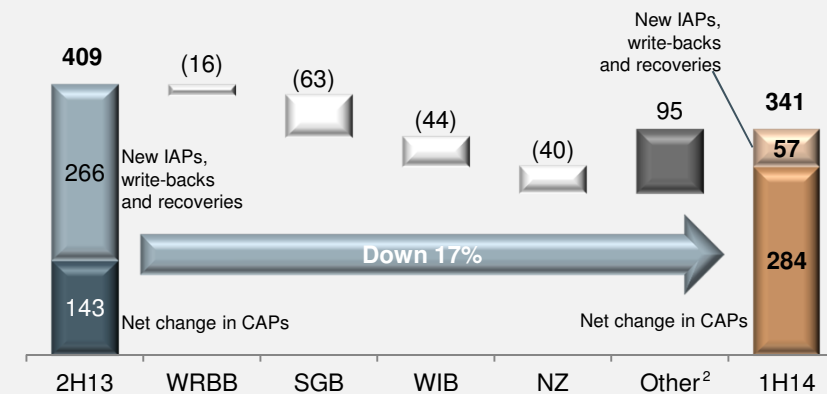
¹ Company data, Credit Suisse estimates. Expense to income ratio average for all banks other than Australian banks are based on their FY13 data. Expense to income ratios for ANZ, CBA and NAB are 1H14 results. ² Cumulative numbers.

Improvements in asset quality leading to lower impairment charges in 1H14

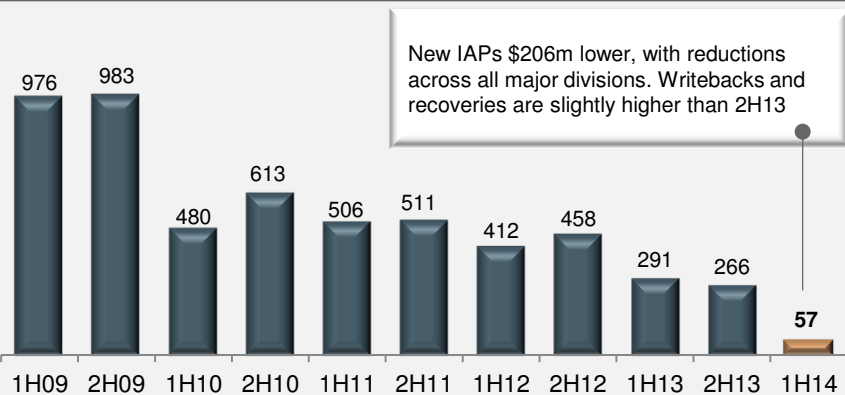
Impairment charges to average gross loans¹ (bps)



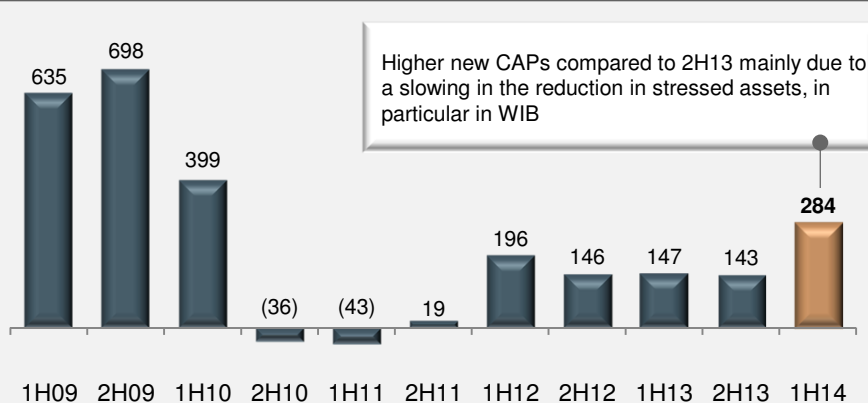
Impairment charge movements (\$m)



New IAPs, write-backs and recoveries (\$m)



Net change in CAPs (\$m)



¹ 2002-2005 reported under AGAAP; 2006 onwards reported on A-IFRS basis. Pre-2008 does not include St.George. 2008 and 2009 are pro forma including St.George for the entire period with 1H09 ASX Profit Announcement providing details of pro forma adjustments. ² Other includes Westpac Pacific and centrally held provisions in Group Businesses.

FIRST HALF 2014

CAPITAL, FUNDING & LIQUIDITY

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

RETURN

GROWTH

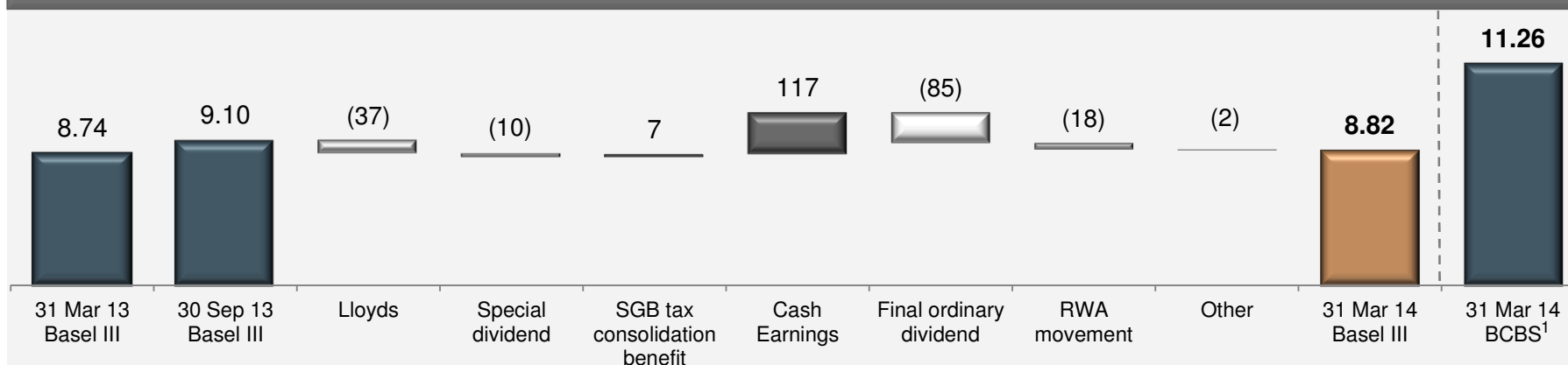
PRODUCTIVITY

Capital strength maintained

- Key drivers of the 28bp decrease in the common equity tier 1 (CET1) capital ratio are
 - Acquisition of selected assets of Lloyds (37bps)
 - Payment of the special dividend (10bps)
 - Partly offset by the 7bp benefit from a reduction in deferred tax assets from SGB tax consolidation benefit
- Excluding the above items CET1 was up 12bps as 1H14 Cash Earnings was offset by the payment of the 2013 final ordinary dividend and RWA growth
- Issuance of Basel III compliant tier 2 instrument in March 2014 increased total regulatory capital ratio 31bps
- Fully harmonised BCBS¹ Basel III CET1 capital ratio, down 30bps to 11.26%

Key capital ratios (%)	1H13	2H13	1H14
Common equity tier 1 capital ratio	8.7	9.1	8.8
Additional tier 1 capital	2.1	1.6	1.5
Tier 1 capital ratio	10.8	10.7	10.3
Tier 2 capital	1.7	1.6	1.8
Total regulatory capital ratio	12.5	12.3	12.1
Risk weighted assets (RWA) (\$bn)	308	307	322
Common equity tier 1 capital ratio (BCBS ¹)	11.4	11.6	11.3

Common equity tier 1 capital ratio (% and bps)



¹ Basel Committee on Banking Supervision.

Capital well positioned for D-SIB capital requirement

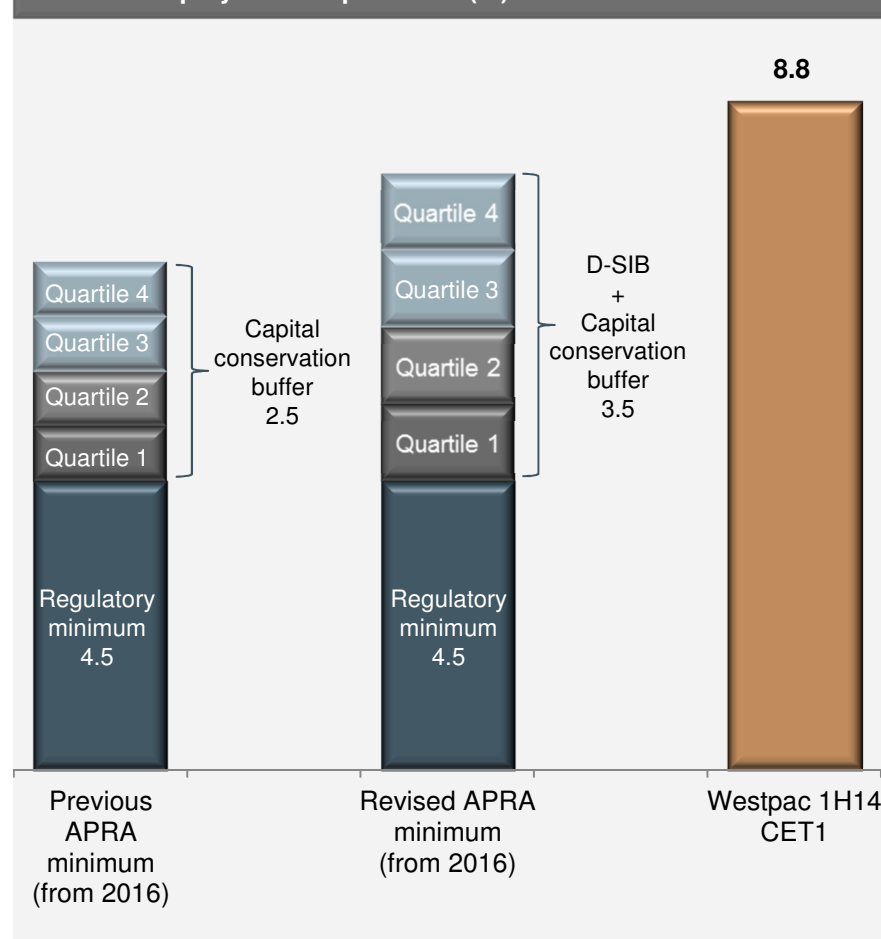
- On 23 December 2013, APRA issued an information paper which
 - Identified the four major Australian banks as domestic systemically important banks (D-SIB)
 - Provided detail of the additional higher loss absorbency requirements for D-SIB as a buffer
- D-SIB requirement of 1% is to be met by common equity tier 1 capital (CET1)
- Implementation of the D-SIB requirement is through an extension of the capital conservation buffer (CCB) effectively increasing the buffer above regulatory minimums
- The CCB and D-SIB buffer will commence from 1 January 2016
- Westpac is currently reviewing the preferred capital ranges required from 2016

APRA Basel III common equity tier 1 capital ratio¹ (%)



¹ All numbers prior to Mar-13 on a pro-forma Basel III basis.

Common equity tier 1 capital ratio (%)



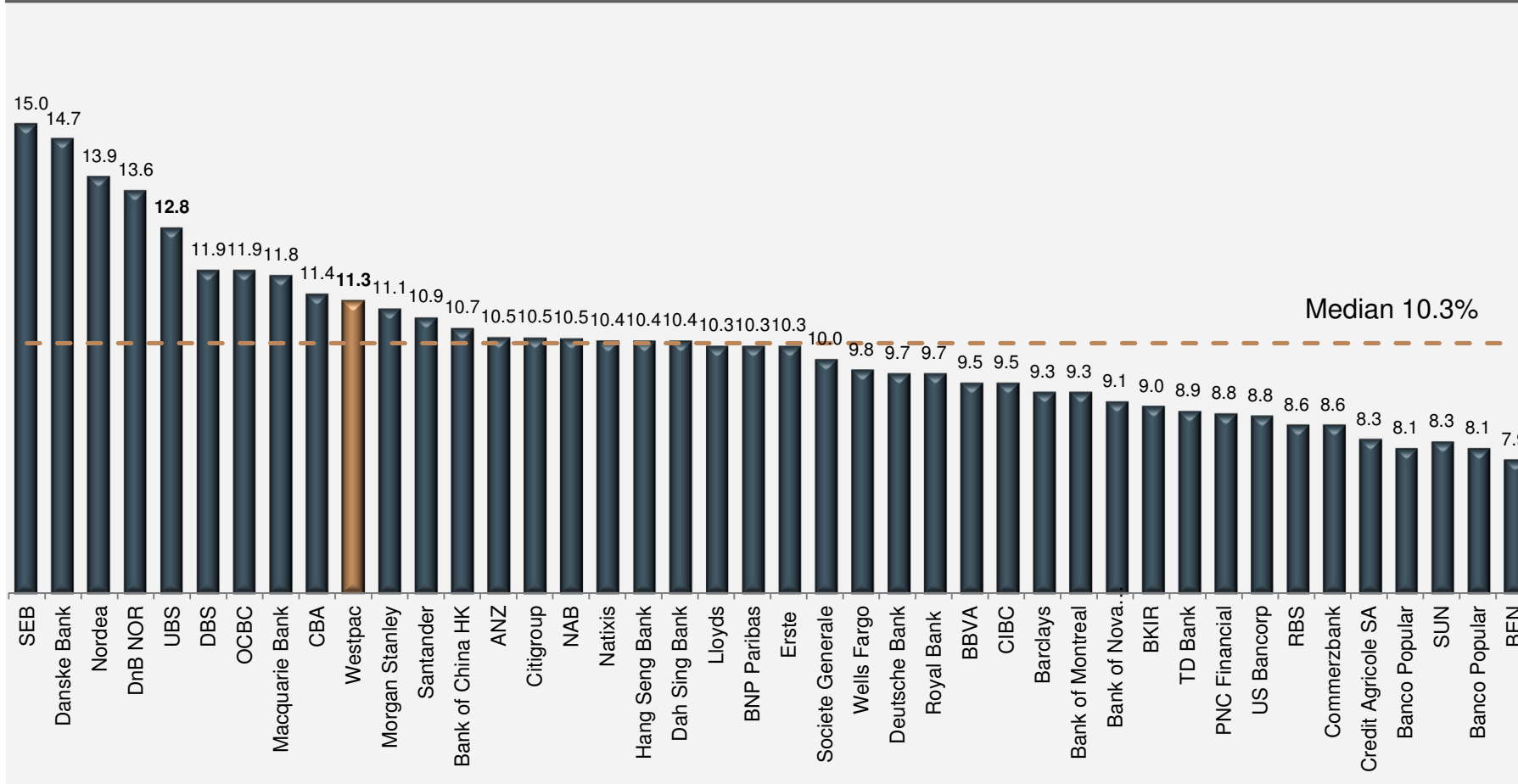
CET1 APRA to BCBS Basel III reconciliation

- APRA has maintained a conservative stance for its Basel III capital standards, resulting in a significant variance between capital measured under APRA and fully harmonised Basel III
- Key differences in the calculation of CET1 capital ratios between APRA's Basel III and fully harmonised Basel III under BCBS are detailed below
- In March 2014 the BCBS released a report on its assessment of Basel III regulations in Australia. No changes have been made to the fully harmonised Basel III calculations compared to prior periods. Any required changes will be made once APRA have clarified outstanding questions arising from this report

Description	Common equity tier 1 ratio
Westpac's common equity tier 1 capital ratio under APRA Basel III	8.82%
Under BCBS, supervisors have the option of applying concessional thresholds when determining the capital requirements of deferred tax assets, investments in non-consolidated subsidiaries (NCS) and equity investments in commercial entities held in the banking book. Risk weighted asset treatments apply in lieu of common equity deductions if these items are individually less than 10% and together less than 15% of common equity. To the extent the amounts are greater than the concessional thresholds, common equity deductions apply	+107bps
APRA has chosen not to apply this concessional treatment and requires a 100% deduction from common equity for deferred tax assets, investments in non-consolidated financial institutions, NCS, equity investments, and all under-writing positions in financial and commercial institutions held for more than 5 business days	
Westpac's common equity tier 1 capital ratio would increase if APRA applied concessional thresholds	
Mortgage risk weights under APRA are based on a minimum loss given default (LGD) of 20%, whereas BCBS sets a minimum LGD of 10%. The actual LGD used must be supported by historical data but APRA's higher minimum means that Australian mortgage risk weights are typically higher than those calculated using the lower BCBS LGD minimum	+73bps
APRA applies a risk weighted asset requirement to Interest rate risk in the banking book (IRRBB). This is not currently considered under BCBS standards	+24bps
Other differences, including treatment of specialised lending	+40bps
Westpac's fully harmonised Basel III common equity tier 1 capital ratio under BCBS	11.26%

Fully harmonised common equity tier 1 capital ratio at the upper end of global peers

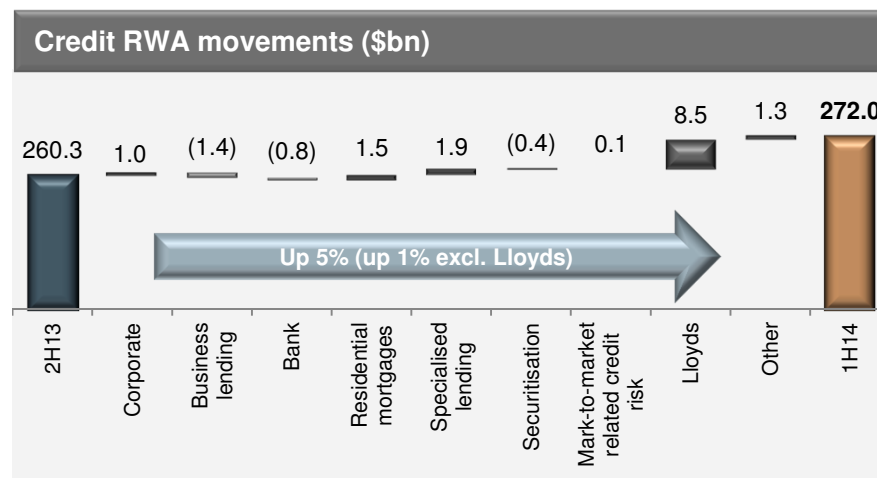
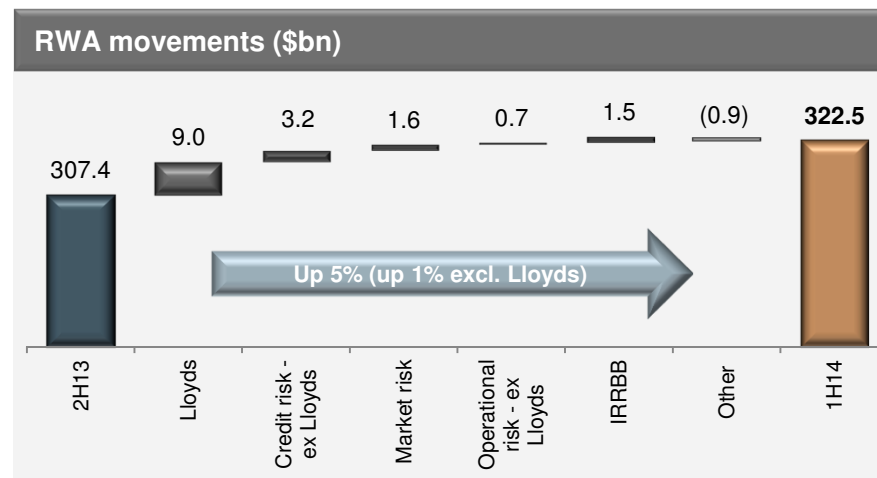
Global peer comparison of Basel III pro-forma common equity tier 1 capital ratios¹ (%)



¹ Company data, Credit Suisse estimates (based on latest reporting data as at April 2014). Australian banks based on 1H14 results.

Modest growth in risk weighted assets over half

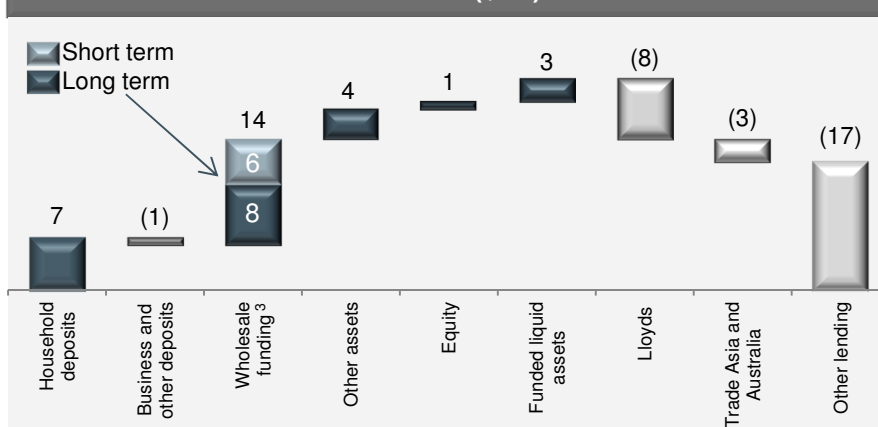
- Lloyds acquisition added \$9.0bn to RWA
 - \$8.5bn to credit RWA
 - \$0.5bn to operational risk RWA
- Credit RWA (excluding Lloyds) increased 1% or \$3.2bn, from growth in lending (primarily mortgage, corporate and property portfolios), and the impact of a lower A\$ on offshore assets and foreign currency commitments. This was partly offset by the continued run-off of stressed assets
- Higher market risk RWA of \$1.6bn primarily due to increased exposure to A\$ and US\$ interest rate risk
- Operational risk RWA (excluding Lloyds) increased \$0.7bn due to updated modelling to reflect operational risk losses experienced by other financial institutions globally
- Interest rate risk in the banking book (IRRBB) increased \$1.5bn from longer interest rate positions and a lower embedded gain
- Other RWA decreased \$0.9bn



Asset growth funded through stable sources

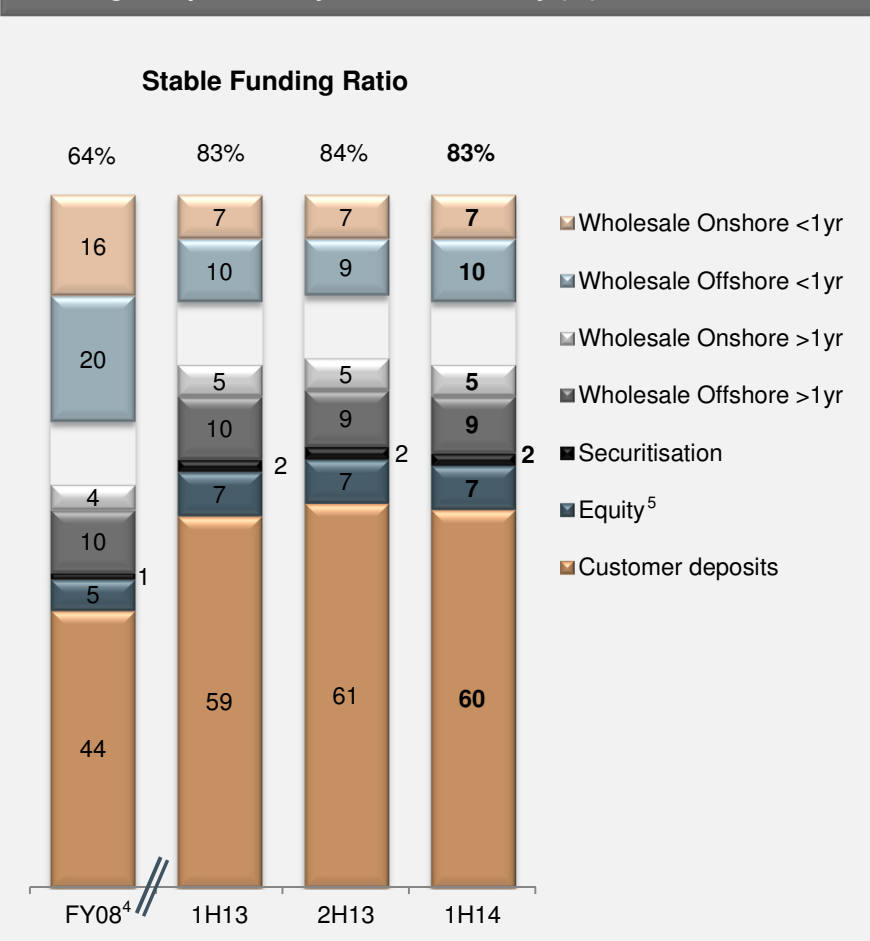
- Stable Funding Ratio 83% at 1H14, down 45bps (up 24bps 1H13/1H14)
 - Funding through stable sources of customer deposits and term wholesale funding
 - Average tenor of new term funding 4.9 years - a very stable source of funds for the bank
- Customer deposits increased \$6bn, with the increase in term funding providing scope to manage deposit quality
 - Preferred household deposits up \$7bn (4.4%) with growth in this segment 1.0x system¹
- Short term funding increased \$6bn
 - Supporting an increase in short dated assets, mainly growth in trade finance in Asia and Australia
 - Weighted average maturity of the short term portfolio has remained around 141 days
- Balance sheet well positioned for start of LCR

1H14 sources and uses of funds² (\$bn)



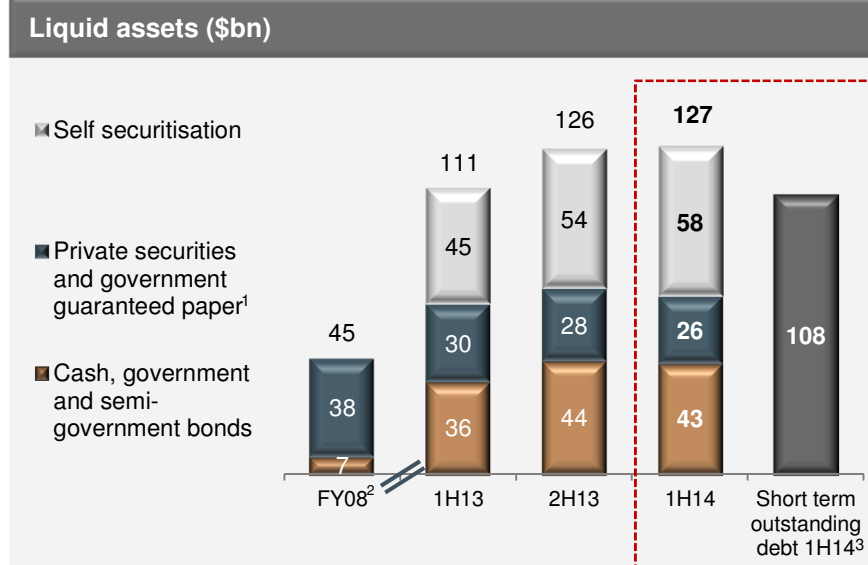
¹ APRA Banking Statistics March 2014. ² Movements based on funding view of balance sheet. ³ Includes change in long term funding with a residual maturity less than 1 year. ⁴ 2008 does not include St.George. ⁵ Equity excludes FX translation, Available-for-Sale Securities and Cash Flow Hedging Reserves.

Funding composition by residual maturity (%)



Strong liquidity position maintained

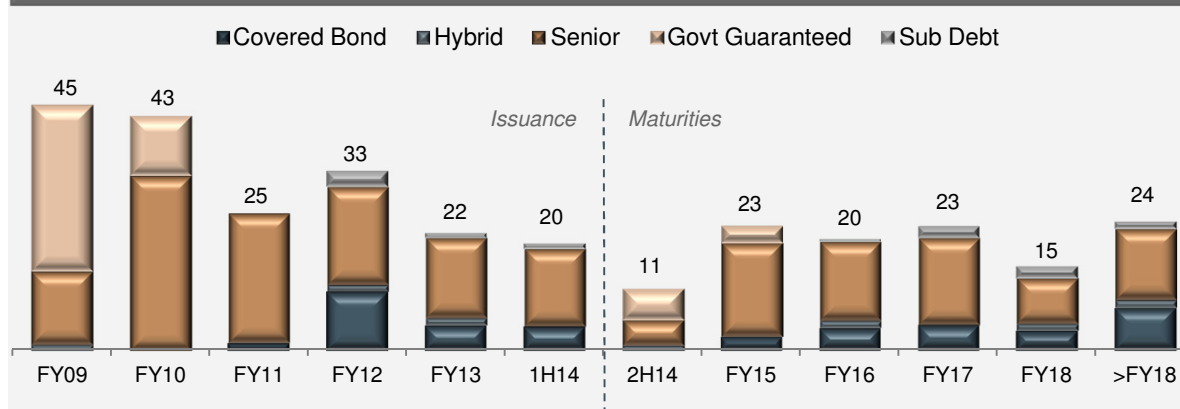
- \$127bn in unencumbered liquid assets held at 31 March 2014
 - Securities are eligible for repo with a central bank and proposed Committed Liquidity Facility (CLF)
 - Sufficient to cover all short term debt outstanding (including long term debt with a residual maturity less than one year)
- Westpac is well positioned for the introduction of the Liquidity Coverage Ratio (LCR)
 - APRA will apply the LCR through APS210 from 1 January 2015
 - The LCR is intended to improve the resilience of banks against potential short-term stress
 - It requires banks to hold 100% of their net cash outflows over a 30-day horizon in High Quality Liquid Assets (HQLA)
 - In addition, APRA has stated that a suitable buffer would be in the range of 10-15% of net cash outflows
- As insufficient HQLA are available in Australia to meet the LCR requirement, a CLF will be provided by APRA and the RBA
 - The CLF allows banks to access a specified amount of liquidity (approved by APRA) through repo arrangements with the RBA, for a 15bps fee
 - The CLF is available only to address a shortage of HQLA in Australian dollars
 - APRA has yet to finalise the CLF limit for Westpac



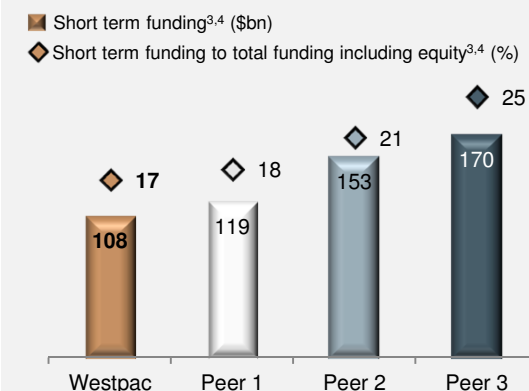
¹ Private securities include Bank paper, RMBS, and Supra-nationals. ² 2008 does not include St.George. ³ Includes long term wholesale funding with a residual maturity less than 1 year.

New term issuance well diversified

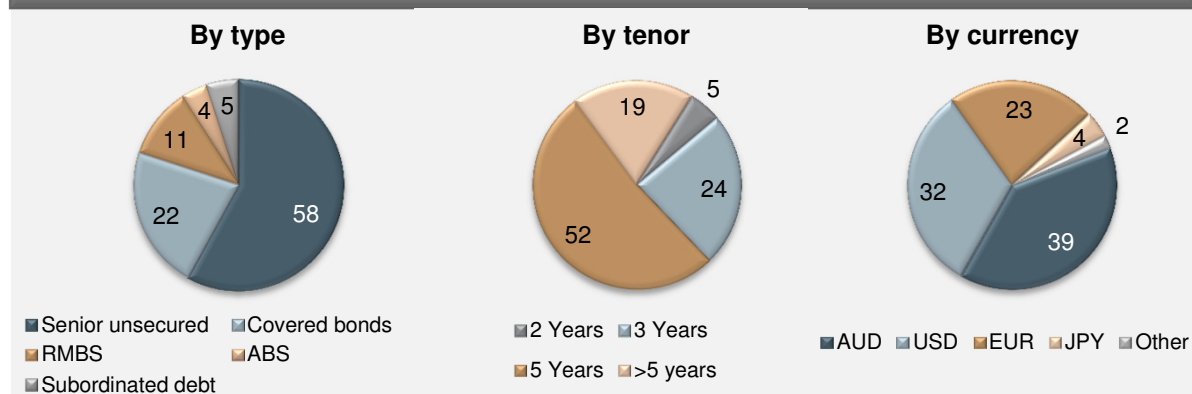
Term debt issuance and maturity profile^{1,2} (\$bn)



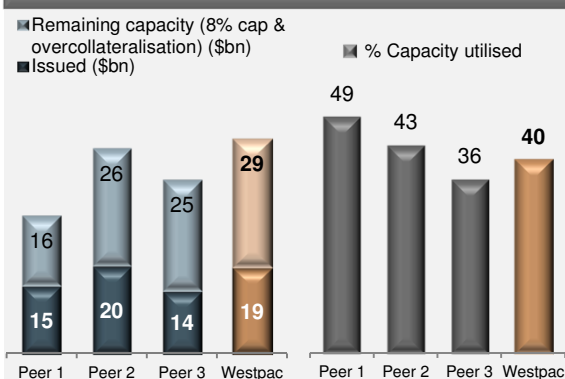
Lowest short term funding of peers



1H14 new term issuance composition¹ (%)



Australian covered bond issuance⁵



¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months, excluding US Commercial Paper. ² Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Perpetual sub-debt has been included in >FY18 maturity bucket. Maturities exclude securitisation amortisation. ³ Includes long term wholesale funding with a residual maturity less than 1 year. ⁴ Short term funding includes Central Bank deposits and long term wholesale funding with a residual maturity less than 1 year. Source: Westpac, Company reports. Westpac, Peer 1 and Peer 3 as at 31 March 2014 and Peer 2 as at 31 December 2013. ⁵ Sources: Westpac, APRA Banking Statistics March 2014.

FIRST HALF 2014 ASSET QUALITY

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

RETURN

GROWTH

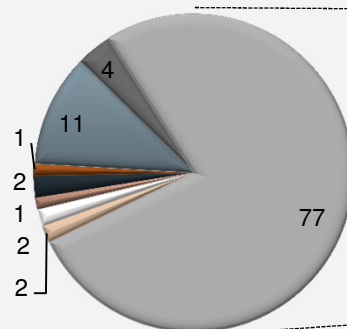
PRODUCTIVITY

High quality portfolio with bias to secured consumer lending

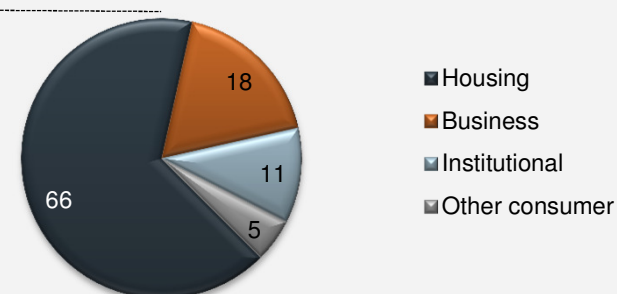
Asset composition as at 31 March 2014 (%)

- Cash and balances with central banks
- Receivables due from other financial institutions
- Trading securities, financial assets at fair value and available-for-sale securities
- Derivative financial instruments
- Loans
- Life insurance assets
- Goodwill
- Other assets

Total assets



On balance sheet lending



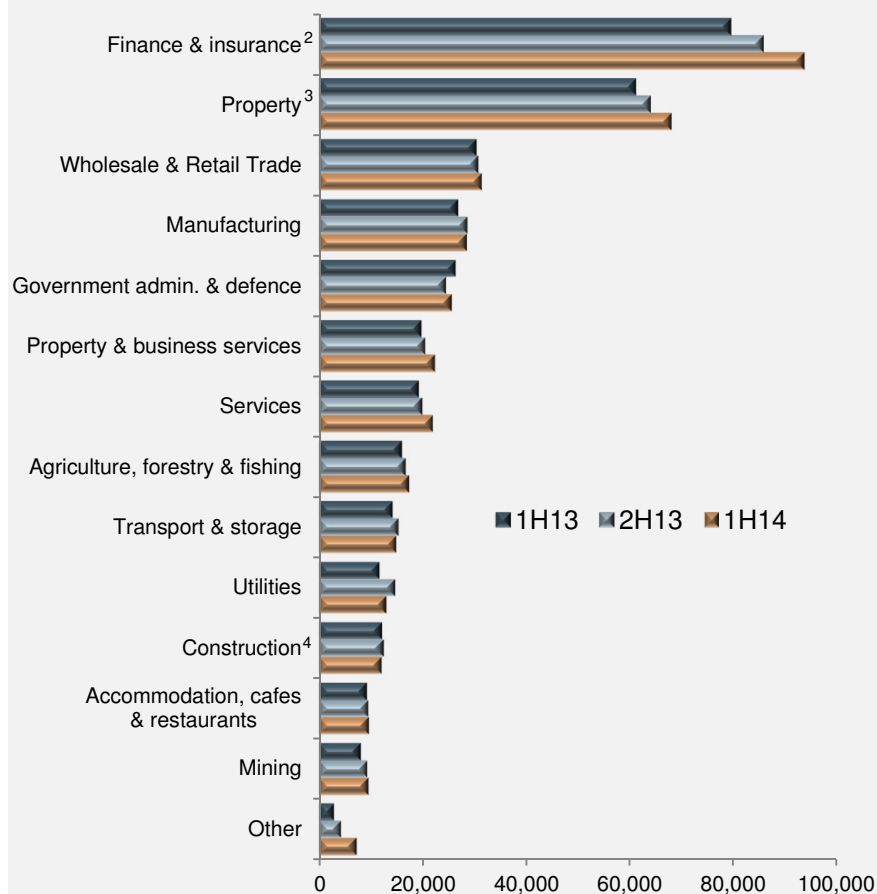
Exposure by risk grade as at 31 March 2014 (\$m)

Standard and Poor's risk grade	Australia	NZ / Pacific	Asia	Americas	Europe	Group	% of Total
AAA to AA-	82,486	8,747	844	6,746	1,048	99,871	12%
A+ to A-	29,924	5,219	6,547	2,442	1,637	45,769	5%
BBB+ to BBB-	50,829	7,791	7,666	1,151	1,679	69,116	8%
BB+ to BB	60,324	9,314	1,743	242	44	71,667	9%
BB- to B+	58,174	8,620	-	44	37	66,875	8%
<B+	7,551	1,728	-	-	82	9,361	1%
Secured consumer	388,173	43,412	474	-	-	432,059	51%
Unsecured consumer	44,320	4,682	236	-	-	49,238	6%
Total Committed Exposures	721,781	89,513	17,510	10,625	4,527	843,956	
Exposure by region¹ (%)	86%	11%	2%	1%	<1%		100%

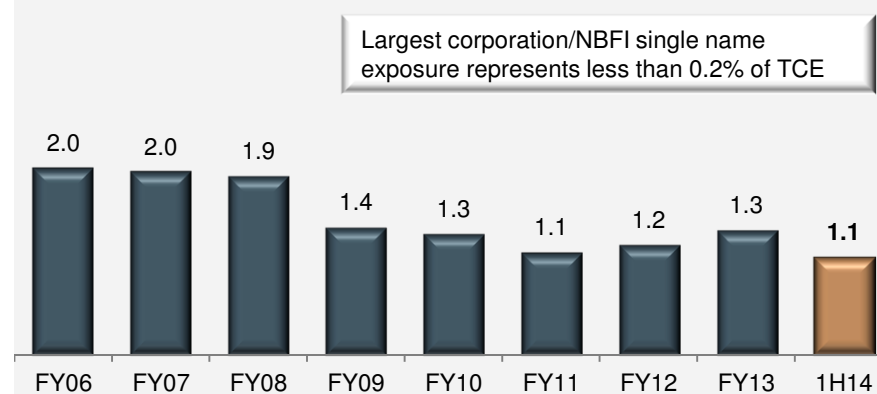
¹ Exposure by booking office.

Diversification across industries and large exposures

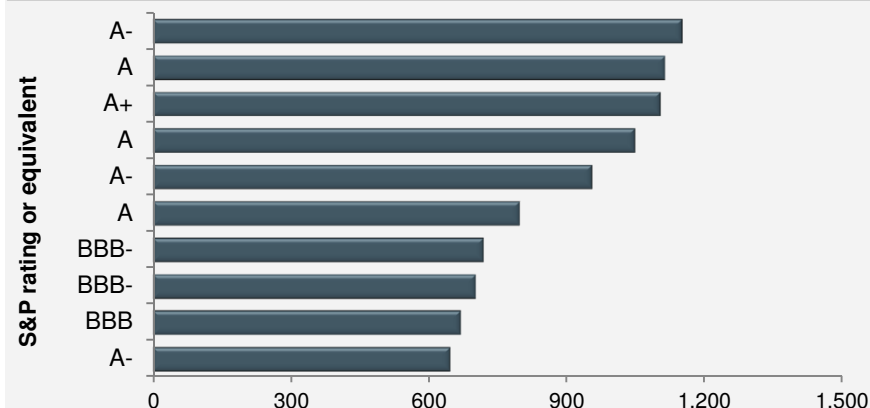
Exposures at default¹ by sector (\$m)



Top 10 exposures to corporations and NBFIs⁵ as a % of TCE⁶ (%)



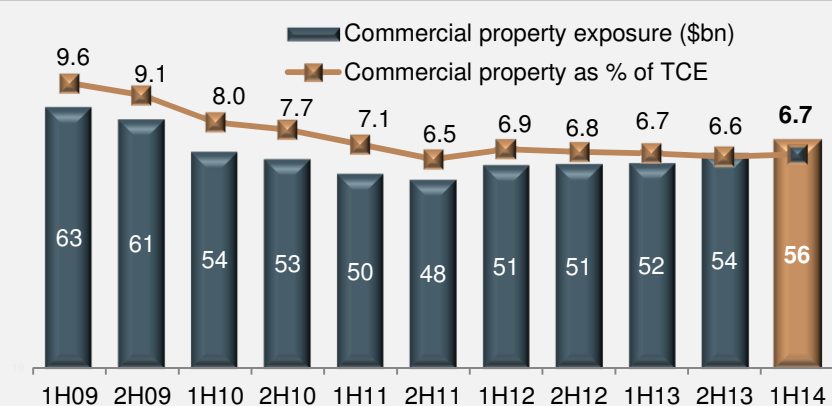
Top 10 exposures to corporations & NBFIs⁵ as at 31 March 2014 (\$m)



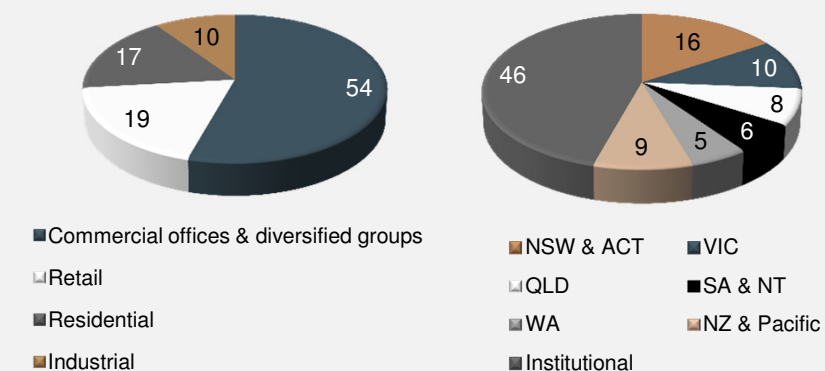
¹ Exposures at default represents an estimate of the amount of committed exposure expected to be drawn by the customer at the time of default. Chart excludes consumer lending. ² Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. ³ Property includes both residential and non-residential property investors and developers, and excludes real estate agents. ⁴ Construction includes building and non-building construction, and industries serving the construction sector. ⁵ Non-Bank Financial Institutions. ⁶ Includes St.George from 2009 onwards.

Commercial property portfolio performing well

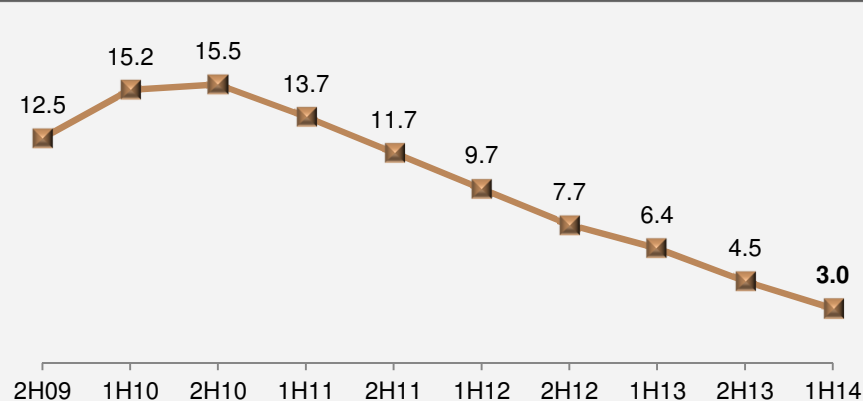
Commercial property exposures size (\$bn) and % of TCE



Commercial property portfolio by sector and region (%)



Commercial property portfolio TCE classified as stressed (%)

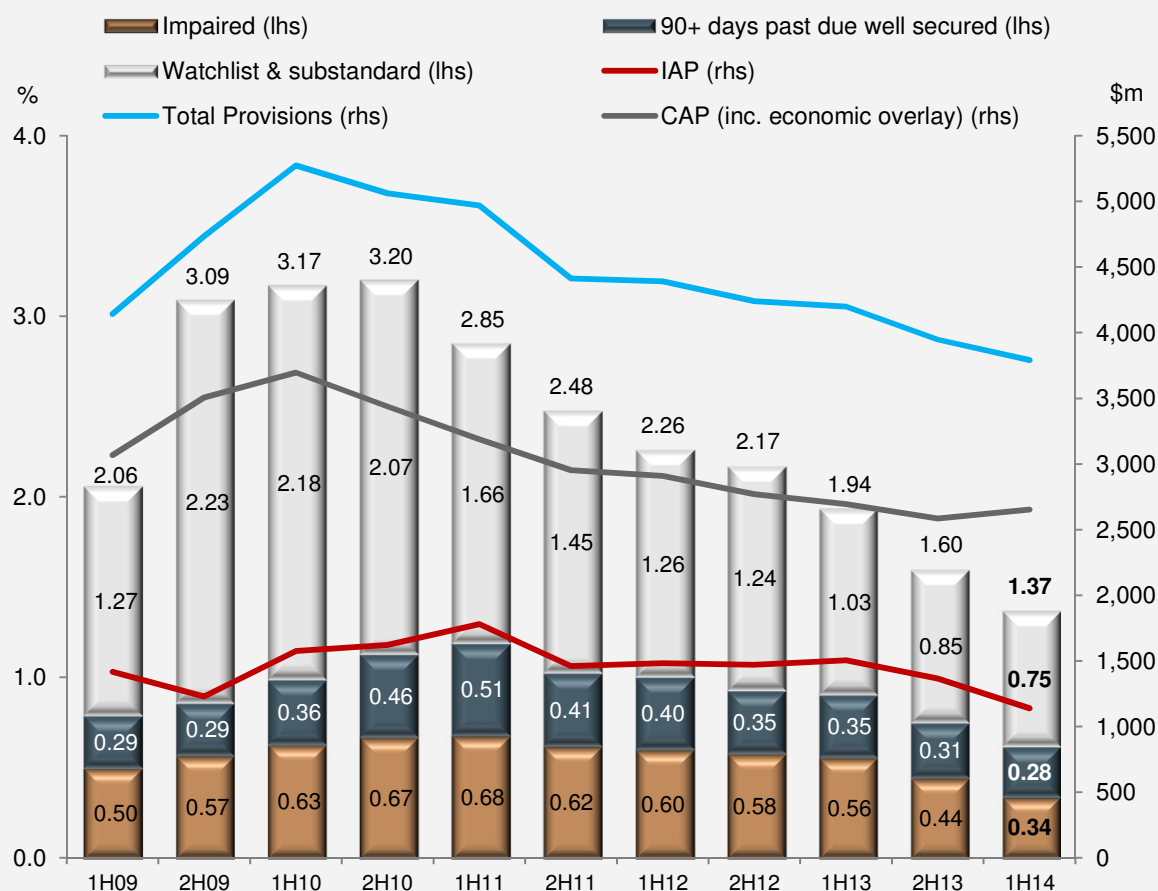


Commercial property markets

- Improvement in the commercial property market has been underpinned by improved liquidity in the sector
- Investment market has remained very active over 1H14, with strong interest in properties offering secure, long term cash flows from a variety of buyers
- Leasing market has been more subdued, although signs of improving demand are expected from mid 2014
- While investment activity has been strong and there is some evidence of prime yields firming, capital growth overall remains low, with total returns continuing to be driven by income
- Competition in the market is intensifying

Portfolio stress continues to reduce

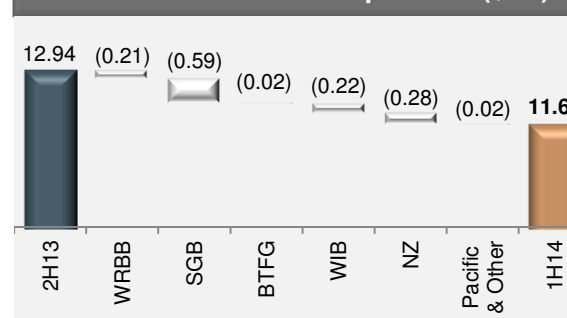
Stressed exposures as a % of TCE and provisions (\$m)



Provisioning coverage ratios

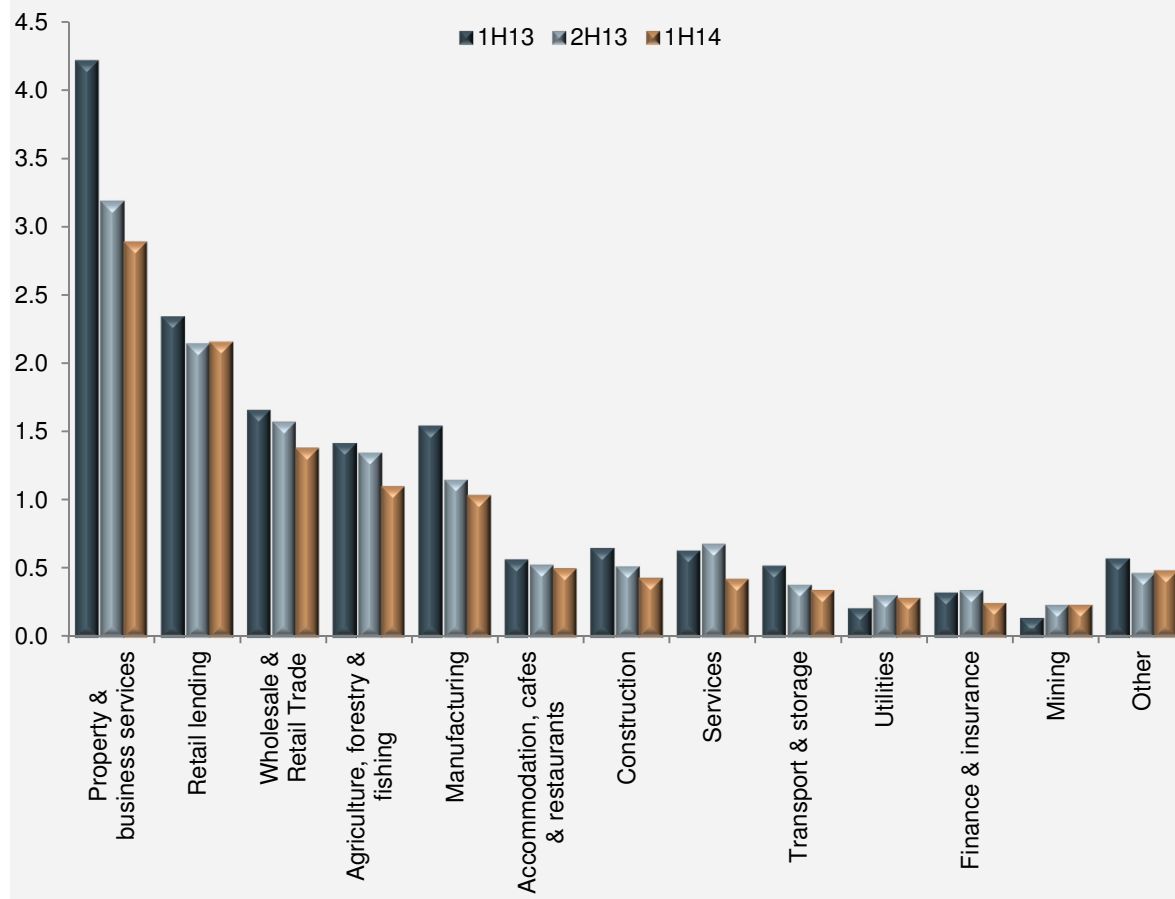
	1H13	2H13	1H14
Collectively assessed provisions to credit RWA	106bps	99bps	97bps
Collectively assessed provisions to performing non-housing loans	151bps	142bps	134bps
Impaired asset provisions to impaired assets	40%	43%	46%
Total provisions to gross loans	80bps	73bps	67bps

Movement in stressed exposures (\$bn)

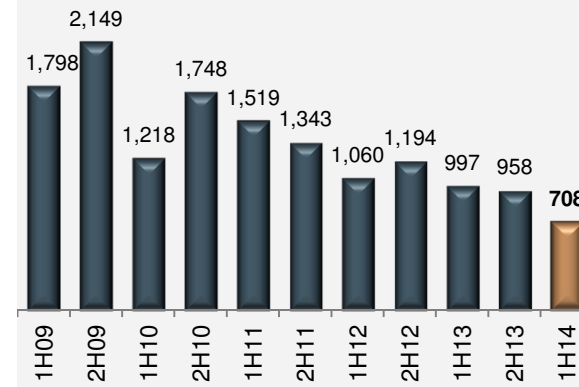


Improvement in portfolio quality across all major sectors

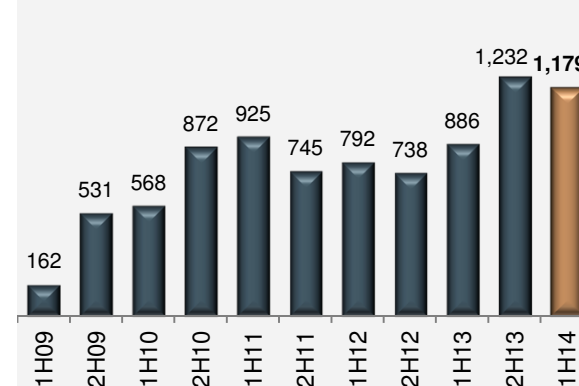
Stressed exposures by industry (\$bn)



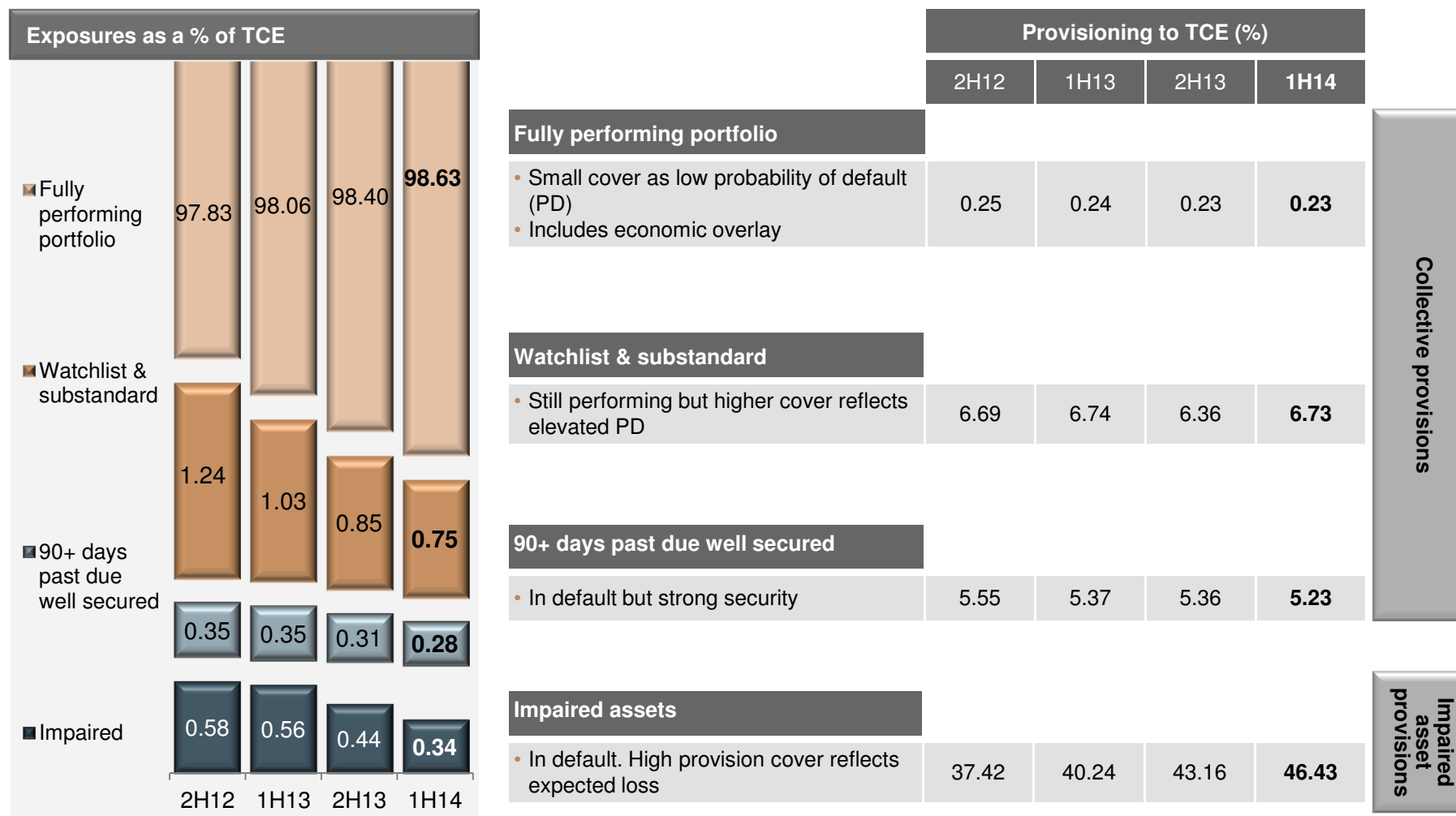
New and increased gross impaired assets (\$m)



Gross impaired assets returned to performing or repaid (\$m)



Provision cover by portfolio category

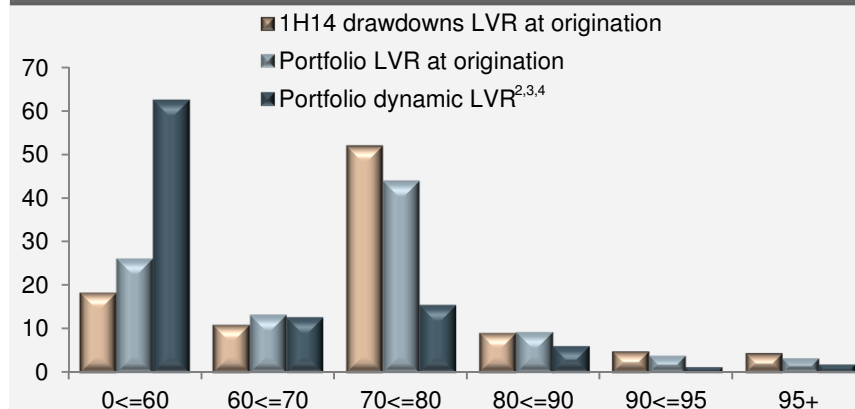


High quality Australian mortgage portfolio

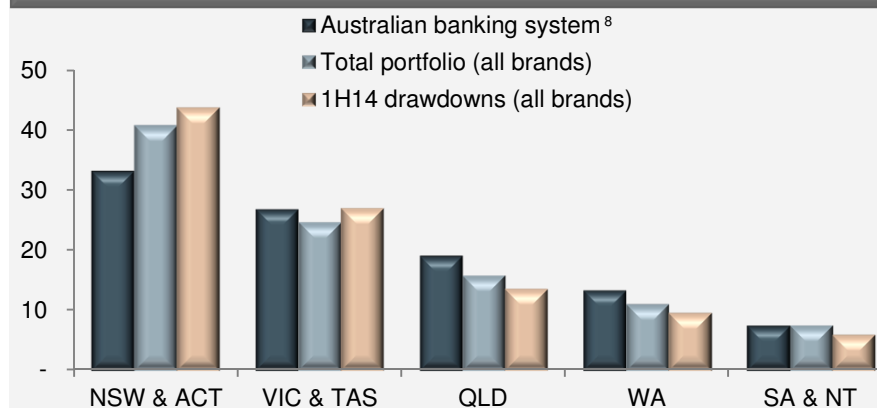
Australian housing portfolio	1H13 Balance	2H13 Balance	1H14 Balance	1H14 Flow ¹
Total portfolio (\$bn)	321.9	328.5	338.0	33.1
Owner-occupied (%)	48.1	47.9	47.6	47.7
Investment property loans (%)	42.2	43.1	44.0	49.2
Portfolio loan/line of credit (%)	9.7	9.0	8.4	3.1
Variable rate / Fixed rate (%)	85 / 15	81 / 19	84 / 16	76 / 24
Low Doc (%)	5.2	4.7	4.2	1.0
Proprietary channel (%)	58.2	58.0	57.5	55.7
First Home Buyer (%)	11.7	11.4	10.9	7.6
Mortgage insured (%)	24.4	23.3	22.2	13.5
	1H13	2H13	1H14	
Average LVR at origination (%)	69	69	69	
Average dynamic ^{2,3,4} LVR (%)	48	46	47	
Average LVR of new loans ⁵ (%)	70	72	72	
Average loan size (\$'000)	219	221	223	
Customers ahead on repayments, including offset accounts ^{2,6} (%)	70	71	73	
Actual mortgage losses (net of insurance) ⁷ (\$m)	52	43	45	
Actual mortgage loss rate annualised (bps)	3	3	2	

¹ Flow is all new mortgage originations total settled amount originated during the 6 month period ended 31 March 2014 and includes RAMS. ² Excludes RAMS. ³ Dynamic LVR represents the loan-to-value ratio taking into account the current outstanding loan balance, changes in security value and other loan adjustments. ⁴ Property valuation source Australian Property Monitors. ⁵ Average LVR of new loans is based on rolling 6 month window for each half year period. ⁶ Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled payments. ⁷ Mortgage insurance claims 1H14 \$3m (2H13 \$14m, 1H13 \$10m). ⁸ ABA Cannex February 2014.

Australian housing loan-to-value (LVR) ratios (%)

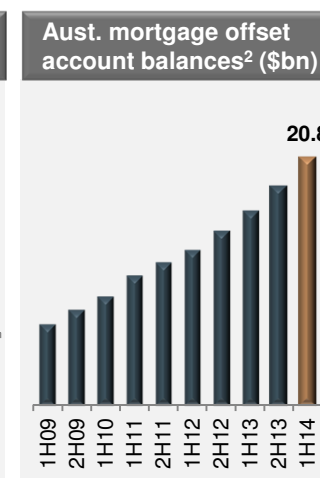
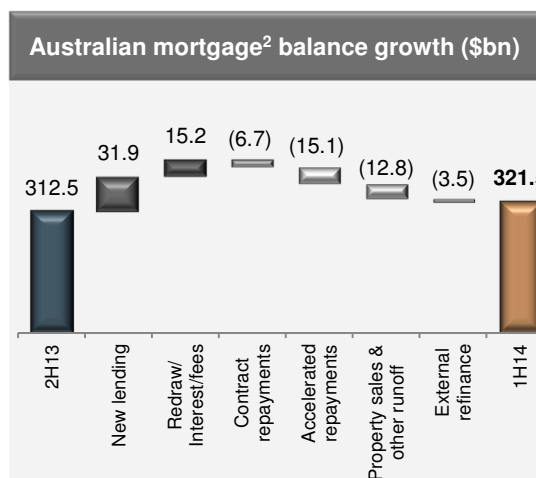
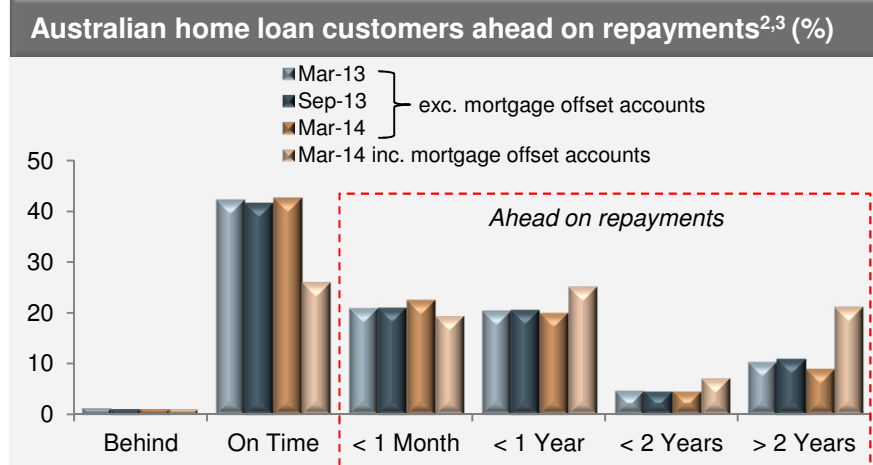


Australian housing portfolio by State (%)



Mortgage customers continuing to repay ahead of schedule

- Australian mortgage customers continue to display a cautious approach to debt levels, taking advantage of historically low mortgage rates to pay down debt
 - Including mortgage offset account balances, 73% of customers are ahead of scheduled payments, with 21% of these being more than 2 years ahead
 - Excluding mortgage offset account balances, 56% of Australian mortgage customers are ahead of scheduled payments
- Sound underwriting criteria underpin the Group's very low level of residential mortgage arrears and losses
- Credit policies are broadly aligned across brands and all credit decisions are made by the Westpac Group, regardless of the origination channel
- Loan serviceability assessments include an interest rate buffer, adequate surplus test and discounts to certain forms of income (e.g. dividends, bonus or rental income)
- Westpac has a minimum assessment rate, often referred to as a floor rate, currently set at 6.80% p.a. across all brands
- In the current interest rate environment, the minimum assessment rate is at least 185bps higher¹ than the standard lending rate



¹ Excludes RAMS which is 182bps. ² Excludes RAMS. ³ Customer loans ahead on payments exclude equity loans/line of credit products as there is no scheduled principal payments. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due.

Australian mortgage delinquencies at low levels

Delinquencies

- Sustained period of low interest rates and a continued conservative approach to debt by borrowers has supported very strong credit quality
- 90+ days delinquencies remain low at 50bps, down 3bps (down 8bps 1H13/1H14)
- 30+ days delinquencies 128bps, up 8bps (down 15bps 1H13/1H14) reflecting normal seasonal trends for the first half

Properties in possession

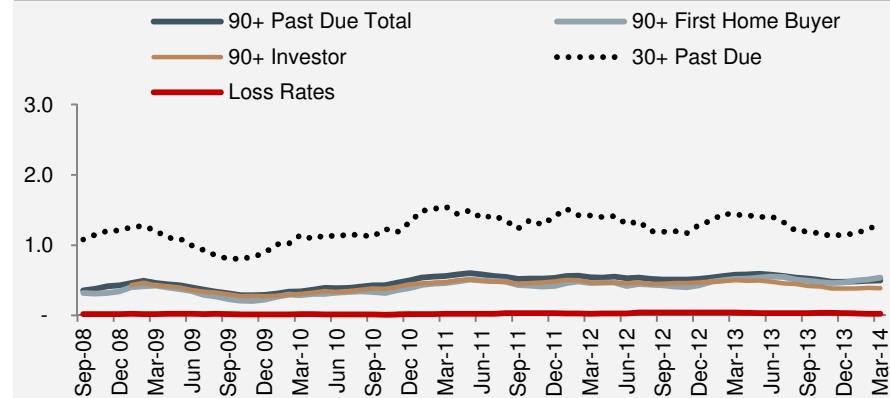
- Properties in possession of 189 at March 2014, down from 353 at September 2013 (248 at March 2013)
- Represents <2bps of the portfolio

Loss rates

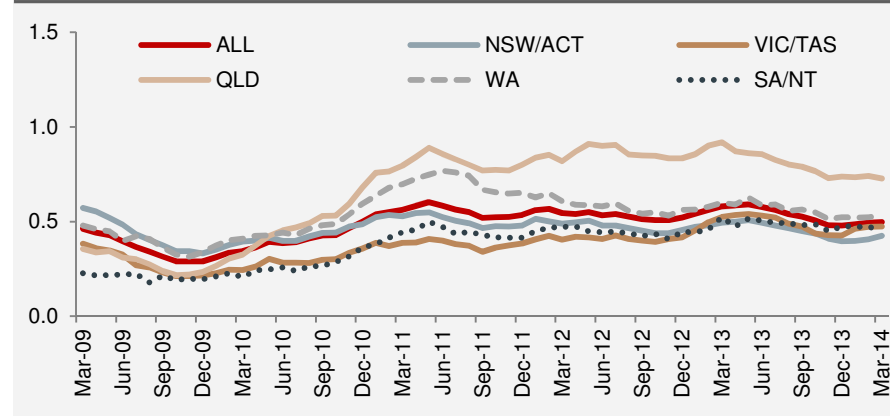
- Portfolio losses of \$45m represent an annualised loss rate of 2bps (net of insurance claims¹)
- Loss rates remain very low by international standards due to sound underwriting standards, high levels of borrower equity, mortgage insurance and active collections strategies

¹ Mortgage insurance claims 1H14 \$3m (2H13 \$14m, 1H13 \$10m).

Australian mortgages delinquencies and loss rates (%)

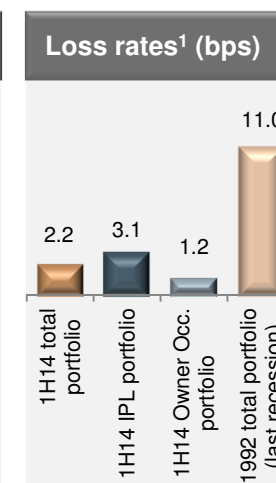
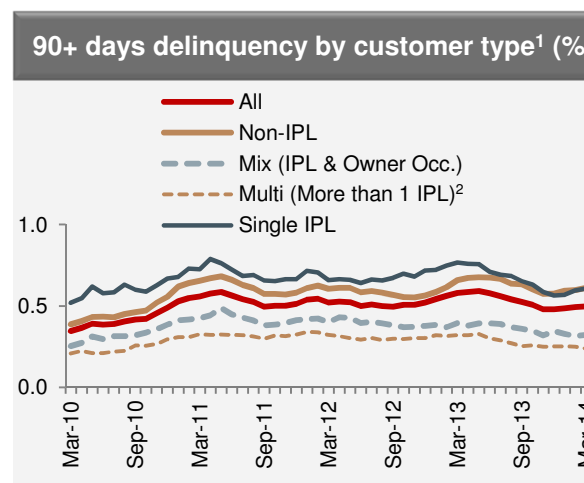
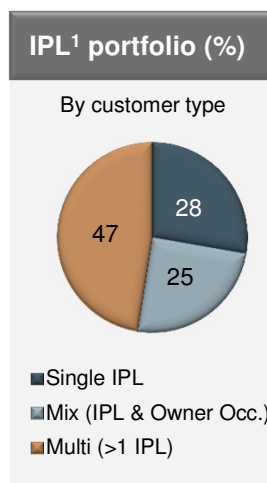
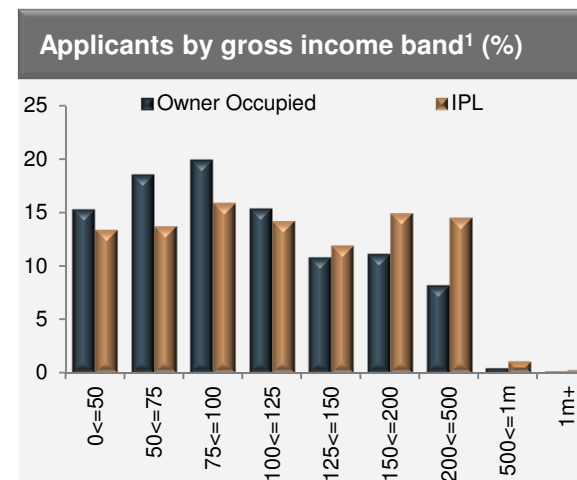
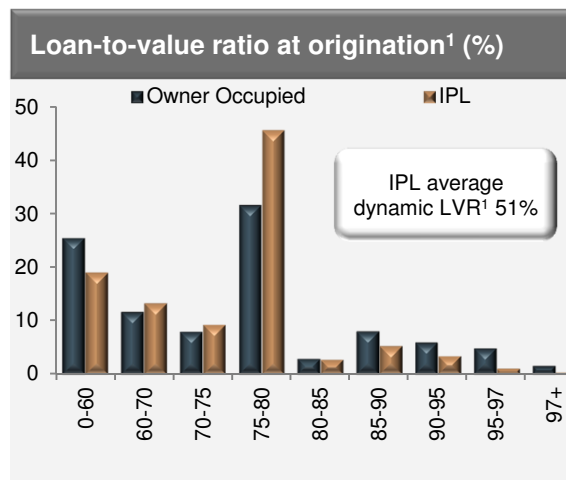


Australian mortgage 90+ days delinquencies (%)



Australian investment property portfolio performing well

- Investment property loans (IPLs) 44% of Westpac's Australian mortgage portfolio
- 46% of IPL loans originated at 75-80% LVR, to maximise tax benefits and avoid mortgage insurance costs
- Majority of IPLs are interest-only, however the actual amortisation profile closely tracks the principal and interest portfolio
 - 41% of interest-only IPL customers ahead on repayments
- Compared to owner-occupied applicants, IPL applicants on average are older, have higher incomes and higher credit scores
- Specific credit policies apply to IPLs to assist risk mitigation, including
 - Holiday apartments subject to tighter acceptance requirements
 - Additional LVR restrictions apply to single industry towns
- IPL delinquency performance historically better than portfolio average
 - At 1H14, IPL 90+ days delinquencies were 39bps compared to 50bps for total portfolio
- IPL losses \$22m¹ in 1H14, representing an annualised loss rate of 3bps
- Self-managed Super Fund balances, a very small part of the portfolio, at <1% of Australian mortgage balances

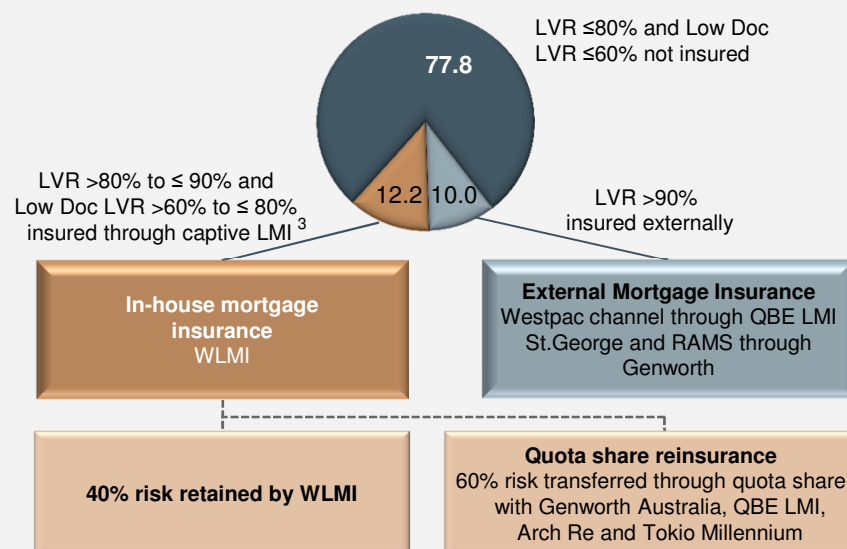


¹ Excludes RAMS. ² The average number of securities for multi-IPL customers is two.

Lenders mortgage insurance managing risk transfer

- Lenders mortgage insurance (LMI) provides benefits to the Westpac Group
 - Risk transfer / loss mitigation
 - Improvement in the quality of risk acceptance via the additional layer of independent review provided by the mortgage insurers
- New mortgages with origination LVR between 80-90% (or 60-80% for Low Doc)¹ are generally covered by Westpac Lenders Mortgage Insurance (WLMI), Westpac's captive lenders mortgage insurer. A portion of that portfolio (60%) is subsequently reinsured via a quota share arrangement
- Quota reinsurance arrangements through four providers further reduces risk by not relying on a single supplier
- Mortgages with origination LVR >90% are generally insured with third parties
- WLMI provides the Westpac Group with an increased return on the mortgages it insures through the capture of underwriting profit
- WLMI is strongly capitalised (separate from bank capital) and subject to APRA regulation. Capitalised at 1.31x PCR²
- Scenarios confirm sufficient capital to fund claims arising from events of severe stress – estimated losses for WLMI from a 1 in 200 year event are \$204m (net of re-insurance recoveries). This is lower compared to 2H13 in line with reductions in WLMI's portfolio

Lenders mortgage insurance structure at 31 March 2014



	1H13	2H13	1H14
Insurance claims (\$m)	10	14	3
WLMI loss ratio ⁴ (%)	30	39	10
Gross written premiums (\$m)	25	25	24

¹ Limited waivers of the LMI requirement are provided to certain approved borrowers. Waivers are not provided to Low Doc borrowers. ² Prudential Capital Requirement (PCR) determined by APRA. ³ Insured coverage is net of quota share. ⁴ Loss ratio is claims over the total of earned premium plus reinsurance rebate plus exchange commission.

Mortgage portfolio stress testing outcomes

- Westpac regularly conducts a range of portfolio stress tests as part of its regulatory and risk management activities
- The Australian mortgage portfolio stress testing scenario presented represents a severe recession and assumes that significant reductions in consumer spending and business investment lead to six consecutive quarters of negative GDP growth, resulting in a material increase in unemployment and nationwide falls in property and other asset prices
- Estimated Australian housing portfolio losses under stress conditions are manageable and within the Group's risk appetite and capital base
 - Cumulative total losses of \$2.2bn over three years for the uninsured portfolio
 - Cumulative claims on LMI, both WLMI and external insurers, of \$765m over the three years
- Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance (WLMI), separately conducts stress testing to ensure it is sufficiently capitalised to cover mortgage claims arising from a stressed mortgage environment
- Preferred capital ranges incorporate buffers at the Westpac Group level that consider the combined impact on the mortgage portfolio and WLMI of severe stress scenarios

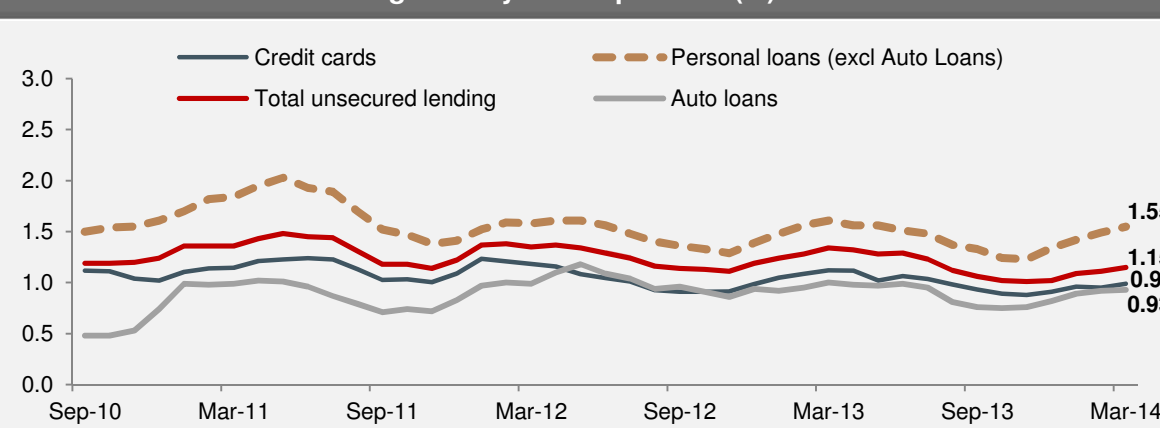
Australian mortgage portfolio stress testing as at 31 March 2014				
Key assumptions		Stressed scenario		
	Current	Year 1	Year 2	Year 3
Portfolio size (\$bn)	338	326	320	318
Unemployment rate (%)	5.8	11.6	10.6	9.4
Interest rates (cash rate, %)	2.5	1.25	1.25	1.25
House prices (% change cumulative)	0.0	-13.0	-22.4	-26.2
Annual GDP growth (%)	2.8	-3.9	-0.2	1.7
Key outcomes				
Stressed losses (bps) (net of LMI recoveries) ^{1,2}	2	26	32	7

¹ Assumes 30% of LMI claims will be rejected in a stressed scenario. ² Stressed loss rates are calculated as a percentage of mortgage exposure at default.

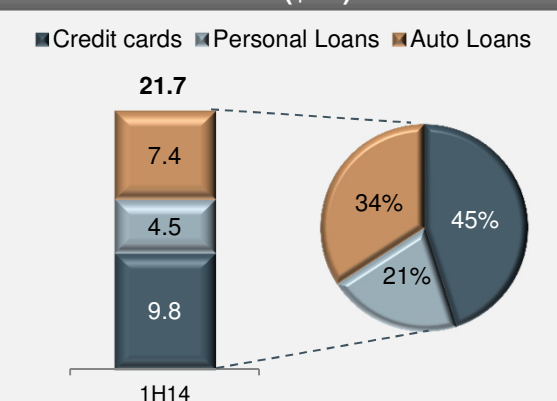
Australian unsecured lending portfolio performing well

- Unsecured consumer asset quality has remained strong as continuing low interest rates have assisted debt serviceability and the Group's sound approach to credit decisioning has been maintained
- Overall Australian consumer unsecured delinquencies increased 9bps to 115bps (down 17bps 1H13/1H14)
- Changes in delinquencies in 1H14 reflect normal seasonal trends
- Australian credit card 90+ days delinquencies were up 6bps to 99bps (down 13bps 1H13/1H14)
 - Average payments to balance ratio continued to trend upwards, increasing 99bps to 48.7%, reflecting ongoing consumer caution towards debt
- Australian personal loan portfolio (incl. auto) 90+ days delinquencies were up 11bps to 117bps (down 15bps 1H13/1H14)
 - Personal loan delinquencies (excl. auto) 155bps
 - Auto loan portfolio increased to \$7.4bn following acquisition of Lloyds
 - Australian auto loan 90+ days delinquencies were up 17bps to 93bps (down 7bps 1H13/1H14)

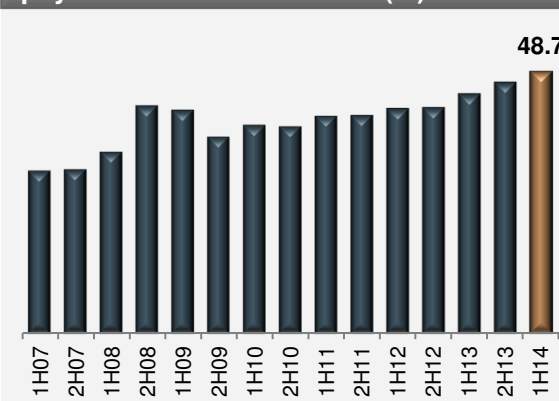
Australian unsecured lending 90+ days delinquencies (%)



Australian unsecured lending portfolio as at 31 March 2014 (\$bn)



Australian credit card average payments to balance ratio¹ (%)



¹ Cards average payments to balance ratio is calculated using the average payment received compared to the average statement balance at the end of the reporting month.

FIRST HALF 2014 BUSINESS UNITS

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

RETURN

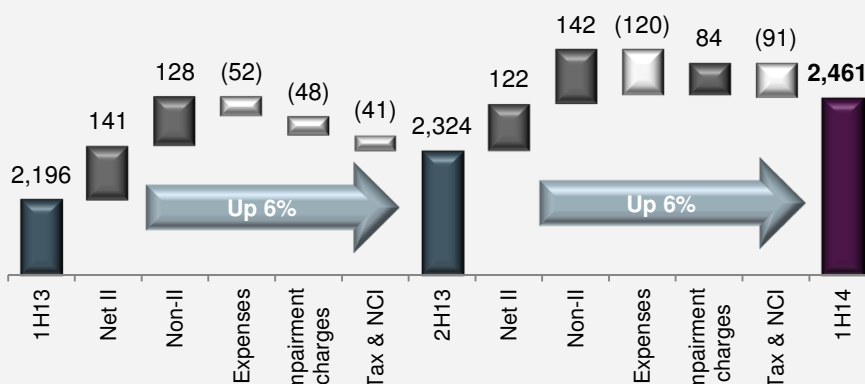
GROWTH

PRODUCTIVITY

AFS consistent track record of Cash Earnings growth



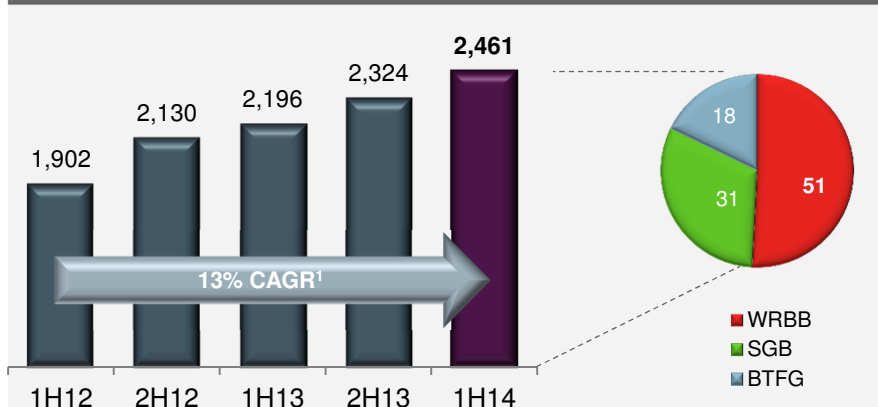
Cash Earnings movement (\$m)



Key features of AFS in 1H14

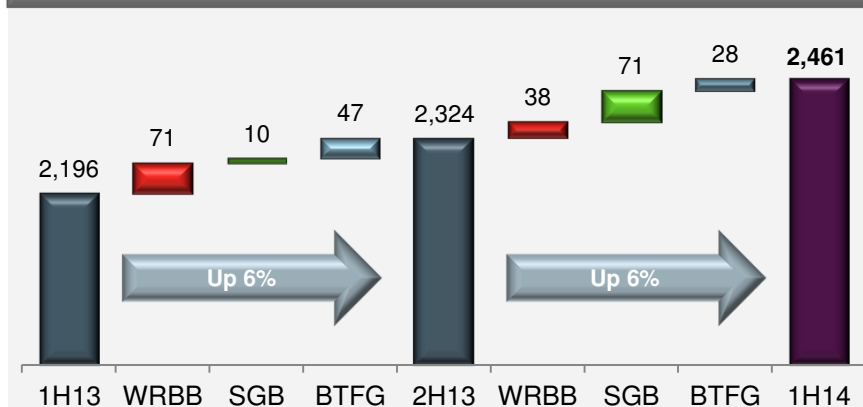
- Cash Earnings up 6% (up 12% 1H13/1H14)
- All AFS businesses contributed to the strong performance. Lloyds acquisition added around 1% to revenue and expense growth, with a Cash Earnings impact of \$14m
- Net interest income up \$122m (3%), with improving balance sheet momentum and well managed margins, up 2bps
- Non-interest income up \$142m (7%) driven by strong wealth revenues
- Expenses up \$120m (4%), impacted by higher wealth performance related fees and the Lloyds acquisition (up 1% excluding these items)
- Impairment charges down \$84m (20%) due to continued run-off in stressed exposures and improvements in credit quality across portfolios

Cash Earnings (\$m) and contribution (%)



¹ CAGR represents compound average growth rate from 1H12 to 1H14 (annualised).

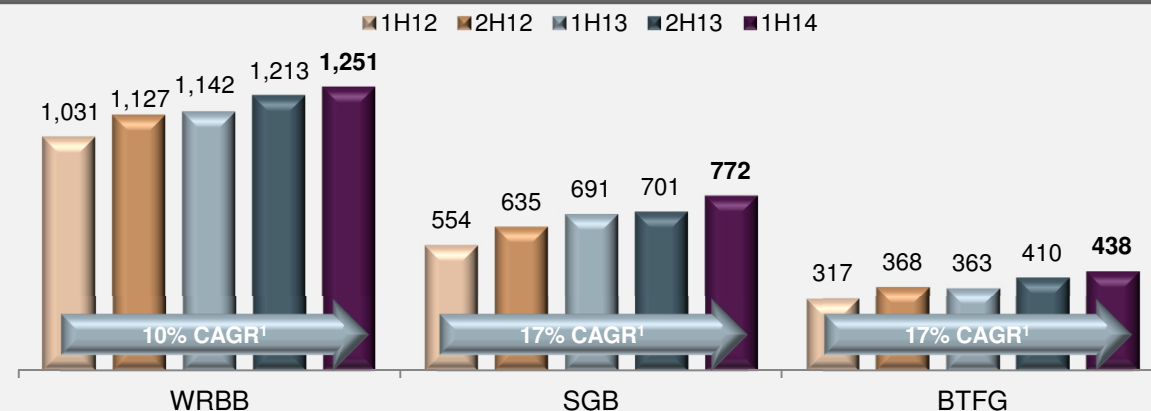
Cash Earnings contribution (\$m)



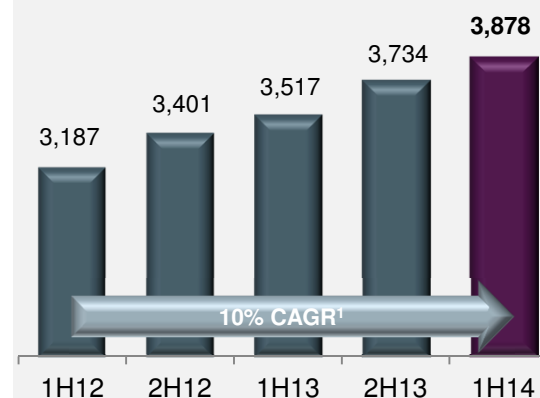
Sustainable growth with all divisions contributing



All business units delivering sustainable Cash Earnings growth (\$m)



Core earnings growth (\$m)



AFS sustainable growth, meeting all our customer needs

- Sustainable increase in balance sheet momentum across the business
 - Mortgages at 0.9x system², up from 0.7x in 2H13
 - Credit cards at 1.9x system³, up from 0.6x in 1H13
- Lloyds acquisition delivering additional growth and capabilities
- Co-ordination between banking and wealth delivering with BT Cash Earnings up 21% on 1H13 and WRBB wealth penetration at a sector leading⁴ 21.9%
- Banking customer numbers up 1% (up 2% 1H13/1H14). MyBank customer numbers up 2% (up 5% 1H13/1H14)
- Growth has been delivered along with a focus on asset quality. Mortgage risk scores stable. Lending loan to value ratio steady

Continuing to improve the customer experience

- AFS branch network reconfiguration well under way
 - WRBB: 34 Bank Now sites opened⁵ with Smart ATMs and new digital technology. Commencing roll-out of Connect Now for SMEs
 - SGB: 61 FreshStart branches and Business Connect in 112 branches
- Technology investment delivering improved customer interactions
 - New Westpac online/mobile platform roll-out continuing, launched BT Panorama and rolled out first phase, 'BT Cash'
 - 32m pro-active service messages sent
- Digital is driving sales and service improvements with 9% of deposits and 48%⁶ of SGB credit card sales via digital. 3,500 Livechats a month
- Total customer complaints down 20% with ATM complaints down 12% and deposit complaints down 23%
- 730K accounts converted to e-statements in 1H14

¹ CAGR represents compound average growth rate from 1H12 to 1H14 (annualised). ² RBA Financial Aggregates, March 2014. ³ APRA Banking Statistics, March 2014. ⁴ Refer slide 134 for wealth penetration metric provider. ⁵ Includes 24/7 lobbies. ⁶ Does not include sales through contact centres or brokers.

Delivering more functionality for customers via digital



Digital growth deepening relationships and improving service

- AFS active digital customers as a percentage of total customers up 1.2 percentage points to 41.9%
- Percentage of digital sessions conducted via mobile has increased strongly, up 5.2 percentage points to 51.3%
- 1H14 digital sales accounted for 10.6% of total core retail banking sales, up from 9.1% and peaking at 11.3% in February 2014
- Number 1 ranking in mobile customer satisfaction for WBC¹ in December 2013 quarter compared with the other major Australian banks
- 23% of SGB account maintenance updates now digital, with around 30,000 card activations via digital per month
- New online and mobile platform, full roll-out through 2014 to WRBB customers

Continuing to roll-out new products



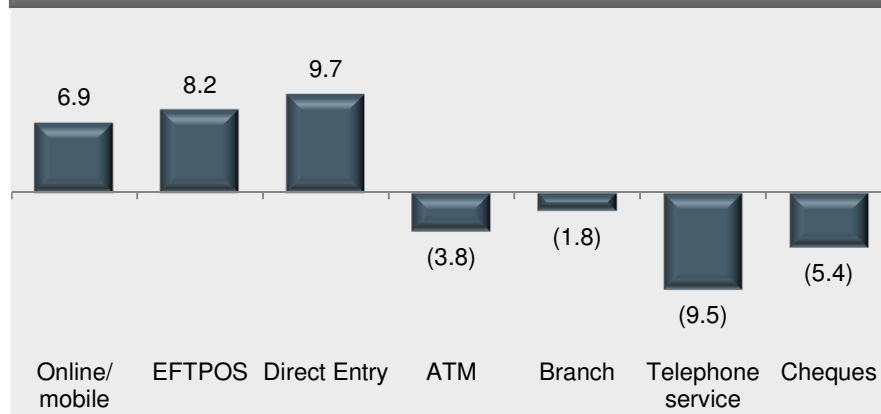
WBC Mobile Proximity Payments

Innovative mobile payments solution allowing WBC customers to download their Visa and MasterCard Debit and Credit Cards to their Samsung phones and make tap and go payments in-store

WBC New Online Banking: new capabilities including single view of all accounts including external accounts, transaction search for up to 3 years of history, report lost/stolen card, overseas travel notification, change credit card limit, view important alerts, targeted sales/service offers



Shift in payment transactions 1H14 – 1H13 (%)



¹ RFI, Australian Mobility Banking Program, December 2013 survey results.

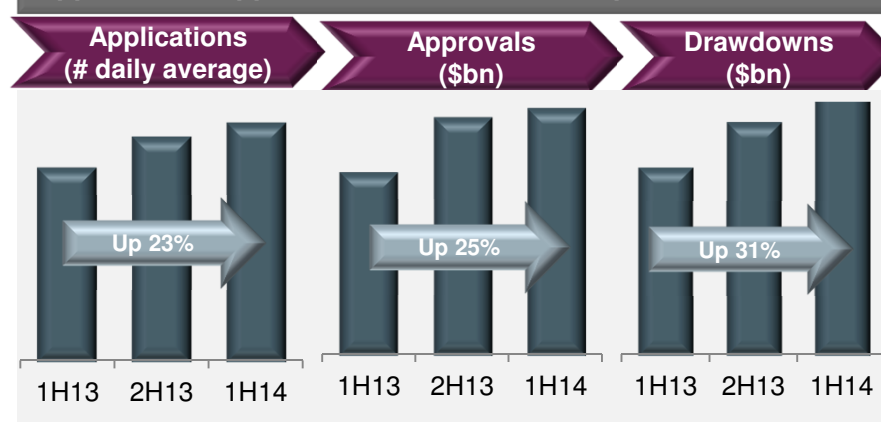
	1H12	2H12	1H13	2H13	1H14
Active digital customers (% of total customer base)	36.2	38.5	39.5	40.7	41.9
% of digital sessions via mobile	27.5	36.1	43.5	46.1	51.3
AFS digital banking logins (m)	242	268	288	320	338
Digital sales as a % of total core retail banking sales	n/a	8.2	10.2	9.1	10.6

Lifting mortgage growth in sustainable way

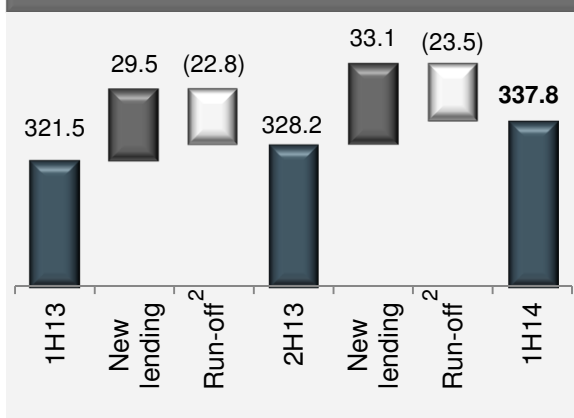


- AFS mortgage market share of 23.2% and lifting growth closer to system¹
 - Grew at 0.9x in 1H14 (up from 0.7x 2H13)
- Improvement in key business drivers resulting in sustainable growth
 - Daily application volumes up 6% (up 23% 1H13/1H14)
 - Approvals up 3% (up 25% 1H13/1H14)
 - Drawdowns up 13% (up 31% 1H13/1H14)
- Sales force capacity lifted with additional home finance managers
- 12% uplift in new lending through both proprietary and 3rd party
- Risk appetite unchanged with
 - Mortgage risk scores stable
 - Little change in average LVRs
- Mortgage complaints down 17%

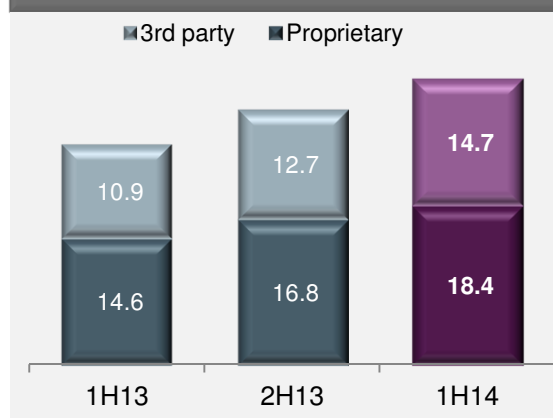
Applications, approvals and drawdowns uplift³



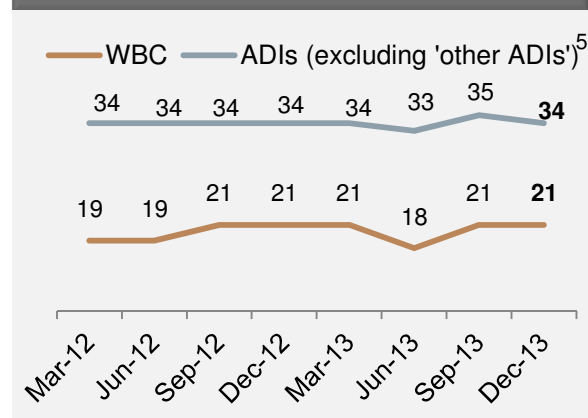
AFS net mortgage lending volumes (\$bn)



AFS new home lending (\$bn)



Loans approved above 80% LVR⁴



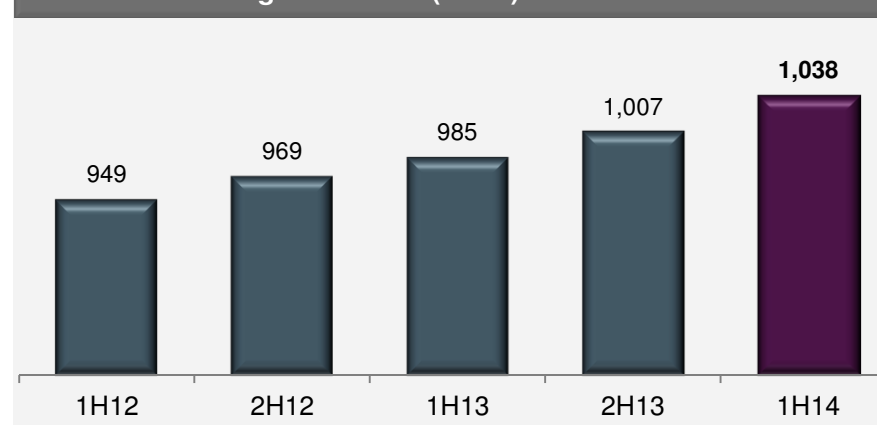
¹ RBA Financial Aggregates, March 2014. ² Includes movement in impairment provisions. ³ Excludes top-ups. ⁴ Westpac data, APRA ADI property exposure statistics, December 2013. ⁵ Other ADIs consist of ADIs that are not banks, building societies or credit unions.

Growth in business banking, aided by Lloyds

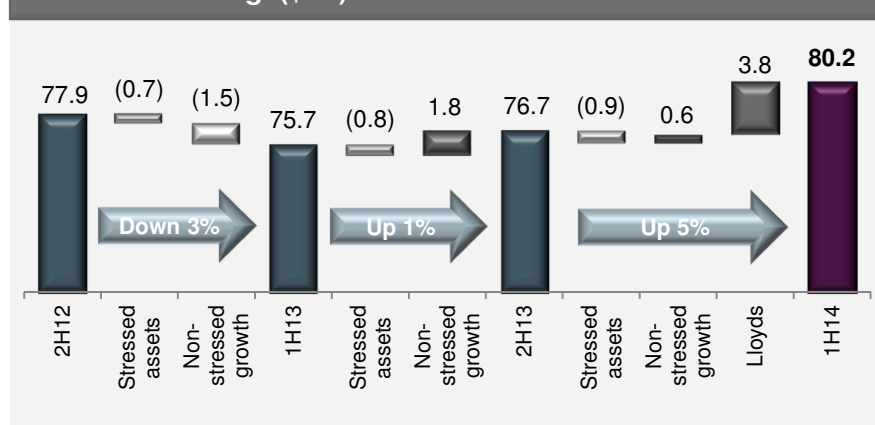


- AFS business lending up 5% (broadly flat excluding Lloyds acquisition) and up 6% on 1H13 (1% excluding Lloyds acquisition)
 - Business customers up 3%
 - Stressed business to TCE down 108bps to 5.2% (stressed balances down \$852m)
 - New lending volumes up 15% for WRBB and 18% for SGB on 1H13
- WRBB up 1% with local business banking model and industry specialisation delivering
- SGB up 10% (down 3% excluding Lloyds)
 - Investment in banker capability and banking franchise, with higher performance in Business Connect SME distribution model
 - Offset by run-off, mostly commercial property, including stressed loans

Business banking customers (#'000)

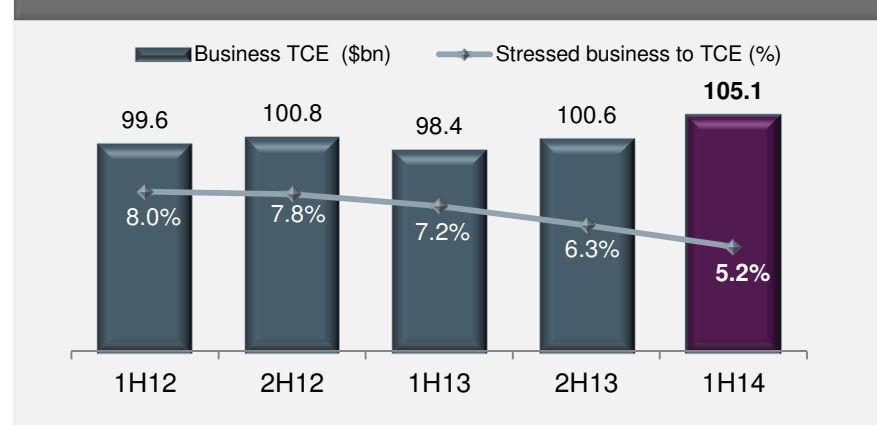


Business lending¹ (\$bn)



¹ Net loans.

Business TCE

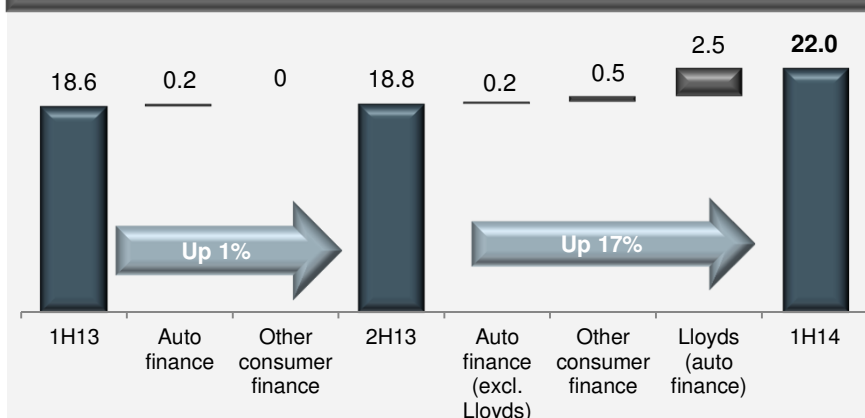


Consumer finance delivering strong growth



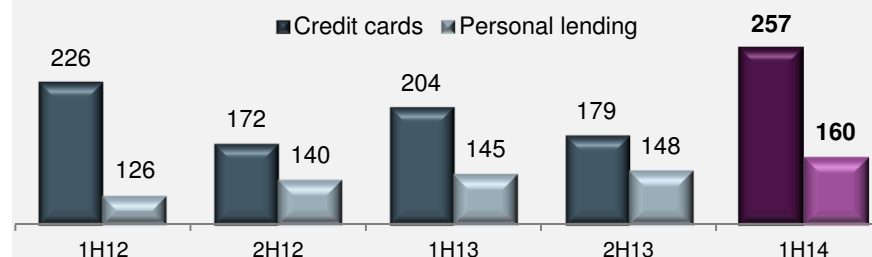
- Total consumer finance up 17% to \$22.0bn (up 4% excluding Lloyds acquisition)
- Improving momentum across both personal lending and credit cards
 - Applications for credit card up 44%
 - Credit card growth at 1.9x system¹ with market share up 44bps to 22.5%
 - Personal lending growth at 1.5x system², with market share up 55bps to 27.3%
- Strong auto finance growth up 69% (up 5% excluding Lloyds)
- Simplification and service enhancements materially improving customer experience
 - Total consumer finance products offered reduced from 33 to 20 in the last 12 months
 - 28% reduction in credit card complaints
 - 16% reduction in personal loan complaints

Consumer finance lending growth (\$bn)

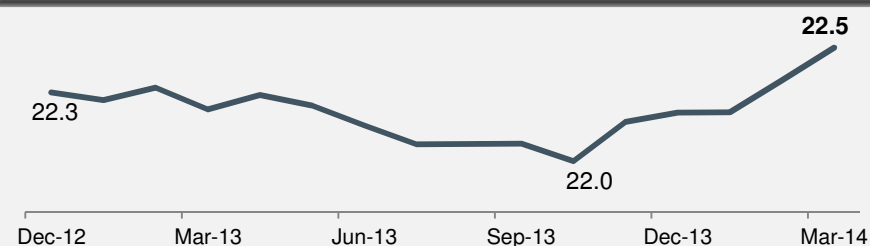


¹ APRA monthly banking statistics, March 2014. ² Rfi data, March 2014, excludes Auto Finance.

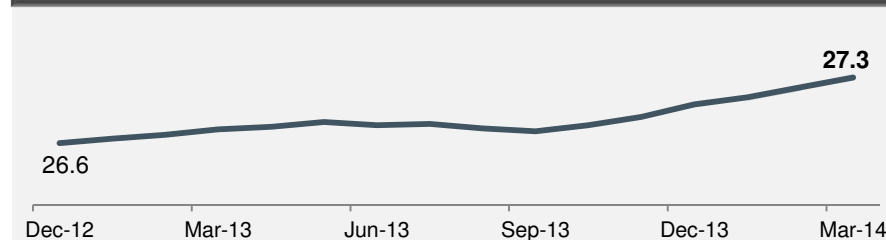
Credit card and personal loan applications (#'000)



AFS market share in credit cards¹ (%)



AFS market share in personal lending² (%)

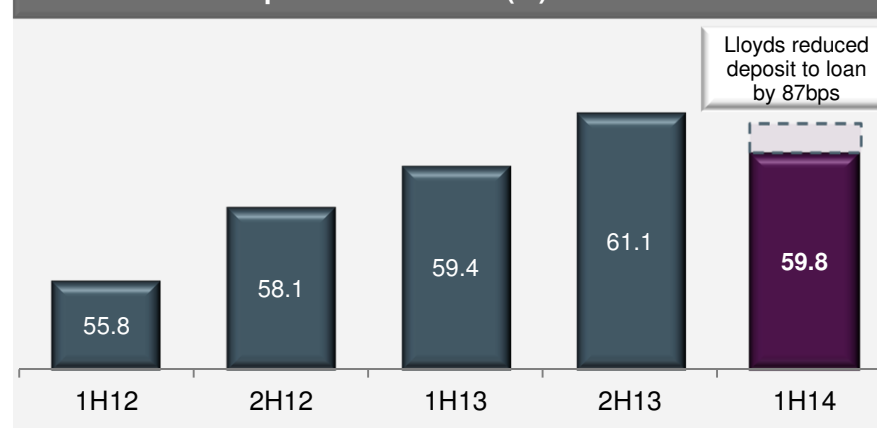


Deposit focus on growth and quality

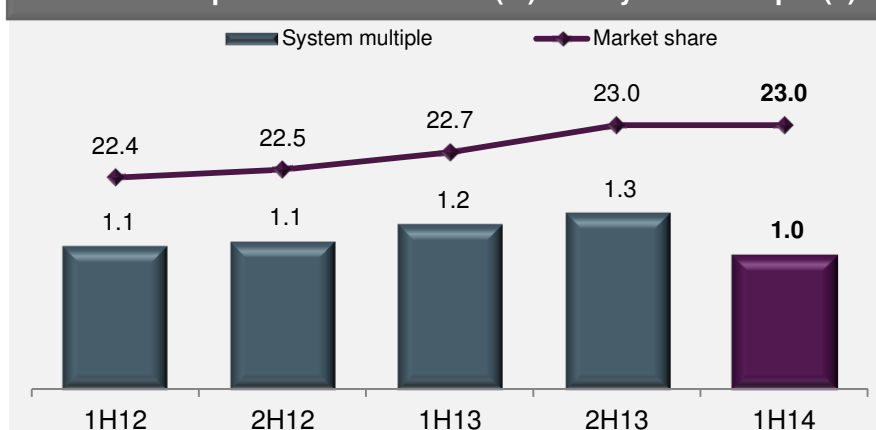


- Deposit to loan ratio down slightly to 59.8%, impacted by the Lloyds acquisition and a focus on originating quality deposits (excluding Lloyds deposit to loan ratio at 60.7%)
- Household deposits
 - Maintained household deposit market share at 23.0%, growing at 1.0x system¹ in the half following a sustained period of above system growth
 - Improved quality in portfolio. Focus on gathering deposits of higher quality that better supports upcoming liquidity coverage ratio requirements. Targeted reduction in certain business deposits where customer only has one product with the Group
- Deeper core customer relationships with MyBank customers up 2% (up 5% 1H13/1H14). Consumer transaction balances increased 9%

AFS customer deposit to loan ratio (%)

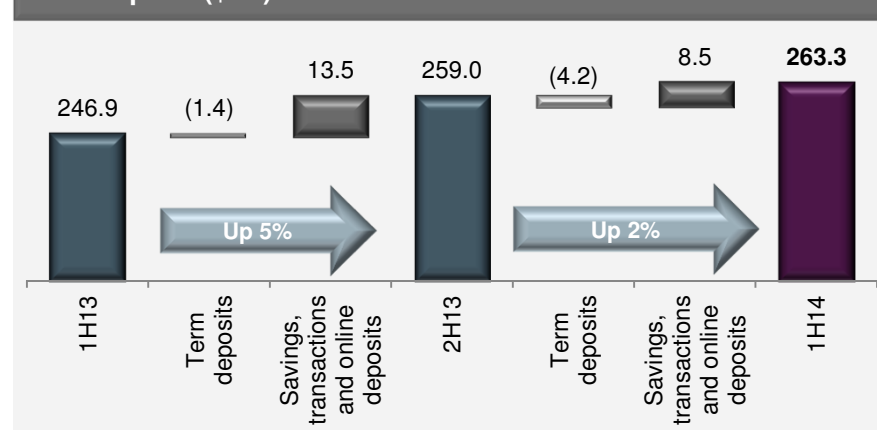


Household deposits¹ market share (%) and system multiple (x)



¹ APRA Banking Statistics, March 2014.

AFS deposit (\$bn)

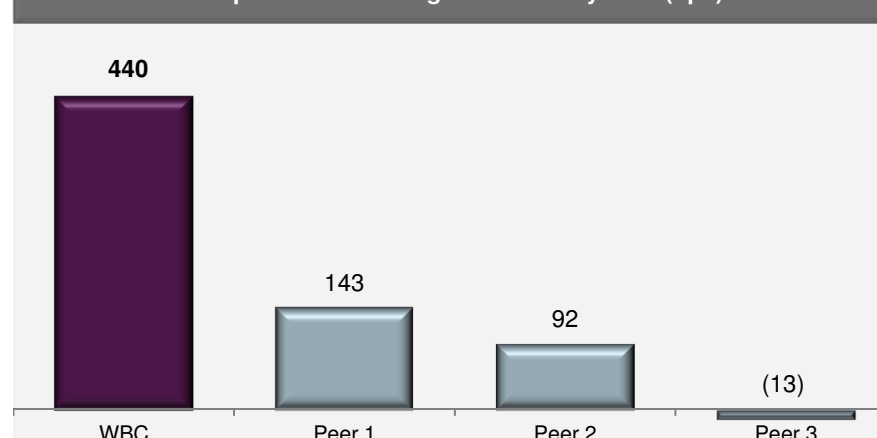


Wealth is part of our banking DNA

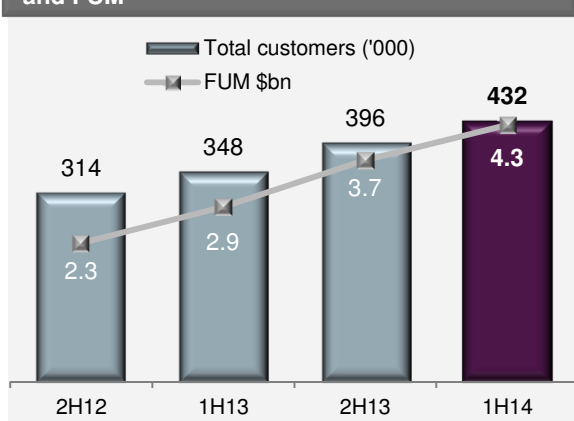


- Westpac's strategy is one of meeting the total financial needs of customers and its commitment was stepped up with the creation of AFS
- AFS success is demonstrated by a leading wealth penetration position of 19.7% which improved 440bps over the last 4 years, well ahead of peers¹
- Strong banking and wealth alignment driving deeper customer relationships
 - BT Super for Life (retail) customers up 9% (up 24% 1H13/1H14) and FUM up 16% (up 45% 1H13/1H14)
 - Strong growth in Life Insurance with share up 46bps to 10.8%² (up 109bps 1H13/1H14)
 - Home and Contents insurance penetration¹ up 51bps to 7.9% (up 54bps 1H13/1H14)
 - Bankers across AFS equipped for wealth conversations with 1,278 AFS employees holding financial advice accreditation RG146 (tier 1 general advice)³
- Wealth investment continues with BT Panorama and the launch of BT Cash. Ongoing investment will deliver phased capabilities to transform how customers build, manage and protect their wealth

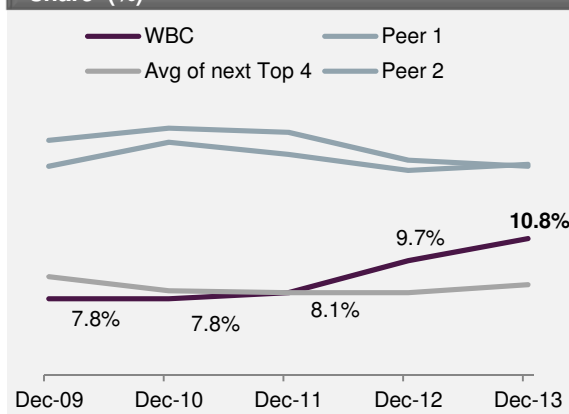
Customer wealth penetration change over last 4 years¹ (bps)



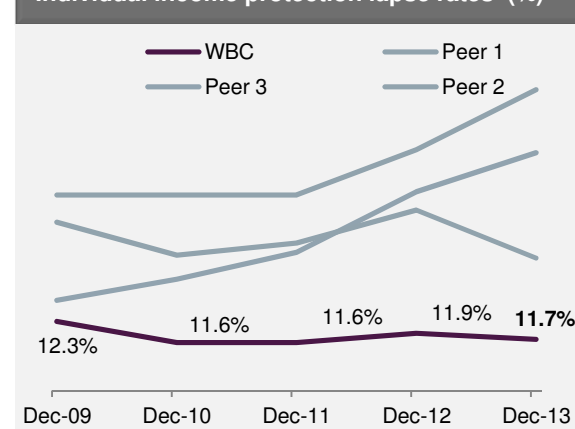
BT Super for Life (retail) customer numbers and FUM



Life Insurance Individual new sales market share² (%)



Individual income protection lapse rates⁴ (%)



¹ Refer slide 134 for wealth penetration metrics. ² Plan for Life rolling 12 month average. New sales includes sales, premium re-rates, age and CPI indexation. December 2013. ³ The RG146 Tier 1 General Advice accreditation provides Bankers with the fundamental knowledge they need to confidently talk about wealth creation and protection strategies and provide general advice. ⁴ Plan for Life, December 2013.

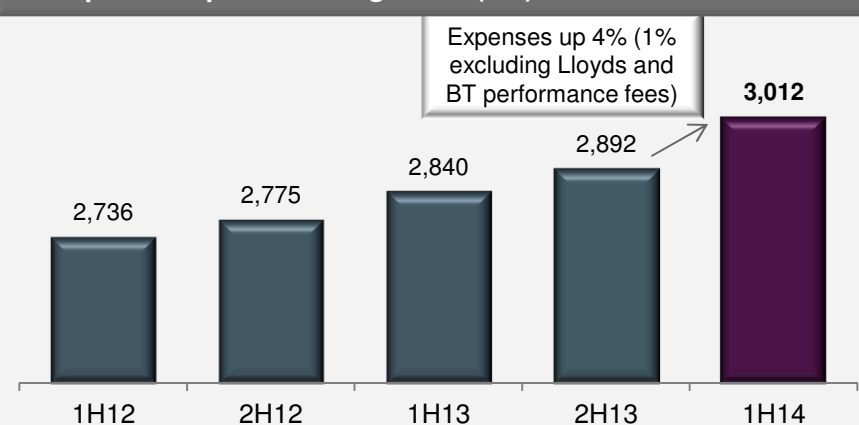
Delivering efficiency while improving the customer experience

AFS

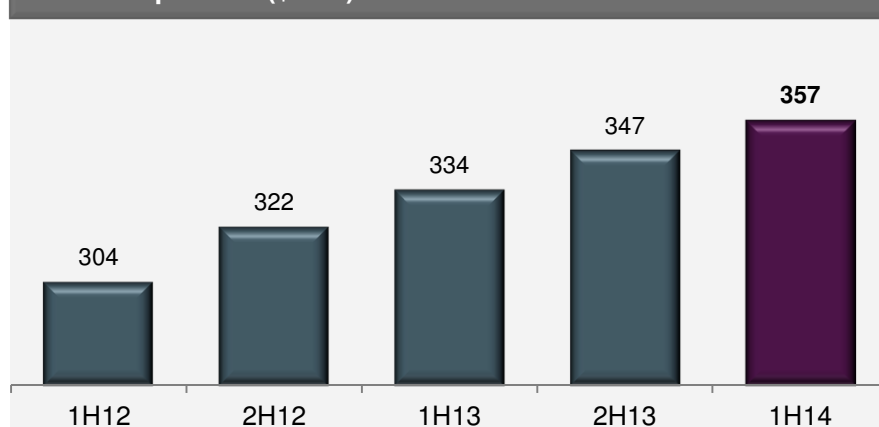


- Expenses increased 4%, impacted by the Lloyds acquisition and higher BT performance related fees. Excluding these items operating expenses up 1%
- Simplification program is delivering structural productivity
 - Total of 95 FreshStart and BankNow branches¹
 - Digital channels are now generating 11% of total retail sales
 - Complaints down 20%
- Expense to income ratio up 7bps to 43.7% (down 96bps 1H13/1H14), impacted by Lloyds (added 2bps) and higher BT performance related fees and payments (added 14bps)
- Revenue per FTE up 3% (up 7% 1H13/1H14) from a focus on branch productivity, lifting customer facing staff as a percentage of total staff, and strong wealth revenues

Disciplined expense management (\$m)

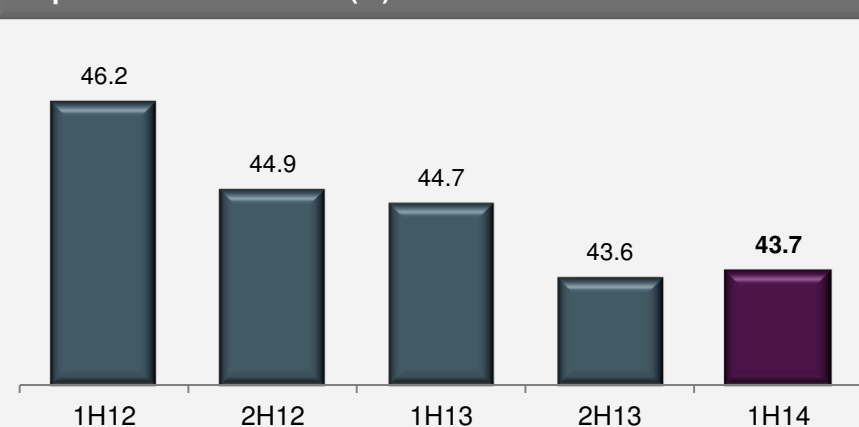


Revenue per FTE (\$'000)



¹ Includes 24/7 lobbies.

Expense to income ratio (%)

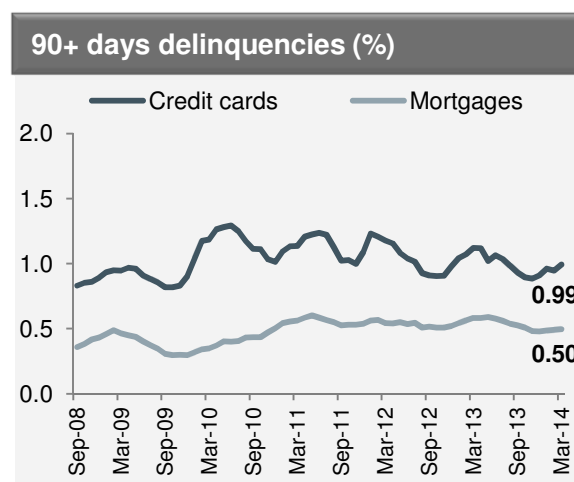
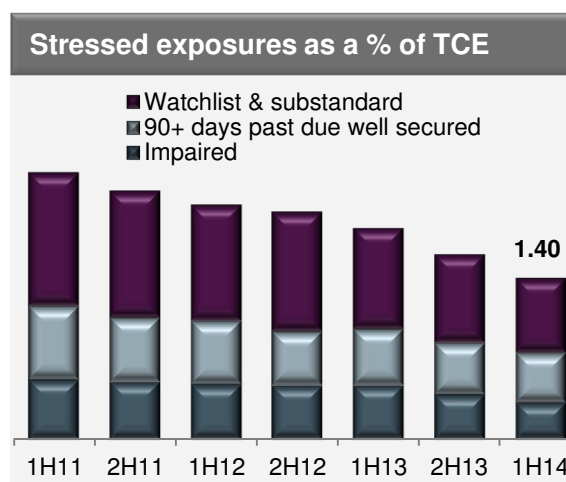
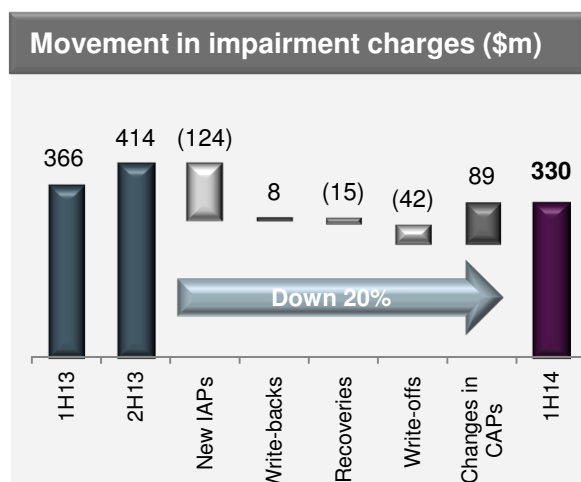
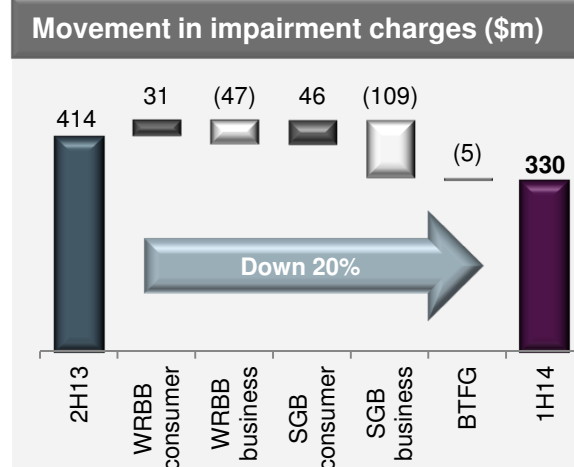


AFS high quality portfolio, significant improvement in business

AFS



- AFS impairment charges down 20%, with the improvement in portfolio quality continuing
- AFS stressed exposures as a % of TCE reduced 21bps to 1.40%
- Impaired assets down 7bps to 32bps of TCE
- Continued improvement in business portfolio quality, with asset sales and refinancing helping to reduce stressed assets by \$821m (10%)
- Consumer portfolio remains sound, supported by low interest rates and consumer caution which has seen improved debt serviceability
 - Mortgage 90+ days delinquencies down 3bps to 50bps (down 8bps 1H13/1H14)
 - Credit card 90+ days delinquencies up 6bps to 99bps (down 13bps 1H13/1H4)

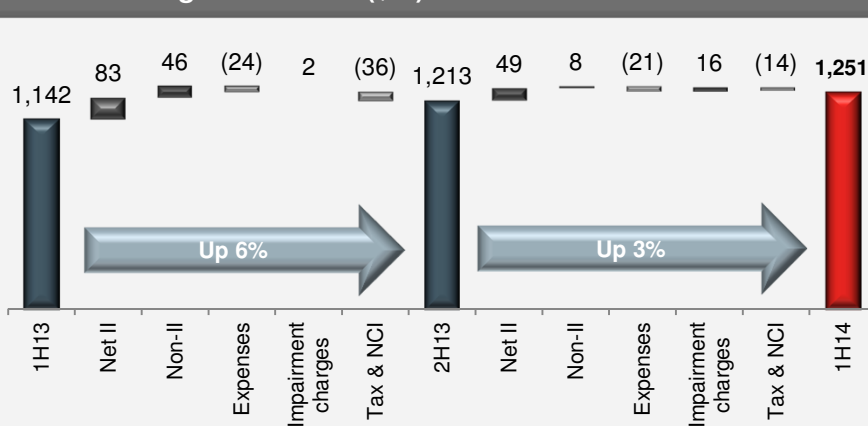


WRBB a strong franchise with consistent growth in Cash Earnings

WRBB

Westpac

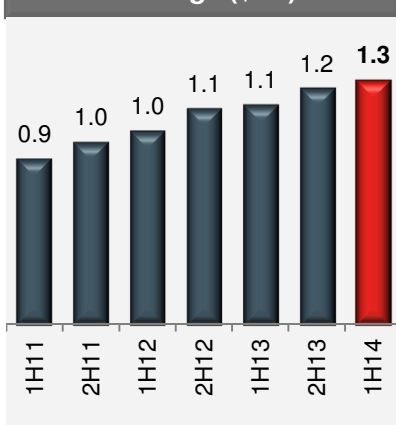
Cash Earnings movement (\$m)



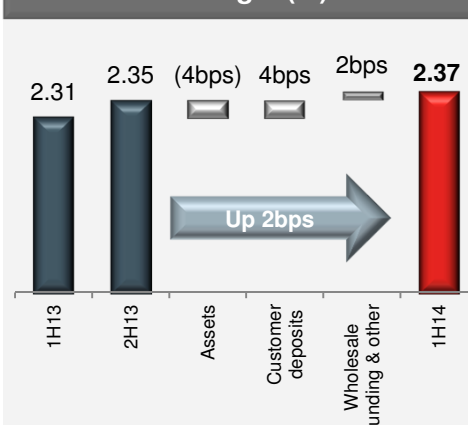
Movement 1H14 – 2H13

Cash Earnings	↑	3%	• Up \$38m to \$1,251m
Core earnings	↑	2%	• Up \$36m to \$2,014m with 2% revenue growth
Net interest income	↑	2%	• Deposits up 2% and customer deposit to loan ratio up 11bps to 58.6% • Lending up 2%, with 2% growth in home lending and 1% in business lending
Margins	↑	2bps	• Margins up to 2.37% • Deposit spreads up 4bps due to repricing of term deposits and at-call accounts, net of hedging impacts • Lending spreads down 4bps due to lowering SVR in Aug13, higher fixed rate lending
Non-interest income	↑	1%	• Increased credit cards revenue from higher activity levels and launch of Westpac Black card
Expenses	↑	1%	• Productivity savings in branches and customer servicing, partly offsetting salary and lease cost increases, volume related costs and increased project spend
Impairment charges	↓	7%	• Impairment charges down \$16m to \$226m from improved asset quality in business lending and continuing low delinquency rates in consumer

Cash Earnings (\$bn)



Net interest margin (%)



Deepening customer relationships and transforming customer experience through digital

WRBB



Key features of 1H14

- In Retail, continued to invest in convenient banking, with 34 Bank Now branches and 24/7 sites (up 17), mobile customers up 8%, launch of a new online platform, and service complaints down 25%
- In Business, established a Small Business Banking division and launched Connect Now to enable us to provide expertise and advice to more business customers via video conference
- Meeting more of our customer's financial needs has resulted in market leading wealth penetration of major banks¹ at 21.9% (up 70bps) and increased products per retail customer² at 3.03 (up 3bps)
- Productivity continued to improve through branches, over 600K customers moving to e-statements and processing efficiencies (including 70% reduction in mortgage top-up time to yes) enabling a 11bps reduction in expense to income ratio and improved sales productivity with revenue per FTE up 3%.
- Awarded 2014 AB+F Award for Business Banking at Branch; Roy Morgan's Major Business Bank of the Year Satisfaction Award 2013; AIMIA Award – Best Enterprise Category for Westpac Banking for iPad

Key financial metrics

	1H13	2H13	1H14		Change on 2H13
Customer deposit to loan ratio (%)	56.4	58.5	58.6	↑	11bps
Revenue per FTE (\$'000)	341	359	369	↑	3%
Expense to income (%)	45.3	44.3	44.2	↓	11bps

Key non-financial metrics

	1H13	2H13	1H14		Change on 2H13
Customers (#m)	6.07	6.11	6.20	✓	1%
Business customers (#'000)	711	722	741	✓	3%
Active online customers (#m)	2.37	2.45	2.53	✓	3%
Active mobile customers (#m)	1.37	1.51	1.64	✓	8%
BankNow and 24/7 sites (#)	6	17	34	✓	17
MyBank customers ³ (#m)	1.21	1.23	1.25	✓	2%
Average products per customer ² (#)	2.85	3.00	3.03	✓	3bps
Wealth penetration ¹ (%)	20.9	21.2	21.9	✓	70bps
Service quality (complaints #'000)	35.4	35.8	26.7	✓	(25%)
Women in senior leadership (%)	42	43	45	✓	2ppts

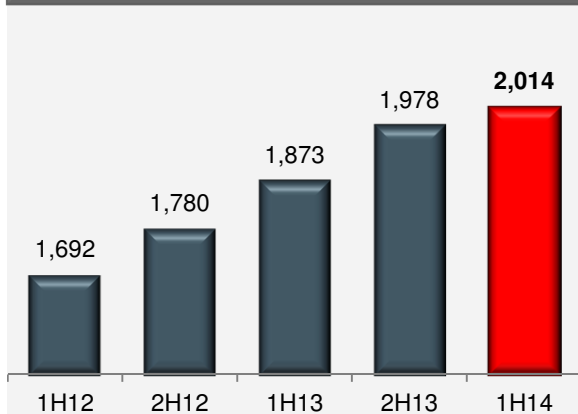
1 Refer to slide 134 for wealth penetration metrics provider details. 2 Products per customer metrics defined on page 135. 3 Rebased 2013 MyBank data to align calculation across AFS business units.

Consistently delivering growth, return, strength and productivity

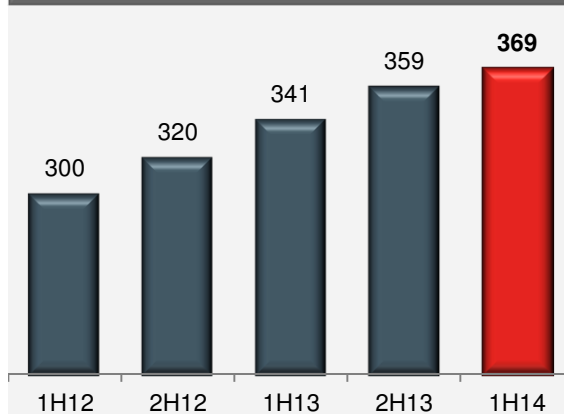
WRBB

Westpac

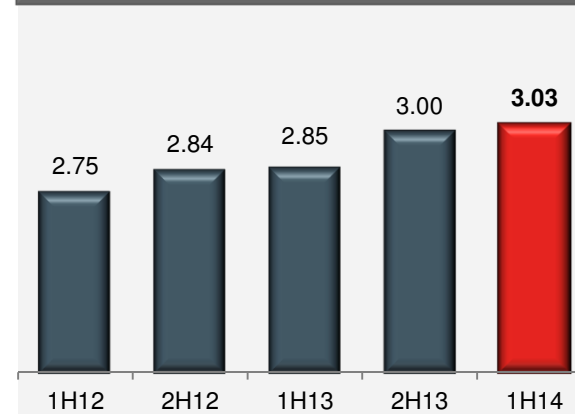
Core earnings (\$m)



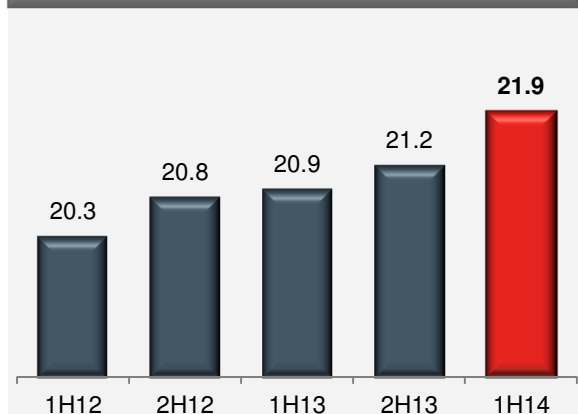
Revenue per FTE² (\$'000)



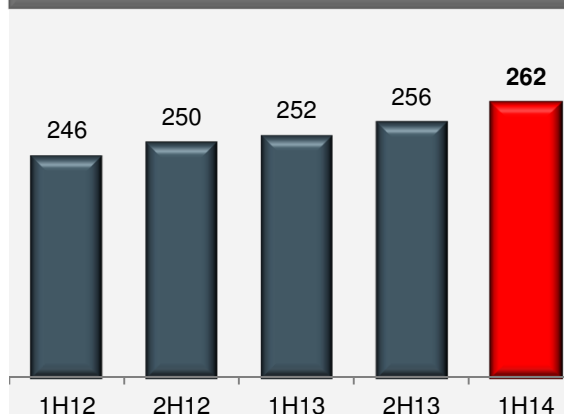
Average products per customer³ (#)



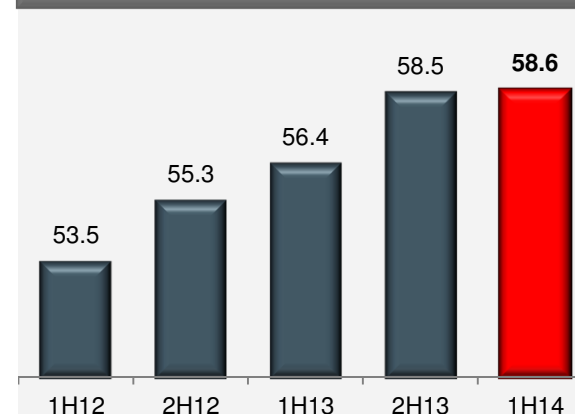
Customers with wealth products¹ (%)



Total net loans (\$bn)



Customer deposit to loan ratio (%)

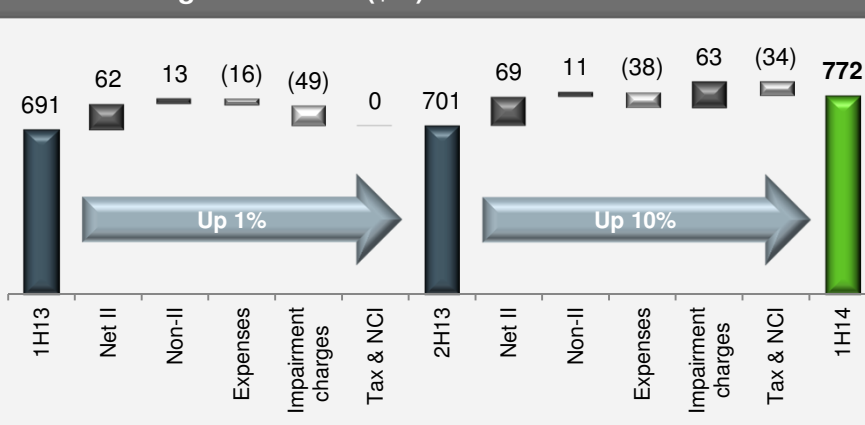


1 Refer to slide 134 for wealth penetration metrics provider details. 2 Based on average FTE. 3 Products per customer metrics defined on page. 135.

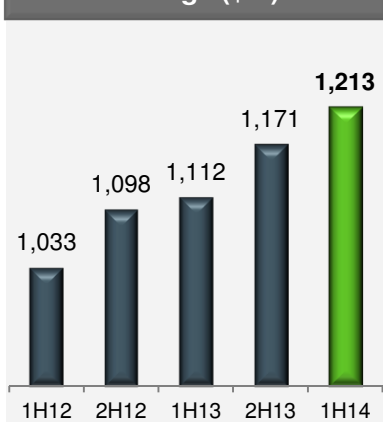
St.George delivering growth and flexibility



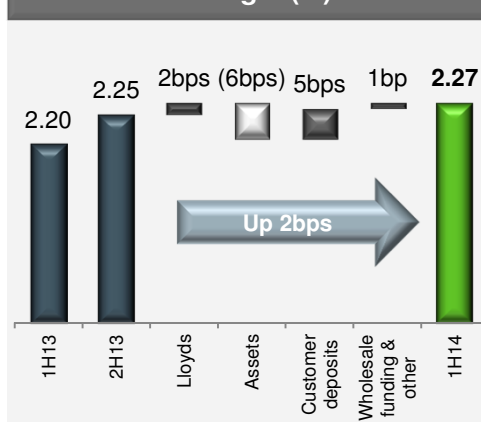
Cash Earnings movement (\$m)



Core earnings (\$m)



Net interest margin (%)



Movement 1H14 – 2H13

Cash Earnings	↑	10%	<ul style="list-style-type: none"> Up \$71m to \$772m with all brands contributing Up 8% excluding Lloyds
Core earnings	↑	4%	<ul style="list-style-type: none"> Up \$42m to \$1,213m 4% revenue growth
Net interest income	↑	4%	<ul style="list-style-type: none"> Lending up 6% (up 2% excluding Lloyds) Deposits flat, with good underlying growth in household deposits
Margins	↑	2bps	<ul style="list-style-type: none"> Margins up to 2.27% (Lloyds added 2bps) Deposit spreads improved 5bps and wholesale funding contributed 1bp Offset by a 6bps decline in asset spreads, mostly reflecting increased competition and customer preference for fixed rate lending
Non-interest income	↑	5%	<ul style="list-style-type: none"> Higher interchange fees from growth in credit card balances and a rise in credit card activity Fee income related to Lloyds added \$8m
Expenses	↑	5%	<ul style="list-style-type: none"> Expenses up 1% excluding Lloyds Expansion of Bank of Melbourne and continued roll-out of Business Connect model for serving SME customers Partly offset by productivity initiatives
Impairment charges	↓	37%	<ul style="list-style-type: none"> Impairment charges down \$63m to \$108m Business impairment charges declined with a continued reduction in stressed assets, particularly property Consumer impairment charges higher, mainly due to credit card and auto finance loans

Significant improvement in key operating metrics



Key features of 1H14

- Continued to build on gains in recent halves with all brands positively contributing to Cash Earnings growth
- Strong momentum continues including: customer numbers up 9% (up 2% excluding Lloyds), 1x system growth in housing¹, household deposits², and improved consumer finance (up 7% excluding Lloyds). BoM customers up 6% and growing well above system in household deposits³ (2.5x) and mortgages (2.0x)⁴. Lloyds acquisition delivering in line with expectations
- MyBank customers up 2% and rank clear 3rd of majors for wealth penetration⁵ at 16.1% (up 122bps)
- Continued productivity allowing ongoing investment in BoM (up 9 to 86 branches/instores), deployment of Business Connect (up 82 to 112 branches) and roll-out of FreshStart (up 54 to 61 branches)
- Maintained innovative leadership with customers now identified via banking app on entering a branch. Winner Best First Home Buyer lender⁶

Key financial metrics

	1H13	2H13	1H14		Change on 2H13
Customer deposit to loan ratio (%)	56.3	58.0	54.7	↓	337bps
Revenue per FTE ⁷ (\$'000)	358	370	368	↓	1%
Expense to income (%)	38.4	37.7	38.1	↑	40bps

Key non-financial metrics

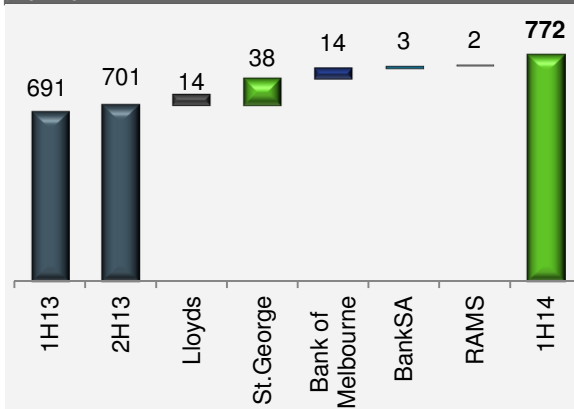
	1H13	2H13	1H14		Change on 2H13
Customers (#m)	3.22	3.26	3.55	✓	9%
Business customers (#'000)	278	287	296	✓	3%
Active mobile customers (#m)	0.47	0.52	0.57	✓	10%
Active online customers (#m)	1.20	1.27	1.32	✓	4%
Branches with Smart ATMs (%)	21.5	25.2	27.1	✓	190bps
MyBank customers (#'000)	488	508	518	✓	2%
Avg. products per customer ⁸ (#)	2.39	2.46	2.48	✓	2bps
Wealth penetration ⁵ (%)	15.2	14.9	16.1	✓	122bps
Service quality (complaints #'000)	10.8	11.1	10.9	✓	Down 2%
Women in senior leadership (%)	45	46	45	x	1ppt

1 APRA Banking Statistics, March 2014. 2 RBA Financial Aggregates, March 2014. 3 BoM growth multiple is for 6 months to Dec 13 for Victoria and estimated from State based ABS National Accounts along with ABA/Cannex surveys. 4 Growth multiple is for the 6 months to Feb 14 for Victoria and based on ABS new housing finance statistics, State based ABS new housing finance statistics, State based ABS National Accounts data along with ABA Cannex surveys. 5 Refer to slide 134 for wealth penetration metrics provider details. 6 Australian Lending Awards, 2014. 7 Average FTE inclusive of Lloyds. Excluding Lloyds, revenue per FTE flat on 2H13. 8 Refer to slide 135 for average products per customer provider.

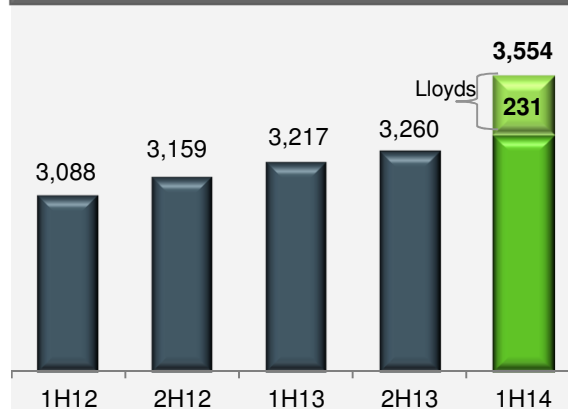
All brands contributing with many growth opportunities



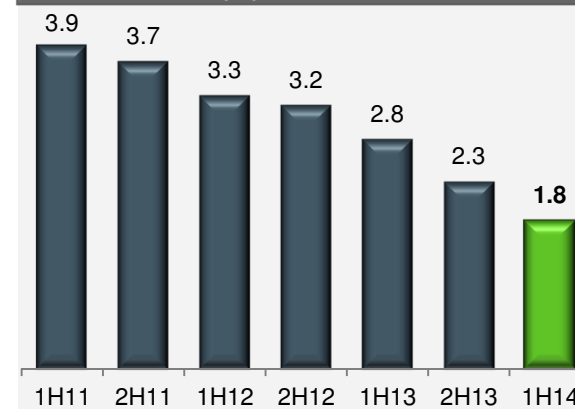
Positive Cash Earnings across all brands (\$m)



Excellent customer growth (#'000)



Quality improvement – reduced stressed assets to TCE (%)



Bank of Melbourne delivering growth

- Positive Cash Earnings growth funding expansion
- 84 branches/instores (up 7)
- Market share 4.5% (up 20bps)¹
- Household deposits 2.5x Victorian banking system² and mortgages 2.0x Victorian system³
- Household deposits up 11% to \$4.7bn, mortgages up 8% to \$16.3bn and total lending up 5% to \$22.2bn
- 6% lift in customer numbers. MyBank customer growth up 7%
- Regional Bank of the Year, Smart Investor Blue Ribbons Awards, August 2013

SME Business Connect gaining traction

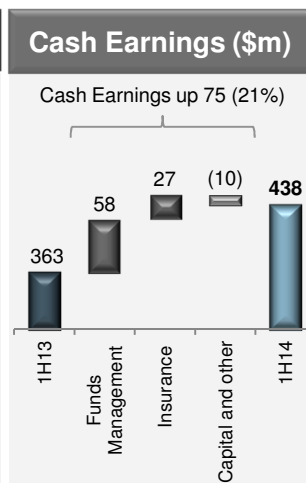
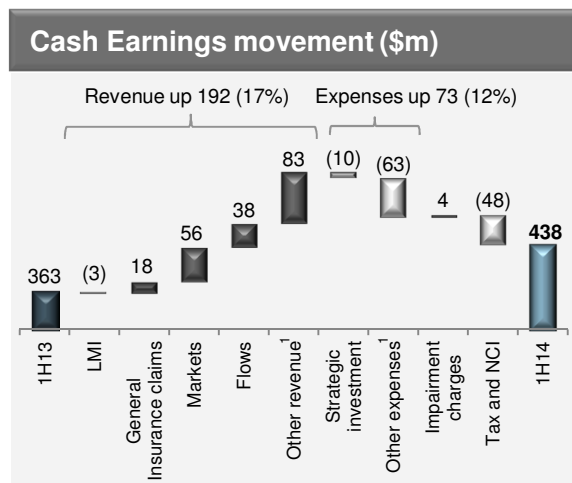
- Innovative distribution model in branches, providing efficient access to specialists using online, video and mobile channels
- Rolled out to 112 branches, with plans to increase to 150 branches by end of FY14
- Success includes
 - Strong endorsement from customers and engagement from staff
 - Increased customer facing time for business bankers from 30% to 70%
 - Application forms reduced by 80% and time it takes a customer to complete has halved (5 products in 15 minutes)
 - 95% of video conference referrals have resulted in an average products per customer of 4.5

Maintaining innovation edge

- Leverage strong heritage of online/mobile capability
 - First internet banking (1995)
 - Real time banking (1999)
 - First to send SMS alerts (2003)
 - First savings/transaction accounts opened via mobile devices (2010)
- Provide innovative customer solutions
 - Credit and debit card application and activation via mobile (2012)
 - Personal loans on mobile (2013)
 - Ability to view e-statements via mobile (2013)
 - Identifying customers entering branch via banking app (March 2014)

¹ Market share as measured by footings (household deposits and housing balances). ² Bank of Melbourne growth multiple is for the 6 months to Dec13 for Victoria and estimated based on State based ABS National Accounts data along with ABA/Cannex surveys. ³ Growth multiple is for the 6 months to Feb 14 for Victoria and estimated based on ABS new housing finance statistics, State based ABS National Accounts data along with ABA/Cannex surveys.

Strong Cash Earnings growth up 21%



Movement 1H14 – 1H13³

BTFG Cash Earnings tend to be seasonal – given insurance claims and fund activity – and are best compared to prior corresponding period (1H13)

Markets	↑	5%	<ul style="list-style-type: none"> Asset markets stronger, positively impacting FUM and FUA related revenue across platforms, superannuation and asset management
Flows	↑	3%	<ul style="list-style-type: none"> Flows revenue up \$38m (3%) Life Insurance in-force premium and General Insurance gross written premium up 16% and 15% respectively Advice new business revenue up 12% driven by increased productivity Private Wealth lending up 11% Strong net flows into Advance up 20%
Other revenue	↑	7%	<ul style="list-style-type: none"> Mainly driven by BTIM performance fees, up \$81m on 1H13 due to strong outperformance of funds
Expenses	↑	12%	<ul style="list-style-type: none"> Strategic investment costs up \$10m driven by investment in Panorama and planner productivity Other expenses up \$63m, driven by higher volume, compliance expenses and bonuses associated with performance fees

Cash Earnings 1H14 - 1H13 up 21%

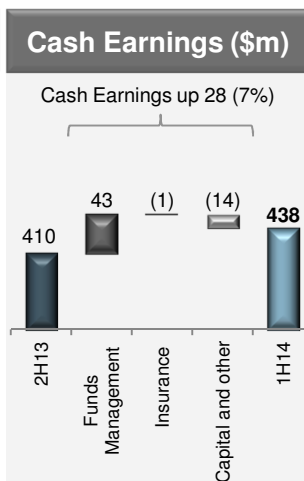
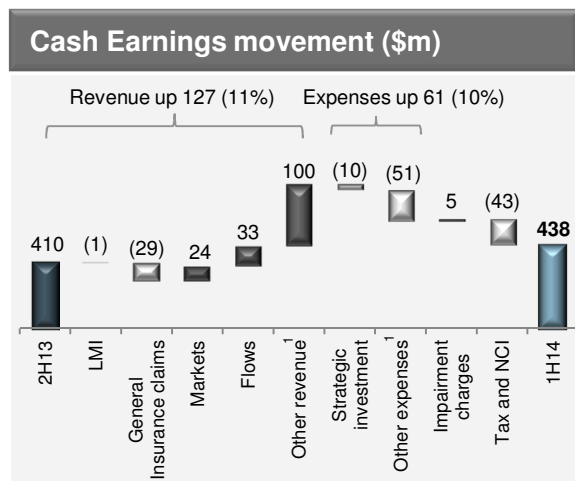
Funds Management	↑	28%	<ul style="list-style-type: none"> Up \$58m to \$265m <ul style="list-style-type: none"> Increase in asset markets BTIM performance fee revenue up \$81m Increased strategic investment & compliance spend Impairment charges \$4m lower
Insurance	↑	23%	<ul style="list-style-type: none"> Up \$27m to \$147m <ul style="list-style-type: none"> Life in-force premium growth of 16%, lapse rates lower at 13.7%² and remain below market General Insurance gross written premium growth of 15%, claims down \$18m LMI Cash Earnings down \$3m
Capital and other	↓	28%	<ul style="list-style-type: none"> Down \$10m to \$26m <ul style="list-style-type: none"> Lower returns on invested capital and a one-off higher stamp duty cost

¹ Other includes BTIM performance fees. ² Plan for Life, December 2013. ³ Movement percentage calculated over prior corresponding period total revenue or expense.

Key financial metrics

	1H13	1H14		Change on 1H13
Expense to income (%)	52.9	50.7	↓	216bps
Customer deposit to loan ratio (%)	144.4	135.1	↓	Large

Leading wealth provider and investing for the future



Movement 1H14 – 2H13			
Markets	↑	2%	<ul style="list-style-type: none"> Asset markets higher, positively impacting FUM (up 8%) and FUA (up 4%). Related revenue across platforms, superannuation and asset management higher
Flows	↑	3%	<ul style="list-style-type: none"> Flows revenue up \$33m Maintained lead FUA position with all Platforms market share ranked number 1 at 19.7%² Salaried planner revenue and lodgements both up 3% Life Insurance in-force premium and General Insurance gross written premium growth of 7% and 4% respectively Average margin lending balances down 3% Private Wealth lending up 7%
Other revenue	↑	8%	<ul style="list-style-type: none"> Driven by a strong increase in BTIM performance fees, up \$105m
Expenses	↑	10%	<ul style="list-style-type: none"> Strategic investment costs up \$10m with focus on improving planner productivity, platform technology (Panorama) Other expenses up \$51m, driven by higher performance related compensation fees, compliance and volume related costs

Cash Earnings 1H14 – 2H13 up 7%			
Funds Management	↑	19%	<ul style="list-style-type: none"> Up \$43m to \$265m driven by <ul style="list-style-type: none"> Increase in asset management with spot FUM growth of 8% BTIM performance fee growth up \$105m to \$115m Partially offset by increased strategic investment Impairment charges \$5m lower
Insurance	↓	1%	<ul style="list-style-type: none"> Down \$1m to \$147m driven by <ul style="list-style-type: none"> Life in-force premiums up 7% Seasonally higher General Insurance claims, up \$29m 4% General Insurance gross written premium growth
Capital and other	↓	35%	<ul style="list-style-type: none"> Down \$14m to \$26m driven by <ul style="list-style-type: none"> Lower returns on invested capital and higher stamp duty costs

1 Other includes BTIM performance fees. 2 Plan for Life, December 2013, All Master Funds Admin.

Key financial metrics				
	2H13	1H14		Change on 2H13
Expense to income (%)	51.0	50.7	↓	29bps
Customer deposit to loan ratio (%)	139.0	135.1	↓	398bps

Continued growth across business drivers

Key features of 1H14 versus 1H13

- Solid growth across all earnings drivers
 - FUM and FUA up 25% and 12% respectively
 - General Insurance gross written premiums up 15%
 - General Insurance new sales up 33%
- Productivity initiatives increasing quality and driving revenue
 - Salaried planner revenue and lodgements up 15% and 14%
 - Sector leading revenue per planner in Westpac Financial Planning
 - Revenue per Private Wealth banker increased 14%
- Delivering on strategic investments
 - Panorama's phased delivery will advance platform lead
 - Business is well positioned for regulatory change

FUM / FUA

	Average		Period end	
	\$bn	1H14 – 1H13 % mov't	\$bn	1H14 – 1H13 % mov't
BT Wrap/Asgard FUA	84.8	15	86.6	12
Corporate Super	16.7	18	17.2	17
Other FUA	3.3	(4)	3.0	(21)
Total FUA	104.8	15	106.8	12
Retail FUM	16.5	7	16.5	4
Institutional FUM	23.1	19	21.9	11
Wholesale FUM	40.9	48	43.7	45
Total FUM	80.5	29	82.1	25

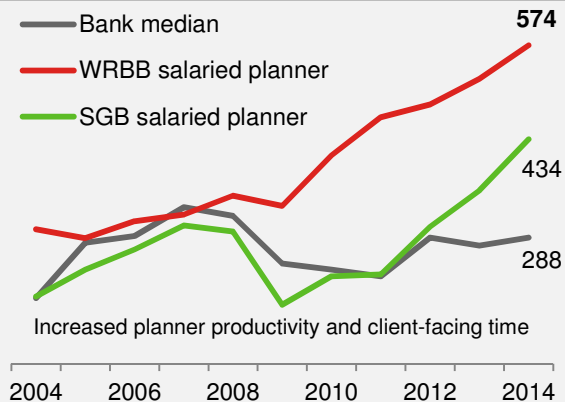
Key non-financial metrics

	1H13	2H13	1H14		Change on 2H13
Planners (salaried & aligned) (# spot)	1,121	1,169	1,195	✓	2%
Revenue per planner ¹ (\$'000)	132	141	141	-	Flat
Revenue per Private Wealth banker ² (\$'000)	1,180	1,240	1,340	✓	8%
BT Super for Life (retail) customers (#'000)	348	396	432	✓	9%
BT Super for Life (retail) FUM (\$bn)	2.9	3.7	4.3	✓	16%
Platform market share ³ (including Corporate Super) (%)	20.4	19.5	19.7	✓	14bps
Life Insurance market share ⁴ (%)	9.7	10.3	10.8	✓	46bps
Home & contents market share ⁵ (%)	4.9	5.1	5.2	✓	8bps
Women in senior leadership (%)	41	41	41	-	Flat

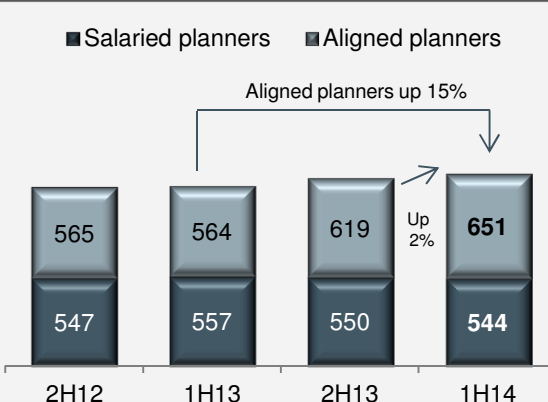
¹ Revenue per spot planner includes salaried and aligned. ² Revenue per spot Private Wealth banker. ³ Plan for Life, December 2013, All Master Funds Admin. ⁴ Plan for Life (Individual Risk) rolling 12 month average. New sales includes sales, premium re-rates, age and CPI indexation. December 2013. ⁵ Internally calculated from APRA quarterly general insurance performance statistics, December 2013.

Strong value creation across wealth business

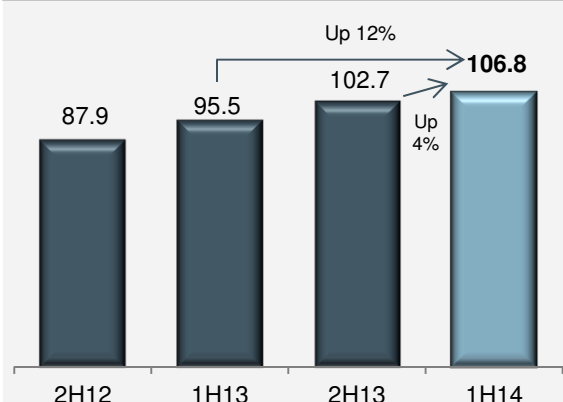
Revenue per salaried planner^{1,2,3} (\$'000)



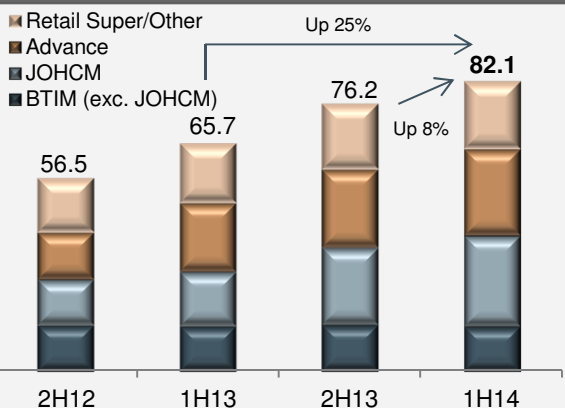
Planner numbers (#)



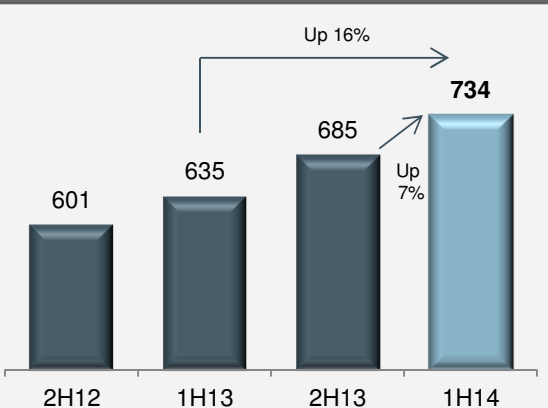
FUA (\$bn)



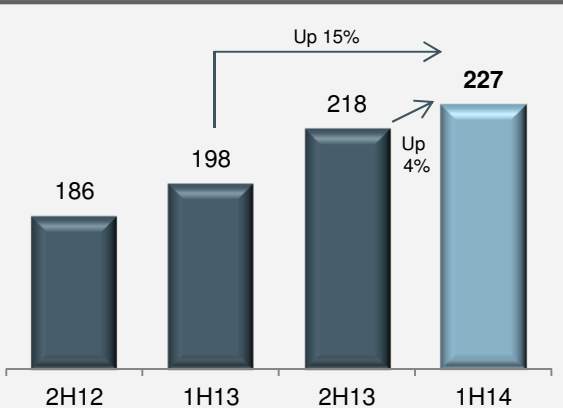
FUM (\$bn)



Life Insurance in-force premiums (\$m)



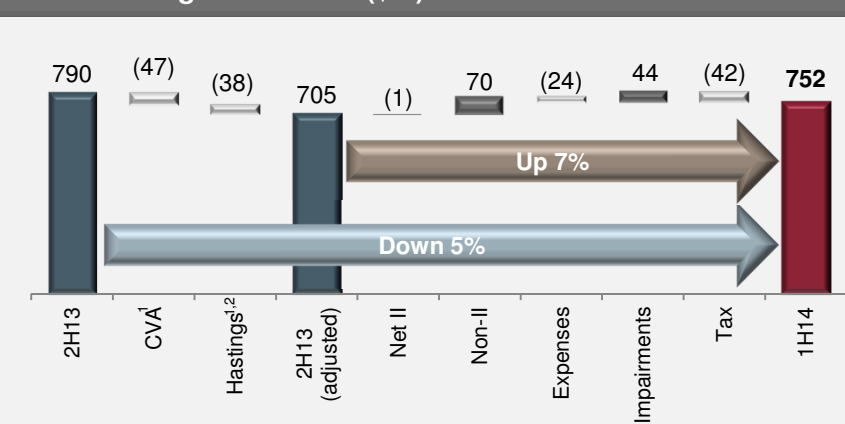
General Insurance gross written premiums (\$m)



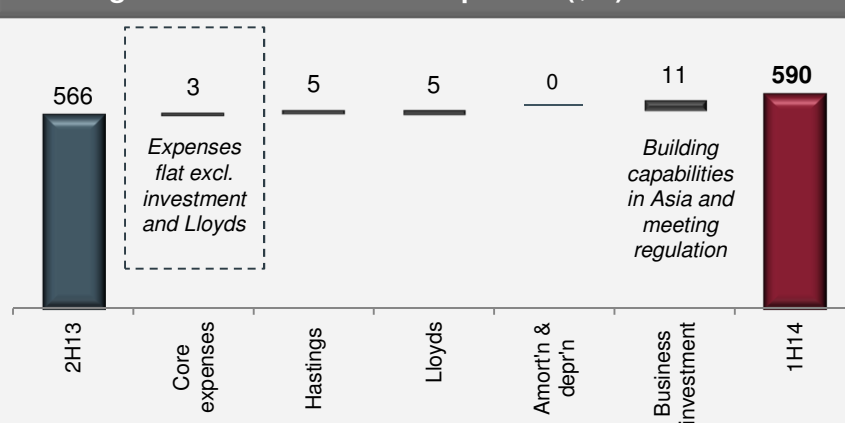
1 Comparator 1 July 2004 to 31 December 2013. 2 Includes salaried planners only. 3 Comparator bank median comprises ANZ, Bankwest, CBA, NAB, HSBC, St.George, Suncorp and Westpac.

Solid WIB performance; up 7% excluding significant items

Cash Earnings movement (\$m)



Investing in the business – WIB expenses (\$m)



1 After tax impact. 2 Represents performance fees associated with Hastings' exit of its listed infrastructure funds business.

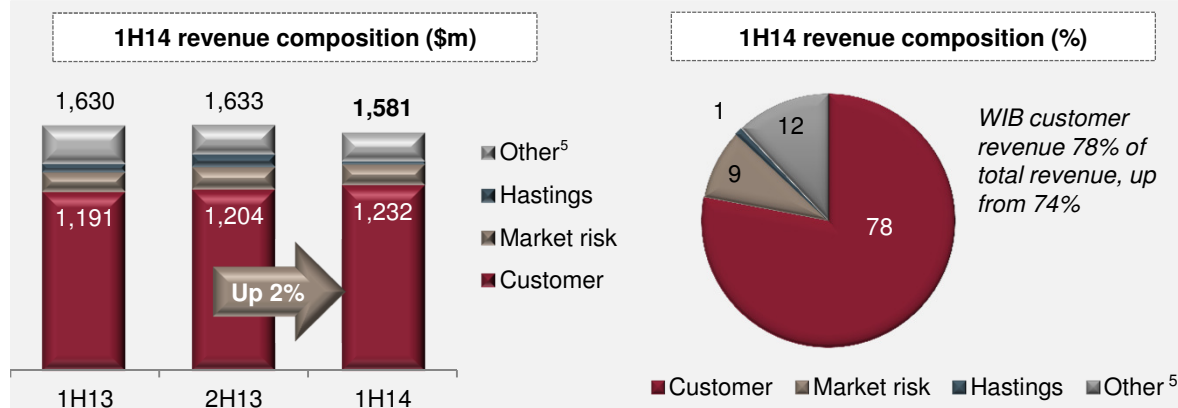
Movement 1H14 – 2H13

Cash Earnings	↓	5%	<ul style="list-style-type: none"> 2H13 included a large benefit from CVA and performance fees associated with Hastings' exit of its listed infrastructure funds business. These items were not repeated in 1H14 Excluding these impacts WIB's Cash Earnings would have increased by 7%
Core earnings	↓	7%	<ul style="list-style-type: none"> Excluding impacts of CVA and Hastings (as above) core earnings up 5%
Net interest income	–	Flat	<ul style="list-style-type: none"> Lending up 13%, supported by growth in Asian related lending, \$1.3bn from Lloyds and a lift in core lending Deposits down 1% following strong growth in FY13 Offset by margin compression, mainly on liabilities
Margins	↓	17bps	<ul style="list-style-type: none"> Net interest margin down 17bps, principally reflecting increased competition for transactional deposits
Non-interest income	↓	6%	<ul style="list-style-type: none"> 1H14 included a CVA charge of \$1m, compared to a \$67m benefit in 2H13. 2H13 also included performance fees associated with Hastings' exit of its listed infrastructure funds business (\$54m), which was not repeated in 1H14 Excluding the impact of these items, non-interest income was up 10% Stronger contribution from Debt Markets sales and trading Particularly good result from Energy business \$11m contribution from Lloyds
Expenses	↑	4%	<ul style="list-style-type: none"> Increase in expenses reflects continued build of capabilities in Asia Expenses flat, excluding business investment and Lloyds
Impairment benefit	↑	96%	<ul style="list-style-type: none"> \$90m benefit in 1H14 (\$46m benefit in 2H13) reflects write-backs and repayments, improved portfolio quality and lower new IAPs

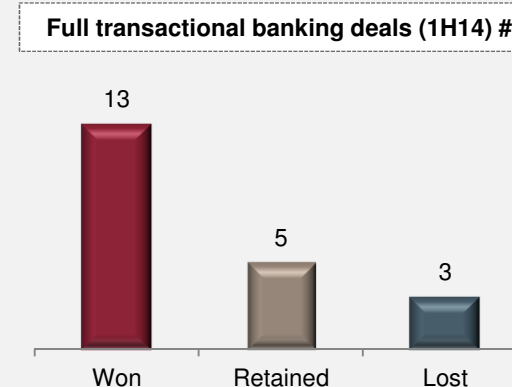
Strong WIB franchise supports customer revenue

- WIB 1H14 revenue \$1,581m
 - Excluding impact of performance fees associated with Hastings' exit of its listed infrastructure funds business and CVA, revenue would have increased 5%
 - Customer¹ revenue up 2%, with strong FX sales and a lift in lending volumes, partly offset by margin compression
- Debt Markets revenue \$912m, in line with 2H13
 - Customer sales revenue \$101m (up 13%)
 - Improved trading performance ex-CVA
 - Awarded the Australian Domestic Bank of Choice (Fixed Income Markets) for the second year running²
- Global Transactional Services (GTS) revenue \$383m, down 4%
 - Margin contraction, particularly for transactional deposits, offset volume growth
 - Focus maintained on winning and retaining key banking relationships
 - Awarded Best Service Provider – Transaction Bank, Australia by *The Asset* in April 2014³
- FX & CCE revenue \$253m, up 6%
 - Customer sales revenue \$179m, in line with strong 2H13 as moves in the AUD supported a lift in customer demand for hedging products
 - Strong result in Energy
 - Awarded Number 1 Australian Bank FX Relationship and Sales Strength Index⁴ in 1H14

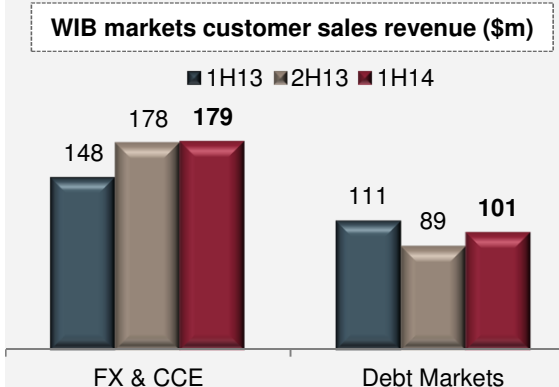
WIB customer revenue up 2%



GTS focus on customer relationships



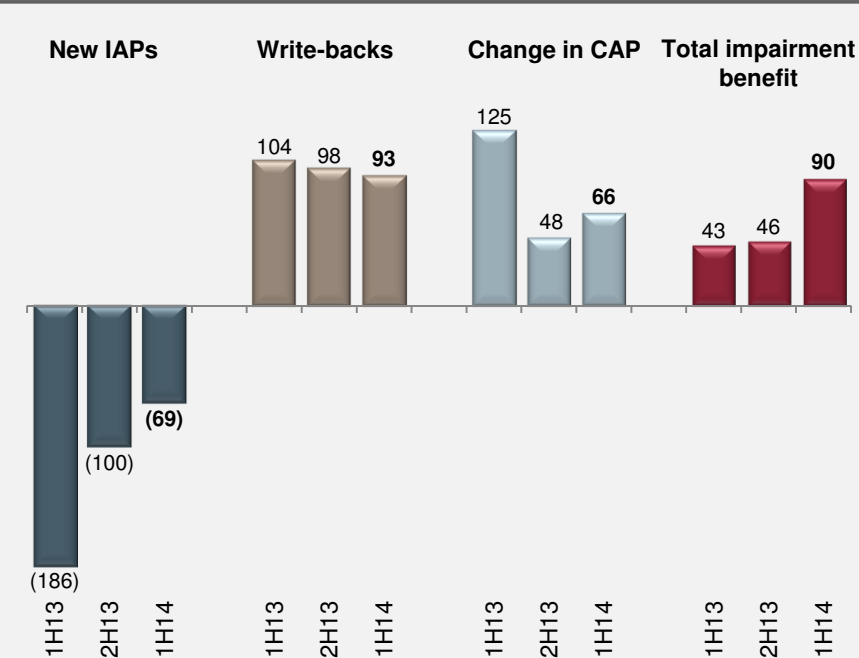
Strong WIB market customer sales



¹ WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading, CVA and Hastings. ² Peter Lee Associates Debt Securities Investors Australia Survey 2013. Rank vs. top 4 major domestic banks. Based upon the most active investors in each type of security. Based upon Westpac achieving a no.1 ranking amongst the four major domestic banks for estimated market share across Commonwealth Treasury and Semi Government Bonds, Corporate Bonds, Asset Backed Securities and CPI Linked Securities, a No.1 ranking for Relationship Strength amongst the four major domestic banks across Commonwealth Treasury and Semi Government Bonds, Corporate Bonds and Asset Backed Securities. ³ The Asset Triple A Transaction Banking Awards 2014 – Treasury, Trade and Risk Management. ⁴ Peter Lee Associates Foreign Exchange Survey Australia 2013. Rank vs. Top 4 from 310 corporate and financial institution respondents. ⁵ Other includes Private Bank Asia and capital benefit.

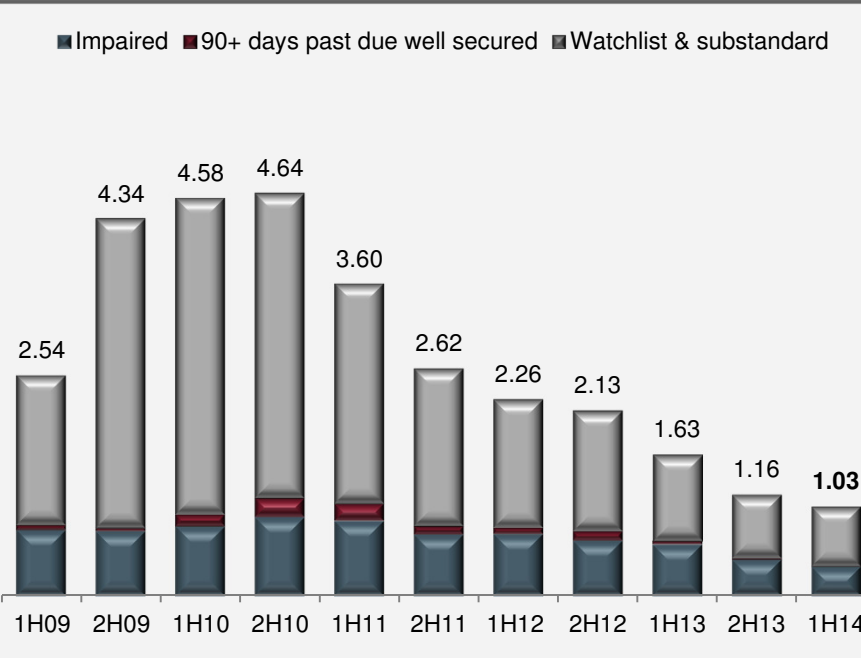
Risk management continues to be a competitive advantage

Impairments: (charges) / benefits (\$m)



- WIB continues to benefit from its strong risk management disciplines
- Asset quality continued to improve in 1H14 leading to a \$90m impairment benefit, a \$44m improvement over 2H13. Over recent halves, the fall in impaired and stressed assets has led to a reduction in provisions required. This, combined with ongoing write-backs, has led to the positive impairment contributions
- The workout, sale and refinancing of stressed assets, customer deleveraging and supportive secondary markets continue to support WIB's positive impairment outcome

Stressed exposures as a % of TCE



- The level of stress in the portfolio has declined substantially from the peak in 2H10
- Stressed exposures to TCE down 13bps to 1.03% (down 60bps 1H13/1H14) and remains below the long term average of approximately 2%
- Impaired assets to TCE down 8bps to 34bps (down 25bps 1H13/1H14)

Delivering innovative solutions and new capabilities

WIB's strategy: Partner with customers, communities and our people to prosper and grow as Australasia's undisputed number one Institutional Bank

Innovative solutions for customers

- Closed loop payments solutions for customers including universities, schools, clubs, insurance and others
- Mobile PayWay delivered for GTS customers
- Leader in superannuation rollover services
 - Approximately 50% market share through Quicksuper Gateway for Rollovers¹
 - Program of work has commenced - Gateway for Contributions
- Landmark Australian Office of Financial Management (AOFM) \$7bn bond transaction through Debt Markets - Westpac was the only domestic bank appointed to this deal

Building capabilities in Asia

- Growing financial markets capabilities in China - Westpac Shanghai and Beijing branches received General Derivatives Licence
- Approval to establish Shanghai Free Trade Zone Sub-Branch
- Structured Commodity Finance business up and running with first deal signed in December 2013
- Market makers licence to trade NZD/CNY awarded to Westpac – one of only two successful banks
- Market leader for AUD/CNY trading²
- Increase in people capability in Asia, FTE up 20% 2H13/1H14

Delivering strategic progress

- Strategy delivering good growth
 - Asia revenues up 40% (in USD)
 - Strong increase in Natural Resources & Agribusiness revenues up 12%
 - Trade finance revenue in Australia and Asia up 46%
- WIB/AFS Partnership building growth opportunities
 - Simple, integrated payments solutions being delivered - e.g. AFS has leveraged WIB transactional capability and technology to deliver a leading payments product for independent schools
 - Interest rate risk management and FX capabilities provided for AFS customers - e.g. delivered Global Currency Card in Dec 2013
 - Institutional insights provided to Private Banking customers through WIBIQ
 - Fixed income investment options available on BT platforms
- Lloyds integration completed
 - Corporate equipment finance business (\$0.7bn at 31 March 2014) now part of WIB's structured and asset finance business, with approximately 200 customers; corporate loan business \$0.6bn at 31 March 2014



¹ APRA Superannuation Fund-level Profiles and Financial Performance June 2012 (issued Jan 2013) and ATO Fund Validation Service Version 5.0. ² China Foreign Exchange Trade System, www.chinamoney.com.cn as at 28 February 2014.

10 consecutive years as Number 1 Lead Domestic Transactional Bank¹



Relationship.

No.1 Lead Relationship Bank in Australia²

No.1 Relationship Strength Index²

No.1 Overall Satisfaction²



Insight.

No.1 Most Useful Analysis of the Australian Economy³

No.1 Most Useful Interest Rate Forecasts and Trend Analysis³



Global Transactional Services.

No.1 Lead Transactional Bank in Australia¹

No.1 Relationship Strength Index¹

No.1 Overall Satisfaction¹



Foreign Exchange.

No.1 Australian Bank for FX, Globally⁴

No.1 Australian Bank for FX Quantitative Research⁴

No.1 Australian FX Bank for Client Service in the Asian and Australasian Timezone and Geography⁴

No.1 Relationship Strength Index⁵



Debt Markets.

No.1 Australian Domestic 'Bank of Choice' for Fixed Income⁶

No.1 Bookrunner for A\$ Fixed Income Issuance⁷

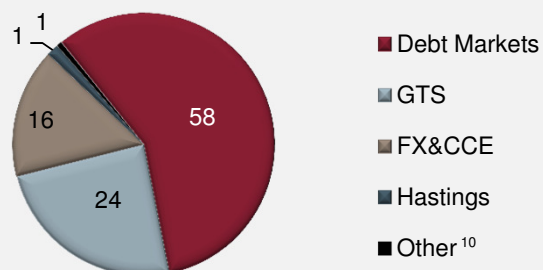
No.1 ABS/MBS Bookrunner – Australia⁸

No.1 Bookrunner for Australian Syndicated Loans⁹

Equal No.1 Agency Services - Overall Service Quality²

WIB's leading portfolio of businesses

1H14 revenue composition (%)

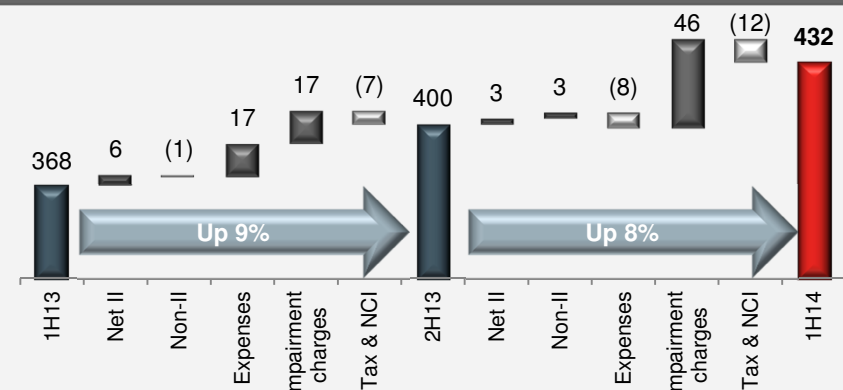


¹ Peter Lee Associates Large Corporate and Institutional Transactional Banking Survey Australia 2013. Rank vs. top 4 from 590 respondents. Westpac ranks No. 1 for citations as 'lead' transactional bank from 2004-2013. Westpac ranks No. 1 in the Peter Lee Associates relationship strength index score across the total respondent base. ² Peter Lee Associates Large Corporate and Institutional Relationship Banking Survey Australia. Rank vs. top 4. Quantitative measures from 586 votes in 2013. Westpac ranks no. 1 for citations as 'lead' relationship bank from 2012-2013. Westpac ranks no. 1 in the Peter Lee Associates relationship strength index score across the total respondent base. ³ Peter Lee Associates Interest Rate Derivatives Survey, Australia 2013. Rank vs. top 4 from 182 corporate respondents. ⁴ Euromoney FX Poll 2013. Measure of market share from 16,298 industry votes. ⁵ Peter Lee Associates Foreign Exchange Survey Australia 2013. Rank vs. top 4 from 310 corporate and financial institution respondents. ⁶ Peter Lee Associates Debt Securities Investors Australia Survey 2013. Rank vs. top 4 major domestic banks. Based upon the most active investors in each type of security. Based upon Westpac achieving a no.1 ranking amongst the four major domestic banks for estimated market share across Commonwealth Treasury and Semi Government Bonds, Corporate Bonds, Asset Backed Securities and CPI Linked Securities, a No.1 ranking for Relationship Strength amongst the four major domestic banks across Commonwealth Treasury and Semi Government Bonds, Corporate Bonds and Asset Backed Securities. ⁷ Bloomberg Underwriter League Tables YTD2014. Measure of market share based on volumes excluding self-led transactions. ⁸ Dealogic 2013. ⁹ Bloomberg Underwriter League Tables 2013. ¹⁰ Other includes Private Bank Asia.

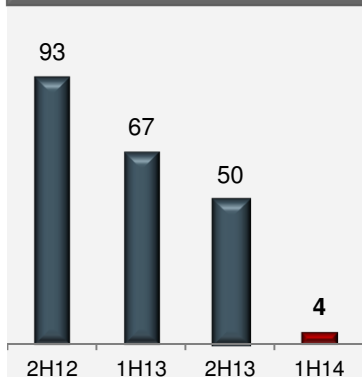
Strong performance with improving asset quality in a competitive environment



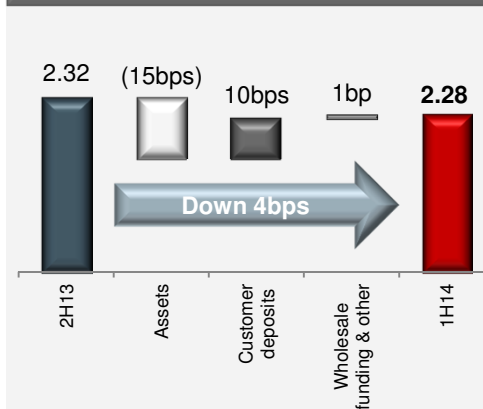
Cash Earnings movement¹ (\$m)



Impairment charges¹ (\$m)



Net interest margin (%)



Movement 1H14 – 2H13¹

Cash Earnings	↑	8%	• Up \$32m to \$432m
Core earnings	-	Flat	• Down \$2m to \$600m
Net interest income	-	Flat	• Deposits up 4% in line with system ² and deposit to loan ratio improved to 76.6% (up 93bps) • Lending up 3%, principally driven by growth in housing (1.1x system ²) and business lending (1.3x system ²)
Margin	↓	4bps	• Margins down to 2.28% • Assets spreads lower due to the ongoing competitive environment, customers continuing to switch to lower spread fixed mortgages and run down of business stressed assets • Partly offset by improved deposit spreads driven by portfolio optimisation and targeted growth
Non-interest income	↑	1%	• Higher insurance and wealth income with FUM/FUA balances up 10% to \$6.4bn
Expenses	↑	2%	• Marketing activity timing as well as continued investment in the business • Partly offset by benefits from ongoing productivity and distribution initiatives enabled by changing customer behaviour
Impairment charges	↓	92%	• Impairment charge down \$46m to \$4m • Asset quality continues to improve, driven primarily by lower incidence of business IAPs • Gross impaired loans reduced 38% • Business stressed exposures decreased 21%, resulting in a reduction in business stressed assets to business TCE of 114bps to 3.77% • Impairment charges benefited from a release of both an economic and earthquake overlay

¹ In NZ\$. ² Reserve Bank of New Zealand, March 2014.

Strengthening the balance sheet and deepening customer relationships

Key features of 1H14

- Strengthening the balance sheet with 93bps increase in customer deposit to loan ratio to 76.6%
- Benefits from changing customer behaviour and investment in digital, revenue per FTE up 2%
- Deepening customer relationships with number of MyBank customers up 1% to 335,000 and wealth penetration¹ up 30bps to 27.0%
- Successfully secured default KiwiSaver provider status
- New product innovation including the mortgage offset account and the launch of the MasterCard product and payment set

Achievements and recognition



Canstar 5 star award for home loan products - Choices Offset Floating and Choices Everyday²

Launched '**Business on Demand**' a dedicated SME team – now open for business and achieving industry leading NPS scores



Gold awards for CRM, data management and direct marketing for financial services³

'Westpac NZ is amongst the leaders in driving uptake of digital banking'⁴



Key financial metrics

	1H13	2H13	1H14		Change on 2H13
Customer deposit to loan ratio (%)	75.2	75.7	76.6	↑	93bps
Revenue per FTE (\$000)	216	225	230	↑	2%
Expense to income (%)	42.6	40.7	41.3	↑	54bps

Key non-financial metrics

	1H13	2H13	1H14		Change on 2H13
Customers (#m)	1.29	1.28	1.28	-	Flat
Number of MyBank customers (#000)	328	333	335	✓	1%
Customers with wealth products ² (%)	25.2	26.7	27.0	✓	30bps
Women in senior leadership (%)	41	43	43	-	Flat

¹ Refer to slide 134 for wealth penetration metric provider details. ² Canstar Star Ratings Home Loan March 2014. ³ New Zealand Direct Marketing (NZDM) Awards 2013, Symphony Customer Engagement Programme. ⁴ Finalta (Global Digital & Multichannel Banking Benchmarking Study 2013).

Responding to changing customer behaviours with investment in digital

Focus on next generation banking

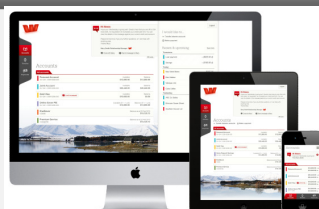
Meeting changing customer behaviours is leading to material changes in distribution. Strong growth in digital usage with online and mobile users up 3% and 16% respectively. Areas of focus

- New digital offerings – launched new internet banking platform which will be available to all customers in 2H14; set up of digital branch
- Mobile innovation – domestic and international crowd sourcing for new Westpac apps, trialling Google Glass, smart watch and iBeacon
- Changing branch formats with investment in 'helpstations' – moving branches to sales and advice hubs and away from transaction centres
- 17% increase in mobile mortgage managers, 14% of all home loan applications now from this channel
- 13% of all home loan applications from online with branches now accounting for only 30% of home loan applications

Key non-financial metrics	1H13	2H13	1H14		Change on 2H13
Mobile banking customers (#000)	177	219	254	✓	16%
Mobile banking customers as % of total customers	14	17	20	✓	3ppts
Online customers (#000)	617	630	647	✓	3%
Online customers % of total	48.0%	49.1%	50.4%	✓	133bps
Number of Smart ATMs	71	115	118	✓	3%
Total deposits on Smart ATMs (#'000)	590	706	880	✓	25%

Meeting changing customer behaviours

New internet banking platform providing a consistent self-service banking experience on all devices. Online origination, fulfilment and service continues to grow strongly - 13% of home lending through digital generation



Smart ATMs now 118 in total with 24/7 availability. Now 25% of physical deposits across branches are through Smart ATMs with over 1 in 3 of these transactions outside normal banking hours

Deepen relationships – enhancing customer experience

A digital-led, self-serve proposition delivering a world-class customer experience, to better connect customers with the bank, providing banking everywhere, all the time

Initiatives include

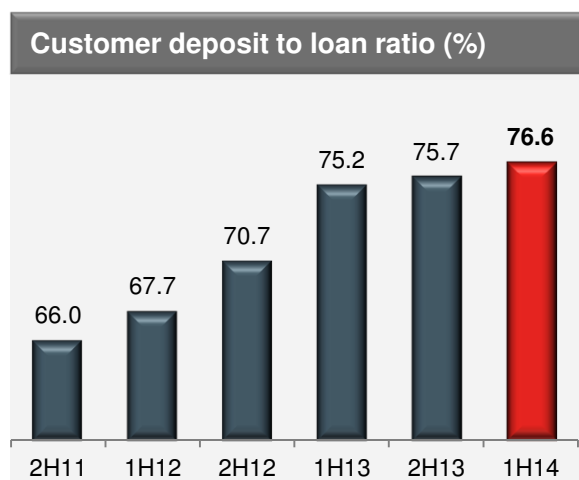
- Multi-channel communication program backed by Symphony¹
 - 'next best conversation' algorithm driven by product holdings, customer channel behaviour and transactional data
 - communicated with over 90% of customers in 1H14
- Online origination of products and transactions
 - for mortgages 60 second unconditional approval via mobile device, industry leading
 - straight-through applications for credit cards and personal loans
 - online international money transfers, 33,000 in 1H14

¹ Symphony is Westpac New Zealand's customer relationship management program.

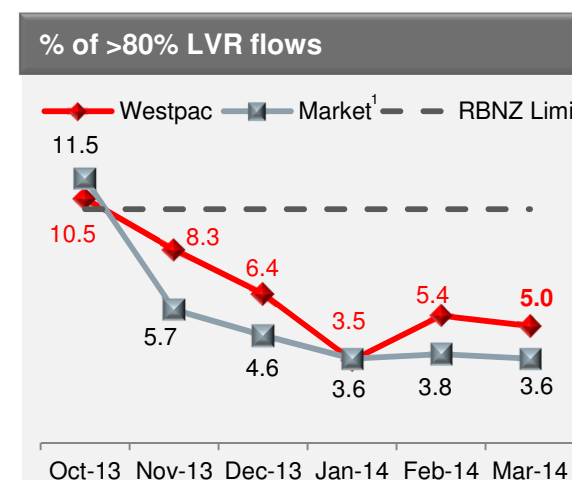
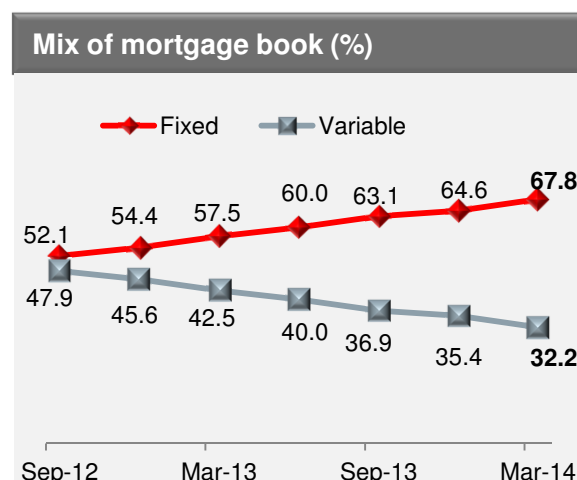
Growth momentum with strong quality attributes

- Deposit growth of 4%, in line with system¹ and fully funding loan growth in a competitive environment
 - Significant growth in other deposits (up 10%), driven by online savings, and reduction in term deposits (down 2%), as the division has targeted at-call relationship accounts
- Housing growth of 3%, ahead of system¹
 - Solid growth in housing driven by LVR below 80% category
 - Transition to new >80% LVR lending restrictions well managed delivering above market share and below RBNZ limit
- Business and institutional up 2%, ahead of system¹
 - Strong new business origination offset by run-off of business stressed assets

Balance sheet (\$NZbn)					
	1H13	2H13	1H14	Chg on 2H13 (%)	
Net loans	59.9	61.6	63.2	↑	3
Housing	36.4	37.5	38.6	↑	3
Business & Institutional	21.7	22.3	22.8	↑	2
Other	1.8	1.8	1.8	-	-
Total deposits	45.0	46.6	48.4	↑	4
Term deposits	24.3	24.9	24.5	↓	2
Other	20.7	21.7	23.9	↑	10
TCE	86.3	88.0	90.1	↑	2



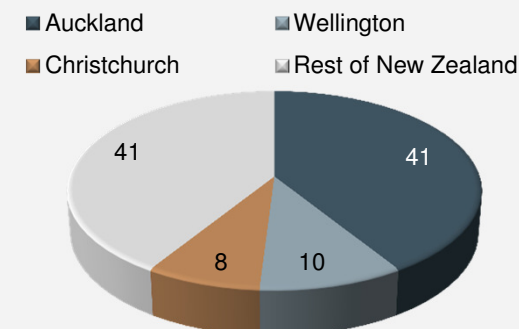
¹ Source: Reserve Bank of New Zealand (RBNZ).



New Zealand mortgage portfolio

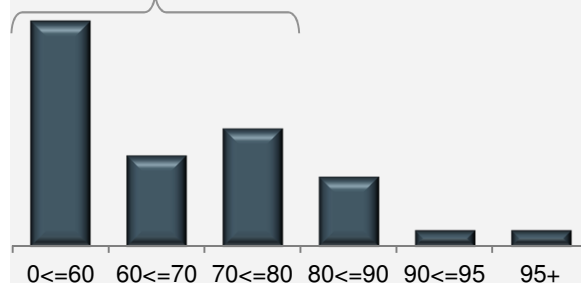
- Mortgage portfolio is at \$38.6bn, up 3%
- The distribution of the mortgage portfolio across regions is consistent with population concentrations of New Zealand
- The proportion of variable rate mortgages is 32.2%, down almost 5 percentage points from 2H13 (over 10 percentage points from 1H13)
- Loan origination through proprietary channels remained at 74%
- Quality of portfolio remains high and well secured, with 81% of the portfolio having a LVR less than 80%
- Mortgage 90+ days delinquencies stable at 29bps (down 3bps from 2H13) reflecting improved origination and stable employment levels
- Westpac New Zealand has a servicing assessment approach, that includes a buffer which in the current interest rate environment is 1.00% -1.15% higher than the standard lending rate

New Zealand mortgage portfolio by region (%)



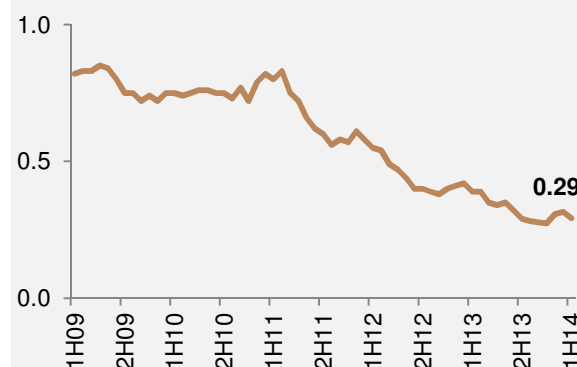
New Zealand mortgage portfolio LVR¹ (%) of portfolio

81% of mortgage portfolio less than 80% LVR

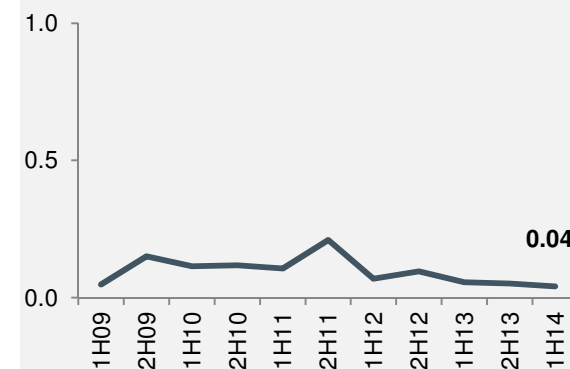


¹ LVR based on current loan balance and current assessment of property value.

Mortgage 90+ days delinquencies (%)



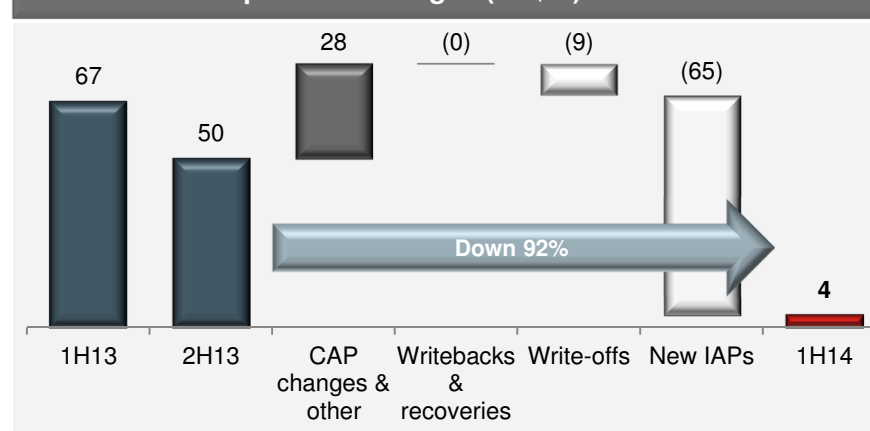
Mortgage loss rates each half (%)



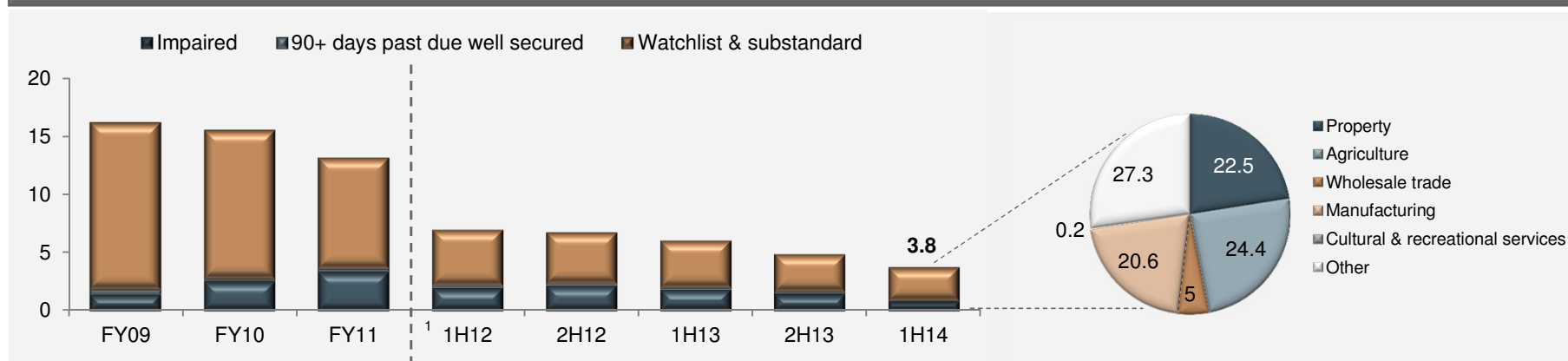
Improving asset quality in the business

- Business stressed exposures of TCE at 3.8%, down 114bps
 - Down mostly across property, agriculture and manufacturing sectors
 - Excluding institutional assets, business stressed exposures reduced to 5.27%, down 192bps
- Business impaired exposures 0.81% of TCE (down 66bps) driven by improvement in performance and reduction of one large institutional exposure
- Total provisions decreased \$94m, largely driven by an \$85m reduction in transaction managed portfolio
- Impairment charges down 92%
 - Asset quality has continued to improve, driven primarily by improvement in Institutional stressed exposures
 - Partially offset by institutional provisions for a mining exposure

Movement in impairment charges (NZ\$m)



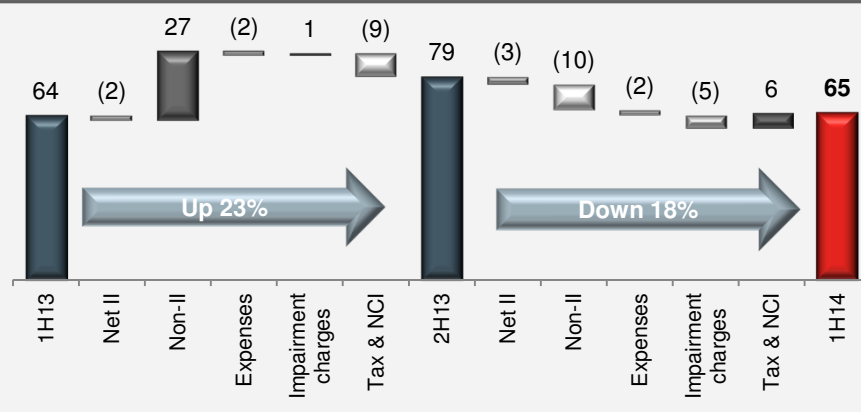
Business stressed exposures as a % of New Zealand business TCE



1 Large reduction in percent of stressed exposures from FY11 to 1H12 due primarily to transfer of WIB assets during 1H12.

Westpac Pacific earnings ease in line with activity

Cash Earnings movement (\$m)



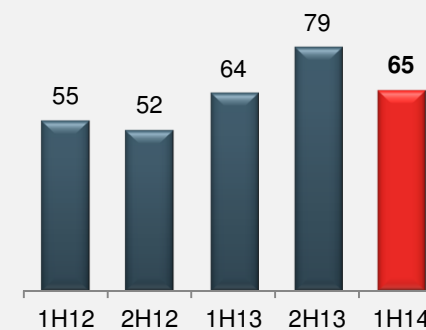
Movement 1H14 – 2H13

Cash Earnings	↓	18%	• Lower earnings due mainly to lower markets income and impairments. FX translation impacts were minimal at a Cash Earnings level
Core earnings	↓	13%	• Down \$15m
Net interest income	↓	4%	• Strong competition for lending and deposits has seen both volume and margins decline
Non-interest income	↓	10%	• More stable currency market conditions in PNG reduced FX customer sales activity
Expenses	↑	4%	• Increased investment in people and technology
Impairment charges	↑	large	• \$6m charge in 1H14, related to the downgrade of a small number of customers

Key highlights

- Westpac Pacific Cash Earnings has lifted in recent periods in line with increased investment flows and customer activity in the region, particularly in the region's largest economy, PNG
- 2013 was a particularly strong year, benefitting from high levels of customer FX hedging, good liquidity and an uplift in balance sheet volumes
- In 1H14, the business delivered Cash Earnings of \$65m and core earnings of \$105m - a solid performance, although lower compared to the very strong 2H13 result
- Westpac Pacific has made good progress on its strategic objectives

Westpac Pacific Cash Earnings (\$m)



- Focus on improving the accessibility of banking services across the Pacific through its "Everywhere" banking initiatives. Westpac has 160 In-Store merchants across the region to service customers in areas with limited access to banking services. Together with increased mobile banking options, Westpac Pacific has continued to improve the reach and range of banking services to a broader customer base
- Customers have increased 44,000
- For Westpac Pacific's larger customers, the business has delivered enhanced transactional capabilities, with Corporate Online available in PNG and Fiji. The business is also using its leading market position in currency trade flows to support a growing number of Pacific customers doing business in Asia

FIRST HALF 2014 TECHNOLOGY

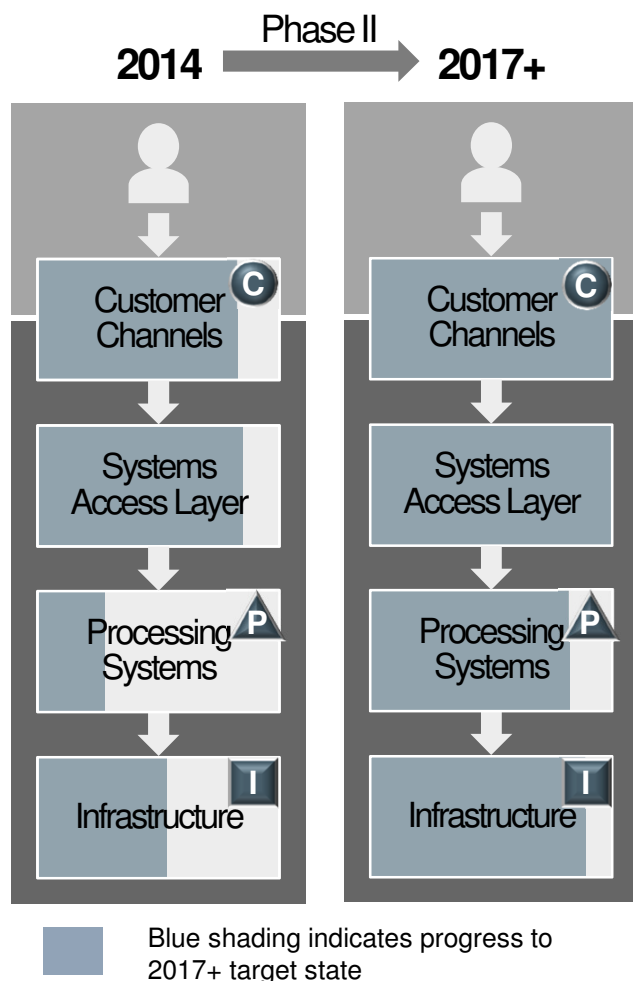
STRENGTH

RETURN

GROWTH

PRODUCTIVITY

Moving to Phase II of our Technology Roadmap – customer experience is key



C Channels: helping customers to bank their way

- Enhanced digital customer experience – mobile first
- Integrating banking and wealth
- Innovating to adapt to changing customer behaviour
- Progress toward target state is on track

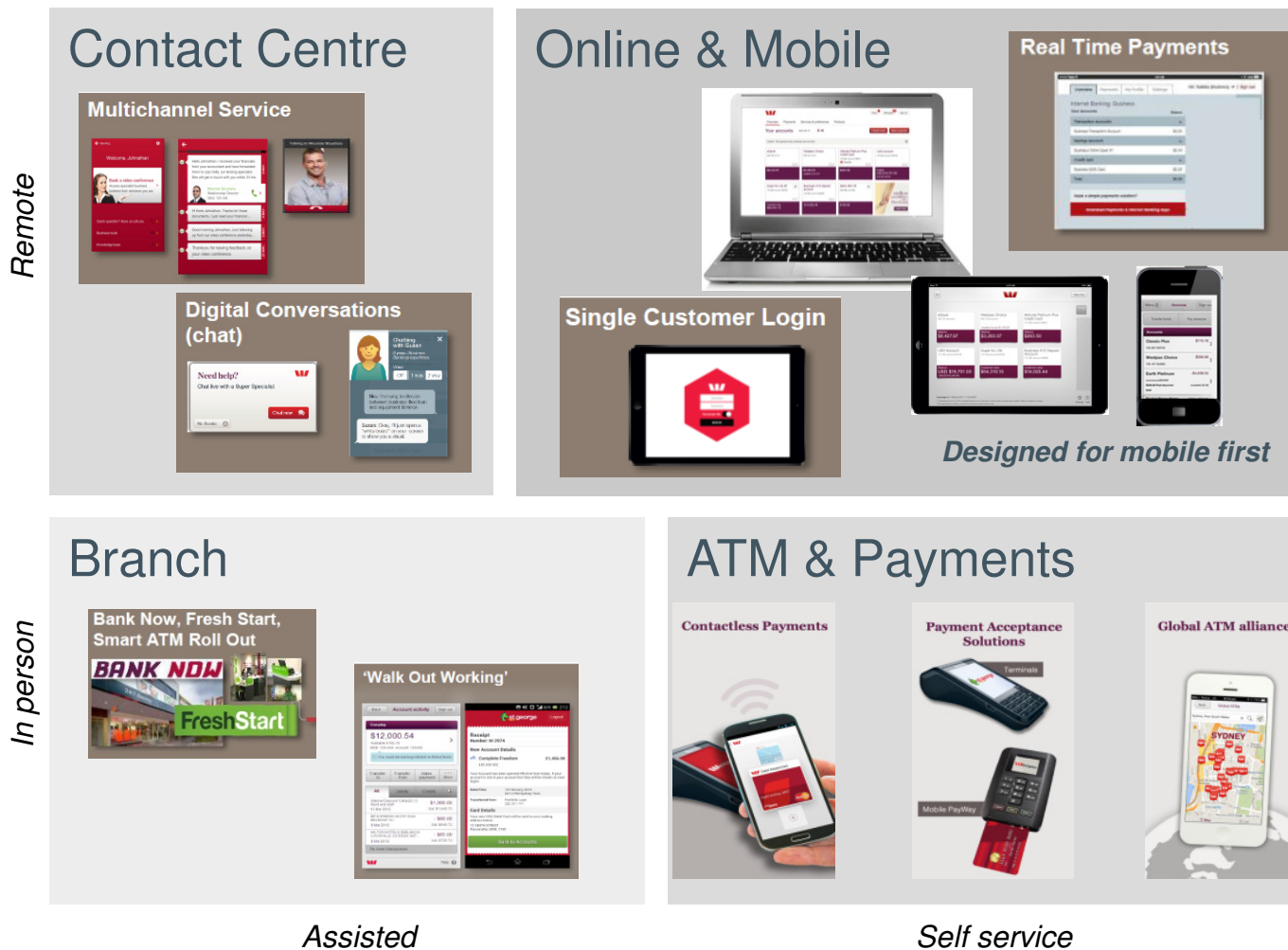
P Processing Systems: scalable, modular, flexible

- Platform modernisation and consolidation (including core)
- Launched new wealth platform – gradually enhancing functionality/capability
- Common enterprise origination with customer focussed design
- Major focus of Phase II

I Infrastructure: robust, stable, secure

- Continued modernisation
- Upgrading Asia technology infrastructure to support expansion
- Enhancing and standardising workplace infrastructure to accommodate new ways of working
- Progress toward target state is well advanced

Empowering customers to bank when, where and how they want ^C



Design principles

- Customer centred design – intuitive and consistent
- Mobile first
- Easy to access and easy to use
- Seamless experience across channels
- How, where, when, anything
- Support relationship banking

Integrating the banking and wealth customer experience



Digital customer experience

- Richer, easier to use online and mobile experience
- Seamless customer service across all channels

Banking

- Simplified experience with greater control of finances
- Real-time processing for transactions and savings
- Extended mobile sales and self-service capabilities

Wealth

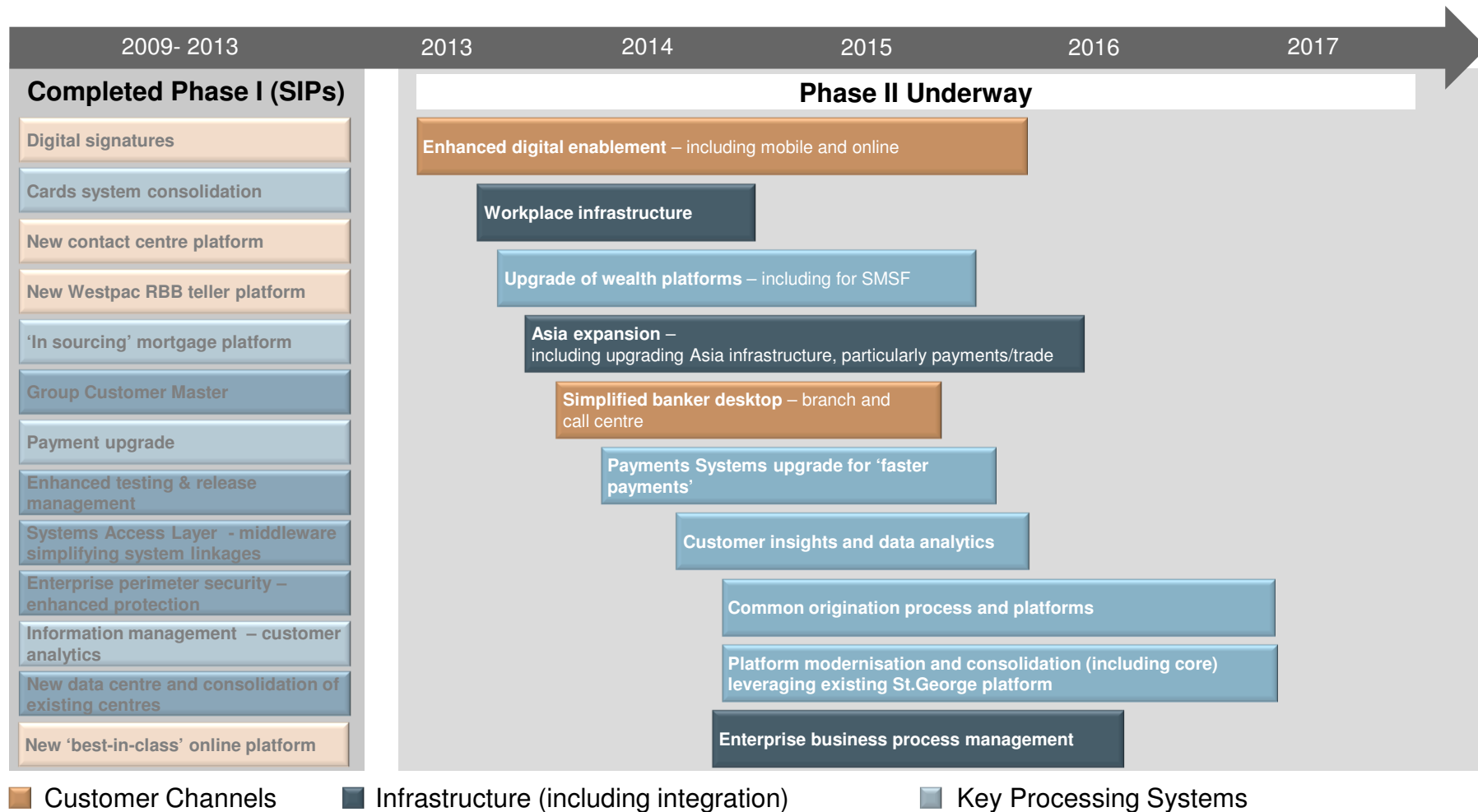
- State-of-the-art wealth platform with multi-channel access to cash, investments, super and insurance
- Integrated access to banking and wealth for customers and advisers, single login and online on-boarding

Single view of customer

- Integrated analytics allows us to improve our understanding of customers and better support them with products and services
- Creates deeper relationships

Modernised core systems in banking and wealth

Delivering our Phase II Technology Roadmap



FIRST HALF 2014 ECONOMICS

STRENGTH

RETURN

GROWTH

PRODUCTIVITY

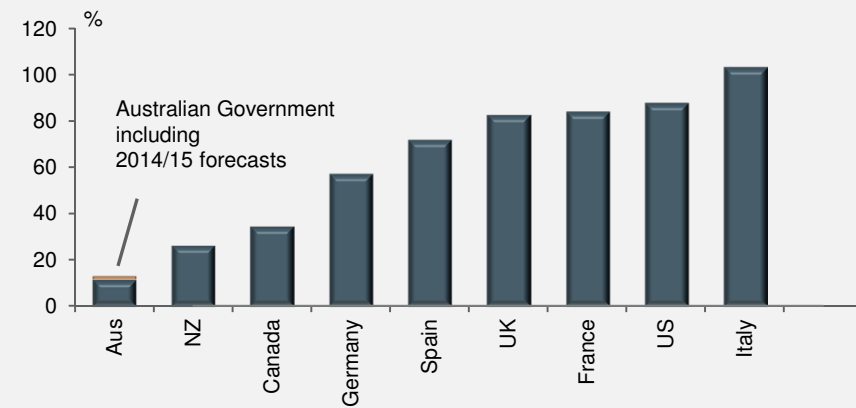
Australian and New Zealand economic forecasts

Key economic indicators ¹ (%) as at April 2014		Calendar year			
		2012	2013	2014f	2015f
World	GDP	3.2	2.9	3.2	3.8
Australia	GDP	3.6	2.4	2.7	3.0
	Private consumption	2.5	2.0	3.0	3.2
	Business investment ^{2,3}	16.4	-2.3	-4.0	-3.0
	Unemployment – end period	5.4	5.8	6.5	6.3
	CPI headline – year end	2.2	2.7	2.4	2.5
	Interest rates – cash rate	3.0	2.5	2.5	3.0
	Credit growth, Total – year end	3.6	3.9	6.0	7.0
	Credit growth, Housing – year end	4.5	5.4	7.2	7.5
	Credit growth, Business – year end	2.9	1.7	4.0	5.5
New Zealand	GDP	1.2	2.7	4.0	3.2
	Unemployment – end period	6.8	6.0	5.1	4.7
	Consumer prices	0.9	1.6	1.5	2.7
	Interest rates – official cash rate	2.5	2.5	3.75	4.5
	Credit growth – Total	3.6	4.8	5.2	5.1
	Credit growth – Housing	3.7	5.9	5.3	4.9
	Credit growth – Business	3.5	3.4	5.2	5.5

¹ Source: Westpac Economics. ² GDP and component forecasts updated following the release of quarterly national accounts. ³ Business investment adjusted to exclude the effect of private sector purchases of public assets.

Australia remains well-placed relative to developed economies

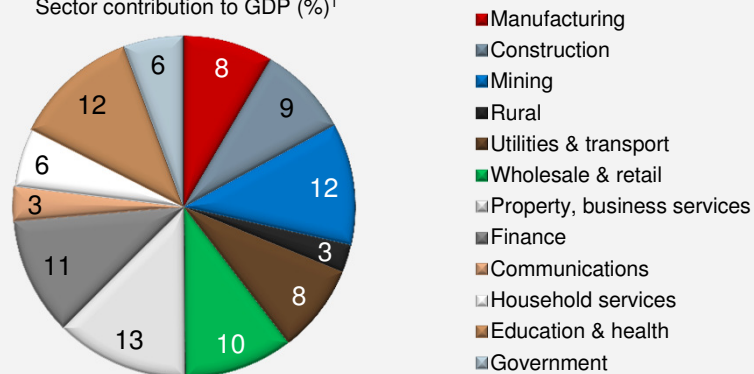
Net public debt levels as a % of GDP 2012



Sources: IMF, budget papers, Westpac Economics

Australia's economy: diversified and flexible

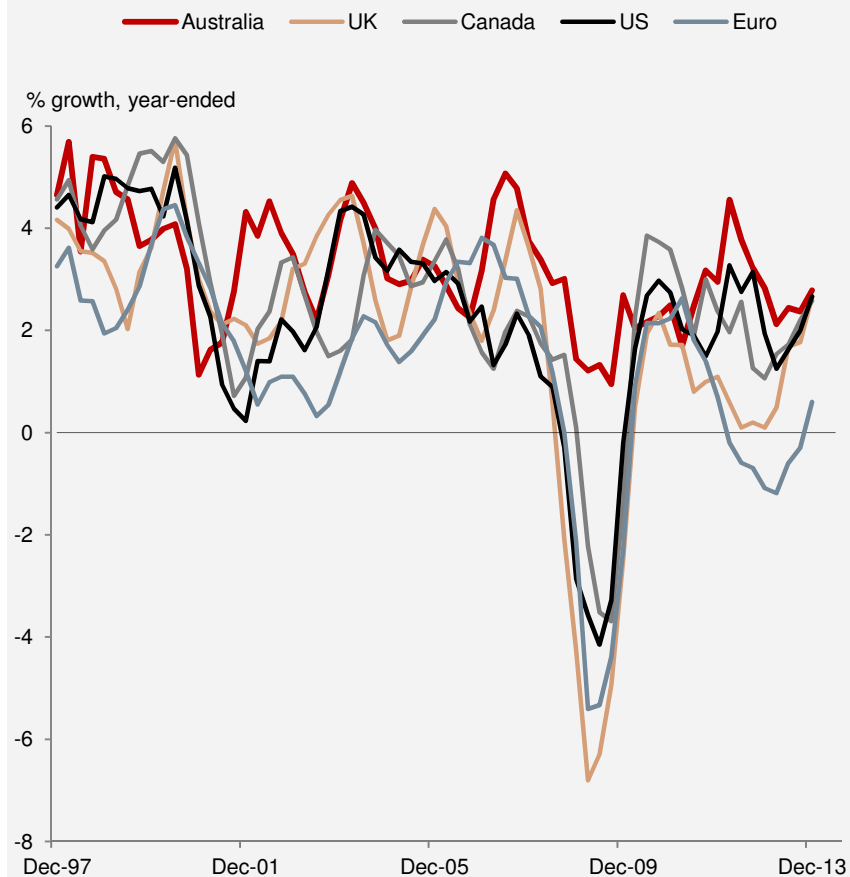
Sector contribution to GDP (%)¹



Sources: ABS, Westpac Economics.

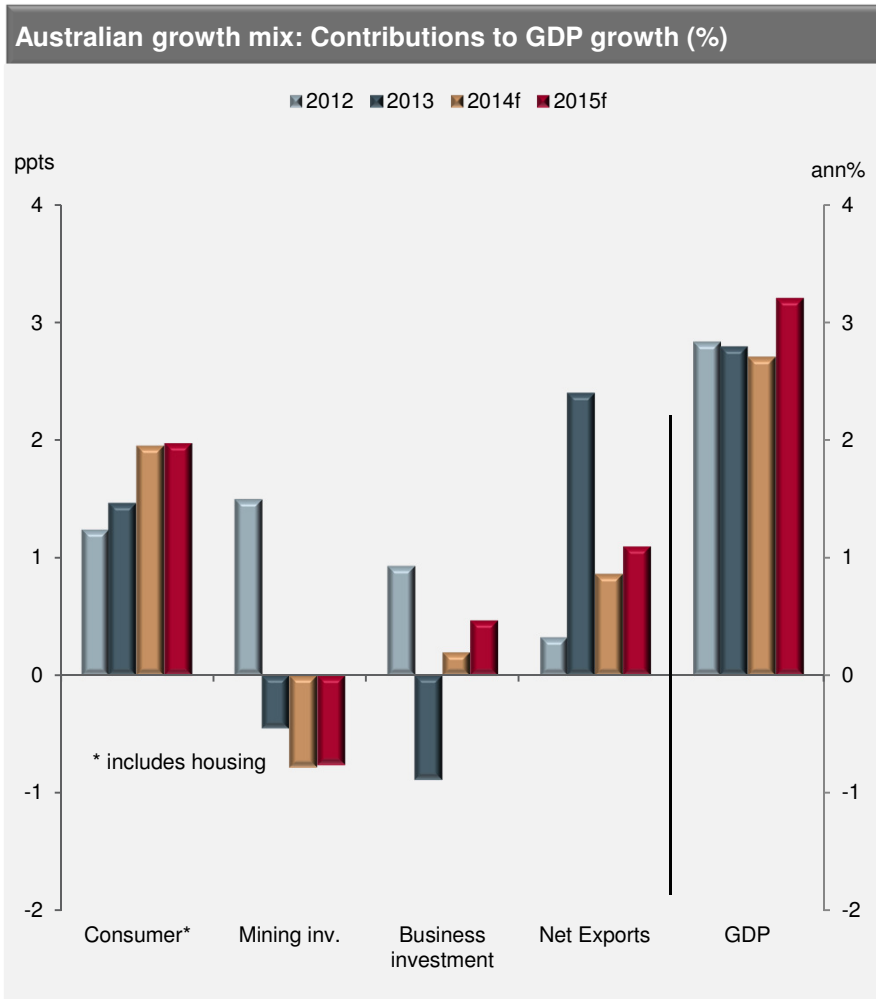
¹ Excludes ownership of dwellings and taxes less subsidies.

Real GDP growth (%)

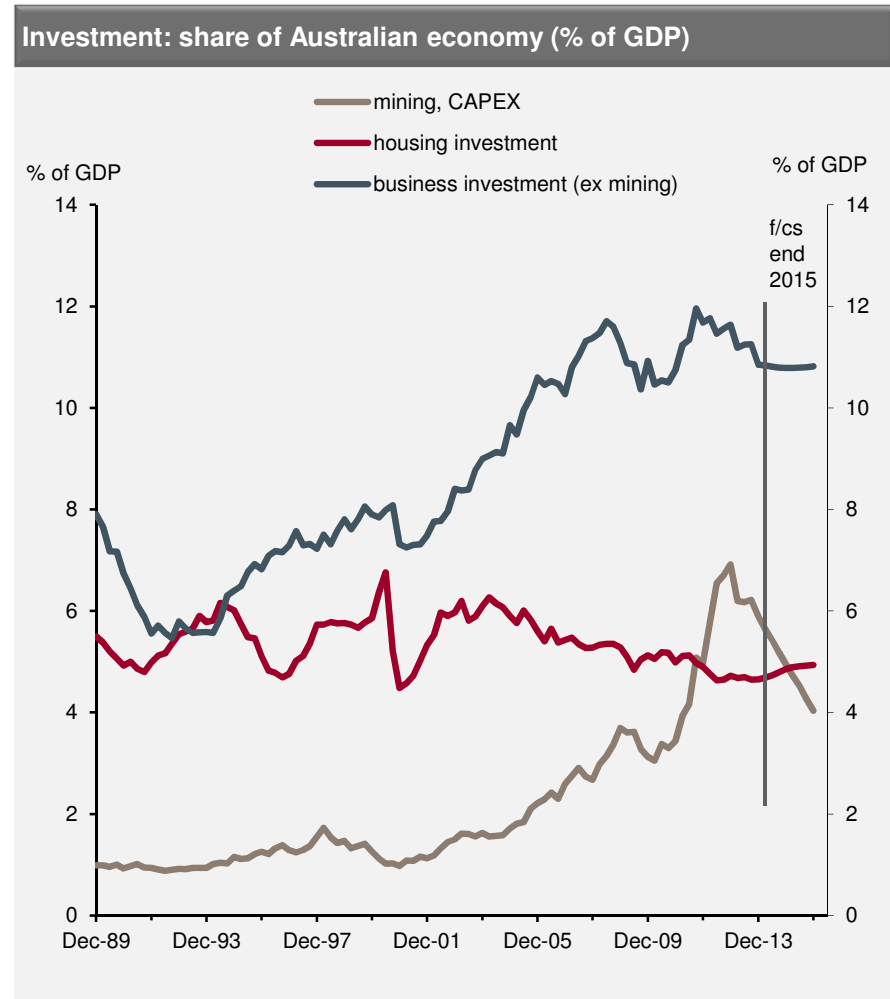


Sources: OECD, Westpac Economics.

Australia's economic transition from mining to non-mining



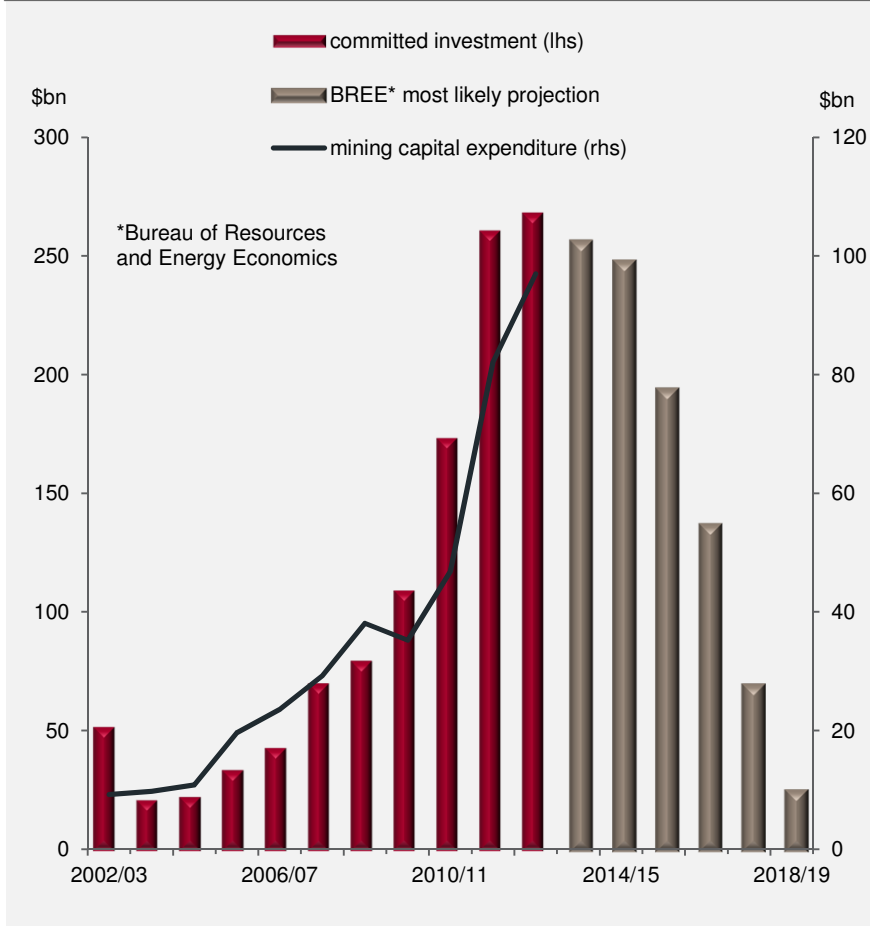
Sources: ABS, Westpac Economics.



Sources: ABS, Westpac Economics.

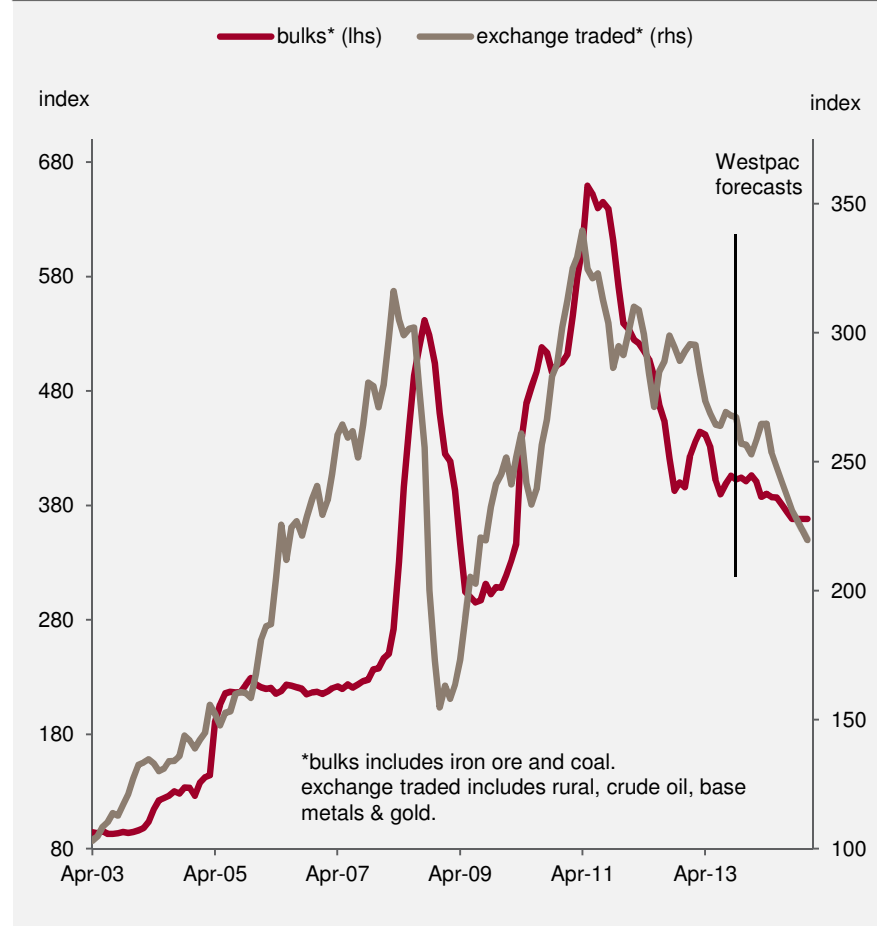
Commodity cycle evolves

Committed Australian projects and mining investment (\$bn)



Sources: BREE, ABS, Westpac Economics.

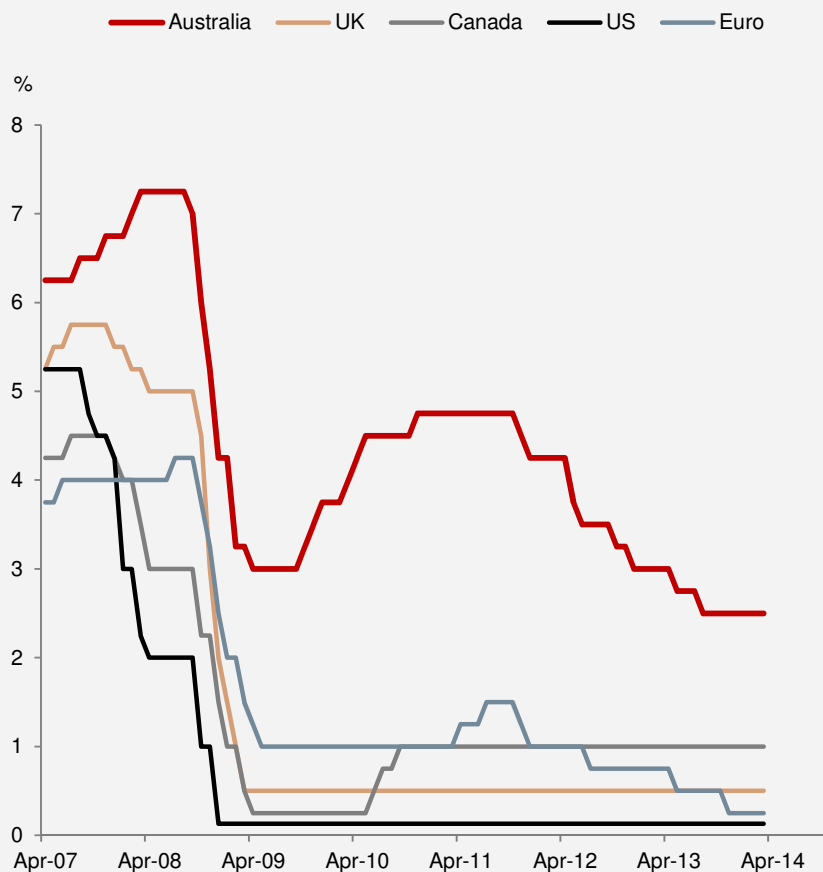
Commodity prices (index)



Sources: Westpac Economics, Bloomberg, ABS.

Cash rate expected to remain stable at 2.50%; AUD expected to trend lower over medium term

Major countries' policy rates (%)



Sources: RBA, OECD, Westpac Economics.

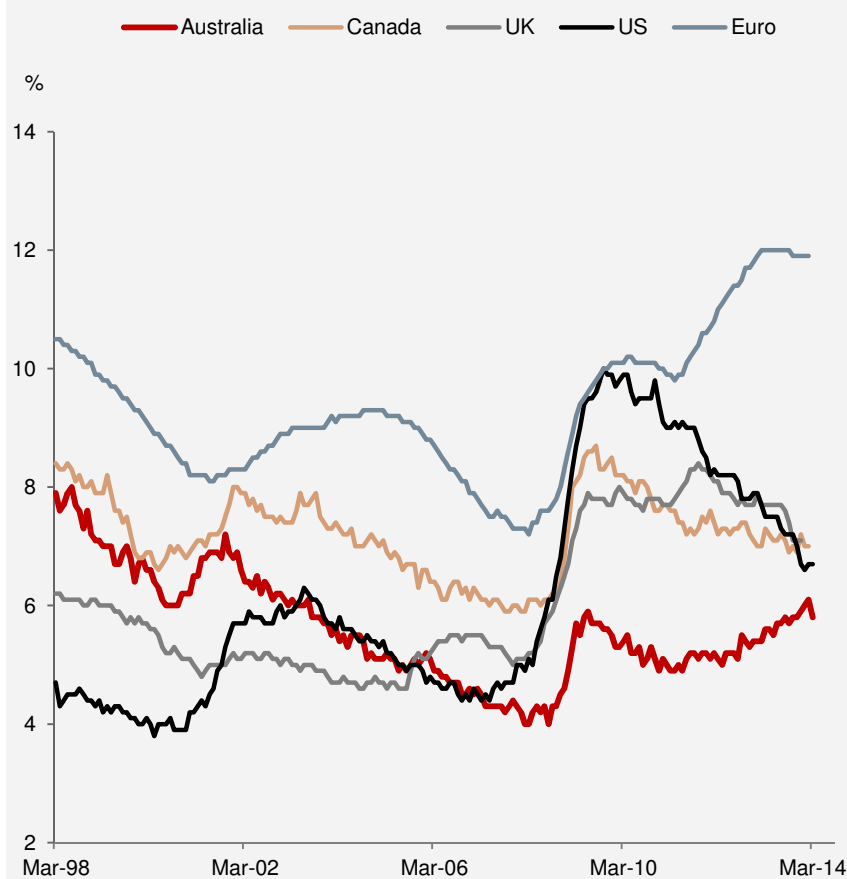
Australian dollar (AUD/USD)



Sources: RBA, Westpac Economics.

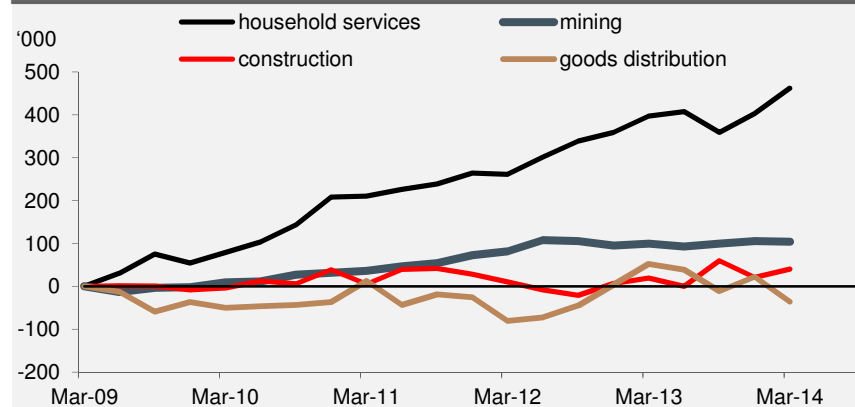
Labour market showing some signs of improvement in early 2014

Unemployment rates (%)



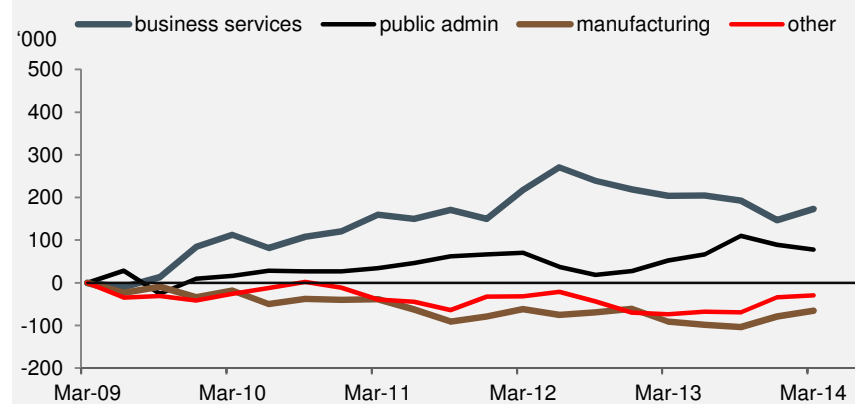
Sources: OECD, Westpac Economics.

Cumulative change in industry employment ('000)



Sources: ABS, Westpac Economics

Cumulative change in industry employment ('000)



Sources: ABS, Westpac Economics

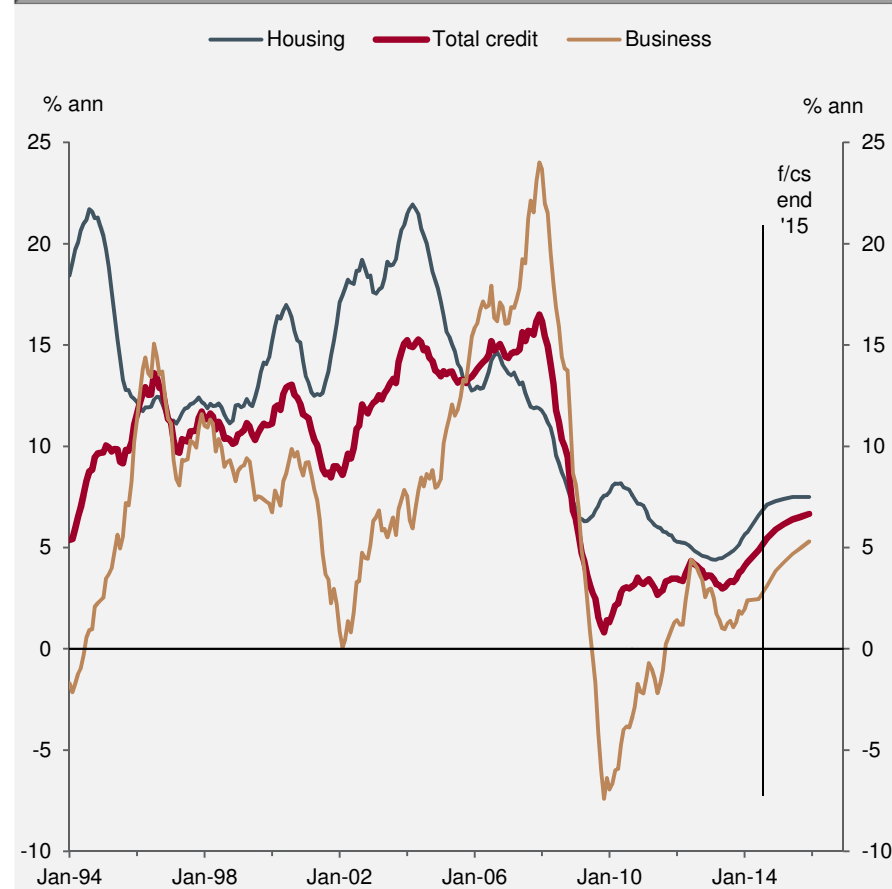
Credit growth picking up at a modest pace

Business confidence and consumer confidence (net balance)



Sources: Westpac MI, NAB, Westpac Economics.

Australian private sector credit growth (% ann)



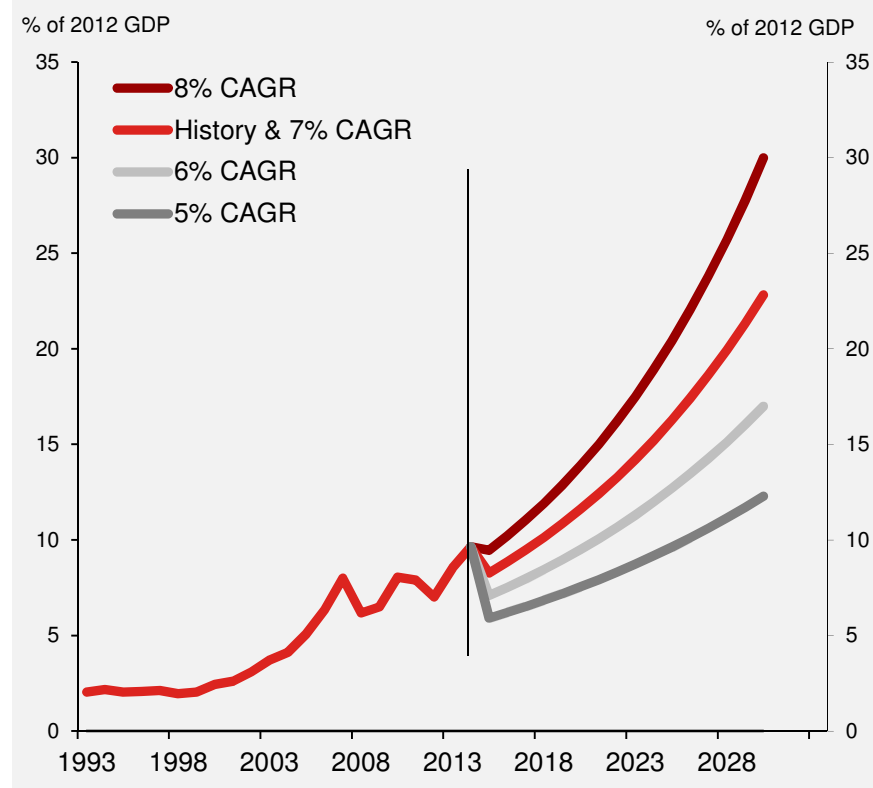
Sources: RBA, Westpac Economics

Chinese growth remains a positive for Australia

- As a \$US7 trillion economy, China grew at 10%. As a \$US10 trillion economy, Westpac expects China to grow at 7%
- Represents an equivalent incremental contribution to global absorptive capacity, at higher levels of energy, protein, metal and consumer goods demand per head
- Were China to slow immediately to a 5% pace (a big downside shock that we do not envisage), it would still double its 2012 size by 2025
- Chinese authorities have shown a clear commitment to maintaining growth above 7% but will be less tolerant of strong credit driven expansions – the double digit growth rates that have featured regularly over the past 20 years are now unlikely to occur
- Australia's economic linkages with China continue to grow, led by trade
 - China now accounts for over 25% of Australia's exports
 - Investment, tourism and migration flows also significant. Tourism arrivals from China are now 11% of all arrivals, with a CAGR of 13.1% between 2005 and 2013, against total arrivals growing at 1.9%. China was Australia's third largest source of foreign direct investment in the latest financial year
- Australia will continue to benefit as Chinese households progressively expand their living standards and their consumption basket

Real GDP %ann	2012	2013	2014f	2015f
China	7.7	7.7	7.3	7.6

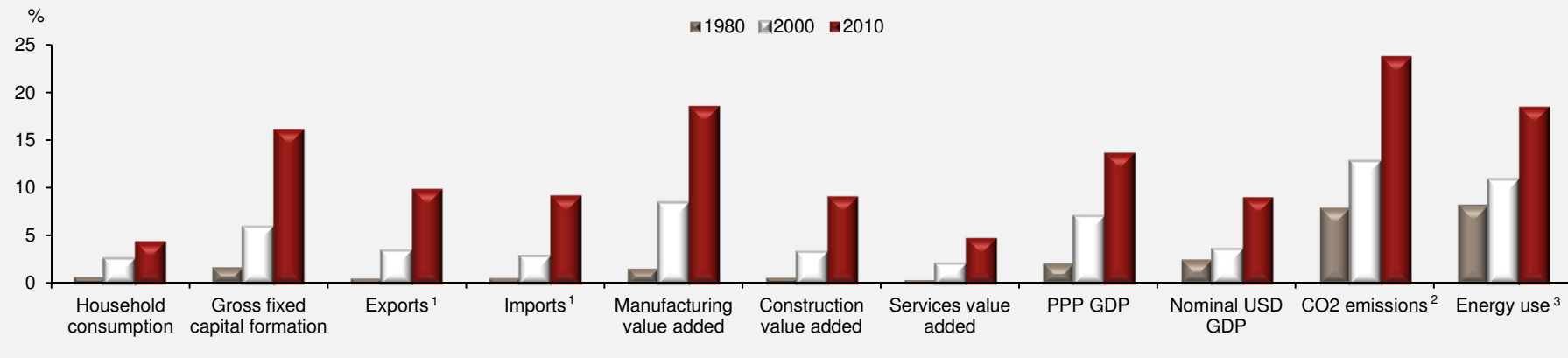
Chinese real GDP increments: 4 scenarios (% of 2012 GDP)



Source: Westpac Economics.

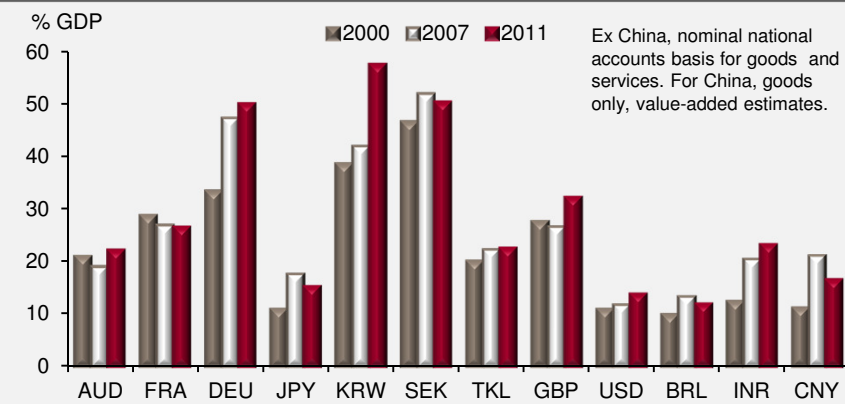
Chinese growth remains a positive for Australia

China's share of selected elements of world activity (%)



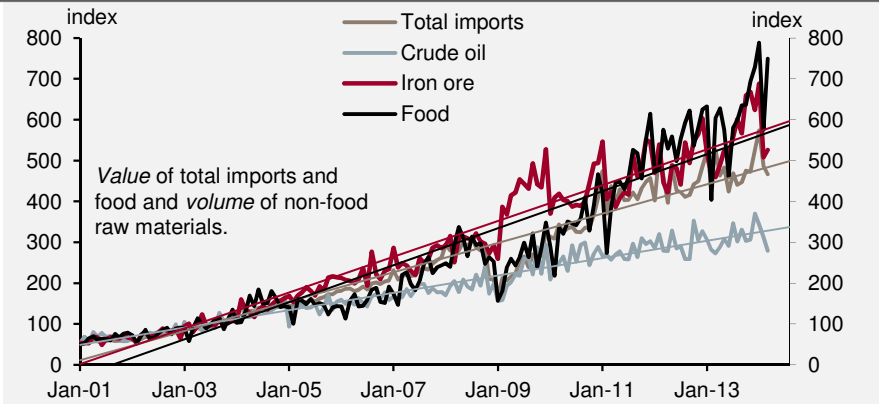
Sources: UN, IMF, IEA, Westpac Economics. All national accounts related shares are in 2005 constant US dollars. 1 Goods & services. 2 From fossil fuel combustion. 3 Total primary energy supply.

Major countries nominal export shares (% GDP)



Source: CEIC, OECD, Westpac Economics, Dragonomics.

Chinese imports – total and key primary products (index)

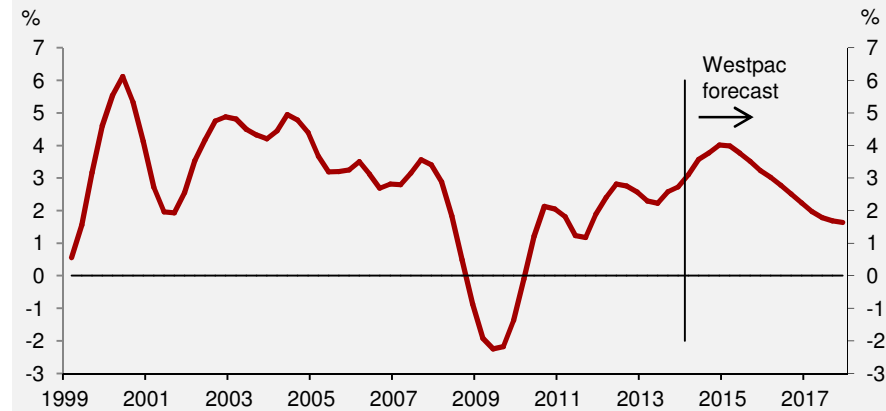


Source: CEIC, Westpac Economics.

A strong economic picture in New Zealand

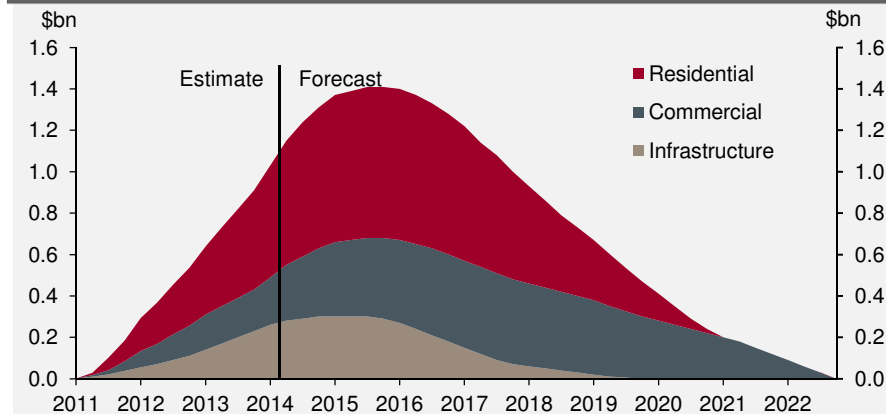
- The New Zealand economy is experiencing a strong upturn driven by earthquake-related construction activity, last year's rise in house prices, a four decade high in the terms of trade, and buoyant business investment activity. Annual economic growth is expected to peak at around 4%
- Post-earthquake reconstruction in Canterbury is now in full swing, and residential construction activity is also ramping up in Auckland
- The strong economy is starting to provoke domestic inflation pressures – construction costs in particular are starting to rise
- Rising interest rates and the unwind of the Canterbury rebuild are expected to cause slower economic growth over the second half of this decade

New Zealand GDP growth and forecast (%)



Source: Statistics NZ, Westpac Economics

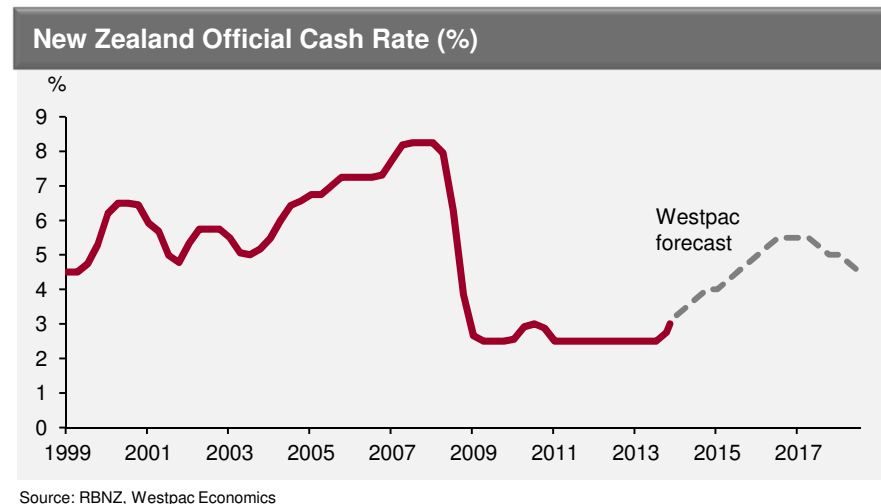
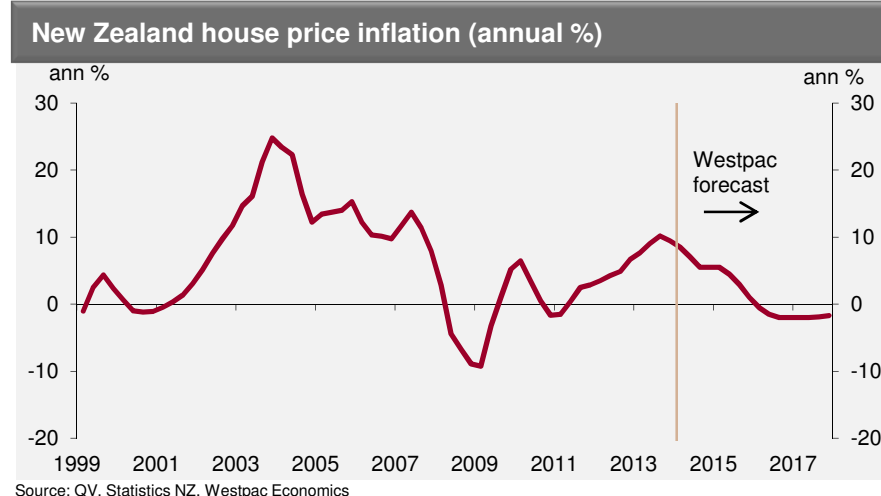
Earthquake-related construction activity in Christchurch (\$bn)



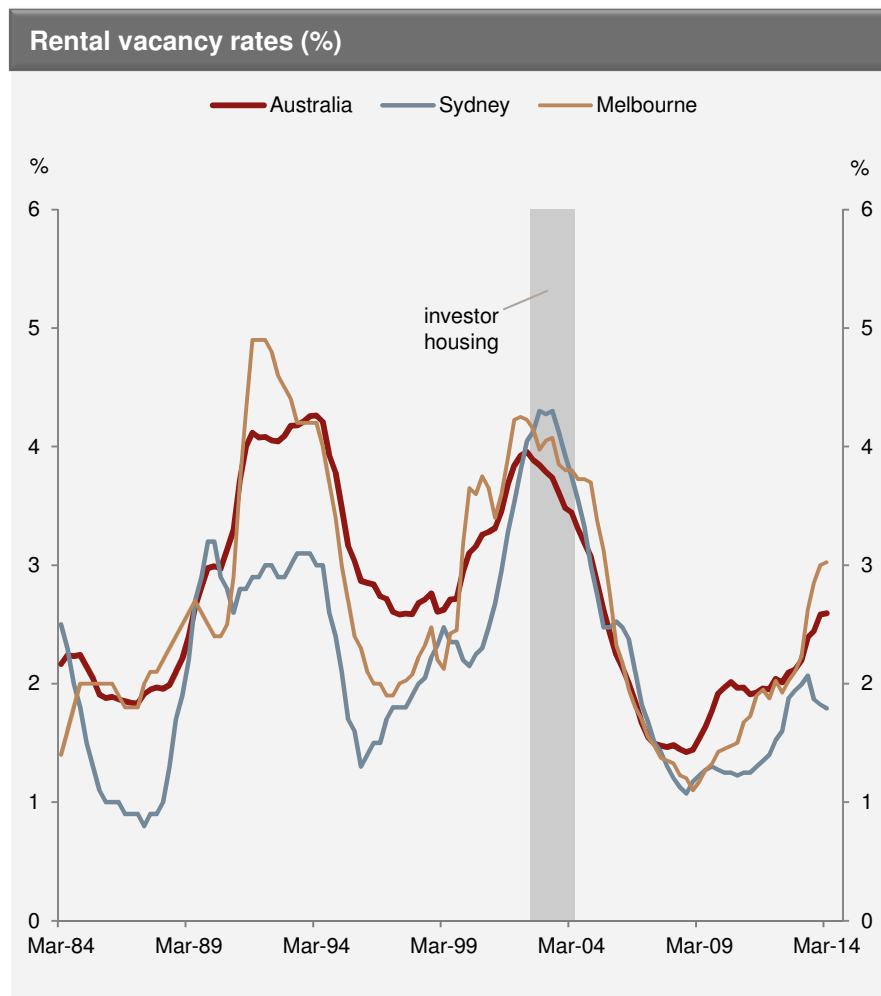
Source: Westpac Economics

New Zealand housing market beginning to slow

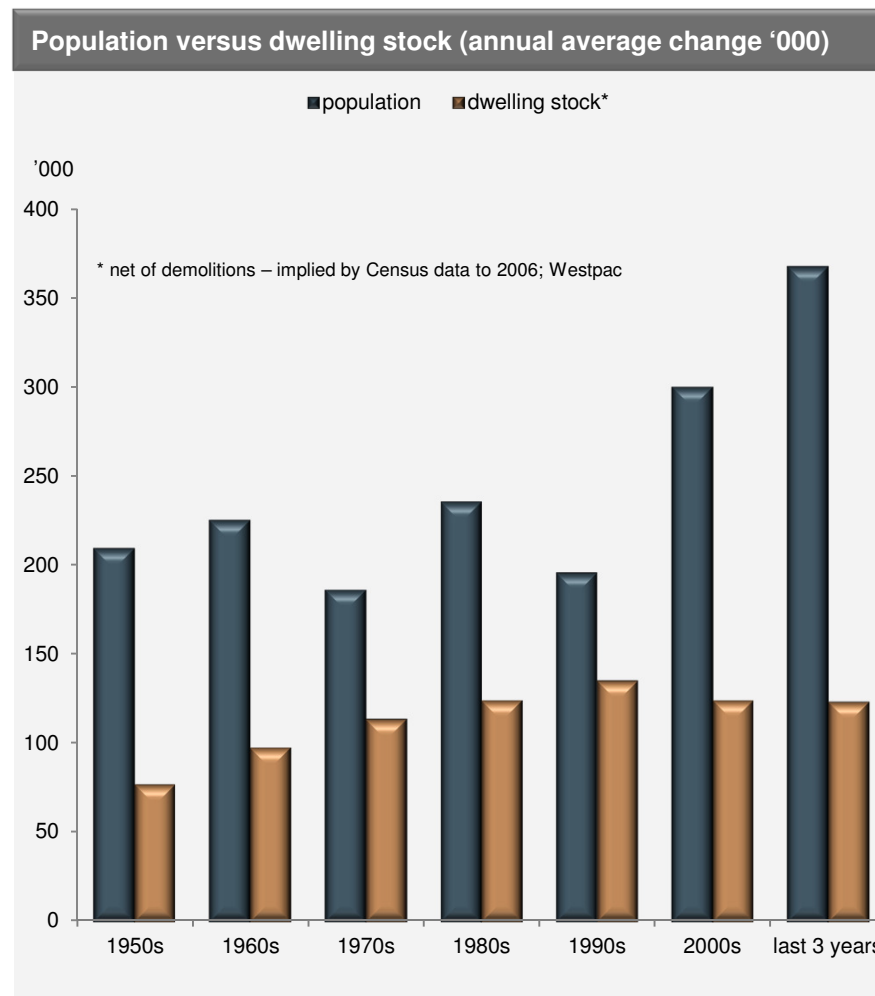
- House price inflation peaked at 10% in 2013, but is now slowing. Westpac is forecast 5.5% house price inflation in 2014, and 1% in 2015
- Since 1 October 2013 the Reserve Bank has required banks to limit high-LVR lending to just 10% of total new mortgage lending. Turnover of smaller houses fell sharply, and house prices stagnated in early-2014. However, there is tentative evidence that prices have subsequently resumed their upward trajectory
- Higher fixed mortgage rates are also affecting the housing market. Financial markets moved last year to price in a substantial OCR hiking cycle
- Offsetting these negative forces, net immigration is booming. The rate of population growth is expected to rise to 1.6% in 2014, up from 0.7% in 2012



Australian housing market fundamentals sound



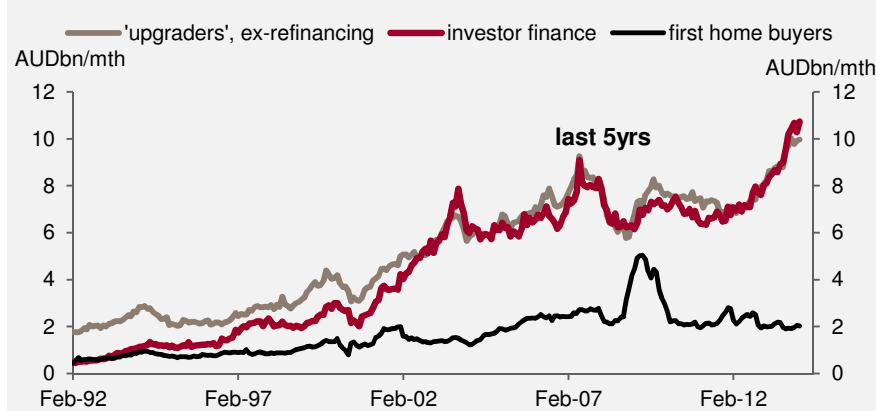
Sources: REIA, Westpac Economics.



Sources: ABS, Westpac Economics.

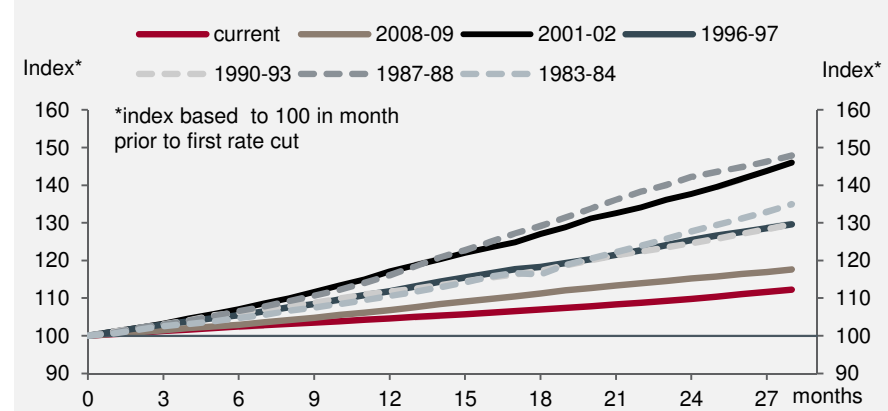
Housing activity responding to lower rates

Housing finance approvals: value of housing finance (\$bn/mth)



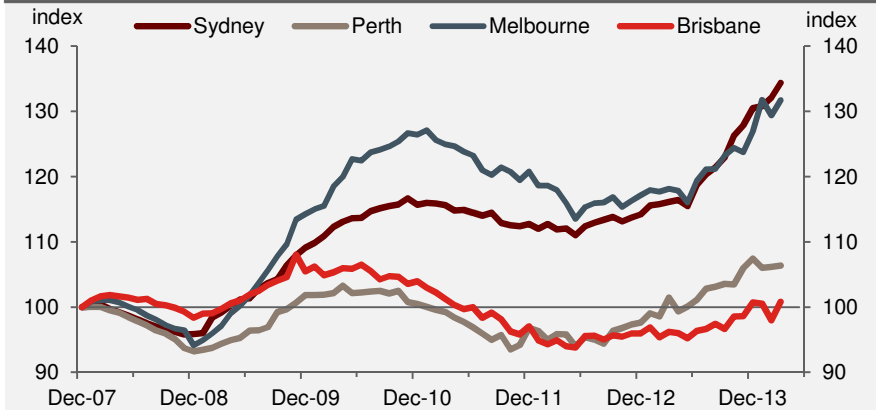
Sources: ABS, Westpac Economics.

Housing credit: rate cut cycles compared (index)



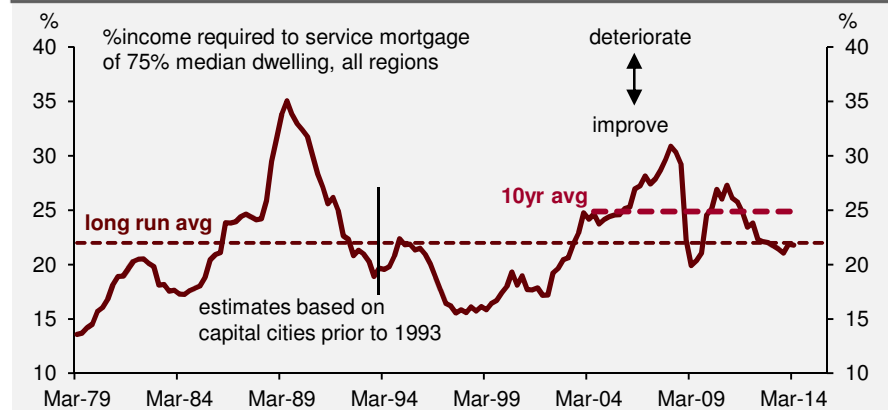
Sources: RBA, Westpac Economics.

Dwelling prices: Australia capital cities (index)



Sources: RP Data-Rismark, Residex, Westpac.

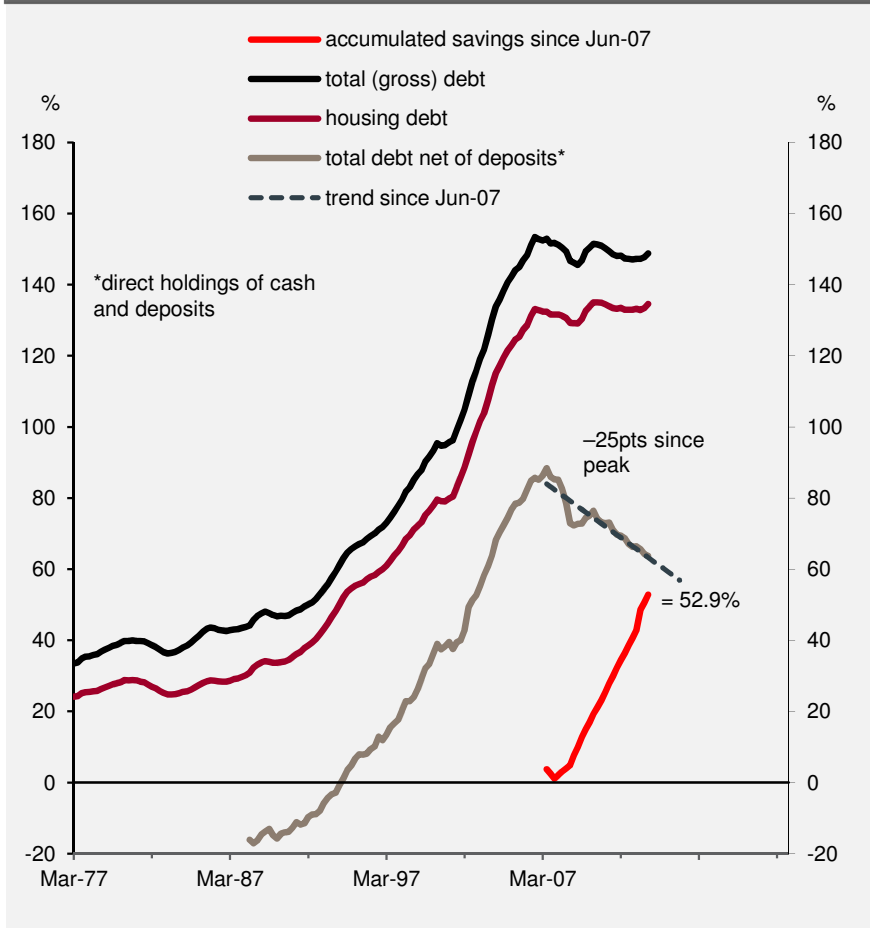
House affordability: all dwellings (%)



Sources: RP Data-Rismark, Residex, ABS, RBA, Westpac Economics.

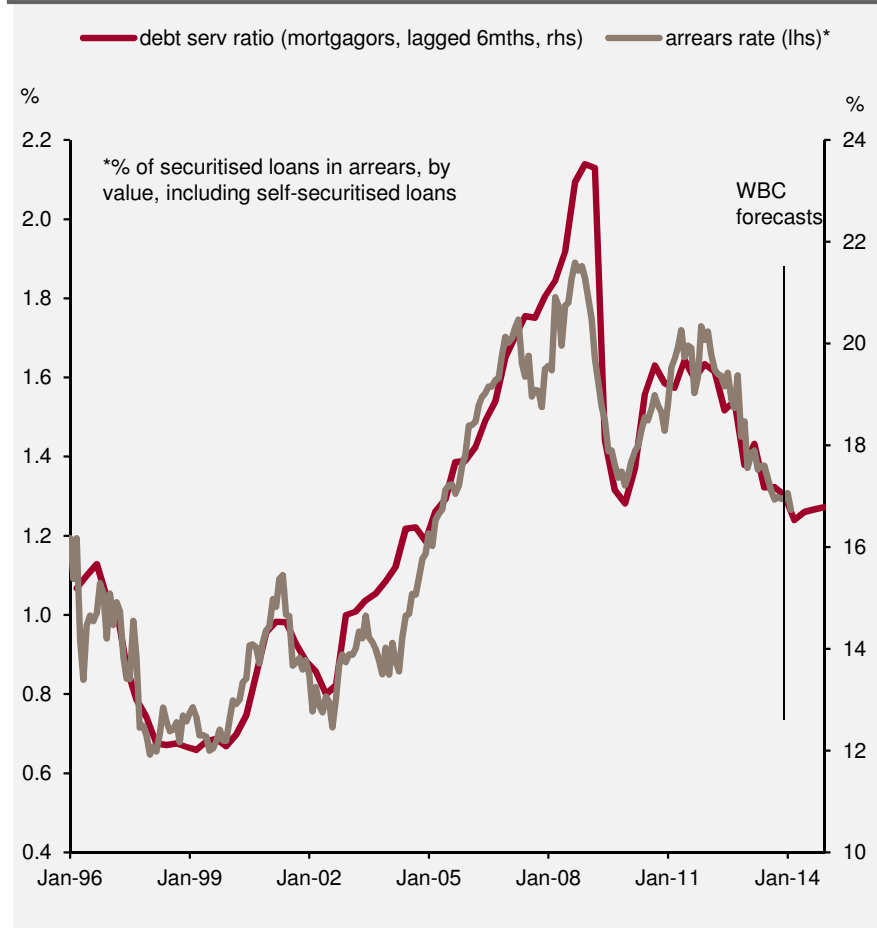
A more cautious approach to household leverage by Australian households

Australian households: debt to income ratio (%)



Sources: ABS, RBA, Westpac.

Pressure easing on existing borrowers (%)



Sources: ABS, RBA, Standard & Poor's, Westpac Economics.

FIRST HALF 2014

APPENDIX & DISCLAIMER

COMPARISON OF 1H14 VERSUS 2H13 CASH EARNINGS BASIS
(UNLESS OTHERWISE STATED)

STRENGTH

RETURN

GROWTH

PRODUCTIVITY

Appendix 1: Cash Earnings adjustments

	Cash Earnings adjustment	1H13	2H13	1H14	Description
Non merger & acquisition related items	Reported net profit	3,287	3,464	3,622	Reported net profit after tax attributable to equity holders of Westpac Group
	TPS revaluations	8	1	-	The TPS hybrid instrument is not fair valued however the economic hedge is fair valued. The mismatch in the timing of income recognition is added back
	Treasury shares	29	13	13	Earnings on certain Westpac Banking Corporation shares held by Westpac in the wealth business are not recognised under A-IFRS. These are added back as these shares support policyholder liabilities and equity derivative transactions, which are revalued in deriving income
	Fair value gain/(loss) on economic hedges	57	(36)	46	Unrealised profit/losses on economic hedges: FX hedges on future NZ earnings, FX hedges on fees payable on Government-guaranteed debt, accrual accounted term funding transactions and credit spread movements on certain long term debt issuances are reversed as they may create a material timing difference on reported earnings in the current period, which does not affect Cash Earnings over the life of the hedge
	Ineffective hedges	(23)	3	17	The gain/loss on qualified hedge ineffectiveness is reversed because the gain/loss from fair value movements reverses over time
	Buyback of government guaranteed debt	43	-	(30)	The Group has bought back portions of its government guaranteed debt, which reduced the government fees on that debt, currently 70bps. The benefit/(charge) is being amortised over the original term of the debt that was bought back. This has been treated as a Cash Earnings adjustment as the economic benefit of ceasing to pay the government guarantee fee cannot be recognised
Merger & acquisition related items	Amortisation of intangible assets	75	75	70	The merger with St. George and the acquisitions of J O Hambro Capital Management and Lloyds resulted in the recognition of identifiable intangible assets. These assets include intangibles related to core deposits, customer relationships, management contracts and distribution relationships. These intangible items are amortised over their useful lives, ranging between 4 and 20 years. The amortisation of intangible assets (excluding capitalised software) is a Cash Earnings adjustment because it is a non-cash flow item and does not reflect cash distribution available to shareholders
	Fair value amortisation of financial instruments	32	35	9	The unwind of the merger accounting adjustments associated with the fair valuing of St. George retail bank loans, deposits, wholesale funding and associated hedges. Given these are not considered in determining dividends they are treated as Cash Earnings adjustments
	Acquisition transaction and integration expenses	-	-	25	Transaction and integration costs associated with the acquisition of Capital Finance Australia Ltd and BOS International Australia Ltd incurred have been treated as a Cash Earnings adjustment as they do not impact the earnings expected from the acquired businesses following the integration period
	Cash Earnings	3,508	3,555	3,772	

Appendix 2: Definitions

Westpac's business units		Financial performance	
Australian Financial Services or AFS	Australian Financial Services is responsible for the Westpac Group's Australian retail banking, business banking and wealth operations. It incorporates WRBB, SGB and BTFG. AFS also includes the product and risk responsibilities for Australian banking	Cash Earnings	Net profit attributable to equity holders adjusted for the impact of the economic hedges related to TPS, earnings from Treasury shares, fair value gains/losses on economic hedges, ineffective hedges, buyback of government guaranteed debt, the amortisation of certain intangibles in relation to mergers/acquisitions, fair value amortisation of financial instruments, and the transaction and integration expenses in respect to Lloyds acquisition
Westpac RBB or WRBB	Westpac Retail & Business Banking is part of Australian Financial Services division and is responsible for sales and service to consumer, SME, commercial and agribusiness customers (with turnover of up to \$100 million) in Australia under the Westpac brand	Core earnings	Operating profit before income tax and impairment charges
St.George Banking Group or St.George or SGB	St.George Banking Group is part of Australian Financial Services division and provides sales and service to consumer, SME and corporate customers (businesses with facilities typically up to \$150 million) in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands	AIEA	Average interest-earning assets
BTFG	BT Financial Group (Australia) is part of Australian Financial Services division and is the Group's wealth management business, including operations under the Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management, Licensee Select, and Securator brands. Also included are the advice, private banking, and insurance operations of Bank of Melbourne, BankSA, St.George and WRBB. BTFG designs, manufactures and distributes financial products that are designed to help customers achieve their financial goals by administering, managing and protecting their assets	Net interest spread	The difference between the average yield on all interest bearing assets and the average rate paid on all interest bearing liabilities
WIB	Westpac Institutional Bank provides a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. Operates in key financial centers around the world with a growing presence in Asia	Net interest margin	Net interest income divided by average interest-earning assets
Westpac NZ	Westpac New Zealand provides a full range of retail and commercial banking and wealth management products and services to consumer, business, and institutional customers throughout New Zealand. New Zealand operates under the Westpac New Zealand, Westpac Institutional Bank, Westpac Life and BT brands in NZ	ROTE	Return On Average Tangible Equity and is average ordinary equity less average goodwill and other intangible assets (excluding capitalised software)
Westpac Pacific	Westpac Pacific provides banking services for retail and business in seven Pacific Island Nations	Full-time equivalent employees (FTE)	A calculation based on the number of hours worked by full and part-time employees as part of their normal duties. For example, the full-time equivalent of one FTE is 76 hours paid work per fortnight
GB	Group Businesses provides centralised Group functions, including Treasury and Finance	Wealth penetration metrics	Data based on Roy Morgan Research, Respondents aged 14+ and 12 month average to March 2014. Wealth penetration is defined as the proportion of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with a Banking Group and also have Managed Investments, Superannuation or Insurance with the same Banking Group WRBB includes Bank of Melbourne (until Jul 2011), BT, Bankers Trust, BT Financial Group, Challenge Bank, RAMS (until Dec 2011), Rothschild, and Westpac St.George includes Advance Bank, Asgard, BankSA, Bank of Melbourne (from Aug 2011), Dragondirect, Sealcorp, St.George and RAMS (from Jan 2012) Westpac Group includes Bank of Melbourne, BT, Bankers Trust, BT Financial Group, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Barclays, Dragondirect, Sealcorp and St.George 'Majors includes: ANZ Group, CBA Group, NAB Group, WRBB and St.George'

Appendix 2: Definitions (continued)

Financial performance (cont.)		Asset quality	
Products per customer	Roy Morgan Research, Products Per Customer, Total Banking & Finance (incl Work Based Super) customers aged 18+, 6 month rolling average, March 2014. WRBB refers to Westpac Group (excl STG) and SGB refers to St.George Banking Group. Note that Westpac Group (excl St George Group) includes: Westpac; Bankers Trust; BT; BT Financial Group; RAMS (until Dec 11); Rothschild; Challenge Bank; Bank of Melbourne (to July 11). Note that St George Group includes: Advance (Managed Investment and Superannuation only); Asgard; Bank of Melbourne (from Aug 11); BankSA; RAMS (from Jan 12); Sealcorp; St.George Bank; and Dragondirect	TCE	Total committed exposures
MyBank customer	A MyBank customer is one where we have their quality transaction account (they are active; have salary credit; and/or have multiple regular deposits) and they do multiple transactions per month; and we meet at least 2 out of 5 of their following needs: (a) long term borrowing; (b) short term borrowing; (c) savings and investment; (d) protection; and (e) wealth	Stressed loans	Stressed loans are the total of Watchlist and Substandard, 90 days past due well secured and impaired assets
Customers with wealth products (%)	Number of customers who have managed investments or superannuation with Westpac NZ as a proportion of the total active customers in Westpac NZ Retail, Private and Business Bank.	Impaired assets	<p>Impaired assets can be classified as</p> <ol style="list-style-type: none"> 1. Non-accrual assets: Exposures with individually assessed impairment provisions held against them, excluding restructured loans 2. Restructured assets: exposures where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer 3. 90 days past due (and not well secured): exposures where contractual payments are 90 days or more in arrears and not well secured 4. other assets acquired through security enforcement 5. any other assets where the full collection of interest and principal is in doubt
Capital		90 days past due - well secured	A loan facility where payments of interest and/or principal are 90 or more calendar days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and interest is being taken to profit on an accrual basis
Risk Weighted Assets or RWA	Assets (both on and off-balance sheet) of Westpac are assigned within a certain category. Amounts included in these categories are multiplied by a risk weighting and the resulting weighted values are added together to arrive at total risk weighted assets	Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
NCI	Non-controlling interests	Individually assessed provisions or IAPs	Provisions raised for losses that have already been incurred on loans that are known to be impaired and are individually significant. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and as this discount unwinds, interest will be recognised in the statement of financial performance
Capital ratios	As defined by APRA (unless stated otherwise)	Collectively assessed provisions or CAPs	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience of assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data

Investor Relations Team

Equity Investor Relations

Andrew Bowden
Head of Investor Relations
+61 2 8253 4008
andrewbowden@westpac.com.au

Leigh Short
Senior Manager
+61 2 8253 1667
lshort@westpac.com.au

Debt Investor Relations

Jacqueline Boddy
Director
+61 2 8253 3133
jboddy@westpac.com.au

Louise Coughlan
Director (Rating Agencies)
+61 2 8254 0549
lcoughlan@westpac.com.au

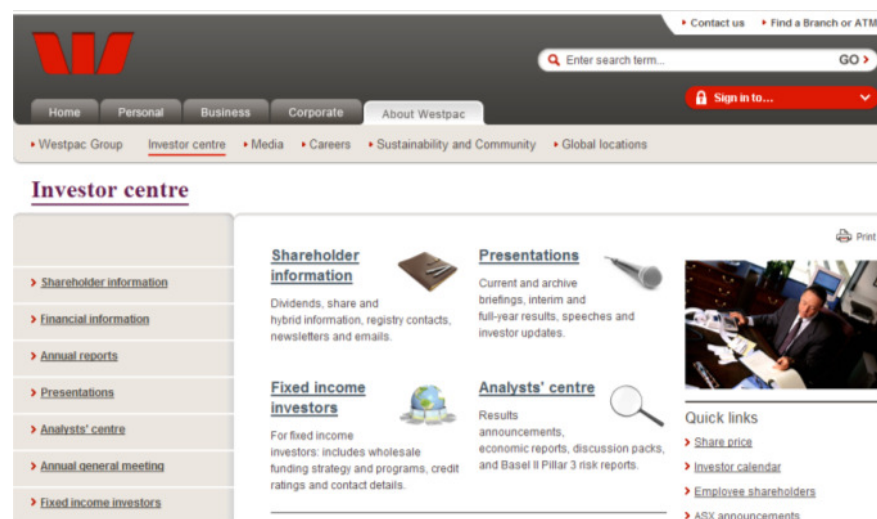
Retail Shareholder Investor Relations

Rebecca Plackett
Manager
+61 2 8253 6556
rplackett@westpac.com.au
or email: investorrelations@westpac.com.au

For further information on Westpac

www.westpac.com.au/investorcentre click on 'Analysts' Centre'

- Annual reports
- Presentations and webcasts
- 5 year financial summary
- Prior financial results



The screenshot shows the Westpac Investor Centre website. At the top, there is a navigation bar with links for Home, Personal, Business, Corporate, and About Westpac. Below the navigation bar is a search bar and a 'Sign in to...' button. The main content area is titled 'Investor centre' and includes sections for Shareholder information, Financial information, Annual reports, Presentations, Analysts' centre, and Fixed income investors. Each section has a brief description of the content available.

Disclaimer

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation (Westpac) and its activities.

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

All amounts are in Australian dollars unless otherwise indicated.

Unless otherwise noted, financial information in this presentation is presented on a Cash Earnings basis. Cash Earnings is a non-GAAP measure. Refer to Westpac First Half 2014 Results (incorporating the requirements of Appendix 4D) for the half year ended 31 March 2014 available at www.westpac.com.au for details of the basis of preparation of Cash Earnings. Refer to slides 33 for an explanation of Cash Earnings and Appendix 1 slide 113 for a reconciliation of reported net profit to Cash Earnings.

This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the US Securities Exchange Act of 1934. Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as ‘will’, ‘may’, ‘expect’, ‘indicative’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘probability’, ‘risk’, ‘forecast’, ‘likely’, ‘estimate’, ‘anticipate’, ‘believe’, or similar words to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with our expectations or that the effect of future developments on us will be those anticipated. Actual results may differ materially from those which we expect, depending on the outcome of various factors. Factors that may impact on the forward-looking statements made include those described in the Director’s report in the section titled ‘Risk factors’ in Westpac’s Interim Financial Report for the half year ended 31 March 2014 available at www.westpac.com.au. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation to update any forward-looking statements contained in this presentation.