

# 2009 Annual General Meeting

Ted Evans  
Chairman

Westpac Banking Corporation ABN 33 007 457 141

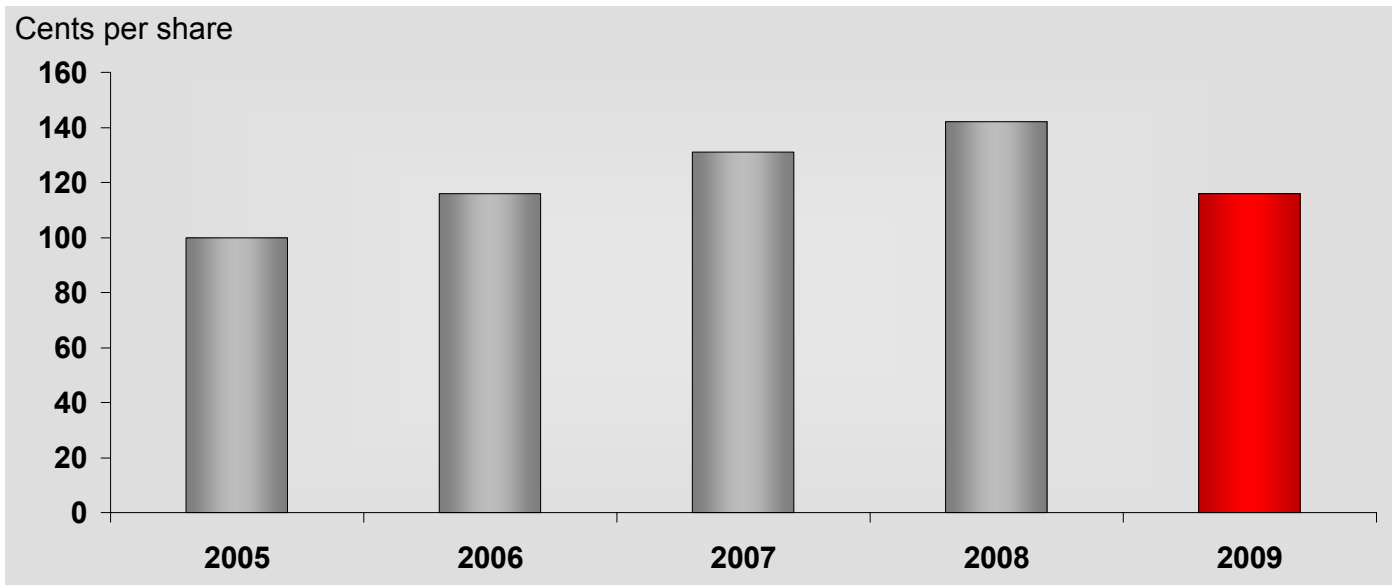
## Revenue and Cash Earnings



<sup>1</sup> Both Revenue and Cash Earnings have been calculated on a pro forma basis as if Westpac merged with St. George on 1 October 2007

## Dividends

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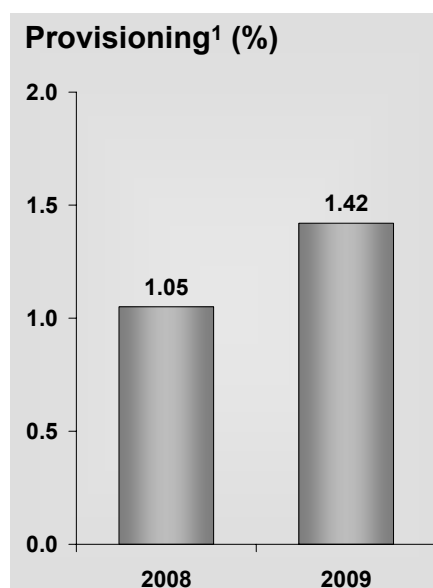
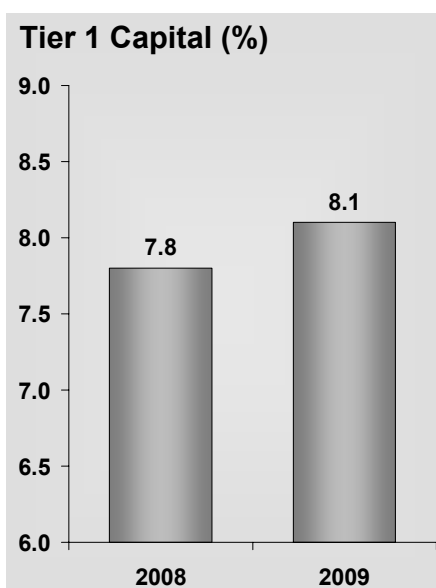
# 2009 Annual General Meeting

Gail Kelly  
Chief Executive Officer

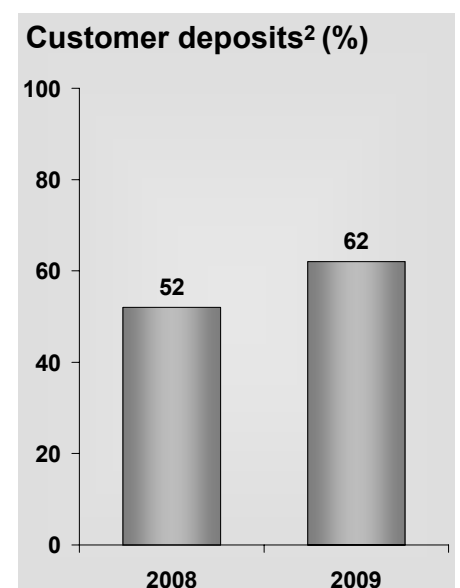
## Key areas of focus in 2009

- Position the Group strongly through the GFC and economic downturn
- Deliver on our strategic agenda
- Effectively manage the St.George merger and restore St.George growth

## Positioned strongly through the GFC and economic downturn



1. Collective provisions to credit risk weighted assets



2. Proportion of funding from customer deposits

## Deliver on our strategic agenda

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- Customers at the centre of the business
- Investment in distribution
- Make it easier for our customers to do business with us
- Pull together as One Team
- Brands: more choice for customers

## Transformational merger has added strength and capability

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- Maintained growth
  - Both Westpac RBB and St.George gaining share and customers
  - Improving net promoter scores
  - Employee engagement higher than before the merger
- Sharing of best practice underway
  - Product development
  - Customer management
- Merger savings supporting investment

 **Stronger than ever**

- Australia's 5<sup>th</sup> largest bank, and strongest regional bank
- Build on 'Big enough; Small enough' market position
- New regional structure
- Expanded distribution network
- Outstanding BankSA performance
  - Cash earnings up 20%
  - Only \$6m in impairment charges

## A Transformational year

		Sept 08	Sept 09	Movements
<b>Customers</b>	▪ Customers	7m	10m	40% distribution uplift
	▪ Branches (Aust)	1,045	1,645	
	▪ NPS <sup>1</sup> Westpac RBB	-24	-15	Improving NPS
	▪ NPS <sup>1</sup> St.George	-13	-9	
<b>Australian Market share</b>	▪ Housing	14%	23%	Around 1% of mortgage and deposit share from organic growth
	▪ Business	13%	18%	
	▪ Household Deposits	14%	23%	
	▪ Wealth platforms	13%	20%	
<b>Productivity</b>	▪ Expense/income ratio	44%	40%	
<b>Balance sheet</b>	▪ Tier 1 Ratio	7.8%	8.1%	Positioned to help customers reach their goals
	▪ Stable funding ratio	70%	84%	
<b>Brands</b>				
<b>Size</b>	▪ Market capitalisation	\$41bn	\$77bn	Up almost 90%

<sup>1</sup> Source for Consumer NPS (Net Promoter Score): Roy Morgan Research – NPS of main financial institution Aged 14+. Data at Sep09.

## Sound financial performance in challenging conditions

		% change FY08 – FY09	
<b>Cash earnings<sup>1</sup></b>	\$4,627m	-	8
Reported NPAT	\$3,446m	-	11
Core earnings <sup>1,2</sup>	\$10,015m	+	19
Impairment charges to average loans <sup>1</sup>	73 bps	+	44 bps
Cash EPS <sup>3</sup>	162c	-	18
Cash Return on Ordinary Equity <sup>3</sup>	13.8%	-	Large
Expense to income ratio (cash basis) <sup>1</sup>	40.2%	-	310 bps
Fully franked dividend	116c	-	18

<sup>1</sup> On a pro forma basis calculated as if Westpac merged with St.George on 1 October 2007.

<sup>2</sup> Core earnings equals cash earnings before impairment charges, tax and minority interests.

<sup>3</sup> Cash EPS and Cash Return on Ordinary Equity on pro-forma basis for FY09; FY08 excludes the St.George Merger.

# Changes to the environment from the Global Financial Crisis

## Customers

- Customers choosing lower debt and more equity
- Higher savings a priority
- Increased rewards for saving, greater costs for borrowing
- Financial service relationships valued more highly

## Industry

- Deleveraging and easing of stimulus packages to impact sector growth
- Deposit growth to be a greater driver of lending
- Changes in risk assessment and pricing for risk
- Average funding costs continuing to rise
- Industry structure continuing to evolve

## Regulatory

- Many institutions have adjusted their business models. Regulatory change will reinforce:
  - Higher minimum capital and higher quality capital
  - More liquidity, changes in liquidity composition
- Transition to new models must be measured to support economic recovery

# 2010 will be building on platform of 2009

## Customer

### Customers at the centre

- Westpac Local: The Bank Manager is back
- St.George: Greater regional focus while increasing distribution presence and reach

## People

### Investing in people

- Shift decision making and focus to front line
- Increased training, coaching and mentoring
- Pervasive cultural change, fundamentally improving customer focus

## Brands

### More choice for customers

- St.George: Australia's leading regional bank 'Big enough; Small enough'
- Westpac brand: Strong, safe, local, responsible
- Leading 'Institutional' brand

## Productivity

### Sustained gains

- Continue to deliver on merger synergies
- Build sales force productivity
- Process redesign and simplification

## Well positioned for improving outlook

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- Continued uncertainty in global environment
- Strong household sector supporting Australian economic recovery
- Impairment charges likely peaked and although more impairments to come we are strongly provisioned
- Clear focus on our key strategic priorities
- Started 2010 with strong momentum across all our businesses

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