

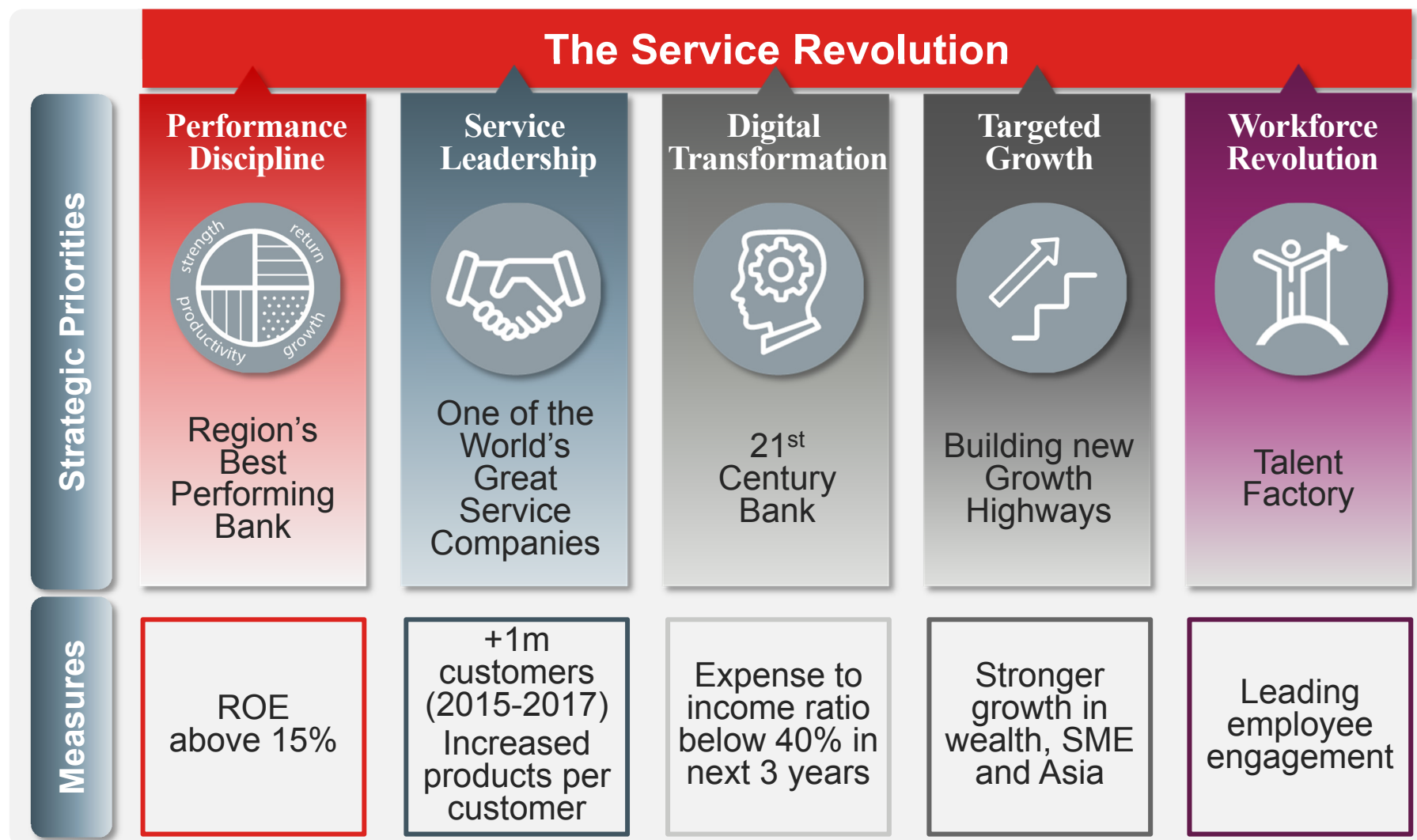
Westpac Banking Corporation
ABN 33 007 457 141

WESTPAC CONSUMER BANK AND BUSINESS BANK UPDATE

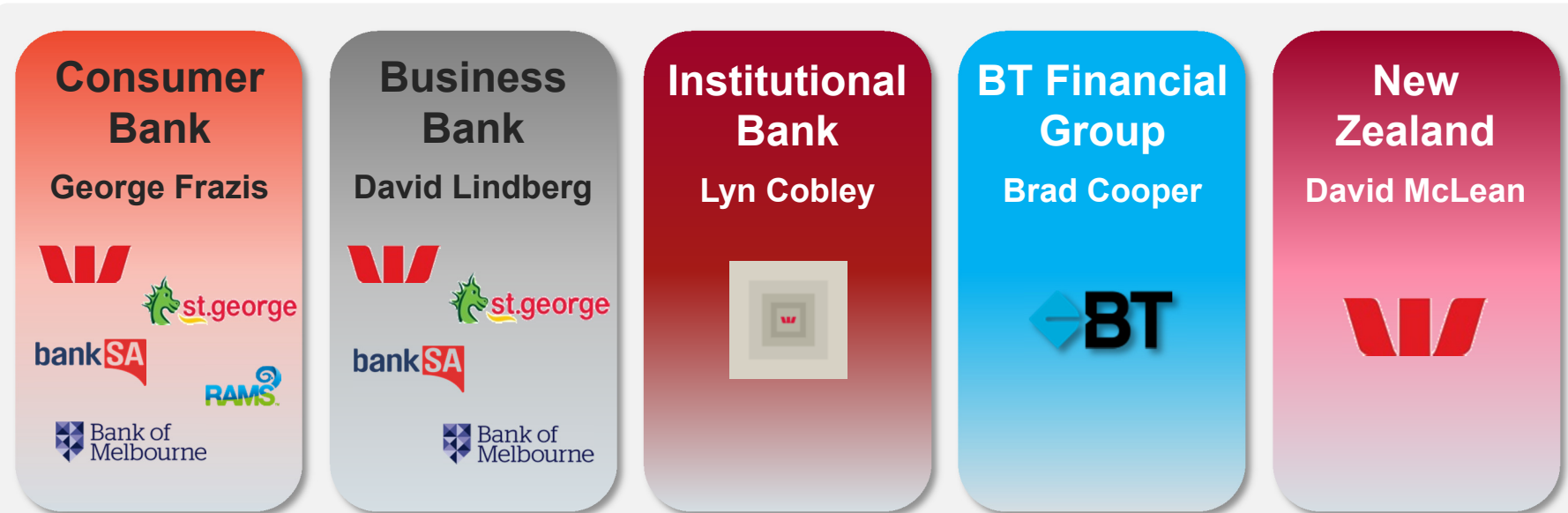
24 March 2016

All metrics in this presentation relate to the Consumer Bank or Business Bank divisions of Westpac Banking Corporation unless otherwise stated. Financial data is in A\$ and as at 30 September 2015 unless otherwise stated. A webcast of this presentation including a question and answer session will be available on our website at www.westpac.com.au/investorcentre (commencing 9.30am)

Our five **strategic priorities**



New structure drives accountability & clarity



- Unique portfolio of brands
- Consistent performance metrics
- Clear accountability for the end-to-end customer experience

CONSUMER BANK

George Frazis
Chief Executive

Westpac's Consumer Bank is well positioned to grow

Consumer Bank starts from a position of strength

Retail banking is attractive but some industry challenges

Executing a clear, service-based strategy

Led by an experienced management team

Positioned for quality growth

Consumer Bank overview

30 September 2015



**\$7bn
revenue**

34% of Group revenue



**8.4m
customers**

1 in every 3 Australians



**~9,100
employees**

26% of Group employees



**\$321bn
loans**

Market share^{1,2} 23%



**\$168bn
deposits**

Market share^{1,3} 23%



**1,108
branches**

2nd largest network

1 Represents Westpac Group market share. 2 APRA housing credit market share as at 30 September 2015. 3 APRA household deposit market share as at 30 September 2015.

Consumer Bank division

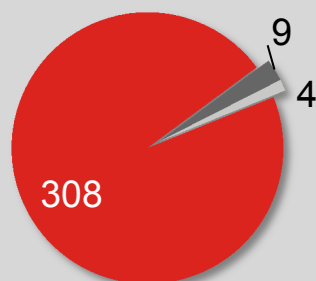
Distribution network



Third Party
Distribution

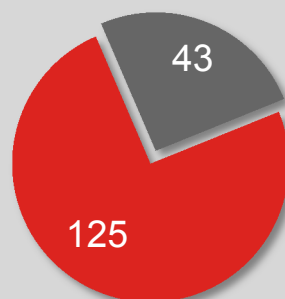
Consumer Bank balance sheet 30 Sept 2015

Lending (\$bn)



- Mortgages
- Credit cards
- Personal loans

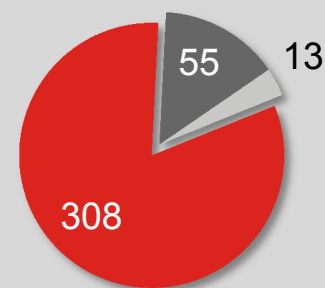
Deposits (\$bn)



- Savings/transactions
- Term deposits

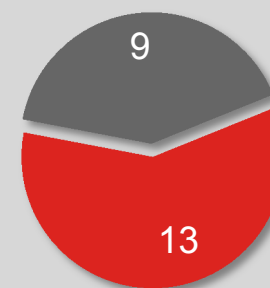
Mix of Australian balance sheet 30 Sept 2015

Mortgages (\$bn)



- Consumer Bank
- Business Bank
- Other¹

Other consumer lending (\$bn)



- Consumer Bank
- Business Bank²

¹ Includes BTFG. ² Includes Auto loans.

Operating environment **supportive**

Australian market continues to be attractive

350k Annual population growth over the last four years¹

2.8% GDP Growth²

7.5% Housing credit growth³

9.0% Household deposit growth⁴

5.8% Unemployment rate⁵

1.9% Sydney rental vacancy rate⁶

Risk/return fundamentals sound

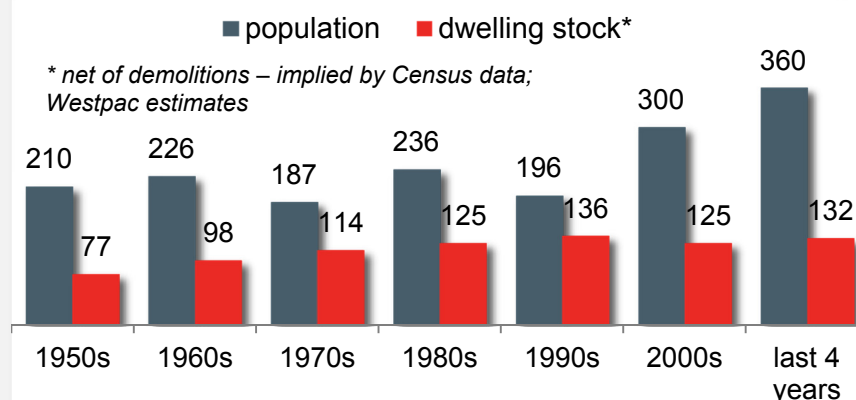
2.00% Cash rate⁷

74% Customers ahead of scheduled repayments⁸

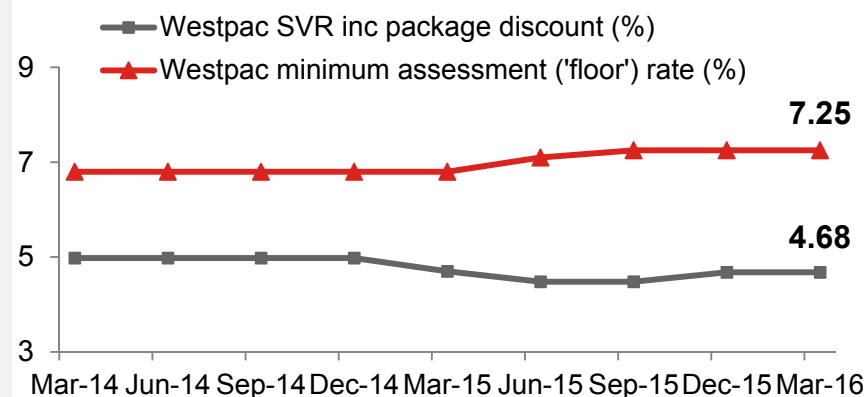
1 Source ABS based on population growth for the four years to June 2015. 2 Source ABS trend growth in GDP for December quarter 2014 to December quarter 2015. 3 Source Westpac Economics. 4 Source APRA banking household deposits January 2011 to January 2016. 5 Source ABS as at February 2016. 6 Source ABS, Westpac Economics as at 30 September 2015. 7 RBA cash rate. 8 As at 30 September 2015, refer slide 72 of the Westpac Full Year 2015 Financial Result and Investor Discussion Pack for further details.

Strong housing fundamentals

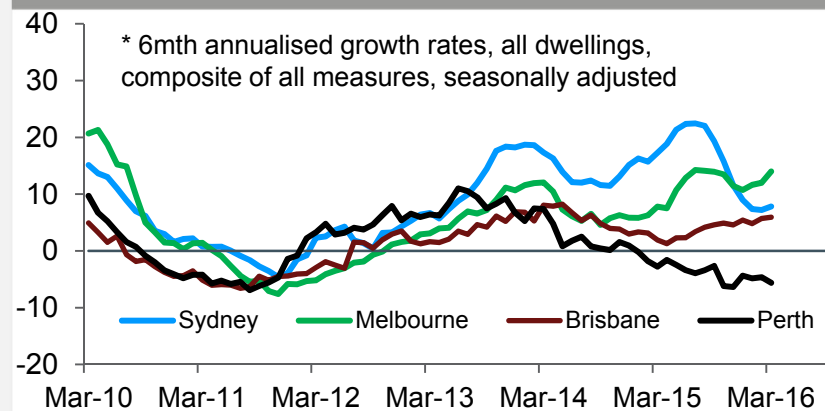
Population vs dwelling stock (ann avg change '000)¹



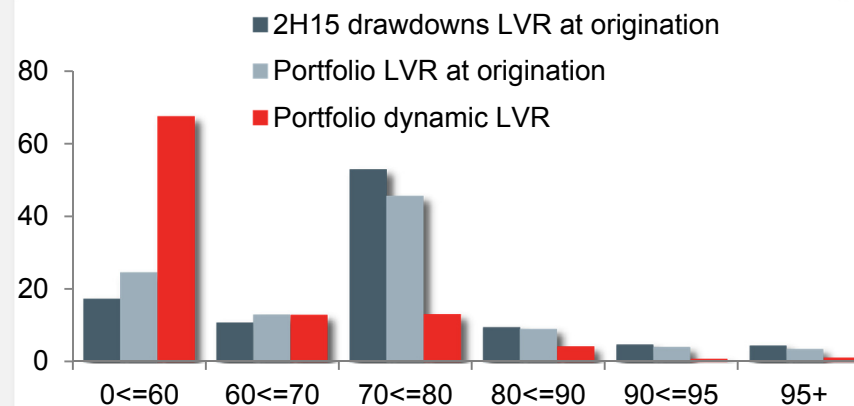
Increase in mortgage interest rate buffers (%)



Capital city dwelling prices² (% growth)



Australian housing loan-to-value ratios (LVRs)^{3, 4} (%)

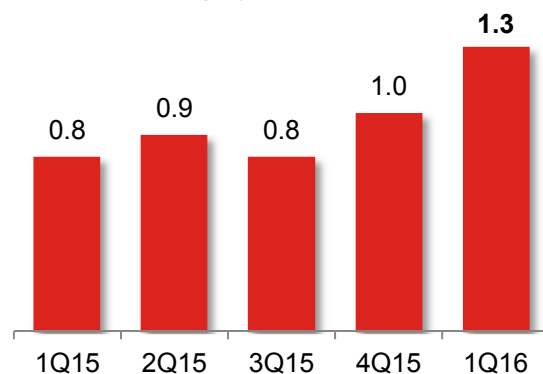


¹ Sources REIA, Westpac Economics. ² Sources ABS, CoreLogic RP Data, APM, Residex, Westpac Economics. ³ As at 30 September 2015. Excludes RAMS. ⁴ Dynamic LVR represents the loan-to-value ratio taking into account the current outstanding loan balance, changes in security value and other loan adjustments. Property valuation source Australian Property Monitors.

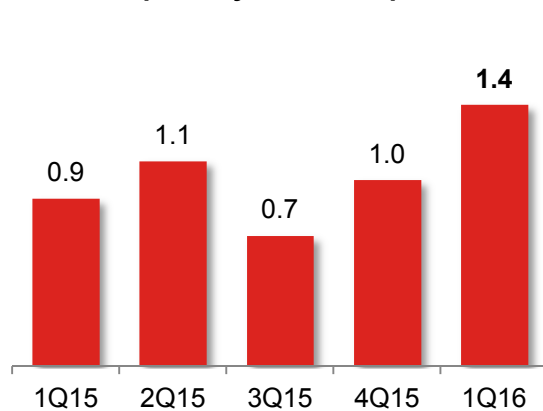
Consumer Bank **well placed**

Good momentum

Housing system multiple¹

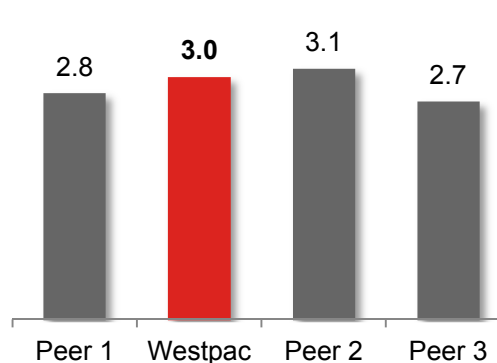


Deposit system multiple²

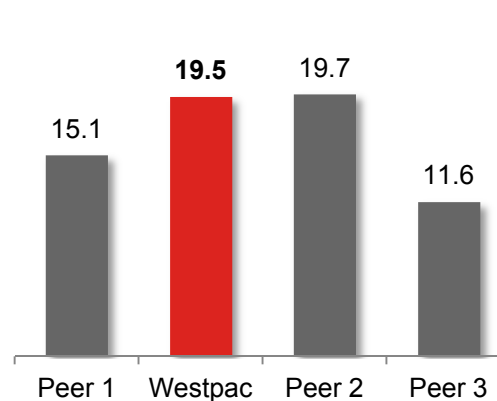


Sound cross sell

Products held per customer^{3,4} Dec 2015 – 6MMA

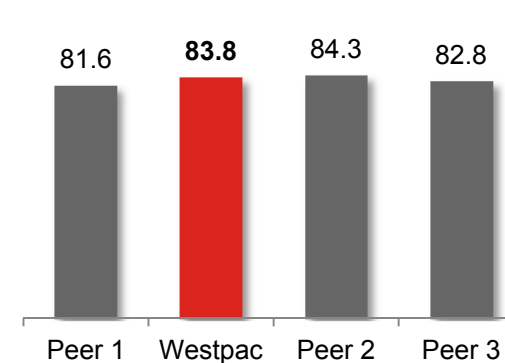


Wealth Penetration (%)^{3,4} Dec 2015 – 12MMA

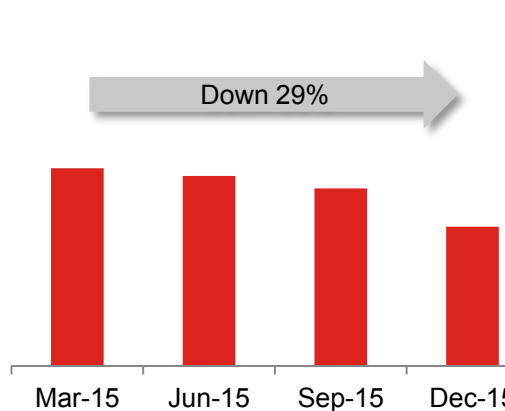


Strong franchise, satisfaction & lower complaints

Customer Satisfaction (%)^{3,5} Dec 2015 – 6MMA



Consumer Bank complaints⁶ (#)



1 Source RBA Financial Aggregate. 2 Source APRA Banking Statistics Household Deposits. 3 MMA is monthly moving average. Data based on Roy Morgan Research December 2015. 4 For further details on metric provider including definition refer page 146 of the Westpac Group Full Year 2015 Financial Result and Investor Discussion Pack. 5 For further details on metric provider including definition refer page 145 of the Westpac Group Full Year 2015 Financial Result and Investor Discussion Pack. 6 Branch based complaints.

Looking ahead – industry challenges and opportunities

Regulatory and market change

- Capital, liquidity and cost of funds
- Credit cards
- Impairments

Customer and digital change

- Customer behaviour
- Digitisation
- Product and process simplification

Strategy focused on 5 priorities

Examples



New customers



- Multi-brand reaches a broader customer set
- Clear priority segments established
- Everyday banking service focus



Home loans



- Immediate top-up assessment and approval and borrowing capacity for a new home; *Wonder*
- Fast and paperless, application to settlement
- Customer service hub for home ownership



MyBank



- Particular focus on wealth/insurance
- Improved digital and mobile capabilities
- 12 month onboarding program to deepen relationships



Digital



- Streamline acquisition of new customers
- New service experiences
- Self-service / straight through processing
- Continuous improvement in productivity








Service quality



- Enhancing strong culture with launch of “Our Service Promise” program
- Further reduce complaints by fixing pain points
- Capturing NPS¹ at interaction across channels

¹ NPS is net promoter score. NPS is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.

Continuous transformation through 90 day drops...

	1Q16	2Q16
 New customers	<ul style="list-style-type: none"> • 10 min onboarding with a simple online process for new transaction accounts 	<ul style="list-style-type: none"> • Open account in branch in 3 minutes so customers walk out working
 Home loans	<ul style="list-style-type: none"> • Digital settlement 	<ul style="list-style-type: none"> • <i>Wonder</i> for home owners available for all Westpac customers
 MyBank	<ul style="list-style-type: none"> • 'One Click' opening of savings accounts for existing customers • BT Super For Life open and serve on mobile 	<ul style="list-style-type: none"> • Unlock conditionally pre-approved Credit Cards/Personal Loans in St.George
 Digital	<ul style="list-style-type: none"> • Digital block/unblock capability for Westpac cards • 'Banker in your Pocket' for St.George, Bank of Melbourne and BankSA 	<ul style="list-style-type: none"> • Self service proof of balance and interim transactions in Westpac • Credit card auto-pay in Westpac
 Service quality	<ul style="list-style-type: none"> • 20% reduction in time to make payments from Westpac and St.George on mobile 	<ul style="list-style-type: none"> • Launched 'Our Service Promise' – An enhanced customer service program to deliver our service revolution

...delivering results

Attract

What ID do you have on you?

Get verified online and save time. Providing two forms of ID is recommended.

- ☐ Australian driver's licence
- ☐ Medicare Card
- ☐ Passport
- ☐ Australian Birth Certificate
- ☐ NSW Photo Card

Continue

Cancel

Get active on your account

Let us help you to get active on your account and make the most out of your BankSA Mobile Banking

Email details to employer

Use our email template to notify your employer about your new account

Import payees and billers

We can help you import your payees, billers and direct debit details to BankSA

Walk out working

Easy switching

Deepen

wonder - enhancing customers' knowledge of their property options



Your home

Medium confidence estimated value

\$1.39m - \$1.57m

Powered by CoreLogic

Loan increase submitted

Simplify

Automate Proof of balance requests

Proof of account balance

Select accounts (optional)
Displays all if none selected

Select accounts

2 added

Interest Offset 732-024 XXXXX

Core Home Loan 037-132 XXXXX

2 added

Create report

Westpac

Proof of account balance

BILL EXAMPLE
21 LANE ST
MOSMAN, NSW

Account balance	Account balance	Account balance
Current Loan	\$24,750.00	\$14,400.00
Current Loan	\$4,000.00	\$4,000.00
Interest Offset	\$4,000.00	\$4,000.00
Accounts total	\$28,750.00	\$18,400.00

Instant call centre access via mobile banking

Connect

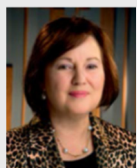
Secure, fast connection to the right support options.

Start using Connect

Standard call rates apply.

Experienced leadership team

Distribution heads



Bernadette Inglis
Group GM
Westpac Retail & Premium

25yrs 6yrs



Ross Miller
GM St.George Retail
Banking

19yrs 19yrs



Scott Tanner
Chief Executive
Bank of Melbourne

31yrs 6yrs



Nick Reade
Chief Executive
BankSA

29yrs 2yrs



Martine Jager
Chief Executive RAMS &
Chief Marketing Officer

14yrs 5yrs

Business heads



Peter Sarantzouklis
Chief Product Officer

21yrs 8yrs



Tom Boyles
Chief Customer Officer

22yrs <1yr



Dirk McLeish
GM, Conduct – Consumer,
Commercial & Business Bank

16yrs 9yrs



Anthony Hughes
GM, Customer Service
Hub & Home Owns

15yrs 4yrs



Tony MacRae
GM Third Party
Distribution

27yrs 20yrs

Functional heads



Mark Jones
Chief Financial Officer

16yrs 2yrs



Charlotte Middleton
Chief Risk Officer

24yrs <1yr



Mike Wood
Chief Information Officer

28yrs 2yrs



Paul Lewis
Senior Head of Strategy &
Network Transformation

14yrs <1 yr



Carol Separovich
General Manager, Human
Resources

20yrs 2yrs



Experience in financial services



Experience with Westpac Group

Summary

New structure embedded and delivering

Operating environment continues to be supportive of sound returns

Five strategic priorities – each with detailed plans and deliverables

Well positioned to capture significant opportunities

BUSINESS BANK

David Lindberg
Chief Executive

Westpac Business Bank is strongly positioned

A scale business, starting from a position of strength

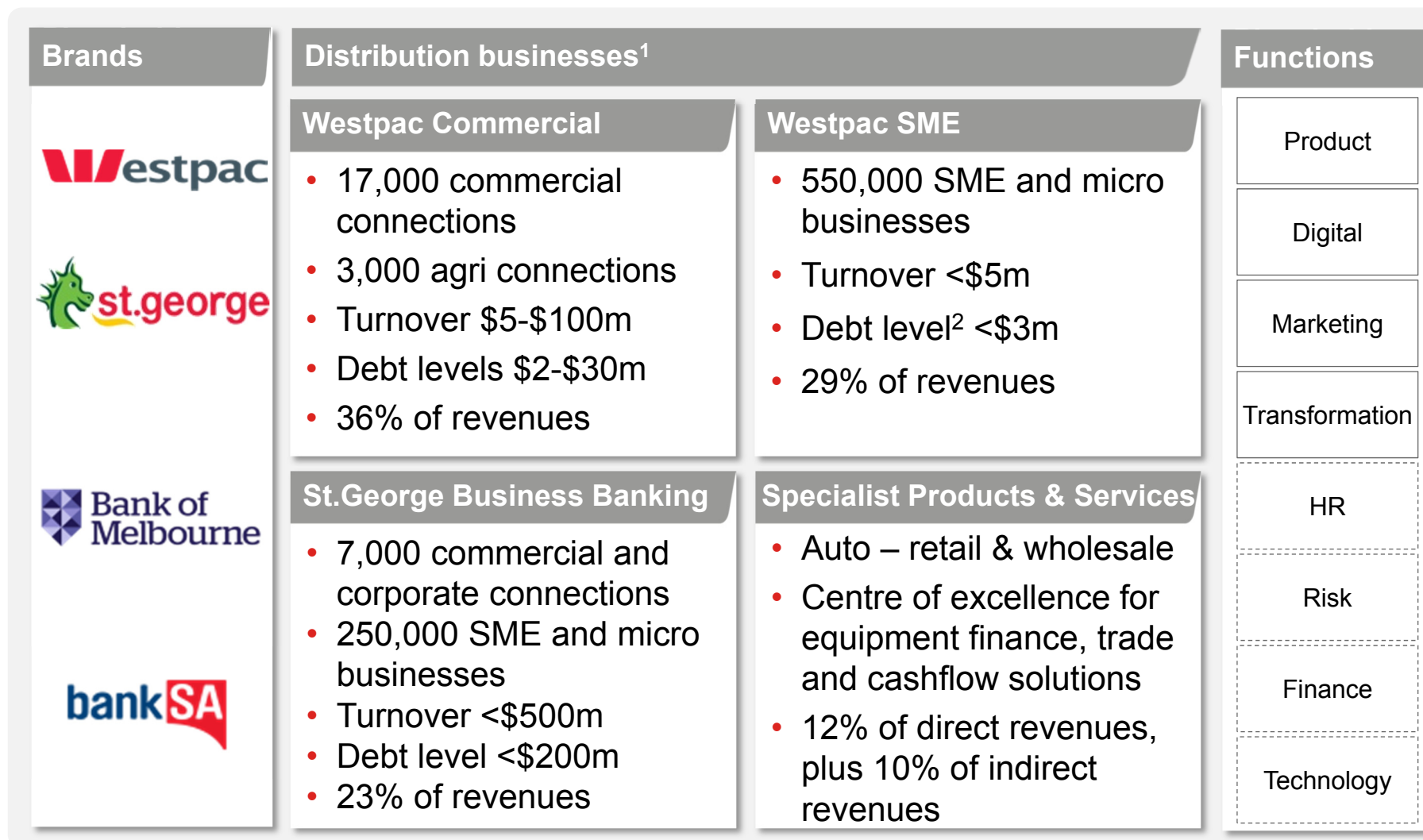
Good operating momentum

Investments beginning to deliver

Four clear strategic priorities

Business is focused on delivering

New operating structure: **accountability & opportunity**



Reports to functional Group Executive. 1 Turnover and debt levels refer to customer turnover and debt level. 2 Debt level is based on maximum borrowing for business lending and does not include residential property lending.

A valuable, scale business – starting from a position of strength

As at 30 September 2015



1st MFI¹

23.5% MFI share¹



**\$5bn
revenue**

24% of Group revenue



**~3,000
bankers**

Westpac

st.george

bankSA

**Bank of
Melbourne**



**\$146bn
lending**

Mortgages \$55bn
Business lending \$83bn
Specialist consumer \$8bn



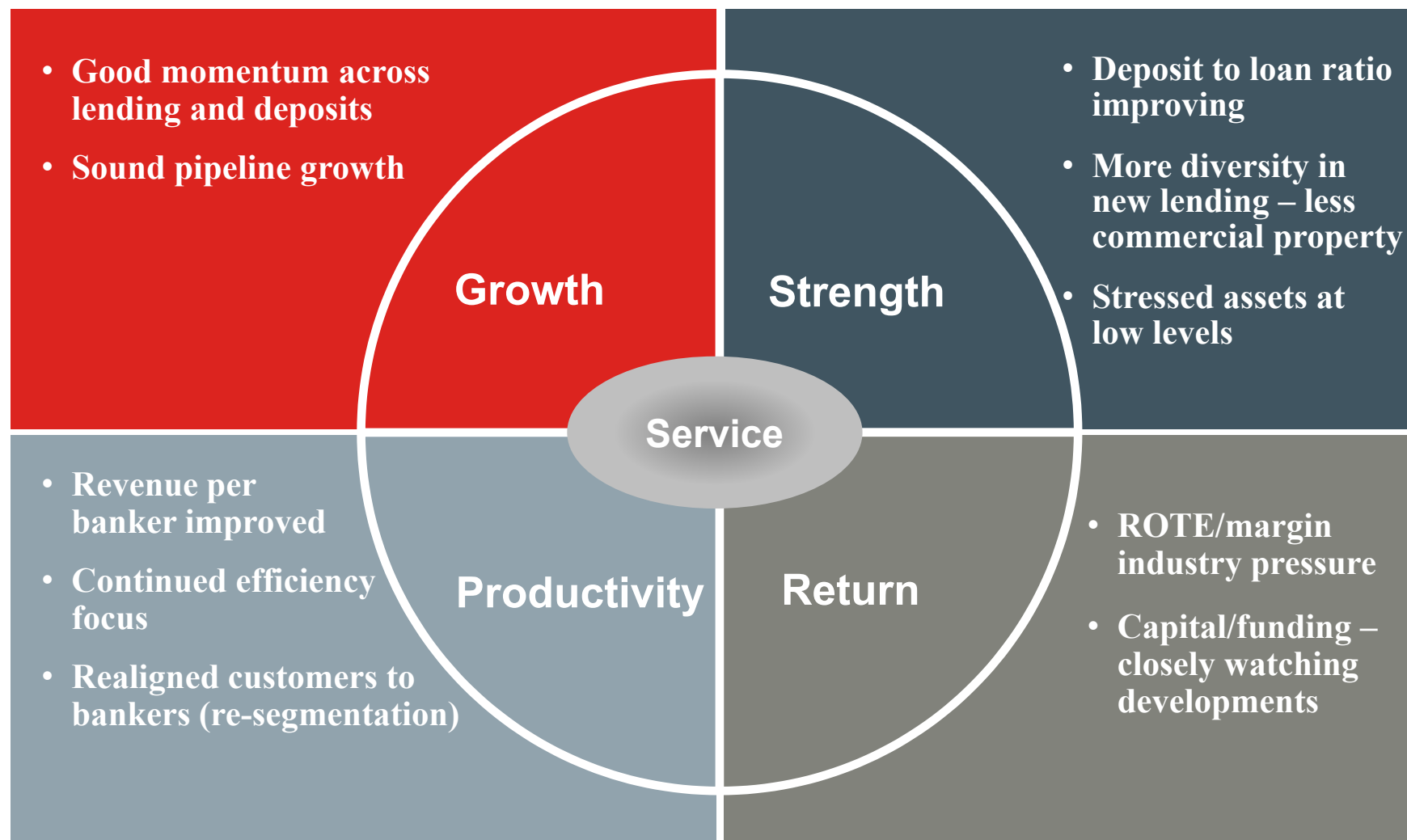
**\$102bn
deposits**



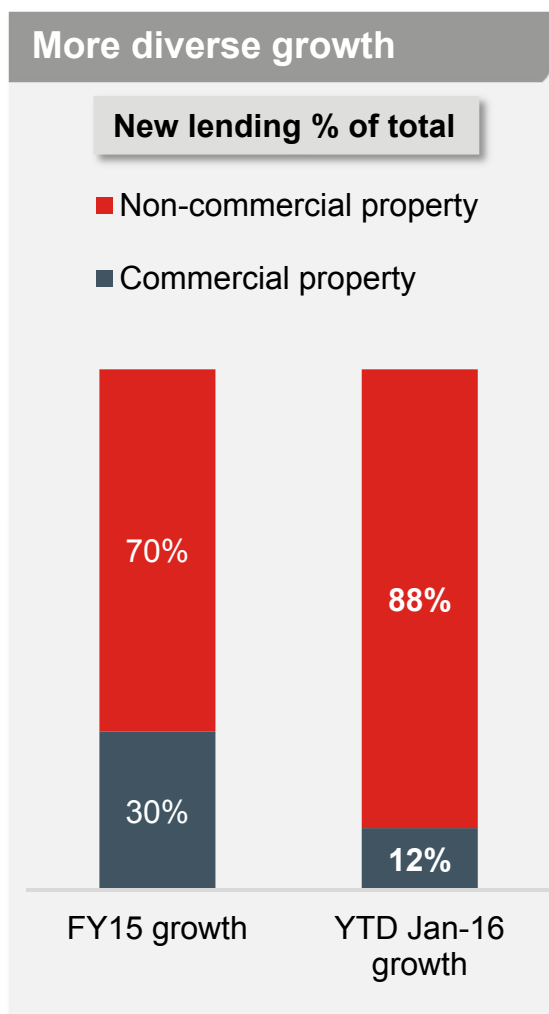
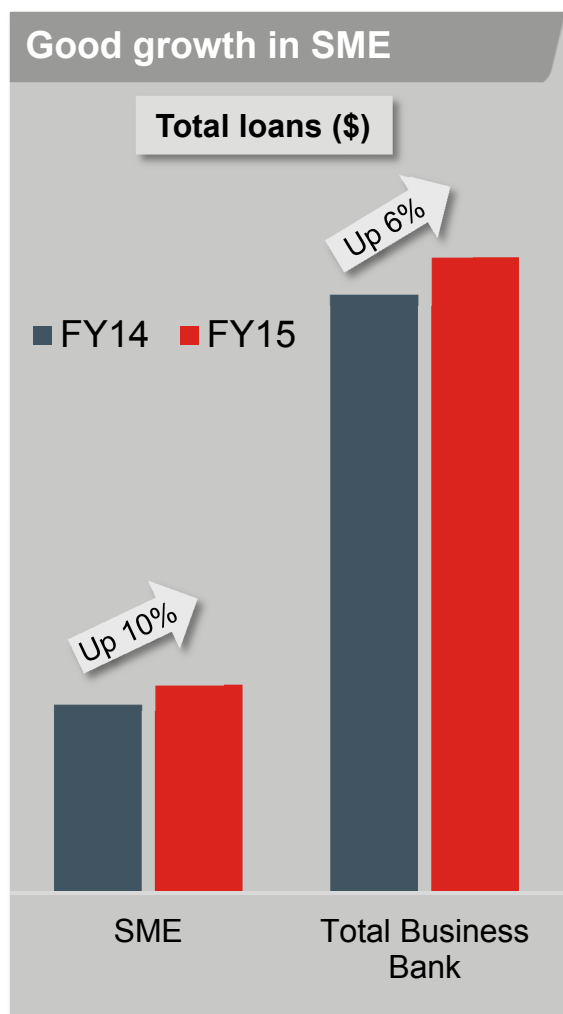
#1 NPS²

1 Main financial institution, as at 31 December 2015. Source DBM. 2 NPS is net promoter score. Source is DBM. NPS is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. For further details on basis of calculation, refer slide 145 of Westpac's Full Year 2015 Financial Result and Investor discussion pack

Recent operating performance: **Good momentum**



Recent operating performance



New capabilities **gaining traction**

Digital for customers



**Westpac Live with
Activate/Unlock (instant
additional account opening)**



**Launching new business
banking online platform**

Payments

**Market leading
merchant terminal**



Digital for bankers



**Simplified origination for
fast lending decisions**



**Enhanced video conferencing
and product capability**



**Continuous
improvement, 4
hours per banker
per week saved
in Commercial**

New **capabilities** – Merchant terminals

From



- Stationary, hardwired terminal
- Separate contactless payments device
- Small black and white screen
- Slow processing

To



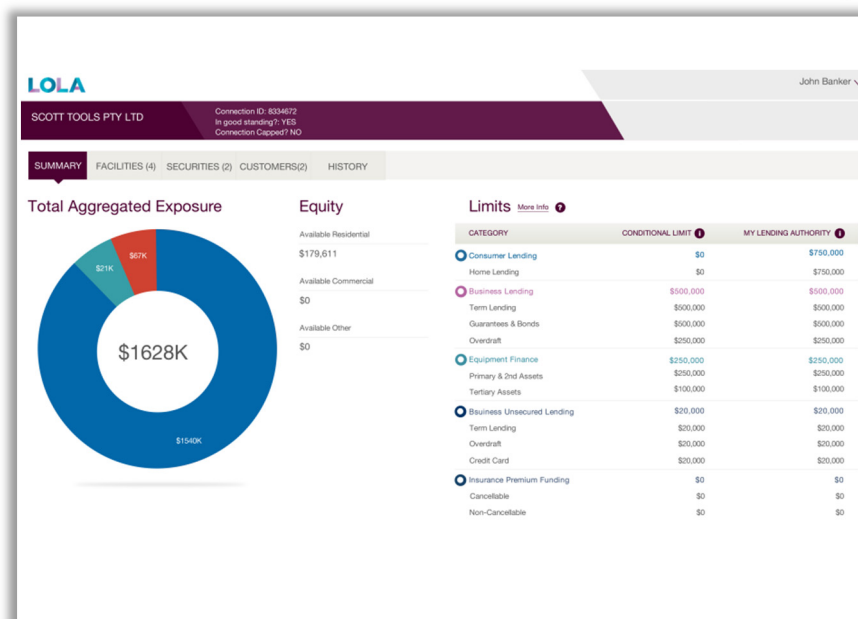
- 90,000 wireless & portable terminals rolled out
- Integrated contactless payments
- China UnionPay & direct currency conversion
- Call to install down from 23 to 5 days
- New customers up 4% YoY
- Complaints down 16% YoY

New capabilities – LOLA

From – Six loan origination systems

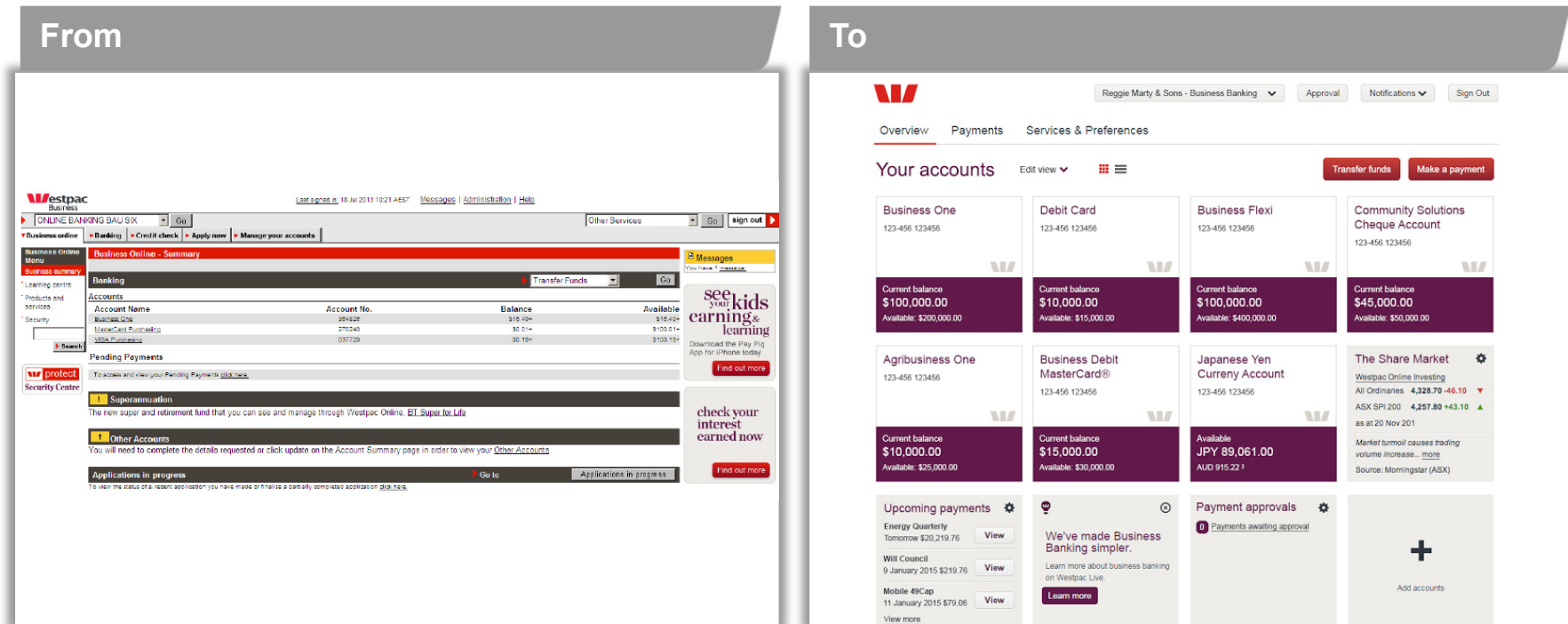
- Detailed data collection and rekeying for existing customers
- Time consuming to obtain approval and to receive cash

To – One-stop lending application



- Time to 'Yes' reduced from 15 days to <1 day
- 25% reduction in banker time to process
- \$34bn conditionally pre-approved for existing customers, \$500m settled to date

New capabilities – Westpac Live

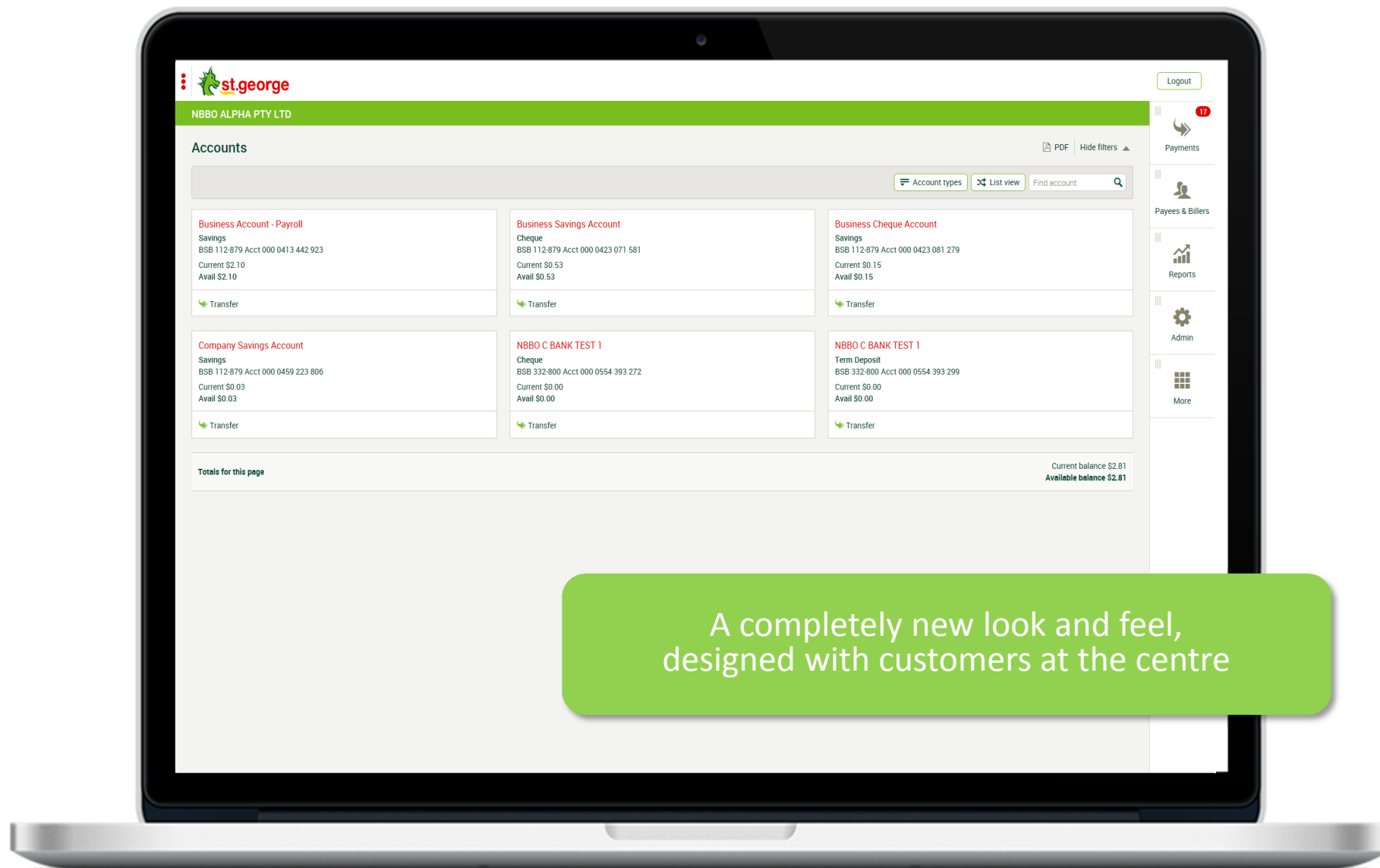


- Dated desktop-based design
- Inconsistent experience across devices
- Limited functionality
- High cost and slow to change

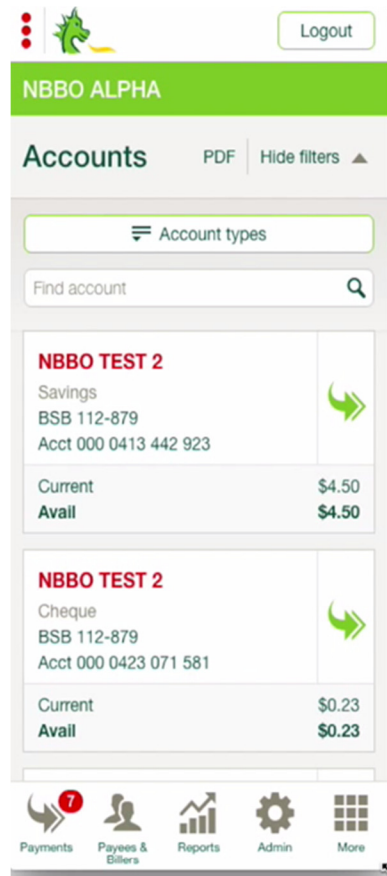
- Roll-out to 800,000 business customers complete
- Digital sales up 35% YoY
- Complaints down 56% YoY
- Online NPS¹ up from -10 to +40

¹ NPS is net promoter score. Source is internal survey conducted on Westpac Live. NPS is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.

Transformed St.George Business Banking Online



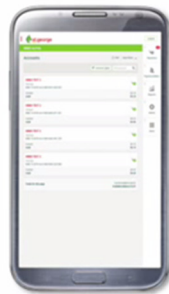
Scalable to any device



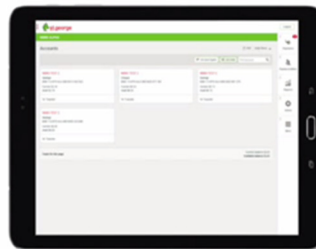
Responsive Design



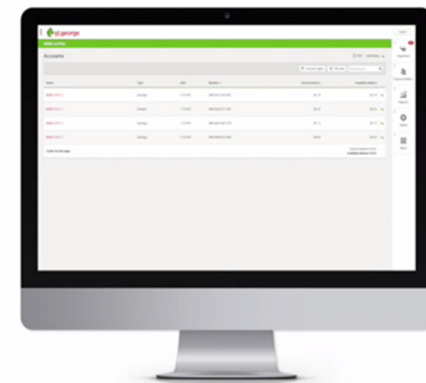
Mobile



Phablet







Tablet



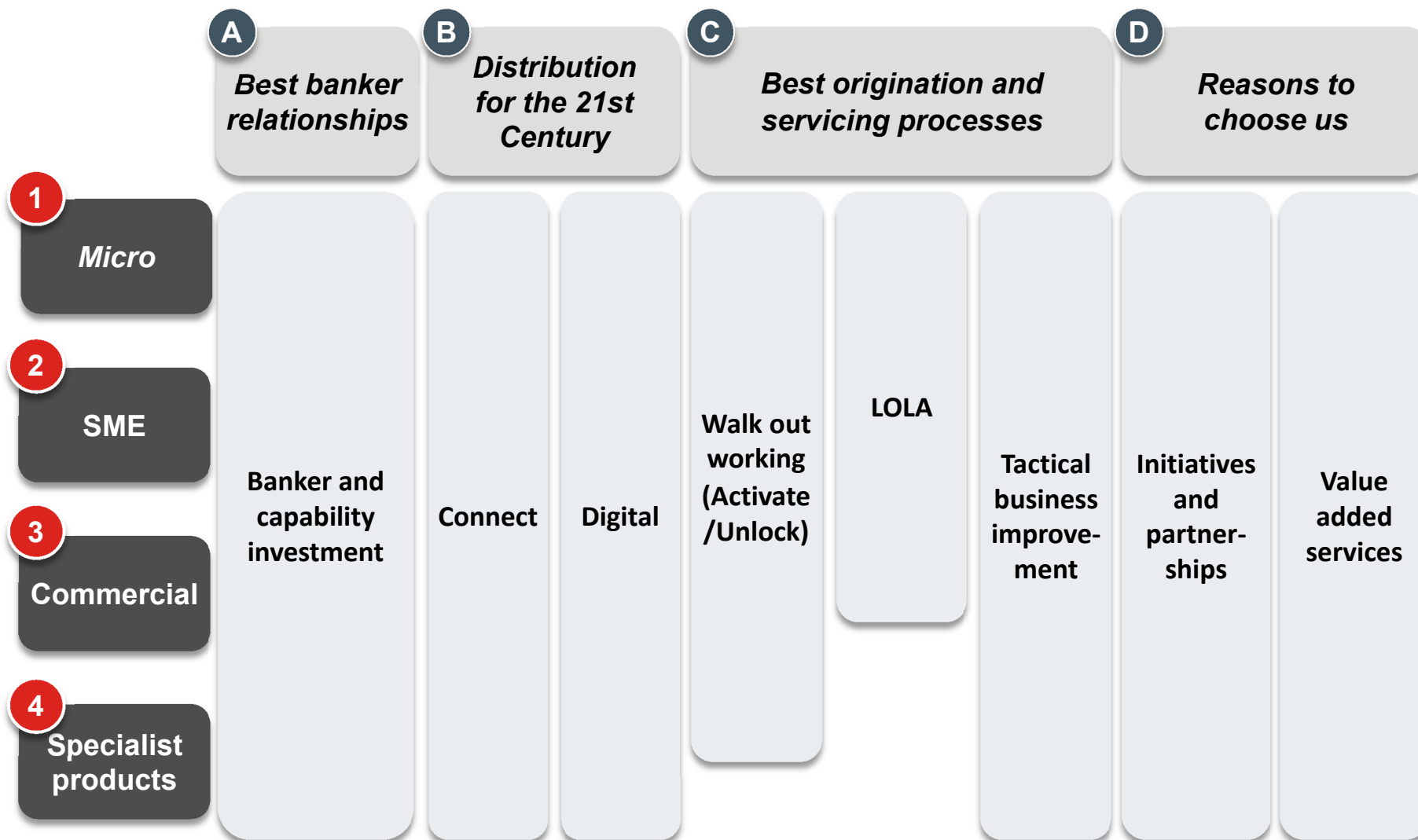
Desktop

Strategic intent: Long term customer value – **4 priority segments**

Vision: To make Australian businesses stronger

		Opportunity	Our approach
1 	Targeted products and services for micro businesses	<ul style="list-style-type: none">• Large number of micro SME customers with few products• When we engage, conversion is high	Build on digital self-service experience
2 	Personally serving small businesses	<ul style="list-style-type: none">• Fast growing segment with significant unmet credit needs• Attractive returns	Personal service with a high virtual touch model supported by new lending and payment solutions
3 	Deeper industry expertise for Commercial businesses	<ul style="list-style-type: none">• Growth shifting to services• Industry specialisation has proven system revenue and asset growth benefits	Deeper industry expertise in target markets through specialised bankers and solutions
4 	Deep expertise in specialist products for all customers	<ul style="list-style-type: none">• High returns and improved relationship tenure when multiple needs supported• New ways of managing working capital highly valued	More product specialists across payments, trade, equipment/invoice financing

Our **transformation** agenda



Experienced, proven leadership team ready to deliver



Alastair Welsh



GM Westpac
Commercial

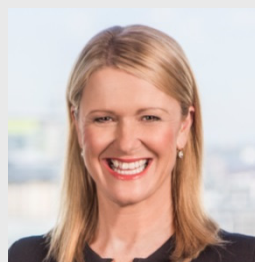
 25yrs  23yrs



Julie Rynski


GM Westpac SME

 35yrs  5yrs



Cathy Yuncken

GM St George
Business Banking

 25yrs  1yr



Paul Verschuer



GM Specialist
Products and Services

 29yrs  12yrs



Richard Burton

Chief Financial
Officer

 23yrs  5yrs



Jim Tate

Chief Product Officer

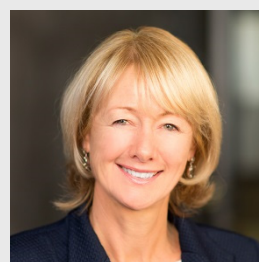
 38yrs  27yrs



Harry Wendt

GM Digital &
Transformation

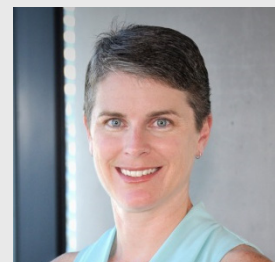
 26yrs  26yrs



Amanda Matehaere

GM Human Resources

 27yrs  23yrs



Kirsten O'Donoghue

Chief Risk Officer

 21yrs  21yrs



Jonathan Gibson

Chief Information
Officer

 26yrs  <1yr



Experience in financial services



Experience with Westpac Group

Westpac Business Bank is strongly positioned

Maintained momentum through restructure

Investment beginning to deliver

Four clear strategic priorities

Focused on execution and delivery

WESTPAC CONSUMER BANK AND BUSINESS BANK UPDATE

Appendix – Summary financials 2015¹

FY15 (\$bn)	Consumer Bank	Business Bank
Operating income	7.3	4.9
Expenses	(3.1)	(1.8)
Core earnings	4.2	3.1
Impairment charge	(0.5)	(0.3)
Tax & non-controlling interests	(1.1)	(0.8)
Cash earnings	2.6	2.0
Net interest margin (%)	2.22	2.77
Expense to income ratio (%)	42.3	36.1
Net loans	321	146
Customer deposits	168	102
Deposit to loan ratio (%)	52.4	69.6

¹ Based on unaudited management accounts.

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's Full Year 2015 Financial Results (incorporating the requirements of Appendix 4E) for the full year ended 30 September 2015 available at www.westpac.com.au for details of the basis of preparation of cash earnings.

This presentation contains statements that constitute "forward-looking statements" 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 appear in a number of places in this presentation and include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control, and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. 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 could 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, but are not limited to, those described in the section titled 'Risk factors' in Westpac's Annual Report for the year ended 30 September 2015 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, where as a result of new information, future events or otherwise, after the date of this presentation.