

Resetting Westpac's wealth strategy

19 March 2019

1 Deal with outstanding issues

- 'Get it right, put it right' initiative
- Customer remediation programs
- Royal Commission response
- Advice model

2 Momentum in customer franchise

- Roll out of Customer Service Hub
- Accelerate growth in Panorama
- Continue migration to digital sales and service

3 Structural cost reduction

- Lift productivity to ~\$400m
- Targeting 1% cost reduction on FY18¹

¹ FY18 cost base includes Hastings costs of \$158m and remediation/litigation costs of \$112m. For FY19, the 1% reduction we are seeking to achieve excludes any potential remediation related costs/litigation and the impact of new accounting standards. Also excludes one-off costs associated with the changes announced today.

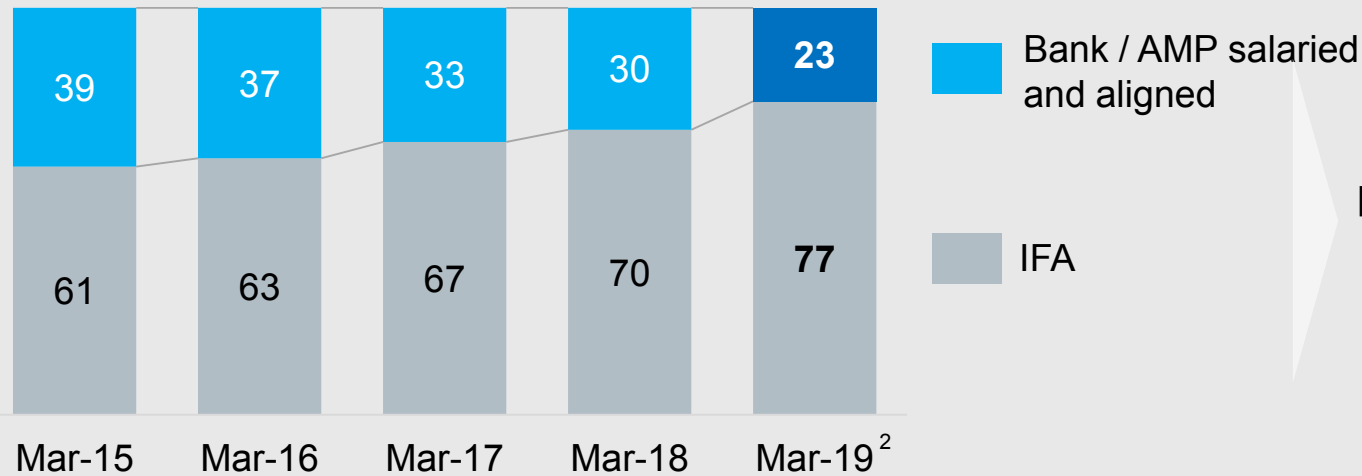
Resetting our **wealth** strategy

- Committed to supporting customers' insurance, investment and superannuation needs
- Exiting personal advice by salaried and aligned planners by Sept 2019
- Extending our advice referral model over time, including Viridian
- Retaining **BT** brand, however BT Financial Group (BTFG) no longer a standalone division
 - Insurance to be integrated into expanded Consumer division
 - Private Wealth, Platforms, and Super to be integrated into expanded Business division
- Reorganising executive responsibilities
- Expected to be EPS accretive¹ in 2020: removing loss making business, including \$280m pa in cost reduction

¹ EPS excludes any remediation costs

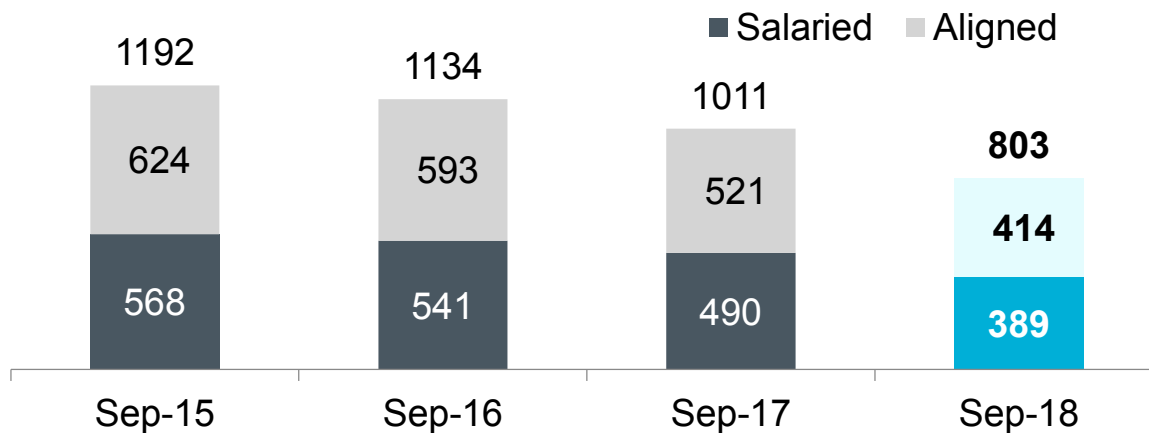
Financial advice market shifting to independent advisers

Total Australian financial advisers¹ (%)



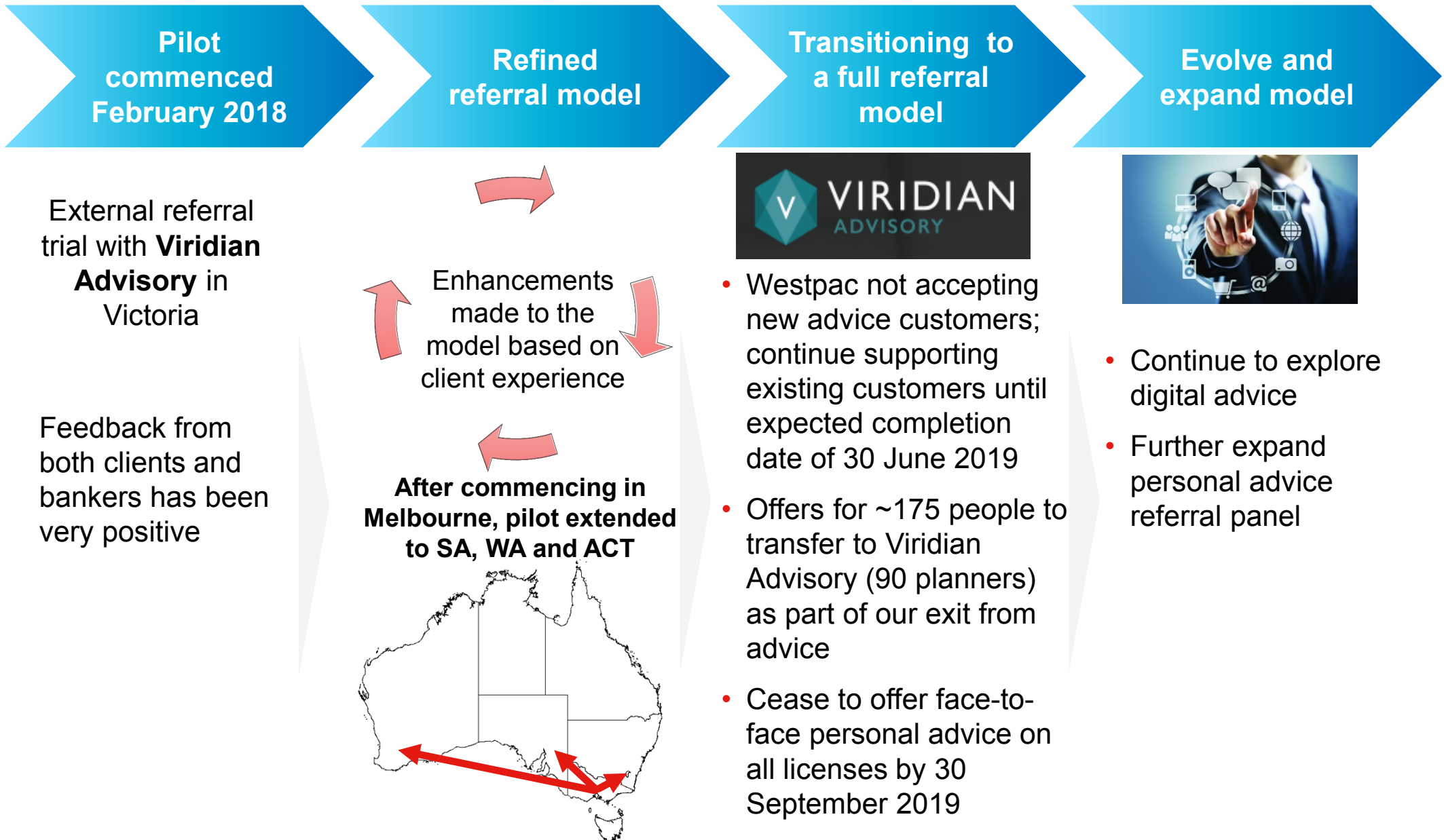
The percentage of Australian planners under licence to major Banks/AMP has steadily declined. We expect this trend to continue

BTFG financial advisers (salaried & aligned) (#)

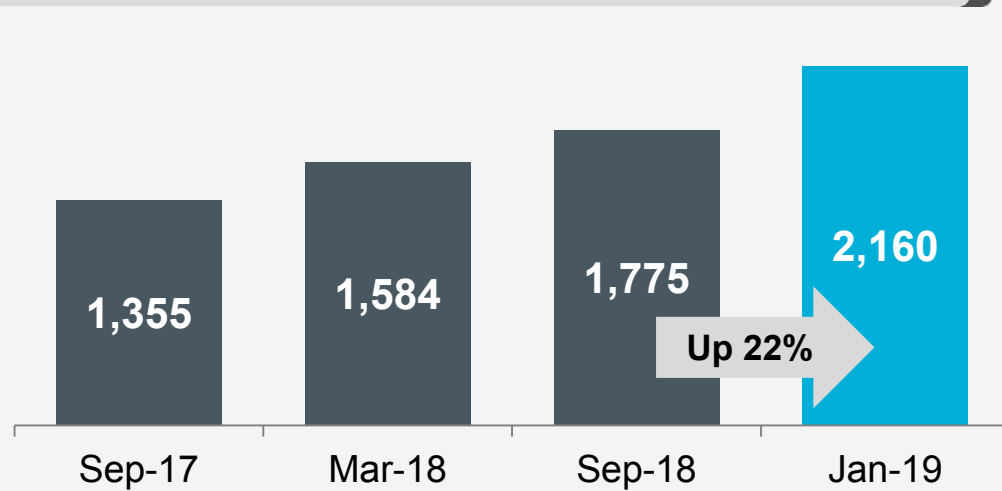


BT adviser numbers have reduced significantly over the last four years

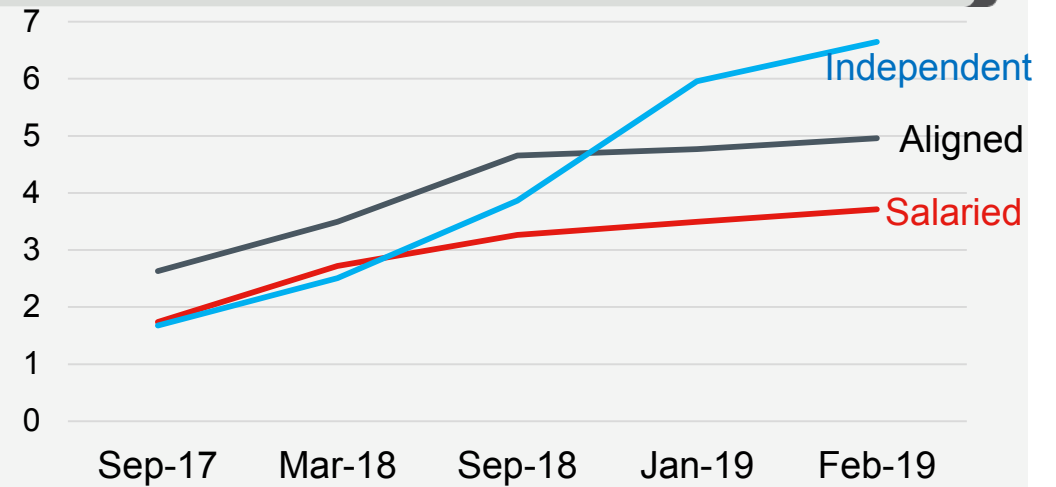
¹ Source: ASIC Adviser Register. ² At 14 March 2019.



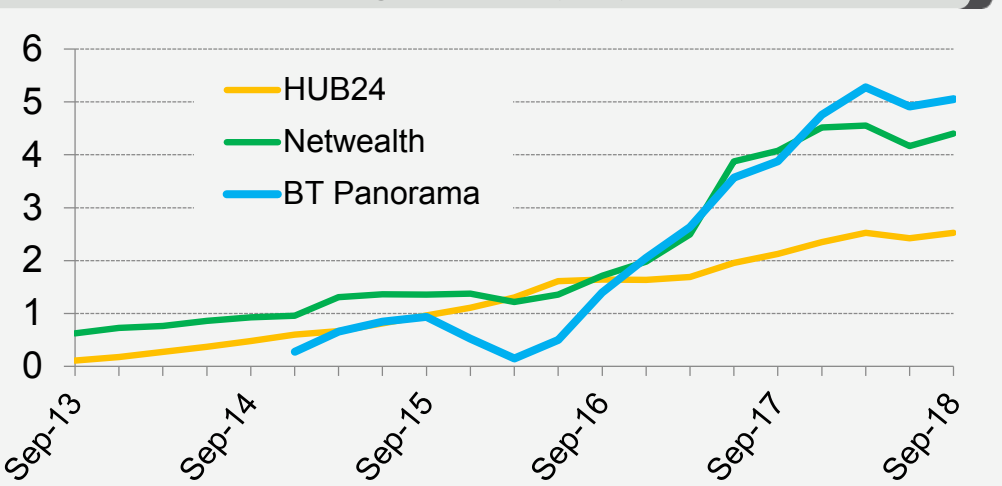
Advisers using Panorama (#)



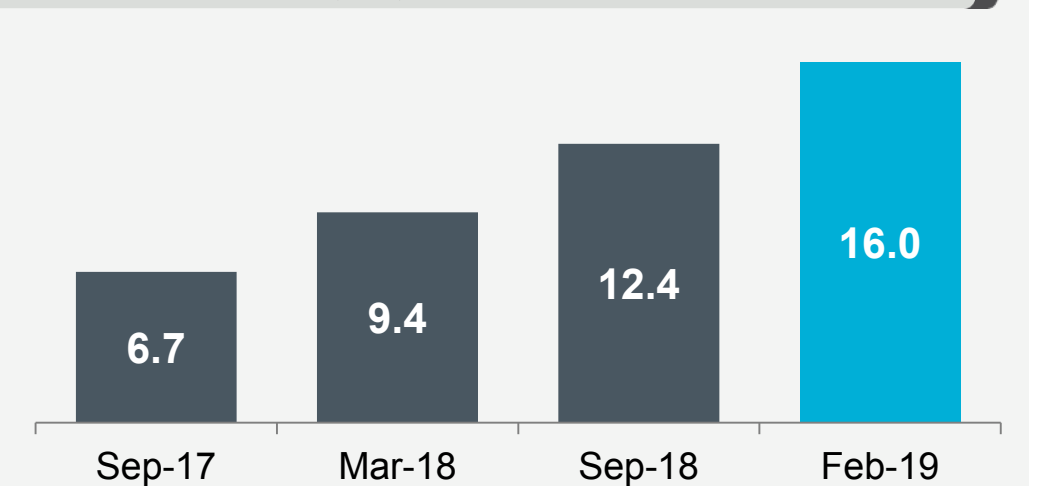
FUA on Panorama by adviser type¹ (\$bn)



Platform annual rolling net flow² (\$bn)



FUA on Panorama (\$bn)



1 Does not include self managed FUA on platform. 2 Source Strategic Insights, All Retail, September 2018

Superannuation – Providing **choice**

ADVISER ESTABLISHED SUPER (incl. SMSF)



*Provided through
platform administration
services to Advisers*

- ~ 10.5k advisers
- ~ 380k members
- ~ \$87bn FUA

*Compelling
proposition for SMEs
and Corporates*

EMPLOYER ESTABLISHED SUPER



- ~ 17k employers
- ~ 462k members
- ~ \$23bn FUA



Moving to digital distribution

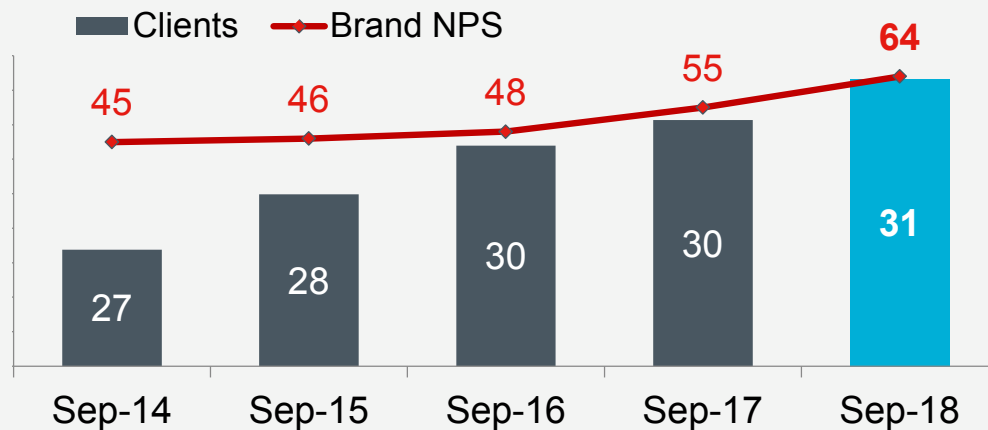
MEMBER ESTABLISHED (DIRECT) SUPER



- ~ 484k members
- ~ \$15bn FUA

Private Wealth - intensely customer focused

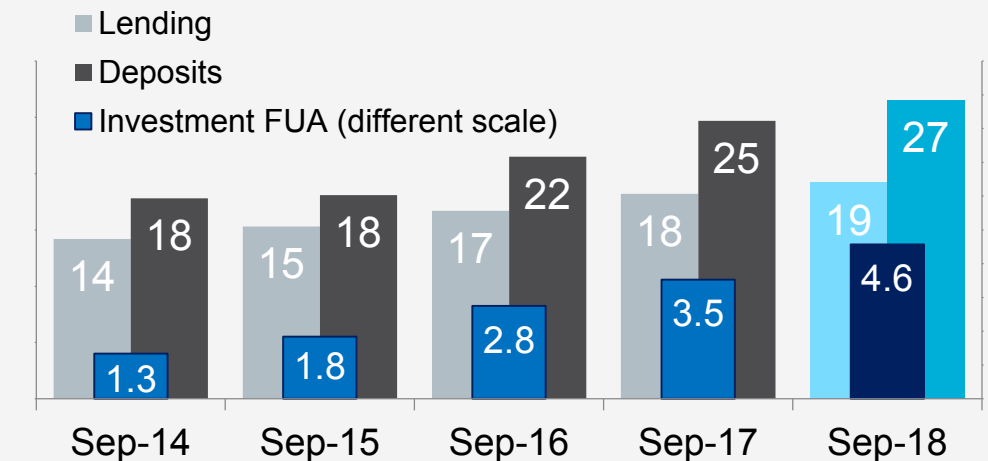
Clients (#' 000) and Brand NPS (%)



Brands



Private wealth loans, deposits & FUA (\$bn)



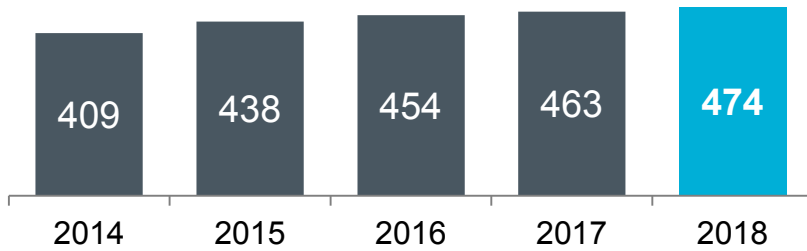
Highlights

- Best private bank in Australia 4 years in a row¹; 49 awards won since 2012
- Largest contributor to BTFG's earnings
- Strong growth profile and fully funded balance sheet

¹ Professional Wealth Management, Published by the Financial Times.

General Insurance

Home & Contents Gross Written Premium (\$m)



General insurance annual digital sales (#)



- Steady growth in Home & Contents

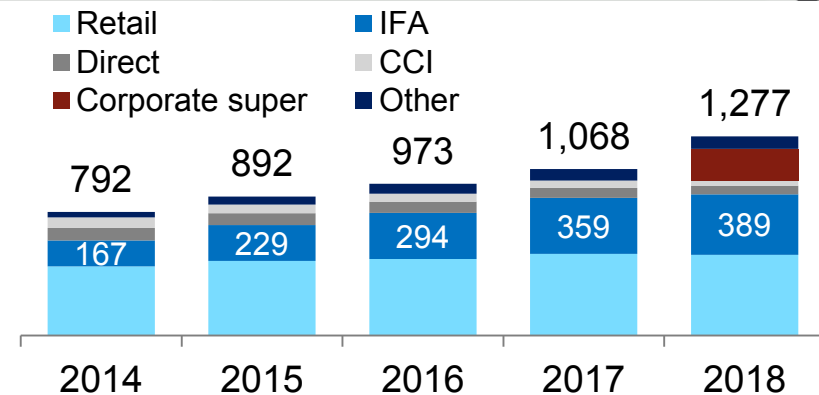


Rapid responder to major disasters

- Allianz partnership has expanded product and capability
- Improving digital sales

Life Insurance

Westpac Life insurance inforce premiums (\$m)



- Largest Australian-owned Life insurer in Australia (8% share)
- Supporting customers at major life moments
- Expanding distribution to third party approved product lists

New structure and executive changes

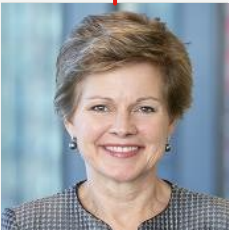
Change in role/position



Brian Hartzer
CEO Westpac Group



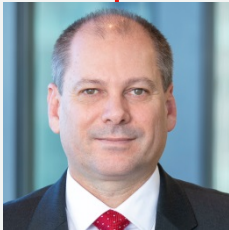
David Lindberg
Chief Executive Consumer



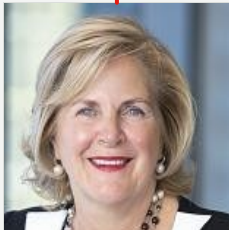
Lyn Cobley
Chief Executive Westpac Institutional Bank



Gary Thursby
Chief Operating Officer



Peter King
Chief Financial Officer



Christine Parker
Group Executive Human Resources



Carolyn McCann
Group Executive Customer & Corporate Relations



Alastair Welsh
Acting Chief Executive Business



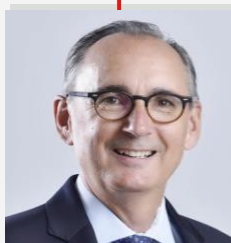
David McLean
Chief Executive New Zealand



Craig Bright
Chief Information Officer



Rebecca Lim
Group Executive Legal & Secretariat

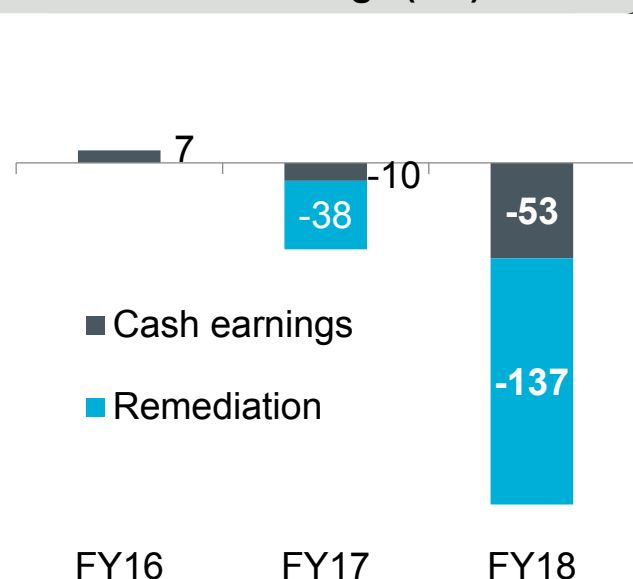


David Stephen
Chief Risk Officer

Financials: Changes expected to be EPS accretive¹ in 2020

Ongoing impacts (from exit of advice and reducing operating divisions)

Advice cash earnings (\$m)



Components of cash earnings² (\$m)

Non-interest income	185
Operating expenses	(260)
Core earnings	(75)
Tax and other	22
Cash earnings	(53)

FY19 income is likely to fall to ~ 25% of FY18 due to decline in advisers and the exit of the business. No income expected FY20

Operating expenses expected to fall in FY19 with most costs to be eliminated in FY20

Additional savings from divisional restructure ~\$20m pa. (pre tax) from FY20

One-off impacts (from the agreement)

Exit/ restructure costs	Approximately \$250m - \$300m. The majority is expected in 1H19 (approximately \$200m) with the remainder split between 2H19 and FY20. Actual costs will depend on the number of Advisors transitioning. All costs will be in cash earnings
Proceeds of sale	The proceeds of sale will depend on the size of the business that transitions to Viridian. Proceeds will be included in cash earnings and will be spread across FY19 and FY20. Proceeds will be disclosed at relevant reporting date

¹ Excludes remediation costs. ² Advice cash earnings in FY18 before remediation costs.

- Committed to helping customers through their financial lives
- Supporting 2019 strategic priorities
 1. Deal with outstanding issues
 2. Momentum in customer franchise
 3. Structural cost reduction
- Exiting advice and expanding referral model
- Realigning wealth and insurance activities to where they can generate the greatest customer (and shareholder) value
- Unlocking value by simplifying the Group's divisions and exiting a loss making business

