WESTPAC BANKING CORP
Form 20-F
November 12, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
Or	
x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2014	
Or	
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Or	
o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 1-10167

WESTPAC BANKING CORPORATION
Australian Business Number 33 007 457 141
(Exact name of Registrant as specified in its charter)

New South Wales, Australia
(Jurisdiction of incorporation or organization)

275 Kent Street, Sydney, NSW 2000, Australia
(Address of principal executive offices)

Westpac Banking Corporation, New York branch,

575 Fifth Avenue, 39th Floor, New York, New York 10017-2422,
Attention: Branch Manager, telephone number: (212) 551-1905

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary shares	Listed on the New York Stock Exchange, not for trading, but only in connection with the registration of related American Depositary Shares, pursuant to the requirements of the New York Stock Exchange.
American Depositary Shares, each representing the right to receive one ordinary share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **Floating Rate Notes due 2013, 4.20% Notes due February 27, 2015, 3.00% Notes due August 4, 2015, 1.125% Notes due September 2015, Floating Rate Notes due September 2015, 3.0% Notes due December 9, 2015, 0.95% Notes due January 12, 2016, 1.050% Notes due November 25, 2016, Floating Rate Notes due November 25, 2016, 1.20% Notes due May 19, 2017, Floating Rate Notes due May 19, 2017, 2.0% Notes due August 2017, 1.60% Notes due January 12, 2018, 4.625% Subordinated Notes due 2018, 2.25% Notes due July 30, 2018, Floating Rate Notes due July 30, 2018, 2.25% Notes due January 17, 2019, Floating Rate Notes due January 17, 2019, 4.875% Notes due November 19, 2019 and notes issued under our Retail Medium-Term Notes program (Registration Statement No. 333-172579)**

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares	**3,109,048,309 fully paid**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No x (not currently applicable to registrant)

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer x Accelerated Filer o Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o International Financial Reporting Standards as issued by the International Accounting Standards Board x

Other o

If this is an annual report, indicate by check mark whether the registrant is a shell company.

Yes o No x

Westpac Group

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In this Annual Report a reference to Westpac , Group , Westpac Group , we , us and our is to Westpac Banking Corporation ABN 33 007 457 141 and its subsidiaries unless it clearly means just Westpac Banking Corporation.

For certain information about the basis of preparing the financial information in this Annual Report see Reading this report in Section 2. In addition, this Annual Report contains statements that constitute forward-looking statements within the meaning of section 21E of the US Securities Exchange Act of 1934. For an explanation of forward-looking statements and the risks, uncertainties and assumptions to which they are subject, see Reading this report in Section 2.

Information contained in or accessible through the websites mentioned in this Annual Report does not form part of this report unless we specifically state that it is incorporated by reference and forms part of this report. All references in this report to websites are inactive textual references and are for information only.

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Information on Westpac

Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. We provide a broad range of banking and financial services in these markets, including consumer1, business and institutional banking and wealth management services.

We have branches, affiliates and controlled entities2 throughout Australia, New Zealand and the Pacific region, and maintain branches and offices in some of the key financial centres around the world3.

We were founded in 1817 and were the first bank established in Australia. In 1850 we were incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982 we changed our name to Westpac Banking Corporation following our merger with the Commercial Bank of Australia. On 23 August 2002, we were registered as a public company limited by shares under the Australian *Corporations Act 2001* (Cth) (Corporations Act).

As at 30 September 2014, our market capitalisation was $100 billion4 and we had total assets of $771 billion.

Business strategy

Westpac s vision is To be one of the world s great companies, helping our customers, communities and people to prosper and grow .

Our strategy seeks to deliver on this vision by providing superior returns for our shareholders, building deep and enduring customer relationships, being a leader in the community and being a place where the best people want to work.

In delivering on our strategy we are focused on our core markets including Australia and New Zealand, where we provide a comprehensive range of financial products and services that assist us in meeting all the financial services needs of our customers. With our strong position in these markets, and over 12 million customers, our focus is on organic growth, growing customer numbers in our chosen segments and building stronger and deeper customer relationships.

A key element of this approach is our portfolio of financial services brands, which enables us to appeal to a broader range of customers, and provides us with the strategic flexibility to offer solutions that better meet individual customer needs.

1 A consumer is defined as a person that uses our products and services, it does not include business entities.

2 Refer to Note 39 to the financial statements for a list of our controlled entities as at 30 September 2014.

3 Contact details for our head office, major businesses and offshore locations can be found on the inside back cover.

4 Based on the closing share price of our ordinary shares on the ASX as at 30 September 2014.

Asia is an important market for us and we are progressively building our presence and capability across the region to better support Australian and New Zealand customers operating, trading and transacting in the region, along with Asian customers seeking financial solutions and services in Australia and New Zealand.

While we continue to build the business, the financial services environment remains challenging and has required us to maintain focus on strengthening our financial position while at the same time improving efficiency. This strengthening has involved lifting the level and quality of our capital, improving our funding and liquidity position and maintaining a high level of asset quality and provisioning.

While we are currently one of the most efficient banks globally, as measured by a cost to income ratio, we continue to focus on ways to simplify our business to make it easier for customers to do business with us and to make work more enjoyable for our people. We believe that these improvement efforts also contribute to reducing unit costs that create capacity for further investment for growth.

As part of our customer-centric strategy, in 2014 we embarked on a service revolution for our customers. This program is a substantial step-up in our strategy seeking to: provide a truly personal service for customers while better anticipating their needs; putting customers in control of their finances; and innovating and simplifying to reinvent the customer experience.

We also recognise that digitisation is occurring at an accelerated pace and customer behaviours are changing. The service revolution responds to these trends with the support of digital technologies. This includes new services that make banking available 24/7 such as smart ATMs and our new digital platform in Westpac RBB. It extends to new banking apps that provide greater flexibility for customers to choose how to manage their finances, and it includes using digitisation to simplify our processes to provide a better customer experience.

Sustainability is part of our strategy where we seek to anticipate and shape the most pressing emerging social issues where we have the skills and experience to make a meaningful difference and drive business value. Our approach seeks to make sustainability part of the way we do business, embedded in our strategy, values, culture and processes.

Supporting our customer focused strategy is a strong set of company-wide values, which are embedded in our culture. These are:

§ delighting customers;

- one team;
- integrity;
- courage; and
- achievement.

Strategic priorities

To meet the challenges of the current environment and deliver on our strategy, we have a set of strategic priorities that are reviewed and refreshed each year. We will continue to manage these priorities in a balanced way with an appropriate mix of strength, growth, return and productivity. Our strategic priorities are:

a) A strong company

§ maintain strong levels of capital, to meet the needs of all our stakeholders and regulators;

§ continue to enhance our funding and liquidity position, including ensuring a diversity of funding pools and optimising the composition of customer deposits. This includes preparation for new liquidity coverage ratio requirements from 1 January 2015; and

§ maintain a high quality portfolio of assets, coupled with strong provisioning.

b) Grow in a targeted way

§ target investment in our wealth businesses, including continuing the development of a new funds platform;

§ deepen the capabilities of our Asian presence; and

§ expand and develop our business banking capability to better meet customer needs.

c) Continue building deeper customer relationships

§ through our customer service revolution put customers at the centre of everything we do with a focus on meeting their total financial needs, throughout their lives;

§ further build the connectivity between wealth, insurance and banking, and ensure we leverage capabilities across all business units;

- continue to strengthen our corporate and institutional lead bank position through customer focus and enhanced product capabilities; and

- use digital innovation to better meet customer demands.

d) Materially simplify our products and processes

- continue to enhance our digital offers to support more customers online and via mobile channels and assist the Group to move to smaller, more flexible and agile branch formats;

- simplify our products and processes and continue to drive continuous improvement; and

- focus on both revenue and cost productivity.

e) One team approach

- continue to focus on a customer centred, high performance workforce and culture;

- strengthen the skills of our people to better support customers and meet their complete financial services needs;

- empower our people to drive innovation, deliver new and improved ways of working and be responsive to change;

- continue to enhance the diversity of our workforce; and

- maintain a strong reputation and sustainability leadership.

Organisational structure

Our operations comprise the following key customer-facing business divisions operating under multiple brands serving around 12.8 million customers1.

Australian Financial Services (AFS) is responsible for the Westpac Group s Australian retail banking, business banking and wealth operations. AFS also includes the product and risk responsibilities for Australian Banking. It incorporates the operations of Westpac Retail & Business Banking (Westpac RBB), St.George Banking Group (St.George) and BT Financial Group (Australia) (BTFG), as follows:

§ Westpac RBB is responsible for sales and service to consumer, small-to-medium enterprise (SME), commercial and agribusiness customers (with turnover of up to $100 million) in Australia under the Westpac brand. Activities are conducted through Westpac RBB s network of branches, third party distributors, call centres, automatic teller machines (ATMs), EFTPOS terminals, internet and mobile banking services, business banking centres and specialised consumer and business relationship managers. Support is provided by cash flow, trade finance, transactional banking, financial markets, property finance and wealth specialists;

§ St.George is responsible for sales and service to consumer, SME and corporate customers (businesses with facilities up to $150 million) in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a financial services group specialising in mortgages and online deposits. Activities are conducted through St.George s network of branches, third-party distributors, call centres, ATMs, EFTPOS terminals, internet and mobile banking services, business banking centres and specialised consumer and business relationship managers. Support is provided by cash flow, trade finance, transactional banking, automotive and equipment finance, financial markets, property finance and wealth specialists; and

§ BTFG is Westpac s Australian wealth division. BTFG s funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms including BT Wrap and Asgard, private banking, financial planning as well as equity capability and broking. BTFG s insurance solutions cover the manufacturing and distribution of life, general and lenders mortgage insurance. BTFG s brands include Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management (60.76% owned by the Westpac Group and consolidated in BTFG s Funds Management business), BT Select, Licensee Select, Securitor and the Advice, Private Banking and Insurance operations of Bank of Melbourne, BankSA, St.George and Westpac.

1 All customers with an active relationship (excludes channel only and potential relationships) as at 30 September 2014.

Westpac Institutional Bank (WIB) delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand, this includes a growing customer base in Asia. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, financial and debt capital markets, specialised capital, and alternative investment solutions. Customers are supported through branches and subsidiaries located in Australia, New Zealand, Asia, United States and United Kingdom.

Westpac New Zealand is responsible for the sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand:

§ Westpac New Zealand Limited, which is incorporated in New Zealand; and

§ Westpac Banking Corporation (NZ Division), a branch of Westpac, which is incorporated in Australia. The division operates via an extensive network of branches and ATMs across both the North and South Islands.

Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac and WIB brands while insurance and wealth products are provided under Westpac Life and BT brands respectively.

Other divisions in the Group include:

§ Westpac Pacific, which provides banking services for retail and business customers in seven Pacific Island Nations. Branches, ATMs, telephone banking and internet banking channels are used to deliver business activities in Fiji, Papua New Guinea (PNG), Vanuatu, Cook Islands, Tonga, Solomon Islands and Samoa. Westpac Pacific s financial products include personal savings, business transactional accounts, personal and business lending products, business services and a range of international products;

§ Group Services, encompassing technology, banking operations, compliance, legal and property services;

§ Treasury, which is primarily focused on the management of the Group s interest rate risk and funding requirements; and

§ Core Support, which comprises those functions performed centrally, including finance, risk and human resources.

These businesses are described in more detail in Section 2, including a summary of net profit and total assets by business division, and management s discussion and analysis of business division performance.

Westpac s approach to sustainability

Across the Westpac Group, we believe in establishing a sustainable future for our operations and our stakeholders. This view is embedded in our strategy, values, culture and processes.

In practice, this means we seek to focus on anticipating and responding to the most pressing emerging issues that we believe will have a material impact on our customers, employees, suppliers, shareholders and the communities in which we operate, where we have the skills and experience to make a meaningful difference.

Guiding our approach

The Board has responsibility for considering the social, ethical and environmental impact of the Westpac Group s activities, setting standards and monitoring compliance with Westpac s sustainability policies and practices.

Our sustainability strategy is based upon the use of the widely accepted global standard for Corporate Responsibility and Sustainable Development, the AA1000 AccountAbility Principles Standard (2008).

Our sustainability principles

In line with AA1000, we have adopted the standard s three key principles:

§ involving all stakeholders in developing our strategy Inclusivity;

§ evaluating all issues identified to determine the impact they may have on our stakeholders and our operations Sustainability materiality; and

§ ensuring our decisions, actions and performance, as well as our communication with stakeholders, are responsive to the issues identified Responsiveness.

Inclusivity

Our approach to inclusivity during 2014 has included:

- continuing work to understand and address customer concerns;
- collaborating with key external stakeholders to inform our approach;
- consulting with employees so as to better understand the drivers of strong employee engagement;
- bringing together our General Managers with internal and external stakeholders to inform sustainability priorities and targets;
- ongoing monitoring of our reputation across a wide range of mediums; and
- working closely with numerous community organisations through employee volunteering, workplace giving and community support.

Sustainability materiality

As part of our annual materiality review we identify, prioritise and define issues according to their impact on our stakeholders and our business. These issues are reviewed externally and internally and are assessed by Ernst & Young as part of their assurance. Material issues identified in 2014 include:

- the need to respond to the rapid changes in the demographics of our society;
- the effect of digitisation on the way customers and businesses interact and do business;
- new regulatory requirements which are shaping the financial services industry; and
- the importance of understanding and managing environmental, social and corporate governance risks within our lending and investment portfolios.

Responsiveness

The issues identified during our materiality review directly inform the development of our responses, objectives and performance measures.

Updated five-year strategy

In addition to the sustainable business practices embedded in our day to day activities (such as sustainable lending practices, community investment and evolving the way we interact with and service our customers), we continue to track our progress against the sustainability strategy, which guides our efforts for 2013 2017.

As part of the strategy, we have set 10 measurable objectives in three priority areas, which are to:

- help improve the way people work and live, as our society changes;
- help find solutions to environmental challenges; and
- help our customers to have a better relationship with money, for a better life.

During 2014 we have updated our sustainability strategy, reflecting stakeholder feedback, to include:

- a target for recruitment of Indigenous Australians, in line with our Reconciliation Action Plan, which was also relaunched this year; and
- new metrics for measuring access to financial services in the Pacific, in line with our Everywhere Banking Strategy.

Performance against sustainability objectives[1]

Priority	Objectives	Full year 2014 achievements
Help improve the way people work and live as our society changes	Ensure our workforce is representative of the community.	§ Increased women in leadership[2] to 44%, in line with target and up from 42% in 2013. § Increased participation of mature aged workers (50+ years) to 20.9%, up from 20.5% in 2013 and in line with target, supported by an employee program called Prime of Life. § Launched the Group s third Reconciliation Action Plan (2015-17), with almost 50 commitments to support Indigenous Australian customers, communities and employees.
	Extend length and quality of working lives.	§ Mean employee retirement age increased to 61.6 years, up from 60.6 years in 2013, in line with target. § Introduced a new employee action group, FLEX, and rolled out a flexibility toolkit, capability training and facilitator guide, with the aim of embedding flexible working arrangements. 2,000 employees participated in training on flexibility and unconscious bias.
	Anticipate the future product and service needs of ageing and culturally diverse customers.	§ Refreshed the Group s multilingual, country-specific websites, created new digital banking forms for people relocating to Australia to open accounts prior to arrival and established an online relocation advice hub. § Established a dedicated team to support Indigenous customers. § Established a dedicated team to support prime of life customers with Self Managed Super Funds (SMSFs).
Help find solutions to environmental challenges	Provide products and services to help customers adapt to environmental challenges.	§ Partnered with the World Bank to bring the first green bond to the Australian market. § Introduced energy efficient equipment finance to AFS customers.
	Increase lending and investment in CleanTech and environmental services.	§ $8.0 billion lent to the CleanTech and environmental services sector significantly exceeding our commitment to make available up to $6 billion by 2017. § 59% of total energy financing is directed to renewable energy generation (including hydro, wind and solar).
	Reduce our environmental footprint.	§ Maintained carbon neutrality.

		§ Achieved our power use effectiveness and energy efficiency targets of 1.7PUE and 198kWh/m2 respectively. § Recycling rates in Sydney head offices improved, but fell 5% short of target. § Reached office paper reduction target three years ahead of schedule.
Help customers to have a better relationship with money, for a better life	Ensure all our customers have access to the right advice to achieve a secure retirement.	§ Completed development of our proprietary and market leading online wealth acumen curriculum. § Steps being taken to increase proportion of AFS employees completing wealth acumen curriculum.
	Help our customers meet their financial goals in retirement.	§ Increased the proportion of Westpac Group customers with Westpac Group Superannuation to 8.1%[3], up from 7.4% in 2013. § Launched Self Managed Super Connect, a specialist sales and service centre to assist customers with their SMSFs.

1 All results as at 30 September except environmental footprint which is at 30 June.

2 Women in leadership refers to the proportion of women (permanent and maximum term) in people leadership roles or senior roles of influence as a proportion of all leaders across the Group. It includes the CEO, Executive Team, General Managers, Senior Managers as direct reports to General Managers and the next two levels of management. Excludes Westpac Pacific.

3 Data based on Roy Morgan Research, respondents aged 14+ and 12 months to September 2014. Super penetration is defined as the proportion of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with the Westpac Group and also have Superannuation (incl. Pensions and Annuities) with the Westpac Group. Westpac Group includes Bank of Melbourne, BT, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Dragondirect, Sealcorp and St.George.

Priority	Objectives	Full year 2014 achievements
	Increase access to financial services in the Pacific.	§ Opened 77,868 basic accounts across the Pacific, a 53% increase over the year. § Increased in-store banking facilities by 47% to 264, and more than doubled the volume of customer transactions to around 380,000. § Launched a new mobile banking platform in the Solomon Islands and Papua New Guinea. § 23,756 people participated in our free financial education workshops, up from 20,575 last year.
	Help people gain access to social and affordable housing and services.	§ $0.82 billion lent to the social and affordable housing sector at 30 September 2014, up from $0.65 billion at 30 September 2013. § Announced the Group s largest single community housing finance transaction for construction of 275 new affordable houses.

Five year non-financial summary

Non-financial information as at 30 September unless indicated otherwise[1]	2014	2013	2012	2011	2010
Customer					
Total customers (millions)[2]	12.8	12.2	11.8	11.5	11.3
Total online customers active registrations (millions)[3]	4.7	4.2	4.0	3.7	3.4
Number of points of bank representation	1,534	1,544	1,538	1,532	1,517
Number of ATMs	3,890	3,814	3,639	3,544	3,625
Percentage of Talking ATMs (%)[4]	95	93	91	88	
Net Promoter Score[5] Westpac Australia affluent[6]	(10)	(9)	(18)	(17)	(24)
Net Promoter Score[7] Westpac Australia commercial[8]	7	(1)	(4)	3	(7)
Net Promoter Score[7] Westpac Australia SME[9]	(2)	(5)	(17)	(10)	(21)
Net Promoter Score[5] St.George consumer[10]	8	4	-	(2)	(4)
Net Promoter Score[7] St.George business[11]	4	(6)	1	(5)	3
Social Sector Banking Footings ($m)[12]	13,726	12,819	11,490	8,210	7,101
Responsible Investment Funds Under Management ($m)[13]	1,693	1,376	981	644	891
Employees					
Total core full time equivalent staff (number at financial year end)[14]	33,586	33,045	33,418	33,898	35,055
Employee Engagement (%)[15]	n/a	87	84	81	80
Employee Voluntary Attrition (%)[16]	9.8	9.8	9.9	11.5	11.8
New Starter Retention (%)[17]	88.0	86.7	84.8	83.8	
High Performer Retention (%)[18]	95.8	95.7	95.9	95.3	94.3
Lost Time Injury Frequency Rate (LTIFR)[19]	1.1	1.5	1.9	2.5	2.6
Women as a percentage of the total workforce (%)	59	60	61	61	61
Women in Leadership (%)[20]	44	42	40	38	35
Environment					
Total Scope 1 and 2 emissions Aust and NZ (tonnes CO_2-e)[21]	175,855	180,862	183,937	184,124	189,425
Total Scope 3 emissions Aust and NZ (tonnes CO_2-e)[22]	73,871	85,013	91,855	57,163	70,457
Office paper Aust and NZ (tonnes)[23]	1,415	1,523	1,579		
Proportion of infrastructure and utilities financing in renewables and hydro Aust and NZ (%)[24]	59	55	52	45	52
Finance assessed under the Equator Principles Group ($m)[25]	851	268	1,140	383	364
Social					
Community investment Group ($m)[26]	217	131	133	155	116
Community investment as a percentage of pre-tax profits Group (%)	2.02	1.33	1.50	1.82	1.44
Community investment as a percentage of pre-tax operating profit (cash earnings basis) Group (%)	1.99	1.28	1.41	1.72	1.37
Financial education Group (participants)[27]	49,812	32,577	36,182	42,109	
Supply chain					
Total supply chain spend Aust ($bn)[28]	5.37	4.88	4.22	4.61	4.39
Percentage of top 80 suppliers screened for sustainabililty Aust (%)[29]	100	98	94	92	86
All self assessed suppliers as percentage of total supply chain spend[30]	73	73	76	75	69

1 Dark grey shading indicates information was not collected in the relevant year.

2 All customers with an active relationship (excludes channel only and potential relationships).

3 Refers to the number of customers registered for online banking and that have signed in online within the last 90 days as at 30 September.

4 ATMs with an additional functionality to allow users to plug in an earpiece for oral instruction to provide additional assistance for visually impaired users.

5 Net Promoter Score measures the net likelihood of recommendation to others of the customer s main financial institution for retail banking. Net Promoter ScoreSM is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. For retail banking, using a scale of 1 to 10 (1 means very unlikely and 10 means very likely), the 1-6 raters (detractors) are deducted from the 9-10 raters (promoters).

6 Source: Roy Morgan Research, September 2010-2014, six month moving average (6MMA). Main Financial Institution (as defined by the customer). Affluent segment includes Banking and Finance (excl. Work Based Superannuation) customers aged 25 or over with a Household Income above $100,000 or customers aged 60 or over with Household Income above $50,000 and/or customers with financial footings above $400,000 (anywhere or at institution).

7 Net Promoter Score measures the net likelihood of recommendation to others of the customer s main financial institution for business banking. Net Promoter ScoreSM is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.

For business banking, using a scale of 0 to 10 (0 means extremely unlikely and 10 means extremely likely), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters).

8 Source: DBM Consultants Business Financial Services Monitor, September 2010-2014, 6MMA. MFI customers, Commercial businesses. Commercial businesses are those organisations with annual turnover over $5 million and under $100 million (excluding Agricultural business).

9 Source: DBM Consultants Business Financial Services Monitor, September 2010-2014, 6MMA. MFI customers, SME businesses. SME businesses are those organisations with annual turnover under $5 million (excluding Agricultural business).

10 Source: Roy Morgan Research, September 2010-2014, 6MMA. Main Financial Institution (MFI) as defined by the customer. Consumers aged 14 or over.

11 Source: DBM Consultants Business Financial Services Monitor, September 2010-2014, 6MMA. MFI customers, all businesses.

12 Data refers to the total of assets (loans), liabilities (deposits) and funds under management (FUM) of the Westpac RBB business unit dedicated to social sector customers. Social sector customers are categorised according to specific criteria, including organisation structure, account types held, key words and special condition groups.

13 Refers to FUM which are managed using sustainable and/or ethical investment processes.

14 Total core (permanent) full time equivalent staff (number at financial year end), excludes Implied FTE (overtime, temporary and contract).

15 Employee engagement survey was not conducted in for the year ended 30 September 2014.

16 Employee Voluntary Attrition refers to the total voluntary separation of permanent employees over the 12 month average total permanent headcount for the period (includes full time, part time and maximum term employees). Excludes Westpac Pacific.

17 Voluntary New Starter retention over the 12 month rolling New Starter headcount for the period (includes full time and part time permanent employees). Excludes Westpac Pacific.

18 Voluntary High Performer Retention over the 12 month rolling High Performer headcount for the period (includes full time, part time permanent and maximum term employees). Excludes Westpac Pacific.

19 Lost Time Injury Frequency Rate (LTIFR) measures the number of Lost Time Injuries, defined as injuries or illnesses (based on workers compensation claims accepted) resulting in an employee being unable to work for a full scheduled day (or shift) other than the day (or shift) on which the injury occurred where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported. Excludes Westpac Pacific.

20 Women in Leadership refers to the proportion of women (permanent and maximum term employees) in people leadership roles or senior roles of influence as a proportion of all leaders across the Group. Includes CEO, Executive Team, General Managers, Senior Managers as direct reports to General Managers and the next two levels of management. Excludes Westpac Pacific.

21 Scope 1 greenhouse emissions are the release of greenhouse gases into the atmosphere as a direct result of Westpac s Australian and New Zealand banking operations. Scope 2 emissions are indirect greenhouse gas emissions from consumption of purchased electricity from Westpac s Australian and New Zealand banking operations. Australian data is prepared in accordance with the *National Greenhouse and Energy Reporting Act 2007*. New Zealand data is prepared in accordance with the Guidance for Voluntary Corporate Greenhouse Gas Reporting published by the New Zealand Ministry for the Environment. These definitions also align with the GHG protocol and ISO 14064-1 standard and are reported for the period 1 July to 30 June.

22 Scope 3 emissions are greenhouse gases emitted as a consequence of Westpac s Australian and New Zealand banking operations but by another facility. Australian data is prepared in accordance with the National Carbon Offset Standard. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment for GHG reporting. These definitions also align with the GHG protocol and ISO 14064-1 standard and are reported for the period 1 July to 30 June.

23 Total copy paper purchased (in tonnes) by the Westpac Group as reported by its suppliers.

24 Refers to total committed exposures, as per Westpac exposure measurement and as included in APRA reported exposure.

25 The Equator Principles are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing.

26 This amount includes monetary contributions, time contributions, management costs and in-kind contributions comprising of gifts and foregone fee revenue. Also includes Westpac s $100 million contribution to the Westpac Bicentennial Foundation.

27 Refers to the number of attendees (staff, customers and general public) at financial education and who access online courses offered by the Westpac Group. Excludes keynote presentations offered by the Davidson Institute.

28 Refers to the total Australian dollars ($bn) with external suppliers.

29 Refers to the total number of top suppliers that have provided a self-assessment against the Sustainable Supply Chain Management (SSCM) Code of Conduct and/or SSCM Questionnaire in the reporting period. Also includes suppliers who will be or are engaged in completing the SSCM Assessment (based on our new online tool that we are phasing in with new suppliers). Top suppliers defined as top 150 in 2010 2012, top 80 in 2013 2014.

30 Refers to suppliers in our top 700 by spend.

Competition

The Westpac Group operates in a highly competitive environment across the regions in which we do business.

We serve the banking, wealth and risk management needs of customer segments from consumers to small businesses through to large corporate and institutional clients. The Westpac Group competes with other financial services industry players for customers covering their needs of transacting, saving, investing, protecting and borrowing with a wide set of products and services. Our competitors range from large global organisations with broad offerings to entities more focused on specific regions or products. Our competitors include financial services and advisory companies such as banks, investment banks, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies and internet-based financial services providers. There are also new competitors emerging from other sectors including retail, technology and telecommunications.

Our competitive position across customer segments, products and geographies is determined by a variety of factors. These factors include:

§ the type of customer served;

§ customer service quality and convenience;

§ the effectiveness of, and access to, distribution channels;

§ brand reputation and preference;

§ the quality, range, innovation and pricing of products and services offered;

§ technology solutions; and

§ the talent and experience of our employees.

In Australia, we have seen competition for deposits continue to be driven in part by clearer global regulatory requirements for liquidity management and balance sheet composition. Banks and other financial institutions also seek to achieve a higher proportion of deposit funding as credit rating agencies and debt investors look for strong balance sheet positions in their assessment of quality institutions.

Competition for lending is also expected to remain high, with slower credit growth compared to the significant credit expansion Australia experienced over the majority of the last two decades. Businesses and consumers are cautious about the global outlook and continue to reduce debt. In mortgages, the desire of market participants to maintain or expand their market share using price has seen strong competition over the last year. This is expected to continue. Serving business customers transaction and trade financing needs has been at the centre of competitive activity as customer expectations increase.

In our wealth business, we expect competition to increase as financial institutions and industry funds move to capture a greater share of this fast growing market, particularly in superannuation (or pensions) and financial advice as the market responds to regulatory changes.

The New Zealand market is experiencing strong competition as banks vie for new customers. Competition for deposits remains intense and the home lending market is particularly competitive on price and switching incentives.

Outlook1

Australian economic conditions gradually improved over 2014 with steady growth in private consumption, a pick-up in housing activity and a rise in resource exports offsetting the mining-led reduction in business investment. GDP growth lifted from 2.6% in December quarter 2013 to 3.1% in June quarter 2014 and is expected to remain at this pace through to the end of 2014. In 2015, we expect a further lifting in GDP growth to 3.2%.

The international environment remains challenging with an 8% decline in Australia s terms of trade over the past year, associated with a slowdown in China, which in turn affected national income. Looking ahead, we expect world growth to strengthen in 2015 to 3.7% from 2.9% this year as the major developed economies see some modest firming in growth and activity, and as China stabilises.

Domestically, we anticipate that the mining investment reduction will likely continue in 2015 but expect an offset from a lift in consumer spending and non-mining business investment, along with a continued rise in resource exports.

While consumers generally remain cautious, their balance sheets are strengthening with good growth in deposits and investments along with improving house prices. This is expected to translate to higher growth in the year ahead. Housing has already shown a clear response to record low interest rates with new dwelling investment showing its strongest growth since 2002. We expect building activity will remain at high levels in coming quarters, before moderating a little over 2015.

There are also improving prospects for a modest rise in non-mining business investment, particularly in the services sector in response to stronger household demand. Together, these trends suggest a modest but sustained increase in business activity in the year ahead.

Offsetting these improvements, we anticipate that the economy will continue to encounter some headwinds to growth. In addition to the ongoing mining investment downturn, lower public spending is also expected to be a restraint with governments at all levels focused on budget repair.

Near term, we expect the mix of controlled inflation, modest employment growth and below trend GDP growth to see the Reserve Bank maintain its current accommodative stance of monetary policy, holding the cash rate at 2.5%. However, as international conditions improve and domestic demand shows signs of firming, we expect the RBA to begin a gradual tightening of monetary policy in the second half of 2015.

1 All data and opinions under Outlook are generated by our internal economists and management.

Price pressures are likely to remain benign with core CPI inflation easing back towards 2.5% in 2015 and wages growth subdued. Labour markets remain soft and we only expect to see a gradual improvement with the unemployment rate rising marginally to 6.2% in early 2015 and only declining slightly by the end of the year.

For the financial services sector, we expect demand for credit to rise modestly with credit growth lifting to around 7% in 2015, up from closer to 6% in 2014. Housing credit is likely to remain solid, while business credit growth is likely to continue rising off its relatively modest base. Growth in funds management is expected to be a little stronger as the population continues to direct more savings to superannuation and prepare for retirement.

The use of digital channels by customers to conduct their banking continued to rise over the year with the use of mobile channels accelerating quickly. These trends are expected to have a significant impact on financial services companies and we will need to continue adjusting our business model to meet these changing customer needs.

For Westpac, we have responded to changes in the operating environment and this has been reflected in our performance and in the execution of our customer centric strategy which has seen an improvement in customer satisfaction. In the year ahead we will continue to focus on our strategic priorities including:

§ remaining strong in our capital, funding and liquidity positions. This includes meeting the new Liquidity Coverage Ratio (LCR) requirements from 1 January 2015 and being well prepared to respond to further regulatory change;

§ further improving productivity through our simplification program that aims to materially reduce the complexity of our products and processes for customers;

§ continuing to enhance our customer focus, seeking to step-up how we support and serve customers. This includes further expanding our digital services and continuing to transform our branch network from transaction centres to service and support hubs;

§ increasing growth through further investment in wealth platforms, Bank of Melbourne and our expansion in Asia. We will also increase our focus on those sectors and segments of the economy likely to experience higher growth;

§ further building our one team culture focusing on delivering the best outcome for customers; and

§ ensuring we actively manage our business, and support customers for societal change and for changes in the environment. This includes improving the way we manage demographic change, the aging population, assisting customers manage to a more carbon constrained economy and lending to and investing in CleanTech and environmental services.

A key issue for the Australian banking sector over the coming year will be continued regulatory change both domestically and globally, including from the Financial System Inquiry. Given the strength of our business and balance sheet, in both absolute terms and relative to peers, we believe we are well placed to respond to any additional regulatory change.

Looking ahead, with our strong positioning, improved growth profile and solid operating performance across all divisions, combined with strong progress on our strategic priorities, Westpac believes it is well positioned to continue delivering sustainable outcomes to shareholders.

Significant developments

Corporate significant developments

Inquiry into Australia s Financial System

On 20 November 2013, the Federal Government formally announced the appointment of Mr David Murray AO to head an inquiry into Australia s financial system (Inquiry).

The Inquiry s terms of reference, announced on 20 December 2013, charge the Inquiry with examining how the financial system could be positioned to best meet Australia s evolving needs and support Australia s economic growth. Recommendations will be aimed at fostering an efficient, competitive and flexible financial system, consistent with financial stability, prudence, public confidence and capacity to meet the needs of users.

Following lodgement of initial submissions in March 2014, the Inquiry released its Interim Report on 15 July 2014. This Interim Report invited further comments and consisted of observations, potential policy options and requests for further information.

Westpac lodged its initial submission on 31 March 2014 and its response to the Inquiry s Interim Report on 26 August 2014.

The Inquiry is expected to release its final report to the Treasurer in November 2014, following which the Government may further consult with industry in considering the Inquiry s recommendations. Until the Government officially responds to the Inquiry s recommendations, the final impact of this Inquiry is difficult to predict.

Acquisition of select Australian businesses of Lloyds Banking Group

On 11 October 2013 Westpac announced it had entered into an agreement to acquire selected assets of Lloyds Banking Group s Australian asset finance business, Capital Finance Australia Limited (CFAL), and its corporate loan portfolio, BOS International (Australia) Ltd (BOSI).

The transaction was completed on 31 December 2013, adding $7.9 billion in motor vehicle finance, equipment finance and corporate loans to Westpac s lending and $8.5 billion in risk weighted assets. The acquisition cost was $1.45 billion and was funded from internal resources.

Buy-back and cancellation of Westpac Stapled Preferred Securities II (Westpac SPS II)

On 18 June 2014, approximately $529 million of Westpac SPS II were bought back on-market by Westpac and subsequently cancelled. All remaining Westpac SPS II were transferred to a nominated party on 30 September 2014 and subsequently bought back off-market by Westpac and cancelled.

Issue of Westpac Capital Notes 2

On 23 June 2014, Westpac issued approximately $1.31 billion of securities known as Westpac Capital Notes 2, which qualify as Additional Tier 1 capital of Westpac under APRA s Basel III capital adequacy framework.

Litigation

§ Exception fees Westpac has been served with three class action proceedings brought on behalf of customers seeking to recover exception fees paid by those customers. The first set of proceedings was commenced in December 2011 by certain named customers of the Westpac brand; the second was commenced in February 2012 by certain named customers of the St.George Bank and BankSA brands; the third was commenced in August 2014 on behalf of all other customers of Westpac Banking Group. Similar class actions have been commenced against several other Australian banks. Westpac has agreed with the plaintiffs to put the proceedings against Westpac on hold until at least December 2014, pending further developments in the litigation against one of those other banks.

§ Bell litigation Westpac was one of 20 defendant banks named in proceedings concerning the Bell Group of companies. The proceedings were brought by the liquidators of several Bell Group companies who challenged the defendant banks entitlement to receive the proceeds of realisation of Bell Group assets in the early 1990s.

On 17 September 2013 the parties announced that the matter was settled. Prior to the settlement, Westpac was entitled to file a claim as an unsecured creditor in the liquidation of the Bell companies and stood to recover part of the funds available for distribution to creditors. As part of the settlement, Westpac has agreed to release its claim for the distribution. The terms of the settlement remain confidential. The settlement was subject to various approvals being obtained in local and overseas jurisdictions. Such approvals have been obtained. Settlement has completed and Westpac s liabilities to the Bell companies have been satisfied in full.

Westpac Bicentennial Foundation

On 2 April 2014, Westpac announced the launch of the Westpac Bicentennial Foundation. The charitable Foundation will have an exclusive focus on the education and advancement of Australians. A one-off contribution of $100 million is designed to fund 100 scholarships every year in perpetuity to Australians who have the potential to shape Australia s future. The program commenced in 2014 so that the earnings from the fund will see the initial scholarships fully operational by the Group s 200th anniversary in 2017.

Changes to accounting standards

In a continuing response to the global financial crisis, governments, regulators and accounting standard setters are working to revise certain accounting standards. The specific areas that have been targeted include accounting for financial instruments, provisioning for loan impairment charges, off-balance sheet exposures, the impairment and valuation of financial assets, consolidation and lease accounting. New accounting standards dealing with consolidation and the measurement of fair value applied to the Group from 1 October 2013. These new standards did not have a material impact on the Group s financial position or performance. The Group expects that there will be a number of new standards issued in coming years that will require further changes to the Group s current accounting approaches.

Regulatory significant developments

Basel Committee on Banking Supervision

Regulatory reforms and significant developments arising in relation to changes initiated by the Basel Committee on Banking Supervision (BCBS) include:

Liquidity

The Australian Prudential Regulation Authority (APRA) released a final liquidity standard (APS 210) in December 2013. Under APS 210 Westpac will need to meet the requirement of a minimum Liquidity Coverage Ratio (LCR) of 100% when it comes into effect from 1 January 2015.

The LCR requires banks to hold sufficient high-quality liquid assets, as defined, to withstand 30 days under a regulator-defined acute stress scenario. Given the limited amount of government debt in Australia, the Reserve Bank of Australia (RBA) jointly with APRA, will make available to Australian institutions a Committed Liquidity Facility (CLF) that, subject to satisfaction of qualifying conditions, can be accessed to help meet the LCR requirement. In order to have access to the CLF, Australian banks are required to pay a fee of 15 basis points (0.15%) per annum to the RBA on the approved CLF from 1 January 2015. On 30 September 2014, APRA approved Westpac s access to the CLF for the 2015 calendar year for $66 billion.

The BCBS endorsed the final details of the Net Stable Funding Ratio (NSFR) at its meeting in September 2014, and a final standard was released on 31 October 2014. APRA are yet to release its prudential standard on NSFR applicable to Australian banks. The NSFR requirement, designed to encourage longer-term funding resilience, has been excluded from APS 210 however APRA has previously indicated an intention to implement this measure from 1 January 2018.

Global Systemically Important Financial Institutions (G-SIFIs)

In July 2013, the BCBS published an updated methodology for determining Global Systemically Important Banks (G-SIBs). Each year in November the Financial Stability Board (FSB) publishes the list of identified G-SIBs and specifies the higher capital requirements proposed for each. These increased capital requirements will be phased in from January 2016. Westpac has not been named as a G-SIB. However the BCBS has issued a framework for extending the SIFIs requirements to domestic systemically important banks (D-SIBs).

Capital

In 2010, the BCBS outlined the revised capital framework for banks globally as follows:

§ an increase in the minimum common equity requirement from 2.0% to 4.5%;

§ an increase in the minimum Tier 1 capital requirement from 4.0% to 6.0%;

§ a capital conservation buffer at 2.5%, to be met with common equity; and

§ a countercyclical buffer of between 0% to 2.5% to be met with common equity or other fully loss absorbing capital.

APRA s adoption of the framework has required Australian Authorised Deposit-taking Institutions (ADIs) such as Westpac to meet the new minimum capital requirements from 1 January 2013 and the capital conservation buffer in full from its introduction date of 1 January 2016. In December 2013 APRA released its approach for implementing a D-SIB framework in Australia. Westpac is one of four Australian banks which APRA has identified as a D-SIB. APRA has proposed that each D-SIB, including Westpac, will have to meet a higher loss absorbency requirement of 1% to be met by common equity. The 1% requirement will be added to the capital conservation buffer effectively increasing the buffer from 2.5% to 3.5%. The countercyclical buffer is not currently required.

Westpac s current capital levels are already above the regulatory requirement that will apply from 1 January 2016 (including the expanded capital conservation buffer).

Increased loss absorbency

In September 2014, the FSB stated that it would table proposals at the G20 Leaders Summit in Brisbane in November 2014 for enhancing the Total Loss Absorbing Capacity (TLAC) for G-SIBs to operate alongside the Basel III capital requirements. These proposals form part of the G20 s initiatives aimed at Ending too-big-to-fail and ensuring that the resolution of a failing G-SIFI can be carried out without causing systemic disruption or resorting to taxpayer support. Should the TLAC proposals be endorsed by the G20 they will be subject to industry consultation throughout 2015. The FSB has stated that the TLAC requirement would not be introduced before 2019 and it is not known at this stage whether there is any intention to extend the requirement beyond G-SIBs.

Other Basel Accord Reforms

The Basel III capital framework also introduced a leverage ratio requirement. The BCBS proposes that introducing a simple, non-risk based leverage ratio requirement would act as a credible supplementary measure to the risk-based capital requirements. In January 2014, the BCBS published an amended leverage ratio framework. The proposed timetable for the leverage ratio provides for testing and recalibration of the framework to occur until 2017, with public disclosure to commence from January 2015 and migration of the final standard to a Pillar 1 requirement from January 2018.

The BCBS is also currently conducting analysis on risk-weighted assets, which forms the denominator of the capital ratios. The BCBS has indicated that this work is intended to examine the consistency in the determination of risk-weighted assets within and across jurisdictions and which will ultimately allow the BCBS to develop potential policy options.

Each of these measures is in different stages of development and, following release of the respective regulations by the BCBS, APRA will consult on and develop the regulations to apply in Australia.

Recovery and resolution planning

A further component of the G20 s Ending too-big-to-fail reforms is a requirement for a Recovery and Resolution Plan for any firm deemed by its home authority to have systemic importance to the domestic economy. APRA has undertaken a pilot Recovery Planning project applying to Australia s largest banks, including Westpac, with final plans delivered to APRA in mid-2012. APRA has advised Westpac of its expectation that the Recovery Plan be maintained and Westpac reviews and updates its Recovery Plan where required.

In the US, Westpac is also required to satisfy the resolution plan requirements of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act). In December 2013, Westpac submitted a resolution plan in relation to our US operations to US bank regulatory authorities. This plan is maintained and updated as required, including in response to feedback from bank regulatory authorities.

OECD Common Reporting Standard

The Organisation for Economic Cooperation and Development (OECD) has developed Common Reporting Standard (CRS) rules for the automatic exchange of financial account information amongst OECD member states.

CRS will require the Westpac Group to identify the tax residency of all customers and to report the tax residency and account details of non-resident customers to the relevant authorities in jurisdictions in which the CRS rules operate.

It is currently intended that Australian financial institutions can voluntarily implement the rules from 1 January 2017, but will have to be compliant from 1 January 2018. The rules could impose additional costs and operational burdens on Westpac.

OTC derivatives reform

The international regulatory reforms relating to over-the-counter (OTC) derivatives continue to be implemented by financial regulators across the globe.

In Australia, Westpac commenced reporting OTC derivatives transactions to a Prescribed Repository in accordance with the Derivative Transaction Rules (Reporting) 2013 on 1 October 2013. Westpac continues to work with ASIC and industry associations in relation to the implementation of these rules and the phase-in of requirements to other industry participants.

The Australian Treasury has issued two Proposal Papers on the Implementation of Australia s G20 OTC derivatives commitments, in which they proposed a central clearing mandate for US dollar, Euro, British Pound, Yen (February 2014 Proposal Paper) and Australian dollar (July 2014 Proposal Paper) denominated interest rate derivatives traded between dealers with significant cross-border activities. It is expected that any such mandate would cover Westpac. The commencement of the central clearing mandates is expected to occur by early to mid-2015.

As a provisionally-registered Swap Dealer with the US Commodity Futures Trading Commission (CFTC), Westpac is subject to a range of entity-level and transaction-level requirements pursuant to the Dodd-Frank Act.

Pursuant to the European Market Infrastructure Regulations (EMIR) established by the European Securities and Markets Authority (ESMA), from October 2014, Westpac became subject to certain risk mitigation obligations in relation to OTC Derivatives traded with European counterparties or through its London Branch. Further, as of mid-2015, Westpac will be subject to a central clearing mandate for certain interest rate derivatives with European counterparties.

Westpac continues to monitor developments in response to requirements imposed by international regulators. These include regulations published by the CFTC and the Securities and Exchange Commission under the Dodd-Frank Act; by the ESMA and local European financial regulators under the EMIR and Markets in Financial Instruments Directive (MiFID II); and by various financial regulators in Asia and Canada. Westpac also continues to monitor the international response to the final policy framework for establishing margin requirements for uncleared OTC derivatives as published by the Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commission (IOSCO) on 2 September 2013.

Australia

The Federal Government has embarked on a program of regulatory reform which will affect Westpac. In addition to the above, this includes:

Superannuation changes

In December 2013, BT launched a number of MySuper products to allow employers to make their super guarantee contributions to their BT default super fund. A MySuper product is a default investment option where investment choice is not elected by the member and is generally a low cost, simple superannuation product. Other legislative changes include enhanced trustee and director obligations as well as SuperStream , a measure to improve the efficiency of processing superannuation transactions through the use of technology. Westpac continues to assess and implement changes to our existing superannuation products and governance to ensure compliance with the new requirements.

Financial advice changes

The majority of the Future of Financial Advice (FOFA) reforms commenced for the Westpac Group on 1 July 2013. The Government announced proposed reforms to the FOFA laws on 20 December 2013 and a bill to amend FOFA (the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014) was introduced into parliament on 19 March 2014. The Bill includes changes to remove the requirement to opt-in to ongoing adviser services every two years and also provides a general advice exemption from the ban on conflicted remuneration. Regulations which were effective on 1 July 2014 (the Streamlining Regulations) incorporated these changes as well as other changes including other exemptions from the ban on conflicted remuneration and an extension to grandfathering of conflicted benefits in certain circumstances. Uncertainty still exists as to whether the Bill will pass in its current form and some changes to sections including the best interests duty and the general advice exemption have been proposed in the Senate. Other new regulations, which become effective on 1 January 2015, provide for certain changes in relation to the receipt of client instructions and also in relation to the provision of financial product advice in Statements of Advice.

Privacy law reform

Significant amendments to the *Privacy Act 1988* (Cth) commenced on 12 March 2014. As a result the Westpac Group has amended a wide range of documents, systems and procedures in relation to the management of personal and credit information.

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United States

There are a number of significant regulatory reforms currently occurring in the United States (US). These include:

Dodd-Frank Act

Legislation designed to reform the system for supervision and regulation of financial firms in the US was signed into law on 21 July 2010. The Dodd-Frank Act contains a wide range of provisions that will affect financial institutions operating in the US, including foreign banks like Westpac. Included among its provisions are reforms designed to:

§ reduce systemic risk presented by very large financial institutions;

§ promote enhanced supervision, regulation, and prudential standards for financial institutions;

§ establish comprehensive supervision of financial markets;

§ impose new limits on permissible financial institution activities and investments;

§ expand regulation of the derivatives markets, protect consumers and investors from financial abuse; and

§ provide the US Government with the tools needed to manage a financial crisis.

Many of the provisions of the Dodd-Frank Act require extensive rulemaking by US regulatory agencies before the provisions become effective. The issuance of final rules under the Dodd-Frank Act remains far from complete, with the process continuing. US regulatory agencies have released final rules to implement Section 619 of the Dodd-Frank Act (the Volcker rule) and to strengthen the regulation of the US operations of non-US banks. At this time, apart from investments in compliance activities, we do not expect these rules to have a significant impact on our business activities.

Foreign Account Tax Compliance Act (FATCA)

Provisions commonly referred to as FATCA and related US Treasury regulations generally require Foreign Financial Institutions (FFIs), such as Westpac, to enter into an FFI agreement (if they are not subject to the provisions of a Model 1 Intergovernmental Agreement (IGA)) under which they agree to identify and provide the US Internal Revenue Service (IRS) with information on certain US connected accounts, or otherwise face

30% withholding tax on certain payments made to the FFI. In addition, FFIs that have entered into an FFI agreement will be required to withhold on certain payments made to FFIs that are neither party to an FFI agreement nor subject to an IGA and certain account holders that fail to provide prescribed information. The Australian Government signed an IGA with the United States on 28 April 2014, which came into force on 30 June 2014. The Australian IGA, and any IGAs that may be concluded between the US and other countries in which Westpac conducts business, will relieve Westpac of the requirement to withhold on payments to, or close, certain accounts, and will provide certain other benefits.

Westpac is implementing changes to its business operations to comply with the requirements of FATCA across all jurisdictions in which it operates. Westpac has entered into an FFI agreement with respect to its branches and affiliated FFIs not located in countries that have entered into an IGA. It is anticipated that compliance with FATCA will give rise to significant costs and operational burdens, but that IGAs will reduce those costs and burdens, where applicable.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

Basel III

The RBNZ has adopted the core Basel III capital measures relating to new capital ratios and most of the recommendations relating to the definition of capital. From 1 January 2013, the requirements for WNZL s Total Tier 1 capital increased to 6.0% and had to include common equity of 4.5%. The conservation buffer was implemented in full from 1 January 2014 at which time Total Tier 1 capital increased to 8.5% and had to include 7% common equity. The RBNZ has the discretion to also apply a countercyclical buffer of common equity and has not specified any formal upper limit on this buffer. The RBNZ has not adopted the leverage ratio.

Financial Markets Conduct Act (FMCA)

The FMCA overhauls the existing securities law regime in New Zealand and will impact various aspects of the wider Westpac New Zealand business. It introduces changes to product disclosure and governance together with new licensing and registration requirements as well as new fair dealing provisions. The existing prospectus/investment statement dual disclosure model will no longer apply. A single product disclosure statement is being implemented, supported by an online register of other material documentation. The FMCA was enacted in September 2013, however, most of its provisions are expected to come into force on 1 December 2014, albeit subject to transitional provisions. The majority of the new fair dealing requirements came into force in April 2014.

Credit law reform / responsible lending

The *Credit Contracts and Consumer Finance Amendment Act 2014* received Royal Assent in June 2014 and will come into full effect in June 2015. The Act reforms the entire suite of legislation that governs consumer credit contracts. It creates new responsible lending principles and provides for a regulatory responsible lending code. Existing consumer protections are also being strengthened by changing the current provisions on disclosure, fees, hardship and oppressive contracts. Consultation on the responsible lending code and new regulations commenced in June 2014. The code is expected to be finalised in March 2015.

Covered bond legislation

The Reserve Bank of New Zealand (Covered Bonds) Amendment Bill was passed in December 2013. It provides a legislative framework for the issuance of covered bonds by New Zealand registered banks. New Zealand registered banks were already permitted by the RBNZ to issue covered bonds and have a condition of registration that covered bond issuance cannot exceed 10% of total assets. However, the legislation provides certainty for investors that the cover pool assets will be disgorged from statutory management and liquidation regimes. Covered bond programmes must be registered with the RBNZ under the legislation. The Westpac NZ Global Covered Bond Programme was registered on 4 April 2014.

Consumer law reform

The Consumer Law Reform Bill was passed in December 2013. The Bill amended six separate Acts, including the *Fair Trading Act*. Among the amendments being introduced into the *Fair Trading Act* are prohibitions on unfair contract terms and on making unsubstantiated representations about a product or service and new provisions regulating uninvited direct sales. The unfair contract terms provisions come into force in March 2015 while the unsubstantiated representations prohibitions and uninvited direct sales provisions came into effect in June 2014.

Supervision and regulation

Australia

Within Australia we are subject to supervision and regulation by six principal agencies: APRA; the Reserve Bank of Australia (RBA); the Australian Securities and Investments Commission (ASIC); the Australian Securities Exchange (ASX); the Australian Competition and Consumer Commission (ACCC); and the Australian Transaction Reports and Analysis Centre (AUSTRAC).

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and re-insurance companies, friendly societies and most of the superannuation (pension) industry. APRA s role includes establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises are met within a stable, efficient and competitive financial system.

As an ADI, we report prudential information to APRA including information in relation to capital adequacy, large exposures, credit quality and liquidity. Our controlled entities in Australia that are authorised insurers and trustees of superannuation funds are also subject to the APRA regulatory regime. Reporting is supplemented by consultations, on-site inspections and targeted reviews. Our external auditors also have an obligation to report on compliance with certain statutory and regulatory banking requirements and on any matters that in their opinion may have the potential to materially prejudice the interests of depositors and other stakeholders.

Australia s risk-based capital adequacy guidelines are based on the approach agreed upon by the Basel Committee on Banking Supervision. National discretion is then applied to that approach which results in Australia s capital requirements being more stringent. Refer to Capital resources Basel Capital Accord in Section 2.

The RBA is responsible for monetary policy, maintaining financial system stability and promoting the safety and efficiency of the payments system. The RBA is an active participant in the financial markets, manages Australia s foreign reserves, issues Australian currency notes and serves as banker to the Australian Government.

ASIC is the national regulator of Australian companies. Its primary responsibility is to regulate and enforce company, consumer credit, financial markets and financial services laws that protect consumers, investors and creditors. With respect to financial services, it promotes honesty and fairness by providing consumer protection, using regulatory powers to enforce laws relating to deposit-taking activities, general insurance, life insurance, superannuation, retirement savings accounts, securities (such as shares, debentures and managed investments) and futures contracts and financial advice. ASIC has responsibility for supervising trading on Australia s domestic licensed markets and of trading participants.

The ASX operates Australia s primary national market for trading of securities issued by listed companies. Some of our securities (including our ordinary shares) are listed on the ASX and we therefore have obligations to comply with the ASX Listing Rules, which have statutory backing under the *Corporations Act 2001*. The ASX has responsibility for the oversight of listed entities under the ASX Listing Rules and for monitoring and enforcing compliance with the ASX Operating Rules by its market, clearing and settlement participants.

The ACCC is an independent statutory authority responsible for the regulation and prohibition of anti-competitive and unfair market practices and mergers and acquisitions in Australia. Its broad objective is to administer the *Competition and Consumer Act 2010* and related legislation to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy. The ACCC s role in consumer protection complements that of Australian state and territory consumer affairs agencies that administer the unfair trading legislation of their jurisdictions.

The Australian Government s present policy, known as the four pillars policy , is that there should be no fewer than four major banks to maintain appropriate levels of competition in the banking sector. Under the *Financial Sector (Shareholding) Act 1998*, the Australian Government s Treasurer must approve an entity acquiring a stake of more than 15% in a financial sector company.

Proposals for foreign acquisitions of a stake in Australian banks are subject to the Australian Government s foreign investment policy and, where required, approval by the Australian Government under the Australian *Foreign Acquisitions and Takeovers Act 1975*. For further details refer to Limitations affecting security holders in Section 4.

AUSTRAC oversees the compliance of Australian reporting entities including Westpac, within the requirements under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Financial Transaction Reports Act 1988.

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These requirements include:

§ implementing programs for identifying and monitoring customers, and for managing the risks of money laundering and terrorism financing;

§ reporting suspicious matters, threshold transactions and international funds transfer instructions; and

§ submitting an annual compliance report.

AUSTRAC provides financial information to state, territory and Australian federal law enforcement, security, social justice and revenue agencies, and certain international counterparts.

New Zealand

The RBNZ is responsible for supervising New Zealand registered banks. The New Zealand prudential supervision regime requires that registered banks publish quarterly disclosure statements, which contain information on financial performance and risk positions as well as attestations by the directors about the bank s compliance with its conditions of registration and certain other matters.

United States

Our New York branch is a US federally licensed branch and therefore is subject to supervision, examination and regulation by the US Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System (the US Federal Reserve) under the US *International Banking Act of 1978* (IBA) and related regulations.

A US federal branch must maintain, with a US Federal Reserve member bank, a capital equivalency deposit as prescribed by the US Comptroller of the Currency, which is at least equal to 5% of its total liabilities (including acceptances, but excluding accrued expenses, and amounts due and other liabilities to other branches, agencies, and subsidiaries of the foreign bank).

In addition, a US federal branch is subject to periodic onsite examination by the US Comptroller of the Currency. Such examination may address risk management, operations, asset quality, compliance with the record-keeping and reporting, and any additional requirements prescribed by the US Comptroller of the Currency from time to time.

A US federal branch of a foreign bank is, by virtue of the IBA, subject to the receivership powers exercisable by the US Comptroller of the Currency.

We are not a Financial Holding Company as defined in the *Gramm-Leach-Bliley Act of 1999*.

Westpac and some of its affiliates are engaged in various activities that are subject to regulation by other US federal regulatory agencies including the US Securities & Exchange Commission and the CFTC.

Anti-money laundering regulation and related requirements

Australia

Westpac has a Group-wide program to manage its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. We continue to actively engage with the regulator, AUSTRAC, on our activities.

United States

The USA PATRIOT Act of 2001 requires US financial institutions, including the US branches of foreign banks, to take certain steps to prevent, detect and report individuals and entities involved in international money laundering and the financing of terrorism. The required actions include verifying the identity of financial institutions and other customers and counterparties, terminating correspondent accounts for foreign shell banks and obtaining information about the owners of foreign bank clients and the identity of the foreign bank s agent for service of process in the US. The anti-money laundering compliance requirements of the USA PATRIOT Act include requirements to adopt and implement an effective anti-money laundering program, report suspicious transactions or activities, and implement due diligence procedures for correspondent and other customer accounts. Westpac s New York branch and its other US operations maintain an anti-money laundering compliance program designed to address US legal requirements.

US economic and trade sanctions, as administered by the Office of Foreign Assets Control (OFAC), prohibit or significantly restrict US financial institutions, including the US branches and operations of foreign banks, and other US persons from doing business with certain persons, entities and jurisdictions. Westpac s New York branch and its other US operations maintain compliance programs designed to comply with OFAC sanctions programs, and Westpac has a Group-wide program to ensure adequate compliance.

Significant contracts

Westpac s significant long-term contracts are summarised in Note 35 to the financial statements.

Legal proceedings

Our entities are defendants from time-to-time in legal proceedings arising from the conduct of our business and material legal proceedings, if any, are described in Note 37 to the financial statements and under Significant Developments above. As appropriate, a provision has been raised in respect of these proceedings and disclosed in the financial statements.

Principal office

Our principal office is located at 275 Kent Street, Sydney, New South Wales, 2000, Australia. Our telephone number for calls within Australia is 132 032 and our international telephone number is (+61) 2 9293 9270.

Corporate governance

Introduction

This corporate governance statement, which has been approved by the Board, describes our corporate governance framework, policies and practices as at 3 November 2014.

Framework and approach

Our approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and fair dealing, and seek to protect stakeholder interests.

This approach includes a commitment to excellence in governance standards, which Westpac sees as fundamental to the sustainability of our business and our performance. It includes monitoring local and global developments in corporate governance and assessing their implications.

We have equity securities listed on securities exchanges in Australia, New Zealand and the United States.

Australia

We comply with the ASX Corporate Governance Principles and Recommendations with 2010 amendments (ASXCGC Recommendations) published by the ASX Limited s Corporate Governance Council (ASXCGC). We must also comply with the Corporations Act and as an ADI must comply with governance requirements prescribed by APRA under Prudential Standard CPS 510 (Governance).

This statement addresses each of the eight ASXCGC Recommendations with an explanation of our corporate governance practices, demonstrating our compliance with each Recommendation. A checklist summarising our compliance is included at the end of this statement.

Further details about the ASXCGC Recommendations can be found on the ASX Limited (ASX) website www.asx.com.au.

New Zealand

Westpac also has ordinary shares quoted on the NZSX, which is the main board equity security market operated by NZX Limited (NZX). As an overseas listed issuer in New Zealand, we are deemed to satisfy and comply with the NZSX Listing Rules, provided that we remain listed on the ASX and comply with the ASX Listing Rules.

The ASX, through the ASXCGC Recommendations, and NZX, through the NZX Corporate Governance Best Practice Code, have adopted similar comply or explain approaches to corporate governance. However, the ASXCGC Recommendations may materially differ from the corporate governance rules and the principles of NZX s Corporate Governance Best Practice Code.

United States

Westpac has American Depositary Shares (ADS) representing its ordinary shares quoted on the New York Stock Exchange (NYSE). Under the NYSE Listing Rules, foreign private issuers are permitted to follow home country practice in respect of corporate governance in lieu of the NYSE Listing Rules. However, we are still required to comply with certain audit committee and additional notification requirements.

We comply in all material respects with all NYSE Listing Rules applicable to us.

Under the NYSE Listing Rules, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic US companies. We have compared our corporate governance practices to the corporate governance requirements of the NYSE Listing Rules and note the significant differences below.

The NYSE Listing Rules require that, subject to limited exceptions, shareholders be given the opportunity to vote on equity compensation plans and material revisions to those plans.

In Australia there are no laws or securities exchange listing rules that require shareholder approval of equity based incentive plans or individual grants under those plans (other than for Directors, including the Chief Executive Officer (CEO)).

Westpac s employee equity plans have been disclosed in the Remuneration report in Section 9 of the Directors report, which is subject to a non-binding shareholder vote at the Annual General Meeting (AGM) and grants to our CEO are approved by shareholders. The details of all grants under our equity-based incentive plans have been disclosed in Note 25 of our financial statements for the year ended 30 September 2014.

The NYSE Listing Rules provide that the Board Nominations Committee s responsibilities should include selecting, or recommending that the Board select, the Director nominees for the next annual meeting for shareholders, and overseeing the evaluation of the Board. The Board, rather than the Board Nominations Committee, reviews and recommends the Director nominees for election at the AGM and undertakes an annual review of its performance.

Websites

This statement and a range of documents referred to in it are available on our corporate governance website at www.westpac.com.au/corpgov. This website contains copies and summaries of charters, principles and policies referred to in this statement.

Governance framework

The diagram above shows the current Committees of the Board. From time to time the Board may form other Committees or request Directors to undertake specific extra duties.

In addition, from time to time the Board participates (either directly or through representatives) in due diligence committees in relation to strategic decisions, capital and funding activities.

The Executive Team, Disclosure Committee and Executive Risk Committees are not Board Committees (that is, they have no delegation of authority from the Board) but sit beneath the CEO and the Board Committees to implement Board-approved strategies, policies and management of risk across the Group.

The key functions of the Board and each of the Board Committees are outlined in this corporate governance statement. All Board Committee Charters are available on our corporate governance website at www.westpac.com.au/corpgov.

Board, Committees and oversight of management

Board of Directors

Roles and responsibilities

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary are:

§ approving the strategic direction of Westpac Group;

§ evaluating Board performance and determining Board size and composition;

§ considering and approving the Westpac Board Renewal Policy;

§ appointing and determining the duration, remuneration and other terms of appointment of the CEO, Deputy CEO, Chief Financial Officer (CFO) and other Group Executives;

§ determining the remuneration of persons whose activities in the Board s opinion affects the financial soundness of Westpac, any person specified by APRA, and any other person the Board determines;

§ evaluating the performance of the CEO;

§ succession planning for the Board, CEO and Group Executives;

§ approving the appointment of Group Executives, General Manager Group Assurance and Chief Compliance Officer & Group General Counsel and monitoring the performance of senior management;

§ approving the annual targets and financial statements and monitoring performance against forecast and prior periods;

§ determining our dividend policy;

§ determining our capital structure;

§ approving our risk management strategy and frameworks, and monitoring their effectiveness;

§ considering the social, ethical and environmental impact of our activities and monitoring compliance with our sustainability policies and practices;

§ monitoring Workplace Health and Safety (WHS) issues in Westpac Group and considering appropriate WHS reports and information;

§ maintaining an ongoing dialogue with Westpac s auditors and, where appropriate, principal regulators; and

§ internal governance including delegated authorities, policies for appointments to our controlled entity Boards and monitoring resources available to senior executives.

Delegated authority

The Constitution and the Board Charter enable the Board to delegate to Committees and management.

The roles and responsibilities delegated to the Board Committees are captured in the Charters of each of the five established Committees, namely:

§ Audit;

§ Risk & Compliance;

§ Nominations;

§ Remuneration; and

§ Technology.

The Board Charter, Board Committee Charters and the Constitution are available on our corporate governance website www.westpac.com.au/corpgov.

The Delegated Authority Policy Framework outlines principles to govern decision-making within the Westpac Group, including appropriate escalation and reporting to the Board. The Board has also delegated to the CEO, and through the CEO to other executives, responsibility for the day-to-day management of our business. The scope of, and limitations to, management delegated authority is clearly documented and covers areas such as operating and capital expenditure, funding and securitisation, and lending. These delegations balance effective oversight with appropriate empowerment and accountability of management.

Independence

Together, the Board members have a broad range of relevant financial and other skills and knowledge, combined with the extensive experience necessary to guide our business. Details are set out in Section 1 of the Directors report.

All of our Non-executive Directors satisfy our criteria for independence, which align with the guidance provided in the ASXCGC Recommendations and the criteria applied by the NYSE and the US Securities and Exchange Commission (SEC).

The Board assesses the independence of our Directors on appointment and annually. Each Director provides an annual attestation of his or her interests and independence.

Directors are considered independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case by case basis by reference to each Director s individual circumstances rather than by applying general materiality thresholds.

Each Director is expected to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity that has an interest in Westpac or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director s independence.

Size and membership of Board Committees as at 30 September 2014

	Status	Board Audit Committee	Board Risk & Compliance Committee	Board Nominations Committee	Board Remuneration Committee	Board Technology Committee
Lindsay Maxsted	Chairman, Non-executive, Independent	ü	ü	**Chair** ü		
Gail Kelly	CEO, Executive					ü
Elizabeth Bryan	Non-executive, Independent		**Chair** ü	ü	ü	
Ewen Crouch	Non-executive, Independent		ü	ü	**Chair** ü	
Alison Deans	Non-executive, Independent		ü			ü
Robert Elstone	Non-executive, Independent	**Chair** ü	ü	ü	ü	
Peter Hawkins	Non-executive, Independent	ü	ü	ü		**Chair** ü
Peter Marriott	Non-executive, Independent	ü	ü			ü
Ann Pickard	Non-executive, Independent		ü		ü	

The charts below demonstrate that our Board comprises a majority of independent Directors and show the tenure of our current Non-executive Directors.

Length of tenure of Non-executive Directors

Balance of Non-executive and Executive Directors

Chairman

The Board elects one of the independent Non-executive Directors as Chairman. Our current Chairman is Lindsay Maxsted, who became Chairman on 14 December 2011. The Chairman s role includes:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting all Board meetings;
- in conjunction with the Company Secretaries, arranging regular Board meetings throughout the year, confirming that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- overseeing the process for appraising Directors and the Board as a whole;
- overseeing Board succession;
- acting as a conduit between management and Board, and being the primary point of communication between the Board and CEO;
- representing the views of the Board to the public; and
- taking a leading role in creating and maintaining an effective corporate governance system.

CEO

Our CEO is Gail Kelly. The CEO s role includes:

- leadership of the management team;
- developing strategic objectives for the business; and

§ the day-to-day management of the Westpac Group s operations.

Board meetings

The Board had eight scheduled meetings for the financial year ended 30 September 2014, with additional meetings held as required. In July each year the Board discusses our strategic plan and approves our overall strategic direction. The Board also conducts a half year review of our strategy. The Board conducts workshops on specific subjects relevant to our business throughout the year. Board meetings are characterised by robust exchanges of views, with Directors bringing their experience and independent judgment to bear on the issues and decisions at hand.

Non-executive Directors regularly meet without management present, so that they can discuss issues appropriate to such a forum. In all other respects, senior executives are invited, where considered appropriate, to participate in Board meetings. They also are available to be contacted by Directors between meetings.

Meetings attended by Directors for the financial year ended 30 September 2014 are reported in Section 8 of the Directors report.

Nomination and appointment

The Board Nominations Committee is responsible for:

§ developing and reviewing policies on Board composition, strategic function and size;

§ reviewing and making recommendations to the Board annually on diversity generally within the Westpac Group, measurable objectives for achieving diversity and progress in achieving those objectives;

§ planning succession of the Non-executive Directors;

§ reviewing the process for the orientation and education of new Directors and any continuing education for existing Directors;

§ reviewing eligibility criteria for the appointment of Directors;

§ recommending appointment of Directors to the Board; and

- considering and recommending candidates for appointment to the Boards of relevant subsidiaries.

Westpac seeks to maintain a Board of Directors with a broad range of financial and other skills, experience and knowledge necessary to guide the business of the Westpac Group. Westpac seeks to maintain a diverse Board which at a minimum collectively has:

- strategic capabilities and commercial acumen;
- an understanding of the financial services industry (including wealth management) and global business perspectives;
- accounting or related financial management qualifications and experience;
- an understanding of risk management;
- an understanding the application of technology in large complex businesses;
- a background in, or understanding of, customer insights and customer strategy;
- knowledge of governance and compliance matters in highly regulated listed entities;
- experience in people matters including workplace cultures, morale, management development, succession and remuneration;
- experience on the boards of other significant listed companies; and
- an ability to contribute to gender diversity.

The Board Nominations Committee considers and makes recommendations to the Board on candidates for appointment as Directors. Such recommendations pay particular attention to the mix of skills, experience, expertise, diversity and other qualities of existing Directors, and how the candidate s attributes will balance and complement those qualities. External consultants are used to access a wide base of potential Directors.

Prior to a Director s appointment or consideration for election or re-election by shareholders, Westpac conducts appropriate due diligence and provides shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director.

New Directors receive an induction pack which includes a letter of appointment setting out the expectations of the role, conditions of appointment including the expected term of appointment, and remuneration. This letter conforms to the ASXCGC Recommendations.

Term of office

The Board may appoint a new Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of Directors does not exceed fifteen Non-executive Directors and three Executive Directors. Except for the Managing Director, a Director appointed by the Board holds office only until the close of the next AGM but is eligible for election by shareholders at that meeting.

Our Constitution states that at each AGM, one-third of eligible Directors, and any other Director who has held office for three or more years since their last election, must retire. In determining the number of Directors to retire by rotation, no account is to be taken of Directors holding casual vacancy positions or of the CEO. The Directors to retire by rotation are those who have been the longest in office. A retiring Director holds office until the conclusion of the meeting at which he or she retires but is eligible for re-election by shareholders at that meeting.

The Board makes recommendations concerning the election or re-election of any Director by shareholders. In considering whether to support a candidate, the Board takes into account the results of the Board performance evaluation conducted during the year.

The Westpac Board Renewal Policy limits the maximum tenure of office that any Non-executive Director other than the Chairman may serve to nine years, from the date of first election by shareholders. The maximum tenure for the Chairman is twelve years (inclusive of any term as a Director prior to being elected as Chairman), from the date of first election by shareholders. The Board, on its initiative and on an exceptional basis, may exercise discretion to extend the maximum terms specified above where it considers that such an extension would benefit the Group. Such discretion will be exercised on an annual basis and the Director concerned will be required to stand for re-election annually.

Education

On appointment, all Directors are offered an induction program appropriate to their experience to familiarise them with our business, strategy and any current issues before the Board. The induction program includes meetings with the Chairman, the CEO, the Board Committee Chairs and each Group Executive.

The Board encourages Directors to continue their education by participating in workshops held throughout the year, attending relevant site visits and undertaking relevant external education.

Access to information and advice

All Directors have unrestricted access to company records and information, and receive regular detailed financial and operational reports from senior management. Each Director also enters into an access and indemnity agreement which, among other things, provides for access to documents for up to seven years after his or her retirement as a Director.

The Chairman and other Non-executive Directors regularly consult with the CEO, CFO and other senior executives, and may consult with, and request additional information from, any of our employees.

All Directors have access to advice from senior internal legal advisors including the Chief Compliance Officer & Group General Counsel.

In addition, the Board collectively, and all Directors individually, have the right to seek independent professional advice, at our expense, to help them carry out their responsibilities. While the Chairman s prior approval is needed, it may not be unreasonably withheld.

Company Secretaries

We have two Company Secretaries appointed by the Board. The Senior Company Secretary, who is also Legal Counsel to the Board, attends Board and Board Committee meetings and is responsible for providing Directors with advice on legal and corporate governance issues together with the Chief Compliance Officer & Group General Counsel. The Group Company Secretary attends Board and Board Committee meetings and is responsible for the operation of the secretariat function, including implementing our governance framework and, in conjunction with management, giving practical effect to the Board s decisions. The Group Company Secretary is accountable to the Board through the Chairman, on all matters to do with the proper functioning of the Board.

Profiles of our Company Secretaries are set out in Section 1 of the Directors report.

Board Committees

Composition and independence

Board Committee members are chosen for the skills and experience they can contribute to the respective Board Committees and their qualifications are set out in Section 1 of the Directors report. The membership of each Board Committee is set out in the table entitled Size and membership of Board Committees as at 30 September 2014 in this Corporate Governance Statement. All of the Board Committees are comprised of independent Non-executive Directors. The CEO is also a member of the Board Technology Committee.

Operation and reporting

Scheduled meetings of the Board Committees occur quarterly, with the exception of the Board Technology Committee which has scheduled meetings three times a year. Each member s attendance at Board Committee meetings held during the financial year ended 30 September 2014 is reported in Section 8 of the Directors report. All Board Committees are able to meet more frequently as necessary. Each Board Committee is entitled to the resources and information it requires and has direct access to our employees and advisers. The CEO attends all Board Committee meetings, except where she has a material personal interest in a matter being considered. Senior executives and other selected employees are invited to attend Board Committee meetings as required. All Directors can receive all Board Committee papers and can attend any Board Committee meeting, provided there is no conflict of interest.

Performance

Board, Board Committees and Directors

The Board undertakes ongoing self-assessment as well as commissioning an annual performance review by an independent consultant.

The review process conducted in 2014 included an assessment of the performance of the Board, the Board Committees, and each Director with outputs collected, analysed and presented to the Board. The Board discussed the results and agreed follow up action on matters relating to Board composition, process and priorities.

The Chairman also discusses the results with individual Directors and Board Committee Chairs. The full Board (excluding the Chairman) reviews the results of the performance review of the Chairman and results are then privately discussed by the Chairman of the Board Risk & Compliance Committee with the Chairman.

Management

The Board, in conjunction with its Board Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO and other senior executives, and providing input into the evaluation of performance against these objectives. The Board Risk & Compliance Committee also refers to the Board Remuneration Committee any matters that come to its attention that are relevant with respect to remuneration policy or practices.

Management performance evaluations for the financial year ended 30 September 2014 were conducted following the end of the financial year.

There is a further discussion on performance objectives and performance achieved in the Remuneration report contained in the Directors report.

All new senior executives are provided with extensive briefing on our strategies and operations, and the respective roles and responsibilities of the Board and senior management.

Advisory Boards

Westpac has established Advisory Boards for its operations in Asia and for each of BankSA and Bank of Melbourne, to advise management on the strategies and initiatives of those businesses within the overall Group strategy.

Responsibilities of the Advisory Boards include:

- providing advice to management on management s strategies and initiatives to continue to strengthen the position and identity of the business;

- providing advice to management of the relevant business so as to promote and preserve its distinct position and identity and align business values with those of the relevant communities served;

- considering and assessing reports provided by management on the health of the relevant business;

- acting as ambassadors for the business, including through supporting community and major corporate promotional events to assist in building relationships with the bank s customers, local communities and the business and government sector, and advising senior management on community matters relevant to the provision of financial services in the community it serves; and

- alerting management to local market opportunities and issues of which Advisory Board members are aware that would enhance the provision of services to customers and potential customers and the position of the bank in its local communities.

Ethical and responsible decision-making

Code of Conduct and Principles for Doing Business

Our Code of Conduct (Code) describes the standards of conduct expected of our people, both employees and contractors. The seven principles making up the Code are:

- we act with honesty and integrity;

- we comply with laws and with our policies;

- we do the right thing by our customers;

- we respect confidentiality and do not misuse information;

- we value and maintain our professionalism;

§ we work as a team; and

§ we manage conflicts of interest responsibly.

The focus of each of the principles is to provide a set of guiding principles to help us make the right decisions ensuring we uphold the reputation of the Group. The Code has the full support of the Board and the Executive Team and we take compliance with the Code very seriously.

Our Principles for Doing Business (Principles) underpin the Group s commitment to sustainable business practice and community involvement. In summary:

§ we believe our success depends on the trust and confidence placed in us by our customers, people, shareholders, suppliers, advisers and the community;

§ we believe in maintaining the highest level of governance and ethical practice while protecting the interests of our stakeholders;

§ we believe in putting our customers at the centre of everything we do;

§ we believe our people are a crucial element of a successful service business;

§ we are committed to managing our direct and indirect impacts on the environment;

§ we believe being actively involved in our community is fundamental to the sustainability of our business; and

§ we believe our suppliers should be viewed as partners in our sustainability journey.

The Principles align with key global initiatives that promote responsible business practices. The Principles apply to all Directors, employees and contractors.

We also have a range of internal guidelines, communications and training processes and tools, including an online learning module entitled Doing the Right Thing , which apply to and support both our Code and the Principles.

Key policies

We have a number of key policies to manage our regulatory compliance and human resource requirements. We also voluntarily subscribe to a range of external industry codes, such as the Code of Banking Practice and the ePayments Code.

Code of Ethics for Senior Finance Officers

The Code of Accounting Practice and Financial Reporting complements our own Code. The Code of Accounting Practice and Financial Reporting is designed to assist our CEO, CFO and other principal financial officers in applying the highest ethical standards to the performance of their duties and responsibilities with respect to accounting practice and financial reporting by requiring those officers to:

§ act honestly and ethically, particularly with respect to conflicts of interest;

§ provide full, fair, accurate and timely disclosure in reporting and other communications;

§ comply with applicable laws, rules and regulations;

§ promptly report violations of the Code; and

§ be accountable for adherence to the Code.

Conflicts of interest

The Group has a detailed conflicts of interest framework, which includes a Group policy supported by specific divisional policies and guidelines aimed at identifying and managing actual, potential or apparent conflicts of interest.

The conflicts of interest framework includes a separate Westpac Group Gifts and Hospitality Policy. This Policy provides our employees with guidance to manage their obligations relating to the giving or receiving of gifts or hospitality.

The Board

All Directors are required to disclose any actual, potential or apparent conflicts of interest upon appointment and are required to keep these disclosures to the Board up to date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, may not be present during the boardroom discussions or vote on the relevant matter.

Our employees and contractors

We expect our employees and contractors to:

§ have in place adequate arrangements for the management of actual, potential or apparent conflicts of interest;

§ obtain consent from senior management before accepting a directorship on the board of a non-Westpac Group company;

§ disclose any material interests they have with our customers or suppliers to their manager and not be involved with customer relationships where they have such an interest;

§ not participate in business activities outside their employment with us (whether as a principal, partner, director, agent, guarantor, investor or employee) without approval or when it could adversely affect their ability to carry out their duties and responsibilities; and

§ not solicit, provide facilitation payments, accept or offer money, gifts, favours or entertainment which might influence, or might appear to influence, their business judgment.

Fit and Proper Person assessments

We have a Board approved Westpac Group Statutory Officers Fit and Proper Policy that meets the requirements of the related APRA Prudential Standards. In accordance with that Policy, we assess the fitness and propriety of our Directors and also of employees who perform specified statutory roles required by APRA Prudential Standards or ASIC licensing requirements. The Chairman of the Board (and in the case of the Chairman, the Board) is responsible for assessing the Board Directors, Non-executive Directors on subsidiary Boards, Group Executives, external auditors and actuaries. An executive Fit and Proper Committee is responsible under delegated authority of the Westpac Board for undertaking assessments of all other employees who hold statutory roles. In all cases the individual is asked to provide a detailed declaration, and background checks are completed.

Concern reporting and whistleblower protection

Under the Westpac Group Whistleblower Protection Policy, our employees and contractors are encouraged to raise any concerns about activities or behaviour that may be unlawful or unethical. The Policy outlines all reporting channels, including our concern reporting system Concern Online, which enables reporting on an anonymous basis. Concerns may include suspected breaches of our Code, Westpac Policies or regulatory requirements.

Employees who raise concerns may choose to involve the Whistleblower Protection Officer, who is responsible for protecting the employee against victimisation as a result of making a report.

We investigate reported concerns in a manner that is fair and objective to all people involved. If the investigation shows that wrongdoing has occurred, we are committed to changing our processes and taking action in relation to employees or contractors who have behaved incorrectly. Outcomes may also involve reporting the matter to relevant authorities and regulators.

Statistics about concerns raised are reported quarterly to both the Board Risk & Compliance Committee and the Westpac Group Executive Risk Committee.

Securities trading

Under the Westpac Group Securities Trading Policy, Directors, employees and contractors are restricted from dealing in any securities and other financial products if they possess inside information. They are also prohibited from passing on inside information to others who may use that information to trade in securities. In addition, Directors and any employees or contractors who, because of their seniority or the nature of their position, may have access to material non-public information about Westpac (known as Prescribed Employees) are subject to further restrictions, including prohibitions on trading prior to and immediately following annual and half year results announcements.

We manage and monitor these obligations through:

§ the insider trading provisions of our Policy, which prohibit any dealing in any securities where a Director or employee has access to inside information that may affect the price of those securities;

§ placing limitations upon Directors, employees and contractors participating in a new product issue where their position puts them in an actual, potential or apparent position of conflict of interest;

§ restrictions limiting the periods in which the Directors and Prescribed Employees can trade in our shares or other company securities (Blackout Periods);

§ requiring Directors and Prescribed Employees to notify their intention to trade outside Blackout Periods and confirm that they have no inside information;

§ monitoring the trading of Westpac securities by Directors and Prescribed Employees;

§ maintaining a register of Prescribed Employees, which is regularly updated;

§ notifying ASX of trades by Directors of Westpac securities as required under the ASX Listing Rules; and

§ forbidding employees from entering into hedging arrangements in relation to their unvested employee shares or securities, whether directly or indirectly.

Diversity

Westpac Group has a Group Diversity Policy that sets out the diversity initiatives for the Westpac Group. In this context, diversity covers gender, age, ethnicity, accessibility, flexibility, cultural background, sexual orientation and religious beliefs.

The objectives of the policy are to ensure that the Westpac Group:

§ has a workforce profile that delivers competitive advantage through the ability to garner a deep understanding of customer needs;

§ has a truly inclusive workplace where every individual can shine regardless of gender, cultural identity, age, work style or approach;

§ leverages the value of diversity for all our stakeholders to deliver the best customer experience, improved financial performance and a stronger corporate reputation; and

§ continues to take a leadership position on diversity practices and setting the agenda in the external community.

To achieve these objectives the Westpac Group:

§ has set Board determined, measurable objectives for achieving gender diversity. The Board assesses annually both the objectives and progress in achieving them;

§ assesses pay equity on an annual basis;

§ encourages and supports the application of flexibility policies into practice across the business;

§ is committed to proactively assisting Indigenous Australians to access employment across our brands;

§ implements our Accessibility Action Plan for employees and customers with a disability, including ensuring employment opportunities are accessible for people with disabilities; and

§ actively promotes an environment of inclusion for lesbian, gay, bisexual, transgender and intersex (LGBTI) employees.

The implementation of these objectives is overseen by the Westpac Group Diversity Council chaired by the CEO.

The Board, or an appropriate Board Committee, will receive regular updates from the Westpac Group Diversity Council on these diversity initiatives.

We will also continue to listen to the needs of our employees through the engagement of our employee action groups, our employee surveys and bi-annual diversity focused surveys.

In October 2010, the Board set a measurable objective to increase the proportion of women in leadership roles (over 5,000 leaders from our Executive Team through to our bank managers) from 33% to 40% by 2014, which was achieved in September 2012, two years ahead of schedule.

At 30 September 2014, the proportion of women employed by Westpac Group was as follows:

§ Board of Directors: 44%;

§ leadership1 roles: 44%; and

§ total Westpac workforce: 59%.

1 Women in leadership refers to the proportion of women (permanent and maximum term) in people leadership roles or senior roles of influence as a proportion of all leaders across the Group. It includes the CEO, Executive Team, General Managers, Senior Managers as direct reports to General Managers and the next two levels of management. Excludes Westpac Pacific.

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Sustainability

We view sustainable and responsible business practices as important for our business and shareholder value. This means conducting our business in a responsible, trustworthy and ethical manner, while accepting accountability for our impacts on society and the environment. We are committed to transparency and fair dealing, treating employees and customers responsibly, and having solid links with the community.

Our management and reporting of sustainability aim to address the issues that we believe are the most material for our business and stakeholders, now and in the future. We understand that this is an evolving agenda and seek to progressively embed the management of sustainability issues into business as usual practice, while also anticipating and shaping emerging social issues where we have the skills and experience to make a meaningful difference and drive business value.

Reporting

We report on our performance against the objectives and targets in our public sustainability strategy in the Annual Review and Sustainability Report, the Annual Report and the full year and half year ASX results. We also provide additional detailed information on our website.

Our sustainability reporting is subject to independent limited assurance, performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ASAE 3000). The AA1000 Principles Standard and the Global Reporting Initiative G4 Guidelines are also used by the assurance provider as criteria against which to assess disclosures associated with alignment to the AA1000 Principles and GRI G4.

The assurance process not only tests the integrity of the data, but also tests the effectiveness of our underlying systems and processes, and the extent to which corporate responsibility and sustainability policies and processes are embedded across our organisation. In addition, we actively participate in independent external assessments by sustainability and governance rating organisations which benchmark us against global standards of governance.

Financial reporting

Approach to financial reporting

Our approach to financial reporting reflects three core principles:

§ that our financial reports present a true and fair view;

§ that our accounting methods comply with applicable accounting standards and policies; and

- that our external auditor is independent and serves security holders interests.

The Board, through the Board Audit Committee, monitors Australian and international developments relevant to these principles, and reviews our practices accordingly.

The Board delegates oversight responsibility for risk management between the Board Audit Committee and the Board Risk & Compliance Committee. Similarly, the Board delegates oversight responsibility for the preparation of remuneration reports and disclosures to the Board Remuneration Committee.

Board Audit Committee

As detailed in its charter, the Board Audit Committee has oversight of:

- the integrity of the financial statements and financial reporting systems;
- the external audit engagement, including the external auditor s qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters, and the confidential reporting by employees of concerns regarding accounting or auditing matters.

The Board Audit Committee reviews, discusses with management and the external auditor, and assesses:

- any significant financial reporting issues and judgments made in connection with the preparation of the financial reports;
- the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information;

§ the major financial risk exposures; and

§ the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.

As part of its oversight responsibilities, the Board Audit Committee also conducts discussions with a wide range of internal and external stakeholders including:

§ the Board Risk & Compliance Committee, CFO, Chief Risk Officer (CRO), General Manager Group Assurance, management and the external auditor, about our major financial risk exposures and the steps management has taken to monitor and control such exposures;

§ the General Manager Group Assurance and external auditor concerning their audit and any significant findings, and the adequacy of management s responses;

§ management and the external auditor concerning the half year and annual financial statements;

§ management and the external auditor regarding any correspondence with regulators or government agencies, and reports that raise issues of a material nature; and

§ the Chief Operating Officer and the Chief Compliance Officer & Group General Counsel regarding any legal matters that may have a material impact on, or require disclosure in, the financial statements.

Periodically, the Board Audit Committee consults with the external auditor without the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of Westpac s financial statements. The Board Audit Committee also meets with the General Manager Group Assurance without management being present.

Financial knowledge

The Board Audit Committee comprises four independent, Non-executive Directors and is chaired by Robert Elstone.

All Board Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASXCGC Recommendations, the United States *Securities Exchange Act of 1934* (as amended) and its related rules, and the NYSE Listing Rules.

The Board has determined that Lindsay Maxsted, member of the Board Audit Committee, is an audit committee financial expert and independent in accordance with US securities law.

The designation of Lindsay Maxsted as an audit committee financial expert does not impose duties, obligations or liability on him that are greater than those imposed on him as a Board Audit Committee member, and does not affect the duties, obligations or liability of any other Board Audit Committee member or Board member. Audit committee financial experts are not deemed as an expert for any other purpose.

External auditor

The role of the external auditor is to provide an independent opinion that our financial reports are true and fair, and comply with applicable regulations.

Our external auditor is PricewaterhouseCoopers (PwC), appointed by shareholders at the 2002 AGM. Our present PwC lead audit partner is Michael Codling and the review audit partner is Matthew Lunn. Michael Codling and Matthew Lunn assumed responsibility for these roles in December 2011 and December 2012 respectively.

The external auditor receives all Board Audit Committee and Board Risk & Compliance Committee papers, attends all meetings of both committees and is available to Committee members at any time. The external auditor also attends the Annual General Meeting (AGM) to answer questions from shareholders regarding the conduct of its audit, the audit report and financial statements and its independence.

As our external auditor, PwC is required to confirm its independence and compliance with specified independence standards on a quarterly basis.

The roles of lead audit partner and review audit partner must be rotated every five years and cannot be resumed by the same person for a minimum of five years.

We strictly govern our relationship with the external auditor, including restrictions on employment, business relationships, financial interests and use of our financial products by the external auditor.

Engagement of the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac and may be limited as to the extent to which it can perform other non-audit services as specified in our Pre-approval of engagement of PwC for audit and non-audit services (Guidelines). Use of the external audit firm for any non-audit services must be assessed and approved in accordance with the pre-approval process determined by the Board Audit Committee and set out in the Guidelines.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in Note 34 to our financial statements for the year ended 30 September 2014. A declaration regarding the Board s satisfaction that the provision of non-audit services by PwC is compatible with the general standards of auditor independence is provided in Section 10 of the Directors report.

Group Assurance (internal audit)

Group Assurance is Westpac s internal audit function providing the Board and Executive Management with an independent and objective evaluation of the adequacy and effectiveness of management s control over risk. Group Assurance covers the governance, risk management and internal control frameworks of Westpac and our wholly owned subsidiaries. It has access to all of our entities, and conducts audits and reviews following a risk-based planning approach, the outline for which has been approved by the Board Audit Committee.

Group Assurance provides regular reports to the Board Audit Committee and, as deemed appropriate, the Board Risk & Compliance Committee, and raises any significant issues with those Committees. The General Manager Group Assurance operates under a Group Assurance charter approved by the Board Audit Committee and has a direct reporting line to the Chairman of that Committee.

Market disclosure

We maintain a level of disclosure that seeks to provide all investors with equal, timely, balanced and meaningful information. Consistent with these standards the Westpac Group maintains a Board approved Market Disclosure Policy, which governs how we communicate with our shareholders and the investment community.

The policy reflects the requirements of the ASX, NZX and other offshore stock exchanges where we have disclosure obligations, as well as relevant securities and corporations legislation. Under our policy, information that a reasonable person would expect to have a material effect on the price or value of our securities must first be disclosed via the ASX unless an exception applies under regulatory requirements.

Our Disclosure Committee is responsible for determining what information should be disclosed publicly under the policy, and for assisting employees in understanding what information may require disclosure to the market on the basis that it is price sensitive. The Disclosure Committee is comprised of the CEO, the Executive Team, the Chief Compliance Officer & Group General Counsel and the General Manager, Corporate Affairs and Sustainability.

The Chief Operating Officer is the Disclosure Officer. The Disclosure Officer is ultimately responsible for all communication with relevant stock exchanges and notifying regulators in any jurisdiction as a result of market disclosure.

Once relevant information is disclosed to the market and available to investors, it is also published on our website. This includes investor discussion packs, presentations on and explanations about our financial results. Our website information also includes Annual Review and Sustainability Reports, Annual Reports, results announcements, CEO and executive briefings (including webcasts, recordings or transcripts of all major events), notices of meetings and key media releases.

Shareholder communication and participation

We seek to keep our shareholders fully informed through a variety of communication mediums. These are regularly reviewed to improve our communications and utilise new technologies. These approaches include:

- direct communications with shareholders via mail and email;
- the publication of all relevant company information in the Investor Centre section of our website; and
- access to all major market briefings and shareholder meetings via webcasts.

Shareholders are provided with advance notice of all major market briefings and shareholder meetings, through ASX announcements and/or the publication of an investor calendar of events on our website.

Shareholders are given the option to receive information in print or electronic format.

We regard the AGM as an important opportunity for engaging and communicating with shareholders. Shareholders are encouraged to attend and actively participate in our AGM, which is webcast and can also be viewed at a later time from our website. Shareholders who are unable to attend the AGM are able to lodge their proxies through a number of channels, including via the internet. At the time of receiving the Notice of Meeting, shareholders are also invited to put forward questions they would like addressed at the AGM.

CEO and CFO assurance

The Board receives regular reports from management about our financial condition and operational results, as well as that of our controlled entities. The CEO and the CFO annually provide formal statements to the Board, and have done so for the financial year ended 30 September 2014, that state that in all material respects:

§ Westpac s financial records for the financial year have been properly maintained in that they:

correctly record and explain its transactions, and financial position and performance;

enable true and fair financial statements to be prepared and audited; and

are retained for seven years after the transactions covered by the records are completed;

§ the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards;

§ the financial statements and notes for the financial year give a true and fair view of Westpac s and its consolidated entities financial position and of their performance;

§ any other matters that are prescribed by the Corporations Act and regulations as they relate to the financial statements and notes for the financial year are satisfied; and

§ the declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

Risk management

Roles and responsibilities

The Board is responsible for reviewing and approving our overall risk management strategy, including determining our appetite for risk. The Board has delegated to the Board Risk & Compliance Committee responsibility for providing recommendations to the Board on Westpac Group s risk-reward strategy, setting risk appetite, approving frameworks, policies and processes for managing risk, and determining whether to accept risks beyond management s approval discretion.

The Board Risk & Compliance Committee conducts an annual review of the risk management strategy and this review was completed during the year ended 30 September 2014.

The Board Risk & Compliance Committee monitors the alignment of our risk profile with our risk appetite, which is defined in the Board Statement of Risk Appetite, and with our current and future capital requirements. The Board Risk & Compliance Committee receives regular reports from management on the effectiveness of our management of Westpac s material business risks. More detail about the role of the Board Risk & Compliance Committee is set out later in this section under Board Risk & Compliance Committee .

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The CEO and Executive Team are responsible for implementing our risk management strategy and frameworks, and for developing policies, controls, processes and procedures for identifying and managing risk in all of Westpac s activities.

Westpac manages the risks that affect our business as they influence our performance, reputation and future success. Effective risk management involves taking an integrated approach to risk and reward, and enables us to both increase financial growth opportunities and mitigate potential loss or damage. We adopt a Three Lines of Defence approach to risk management which reflects our culture of risk is everyone s business and that all employees are responsible for identifying and managing risk and operating within the Group s desired risk profile. Westpac s Risk Management Strategy identifies risk culture as an essential element of risk management. We embed risk culture and maintain an awareness of risk management responsibilities through regular communication, training and other targeted approaches that support our risk management framework.

The 1st Line of Defence Risk identification, risk management and self-assurance

Divisional business units are responsible for identifying, evaluating and managing the risks that they originate within approved risk appetite and policies. They are required to establish and maintain appropriate risk management controls, resources and self-assurance processes.

The 2nd Line of Defence Establishment of risk management frameworks and policies and risk management oversight

Our 2nd Line of Defence is a separate risk advisory, control and monitoring function which establishes frameworks, policies, limits and processes for the management, monitoring and reporting of risk. It also evaluates and opines on the adequacy and effectiveness of 1st Line controls and application of frameworks and policies and, where necessary, requires improvement and monitors the 1st Line s progress toward remediation of identified deficiencies.

Our 2nd Line of Defence has three layers:

§ our executive risk committees lead the optimisation of risk-reward by overseeing the development of risk appetite statements, risk management frameworks, policies and risk concentration controls, and monitoring Westpac s risk profile for alignment with approved appetites and strategies;

§ our Group Risk function is independent from the business divisions, reports to the CRO, and establishes and maintains the Group-wide risk management frameworks, policies and concentration limits that are approved by the Board Risk & Compliance Committee. It also reports on Westpac s risk profile to executive risk committees and the Board Risk & Compliance Committee; and

§ divisional risk areas are responsible for developing division-specific risk appetite statements, policies, controls, procedures, monitoring and reporting capability, which align to the Board s Statement of Risk Appetite and the risk management frameworks approved by the Board Risk & Compliance Committee. These risk areas are independent of the Divisions 1st Line business areas, with each divisional CRO having a direct reporting line to the CRO, as well as to their Division s Group Executive.

The 3rd Line of Defence Independent assurance

Our Group Assurance function independently evaluates the adequacy and effectiveness of the Group s overall risk management framework and controls.

Our overall risk management approach is summarised in the following diagram:

Our overall risk management governance structure is set out in more detail in the table Risk Management Governance Structure included in this statement.

We distinguish five main types of risk:

§ credit risk the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac;

§ liquidity risk the risk that the Group will be unable to fund assets and meet obligations as they become due;

§ market risk the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. This includes interest rate risk in the banking book the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities;

§ operational risk the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition is aligned to the regulatory (Basel II) definition, including legal and regulatory risk but excluding strategic and reputation risk; and

§ compliance risk the risk of legal or regulatory sanction, financial or reputation loss, arising from our failure to abide by the compliance obligations required of us.

In addition to, and linked to, these five main types of risk, we also manage the following risks:

- business risk the risk associated with the vulnerability of a line of business to changes in the business environment;
- environmental, social and governance risks the risk that the Group damages its reputation or financial performance due to failure to recognise or address material existing or emerging sustainability related environmental, social or governance issues;
- equity risk the potential for financial loss arising from movements in equity values. Equity risk may be direct, indirect or contingent;
- insurance risk the risk of mis-estimation of the expected cost of insured events, volatility in the number or severity of insured events, and mis-estimation of the cost of incurred claims;
- related entity (contagion) risk the risk that problems arising in other Westpac Group members compromise the financial and operational position of the authorised deposit-taking institutions in the Westpac Group; and
- reputation risk the risk to earnings or capital arising from negative public opinion resulting from the loss of reputation or public trust and standing.

Westpac has received advanced accreditation from APRA and the RBNZ under the Basel II capital framework, and uses the Advanced Internal Ratings Based (AIRB) approach for credit risk and the Advanced Measurement Approach (AMA) for operational risk when calculating regulatory capital.

Board Risk & Compliance Committee

The Board Risk & Compliance Committee comprises all of Westpac s independent, Non-executive Directors and is chaired by Elizabeth Bryan.

As set out in its charter, the Board Risk & Compliance Committee:

- provides recommendations to the Board on Westpac Group s risk-reward strategy;

§ sets risk appetite;

§ reviews and approves the frameworks for managing risk, including capital, credit, liquidity, market, operational, compliance and reputation risk;

§ reviews and approves the limits and conditions that apply to credit risk approval authority delegated to the CEO, CFO and CRO and any other officers of the Westpac Group to whom the Board has delegated credit approval authority;

§ monitors the risk profile, performance, capital levels, exposures against limits and the management and control of our risks;

§ monitors changes anticipated in the economic and business environment and other factors considered relevant to our risk profile and risk appetite;

§ oversees the development and ongoing review of key policies that support our frameworks for managing risk; and

§ may approve accepting risks beyond management s approval discretion.

From the perspective of specific types of risk, the Board Risk & Compliance Committee role includes:

§ credit risk approving key policies and limits supporting the Credit Risk Management Framework, and monitoring the risk profile, performance and management of our credit portfolio;

§ liquidity risk approving key policies and limits supporting the Liquidity Risk Management Framework, including our annual funding strategy and liquidity requirements, and recovery and resolutions plans and monitoring the liquidity risk profile;

§ market risk approving key policies and limits supporting the Market Risk Management Framework, including, but not limited to, the Value at Risk and Net Interest Income at Risk limits, and monitoring the market risk profile;

§ operational risk monitoring the operational risk profile, the performance of operational risk management and controls, and the development and ongoing review of operational risk policies supporting the Operational Risk Management Framework;

§ reputation risk reviewing and approving the Reputation Risk Management Framework and reviewing the monitoring of the performance of reputation risk management and controls; and

§ compliance risk reviewing compliance processes and our compliance with applicable laws, regulations and regulatory requirements, discussing with management and the external auditor any material correspondence with regulators or government agencies and any published reports that raise material issues, and reviewing complaints and whistleblower concerns.

The Board Risk & Compliance Committee also:

§ approves the Internal Capital Adequacy Assessment Process and in doing so reviews the outcomes of enterprise wide stress testing, sets the preferred capital ranges for regulatory capital having regard to Westpac internal economic capital measures, and reviews and monitors capital levels for consistency with the Westpac Group s risk appetite;

§ provides relevant periodic assurances and disclosures to the Board Audit Committee regarding the operational integrity of the risk management framework; and

§ refers to other Board Committees any matters that come to the attention of the Board Risk & Compliance Committee that are relevant for those respective Board Committees.

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Compliance Management Framework

The Group s Compliance Management Framework sets out our approach to managing compliance and mitigating compliance risk, in order to achieve our compliance objectives. To proactively manage our compliance risks, we must:

§ comply with both the letter and spirit of the law while being attentive to the needs of our clients;

§ embed the requirements of our regulators into how we do business, how we conduct ourselves and how our systems and processes are designed and operate; and

§ maintain a compliance culture where everyone in every part of the Westpac Group has responsibility for compliance.

The mechanisms we use to implement our approach include:

§ maintaining a strong governance environment;

§ identifying obligations, developing and maintaining Compliance Plans and implementing change;

§ developing, implementing and testing compliance controls; and

§ monitoring and reporting incidents, issues and risks.

As with other forms of risk, business line management is primarily responsible for managing compliance. This is supported by a dedicated Compliance function covering the Group and each area of the business. The Compliance function reports to the Chief Compliance Officer & Group General Counsel.

Regular reports are provided to the Westpac Group Executive Risk Committee and the Board Risk & Compliance Committee on the status of compliance across the Group.

Remuneration

The Board Remuneration Committee assists the Board by ensuring that Westpac has coherent remuneration policies and practices that fairly and responsibly reward individuals having regard to performance, Westpac s risk management framework, the law and the highest standards of governance.

The Board Remuneration Committee has been in place for the whole of the financial year and is comprised of four independent Non-executive Directors and is chaired by Ewen Crouch. All members of the Board Remuneration Committee are also members of the Board Risk & Compliance Committee, which assists in the integration of effective risk management into the remuneration framework.

As set out in its charter, the Board Remuneration Committee:

§ reviews and makes recommendations to the Board in relation to the Westpac Group Remuneration Policy (Group Remuneration Policy) and assesses the Group Remuneration Policy s effectiveness and its compliance with prudential standards;

§ reviews and makes recommendations to the Board in relation to the individual remuneration levels of the CEO, Non-executive Directors, Group Executives, other Executives who report directly to the CEO, other persons whose activities in the Board s opinion affect the financial soundness of Westpac, any person specified by APRA, and any other person the Board determines;

§ reviews and makes recommendations to the Board in relation to the remuneration structures for each category of persons covered by the Group Remuneration Policy;

§ reviews and makes recommendations to the Board on corporate goals and objectives relevant to the remuneration of the CEO, and the performance of the CEO in light of these objectives;

§ reviews and makes recommendations to the Board on the short-term and long-term incentive plans for Group Executives;

§ reviews and makes recommendations to the Board in relation to approving equity based remuneration plans; and

§ oversees general remuneration practices across the Group.

The Board Remuneration Committee reviews and recommends to the Board the size of variable reward pools each year based on consideration of pre-determined business performance indicators and the financial soundness of Westpac. The Board Remuneration Committee also approves remuneration arrangements outside of the Group Remuneration Policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications. In addition, the Board Remuneration Committee considers and evaluates the performance of senior executives when making remuneration determinations and otherwise as required.

The Board Remuneration Committee also reviews and makes recommendations to the Board for the reduction or lapsing of incentive based equity grants to employees, where subsequent information or circumstances indicate that the grant was not justified.

Independent remuneration consultants are engaged by the Board Remuneration Committee to provide information across a range of issues including remuneration benchmarking, market practices and emerging trends and regulatory reforms.

Further details of our remuneration framework are included in the Remuneration report which is in Section 9 of the Directors report. The Board Remuneration Committee reviews and recommends the report for approval.

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Risk Management Governance Structure

Westpac s risk management governance structure is set out in the table below:

Board
§ reviews and approves our overall risk management strategy.
Board Risk & Compliance Committee (BRCC)
§ provides recommendations to the Board on the Westpac Group s risk-reward strategy; § sets risk appetite; § approves frameworks and key policies for managing risk; § monitors our risk profile, performance, capital levels, exposures against limits and management and control of our risks; § monitors changes anticipated in the economic and business environment and other factors relevant to our risk profile; § oversees the development and ongoing review of key policies that support our frameworks for managing risk; and § determines whether to accept risks beyond the approval discretion provided to management.
Other Board Committees with a risk focus
Board Audit Committee § oversees the integrity of financial statements and financial reporting systems, and matters relating to taxation risks. **Board Remuneration Committee** § reviews any matters raised by the BRCC with respect to risk-adjusted remuneration. **Board Technology Committee** § oversees the technology strategy, implementation, and risks associated with major technology programs.
Executive team
§ executes the Board-approved strategy;

- assists with the development of the Board Statement of Risk Appetite;
- delivers the Group s various strategic and performance goals within the approved risk appetite; and
- monitors key risks within each business unit, capital adequacy and the Group s reputation.

Executive risk committees

Westpac Group Executive Risk Committee

- leads the optimisation of credit, operational, compliance, and market risk-reward across the Group;
- oversees the embedding of the Risk Management Strategy in the Group s approach to risk governance;
- oversees risk-related management frameworks and key supporting policies;
- oversees the Group s credit, operational, compliance, and market risk profiles;
- oversees reputation risk and Environmental, Social and Governance (ESG) risk management frameworks and key supporting policies; and
- identifies emerging credit, operational, compliance and market risks and allocates responsibility for assessing impacts and implementing appropriate actions to address these.

Westpac Group Asset & Liability Committee

- leads the optimisation of funding and liquidity risk-reward across the Group;
- reviews the level and quality of capital to ensure that it is commensurate with the Group s risk profile, business strategy and risk appetite;
- oversees the Liquidity Risk Management Framework and key policies;
- oversees the funding and liquidity risk profile and balance sheet risk profile; and
- identifies emerging funding and liquidity risks and appropriate actions to address these.

Risk Management Governance Structure (continued)

Executive risk committees (continued)

Westpac Group Remuneration Oversight Committee

- provides assurance that the remuneration arrangements across the Group have been examined from a People, Risk and Finance perspective;
- responsible for ensuring that risk is embedded in all key steps in our remuneration framework;
- reviews and makes recommendations to the CEO for recommendation to the Board Remuneration Committee on the Group Remuneration Policy and provides assurance that remuneration arrangements across the Group encourage behaviour that supports Westpac s long-term financial soundness and the risk management framework;
- reviews and monitors the remuneration arrangements (other than for Group Executives) for Responsible Persons (as defined in the Group s Statutory Officers Fit and Proper Policy), risk and financial control personnel, and all other employees for whom a significant portion of total remuneration is based on performance and whose activities, either individually or collectively, may affect the financial soundness of Westpac; and
- reviews and recommends to the CEO for recommendation to the Board Remuneration Committee the criteria and rationale for determining the total quantum of the Group variable reward pool.

Group and divisional risk management

Group Risk

- develops the Group-level risk management frameworks for approval by the BRCC;
- directs the review and development of key policies supporting the risk management frameworks;
- establishes risk concentration limits and monitors risk concentrations; and
- monitors emerging risk issues.

Compliance Function

- develops the Group-level compliance framework for approval by the BRCC;
- directs the review and development of compliance policies, compliance plans, controls and procedures;
- monitors compliance and regulatory obligations and emerging regulatory developments; and

§ reports on compliance standards.

Divisional risk management

§ develops division-specific policies, risk appetite statements, controls, procedures, and monitoring and reporting capability that align to the frameworks approved by the BRCC.

Independent internal review

Group Assurance

§ reviews the adequacy and effectiveness of management controls for risk.

Divisional business units

Business Units

§ responsible for identifying, evaluating and managing the risks that they originate within approved risk appetite policies; and

§ establish and maintain appropriate risk management controls, resources and self-assurance processes.

Checklist of Westpac s compliance with ASXCGC Recommendations

	ASXCGC recommendations (with 2010 amendments)	Reference	Compliance
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Page 24	Comply
1.2	Disclose the process for evaluating the performance of senior executives.	Page 28	Comply
1.3	Provide the information indicated in *Guide to reporting on Principle 1*.	Pages 23, 24, 28	Comply
Principle 2:	**Structure the Board to add value**		
2.1	A majority of the Board should be independent Directors.	Pages 24, 25	Comply
2.2	The chair should be an independent Director.	Page 26	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Page 26	Comply
2.4	The Board should establish a nomination committee.	Page 26	Comply
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Page 28	Comply
2.6	Provide the information indicated in *Guide to reporting on Principle 2*.	Pages 23 28	Comply
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:	Pages 28, 29	Comply
	3.1.1 the practices necessary to maintain confidence in the company s integrity		
	3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders		
	3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	Page 30	Comply
3.3	Disclose the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Page 30	Comply
3.4	Disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Page 30	Comply
3.5	Provide the information indicated in *Guide to reporting on Principle 3*.	Pages 28 30	Comply
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	Pages 31, 32	Comply
4.2	Structure the audit committee so that it:	Page 25	Comply
	§ consists only of Non-executive Directors;		
	§ consists of a majority of independent Directors;		

	§ is chaired by an independent chair, who is not chair of the Board; and		
	§ has at least three members.		
4.3	The audit committee should have a formal charter.	Page 31	Comply
4.4	Provide the information indicated in *Guide to reporting on Principle 4*.	Pages 23, 25 32	Comply

	ASXCGC recommendations (with 2010 amendments)	Reference	Compliance
Principle 5:	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Pages 32, 33	Comply
5.2	Provide the information indicated in *Guide to reporting on Principle 5*.	Pages 32, 33	Comply
Principle 6:	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Page 33	Comply
6.2	Provide the information indicated in *Guide to reporting on Principle 6*.	Page 33	Comply
Principle 7:	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Pages 33 38	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company s material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company s management of its material business risks.	Pages 33 38	Comply
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Page 33	Comply
7.4	Provide the information indicated in *Guide to reporting on Principle 7*.	Pages 33 38	Comply
Principle 8:	**Remunerate fairly and responsibly**		
8.1	Establish a remuneration committee.	Page 36	Comply
8.2	The remuneration committee should be structured so that it: § consists of a majority of independent Directors; § is chaired by an independent chair; and § has at least three members.	Page 25	Comply
8.3	Clearly distinguish the structure of Non-executive Directors remuneration from that of executive Directors and senior executives.	Page 36	Comply
8.4	Provide the information indicated in *Guide to reporting on Principle 8*.	Page 23, 25, 27, 30, 36	Comply

Directors report

Our Directors present their report together with the financial statements of the Group for the financial year ended 30 September 2014.

1. Directors

The names of the persons who have been Directors, or appointed as Directors, during the period since 1 October 2013 and up to the date of this report are: Lindsay Philip Maxsted, Gail Patricia Kelly, John Simon Curtis (retired as Director and Deputy Chairman on 25 April 2014), Elizabeth Blomfield Bryan, Gordon McKellar Cairns (retired as Director on 13 December 2013), Ewen Graham Wolseley Crouch, Catriona Alison Deans (Alison Deans) (Director from 1 April 2014), Robert George Elstone, Peter John Oswin Hawkins, Peter Ralph Marriott, and Ann Darlene Pickard.

Particulars of the skills, experience, expertise and responsibilities of the Directors at the date of this report, including all directorships of other listed companies held by a Director at any time in the past three years immediately before 30 September 2014 and the period for which each directorship has been held, are set out below.

Name: Lindsay Maxsted, DipBus (Gordon), FCA, FAICD

Age: 60

Term of office: Director since March 2008 and Chairman since December 2011.

Date of next scheduled re-election: December 2014.

Independent: Yes.

Current directorships of listed entities and dates of office:
Director of Transurban Group (since March 2008, and Chairman since August 2010). Director of BHP Billiton Limited (since March 2011) and BHP Billiton plc (since March 2011).

Other principal directorships:
Managing Director of Align Capital Pty Ltd and Director of Baker IDI Heart and Diabetes Institute Holdings Limited.

Other interests: Nil.

Other Westpac related entities directorships and period of office: Nil.

Skills, experience and expertise:
Lindsay was formerly a partner at KPMG and was the CEO of that firm from 1 January 2001 to 31 December 2007. His principal area of practice prior to his becoming CEO was in the corporate recovery field managing a number of Australia s largest insolvency/workout/turnaround engagements including Linter Textiles (companies associated with Abraham Goldberg), Bell Publishing Group, Bond Brewing, McEwans Hardware and Brashs. He is also a former Director and Chairman of the Victorian Public Transport Corporation. Lindsay is a member of the Advisory Board of Coolmore Australia and a Fellow of the Australian Institute of Company Directors.

Westpac Board Committee membership: Chairman of the Board Nominations Committee. Member of each of the Board Audit and Board Risk & Compliance Committees.

Directorships of other listed entities over the past three years and dates of office: Nil.

		Name: Gail Kelly, HigherDipEd, BA, MBA with Distinction **Age:** 58 **Term of office:** Managing Director & Chief Executive Officer since February 2008. **Date of next scheduled re-election:** Not applicable. **Independent:** No. **Current directorships of listed entities and dates of office:** Nil. **Other principal directorships:** The Business Council of Australia and the Financial Markets Foundation for Children.		**Other interests:** Chairman of the Australian Bankers Association. Member of the Global Board of Advisers at the US Council on Foreign Relations and is a member of the Group of Thirty. **Other Westpac related entities directorships and dates of office:** Nil. **Skills, experience and expertise:** Gail began her banking career in 1980, and by 2001 Gail had held various senior management roles in a broad range of areas including retail and commercial banking, strategy, marketing and human resources. Gail has spent the last twelve years as CEO of two		Australian banks, St.George Bank from 2002 to 2007 and Westpac from 2008 to date. She serves on the Prime Minister s Indigenous Advisory Council and is CARE Australia s Ambassador for Women s Empowerment. Internationally, Gail is Vice President of the International Monetary Conference, she sits on the Global Board of Advisers at the US Council on Foreign Relations and is a member of the Group of Thirty. **Westpac Board Committee membership:** Member of the Board Technology Committee. **Directorships of other listed entities over the past three years and dates of office:** Nil.

		Name: Elizabeth Bryan AM, BA (Econ.), MA (Econ.) **Age:** 68 **Term of office:** Director since November 2006. **Date of next scheduled re-election:** December 2015. **Independent:** Yes. **Current directorships of listed entities and dates of office:** Director of Caltex Australia Limited (since July 2002, and Chairman since October 2007). **Other principal directorships:** Nil.		**Other interests:** Member of the Takeovers Panel, Powerhouse Museum Trustee Board, Australian Treasury Advisory Council and Director Advisory Panel to ASIC. **Other Westpac related entities directorships and dates of office:** Nil. **Skills, experience and expertise:** Elizabeth has over 33 years experience in the financial services industry, government policy and administration, and on the boards of companies and statutory organisations. Prior to becoming a professional director she served for six years as		Managing Director of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation. In March 2014, Elizabeth was appointed a member of the Australian Treasury Advisory Council. **Westpac Board Committee membership:** Chairman of the Board Risk & Compliance Committee. Member of each of the Board Nominations and Board Remuneration Committees. **Directorships of other listed entities over the past three years and dates of office:** Nil.
		Name: Ewen Crouch AM, BEc (Hons.), LLB, FAICD **Age:** 58 **Term of office:** Director since February 2013. **Date of next scheduled re-election:** December 2016. **Independent:** Yes. **Current directorships of listed entities and dates of office:** Bluescope Steel Limited (since March 2013). **Other principal directorships:** Sydney Symphony Orchestra. Chairman of Mission Australia. **Other interests:** Member of the Takeovers Panel and the AICD s Law Committee. Member of the Corporations Committee of the Law Council of Australia. **Other Westpac related entities directorships and dates of office:** Nil.		**Skills, experience and expertise:** Ewen is one of Australia s most accomplished mergers and acquisitions (M&A) lawyers, having worked on some of Australia s most significant M&A transactions during his career as a partner at Allens from 1988 to 2013. He served as a member of that firm s board for 11 years including 4 years as Chairman of Partners as well as holding the following roles whilst a partner: Co-Head Mergers & Acquisitions and Equity Capital Markets, Executive Partner, Asian Offices and Deputy Managing Partner. In 2010, he was appointed as a member of the Takeovers Panel. Ewen is a Fellow of the Australian Institute of Company Directors and is a member of the AICD s Law Committee.		Ewen is also a member of the Corporations Committee of the Law Council of Australia. He is admitted to practise law in New South Wales, Victoria, the Australian Capital Territory and Western Australia. In 2013, he was awarded an Order of Australia in recognition of his significant service to the law as a contributor to legal professional organisations and to the community. **Westpac Board Committee membership:** Chairman of the Board Remuneration Committee, Member of each of the Board Nominations and Board Risk & Compliance Committees. **Directorships of other listed entities over the past three years and dates of office:** Nil.

		Name: Alison Deans, BA, MBA, GAICD **Age:** 46 **Term of office:** Director since April 2014. **Date of next scheduled re-election:** December 2014. **Independent:** Yes. **Current directorships of listed entities and dates of office:** Insurance Australia Group Limited (since 1 February 2013). **Other principal directorships:** kikki.K Holdings Pty Ltd. **Other interests:** Nil. **Other Westpac related entities directorships and dates of office:** Nil.		**Skills, experience and expertise:** Alison has more than 20 years experience in senior management and strategy consulting roles focused on e-commerce, media and financial services in Australia. During this time, Alison held a number of senior executive roles including as the CEO of eCorp Limited, Hoyts Cinemas and eBay, Australia and New Zealand. Most recently, she was the CEO of the technology-based investment company netus Pty Ltd, which was acquired by Fairfax Media Limited in 2012. Alison was appointed an Independent Non-executive Director of Insurance Australia Group		Limited in 2013 and was an Independent Director of Social Ventures Australia from 2007 to 2013. In December 2013, she was appointed by the Australian Government to a Panel of Experts conducting an independent cost-benefit analysis and a regulatory review of the regulatory arrangements for the National Broadband Network. **Westpac Board Committee membership:** Member of each of the Board Risk & Compliance and Board Technology Committees. **Directorships of other listed entities over the past three years and dates of office:** Nil.

Name: Robert Elstone,
BA (Hons.), MA (Econ.), MCom

Age: 61

Term of office: Director since February 2012.

Date of next scheduled re-election: December 2014.

Independent: Yes.

Current directorships of listed entities and dates of office: Nil.

Other principal directorships: University of Western Australia Business School.

Other interests: Adjunct Professor in the Schools of Business at the Universities of Sydney and Western Australia.

Other Westpac related entities directorships and dates of office: Nil.

Skills, experience and expertise: Robert has over 30 years experience in senior management roles spanning investment banking, corporate finance, wholesale financial markets and risk management. From 2006 to 2011, Robert was Managing Director and CEO of the Australian Securities Exchange. Previously, he was Managing Director and CEO of the Sydney Futures Exchange from 2000 to 2006 and, from 1995 to 2000 he was Finance Director of Pioneer International. Robert was a Non-executive Director of the National Australia Bank from 2004 to 2006, an inaugural member of the Board of Guardians of the Future Fund in 2006, and, during the years 2007 to 2009, he was Chairman of the Financial Sector Advisory Council to the Federal Treasurer. Robert is an Adjunct Professor at the Business Schools of the Universities of Sydney and Western Australia. Robert was appointed to the University of Western Australia Business School Board at the start of 2013.

Westpac Board Committee membership: Chairman of the Board Audit Committee. Member of each of the Board Nominations, Board Remuneration and Board Risk & Compliance Committees.

Directorships of other listed entities over the past three years and dates of office: ASX Limited (July 2006 to October 2011).

Name: Peter Hawkins,
BCA (Hons.), SF Fin, FAIM, ACA (NZ), FAICD

Age: 60

Term of office: Director since December 2008.

Date of next scheduled re-election: December 2016.

Independent: Yes.

Current directorships of listed entities and dates of office: Mirvac Group (since January 2006).

Other principal directorships: Liberty Financial Pty Ltd, Treasury Corporation of Victoria, Murray Goulburn Co-operative Co. Limited and Clayton Utz.

Other interests: Nil.

Other Westpac related entities directorships and dates of office: Member of the Bank of Melbourne Advisory Board since November 2010.

Skills, experience and expertise: Peter s career in the banking and financial services industry spans over 42 years in Australia and overseas at both the highest levels of management and directorship of major organisations. Peter has held various senior management and directorship positions with Australia and New Zealand Banking Group Limited from 1971 to 2005. He was also a Director of BHP (NZ) Steel Limited from 1990 to 1991, ING Australia Limited from 2002 to 2005, Esanda Finance Corporation from 2002 to 2005 and Visa Inc. from 2008 to 2011.

Westpac Board Committee membership: Chairman of the Board Technology Committee. Member of each of the Board Audit, Board Nominations and Board Risk & Compliance Committees.

Directorships of other listed entities over the past three years and dates of office: Nil.

Name: Peter Marriott,
BEc (Hons.), FCA

Age: 57

Term of office: Director since June 2013.

Date of next scheduled re-election: December 2016.

Independent: Yes.

Current directorships of listed entities and dates of office: ASX Limited (since July 2009).

Other principal directorships: ASX Clearing Corporation Limited and ASX Settlement Corporation Limited. Chairman of Austraclear Limited.

Other interests: Nil.

Other Westpac related entities directorships and dates of office: Nil.

Skills, experience and expertise: Peter has over 30 years experience in senior management roles in the finance industry encompassing international banking, finance and auditing. Peter joined Australia and New Zealand Banking Group Limited (ANZ) in 1993 and held the role of Chief Financial Officer from 1997 to May 2012. Prior to his career at ANZ, Peter was a banking and finance and audit and consulting partner at KPMG Peat Marwick. Peter has been a Non-executive Director of ASX Limited (and Chairman of its Board Audit & Risk Committee) since 1 July 2009. This appointment has involved Peter acting as a Director on the ASX Group Clearing and Settlement Boards and as Chairman of Austraclear Limited. Peter was formerly a Director of ANZ National Bank Limited in New Zealand and various ANZ subsidiaries.

Westpac Board Committee membership: Member of each of the Board Audit, Board Risk & Compliance and Board Technology Committees.

Directorships of other listed entities over the past three years and dates of office: ANZ National Bank Limited (November 2004 to May 2012), New Zealand listed.

Name: Ann Pickard, BA, MA

Age: 59

Term of office: Director since December 2011.

Date of next scheduled re-election: Not applicable. Ann Pickard will retire following the 2014 AGM.

Independent: Yes.

Current directorships of listed entities and dates of office: Nil.

Other principal directorships: Nil.

Other interests: Nil.

Other Westpac related entities directorships and dates of office: Nil.

Skills, experience and expertise: Ann has 25 years of international experience as a senior manager in large organisations, with responsibility for major corporate transformations, maximising return on assets in challenging environments, complex negotiations, large scale development projects and strategic planning. In June 2013, Ann was appointed Royal Dutch Shell s Executive Vice President Arctic, Upstream Americas. Before her current role, Ann was the Executive Vice President of Shell s upstream business in Australia from March 2010, and later her role was expanded to Country Chair of Australia in August 2010. Prior to this, Ann was Shell s Regional Executive Vice President for Sub Sahara Africa, overseeing the company s exploration and production, gas and LNG activities in the region. She has also held the position of Director Global Businesses and Strategy and been a member of the Shell Gas & Power Executive Committee with responsibility for Global LNG, Power and Gas & Power Strategy.

Westpac Board Committee membership: Member of each of the Board Remuneration and Board Risk & Compliance Committees.

Directorships of other listed entities over the past three years and dates of office: Nil.

Company Secretary

Our Company Secretaries as at 30 September 2014 are John Arthur and Tim Hartin.

John Arthur (LLB (Hons.)) was appointed Group Executive, Counsel & Secretariat and Company Secretary on 1 December 2008. On 24 November 2011, John was appointed Chief Operating Officer and continues to hold the position of Senior Company Secretary. Most recently prior to that appointment John was Managing Director & Chief Executive of Investa Property Group until 2007. Previously, John has been a partner at Freehills and Group General Counsel of Lend Lease Corporation Limited. He also served as Chairman of legal firm Gilbert + Tobin and has had a distinguished career as legal partner, corporate executive and non-executive director.

Tim Hartin (LLB (Hons.)) was appointed Group Company Secretary on 7 November 2011. Prior to his appointment, Tim was a transactional lawyer at Henderson Boyd Jackson W.S. in Scotland and in London in Herbert Smith s corporate and corporate finance division. Tim joined Gilbert + Tobin as a Consultant in 2004, where he provided corporate advisory services to ASX listed companies. Tim joined Westpac in 2006 as Counsel, Corporate Core and most recently was the Head of Legal - Risk Management & Workouts, Counsel & Secretariat.

2. Executive Team

As at 30 September 2014 our Executive Team was:

Name	**Position**

		Year Joined Group	Year Appointed to Position
Gail Kelly	Managing Director & Chief Executive Officer	2008	2008
Philip Coffey	Deputy Chief Executive Officer	1996	2014
John Arthur	Chief Operating Officer	2008	2011
Brad Cooper	Chief Executive Officer, BT Financial Group	2007	2010
David Curran	Chief Information Officer	2014	2014
George Frazis	Chief Executive Officer, St.George Banking Group	2009	2012
Brian Hartzer	Chief Executive, Australian Financial Services	2012	2012
Alexandra Holcomb	Chief Risk Officer	1996	2014
Peter King	Chief Financial Officer	1994	2014
David McLean	Acting Chief Executive Officer, Westpac New Zealand Limited	1999	2014
Christine Parker	Group Executive, Human Resources & Corporate Affairs	2007	2011
Rob Whitfield	Group Executive, Westpac Institutional Bank	1986	2009
Jason Yetton	Group Executive, Westpac Retail & Business Banking	1992	2011

There are no family relationships between or among any of our Directors or Executive Team members.

Gail Kelly HigherDipEd, BA, MBA with Distinction. Age 58

Managing Director & Chief Executive Officer

Gail began her banking career in 1980, and by 2001 Gail had held various senior management roles in a broad range of areas including retail and commercial banking, strategy, marketing and human resources. Gail has spent the last twelve years as CEO of two Australian banks, St.George Bank from 2002 to 2007 and Westpac from 2008 to date.

Gail holds a Bachelor of Arts degree and Higher Diploma of Education from Cape Town University and an MBA with Distinction from the University of Witwatersrand.

Gail is Chairman of the Australian Bankers Association and a non-executive director of the Business Council of Australia and the Financial Markets Foundation for Children. She also serves on the Prime Minister s Indigenous Advisory Council and is CARE Australia s Ambassador for Women s Empowerment. Internationally, Gail is Vice President of the International Monetary Conference, she sits on the Global Board of Advisers at the US Council on Foreign Relations and is a member of the Group of Thirty.

Philip Coffey BEc (Hons.). Age 57

Deputy Chief Executive Officer

Philip was appointed Deputy Chief Executive Officer in April 2014 with responsibility for overseeing Westpac s contribution to the Federal Government s Financial System Inquiry and supporting relationships with key stakeholders including industry groups, regulators, customers and government. He is also responsible for the Group s strategy, mergers and acquisitions function. Prior to this appointment, Philip held the role of Chief Financial Officer from December 2005. Previous to this he was Group Executive, Westpac Institutional Bank, having been appointed to that position in 2002. Philip first joined Westpac in 1996 as Head of Foreign Exchange.

He has extensive experience in financial markets, funds management and finance. He began his career at the Reserve Bank of Australia before moving to Citicorp and AIDC Limited. He has also held roles in the United Kingdom and New Zealand. Philip has an honours degree in Economics from the University of Adelaide and has completed the Executive Programme at Stanford University Business School.

John Arthur LLB (Hons.). Age 59

Chief Operating Officer

John was appointed Chief Operating Officer on 24 November 2011 with responsibility for Group Services, which encompasses technology, banking operations, property, compliance, legal and secretariat services. He joined Westpac as Group Executive, Counsel & Secretariat on 1 December 2008. Before that appointment John was Managing Director & CEO of Investa Property Group.

Previously, John has been a partner at Freehills and Group General Counsel of Lend Lease Corporation Limited. He also served as Chairman of legal firm Gilbert + Tobin and has had a distinguished career as a legal partner, corporate executive and non-executive director.

Brad Cooper DipBM, MBA. Age 52

Chief Executive Officer, BT Financial Group

Brad was appointed Chief Executive Officer, BT Financial Group on 1 February 2010. Brad initially joined Westpac in April 2007 as Chief Executive, Westpac New Zealand Limited and after successfully leading a change program in that market, moved to the role of Group Chief Transformation Officer leading the Westpac Group s St.George merger implementation. Prior to joining Westpac, Brad was Chairman of GE Capital Bank and CEO of GE Consumer Finance UK & Ireland. He drove GE s UK Six Sigma program and was certified as a Quality Leader (Black Belt) in December 2002. He was promoted to CEO of GE Consumer Finance UK in January 2003 and appointed Chairman of GE Capital Bank in April 2004.

David Curran BCom. Age 49

Chief Information Officer

David was appointed Chief Information Officer in September 2014. David joined Westpac in February 2014 as a consultant on the Group s banking technology modernisation program. David has almost thirty years of experience with proven expertise in IT and financial services and the implementation of large, complex projects.

Before joining Westpac, David spent ten years in senior roles at the Commonwealth Bank of Australia (CBA). Before joining CBA, he spent sixteen years at Accenture, where he was a partner, primarily consulting on financial services.

George Frazis B Eng (Hons.), MBA (AGSM/Wharton). Age 50

Chief Executive Officer, St.George Banking Group

George was appointed Chief Executive Officer, St.George Banking Group in April 2012. Prior to this appointment, George joined the Westpac Group in March 2009 as Chief Executive, Westpac New Zealand Limited. George is highly experienced in the financial services industry. He was formerly Group Executive General Manager at National Australia Bank. Prior to that, George was a senior executive in Commonwealth Bank of Australia s Institutional Banking Division and has also been a partner with the Boston Consulting Group and an officer in the Royal Australian Air Force.

Brian Hartzer BA European History, CFA. Age 47

Chief Executive, Australian Financial Services

Brian joined Westpac as Chief Executive, Australian Financial Services on 25 June 2012. Australian Financial Services comprises Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group.

Prior to joining Westpac, Brian spent three years in the UK as CEO for Retail, Wealth and Ulster Bank at the Royal Bank of Scotland Group. Prior to that, he spent ten years with Australia and New Zealand Banking Group Limited (ANZ) in Australia in a variety of roles, including his final role as CEO, Australia and Global Segment Lead for Retail and Wealth. Before joining ANZ, Brian spent ten years as a financial services consultant in New York, San Francisco and Melbourne.

Brian graduated from Princeton University with a degree in European History and is a Chartered Financial Analyst.

Alexandra Holcomb BA, MBA, MA. Age 53

Chief Risk Officer

Alexandra was appointed Chief Risk Officer in August 2014. Since joining Westpac in 1996, Alexandra has held a number of senior positions including Group General Manager Group Strategy, M&A and Major Projects, Group Executive, Group Strategy, Head of Westpac Institutional Bank Strategy, and most recently, Group General Manager of Global Transactional Services.

Prior to joining Westpac, Alexandra was a senior executive from 1992 to 1996 with Booz Allen & Hamilton International where she specialised in international credit, working in Singapore and Australia. Before that she worked with Barclays Bank and Chase Manhattan Bank in New York.

Peter King BEc, FCA. Age 44

Chief Financial Officer

Peter was appointed Chief Financial Officer in April 2014, with responsibility for Westpac s Finance, Assurance, Tax, Treasury and Investor Relations functions. Prior to this appointment Peter was the Deputy Chief Financial Officer for three years.

Since joining Westpac in 1994, Peter has held senior finance positions across the Group, including in Group Finance, Business and Consumer Banking, Business and Technology Services, Treasury and Financial Markets.

Peter commenced his career at Deloitte Touche Tohmatsu. He has a Bachelor of Economics from Sydney University and completed the Advanced Management Programme at INSEAD. He is a Fellow of the Institute of Chartered Accountants.

David McLean LLB (Hons). Age 56

Acting Chief Executive Officer, Westpac New Zealand Limited

David was appointed Acting Chief Executive Officer, Westpac New Zealand Limited in June 2014. Since joining Westpac in February 1999, David has held a number of senior roles including Head of Debt Capital Markets New Zealand, General Manager, Private, Wealth and Insurance New Zealand and Head of Westpac Institutional Bank New Zealand, and most recently, Managing Director of the Westpac New York branch since October 2012.

Before joining Westpac, David was Director, Capital Markets at Deutsche Morgan Grenfell since 1994, where he was responsible for starting and developing a new debt capital markets origination business. He also established the New Zealand branch of Deutsche Bank and was New Zealand Resident Branch Manager. In 1988, David joined Southpac/National Bank as a Capital Markets Executive. Prior to this, David worked as a lawyer in private practice and also served as in-house counsel for Natwest from 1985. David is a Barrister & Solicitor of the High Court of New Zealand.

Christine Parker BGDipBus (HRM). Age 54
Group Executive, Human Resources & Corporate Affairs

Christine was appointed Group Executive, Human Resources & Corporate Affairs on 1 October 2011, with responsibility for human resources strategy and management, including reward and recognition, safety, learning and development, careers and talent, employee relations and employment policy. She is also responsible for Corporate Affairs & Sustainability.

Prior to this appointment, she was Group General Manager, Human Resources, from March 2010, with responsibilities across the entire Westpac Group. Prior to that, Christine was General Manager, Human Resources, Westpac New Zealand Limited, when she joined Westpac in 2007.

Prior to joining Westpac, Christine was Group HR Director, Carter Holt Harvey, and from 1999 to 2004, she was Director of HR with Restaurant Brands New Zealand.

Rob Whitfield BCom, GradDipBanking, GradDipFin, AMP (Harvard). Age 50
Group Executive, Westpac Institutional Bank

Rob was appointed Group Executive, Westpac Institutional Bank in July 2009. He has responsibility for Westpac s global relationships with corporate, institutional and government clients, and core product offerings across financial and capital markets, transactional banking and working capital and payments. In addition, Rob has responsibility for Hastings Funds Management Limited and Westpac s structured finance, global treasury, Asia and Pacific Island businesses. Rob joined Westpac as a graduate in 1986, where he gained broad financial markets experience. He joined Treasury in 1993 and was appointed Group Treasurer in 2000. In 2004, he became Chief Risk Officer and joined the Executive Team in December 2005. From April 2007, Rob undertook advisory work as a Group Executive for Westpac s CEO with responsibility for the oversight of the merger with St.George Bank Limited. He was appointed Group Executive, Risk Management in November 2008 prior to assuming his current role.

Jason Yetton BCom, GDAppFin, TGMP (Harvard). Age 43
Group Executive, Westpac Retail & Business Banking

Jason was appointed Group Executive, Westpac Retail & Business Banking on 24 November 2011. Prior to this appointment, he was General Manager, Retail and Regional Banking, Westpac Retail & Business Banking from 2010. Before that, Jason was General Manager, Retail Banking from 2008. During 2008, he was a member of the Group s 2017 strategy team. Prior to that role, Jason held a number of roles in BT Financial Group, including Head of Product, General Manager, Customer Solutions and CEO Commerce BT Unit Trust (based in Malaysia from 1997 to 1999). He joined BT as a graduate trainee in 1992.

3. Report on the business

a) *Principal activities*

The principal activities of the Group during the financial year ended 30 September 2014 were the provision of financial services including lending, deposit taking, payments services, investment portfolio management and advice, superannuation and funds management, insurance services, leasing finance, general finance and foreign exchange services.

There have been no significant changes in the nature of the principal activities of the Group during 2014.

b) Review of and results of operations and financial position

The net profit attributable to equity holders of Westpac for the financial year ended 30 September 2014 was $7,561 million an increase of $810 million or 12% compared to 2013. Key features of this result are:

§ a 7% increase in net operating income before operating expenses and impairment charges with:

net interest income of $13,542 million in 2014, an increase of $721 million or 6% compared to 2013, reflecting growth in customer deposits of 7%, loan growth of 8% and lower margins; and

non-interest income of $6,395 million in 2014, an increase of $621 million or 11% compared to 2013, reflecting growth in wealth management, insurance and banking fees.

§ operating expenses were $8,547 million in 2014, an increase of $571 million compared to 2013, reflecting operating and integration costs associated with the Lloyds acquisition, foreign exchange translation impacts, higher software amortisation, personnel costs from investment in the business and the Westpac Bicentennial Foundation grant of $100 million; and

§ impairment charges were $650 million in 2014, a decrease of $197 million or 23% compared to 2013, reflecting continued improvements in asset quality including further reductions in stressed assets and new impaired assets.

A review of the operations of the Group and its divisions and their results for the financial year ended 30 September 2014 is set out in Section 2 of the Annual Report under the sections Review of Group operations and Divisional performance , which form part of this report.

Further information about our financial position and financial results is included in the financial statements in Section 3 of the Annual Report, which form part of this report.

c) Dividends

Since 30 September 2014, Westpac has announced a final ordinary dividend of 92 cents per Westpac ordinary share, totalling approximately $2,860 million for the year ended 30 September 2014 (2013 final ordinary dividend of 88 cents per Westpac ordinary share and a special dividend of 10 cents per Westpac ordinary share, totalling approximately $3,046 million). The dividend will be fully franked and will be paid on 19 December 2014.

An interim ordinary dividend for the current financial year of 90 cents per Westpac ordinary share for the half year ended 31 March 2014, totalling $2,798 million, was paid as a fully franked dividend on 2 July 2014 (2013 interim ordinary dividend of 86 cents per Westpac ordinary share and a special dividend of 10 cents per Westpac ordinary share, totalling $2,980 million).

d) Significant changes in state of affairs and events during and since the end of the 2014 financial year

Significant changes in the state of affairs of the Group during 2014 were:

§ the completion of the acquisition of selected assets of Lloyds Banking Group s Australian asset finance business, Capital Finance Australia Limited and its corporate loan portfolio, BOS International (Australia) Ltd for $1.45 billion;

§ capital transactions including the issuance of approximately $1.31 billion of new Additional Tier 1 capital securities known as Westpac Capital Notes 2 and the buy-back and subsequent cancellation of Westpac Stapled Preferred Securities II;

§ the establishment of the Westpac Bicentennial Foundation, a charitable foundation to which Westpac contributed $100 million; and

§ ongoing regulatory changes and developments, which have included changes to liquidity, capital, financial services, taxation and other regulatory requirements.

For a discussion of these matters, please refer to Significant developments in Section 1 of the Annual Report under Information on Westpac .

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years.

e) Business strategies, developments and expected results

Our business strategies, prospects and likely major developments in the Group s operations in future financial years and the expected results of those operations are discussed in Section 1 of the Annual Report under Information on Westpac , including under Outlook and Significant developments .

Further information on our business strategies and prospects for future financial years and likely developments in our operations and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to us.

4. Directors interests

a) Directors interests in securities

The following particulars for each Director are set out in the Remuneration report in Section 9 of the Directors report for the year ended 30 September 2014 and in the tables below:

§ their relevant interests in our shares or the shares of any of our related bodies corporate;

§ their relevant interests in debentures of, or interests in, any registered managed investment scheme made available by us or any of our related bodies corporate;

§ their rights or options over shares in, debentures of, or interests in, any registered managed investment scheme made available by us or any of our related bodies corporate; and

§ any contracts:

to which the Director is a party or under which they are entitled to a benefit; and

that confer a right to call for or deliver shares in, debentures of, or interests in, any registered managed investment scheme made available by us or any of our related bodies corporate.

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Directors interests in Westpac and related bodies corporate as at 3 November 2014

	Number of Relevant Interests in Westpac Ordinary Shares	Number of Westpac Share Options	Number of Westpac Share Rights	Westpac CPS
Westpac Banking Corporation				
Current Directors				
Lindsay Maxsted	17,205	-	-	-
Gail Kelly	1,542,459[1]	-	713,264[2]	-
Elizabeth Bryan	26,801	-	-	-
Ewen Crouch	34,609[3]	-	-	-
Alison Deans	9,000[4]	-	-	-
Robert Elstone	10,000	-	-	-
Peter Hawkins	15,218[5]	-	-	1,370
Peter Marriott	20,000	-	-	-
Ann Pickard	13,800[6]	-	-	-
Former Directors				
John Curtis	18,287[7]	-	-	-
Gordon Cairns	17,038[8]	-	-	-

1 Gail Kelly s interest in Westpac ordinary shares includes 28,679 restricted shares held under the CEO Restricted Share Plan.

2 Share rights issued under the CEO Performance Plan.

3 Ewen Crouch and his related bodies corporate also hold relevant interests in 250 Westpac Capital Notes 2.

4 Alison Deans and her related bodies corporate also hold relevant interests in 276,844.4926 units and 149,447.0400 units of the BT Dynamic Global Equity Fund and BT Balanced Equity Income Fund respectively.

5 Peter Hawkins and his related bodies corporate also hold relevant interests in 1,433 Westpac Subordinated Notes.

6 Ann Pickard s relevant interests arise through holding 13,800 Westpac American Depositary Shares (ADS). One ADS represents one Westpac fully paid ordinary share.

7 John Curtis and his related bodies corporate also held relevant interests in 473,334.36 units of the BT Balanced Equity Income Fund. Figures displayed for John Curtis are as at his retirement date of 25 April 2014.

8 Figure displayed is as at Gordon Cairns retirement date of 13 December 2013.

Note: Certain subsidiaries of Westpac offer a range of registered schemes. The Directors from time to time invest in these schemes and are required to provide a statement to the ASX when any of their interests in these schemes change. ASIC has exempted each Director from the obligation to notify the ASX of a relevant interest in a security that is an interest in BT Cash Management Trust (ARSN 087 531 539), BT Premium Cash Fund (ARSN 089 299 730), Westpac Cash Management Trust (ARSN 088 187 928), BT Wholesale Managed Cash Fund (ARSN 088 832 491) or BT Wholesale Enhanced Cash Fund (ARSN 088 863 469).

b) Indemnities and insurance

Under the Westpac Constitution, unless prohibited by statute, we indemnify each of the Directors and Company Secretaries of Westpac and of each of our related bodies corporate (except related bodies corporate listed on a recognised stock exchange), each employee of Westpac or our subsidiaries (except subsidiaries listed on a recognised stock exchange), and each person acting as a responsible manager under an Australian Financial Services Licence of any of Westpac s wholly-owned subsidiaries against every liability incurred by each such person in their capacity as director, company secretary, employee or responsible manager, as the case may be; and all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

Each of the Directors named in this Directors report and each of the Company Secretaries of Westpac has the benefit of this indemnity.

Consistent with shareholder approval at the 2000 Annual General Meeting, Westpac has entered into a Deed of Access and Indemnity with each of the Directors, which includes indemnification in identical terms to that provided in the Westpac Constitution.

Westpac also executed a deed poll in September 2009 providing indemnification equivalent to that provided under the Westpac Constitution to individuals acting as:

§ statutory officers (other than as a director) of Westpac;

§ directors and other statutory officers of wholly-owned subsidiaries of Westpac; and

§ directors and statutory officers of other nominated companies as approved by Westpac in accordance with the terms of the deed poll and Westpac s Contractual Indemnity Policy.

Some employees of Westpac s related bodies corporate and responsible managers of Westpac and its related bodies corporate are also currently covered by a deed poll that was executed in November 2004, which is in similar terms to the September 2009 deed poll.

The Westpac Constitution also permits us, to the extent permitted by law, to pay or agree to pay premiums for contracts insuring any person who is or has been a Director or Company Secretary of Westpac or any of its related bodies corporate against liability incurred by that person in that capacity, including a liability for legal costs, unless:

§ we are forbidden by statute to pay or agree to pay the premium; or

§ the contract would, if we paid the premium, be made void by statute.

Under the September 2009 deed poll, Westpac also agrees to provide directors and officers insurance to Directors of Westpac and Directors of Westpac s wholly-owned subsidiaries.

For the year ended 30 September 2014, the Group has insurance cover in respect of the amounts which we may have to pay under the indemnities set out above. That cover is subject to the terms and conditions of the relevant insurance, including but not limited to the limit of indemnity provided by the insurance. The insurance policies prohibit disclosure of the premium payable and the nature of the liabilities covered.

c) Options and share rights outstanding

As at the date of this report there are 1,352,221 share options outstanding and 4,033,959 share rights outstanding in relation to Westpac ordinary shares. The expiry date of the share options range between 20 January 2015 and 1 October 2018 and the weighted average exercise price is $26.27. The latest dates for exercise of the share rights range between 20 January 2015 and 1 May 2024.

Holders of outstanding share options and share rights in relation to Westpac ordinary shares do not have any rights under the share options and share rights to participate in any share issue or interest of Westpac or any other body corporate.

d) Proceedings on behalf of Westpac

No application has been made and no proceedings have been brought or intervened in, on behalf of Westpac under section 237 of the Corporations Act.

5. Environmental disclosure

As part of our 2017 Sustainability Strategy we have set targets for our environmental performance. The Westpac Group s environmental framework starts with Our Principles for Doing Business , which outline our broad environmental principles. This framework includes:

- our Westpac Group Environment Policy, which has been in place since 1992;
- our Sustainable Supply Chain Management Framework;
- our Sustainability Risk Management Framework (formerly our Environmental, Social and Governance Risk Management Framework); and
- public reporting of our environmental performance. We also participate in a number of voluntary initiatives including the Dow Jones Sustainability Index, CDP[1], the Equator Principles, the Principles for Responsible Investment, the United Nations Global Compact and the Banking Environment Initiative s Soft Commodities Compact.

The *National Greenhouse and Energy Reporting Act 2007* (Cth) (National Greenhouse Act) came into effect in July 2008. The Group reports on greenhouse gas emissions, energy consumption and production under the National Greenhouse Act for the period 1 July through 30 June each year.

The Group was previously subject to the reporting requirements of the *Energy Efficiency Opportunities Act 2006* (Cth) (EEO Act). The Commonwealth Government repealed the EEO Act, effective from 29 June 2014. Accordingly, all obligations and activities under the EEO Program, including reporting requirements, have ceased.[2]

Our operations are not subject to any other particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia. We may, however, become subject to environmental regulation as a result of our lending activities in the ordinary course of business and we have policies in place to ensure that this potential risk is addressed as part of our normal processes.

We have not incurred any liability (including for rectification costs) under any environmental legislation.

1 Formerly known as the Carbon Disclosure Project.

2 Westpac implemented or is in the process of implementing energy efficiency opportunities which are expected to result in estimated energy savings of 107,314GJ, carbon savings of 26,456tCO2e and cost savings of $4,685,561 per year. Westpac also participated in the voluntary NSW Energy Saving Scheme and earned over $28,071 through the sale of 4,014 Energy Savings Certificates.

6. Rounding of amounts

Westpac is an entity to which ASIC Class Order 98/100 dated 10 July 1998, relating to the rounding of amounts in Directors report and financial reports, applies. Pursuant to this Class Order, amounts in this Directors report and the accompanying financial report have been rounded to the nearest million dollars, unless indicated to the contrary.

7. Political expenditure

In line with Westpac policy, no cash donations were made to political parties during the financial year ended 30 September 2014. The expenditure reflected in the table below relates to payment for participation in legitimate political activities where they were assessed to be of direct business relevance to Westpac. Such activities include business observer programs attached to annual party conferences, policy dialogue forums and other political functions such as speeches and events with industry participants.

Political expenditure, year ended 30 September 2014

Australia

	Amount $[1]
Australian Labor Party	73,000
Liberal Party of Australia	81,904
National Party of Australia	-
Total	154,904

1 Represents aggregate amount at both Federal and State/Territory levels.

New Zealand

The total expenditure on political activities in New Zealand for the year ended 30 September 2014 was NZ$5,420. In line with Westpac policy, no cash donations were made to political parties in New Zealand during the year.

8. Directors meetings

Each Director attended the following meetings of the Board and Committees of the Board during the financial year ended 30 September 2014:

Number of meetings held during the year														
Director		**A**	**B**	**C**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Lindsay Maxsted	1	8	8	-	4	4	4	4	4	4	-	-	-	-
Gail Kelly	2	8	8	-	-	-	-	-	-	-	-	-	4	4
John Curtis	3	4	4	1	-	-	2	2	2	2	2	2	-	-
Elizabeth Bryan	4	8	8	-	-	-	4	4	4	4	4	4	2	2
Gordon Cairns	5	3	3	-	-	-	1	1	-	-	1	1	-	-
Ewen Crouch	6	7	7	1	-	-	4	4	2	2	4	4	-	-
Alison Deans	7	3	3	-	-	-	2	2	-	-	-	-	2	2
Robert Elstone	8	8	8	-	4	4	4	4	4	4	2	2	2	2
Peter Hawkins	9	8	8	-	4	4	4	4	4	4	-	-	4	4
Peter Marriott	10	8	8	-	4	4	4	4	-	-	-	-	2	2
Ann Pickard	11	8	8	-	-	-	4	4	-	-	4	4	-	-

This table shows membership of standing Committees of the Board. From time to time the Board may form other committees or request Directors to undertake specific extra duties.

A - Meetings eligible to attend as a member

B - Meetings attended as a member

C - Leave of absence granted

Unless otherwise stated, each Director has been a member, or the Chairman, of the relevant Committee for the whole of the period from 1 October 2013.

1 Chairman of the Board Nominations Committee. Member of the Board Audit Committee and the Board Risk & Compliance Committee.

2 Member of the Board Technology Committee.

3 John Curtis retired from the Board and its Committees on 25 April 2014.

4 Chairman of the Board Risk & Compliance Committee. Member of the Board Nominations Committee and the Board Remuneration Committee. Member of the Board Technology Committee until 31 March 2014.

5 Gordon Cairns retired from the Board and its Committees on 13 December 2013.

6 Chairman of the Board Remuneration Committee from 25 April 2014. Member of the Board Remuneration Committee until 24 April 2014. Member of the Board Risk & Compliance Committee, and from 25 April 2014, a member of the Board Nominations Committee. A leave of absence was granted due to illness.

7 Alison Deans was appointed as a Director on 1 April 2014. Member of the Board Risk & Compliance Committee and the Board Technology Committee from 1 April 2014.

8 Chairman of the Board Audit Committee. Member of the Board Nominations Committee, the Board Risk & Compliance Committee, and from 1 April 2014, a member of the Board Remuneration Committee. Member of the Board Technology Committee until 31 March 2014.

9 Chairman of the Board Technology Committee. Member of the Board Audit Committee, the Board Nominations Committee and the Board Risk & Compliance Committee.

10 Member of the Board Audit Committee, the Board Risk & Compliance Committee, and from 1 April 2014, a member of the Board Technology Committee.

11 Member of the Board Risk & Compliance Committee and the Board Remuneration Committee.

9. Remuneration report

Introduction from the Chairman of the Board Remuneration Committee

Dear Shareholder,

We are pleased to present Westpac s 2014 Remuneration Report (Report).

In my first report as Chairman of the Board Remuneration Committee, I want to reaffirm the Board s commitment to delivering remuneration strategy outcomes that both reflect our business performance and sustainability, and attracts and retains the highest quality executives.

2014 Remuneration outcomes

The fixed remuneration and incentive targets for the CEO and most Group Executives were unchanged for the third consecutive year. Our financial and operating performance is recognised in the at risk incentive outcomes for the CEO and individual executives.

The executive team has delivered the financial performance within our risk and governance principles including maintaining our balance sheet strength and the engagement of our staff. Each year, the Board assesses actual performance achieved and considers the circumstances as to how the performance was achieved as well as the operating environment. In exercising this oversight, the Board determines remuneration outcomes that are appropriate.

The 2011 Long-Term Incentive (LTI) grant qualified for 72% vesting this year reflecting our performance against the hurdles established in late 2011. In particular:

§ Westpac s LTI plan Total Shareholder Return (TSR) over the last three years was 102%, which was at the 70th percentile of the defined comparator group. Accordingly, 90% of the 2011 TSR performance tranche vested;

§ Westpac s Cash Earnings per Share (EPS) growth over the last three years totalled 17.1%, which was above the threshold of 15.8% (5% compound annual growth) but below the maximum of 33.1% (10% compound annual growth). Accordingly, 54% of the 2011 EPS performance tranche vested; and

- as re-testing was removed from our LTI plans in 2011, the remaining portion (28%) has lapsed.

New executive appointments

There have also been a number of Group Executive appointments during 2014, the majority drawing on our pool of internal talent. All new Group Executives have been appointed at remuneration levels set below prior incumbents. All new Group Executive appointments have had the Group s target pay mix applied to their remuneration package.

Remuneration frameworks

Last year, we indicated we would undertake a further review of our remuneration frameworks, recognising that broader market practices and expectations continue to evolve. The focus of the review was our equity based payments and the result is that a number of refinements will be implemented in 2015. The changes include:

- the extension of the performance/vesting period for LTI grants from three to four years;

- the introduction of a new weighted peer performance hurdle for the TSR grant. This new hurdle increases the relative weight applied to the performance of our three major bank peers as this is a key benchmark for shareholders; and

- the increase from 40% to 50% of the proportion of the Short-Term Incentive (STI) outcome deferred into equity.

We have also strengthened our malus provisions, such that should circumstances arise where an equity allocation is no longer justified, we can reduce or cancel unvested allocations. These changes are explained in more detail in this Report.

We are confident that the changes will complement our existing focus on the alignment of individual Group Executive performance and remuneration with sustained Group performance and the interests of our shareholders.

Ewen Crouch
Chairman Board Remuneration Committee

1. Governance and risk management

This section details the Group s approach to governance and risk management as they relate to remuneration.

1.1. Governance

The Group s remuneration policies and practices strive to fairly and responsibly reward employees, having regard to performance, the Group s risk management framework, the law and high standards of governance.

The role of the Board is to provide strategic guidance for the Group and effective oversight of management. In this way, the Board is accountable to shareholders for performance. As part of this role, the Board has overall responsibility for remuneration.

The Remuneration Committee supports the Board. Its primary function is to assist the Board to fulfil its responsibilities to shareholders with regard to remuneration. The Remuneration Committee monitors the Group s remuneration policies and practices, external remuneration practices, market expectations and regulatory requirements in Australia and internationally. The Committee s purpose, responsibilities and duties are outlined in the Charter which is available on the Group s website.

All Board Committee Charters are reviewed every two years. The Board Remuneration Committee Charter was last reviewed and amended in May 2014.

Members of the Remuneration Committee during 2014

All members of the Remuneration Committee are independent Non-executive Directors. During 2014, the members were:

§ John Curtis (Chairman retired 25 April 2014);

§ Ewen Crouch (Chairman from 25 April 2014);

§ Elizabeth Bryan;

§ Gordon Cairns (retired 13 December 2013);

§ Robert Elstone (member from 1 April 2014); and

§ Ann Pickard.

Independent remuneration consultant

During 2014, the Board retained Guerdon Associates as its independent consultant to provide specialist information on executive remuneration and other Group remuneration matters. These services are provided directly to the Remuneration Committee and are independent of management. The Chairman of the Remuneration Committee oversees the engagement of, remuneration arrangements for, and payment of, the independent consultant.

Work undertaken by Guerdon Associates during 2014 included the provision of information relating to the benchmarking of Non-executive Director, CEO and Group Executive remuneration; market practice regarding the Group s LTI plan and variable reward pool; and analysis regarding the Group s Earnings per Share (EPS) LTI performance hurdle and the development of a new Total Shareholder Return (TSR) weighted peer group LTI performance hurdle. No remuneration recommendations, as prescribed under the Corporations Act, were made by Guerdon Associates in 2014.

Other internal governance structures

The Westpac internal governance structure includes three levels of Remuneration Oversight Committees (ROCs) which focus on the appropriateness and consistency of remuneration arrangements and outcomes within individual functions and divisions and across the Group. The ROCs support the Board Remuneration Committee by ensuring that the Group-wide remuneration frameworks and outcomes are consistent with the Group s approved policy.

1.2. Risk management

We aim to integrate effective risk management into the remuneration framework throughout the organisation. The Chairman of the Board Risk and Compliance Committee is a member of the Remuneration Committee, and members of the Remuneration Committee are also members of the Board Risk and Compliance Committee. In carrying out its duties, the Remuneration Committee can access personnel from risk and financial control, and engage external advisors who are independent of management.

The Group s remuneration strategy, executive remuneration framework, policies and practices all reflect the sound risk management that is fundamental to the way we operate. The performance of each division within the Group is reviewed and measured with reference to how risk is managed and the results influence remuneration outcomes.

The executive total reward framework specifically includes features to take account of risk.

Each year, the Board determines the size of the variable reward pool which funds variable reward outcomes across the Group. This is based on the Group s performance for the year and an assessment of how profit should be shared among shareholders and employees and retained for growth. The primary financial indicator used is economic profit, which measures profitability adjusted for risk in the business. Cash earnings, return on equity (ROE), cash EPS and dividends are also taken into account.

STI outcomes are based on both financial and non-financial measures, with the latter reflecting risk management outcomes and progress on the implementation of the Group s strategy. Group economic profit and Group return on equity accounted for 40% of the CEO s scoreboard for 2014. Similarly, Group Executive scoreboards had 40% of their STI allocated based on Group economic profit, divisional economic profit and/or Group return on equity. A performance measure related to the Board s Risk Appetite Statement accounted for a further 10% of the CEO s and Group Executives scoreboards. In addition, the CEO and each Group Executive are assessed on specific risk measures that may influence any discretionary adjustment to the scoreboard. Ultimately, the Board has 100% discretion over the STI outcome. We believe this discretion is vital to balance a mechanistic approach in determining performance and reward outcomes and to enable previous decisions (either good or bad) to be taken into account. This discretion may be exercised both up and down.

Approval of remuneration decisions

We follow a strict process of two-up approval for all remuneration decisions. This means that remuneration is approved by the next most senior person above the employee s manager. This concept is also reflected in our requirement for the Board, based on recommendations from the Remuneration Committee, to approve performance outcomes and remuneration for:

§ the CEO and Group Executives; and

§ other executives who report directly to the CEO, other persons whose activities in the Board s opinion affect the financial soundness of the Group and any other person specified by the Australian Prudential Regulation Authority (APRA).

Performance and remuneration outcomes for all General Managers (who report to Group Executives) are approved by the CEO on the recommendation of the Group Executive to whom they report.

Any significant remuneration arrangements that fall outside the Group Remuneration Policy are referred to the Remuneration Committee for review and approval.

Shareholding requirements and hedging policy

To further align their interests with those of shareholders, the CEO and Group Executives are expected to build and maintain a substantial Westpac shareholding within five years of being appointed to their role. For the CEO, the value of that shareholding is expected to be no less than five times her annual fixed package. For Group Executives, the expected minimum is a value of $1.2 million.

Participants in the Group s equity plans are forbidden from entering either directly or indirectly into hedging arrangements for unvested securities in their STI and LTI equity awards. No financial products of any kind may be used to mitigate the risk associated with these equity instruments. Any attempt to hedge these securities makes them subject to forfeiture. These restrictions have been in place for some time and satisfy the requirements of the Corporations Act which prohibit hedging of unvested securities.

2. Key management personnel remuneration disclosed in this Report

The remuneration of key management personnel (KMP) for the Group is disclosed in this Report. In 2014, KMP comprised Non-executive Directors, the CEO and Group Executives who reported to the CEO and/or led significant parts of the business.

CEO and Group Executives

Name	Position	Term as KMP
Gail Kelly	Managing Director & Chief Executive Officer	Full Year
Group Executives		
John Arthur	Chief Operating Officer	Full Year
Peter Clare1	Chief Executive Officer, Westpac New Zealand Limited	Part Year
Philip Coffey 2	Deputy Chief Executive Officer	Full Year
Brad Cooper	Chief Executive Officer, BT Financial Group	Full Year
David Curran3	Chief Information Officer	Part Year
George Frazis	Chief Executive Officer, St.George Banking Group	Full Year
Brian Hartzer	Chief Executive, Australian Financial Services	Full Year
Alexandra Holcomb4	Chief Risk Officer	Part Year
Peter King5	Chief Financial Officer	Part Year
Christine Parker	Group Executive, Human Resources & Corporate Affairs	Full Year
Greg Targett6	Chief Risk Officer	Part Year
Rob Whitfield	Group Executive, Westpac Institutional Bank	Full Year
Jason Yetton	Group Executive, Westpac Retail & Business Banking	Full Year

Non-executive Directors

Name	Position	Term as KMP
Lindsay Maxsted	Chairman	Full Year
John Curtis7	Deputy Chairman	Part Year
Elizabeth Bryan	Director	Full Year

Gordon Cairns[8]	Director	Part Year
Ewen Crouch	Director	Full Year
Alison Deans[9]	Director	Part Year
Robert Elstone	Director	Full Year
Peter Hawkins	Director	Full Year
Peter Marriott	Director	Full Year
Ann Pickard	Director	Full Year

1 Peter Clare resigned effective 12 August 2014.

2 Philip Coffey was the Chief Financial Officer prior to his appointment as Deputy Chief Executive Officer on 1 April 2014.

3 David Curran was appointed Chief Information Officer effective 8 September 2014.

4 Alexandra Holcomb was General Manager, Global Transactional Services prior to her appointment as Chief Risk Officer on 1 August 2014.

5 Peter King was the Deputy Chief Financial Officer prior to his appointment as Chief Financial Officer on 1 April 2014.

6 Greg Targett stepped down from the role of Chief Risk Officer on 31 July 2014 and will retire from the Group on 14 November 2014.

7 John Curtis retired on 25 April 2014.

8 Gordon Cairns retired on 13 December 2013.

9 Alison Deans was appointed on 1 April 2014.

3. Remuneration snapshot 2014

This section provides an overview of the Group s remuneration arrangements during the 2014 financial year.

3.1. Remuneration strategy, principles and framework

Executive remuneration framework

The CEO and Group Executives are remunerated based on a Total Reward framework:

The target pay mix was adopted in 2012 and will be progressively implemented for existing Group Executives as their remuneration increases. In 2014, Christine Parker and Jason Yetton received increases as their remuneration was significantly below their peers and competitor organisations. The increase was applied in line with the target pay mix. In 2014, the remuneration of Brad Cooper was adjusted to better reflect the target pay mix, with a higher proportion of his total remuneration directed to the long-term incentive. He did not receive an increase.

The Total Reward framework has three components and, in aggregate, is benchmarked against relevant financial services competitors:

Fixed remuneration takes into account the size and complexity of the role, individual responsibilities, experience, skills and disclosed market-related pay levels within the financial services industry;

Short-term incentive (STI) is determined based on an STI target set using similar principles to those used for fixed remuneration, and on individual, divisional and Group performance objectives for the year. Performance is measured against risk-adjusted financial targets and non-financial targets that support the Group s strategy; and

Long-term incentive (LTI) is designed to align the total remuneration of executives to the long-term performance of the Group and the interests of shareholders. The amount of the award takes into account market benchmarks, individual performance over time, succession potential and key skills.

3.2. Remuneration for all other employees

The remuneration strategy for all other employees remains aligned with our approach for Group Executives. In particular:

§ fixed remuneration is aligned to the market and is reviewed annually;

§ we provide superannuation for employees in Australia, New Zealand and some other countries in which we operate;

§ employees have the opportunity to participate in an STI scheme designed to support the objectives of their division and the Group, including risk management. All employees who receive an STI award above a certain threshold have a portion of the award deferred; and

§ eligible employees may receive an annual award of Westpac ordinary shares up to the value of $1,000 under the Employee Share Plan provided the Group meets at least one of two hurdles: an increase in share price or the achievement of a basket of strategic measures. The CEO, Group Executives and any other employee who received an STI award deferred into equity or an LTI award during the year are not eligible to receive an Employee Share Plan award for that year.

4. Executive remuneration

4.1. Remuneration structure and policy

a) Fixed remuneration

Fixed remuneration comprises cash salary, salary sacrificed items and employer superannuation contributions.

The Group provides superannuation contributions in line with statutory obligations. Fixed remuneration is reviewed annually and is effective from 1 January each year taking into consideration:

- role and accountabilities;
- relevant market benchmarks within the financial services industry; and
- the attraction, motivation and retention of key executives.

The CEO s fixed remuneration and incentive targets have been unchanged since January 2011.

b) Short-Term Incentive (STI)

STI provides the opportunity for participants to earn cash and deferred equity incentives where specific outcomes have been achieved in the financial year. The CEO and each Group Executive are assessed using a balanced scoreboard, combining both annual financial and non-financial objectives which support the Group s strategic goals.

STI targets

The CEO s STI target opportunity for 2014 remained at $3.6 million.

STI targets for Group Executives are set by the Remuneration Committee and approved by the Board at the beginning of each performance year based on a range of factors including market competitiveness and the nature of each role. The STI targets for the 2014 performance year did not increase for the CEO and those Group Executives whose fixed remuneration remained unchanged in 2014. The STI awards for Group Executives are managed within the Group-wide variable reward pool.

STI outcomes are subject to both a quantitative and qualitative assessment, including a risk management overlay, which is embedded in our scoreboard measurement process. The maximum STI opportunity is 150% of target. The Board has the capacity to adjust STI outcomes (and reduce STI outcomes to zero if appropriate) in the assessment process.

STI structure 2014

The table below details how and when STI outcomes are delivered, and for deferred payments, the type of equity and the instrument used:

1 Shares granted under the CEO Restricted Share Plan and the Restricted Share Plan rank equally with Westpac ordinary shares for dividends and voting rights from the date they are granted. The Board has the discretion to satisfy vested share right grants and the allocation of subsequent shares to participants, or the allocation of restricted shares under the deferred STI, by either the issue of new shares or on-market purchase of shares.

2 Rights to ordinary shares entitle the holder to Westpac ordinary shares at the time of vesting.

By deferring a portion of the STI in the form of restricted equity, incentive payments are better aligned with the interests of shareholders as the ultimate value of the deferred portion is tied to movements in share price over the restriction period. The deferred STI awards are allocated as restricted shares and, as they recognise past performance and are not subject to further performance conditions, attract dividend distributions over the vesting period.

If an executive resigns or retires, or otherwise leaves the Group before his or her securities vest, the Board has discretion in relation to how those securities are treated. If the executive leaves the Group to join another organisation, or is terminated for cause, his or her securities are generally forfeited. In other circumstances, the Board may elect to allow the securities to remain on foot for the balance of the relevant restriction period and then vest.

Securities are also subject to forfeiture at the Board s discretion in the event of a material issue or financial mis-statement.

Details of deferred STI allocations granted in prior years, which have been exercised during the year ended 30 September 2014, are included in Section 6.4 of this Report.

STI structure 2015

For 2015, we have reduced the proportion paid as cash to 50% and increased the deferred STI proportion to 50% of the outcome. The deferral arrangements remain unchanged.

c) Long-Term Incentive (LTI)

The CEO and Group Executives are also eligible for an LTI award.

LTI structure 2014 and 2013

The following diagram and table sets out the key features of LTI awards made in December 2013 to the CEO under the CEO Performance Plan and to Group Executives under the Westpac Reward Plan. The LTI grants to be made for the 2014 remuneration period will follow the same format and subject to performance hurdles, will vest in 2017.

LTI structure 2015

Two key changes have been made to the LTI plan and the grants to be awarded to Group Executives for the 2015 remuneration period.

(i) The performance vesting period will increase to four years.

The LTI grant will continue to be divided into two equal tranches which will vest as follows:

§ TSR tranche measured four years from the commencement date; and

§ EPS tranche measured three years from the commencement date (aligned with our business planning and forecasting cycle) and a one year holding lock applied to any rights which qualify for vesting. The EPS rights which satisfy the EPS hurdle, will vest at the completion of the fourth year from the commencement date.

The transition to a four year vesting cycle

We currently allocate LTI grants at the end of the remuneration year, applying a three year performance vesting timeline. For 2015 and going forward, the LTI grant will be made at the beginning of the remuneration year and a four year vesting performance period applied. The 2015 grant will be made in December 2014 and will be eligible to vest in 2018.

(ii) A new weighted TSR performance hurdle will apply (50% of the allocation).

A peer group of 10 financial services companies will be retained to create a peer TSR index. The performance of our three major bank peers will be weighted as 50% of the index with the remaining seven companies 50%. Weighting the peer group this way provides a more balanced perspective recognising that, as one of four major Australian banks, our performance is measured primarily against that of our three peers, being the Australia and New Zealand Banking Group, Commonwealth Bank of Australia and National Australia Bank Limited.

At the completion of the four year performance period, each company s TSR outcome will be multiplied by their weighting (16.67% for each major bank and 7.14% for each other financial company) and the 10 numbers added together to determine the peer weighted index.

In order for 50% of the TSR tranche to vest, the Group s TSR outcome must at least equal the peer weighted index.

For 100% to vest, the Group s TSR outcome must exceed the growth of the peer weighted index by a margin determined with reference to the 75th percentile performance1.

The following diagram sets out the key changes to the 2015 LTI awards to Group Executives under the Westpac Reward Plan, now renamed the Westpac Long Term Incentive (LTI) Plan:

1 21.55 (5% compound annual growth).

LTI award opportunities

The CEO was granted an LTI award of $2.7 million for 2014 under the CEO Performance Plan, unchanged from 2013.

The award was received in the form of share rights under arrangements approved by shareholders at the 2013 Annual General Meeting.

Group Executives receive annual LTI awards in the form of share rights under the Westpac LTI Plan. A share right is not a Westpac share and does not attract the payment of dividends.

At the beginning of each year, the Board, advised by the Remuneration Committee, sets the dollar value of the LTI award target for each Group Executive.

	CEO Performance Plan and Westpac Reward Plan Granted after 1 October 2013
Equity instrument	Share rights the Board has the discretion to satisfy vested grants and the allocation of subsequent shares to participants by either the issue of new shares or the on-market purchase of shares.
Determining the number of securities	The number of share rights each individual receives is determined by dividing the dollar value of the LTI award by the value of the share rights at the beginning of the performance assessment period (performance period). The value of share rights is determined by an independent valuer taking as a starting point, the market price of Westpac shares at grant, and utilising a Monte Carlo simulation pricing model, applying assumptions based on expected life, volatility, risk-free interest rate and dividend yield associated with the securities and the risk of forfeiture attributed to each performance hurdle. The value of a share right may be different for TSR hurdled share rights than for EPS hurdled share rights.
Performance hurdles	The CEO and Group Executives only receive value from their LTI awards where the performance hurdles are achieved. The two hurdles for the December 2013 grants are Westpac s relative TSR and Cash EPS CAGR. Relative TSR provides an external comparative measure of overall returns over a specified timeframe incorporating share price movements and assuming that dividends over the period have been reinvested. The TSR data is averaged over the three months preceding the measurement date. The Cash EPS CAGR over a three year period was introduced as an earnings measure for grants made from October 2011 in response to feedback from investors and a subsequent independent review of our LTI performance hurdles. Cash EPS CAGR provides a measure of Westpac s financial performance. Together, the use of these two hurdles is intended to provide a balanced view of the Group s overall performance and provide strong alignment with shareholder interests. The two hurdles operate independently.

TSR (50% of the allocation)	Cash EPS CAGR (50% of the allocation)
Westpac s TSR percentile ranking must equal or exceed the 50th percentile of a defined group of comparator companies (peer group) over the performance period. The peer group is comprised of the top 10 selected Australian companies listed on the ASX in the financial services sector.	The Cash EPS CAGR measure focuses on growth in cash earnings over a three year performance period. A description of the process used to determine cash earnings is provided at Note 33 to the financial statements.
This measure provides a link with the creation of value for shareholders over the long term (up to three years). The companies in the 2014 peer group for the CEO Performance Plan and the Westpac Reward Plan are: ¾ AMP Limited; ¾ ASX Limited; ¾ Australia and New Zealand Banking Group Limited; ¾ Bendigo and Adelaide Bank Limited; ¾ Commonwealth Bank of Australia; ¾ Insurance Australia Group Limited; ¾ Lend Lease Group; ¾ Macquarie Group Limited; ¾ National Australia Bank Limited; and ¾ Suncorp Group Limited.	Westpac has a policy of not providing guidance to the market. Accordingly, the Board will advise specific cash EPS targets and the Group s performance against target following the test date. The cash EPS targets were developed with the assistance of an independent external advisor who was provided access to Westpac s long-term business plan and analyst forecasts in regard to the long-term performance of Westpac and its peers.

	CEO Performance Plan and Westpac Reward Plan Granted after 1 October 2013	
Targets are set for stretch performance	The Board considers the vesting profile as being appropriate as 100% vesting will only occur where Westpac is ranked third or better out of the total of 11 companies (including Westpac). The TSR performance will be measured once at the completion of the three year performance period. Westpac shares will be allocated in satisfaction of vested share rights at no cost to participants.	The expensed value of the December 2012 and 2013 grants in Table 6.2 have been discounted to 50%, reflecting the Board s current assessment of the probability of the threshold EPS hurdles being met and share rights vesting over time.
Who measures the performance hurdle outcomes?	To ensure objectivity and external validation, TSR results are calculated by an independent external consultant and are provided to the Board or its delegate to review and determine vesting outcomes.	The Cash EPS CAGR will be determined by the Board based on the cash EPS disclosed in our results for the 2015 financial year in respect of the December 2012 awards, and 2016 in respect of the December 2013 awards.
Early vesting is possible in limited cases	For awards made since 1 October 2009, unvested securities may vest before a test date if the executive is no longer employed by the Group due to death or disability. In general, any such vesting is not subject to performance hurdles being met. For the CEO, all unvested securities will vest if the CEO leaves the Group due to sickness or in certain circumstances, such as within 12 months of a change of control of Westpac.	
No re-testing	There is no re-testing on awards made since 2011. Any securities remaining unvested after the nominated measurement period and any post measurement holding lock period lapse immediately.	
Treatment of securities	The Board has discretion in relation to performance share rights where the CEO or a senior executive resigns or retires, or otherwise leaves the Group before vesting occurs. This discretion enables the Board to vest the relevant securities or leave them on foot for the remainder of the performance period. In exercising its discretion, the Board will take into account all relevant circumstances including those surrounding the departure in question. The Board may also adjust the number of performance share rights downwards, or to zero (in which case they will lapse) where the circumstances of the departure warrant, or to respond to misconduct resulting in significant financial and/or reputational impact to Westpac. Where a holder acts fraudulently or dishonestly, or is in material breach of his or her obligations under the CEO Performance Plan, or the Westpac Reward Plan and/or to the Group, unexercised performance share rights (whether vested or unvested) will lapse unless the Board determines otherwise.	

Other long-term awards

The Restricted Share Plan and Westpac Performance Plan are used:

¾ to grant deferred STI awards to certain employees; and

¾ for one-off awards to attract Group Executives, executives or specialist employees to the Group or for retention in specific circumstances. Where awards are made on joining, these typically compensate for real value forfeited on leaving the previous employer which might otherwise deter that executive from joining the Group.

Awards to key employees below senior management level may also be made under the Restricted Share Plan and Westpac Performance Plan. Under these arrangements, employees receive awards of Westpac ordinary shares or share rights which are restricted for a period as determined by the Board. This allows the flexibility to tailor the restriction period to the circumstances of the award.

Other plans and awards

We provide separate reward plans for small, specialised parts of the business. Payments under these plans are directly linked to growth of that part of the business and are capped at an appropriate proportion of the value and/or profitability of the relevant part of the business. These plans are designed to provide market competitive remuneration for the relevant employees.

4.2. Linking reward and performance

CEO performance objectives and key highlights

The Remuneration Committee reviews and makes recommendations to the Board on individual performance objectives for the CEO. These objectives are intended to provide a robust link between remuneration outcomes and the key drivers of long-term shareholder value. The STI objectives are set in the form of a scoreboard with targets and measures aligned to our strategic priorities cascaded from the CEO scoreboard to the relevant Group Executive scoreboard. The key financial and non-financial objectives for the CEO in the 2014 financial year, with commentary on key highlights are provided below:

Category	Weighting	Measure1	Performance Highlights
Return	20%	Economic Profit	¾ Delivered Economic Profit of $4.491 million, representing a 9% increase over 2013 and exceeding target underpinned by 8% growth in cash earnings and 5% growth in core earnings.
	20%	Return on Equity	¾ 16.4%, up 48bps on 2013 exceeding target.
Growth	20%	Customer Growth	¾ Westpac s Institutional Bank retained its No.1 spot as Lead Domestic Bank for Transactional Banking for the eleventh year running and the No.1 spot amongst Australian banks for foreign exchange market share globally for the ninth year. ¾ St.George and Westpac Retail and Business Banking now rank ahead of the major banks in both Business and Consumer banking (being ranked No.4 in Consumer Banking in 2011). ¾ The Group is on track to achieve its MyBank goals with strong customer growth across our brands: - 14% increase in customers new to Westpac; and - 6% growth in customers with 4 or more products.
		Wealth Strategy	¾ The Group s wealth penetration is at a historical high of 20.1%, further extending our market leading position. ¾ Funds under administration grew by 10% exceeding target.
		Asia Strategy	¾ Exceeded target for both underlying business performance and the acquisition of new customers.
		Lloyds Integration	¾ Business performance targets have been exceeded, with both cost and revenue synergies delivered.
Strength	10%	Adherence to Group Risk Appetite Statement (RAS)	¾ The Group has a strong capital position, improved liquidity and funding profiles, and an industry leading impairment charge while operating within our Group RAS.
	10%	Balance Sheet Strength and Sustainable Funding	¾ Ahead of target, we are well prepared for the new liquidity requirements which come into effect on 1 January 2015.

	10%	Women in Leadership	¾ The number of women in leadership positions has grown to 44% up from 2013 reflecting our continuing commitment, well on track to meet our goal of 50% women in leadership positions by 2017.
		Lost Time Injury Frequency Rate (LTIFR)	¾ Significant progress continues to be made in strengthening our safety culture with our LTIFR results across the Group improving 26% well ahead of target and our 2013 result.
		Sustainability	¾ Strong progress on the Group s sustainability agenda. Highlights include recognition as the Global 100 Most Sustainable Corporation at Davos in January 2014, being assessed as the most sustainable bank globally and in September 2014 Westpac led banks globally in the 2014 Dow Jones Sustainability Index.
Productivity	10%	Expense to Income Ratio	¾ The Group continues to lead the major Australian financial institutions with an Expense to Income Ratio of 41.6%.
		Revenue per Full Time Equivalent Employee (FTE)	¾ Delivered increased revenue per FTE, in line with target.
		Radical Simplification Program	¾ Material progress has been made in our digital capabilities, simplifying our technology, loan applications and processing times improving the time to yes .

1 Individual measures will differ for each Group Executive.

Our primary financial measure is economic profit which the Board believes, in combination with return on equity, is the best measure of risk-adjusted returns and of the value created for shareholders. The remaining measures focus on ensuring that we remain strong; deliver targeted growth; and drive simplification, innovation and productivity while helping our customers, communities and people to prosper and grow. The final STI outcome for 2014 reflects the Board s view of performance across all balanced scoreboard measures relative to planned outcomes, and the value the Group has delivered for our shareholders.

Aligning pay with performance and shareholder return

Graph 1 shows the CEO s STI payment as a percentage of STI target and its relationship to our primary financial metric, economic profit, while Graph 2 shows the Group s ROE performance being the other key financial metric. Graphs 3 and 4 show the Group s TSR and EPS performance respectively, these being the LTI hurdles.

Application of discretion

The Board and the Remuneration Committee recognise that the scoreboard approach, while embracing a number of complementary performance objectives, will never entirely assess overall performance. The Remuneration Committee may therefore make discretionary adjustments, positive and negative, to the scoreboard outcomes for the CEO and Group Executives. The Remuneration Committee uses the following criteria to apply discretionary adjustments:

¾ matters not known or not relevant at the beginning of the financial year, which are relevant to the under or over performance of the CEO and Group Executives during the financial year;

¾ the degree of stretch implicit in the scoreboard measures and targets themselves and the context in which the targets were set;

¾ whether the operating environment during the financial year has been materially better or worse than forecast;

¾ comparison with the performance of the Group s principal competitors;

¾ any major positive or negative risk management or reputational issue that impacts the Group;

¾ the quality of the financial result as shown by its composition and consistency;

¾ whether there have been major positive or negative aspects regarding the quality of leadership and/or behaviours consistent with our values; and

¾ any other relevant under or over performance or other matter not captured.

At the end of the year, the Remuneration Committee reviews performance against objectives and applies any adjustments it considers appropriate. The Remuneration Committee then recommends STI outcomes for the CEO and each Group Executive to the Board for approval, thereby ensuring the Board retains oversight of final awards.

LTI performance outcomes

The following table provides the Group s TSR, dividend, cash earnings per share and share price performance each year from 2010 to 2014:

	Years Ended 30 September				
	2014	2013	2012	2011	2010
TSR three years	102.03%	66.09%	25.61%	9.6%	3.7%
TSR five years	103.74%	90.91%	20.03%	18.5%	51.5%
Dividends per Westpac share (cents)1	182	174	166	156	139
Cash earnings per Westpac share2	$2.45	$2.29	$2.16	$2.09	$1.98
Share price high	$35.99	$34.79	$24.99	$25.60	$28.43
Share price low	$30.00	$24.23	$19.00	$17.84	$20.56
Share price close	$32.14	$32.73	$24.85	$20.34	$23.24

1 Does not include 20 cent special dividend determined in 2013.

2 Cash earnings are not prepared in accordance with AAS and have not been subject to audit.

The vesting outcomes for awards made to the CEO and Group Executives under the CEO Performance Plan and Westpac Reward Plan that reached the completion of the performance period during the financial year, are set out below.

TSR hurdle vesting outcomes

Equity Instrument	**Type of Equity**	**Commencement Date1**	**Test Date**	**TSR Percentile in Ranking Group**	**Vested %**	**Lapsed %**	**Remain in Plan %**
CEO Performance Plan	Performance share rights	21 December 2009	21 December 2013 2	60th percentile	70	-	30
		1 October 2010	1 October 2014 2	50th percentile	90	-	10
		1 October 2011	1 October 2014	70th percentile	90	10	-
Westpac Reward Plan	Performance share rights	1 October 2009	1 October 2014 3	50th percentile	90	10	-
		1 October 2010	1 October 2014 2	50th percentile	90	-	10
		1 October 2011	1 October 2014	70th percentile	90	10	-

1 Commencement date refers to the commencement of the performance period.

2 Second test date. There is no re-testing for awards granted since 2011.

3 Third test date. Unvested share rights lapsed.

Cash CAGR EPS hurdle vesting outcomes

Equity Instrument	Type of Equity	Commencement Date1	Test Date	Cash EPS CAGR Performance	Vested %	Lapsed %
CEO Performance Plan	Performance share rights	1 October 2011	1 October 2014	5.40%	54	46
Westpac Reward Plan	Performance share rights	1 October 2011	1 October 2014	5.40%	54	46

1 Commencement date refers to the commencement of the performance period.

2011 Cash EPS CAGR hurdle

The Cash EPS CAGR hurdle for the 2011 LTI grant required the following conditions to be met over the three year vesting period:

¾ a minimum of 5% CAGR for 50% to vest;

¾ 10% CAGR for 100% to vest; and

¾ straight-line vesting between 5% and 10% CAGR.

The Cash EPS CAGR range was developed prior to the allocation in December 2011, and reflected stretch targets in the context of both consensus analyst forecasts and the Westpac strategic plan and business forecasting. The performance range also reflected the forecast market and operating conditions in late 2011.

4.3. Remuneration outcomes for the CEO and Group Executives Linking reward and performance

The following table has been prepared to provide shareholders with an outline of the remuneration which has been received for the 2014 performance year either as cash or in the case of prior equity awards, the value which has vested in 2014 (see note 4 below). Details in this table supplement the statutory requirements in Section 6.2. Unlike the statutory table, which represents remuneration outcomes prepared in accordance with Australian Accounting Standards (AAS), this table shows the actual remuneration value received by executives and is not prepared in accordance with AAS.

	Fixed Remuneration1 $	2014 STI Cash Payment2 $	2014 Total Cash Payments3 $	Prior Year Equity Awards4 Vested during 2014 $	Prior Year Equity Awards4 Forfeited during 2014 $
Managing Director & Chief Executive Officer					
Gail Kelly	3,028,096	2,743,200	5,771,296	7,059,026	-
Group Executives					
John Arthur	1,227,422	943,800	2,171,222	1,748,054	-
Philip Coffey5	1,414,941	1,120,080	2,535,021	2,110,115	-
Brad Cooper	1,084,752	1,123,200	2,207,952	2,390,267	-
David Curran5	66,207	-	66,207	-	-
George Frazis	950,264	1,161,600	2,111,864	1,790,578	-
Brian Hartzer6	2,258,792	1,162,500	3,421,292	5,995,138	-
Alexandra Holcomb5	137,179	101,864	239,043	-	-
Peter King5	433,428	337,212	770,640	-	-
Christine Parker	779,747	702,000	1,481,747	611,353	-
Rob Whitfield	1,811,809	1,152,000	2,963,809	2,113,287	-
Jason Yetton	959,924	702,000	1,661,924	792,549	-
Former Group Executives					
Peter Clare5	1,061,962	-	1,061,962	1,616,222	4,178,640
Greg Targett5	1,115,262	690,000	1,805,262	1,755,951	-

1 Fixed remuneration includes cash salary, annual leave accrual and salary sacrificed items plus employer superannuation contributions.

2 The cash STI payment represents 60% of the 2014 STI outcome and will be paid in December 2014. The remaining 40% is deferred in the form of equity and will vest in equal tranches in October 2015 and 2016.

3 This is the addition of the first and second columns.

4 Prior year equity awards include both deferred STI and LTI allocations subject to performance hurdles which have vested in 2014 (refer Brian Hartzer below). The equity value has been calculated as the number of securities that vested during the year ended 30 September 2014, multiplied by the five day volume weighted average price of Westpac ordinary shares at the time they vested, less any exercise price payable.

5 Refer Section 2 of the Remuneration report for details.

6 Brian Hartzer, Chief Executive, Australian Financial Services (AFS), was recruited to the Group in late 2011 and commenced employment in June 2012. The value shown as vested equity above relates to a specific allocation made in 2012, and reflects equity foregone with his previous employer.

5. Non-executive Director remuneration

5.1. Structure and policy

Remuneration policy

Westpac s Non-executive Director remuneration strategy is designed to attract and retain experienced, qualified Board members and remunerate them appropriately for their time and expertise.

As the Board s focus is on strategic direction, long-term corporate performance and the creation of shareholder value, fees for Non-executive Directors are not directly related to the Group s short-term results and Non-executive Directors do not receive performance-based remuneration.

Non-executive Director remuneration consists of the following components:

Remuneration Component	Paid as	Detail
Base fee	Cash	This fee is for service on the Westpac Banking Corporation Board. The base fee for the Chairman covers all responsibilities, including all Board Committees.
Committee fees	Cash	Additional fees are paid to Non-executive Directors for chairing or participating in Board Committees.
Employer superannuation contributions	Superannuation	Reflects statutory superannuation contributions which are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.
Subsidiary Board and Advisory Board fees	Cash	Fees are for service on Subsidiary Boards and Advisory Boards. These fees are paid by the relevant subsidiary company.

Non-executive Director remuneration in 2014

Non-executive Director fee review effective 1 October 2013

The Board reviewed the Non-executive Director fee framework in late 2013. On the basis of market data provided by Guerdon Associates, the Board approved a 4.8% increase to Non-executive Director base fees effective 1 October 2013. The Chairman and Deputy Chairman fees increased by 2.63% and 4.81% respectively. Remuneration Committee fees for both the Chairman and members increased by 8.3%. No other committee fees were increased. Non-executive Director fees were last increased in 2011.

Changes to Board and Committee composition

The following changes were made to Board and Committee composition:

¾ Ewen Crouch was appointed Chairman of the Remuneration Committee, replacing John Curtis, effective 25 April 2014;

¾ Alison Deans was appointed as a Non-executive Director to the Westpac Board effective 1 April 2014;

¾ Robert Elstone was appointed to the Remuneration Committee effective 1 April 2014;

¾ John Curtis retired effective 25 April 2014; and

¾ Gordon Cairns retired effective 13 December 2013.

Fee pool

At the 2008 Annual General Meeting, the current fee pool of $4.5 million per annum was approved by shareholders. For the year ended 30 September 2014, $3.14 million (70%) of this fee pool was used. The fee pool is inclusive of employer superannuation contributions.

Fee framework

This section details the current Non-executive Director fee framework.

Base and committee fees

The following table sets out the Board and standing Committee fees

	Annual Rate
Base Fee	**$**
Chairman	780,000
Deputy Chairman	283,000
Non-executive Directors	220,000
Committee Chairman Fees	
Audit Committee	60,000
Risk & Compliance Committee	60,000
Remuneration Committee	52,000
Technology Committee	30,000
Committee Membership Fees	
Audit Committee	30,000
Risk & Compliance Committee	30,000
Remuneration Committee	26,000
Technology Committee	15,000

Committee fees are not payable to the Chairman of the Board and members of the Nominations Committee.

Employer superannuation contributions

The Group pays superannuation contributions to Non-executive Directors of up to 9.50% of their fees (9.25% prior to 1 July 2014). The contributions are capped at the maximum compulsory superannuation contributions base prescribed under Superannuation Guarantee legislation. Employer contributions are paid into an eligible superannuation fund nominated by the Director.

Subsidiary Board and Advisory Board fees

Throughout the reporting period, additional fees of $35,000 were paid to Peter Hawkins as a member of the Bank of Melbourne Advisory Board.

Equity participation

Non-executive Directors have voluntarily resolved to build and maintain their individual holdings of Westpac ordinary shares to align their interests with the long-term interests of shareholders. Details of Non-executive Directors Westpac (and related bodies corporate) shareholdings are set out in Section 4(a) of the Directors report.

6. Required remuneration disclosures

6.1. Details of Non-executive Director remuneration

Details of Non-executive Director remuneration are set out in the table below:

	Short-term Benefits		Post Employment Benefits	
Name	Westpac Banking Corporation Board Fees1 $	Subsidiary and Advisory Board Fees $	Superannuation $	Total $
Lindsay Maxsted, Chairman				
2014	780,000	-	18,107	798,107
2013	760,000	-	16,870	776,870
Elizabeth Bryan				
2014	314,677	-	18,107	332,784
2013	309,000	-	16,870	325,870
Ewen Crouch				
2014	288,361	-	18,107	306,468
2013	174,646	-	11,372	186,018
Alison Deans2				
2014	133,519	-	9,297	142,816
Robert Elstone2				
2014	331,792	-	18,107	349,899
2013	310,096	-	16,870	326,966
Peter Hawkins				
2014	310,000	35,000	18,038	363,038
2013	300,000	35,000	16,816	351,816
Peter Marriott				
2014	288,635	-	18,107	306,742
2013	80,504	-	5,784	86,288
Ann Pickard				
2014	276,000	-	18,107	294,107
2013	264,000	-	16,870	280,870
Former Non-executive Directors				
John Curtis2				
2014	206,973	-	10,386	217,359
2013	348,000	-	16,816	364,816
Gordon Cairns2				
2014	57,323	-	3,722	61,045
2013	264,000	-	16,870	280,870
Total fees				
2014	2,987,280	35,000	150,085	3,172,365
2013 3	2,872,554	63,941	138,559	3,075,054

1 Includes fees paid to the Chairman and members of Board Committees.

2 Refer Section 2 of the Remuneration report for details.

3 The total fees for 2013 reflect the prior year remuneration for the 2013 reported Non-executive Directors.

6.2. Remuneration details CEO and other Group Executives

This section sets out details of remuneration for the CEO and Group Executives for the 2014 financial year, calculated in accordance with AAS.

	Short-term Benefits			Post Employment Benefits		Share-based Payments			
Name	Fixed Remuneration[1] $	STI (cash)[2] $	Non-monetary Benefits[3] $	Superannuation Benefits[4] $	Long Service Leave $	Restricted Shares[5] $	Options[6] $	Share Rights[6] $	Total[7] $
Managing Director & Chief Executive Officer									
Gail Kelly									
2014	3,001,511	2,743,200	9,853	26,585	51,170	1,957,830	-	3,192,579	10,982,728
2013	2,964,957	2,656,800	11,026	25,032	51,108	1,621,079	-	1,848,328	9,178,330
Group Executives									
John Arthur, Chief Operating Officer									
2014	1,204,085	943,800	14,664	23,337	18,260	667,095	-	746,669	3,617,910
2013	1,175,117	951,600	14,293	23,727	18,260	484,297	-	441,316	3,108,610
Philip Coffey, Deputy Chief Executive Officer[8]									
2014	1,387,582	1,120,080	3,169	27,359	21,079	931,706	-	876,119	4,367,094
2013	1,253,051	1,263,600	3,028	25,002	(254,682)	769,480	-	434,553	3,494,032
Brad Cooper, Chief Executive Officer, BT Financial Group									
2014	1,053,638	1,123,200	2,052	31,114	24,585	958,854	-	874,737	4,068,180
2013	1,009,555	1,320,000	3,028	24,896	15,217	763,815	-	449,082	3,585,593
David Curran, Chief Information Officer[8]									
2014	60,827	-	-	5,380	907	-	-	-	67,114
2013									
George Frazis, Chief Executive Officer, St.George Banking Group									
2014	923,004	1,161,600	13,488	27,260	15,221	845,403	-	641,432	3,627,408
2013	925,231	1,171,200	22,505	24,931	15,221	660,204	-	316,218	3,135,510
Brian Hartzer, Chief Executive, Australian Financial Services[9]									
2014	2,234,087	1,162,500	3,169	24,705	33,487	590,484	-	500,913	4,549,345
2013	2,145,092	1,088,100	3,028	18,927	33,487	72,161	-	114,447	3,475,242
Brian Hartzer, Remuneration impact relating to recruitment									
2014	-	-	1,024,117	-	-	978,087	-	-	2,002,204
2013	-	-	644,488	-	-	3,373,875	-	-	4,018,363
Alexandra Holcomb, Chief Risk Officer[8]									
2014	132,303	101,864	214	4,876	463	86,361	-	38,656	364,737
Peter King, Chief Financial Officer[8]									
2014	418,016	337,212	1,203	15,412	56,731	212,434	-	87,707	1,128,715
Christine Parker, Group Executive, Human Resources & Corporate Affairs									
2014	758,661	702,000	2,052	21,086	12,177	483,827	-	267,532	2,247,335
2013	782,964	691,200	223,677	19,891	12,177	374,529	-	137,885	2,242,323
Rob Whitfield, Group Executive, Westpac Institutional Bank									
2014	1,783,045	1,152,000	95,335	28,764	27,398	900,285	-	699,784	4,686,611
2013	1,744,159	1,171,200	299,326	24,678	27,373	827,911	-	359,415	4,454,062
Jason Yetton, Group Executive, Westpac Retail & Business Banking									

2014	938,553	702,000	3,169	21,371	45,038	485,976	-	470,082	2,666,189
2013	790,984	649,800	3,028	19,374	12,170	434,004	-	243,598	2,152,958

	Short-term Benefits			Post Employment Benefits		Share-based Payments			
Name	Fixed Remu-neration1 $	STI (cash)2 $	Non-monetary Benefits3 $	Superann-uation Benefits4 $	Long Service Leave $	Restricted Shares5 $	Options6 $	Share Rights6 $	Total7 $
Former Group Executives									
Peter Clare, Chief Executive Officer, Westpac New Zealand Limited8									
2014	1,058,461	-	121,213	3,501	-	73,169	-	305,078	1,561,422
2013	1,008,654	900,000	18,293	3,466	-	183,193	-	682,595	2,796,201
Greg Targett, Chief Risk Officer8									
2014	1,092,641	690,000	3,569	22,621	17,115	508,607	-	629,472	2,964,025
2013	1,296,512	841,800	3,028	24,810	20,549	485,315	-	388,659	3,060,673

1 Fixed remuneration is the total cost of salary, salary sacrificed benefits (including motor vehicles, parking, etc., and any associated fringe benefits tax (FBT)) and an accrual for annual leave entitlements.

2 2014 STI figures reflect annual cash performance awards accrued but not yet paid in respect of the year ended 30 September 2014.

3 Non-monetary benefits are determined on the basis of the cost to the Group (including associated FBT, where applicable) and include annual health checks, provision of taxation advice, relocation costs, living away from home expenses and allowances.

4 The CEO and Group Executives are provided with insurance cover under the Westpac Group Plan at no cost. Superannuation benefits have been calculated consistent with AASB 119 *Employee Benefits*.

5 The value of restricted shares is amortised over the applicable vesting period, and the amount shown is the amortisation relating to the 2014 reporting year (and 2013 year as comparison).
The equity granted to Brian Hartzer on his recruitment in 2012 relates to equity foregone with his previous employer and will be forfeited if Mr Hartzer resigns or is terminated for cause before the vesting dates.

6 Equity-settled remuneration is based on the amortisation over the vesting period (normally two or three years) of the fair value at grant date of hurdled and unhurdled options and share rights that were granted during the four years ended 30 September 2014. Details of prior years grants have been disclosed in previous Annual Reports.

7 The percentage of the total remuneration which is performance related (i.e. STI cash plus share based payments) was: Gail Kelly 72%, John Arthur 65%, Peter Clare 24%, Philip Coffey 67%, Brad Cooper 73%, David Curran 0%, George Frazis 73%, Brian Hartzer 49%, Alexandra Holcomb 62%, Peter King 56%, Christine Parker 65%, Greg Targett 62%, Rob Whitfield 59% and Jason Yetton 62%. The percentage of total remuneration delivered in the form of options (including share rights) was: Gail Kelly 29%, John Arthur 21%, Peter Clare 20%, Philip Coffey 20%, Brad Cooper 22%, David Curran 0%, George Frazis 18%, Brian Hartzer 8%, Alexandra Holcomb 11%, Peter King 8%, Christine Parker 12%, Greg Targett 21%, Rob Whitfield 15% and Jason Yetton 18%.

8 Refer Section 2 of the Remuneration report for details. Remuneration details for newly appointed KMP are from the date of appointment.

9 Brian Hartzer s remuneration for 2014 has been separated into two elements consistent with the approach adopted in 2013. The first line represents his remuneration as the Chief Executive AFS for 2014 and the second line represents the elements which have been incurred as a result of the buy-out of equity forfeited on his resignation from his previous employer. The second line includes $542,834 in relocation benefits and $481,283 FBT expenses on his relocation from London.

6.3. STI allocations for the CEO and Group Executives

This section sets out details of STI awards for the CEO and Group Executives for the 2014 financial year.

	STI Target	Maximum STI[1]	STI Portion Paid in Cash[2]		STI Portion Deferred[3]	
	$	%	%	$	%	$
Managing Director & Chief Executive Officer						
Gail Kelly	3,600,000	150	60	2,743,200	40	1,828,800
Group Executives						
John Arthur	1,300,000	150	60	943,800	40	629,200
Philip Coffey[4]	1,580,000	150	60	1,120,080	40	746,720
Brad Cooper	1,600,000	150	60	1,123,200	40	748,800
David Curran[4]	-	150	60	-	40	-
George Frazis	1,600,000	150	60	1,161,600	40	774,400
Brian Hartzer	1,550,000	150	60	1,162,500	40	775,000
Alexandra Holcomb[4]	158,667	150	60	101,864	40	67,909
Peter King[4]	493,000	150	60	337,212	40	224,808
Christine Parker	900,000	150	60	702,000	40	468,000
Rob Whitfield	1,600,000	150	60	1,152,000	40	768,000
Jason Yetton	975,000	150	60	702,000	40	468,000
Former Group Executives						
Peter Clare[4]	-	150	60	-	40	-
Greg Targett[4]	958,333	150	60	690,000	40	460,000

1 The maximum STI potential is 150% of the individual STI Target.

2 60% of the STI outcome for the year is paid as cash in December 2014.

3 40% of the actual STI outcome is deferred in the form of restricted shares or share rights, half vesting on 1 October 2015 and the remainder vesting on 1 October 2016.

4 Refer Section 2 of the Remuneration report for details.

6.4. Movement in equity-settled instruments during the year

This table shows the details of movements during 2014 in the number and value of equity instruments for the CEO and Group Executives under the relevant plans:

Name	Type of Equity-based Instrument	Number Granted1	Number Vested2	Number Exercised3	Value Granted4 $	Value Exercised5 $	Value Forfeited or Lapsed5,6 $
Managing Director & Chief Executive Officer							
Gail Kelly	CEO Performance share rights	159,821	158,513	158,513	3,303,309	5,456,732	-
	Shares under the CEO Restricted Share Plan	57,358	55,133	-	1,767,339	-	-
Group Executives							
John Arthur	Performance share rights	53,273	35,224	35,224	1,055,723	1,163,828	-
	Shares under Restricted Share Plan	20,544	17,682	-	633,010	-	-
Philip Coffey7	Performance options	-	-	329,358	-	4,414,523	-
	Performance share rights	50,313	35,224	35,224	997,073	1,163,828	-
	Shares under Restricted Share Plan	27,279	28,640	-	840,532	-	-
Brad Cooper	Performance share rights	44,394	44,031	44,031	879,772	1,454,818	-
	Shares under Restricted Share Plan	28,497	28,312	-	878,062	-	-
David Curran7	Performance share rights	-	-	-	-	-	-
	Shares under Restricted Share Plan	-	-	-	-	-	-
George Frazis	Performance share rights	32,555	29,354	29,354	645,156	969,878	-
	Shares under Restricted Share Plan	25,284	24,839	-	779,061	-	-
Brian Hartzer	Performance share rights	85,828	-	-	1,700,880	-	-
	Shares under Restricted Share Plan	23,490	176,681	-	723,784	-	-
Alexandra Holcomb7	Performance options	-	-	-	-	-	-
	Performance share rights	-	-	-	-	-	-
	Shares under Restricted Share Plan	-	-	-	-	-	-
Peter King7	Performance share rights	-	-	-	-	-	-
	Shares under Restricted Share Plan	-	-	-	-	-	-
Christine Parker	Performance options	-	-	12,832	-	58,437	-
	Performance share rights	20,717	6,751	6,751	410,554	223,058	-
	Shares under Restricted Share Plan	14,922	11,752	-	459,783	-	-
Rob Whitfield	Performance options	-	-	156,232	-	2,110,786	-
	Performance share rights	35,515	35,224	35,224	703,806	1,163,828	-
	Shares under Restricted Share Plan	25,284	28,736	-	779,061	-	-
Jason Yetton	Performance options	-	-	196,989	-	2,162,819	-
	Performance share rights	38,475	9,393	9,393	762,471	310,352	-
	Shares under Restricted Share Plan	14,028	14,594	-	432,237	-	-
Former Group Executives							
Peter Clare7	Performance options	-	-	81,799	-	908,004	-
	Performance share rights	29,595	27,005	27,005	586,492	895,827	4,178,640

	Unhurdled share rights	20,995	11,106	11,106	631,819	366,577	-
	Shares under Restricted Share Plan	-	10,805	-	-	-	-
Greg Targett7	Performance share rights	41,434	35,224	35,224	821,108	1,163,828	-
	Shares under Restricted Share Plan	18,173	17,921	-	559,954	-	-

1 No performance options were granted in 2014.

2 90% of unhurdled share rights granted in 2010 vested in October 2013 as assessed against the TSR performance hurdle.

3 Vested options and share rights that were granted prior to October 2009 can be exercised up to a maximum of 10 years from their commencement date. For each share right and each performance option exercised during the year, the relevant executive received one fully paid Westpac ordinary share. The exercise price for share rights is nil.

4 For share rights, the value granted represents the number of securities granted multiplied by the fair value per instrument as set out in the table in the sub-section titled Fair value of LTI grants made during the year below. For restricted shares, the value granted represents the number of ordinary shares granted multiplied by the five day volume weighted average price of a Westpac ordinary share on the date the shares were granted. These values, which represent the full value of the equity-based awards made to disclosed Group Executives in 2014, do not reconcile with the amount shown in the table in Section 6.2, which shows amortised totals of equity awards over their vesting period. The minimum total value of the grants for future financial years is nil and an estimate of the maximum possible total value in future financial years is the fair value, as shown above.

5 The value of each option or share right exercised or lapsed is calculated based on the five day volume weighted average price of Westpac ordinary shares on the ASX on the date of exercise (or lapse), less the relevant exercise price (if any). Where the exercise price is greater than the five day volume weighted average price of Westpac ordinary shares, the value has been calculated as nil.

6 Apart from equity instruments referred to in this section, no other equity instruments granted in prior years vested and none were forfeited during the financial year.

7 Refer Section 2 of the Remuneration report for details.

Fair value of LTI grants made during the year

The table below provides a summary of the fair value of LTI awards granted to the CEO and Group Executives during 2014 calculated in accordance with Australian Accounting Standard AASB 2 Share-based Payment and is used for accounting purposes only. The LTI grants will vest on satisfaction of performance and/or service conditions tested in future financial years.

Equity Instrument	Performance Hurdle	Granted to	Grant Date	Commencement Date1	Test Date	Expiry	Fair Value2 per Instrument
CEO Performance Plan	Relative TSR	Gail Kelly	11 November 2013	1 October 2013	1 October 2016	1 October 2023	$14.26
share rights	Cash EPS CAGR		11 November 2013	1 October 2013	1 October 2016	1 October 2023	$28.41
Westpac Reward Plan	Relative TSR	All Group	4 December 2013	1 October 2013	1 October 2016	1 October 2023	$13.25
share rights	Cash EPS CAGR	Executives	4 December 2013	1 October 2013	1 October 2016	1 October 2023	$27.75

1 The commencement date is the start of the performance period. Awards to the CEO were approved by shareholders at the Annual General Meeting.

2 The fair values of share rights granted during the year included in the table above have been independently calculated at their respective grant dates based on the requirements of Australian Accounting Standard AASB 2 Share-based Payment. The fair value of rights with Cash EPS CAGR hurdles has been assessed with reference to the share price at grant date and a discount rate reflecting the expected dividend yield over their vesting periods. For the purpose of allocating rights with Cash EPS CAGR hurdles, the valuation also takes into account the average Cash EPS CAGR outcome using a Monte Carlo simulation model. The fair value of rights with hurdles based on TSR performance relative to a group of comparator companies also takes into account the average TSR outcome determined using a Monte Carlo simulation pricing model.

7. Employment agreements

The remuneration and other terms of employment for the CEO and Group Executives are formalised in their employment agreements. Each of these employment agreements provides for the payment of fixed and performance-based remuneration, employer superannuation contributions and other benefits such as death and disablement insurance cover.

The term and termination provisions of the employment agreements for the current KMP are summarised below.

Term	Who	Conditions
Duration of agreement	¾ CEO and all Group Executives	¾ Ongoing until notice given by either party
Notice to be provided by the executive or the Group to terminate the employment agreement	¾ CEO and Group Executives	¾ 12 months[1]
	¾ Jason Yetton	¾ 6 months[1]
Termination payments to be made on termination without cause	¾ CEO and all Group Executives	¾ Deferred STI and LTI awards vest according to the applicable equity plan rules
Termination for cause	¾ CEO, John Arthur, Brian Hartzer, Christine Parker, Greg Targett, Rob Whitfield and Jason Yetton	¾ Immediately for misconduct ¾ 3 months notice for poor performance
	¾ All other Group Executives	¾ Immediately for misconduct ¾ Standard contractual notice period for poor performance
Post-employment restraints	¾ CEO and all Group Executives	¾ 12 month non-solicitation restraint

1 Payment in lieu of notice may in certain circumstances be approved by the Board for some or all of the notice period.

Certain individuals have provisions in their contracts for different terms due to grandfathered contractual benefits or individual circumstances:

§ **Gail Kelly** In the event of death, sickness or disability or in certain circumstances within 12 months of change of control of Westpac, all unvested restricted shares and share rights will vest. On immediate termination for misconduct, all restricted shares and share rights will be forfeited. In other circumstances, the Board has discretion in relation to performance share rights and unvested restricted shares where the CEO resigns or retires, or otherwise leaves the Group before vesting occurs. This discretion enables the Board to vest performance share rights or leave them on foot for the remainder of the vesting period, subject to performance hurdles. In relation to restricted shares, the discretion enables the Board to leave unvested restricted shares on foot for the remainder of the vesting period. In exercising its discretion, the Board will take into account all relevant circumstances including those surrounding the departure;

§ **Peter Clare** Provisions relating to his relocation from Sydney to Auckland;

§ **Brian Hartzer** Provisions relating to his relocation from London to Sydney; and

§ **Rob Whitfield** Provisions relating to accommodation in Sydney which ceased in January 2014.

8. Non-executive Directors, CEO and Group Executives Additional disclosures

8.1. Details of Westpac ordinary shares held by Non-executive Directors

Shareholdings

The following table sets out details of relevant interests in Westpac ordinary shares held by Non-executive Directors (including their related parties) during the year ended 30 September 20141.

Name	Number Held at the Start of Year	Other Changes During the Year	Number Held at the End of Year
Current Directors			
Lindsay Maxsted	16,732	551	17,283
Elizabeth Bryan	25,353	1,448	26,801
Ewen Crouch2	37,903	273	38,176
Alison Deans3	n/a	9,000	9,000
Robert Elstone	10,000	-	10,000
Peter Hawkins4	15,218	-	15,218
Peter Marriott	20,000	-	20,000
Ann Pickard5	9,800	4,000	13,800
Former Non-executive Directors			
John Curtis3	18,460	4	n/a
Gordon Cairns3	17,038	-	n/a

1 None of these shares include non-beneficially held shares.

2 In addition to holdings of ordinary shares, Ewen Crouch and his related parties held interests in 250 Westpac Capital Notes 2 at year end.

3 The information relates to the period these individuals were Non-executive Directors. Refer Section 2 of the Remuneration report for details.

4 In addition to holdings of ordinary shares, Peter Hawkins and his related parties held interests in 1,370 Convertible Preference Shares at year end.

5 Ann Pickard s relevant interests arise through holding 13,800 American Depositary Shares (ADS). One ADS represents one Westpac fully paid ordinary share.

8.2. Details of Westpac equity holdings of Key Management Personnel

The following table sets out details of Westpac equity held by the CEO and Group Executives (including their related parties) for the year ended 30 September 20141:

Name	Type of Equity-based Instrument	Number Held at Start of Year	Number Granted During the Year as Remuneration	Received on Exercise and/or Exercised During the Year	Number Lapsed During the Year	Other Changes During the Year	Number Held at the End of the Year	Number Vested and Exercisable at the End of the Year
Managing Director & Chief Executive Officer								
Gail Kelly	Ordinary shares	1,876,588	57,358	158,513	-	(550,000)	1,542,459	-
	Performance options	-	-	-	-	-	-	-
	Performance share rights	711,956	159,821	(158,513)	-	-	713,264	-
Group Executives								
John Arthur2	Ordinary shares	140,752	20,544	35,224	-	10,530	207,050	-
	Performance share rights	152,521	53,273	(35,224)	-	-	170,570	-
Philip Coffey3	Ordinary shares	318,314	27,279	364,582	-	(426,258)	283,917	-
	Performance options	329,358	-	(329,358)	-	-	-	-
	Performance share rights	176,535	50,313	(35,224)	-	-	191,624	-
Brad Cooper	Ordinary shares	56,623	28,497	44,031	-	-	129,151	-
	Performance options	196,785	-	-	-	-	196,785	196,785
	Performance share rights	187,075	44,394	(44,031)	-	-	187,438	-
David Curran4,5	Ordinary shares	n/a	-	-	-	-	-	-
	Performance share rights	n/a	-	-	-	-	-	-
George Frazis	Ordinary shares	100,640	25,284	29,354	-	-	155,278	-
	Performance share rights	134,616	32,555	(29,354)	-	-	137,817	-
	Unhurdled share rights	-	-	-	-	-	-	-
Brian Hartzer	Ordinary shares	178,612	23,490	-	-	(176,681)	25,421	-
	Performance share rights	30,780	85,828	-	-	-	116,608	-

Alexandra Holcomb5	Ordinary shares	n/a	-	50,595	-	(50,595)	60,601	-
	Performance options	n/a	-	-	-	-	70,544	70,544
	Performance share rights	n/a	-	-	-	-	50,493	-
Peter King5	Ordinary shares	n/a	-	-	-	(25,000)	51,956	-
	Performance share rights	n/a	-	-	-	-	37,545	-
Christine Parker	Ordinary shares	23,503	14,922	19,583	-	(28,832)	29,176	-
	Performance options	12,832	-	(12,832)	-	-	-	-
	Performance share rights	47,389	20,717	(6,751)	-	-	61,355	-
	Unhurdled share rights	-	-	-	-	-	-	-
Rob Whitfield	Ordinary shares	444,193	25,284	191,456	-	(369,962)	290,971	-