

SUPPLEMENT DATED 28 AUGUST 2020 TO THE PROSPECTUS DATED
11 NOVEMBER 2019



Westpac Banking Corporation

(A.B.N. 33 007 457 141)

(AFSL 233714)

(incorporated with limited liability in Australia and registered in the State of New South Wales)

U.S. \$70,000,000,000 Programme for the Issuance of Debt Instruments

This supplement (the “**Supplement**”) to the base prospectus dated 11 November 2019 (the “**Base Prospectus**”, which definition includes the Base Prospectus as supplemented, amended or updated from time to time (including the supplements to the Base Prospectus dated 21 November 2019, 26 November 2019, 8 January 2020 and 4 May 2020) and includes all information incorporated by reference therein) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the Programme for the Issuance of Debt Instruments (the “**Programme**”) established by Westpac Banking Corporation (“**Westpac**” or the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, updates, must be read in conjunction with and forms part of the Base Prospectus and any other supplements to the Base Prospectus issued by Westpac Banking Corporation.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”), which is the United Kingdom competent authority for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) as a supplement to the Base Prospectus. The Base Prospectus constitutes a base prospectus prepared in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Instruments under the Programme.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and this Supplement does not omit anything likely to affect its import.

The purpose of this Supplement is to:

- (i) supplement the section of the Base Prospectus entitled “*Significant Developments*” with a market update for the three months ended 30 June 2020; and
- (ii) update the no significant change statement in the Base Prospectus in respect of the Issuer.

Westpac Market Update

The following information shall, by virtue of this Supplement, be added under the heading “*Significant Developments*” which commences on page 148 of the Base Prospectus:

"3Q20 Update

On 18 August 2020, Westpac provided the market with an update of its performance for the three months ended 30 June 2020 ("3Q20"). The update coincided with the release of Westpac's Pillar 3 Report for 3Q20.

3Q20 reported net profit after tax¹

Reported net profit	1H20 Qtr Avg. A\$m	3Q20 A\$m
Net interest income	4,500	3,952
Non-interest income ²	802	1,056
Operating expenses	(3,090)	(2,570)
Impairment charges	(1,119)	(826)
Income tax expense and net profit attributable to non- controlling interests	(498)	(497)
Net profit attributable to owners of WBC	595	1,115

1 Performance comparison is 3Q20 compared to First Half 2020 ("1H20") quarterly average unless otherwise stated.

2 Non-interest income is the total of net fee income, net wealth management and insurance income, trading income, and other income.

- Unaudited net profit after tax of A\$1,115m, up significantly mostly due to lower volatile items and the non-repeat of some large items in 1H20.
- Net interest income down 12%, 3Q20 year to date margin 2.11% (down 10 basis points from 1H20) reflecting impact of movement in fair value on hedges, cash rate cuts on deposit spreads and higher level of liquid assets.
- Non-interest income benefitted from the non-repeat of volatile items and lower general insurance claims.
- Expenses lower from the non-repeat of some large items, including provisions for AUSTRAC matters.
- Impairment charges in 3Q20 lower but remain elevated.
- The Board has decided not to pay a 1H2020 dividend. Given the desire to retain a strong balance sheet and the ongoing uncertainty in the operating environment, the Board has now decided it is prudent not to pay a 1H 2020 dividend. Westpac will next consider dividends as part of finalising its Full Year 2020 results.

Asset quality

- Individually assessed provisions ("IAPs") and write-offs largely unchanged, impairment charge mostly driven by collectively assessed provisions ("CAPs").
- Stress emerging, customers downgraded and delinquencies increased.
- Australian mortgages 90+ day delinquencies including hardship 149 basis points, up 55 basis points from March 2020 due to:
 - Westpac's approach to applying COVID-19 relief meant an increased number of customers entered hardship assistance including:
 - Requests received prior to COVID-19 relief package availability.
 - Customers who requested and were non-current (i.e. not fully up-to-date with

- *Customers who went directly into hardship via Westpac's customer assist teams.*

- ### Australian mortgages

Financial hardship assistance is available to customers experiencing unforeseen events, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period. Customer requesting financial hardship assistance must provide a statement of financial position and an assessment is made regarding the customer's eligibility.

- 135k repayment relief packages provided to customers.
- Checked in with 85% or 115k, around half are expected to return to payment.
- 78k mortgage deferral packages outstanding, down from 135k packages provided.

3 Data at 31 July 2020. Based on product information and not APRA EFS definition.

- *Complete Westpac's review of Specialist Businesses.*

- Carrying values to be reviewed including capitalised software and goodwill⁴.
- Valuation of the Life Insurance business, including potentially higher COVID-19 related claims, higher reinsurance costs and lower discount rates⁴.
- Continue to update economic outlook, including developments in Victoria.
- Ongoing assessment of litigation and remediation provisions as matters progress.

4 Any change in the valuation of the life insurance business and changes in carrying values of capitalised software and goodwill would have no (or minimal) impact on capital ratios.

Changes in expected credit loss (“ECL”) provisions

	Sep 19 – Mar 20	Mar 20 – Jun 20
Portfolio movements	A\$272m	A\$260m
Economic forecast and weightings	A\$1,135m	A\$98m
Overlays	A\$446m	A\$216m
Total increase in ECL provisions	A\$1,853m	A\$574m

Portfolio movements

- Few IAPs in 3Q20 compared to 1H20.
- Higher delinquencies in mortgages, initial downgrade of facilities in high risk sectors within WIB and larger exposures in the Business division.

Economic forecast and weightings

- No change to weights of economic scenarios after 1H20 changes.
- Updated economic forecasts.

Overlays

- New overlay for mortgage deferral packages and an increase in overlays for high risk business sectors A\$246m.
- Partly offset by release of bushfire and drought overlay (A\$30m).

Improving management of risk is a priority

- Westpac’s risk management framework outlines the Group’s end-to-end approach to managing risk.
- Westpac’s analysis and reviews, in addition to regulator feedback, have highlighted that the framework is not operating satisfactorily in a number of respects and that it needs to be improved.
- As a result, the Group has a number of risks where Westpac does not meet the standards Westpac has set for itself or are expected by regulators and therefore rectification is required.
- Westpac has a number of programs underway to deal with these shortcomings as quickly as possible (including through increasing the number and capability of resources) with a focus on addressing:
 - complexity of systems along with data and process issues;
 - the management of risk including financial crime and a number of credit risk processes;
 - the pace and quality of how Westpac responds to risk issues.
- As Westpac addresses these shortcomings further issues have, and are likely to continue to be, identified.

Westpac's risk management framework



Recent progress

Westpac has a number of multi-year programs to address identified shortcomings and significantly improve its management of risk. Recent progress on these programs include:

Changes focused on managing non-financial risks and building risk and control skills in the first line of defence

- Established a Board Committee focused on legal, regulatory and compliance risk management, including financial crime.
- Appointed a new Group Executive Financial Crime, Compliance and Conduct with responsibility for strengthening management of these risks.
- Restructured the Group under a lines of business model to improve end to end accountability.
- Added over 400 resources to strengthen financial crime, compliance and risk management.
- General Managers of business control, monitoring and remediation appointed to each

division with supporting structures in place.

AUSTRAC and other financial crime matters

- *Undertaken gap assessment of financial crime issues in Statement of Claim, with strong progress made in addressing relevant issues.*
- *Continuing to review practices to identify potential breaches.*
- *Increased dedicated program expertise and resourcing to drive Financial Crime Program, managing Group-wide financial crime transformation program.*

CGA self assessment

- *Completed a review of Culture Governance and Accountability self-assessment plan.*
- *Established a new Customer Outcomes and Risk Excellence (CORE) program:*
 - *to implement recommendations of Westpac's self-assessment and Royal Commission findings;*
 - *14 streams of work, with a Group Executive responsible for each stream.*
- *Dedicated stream to improve operating controls.*

Risk capability and culture

- *New purpose and values completed, to be rolled-out in 4Q20.*
- *Completed a detailed analysis of Westpac's culture, inclusive of risk culture, and identified areas of change.*
- *New Risk Fundamentals Program to be undertaken by all Australian employees from September 2020 covers better understanding of risk, risk culture, controls, issues and incidents, conduct and compliance.*

Update on COVID-19 and corporate significant developments

COVID-19

- *The impact of the COVID-19 pandemic on the economy, markets, customers and on Westpac's business remains highly uncertain. The recent lockdown in Victoria and Auckland is an example of how circumstances can change quickly.*
- *As the pandemic evolves, it could further impact Westpac's growth, profitability and impairment charges in the future.*
- *The effects of COVID-19 could also impact the value of certain of the Group's businesses and the value of goodwill.*

AUSTRAC and other financial crime matters

- *Under the current Federal Court timetable, AUSTRAC is to provide Westpac with its amended Statement of Claim ("ASOC") by 25 September 2020. If Westpac consents, the ASOC must then be filed on 16 October 2020.*
- *AUSTRAC has stated it is investigating matters relating to Threshold Transaction Reports and 276 customers, many of whom were the subject of Suspicious Matter Reports related to potential child exploitation. AUSTRAC has indicated it may include allegations arising from these investigations in any ASOC. It is possible that these investigations may result in allegations being made in relation to other issues, including Westpac's obligations regarding customers with potential links to financial crime activity (such as money laundering or terrorism financing).*

- *As Westpac strengthens its financial crime program, further issues have and may continue to be identified. Westpac is keeping AUSTRAC informed of the issues it identifies and its progress in addressing them. Matters previously disclosed to AUSTRAC include issues in relation to customer identification, ensuring appropriate controls over information relevant to 'tipping off' prohibitions and regulatory reporting (including on IFTIs and Threshold Transaction Reports).*
- *Given the volume of transactions Westpac processes, any issue could result in a large number of breaches of financial crime obligations and may lead to further regulatory action and/or monetary penalties.*

ASIC investigations

- *Following the Financial Services Royal Commission, ASIC has been investigating various financial services companies, including Westpac. ASIC has indicated that it will bring further enforcement action against these companies in the future.*
- *There are a number of ongoing ASIC investigations into Westpac and its subsidiaries, including in relation to financial planning, financial markets, superannuation, fees and insurance. Westpac expects ASIC may initiate enforcement action once some of these investigations are concluded.*
- *Westpac is working with ASIC to facilitate its investigations and is continuing to accelerate its remediation program for impacted customers.*

Class actions

- *In June 2020, the Full Federal Court found in favour of Westpac and dismissed ASIC's proceedings regarding Westpac's responsible lending obligations. Following this ruling, Westpac and the applicants have now reached agreement to discontinue the class action proceedings relating to responsible lending, subject to the Court's approval.*
- *Westpac is aware that certain parties are considering additional legal action and class actions in relation to matters that have emerged from the Royal Commission, and other developments. It is possible that further matters may arise over 4Q20.*

The financial information for the three months ended 30 June 2020 has not been audited or reviewed by any independent registered public accounting firm and has been derived from the unaudited financial statements for the quarterly period ended 30 June 2020. Any other financial information provided as at a date after 30 June 2020 (including information on deferral packages) has not been audited or reviewed by any independent registered public accounting firm either. The information contained in this section is based on management's current information and reflects management's view of other factors, including a wide variety of significant business, economic and competitive risks and uncertainties, which may be heightened during the current COVID-19 pandemic. Certain data herein may involve underlying estimates, assumptions and judgments when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions. Any change in such estimates, assumptions and/or judgments resulting from new information or from changes in circumstances or experience could result in Westpac incurring losses greater than those anticipated or provided for."

Significant change statements

There has been no material adverse change in the prospects of the Issuer and its controlled entities taken as a whole since 30 September 2019 and no significant change in the financial

position or financial performance of the Issuer and its controlled entities taken as a whole since 30 June 2020.

General

To the extent there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus prior to the date of this Supplement, the statements in (a) above will prevail.

Save as disclosed in this Supplement, any other supplement previously issued by the Issuer and the Base Prospectus, the Issuer is not aware of any other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting an informed assessment by investors of Instruments issued under the Programme since the publication of the Base Prospectus.

Factors which could be material for the purpose of assessing the risks associated with the Instruments issued under the Programme are set out on pages 8 to 37 (inclusive) of the Base Prospectus, as supplemented.

Copies of all documents incorporated by reference in the Base Prospectus are available for viewing at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.