

# 2023 INTERIM FINANCIAL RESULTS

Presentation & Investor  
Discussion Pack

For the six months ended 31 March 2023.

**Westpac** GROUP

# Westpac 2023 Interim Results Index

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# Peter King

Chief Executive Officer

# 1H23 Highlights



**Improved financial result**



**Strengthened balance sheet**



**Simpler, stronger bank**



**Next strategic phase**



**Supporting customers**

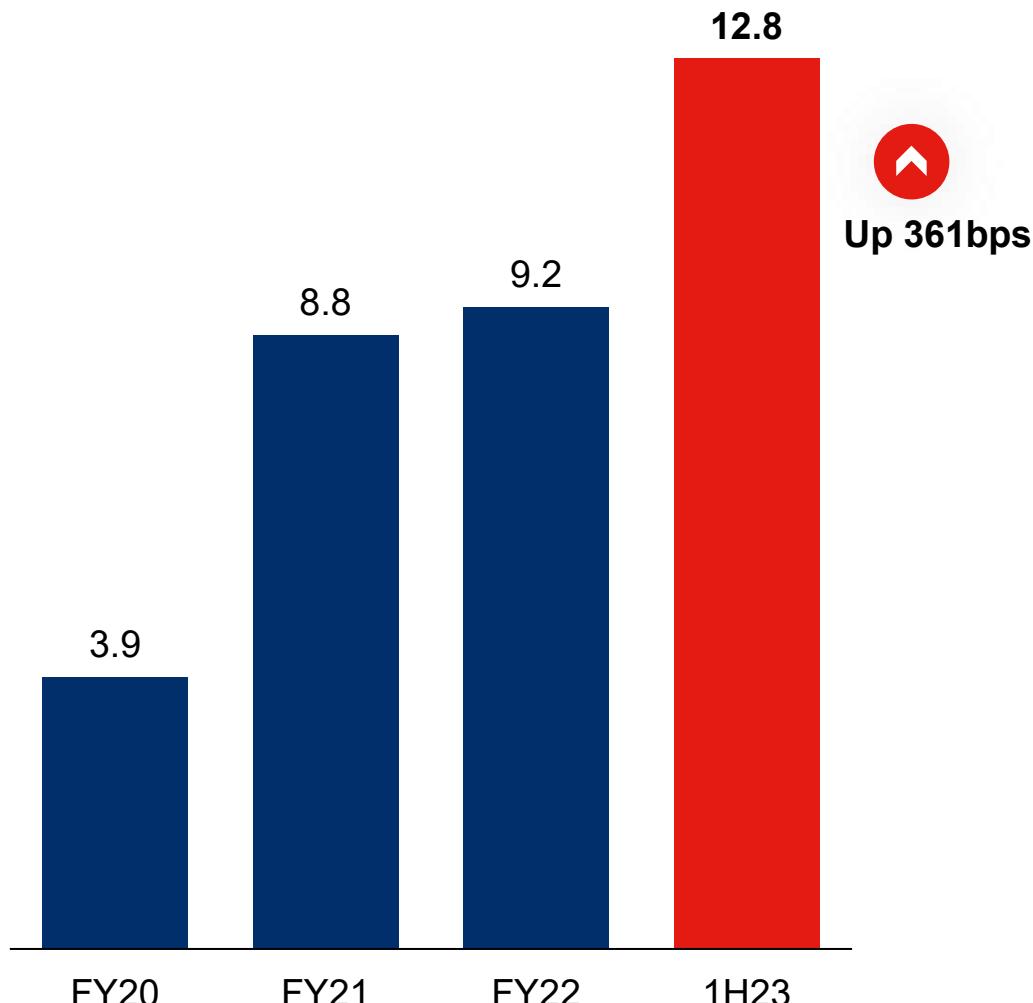
# 1H23 Improved financial result

	1H22	1H23	Change 1H23 – 1H22
Net profit <sup>1</sup>	\$3,280m	<b>\$4,001m</b>	22%
Notable Items	\$179m	<b>\$178m</b>	(1%)
Revenue	\$10,230m	<b>\$11,003m</b>	8%
Expenses	(\$5,373m)	<b>(\$4,988m)</b>	(7%)
Impairment charges to average loans annualised	4 bps	<b>10 bps</b>	6 bps
CET1 ratio	11.3%	<b>12.3%</b>	95 bps
Return on equity	9.3%	<b>11.3%</b>	205 bps
Earnings per share	91 cents	<b>114 cents</b>	26%
Interim dividend per share	61 cents	<b>70 cents</b>	15%

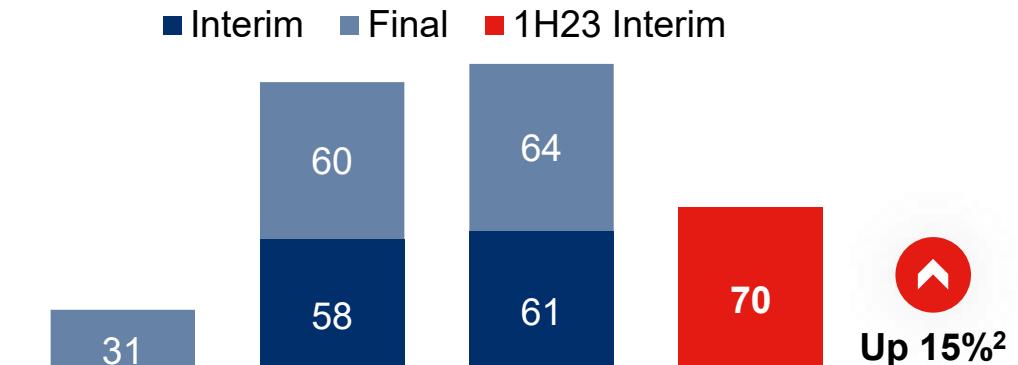
<sup>1</sup> Also referred to as net profit attributable to owners of WBC, net profit after tax or statutory profit.

# Increased shareholder returns

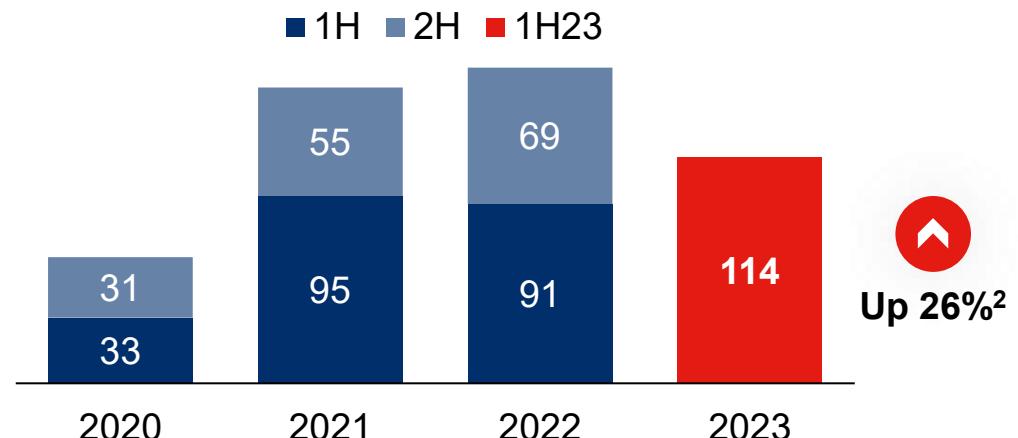
Return on tangible equity (%)



Dividend per share (cents)



Earnings per share (cents)<sup>3</sup>

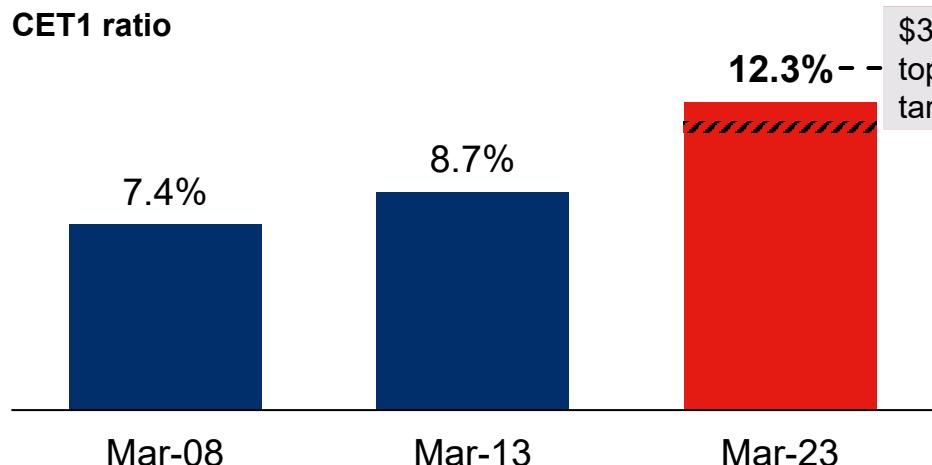


<sup>1</sup> No dividend was issued in 1H20. <sup>2</sup> 1H23 compared to 1H22. <sup>3</sup> Full year earnings per share: FY20 64 cents; FY21 149 cents; and FY22 160 cents.

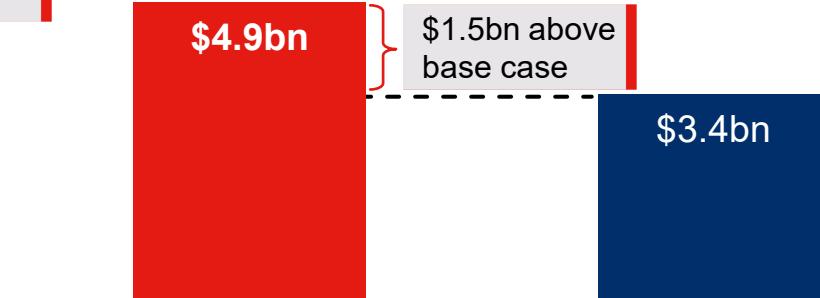
# Strengthened balance sheet

## Capital above target range

CET1 ratio

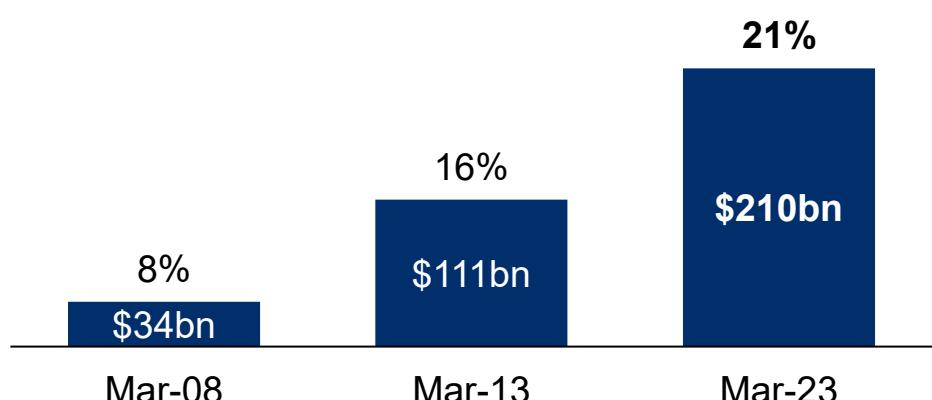


## Well provisioned



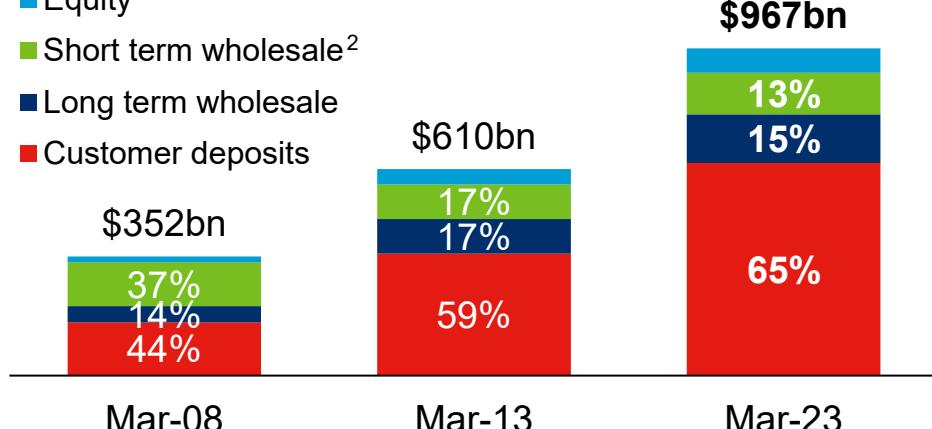
## Significant increase in liquid assets

Liquid assets as a % of total assets



## Funding composition improved

- Equity
- Short term wholesale<sup>2</sup>
- Long term wholesale
- Customer deposits



<sup>1</sup> Expected credit loss. <sup>2</sup> Wholesale funding with a residual maturity of less than 12 months, including long term to short terms scroll.

# Simpler, stronger bank

## Simpler bank

**9**  
Businesses  
exited

**12%**  
Office space reduction

**50**  
Co-located branches<sup>1</sup>

**1,700+**  
ATMs – Armaguard  
agreement<sup>2</sup>

**120**  
applications  
decommissioned

**47%**  
reduction in major  
technology incidents

## Stronger foundations

- 87% of CORE program activities<sup>3</sup> completed
- Westpac program status<sup>4</sup>:
  - March 2023 – Amber
  - February 2023 – Red
  - September 2022 – Green
  - March 2022 – Amber
- Program activities targeting completion by December 2023
- Risk management will continue to be a focus beyond 2023

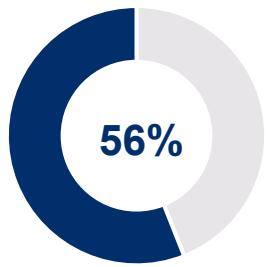
### Design



### Implement



### Embed



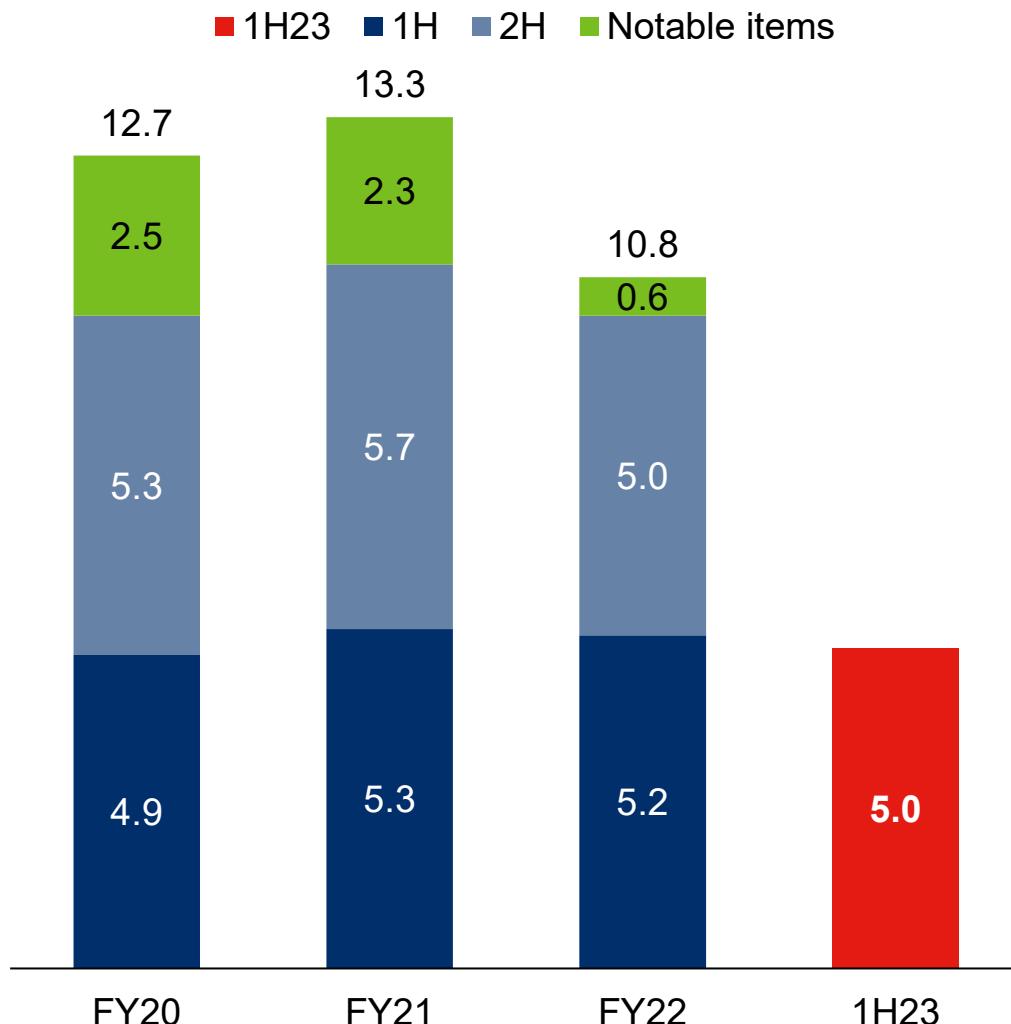
1 At 30 April 2023. 2 Announced 4 April 2023. 3 Completed activities finalised by Westpac. Activities may still be subject to Promontory Australia review. At 31 March 2023. 4 Program status rating changes with the identification and resolution of issues.

# A strategy for growth and return

PURPOSE	Creating better futures together				
PILLARS	CUSTOMER care at the heart	EASY to do business with	EXPERT solutions and tools	ADVOCATE for positive change	
FOUNDATIONS	Strong balance sheet	Proactive Risk Management and Risk Culture	Data-informed insights and decisioning	Passionate people who make a difference	
VALUES	Helpful	Ethical	Leading Change	Performing	Simple
MEASURES	Return on tangible equity			Market position	

# Maintaining cost discipline

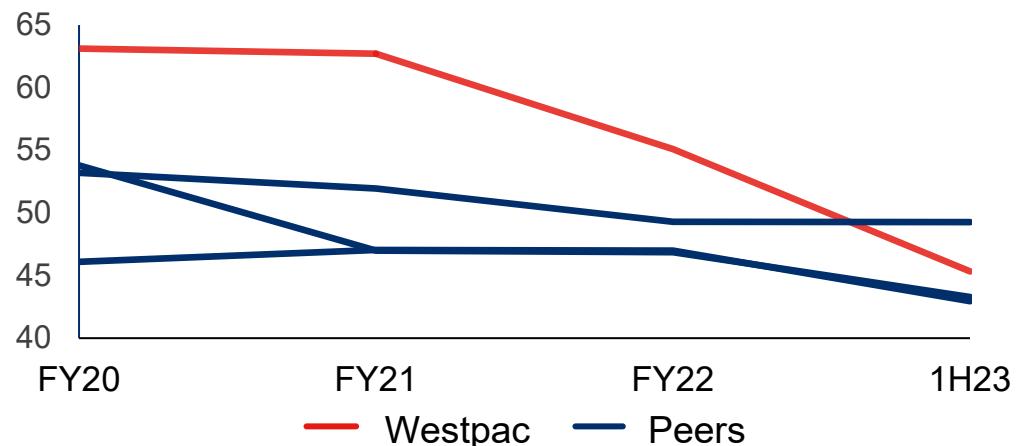
## Expenses (\$bn)



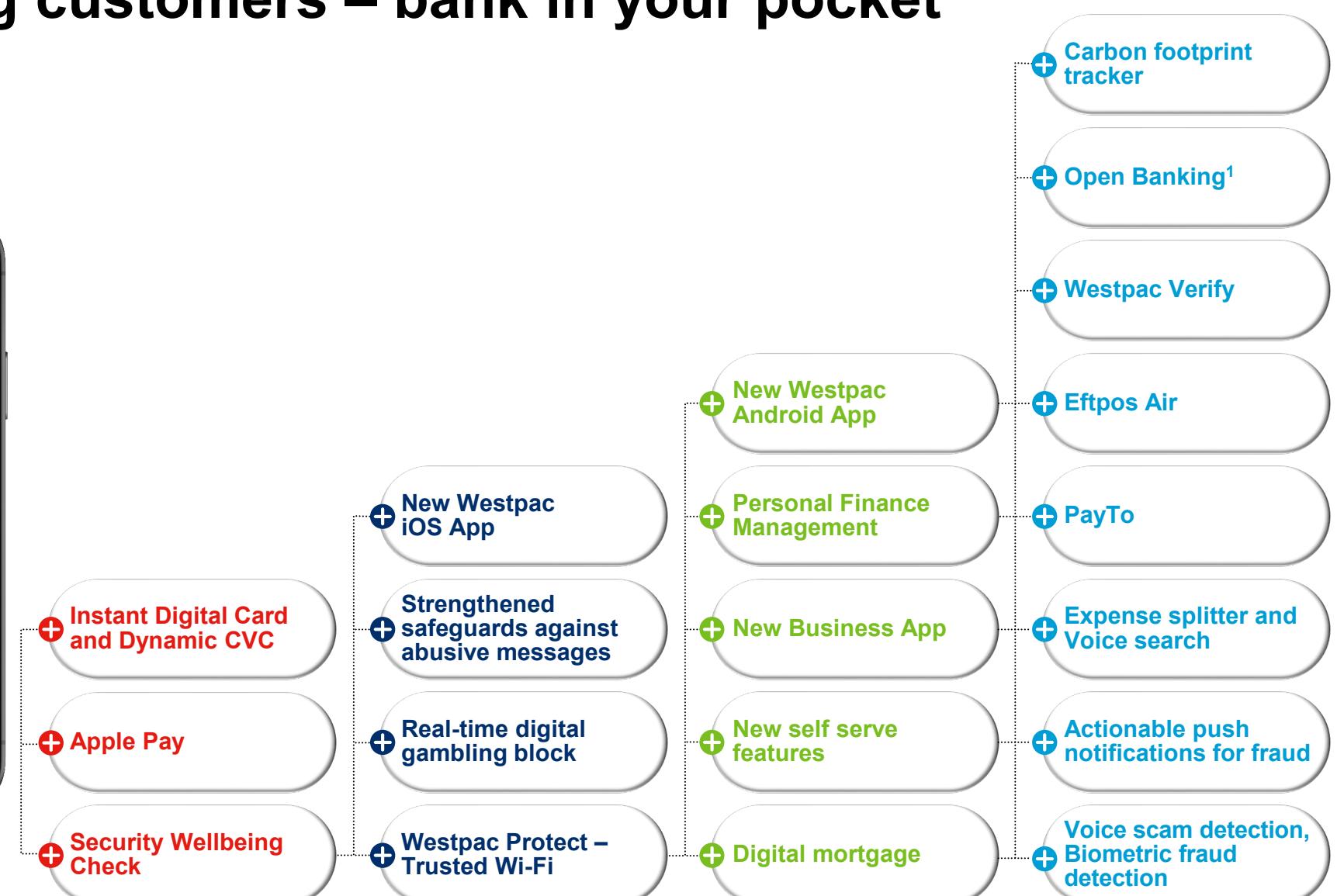
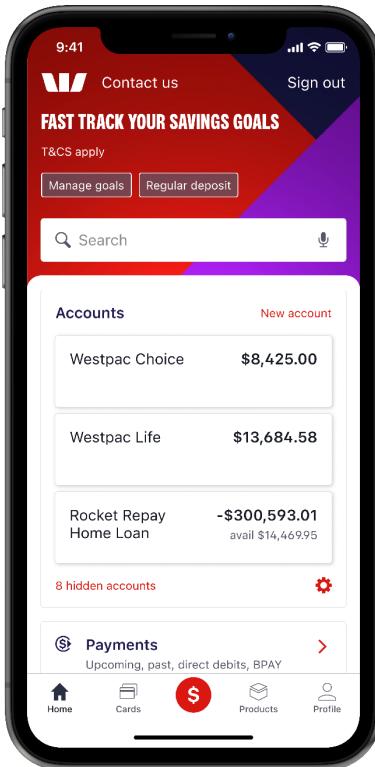
1 Statutory profit basis.

- Looking to lift investment in growth and productivity over time
- Risk, regulatory and inflation costs persistent
- Moving away from FY24 absolute cost target
- Focus on improving cost to income ratio relative to peers
- Maintaining cost discipline through cost reset program – delivered >\$1bn in savings

## Cost to income ratio (%)<sup>1</sup>



# Supporting customers – bank in your pocket



<sup>1</sup> For mortgage originations.

# Restoring mortgage market position

## Established franchise

**1,350+**

Bankers

**20,000+**

Active brokers

**#2**

consideration ranking,  
up 1 place from Sep-22<sup>1</sup>

**Disciplined  
growth**  
in competitive  
environment

## Digitising to the Core

One origination platform for  
all consumer customers

- First party TTR<sup>2</sup> down,  
simple deals at ~3 days<sup>3</sup>
- All brokers now on platform,  
TTR set to reduce

**Digital  
mortgage**

- Decisioning from days  
to minutes
- Integrated into core  
infrastructure
- ~\$80m settled in April

## Positioning for future growth



### Reducing origination time

- Digital Mortgage scalable
- Fast & automated Broker  
experiences



### Re-imagining service

- Digital applications and servicing
- Data-driven insights and offers



### Increase customer advocacy

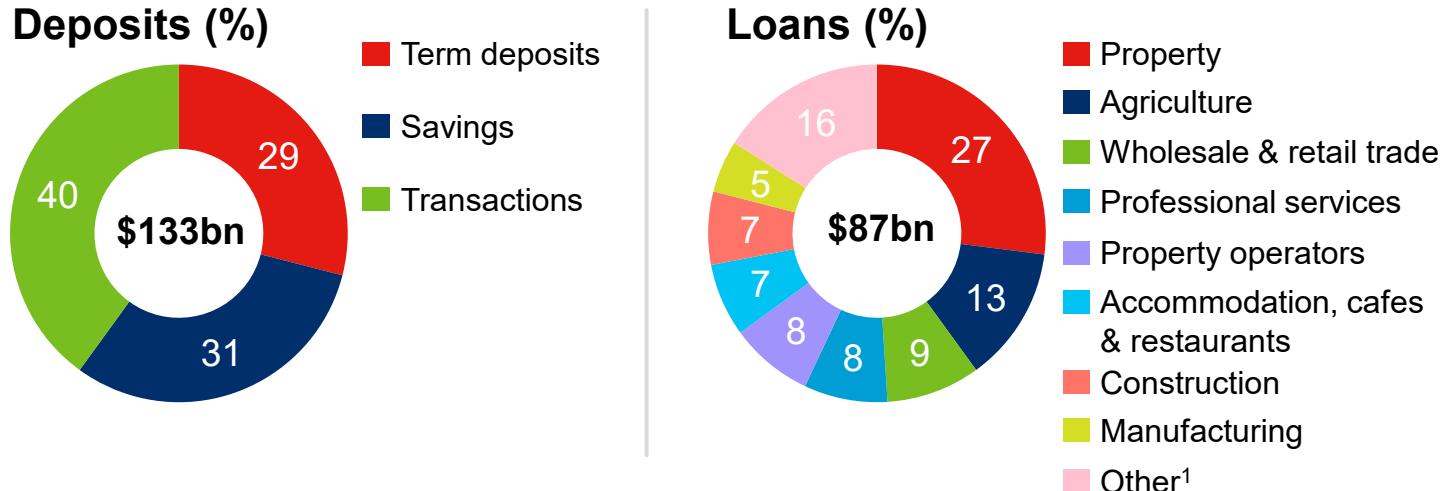
- Lift NPS
- Higher retention rate

<sup>1</sup> Source: FiftyFive5 Brand Tracker. <sup>2</sup> Time To Right. <sup>3</sup> Based on time from application start.

# Business Banking growth opportunity

## Disciplined growth

-  **Strong deposit base**  
deposit to loan ratio 156%
-  Business lending growth in targeted industries
-  Women in business – **\$500m commitment**



## Digitisation and simplification



-  Digital lending application form – **decisions 25% faster**
-  Launched EFTPOS Air for small business customers
-  New climate team support customer transitions

<sup>1</sup> Other includes transport & storage, health, finance & insurance and education.

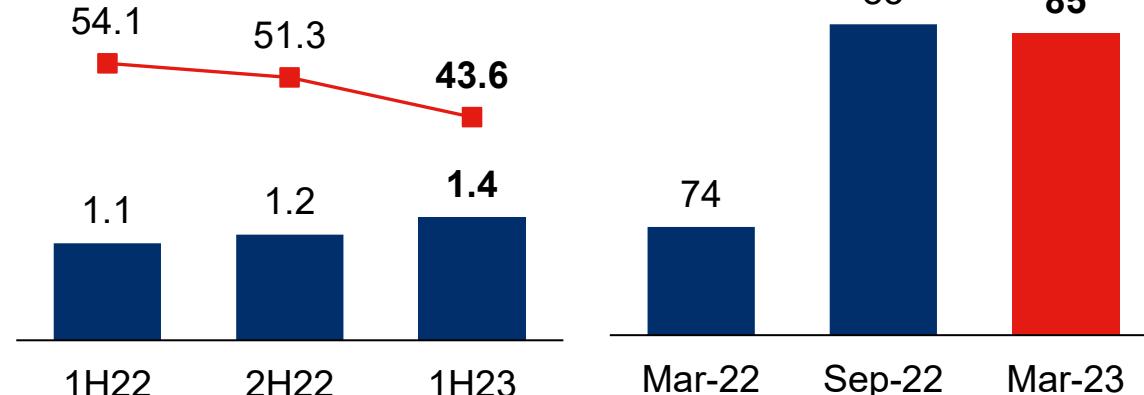
# Reclaiming position as a leading institutional bank

## Deeper relationships driving growth

- Improved returns
- More activity with existing customers and products
- Markets sales and risk management income up 25%
- Sound credit quality – average risk grade unchanged

## Financial performance

Revenue (\$bn) Cost to income (%)



## Differentiated expertise

- Partner for transition to net-zero
- Thought leadership in markets & economics
- Westpac DataX providing insights to customers
- Enhanced FX Online offering
- Investing for the future – new corporate cash management platform

## Relationship strength across categories

- Leading position across a range of key fixed income markets<sup>1</sup>
- Top of league table in Australian government and semi-government bond issuance<sup>2</sup>
- #1 Renewables Project Finance bank in Australia<sup>3</sup>

<sup>1</sup> #1 market share in bonds and semis, #1 market share in OIS, #1 market share in asset-backed bonds, =#2 market share in investment grade corporate bonds, #3 market share in interest rate swaps. Source: 2022 Peter Lee Associates Fixed Income Survey, ranking against all banks. <sup>2</sup> Source: Bloomberg AUD primary bond league table for ACGB & Semi issuance, calendar year 2022. <sup>3</sup> Source: IJ Global's Project Finance league table, calendar year 2022.

# Michael Rowland

Chief Financial Officer

# 1H23 results summary compared to 2H22



## Financial performance improved

- Pre-provision profit<sup>1</sup> \$5,883m, up 15%
- Revenue<sup>1</sup> \$10,871m, up 7% – higher Core NIM and non-interest income
- Expenses<sup>1</sup> \$4,988m, down 1% – cost discipline
- Impairment charges 10 bps<sup>2</sup>, up 5 bps mainly from updated economics forecasts,



## Balance sheet strong – provides flexibility

- CET1 capital ratio 12.3%, up 99 bps
- Total provisions \$4.9bn, \$1.5bn above base case scenario
- LCR and NSFR well above regulatory minimums
- Proactive on funding and higher deposits



## Credit quality sound

- CAP to credit RWA 133 bps, up 17 bps<sup>3</sup>
- Mortgage 90+ day delinquency 0.68%, down 1 bp
- Stressed exposures to TCE<sup>4</sup> 1.10%, up 3 bps<sup>5</sup>
- Slight increase in early cycle delinquencies

1 Excluding Notable Items. 2 Of average loans. 3 Adoption of APRA's revised capital framework added 8bps to the CAP to credit RWA ratio. 4 TCE is total committed exposure. 5 In 1H23 Westpac applied amendments to APS 220 Credit Risk Management which changed the definition of non-performing loans in Half Year 2023 and resulted in an increase in the stressed exposures to TCE ratio of 4bps.

# Notable Items and discontinuation of cash earnings

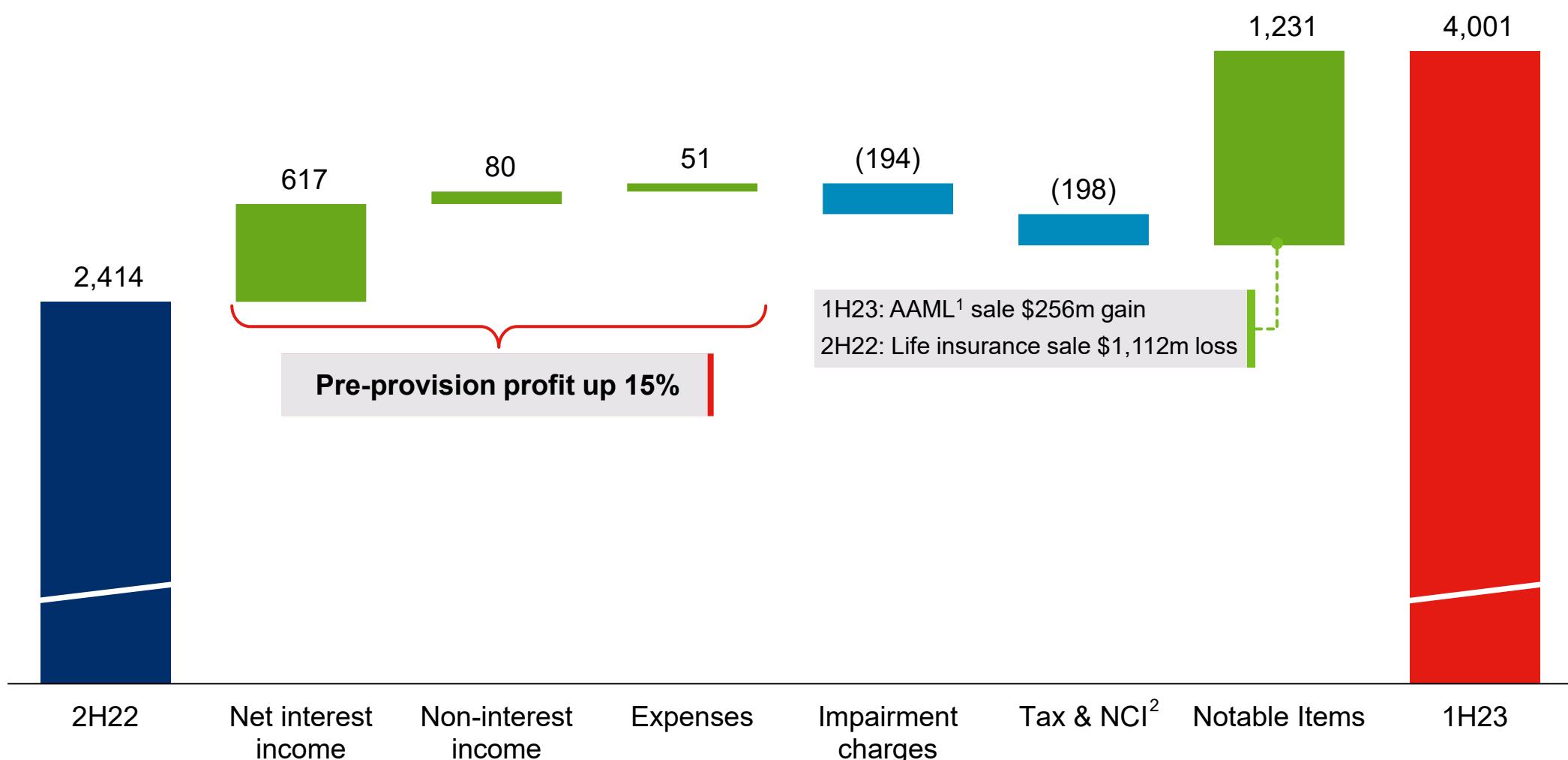
- Statutory net profit after tax primary measure
- Part of simplification agenda:
  - ASX and US results closely aligned
  - Full year results and annual report combined
- Notable Items continued to be reported

Notable Items <sup>1</sup> (\$m after tax)	1H22	2H22	1H23	Net interest margin (%)	1H22	2H22	1H23
Economic hedges <sup>2</sup>	204	266	(121)	<b>Core NIM<sup>4</sup></b>	<b>1.70</b>	<b>1.80</b>	<b>1.90</b>
Hedge ineffectiveness <sup>3</sup>	(19)	(33)	43	Treasury & Markets impact	0.15	0.10	0.08
Large items not reflective of ordinary operations	(6)	(1,286)	256	<i>Core NIM, Treasury &amp; Markets<sup>5</sup></i>	<i>1.85</i>	<i>1.90</i>	<i>1.98</i>
<b>Total Notable Items</b>	<b>179</b>	<b>(1,053)</b>	<b>178</b>	Notable Items impact: Hedging	0.06	0.06	(0.02)
				<b>Group NIM<sup>6</sup></b>	<b>1.91</b>	<b>1.96</b>	<b>1.96</b>

<sup>1</sup> For further details of Notable Items refer to page 38. <sup>2</sup> Unrealised fair value gains and losses on economic hedges. <sup>3</sup> Net ineffectiveness on qualifying hedges. <sup>4</sup> Group net interest Margin excluding Notable Items, Treasury & Markets. <sup>5</sup> Equivalent of net interest margin on a cash earning basis reported in prior periods. <sup>6</sup> Group net interest margin.

# 1H23 Net profit

(\$m)

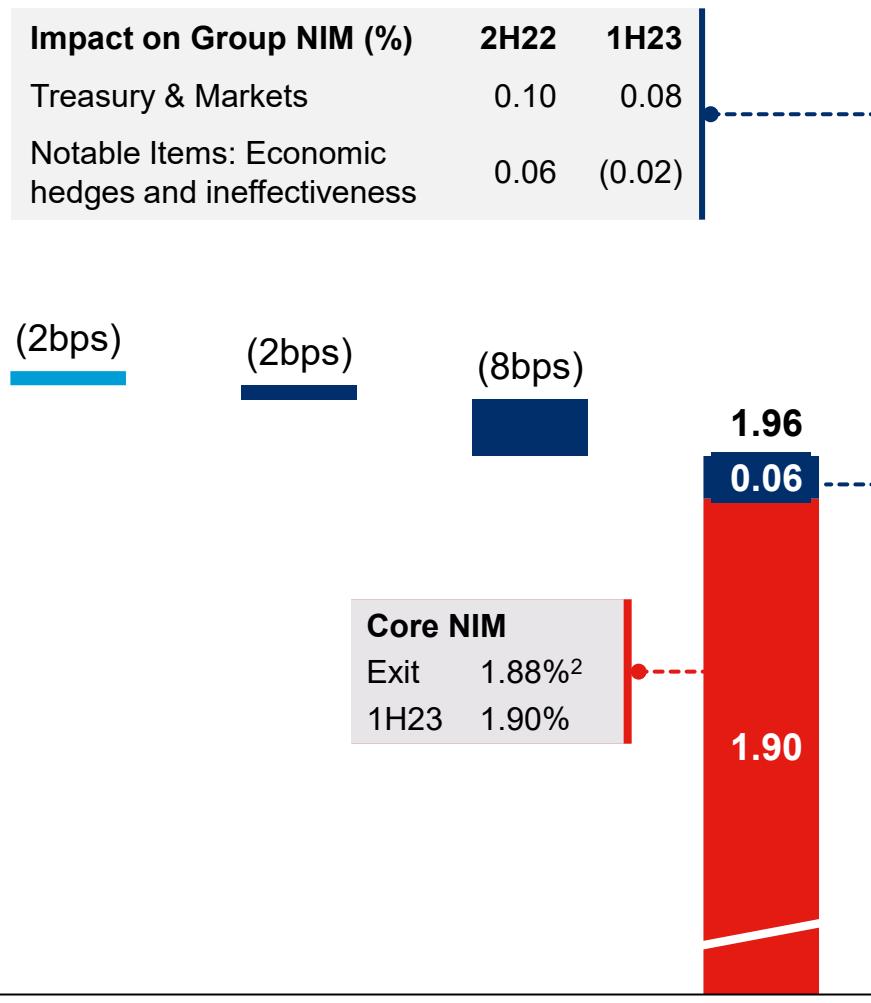
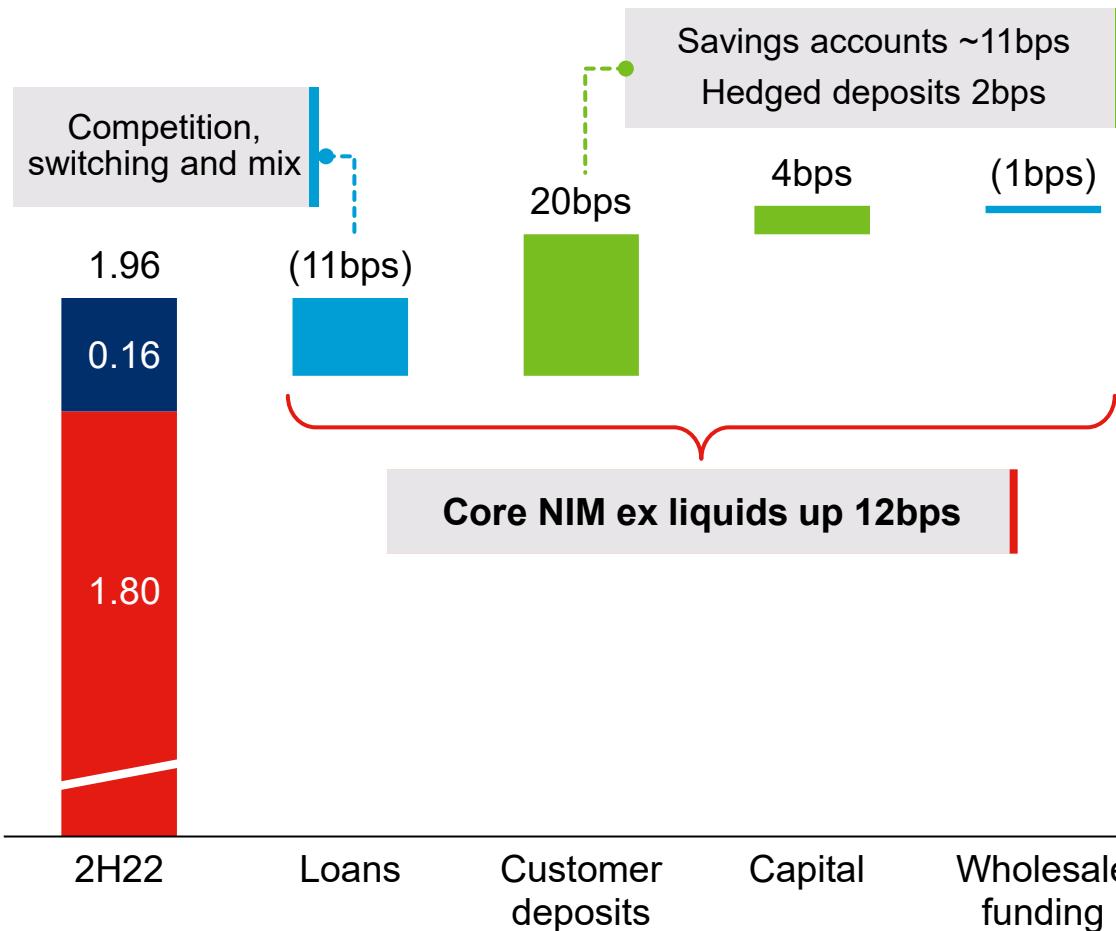


1 Advance Asset Management Limited. 2 Non-controlling interests.

# Core NIM<sup>1</sup> ex liquids up 12 bps

Net interest margin (%)

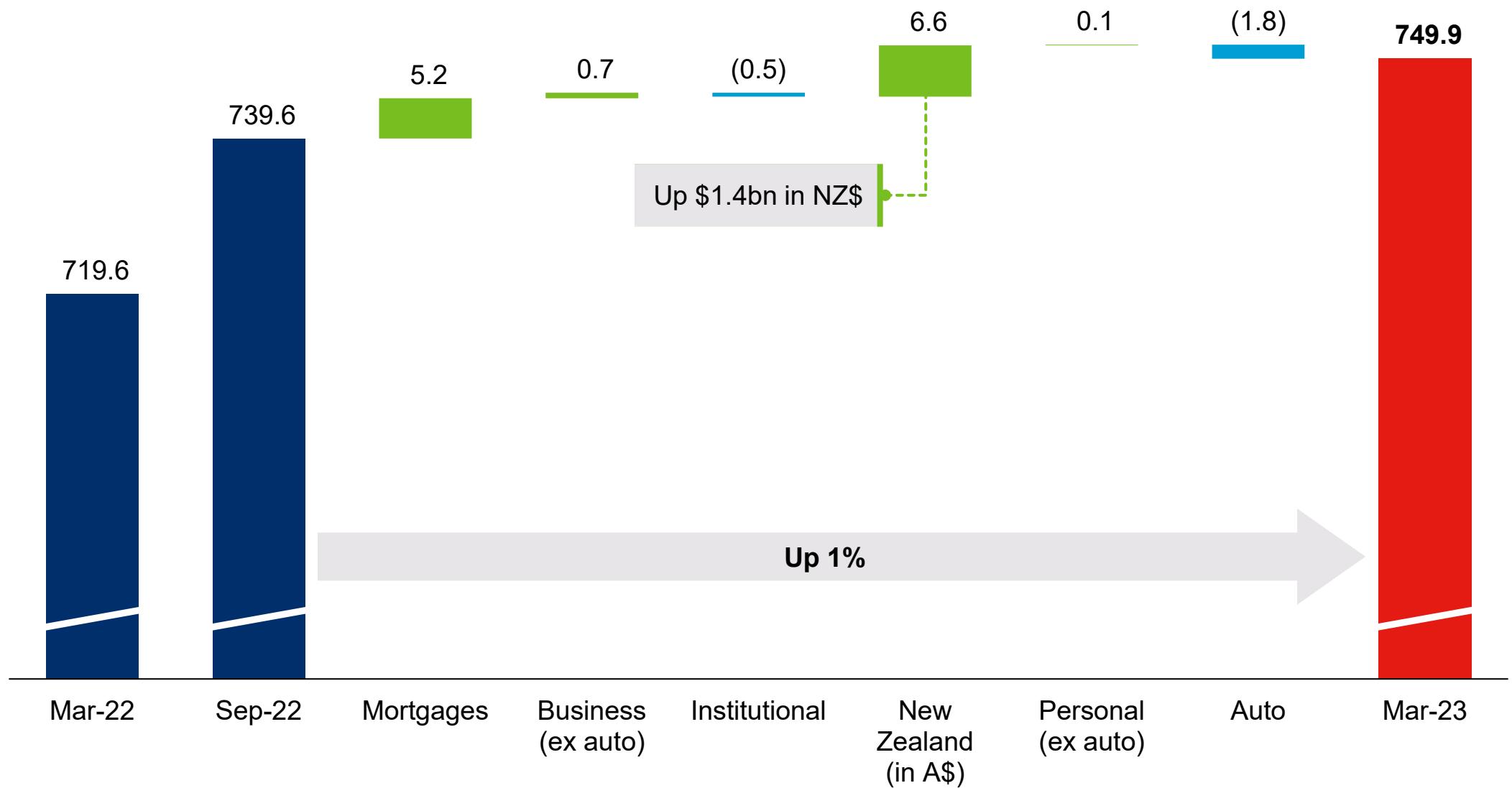
■ Core NIM ■ Notable Items, Treasury & Markets



<sup>1</sup> Group net interest margin excluding Notable Items, Treasury & Markets. <sup>2</sup> Exit refers to Core NIM for the month of March 2023.

# Disciplined lending growth

(\$bn)



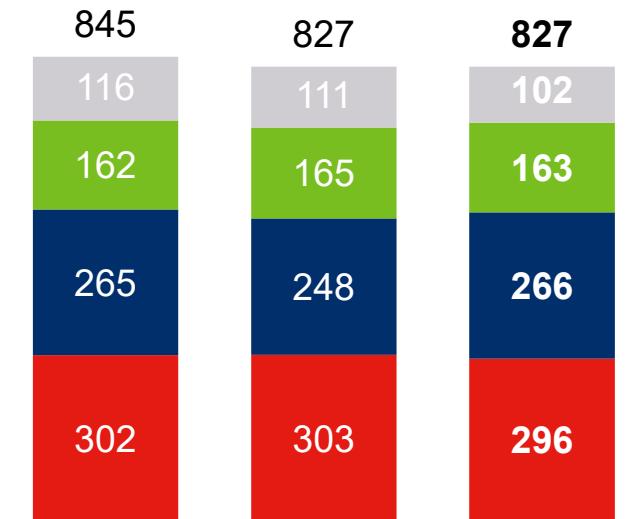
# Non-interest income up 5%<sup>1</sup>

(\$m)

## Net fees<sup>1</sup> Flat

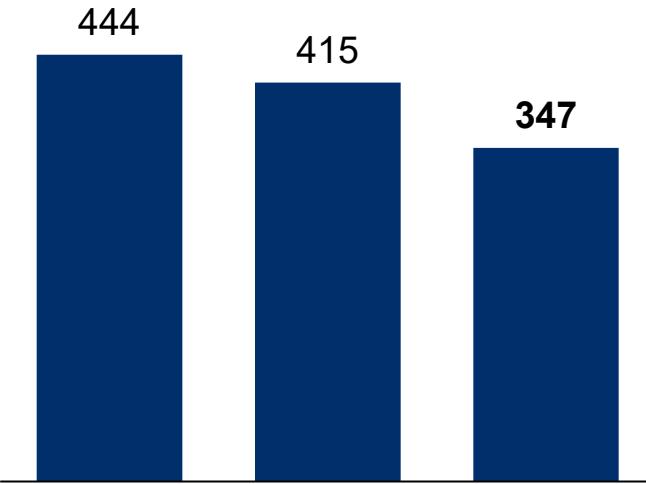
- **NZ:** Lower interchange fees
- **Consumer:** Lower payments remediation
- **WIB:** lower undrawn line fees, higher debt capital markets fees

■ WIB ■ Consumer ■ Business ■ Other



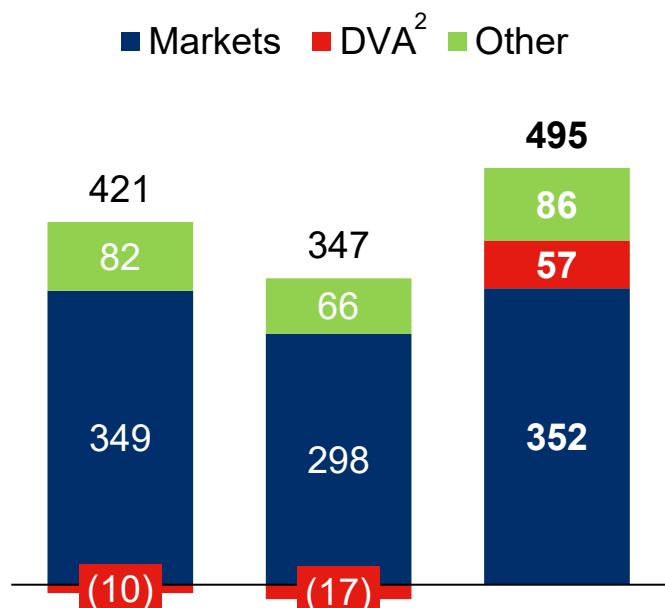
## Wealth<sup>1</sup> ▼ 16%

- Lower contribution from businesses sold



## Markets and other<sup>1</sup> ▲ 43%

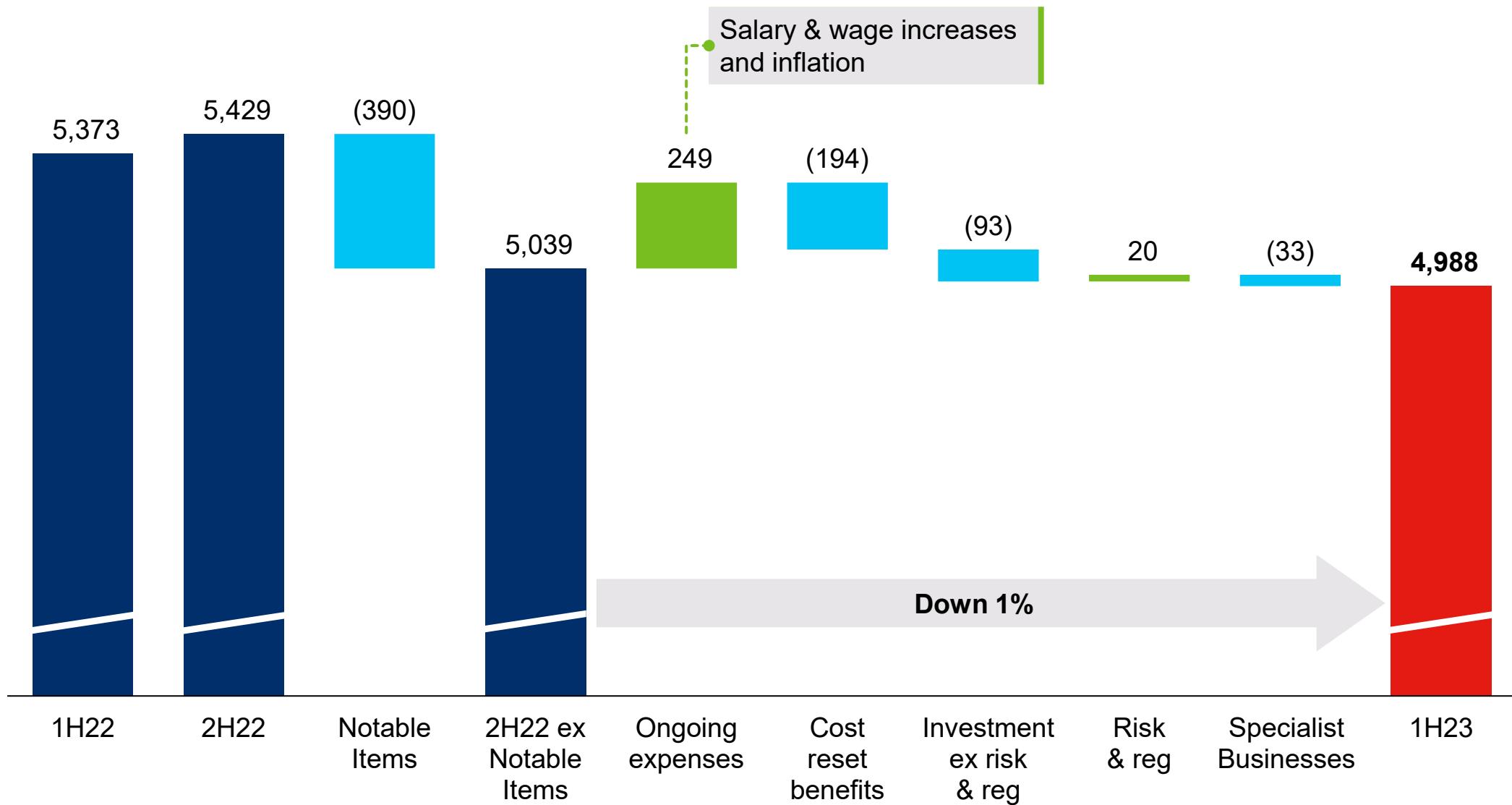
- Tightening credit spreads
- Higher sales volumes
- One-off in 2H22 - Australian life insurance completion adjustment



<sup>1</sup> Excludes the impact of Notable Items. <sup>2</sup> Derivative valuation adjustment (DVA) has been revised to include funding value adjustment and credit value adjustment (CVA). Previously DVA included only CVA. Prior periods have been restated.

# 1H23 expenses down 1%<sup>1</sup>

(\$m)

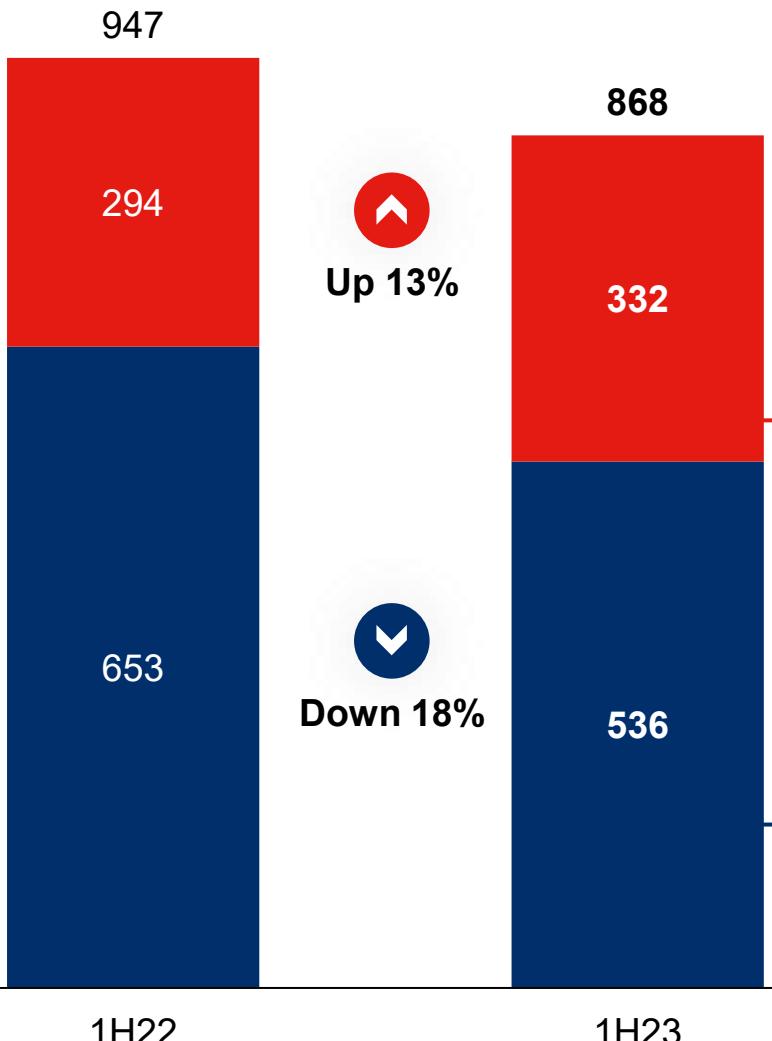


<sup>1</sup> Excluding the impact of Notable Items.

# Investment

(\$m)

■ Growth & productivity      ■ Risk & regulatory



Growth and productivity investment increased

- Mortgage origination platform
- Digital capability
- Corporate cash management platform
- Business process simplification

Regulatory compliance remains a priority

- |                |                   |
|----------------|-------------------|
| • CORE program | • Data collection |
| • Basel III    | • Financial Crime |
| • BS11         | • Cyber           |
| • Payments     | • Resilience      |

Investment spend (\$m)	1H22	2H22	1H23
Expensed	528	355	<b>287</b>
Capitalised <sup>1</sup>	419	685	<b>581</b>
<b>Total investment spend</b>	<b>947</b>	<b>1,040</b>	<b>868</b>
Avg amortisation period (years)	3.1	3.6	<b>4.5</b>

Capitalisation of investment increased with higher spend on platforms and infrastructure

<sup>1</sup> Includes capitalised software, fixed assets and prepayments.

# Credit impairment charge / (benefit) composition

(\$m)

Individually assessed provisions (IAP)

Collectively assessed provisions (CAP)

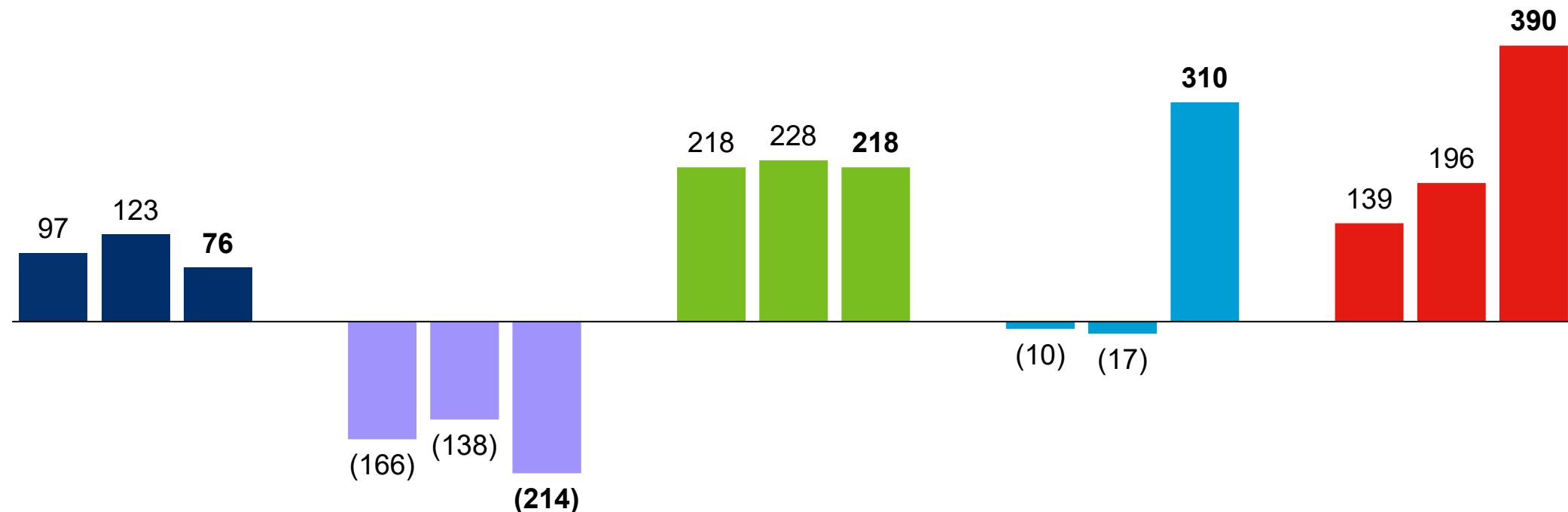
Total

New IAP

Write-backs  
& recoveries

Write-offs  
direct

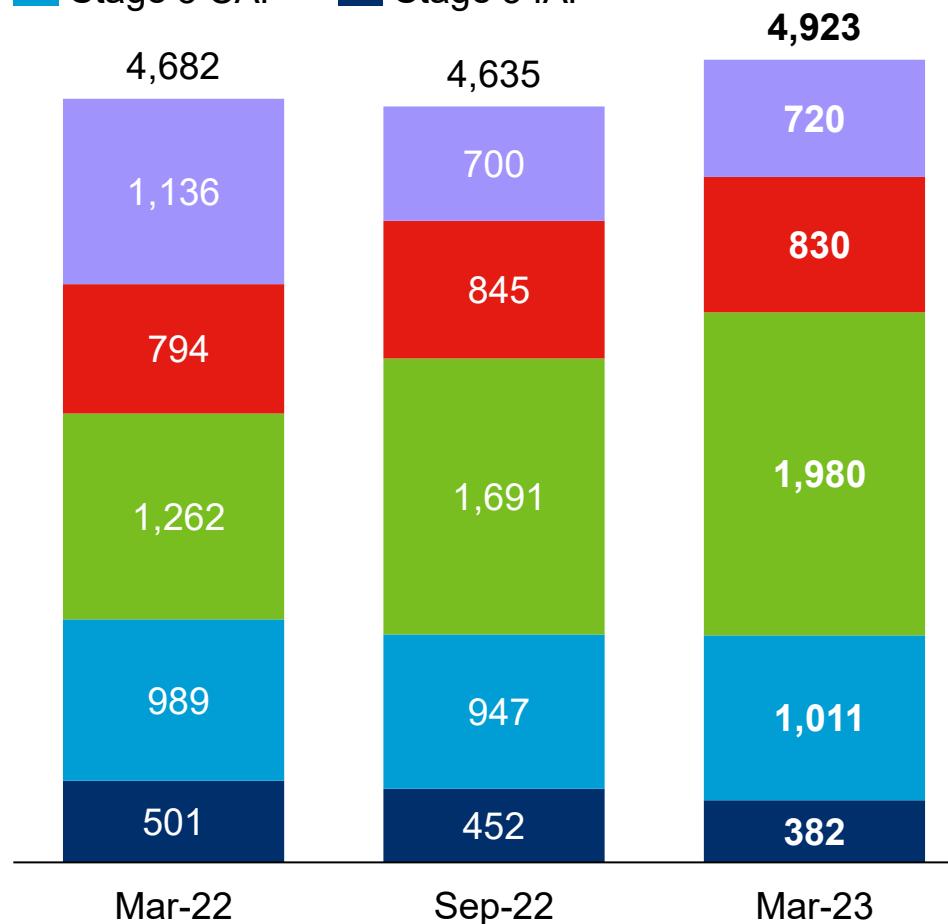
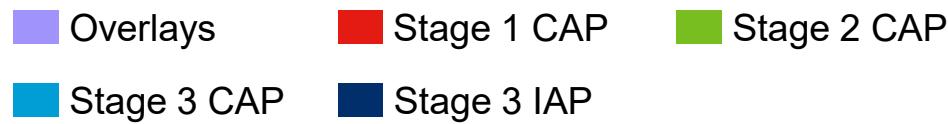
Other movement  
in CAP



1H22 2H22 1H23

# Impairment provisions \$1.5bn above base case

## Total impairment provisions (\$m)



CAP to credit RWA of 1.33%, up 17bps

Overlays higher

- New NZ weather-related events overlay
- Construction reduced, reflected in modelled scenarios

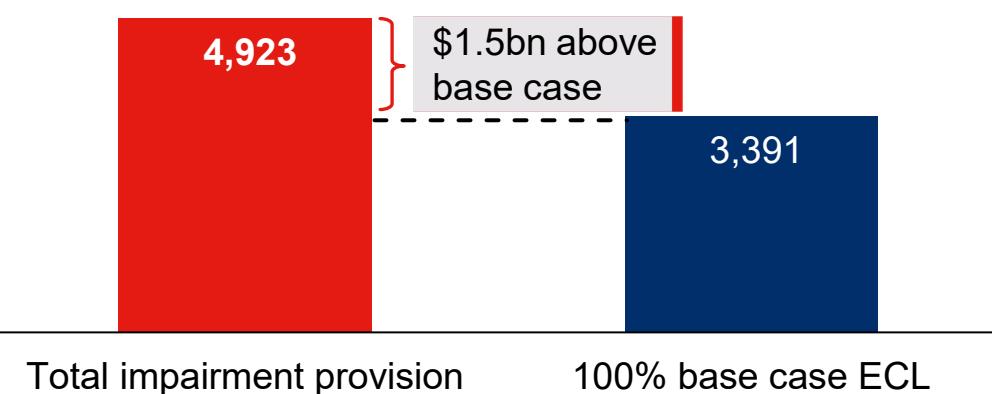
CAP (ex overlays) higher

- Updated economic forecasts
- Some deterioration in credit quality

IAP lower

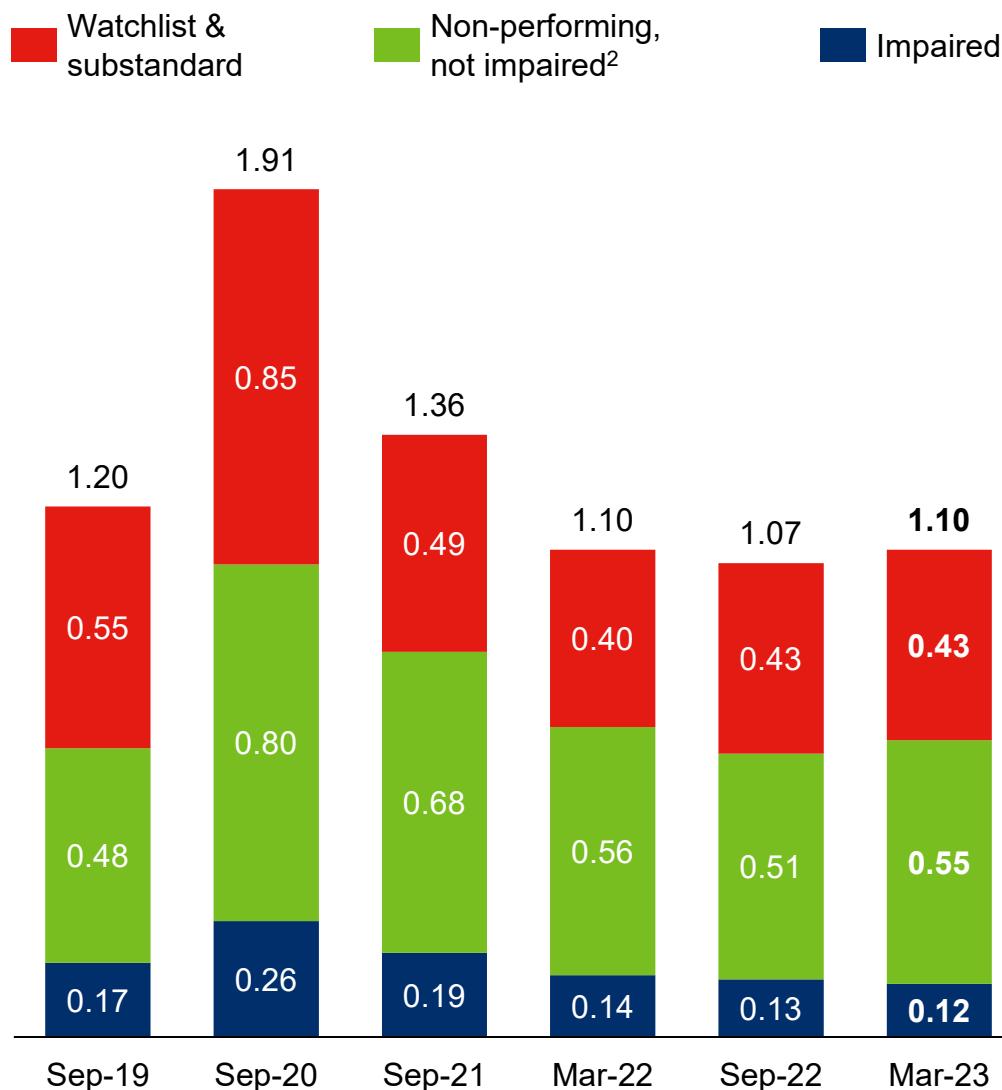
- Impaired asset provision coverage 43%

## Expected credit loss (ECL) (\$m)

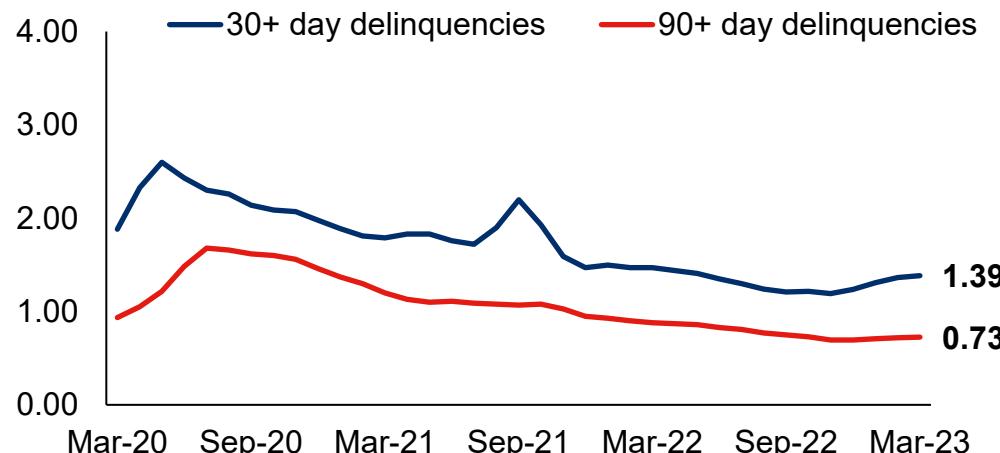


# Slight increase in early cycle delinquencies

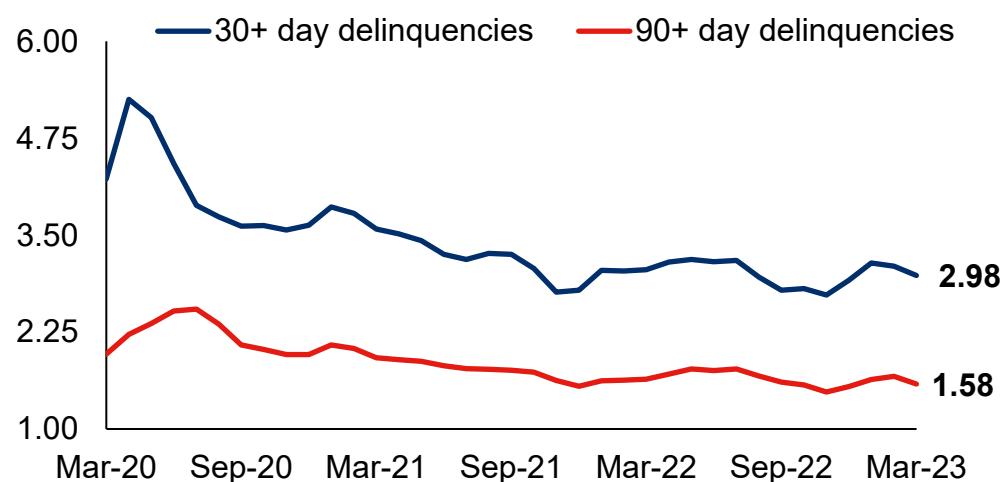
## Stressed exposures as a % of TCE<sup>1</sup>



## Australian mortgage delinquencies (%)



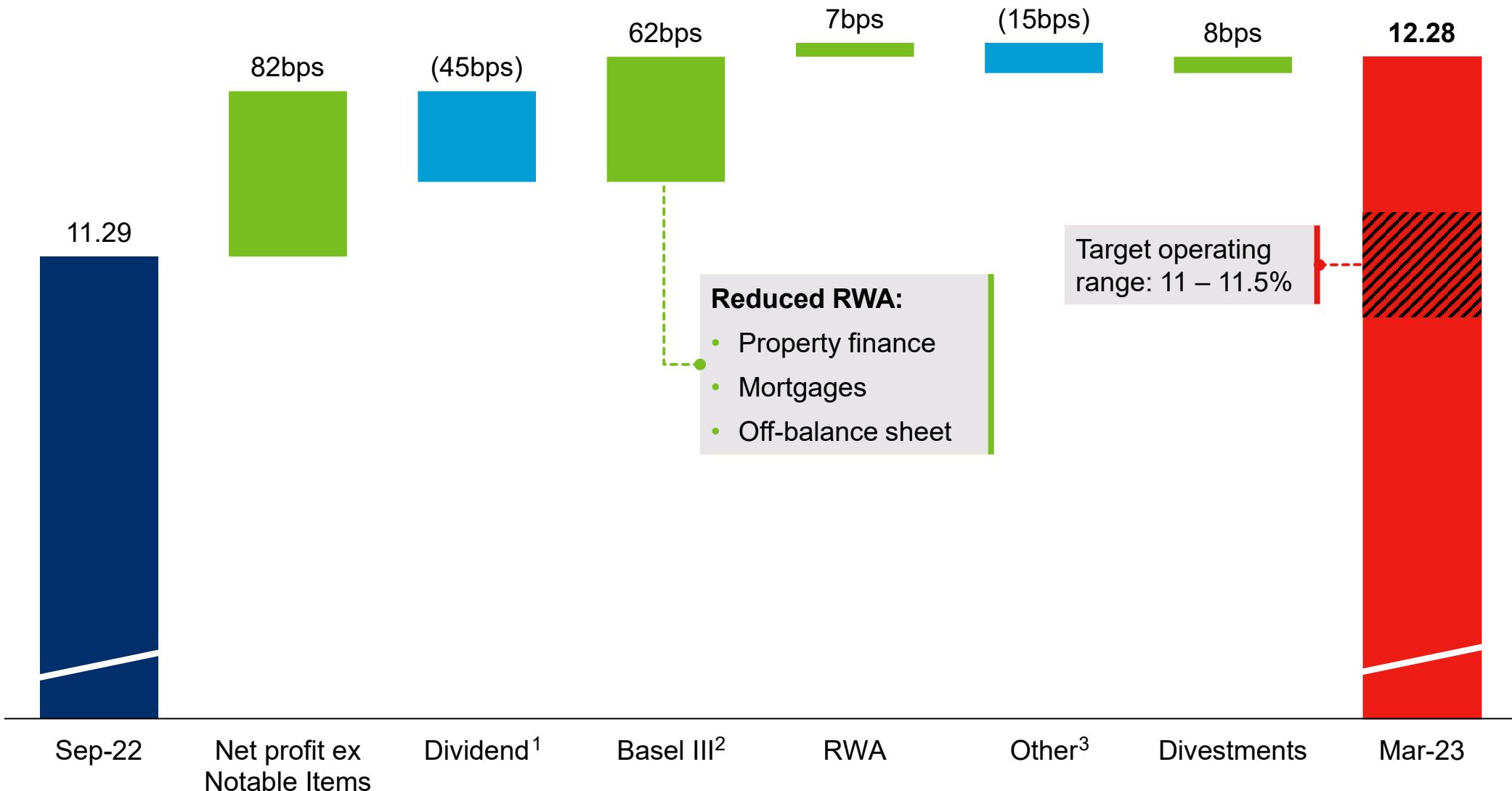
## Australian unsecured delinquencies (%)



<sup>1</sup> TCE is total committed exposure. <sup>2</sup> Non-performing not impaired exposure increase of 4bps due to APS 220 Credit Risk Management methodology change impacting Australian mortgage portfolio.

# Capital above top end of target operating range

CET1 Capital (%)



1 Net of dividend reinvestment plan. 2 APRA's revised capital framework effective 1 January 2023. 3 Capital deduction and other movements including FX translation impacts.

# Dividend 70 cps, up 15%<sup>1</sup>

Considers medium term outlook for return and growth



Sustainable payout ratio range 65 – 75%

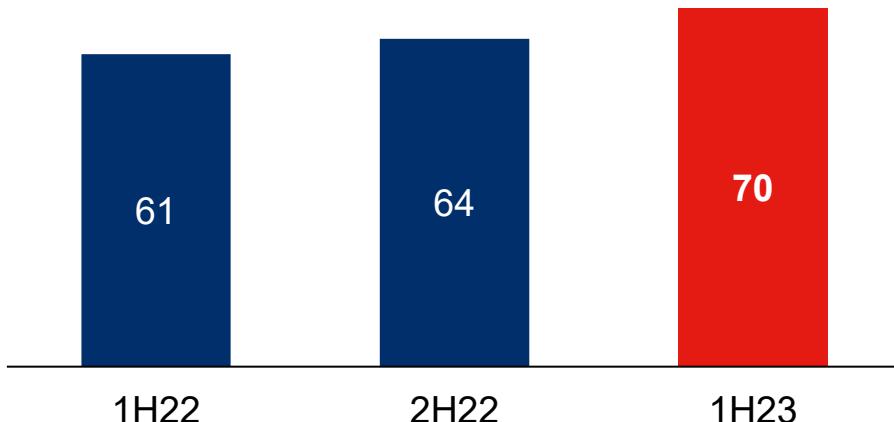


Interim dividend yield 6.5%<sup>2</sup>, fully franked 9.3%<sup>2</sup>



Neutralise DRP

Dividends per ordinary share (cents)



Dividend payout ratio (%)

	1H22	2H22	1H23
Net profit	65	93	61
Net profit (ex Notable Items)	69	65	64

<sup>1</sup> Compared to 1H22. <sup>2</sup> Based on 31 March 2023 closing price of \$21.66.

# 2H23 Margin outlook<sup>1</sup>

## Core NIM



- Core NIM peaked in Oct-22
- Exit NIM<sup>2</sup> 1.88%, 2 bps below 1H23 average of 1.90%

## Lending & deposits



- Expecting mortgages to remain very competitive
- Deposit mix impact
- Higher earnings on hedged deposits

## Capital



- Higher earnings on capital

## Funding



- Small drag from roll-off of TFF
- Wholesale funding costs broadly flat

1 This page contains 'forward-looking statements' and statements of expectation. Please refer to the disclaimer on page 126. 2 Exit refers to Core NIM for the month of March 2023.

# 2H23 Considerations<sup>1</sup>



## Revenue



- Headwinds on margin
- System credit growth easing
- Focus on increasing business lending
- Full period impact of business exits



## Expenses



- Cost discipline maintained
- Risk and regulatory costs, wages and inflation to remain elevated



## Credit quality



- Start 2H23 with sound credit quality
- Expect some deterioration in credit metrics



## Balance sheet



- Conservative balance sheet settings
- Maintain capital above operating range – flexibility for future capital management

<sup>1</sup> This page contains 'forward-looking statements' and statements of expectation. Please refer to the disclaimer on page 126.

# Peter King

Chief Executive Officer

# Priorities and outlook

➤ Slowing economic growth

➤ Credit portfolio resilient to date

➤ Supporting customers

➤ Strong financial position provides flexibility

➤ Disciplined growth

➤ Focus on cost reset

## Australian economic forecasts<sup>1</sup>

	Dec-22	Dec-23	Dec-24
Cash rate	3.10%	3.85%	2.85%
GDP	2.7%	1.0%	1.5%
Unemployment rate	3.5%	4.5%	5.0%
Inflation	7.8%	4.0%	3.1%
Credit growth	7.8%	3.2%	3.5%
House price growth	(7.1%)	0.0%	5.0%

<sup>1</sup> From Westpac Economics.

# Investor Discussion Pack

 Westpac GROUP

# Why Westpac

Overview

Australia's first bank  
and oldest company  
founded in 1817

Member of Net-Zero Banking  
Alliance, supporting  
customers' transition to a net-  
zero economy by 2050

Organisational Health Index  
at 75, +3 versus global median

Improved total shareholder  
return, dividend **70 cents per  
share up 15%** in 1H23<sup>1</sup>

**Strong balance sheet** with  
high capital ratios, strong  
funding and liquidity, and sound  
credit provisions

**Highly rated bank** with credit  
ratings<sup>2</sup> AA- / Aa3 / A+

**Second largest market share**  
in Australian mortgages and  
household deposits<sup>3</sup>

#2 Digital Bank App<sup>4</sup>  
Mobile App NPS<sup>5</sup> at +31

Australian consumer MFI<sup>5</sup>  
share at 18%, ranking #2

Multi-brand serving **12.8 million customers**



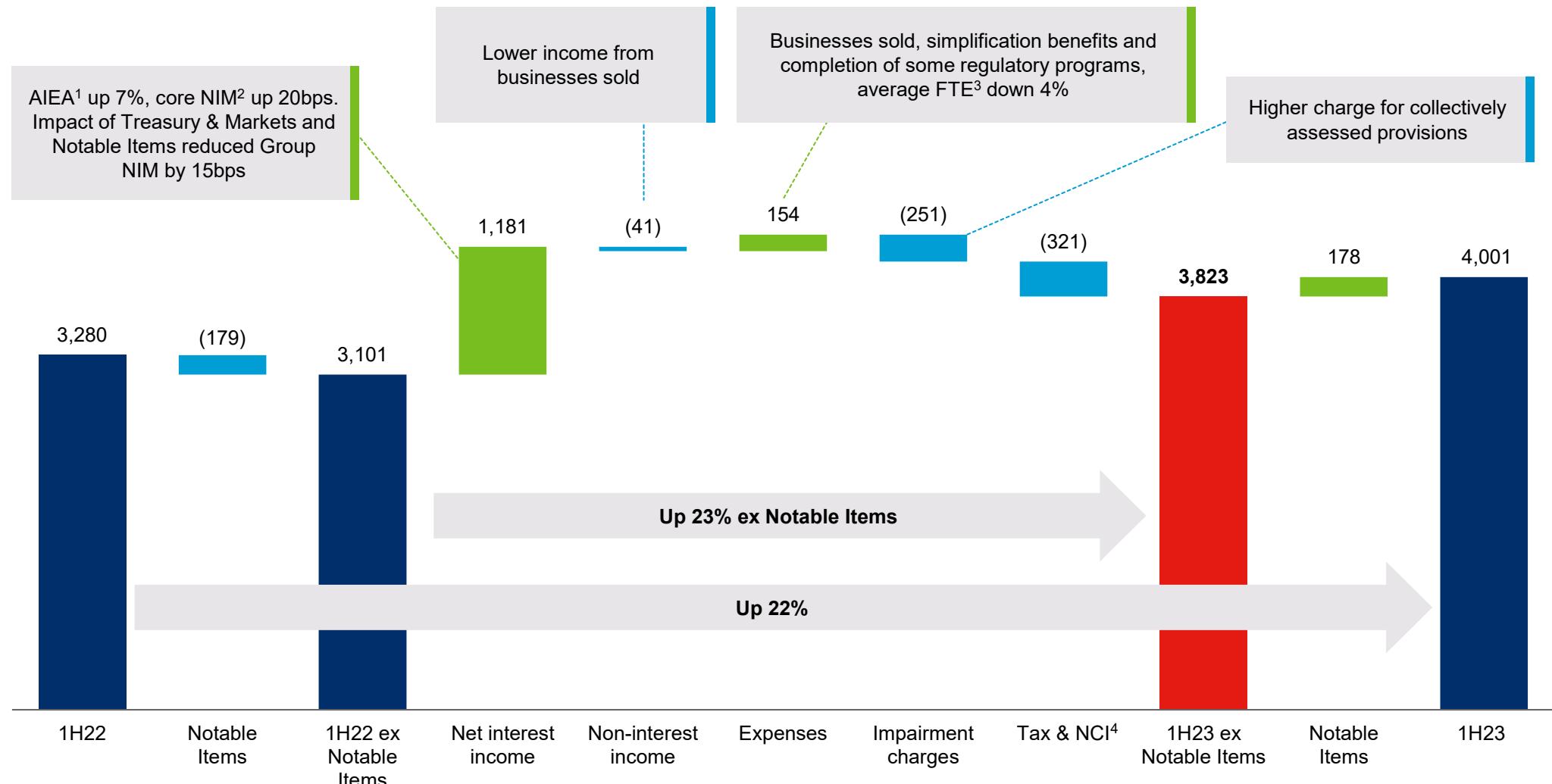
1 Compared to prior corresponding period (1H22). 2 S&P Global Ratings, Moody's Investors Service and Fitch Ratings respectively. All three credit rating agencies have Westpac Banking Corporation on a stable outlook. 3 Based on APRA statistics at March 2023. 4 Forrester Research: Digital Experience Review™ – Australian Mobile Banking Apps, Q3 2022. 5 For further details on metric provider see page 124.

# Earnings drivers

# 1H23 Net profit

Earnings

## Net profit 1H22 – 1H23 (\$m)

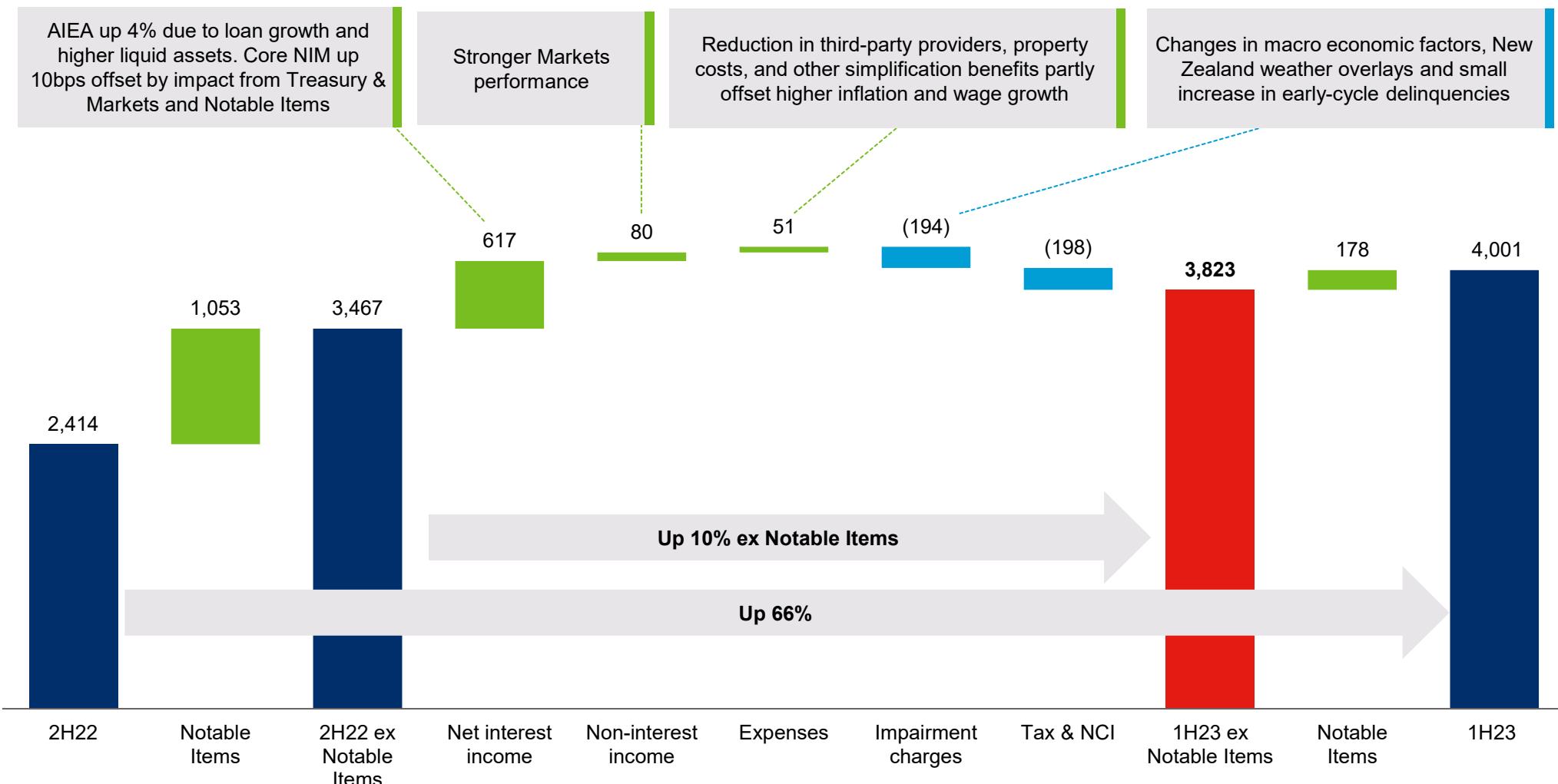


<sup>1</sup> Average interest-earning assets. <sup>2</sup> Net interest margin. <sup>3</sup> Full time equivalent. <sup>4</sup> Non-controlling interests.

# 1H23 Net profit

Earnings

## Net profit 2H22 – 1H23 (\$m)



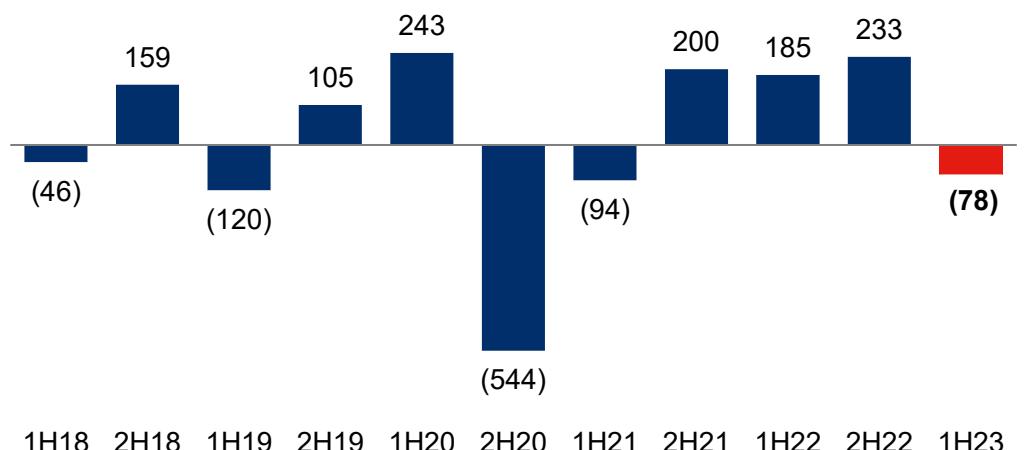
# Single measure of performance – net profit

Earnings

- Westpac uses net profit to assess financial performance at both a Group and segment level
- Notable Items broadly fall into the following categories:
  - Large items that are not reflective of the Group's ordinary operations which may include:
    - Provisions for remediation, litigation, fines and penalties
    - The impact of asset sales and revaluations
    - The write-down of assets (including goodwill and capitalised software)
    - Restructuring costs
  - Unrealised fair value gains and losses on economic hedges that do not qualify for hedge accounting
  - Net ineffectiveness on qualifying hedges

Notable Items (\$m after tax)	1H22	2H22	1H23
Provisions for litigation, fines and penalties	(65)	(68)	-
Asset sales and revaluations	213	(1,089)	256
Write-down of assets	(154)	(129)	-
Economic hedges	204	266	(121)
Hedge ineffectiveness	(19)	(33)	43
<b>Total Notable Items</b>	<b>179</b>	<b>(1,053)</b>	<b>178</b>

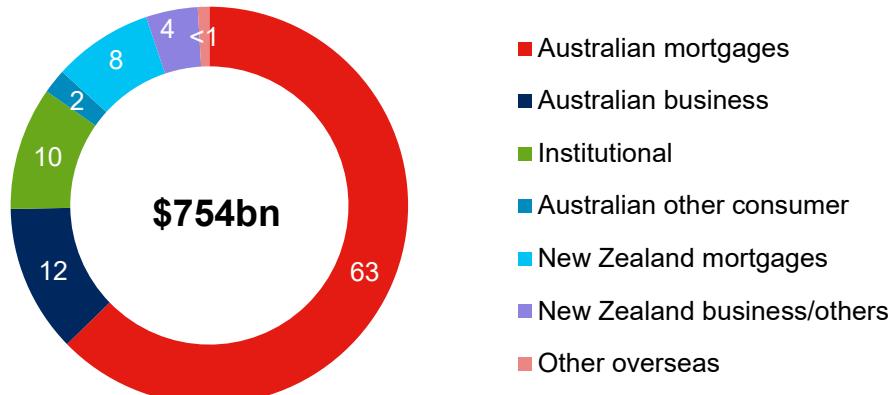
**Hedging volatility (\$m)**



# Composition and movement in lending

Revenue

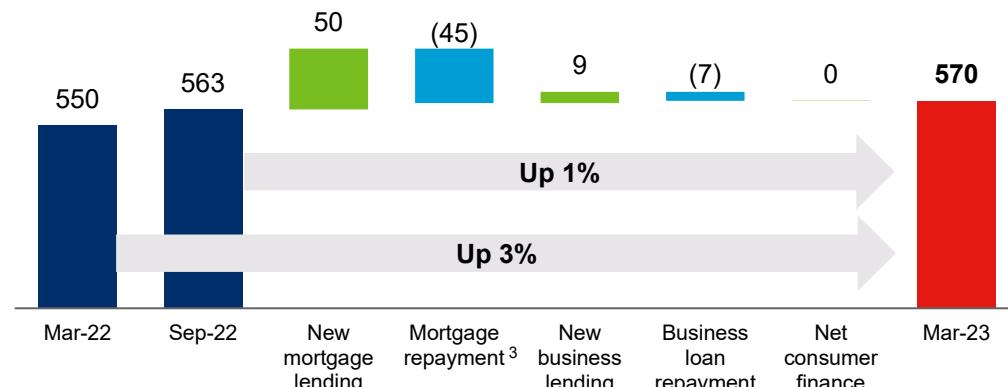
## Composition of loans<sup>1,2</sup> (% of total)



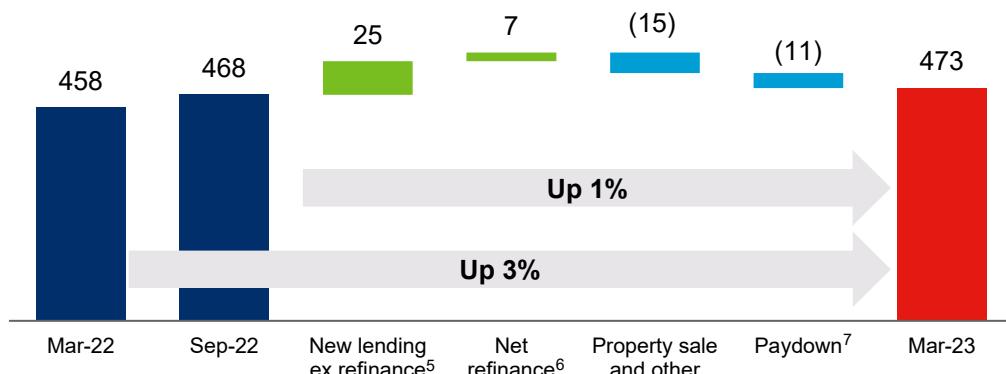
## Movement in gross loans (\$bn)



## Australian lending (\$bn) Consumer and Business segments



## Australian mortgage lending (\$bn)



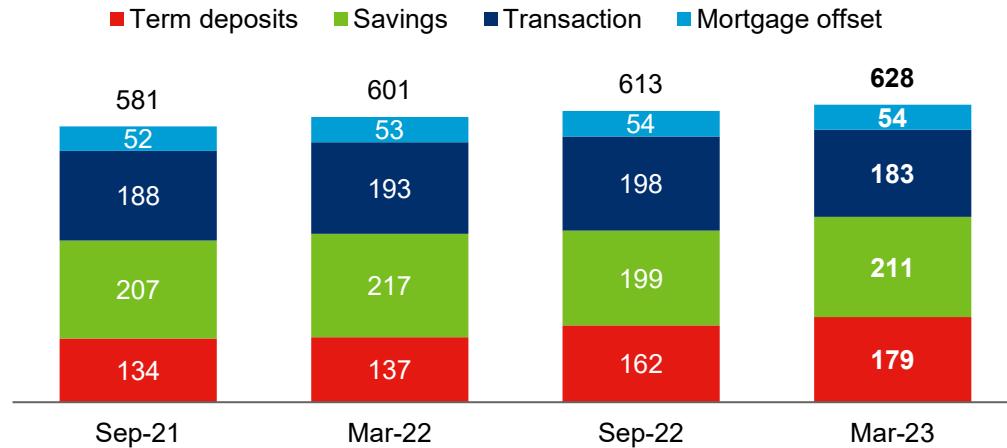
Charts may not add due to rounding.

<sup>1</sup> Gross loans. <sup>2</sup> In A\$. Movement in local currency was NZ\$1.4 billion. <sup>3</sup> Includes refinance, redraw, property sales, repayment and others. <sup>4</sup> Includes Group Businesses and Specialist Businesses. <sup>5</sup> Excludes external refinance. <sup>6</sup> External refinance only. <sup>7</sup> Includes redraws.

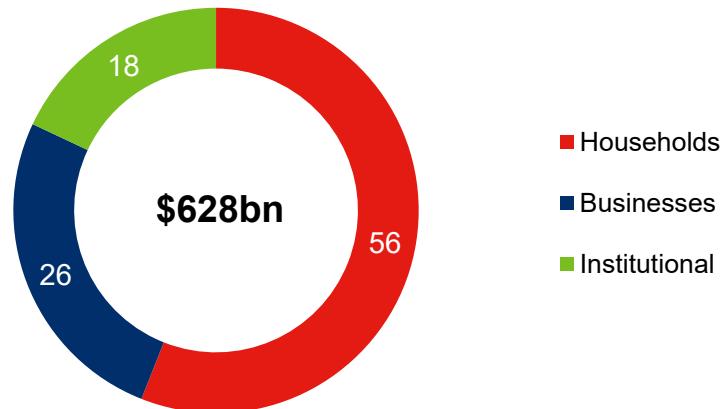
# Composition and movement in deposits

Revenue

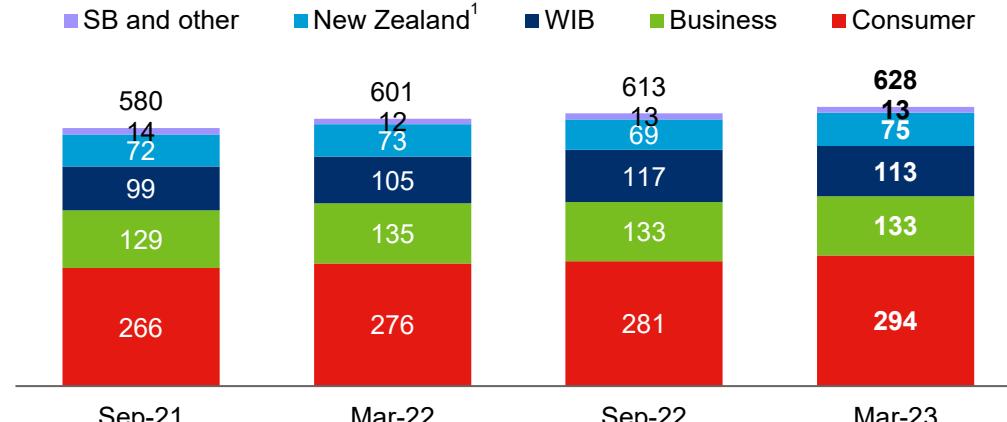
## Customer deposits by type (\$bn)



## Composition of deposits (% of total)



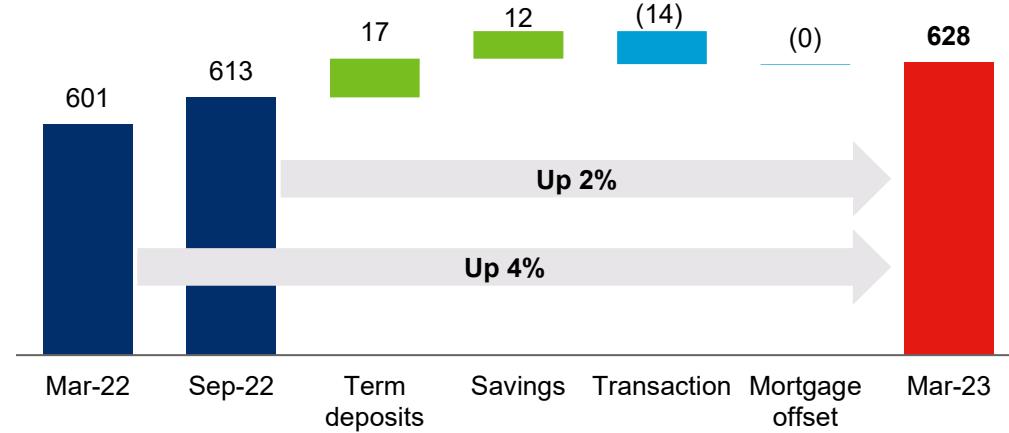
## Customer deposits by segment (\$bn)



Charts may not add due to rounding.

<sup>1</sup> In A\$. Movement in local currency over the half was NZ\$1.9 billion.

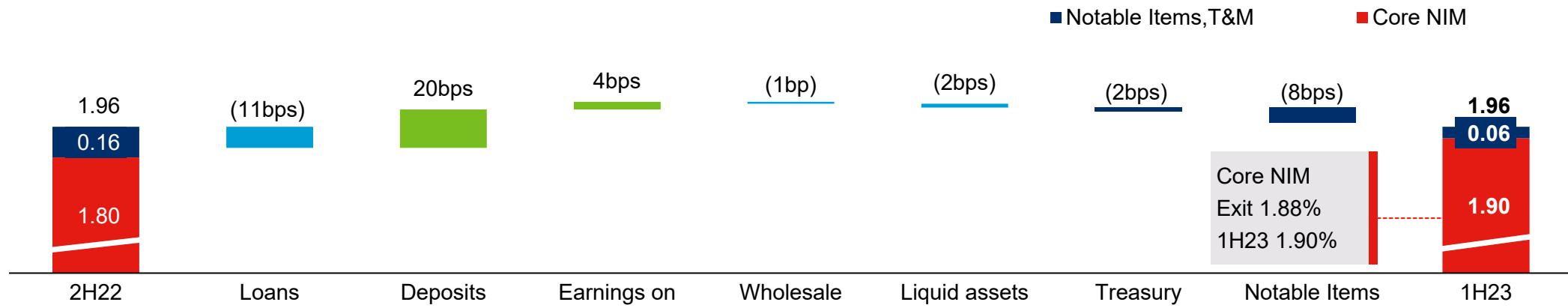
## Customer deposit movements (\$bn)



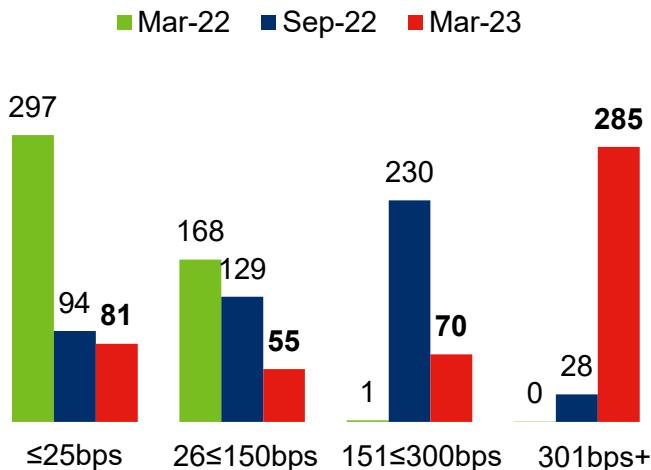
# Net interest margin

Revenue

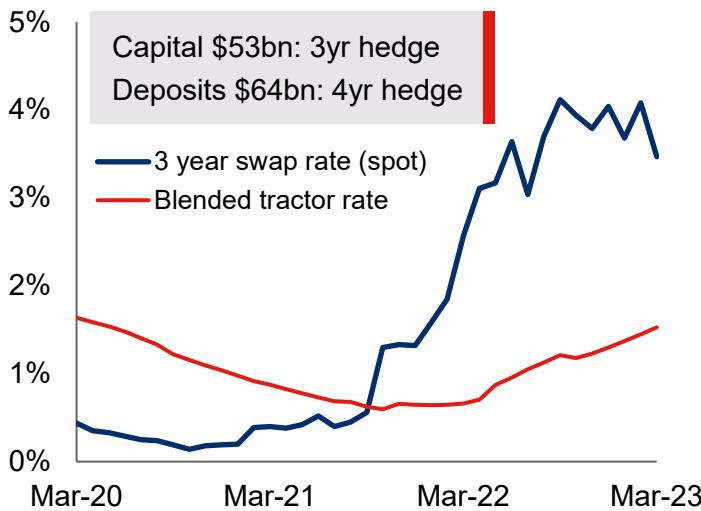
## Net interest margin (% and bps)



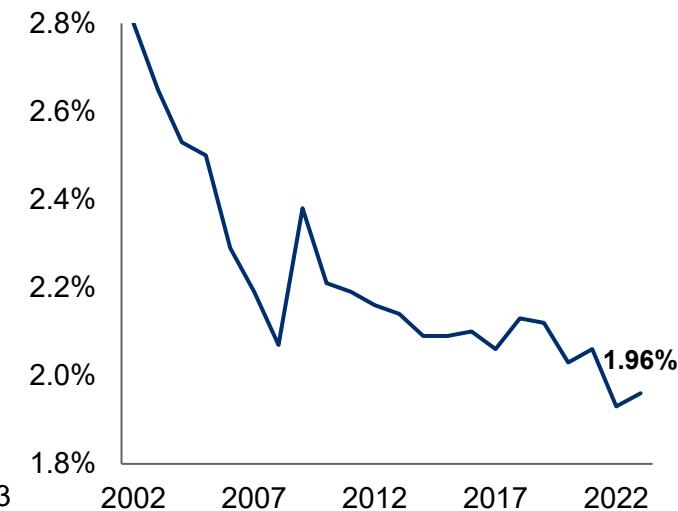
## Australian deposits<sup>1</sup> by interest rate bands (\$bn)



## Tractor rate



## Group NIM<sup>2</sup> over 20 years (%)



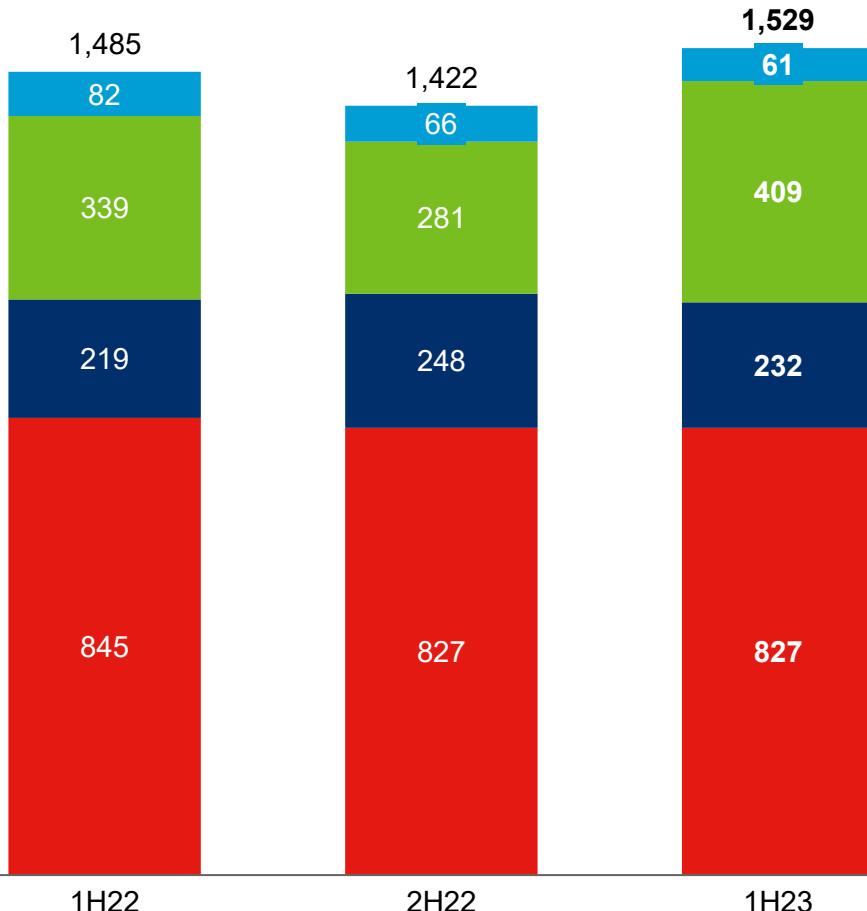
1 Excludes mortgage offset balances. Prior period numbers have been updated. 2 On statutory profit basis.

# Non-interest income<sup>1</sup>

Revenue

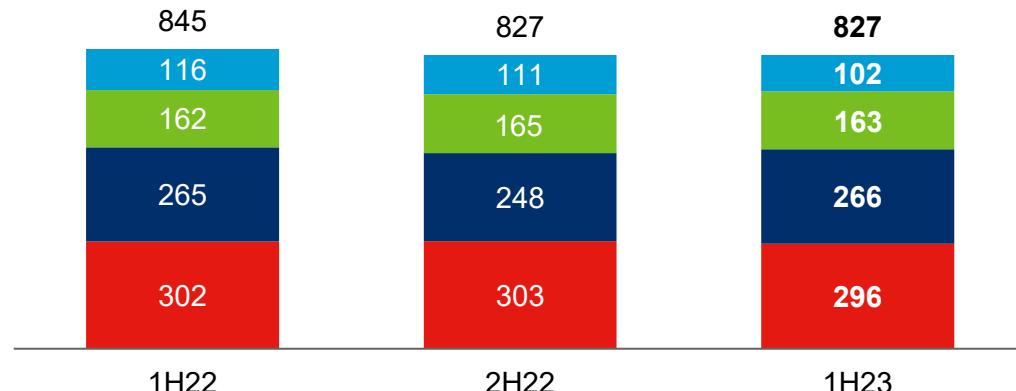
## Non-interest income by type (\$m)

■ Fees ■ Wealth management ■ Markets ■ Other



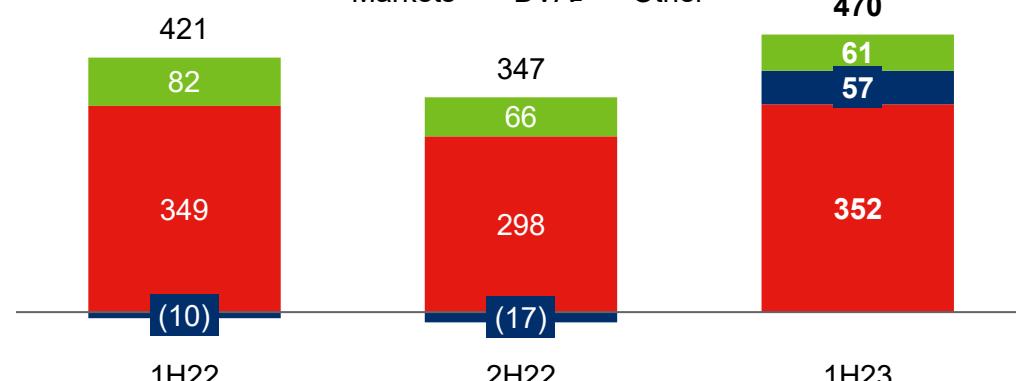
## Net fee income (\$m)

■ WIB ■ Consumer ■ Business ■ Other



## Markets and other (\$m)

■ Markets ■ DVA<sub>2</sub> ■ Other

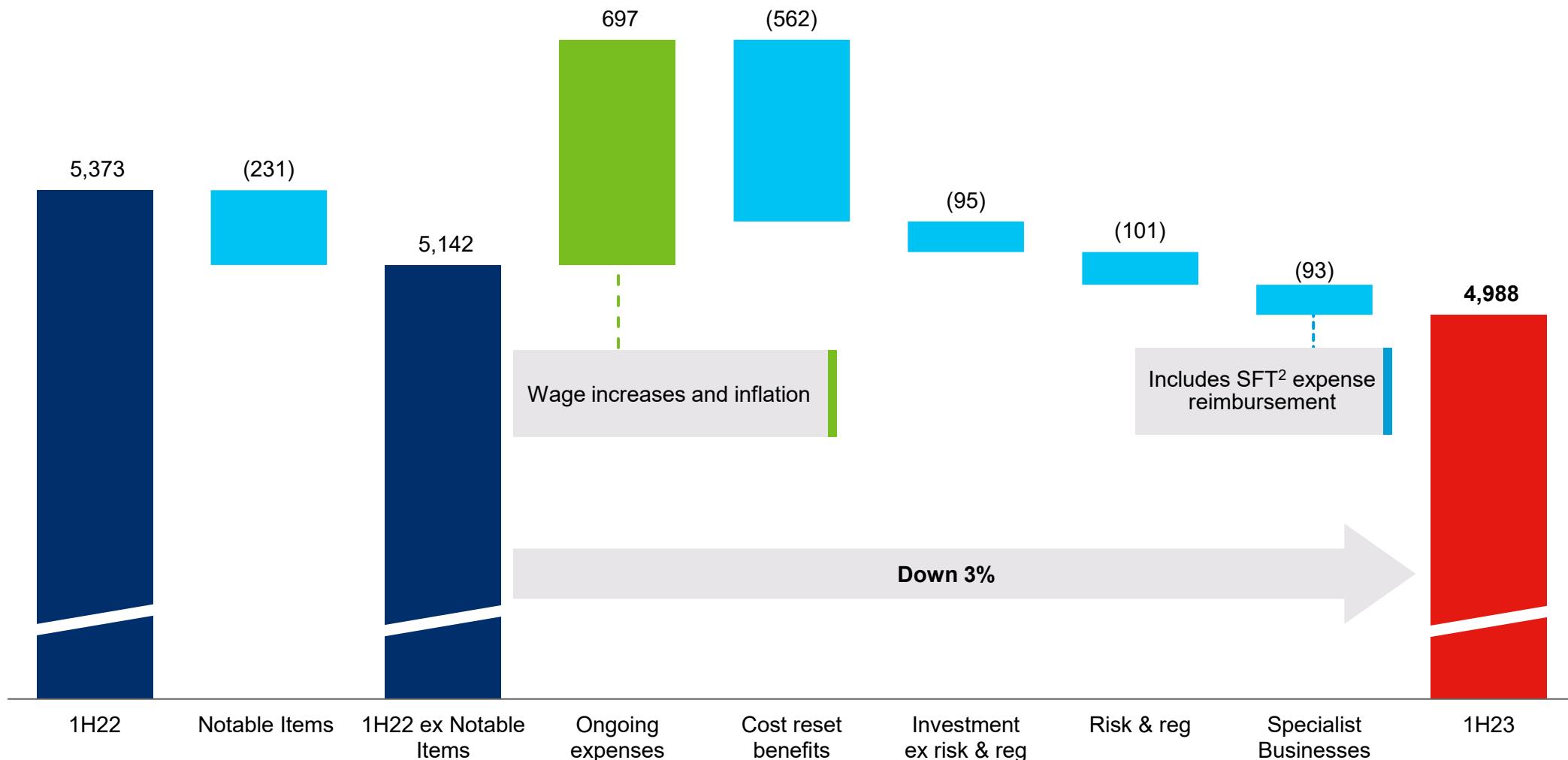


<sup>1</sup> Excluding Notable items and businesses sold. Income for businesses sold includes Motor Vehicle Finance & Novated Leasing, New Zealand life insurance and Australian life insurance, AAML and BT Super successor fund transfer; prior figures have been aligned to current presentation for comparability. <sup>2</sup> Derivative valuation adjustment (DVA) has been revised to include funding value adjustment and credit value adjustment (CVA). Previously DVA included only CVA. Prior periods have been restated.

# Expenses

Expenses

Operating expenses declined 3% despite inflationary pressures<sup>1</sup>



<sup>1</sup> Excluding the impact of Notable Items. Compared to prior corresponding period. <sup>2</sup> Successor fund transfer of BT Super to Mercer

# Selected cost reset initiatives

Expenses

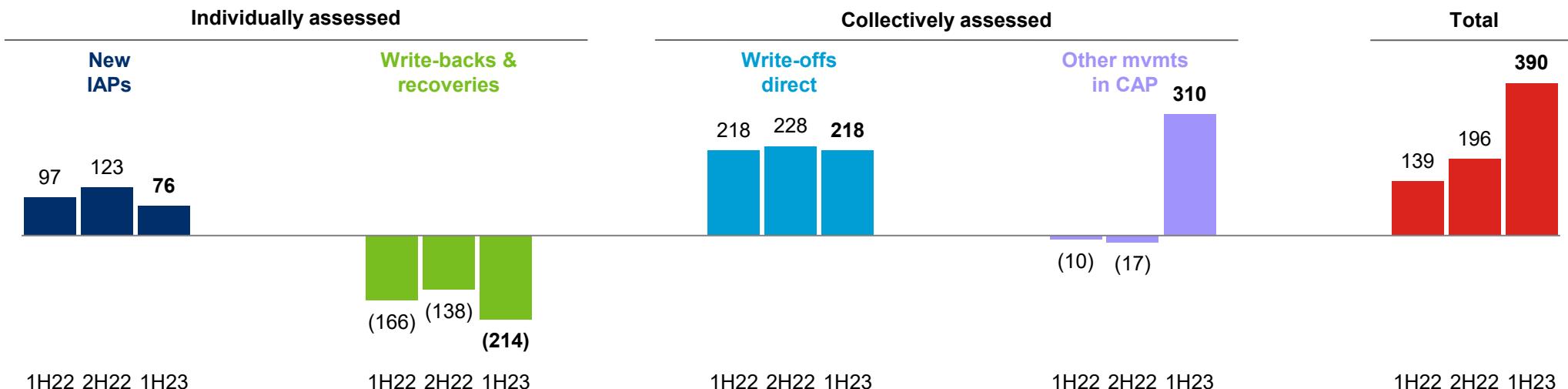
	Metric	FY20 baseline	FY22	1H23
<b>Portfolio simplification</b>	<ul style="list-style-type: none"> <li>Sale of non-core businesses</li> </ul>	1 under sale agreement	7 completed	9 completed <sup>7</sup>
<b>Business simplification</b>	<ul style="list-style-type: none"> <li>Mortgages processed on digital origination platform<sup>1</sup></li> <li>Consumer sales via digital<sup>2</sup></li> <li>Branch transactions<sup>3</sup></li> <li>Number of products<sup>4</sup></li> </ul>	32% 42% 29 million 1,191	82% 43% 23 million 805	92% <sup>8</sup> 43% 22 million <sup>9</sup> 785
<b>Organisational simplification</b>	<ul style="list-style-type: none"> <li>Offshore locations<sup>5</sup></li> <li>Reduce third-party and contractor spend by more than \$200m p.a.<sup>6</sup></li> <li>Reduce head office roles – more than 20%</li> </ul>	8  >\$200m (12%)	7  >\$200m <sup>9</sup> (12%)	7  >\$200m <sup>9</sup> (12%)

<sup>1</sup> Percentage of home loan applications through mortgage origination platform for 1<sup>st</sup> and 3<sup>rd</sup> party lending (excluding RAMS). FY24 target refers to both 1<sup>st</sup> and 3<sup>rd</sup> party across Consumer. <sup>2</sup> Refer to page 124 for definition. <sup>3</sup> Reduction to FY24 represents decrease on baseline. <sup>4</sup> Includes products for sale and not for sale across Australia and New Zealand, except for institutional products which are for sale only. <sup>5</sup> Represents international locations excluding New Zealand and Westpac Pacific. <sup>6</sup> \$200m is based on savings from volume and rate management, and includes consulting engagements. <sup>7</sup> Cumulative. <sup>8</sup> Relates to the month of March 2023. <sup>9</sup> Annualised.

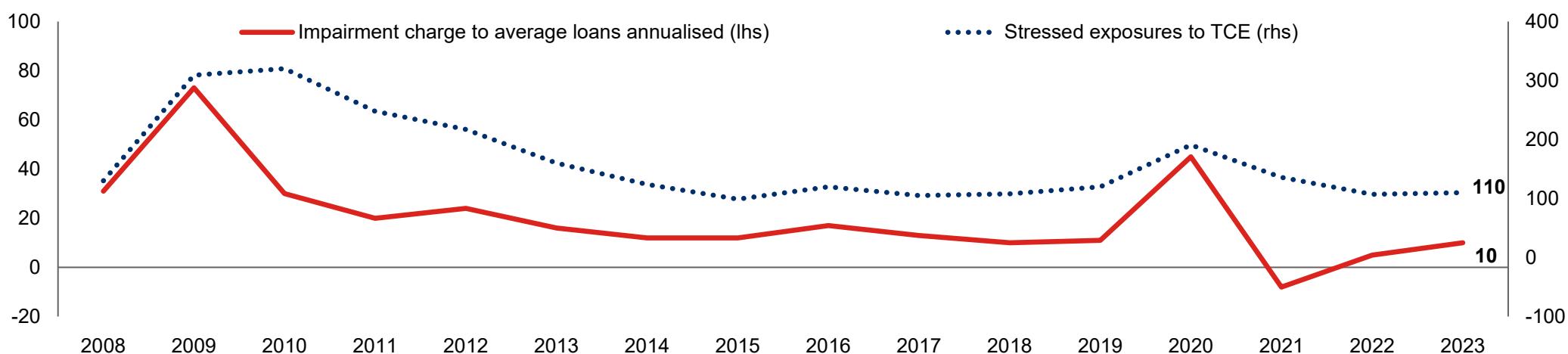
# 1H23 impairment charge of \$390m

Impairment charges

## Impairment charges (\$m)



## Impairment charges and stressed exposures (bps)

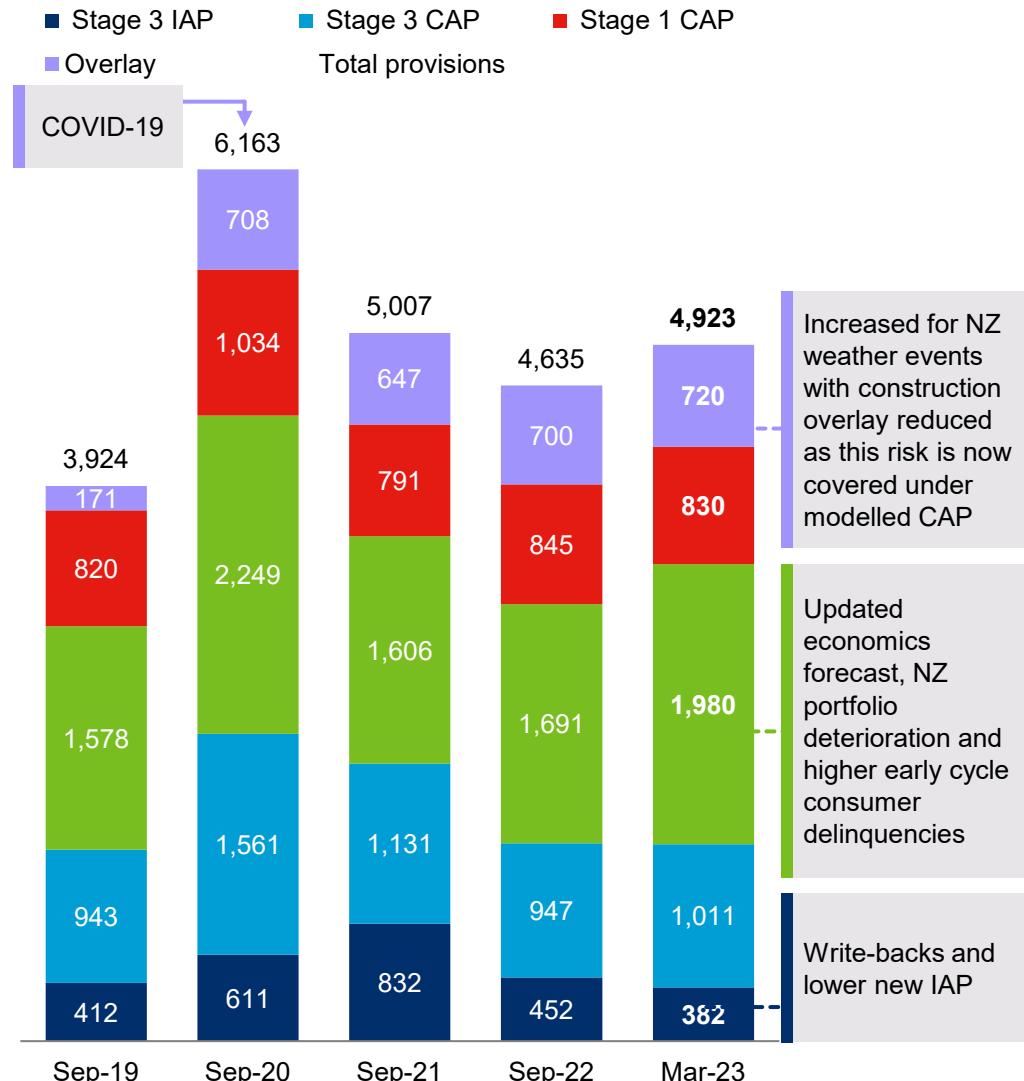


# Credit quality and provisions

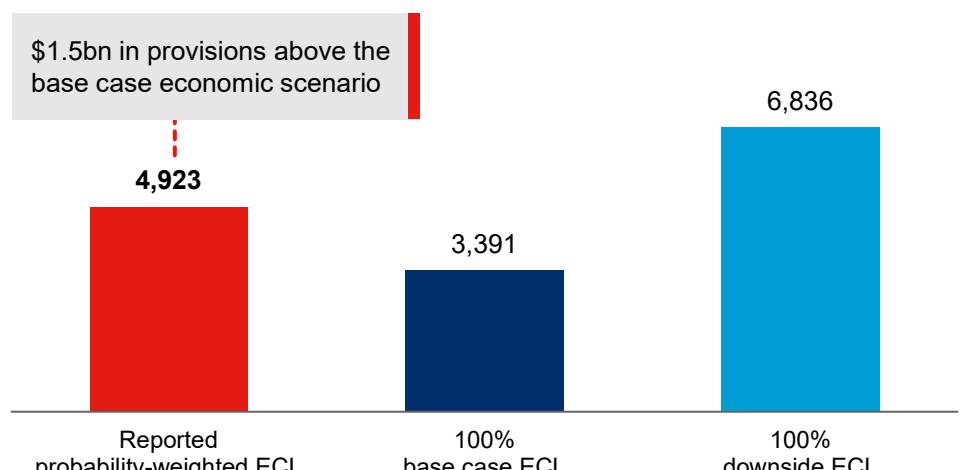
# Provisions for expected credit loss

Credit quality

## Total provisions for expected credit losses<sup>1</sup> (\$m)



## Expected credit loss<sup>1</sup> (ECL) (\$m)



### Forecasts for base case economic scenario<sup>2</sup>

	Base case	Downside	
	2023	2024	Trough / peak <sup>3</sup>
GDP growth	1.0%	1.5%	(6%)
Unemployment	4.7%	5.1%	11%
Residential property prices	(7.8%)	2.0%	(27%)
Commercial property prices	(9.4%)	1.4%	(32%)

<sup>1</sup> Includes provisions for debt securities. <sup>2</sup> Forecast date is 21 March 2023. <sup>3</sup> These KEIs represent trough or peak values that characterise the scenarios considered in setting downside severity. Residential and commercial forecasts represent cumulative reduction over a two-year period.

# Provision cover

Credit quality

## Key ratios

	Mar-22	Sep-22	Mar-23
Provisions to gross loans (bps)	65	62	<b>65</b>
Impaired asset provisions to impaired assets (%)	48	48	<b>43</b>
Collectively assessed provisions to credit RWA (bps) <sup>1</sup>	116	116	<b>133</b>

## Exposures as a % of TCE

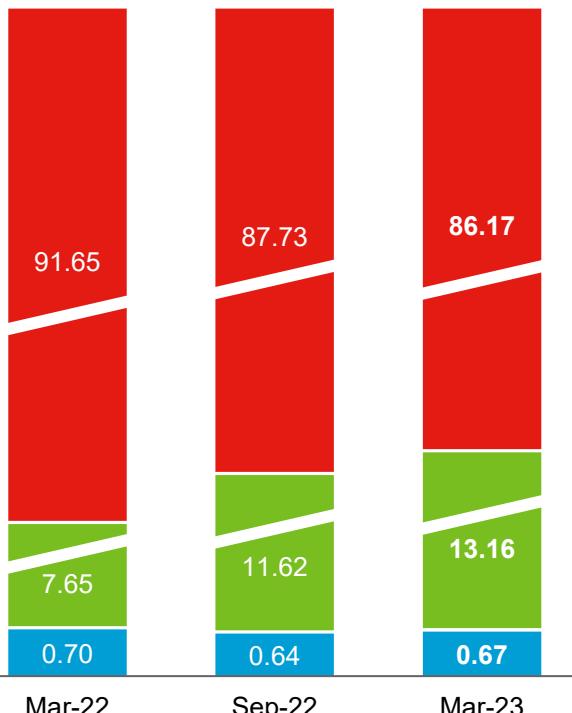


Chart does not add to 100 due to rounding.

1 The adoption of APRA's revised capital framework added 8bps to the CAP to credit RWA ratio. Prior periods have not been restated. 2 Regulatory changes extending the period over which exposures remain classified as non-performing before they can be reclassified as performing.

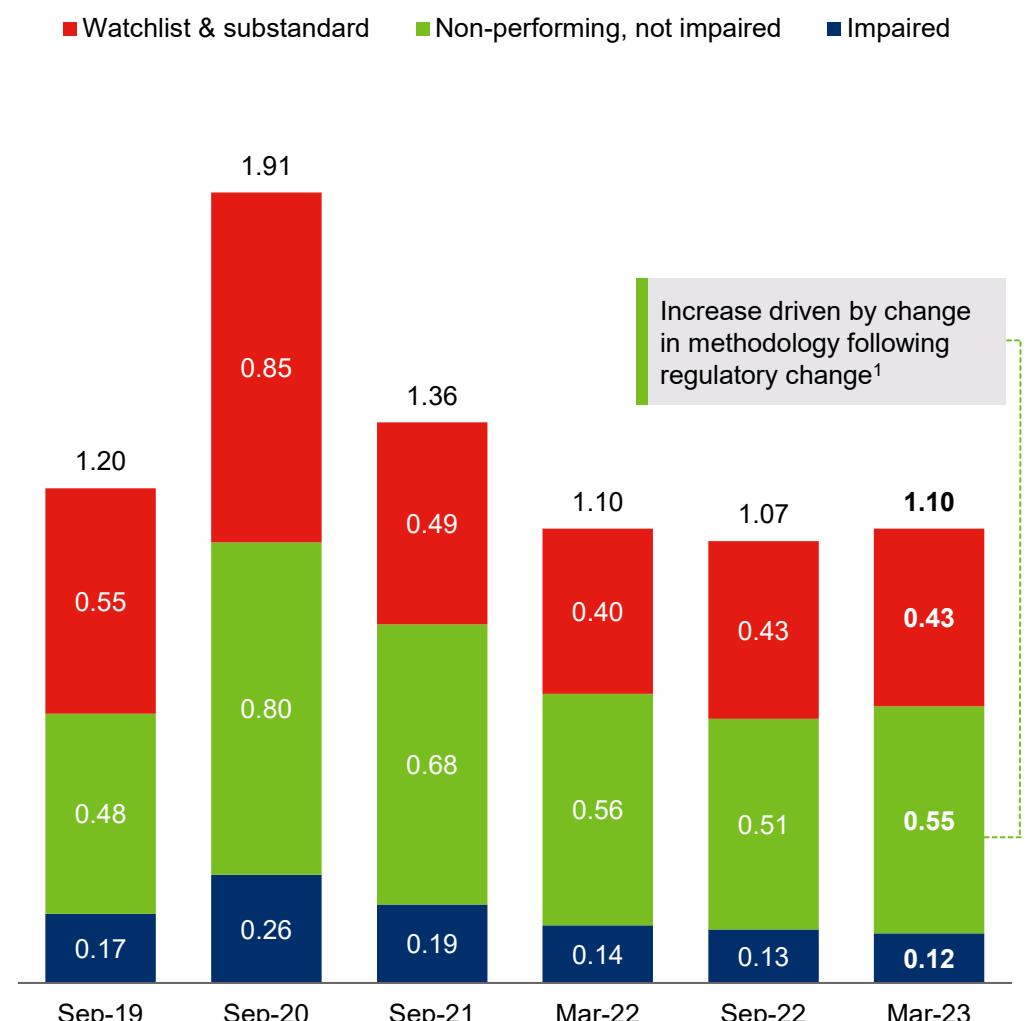
## Provisioning to TCE (%)

	Mar-22	Sep-22	Mar-23
<b>Stage 1 provisions</b>			
Fully performing portfolio	0.10	0.09	<b>0.09</b>
<b>Stage 2 provisions (includes portfolio overlays)</b>			
Non-stressed but significant increase in credit risk	1.92	1.35	<b>1.33</b>
Watchlist & substandard	10.95	11.05	<b>10.93</b>
<b>Stage 3 provisions</b>			
Non-performing, not impaired	10.62	11.07	<b>11.06</b>
Impaired	48.03	47.97	<b>42.81</b>

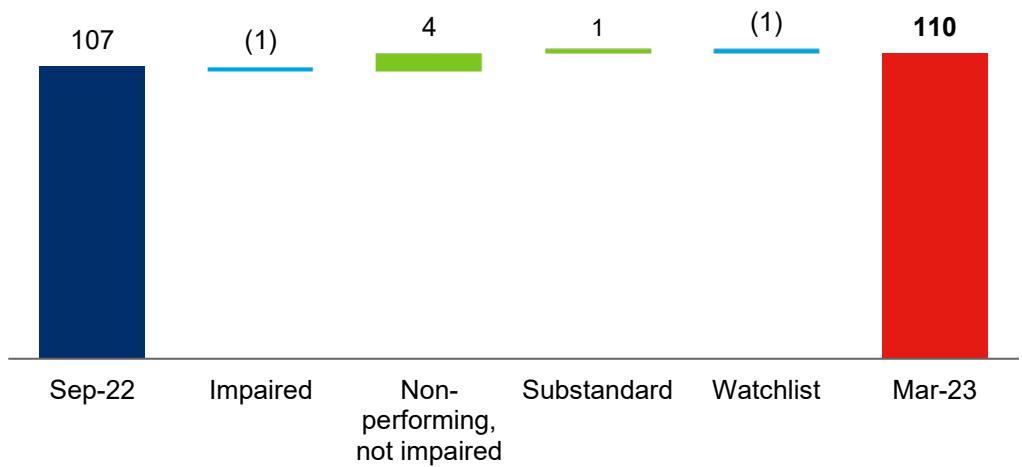
# Credit quality metrics stable

Credit quality

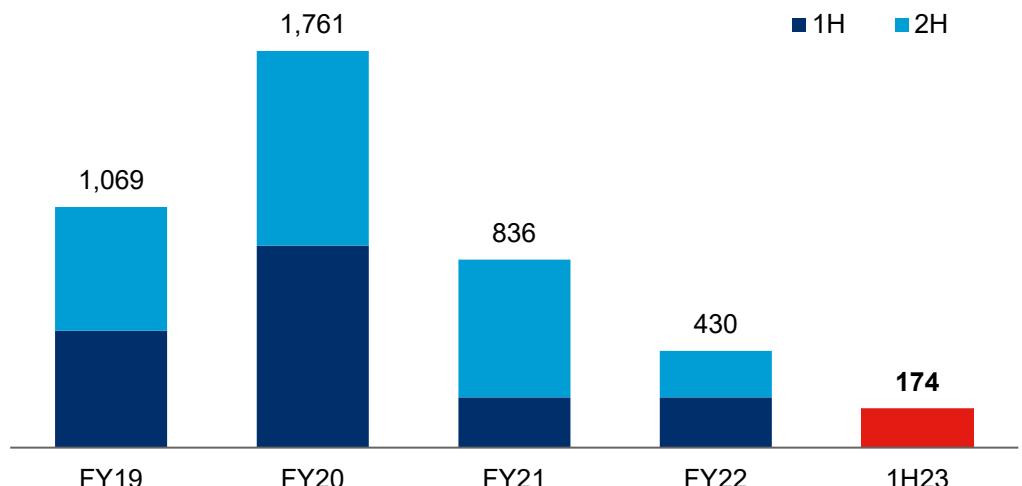
## Stressed exposures as a % of TCE



## Movement in stress categories (bps)



## New and increased gross impaired assets (\$m)<sup>2</sup>



<sup>1</sup> Non-performing not impaired exposure increase of 4bps due to APS 220 Credit Risk Management methodology change impacting Australian mortgage portfolio. <sup>2</sup> Includes exposures that are managed on a facility by facility basis.

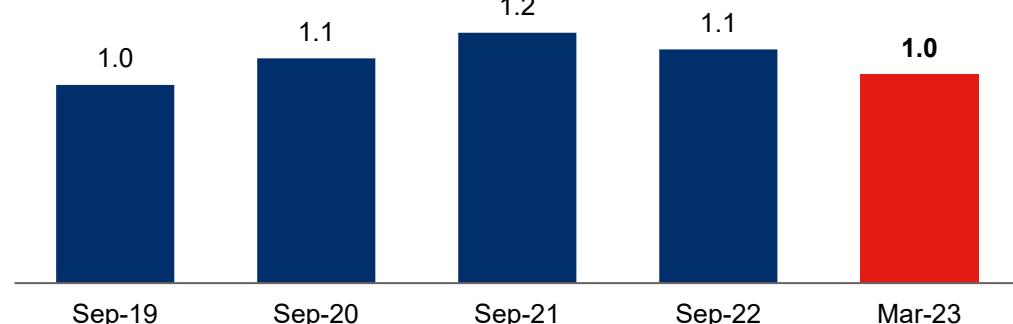
# Portfolio composition

Credit quality

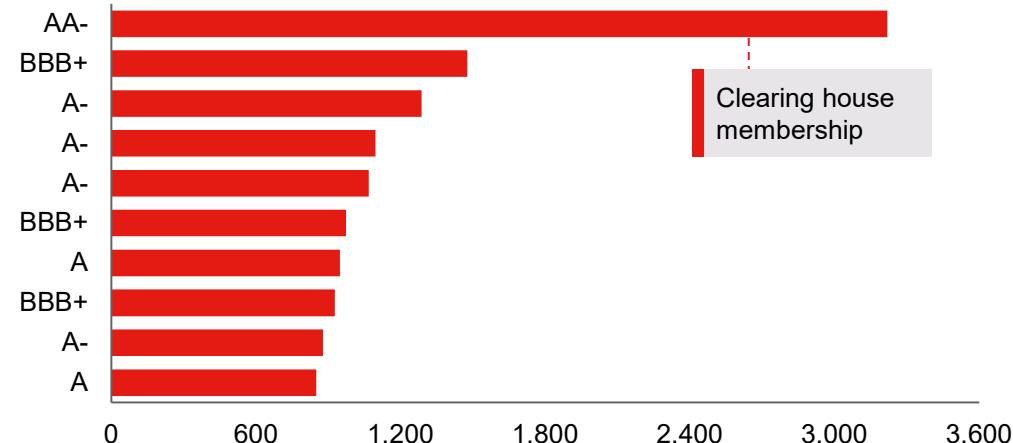
## Total committed exposure (TCE) by risk grade at 31 March 2023 (\$m)

Standard and Poor's risk grade <sup>1</sup>	Australia	NZ / Pacific	Other overseas	Group	% of total
AAA to AA-	221,184	25,119	19,502	265,805	22%
A+ to A-	39,054	5,618	9,539	54,211	4%
BBB+ to BBB-	71,205	12,087	7,812	91,104	7%
BB+ to BB	77,860	15,014	721	93,595	8%
BB- to B+	54,093	7,677	506	62,276	5%
<B+	6,305	2,332	36	8,673	1%
Mortgages	540,961	71,153	-	612,114	50%
Other consumer products	27,380	5,132	-	32,512	3%
<b>TCE</b>	<b>1,038,042</b>	<b>144,132</b>	<b>38,116</b>	<b>1,220,290</b>	
<i>TCE at 30 September 2022</i>	<i>1,014,349</i>	<i>133,620</i>	<i>37,933</i>	<i>1,185,902</i>	
<b>Exposure by region<sup>2</sup> (%)</b>	<b>85%</b>	<b>12%</b>	<b>3%</b>		<b>100%</b>

## Top 10 institutional exposures to corporations and NBFIs<sup>3</sup> (% of TCE)



## Top 10 institutional exposures to corporations & NBFIs at 31 March 2023 (\$m)<sup>4</sup>

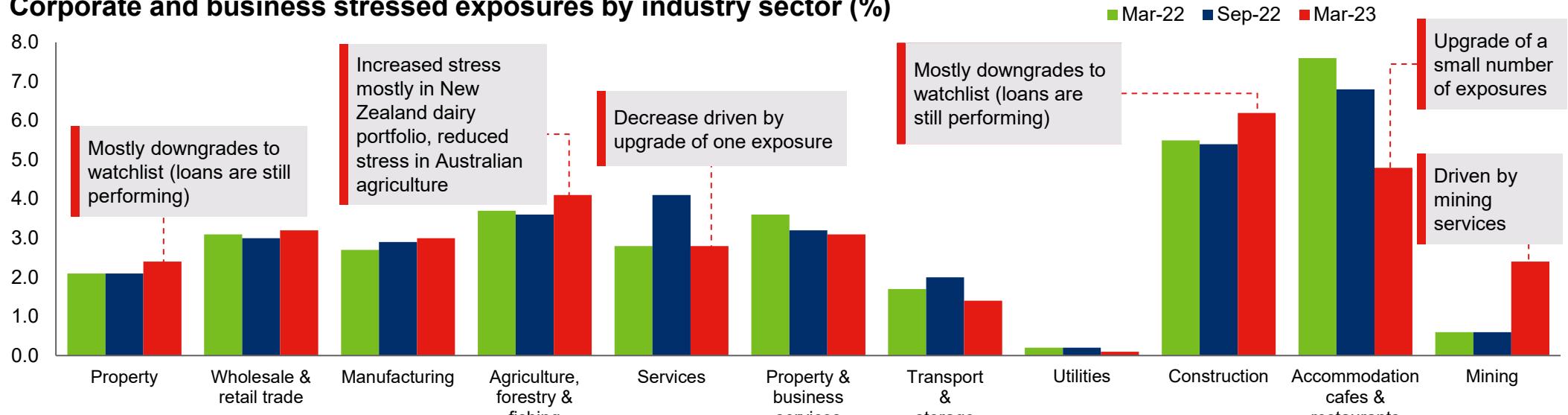


1 Risk grade equivalent. 2 Region is based on booking office. 3 NIFI is non-bank financial institutions. 4 S&P rating or equivalent.

# Credit quality across sectors

Credit quality

## Corporate and business stressed exposures by industry sector (%)



## Exposure and credit quality by sector

Sector	Finance & Insurance <sup>1</sup>	Property <sup>2</sup>	Wholesale & retail trade	Manufacturing	Agriculture, forestry & fishing	Services <sup>3</sup>	Property & business services	Transport & storage	Utilities	Construction <sup>4</sup>	Accomm, cafes & restaurants	Mining	
TCE (\$bn)	Mar-23	205.6	78.8	29.0	24.2	23.9	23.7	22.0	17.3	16.9	11.9	10.2	8.7
	Sep-22	187.9	76.1	29.3	24.4	23.2	23.5	22.4	29.3	14.3	11.5	10.2	7.9
Stressed (%) <sup>5,6</sup>	Mar-23	0.1	2.4	3.2	3.0	4.1	2.8	3.1	1.4	0.1	6.2	4.8	2.4
	Sep-22	0.1	2.1	3.0	2.9	3.6	4.1	3.2	2.0	0.2	5.4	6.8	0.6
Impaired (%) <sup>6</sup>	Mar-23	0.0	0.1	0.6	0.5	0.3	0.4	0.6	0.2	0.0	0.8	0.6	0.1
	Sep-22	0.0	0.1	0.6	0.8	0.2	0.5	0.7	0.2	0.0	0.8	0.6	0.1

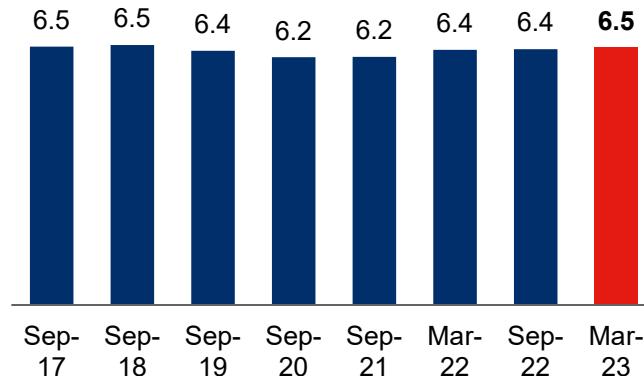
1 Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. Includes assets held for liquidity portfolio. 2 Property includes both residential and non-residential property investors and developers and excludes real estate agents. 3 Services includes education, health & community services, cultural & recreational and personal & other services. 4 Construction includes building and non-building construction, and industries serving the construction sector. 5 Includes impaired exposures. 6 Percentage of portfolio TCE

# Sectors in focus: Commercial property

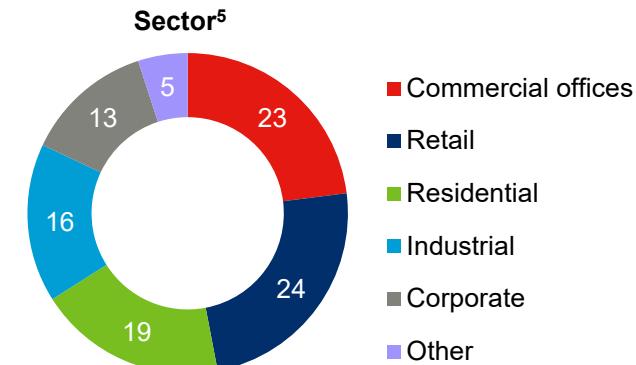
Credit quality

- Single Group-wide credit policy, supported by industry concentration limits and sub limits
- Managed by specialist relationship teams, dedicated credit officers and subject matter experts
- Weighted average LVR for the Australian secured portfolio <50%
- Credit policy maximum LVR at origination 65%<sup>1</sup>
- 80% fully secured<sup>2</sup>

**Commercial property exposures  
(% of TCE)**

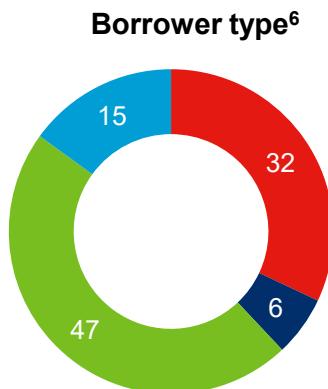


**Commercial property portfolio  
composition (TCE) (%)**



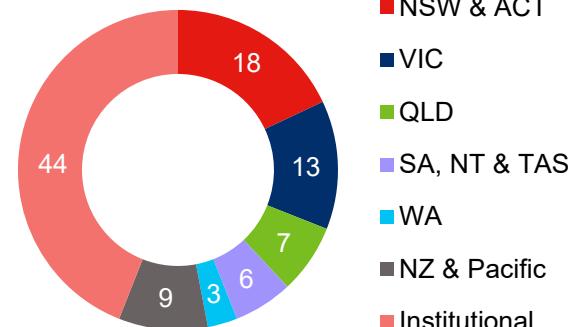
	Mar-22	Sep-22	Mar-23
TCE (\$bn)	74.3	76.1	<b>78.8</b>
Lending (\$bn)	56.5	60.0	<b>61.0</b>
As a % of Group TCE	6.40	6.42	<b>6.46</b>
Median risk grade (S&P equivalent) <sup>3</sup>	BB	BB	<b>BB-</b>
% of portfolio graded as stressed <sup>4,5</sup>	2.06	2.07	<b>2.38</b>
% of portfolio impaired <sup>5</sup>	0.16	0.07	<b>0.08</b>

**Commercial property portfolio composition (TCE) (%)**



- Investors & developers <\$10m
- Developers >\$10m
- Investors >\$10m
- Diversified property groups and property trusts >\$10m

**Region<sup>6,7</sup>**



<sup>1</sup> Policy exception can be made under limited circumstances. <sup>2</sup> Fully secured: Secured loan to collateral value ratio ≤ 100%. <sup>3</sup> Restatement of Mar-22 and Sep-22 median risk grade reflects data review. <sup>4</sup> Includes impaired exposures. <sup>5</sup> Percentage of commercial property portfolio TCE. <sup>6</sup> Following a review of ANZIC codes used to classify commercial property exposures, some exposures have been reclassified in 1H23. <sup>7</sup> Region is based on booking office.

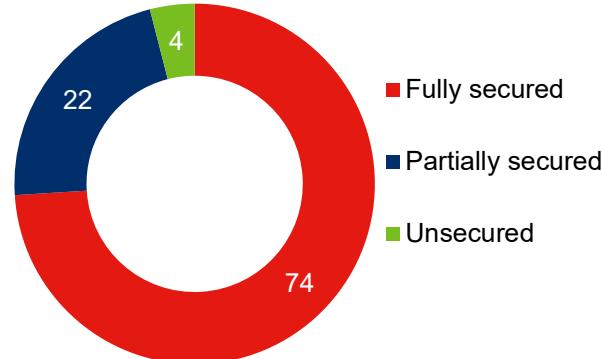
# Sectors in focus: Accommodation, cafes and restaurants; construction

Credit quality

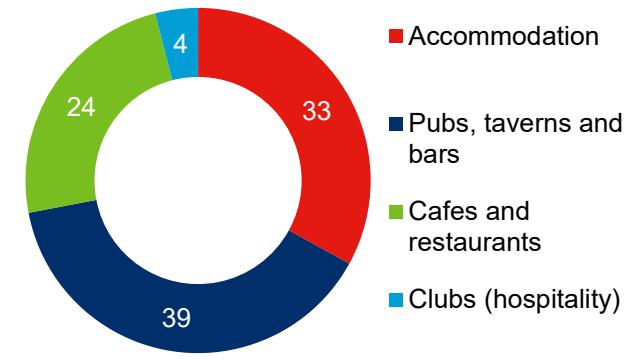
## Accommodation, cafes and restaurants

	Mar-22	Sep-22	Mar-23
Total committed exposure (TCE) (\$bn)	9.9	10.2	<b>10.2</b>
Lending (\$bn)	8.1	8.4	<b>8.8</b>
As a % of Group TCE	0.85	0.86	<b>0.84</b>
% of portfolio graded as stressed <sup>1,2</sup>	7.64	6.76	<b>4.76</b>
% of portfolio impaired <sup>2</sup>	0.68	0.56	<b>0.60</b>

Portfolio security composition<sup>3</sup> (TCE) (%)



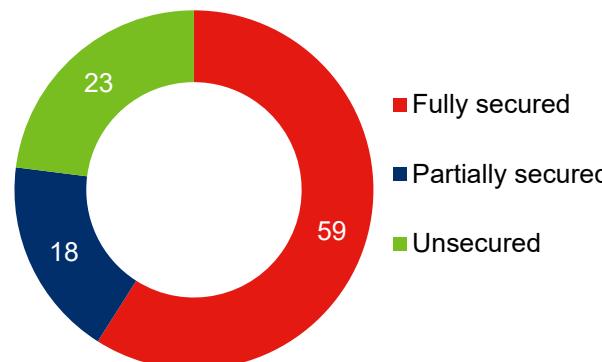
Portfolio by sub-sector (TCE) (%)



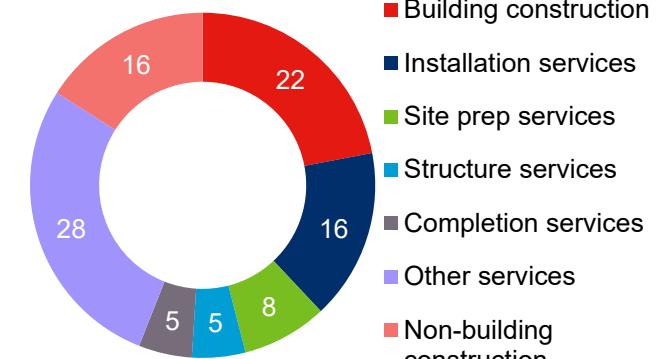
## Construction

	Mar-22	Sep-22	Mar-23
TCE (\$bn)	11.2	11.5	<b>11.9</b>
Lending (\$bn)	6.8	7.1	<b>7.3</b>
As a % of Group TCE	0.96	0.97	<b>0.97</b>
% of portfolio graded as stressed <sup>1,2</sup>	5.46	5.37	<b>6.24</b>
% of portfolio impaired <sup>2</sup>	0.80	0.78	<b>0.81</b>

Portfolio security composition<sup>3</sup> (TCE) (%)



Portfolio by sub-sector (TCE) (%)



<sup>1</sup> Includes impaired exposures. <sup>2</sup> Percentage of portfolio TCE. <sup>3</sup> Fully secured: Secured loan to collateral value ratio ≤ 100%, Partially secured: Secured loan to collateral value ratio > 100%, but < 150%, Unsecured: Secured loan to collateral value ratio > 150%, or no security held.

# Sectors in focus: Australian agriculture; mining

Credit quality

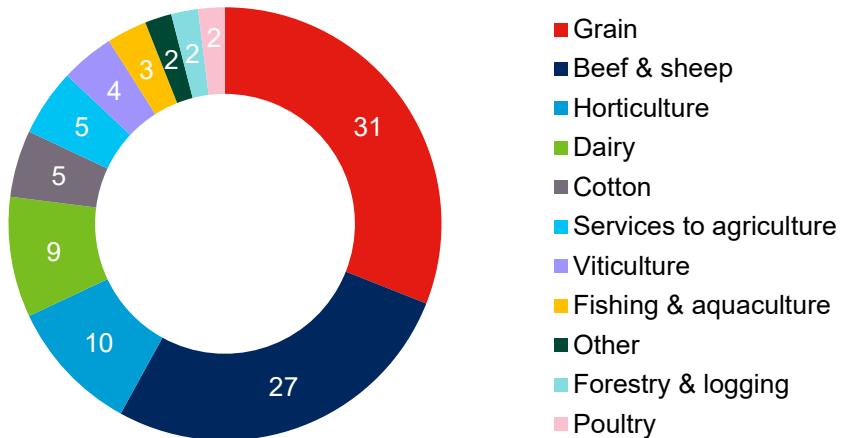
## Australian agriculture

	Mar-22	Sep-22	Mar-23
TCE (\$bn)	13.4	13.7	<b>14.3</b>
Lending (\$bn)	10.6	11.3	<b>11.3</b>
As a % of Group TCE	1.16	1.16	<b>1.17</b>
% of portfolio graded as stressed <sup>1,2</sup>	1.96	2.73	<b>2.48</b>
% of portfolio in impaired <sup>2</sup>	0.40	0.37	<b>0.36</b>

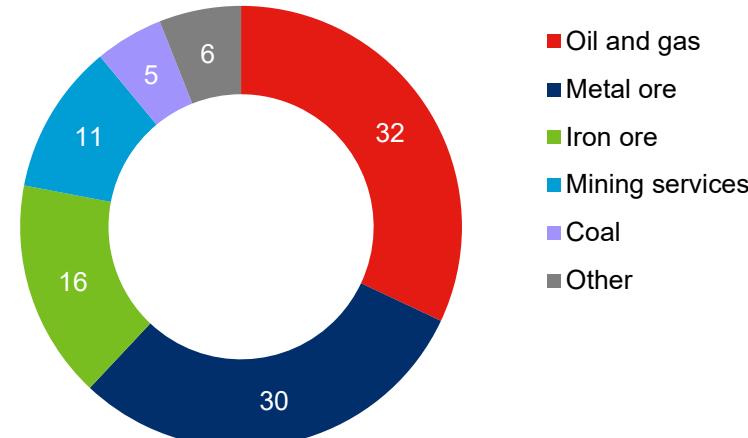
## Mining (incl. oil and gas)

	Mar-22	Sep-22	Mar-23
TCE (\$bn)	8.4	7.9	<b>8.7</b>
Lending (\$bn)	3.4	3.1	<b>2.8</b>
As a % of Group TCE	0.72	0.66	<b>0.71</b>
% of portfolio graded as stressed <sup>1,2</sup>	0.60	0.62	<b>2.42</b>
% of portfolio in impaired <sup>2</sup>	0.14	0.11	<b>0.09</b>

## Australian agriculture portfolio by sub-sector (TCE) (%)



## Mining portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

# Sectors in focus: Retail trade; residential aged care and retirement

Credit quality

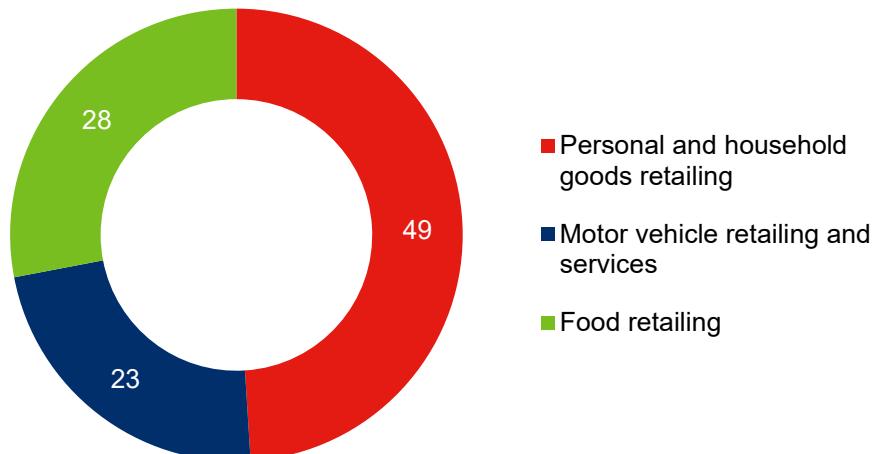
## Retail trade

	Mar-22	Sep-22	Mar-23
TCE (\$bn)	12.5	11.9	<b>12.4</b>
Lending (\$bn)	8.3	8.6	<b>7.8</b>
As a % of Group TCE	1.08	1.00	<b>1.01</b>
% of portfolio graded as stressed <sup>1,2</sup>	3.69	3.79	<b>3.46</b>
% of portfolio impaired <sup>2,3</sup>	0.79	0.84	<b>0.78</b>

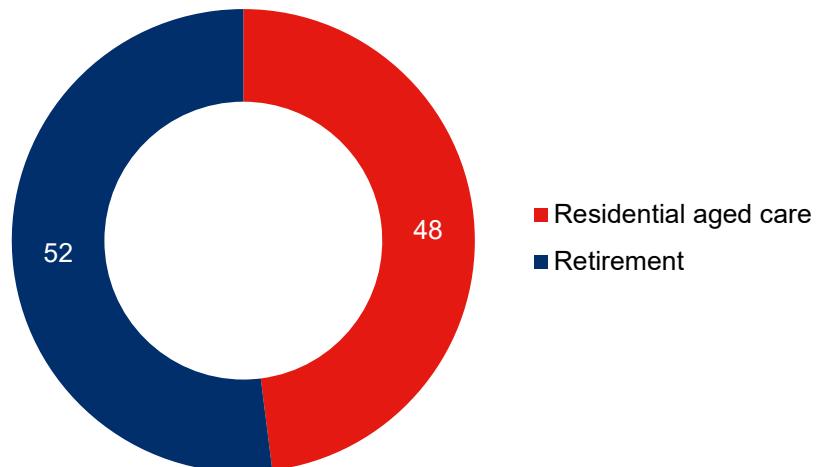
## Residential aged care and retirement

	Mar-22	Sep-22	Mar-23
TCE (\$bn)	3.7	3.1	<b>2.9</b>
Lending (\$bn)	1.6	1.7	<b>1.6</b>
As a % of Group TCE	0.32	0.26	<b>0.23</b>
% of portfolio graded as stressed <sup>1,2</sup>	2.03	3.17	<b>2.79</b>
% of portfolio impaired <sup>2</sup>	0.76	0.61	<b>0.05</b>

## Retail trade exposure by sub-sector (TCE) (%)



## Residential aged care and retirement exposure by sub-sector (TCE) (%)

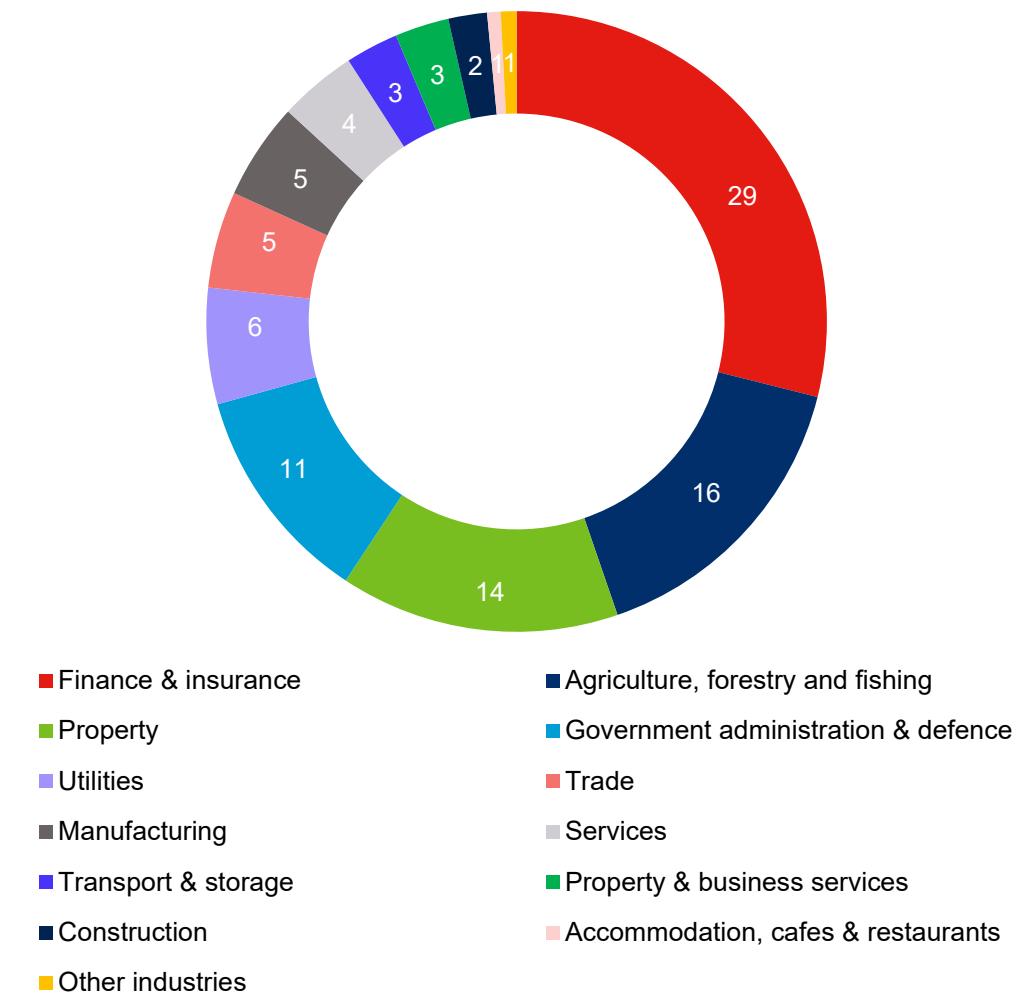


<sup>1</sup> Includes impaired exposures. <sup>2</sup> Percentage of portfolio TCE. <sup>3</sup> Impaired ratio for Mar-22 and Sep-22 restated, reflecting data review.

# New Zealand business exposures

Credit quality

## Business TCE by industry sector %



<sup>1</sup> Includes forestry and fishing.

## Business stressed exposures as a % of business TCE

■ Impaired ■ 90+ day past due and not impaired ■ Watchlist & substandard

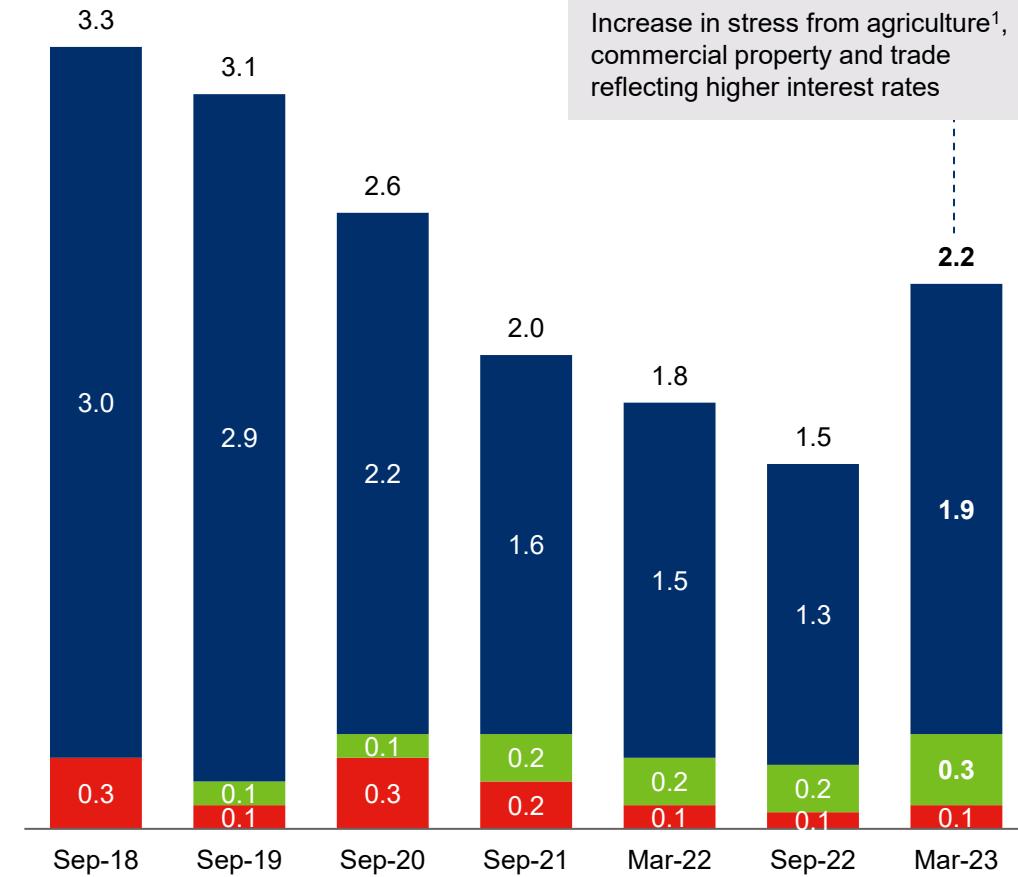


Chart may not add due to rounding.

# New Zealand business exposures

Credit quality

## Sectors in focus

### Agriculture<sup>1</sup>

	Mar-22	Sep-22	Mar-23
TCE (NZ\$bn)	10.6	10.5	<b>10.3</b>
Agriculture as a % of total TCE	7.4	7.2	<b>7.0</b>
% of portfolio graded as 'stressed' <sup>2,3</sup>	6.1	4.8	<b>6.5</b>
% of portfolio impaired <sup>3</sup>	0.08	0.03	<b>0.08</b>

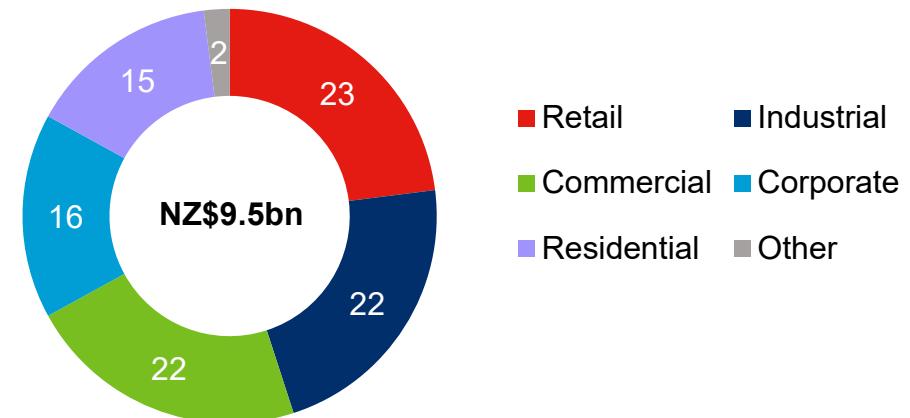
### Dairy<sup>4</sup>

	Mar-22	Sep-22	Mar-23
TCE (NZ\$bn)	6.3	6.3	<b>6.3</b>
Dairy as a % of total TCE	4.4	4.3	<b>4.2</b>
% of portfolio graded as 'stressed' <sup>2,3</sup>	6.2	4.1	<b>4.7</b>
% of portfolio impaired <sup>3</sup>	0.12	0.04	<b>0.04</b>

### Commercial property

	Mar-22	Sep-22	Mar-23
TCE (NZ\$bn)	8.8	9.4	<b>9.5</b>
Property as a % of total TCE	6.2	6.5	<b>6.4</b>
% of portfolio graded as 'stressed' <sup>2,3</sup>	1.9	1.7	<b>3.0</b>
% of portfolio impaired <sup>3</sup>	0.06	0.06	<b>0.06</b>

### Commercial property TCE by segment (%)



1 Includes forestry and fishing. 2 Includes impaired exposures. 3 Percentage of portfolio TCE. 4 Dairy is a sub-set of agriculture and is included in the agriculture table.

# Australian consumer finance

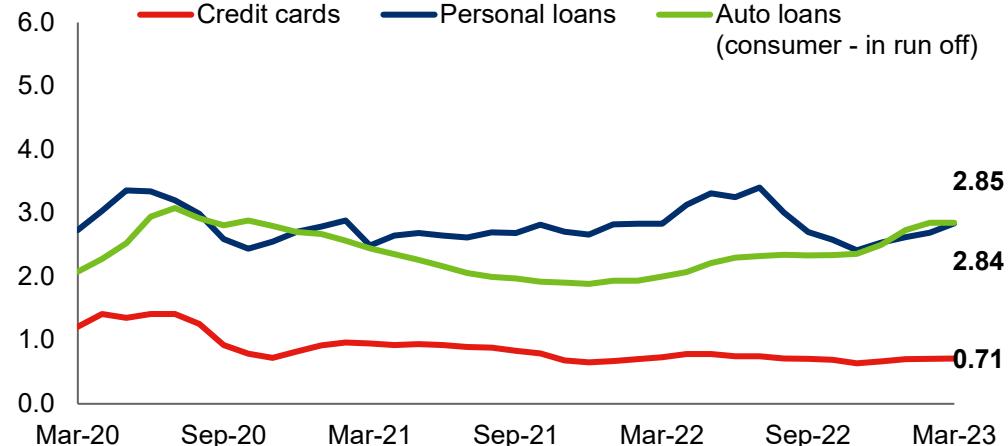
Credit quality

## Australian consumer finance portfolio<sup>1</sup>

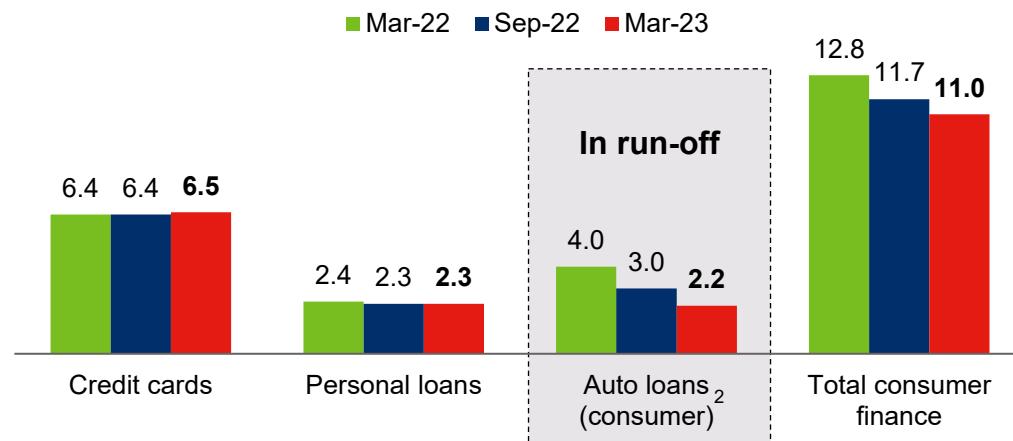
	Mar-22	Sep-22	Mar-23
Lending (\$bn)	12.8	11.7	<b>11.0</b>
As a % of Group loans	1.8	1.6	<b>1.5</b>
30+ day delinquencies (%)	3.06	2.79	<b>2.98</b>
90+ day delinquencies (%)	1.64	1.60	<b>1.58</b>

90+ day delinquencies down 2bps over the period, reflecting 12bps improvement in portfolio, partly offset by 10bps from contraction in portfolio (mostly auto loans in run-off)

## Australian consumer finance 90+ delinquencies (%)

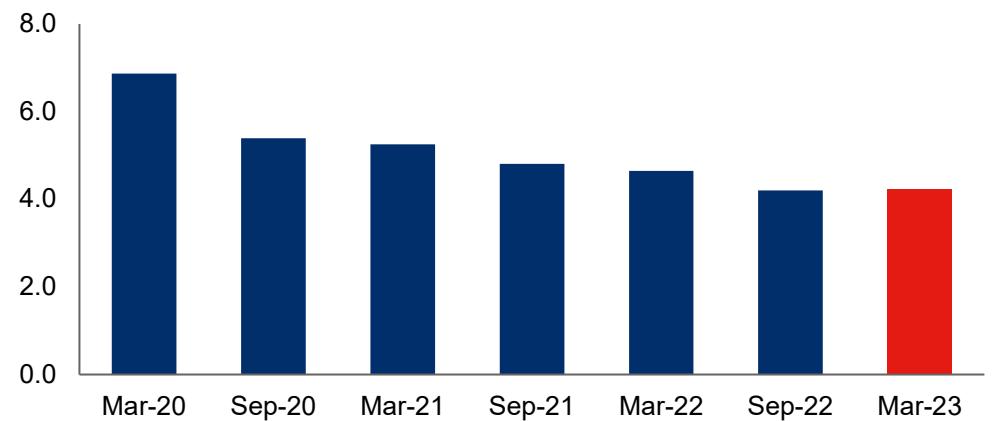


## Australian consumer finance portfolio (\$bn)



1 Does not include margin lending. 2 Loans to customers through dealers in Specialist Businesses. These loans will be run-down over their contractual term. 3 Minimum repayment over at least six consecutive months. Minimum repayment defined as <=5% of each month's statement cycle balance.

## Credit card accounts paying minimum repayment (%)<sup>3</sup>



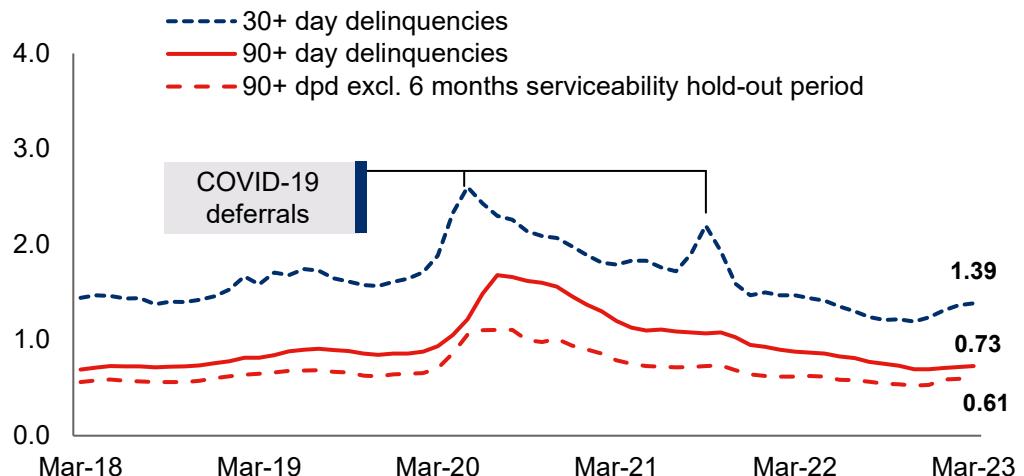
# Australian mortgage delinquencies

Mortgage credit quality

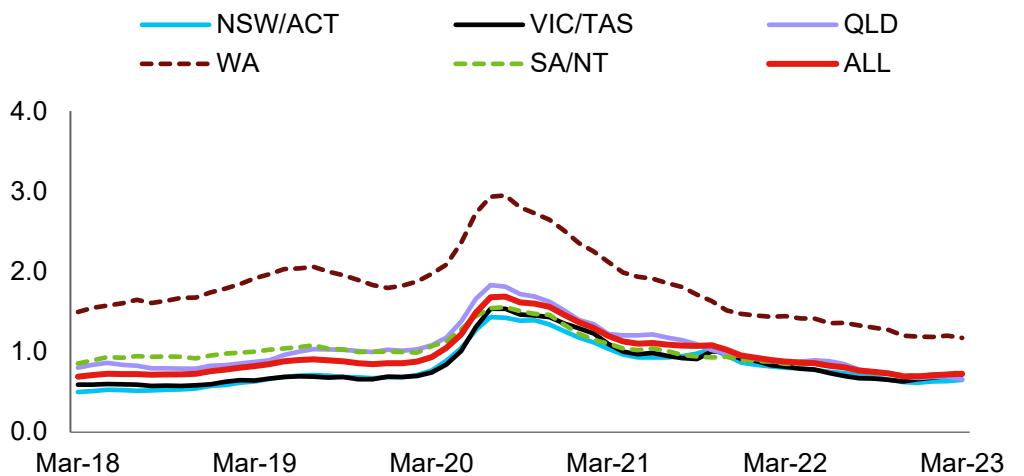
Australian mortgage portfolio	Mar-19 Pre COVID-19	Mar-22	Sep-22	Mar-23
90+ day delinquencies (bps):				
Total portfolio inc. impaired mortgages	82	88	75	73
Owner occupied loans	89	85	73	69
Investment property loans	68	89	75	75
Principal & interest loans	83	90	78	74
Interest only loans	75	66	48	47
30+ day delinquencies total portfolio (bps)	159	147	121	139
Mar-19 Pre COVID-19	Mar-22	Sep-22	Mar-23	
Customers in hardship <sup>1</sup> including 6mth serviceability period (by balances, bps)	64	75	53	50
Consumer properties in possession (number)	482	201	224	227
Impaired mortgages (by balances, bps)	N/A	5	5	6

<sup>1</sup> Financial hardship assistance is available to customers experiencing temporary financial difficulty, 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.

## Australian mortgage delinquencies (%)



## Australian mortgage 90+ day delinquencies by State (%)



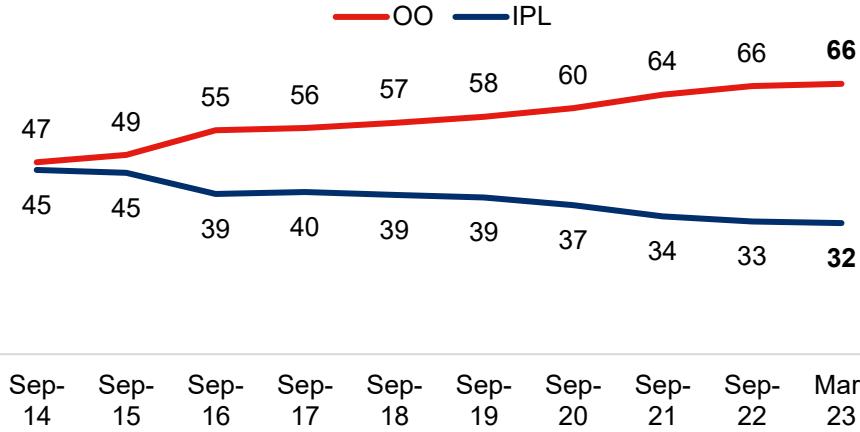
# Australian mortgage portfolio composition

Mortgage credit quality

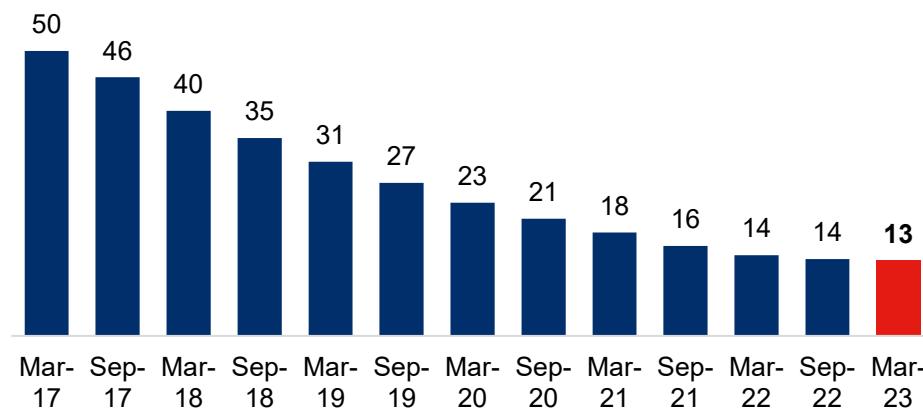
Australian mortgage portfolio	Mar-22 balance	Sep-22 balance	Mar-23 balance	1H23 flow <sup>1</sup>
Total portfolio (\$bn)	458.3	467.6	<b>472.7</b>	<b>49.7</b>
Owner occupied (OO) (%)	64.8	65.8	<b>66.4</b>	<b>69.3</b>
Investment property loans (IPL) (%)	33.4	32.6	<b>32.2</b>	<b>30.7</b>
Portfolio loan/line of credit (LOC) (%)	1.7	1.6	<b>1.4</b>	-
Variable rate / Fixed rate (%)	60/40	63/37	<b>67/33</b>	<b>95/5</b>
Interest only (I/O) (%)	14.2	13.5	<b>13.3</b>	<b>15.7</b>
Proprietary channel (%)	52.7	51.8	<b>51.5</b>	<b>46.4</b>
First home buyer (%)	10.4	10.1	<b>9.6</b>	<b>5.8</b>
Mortgage insured (%)	15.4	14.7	<b>14.2</b>	<b>9.4</b>
	Mar-22	Sep-22	Mar-23	1H23 flow <sup>1</sup>
Average loan size <sup>2</sup> (\$'000)	280	286	<b>292</b>	445
Customers ahead on repayments including offset account balances (%)				
By accounts	74	74	<b>74</b>	
By balances <sup>3</sup>	68	68	<b>69</b>	
Mortgage losses net of insurance (\$m, for 6 months ending)	28	2	<b>11</b>	
Annual mortgage loss rate <sup>4</sup> (bps)	1.2	0.6	<b>0.5</b>	

<sup>1</sup> Flow is new mortgages settled in the 6 months ended 31 March 2023. <sup>2</sup> Includes amortisation. Calculated at account level, where split loans represent more than one account. <sup>3</sup> Mar-22 re-stated for classification changes between 'On time' and '<1 month' ahead categories. Loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. <sup>4</sup> Mortgage loss rates for March balances are annualised, based on losses for the 6 months. Mortgage loss rates for September are actual losses for the 12 months ending.

## Owner occupied / Investment property loans as a % of the Australian mortgage portfolio



## Interest only loans as a % of the Australian mortgage portfolio



# Australian mortgage portfolio

## Sound fundamentals maintained

Mortgage credit quality

### By product and repayment type (%)

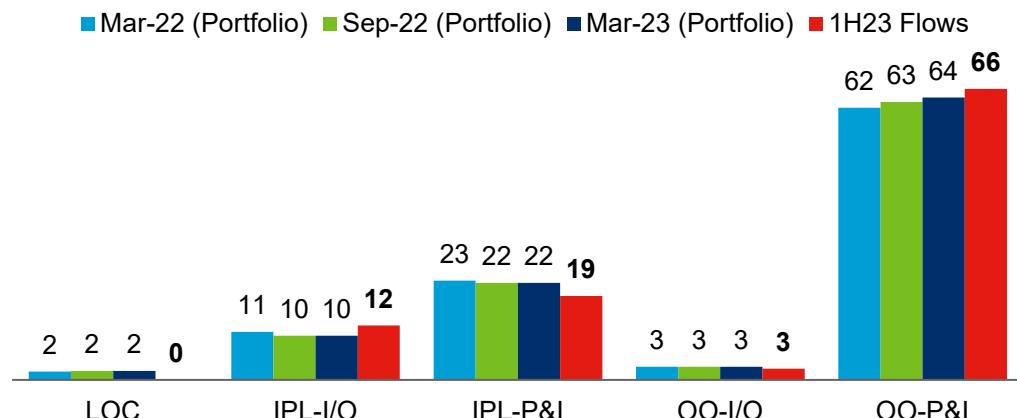
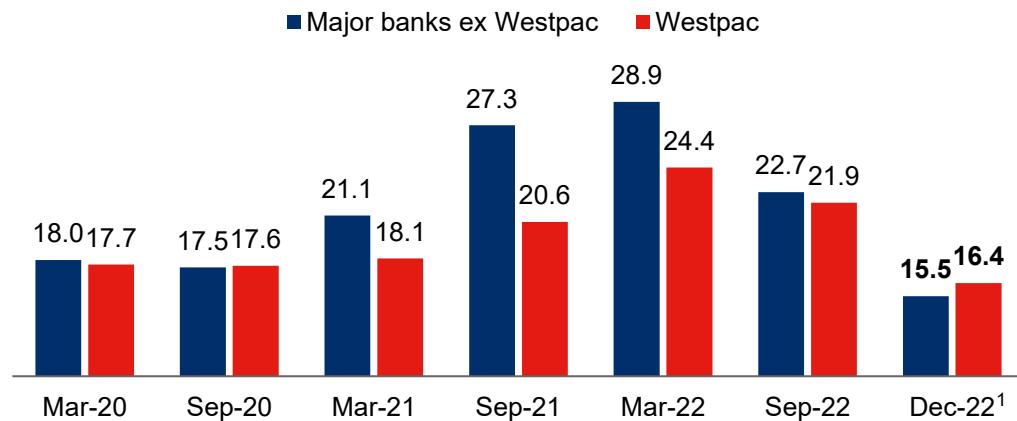


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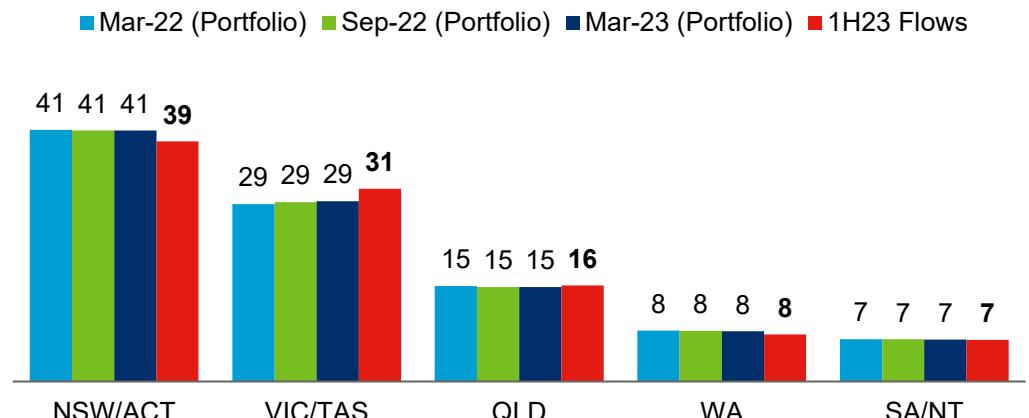
### Debt-to-income >=6x at origination (%)



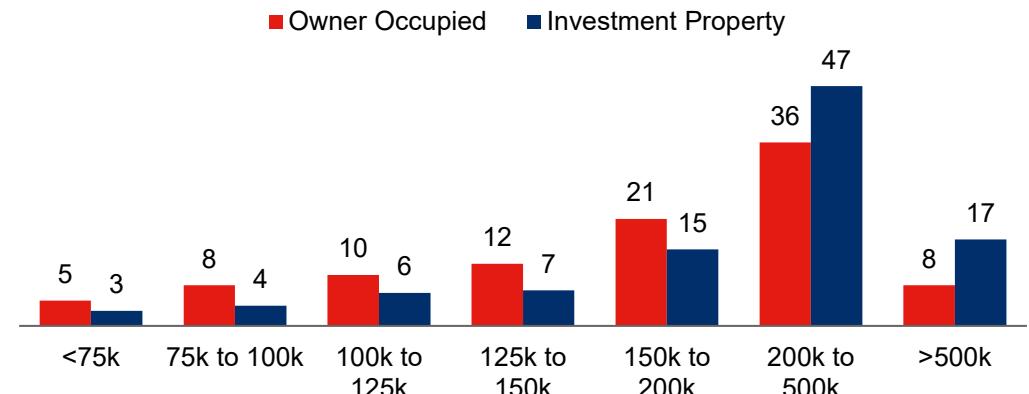
Source: APRA, Westpac.

<sup>1</sup> Six months to.

### By State (%)



### Applicant gross income band (1H23 drawdowns, % by approved limits)



# Australian mortgage portfolio

Mortgage credit quality

LVRs remain low

## Australian housing loan-to-value ratios (LVRs) (%)

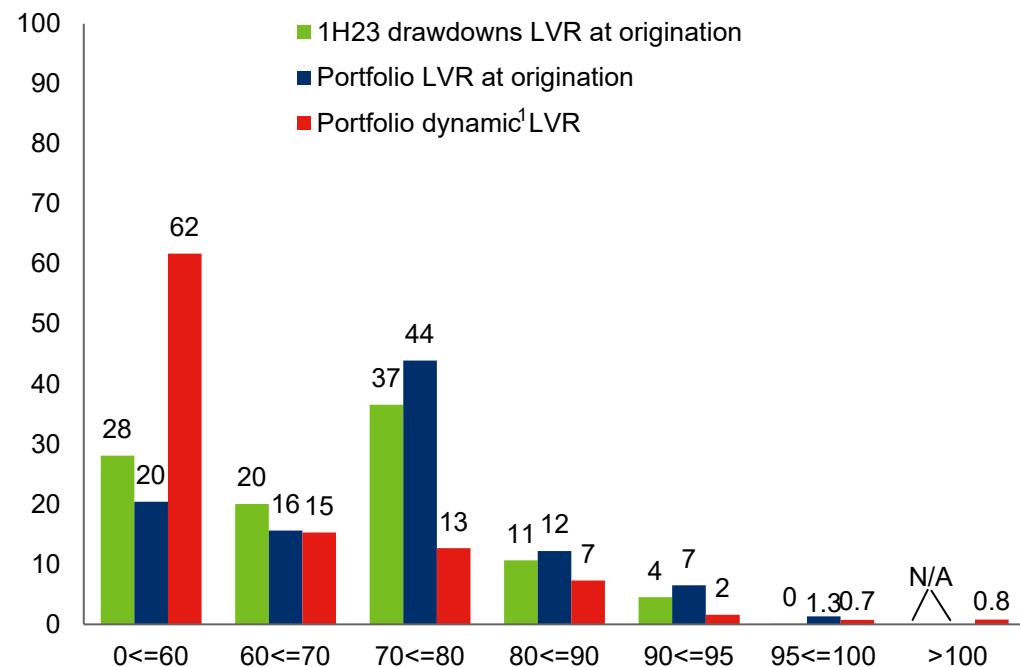


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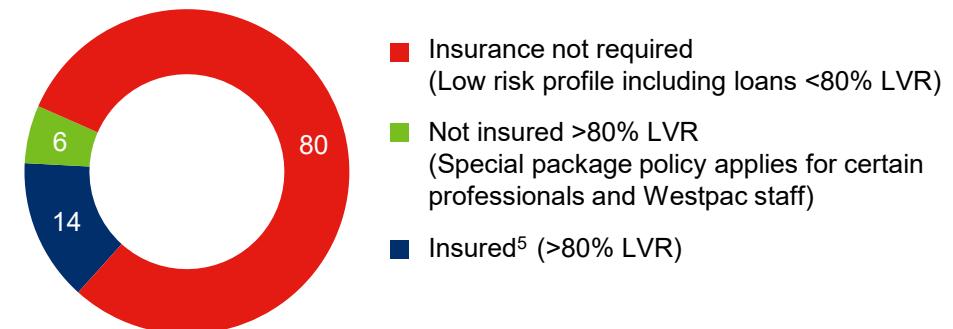
	Mar-22 balance	Sep-22 balance	Mar-23 balance	Australian mortgage portfolio LVRs		
				LVR at origination (%)	Dynamic LVR <sup>1</sup> (%)	LVR of new loans <sup>3</sup> (%)
Weighted averages <sup>2</sup>	73	73	72	73	47	71
					49	70
					51	68

<sup>1</sup> Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. <sup>2</sup> Weighted average LVR calculation considers size of outstanding balances. <sup>3</sup> Average LVR of new loans is on rolling 6 months. <sup>4</sup> In 2H21 Westpac Lender's Mortgage Insurance Limited was sold to Arch Capital Group. Westpac has entered into a 10-year exclusive supply agreement for Arch to provide lenders mortgage insurance to the Group. <sup>5</sup> Includes loans where LMI applies to >70% LVR loans, for example, single industry towns.

## Serviceability assessment creates a buffer for borrowers

- Loans are assessed at the higher of
  - The customer rate, including any life-of-loan discounts, plus the serviceability buffer of 3.0% (up from 2.5% in October 2021)
- or
- The minimum assessment rate, called the “floor rate”, currently 5.05%
- **Interest only (I/O) loans:** Assessed based on the residual principal and interest (P&I) term using the applicable P&I rate, plus a 3.0% buffer
- **Fixed rate loans :** Assessed on the variable rate to which the loan will revert after the fixed period, plus a 3.0% buffer

## Australian mortgage portfolio by insurance profile<sup>4</sup> (%)



# Australian mortgage portfolio

Mortgage credit quality

Mortgage buffers largely unchanged in 1H23

## Australian home loan customers ahead on repayments<sup>1</sup> (% by accounts)

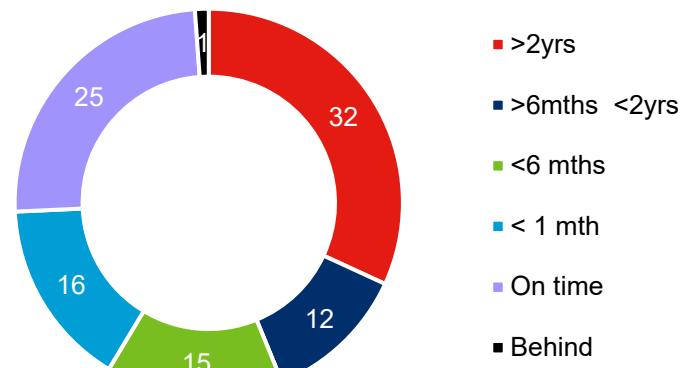
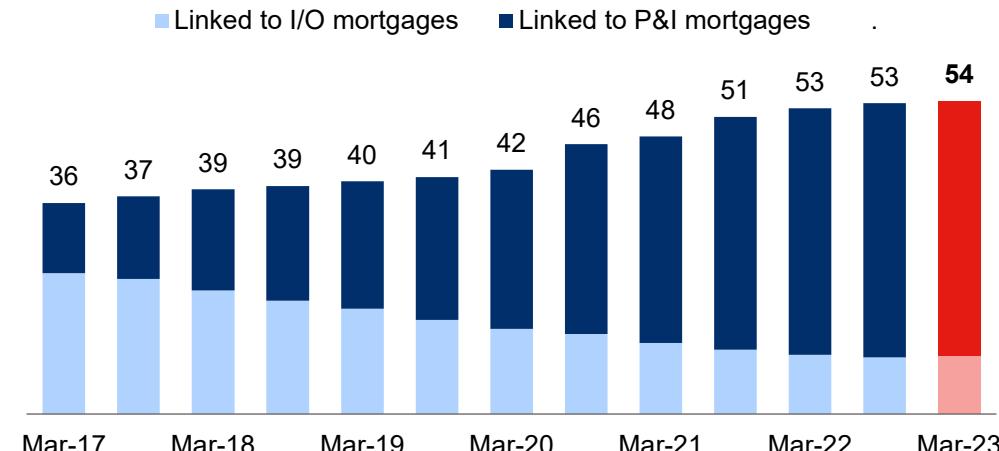


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## Offset account balances<sup>2</sup> (\$bn)



1 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset accounts. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due. Mar-22 re-stated for classification changes between 'On time' and '<1 month' ahead categories. 2 Includes RAMS from Sep-20 onwards.

## Australian home loan customers ahead on repayments<sup>1</sup> (% by balances)

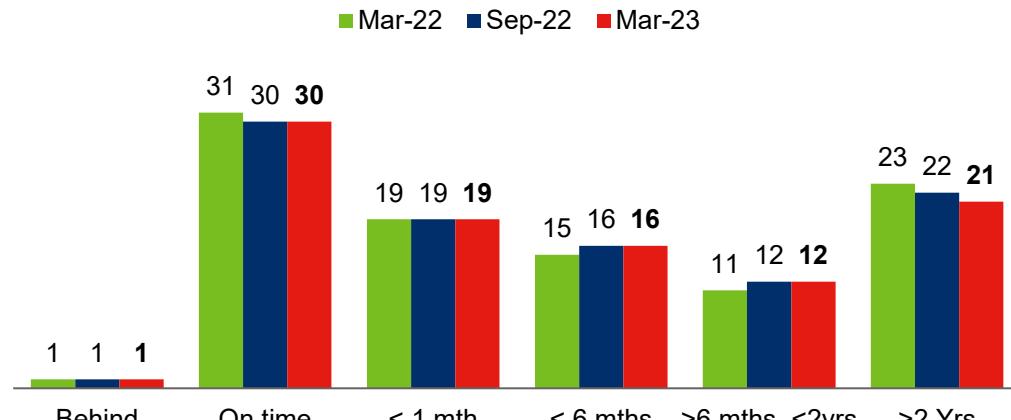


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## Loans 'on time' and <1 month ahead (% of balances)

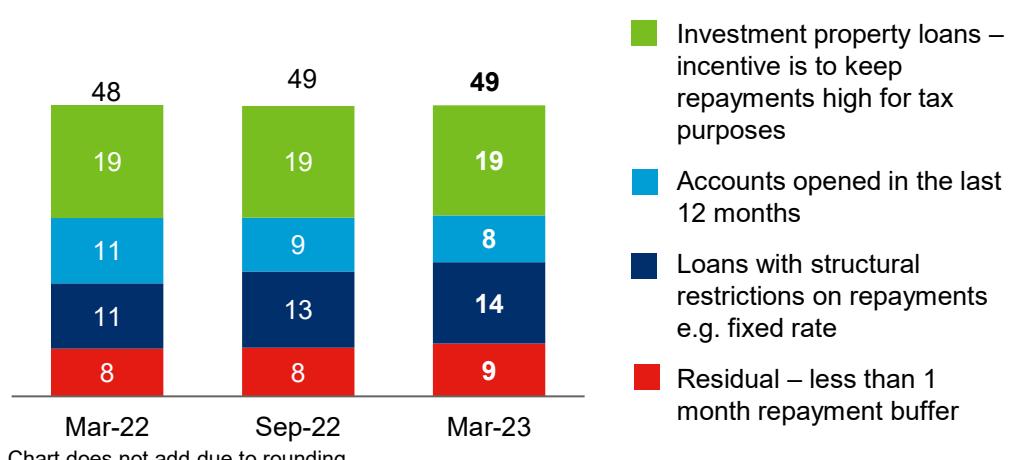


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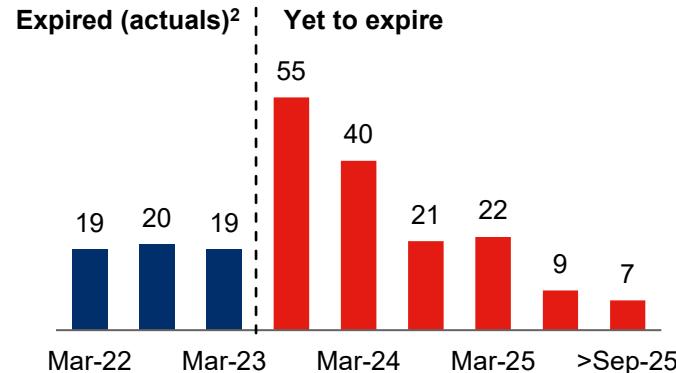
# Australian mortgage portfolio

## Fixed rate mortgage roll-off closely managed

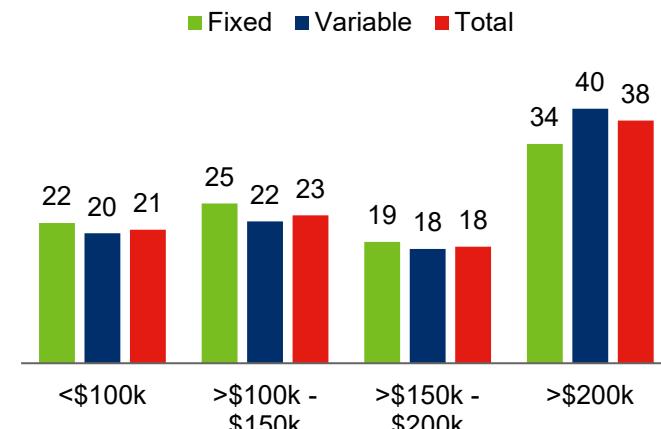
Mortgage credit quality

- Most fixed rate borrowers are well placed to manage higher repayments
  - Borrower characteristics similar to variable rate portfolio
  - Slightly more first home buyers and owner occupiers in the fixed rate portfolio versus variable rate portfolio, leading to moderately lower income and higher dynamic LVRs
  - 49% also have a variable rate loan
- Average interest rate step up for fixed accounts expiring in 2H23 approximately 3.7%<sup>1</sup>

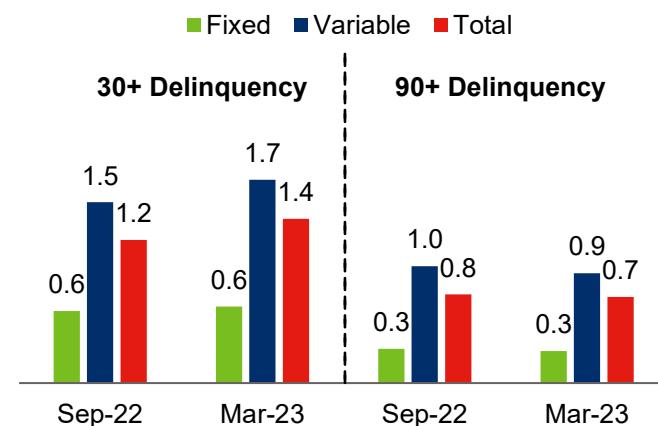
### Australian fixed rate mortgage expiry schedule (\$bn, every 6 months to)



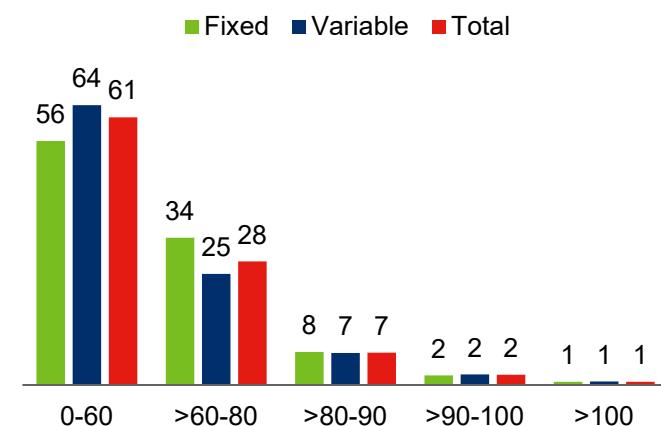
### Australian mortgage portfolio by income band (%)



### Australian mortgage portfolio arrears (%)



### Australian mortgage portfolio by dynamic LVR<sup>3</sup> (%)



<sup>1</sup> On a balance weighted basis. <sup>2</sup> Scheduled expiry for 6 months to March 2023 was \$21bn. Actual expiry \$19bn. <sup>3</sup> Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic.

# Australian mortgage portfolio

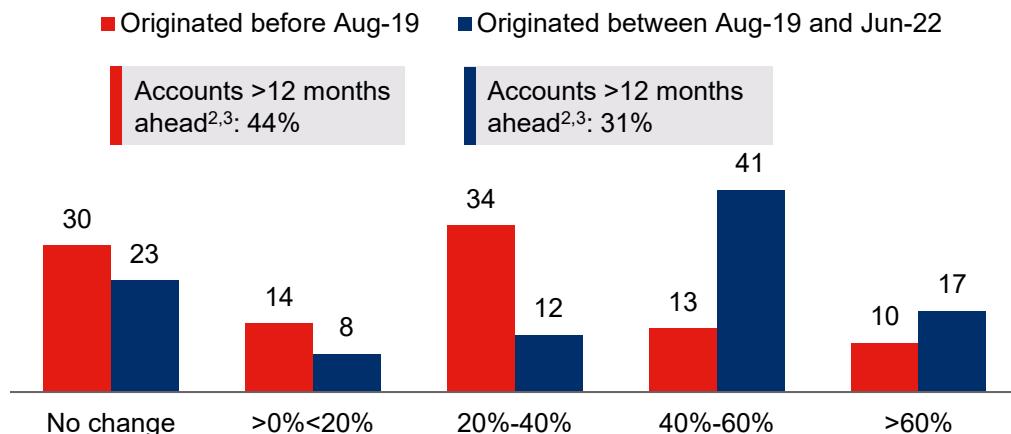
## Identifying and supporting customers at risk

Mortgage credit quality

- Increase in repayments greatest for those loans originated between August 2019 and June 2022, during historically low interest rate period
- \$3.1bn in loans where repayment buffer is less than 3 months and dynamic LVR is above 90%
- Providing support to customers in difficulty through hardship program
  - Currently 0.5% of total mortgage balances in hardship, mostly due to reduced income

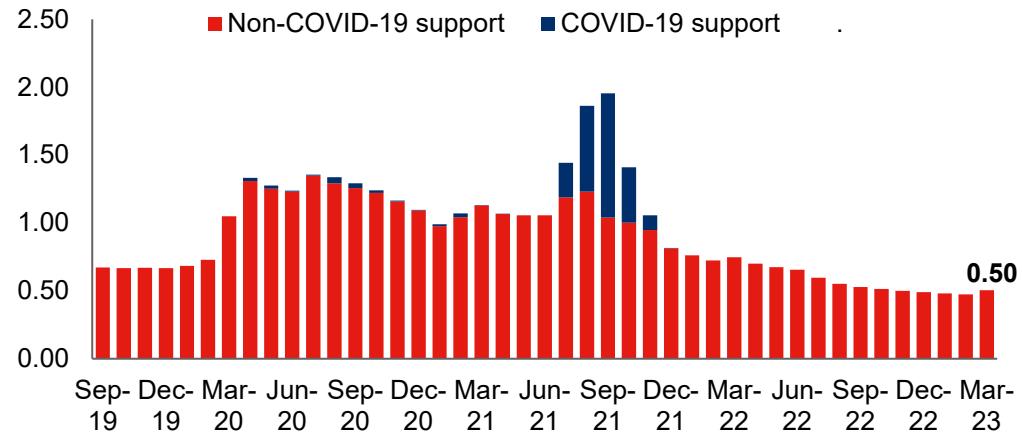
Mortgages originated between Aug-19 and Jun-22 <sup>3</sup> (42% of the portfolio)	Dynamic LVR with no LMI		
Analysis of minimum contractual repayment at March 2023	>80%	Of which >85%	Of which >90%
Repayment buffer <12months (Total: \$152bn)	\$13.3bn	\$7.0bn	\$3.4bn
Of which repayment buffer <3months (Total: \$130bn)	\$12.0bn	\$6.3bn	\$3.1bn

### Percentage increase in variable-rate repayment following interest rate changes (accounts at 31 Mar 23)<sup>1</sup>



<sup>1</sup> Captures accounts active in Jun-22 and Mar-23. Shows the increase based on the actual repayment made in Jun-22 and the contractual mortgage rates at a cash rate of 3.6% assuming rates changed by an equivalent amount. Analysis assumes an I/O mortgage remains an I/O mortgage. <sup>2</sup> Analysis based on minimum repayments. Includes fixed and variable rate mortgages. <sup>3</sup> Excludes equity/line of credit products as there are no scheduled principal payments. <sup>4</sup> Financial hardship assistance is available to customers experiencing temporary financial difficulty, 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.

### Australian mortgage hardship<sup>4</sup> balances (% of portfolio)



# Australian mortgage portfolio underwriting

Mortgage credit quality

## Credit policy at March 2023

<b>Income</b>	<ul style="list-style-type: none"><li>Verified via payslips, tax returns or salary credits, with other supporting documentation such as PAYG payment summaries or ATO Statements (minimum standards apply)</li><li>Shading of at least 20% applies to less certain income sources i.e. overtime, bonuses</li></ul>
<b>Credit Score &amp; Credit Bureau</b>	<ul style="list-style-type: none"><li>Bespoke application scorecards segmented by new and existing customers</li><li>Credit and score override rates tracked and capped</li><li>Credit bureau checks required</li></ul>
<b>Expenses</b>	<ul style="list-style-type: none"><li>Assessed as the higher of a borrower's HEM<sup>1</sup> comparable expenses or HEM plus any expenses that are not comparable to HEM (e.g. private school fees, life insurance)</li><li>HEM is applied by income bands, post settlement postcode location, marital status and dependants</li><li>17 expense categories used, aligned with Melbourne Institute guidelines and LIXI standards</li></ul>
<b>Serviceability assessment</b>	<ul style="list-style-type: none"><li>For serviceability assessment, loans are assessed at the higher of:<ul style="list-style-type: none"><li>The customer rate, including any life-of-loan discounts, plus the serviceability buffer of 3.0%, up from 2.50% in October 2021, or</li><li>The minimum assessment rate, called the "floor rate", currently 5.05%, down from October 2020, previously 5.35%</li></ul></li><li>For I/O loans, serviceability is assessed on a P&amp;I basis over the residual term</li><li>Fixed rate loans assessed on the variable rate to which the loan will revert after fixed period</li><li>All existing customer commitments are verified</li><li>Review Westpac Group accounts and Comprehensive Credit Reporting (CCR) to identify customer commitments</li><li>Limits apply to higher debt-to-income lending; above 7x referred for manual credit assessment where LVR&gt;80</li><li>Credit card repayments assessed at 3.8% of limit or balance whichever is higher</li></ul>
<b>Genuine savings deposit requirements</b>	<ul style="list-style-type: none"><li>Minimum 5% proof of genuine savings for higher LVR loans (typically LVR &gt;90%). Any Home Owner Grants are not considered genuine savings</li></ul>
<b>Security</b>	<ul style="list-style-type: none"><li>LVR restrictions apply depending on location, property value and nature of security</li><li>Restrictions on high-density apartments based in postcode defined areas, generally capital city CBD's and properties in towns heavily reliant on a single industry, e.g. mining, tourism</li></ul>
<b>LMI</b>	<ul style="list-style-type: none"><li>Mortgage insurance for higher risk loans, such as LVRs &gt;80%. Special package policy waivers apply for certain professionals and Westpac Group staff</li></ul>

<sup>1</sup> HEM is the Household Expenditure Measure, produced by the Melbourne Institute.

## Australian mortgage portfolio by year of origination (% of total book)

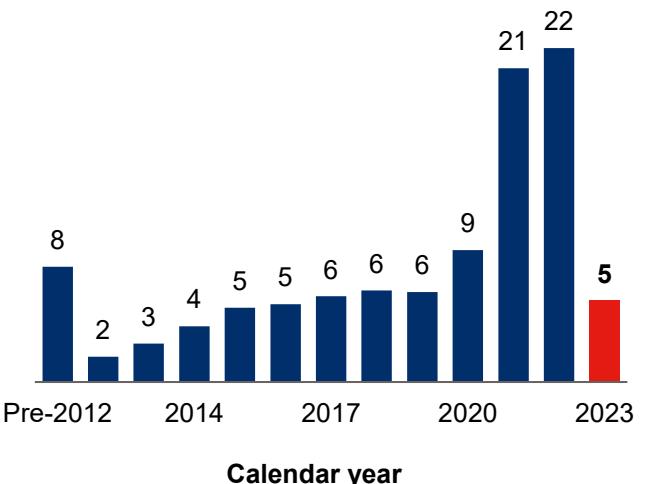


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# Australian mortgage portfolio

Mortgage credit quality

## Interest only and investment property lending

### Interest only (I/O) lending by dynamic LVR<sup>1</sup> and income band (% of total I/O lending)

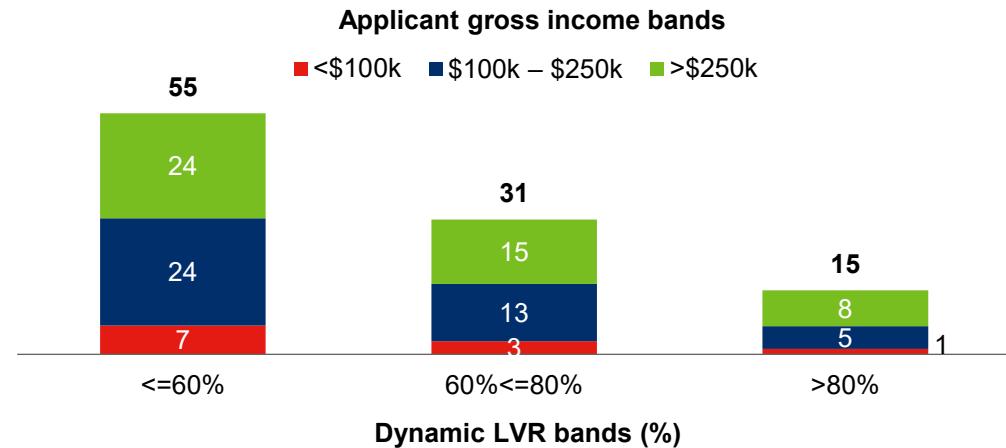
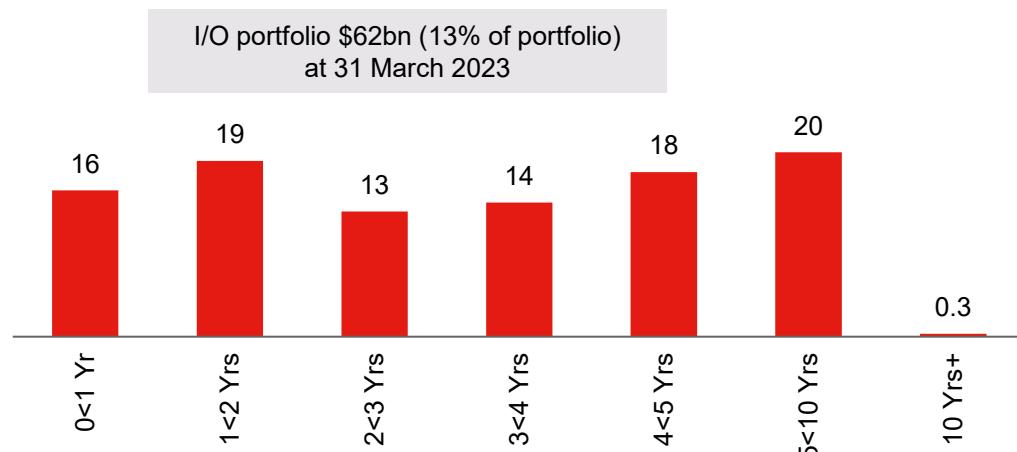


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### Scheduled I/O term expiry<sup>2</sup> (% of total I/O loans)



<sup>1</sup> Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. <sup>2</sup> Based on outstanding balance. Excludes line of credit loans, I/O loans without date (including bridging loans and loans with construction purpose) and I/O loans that should have switched to P&I but for the previously announced mortgage processing error. <sup>3</sup> Includes amortisation. Calculated at account level where split loans represent more than one account. <sup>4</sup> Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

### Investment property portfolio by number of properties per customer (%)

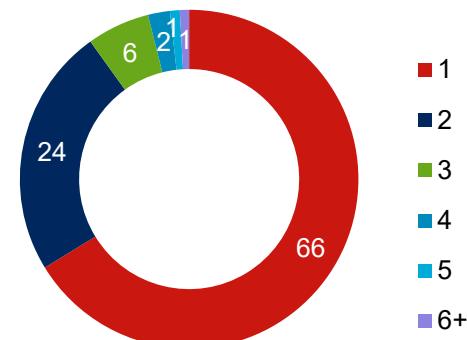


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### Investment property lending (IPL) portfolio

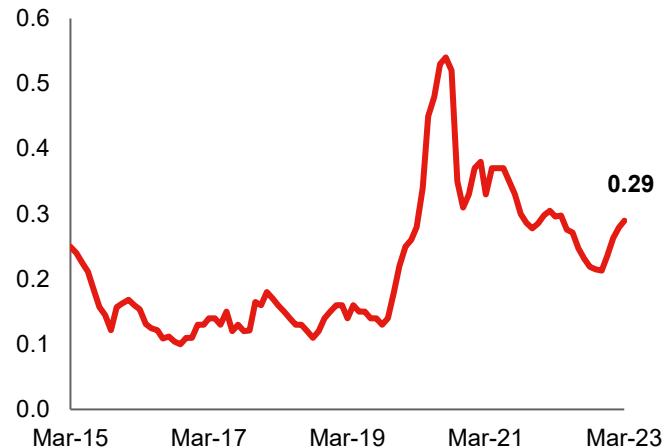
	Mar-22	Sep-22	Mar-23
Investment property loans (\$bn)	153	152	151
Weighted averages			
LVR of IPL loans at origination (%)	71	71	71
LVR of new IPL loans in the period (%)	70	70	69
Dynamic LVR <sup>1</sup> of IPL loans (%)	47	49	51
Average loan size <sup>3</sup> (\$'000)	321	326	330
Customers ahead on repayments including offset accounts <sup>4</sup> (%)	61	60	60
90+ day delinquencies (bps)	89	75	75
Annualised loss rate (net of insurance claims) (bps)	2	1	0.8

# New Zealand consumer portfolio

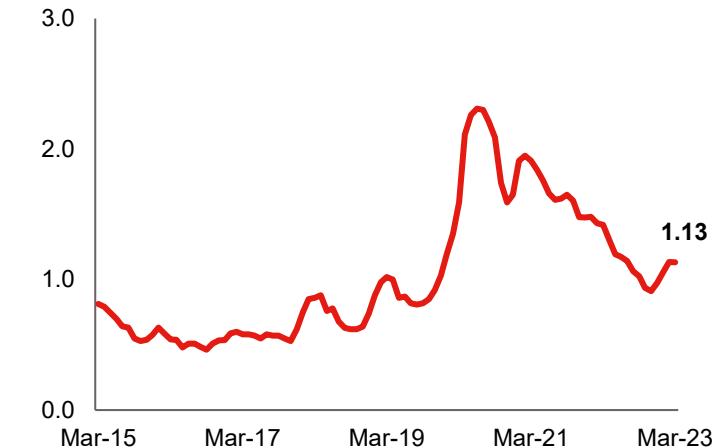
New Zealand credit quality

Mortgage portfolio	Sep-22	Mar-23
Total portfolio (NZ\$bn)	63.8	<b>65.2</b>
Owner occupied (%)	73.3	<b>73.7</b>
Investment property loans (IPL) (%)	26.7	<b>26.3</b>
Broker introduced (%)	50.1	<b>51.1</b>
Proprietary channel (%)	49.9	<b>48.9</b>
Fixed/ variable split (%)	90/10	<b>91/9</b>
Interest only (I/O) (%)	17.9	<b>17.0</b>
Origination LVR 80–90% (%)	8.6	<b>8.6</b>
Origination LVR >90% (%)	2.3	<b>2.6</b>
Mortgage 90+ day delinquencies (%)	0.22	<b>0.29</b>
Mortgage 30+ day delinquencies (%)	0.47	<b>0.69</b>
Unsecured consumer portfolio (NZ\$bn)	1.2	<b>1.2</b>

## Mortgage 90+ day delinquencies<sup>1</sup> (%)

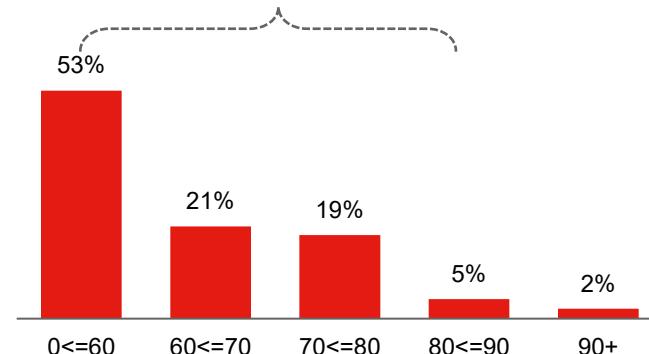


## Unsecured consumer 90+ day delinquencies<sup>1</sup> (%)



## Mortgage portfolio LVR<sup>2</sup> (% of portfolio)

93% of mortgage portfolio has an LVR less than 80%



## Mortgage loss rates (%)



<sup>1</sup> In May 2019 we made changes to the reporting of customers in hardship to align to the method used by APRA. <sup>2</sup> LVR based on current loan property value at latest credit event.

# Non-financial risks

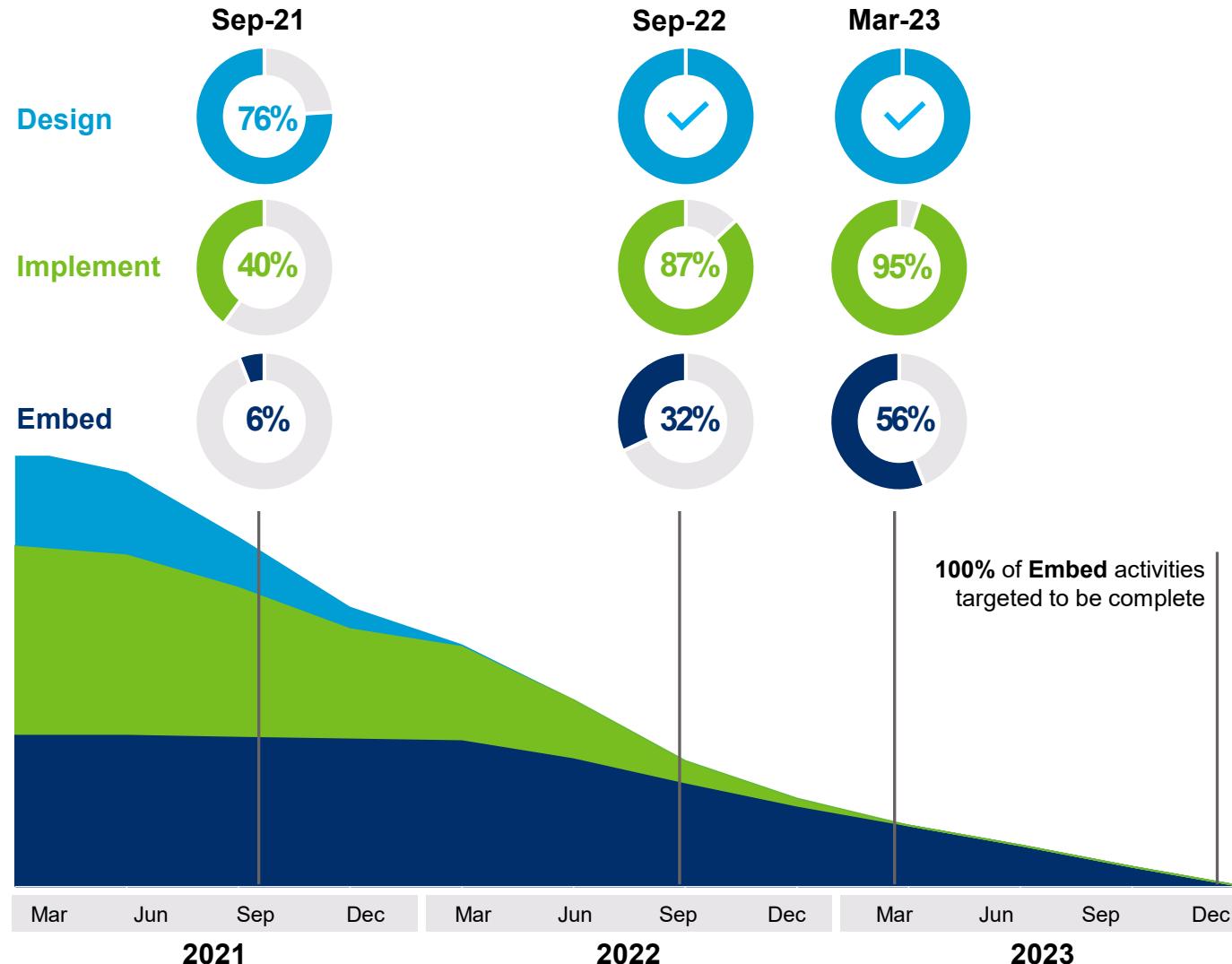
# CORE program

Non-credit risks

87% of activities complete<sup>1</sup>

- Customer Outcome Risk Excellence program (CORE) activities progressing and targeted to be complete by end of 2023<sup>2</sup>
- Addresses issues raised by enforceable undertaking with APRA signed December 2020
- Strengthening risk governance, improving accountability and enhancing risk culture across the Group
- 306 of 353<sup>3</sup> activities complete
- Quarterly independent assurance
- Westpac program status Amber<sup>4</sup> at March 2023
  - Red during February 2023

## CORE activities progress<sup>1</sup>



1 At 31 March 2023. Completed activities finalised by Westpac. Activities may still be subject to Promontory Australia review. 2 Westpac will continuously improve its risk governance, risk management practices and culture beyond the end of the CORE program. 3 Activities increased from 350 to 353 in 1H23. 4 Program status rating changes with the identification and resolution of issues, most recently: Amber – March 2023; Green – September 2022; Amber – March 2022.

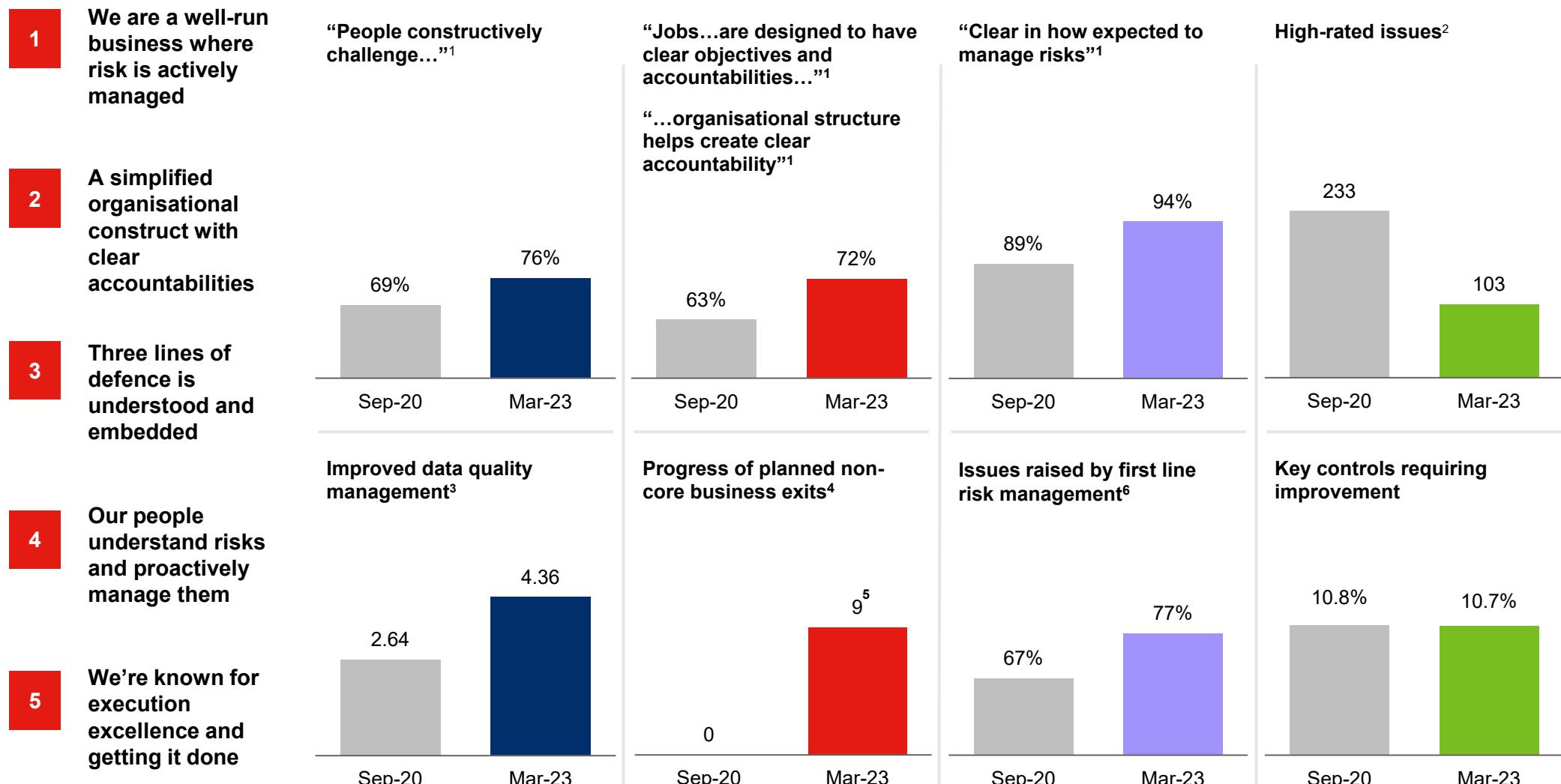
# CORE program

Strengthening risk governance, accountability and risk culture

Non-credit risks

## Target states

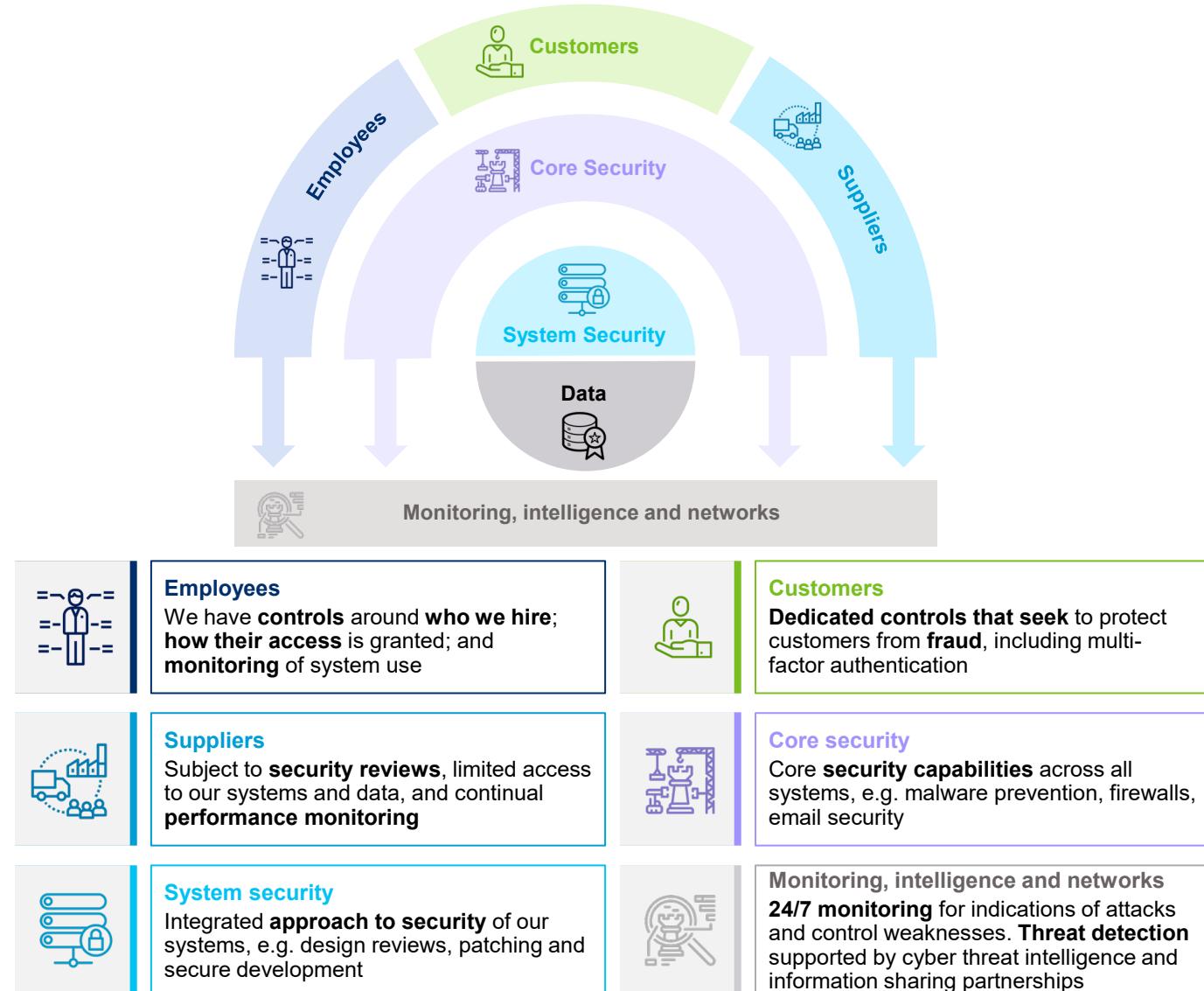
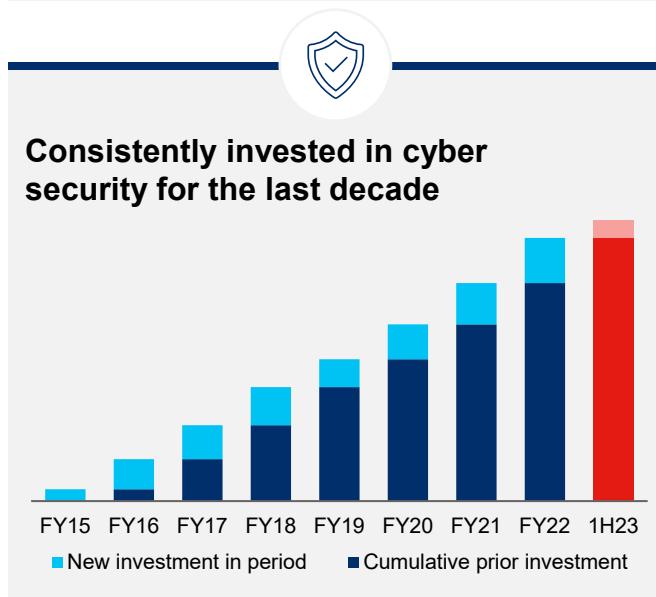
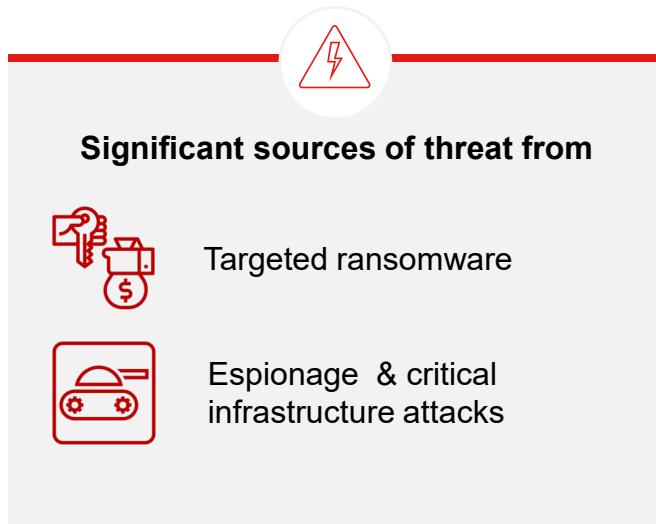
## Measures of progress



<sup>1</sup> Employee survey. <sup>2</sup> No. of open issues. <sup>3</sup> Internal rating out of 5. <sup>4</sup> No. of transactions complete - # of business sales completed when legal ownership passes from Westpac to the buyer. <sup>5</sup> Includes Westpac NZ Wealth Advisory and the SFT of BT Superannuation. <sup>6</sup> Not 2nd or 3rd lines %.

# Our cyber security protection

## Continued investment in cyber security



# Digital banking security initiatives

Non-credit risks

## Helping protect customers and reducing fraud and scams

### Biometric fraud detection

Better customer experience,  
reduced identity theft

### Westpac Verify alerting customers

to potential scams including account  
name mismatch

### Real-time blocking of potentially questionable online merchants

Saved \$131m for 1.54m customer  
incidences since January 2022

**Advanced** customer behavioural tools  
to combat **remote access scams**,  
including **Voice scam detection**

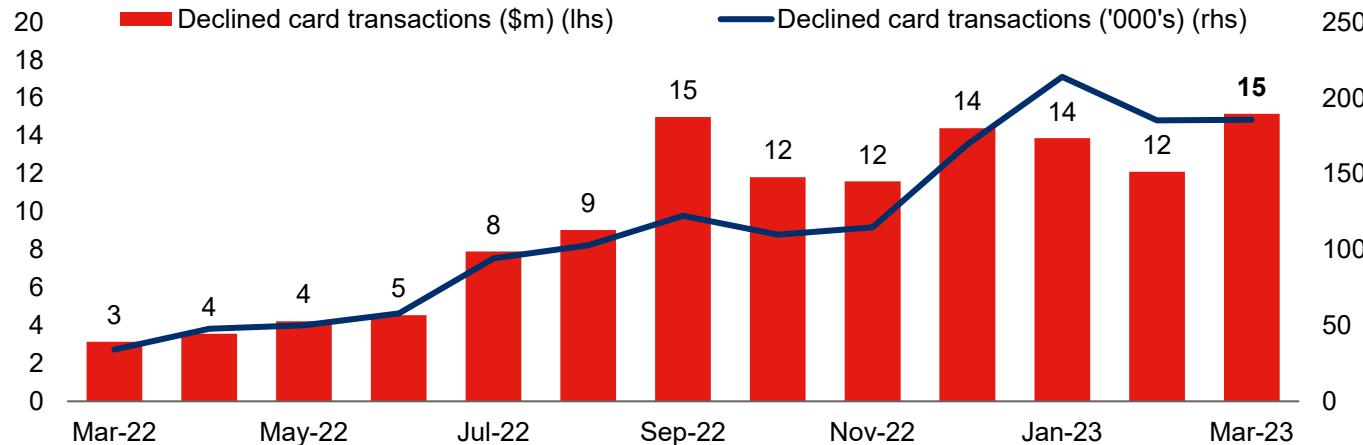
### Push notifications on account activity

Faster alerts support the reduction  
in losses

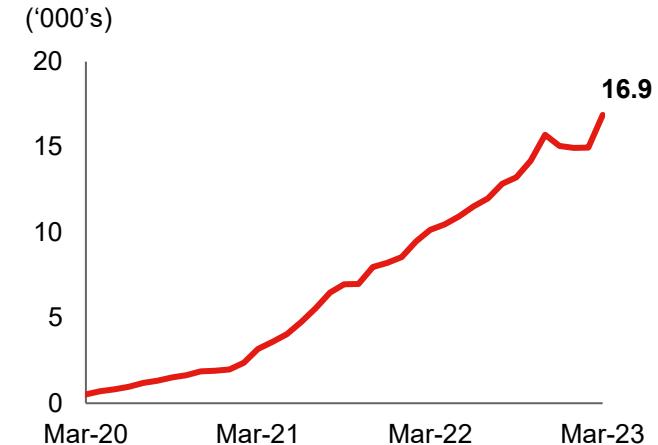
### Dynamic CVC

Used daily by ~17,000 customers<sup>1</sup>, ~80%  
lower fraud vs cards with static CVC

## Real-time blocking of potential online shopping scams<sup>2</sup>



## Dynamic CVC users<sup>3</sup>



<sup>1</sup> Monthly average for March 2023. <sup>2</sup> Monthly card transactions blocked. These blocks represent merchants that have historically been shown to deceive customers with exceptionally poor quality or non-existent goods. Less than 1% of customers insist that transactions should be completed. The amount represents the \$-value of the transaction that customers did not lose through the scam. Each card declined is only counted once per day (i.e. if a card has multiple declines in the same day it is only counted once). <sup>3</sup> Monthly average.

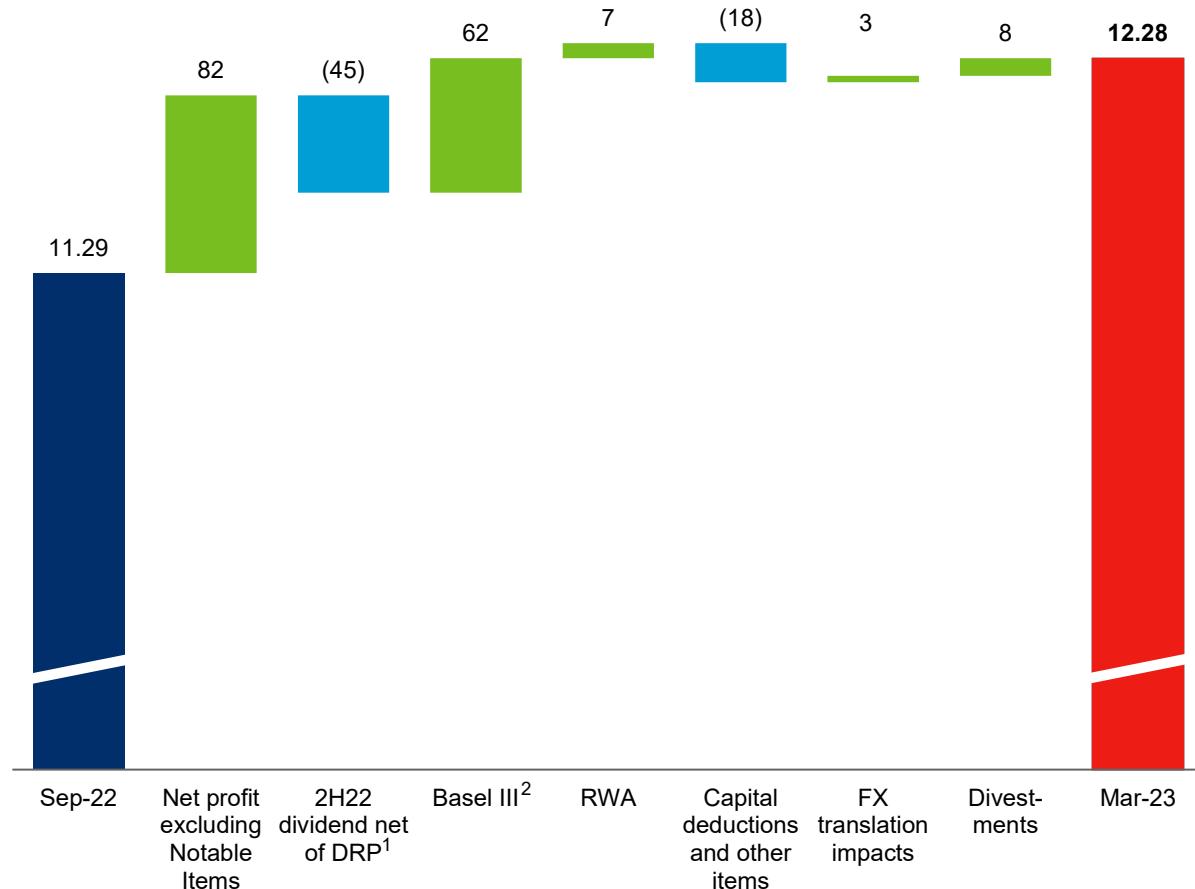
# Capital, funding and liquidity

# CET1 capital ratio 12.3%

Capital, funding and liquidity

Above target operating range of 11.0% – 11.5%

## Level 2 CET1 capital ratio movements (%, bps)



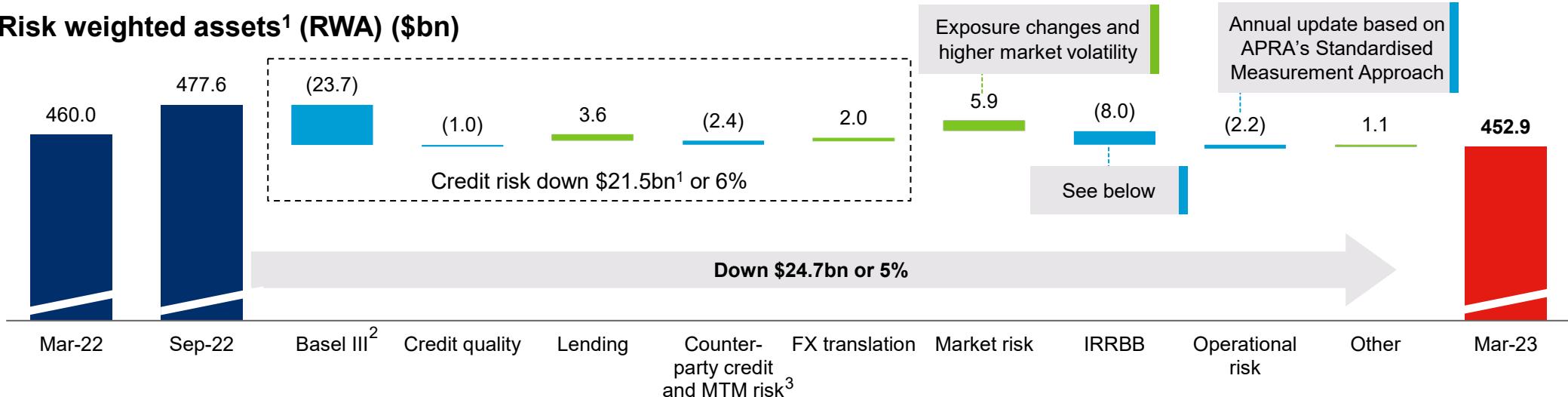
Key capital ratios (%)	Mar-22	Sep-22	Mar-23
<b>Level 2 CET1 capital ratio</b>	11.3	11.3	<b>12.3</b>
Additional Tier 1 capital ratio	2.1	2.1	<b>2.2</b>
Tier 1 capital ratio	13.4	13.4	<b>14.5</b>
Tier 2 capital ratio	4.3	5.0	<b>5.3</b>
Total regulatory capital ratio	17.7	18.4	<b>19.8</b>
Risk weighted assets (RWA) (\$bn)	460	478	<b>453</b>
Leverage ratio	5.6	5.6	<b>5.5</b>
<b>Level 1 CET1 capital ratio</b>	11.2	11.3	<b>12.5</b>
<b>Internationally comparable ratios<sup>3</sup></b>			
Leverage ratio (internationally comparable)	6.1	6.0	<b>5.9</b>
CET1 capital ratio (internationally comparable)	17.4	17.6	<b>18.1</b>

<sup>1</sup> The dividend reinvestment plan (DRP) for the 2022 final dividend was satisfied by the issue of new shares. <sup>2</sup> APRA's revised capital framework effective 1 January 2023. <sup>3</sup> Internationally comparable methodology references the ABA study on the comparability of APRA's new capital framework and finalised reform released on 10 March 2023.

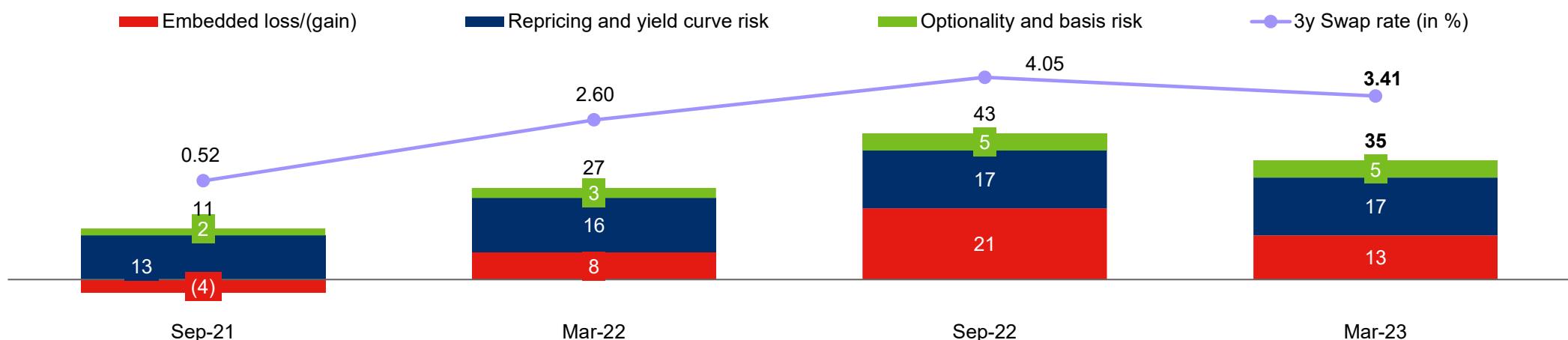
# Risk weighted assets

Capital, funding and liquidity

## Risk weighted assets<sup>1</sup> (RWA) (\$bn)



## IRRBB RWA<sup>1</sup> (\$bn)



1 Chart may not add due to rounding. 2 APRA's revised capital framework effective 1 January 2023. 3 Mark to market (MTM).

# APRA's revised capital framework

Credit RWA reduced by \$23.7 billion

Capital, funding and liquidity

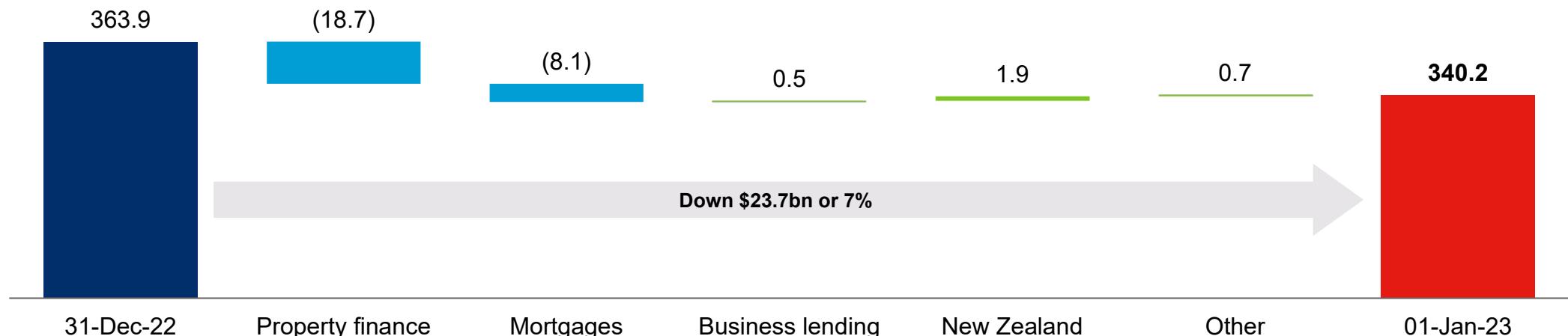
## Impact on Westpac

- APRA's revised capital framework effective on 1 January 2023
- Includes a revised CET1 requirement of 10.25% and changes to credit RWA
- Required capital broadly unchanged
- Westpac seeks to operate with a CET1 capital ratio of between 11.0% to 11.50% in normal operating conditions

## Changes in credit RWA include

- **Property:** Closer alignment to international standards. Greater use of internal modelling and a reduction in exposure calculation reducing RWA
- **Mortgages:** Revisions to models including greater risk sensitivity for higher risk segments
- **New Zealand:** Closer alignment to RBNZ requirements increasing RWA

## Credit RWA<sup>1</sup> (\$bn)

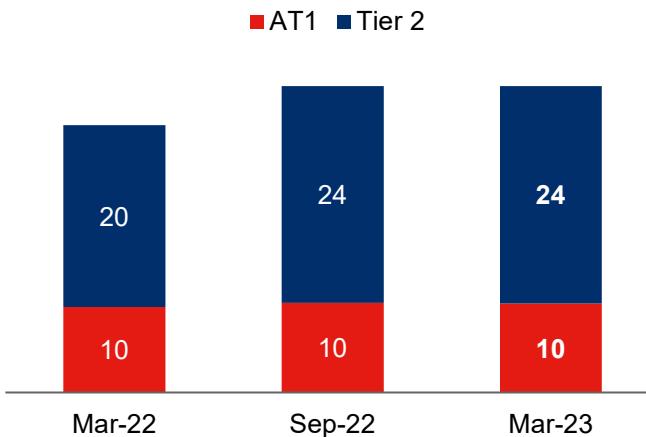


<sup>1</sup> Chart may not add due to rounding. Day-1 impact of APRA's revised capital framework effective 1 January 2023.

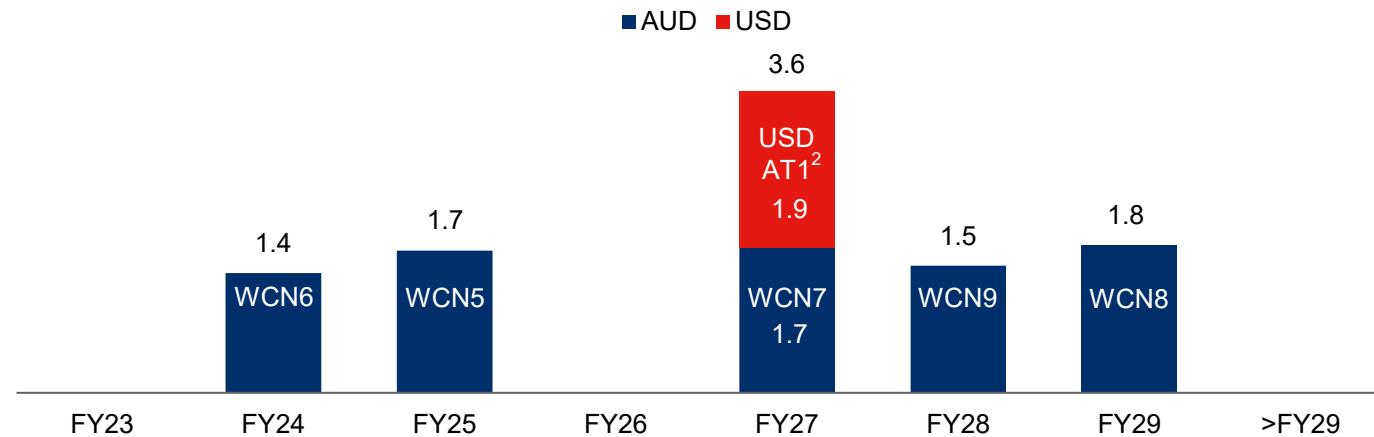
# Additional Tier 1 (AT1) and Tier 2 capital

Capital, funding and liquidity

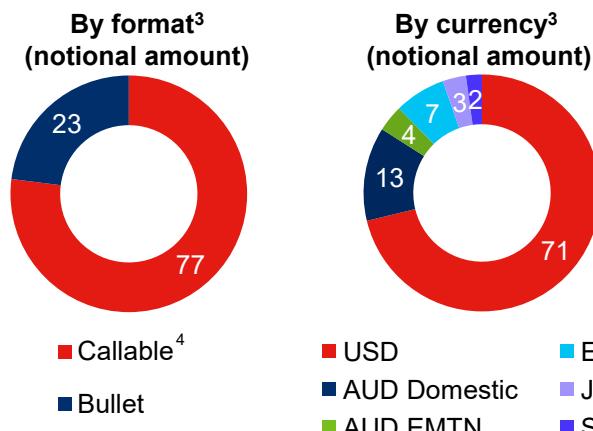
## AT1 and Tier 2 capital (\$bn)



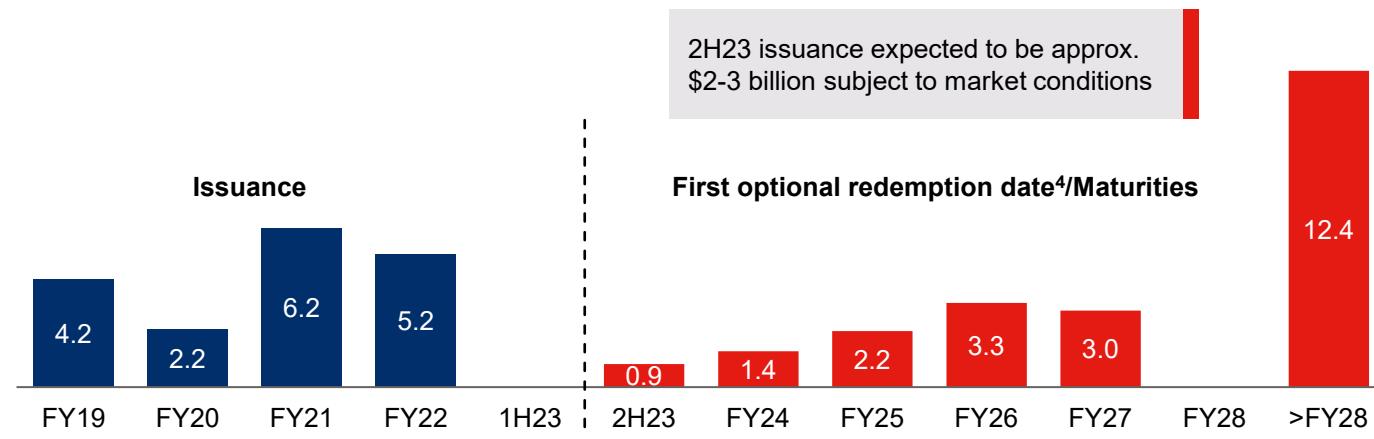
## Westpac AT1 profile<sup>1,4</sup> (notional amount, A\$bn)



## Westpac Tier 2 capital (%)



## Westpac Tier 2 profile<sup>3,4</sup> (notional amount, A\$bn)



1 FX at 31 Mar-23. AT1 securities profiled to the first optional redemption date. USD AT1 Securities optional redemption date is 21 Sep-27. Westpac Capital Notes 7 optional conversion, redemption or transfer date is 22 Mar-27. 2 Represents AUD equivalent notional amount using spot FX translation at 31 Mar-23. 3 Excludes Westpac New Zealand Limited (RBNZ Tier 2 does not count for APRA LAC requirements). Represents AUD equivalent notional amount using spot FX translation at date of issue for issuance and spot FX translation at 31 Mar-23 for maturities. Securities in callable format profiled to first call date. Securities in bullet format profiled to maturity date. 4 No redemption prior to the maturity date may be made without the prior written approval of APRA. Approval is at the discretion of APRA and may or may not be given. There can be no certainty that APRA will provide its prior written approval for any such redemption. Holders should not expect that APRA's approval will be given for any redemption if requested by Westpac. Any redemption does not imply or indicate that Westpac will in future exercise any right it may have to redeem any other outstanding regulatory capital instruments issued by Westpac. Any such redemption would also be subject to APRA's prior written approval (which may or may not be given).

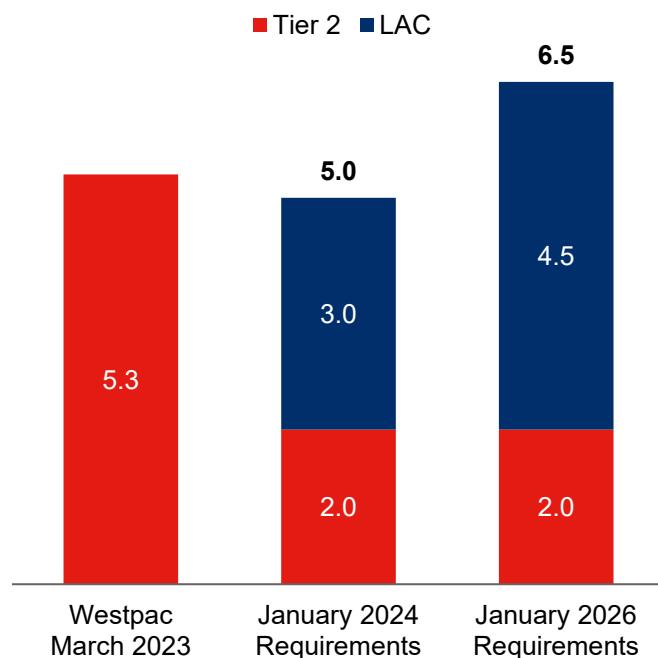
# Loss-absorbing capacity and capital securities

Capital, funding and liquidity

## Loss-absorbing capacity (LAC)

- Australian D-SIBs are required to increase Total Capital to meet APRA's LAC requirements
- This is expected to be met through Tier 2 Capital
- Westpac is well progressed – Tier 2 capital 5.3% at 31 March 2023

## Tier 2 and LAC requirements (%)



## AT1 and Tier 2 securities

- Primary method of loss absorption is contractual conversion into ordinary shares
- No Westpac AT1 or Tier 2 securities have write-off as the primary method of loss absorption
- APRA's prudential requirements in APS 111 permit a ranking or order of conversion and any ranking must provide for AT1 to be fully converted or written-off before Tier 2
- CET1 trigger event (AT1 only)
  - Level 1 or Level 2 CET1 capital ratio falls to or below 5.125%
- Point of Non-Viability (PONV) trigger event (AT1 and Tier 2)
  - PONV is where APRA notifies Westpac in writing that:
    - conversion of AT1 and Tier 2 capital instruments of Westpac is necessary, because without it, Westpac would become non-viable; or
    - a public sector injection of capital, or equivalent support, is necessary, because without it, Westpac would become non-viable
  - PONV is at APRA's discretion
- Automatic conversion of the face value (or percentage of the face value) of each instrument into a variable number of ordinary shares, based on the face value of each note and a 5 day VWAP prior to the trigger event, including a 1% discount. The conversion number is subject to a maximum conversion number (based on 20% of the share price at the time of issue)
- Write-off is a backstop only if conversion does not occur within 5 days for any reason

# Regulatory capital changes

Capital, funding and liquidity

Implementation	Change	Details	Expected impact on the Group's capital ratios
1 Jan 2024	<b>CPS 190 Financial Contingency Planning</b> <b>CPS 900 Resolution Planning</b>	<p>APRA has released two draft prudential standards for consultation for banks to:</p> <ul style="list-style-type: none"> <li>Develop plans to respond to financial stress</li> <li>Prepare for resolution with limited adverse impacts on the community and financial system, in the event of their failure</li> </ul>	→ →
1 Jan 2025	<b>APS117 – IRRBB</b>	<ul style="list-style-type: none"> <li><b>Non-traded:</b> currently standardising aspects of the calculation of IRRBB capital to reduce volatility over time and variation between ADIs</li> </ul>	↓
1 Jan 2026	<b>APS116 – Market Risk</b>	<ul style="list-style-type: none"> <li><b>Traded:</b> APRA is yet to commence consultation on Fundamental Review of the Trading Book</li> </ul>	→
1 Jan 2024 and 1 Jan 2026	<b>Loss Absorbing Capacity (LAC)</b>	<ul style="list-style-type: none"> <li>APRA requires D-SIBs to lift the total capital ratio by 4.5% of RWA by 1 January 2026. This comprises of 3% to 16.75% by 1 January 2024 and a further 1.5% to 18.25% by 1 January 2026</li> </ul>	↑
Current and finalised by 1 Jul 2028	<b>RBNZ Capital Review</b>	<ul style="list-style-type: none"> <li>D-SIB total capital requirements increasing to 18% by 1 July 2028. Includes Tier 1 capital requirement of 16% of which 13.5% must be CET1 capital</li> </ul>	↑

# Internationally comparable capital ratio reconciliation<sup>1</sup>

Capital, funding and liquidity

APRA's capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios by Australian banks. The following details the adjustments and how Westpac's APRA CET1 capital ratio aligns to an internationally comparable ratio

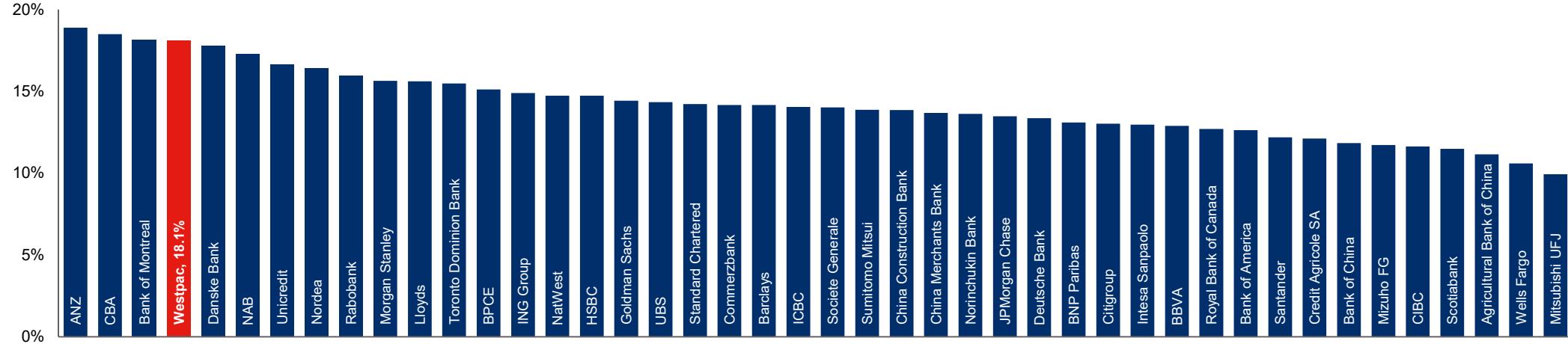
Westpac's CET1 capital ratio (APRA basis)	12.3
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements 0.1
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements 0.5
Capitalised expenses	APRA requires these items to be deducted from CET1. The BSBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1 0.6
Interest rate risk in the banking book (IRRBB)	APRA requires capital to be held for IRRBB. The BCBS does not have a Pillar 1 capital requirement for IRRBB 1.3
RWA scaling factor	APRA applies a scaling factor to all Advanced IRB <sup>2</sup> credit RWAs. The BCBS does not apply this scalar 0.8
Property finance	APRA applies an additional scaling factor to property finance RWA. The BCBS does not apply this scalar. 0.3
Residential mortgages	APRA applies scaling factors to mortgage RWAs for higher risk segments such as interest only and investor mortgages and applies a standardised risk weight to certain mortgages. The BCBS does not apply this treatment. 1.8
Non-retail Loss Given Default (LGD)	Non-retail LGD's under the Foundation IRB (F-IRB) and Advanced IRB approaches differ from the BCBS (0.1)
New Zealand	APRA requires New Zealand RWAs to be largely calculated in accordance with the RBNZ rules. The RBNZ rules are more conservative than BCBS. 0.5
<b>Internationally comparable CET1 capital ratio</b>	<b>18.1</b>
<b>Internationally comparable Tier 1 capital ratio</b>	<b>21.1</b>
<b>Internationally comparable total regulatory capital ratio</b>	<b>28.2</b>

<sup>1</sup> Internationally comparable methodology references the ABA study on the comparability of APRA's new capital framework and finalised reform released on 10 March 2023. <sup>2</sup> Internal ratings-based approach (IRB).

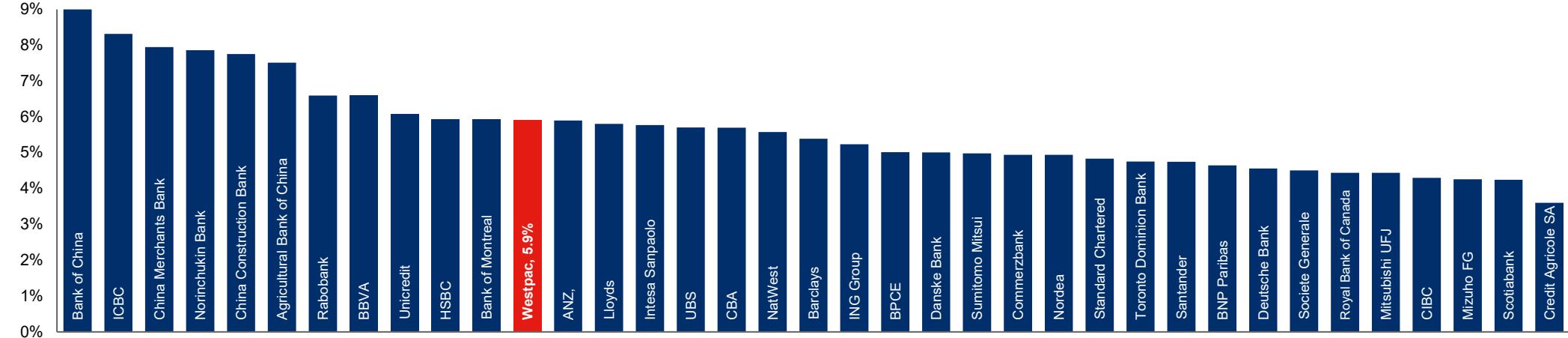
# Well placed on internationally comparable

Capital, funding and liquidity

## Common equity Tier 1 ratio (%)<sup>1</sup>



## Leverage ratio (%)<sup>1</sup>



<sup>1</sup> Comparison group comprises listed commercial banks with assets in excess of A\$700bn and which have disclosed fully implemented Basel III ratios or provided enough to estimate. Based on company reports/presentations. Ratios are at 31 December 2022, except for China Construction Bank which are at 30 September 2022, Bank of Montreal, Toronto Dominion Bank, Royal Bank of Canada, CIBC and Scotiabank which are at 31 January 2023, and Westpac, NAB and ANZ which are at 31 March 2023. Where accrued expected dividends have been deducted and disclosed, these have been added back for comparability. US banks are excluded from leverage ratio analysis due to business model differences, for example from loans sold to US Government sponsored enterprises. NAB has not disclosed an internationally comparable leverage ratio since September 2017 and has therefore been excluded.

# Liquidity risk management

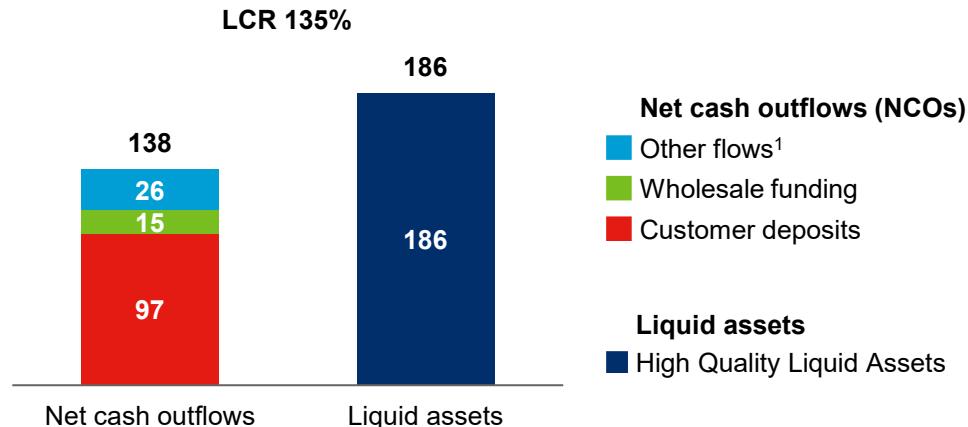
Capital, funding and liquidity

Key metrics	Details	Westpac 1H23
 Liquidity Coverage Ratio (LCR)	<ul style="list-style-type: none"> <li>LCR requires banks to hold a sufficient reserve of HQLA to allow them to survive a period of significant liquidity stress lasting 30 calendar days</li> <li>Westpac is subject to LCR requirements under APS210</li> </ul>	135% (March 2023 quarterly average)
 High quality liquid assets (HQLA)	<ul style="list-style-type: none"> <li>In Australia, cash, balances held with the Reserve Bank of Australia, and Australian Government and semi government securities qualify as HQLA. No Level 2 assets qualify as HQLA</li> <li>HQLA included at market value in the LCR</li> <li>Changes in the fair value of liquid assets are recognised either in Other Comprehensive Income through the relevant equity reserve or in the income statement</li> </ul>	\$186bn (March 2023 quarterly average)
 Interest rate risk management (liquids portfolio)	<ul style="list-style-type: none"> <li>Market interest rate risk arising in the banking book stems from the ordinary course of banking activities including loans, deposits, liquid assets and capital management</li> <li>Westpac's exposure to interest rate risk in the liquid asset portfolio is hedged using derivatives</li> <li>APRA requires ADIs to calculate a capital charge for the risk of loss in earnings or a fall in the value of banking book items due to adverse movements in interest rates (APS 117)</li> </ul>	\$2.8bn in IRRBB capital
 Depositor diversification	<ul style="list-style-type: none"> <li>Westpac has a well diversified deposit portfolio</li> </ul>	\$628bn customer deposits
 Net Stable Funding Ratio (NSFR)	<ul style="list-style-type: none"> <li>NSFR requires banks to maintain a stable funding profile in relation to the composition of assets and off-balance sheet activities</li> <li>Westpac is subject to NSFR requirements under APS210</li> </ul>	119%

# Liquidity Coverage Ratio

Capital, funding and liquidity

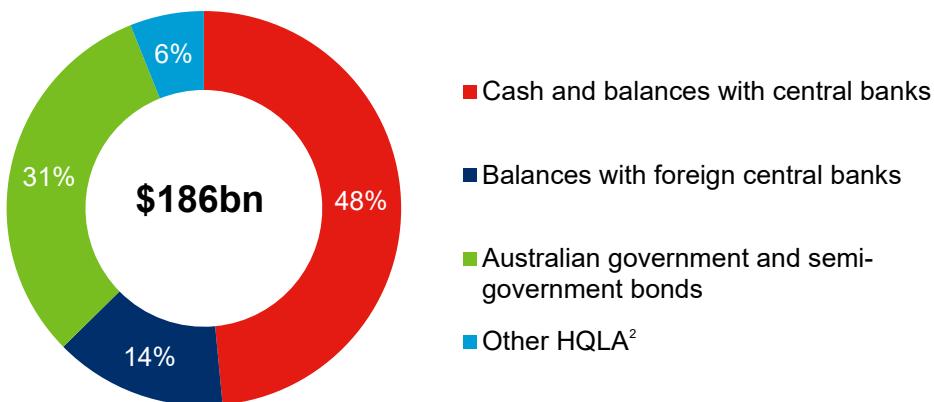
## LCR (March 2023 quarterly average, \$bn)



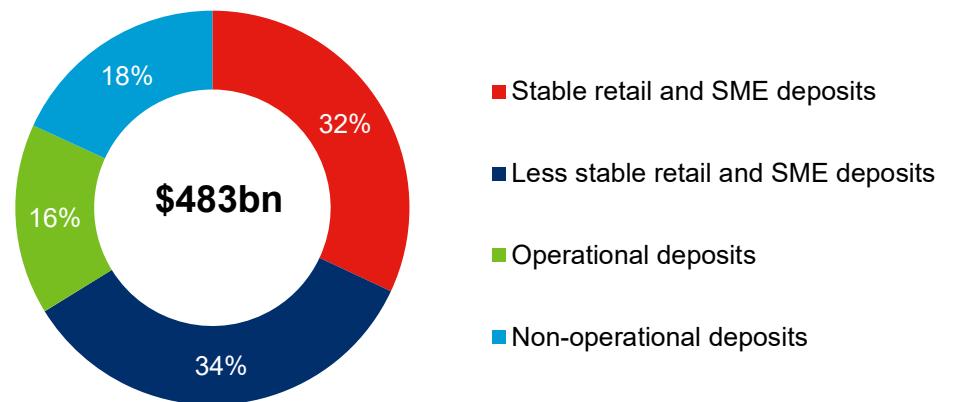
## Movement in LCR (quarterly average, %)



## HQLA (March 2023 quarterly average)



## LCR deposit mix (March 2023 quarterly average)



<sup>1</sup> Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. Other flows also includes the net cash outflow overlay. Effective 1 Jan-21, the Group was required to increase the value of its net cash outflows by 10% for the purpose of calculating LCR, in response to action taken by APRA for breaches of Westpac's liquidity requirements predominantly relating to WNZL. The overlay was removed from 1 Sep-22. <sup>2</sup> Other HQLA includes securities issued by foreign sovereigns and repo-eligible qualifying assets in foreign jurisdictions. <sup>3</sup> In line with APRA updated guidance, the CLF ceased to exist on 1 Jan-23.

# Funding

## Focus on stable funding sources

Capital, funding and liquidity

### Funding composition (%)

- Customer deposits provide 65% of total funding
- Additional 22% from stable sources of long-term wholesale and equity

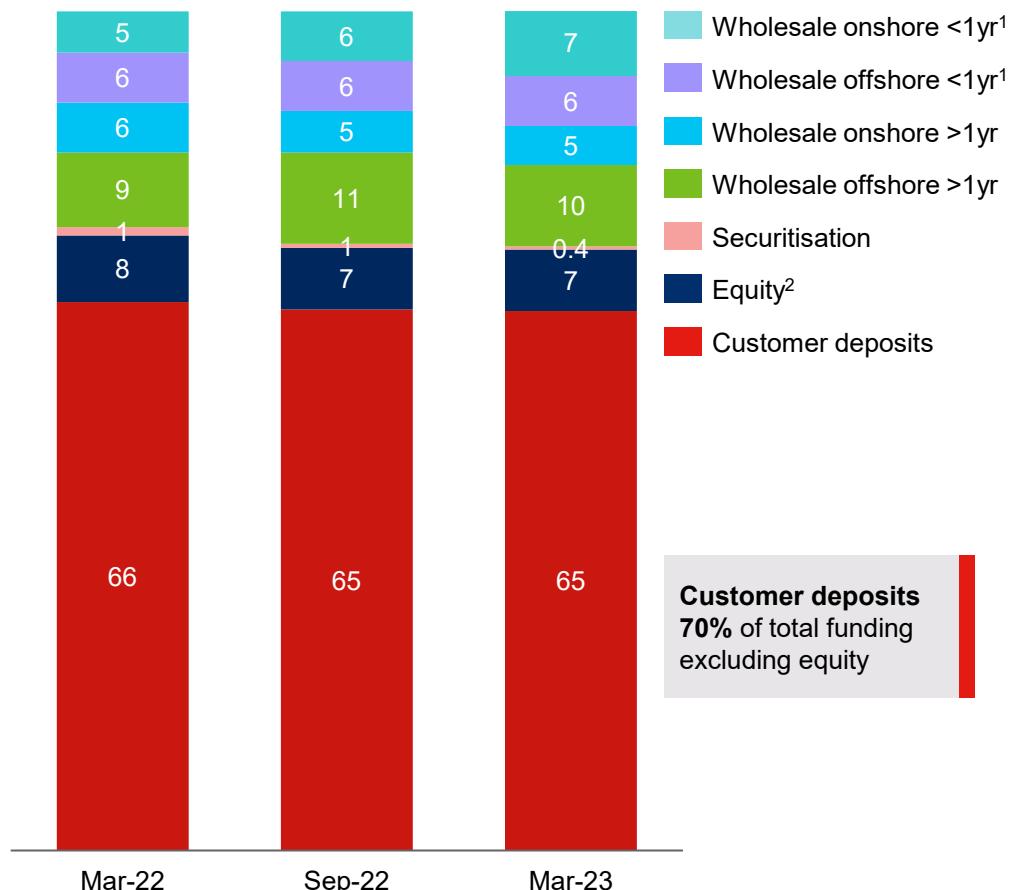
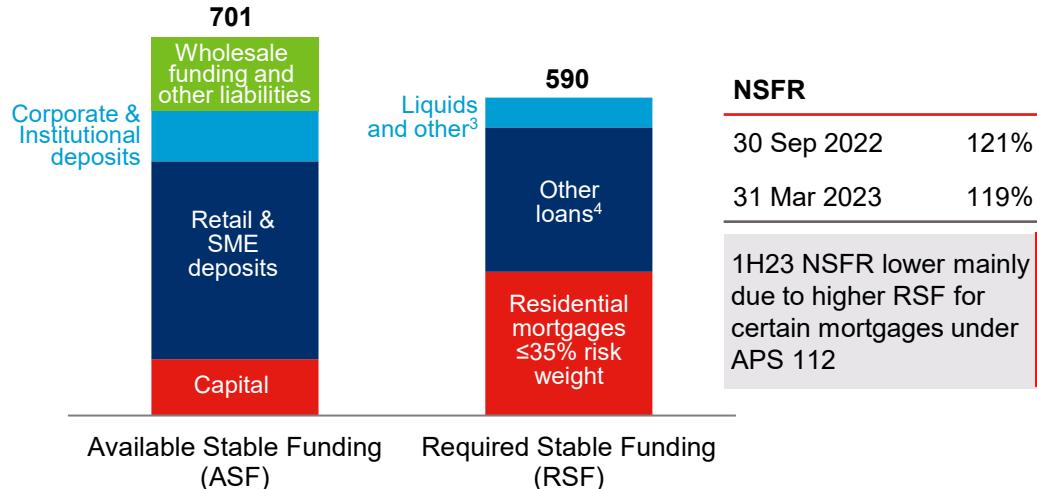


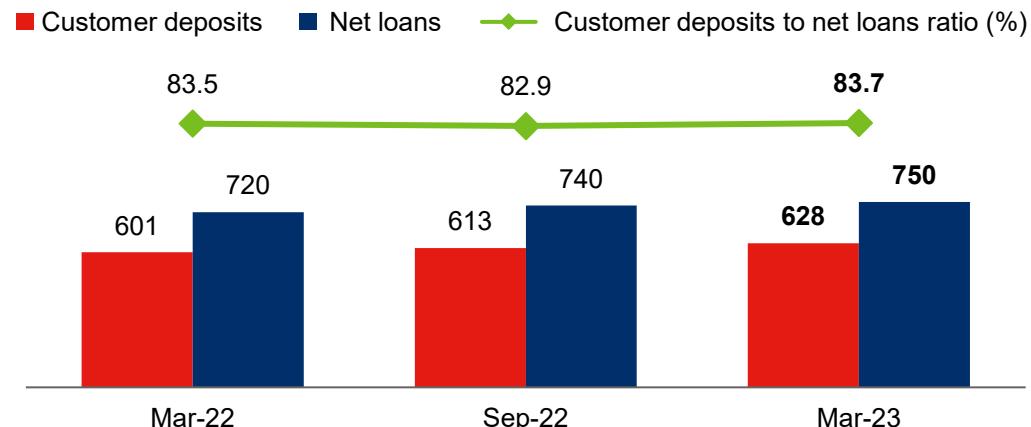
Chart does not add to 100 due to rounding

<sup>1</sup> Includes long term wholesale funding with a residual maturity less than or equal to 1 year. <sup>2</sup> Equity excludes FX translation, available-for-sale securities and cash flow hedging reserves. <sup>3</sup> Other includes derivatives and other assets. <sup>4</sup> Other loans include off balance sheet exposures and residential mortgages >35% risk weight.

### Net stable funding ratio (%)



### Customer deposits and net loans (\$bn)



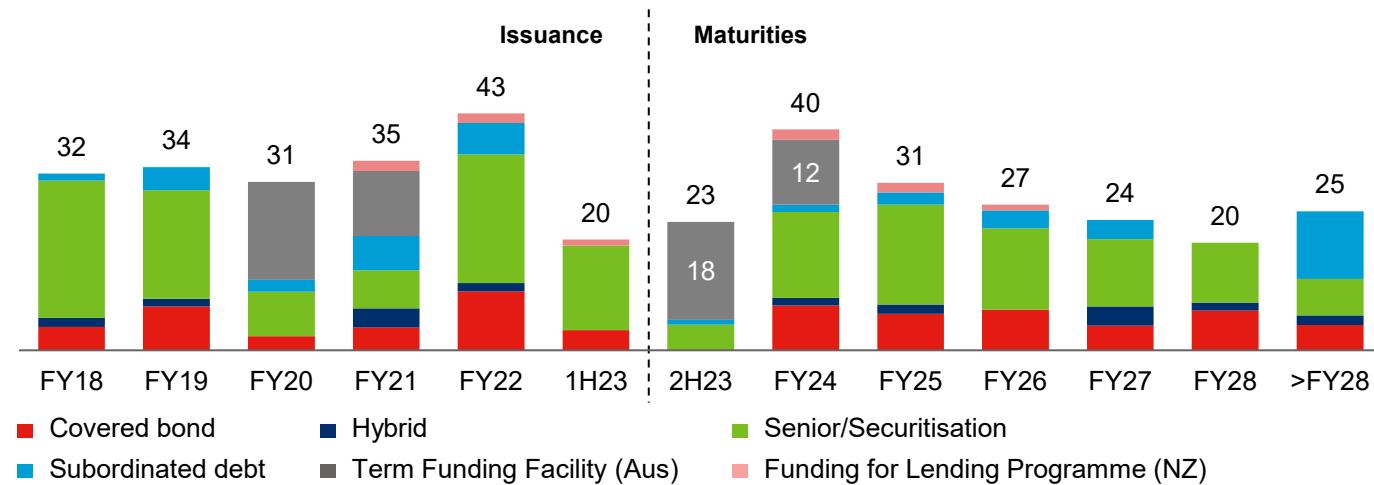
# Long term wholesale funding

Capital, funding and liquidity

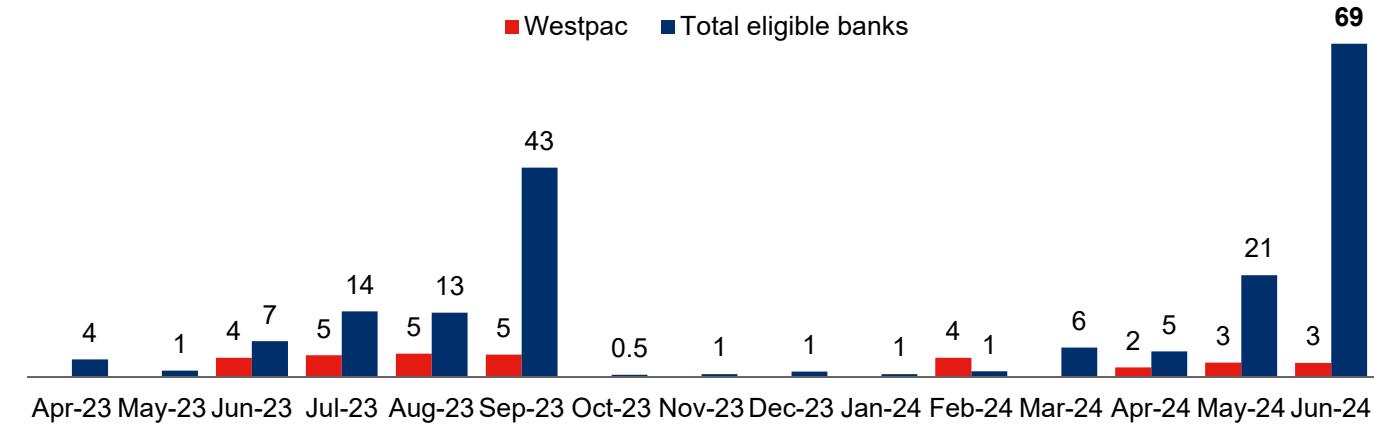
## Well managed long term wholesale funding profile

- Well diversified issuance across currencies, programs and tenors
- SEC registration a key advantage in USD market access
- Well managed maturity profile
- Term Funding Facility expected to be refinanced within normal funding capacity
- Term Funding Facility drawdowns managed to support a smooth LCR profile
- 2H23 term issuance expected to be below 1H23

### Term debt issuance and maturity profile<sup>1</sup> (\$bn)



### Term Funding Facility maturities (\$bn)



Source: Westpac, RBA

<sup>1</sup> Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Perpetual sub-debt has been included in >FY28 maturity bucket. Maturities exclude securitisation amortisation.

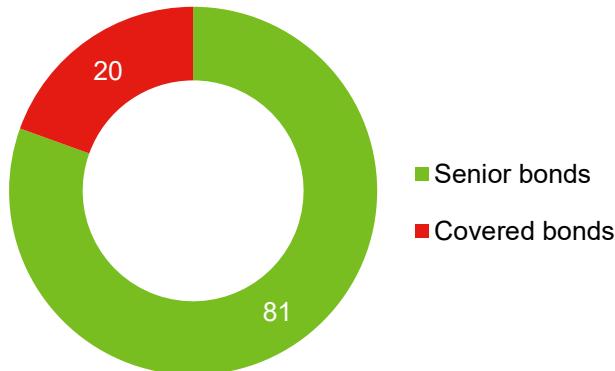
# Long term wholesale funding

Long term wholesale funding well diversified

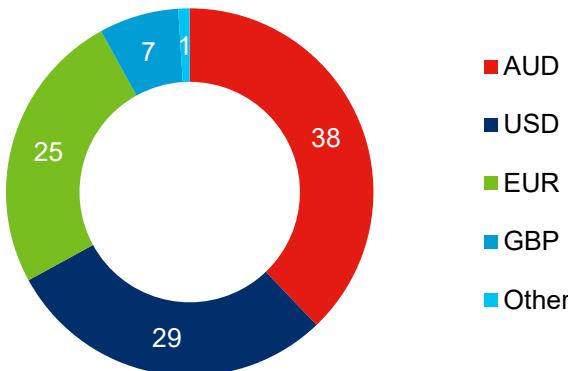
Capital, funding and liquidity

## 1H23 term debt issuance<sup>1</sup> (%)

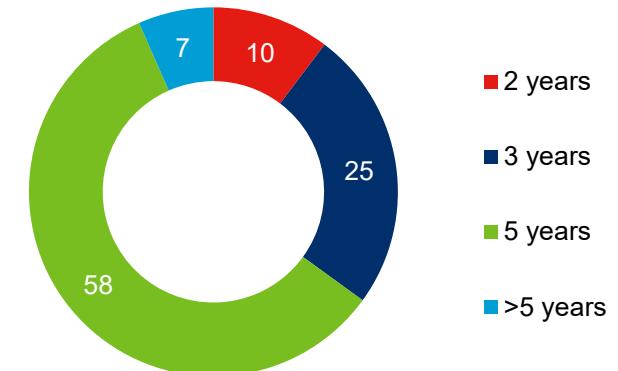
By program (%)



By currency (%)



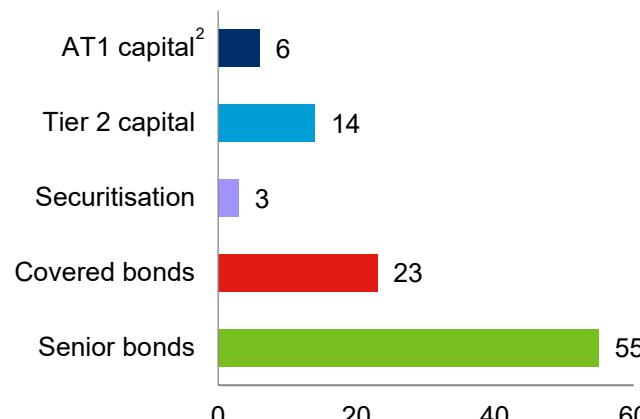
By tenor (%)



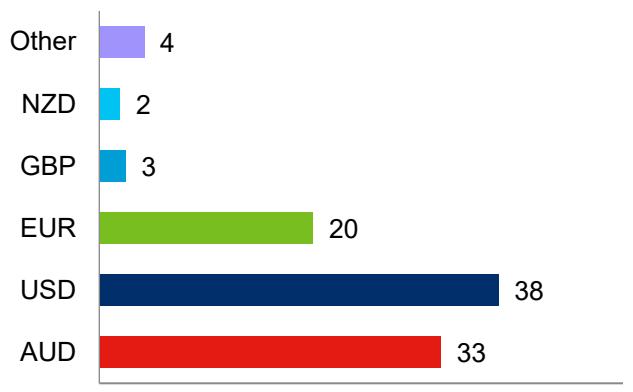
Charts may not add due to rounding.

## Long term wholesale funding back book<sup>1</sup> (%)

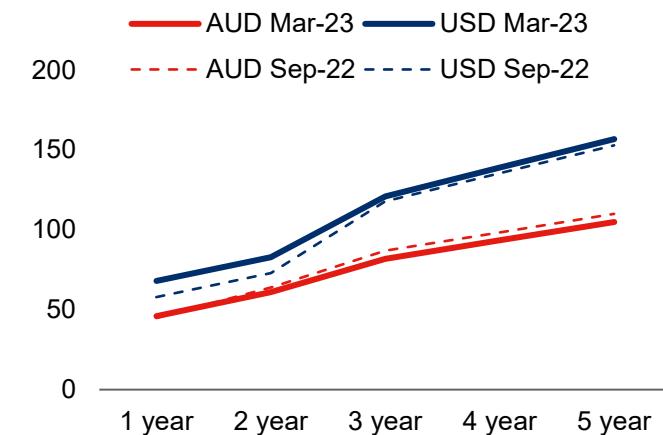
By program (%)



By currency (%)



## Indicative wholesale funding costs (senior unsecured)



Charts may not add due to rounding.

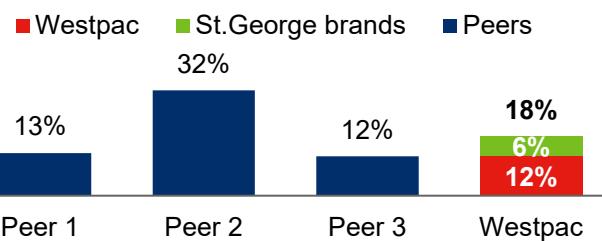
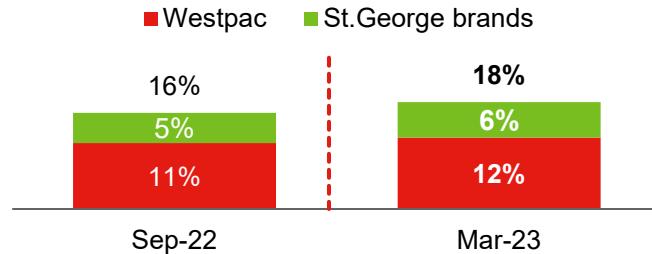
<sup>1</sup> Data excludes Term Funding Facility and Funding for Lending Programme. <sup>2</sup> Additional Tier 1 capital (AT1 capital).

# Customer franchise

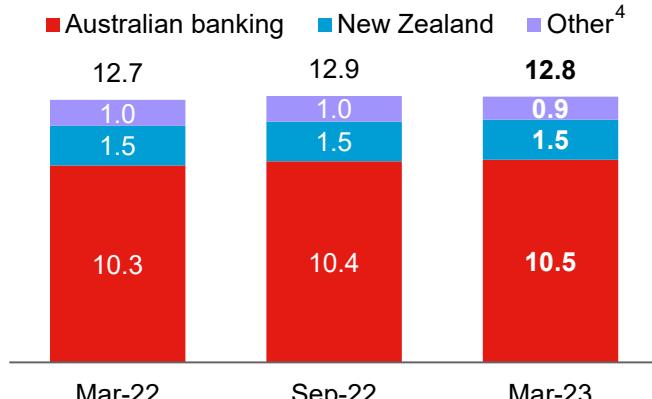
# Customer franchise

Customer franchise

## MFI share<sup>1,2</sup>

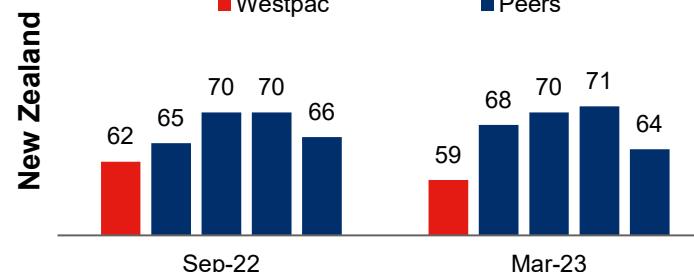
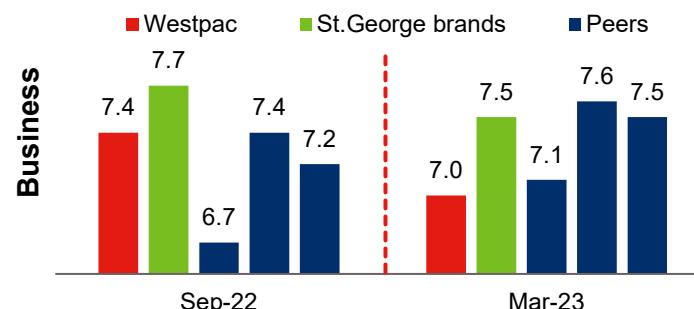
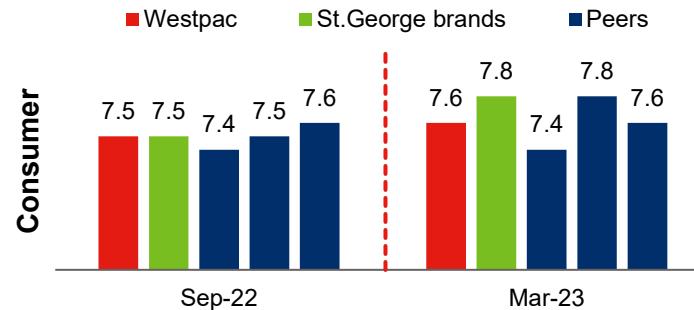


## Customer numbers<sup>3</sup> (#m)

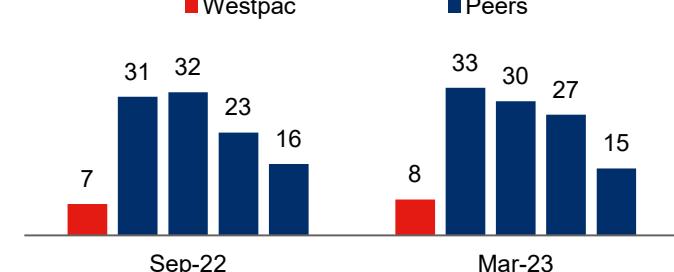
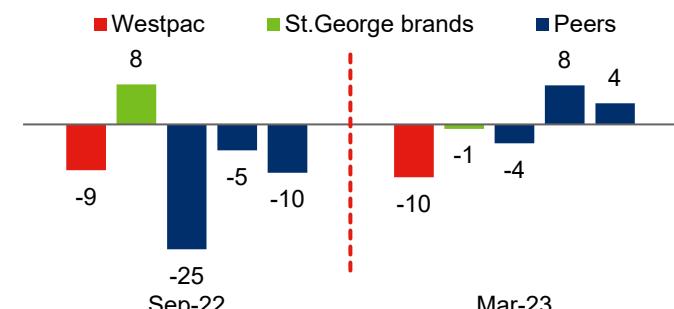
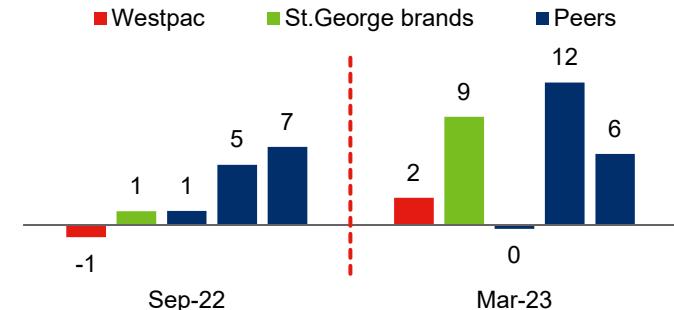


Charts may not add due to rounding

## Customer satisfaction (CSAT)<sup>2</sup>



## Net Promoter Score (NPS)<sup>2</sup>

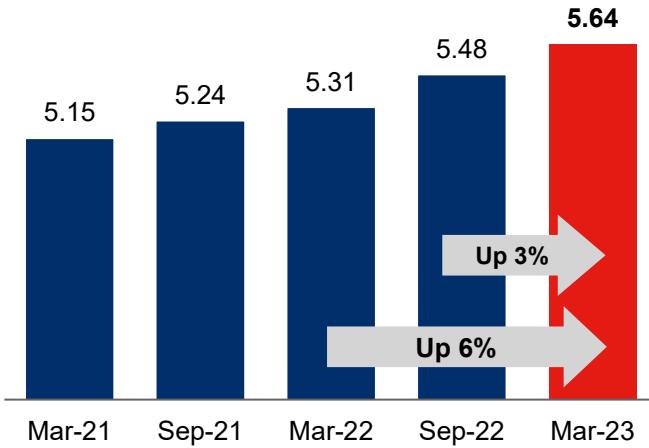


# Australian banking digital metrics

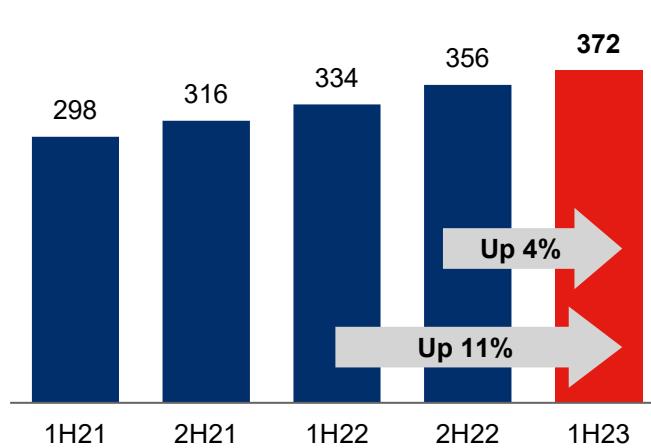
Customer franchise

Customers continue to migrate to digital

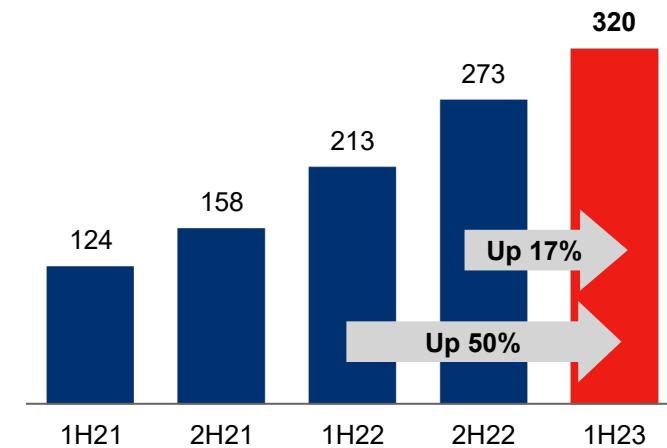
## Digitaly active customers<sup>1</sup> (#m)



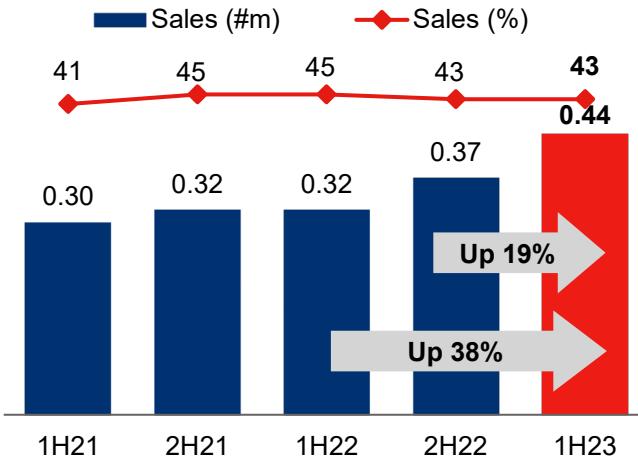
## Digital transactions<sup>1,2</sup> (#m)



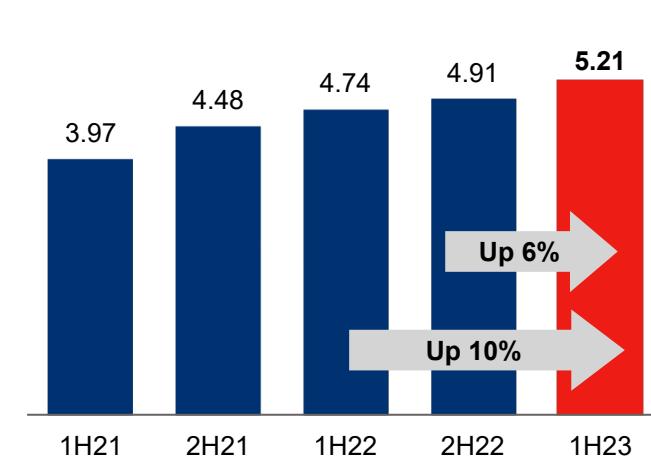
## Mobile wallet payments<sup>1</sup> (#m)



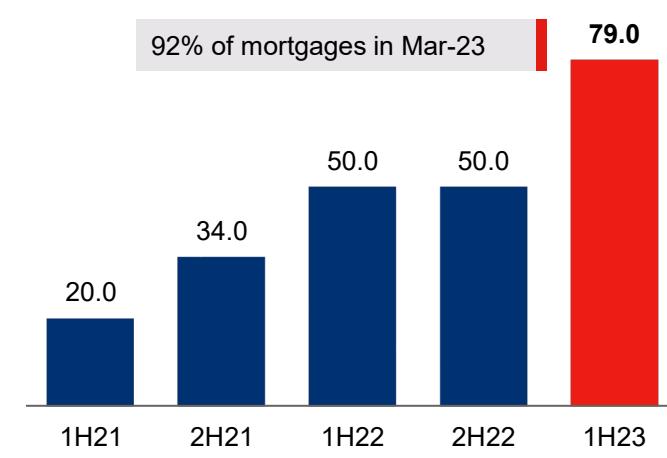
## Digital sales<sup>1,3</sup>



## Average App sessions per day<sup>1</sup> (#m)



## Mortgages processed on digital origination platform (%)

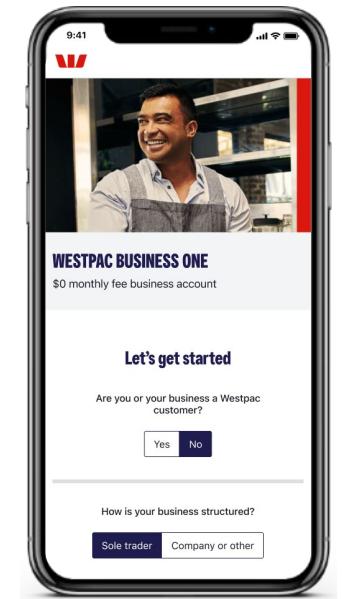
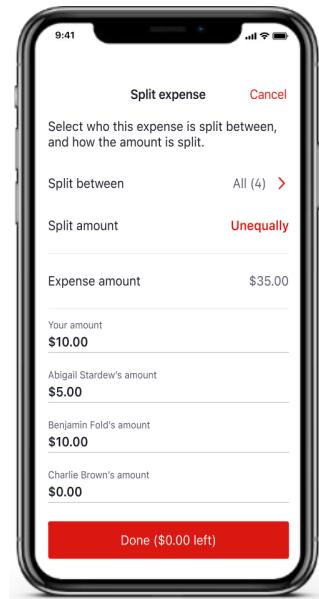
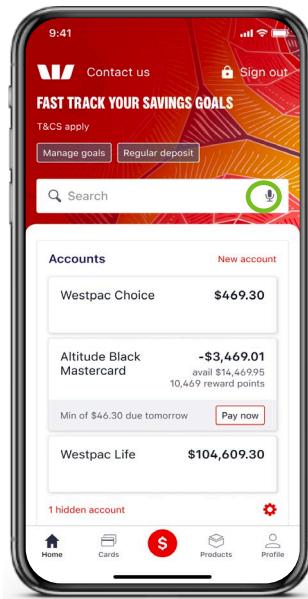
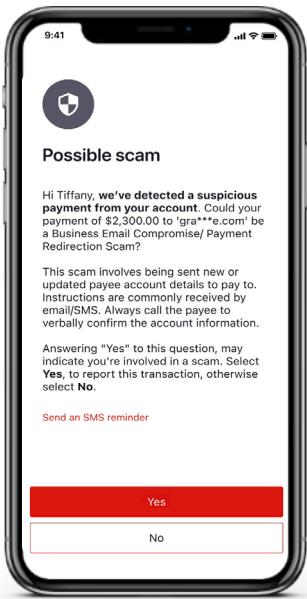
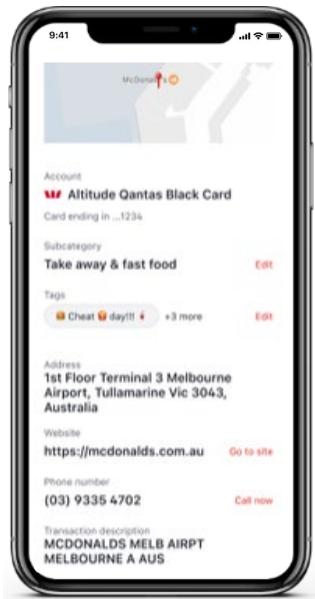
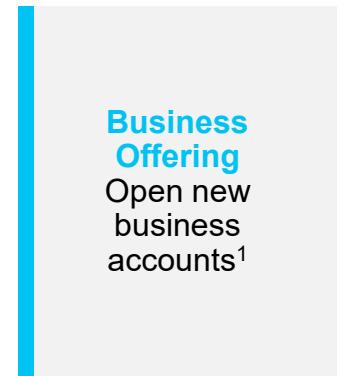
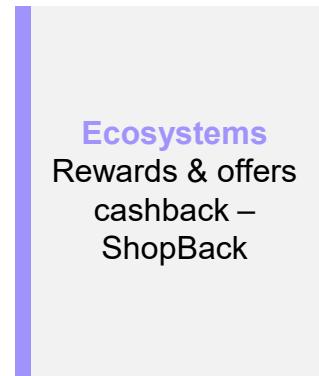
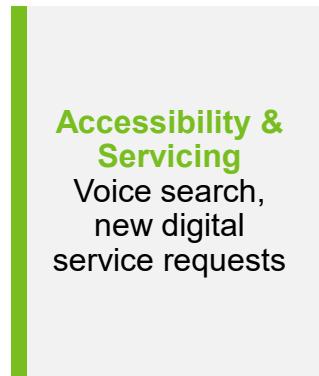


1 Refer to page 124 for definition. 2 Digital transactions include all payment transactions (transfer funds, Pay Anyone and BPAY) within Westpac Live and Compass, excluding Corporate Online and Business Banking online. 3 Consumer only.

# Digital initiatives in 1H23

Customer franchise

Improving the digital banking experience for our customers



<sup>1</sup> New digital account opening process available for sole traders. Existing digital account opening process available for other customer types.

# Sustainability

# Our commitment to sustainability

Creating better futures together

Sustainability



## Helping when it matters most

- Supported **14,200+ Australian customers** with **hardship packages** in 1H23
- Provided **natural disaster** support in 1H23 to NZ customers and communities, following the late January flooding and Cyclone Gabrielle, including:
  - Committed **NZ\$3m** in grants to eligible business customers and **NZ\$1m** to organisations assisting with immediate flood relief and recovery
  - Offered temporary overdrafts, discounted loans and deferral of loan repayments to eligible customers
- **Specialist vulnerability teams** assisted **36,500+ Australian customers** in 1H23
- **Financial education resources** offered to customers through our Davidson Institute
- Specialist assistance to **11,900+ Indigenous and remote Australians** since 2019, through Yuri Ingkarninthi, our Indigenous Call Centre



## Backing a stronger Australia and New Zealand

- Implementing our **Climate Action Plan** – reducing climate change impacts of our direct operations and supporting customers' transition (detail on following pages)
- Committed **\$500m in new lending** to help female-led small businesses to get started or grow
- Spent **\$39.8m with diverse suppliers** since 2021, including **\$11.4m with Indigenous-owned businesses<sup>1</sup>**
- Westpac Scholars Trust awarded **100 new scholarships** in 1H23. **740+ active scholars** supported since 2015<sup>2</sup>
- Westpac Foundation's job creation grants to social enterprises **helped create 750 jobs for vulnerable Australians** in the six months to December 2022 (**6,700+** jobs created since 2015)<sup>3</sup>
- Lent **NZ\$751m to healthy, affordable and social housing** in New Zealand (target NZ\$700m by 2025)<sup>4</sup>



## Collaborating for impact

- **FY22 Modern Slavery Statement** published – our FY20 and FY21 reports were **rated high** by Monash University and BankTrack<sup>5</sup>
- **Human Rights Position Statement and Action Plan** updated, incorporating our position on child safeguarding
- Supporting a First Nations **Voice to Parliament**
- Founding member and provided seed funding to establish the **Australian Child Safeguarding Business Coalition**
- Provided **\$14.6m+ to Safer Children, Safer Communities program** in 1H23 (**\$57.1m** provided since 2020)
- Supporting research into the responsible use of AI to **help businesses scale AI whilst managing ESG risks**
- Involved in evaluating the suitability of the draft **Taskforce on Nature-related Financial Disclosures** guidance for financial institutions

Note: See footnotes on page 119.

# Climate action plan

## Becoming a net-zero, climate resilient bank

Sustainability

### Progress

- **New Climate Change Position Statement and Action Plan**, published in November 2022
- **Joined Net-Zero Banking Alliance (NZBA)** in July 2022:
  - Set 2030 targets for five emissions-intensive sectors in our lending portfolio, in 2022 (detail on following page)
  - Developing new targets, working to determine appropriate 1.5°C-aligned pathways<sup>1</sup> and engaging with customers on their transition plans
- **Tailoring products and services to help customers** transition to net-zero



[\*\*Climate Change Position Statement and Action Plan –\*\*](#)  
[westpac.com.au/sustainability](http://westpac.com.au/sustainability)

Note: See footnotes on page 119.

### Climate Action Plan priority areas

#### 1. Net-zero, climate resilient operations

- On track to reduce our FY23 Scope 1 and 2 direct operational emissions by **52%** relative to the 2021 baseline
- Signed virtual power purchase agreements to source equivalent of **100%** of the Group's Australian electricity demand from renewables from 2H23<sup>2</sup>
- **Maintained carbon neutral certification**<sup>3</sup> for our direct operations and supply chain (non-financed) in Australia since 2012 and New Zealand since 2019

#### 2. Supporting customers' transition to net-zero and to build their climate resilience

- **Sustainable finance**<sup>4</sup>: Supported **23** transactions in 1H23 with a total notional value of **\$19.7bn**
  - Transactions included **15** loans and **8** bonds
  - Westpac contributed **\$2.1bn** of direct lending and was a joint lead manager on **\$7.3bn** of bonds
- **Climate change solutions**<sup>5</sup>: Cumulative **\$1.9bn** in new lending in 1H23 (over **\$5.7bn** since 2020), exceeding our **target of \$3.5bn** in new lending from 2020 to 2023
  - Our climate change solutions TCE has increased to **\$12.0bn**
  - Developing Westpac-specific sustainable finance taxonomy, aim to announce **new sustainable financing target** in 2H23
- **Increased our ability to support our customers and banking teams** on ESG and climate-related matters through additional resources and training

#### 3. Collaborate for impact on initiatives towards net-zero and climate resilience

- Participated in the **Australian Government Treasury** consultation on the proposed climate-related financial disclosure framework
- Participating in **Australian Banking Association** working groups to improve industry practices in climate risk, climate disclosures, and financed emissions
- Founding member of the **Australian Sustainable Finance Institute** and member of its **Technical Advisory Group** to develop a national sustainable finance taxonomy
- Continued collaboration with the **Australian Industry Energy Transitions Initiative**, including their February 2023 report which outlines potential pathways for heavy industry decarbonisation

# Net-zero 2030 targets

Sustainability

## Targets set for five sectors in our lending portfolio

For details on our targets and target-setting approach refer to our '**Net-Zero 2030 Targets and Financed Emissions – our methodology and approach**'. We continue to integrate and operationalise our targets into our processes and lending decisions

Sector	2030 financed emissions reduction target <sup>1</sup>	FY21 baseline
 Extractives – Upstream oil and gas <sup>2</sup>	<b>23% reduction in Scope 1, 2 and 3 absolute financed emissions by 2030</b> (relative to 2021 baseline) We have updated our upstream oil and gas position to support this target Our position provides <ul style="list-style-type: none"><li>• We will only consider directly financing greenfield oil and gas projects that are in accordance with the International Energy Agency Net Zero by 2050 (IEA NZE) scenario<sup>3</sup> or where necessary for national energy security<sup>4</sup></li><li>• We will continue to provide corporate lending where the customer has a credible transition plan<sup>5</sup> in place by 2025</li><li>• We will work with customers to support their development of credible transition plans prior to 2025</li></ul>	7.5 MtCO <sub>2</sub> -e (absolute financed emissions)
 Extractives – Thermal coal mining <sup>6</sup>	<b>Zero lending exposure</b> to companies with >5% of their revenue coming directly from thermal coal mining by 2030	\$216.7m (TCE at 30 Sep 2021)
 Power generation <sup>7</sup>	<b>0.10 tCO<sub>2</sub>-e/MWh</b> for Scope 1 and 2 emissions intensity by 2030	0.26 tCO <sub>2</sub> -e/MWh (emissions intensity)
 Industrials – Cement production <sup>8</sup>	<b>0.57 tCO<sub>2</sub>-e/tonne</b> of cement for Scope 1 and 2 emissions intensity by 2030	0.66 tCO <sub>2</sub> -e/tonne cement (emissions intensity)
 Australian commercial real estate (large customers with office properties) <sup>9</sup>	<b>62% reduction in Scope 1 and 2 emissions<sup>10</sup> intensity</b> (kgCO <sub>2</sub> -e/m <sup>2</sup> net lettable area) <b>by 2030</b> (relative to a 2021 baseline) for Australian large customers with office properties	Baseline and progress to be disclosed in FY23

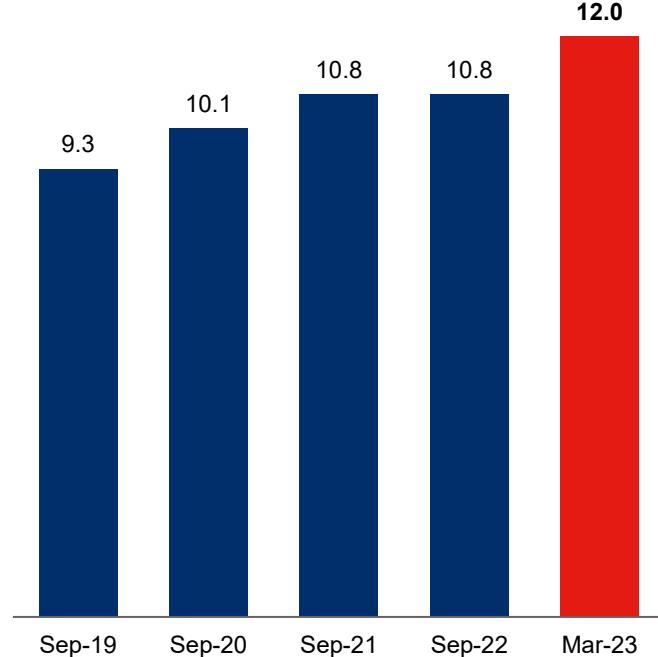
Note: See footnotes on page 119.

The information on this page contains 'forward-looking statements' and statements of expectation reflecting Westpac's current views on future events. They are subject to change without notice and certain risks, uncertainties and assumptions which are, in many instances, beyond its control. Please refer to the disclaimer on page 126.

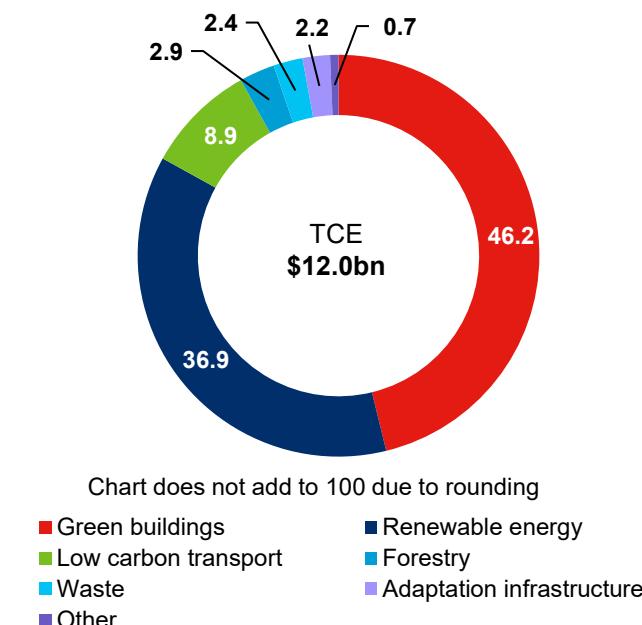
# Climate-related metrics

Sustainability

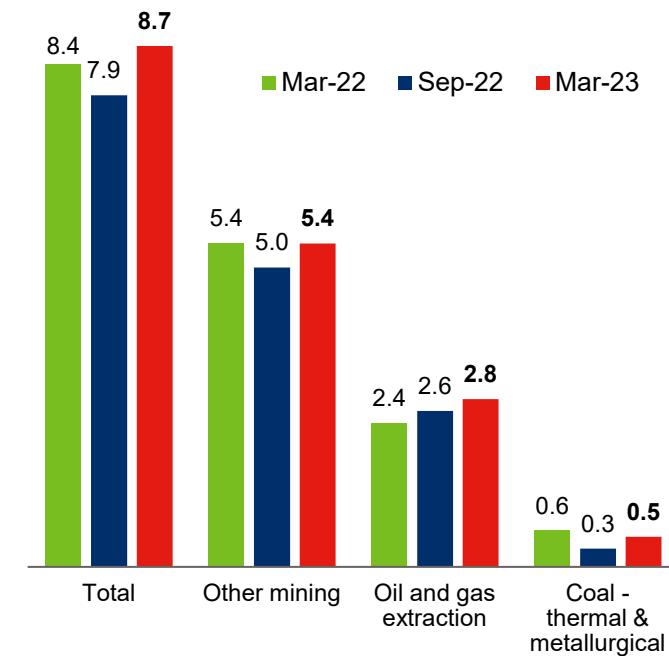
## Exposure to climate change solutions (\$bn, TCE)<sup>1</sup>



## Breakdown of exposure to climate change solutions (% of TCE)<sup>1</sup>



## Mining exposure (\$bn, TCE)<sup>2</sup>



## Change in climate change solutions exposure Sep-22 and Mar-23:

In 1H23, increase in lending to climate change solutions mostly driven by renewable energy and green buildings

Note: See footnotes on page 119.

## Change in mining exposure Sep-2022 to Mar-23:

Movements in exposures were predominately driven by commodity price and exchange rate fluctuations, particularly in the oil and gas sector. Higher oil and gas extraction exposure was also due to a rise in the liquified natural gas sector. Increase in coal exposure was due to the issue of a rehabilitation bond in the metallurgical coal sector

# Sustainable finance

Helping customers transition to a low carbon future

Sustainability



## QTC – green bond

Supported the Queensland Treasury Corporation (QTC), as Joint Lead Manager, with a new 10-year \$3bn green bond. QTC is the central financing authority arm of the Queensland Government and this bond's proceeds will be allocated against eligible projects and assets across water infrastructure and low carbon transport



## Atmos Renewable – green loan

Acted as Joint Sustainability Coordinator for Atmos Renewable's Green Loan. Atmos's portfolio includes 9 wind farms and 5 solar farms across Australia, generating enough clean energy to power approximately 475,000 homes each year. The transaction was one of the largest financing for an operating renewable portfolio in Australia and involved the refinancing of multiple different security structures for the existing assets

## Awards and recognition

Recognised internationally for our positive impact in renewables:

- Awarded 2022 Project Finance International (PFI) Asia-Pacific Bank of the Year
- #1 Renewables Project Finance bank in Australia in 2022 (IJ Global's 2022 Project Finance league data table)
- Leading financier of Renewables Deal of the Year, Golden Plains wind farm

## Mirvac

## Mirvac – green loan

Supported Mirvac as Sustainability Coordinator in their \$1.1bn Syndicated Green Loan. This was the second Green Loan issued under Mirvac's Sustainable Finance Framework which Westpac assisted Mirvac in executing. Westpac was also the sole lender on the first Green Loan issued under the Framework. The loans were certified by the Climate Bonds Initiative and funds will be used to finance or refinance low carbon buildings



## Lightsource bp – green loan

Supported Lightsource bp with a green financing package to develop two new solar farms in Wellington North (NSW) and Wunghnu (VIC) – helping support Australia's energy transition

These two new greenfield projects are expected to begin generating renewable energy for households in 2024, adding 515MWdc of capacity

## Carbon trading and sales

Supporting customers with dedicated carbon trading desks in Australia and New Zealand

Focus on Australian Carbon Credit Units and New Zealand Units

## Green tailored deposits

Green tailored deposit balances reduced from \$2.1bn at Sep-22 to \$746m at Mar-23

Lower balances were due to customers moving into other deposit products, in a market with higher inflation and rising interest rates

Note: See footnotes on page 119.

# Comprehensive sustainability reporting

## A suite of disclosures for more information and depth

Sustainability

### 2022 Annual Report



### 2022 Sustainability Supplement



### Climate Change Position Statement and Action Plan



### Net-Zero 2030 Targets and Financed Emissions – Our methodology and approach



### FY22 Modern Slavery Statement



### Human Rights Position Statement and Action Plan



### Safer Children, Safer Communities 2022 Impact Report



### 2022 Sustainability Index and Datasheet

**Westpac GROUP**

**2022 Sustainability Index and Datasheet**

This Sustainability Index and Datasheet outlines our key sustainability performance information and alignment to global sustainability reporting frameworks for the financial year 2022. Our progress against key sustainability performance information is summarised for the last three years unless otherwise stated. This document accompanies our 2022 sustainability disclosures and forms part of our reporting suite.

[HOME](#) [REFERENCES](#) [CUSTOMERS](#) [EMPLOYEES](#) [ENVIRONMENTAL](#) [SUPPLIERS](#) [LENDING & INVESTMENT](#) [ECONOMIC & SOCIAL IMPACT](#) [GLOSSARY](#)

**GRI** **SASB** **TCFD** **PRB** **UNGP**



Available at [westpac.com.au/sustainability](http://westpac.com.au/sustainability)

# Our people

Sustainability

## Building capability, strengthening inclusion and diversity



### Strengthening gender diversity

Females %	Mar-23	Target	Progress
Westpac Board	40 <sup>1</sup>	40:40:20 <sup>2</sup>	✓
Executive Team	45	40:40:20 <sup>2</sup>	✓
General Managers	39	40+/-2%	✓
Senior Leadership <sup>3</sup>	47	50+/-2%	✗
Westpac workforce	55	50	✓

- Female to male pay gap is less than 3% for most levels<sup>4</sup>



### Growing our Indigenous workforce

- Increasing representation of employees who identify as Aboriginal and/or Torres Strait Islander:
  - Currently 0.78% (target 0.75% by Sept 2023)
  - Target 1.5% by Sept 2025
- Elder in Residence appointed in the Indigenous Strategy & Engagement team
- Mandatory Cultural Learning for Australian-based employees, Executive Team and Board in FY23
- Celebrated 1,000<sup>th</sup> Jawun secondee in 1H23



### Measuring organisational health

Organisational Health Index score<sup>5</sup>

75 in line with FY22

- Top of second Global quartile
- 3 above Global Banking median



### Building skills and capability

- Risk management – ~12,000 employees completed foundational training in 1H23
- Digital and data – upskilling 4,500 employees in FY23
- Environmental, Social, Governance – expanded teams across divisions to improve capability and customer engagement
- Leadership capabilities – development programs for 2,500 leaders in FY23



### Updated policies and initiatives

- Introduced paid leave for: fertility treatment (one week); domestic and family violence (uncapped); gender affirmation (up to six weeks); community break provision for Indigenous employees to reconnect to country
- Expanded international remote working options
- Upstander initiative launched – encouraging employees to speak up and act against racism and discrimination



### Promoting wellbeing

- Chief Mental Health Officer in place since 2018 to oversee Group mental health strategy
- Assistance services for employees and their families
- 10 Employee Advocacy Groups in place, supporting our diverse and inclusive workplace

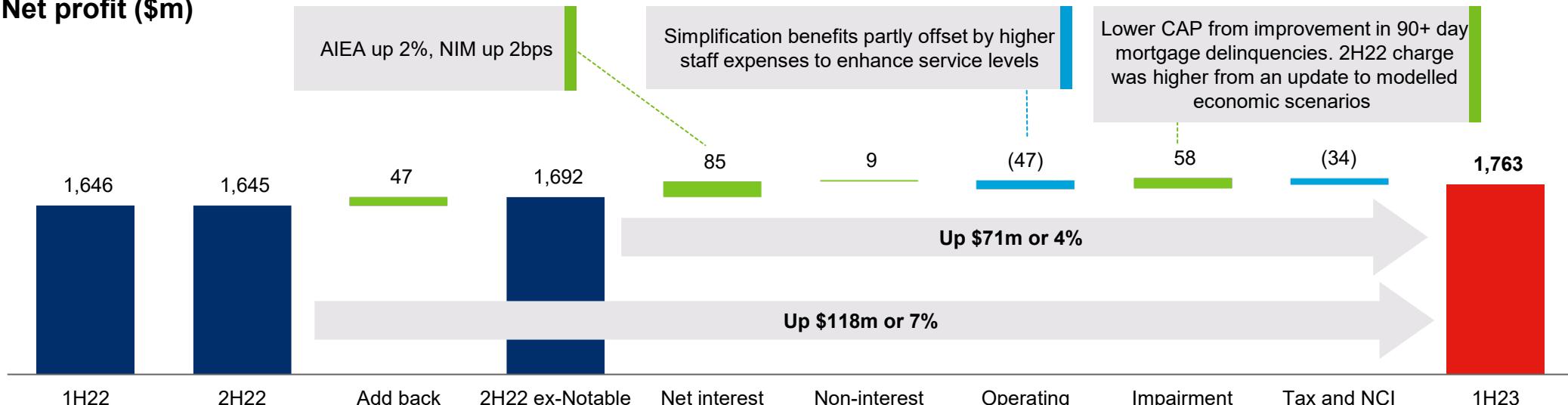
<sup>1</sup> 36% following the appointment of Michael Ullmer in April 2023. <sup>2</sup> 40% women, 40% men and 20% of any gender. Westpac Board includes CEO. Executive Team excludes CEO. <sup>3</sup> Senior Leadership replaces Women in Leadership, includes Executive Team, General Managers and their direct reports (excluding administrative or support roles). <sup>4</sup> Measured on Base Salary by organisational job level. <sup>5</sup> Our Voice+ survey includes McKinsey's Organisational Health Index – benchmarking Westpac's organisational health relative to global standards.

# Segment results

# Consumer 1H23 performance

Consumer

## Net profit (\$m)



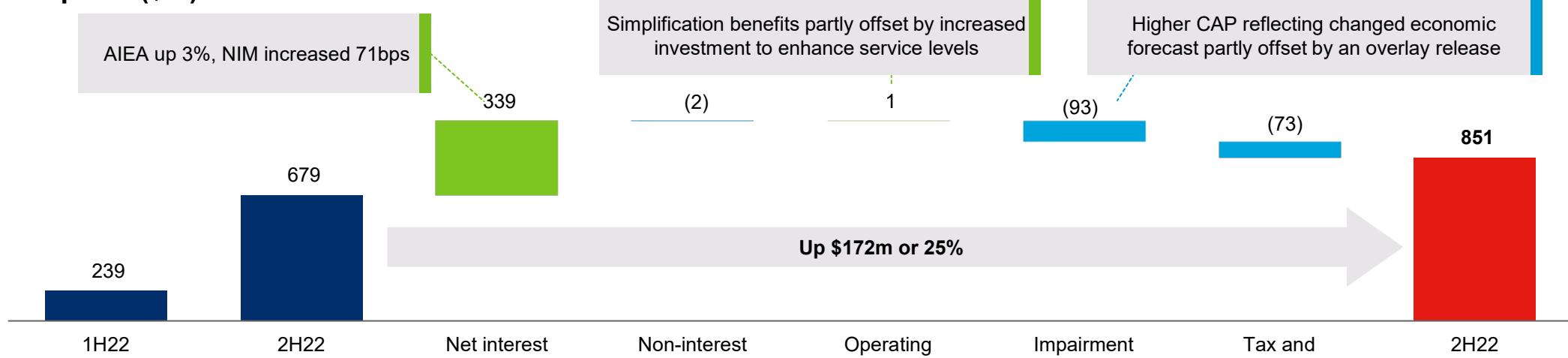
Key financial metrics	1H22	2H22	1H23	Change on 2H22	Key operating metrics	1H22	2H22	1H23	Change on 2H22
Pre-provision profit (\$m)	2,332	2,576	<b>2,689</b>	4%	Active digital banking customers <sup>1</sup> (#m)	5.31	5.48	<b>5.64</b>	3%
Average interest-earning assets (\$bn)	420	425	<b>432</b>	2%	Active Westpac app customers <sup>1</sup> (#m)	2.5	2.7	<b>3.0</b>	11%
Net interest margin (%)	2.09	2.16	<b>2.18</b>	2bps	Branches (#) <sup>2</sup>	781	732	<b>666</b>	(66)
Expense to income (%)	50.4	47.4	<b>46.1</b>	(128bps)	Bank@Post locations (#)	3,529	3,522	<b>3,506</b>	(16)
Customer deposit to loan ratio (%)	59.3	59.1	<b>61.2</b>	207bps	Co-location branches	10	27	<b>46</b>	19
Mortgage 90+ day delinquencies (%)	0.88	0.75	<b>0.73</b>	(2bps)	ATMs (#) <sup>3</sup>	1,153	1,071	<b>965</b>	(106)

<sup>1</sup> Refer page 124 for definitions. <sup>2</sup> Includes all points of presence including Advisory, Community Banking Centres and Kiosks. Kiosks have been restated in comparatives. Co-located branches are considered two points of presence. <sup>3</sup> Only includes Westpac-owned ATMs.

# Business 1H23 performance

Business

## Net profit (\$m)



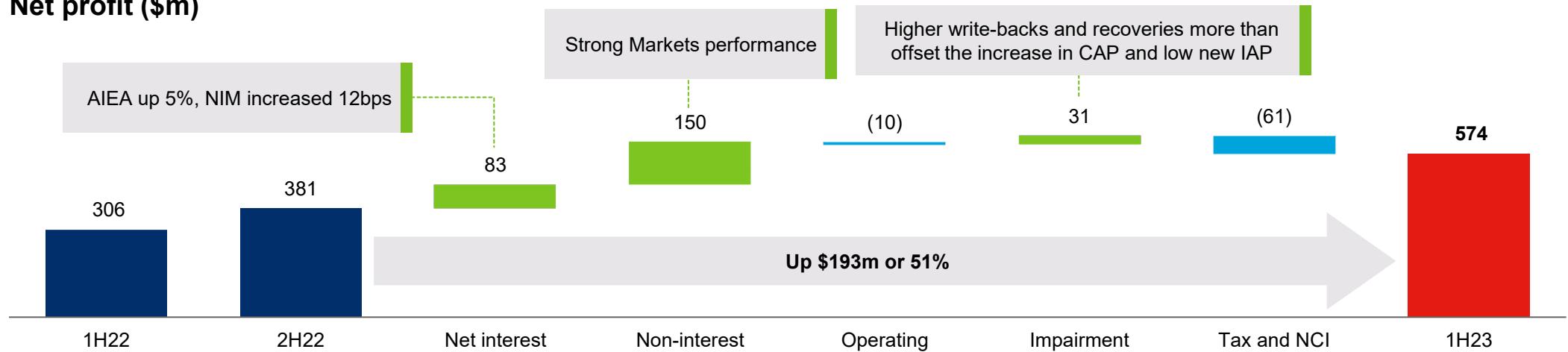
Key financial metrics	1H22	2H22	1H23	Change on 2H22	Key operating metrics	1H22	2H22	1H23	Change on 2H22
Pre-provision profit (\$m)	504	956	<b>1,294</b>	35%	Digital sales <sup>1</sup> (%)	28	29	<b>24</b>	(5ppcts)
Average interest-earning assets (\$bn)	79.6	83.5	<b>85.8</b>	3%	Next generation EFTPOS uptake ('000 terminals)	8	9	<b>28</b>	19
Net interest margin (%)	3.33	4.07	<b>4.78</b>	71bps	Net business loans (\$bn)	80.9	84.9	<b>85.6</b>	1%
Expense to income (%)	66.1	48.9	<b>41.4</b>	(Large)	Business deposits (\$bn)	134.7	133.3	<b>133.4</b>	Flat
Customer deposit to loan ratio (%)	166.4	157.1	<b>156.0</b>	(111bps)					
Stressed exposures to TCE (%)	5.07	5.05	<b>4.85</b>	(20bps)					

1 Refer page 124 for definitions.

# WIB 1H23 performance

Westpac Institutional Bank

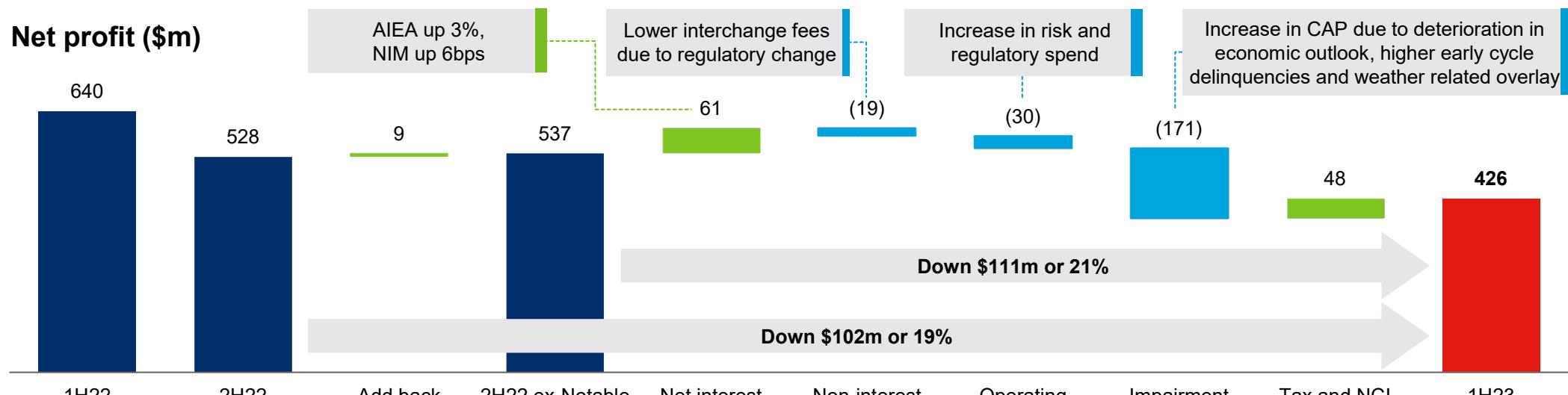
## Net profit (\$m)



Key financial metrics	1H22	2H22	1H23	Change on 2H22	Key operating metrics	1H22	2H22	1H23	Change on 2H22
Pre-provision profit (\$m)	492	576	<b>799</b>	39%	Lending and deposit revenue (\$m)	799	913	<b>970</b>	6%
Average interest-earning assets (\$bn)	82.6	93.7	<b>98.0</b>	5%	Sales and risk management income	348	348	<b>435</b>	25%
Net interest margin (%)	1.17	1.34	<b>1.46</b>	12bps	Derivative valuation adjustment (DVA) (\$m)	(11)	(20)	<b>52</b>	Large
Expense to income ratio (%)	54.1	51.3	<b>43.6</b>	(Large)	Revenue per average FTE (\$'000)	411	456	<b>541</b>	19%
Net loans (\$bn)	74.0	85.2	<b>84.7</b>	(1%)					
Customer deposit to loan ratio (%)	141.5	136.8	<b>133.0</b>	(381bps)					
Stressed exposures to TCE (%)	0.20	0.35	<b>0.28</b>	(7bps)					

## New Zealand 1H23 performance<sup>1</sup>

## New Zealand



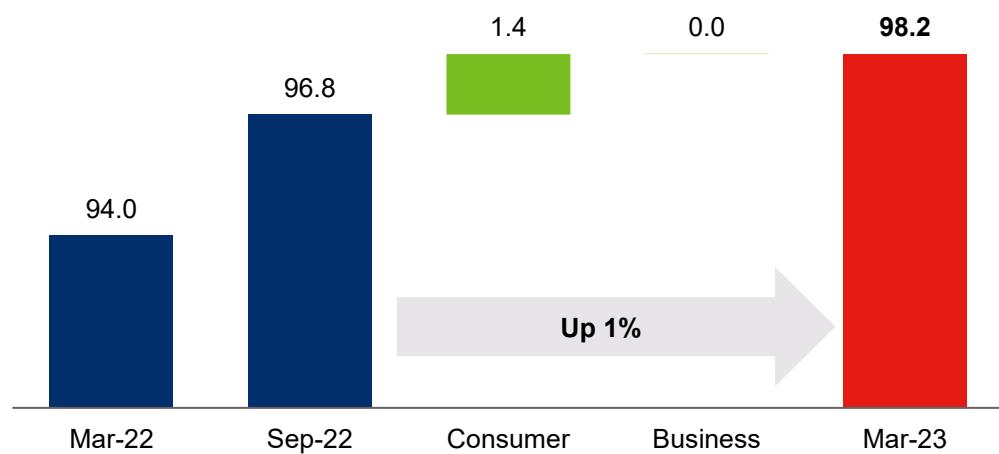
Key financial metrics	1H22	2H22	1H23	Change on 2H22	Key operating metrics	Mar-22	Sep-22	Mar-23	Change Sep-22
Pre-provision profit (NZ\$m)	832	723	<b>748</b>	3%	Customers (#m)	1.49	1.49	<b>1.50</b>	1%
Average interest-earning assets (\$bn)	112	116	<b>119</b>	3%	Digital active customers (#m)	0.94	0.96	<b>0.98</b>	2%
Net interest margin (%)	1.96	2.04	<b>2.10</b>	6bps	Branches (#)	114	115	<b>114</b>	(1)
Expense to income (%)	44.9	44.7	<b>45.5</b>	82bps	ATMs (#)	446	439	<b>427</b>	(12)
Customer deposit to loan ratio (%)	83.4	80.5	<b>81.3</b>	78bps	Funds (NZ\$bn) (spot)	11.7	10.9	<b>11.5</b>	6%
Stressed exposures to TCE (%)	1.14	0.97	<b>1.33</b>	36bps					
Mortgage 90+ day delinquencies (%)	0.30	0.22	<b>0.29</b>	7bps					

1 In NZ\$ unless otherwise noted.

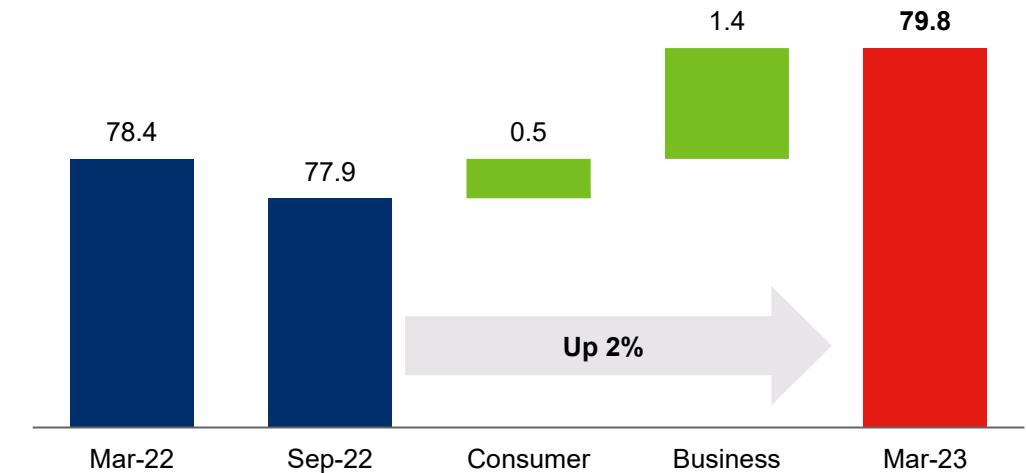
# New Zealand balance sheet

New Zealand

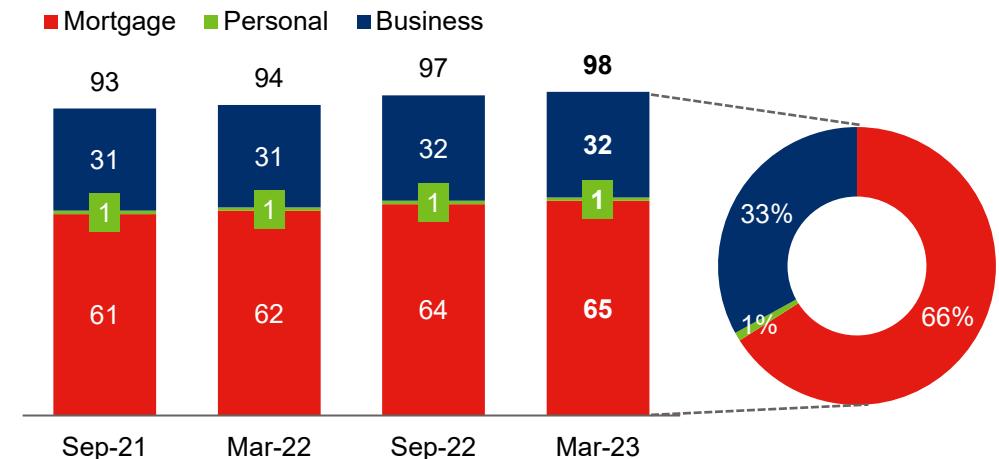
## Net loans (NZ\$bn)



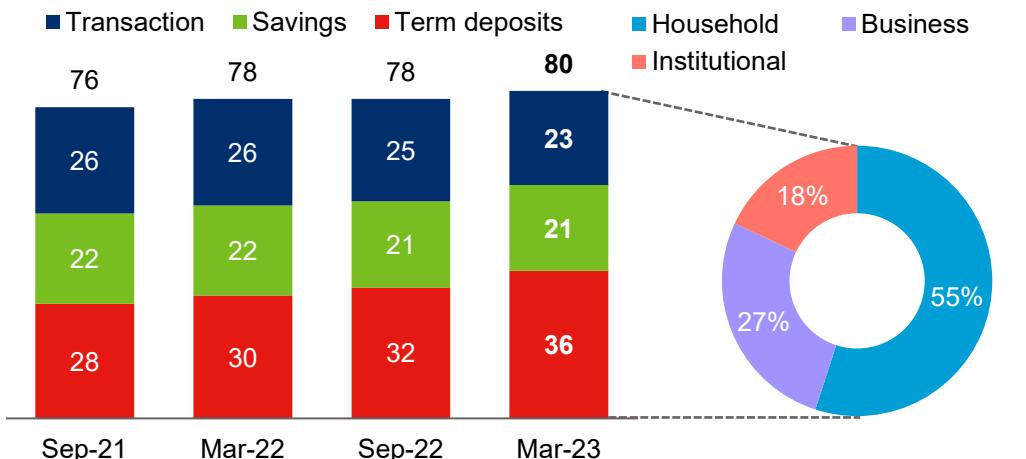
## Deposits (NZ\$bn)



## Loans (NZ\$bn, % of total)



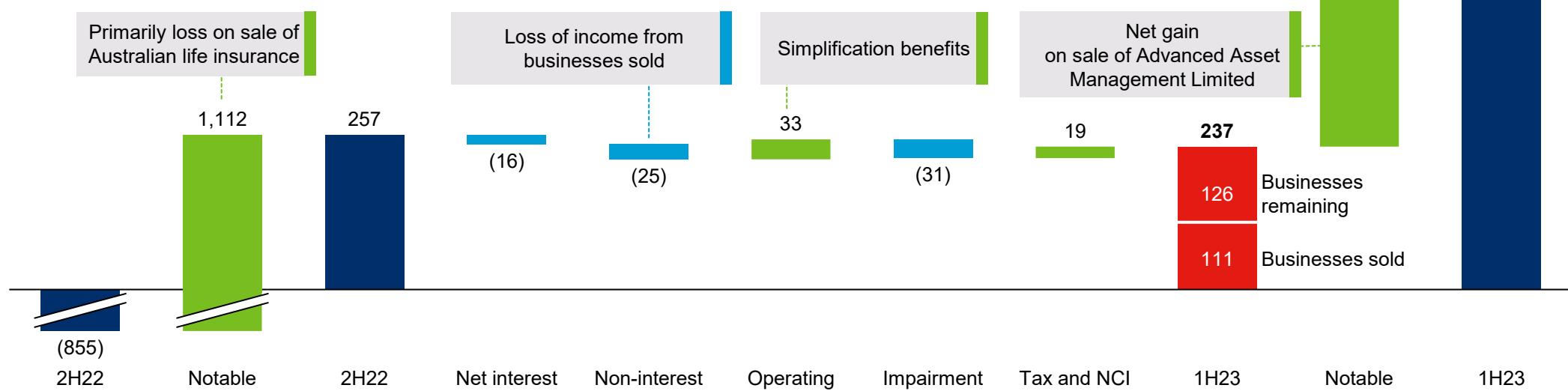
## Customer deposits (NZ\$bn, % of total)



# Specialist Businesses 1H23 performance

Specialist Businesses

## Net profit (\$m)



## Contribution from businesses sold (\$m)

	1H22	2H22	1H23
Operating income	203	167	140
Operating expenses	(75)	(49)	18
Pre-provision profit	128	118	158
Net profit	94	74	111

## Included in businesses sold<sup>2</sup>

	1H22	2H22	1H23
Motor Vehicle Finance & Novated Leasing	✓	–	–
Westpac Life-NZ- Limited <sup>3</sup>	✓	–	–
Westpac Life Insurance	✓	✓	✓
Advance Asset Management	✓	✓	✓
BT Super SFT <sup>1</sup>	✓	✓	✓

1 On 1 Apr-23, the successor fund transfer (SFT) of the unitised superannuation business was completed. 2 Tick indicates if business is included in businesses sold for the period. 3 Part of businesses sold but not included in Specialist Businesses result as it is part of New Zealand segment.

# Specialist Businesses portfolio

Specialist Businesses

## Businesses remaining

### Platforms

- Average FUA<sup>1</sup> balance of \$130.8bn up 3% on 2H22 supported by higher equity markets, partly offset by net fund outflows
- Deposits of \$7.4bn up 7% on 2H22 due to customers shifting their asset allocation to higher interest-earning term deposits

### Margin lending

- Loan balances of \$1.2bn reduced by 7% compared to prior period, reflecting overall margin lending system decline in a rising interest rate environment

### Auto finance

- Loan balances of \$5.4bn down by 24% compared to prior period reflecting continued portfolio run-off

### Westpac Pacific

- Loan balances of \$1.4bn up by 2% versus prior period – small growth in Fiji was partly offset by declining exposure in PNG reflecting tightened risk appetite
- Deposits of \$2.7bn increased by 3% compared to prior period – increase in PNG offset by small decline in Fiji

### Operating expenses

- Operating expenses included costs to prepare businesses for sale. Excluding these expenses, ongoing business remained broadly flat

### Financials excluding Notable Items and businesses sold (\$m)

	1H22	2H22	1H23	Change on 2H22
Operating income	481	483	<b>469</b>	(3%)
Operating expenses	(295)	(264)	<b>(298)</b>	13%
Pre-provision profit	186	219	<b>171</b>	(22%)
Net profit	152	183	<b>126</b>	(31%)

### Key financial metrics

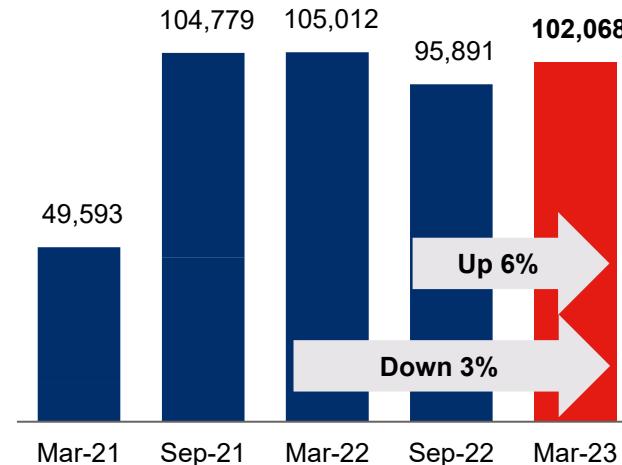
	1H22	2H22	1H23	Change on 2H22
Platforms average FUA (\$bn)	135.7	127.2	<b>130.8</b>	3%
Platforms spot FUA (\$bn)	135.2	121.4	<b>131.0</b>	8%
Platforms deposits (\$bn) <sup>2</sup>	5.7	6.8	<b>7.4</b>	7%
Platform FUA share (exc. Corp Superannuation) <sup>3</sup> (%)	18.3	17.8	<b>17.1</b>	(70bps)
Margin lending (\$bn)	1.5	1.3	<b>1.2</b>	(7%)
Auto finance loans (\$bn) <sup>4</sup>	8.8	7.1	<b>5.4</b>	(24%)
Westpac Pacific loans (\$bn) <sup>2</sup>	1.3	1.4	<b>1.4</b>	2%

<sup>1</sup> Funds under administration (FUA). <sup>2</sup> Change on 2H22 based on unrounded numbers. <sup>3</sup> Plan For Life, 31 Dec-22. <sup>4</sup> In run-off.

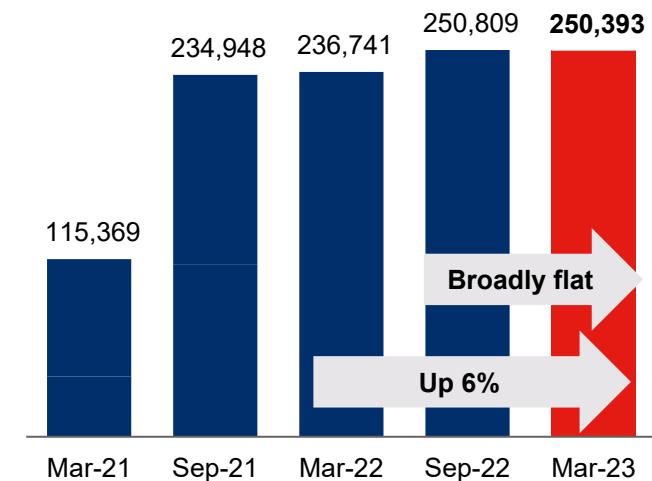
## Panorama Platform

- Awarded Best Mobile Platform and Best Client Portal for the fifth consecutive year<sup>1</sup>
- Awarded Highest Quality Platform rating<sup>2</sup>
- Continuous investment in digital capability, feature improvements and enhancements based on adviser and member feedback
- Managed accounts continues to grow with FUA reaching \$13.7bn, up 21% compared to prior period
- Panorama FUA was \$102.1bn with net outflows of \$0.5bn<sup>3</sup> in 1H23. Improving equity markets and other movements increased FUA by \$6.7bn

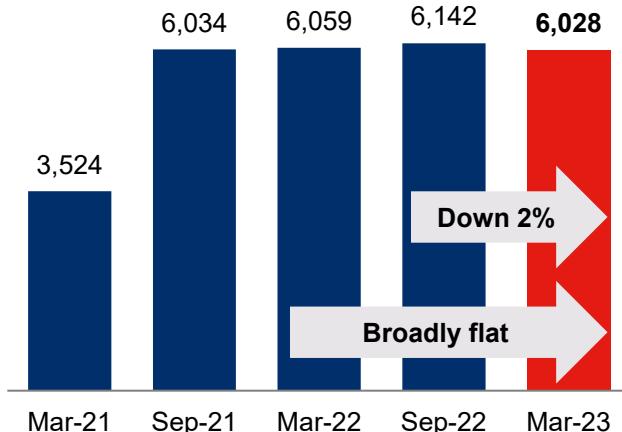
## FUA on BT Panorama<sup>4</sup> (\$m)



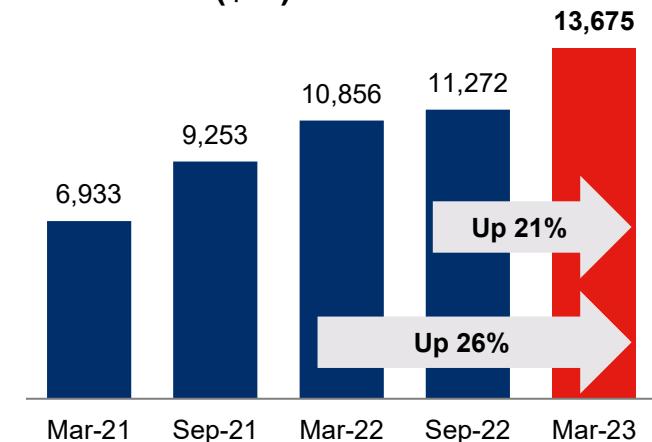
## Investors on BT Panorama<sup>4</sup> (#)



## Active advisers on BT Panorama<sup>4</sup> (#)



## Managed accounts FUA on BT Panorama (\$m)



<sup>1</sup> Investment Trends Competitive Analysis & Benchmarking Report, December 2018, 2019, 2020, 2021 and 2022. <sup>2</sup> For details [www.bt.com.au/about-bt/bt-financial-group/overview/awards](http://www.bt.com.au/about-bt/bt-financial-group/overview/awards). <sup>3</sup> Net flows included \$1.7bn pension payments. Excluding this, net flows were \$1.2bn. <sup>4</sup> Migration from BT Wrap to Panorama was completed in June 2021.

# Economics

# Australian and New Zealand economic forecasts

Economics

Key economic indicators (%) at 3 May 2023		2022			2023			Calendar years				
		Q2	Q3	Q4	Q1E	Q2F	Q3F	Q4F	2021	2022	2023F	2024F
World	GDP <sup>1</sup>	-	-	-	-	-	-	-	6.0	3.3	3.0	3.1
Australia	GDP <sup>2</sup>	3.1	5.9	2.7	2.5	1.8	1.2	1.0	4.6	2.7	1.0	1.5
	Unemployment – end period	3.8	3.5	3.5	3.6	3.5	3.9	4.5	4.7	3.5	4.5	5.0
	CPI headline – year end	6.1	7.3	7.8	7.0	6.3	5.2	4.0	3.5	7.8	4.0	3.1
	Interest rates – cash rate	0.85	2.35	3.10	3.60	3.85	3.85	3.85	0.10	3.10	3.85	2.85
New Zealand	GDP <sup>2</sup>	0.4	6.4	2.2	2.9	1.4	0.0	0.4	3.3	2.2	0.4	-0.3
	Unemployment – end period	3.3	3.3	3.4	3.4	3.6	3.8	4.0	3.2	3.4	4.0	5.1
	Consumer prices	7.3	7.2	7.2	6.7	5.9	5.5	4.5	5.9	7.2	4.5	2.7
	Interest rates – official cash rate	2.00	3.00	4.25	4.75	5.50	5.50	5.50	0.75	4.25	5.50	4.25

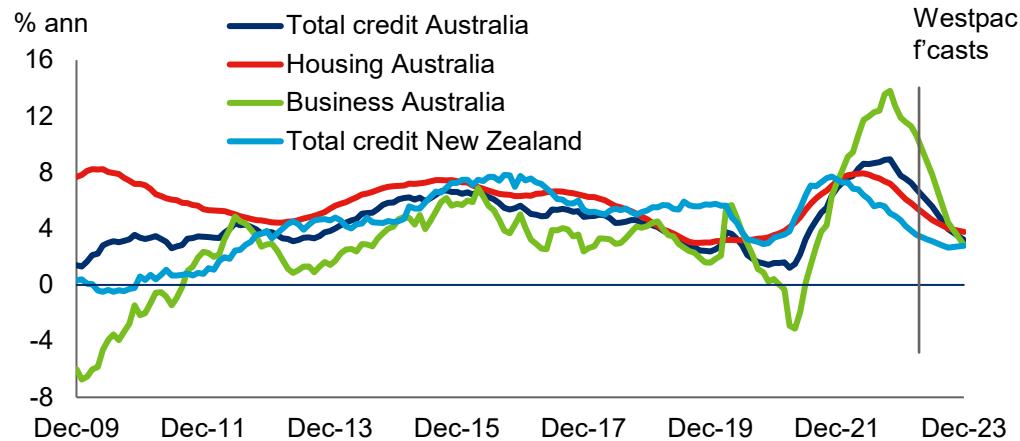
Sources: IMF, RBA, Statistics NZ, Westpac Economics

Key economic indicators (%) at 3 May 2023		2021	2022	2023F	2024F
Australia	Credit growth				
	Total – year end	6.8	7.8	3.2	3.5
	Housing – year end	7.4	6.5	3.8	4.2
	Business – year end	7.3	11.9	2.8	2.6
New Zealand	Credit growth				
	Total – year end	7.5	4.6	2.8	3.7
	Housing – year end	10.5	4.4	2.3	3.8
	Business – year end	3.6	5.4	3.8	3.7

Sources: RBA, Statistics NZ, Westpac Economics

1 Year average growth rates. 2 Through the year growth rates.

## Private sector credit growth (% ann)



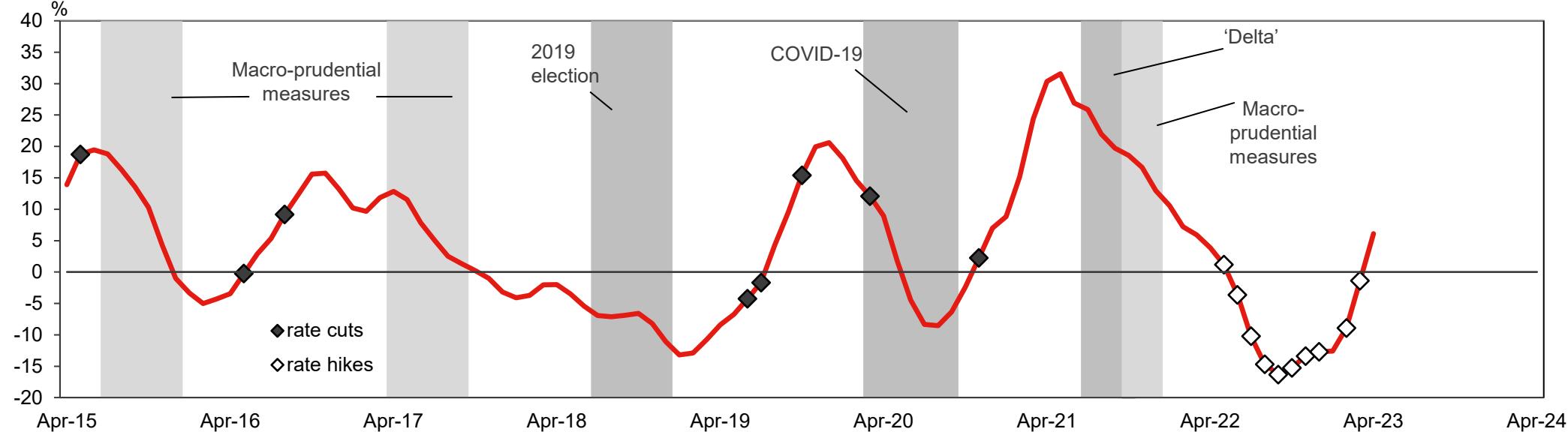
Sources: RBA, Westpac Economics

# Australian housing market

Economics

Prices stabilise, ahead of 2024 lift

## Australian dwelling prices (% , 3 month annualised)



Sources: CoreLogic, Westpac Economics

## Dwelling prices (% change over period)

Capital city	Pop'n	Last 3 mths (to Apr-23)	Last 12 mths (Apr-23)	Last 5 years (to Apr-23)
Sydney	5.3m	Up 3.0%	Down 10.7%	Up 12.1%
Melbourne	5.0m	Up 0.3%	Down 8.9%	Up 2.1%
Brisbane	2.6m	Up 0.1%	Down 9.8%	Up 28.6%
Perth	2.2m	Up 1.0%	Up 1.3%	Up 17.8%

Sources: CoreLogic, Westpac Economics

## Westpac Economics dwelling price forecasts (annual %)

Capital city	Pop'n	avg*	2020	2021	2022	2023F	2024F
Sydney	5.3m	6.3	2.7	25.3	-12.1	1	5
Melbourne	5.0m	5.0	-1.3	15.1	-8.1	-1	5
Brisbane	2.6m	4.9	3.6	27.4	-1.1	-1	6
Perth	2.2m	1.1	7.3	13.1	3.6	0	8
<b>Australia</b>	<b>26m</b>	<b>5.1</b>	<b>1.8</b>	<b>20.9</b>	<b>-7.1</b>	<b>0</b>	<b>5</b>

\* average last 10yrs

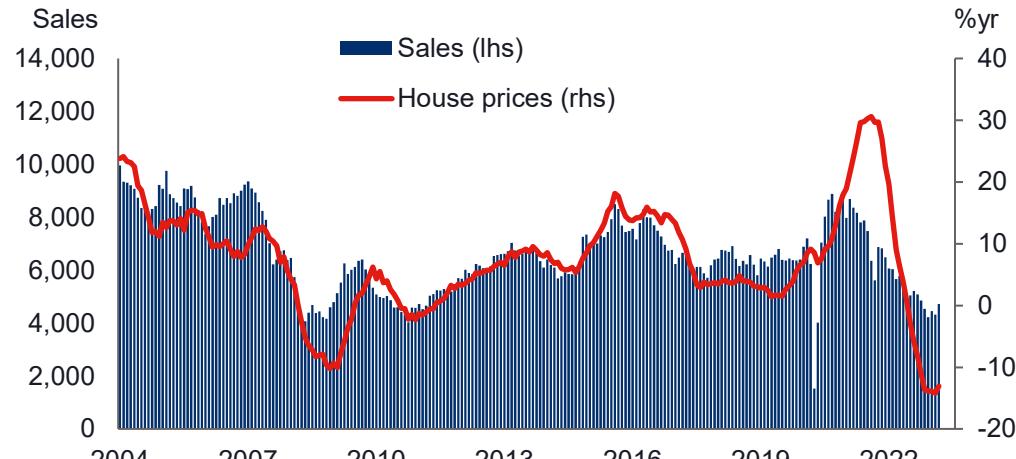
Sources: CoreLogic, Westpac Economics

# New Zealand housing market

Economics

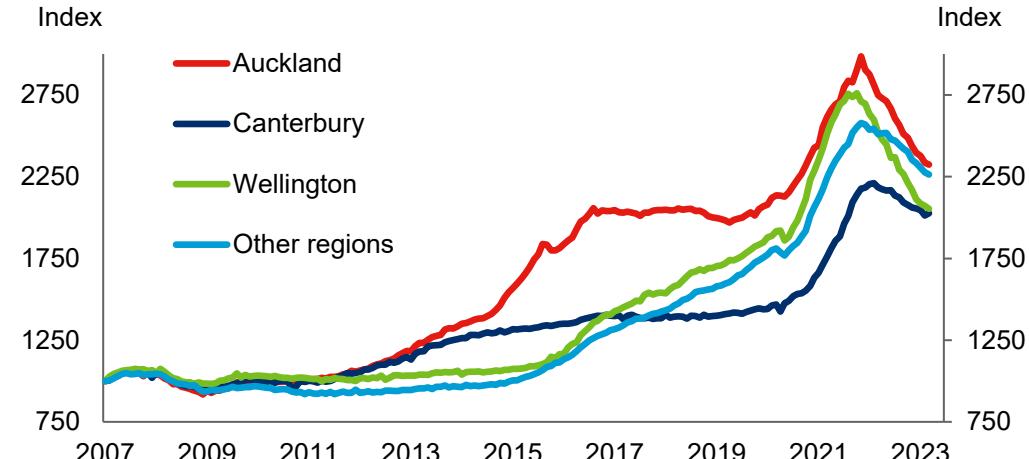
Sharp downturn as interest rates have increased

## Monthly house sales and prices (% yr)



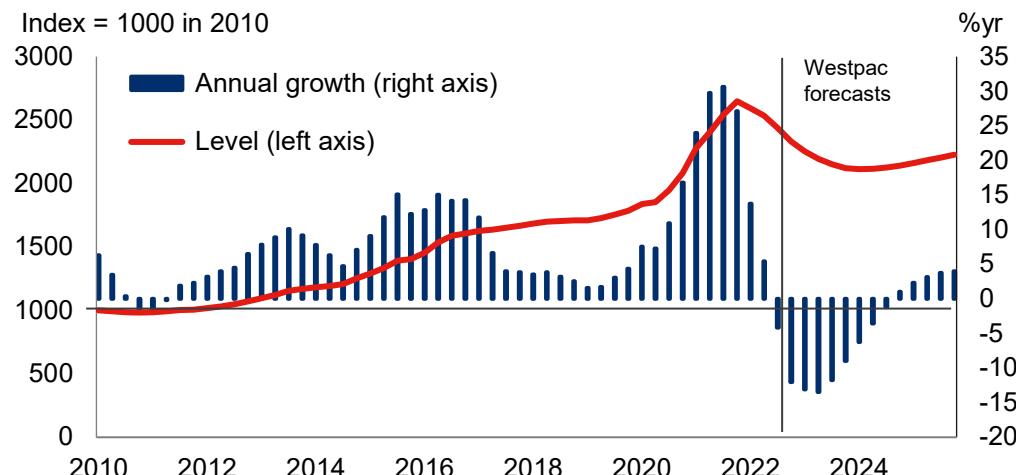
Source: REINZ

## New Zealand dwelling prices (index)



Sources: REINZ, Westpac Economics

## House prices (nationwide, index)



Sources: CoreLogic, Westpac Economics

## Dwelling prices (% change over period)

Region	Pop'n	Last 3 mths (to Mar-23)	Last 12 mths (to Mar-23)	Last 5 years (to Mar-23)		
Auckland	1.7m	Down 3%	Down 15%	Up 14%		
Wellington	0.5m	Down 3%	Down 19%	Up 30%		
Canterbury	0.7m	Down 1%	Down 7%	Up 45%		
Nationwide	5.1m	Down 2%	Down 13%	Up 31%		
Forecast (Annual %)	Ave. past 10 years	2020	2021	2022f	2023f	2024f
Nationwide	10%	+17%	+27%	-12%	-9%	+1%

Sources: CoreLogic, REINZ, Westpac Economics

# Appendix

# Appendix 1: Net profit ex Notable Items<sup>1</sup>

Appendix

\$m	1H22	2H22	1H23	Change 1H23 – 1H22 (%)	Change 1H23 – 2H22 (%)
Net interest income	8,021	8,585	9,202	15	7
Non-interest income	1,710	1,589	1,669	(2)	5
<b>Net operating income</b>	<b>9,731</b>	<b>10,174</b>	<b>10,871</b>	<b>12</b>	<b>7</b>
Expenses	(5,142)	(5,039)	(4,988)	(3)	(1)
<b>Pre-provision profit</b>	<b>4,589</b>	<b>5,135</b>	<b>5,883</b>	<b>28</b>	<b>15</b>
Impairment charges	(139)	(196)	(390)	181	99
Tax and non-controlling interests (NCI)	(1,349)	(1,472)	(1,670)	24	13
<b>Net profit</b>	<b>3,101</b>	<b>3,467</b>	<b>3,823</b>	<b>23</b>	<b>10</b>

<sup>1</sup> For further information refer to Westpac's 2023 Interim Results Announcement.

# Appendix 2: 1H23 Notable Items and impact of businesses sold<sup>1</sup>

Appendix

(\$m)	Net Profit	Hedging Notable Items <sup>2</sup>	Net Profit Less hedging Notable Items <sup>3</sup>	Asset sales and revaluations Notable Items	Net Profit Less Notable Items <sup>4</sup>	Impact of businesses sold	Net Profit Less Notable Items & impact of business sold	2H22 Net Profit Less Notable Items & impact of business sold	% change
Net interest income	9,113	(89)	9,202	-	9,202	-	9,202	8,585	7%
Non-interest income	1,890	(22)	1,912	243	1,669	140	1,529	1,422	8%
<b>Net operating income</b>	<b>11,003</b>	<b>(111)</b>	<b>11,114</b>	<b>243</b>	<b>10,871</b>	<b>140</b>	<b>10,731</b>	<b>10,007</b>	<b>7%</b>
Expenses	(4,988)	-	(4,988)	-	(4,988)	18	(5,006)	(4,990)	Flat
<b>Pre-provision profit</b>	<b>6,015</b>	<b>(111)</b>	<b>6,126</b>	<b>243</b>	<b>5,883</b>	<b>158</b>	<b>5,725</b>	<b>5,017</b>	<b>14%</b>
Impairment charges	(390)	-	(390)	-	(390)	-	(390)	(196)	99%
Tax and non-controlling interests (NCI)	(1,624)	33	(1,657)	13	(1,670)	(47)	(1,623)	(1,428)	14%
<b>Net profit</b>	<b>4,001</b>	<b>(78)</b>	<b>4,079</b>	<b>256</b>	<b>3,823</b>	<b>111</b>	<b>3,712</b>	<b>3,393</b>	<b>9%</b>

1 For further information refer to Westpac's 2023 Interim Results Announcement. 2 Economic hedges and hedge ineffectiveness, included in cash earnings adjustments in previous periods. 3 Referred to as Cash earnings in previous periods. 4 Referred to as Cash earnings excluding Notable Items in previous periods.

# Appendix 3: Notable customer remediation

Appendix

## Milestones in 1H23

- Paid \$103 million to more than 500,000 customers in 1H23
- 4 major remediation programs were closed in 1H23 including Advice-related program

## Provisions for customer compensation and associated costs

- There were no notable customer remediation provisions raised in 1H23
- Small customer remediations treated in relevant operating income and expense line

Provisions for customer refunds, payments and associated costs<sup>1</sup> (\$m)

	FY17	FY18	FY19	FY20	FY21	FY22	1H23	Total
 Banking	94	122	362	144	(135)	2	-	589
 Wealth	75	146	802	208	251	51	-	1,533
 Implementation costs	-	62	232	196	195	32	-	717
 Net profit impact of above	118	231	977	384	218	60	-	1,988

1 Excludes provisions and costs associated with litigation. Notable items only. These provisions were raised in the individual years. The data is not net of utilisation.

# Appendix 4: Businesses exited

Appendix

Transactions completed	Completed	Divestment CET1 benefit (bps, \$m <sup>1</sup> )
Westpac NZ Wealth Advisory	Dec 2020	–
Westpac General Insurance	Jul 2021	12bps, ~\$500m
Vendor Finance	Jul 2021	1bp, ~40m
Westpac LMI	Aug 2021	7bps, ~\$300m
Westpac Life-NZ- Limited	Feb 2022	7bps, ~\$300m
Motor Vehicle Finance	Mar 2022	8bps, ~\$350m
Westpac Life Insurance Services	Aug 2022	13bps, ~\$500m
Advance Asset Management Limited	Mar 2023	8bps, ~\$350m
Successor funds transfer (SFT) of Superannuation <sup>2</sup>	1 Apr 2023	
<b>Divestment benefits</b>		<b>56bps, ~\$2,340m</b>

<sup>1</sup> The value of capital released also includes the benefit of lower RWA. <sup>2</sup> BT personal and corporate superannuation funds.

# Appendix 5: Reinventure – investing in fintech businesses

Appendix

## Westpac has committed \$150m in fintech venture capital funds, managed by Reinventure

Reinventure enables Westpac to access insights and adjacent business opportunities, both in Australia and offshore  
The model also helps Westpac to source commercial partnerships that create value for customers

### New business models

#### MONEYME

Digital financial service company offering credit products to tech-savvy Australian consumers and businesses



Helps home sellers make decisions about who they choose to sell their property

#### zai

Full stack payments platform

#### Auror.

Uses data to shed light on high volume crimes, improving prevention and detection

#### Kredivo

A leading digital credit platform in Indonesia

#### Valiant

Business loan marketplace that matches SMEs to the best lender based on their characteristics and needs

#### mx51

Empowering banks to connect seamlessly with merchants and their customers

#### 4YOUinnovation

Logistics and hospitality software providing ordering, delivery and payment functionality

#### zest

A consumer digital lending platform

#### ATHENA

Providing digital mortgage broking

### New technology capabilities

#### kasada

Enterprise cyber security company that protects businesses from malicious bot attacks

#### POLYCHAIN CAPITAL

A fund of funds for cryptocurrency and blockchain technology

#### Slip

Smart receipts that automatically link purchase receipts to customers' bank accounts

#### iMMUTABLE

Creating real-game assets for developers, using blockchain technology

#### Safewill

Helping Australians create their wills online

#### CODELINGO

Enabling software development teams to scale processes and improve code quality

#### InDebted

Digitised debt collection, leveraging modern communications, automation and machine learning

#### FORTE

Pioneering a new asset class called Tradeable Income Based Securities (TIBS)

#### frankieone

Helps banks and fintechs make better decisions using a single API and dashboard to manage KYC/AML and fraud

#### instant

A one-click checkout platform transforming online transactions

### Data, AI and analytics

#### BASIQ

Open Banking API platform that provides connectivity to over 100 financial sources across Australia and NZ

#### Curious Thing

Conversational voice-based AI for digital interviewing, powered by machine learning

#### a·kin

AI company that integrates neuroscience into their platform creating capability that not only manages complex problems but is able to form intrinsic relationships with humans

#### Flybits

AI-powered, context-as-a-service platform, to deliver personalised experiences to customers

#### KEPLER ANALYTICS

B2B platform for physical retail stores that provides insights through their AI engine and in-store sensors

#### dataro

Data-science-as-a-service AI-powered donor scoring software for the NFP sector

Logos are of the respective companies.

# Appendix 6: Sustainability – footnotes

Appendix

## Our commitment to sustainability.

1. Spend with diverse and Indigenous suppliers are defined in the Glossary section in our 2022 Sustainability Index and Datasheet.
2. Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of the Westpac Group. Westpac provides administrative support, skilled volunteering, and funding for operational costs of Westpac Scholars Trust.
3. Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982). The Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient. None of Westpac Foundation, Westpac Community Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of Westpac Foundation.
4. This is a cumulative WNZL target (building on FY20 exposure) and includes Kiwibuild and shared equity (a form of shared home ownership, often between an individual and an organisation), as well as Westpac's Warm Up lending.
5. Rated 'A' by Monash University in their Modern Slavery Disclosure Quality Ratings – ASX 100 Companies Update 2022 report for our FY20 and FY21 modern slavery disclosures; and recognised as one of three 'front runners' in BankTrack's Global Human Rights Benchmark Report 2022 for our FY21 modern slavery disclosures.

## Becoming a net-zero, climate resilient bank.

1. A pathway to net-zero by mid-century, or sooner, including CO<sub>2</sub>-e emissions reaching net-zero at the latest by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.
2. Delivered the second phase of our renewables transition program. This phase consists of a virtual power purchase agreement (i.e. generation exported to grid and distributed to sites through the national transmission and distribution network) with Flow Power to source renewable electricity from Ararat Wind Farm in Victoria and Berri Solar Farm + Battery in South Australia. The third phase will seek to deliver the remainder of the transition to source the equivalent of 100% of our global electricity consumption from renewable sources by the end of 2025.
3. Certification is obtained for Westpac's Australian and New Zealand direct operations and supply chain (non-financed) under the Australian Government's Climate Active Carbon Neutral Standard for Organisations and the New Zealand Toitū net carbonzero certification respectively. Further information can be found on the Sustainability Performance Reports page on our website.
4. Sustainable finance transactions refers to green, social, sustainability, sustainability-linked and re-linked loans and bonds. Westpac's approach to sustainable finance is aligned with several relevant industry guidelines and principles, such as those issued by the Loan Market Association, International Capital Markets Association and the Climate Bond Initiative.
5. Climate change solutions activities are defined in the Glossary section in our 2022 Sustainability Index and Datasheet. New lending represents the total of new and increases in lending commitments, excluding refinances.

## Targets set for five sectors in our lending portfolio.

1. Financed emissions are the Group's Scope 3 emissions attributable to its lending portfolios. We aim to achieve these targets by 30 September 2030.
2. Upstream oil and gas includes exploration, extraction and drilling companies, integrated oil and gas companies (that have upstream activities), and LNG producers. The scope does not include midstream and downstream companies.
3. IEA NZE scenario specifies that no new (greenfield) oil and gas fields are needed beyond those projects that have already been committed (i.e. approved for development) as of 18 May 2021. The IEA NZE scenario is the International Energy Agency's Net Zero by 2050: A Roadmap for the Global Energy Sector report, 2021.
4. Where the Australian or New Zealand Government or regulator determines (or takes a formal public position) that supply from the asset being financed is necessary for national energy security.
5. A credible transition plan should be developed by reference to the best available science and should include Scope 1, 2 and 3 emissions and actions the company will take to achieve GHG reductions by 2050 aligned with a 1.5°C pathway.
6. Companies with >5% of their revenue coming directly from thermal coal mining (i.e. the production and sale of thermal coal). Adjacent sectors (including mining service providers) will be covered in other targets as appropriate. Transactional banking and rehabilitation bonds are excluded from our target.
7. Companies that are electricity generators include customers with >10% revenue coming from power generation or >5% revenues from thermal coal electricity generation. Target excludes electricity transmission / distribution companies and Scope 3 emissions of electricity generators.
8. Companies that produce clinker in-house. Target includes emissions generated from calcination in clinker production as well as fuel combustion and electricity consumption associated with the cement production process.
9. Discrete borrowers with office properties comprising a majority of their portfolio and with commercial real estate TCE > \$75 million within Specialised Lending – Property Finance (Investment only) and Corporate portfolios, as defined under Pillar 3 reporting. This excludes construction finance.
10. Base building operational Scope 1 and 2 emissions. Target excludes all Scope 3 emissions (e.g. tenant emissions from electricity and appliance use, construction, embodied emissions and corporate activities).

## Climate-related metrics.

1. Climate change solutions activities are defined in the Glossary section in our 2022 Sustainability Index and Datasheet.
2. Other mining includes iron ore, metal ore, construction material, exploration and services. Exposure values reflect TCE for the mining sector across Westpac Group at 31 March 2023. The mining population is defined by relevant ANZSIC codes.

The information on this page contains 'forward-looking statements' and statements of expectation reflecting Westpac's current views on future events. They are subject to change without notice and certain risks, uncertainties and assumptions which are, in many instances, beyond its control. Please refer to the disclaimer on page 126.

# Appendix 6: Sustainability

Appendix

## Industry recognition



Achieved highest ISS QualityScore for Social dimension



Rated Prime status of "C" by ISS ESG



Recognised in the SEEK Talent Acquisition Awards for Best Employer Brand initiative for our Graduate 'Uncommon minds' campaign for the second year in a row.

## Sustainability indexes

Member of

**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Member of the DJSI Indices since 2002

**MORNINGSTAR | SUSTAINALYTICS**

At March 2023, Westpac has received an ESG Risk Rating of 21.5 from Sustainalytics and was assessed to be at Medium risk of experiencing material financial impacts from ESG factors<sup>1</sup>

Member of the FTSE4Good Index Series, of which Westpac has been a member since 2001

**2023 MSCI ESG Leaders Indexes Constituent**

At July 2022, Westpac has received an MSCI ESG Rating of A<sup>2</sup>

## Inclusion and diversity recognition



Recognised in the Bloomberg Gender Equality Index for the 7<sup>th</sup> consecutive year



Accredited as Level 1 Activate as a Carer Friendly Employer under the CarersNSW Carers + Employers Program



Named within Top 10 Employer for gender equality through Equileap



Awarded first place in the Access & Inclusion Index Top Performers 2021-22 list

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# Appendix 6: Sustainability

Appendix

## Key commitments and partnerships

<p><b>Principles for Responsible Banking</b> Signatory (2019)</p>	<p>Toitū net carbonzero certified (New Zealand) Since 2019</p>	<p><b>SUSTAINABLE DEVELOPMENT GOALS</b> ISO 14064-1 ORGANISATION</p> <p>UN Sustainable Development Goals CEO Statement of Commitment (2016)</p>	<p>COP21-CMFI PARIS 2015 UN CLIMATE CHANGE CONFERENCE</p> <p>Paris Climate Agreement Supporter (2015)</p>	<p><b>Valuable 500</b> The Valuable 500 Signatory (2021)</p>
<p><b>EQUATOR PRINCIPLES</b></p> <p>The Equator Principles Founding Adopter, First Australian Bank (2003)</p>	<p><b>UN Environment programme   finance initiative</b></p> <p>UN Environment Programme Finance Initiative Founding Member (1991)</p>	<p><b>TCFD</b> TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> <p>Financial Stability Board's Task Force on Climate-related Financial Disclosures Align with and support</p>	<p><b>T N F D</b> Forum Member</p> <p>Taskforce on Nature-related Financial Disclosures Forum member (2021)</p>	<p><b>UN WOMEN</b></p> <p>UN Women Partner (2021)</p>
<p><b>RE100</b>   °C CDP</p> <p>RE100, an initiative of The Climate Group in partnership with CDP Member (2019)</p>	<p>WE SUPPORT UN GLOBAL COMPACT</p> <p>Commitment to United Nations Global Compact Signatory (2002), Global Compact Network Australia Founding Member (2009)</p>	<p><b>WEConnect INTERNATIONAL</b></p> <p>WeConnect International (for women owned businesses) Member (2020)</p>	<p><b>GRI</b></p> <p>Global Reporting Initiative Align with</p>	<p><b>UN Environment programme   finance initiative</b></p> <p>Principles for Responsible Banking</p> <p>Industry-led UN-convened Net-Zero Banking Alliance Joined 2022</p>
<p><b>Climate Bonds</b> PARTNER</p> <p>Climate Bonds Initiative Partner</p>	<p><b>Carbon Market Institute</b></p> <p>Carbon Markets Institute Corporate Member</p>	<p><b>Australian Industry Energy Transitions Initiative</b></p> <p>Australian Industry Energy Transitions Initiative Partner (2022)</p>	<p>Australian Sustainable Finance Initiative</p> <p>Australian Sustainable Finance Initiative Founding Member</p>	<p><b>SASB STANDARDS</b> Now part of IFRS Foundation</p> <p>Sustainability Accounting Standards Board Align with</p>
<p><b>Carbon Neutral</b> ORGANISATION</p> <p>Climate Active</p> <p>Carbon Neutral Certification (Australia) Since 2012 (previously NCOS)</p>	<p><b>Supply Nation</b> (for Indigenous owned businesses) Founding Member (2010)</p>	<p><b>Social Traders</b> Unlocking business for good</p> <p>Social Traders (for certified social enterprises) Member (2016)</p>	<p>United Nations Tobacco-Free Finance pledge</p> <p>Founding Signatory (2018)</p>	

# Appendix 7: Definitions – credit quality

Appendix

<b>Non-performing not impaired</b>	Includes those credit exposures that are in default, but where it is expected that the full value of principal and accrued interest can be collected, generally by reference to the value of security held
<b>Provision for expected credit losses</b>	Expected credit losses (ECL) are a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions
<b>Collectively assessed provisions (CAP)</b>	CAP for ECL under AASB 9 represent the ECL which is collectively assessed in pools of similar assets with similar risk characteristics. This incorporates forward looking information and does not require an actual loss event to have occurred for an impairment provision to be recognised
<b>Individually assessed provisions (IAP)</b>	Provisions raised for losses on loans that are known to be impaired and are assessed on an individual basis. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and, as this discount unwinds, interest will be recognised in the income statement
<b>Stage 1: 12 months ECL – performing</b>	For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months ECL is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset
<b>Stage 2: Lifetime ECL – performing</b>	For financial assets where there has been a significant increase in credit risk since origination but where the asset is still performing a provision for lifetime ECL is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset
<b>Stage 3 Lifetime ECL – non-performing</b>	For financial assets that are non-performing a provision for lifetime ECL is recognised. Interest revenue is calculated on the carrying amount net of the provision for ECL rather than the gross carrying amount
<b>Impaired</b>	
	Includes exposures that have deteriorated to the point where full collection of interest and principal is in doubt, based on an assessment of the customer's outlook, cash flow, and the net realisation of value of assets to which recourse is held: <ul style="list-style-type: none"> <li>Facilities 90 days or more past due, and full recovery is in doubt: exposures where contractual payments are 90 or more days in arrears and the net realisable value of assets to which recourse is held may not be sufficient to allow full collection of interest and principal, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days;</li> <li>Non-accrual facilities: exposures with individually assessed impairment provisions held against them, excluding restructured loans;</li> <li>Restructured facilities: exposures where the original contractual terms have been formally modified to provide for concessions of interest or principal for reasons related to the financial difficulties of the customer;</li> <li>Other assets acquired through security enforcement (includes other real estate owned): includes the value of any other assets acquired as full or partial settlement of outstanding obligations through the enforcement of security arrangements; and</li> <li>Any other facility where the full collection of interest and principal is in doubt</li> </ul>
<b>Stressed exposures</b>	
	Watchlist and substandard, non-performing not impaired, and impaired exposures
<b>Total committed exposures (TCE)</b>	
	Represents the sum of the committed portion of direct lending (including funds placement overall and deposits placed), contingent and pre-settlement risk plus the committed portion of secondary market trading and underwriting risk
<b>Watchlist and substandard</b>	
	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal

# Appendix 7: Definitions – segments, earnings drivers, capital and liquidity

Appendix

Segments		Capital and liquidity	
<b>Consumer</b>	Consumer provides banking products and services, including mortgages, credit cards, personal loans, and savings and deposit products to Australian retail customers	<b>Capital ratios</b>	As defined by APRA (unless stated otherwise)
<b>Business</b>	Business serves the banking needs of Australian small business, Agribusiness and Commercial customers	<b>Committed liquidity facility (CLF)</b>	The RBA makes available to Australian Authorised Deposit-taking Institutions (ADIs) a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 Liquidity. APRA announced in September 2021 that ADIs subject to the LCR should reduce their CLF usage to zero by 1 January 2023
<b>WIB</b>	Westpac Institutional Bank (WIB) provides a broad range of financial products and services to corporate, institutional and government customers	<b>High quality liquid assets (HQLA)</b>	Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR
<b>Westpac NZ</b>	Westpac New Zealand provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand	<b>Internationally comparable ratios</b>	Internationally comparable regulatory capital ratios are Westpac's estimated ratios after adjusting the capital ratios determined under APRA Basel III regulations for various items. Analysis aligns with the APRA study titled "International capital comparison study" dated 13 July 2015
<b>Specialist Businesses</b>	Specialist Businesses was established in May 2020 by combining the operations that Westpac identified to be exited as part of its simplification agenda. Since its formation, nine business divestments, including two in First Half 2023, have been completed. The merger of BT's personal and corporate superannuation funds with Mercer Super Trust through a SFT and the sale of its AAML business to Mercer Australia were completed. The remaining operations include Platforms, Westpac Pacific, margin lending and auto finance business which is in run-off	<b>Leverage ratio</b>	As defined by APRA (unless stated otherwise). Tier 1 capital divided by 'exposure measure' and expressed as a percentage. 'Exposure measure' is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures
<b>Group Businesses or GB</b>	Group Businesses includes support functions such as Treasury, Customer Services and Technology, Corporate Services and Enterprise Services. It also includes Group-wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses	<b>Liquidity coverage ratio (LCR)</b>	An APRA requirement to maintain an adequate level of unencumbered high quality liquid assets, to meet liquidity needs for a 30 calendar day period under an APRA-defined severe stress scenario. Absent a situation of financial stress, the value of the LCR must not be less than 100%. LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash out-flows in a modelled 30 day defined stressed scenario
<b>Earnings drivers</b>		<b>Net stable funding ratio (NSFR)</b>	The NSFR is defined as the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. The amount of ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. ADI's must maintain an NSFR of at least 100%
<b>Average interest-earning assets (AIEA)</b>	The average balance of assets held by the Group that generate interest income. Where possible, daily balances are used to calculate the average balance	<b>Risk weighted assets or RWA</b>	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non-asset-backed risks (ie. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5
<b>Group net interest margin</b>	Calculated by dividing net interest income by average interest-earning assets (annualised where applicable)		
<b>Core net interest margin</b>	Calculated by dividing net interest income excluding Notable Items and Treasury & Markets by average interest-earning assets (annualised where applicable)		
<b>Pre-provision profit</b>	Net operating income less operating expenses		
<b>Full-time equivalent employees (FTE)</b>	A calculation based on the number of hours worked by full and part-time employees as part of their normal duties. For example, the full-time equivalent of one FTE is 76 hours paid work per fortnight		

# Appendix 7: Definitions – other

Appendix

<b>Branch transactions</b>	Branch transactions are typically withdrawals, deposits, transfers and payments	<b>Consumer MFI share</b>	Source: Fifth Dimension (5D) for March 2023 (1H23); DBM Consultants Consumer Atlas for September 2022 (2H22), 6MR. MFI customers
<b>Customer satisfaction or CSAT</b>	The Customer Satisfaction score is an average of customer satisfaction ratings of the customer's main financial institution for consumer or business banking on a scale of 0 to 10 (0 means 'extremely dissatisfied' and 10 means 'extremely satisfied')	<b>Net Promoter Score or NPS</b>	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution for retail or business banking. Net Promoter Score <sup>SM</sup> is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. Using a 11 point numerical scale where 10 is 'Extremely likely' and 0 is 'Extremely unlikely', Net Promoter Score is calculated by subtracting the percentage of Detractors (0-6) from the percentage of Promoters (9-10)
<b>CSAT (Main Bank Service Satisfaction) (Westpac NZ)</b>	Source: 3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Respondents are asked to rate the overall level of service they receive from their main bank (self-selected which ONE bank is their main provider of financial services) on a scale of 1 (Poor) to 5 (Excellent). The rating represents % of respondents who scored 4 (Very Good) or 5 (Excellent)	<b>NPS – Mobile App</b>	Source: Fifth Dimension (5D) for March 2023 (1H23), 6MR. MFI customers. Mobile App NPS measures the likelihood to recommend the customer's MFI Mobile App used in the last 4 weeks for retail banking
<b>CSAT – overall consumer</b>	Source: Fifth Dimension (5D) for March 2023 (1H23); DBM Consultants Consumer Atlas for September 2022 (2H22), 6MR. MFI customers	<b>NPS Consumer (Westpac NZ)</b>	Source: 3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Respondents are asked about likelihood to recommend their main bank to family and friends on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
<b>CSAT – overall business</b>	Source: Fifth Dimension (5D) for March 2023 (1H23); DBM Consultants Business Atlas for September 2022 (2H22), 6MR. MFI businesses	<b>NPS – overall consumer</b>	Source: Fifth Dimension (5D) for March 2023 (1H23); DBM Consultants Consumer Atlas for September 2022 (2H22), 6MR. MFI customers
<b>Digital active</b>	Australian consumer and business customers who have had an authenticated session (including Quickzone) on Westpac Group digital banking platforms in the prior 90 days	<b>NPS – overall business</b>	Source: Fifth Dimension (5D) for March 2023 (1H23); DBM Consultants Business Atlas for September 2022 (2H22), 6MR. MFI businesses
<b>Digital sales</b>	The percentage of quality sales in a 12-week period that were digitally initiated (percentage against the count of all quality sales in that 12-week period)	<b>St.George (SGB) brands</b>	SGB brands (Consumer): St.George Bank, Bank of Melbourne, BankSA, for DBM also includes RAMS, Dragondirect SGB brands (Business): St.George Bank, Bank of Melbourne and BankSA
<b>Digital transactions</b>	Digital transactions including all payment transactions (Transfer Funds, Pay Anyone and BPAY) within Westpac Live and Compass, excl. Corporate Online and Business Banking online		
<b>Active Westpac app customers</b>	Westpac app users using the iON (Android +iOS) experience with a digital login in the 90 day period. Segment is Consumer and Business		
<b>Mobile wallet payments</b>	Count of transactions that use a digital card via apple pay, fitbit pay, garmin pay, google pay and samsung pay products		
<b>Average App sessions per day</b>	Total number of sessions on Westpac Live & Compass initiated using an app over total number of days within a half year period		
<b>MFI share</b>	MFI share results are based on the number of customers who have a Main Financial Institution (MFI) relationship with an institution, as a proportion of the number of customers that have a MFI relationship with any institution		

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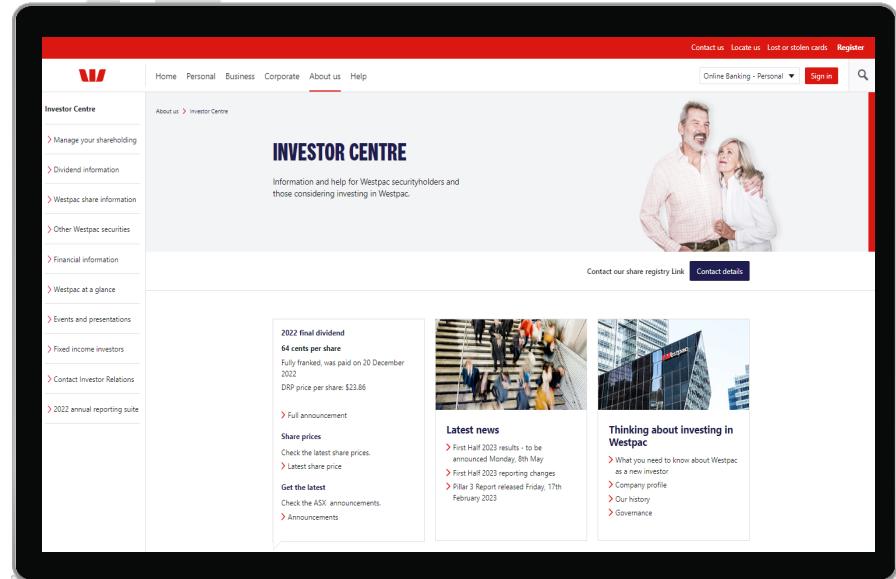
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The financial information in this presentation is presented in accordance Australian Accounting Standards (AAS) and is also compliant with International Financial Reporting Standards. In 2022 and earlier reporting periods, Westpac reported a non-AAS financial measure of profit referred to as "cash earnings" as well as reporting "Notable Items" and a further non-AAS profit measure excluding these Notable Items in both external and internal reporting. In First Half 2023, Westpac ceased reporting cash earnings and cash earnings excluding Notable Items and will use net profit attributable to owners of Westpac (net profit) as Westpac's key measure of financial performance. To assist in explaining our financial performance, Westpac will continue to report Notable Items which represent certain items that management believe are not reflective of the Group's ongoing business performance. Refer to page 38 for details of the Notable Items impacting Westpac's 2023 Interim Financial Results.

In assessing Westpac's performance and that of our operating segments we use a number of financial measures, including amounts, measures and ratios that are presented on a non-AAS basis. Non-AAS financial measures and ratios do not have standardised meanings under AAS. As such they are unlikely to be directly comparable to similar measures presented by other companies and should not be viewed in isolation from, or as a substitute for, the AAS results.

Refer to Westpac's 2023 Interim Financial Results (incorporating the requirements of Appendix 4D) for the six months ended 31 March 2023 available at [www.westpac.com.au](http://www.westpac.com.au) in the section "Results Announcement to the market - Introduction" for details of the presentation changes and non-AAS financial measures.

This presentation contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the US Securities Exchange Act of 1934. Forward looking statements are statements that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding our intent, belief or current expectations with respect to our business and operations, macro and micro economic and market conditions, results of operations and financial condition, capital adequacy and risk management, including, without limitation, future loan loss provisions and financial support to certain borrowers, forecasted economic indicators and performance metric outcomes, indicative drivers, climate- and other sustainability-related statements, commitments, targets, projections and metrics, and other estimated and proxy data.

We use words such as 'will', 'may', 'expect', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'estimate', 'anticipate', 'believe', 'probability', 'indicative', 'risk', 'aim', 'outlook', 'forecast', 'fcast', 'f', 'assumption', 'projection', 'target', 'goal', 'guidance', 'ambition', or other similar words to identify forward-looking statements, or otherwise identify forward-looking statements. These forward-looking statements reflect our current views on future events and are subject to change, certain known and unknown risks, uncertainties and assumptions and other factors which are, in many instances, beyond our control (and the control of our officers, employees, agents and advisors), and have been made based on management's expectations or beliefs concerning future developments and their potential effect upon Westpac. Forward-looking statements may also be made, verbally or in writing, by members of Westpac's management or Board in connection with this presentation. Such statements are subject to the same limitations, uncertainties, assumptions and disclaimers set out in this presentation. There can be no assurance that future developments or performance will align with our expectations or that the effect of future developments on us will be those anticipated. Actual results could differ materially from those we expect or which are expressed or implied in forward-looking statements, depending on various factors including, but not limited to, those described in the section titled 'Risk factors' in our 2023 Interim Financial Results (incorporating the requirements of Appendix 4D) for the six months ended 31 March 2023 available at [www.westpac.com.au](http://www.westpac.com.au). When relying on forward-looking statements to make decisions with respect to Westpac, investors and others should carefully consider such factors and other uncertainties and events. Except as required by law, we assume no obligation to revise or update any forward-looking statements contained in this presentation, whether from new information, future events, conditions or otherwise, after the date of this presentation.

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