

# ASX Release

Level 18, 275 Kent Street  
Sydney, NSW, 2000

**2 November 2020**

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## **Westpac FY20 Presentation and Investor Discussion Pack**

Westpac Banking Corporation (“Westpac”) today provides the attached Westpac FY20 Presentation and Investor Discussion Pack.

### **For further information:**

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This document has been authorised for release by Tim Hartin, General Manager & Company Secretary.

# Presentation and Investor Discussion Pack

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## **2020 FULL YEAR FINANCIAL RESULTS**

FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2020

WESTPAC BANKING CORPORATION

ABN 33 007 457 141

Fix. Simplify. Perform.

 **Westpac** GROUP

Financial results throughout this presentation are in Australian dollars and are based on cash earnings unless otherwise stated. Refer page 29 for definition. Results principally cover the 2H20, 1H20 and 2H19 periods. Comparison of 2H20 versus 1H20 (unless otherwise stated).

# Westpac 2020 Full Year Results Index

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# Peter King

Chief Executive Officer

# FY20 Results – Overview.



## Earnings

- Cash earnings \$2.6bn, disappointing result; environment and our own issues
- \$3.2bn impairment charge up 4x
- Notable items<sup>1</sup>: (\$2.6bn) after tax including \$1.3bn provision for AUSTRAC penalty



## Capital

- CET1 capital ratio at 11.1%
- Pro forma CET1 after Zip sale 11.2%
- FY20 dividend 31 cents per share, fully underwritten DRP



## Asset quality

- Asset quality: stress emerging, less than expected
- Provision coverage increased 64bps to 171bps<sup>2</sup>
- Customers on deferral reducing to \$17.6bn from \$64.8bn provided<sup>3</sup>



## Strategy reset

- Clear purpose: focused on banking in Australia and New Zealand
- Lines of Business operating model adopted
- Three priorities: Fix, Simplify, Perform

1 References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations. 2 Total Provisions to Credit Risk Weighted Assets. 3 Australian deferral packages.

# FY20 Earnings snapshot.

	FY20	Change FY20 – FY19	Change 2H20 – 1H20
Reported net profit	\$2,290m	(66%)	(8%)
Cash earnings <sup>1</sup>	\$2,608m	(62%)	63%
Impairment charge	(\$3,178m)	4.0x	(58%)
Impairment charge to average loans <sup>2</sup>	45bps	34bps	(35bps)
Cash EPS <sup>3</sup>	72.5c	(63%)	61%
Return on equity <sup>4,5</sup>	3.83%	(Large)	178bps
Dividend per share	31cps	(Large)	N/A
<b>Cash earnings excluding notable items<sup>6</sup></b>			
Core earnings	\$10,871m	(11%)	(12%)
Cash earnings <sup>1</sup>	\$5,227m	(34%)	19%
Cash EPS <sup>3</sup>	145.4c	(36%)	18%
Return on equity <sup>4</sup>	7.69%	(Large)	122bps

<sup>1</sup> Cash earnings is a measure of profit generated from ongoing operations for further detail see page 29. <sup>2</sup> Impairment charge to average loans annualised. <sup>3</sup> Cash EPS is cash earnings divided by weighted average ordinary shares. <sup>4</sup> Return on equity is cash earnings divided by average ordinary equity. <sup>5</sup> Cash earnings basis. <sup>6</sup> References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations.

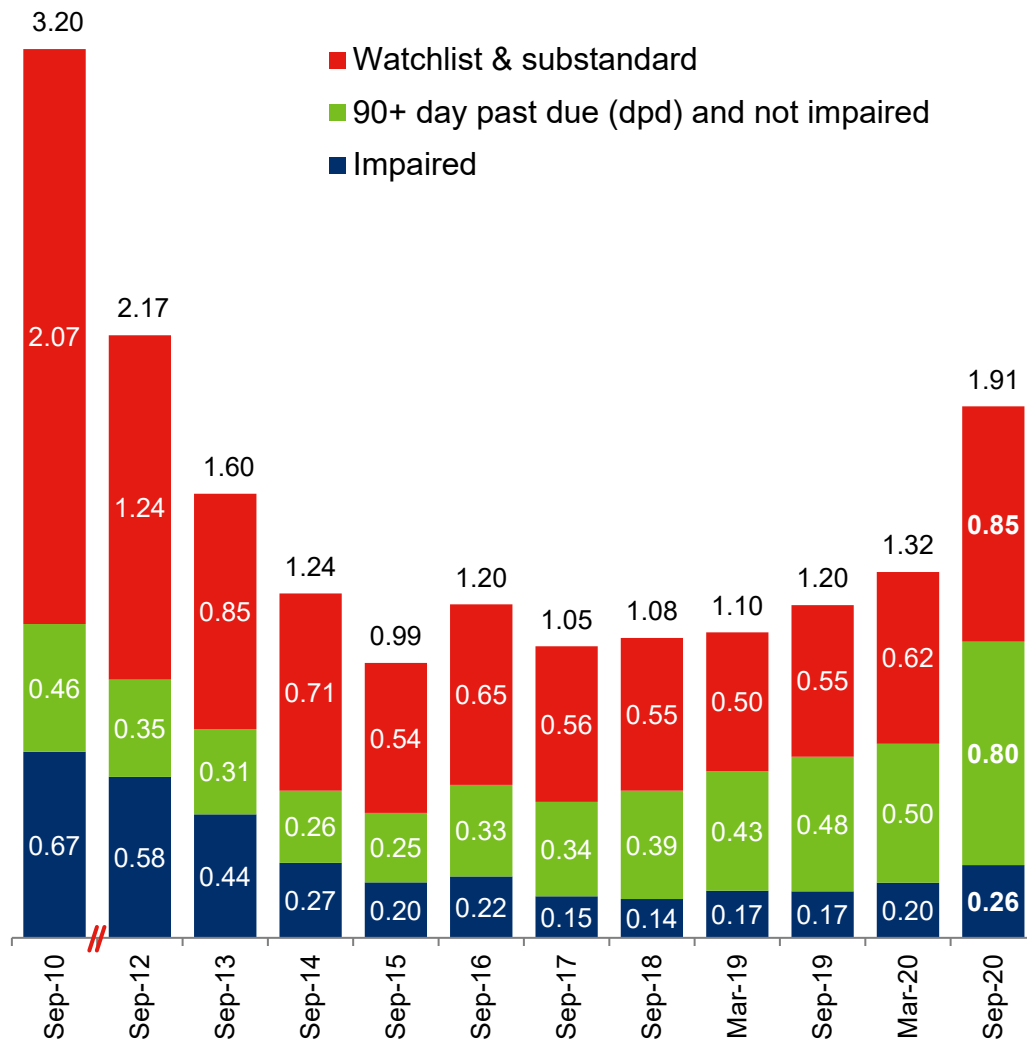
# FY20 divisional snapshot.

FY20 Cash earnings (\$m)		FY20 – FY19 % Change
<b>Consumer</b>	\$2,746m	(12%)
<b>Business</b>	\$734m	(62%)
<b>Westpac Institutional Bank</b>	\$332m	(64%)
<b>New Zealand (NZ\$)</b>	\$649m	(38%)
<b>Specialist Businesses</b>	Headline (\$506m)	Large
	<i>Ex notable items</i> <sup>1</sup> \$416m	(45%)
<b>Group Businesses</b>	Headline (\$1,310m)	57%
	<i>Ex notable items</i> <sup>1</sup> \$151m	Large

<sup>1</sup> References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations.

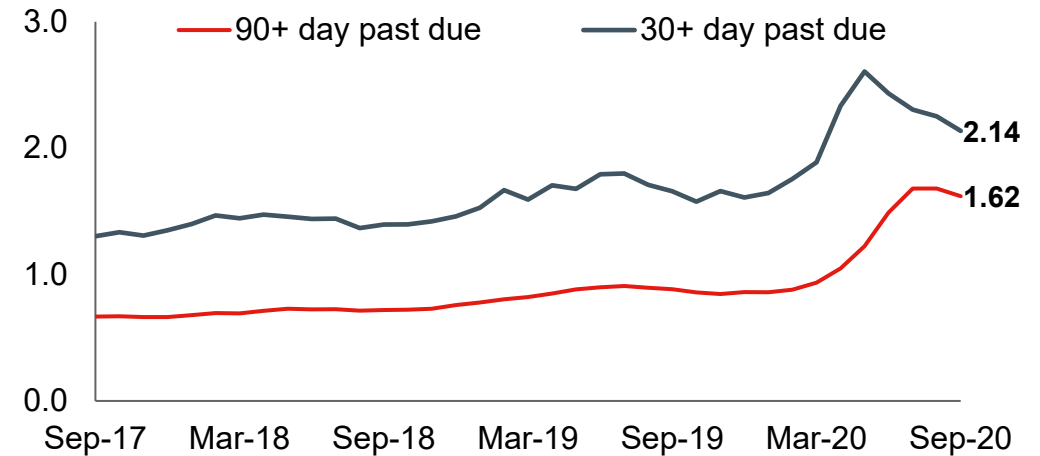
# Asset quality.

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

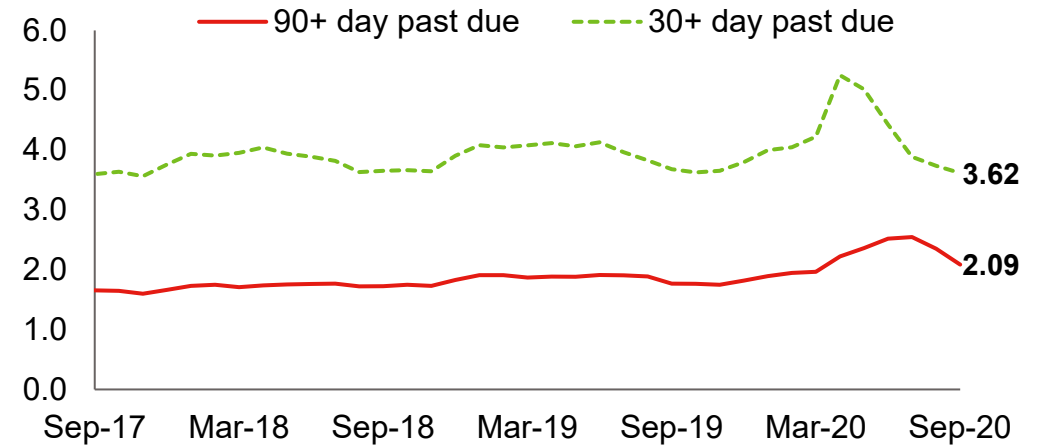


<sup>1</sup> TCE is total committed exposure.

## Australian mortgage delinquencies (%)



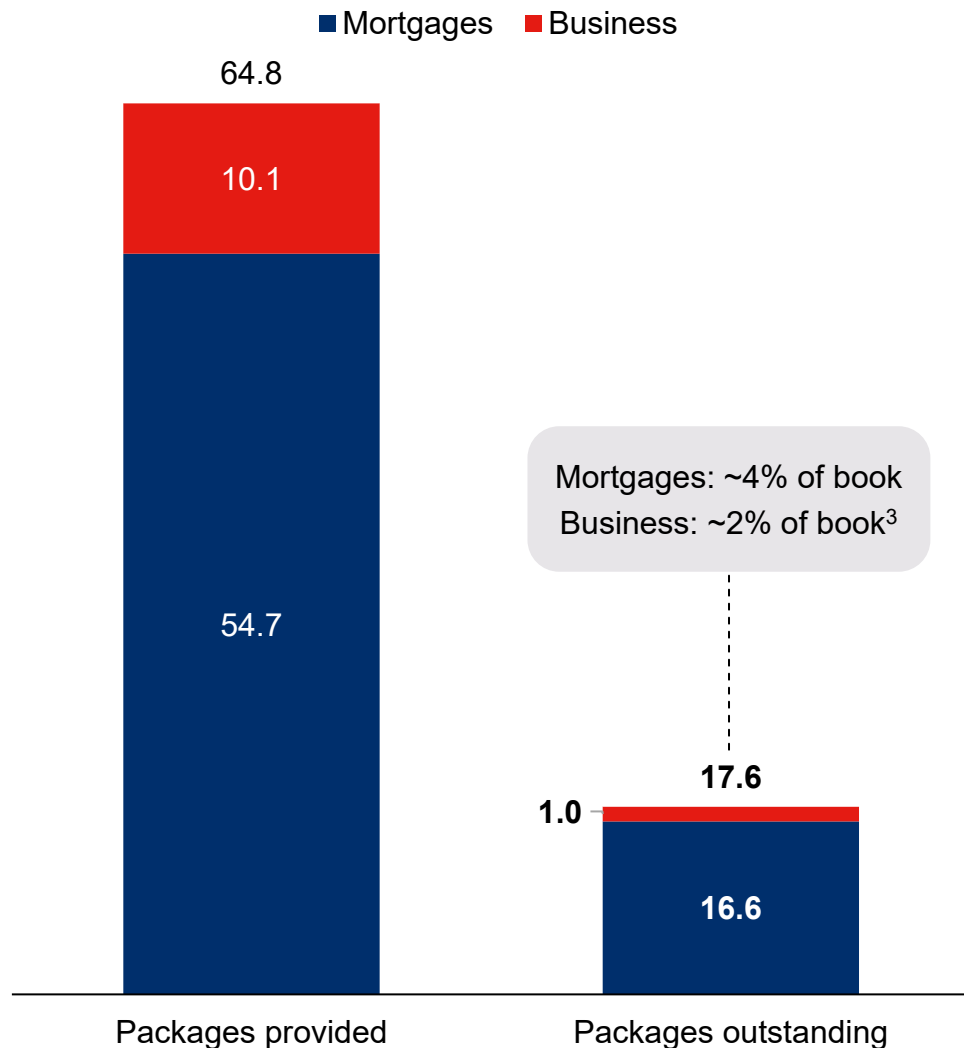
## Australian unsecured consumer delinquencies (%)



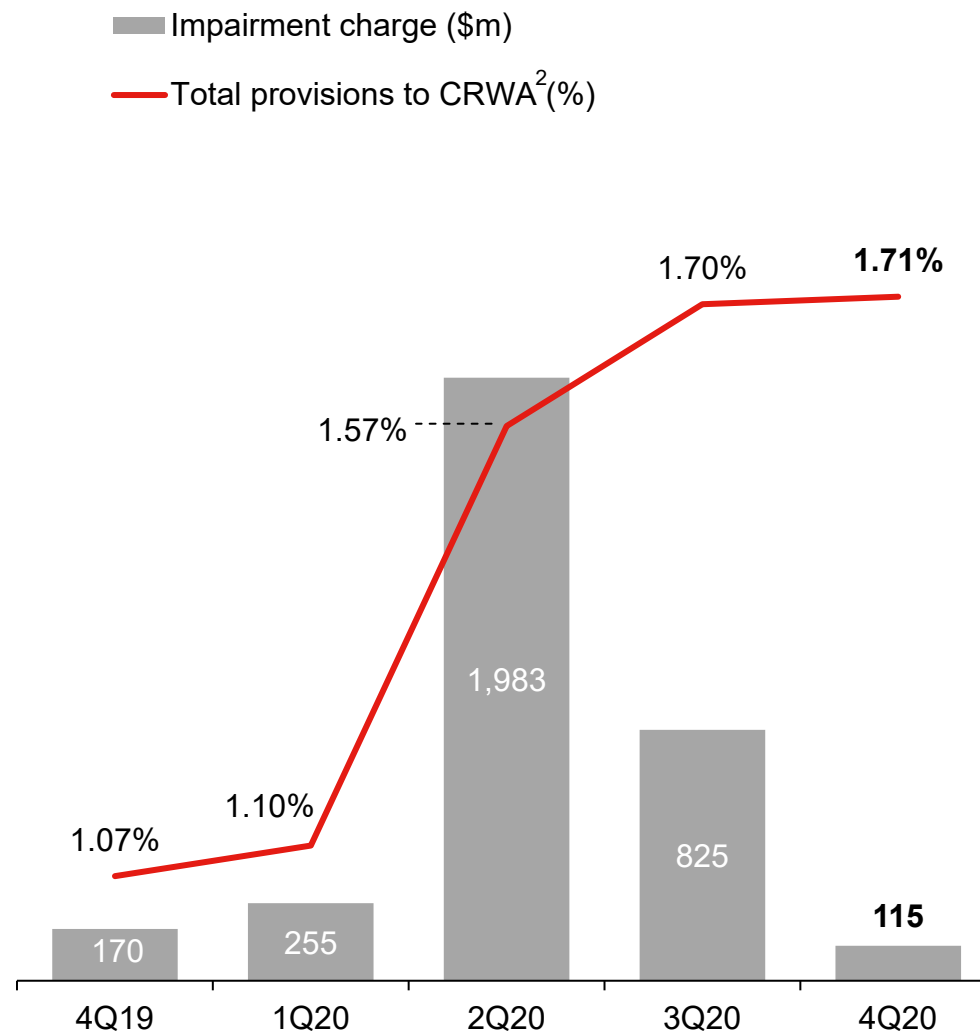


# Deferrals lower – significant provision build.

Deferral packages at 28 Oct 2020 (\$bn)<sup>1</sup>



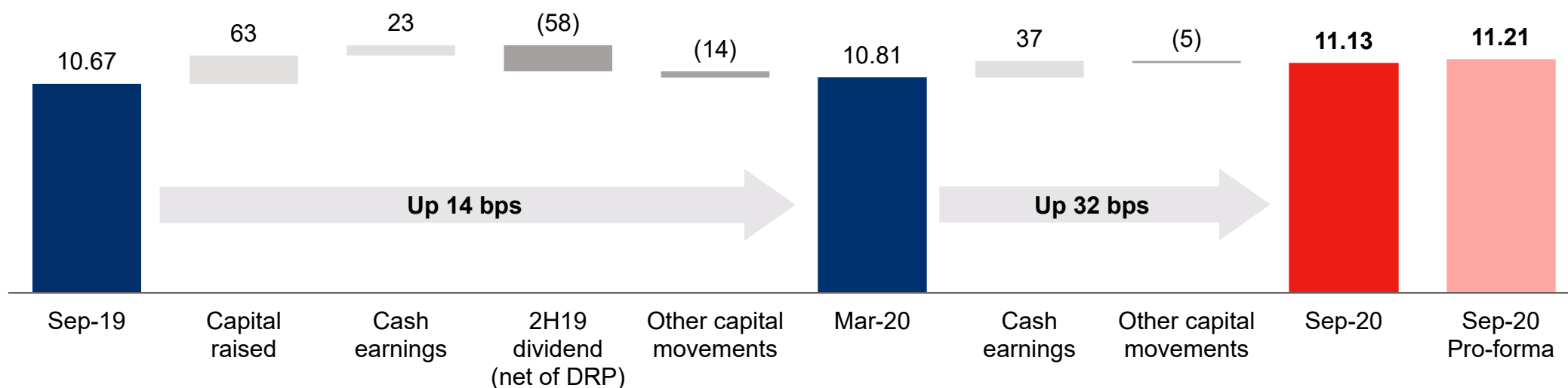
Impairment charges and provision cover (\$m and bps)



<sup>1</sup> Australia only. Business packages outstanding represents customers on deferral who are yet to end their 6 month deferral package of the original \$10.1bn provided. Check-ins on customers granted packages are underway. <sup>2</sup> CRWA is Credit Risk Weighted Assets. <sup>3</sup> Refers to customers eligible for deferral package i.e Total committed exposure less than \$10m.

# Capital and dividend.

## CET1 capital ratio (% and bps)



### Dividend considerations

- Final dividend 31 cents fully franked
- Payout ratio of 49% based on FY20 statutory earnings
- Using DRP to offset capital impact
  - 1.5% discount to DRP price
  - Full underwrite of DRP
- Intending to return to half yearly dividend cycle

### Pro forma capital

- Pro forma capital ratio includes benefit of sale of Zip Co Limited of 8bps

# Our strategy.



# Completed this year.



## Fix



- Settled AUSTRAC proceedings, and 2 US class actions
- New function: Financial Crime, Compliance & Conduct
- Hired 400 Risk, Compliance & Financial crime experts
- New purpose, values & behaviours
- Launched Customer Outcomes & Risk Excellence (CORE) program to enhance management of non-financial risk
- Increased stability of IT infrastructure, 70% reduction in outage times<sup>1</sup>
- Paid \$280m to customers for all remediation programs



## Simplify



- Set up Specialist Businesses division, completed review of non-core businesses
- Agreed sale of vendor finance
- Exited energy trading desk
- Removed 40 fees<sup>2</sup>
- Established Lines of Business model with end-to-end accountability
- Completed Customer Service Hub roll-out in Westpac; 65% of loan documents digital
- New complaint management system
- Footprint consolidation: 740 ATMs sold to Prosegur & 40 branches<sup>3</sup> closed



## Perform



- Supported customers through COVID-19 with \$64.8bn packages<sup>3</sup>
- Strong balance sheet; CET1 11.1%
- Mortgage Line of Business up and running
- Digital progress: Apple Pay and new banking app rollout
- Afterpay Bank-as-service partnership
- Employee engagement 73%

<sup>1</sup> High severity incidents. <sup>2</sup> In Consumer division. <sup>3</sup> Total across the Group. <sup>4</sup> Australia only.

# Priorities for FY21.



## Fix

- Continue to strengthen risk management
  - Financial Crime remediation
  - Deliver CORE Program
  - Reduce correspondent bank relationships
- Accelerate customer payments & complete Advice remediation
- Enhance performance culture
- Complete multi-year technology plan



## Simplify

- Portfolio simplification
  - Continue to exit non-core businesses
  - Close 5 international offices
- System simplification
  - Complete migration of BT Wrap customers and advisers to Panorama
  - CSH roll-out mortgages to regional brands and brokers
- Further migrate customers to current products
- Embed Lines of Business model



## Perform

- Support customers through COVID-19
- Mortgage growth in line with major banks by 2H21<sup>1</sup>
- Set a 3 year cost plan
- Maintain balance sheet strength and return focus

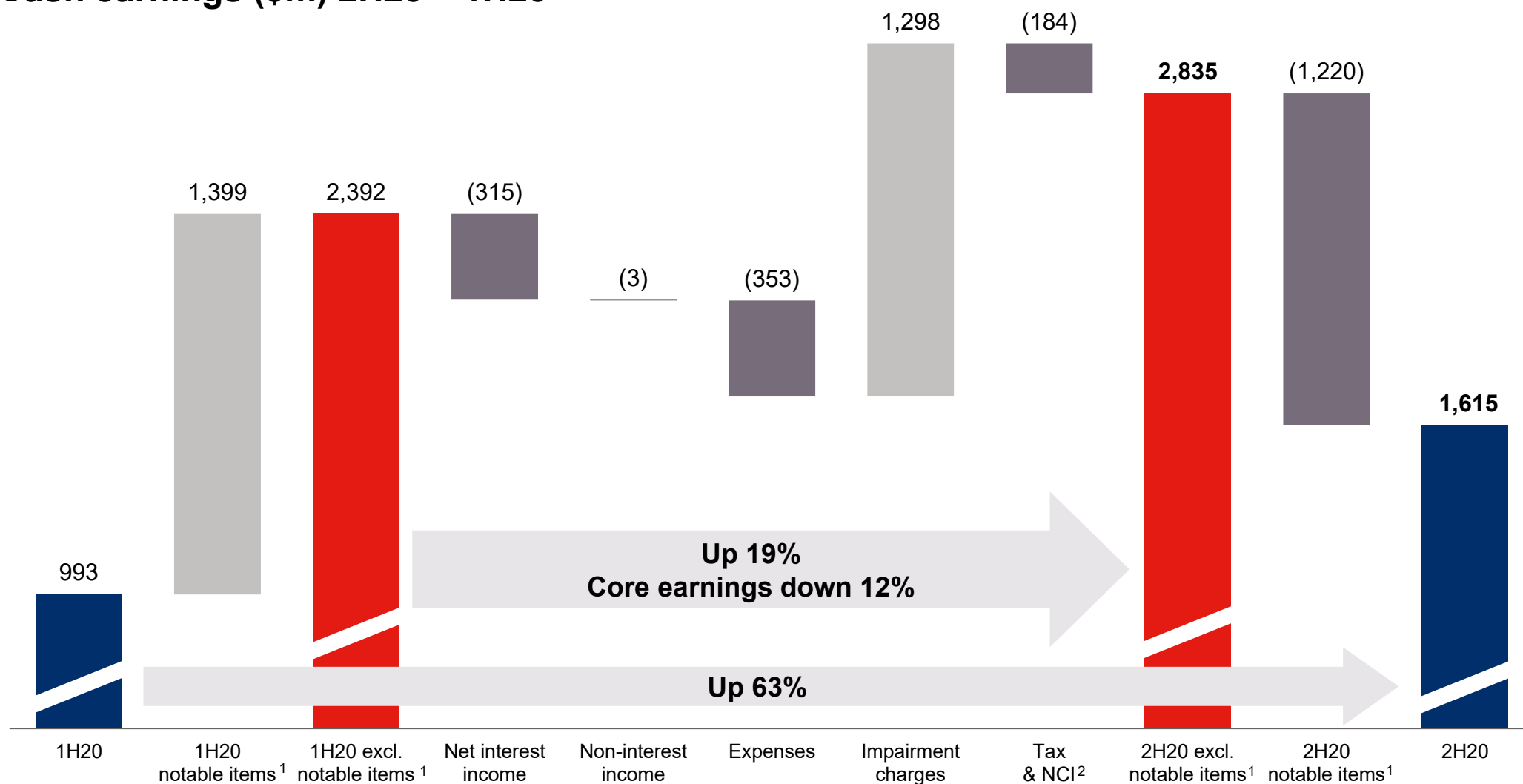
<sup>1</sup> Refers to the monthly growth rate for Australian housing lending outstanding.

# Michael Rowland

Chief Financial Officer

# 2H20 earnings.

## Cash earnings (\$m) 2H20 – 1H20



<sup>1</sup> References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations. <sup>2</sup> NCI is non-controlling interests.

# Notable items.

## Notable items (\$m after tax)

	2H19	1H20	2H20
AUSTRAC proceedings	-	(1,027)	(415)
Remediation and litigation	(341)	(258)	(182)
Intangible write-down	-	(46)	(568)
Asset sales / revaluation	42	(68)	(55)
Wealth reset	(36)	-	-
<b>Total cash earnings impact</b>	<b>(335)</b>	<b>(1,399)</b>	<b>(1,220)</b>

## Notable items detail

- Provisions for AUSTRAC penalty of \$1.3bn

- Includes provisions for estimated refunds, costs and litigation
- Remediation mostly top ups of existing programs, costs higher as we seek to accelerate payout

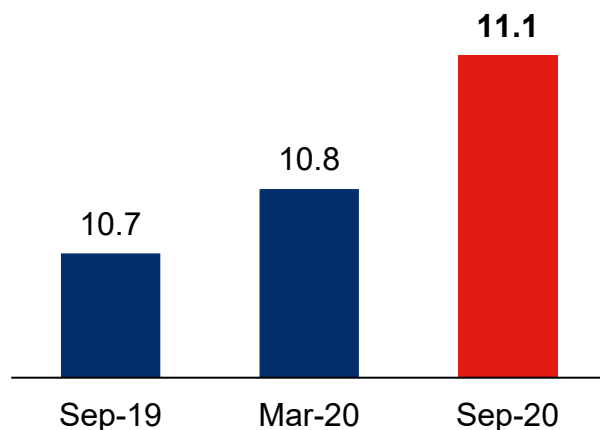
- Write-off of Life insurance and Auto Finance goodwill. Impairment of some capitalised software

- Losses on revaluation of life insurance liabilities and on sale of Vendor finance, partly offset by a revaluation of Zip investment

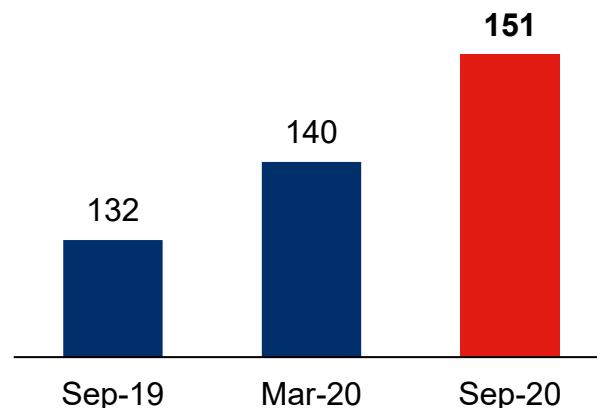


# Balance sheet.

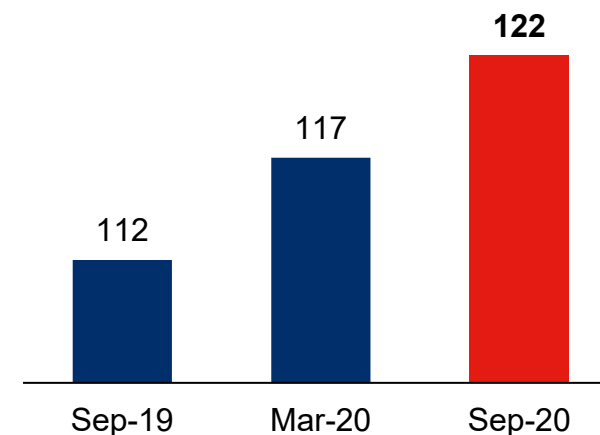
CET1 Capital ratio (%)



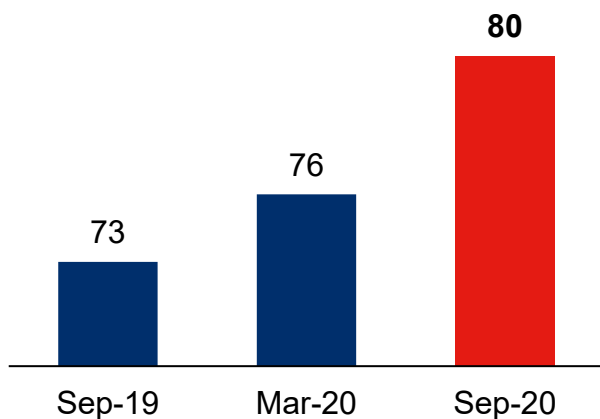
LCR<sup>1</sup> quarterly average (%)



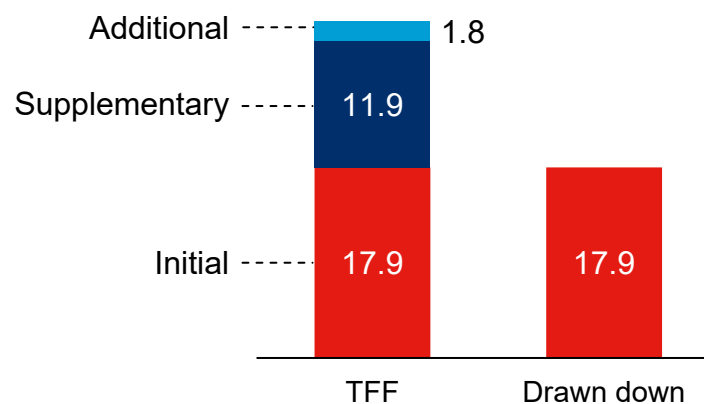
NSFR<sup>2</sup> (%)



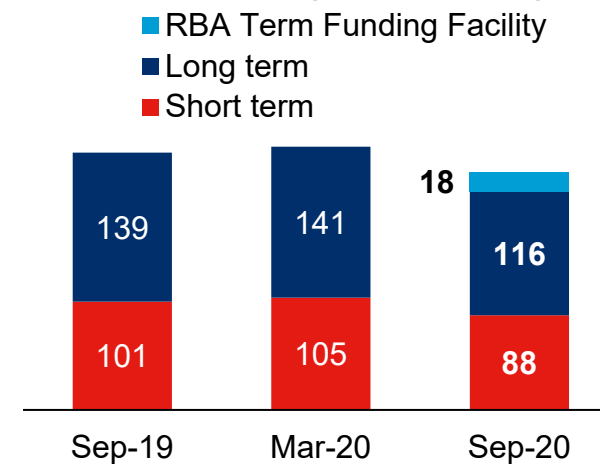
Customer deposit to loan ratio (%)



RBA Term Funding Facility allowance (\$bn)



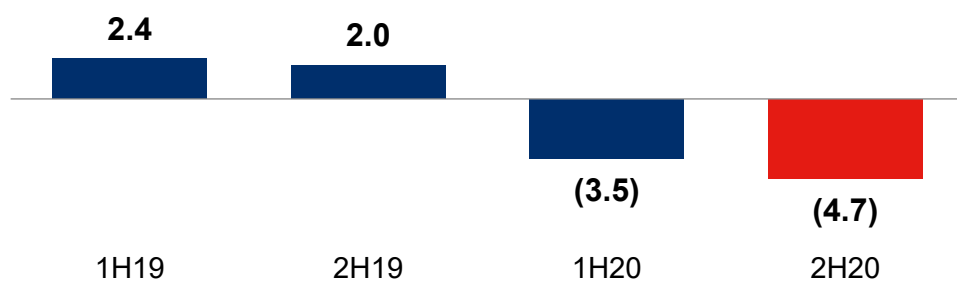
Wholesale funding outstanding (\$bn)



<sup>1</sup> LCR is Liquidity Coverage Ratio. <sup>2</sup> NSFR is Net Stable Funding Ratio.

# Australian mortgages.

## Net mortgage movements (\$bn)



## Mortgage flows (\$bn)



## Annualised change (%)

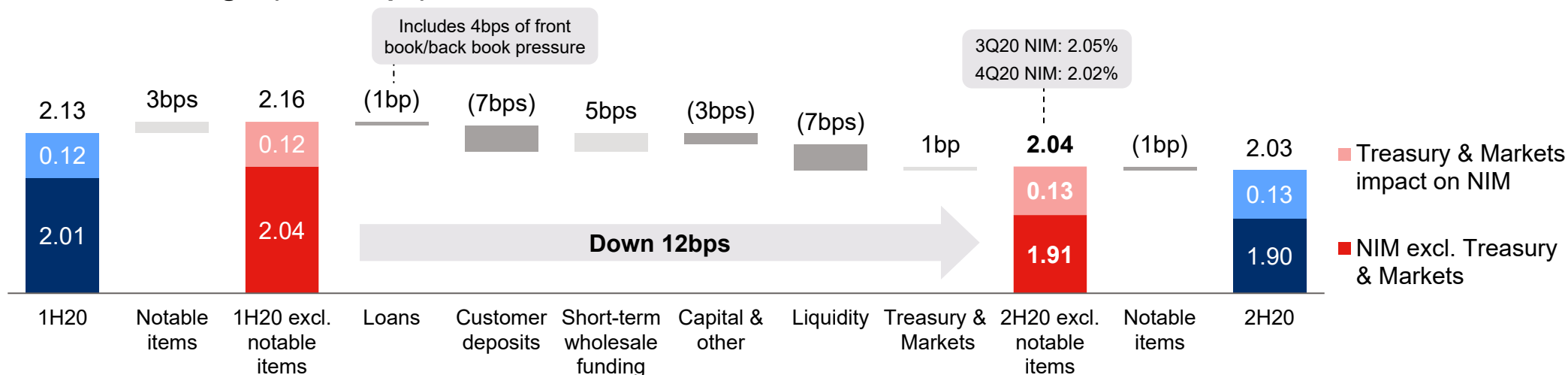
	1H19	2H19	1H20	2H20
Owner occupied	2	2	2	2
Investor	-	(1)	(6)	(7)
Fixed rate (% of flow)	36	35	20	30

## Portfolio mix (% of total)

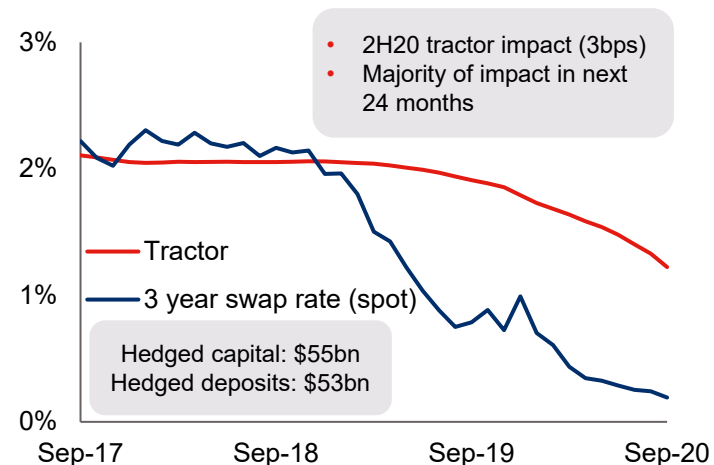
	Mar-19	Sep-19	Mar-20	Sep-20
Principal & interest	66	70	74	76
Interest only	31	27	23	21
Line of credit	3	3	3	3
Investor	39	38	38	37

# Margins.

## Net interest margin (% and bps)

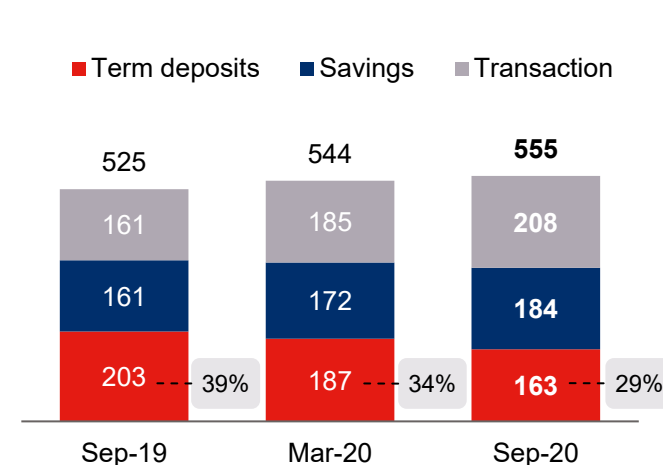


## Tractor rate<sup>1</sup> (%)



<sup>1</sup> Tractor is the blended average rate earned on hedged capital and low rate deposits.

## Customer deposit mix (\$bn)



## Low rate Australian deposits

### \$bn and % total deposits

Deposits priced <25bps 31-March	\$160bn	33%
Deposits priced <25bps 30-September	\$196bn	41%

# Non-interest income.

Up 11% including notable items in 2H20, flat excluding notable items<sup>1</sup>

## Net Fees<sup>1</sup> ▼ 9%

Down \$79m

- Lower cards from decline in activity, particularly international spend
- COVID-19 fee waivers
- Lower activity reduced account and transaction fees

## Wealth and Insurance<sup>1</sup> ▲ 12%

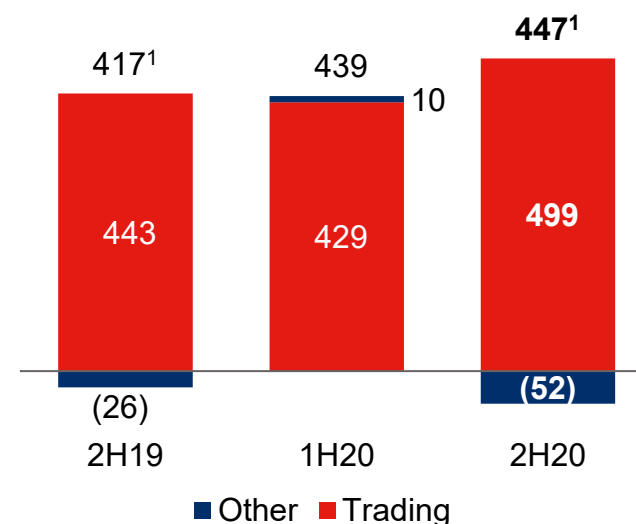
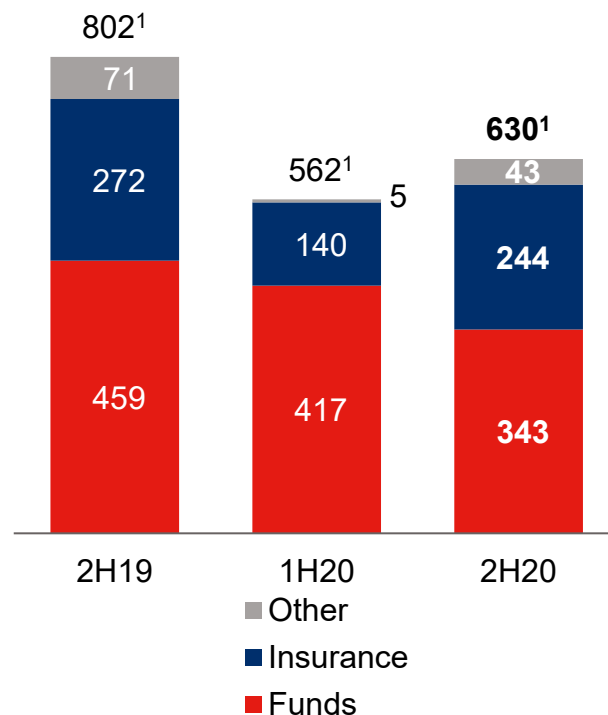
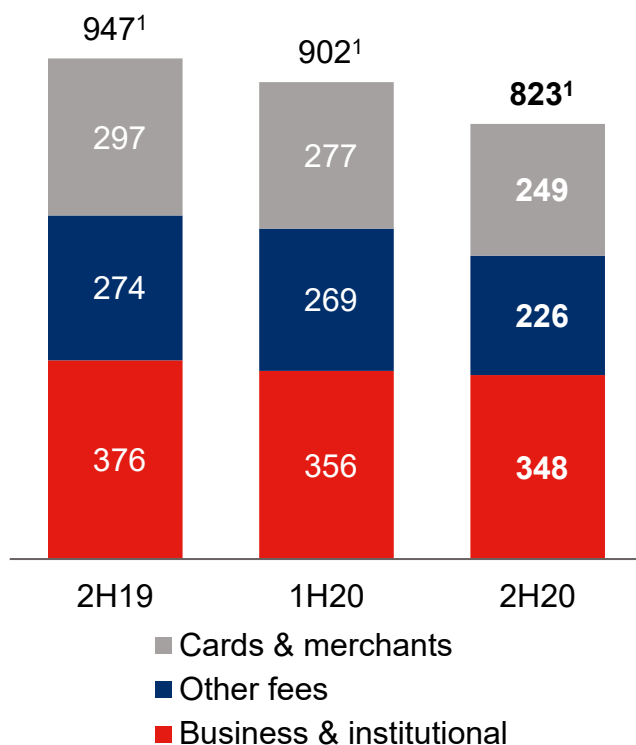
Up \$68m

- Insurance up \$105m from lower claims
- Funds income down from:
  - Lower margins
  - Lower FUA, markets and early super withdrawals
- Other – improved return on capital

## Trading and Other<sup>1</sup> ▲ 2%

Up \$8m

- \$109m positive CVA movement
- FX and commodities lower including Energy exit partly offset by higher fixed income
- Other – FX translation loss from closure of an office in Asia

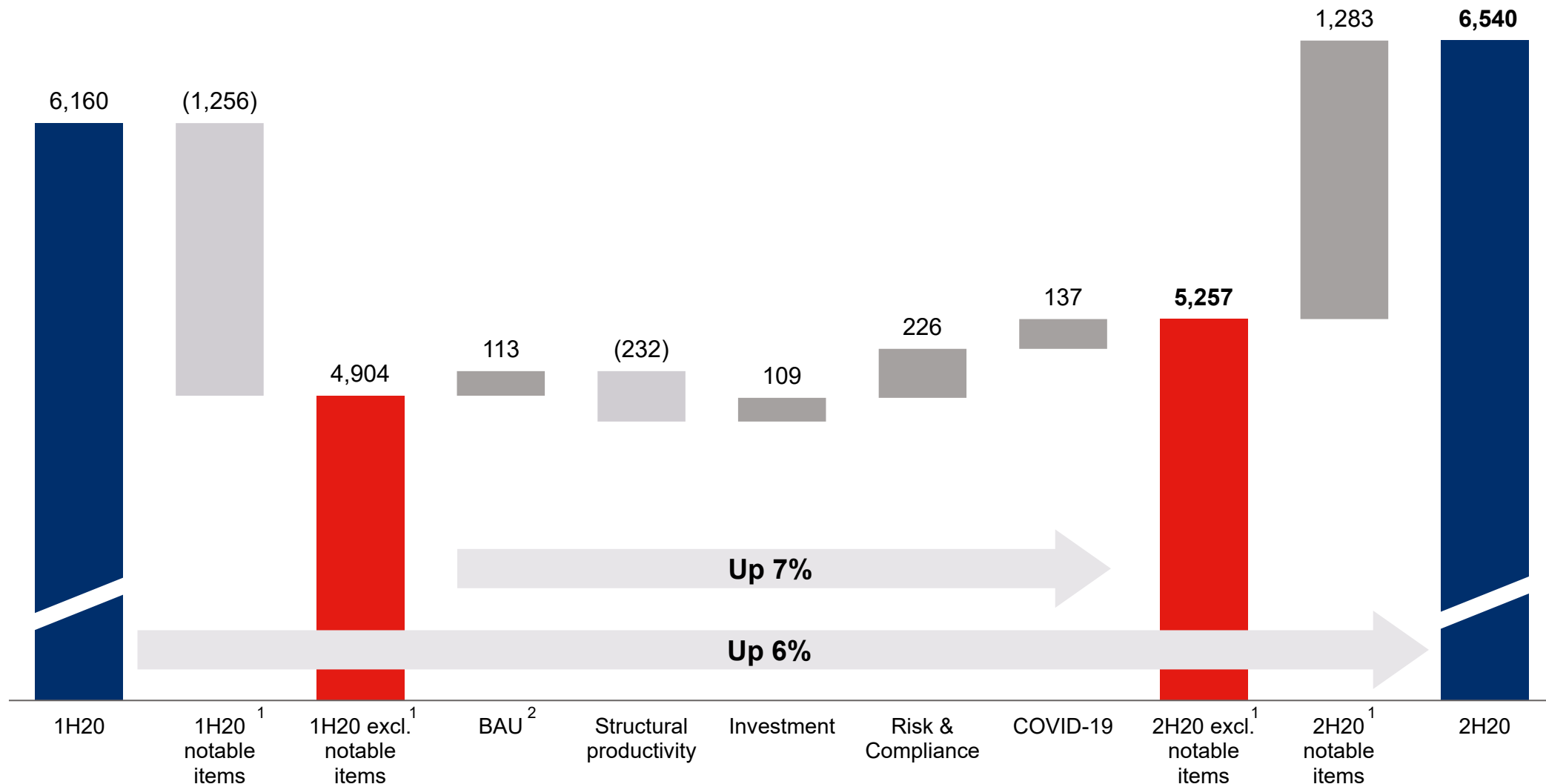


<sup>1</sup> Excluding notable items. References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations.

# 2H20 expenses.

Up 6%, 7% excluding notable items<sup>1</sup>

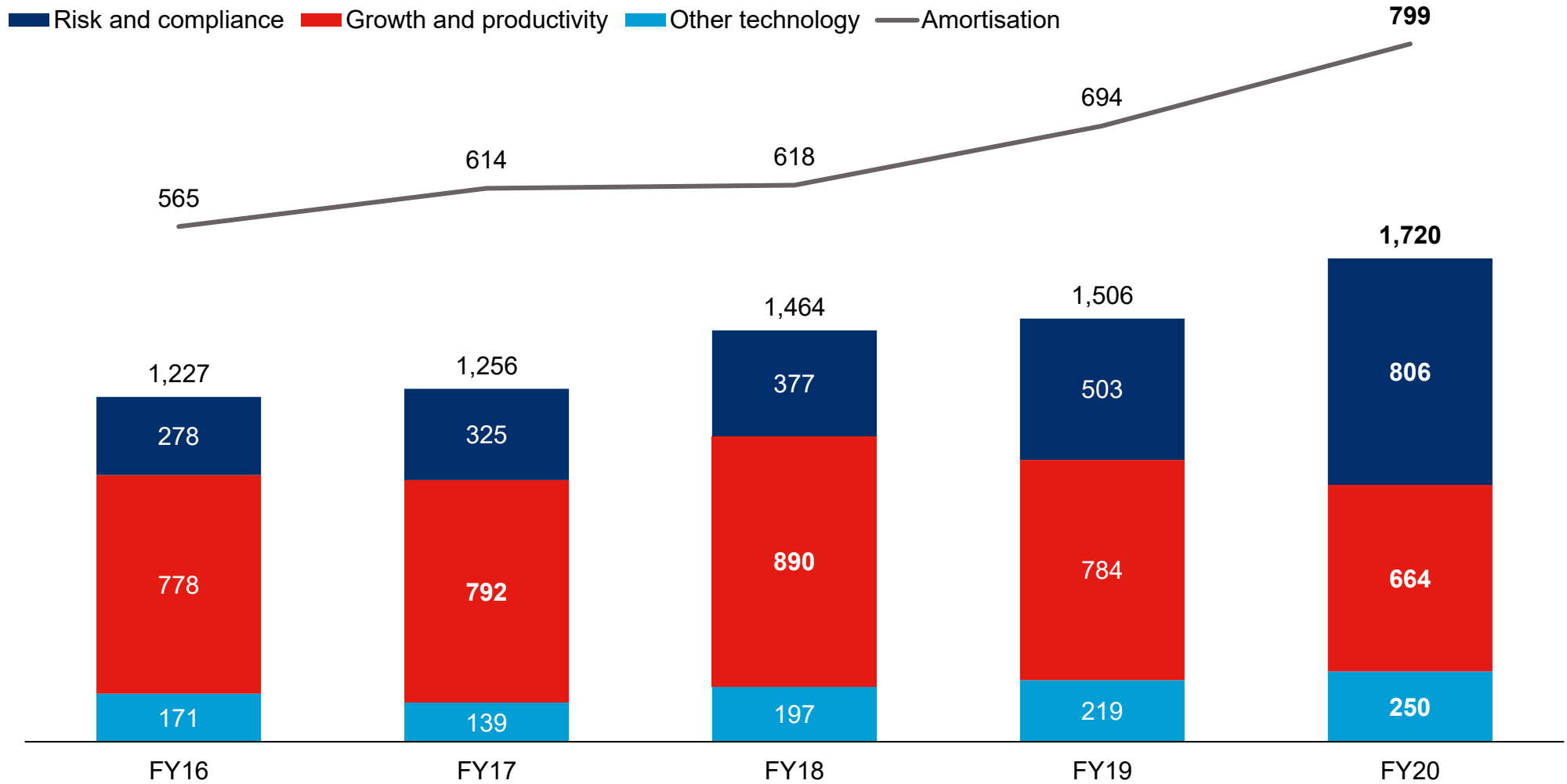
Expenses (\$m) 2H20 – 1H20



<sup>1</sup> References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings; estimated refunds, costs and litigation; write-down of intangible items; and asset sales/revaluations. <sup>2</sup> BAU is business as usual.

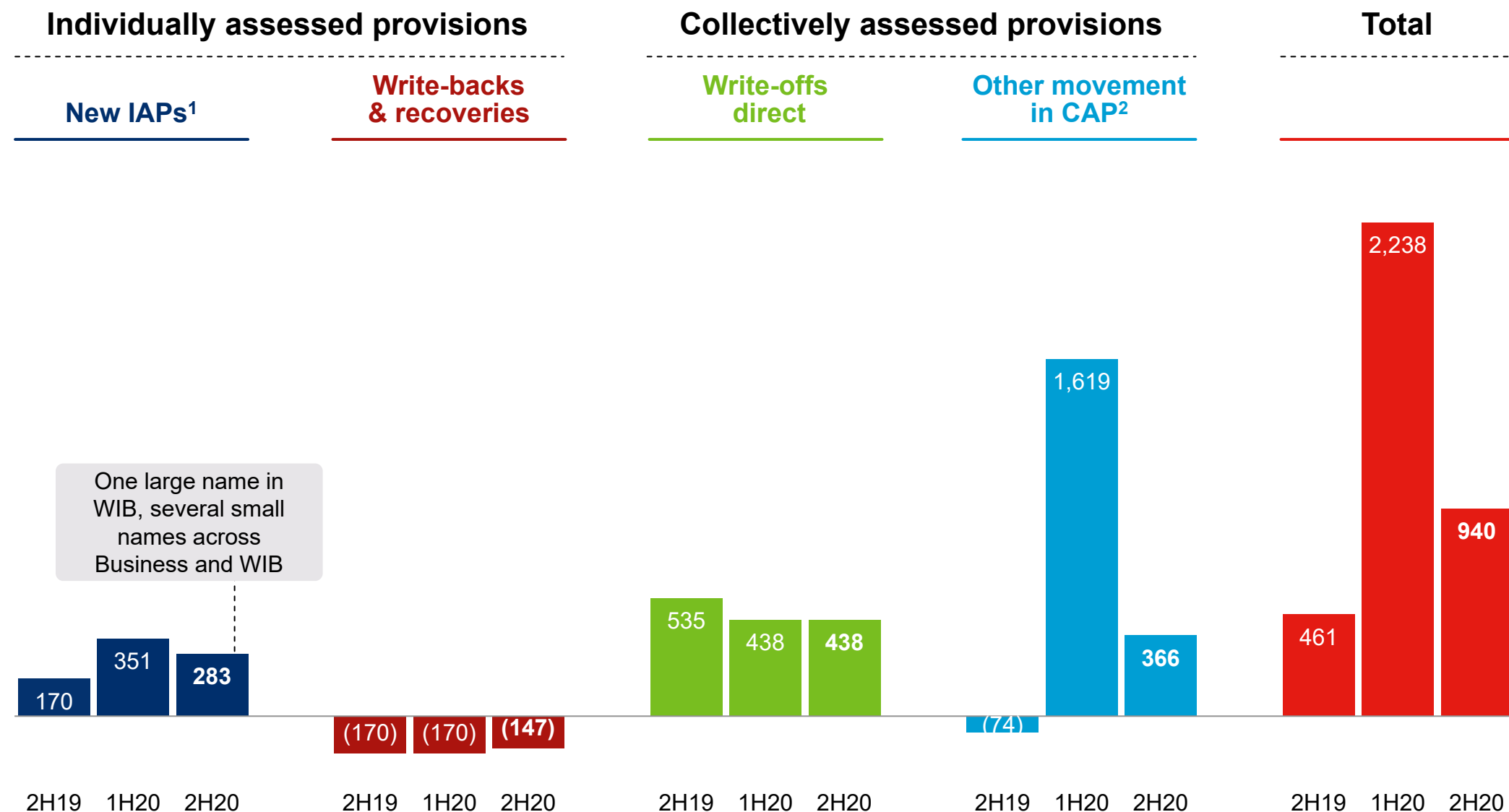
# Investment spend.

## Investment spend (\$m)



# Credit impairment charge composition.

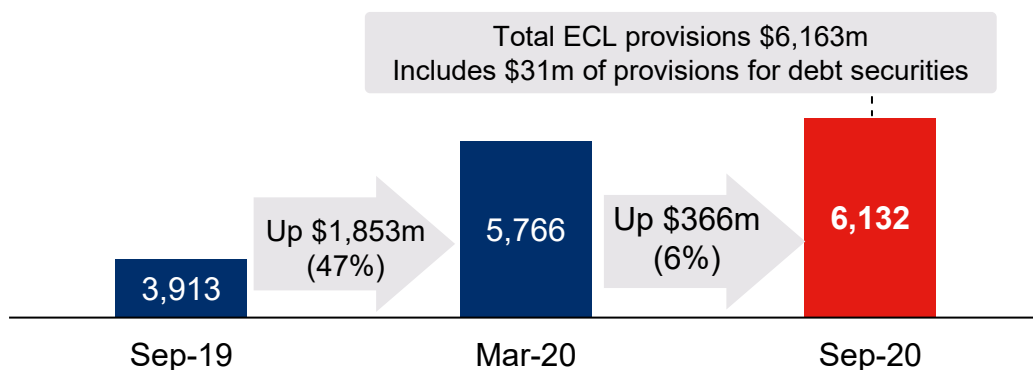
(\$m)



<sup>1</sup> IAP is individually assessed provisions. <sup>2</sup> CAP is collectively assessed provisions.

# Expected credit loss provisions.

## Expected credit loss provisions on loans and credit commitments (\$m)



## Change in expected credit loss (ECL) provisions

	Sep 19 – Mar 20 <sup>1</sup>	Mar 20 – Sep 20 <sup>2</sup>
<b>Portfolio movements</b>	\$272m	\$439m
<b>Economic forecast and weightings</b>	\$1,135m	(\$88m)
<b>Overlays</b>	\$446m	\$15m
<b>Total increase in ECL provisions</b>	<b>\$1,853m</b>	<b>\$366m</b>

## Forecasts for base case economic scenario<sup>3</sup>

	At March 2020		At September 2020	
	2020	2021	2020	2021
GDP growth	(5.0%)	4.0%	(3.5%)	2.5%
Unemployment	6.8%	6.0%	7.8%	7.5%
Residential property prices	(15%)	(5%)	(5.3%)	(0.4%)

## Changes 2H20

- Australian mortgage 90+ dpd up 68bps
- Higher stress in at risk sectors e.g accommodation and commercial property

- Economic backdrop slightly improved
- No change to economic scenario weightings

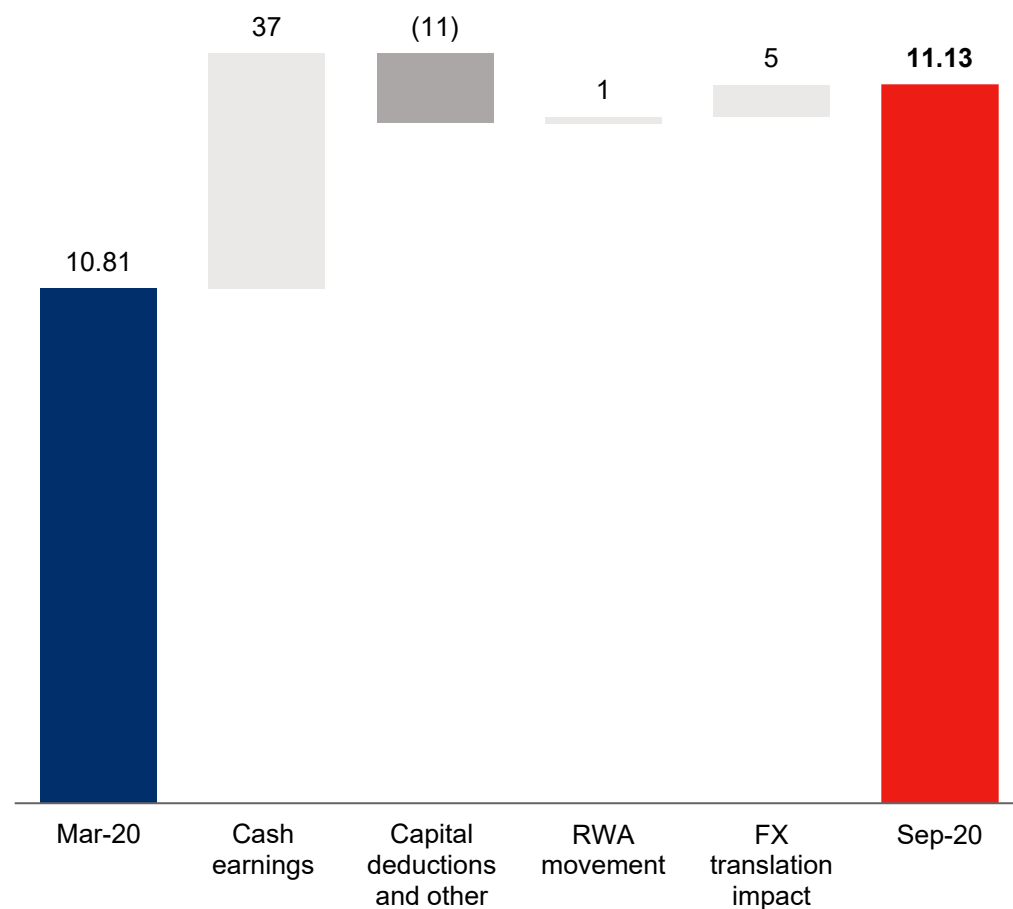
- Overlays for customers on deferral packages
- Overlays for higher risk business segments lower due to releases including transfers to the underlying portfolio reflecting individual reviews
- Bushfire overlay removed and drought overlays reduced

<sup>1</sup> Minor changes to economic forecasts and overlays prior to COVID-19 are included within portfolio movements for the first half. <sup>2</sup> Includes the reclassification of a (\$190m) offset for economic model adjustments from Portfolio movements to Economic forecast and weightings for 3Q20. <sup>3</sup> GDP and Residential property price growth is annual growth to December each year. Unemployment rate forecast is as at year end.



# Capital drivers.

## CET1<sup>1</sup> capital ratio (% and bps)



1 Common equity tier 1. 2 Credit Risk Weighted Assets. 3 Credit Risk Weighted Assets / Exposure at Default.

	Central economic estimate V-shaped recession, mortgage delinquencies 1.5x current levels, business downgrades across a range of sectors	Downside W shaped recovery, mortgage delinquencies 2x current levels, further downgrades
<b>CRWA<sup>2</sup> sensitivity</b>		
FY20 Actual	~0.8ppts	~0.8ppts
<b>CRWA/ EAD<sup>3</sup></b>		
FY21	~3ppts	~3ppts
FY22	~2ppts	~3ppts
<b>CET1<sup>1</sup></b>		
FY20 Actual	~(16bps)	~(16bps)
FY21	~(64bps)	~(66bps)
FY22	~(36bps)	~(59bps)

# FY21 Considerations.<sup>1</sup>

Lending	<ul style="list-style-type: none"><li>• Economic forecasts for system business lending expected decline of ~3.5%<sup>2</sup></li><li>• Aiming for mortgage growth in line with major banks by 2H21, economic forecasts for system mortgage lending expected growth of ~3.2%<sup>2,3</sup></li></ul>
Net interest margin	<ul style="list-style-type: none"><li>• Low interest rates expected to impact deposit spreads and earnings on hedged balances</li><li>• Competition and retention pricing expected to lower mortgage margins</li></ul>
Non-interest income	<ul style="list-style-type: none"><li>• Life insurance earnings likely to remain under pressure</li><li>• Expect Funds margins to decline including from prior regulatory change</li><li>• Transactional changes, including Correspondent bank exits (FY20 income ~\$50m pre tax)</li><li>• Exited Energy trading (FY20 income ~\$62m pre tax)</li></ul>
Expenses	<ul style="list-style-type: none"><li>• Supporting customers in hardship with increased customer assist resources</li><li>• Investment in risk management expected to remain elevated</li><li>• Amortisation impact of FY20 investment spend</li></ul>
Asset quality	<ul style="list-style-type: none"><li>• Economy performing better than initial expectations although uncertainty remains</li><li>• Stress emerging, continue to be prudently provisioned</li></ul>

<sup>1</sup> 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. They have been based upon management's expectations and beliefs concerning future developments and their potential effect on Westpac. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied in such statements. Investors should not place undue reliance on forward-looking statements and statements of expectation. Except as required by law, Westpac is not responsible for updating, or obliged to update, any matter arising after the date of this presentation. The information in this page is subject to the information in Westpac's ASX filings, including in its 2020 Full Year Financial Results and 2020 Annual Report, and elsewhere in this presentation. <sup>2</sup> System growth is Westpac Economics forecast for Australian banking system to September 2021. <sup>3</sup> Mortgages refers to the monthly growth rate in Australian housing lending outstanding.

# Investor Discussion Pack

Fix. Simplify. Perform.

 **Westpac** GROUP

# Overview

# Westpac Group at a glance.

Australia's First Bank.


Strategy

WBC  
listed on  
ASX & NZX

WBK  
LISTED  
NYSE

- In its 204th year, Australia's first bank and first company, opened 1817
- Australia's 2nd largest bank and 27th largest bank in the world, ranked by market capitalisation<sup>1</sup>
- Well positioned across key markets with a service-led strategy focused on customers
- Supporting consumers and businesses in Australia and New Zealand
- Unique portfolio of brands providing a range of financial services across consumer, business and institutional banking, and wealth administration
- Capital ratios are in the top quartile globally, with sound credit quality
- Credit ratings<sup>2</sup> AA- / Aa3 / A+
- Continued sustainability commitment<sup>3</sup>

## Five operating divisions

<b>Consumer</b>     	<b>Specialist Businesses</b>  
<b>Business</b>    	 
<b>Westpac Institutional Bank (WIB)</b> 	
<b>Westpac New Zealand</b> 	

## Key statistics at 30 September 2020

Customers	14.1m
Australian household deposit market share <sup>4</sup>	21%
Australian mortgage market share <sup>5</sup>	22%
Australian business credit market share <sup>5</sup>	16%
New Zealand deposit market share <sup>6</sup>	18%
New Zealand consumer lending market share <sup>6</sup>	19%
Australian wealth platforms market share <sup>7</sup>	18%

## Key financial data for Full Year 2020

Reported net profit after tax	\$2,290m
Cash earnings	\$2,608m
Expense to income ratio <sup>8</sup>	61.6%
Common equity Tier 1 capital ratio (APRA basis)	11.1%
Return on equity <sup>8</sup>	3.8%
Total assets	\$912bn
Total liabilities	\$844bn
Market capitalisation <sup>9</sup>	\$61bn

<sup>1</sup> 30 September 2020 Source: S&P Capital IQ, based in US\$. <sup>2</sup> S&P Global Ratings, Moody's Investors Service and Fitch Ratings respectively. Moody's Investor Services has Westpac on a stable outlook. S&P Global Ratings and Fitch Ratings have Westpac on a negative outlook. <sup>3</sup> Awarded Silver - DJSI 2020 Year Book, Rated A – MSCI-ESG, Medium ESG Risk Band – Sustainalytics. <sup>4</sup> APRA Banking Statistics, September 2020. <sup>5</sup> RBA Financial Aggregates, September 2020. <sup>6</sup> RBNZ, September 2020. <sup>7</sup> Strategic Insights June 2020. All Master Funds Admin. <sup>8</sup> Cash earnings basis. <sup>9</sup> Based on share price at 30 September 2020 of \$16.84.

# Cash earnings and reported net profit reconciliation.

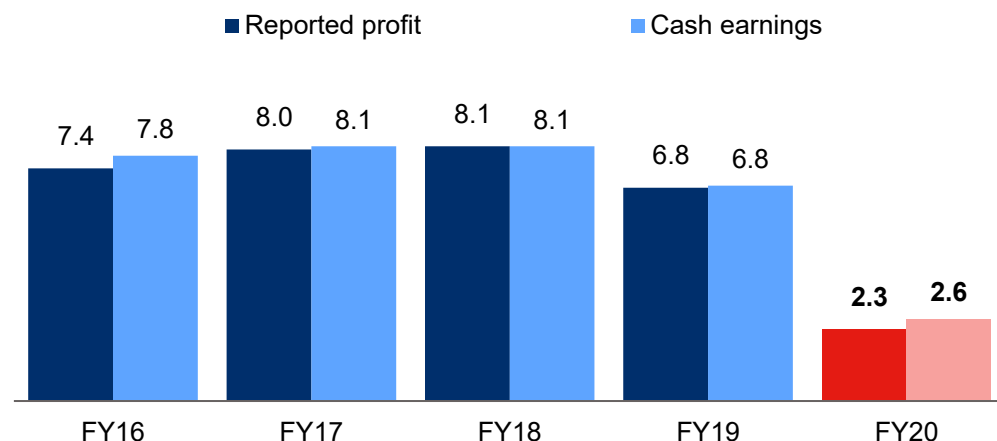
Results

## Cash earnings<sup>1</sup> policy

- Westpac Group uses a measure of performance referred to as cash earnings to assess financial performance at both a Group and divisional level
- This measure has been used in the Australian banking market for over 15 years and management believes it is the most effective way to assess performance for the current period against prior periods and to compare performance across divisions and across peer companies
- To calculate cash earnings, reported net profit is adjusted for:
  - Material items that key decision makers at the Westpac Group believe do not reflect the Group's operating performance
  - Items that are not normally considered when dividends are recommended, such as the impact of treasury shares and economic hedging impacts
  - Accounting reclassifications between individual line items that do not impact reported results

	FY20 (\$m)	FY20-FY19 % chg	2H20-1H20 % chg
Cash earnings	2,608	(62)	63
Cash EPS (cents)	72.5	(63)	61
Reported net profit	2,290	(66)	(8)
Reported EPS (cents)	63.7	(68)	(8)

## Reported net profit and cash earnings (\$bn)



## Reported net profit and cash earnings adjustments (\$m)

	FY19	FY20
<b>Reported net profit</b>	6,784	2,290
Fair value (gain)/ loss on economic hedges	35	362
Ineffective hedges	(20)	(61)
Adjustments related to Pandal Group	45	31
Treasury shares	5	(14)
<b>Cash earnings</b>	<b>6,849</b>	<b>2,608</b>

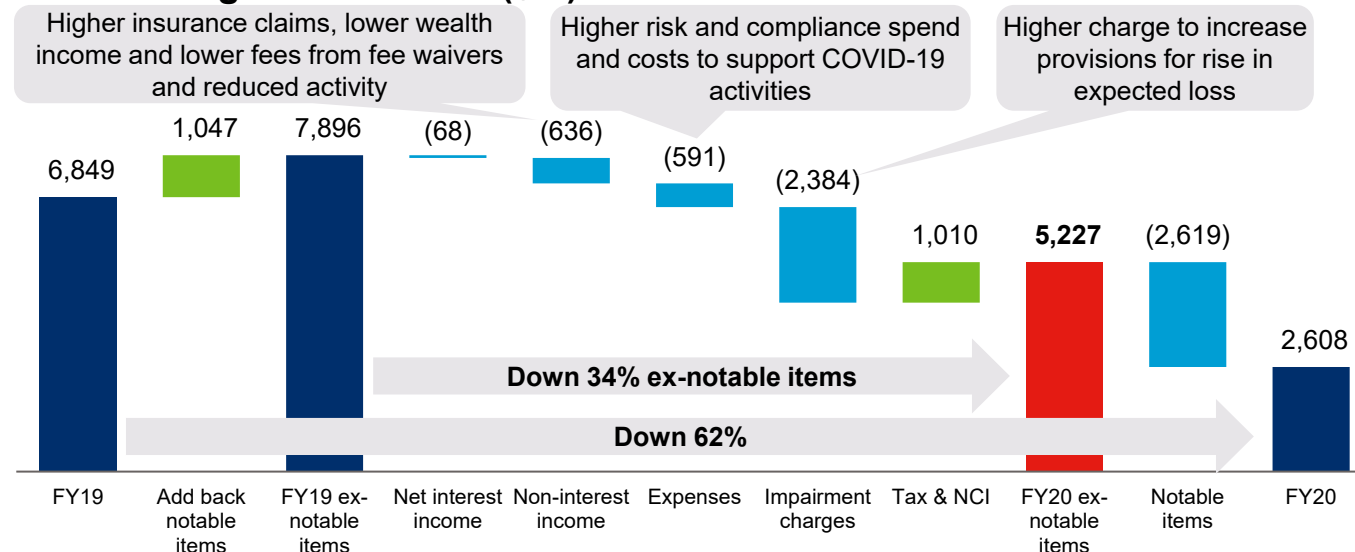
<sup>1</sup> Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with AAS (Australian Accounting Standards). The specific adjustments outlined include both cash and non-cash items. Cash earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits available to ordinary shareholders. All adjustments shown are after tax. For further details refer to page 110.

# FY20 cash earnings.

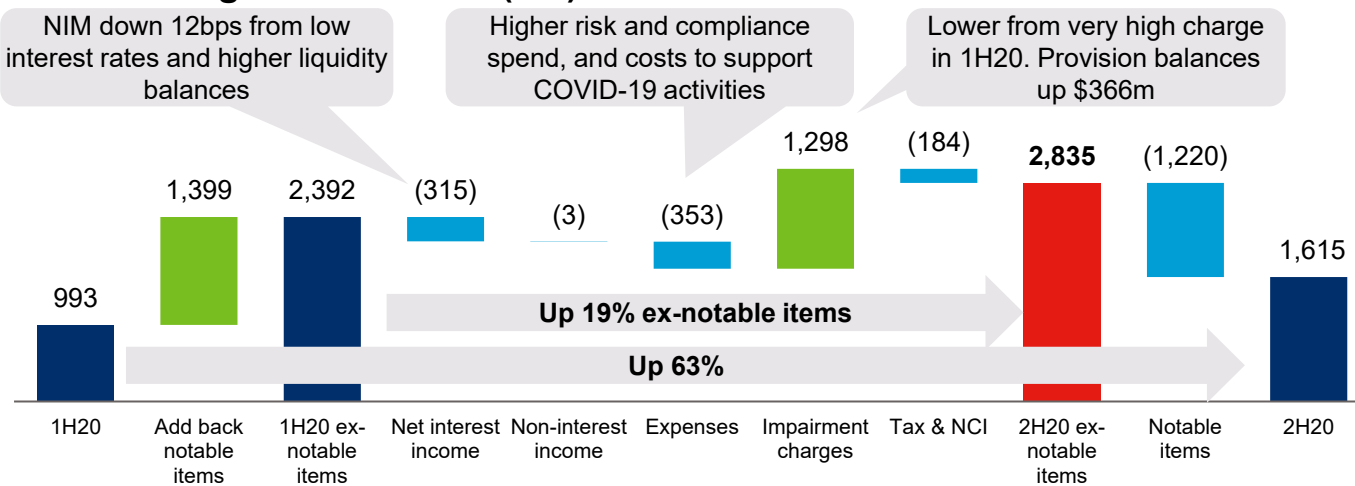
Lower from higher impairment charges and notable items.

	FY20 \$m	Change FY20- FY19 %	Change 2H20- 1H20 %
Net interest income	17,086	1	(3)
Non-interest income	3,540	(4)	11
Expenses	(12,700)	27	6
Core earnings	7,926	(25)	(10)
Impairment charges	(3,178)	Large	(58)
Tax and non-controlling interests (NCI)	(2,140)	(28)	25
<b>Cash earnings</b>	<b>2,608</b>	<b>(62)</b>	<b>63</b>
Add back notable items (after tax)	2,619	150	(13)
<b>Cash earnings ex-notable items</b>	<b>5,227</b>	<b>(34)</b>	<b>19</b>
<b>Reported net profit</b>	<b>2,290</b>	<b>(66)</b>	<b>(8)</b>

## Cash earnings FY20 – FY19 (\$m)



## Cash earnings 2H20 – 1H20 (\$m)



# Notable items in FY20 and FY19.

Results

In FY20 and FY19, the Group raised certain provisions known throughout this document as “notable items” which relate to the following:

## AUSTRAC proceedings<sup>1</sup> (\$1,442m FY20, nil FY19)

Costs associated with the AUSTRAC proceedings including a \$1.3bn provision for a Court approved penalty, legal costs, and costs associated with the Group’s response plan

## Estimated customer refunds, payments, associated costs and litigation<sup>1</sup> (\$440m FY20, \$958m FY19)

Additional provisions have been raised for the costs of remediation programs in FY20 including for:

- Businesses provided a business loan instead of a loan covered by the National Consumer Credit Protection Act and the National Credit Code;
- Refunds to superannuation and investment customers not advised of certain corporate actions;
- Refunds to some BT customers where certain wealth fees were inadequately disclosed; and
- Refunds for insurance trail commissions that were incorrectly charged following implementation of Future of Financial Advice reforms

## Write-down of goodwill and intangible assets<sup>1</sup>(\$614m FY20, nil FY19)

Write-down of goodwill associated with our Life Insurance and our Auto Finance businesses, along with a write-down of capitalised software

## Asset sales and revaluations<sup>1</sup> (\$123m FY20, \$83m gain FY19)

This includes the revaluation of Life insurance liabilities and a loss on the sale of our vendor finance business offset a benefit from a revaluation of the Group’s holding in Zip Co Ltd

## Wealth reset<sup>1</sup> (Nil FY20, \$172m FY19)

In 2019 the Group reset its Wealth business, in FY20, no further provisions for this reset were raised

FY20 notable items (\$m)	Consumer	Business	NZ <sup>2</sup>	Specialist Businesses	Group Businesses	Group
Net interest income	5	(141)	(7)	-	-	(143)
Non-interest income	4	2	(7)	(409)	147	(263)
Expenses	(64)	(130)	1	(694)	(1,652)	(2,539)
<b>Core earnings</b>	<b>(55)</b>	<b>(269)</b>	<b>(13)</b>	<b>(1,103)</b>	<b>(1,505)</b>	<b>(2,945)</b>
Impairment charges	-	-	-	-	-	-
Tax and non-controlling interests	16	81	4	181	44	326
<b>Cash earnings</b>	<b>(39)</b>	<b>(188)</b>	<b>(9)</b>	<b>(922)</b>	<b>(1,461)</b>	<b>(2,619)</b>

FY19 notable items (\$m)	Consumer	Business	NZ <sup>2</sup>	Specialist Businesses	Group Businesses	Group
Net interest income	(85)	(246)	(13)	-	-	(344)
Non-interest income	(2)	(12)	34	(40)	(717)	(737)
Expenses	25	(57)	(15)	(30)	(384)	(461)
<b>Core earnings</b>	<b>(62)</b>	<b>(315)</b>	<b>6</b>	<b>(70)</b>	<b>(1,101)</b>	<b>(1,542)</b>
Impairment charges	-	-	-	-	-	-
Tax and non-controlling interests	29	95	9	23	339	495
<b>Cash earnings</b>	<b>(33)</b>	<b>(220)</b>	<b>15</b>	<b>(47)</b>	<b>(762)</b>	<b>(1,047)</b>

<sup>1</sup> For further information refer to Westpac’s 2020 Full Year Financial Results Announcement. <sup>2</sup> In A\$.



# FY20 financial snapshot.

Results

	FY20	Change FY20 - FY19	Change 2H20 - 1H20		FY20	Change FY20 - FY19	Change 2H20 - 1H20
<b>Earnings<sup>1</sup></b>				<b>Balance sheet</b>			
Earnings per share (cents)	72.5	(63%)	61%	Total assets (\$bn)	911.9	1%	(6%)
Core earnings (\$m)	7,926	(25%)	(10%)	Common equity Tier 1 (CET1) capital ratio (APRA basis) (%)	11.1	46bps	32bps
Cash earnings (\$m)	2,608	(62%)	63%	CET1 capital ratio (Internationally comparable <sup>2</sup> ) (%)	16.5	65bps	69bps
Return on equity (%)	3.8	Large	178bps	CET1 capital (\$bn)	48.7	7%	2%
Dividend (cents per share)	31	(82%)	-	Risk weighted assets (RWA) (\$bn)	437.9	2%	(1%)
Expense to income ratio (%)	61.6	Large	Large	Average interest-earning assets (\$bn)	821.7	3%	2%
Net interest margin (%)	2.08	(4bps)	(10bps)	Loans (\$bn)	693.1	(3%)	(4%)
<b>Credit quality</b>				Customer deposits (\$bn)	555.5	6%	2%
Impairment charges to average gross loans (bps)	45	34bps	(35bps)	Net tangible assets per share (\$)	15.67	2%	2%
Impaired assets to gross loans (bps)	40	15bps	10bps	<b>Funding and liquidity</b>			
Impaired provisions to impaired assets (%)	41	(4ppts)	(9ppts)	Customer deposit to loan ratio (%)	80.1	7ppts	5ppts
Total provisions to credit RWA (bps)	171	64bps	14bps	Net stable funding ratio (%)	122	10ppts	5ppts
Collectively assessed provisions to credit RWA (bps)	154	59bps	14bps	Liquidity coverage ratio <sup>3</sup> (%)	150	23ppts	4ppts
				Total liquid assets <sup>4</sup> (\$bn)	221.2	30%	11%

<sup>1</sup> All measures on a cash earnings basis. <sup>2</sup> Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. <sup>3</sup> FY20 includes Term Funding Facility (TFF). <sup>4</sup> Total liquid assets represent cash, interbank deposits and assets eligible for existing repurchase agreements with a central bank.

# Improving risk management through the CORE program. Governance and risk management

## Responding to the findings of our CGA assessments.

### Background:

- Westpac completed a Culture, Governance and Accountability (CGA) self-assessment in 2018
- Implementation of 30 of the recommendations commenced in February 2019
- Following AUSTRAC's Statement of Claim in November 2019, Westpac conducted a reassessment of the CGA remediation plan to determine whether it is 'fit for purpose'. This was completed in June 2020
- Program established to respond to the findings of the reassessment with more rigorous prioritisation and oversight – the program is called Customer Outcomes and Risk Excellence (CORE)

Program objective	Improving Customer Outcomes and Risk Excellence (CORE)		
Pillars	Direction and tone set by Board and Group Executive	Clear risk boundaries for decision making	Accountable and empowered people
<b>What good looks like</b>	<ul style="list-style-type: none"> <li>• Better customer outcomes and proactive risk culture</li> <li>• Clear direction for risk appetite and culture is set by the Board, and risk management and performance is governed with constructive challenge</li> <li>• Clear expectations for culture, governance and accountability set by Executives and they role model behaviours</li> <li>• A transformation in our culture, including risk culture</li> </ul>	<ul style="list-style-type: none"> <li>• Our people make decisions within clear risk boundaries</li> <li>• Risk management frameworks, policies and limits are robust, clear and fit for purpose</li> <li>• Risk boundaries are applied consistently and supported by the right data, systems and controls</li> <li>• Our risk team has the skills, experience and confidence to provide the right balance of challenge and insight</li> </ul>	<ul style="list-style-type: none"> <li>• People know they are accountable and empowered to own the risks in their role</li> <li>• First Line has capability to manage risks/issues/controls</li> <li>• Decisions and actions are executed with clear authority and boundaries</li> <li>• Individuals respect the right of the accountable person to act but provide input to decisions and speak up if there is unethical or non-compliant behaviour</li> </ul>
<b>Workstreams</b>	<ul style="list-style-type: none"> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">1 Board Governance of Non-Financial Risk</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">2 Executive Leadership Culture</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">3 Risk Culture Behaviours &amp; Measurement</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">4 Enterprise Prioritisation</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">5 Remuneration &amp; Consequence Management</li> </ul>	<ul style="list-style-type: none"> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">6 Risk Frameworks</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">7 Second Line Risk Roles &amp; Capability</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">8 Conduct Risk</li> </ul>	<ul style="list-style-type: none"> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">9 Managing Risk in the First Line</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">10 Issues Management</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">11 Controls</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">12 Customer Complaints</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">13 Change Management &amp; Delivery</li> <li style="background-color: #f2f2f2; padding: 5px; margin-bottom: 5px;">14 Accountability and Decision Making in Practice</li> </ul>

# AUSTRAC proceedings settled.

## Overview

- In 2018 Westpac self-reported to AUSTRAC a failure to report certain international funds transfer instructions (IFTIs). AUSTRAC subsequently began investigating this and a number of other areas relating to Westpac's financial crime processes, procedures and monitoring
  - **20 November 2019** - AUSTRAC commenced civil proceedings against Westpac in relation to alleged contraventions of our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) (AUSTRAC proceedings)
  - **25 November 2019** - Westpac announced a detailed Response Plan including immediate actions, lifting our standards and protecting people
  - **4 June 2020** – Westpac announced the findings of its internal review into AML/CTF compliance issues, including applying remuneration consequences. Released the Advisory Panel Report into Board governance of AMT/CTF obligations
  - **24 September 2020** - AUSTRAC and Westpac reached an agreement to resolve the AUSTRAC proceedings. The Statement of Agreed Facts and Admissions (SAFA) along with a civil penalty of \$1.3 billion for admitted contraventions of the AML/CTF Act. The SAFA acknowledges that Westpac had not:
    - Maintained an AML/CTF program that fully complied with the requirements of the AML/CTF rules;
    - Reported over 19.5 million IFTIs on time;
    - Included all required information about the payer in relation to over 76,000 IFTIs that were reported on time;
    - Passed on all relevant information in relation to ~10,500 IFTIs;
    - Kept appropriate records on over 3.5m IFTIs;
    - Appropriately assessed the risks posed by our correspondent banks; and
    - Appropriately monitored a number of customers' transactions for child exploitation risk.
- While we failed in our obligations, the SAFA acknowledged that the contraventions were not the result of any deliberate intention to breach the AML/CTF Act
- **21 October 2020** – The Court approved the penalty amount

## Our Response to date

### 1. Immediate changes

Outstanding IFTIs reported to AUSTRAC, closed relevant products, updated transaction monitoring rules and implemented enhanced process oversight

### 2. Lifting AML and risk management standards and oversight

- Established a Board Legal, Regulatory & Compliance Committee
- Created a new role reporting to the CEO, Group Executive Financial Crime Compliance and Conduct (Group Executive, FCCC)
- Westpac's money-laundering reporting officer is now a General Manager
- Increased risk resources, including adding over 200 additional employees to our financial crime team
- Appointed Promontory to assess our Financial Crime Program
- Established an independent Advisory Panel to review Board governance of AML/CTF obligations

### 3. Applying consequences

- Following completion of internal review we applied ~ \$20m of remuneration consequences to 38 individuals. Some individuals had already left the company and as they had no deferred remuneration currently outstanding additional consequences could not be applied

### 3. Protecting people:

- Established the Safer Children, Safer Communities Roundtable to guide investments to help prevent online child exploitation
- Developed multi-year funding partnerships with International Justice Mission and Save the Children (Australia) and launched a new Impact Grants program



*Further information on the AUSTRAC proceedings, including media releases, the Panel report, and our response plan is available at [westpac.com.au/investorcentre](https://westpac.com.au/investorcentre)*

# Customer remediation.

Governance and risk management.





## Progressing customer refunds:

- Extensive product, process and policy reviews
- In 2019 we created a Group remediation hub to create guidelines and reporting to help ensure consistency in remediations across the Group
- Over \$640 million in remediation payments have been made to ~2.7 million customer accounts

## Provisions for customer refunds, payments and associated costs:

- Provisioned \$384 million (after tax) in FY20 for estimated customer refunds, payments and associated costs, including for:
  - Certain business customers who were provided with business loans where they should have been provided with loans covered by the National Consumer Credit Protection Act and the National Credit Code;
  - Refunds to customers for insurance trail commissions that were incorrectly charged following implementation of Future of Financial Advice reforms; and
  - Provisions for customers where certain wealth fees were inadequately disclosed, and for aligned advisor remediation following the completion of further reviews.

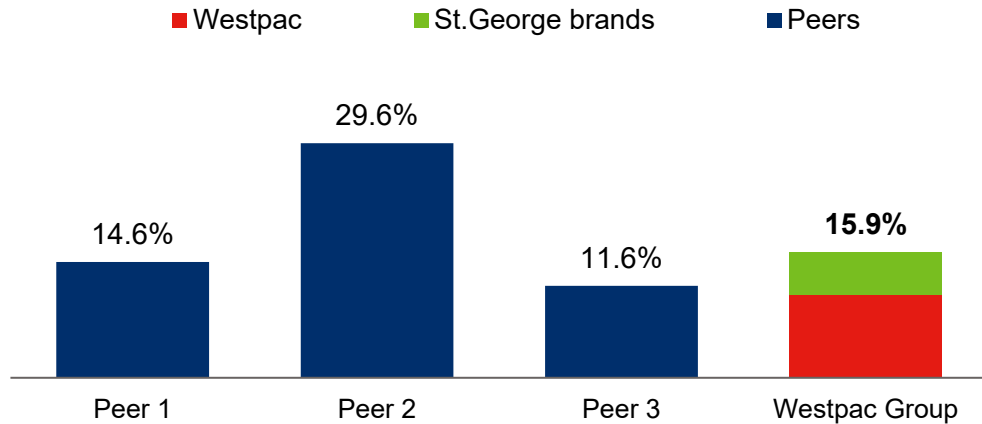
## Provisions for customer refunds, payments and associated costs<sup>1</sup> (\$m)

	2017	2018	2019	2020	Total
 <b>Banking</b>	94	122	362	144	722
 <b>Wealth</b>	75	146	802	208	1,231
 <b>Implementation costs</b>	-	62	232	196	490
 <b>Cash earnings impact of above</b>	118	231	977	384	1,710

<sup>1</sup> Excludes provisions and costs associated with litigation.

# Customer franchise.

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



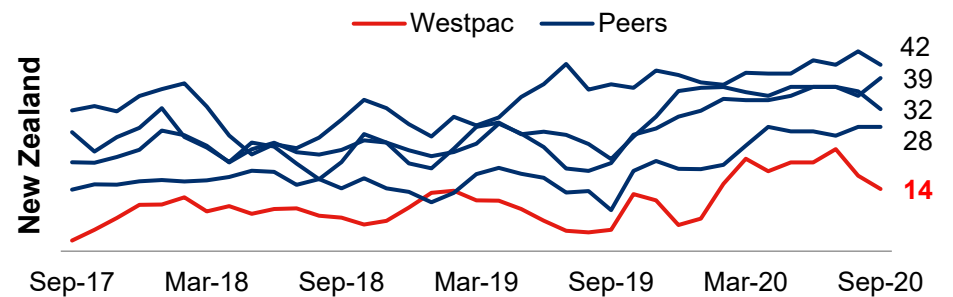
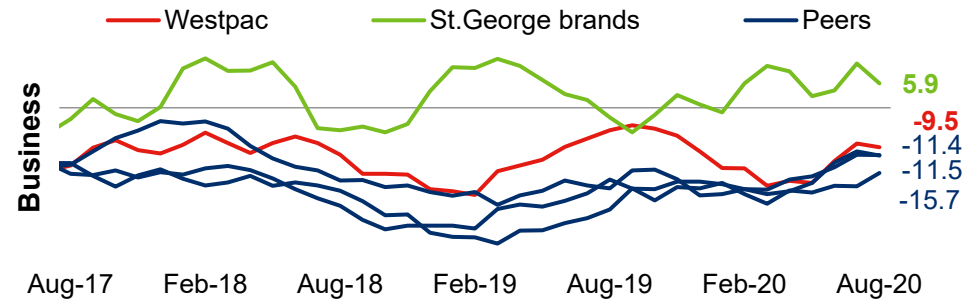
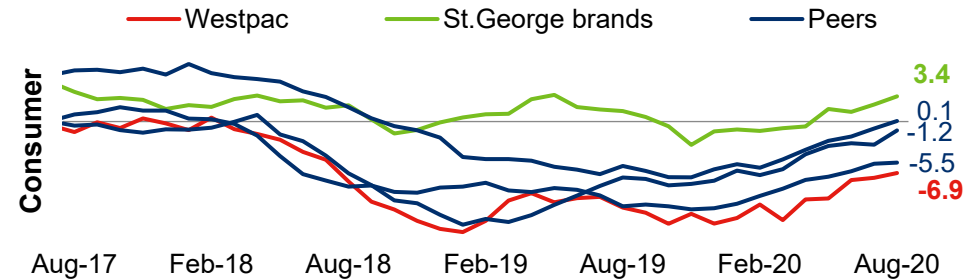
## Customer numbers (#m)



1 Main Financial Institution for Consumer customers. Data at August 2020. 2 Refer page 117 for details of the metric provider.

Chart may not add due to rounding.

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

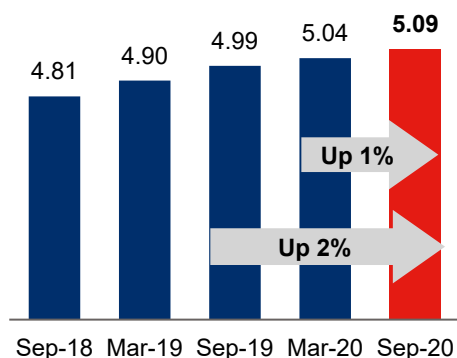


# Continued migration to digital.

Digital transformation

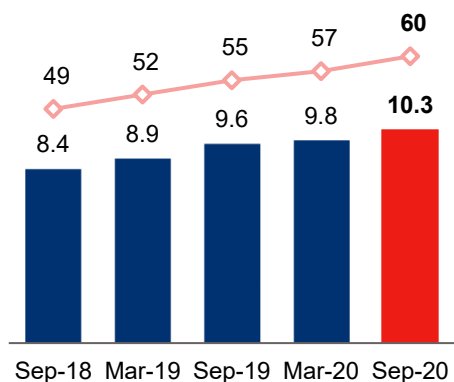
Putting customers in control and reducing cost to serve.

### Digitally active customers (#m)

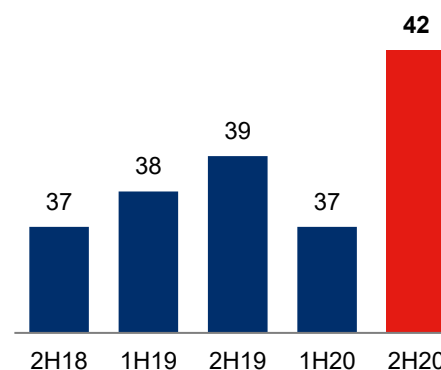


### Accounts with eStatements

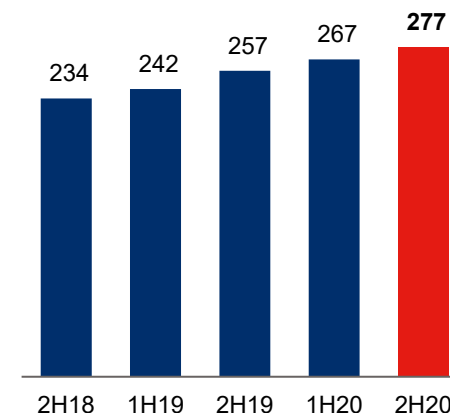
■ Number (#m) ◇ eStatements (%)



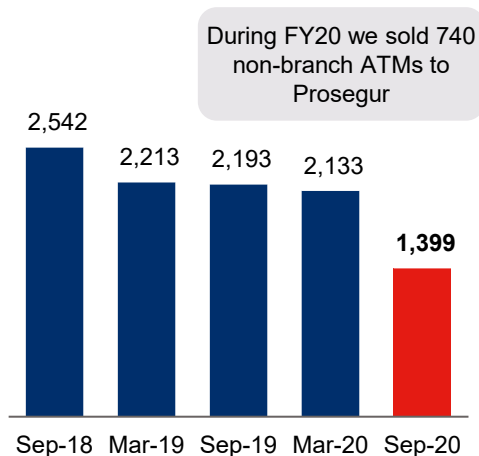
### Sales via digital (%)



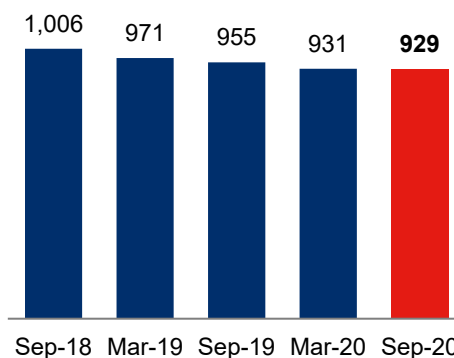
### Digital transactions<sup>1</sup> (#m)



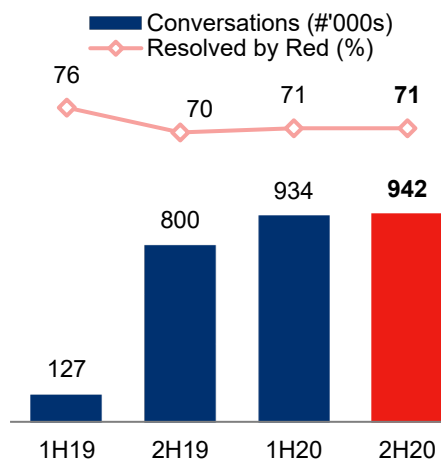
### Australian ATMs (#)



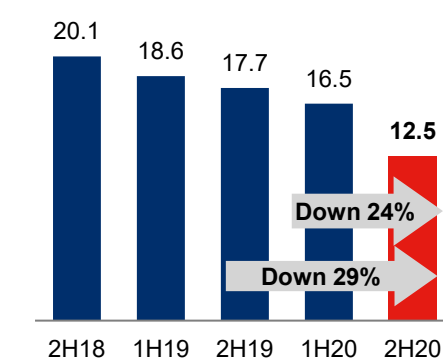
### Australian branches (#)



### Westpac Red interactions (AI chatbot)



### Branch OTC<sup>2</sup> transactions (#m)



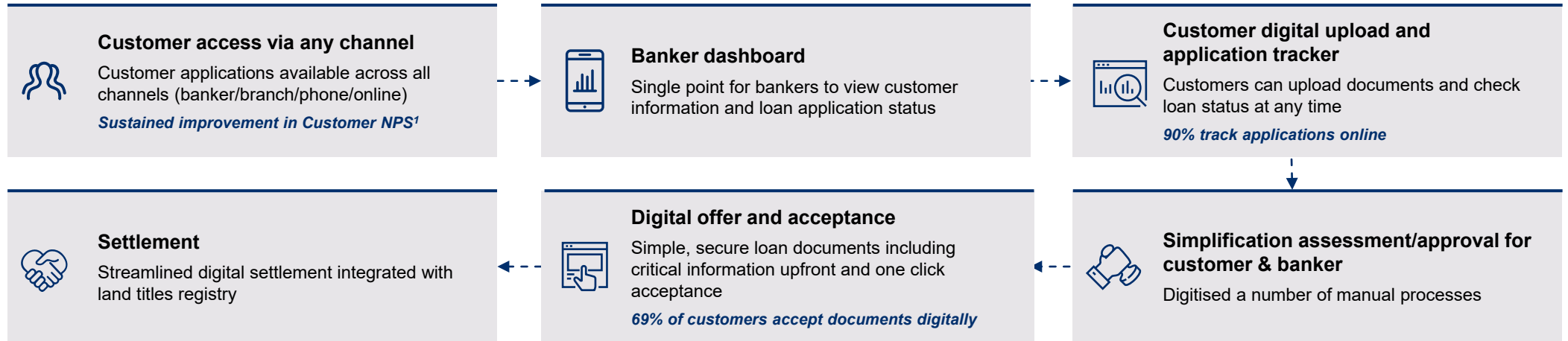
<sup>1</sup> Digital transactions include all payments transaction (Transfer Funds, Pay Anyone and BPAY) within Westpac Live and Compass, excl. Corporate Online and Business Banking online. <sup>2</sup> Over the counter.

# Customer Service Hub.

Digital transformation

Westpac 1<sup>st</sup> Party roll-out complete with significant improvements to the customer and banker experience.

## Capabilities delivered



## Leading to:



<sup>1</sup> Channel NPS for Customer Service Hub loans higher for 6 monthly moving average and September 20 spot results (September 20 spot channel NPS 80 vs legacy 75, brand NPS 47 vs legacy 45). This is an internal measure of NPS based on customer surveys.

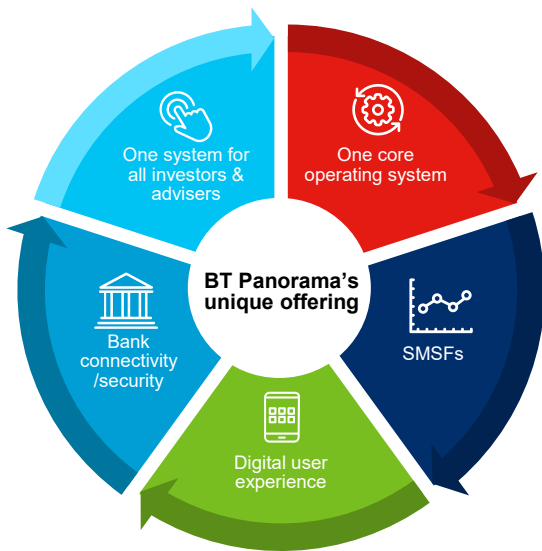
# Panorama.

Supporting advisers and investors.

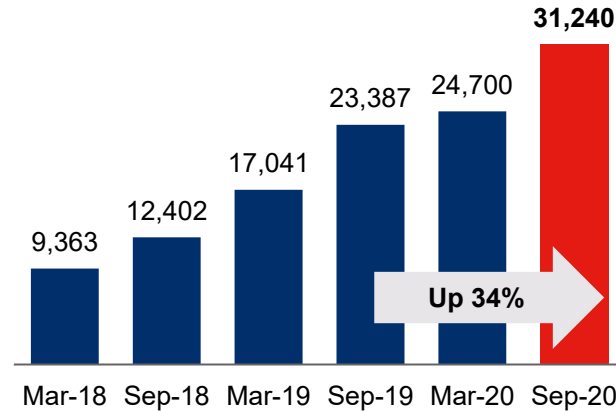
Digital transformation



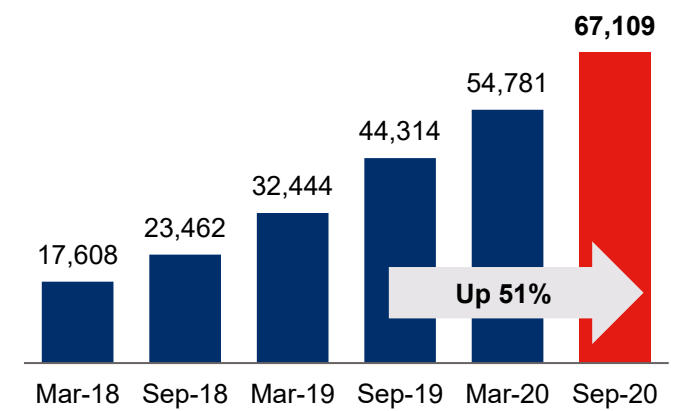
- **Best Mobile Platform<sup>1</sup>**
- **Highest Planner Satisfaction with Mobile Access & App<sup>2</sup>**
- **Fastest growing platform<sup>3</sup>**



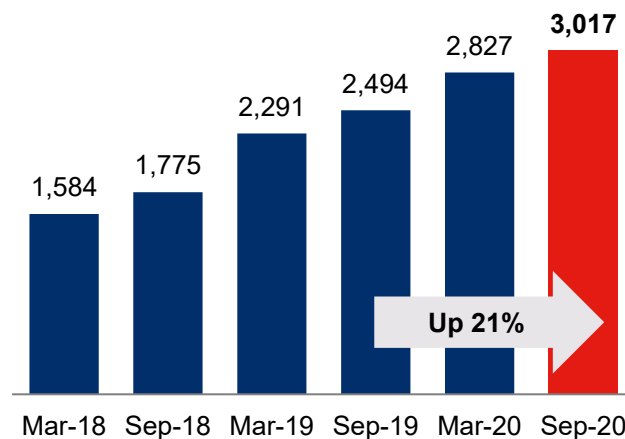
**FUA on Panorama (\$m)**



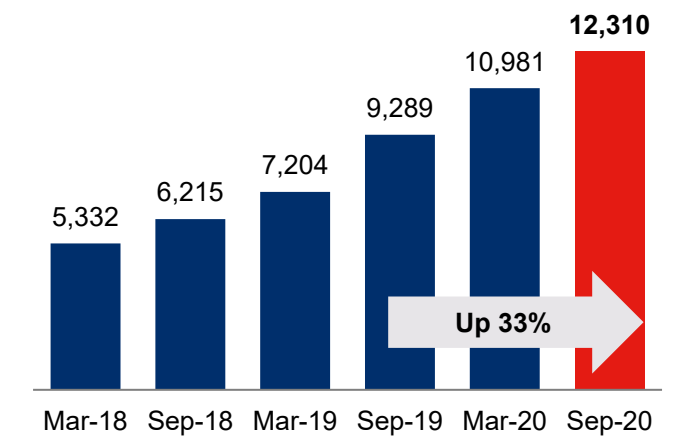
**Investors on Panorama (#)**



**Active advisers on Panorama (#)**








**SMSF funds on Panorama (#)**



1 Investment Trends 2019 and 2018 Platform and Competitive Analysis and Benchmarking Report. 2 Investment Trends 2020, 2019 and 2018 Planner Technology Report. 3 On a rolling 12-month basis, Strategic Insights June 2020 data.



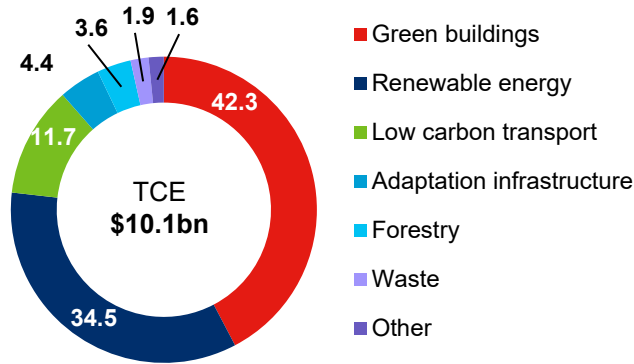
# Continued sustainability commitment.

Westpac's sustainability strategy priority areas	FY20 outcomes (unless otherwise stated)
 <p><b>Helping people make better financial decisions</b></p>	<ul style="list-style-type: none"> <li>Delivered a range of financial literacy programs reaching around 1 million individuals, as well as businesses, not for-profit organisations and community groups through Westpac's Davidson Institute in Australia and the Managing Your Money program in New Zealand</li> </ul>
 <p><b>Helping people by being there when it matters most to them</b></p>	<ul style="list-style-type: none"> <li>Provided COVID-19 loan deferral packages for 175,000 mortgages and 40,000 businesses in Australia and New Zealand</li> <li>Helped customers experiencing financial hardship, issuing over 75,000 financial assistance packages</li> <li>Donated over \$1.4 million to community groups and charities, including Financial Counselling Australia, state-based volunteer fire services, Foundation for Rural and Regional Renewal, The Salvation Army and Victorian Bushfire Appeal</li> <li>Assisted over 24,000 customers including those experiencing vulnerable circumstances such as domestic or family violence</li> </ul>
 <p><b>Helping people create a prosperous nation</b></p>	<ul style="list-style-type: none"> <li>Westpac Scholars Trust<sup>1</sup> awarded \$3.9 million in educational scholarships to the next 64 Westpac Scholars, bringing the total cohort to 474</li> <li>Westpac Foundation<sup>2</sup> job creation grants to social enterprises helped to create over 700 jobs<sup>3</sup> for vulnerable Australians</li> <li>Increased lending to climate change solutions, taking total committed exposure to \$10.1 billion, exceeding our 2020 target of \$10 billion</li> <li>The largest financier of greenfield renewable energy projects in Australia over the past three years<sup>4</sup></li> <li>Established the Safer Children, Safer Communities Roundtable of experts in human rights, child safety, online safety, and law enforcement. Developed a work program to make a meaningful impact on child safety and protection, as one of the commitments in our Response Plan to the AUSTRAC proceedings</li> </ul>
 <p><b>A culture of doing the right thing</b></p>	<ul style="list-style-type: none"> <li>Reduced average time to resolution for complaints<sup>5</sup> to 6.5 days in Full Year 2020, from 9 days in Full Year 2019</li> <li>Resolved 74% Australian banking<sup>6</sup> complaints within five days in Full Year 2020, compared to 68% in Full Year 2019</li> <li>Hired 115 new Aboriginal or Torres Strait Islander employees</li> </ul>
 <p><b>The fundamentals</b></p>	<ul style="list-style-type: none"> <li>A+ rating for BT's sustainable investment strategy and governance through the Principles for Responsible Investment (PRI)</li> <li>On track to achieve 100% of electricity supply from renewables by 2025</li> <li>Sourced \$19.1 million from diverse suppliers, including \$5.9 million from Indigenous suppliers</li> <li>Contributed over \$150 million to community investment excluding commercial sponsorships</li> </ul>

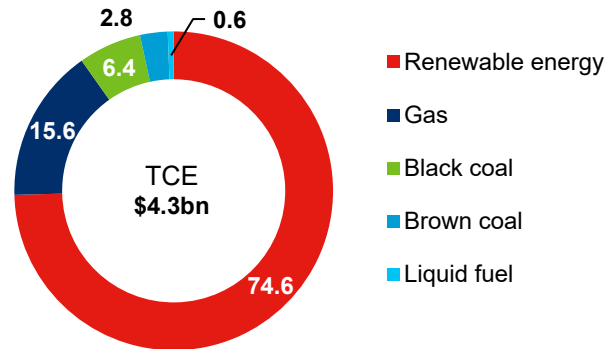
1 Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of Westpac Group. Westpac provides administrative support, skilled volunteering, and funding for operational costs of the Westpac Scholars Trust. 2 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 Trust Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of the Westpac Foundation. 3 Jobs created through the Westpac Foundation job creation grants to social enterprises are as at 30 June 2020. 4 IJGlobal, September 2020. 5 Group Internal Dispute Resolution complaints excluding WIB. 6 Australian Banking includes Consumer and Business divisions products, except wealth management and insurance.

# Climate-related metrics.

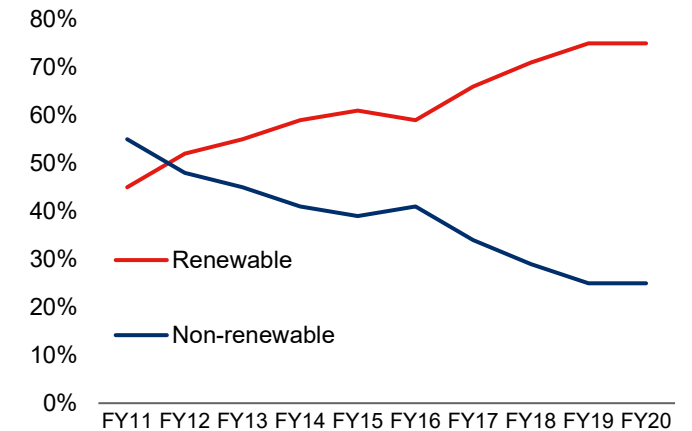
**Climate change solutions<sup>1</sup> exposure**  
(% of TCE) at 30 September 2020



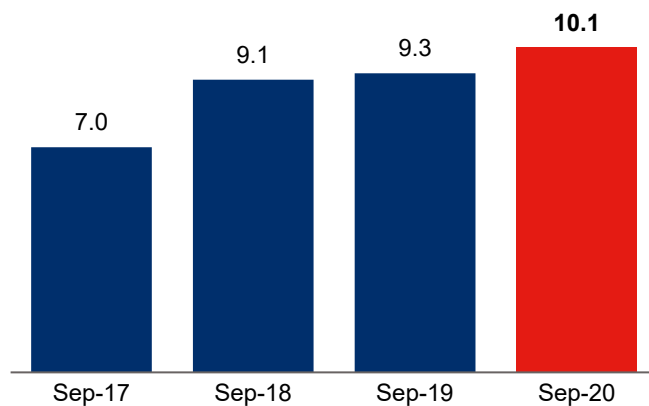
**Electricity generation exposure**  
(% of TCE)<sup>2</sup> at 30 September 2020



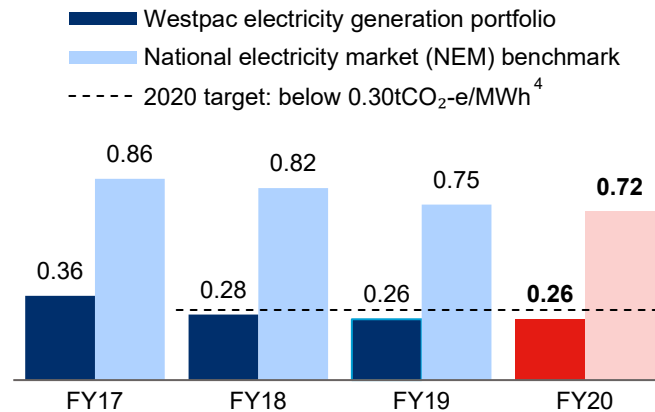
**Our lending to electricity generation**  
in Australia and New Zealand (%)



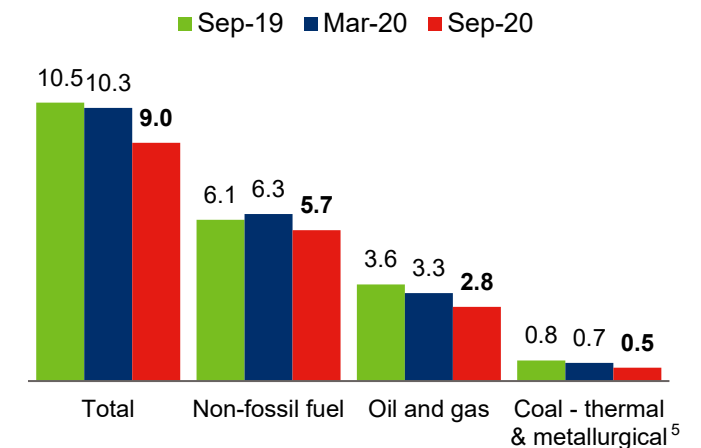
**Climate change solutions exposure**  
(\$bn, TCE)



**Emissions intensity**  
(tCO<sub>2</sub>-e/MWh)<sup>2,3</sup> at 30 September 2020



**Mining exposure**  
(\$bn, TCE)



For further information see Westpac's 2020 Annual Report and Sustainability Performance Report. 1 Climate solutions definition is available in our Sustainability Performance Report glossary. 2 Exposures in WIB only. TCE is total committed exposure. 3 Australia only. NEM benchmark is sourced from Australian Energy Market Operator. 4 Target surpassed in 2018, 2019 and 2020. 5 Thermal coal mining ~ 58% of coal mining exposure (WIB only).

# Climate-related disclosures – scenario analysis.

## Alignment with the TCFD

- Westpac continues to integrate the consideration of climate-related risks and opportunities into its operations. This includes alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Climate change-related risks are managed within the Group's risk management framework



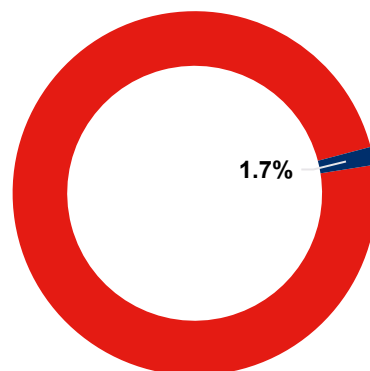
## Transition risk – key points

- Westpac assessed potential transition risks (policy, legal, technology and market changes related to climate change)
- Analysis focused on our current Australian Business and Institutional lending<sup>1</sup> and exposure to sectors that are likely to face growth constraints under 1.5-degree and 2-degree scenarios<sup>2</sup>
- Approximately 1.9% of current Australian Business and Institutional lending is exposed to sectors that by 2030, are likely to experience higher risk in a transition to a 1.5-degree economy
- Approximately 0.9% current Australian Business and Institutional lending is exposed to sectors that by 2030, are likely to experience higher risk in a transition to a 2-degree economy

## Australian mortgage portfolio physical risk 4 degree scenario

### Share of current portfolio exposed to higher physical risk (%)

Data presented shows the share of current exposure to postcodes that may experience higher physical risk at 2050 under our IPCC RCP 8.5 Scenario<sup>2</sup>



## Physical risk – key points

- Along with the Group's commitment to the Paris Climate Agreement, Westpac continues to assess the resilience of its Australian mortgage portfolio to physical risks in line with TCFD recommendations
- Westpac assessed potential physical risks<sup>3</sup> (financial impacts of changes in climate patterns and extreme weather events)
- Focused on the Australian mortgage portfolio and exposure to postcodes that may face increased physical risk under a 4-degree scenario<sup>2</sup>
- Approximately 1.7% of the current Australian mortgage portfolio is in postcodes which by 2050, may be exposed to higher physical risk under a 4-degree scenario

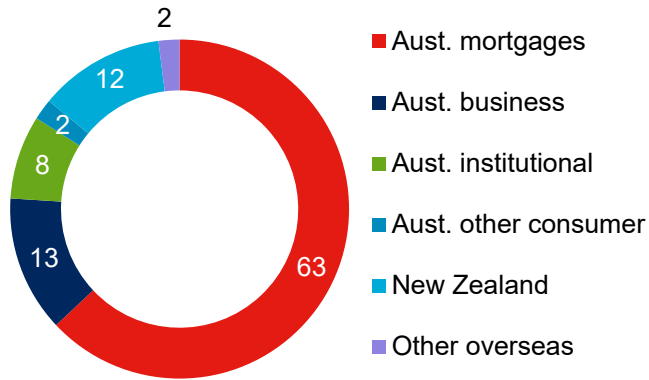
<sup>1</sup> Australian Business and Institutional lending, excludes retail, sovereign, and bank exposures. <sup>2</sup> For further information see Westpac's Sustainability Performance Report. <sup>3</sup> Five natural perils were assessed: inundation, soil contraction, floods, wind and cyclones, and bushfires.

# Earnings drivers

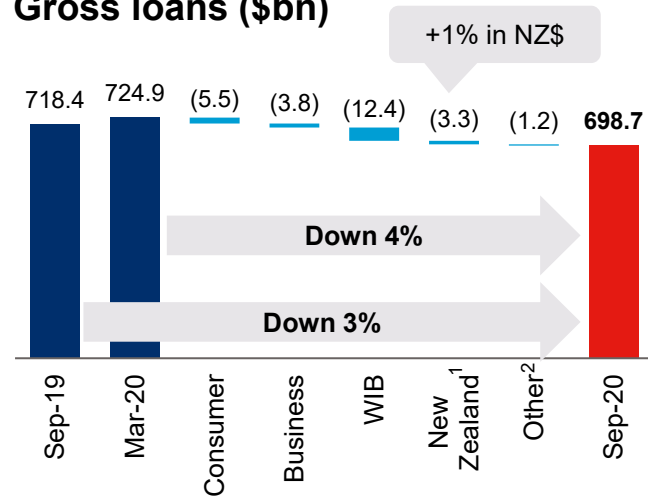
# Composition of lending and deposits.

Lending 3% lower and deposits up 6% over the year.

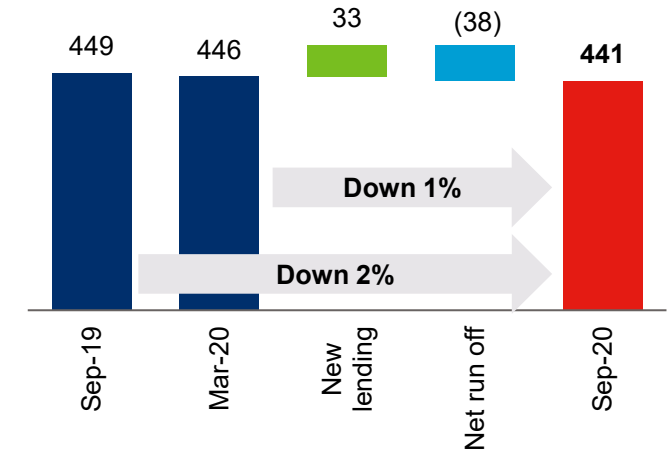
## Composition of lending (% of total)



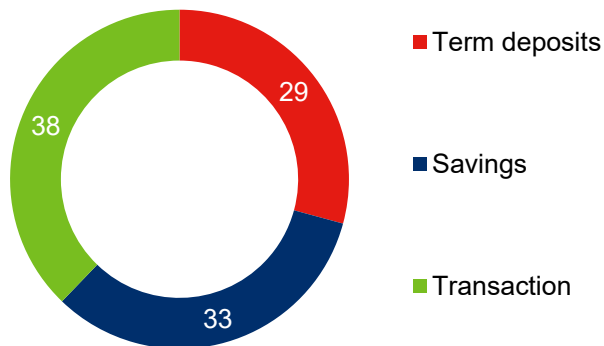
## Gross loans (\$bn)



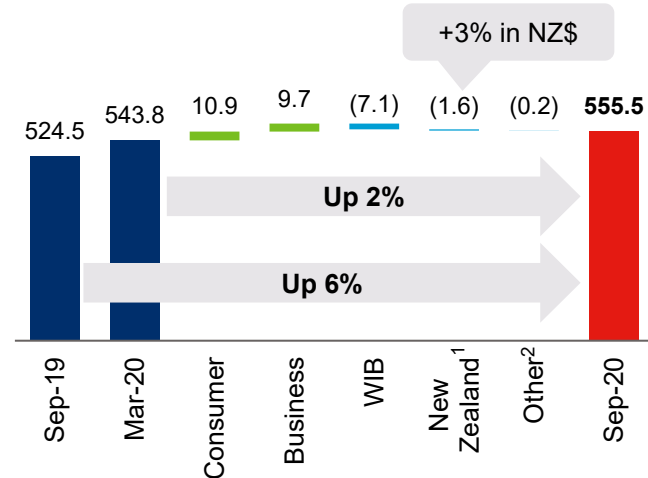
## Australian mortgage lending<sup>3</sup> (\$bn)



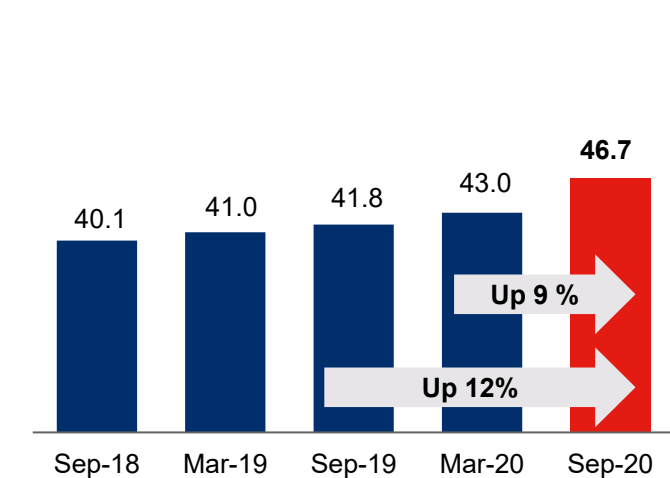
## Composition of deposits (% of total)



## Customer deposits (\$bn)



## Australian mortgage offset (\$bn)



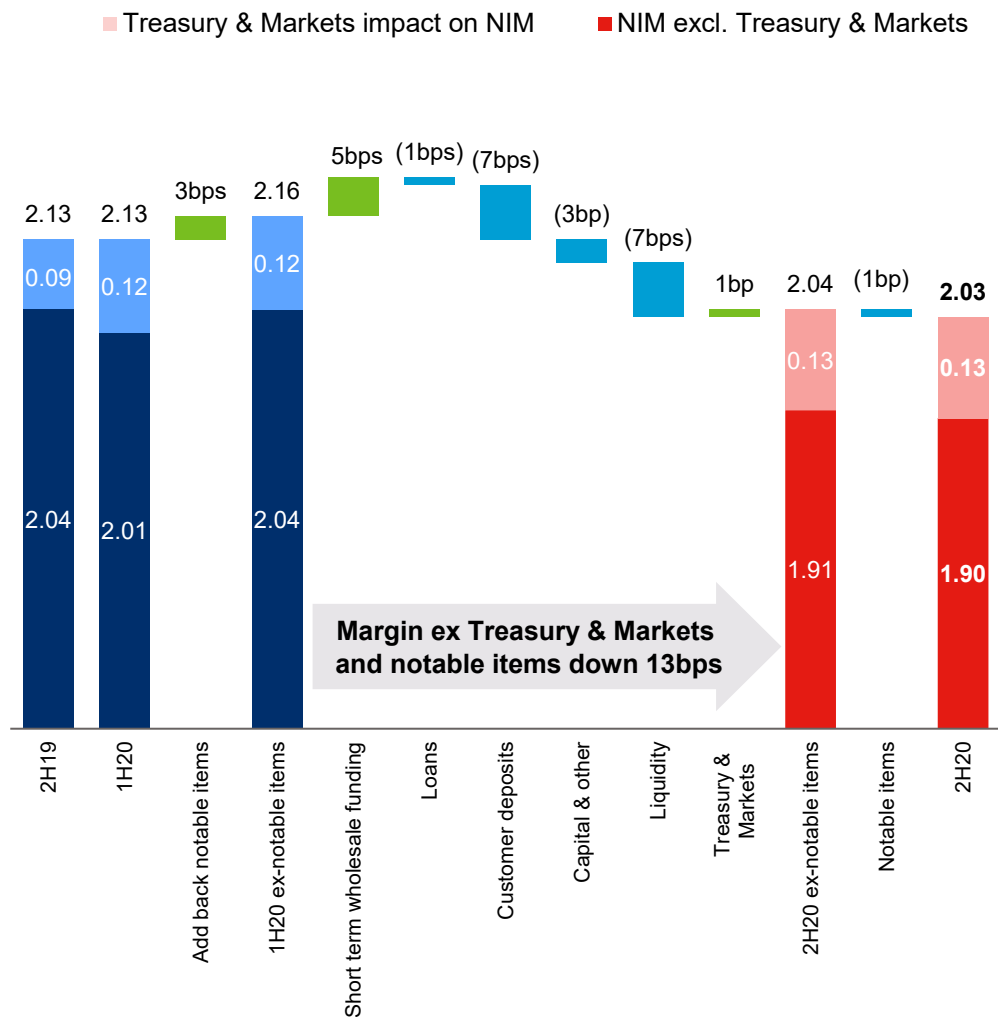
1 In A\$. 2 Includes Group Businesses and Specialist Businesses. 3 Gross loans.

# Net interest margin.

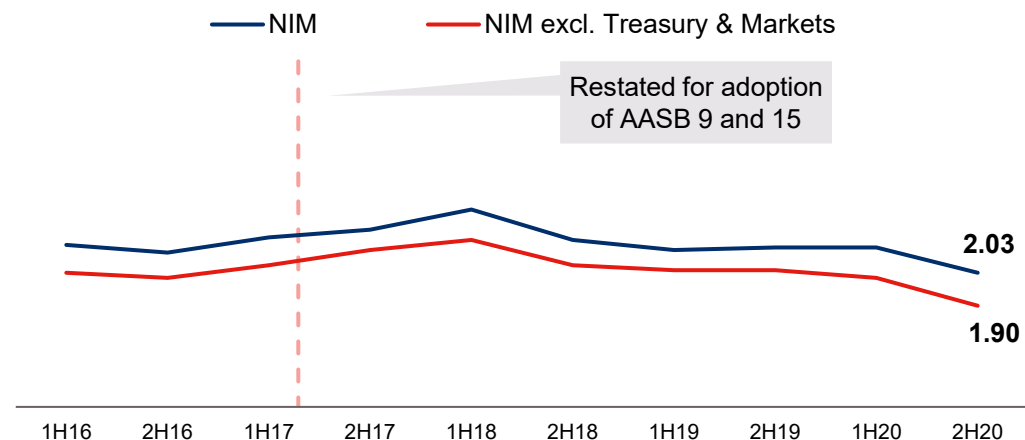
Revenue

Down 13bps excluding Treasury & Markets and notable items.

## Net interest margin (NIM) movement (%)



## Net interest margin (%)



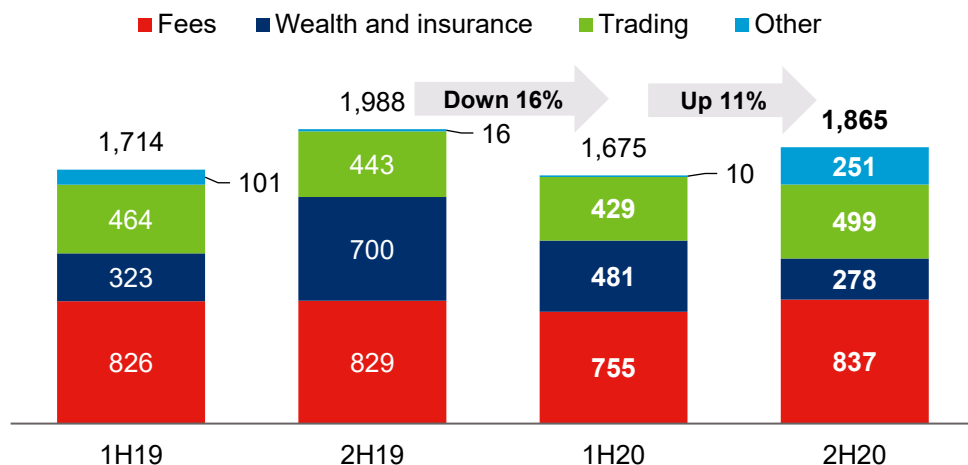
## Net interest margin by division (%)

	2H19		1H20		2H20	
	NIM	Ex notable items	NIM	Ex notable items	NIM	Ex notable items
Consumer	2.25	2.28	2.33	2.33	2.41	2.41
Business	3.18	3.30	3.05	3.20	2.93	2.98
WIB	1.58	1.58	1.46	1.46	1.23	1.23
NZ	2.09	2.12	2.06	2.07	1.89	1.90

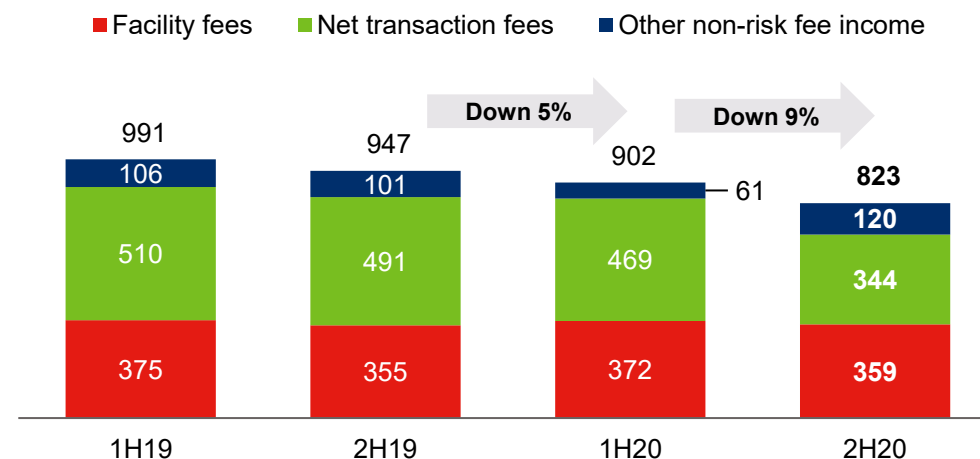
# Non-interest income.

Revenue

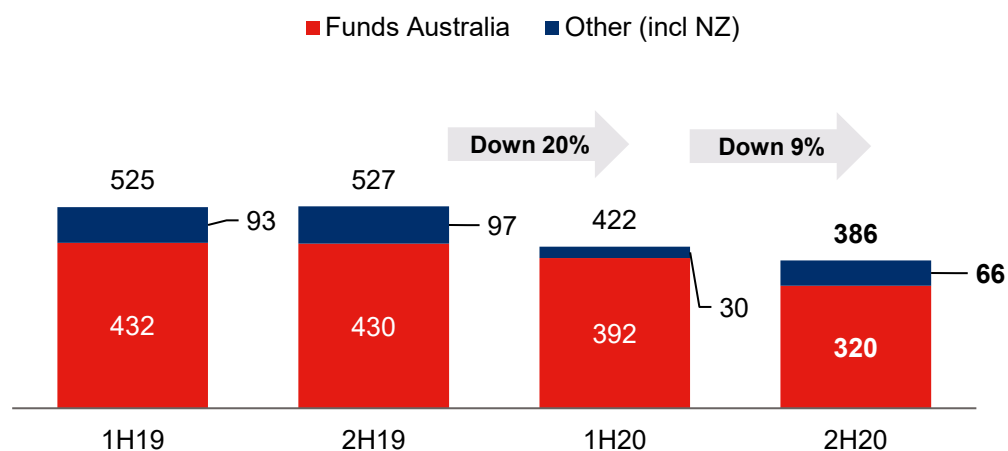
## Non-interest income contributors (\$m)



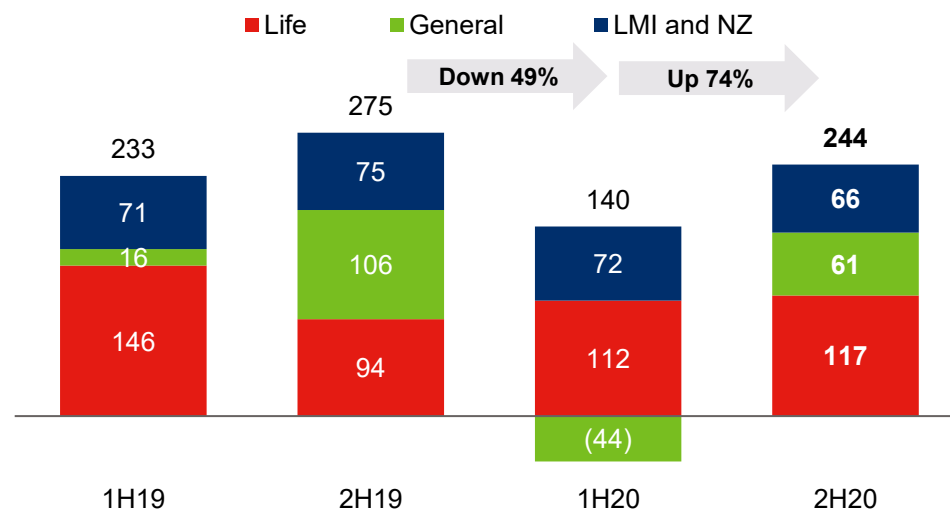
## Net fee income (ex notable items) (\$m)



## Wealth management income (ex notable items) (\$m)



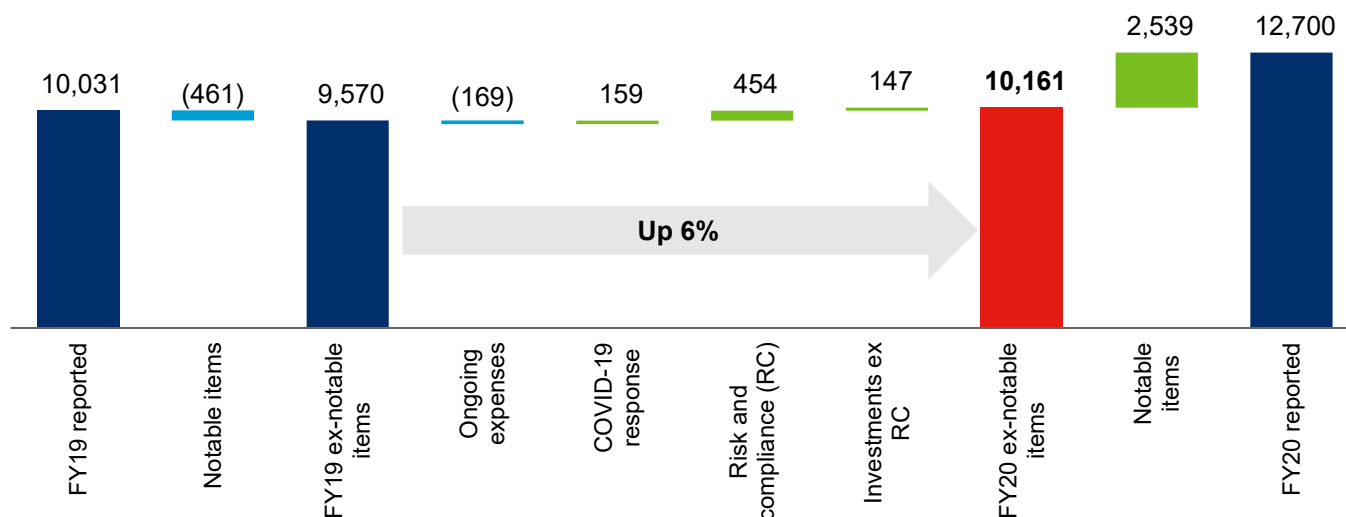
## Insurance income (ex notable items) (\$m)



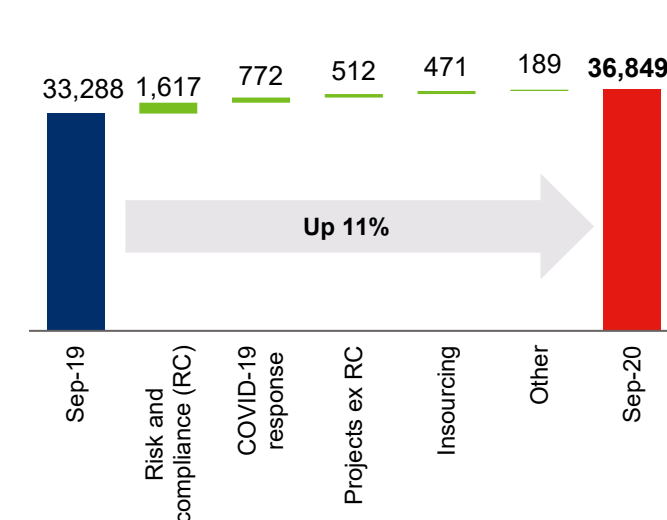
# Expenses.

Expenses

## Expense movements FY20 – FY19 (\$m)

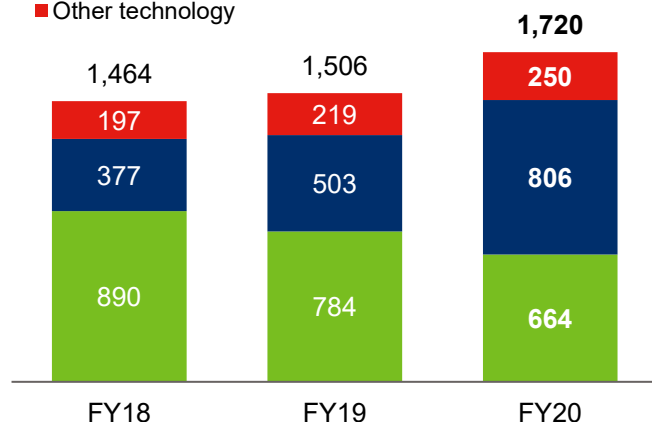


## FTE (#)



## Investment spend mix (\$m)

■ Growth and productivity
 ■ Risk and compliance
 ■ Other technology



Investment spend (\$m)	FY18	FY19	FY20
Expensed	583	608	680
Capitalised	881	898	1,040
Total investment spend	1,464	1,506	1,720
Investment spend expensed	40%	40%	40%

Capitalised software (\$m)	FY18	FY19	FY20
Opening balance	1,916	2,177	2,365
Additions	882	906	1,035
Amortisation	(618)	(694)	(799)
Other <sup>1</sup>	(3)	(24)	(171)
<b>Closing balance</b>	2,177	2,365	2,430
Average amortisation period	3.1yrs	3.1yrs	2.7yrs
<b>Other deferred expenses</b>			
Deferred acquisition costs	71	61	52
Other deferred expenses	29	29	31

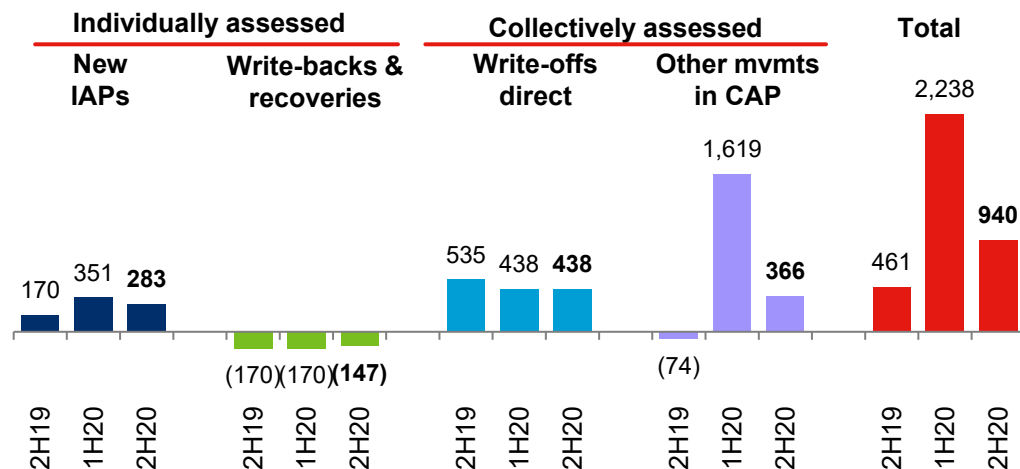
<sup>1</sup> Includes write-offs, impairments and foreign exchange translation.



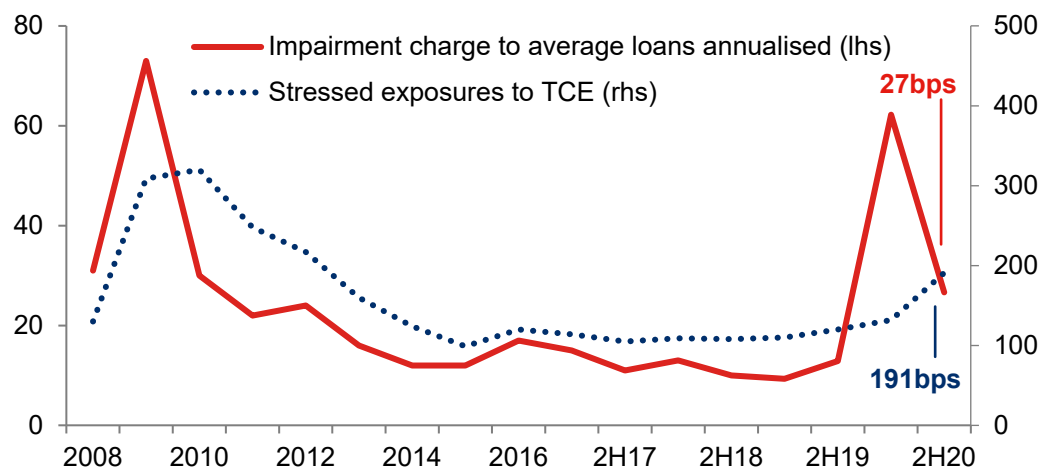
# Impairment charges lower over the half.

Impairment charges

## Impairment charges (\$m)



## Impairment charges and stressed exposures (bps)



Impairment charge (\$m)	1H20 (\$m)	2H20 (\$m)	Drivers of 2H20 charge
<b>Individually assessed</b>			
New individually assessed	351	283	Institutional – driven by small number of large corporate exposures Business division – exposures across several sectors
Write-backs and recoveries	(170)	(147)	Mainly write-backs in Business division and recoveries in Consumer division
<b>Total individually assessed</b>	<b>181</b>	<b>136</b>	
<b>Collectively assessed</b>			
Write-offs	438	438	Mainly Australian unsecured portfolios
Other movements in CAP	1,619	366	Updated economic forecast (no change to scenario weights) (-\$88m) Increased overlays (+\$15m) Portfolio & other movements (+\$439m)
<b>Total collectively assessed</b>	<b>2,057</b>	<b>804</b>	
<b>Total impairment charge</b>	<b>2,238</b>	<b>940</b>	

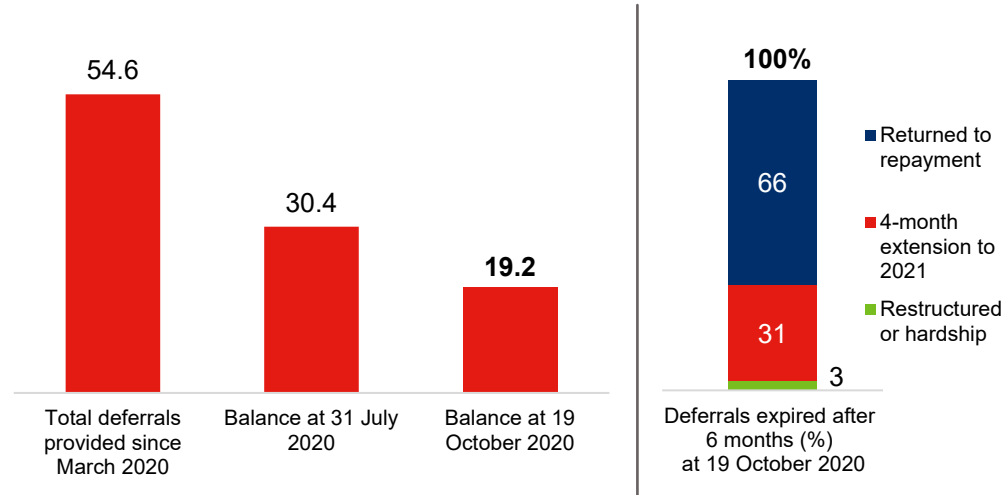
# COVID-19 deferral packages

# Australian mortgage support for customers<sup>1</sup>.

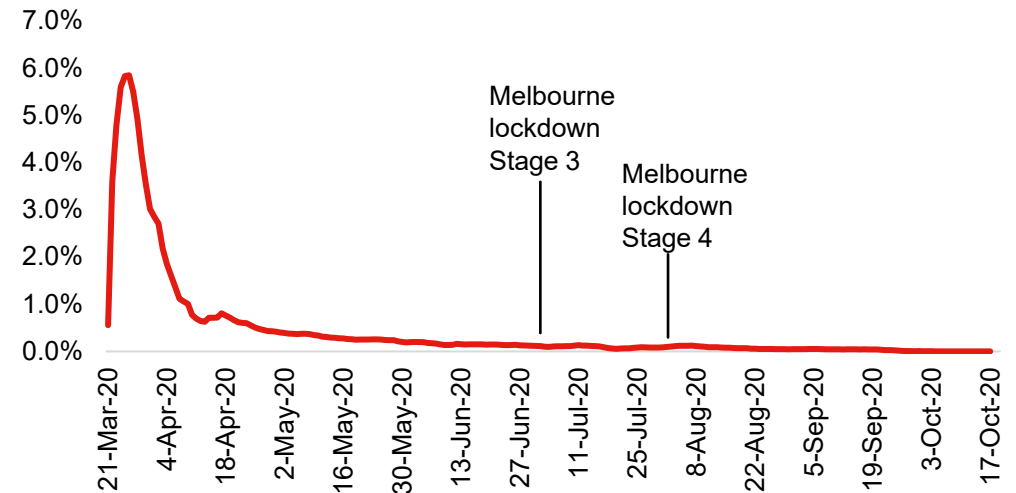
COVID-19

Deferral packages reducing as customers return to repayments.

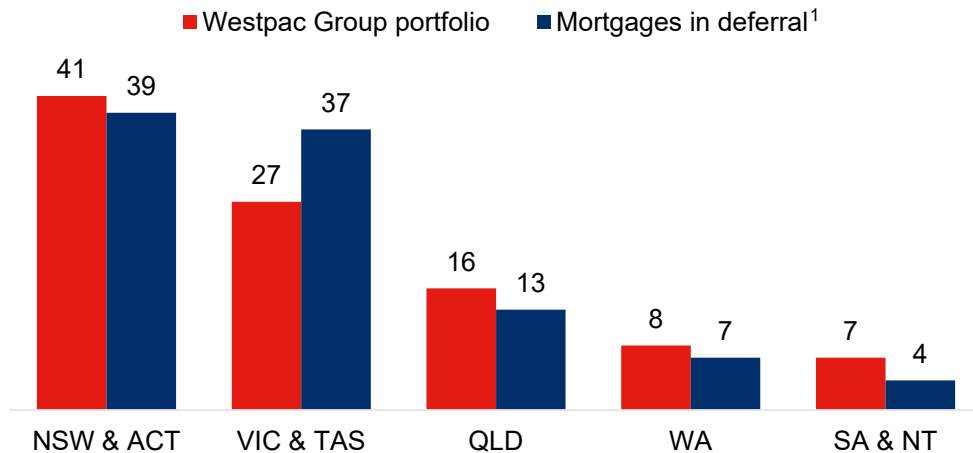
## Mortgage deferral packages<sup>1</sup> (\$bn and % by balances)



## Mortgage deferral package new requests<sup>2</sup> (%)

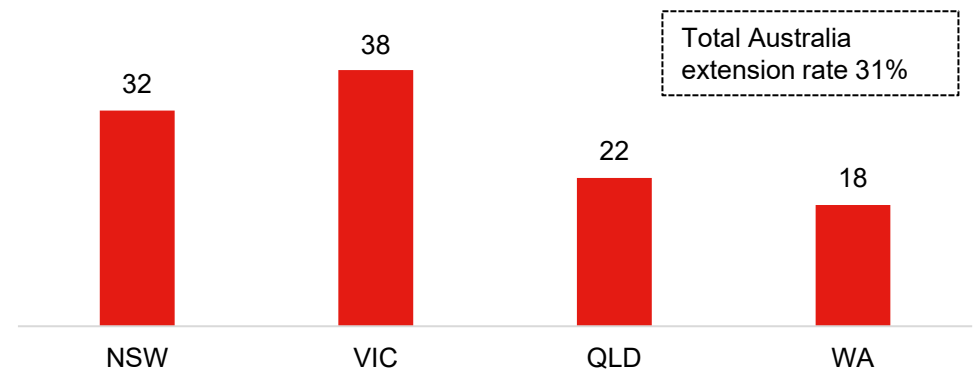


## Australian mortgage portfolio by State (% of total by balances)



## Mortgage deferral package extension rates<sup>1</sup> (%)

Deferred loan balances that have expired and where an additional 4-month extension to 2021 has been provided, by State



<sup>1</sup> Mortgage deferral package data at 19 October 2020. Based on product information, not APRA EFS definition. <sup>2</sup> Shows 7 day moving average as % of total approved by deferral request date.

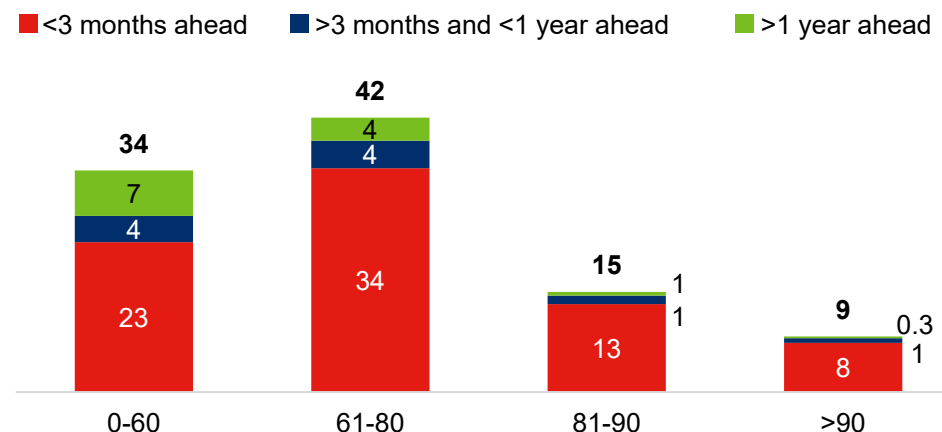
# Australian mortgage support for customers.

COVID-19

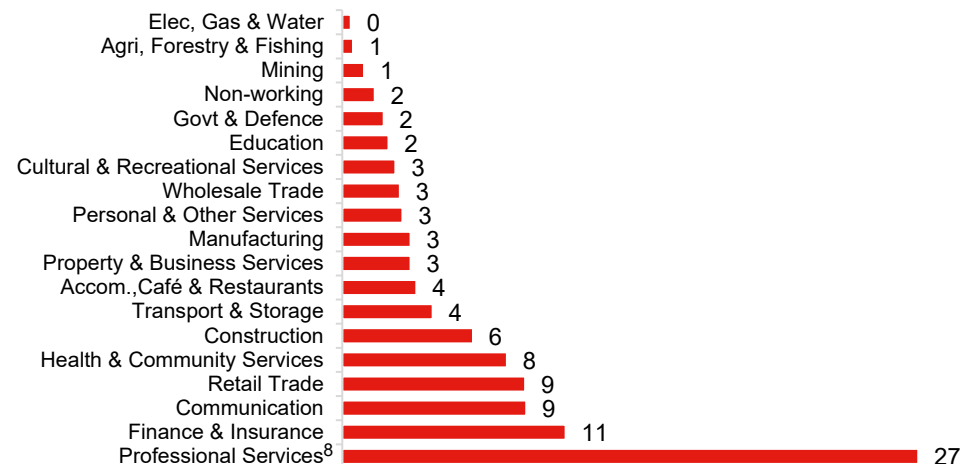
## Borrower characteristics.

	Total mortgage portfolio at 30 September 2020 <sup>1</sup>	Mortgage deferral packages outstanding <sup>1</sup> at 19 October 2020
Number of accounts	1.6m	48k
Balances	\$441bn	\$19bn
Owner-occupier	60%	63%
Principal & interest	76%	80%
Variable rate / Fixed rate	72% / 28%	69% / 31%
High risk industries <sup>2,3</sup>	14%	19%
Metropolitan	84%	87%
Weighted average seasoning <sup>4</sup>	53 months	61 months
Receiving Job Seeker <sup>5</sup>	2%	6%

## Mortgages in deferral<sup>1</sup> by dynamic LVR<sup>6</sup> and paid ahead<sup>7</sup> (% by balance)



## Mortgages in deferral<sup>1,3</sup> by employment sectors (% by balance)



1 As at 19 October 2020. Based on product information and not APRA EFS definition. 2 Retail trade, Accommodation, Café & Restaurants, Transport & Storage, Cultural and Recreational services. 3 Excludes RAMS. 4 Weighted average number of months between the current reporting date and the date on which individual loans were originated. 5 Receiving Job Seeker payments in September 2020 through a Westpac or St. George account. Westpac and St. George transactional accounts apply to approximately 61%. Excludes RAMS. 6 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance as at 30 September 2020, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. 7 Paid ahead rates include offset account balances. 8 Professional services includes legal, information technology, business administration and consulting services.

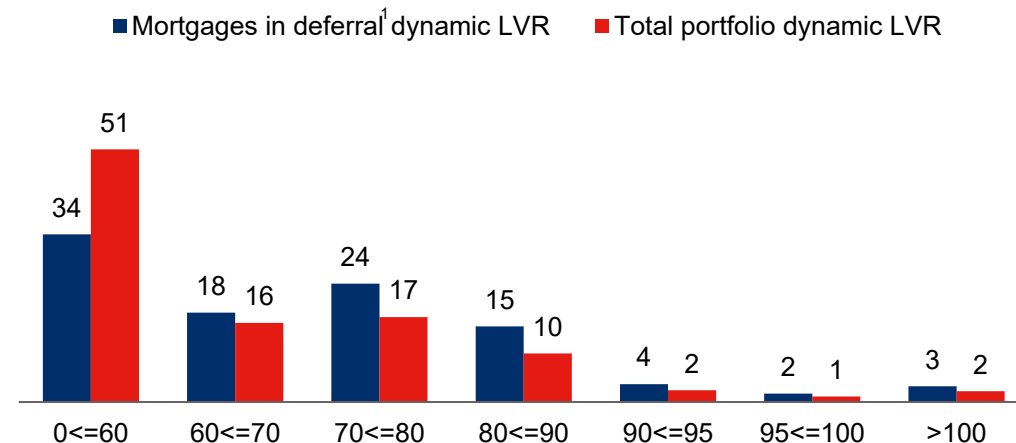
# Australian mortgage support for customers.

COVID-19

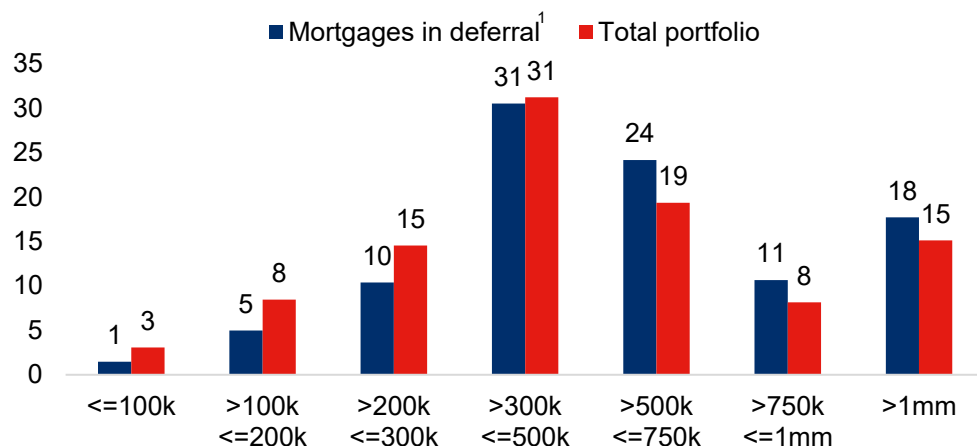
## Borrower repayment buffers.

	Total mortgage portfolio at 30 September 2020	Mortgage deferral packages outstanding <sup>1</sup> at 19 October 2020
Number of accounts	1.6m	48k
Balances	\$441bn	\$19bn
Average loan size	\$275k	\$401k
More than 3 months ahead on repayments	43%	22%
Weighted average dynamic LVR <sup>2</sup>	56%	67%
Loans in negative equity (dynamic LVR >100%)	2%	3%

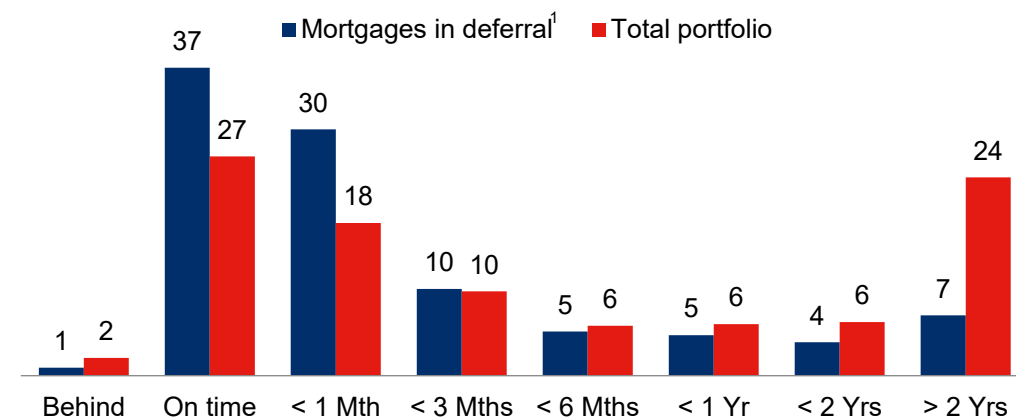
## Australian housing dynamic loan-to-value ratios<sup>2</sup> (LVRs) (%)



## Australian mortgage portfolio (% by balances)



## Australian mortgage customers repayment buffers<sup>3</sup> (% by balances)



1 As at 19 October 2020. Based on product information and not APRA EFS definition. 2 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. 3 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.

# Support for Australian small businesses<sup>1</sup>.

COVID-19

## Support provided to Australian business customers

Repayment relief packages approved

- Over 32,900<sup>2</sup> small business customers approved
- Over \$9.5bn lending (15% of the business portfolio)

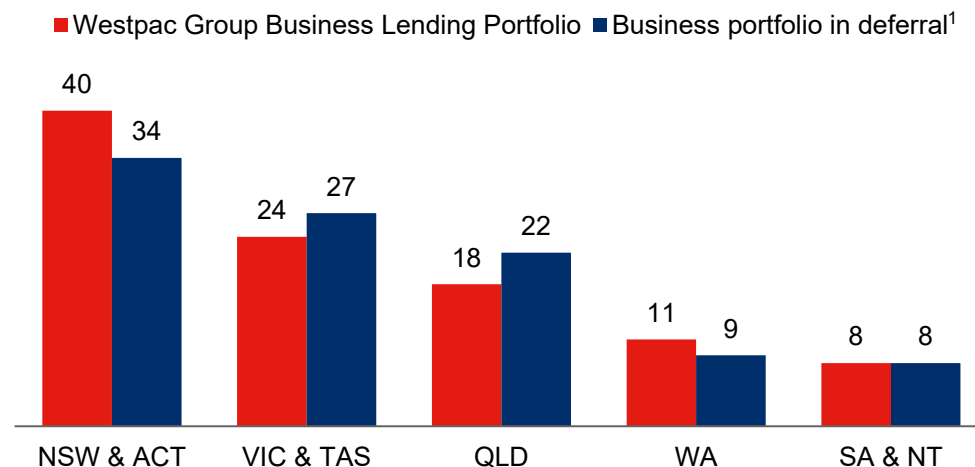
Business customers approved for unsecured/ SME Government Guarantee Loans

- 2,519 customers approved
- Approx. \$300m lending

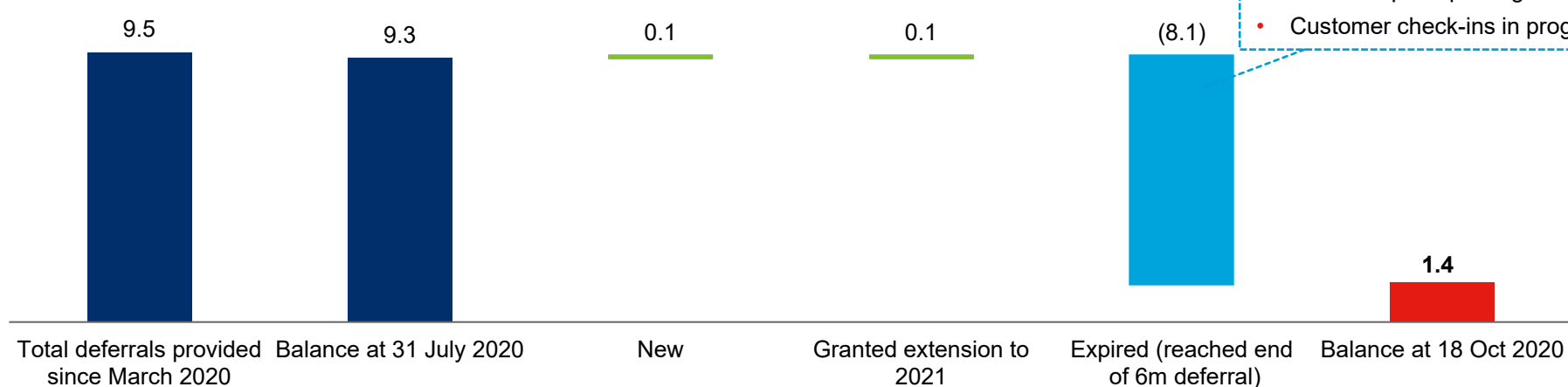
Merchant accounts with facility fees refunded

- Over 319,000 accounts
- Approx. \$16m fees refunded

## Australian business portfolio by State (% of total)



## Business deferral packages<sup>1</sup> (\$bn)



<sup>1</sup> As at 18 October 2020. Business customers includes SME <\$3m, Commercial customers up to \$10m and auto finance. Analysis is based on total committed exposures. Based on internal product information and not APRA EFS definition. For eligibility and terms and conditions, refer to the Westpac website [www.westpac.com.au](http://www.westpac.com.au). <sup>2</sup> Customers may have multiple accounts. Repayment relief provided to over 78,000 accounts.

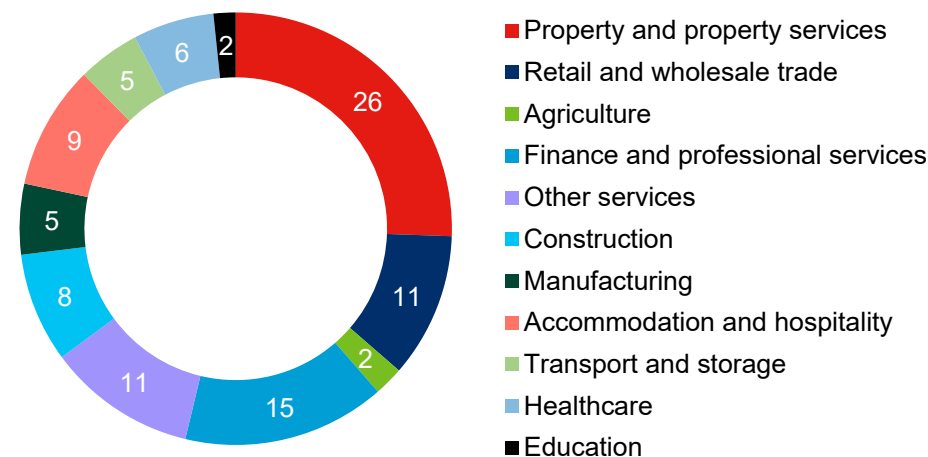
# Support for Australian small businesses<sup>1,2</sup>

COVID-19

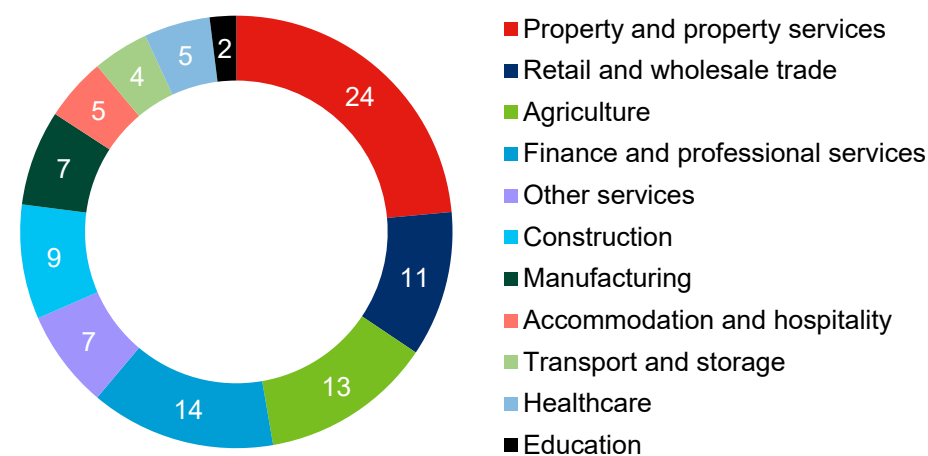
## Borrower characteristics.

	Total business <sup>1</sup> portfolio at 30 Sep 2020	Total business deferral packages provided at 18 October 2020 <sup>1,2</sup>
Total number of accounts	380k	<b>79k (21%)</b>
Total committed exposure (TCE)	\$61bn	<b>\$10bn (17%)</b>
High risk industries <sup>3</sup>	34%	<b>44%</b>
CBD proportion <sup>4</sup>	3%	<b>5%</b>
Melbourne CBD	1%	<b>2%</b>
Fully secured	59%	<b>45%</b>
Partially secured	33%	<b>48%</b>
Unsecured	8%	<b>8%</b>
Relationship managed	97%	<b>89%</b>
Receiving Job Keeper (Westpac transactional accounts <sup>5</sup> )	42%	<b>58%</b>
Cash flow stable or higher vs same time last year <sup>5</sup>	55%	<b>51%</b>
Cash flow reduced by >30% <sup>5</sup>	17%	<b>18%</b>
Making repayments in full	95%	<b>11%</b>

## Repayment relief approvals by industry<sup>1,2</sup> (%)



## Total business TCE<sup>1</sup> by industry (%)



<sup>1</sup> Business customers includes SME <\$3m, Commercial customers up to \$10m and auto finance. Analysis is based on total committed exposures. Charts may not add to 100 due to rounding. <sup>2</sup> Refers to total deferral packages provided at 18 October 2020. <sup>3</sup> High risk industries predominately include sub-sectors within property, property services construction, accommodation and hospitality and retail trade. <sup>4</sup> CBD includes Canberra, Sydney, Melbourne, Darwin, Brisbane, Adelaide, Hobart and Perth. <sup>5</sup> Westpac transactional accounts available for approximately 89% of accounts on a weighted basis.

# New Zealand mortgage support for customers.

COVID-19

	Total mortgage portfolio at 30 Sep 2020	Total mortgage deferral packages provided at 19 Oct 2020	Mortgage deferral packages outstanding at 19 Oct 2020
Number of accounts	370k	29.1k	<b>9.4k</b>
<i>% of total portfolio</i>		8%	<b>3%</b>
Balances (NZ\$bn)	\$55bn	\$6.5bn	<b>\$2.4bn</b>
<i>% of total portfolio</i>		12%	<b>4%</b>
Owner-occupier	75%	83%	<b>79%</b>
Principal & interest	87%	95%	<b>92%</b>
More than 3 months ahead on repayments	66%	21%	<b>13%</b>
Weighted average dynamic LVR	60%	62%	<b>62%</b>

As at 19 October 2020

- 74% of accounts (NZ\$4.5bn balances) have reached the end of their initial six month deferral
- Most have returned to paying with \$0.5bn of balances granted an extension

## Mortgage deferral packages<sup>1</sup> (NZ\$bn and % by balance)

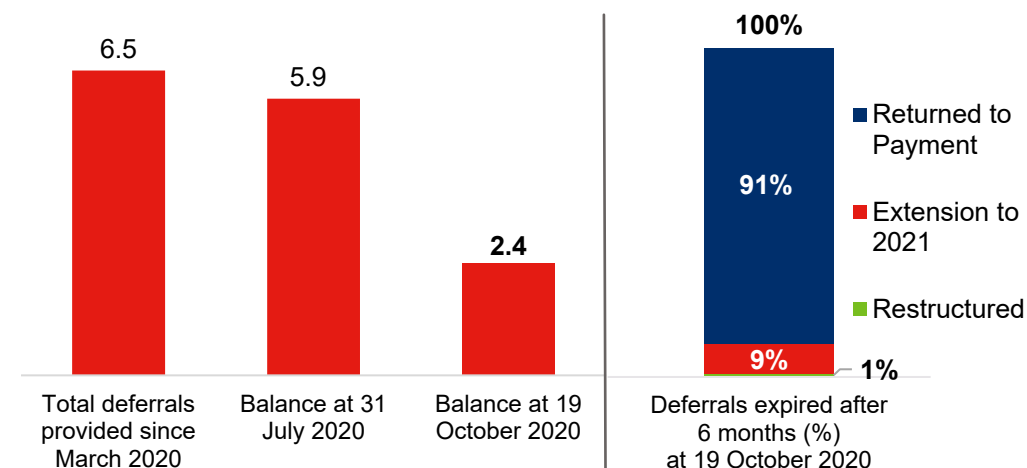
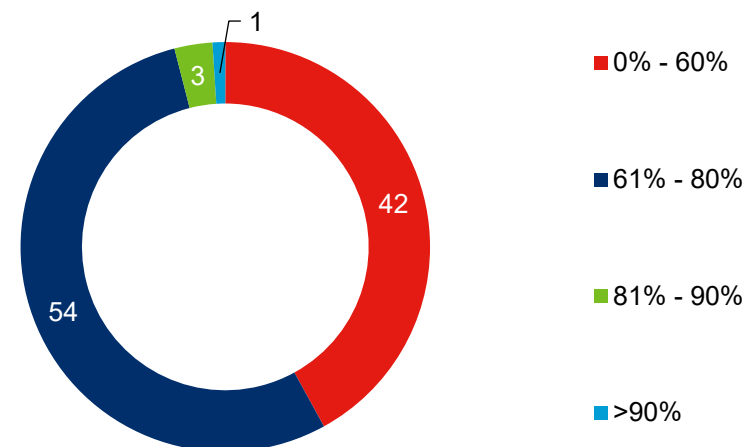


Chart may not add due to rounding.

## Mortgage deferral packages by dynamic LVR<sup>2</sup> (% of total)



<sup>1</sup> At 19 October 2020. <sup>2</sup> At 30 September 2020.

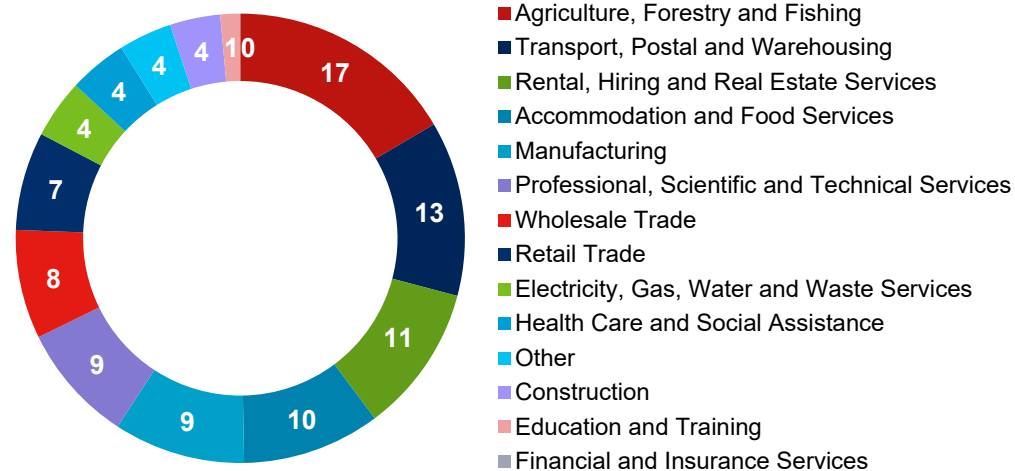


# Support for New Zealand businesses<sup>1</sup>.

COVID-19

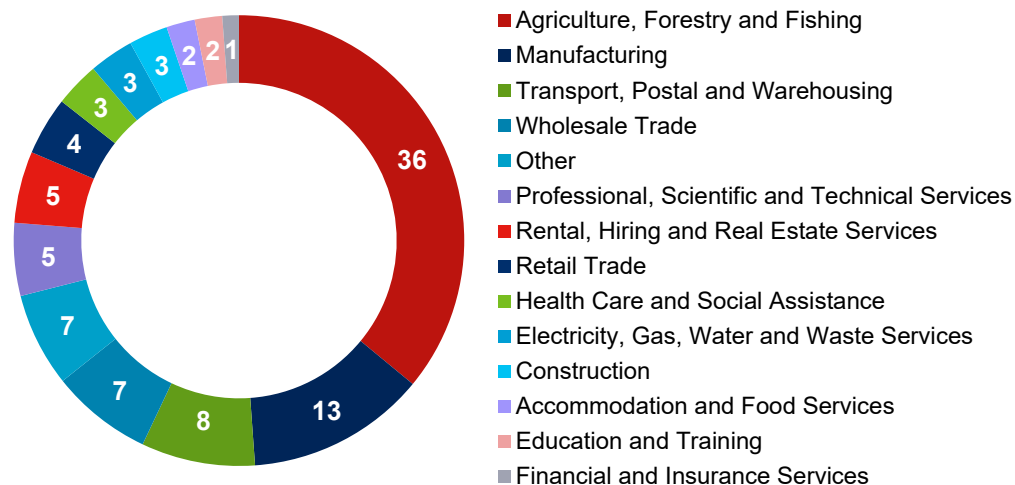
New Zealand Business Loans	Total business portfolio at 30 Sep 2020	Total business deferral packages provided at 19 Oct 2020	Business deferral packages outstanding at 19 Oct 2020	
Number of accounts	23.5k	7.3k	<b>0.6k</b>	<b>2%</b>
TCE (NZ\$bn)	\$23.0bn	\$2.0bn	<b>\$0.1bn</b>	<b>1%</b>
Relationship managed	91%	79%	<b>89%</b>	
High risk industries <sup>2</sup>	7%	15%	<b>14%</b>	

## Business customer support by industry<sup>3</sup> (%)



Other business customer support <sup>4</sup>	Business portfolio at 19 Oct 2020	Business support packages outstanding at 19 Oct 2020
Business support loans provided <sup>5</sup> (#)	175	174
Loan accounts assisted <sup>6</sup> (#)	9.8k	3.1k
TCE of loan accounts assisted (NZ\$bn)	\$5.8bn	\$3.9bn
Temporary Overdrafts established (#)	3.9k	0.3k
Temporary Overdrafts established (NZ\$bn)	\$319m	\$35m

## Total business TCE by industry<sup>3</sup> (%)



<sup>1</sup> Excludes institutional customers. <sup>2</sup> Hospitality, Accommodation and Tourism sectors. <sup>3</sup> Data at 19 October. Charts may not add to 100 due to rounding. Excludes null or blank industry codes. <sup>4</sup> Refers to other support that has been provided to customers. All loans noted here undergo our normal credit assessment process. <sup>5</sup> Loans provided that are covered by 80% government guarantee. <sup>6</sup> Includes loans that have had term extensions.

# Credit quality and provisions

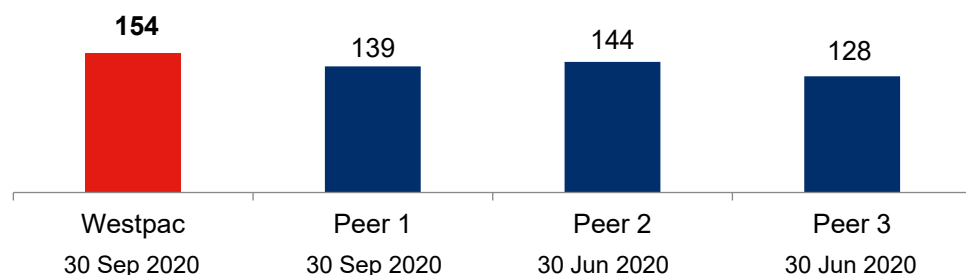
# Significant provision build over the year.

Provisions

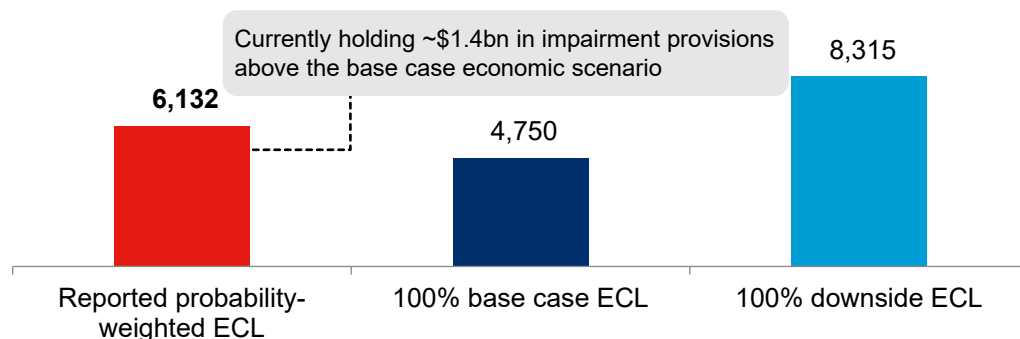
## Provisions for impairments

	Sept-19	Mar-20	Sep-20
Loan provisions to gross loans (bps)	54	80	88
Impaired asset provisions to impaired assets (%)	45	50	41
Collectively assessed provisions to credit RWA (bps)	95	140	154

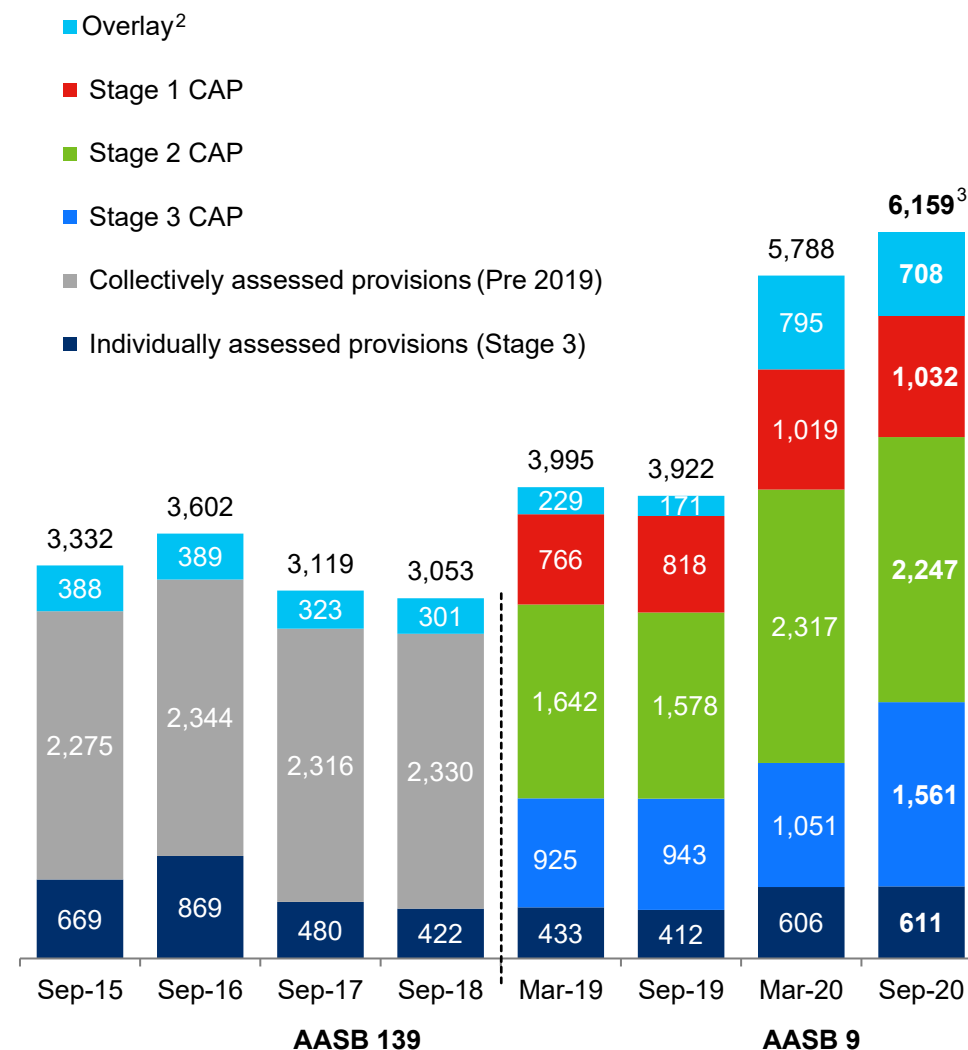
## Collectively assessed provisions to credit RWA (bps)



## Expected Credit Loss (ECL)<sup>1</sup> (\$m)



## Total impairment provisions (\$m)

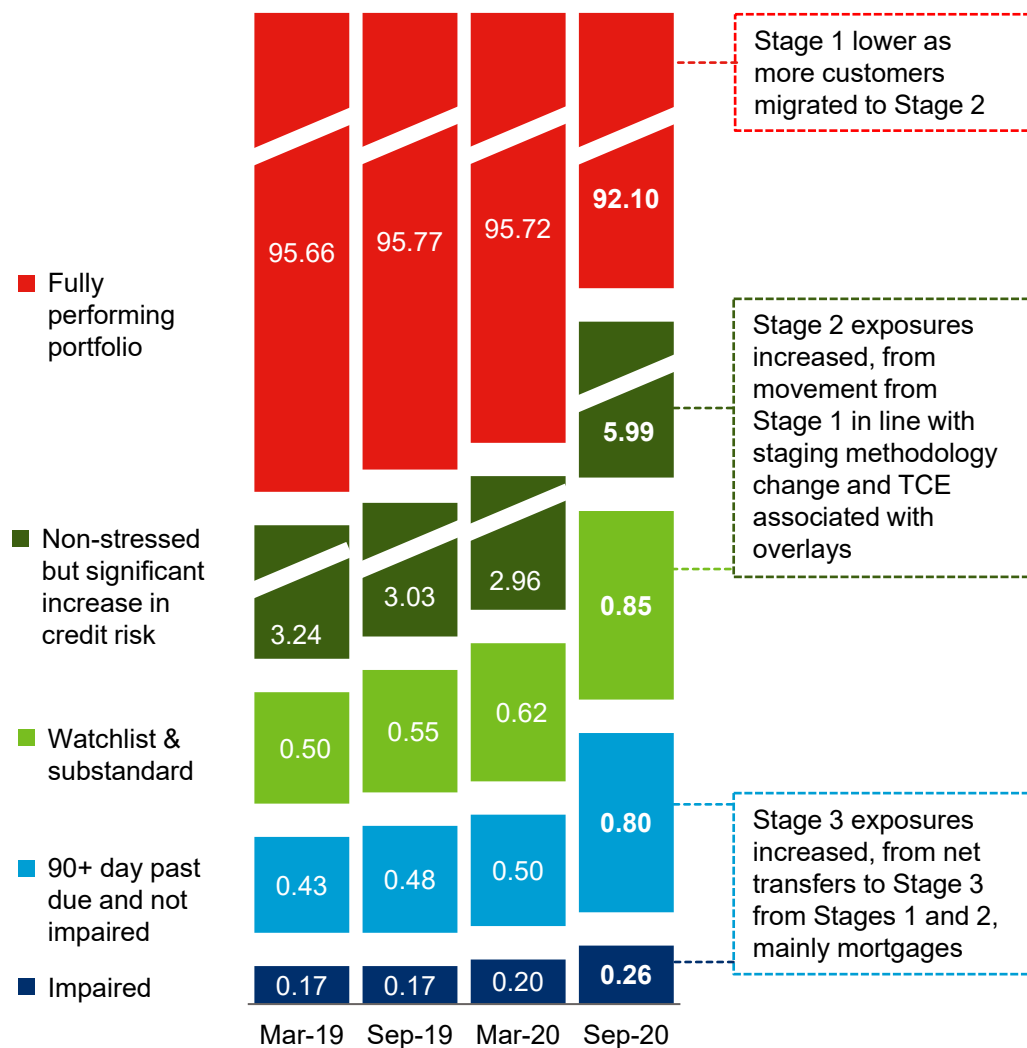


<sup>1</sup> Includes ECL overlays and IAP. Excludes provisions for debt securities. <sup>2</sup> Overlay for Mar-20 and Sep-20 includes New Zealand overlay. <sup>3</sup> Excludes provisions for debt securities at fair value through other comprehensive income.

# Provision cover by portfolio category.

Credit quality

## Exposures as a % of TCE



## Provisioning to TCE (%)

	Mar-19	Sep-19	Mar-20	Sep-20
<b>Stage 1 provisions</b>				
<b>Fully performing portfolio</b>				
Small cover as low probability of default (PD)	0.09	0.09	0.12	<b>0.11</b>
<b>Stage 2 provisions</b>				
<b>Non-stressed but significant increase in credit risk</b>				
Lifetime expected loss based on future economic conditions	4.18	4.32	6.78	<b>3.41<sup>1</sup></b>
<b>Watchlist &amp; substandard</b>				
Still performing but higher cover reflects deterioration	5.59	5.27	10.67	<b>8.25</b>
<b>Stage 3 provisions</b>				
<b>90+ day past due and not impaired</b>				
In default but strong security	12.34	11.07	11.61	<b>11.98</b>
<b>Impaired assets</b>				
In default. High provision cover reflects expected recovery	45.74	44.92	50.09	<b>41.45</b>

<sup>1</sup> Movement in coverage ratio reflects staging methodology changes: loans and credit commitments associated with overlay ECL and Forward Looking SICR components were transferred to Stage 2 to ensure alignment of ECL and loans and credit commitments.

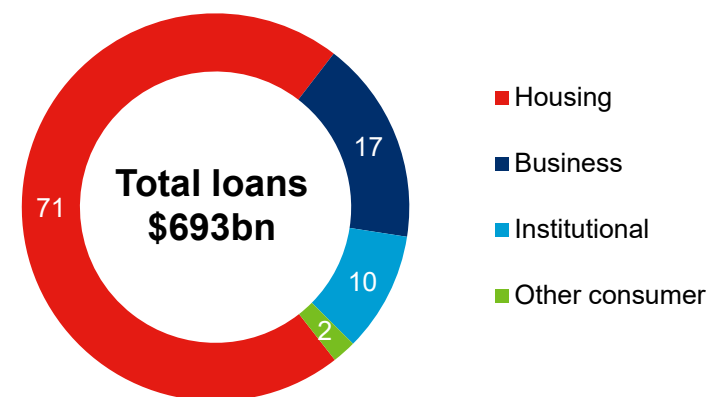
# Portfolio composition.

Credit quality

## Asset composition (%)

Total assets (\$912bn)	Sep-18	Sep-19	Sep-20
Loans	81	79	76
Investment securities	7	8	10
Trading securities and financial assets at fair value through income statement	3	4	4
Derivative financial instruments	3	3	3
Cash and balances with central banks	3	2	3
Collateral paid and other financial assets	1	1	1
Intangible assets	1	1	1
Life insurance assets and other assets	1	2	2

## Loan composition at 30 September 2020 (% of total)



## Exposure by risk grade at 30 September 2020 (\$m)

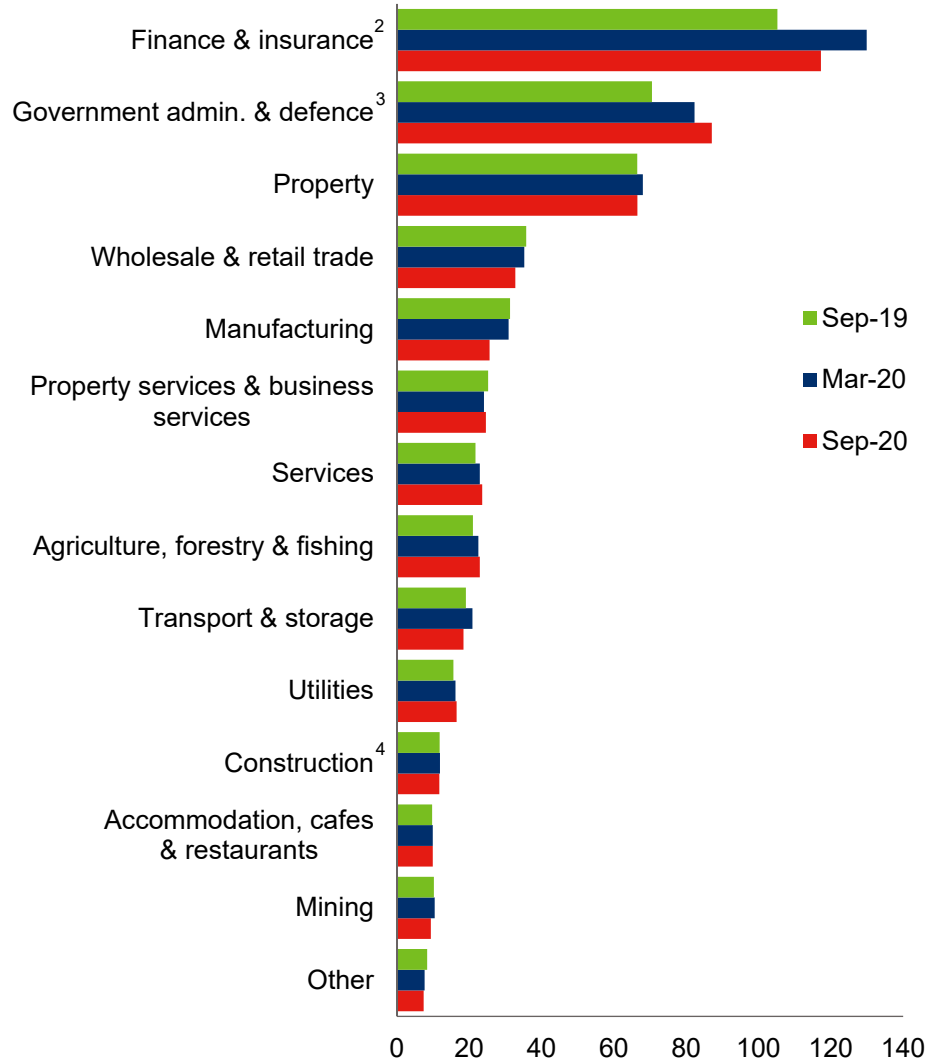
Standard and Poor's Risk Grade <sup>1</sup>	Australia	NZ / Pacific	Americas	Asia	Europe	Group	% of Total
AAA to AA-	125,931	16,142	1,933	14,261	744	159,011	15%
A+ to A-	34,078	4,739	4,075	3,804	2,570	49,266	5%
BBB+ to BBB-	59,082	11,638	4,420	2,455	1,794	79,389	7%
BB+ to BB	65,670	13,045	1,672	593	153	81,133	8%
BB- to B+	63,933	8,083	91	-	267	72,374	7%
<B+	10,509	1,400	276	49	-	12,234	1%
Mortgages	504,464	60,862	17	-	-	565,343	53%
Other consumer products	37,199	4,306	-	-	-	41,505	4%
<b>Total committed exposures (TCE)</b>	<b>900,866</b>	<b>120,215</b>	<b>12,484</b>	<b>21,162</b>	<b>5,528</b>	<b>1,060,255</b>	
<i>Total committed exposures (TCE) at 31 March 2020</i>	<i>923,750</i>	<i>119,294</i>	<i>14,351</i>	<i>17,572</i>	<i>7,070</i>	<i>1,082,037</i>	
<b>Exposure by region<sup>2</sup> (%)</b>	<b>85%</b>	<b>11%</b>	<b>1%</b>	<b>2%</b>	<b>1%</b>		<b>100%</b>

1 Risk grade equivalent. 2 Exposure by booking office.

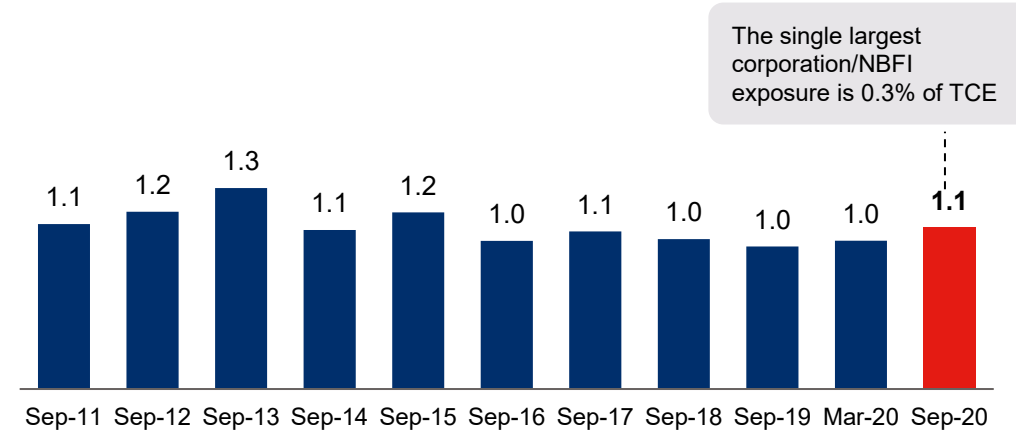
# Loan portfolio composition.

Credit quality

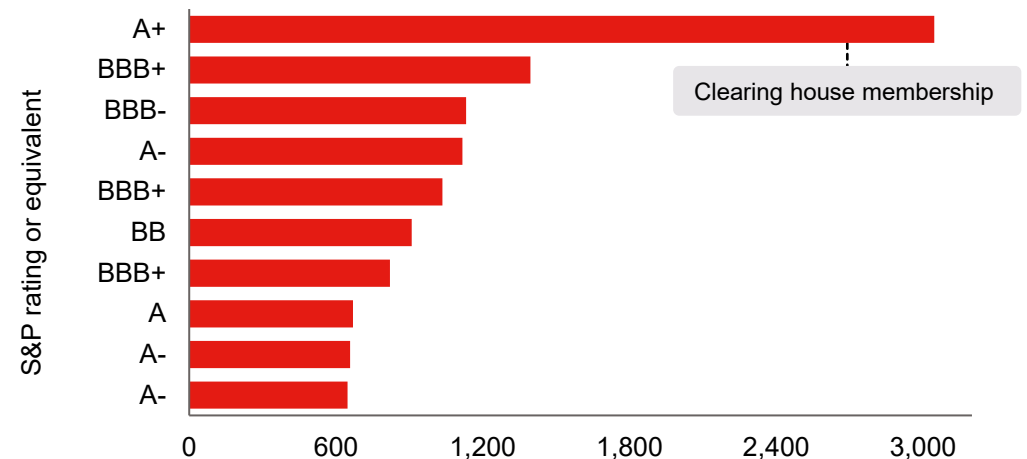
## Exposures at default<sup>1</sup> by sector (\$bn)



## Top 10 exposures to corporations and NBFIs<sup>5</sup> (% of TCE)



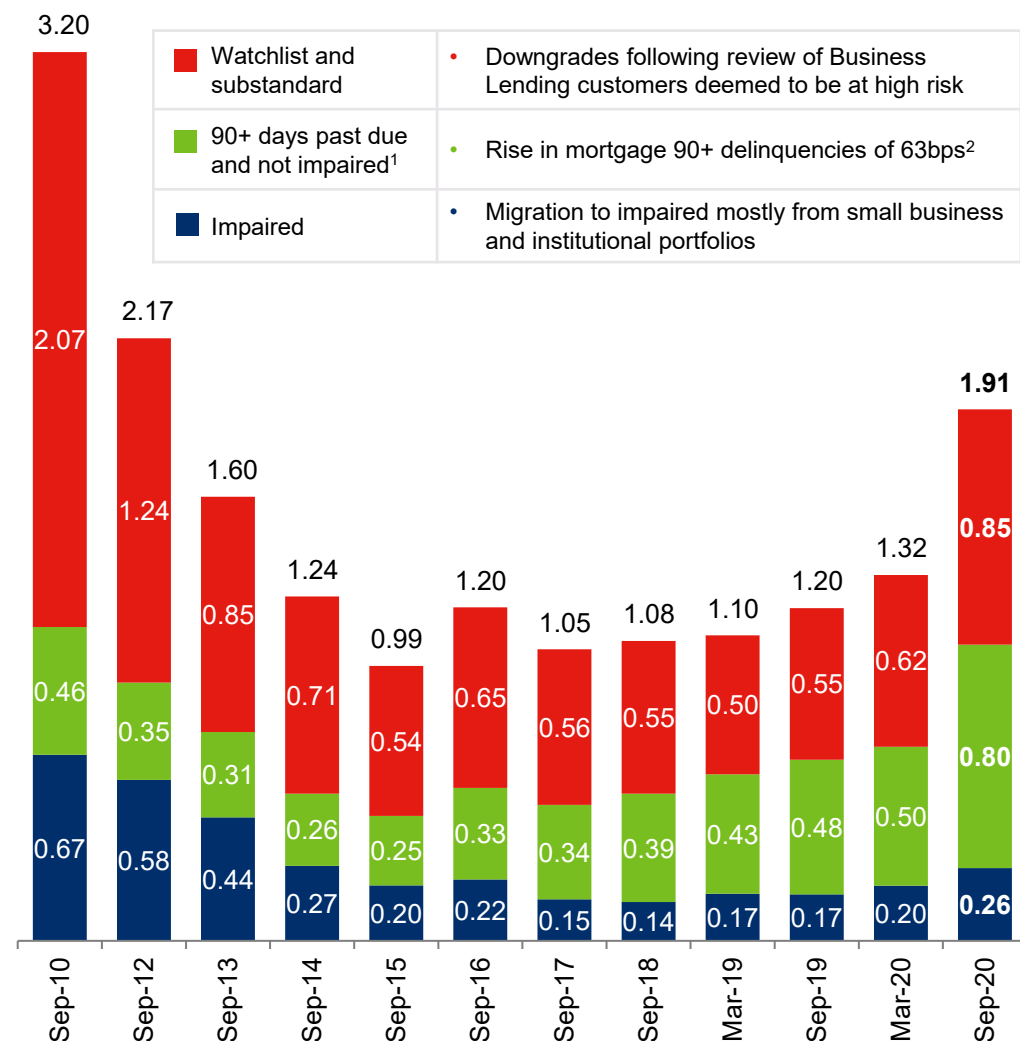
## Top 10 exposures to corporations & NBFIs at 30 September 2020 (\$m)



<sup>1</sup> Exposures at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. <sup>2</sup> Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. <sup>3</sup> Property includes both residential and non-residential property investors and developers, and excludes real estate agents. <sup>4</sup> Construction includes building and non-building construction, and industries serving the construction sector. <sup>5</sup> NBFI is non-bank financial institutions.

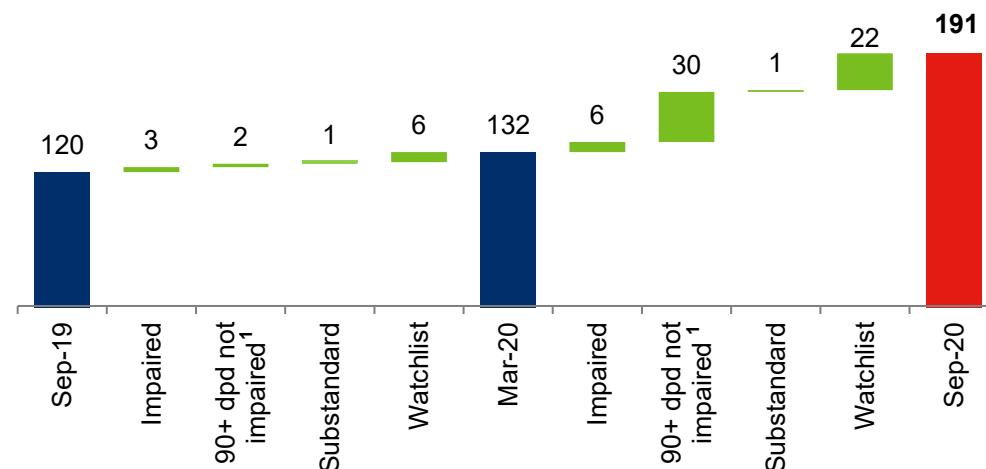
# Some stress emerging in 2H20.

## Stressed exposures as a % of TCE

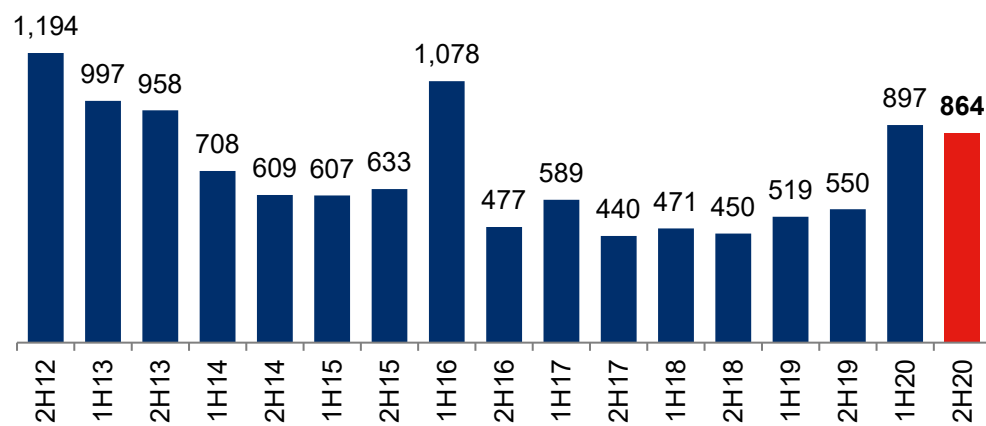


<sup>1</sup> Facilities 90+ day past due and not impaired. These facilities, while in default, are not treated as impaired for accounting purposes. <sup>2</sup> Group 90+ day mortgage delinquencies, Australian 90+ day mortgage delinquencies rose 68bps. <sup>3</sup> Includes exposures that are managed on a facility by facility basis (not managed as a portfolio) and excludes mortgages, personal and small business lending.

## Movement in stress categories (bps)



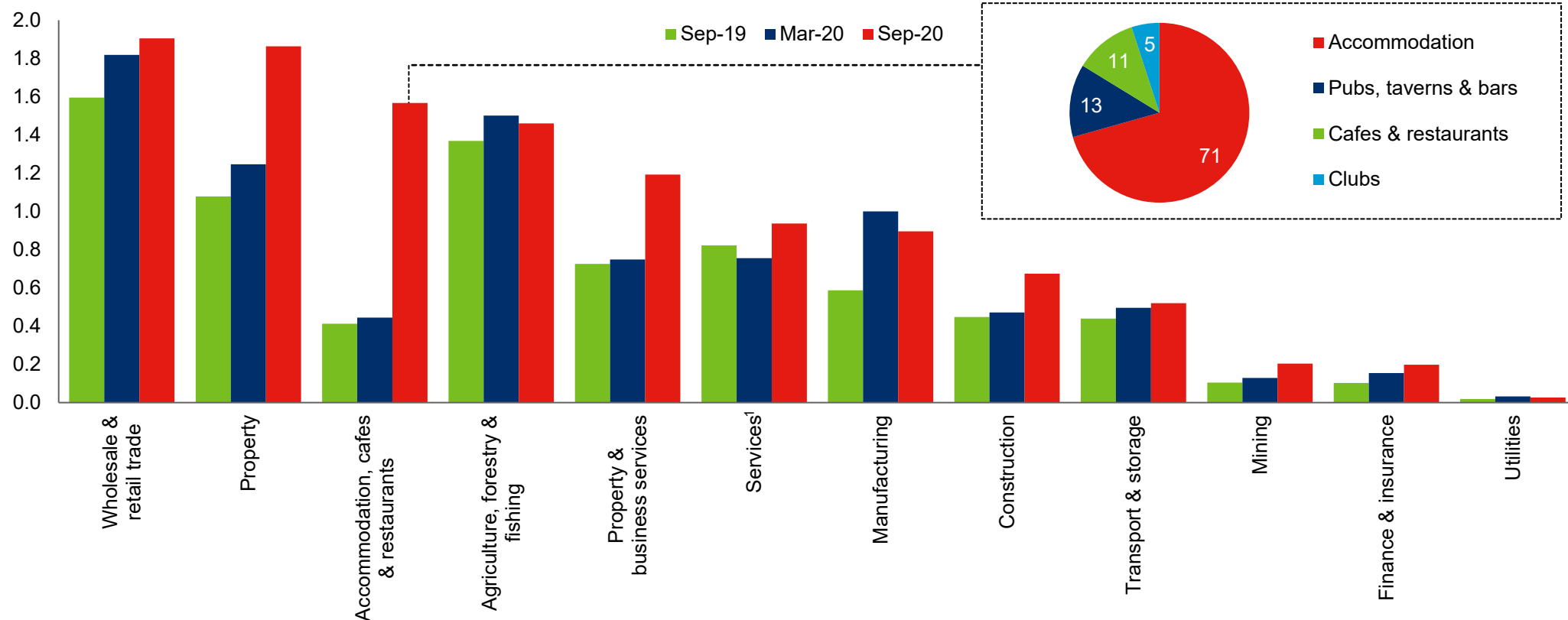
## New and increased gross impaired assets (\$m)<sup>3</sup>



# Corporate and business stressed exposures.

Credit quality

## Corporate and business stressed exposures by industry sector (\$bn)



### Stress to TCE by sector

Sector	Wholesale & retail trade	Property	Accomm., cafes & restaurants	Agriculture, forestry & fishing	Property & business services	Services <sup>1</sup>	Manufacturing	Construction	Transport & storage	Mining	Finance & Insurance	Utilities
1H20 (%)	5.6	1.8	4.6	6.9	3.2	3.2	2.6	4.0	2.6	1.3	0.1	0.2
2H20 (%)	6.2	2.8	16.0	6.6	5.1	4.0	3.5	5.8	3.1	2.3	0.2	0.2

<sup>1</sup> Services includes education, health & community services, cultural & recreational services and personal & other services.



# Sectors in focus.

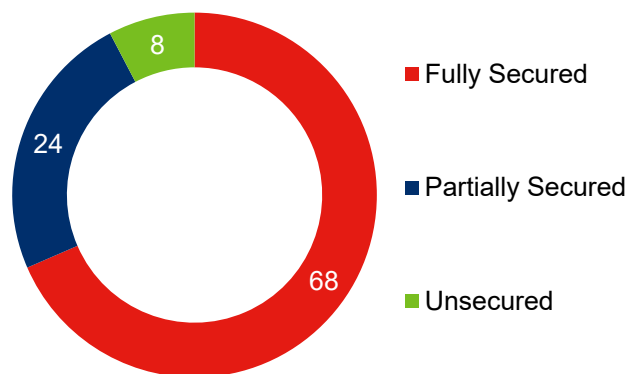
Credit quality

Accommodation, cafes & restaurants and Construction.

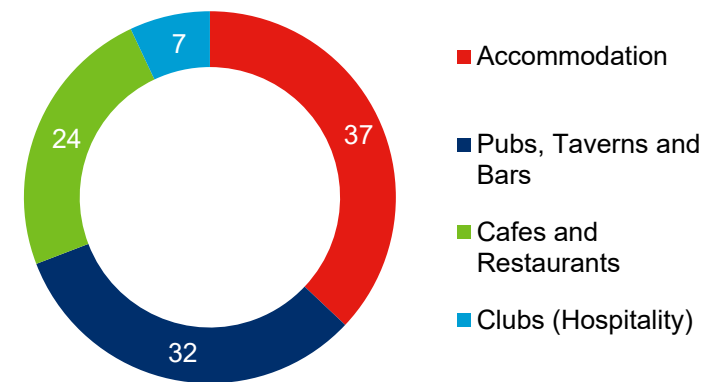
## Accommodation, cafes and restaurants

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$9.6bn	<b>\$9.7bn</b>	<b>\$9.8bn</b>
Lending	\$8.6bn	<b>\$8.7bn</b>	<b>\$8.5bn</b>
As a % of Group TCE	0.92	<b>0.90</b>	<b>0.92</b>
% of portfolio graded as stressed <sup>1,2</sup>	4.3	<b>4.6</b>	<b>16.0</b>
% of portfolio impaired <sup>2</sup>	0.3	<b>0.4</b>	<b>0.7</b>

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



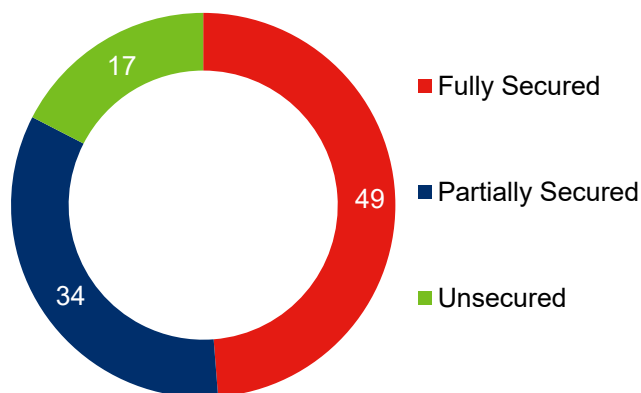
Portfolio by sub-sector (TCE) (%)



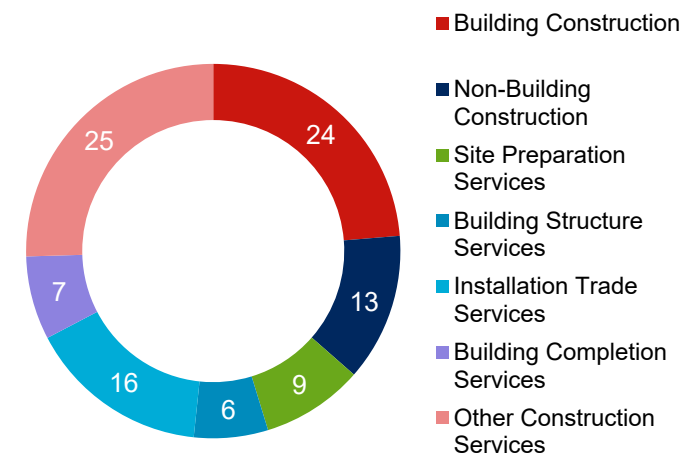
## Construction

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$11.6bn	<b>\$11.7bn</b>	<b>\$11.5bn</b>
Lending	\$8.5bn	<b>\$8.5bn</b>	<b>\$7.9bn</b>
As a % of Group TCE	1.11	<b>1.08</b>	<b>1.09</b>
% of portfolio graded as stressed <sup>1,2</sup>	3.8	<b>4.0</b>	<b>5.8</b>
% of portfolio impaired <sup>2</sup>	0.8	<b>0.9</b>	<b>1.6</b>

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



Portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE. 3 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.

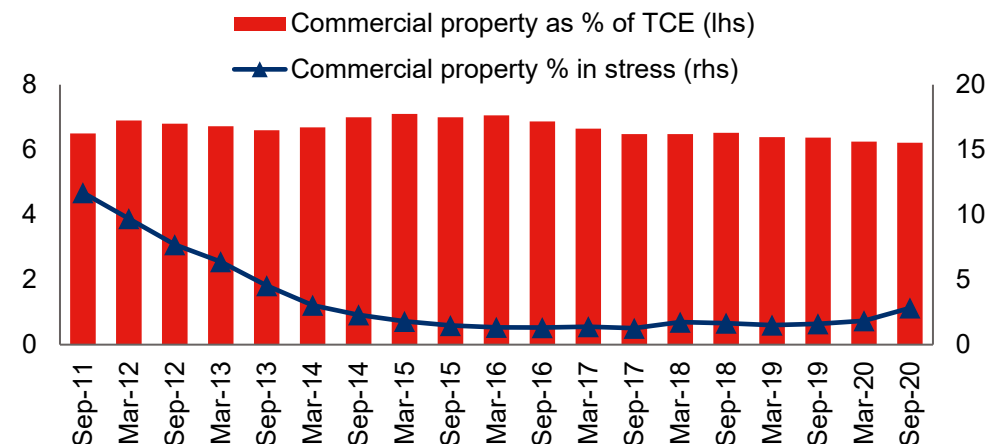
## Commercial property.

Credit quality

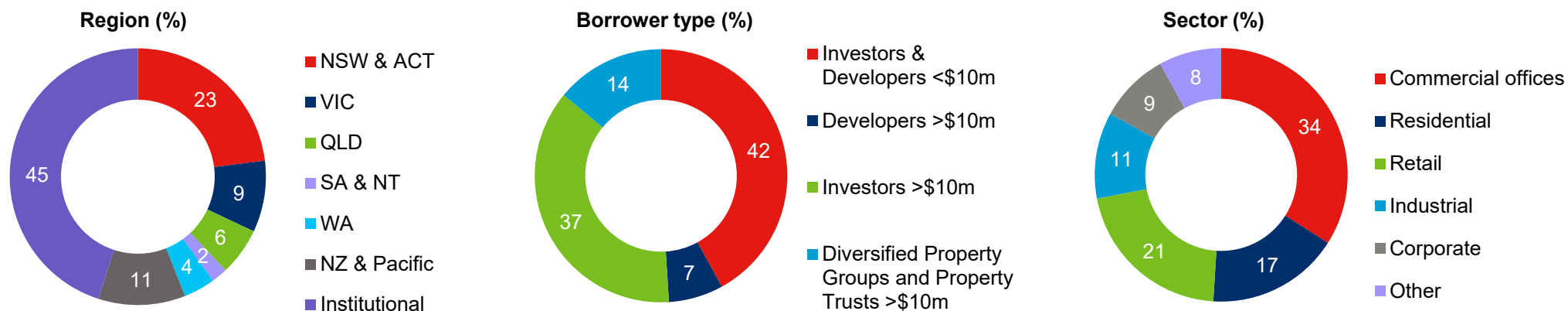
### Commercial property

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$66.9bn	<b>\$67.6bn</b>	<b>\$65.9bn</b>
Lending	\$51.7bn	<b>\$52.7bn</b>	<b>\$51.9bn</b>
As a % of Group TCE	6.37	<b>6.25</b>	<b>6.22</b>
Median risk grade (S&P equivalent)	BB+	<b>BB+</b>	<b>BB+</b>
% of portfolio graded as stressed <sup>1,2</sup>	1.61	<b>1.84</b>	<b>2.83</b>
% of portfolio impaired <sup>2</sup>	0.15	<b>0.11</b>	<b>0.16</b>

Commercial property exposures % of TCE and % in stress



Commercial property portfolio composition (TCE) (%)



1 Includes impaired exposures. 2 Percentage of commercial property portfolio TCE.

# Sectors in focus.

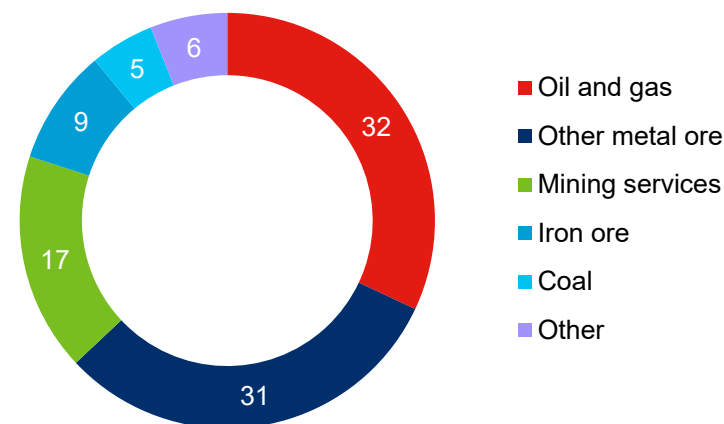
## Mining and Manufacturing.

Credit quality

### Mining (inc. oil and gas)

	Sep-19	Mar-20	Sep-20
Total committed exposure (TCE)	\$10.5bn	<b>\$10.3bn</b>	<b>\$9.0bn</b>
Lending	\$5.5bn	<b>\$5.8bn</b>	<b>\$5.1bn</b>
As a % of Group TCE	1.00	<b>0.95</b>	<b>0.85</b>
Median risk grade (S&P equivalent)	BBB	<b>BBB</b>	<b>BBB-</b>
% of portfolio graded as stressed <sup>1,2</sup>	0.99	<b>1.25</b>	<b>2.26</b>
% of portfolio impaired <sup>2</sup>	0.16	<b>0.16</b>	<b>0.49</b>

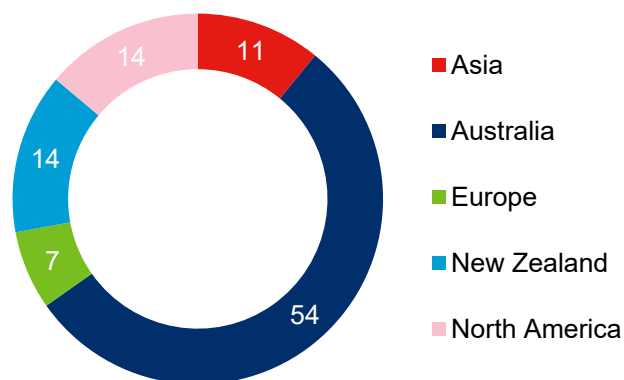
Portfolio by sub-sector (TCE) (%)



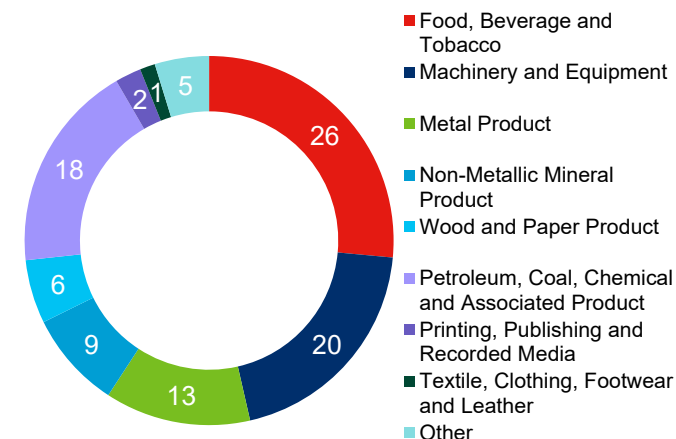
### Manufacturing

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$30.6bn	<b>\$30.0bn</b>	<b>\$25.6bn</b>
Lending	\$18.2bn	<b>\$19.0bn</b>	<b>\$14.4bn</b>
As a % of Group TCE	2.99	<b>2.77</b>	<b>2.41</b>
% of portfolio graded as stressed <sup>1,2</sup>	1.92	<b>2.58</b>	<b>3.50</b>
% of portfolio impaired <sup>2</sup>	0.18	<b>0.59</b>	<b>1.18</b>

Portfolio by region (TCE) (%)



Portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

# Sectors in focus.

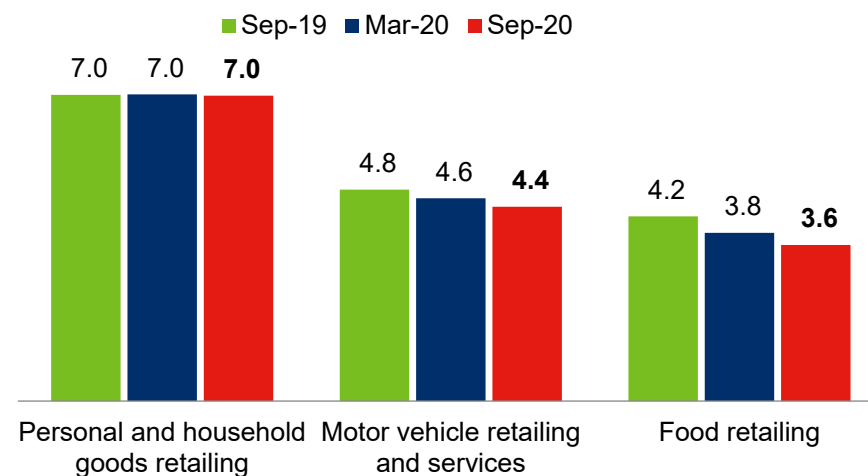
## Retail trade.

Credit quality

### Retail trade

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$16.0bn	<b>\$15.5bn</b>	<b>\$15.0bn</b>
Lending	\$11.6bn	<b>\$11.1bn</b>	<b>\$9.5bn</b>
As a % of Group TCE	1.52	<b>1.43</b>	<b>1.41</b>
Median risk grade	BB equivalent	<b>BB equivalent</b>	<b>BB equivalent</b>
% of portfolio graded as stressed <sup>1,2</sup>	6.05	<b>6.70</b>	<b>7.26</b>
% of portfolio impaired <sup>2</sup>	1.30	<b>1.44</b>	<b>1.84</b>

Retail trade exposure by sub-sector (TCE) (\$bn)

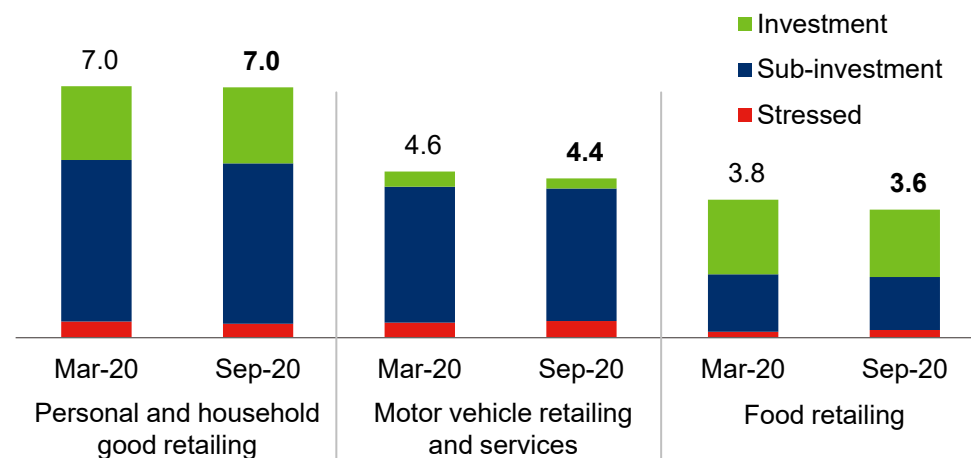


Retail trade portfolio graded as stressed (%)



1 Includes impaired exposures. 2 Percentage of retail trade portfolio TCE.

Retail trade by internal risk grade category (TCE) (\$bn)



# Sectors in focus.

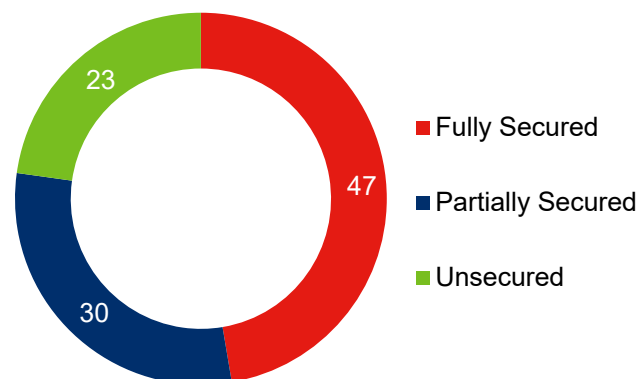
Credit quality

## Services and Transport & Storage.

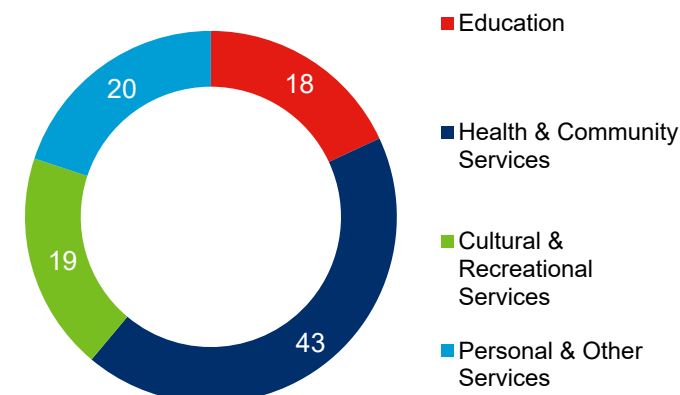
### Services

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$22.4bn	<b>\$23.2bn</b>	<b>\$23.6bn</b>
Lending	\$15.3bn	<b>\$15.8bn</b>	<b>\$14.9bn</b>
As a % of Group TCE	2.13	<b>2.14</b>	<b>2.22</b>
% of portfolio graded as stressed <sup>1,2</sup>	3.7	<b>3.2</b>	<b>4.0</b>
% of portfolio impaired <sup>2</sup>	0.3	<b>0.3</b>	<b>0.6</b>

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



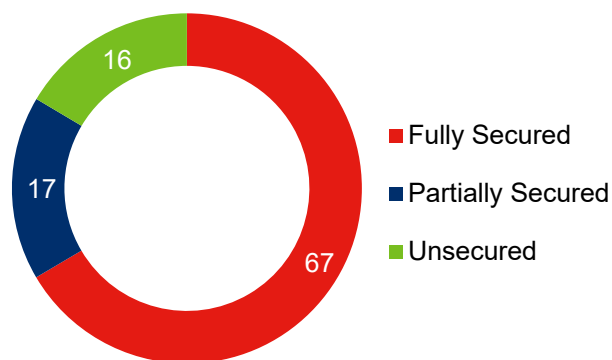
Portfolio by sub-sector (TCE) (%)



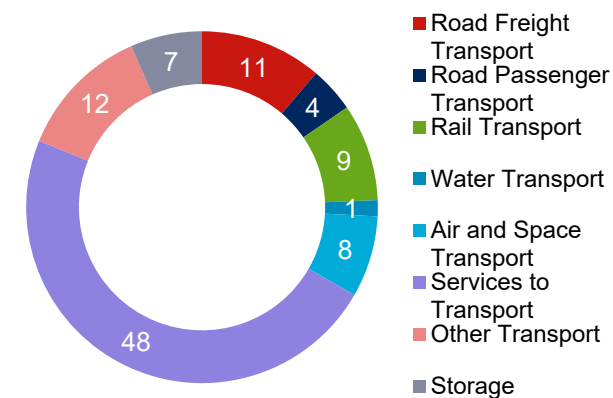
### Transport & Storage

	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$17.8bn	<b>\$19.1bn</b>	<b>\$16.5bn</b>
Lending	\$11.2bn	<b>\$13.0bn</b>	<b>\$10.6bn</b>
As a % of Group TCE	1.70	<b>1.76</b>	<b>1.56</b>
% of portfolio graded as stressed <sup>1,2</sup>	2.5	<b>2.6</b>	<b>3.1</b>
% of portfolio impaired <sup>2</sup>	0.4	<b>0.4</b>	<b>0.9</b>

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



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.

# Australian consumer unsecured lending.

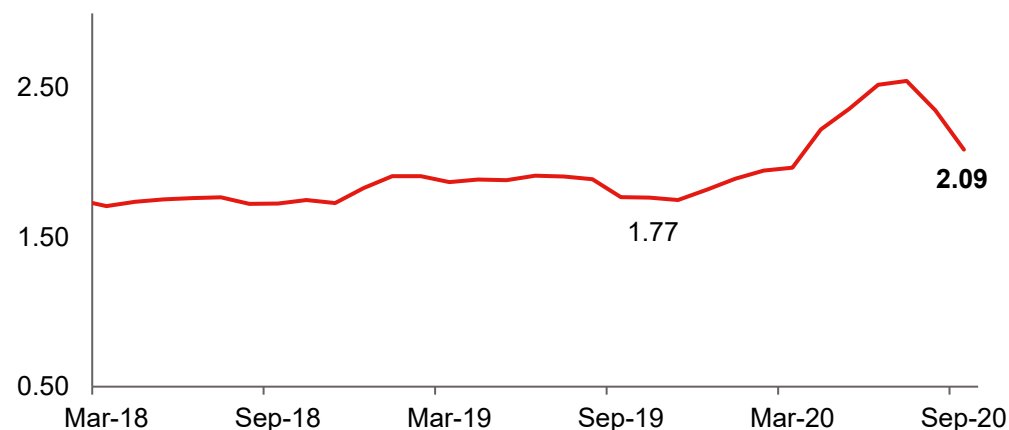
Credit quality

## Australian consumer unsecured lending portfolio<sup>1</sup>

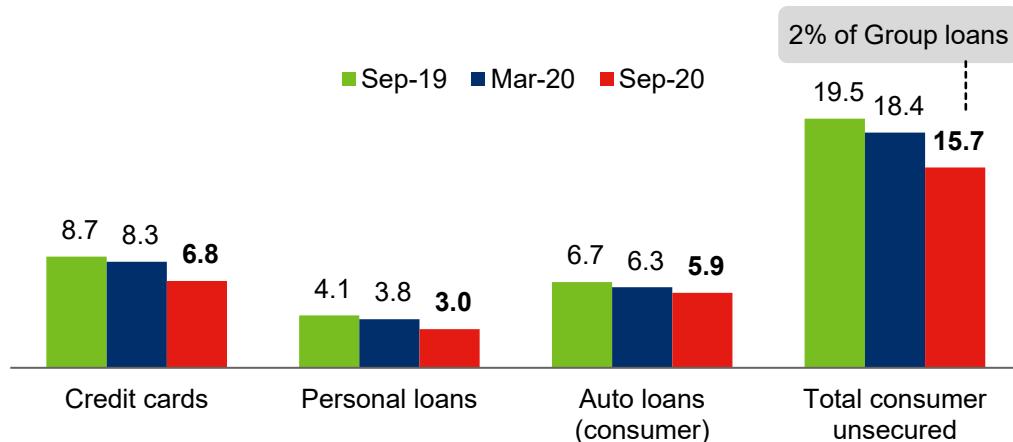
	Sep-19	Mar-20	Sep-20
Lending	\$19.5bn	\$18.4bn	<b>\$15.7bn</b>
30+ day delinquencies (%)	3.68	4.22	<b>3.62</b>
90+ day delinquencies (%)	1.77	1.97	<b>2.09</b>

90+ day delinquencies up 32bps over the year, reflecting 41bps increase from balance sheet contraction, offset by 9bps in underlying portfolio improvement.

## Australian consumer unsecured 90+ day delinquencies (%)

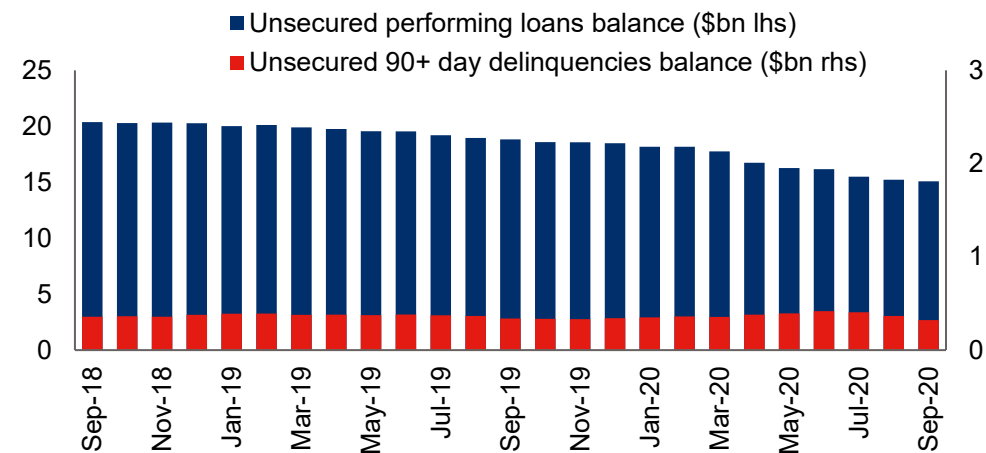


## Australian consumer unsecured portfolio (\$bn)<sup>1</sup>



<sup>1</sup> Does not include Margin Lending.

## Australian consumer unsecured portfolio (\$bn)



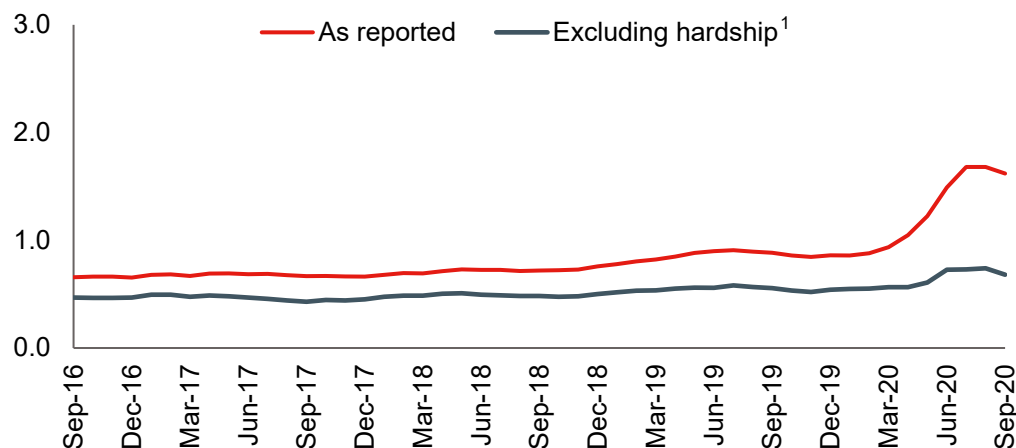
# Australian mortgage delinquencies: impacted by hardship<sup>1</sup>.

Mortgage asset quality

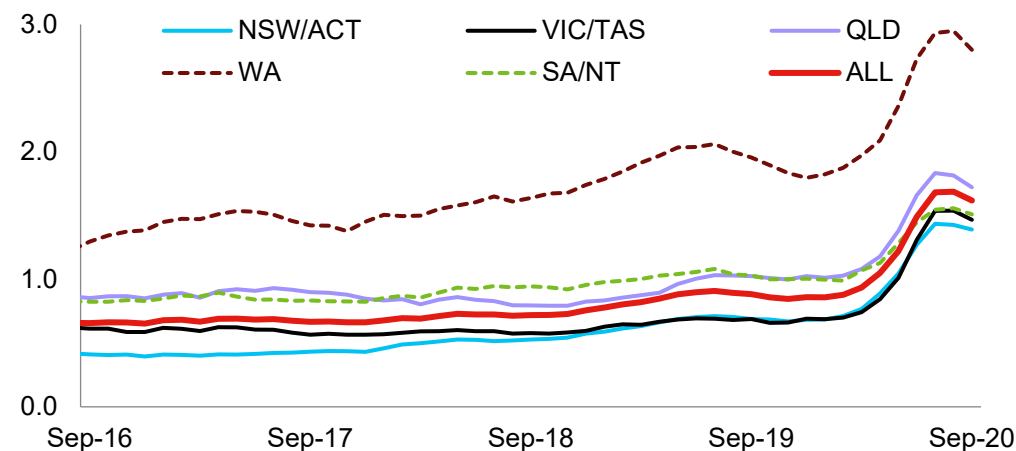
Australian mortgages	Sep-19	Mar-20	Sep-20
30+ day delinquencies (bps)	161	188	<b>214</b>
90+ day delinquencies (bps) (inc. impaired mortgages)	88	94	<b>162</b>
Consumer properties in possession	558	468	<b>256</b>
Actual mortgage loss rate annualised <sup>2</sup> (bps, for the 6 months ending)	3	3	<b>3</b>

- Australian mortgages 90+ day delinquencies up 68bps
  - 56bps from hardship
    - Our approach to applying COVID-19 relief meant an increased number of customers have entered hardship arrangements
  - 12bps from customers remaining in 90+ days delinquencies for longer, largely due to the on-hold repossession activities to support customers in difficulty

## Mortgage delinquencies 90+ days past due



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



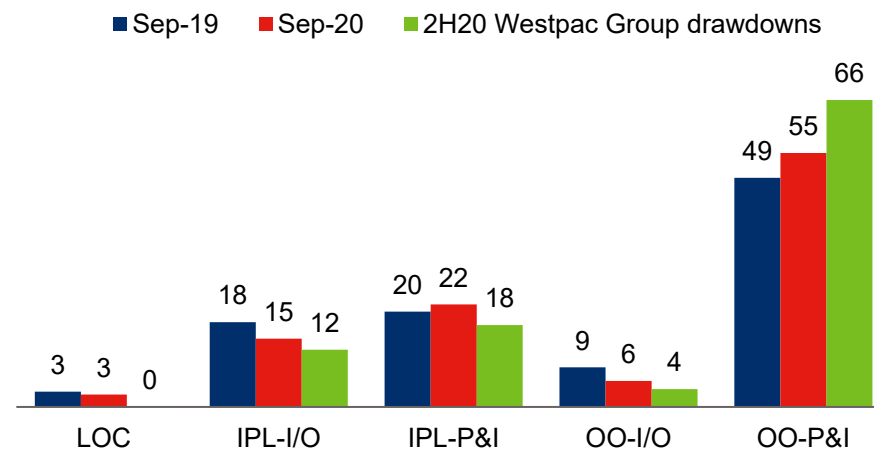
<sup>1</sup> Financial hardship assistance is available to customers experiencing unforeseen events, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period. Customer requesting financial hardship assistance must provide a statement of financial position and an assessment is made regarding the customer's eligibility. <sup>2</sup> Mortgage loss rates are write-offs for the 6 months ending.

# Australian mortgage portfolio composition.

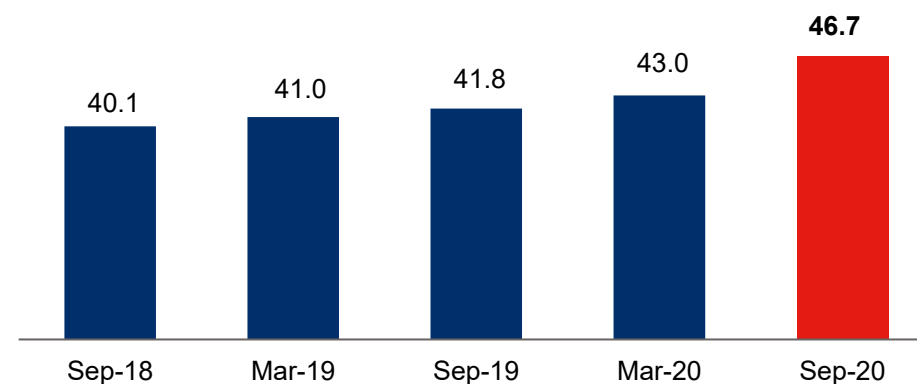
Mortgage asset quality

Australian mortgage portfolio	Sep-19 balance	Mar-20 balance	Sep-20 balance	2H20 Flow <sup>1</sup>
Total portfolio (\$bn)	449.2	445.7	<b>440.9</b>	<b>33.5</b>
Owner-occupied (OO) (%)	58.3	59.4	<b>60.4</b>	<b>69.6</b>
Investment property loans (IPL) (%)	38.5	37.6	<b>36.6</b>	<b>29.9</b>
Portfolio loan/line of credit (LOC) (%)	3.2	2.9	<b>2.5</b>	<b>0.4</b>
Variable rate / Fixed rate (%)	75 / 25	77 / 23	<b>72 / 28</b>	<b>70 / 30</b>
Interest only (I/O) (%)	26.9	23.4	<b>20.6</b>	<b>16.3</b>
Proprietary channel (%)	55.7	55.5	<b>54.8</b>	<b>47.9</b>
First home buyer (%)	8.4	8.8	<b>9.0</b>	<b>11.7</b>
Mortgage insured (%)	15.6	16.1	<b>16.0</b>	<b>12.2</b>
	Sep-19	Mar-20	Sep-20	2H20 Flow <sup>1</sup>
Average loan size <sup>2</sup> (\$'000)	277	276	<b>275</b>	<b>344</b>
Customers ahead on repayments including offset account balances <sup>3</sup> (%)	70	70	<b>71</b>	
Actual mortgage losses net of insurance (\$m, for the 6 months ending)	57	67	<b>58</b>	
Actual mortgage loss rate annualised <sup>4</sup> (bps, for the 6 months ending)	3	3	<b>3</b>	

## Australian mortgage portfolio by product and repayment type (%)



## Australian offset account balances (\$bn)



<sup>1</sup> Flow is new mortgages settled in the 6 months ended 30 September 2020 and includes RAMS. <sup>2</sup> Includes amortisation. Calculated at account level, where split loans represent more than one account. <sup>3</sup> Loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. <sup>4</sup> Mortgage loss rates are write-offs for the 6 months ending.

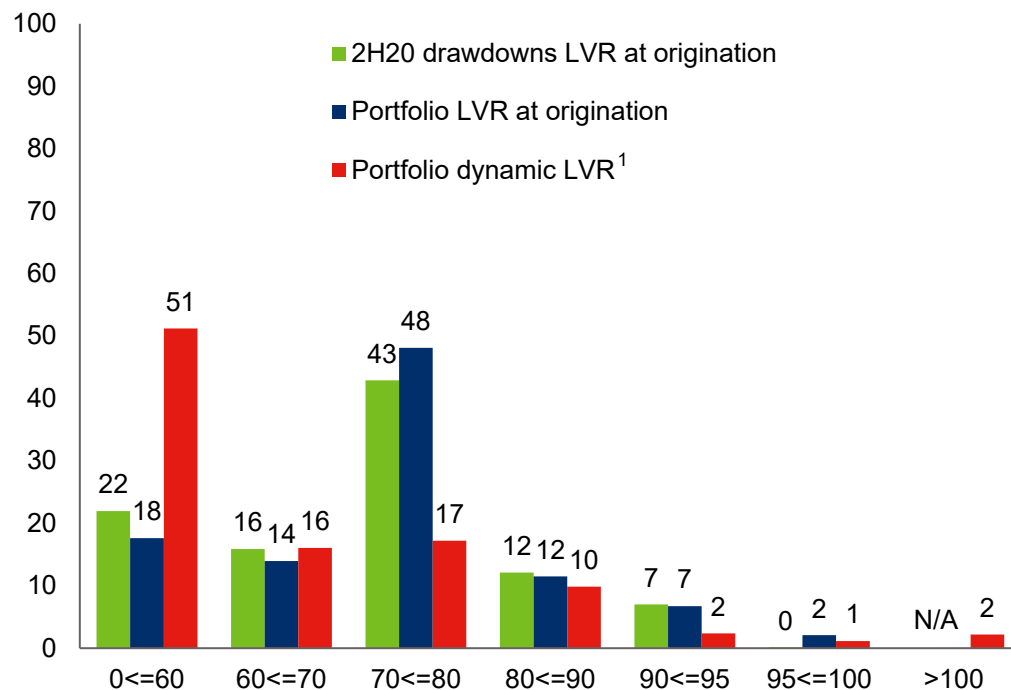


# Australian mortgage portfolio.

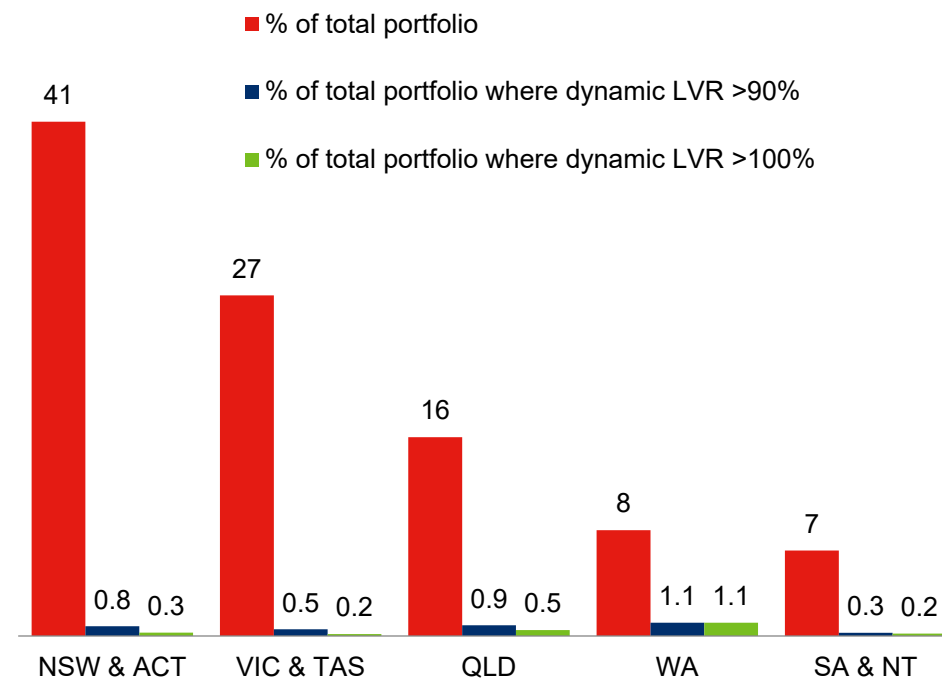
Mortgage asset quality

Majority of borrowers have significant equity.

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



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



Australian mortgage portfolio LVRs		Sep-19 balance	Mar-20 balance	Sep-20 balance
Weighted averages <sup>2</sup>	LVR at origination (%)	74	73	73
	Dynamic LVR <sup>1</sup> (%)	58	57	56
	LVR of new loans <sup>3</sup> (%)	72	72	71

Capital city	Dwelling prices %chg last 6mths (Sep-20) <sup>4</sup>	Dwelling prices YoY (Sep-20) <sup>4</sup>
Sydney	Down 2.4%	Up 7.7%
Melbourne	Down 5.5%	Up 3.1%
Brisbane	Down 0.2%	Up 3.8%
Perth	Down 1.7%	Down 1.0%

<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. During the half, Westpac updated its methodology for calculating Dynamic LVR, including changes to the treatment of cross collateralised loans and changing the property valuation source. <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> Source: CoreLogic.

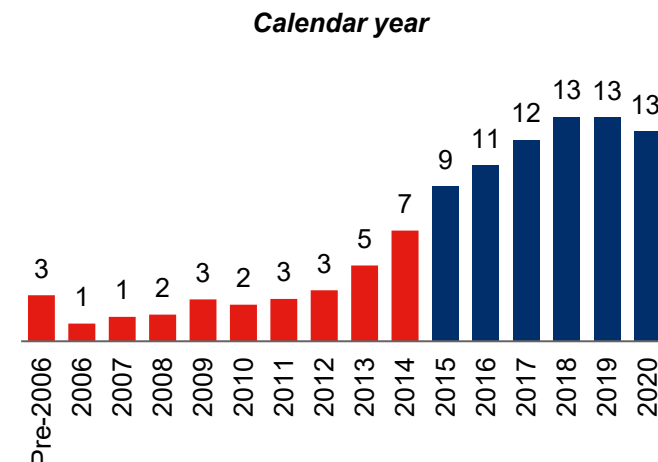
# Australian mortgage portfolio underwriting.

Mortgage asset quality

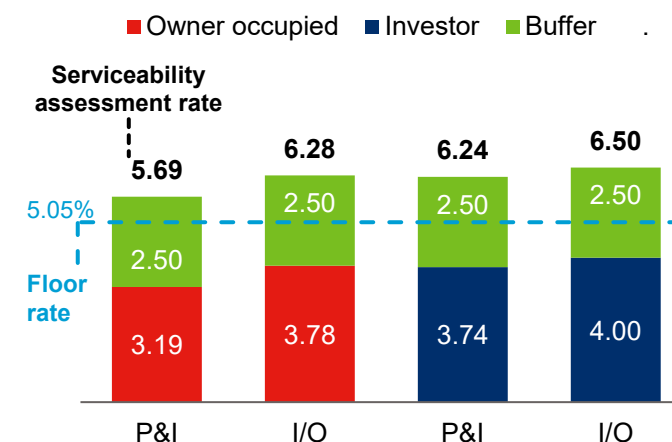
## Credit policy as at 16 October 2020

<b>Income</b>	<ul style="list-style-type: none"> <li>Income verified via payslips or tax returns with other supporting documentation such as PAYG income statements and salary credits to accounts where required (minimum standards for documents apply)</li> <li>Discount of at least 20% applies to less certain income sources i.e. rental income, 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>Expenses are 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 adjusted 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, interest rate applied to all mortgage debt is the greater of:                             <ul style="list-style-type: none"> <li>Actual interest rate plus buffer of 2.50%; and</li> <li>Minimum assessment rate of 5.05% (effective 9 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>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 Debt-to-Income lending from 6x; above 7x referred for manual credit assessment</li> <li>Credit card repayments assessed at 3.8% of limit</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;85%). First Home Owners Grants 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 high LVRs. Exception policy applies for certain professionals and Westpac Group staff</li> </ul>

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



## Variable mortgage interest rates<sup>2</sup> (%)



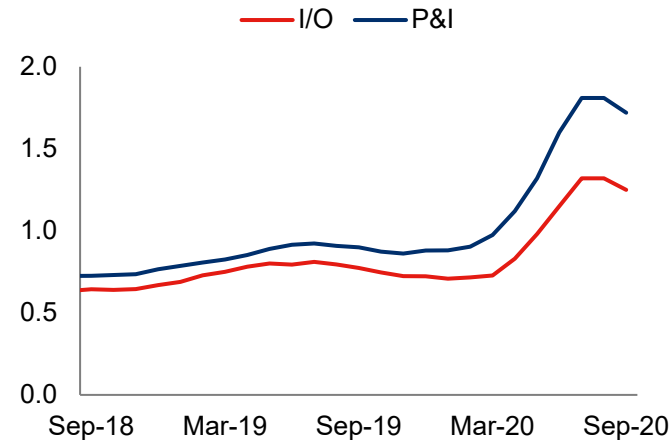
<sup>1</sup> HEM is the Household Expenditure Measure, produced by the Melbourne Institute. <sup>2</sup> Interest rates for Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount assuming loan amount above \$250,000 and LVR <70%. Pricing at 16 October 2020.

# Interest only mortgages.

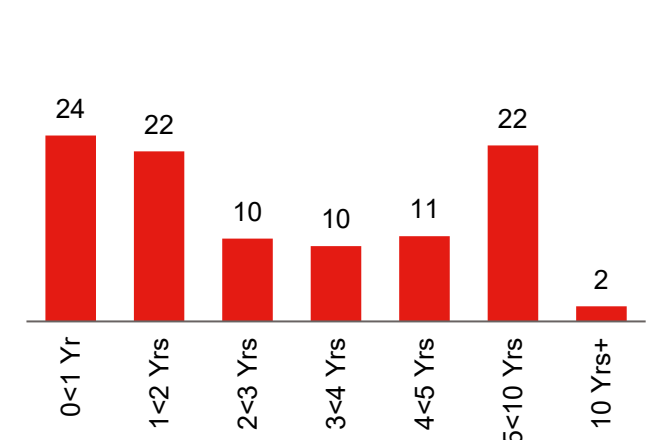
21% of the total Australian mortgage portfolio.

- 72% weighted average LVR at origination<sup>1</sup>
- 63% of customers ahead of repayments (including offset accounts)<sup>2</sup>
- 90+ day delinquencies 125bps (compared to P&I portfolio 172bps)
- Annualised loss rate (net of insurance claims) 4bps (1H20:5bps, 2H19: 5bps)

## Australian mortgage delinquencies (%)



## Scheduled I/O term expiry<sup>4</sup> (% of total I/O loans)



## I/O lending by dynamic LVR<sup>3</sup> and income band (%)

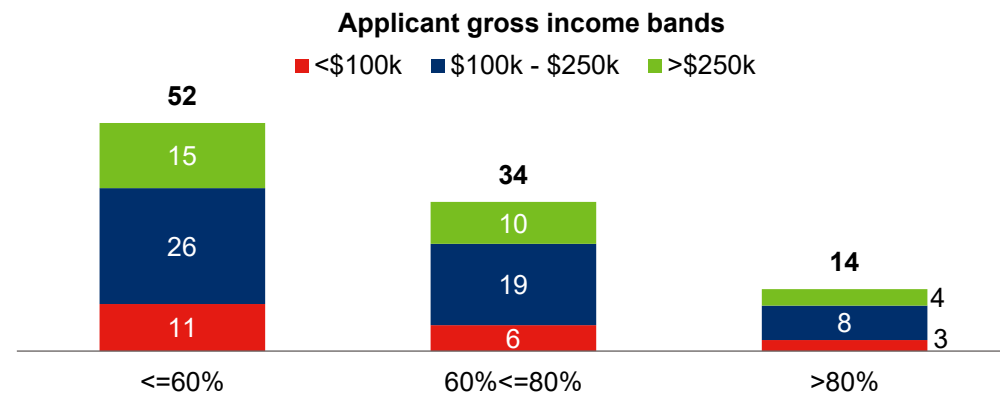
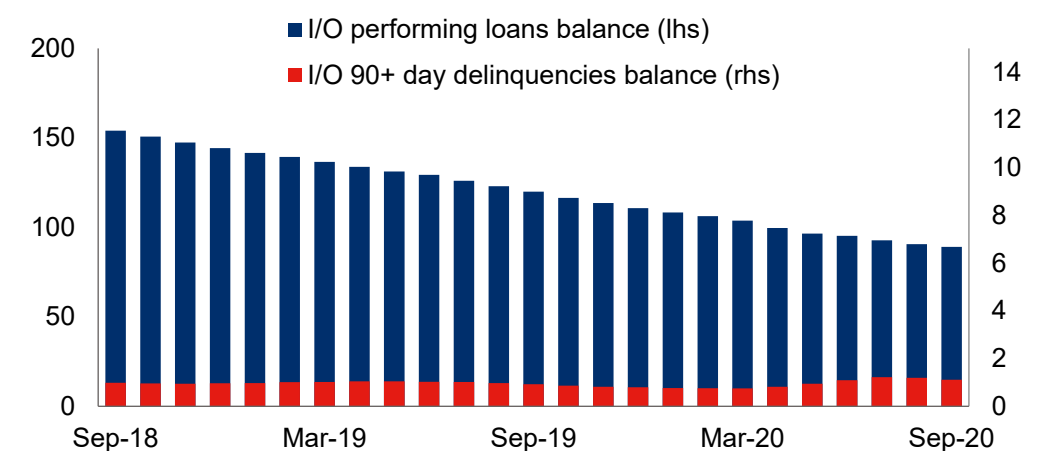


Chart does not add due to rounding **Dynamic LVR bands (%)**

## Australian I/O loan portfolio (\$bn)



<sup>1</sup> Weighted average LVR calculation takes into account size of outstanding balances. <sup>2</sup> Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. <sup>3</sup> Excludes RAMS. 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>4</sup> 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.

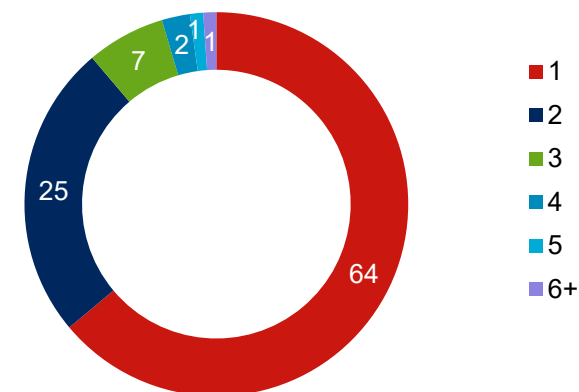
# Australian investment property portfolio.

Mortgage asset quality

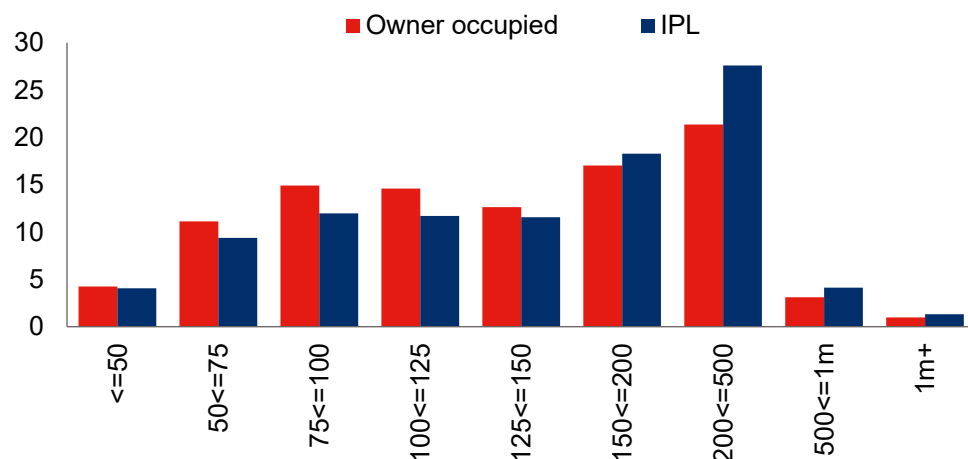
Portfolio reducing.

Investment property lending (IPL) portfolio		Sep-19	Mar-20	Sep-20
Investment property loans (\$bn)		172	167	161
Weighted averages <sup>1</sup>	LVR of IPL loans at origination (%)	72	72	72
	LVR of new IPL loans in the period <sup>2</sup> (%)	70	70	69
	Dynamic LVR <sup>3</sup> of IPL loans (%)	60	57	57
Average loan size <sup>4</sup> (\$'000)		322	322	320
Customers ahead on repayments including offset accounts <sup>5</sup> (%)		59	60	62
90+ day delinquencies (bps)		73	78	148
Annualised loss rate (net of insurance claims) (bps)		4	5	3

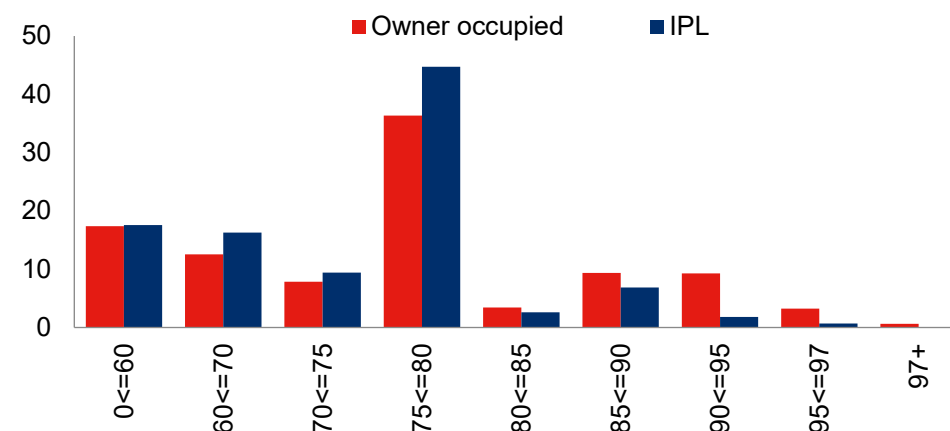
## Investment property portfolio by number of properties per customer (%)



## Mortgage portfolio by gross income band (%)



## Mortgage portfolio by LVR at origination (%)



<sup>1</sup> Weighted average LVR calculation takes into account size of outstanding balances. <sup>2</sup> Average LVR of new loans is on rolling 6 month window. <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 Australian Property Monitors. <sup>4</sup> Includes amortisation. Calculated at account level where split loans represent more than one account. <sup>5</sup> Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

# Lenders mortgage insurance arrangements.

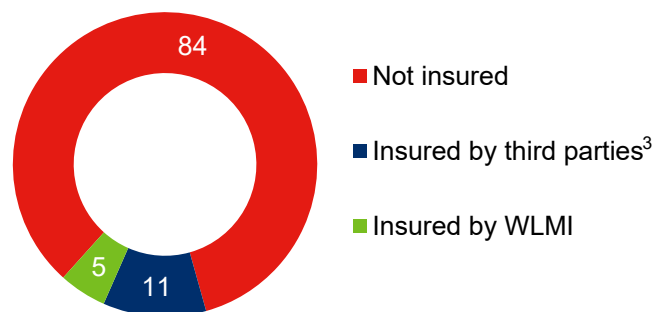
Mortgage asset quality

Separately capitalised to the bank.

## Lenders mortgage insurance (LMI)

- Where mortgage insurance is required, mortgages are insured through Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance<sup>1</sup> (WLMI), and reinsured through external LMI providers, based on risk profile
- WLMI is well capitalised (separate from bank capital) and subject to APRA regulation. WLMI targets a capitalisation ratio of 1.2x PCR<sup>2</sup> and has consistently been above this target
- Scenarios indicate sufficient capital to fund claims arising from events of severe stress – estimated losses for WLMI from a 1 in 200 year event are \$85m net of re-insurance recoveries (1H20: \$85m)
- Insurance liabilities were increased over FY20, which included an allowance for the impacts of COVID-19

## Australian mortgage portfolio at 30 Sep 2020 (%)



<sup>1</sup> Since 18 May 2015 WLMI has underwritten all mortgage insurance, where required, on Westpac originated mortgages. The in-force portfolio of loans includes mortgage insurance provided by external providers. <sup>2</sup> Prudential Capital Requirement (PCR) calculated in accordance with APRA standards. <sup>3</sup> Insured coverage is net of quota share. <sup>4</sup> Low doc loans no longer sold. Refers to arrangements in place for legacy products. <sup>5</sup> Loss ratio is claims over the total earned premium plus exchange commission. <sup>6</sup> WLMI gross written premium includes loans >90% LVR reinsured with Arch Reinsurance Limited. 2H20 gross written premium includes \$61m from the arrangement (1H20: \$63m and 2H19: \$56m).

## Lenders mortgage insurance arrangements

LVR Band	insurance
<ul style="list-style-type: none"> <li>LVR ≤80%</li> <li>Low doc<sup>4</sup> LVR ≤60%</li> </ul>	Not required
<ul style="list-style-type: none"> <li>LVR &gt;80% to ≤ 90%</li> <li>Low doc<sup>4</sup> LVR &gt;60% to ≤ 80%</li> </ul>	<ul style="list-style-type: none"> <li>Where insurance required, insured through captive insurer, WLMI</li> <li>LMI not required for certain borrower groups</li> <li>Reinsurance arrangements:                             <ul style="list-style-type: none"> <li>40% risk retained by WLMI</li> <li>60% risk transferred through quota share arrangements with Arch Reinsurance Limited, Renaissance Re, Endurance Re, Everest Re, Trans Re, AWAC and Capita 2232</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>LVR &gt;90%</li> </ul>	<ul style="list-style-type: none"> <li>Where insurance required, insured through captive insurer, WLMI</li> <li>LMI not required for certain borrower groups</li> <li>100% reinsurance through Arch Reinsurance Limited</li> </ul>

## Insurance statistics

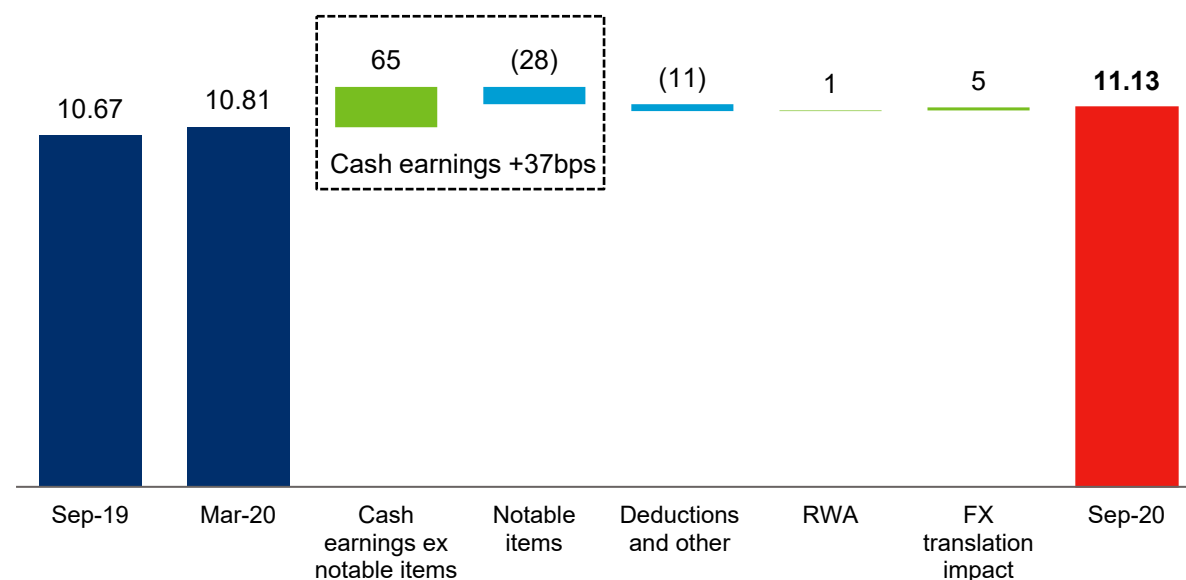
	2H19	1H20	2H20
Insurance claims (\$m)	5	5	21
WLMI claims ratio <sup>5</sup> (%)	16	15	67
WLMI gross written premiums <sup>6</sup> (\$m)	84	89	91

# Capital, funding and liquidity

# CET1 capital ratio of 11.1%.

- CET1 capital ratio of 11.13%, up 32bps from 31 March 2020
- RWA declined 1bp mostly from:
  - Lower credit RWA due to portfolio management and lower counterparty credit and mark-to-market risk
  - Partially offset by risk downgrades and a \$2.0bn overlay for corporate, business and specialised lending
- Deductions and other capital movements mostly reflect economic hedges recognised in net profit, deferred tax assets related to higher provisions and a net increase in capital held in non-consolidated subsidiaries. Partially offset by a lower deduction for goodwill
- Westpac is considering the offer of new ASX listed Additional Tier 1 capital securities. A transaction may follow, subject to market conditions<sup>1</sup>

## CET1 capital ratio movements (% , bps)



Key capital ratios (%)	Sep-19	Mar-20	Sep-20
<b>CET1 capital ratio</b>	10.7	10.8	<b>11.1</b>
Additional Tier 1 capital	2.2	2.1	<b>2.1</b>
Tier 1 capital ratio	12.8	12.9	<b>13.2</b>
Tier 2 capital	2.8	3.4	<b>3.1</b>
Total regulatory capital ratio	15.6	16.3	<b>16.4</b>
Risk weighted assets (RWA) (\$bn)	429	444	<b>438</b>
Leverage ratio	5.7	5.7	<b>5.8</b>
<b>Level 1 CET1 ratio</b>	11.0	11.1	<b>11.4</b>
<b>Internationally comparable ratios<sup>2</sup></b>			
Leverage ratio (internationally comparable)	6.4	6.3	<b>6.5</b>
CET1 capital ratio (internationally comparable)	15.9	15.8	<b>16.5</b>

<sup>1</sup> If the transaction proceeds, a disclosure document for the offer will be made available when the securities are offered. Any person who wants to acquire the securities will need to complete an online application or application form that will accompany the disclosure document. <sup>2</sup> Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015.

# Risk weighted assets.

Decrease from lower credit risk RWA.

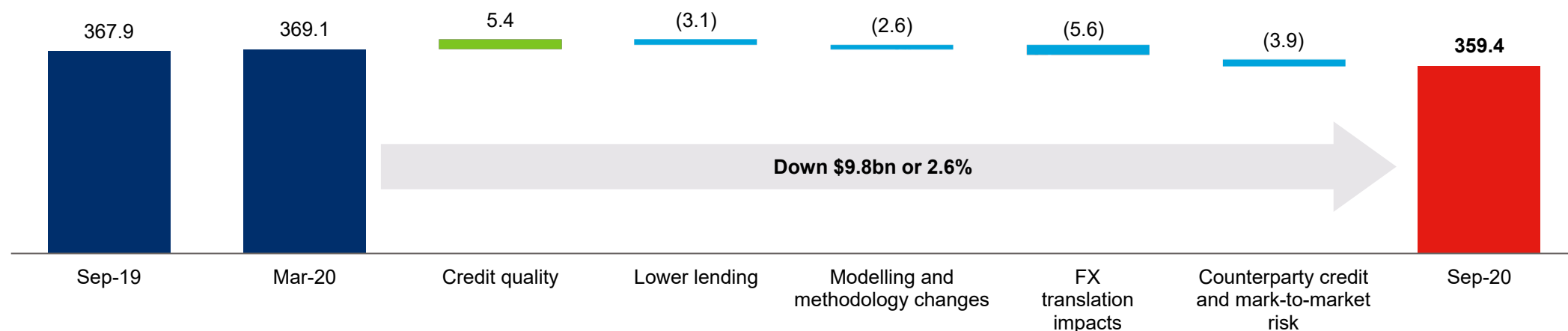
## Risk weighted assets (\$bn)



## Commentary

- RWA decreased by \$6.0bn over 2H20, mostly from lower credit RWA (CRWA), partially offset by non-credit risk
- CRWA reduced \$9.8bn due to
  - Corporate portfolio management, lower counterparty credit and mark-to-market risk, FX movements, and modelling and methodology changes
  - Partially offset by credit deterioration in corporate, business and specialised lending comprising downgrades and a \$2.0bn overlay
- IRRBB RWA increased by \$3.8bn mainly from a higher liquids portfolio

## Movement in credit risk weighted assets (\$bn)



Graph may not add due to rounding



# Internationally comparable capital ratio reconciliation.

Capital, Funding and Liquidity

APRA's Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios by Australian banks. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers<sup>1</sup>. The following details the adjustments from this study and how Westpac's APRA Basel III CET1 capital ratio aligns to an internationally comparable ratio

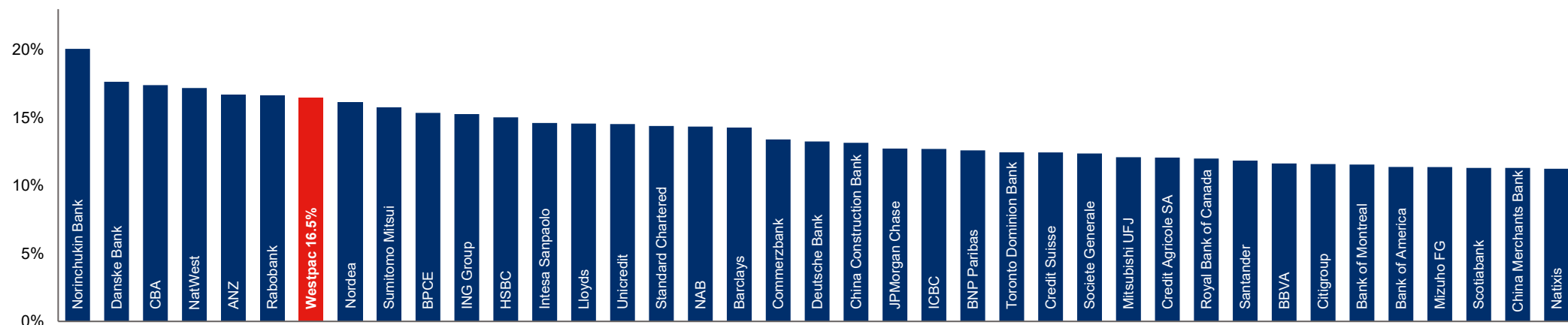
		(%)
<b>Westpac's CET1 capital ratio (APRA basis)</b>		<b>11.1</b>
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.4
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.7
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	0.3
Residential mortgages	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements. APRA also applies a correlation factor for mortgages higher than the 15% factor prescribed in the Basel rules	1.8
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements	0.7
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements	0.4
Specialised lending	Use of internal-ratings based (IRB) probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors	0.6
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures	0.2
Capitalised expenses	APRA requires these items to be deducted from CET1. The BCBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1	0.3
<b>Internationally comparable CET1 capital ratio</b>		<b>16.5</b>
<b>Internationally comparable Tier 1 capital ratio</b>		<b>19.3</b>
<b>Internationally comparable total regulatory capital ratio</b>		<b>23.2</b>

<sup>1</sup> Methodology aligns with the APRA study titled "International capital comparison study", dated 13 July 2015.

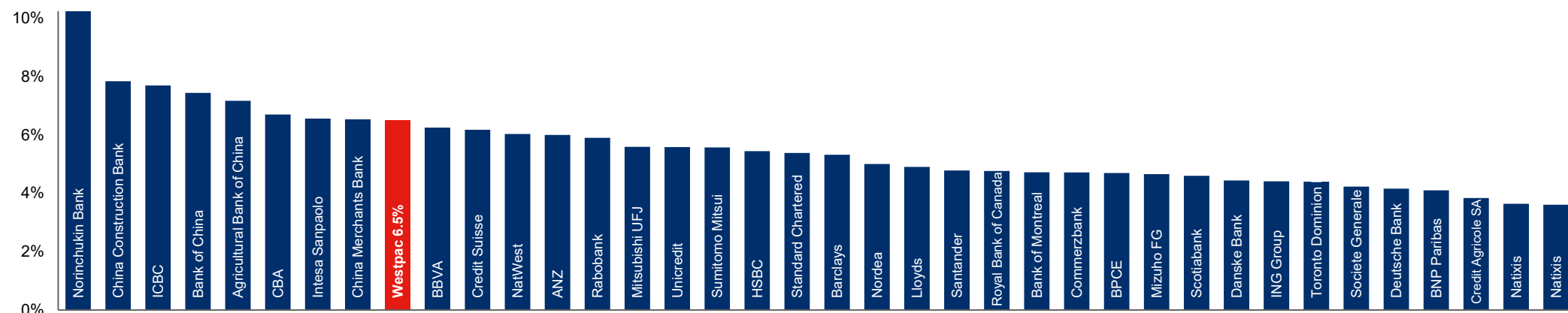
# Well placed on internationally comparable.

## CET1 and leverage ratios.

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



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

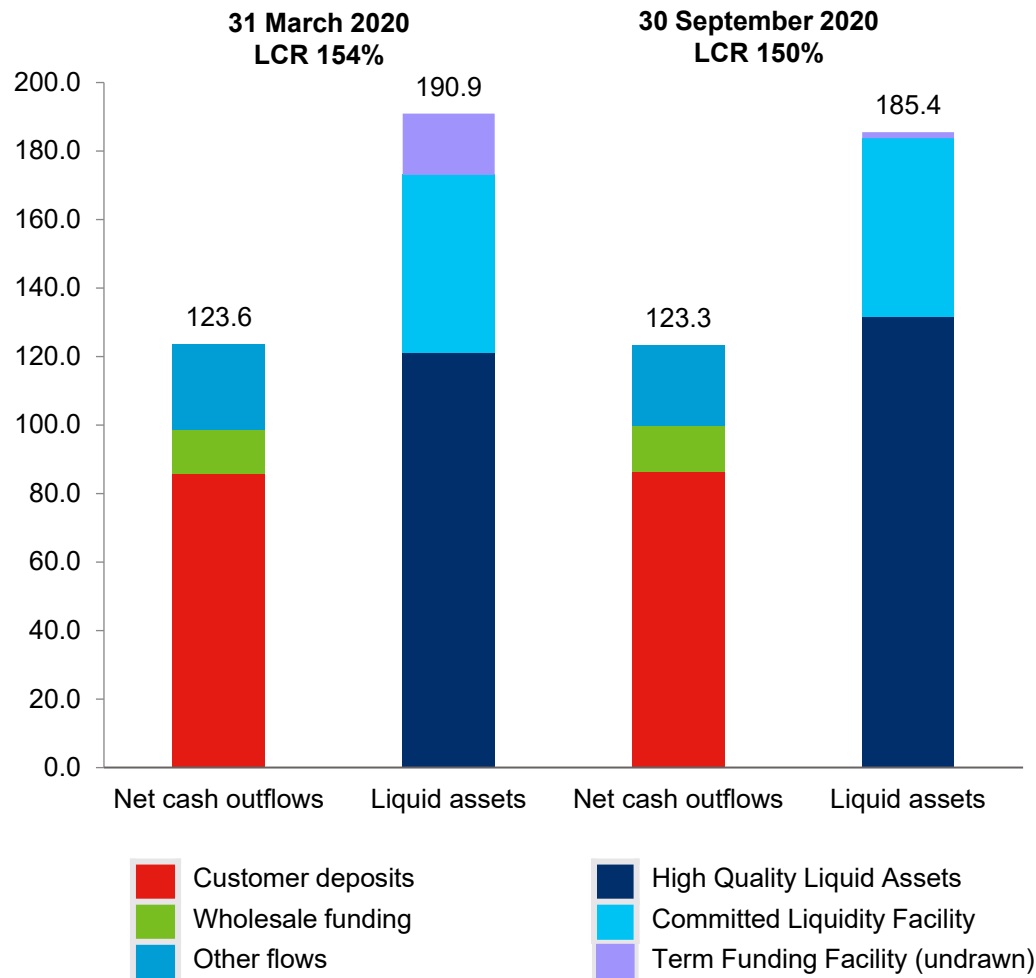


<sup>1</sup> Peer group comprises listed commercial banks with assets in excess of A\$700bn and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure to estimate. Based on company reports/ presentations. Ratios at 30 June 2020, except for ANZ and Westpac which are at 30 September 2020, NAB at 31 March 2020, and Bank of Montreal, Scotiabank, Royal Bank of Canada and Toronto Dominion are at 31 July 2020. Leverage ratio is on a transitional basis. 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. Shows ratios as at the last reporting date, which may take account of measures taken by jurisdictions in response to COVID-19.

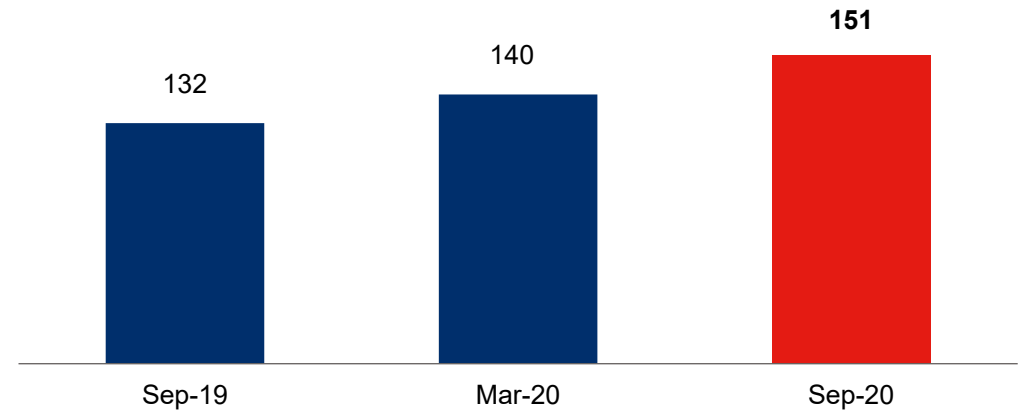
# Liquidity coverage ratio.

Liquidity remains high reflecting deposit growth and QE measures.

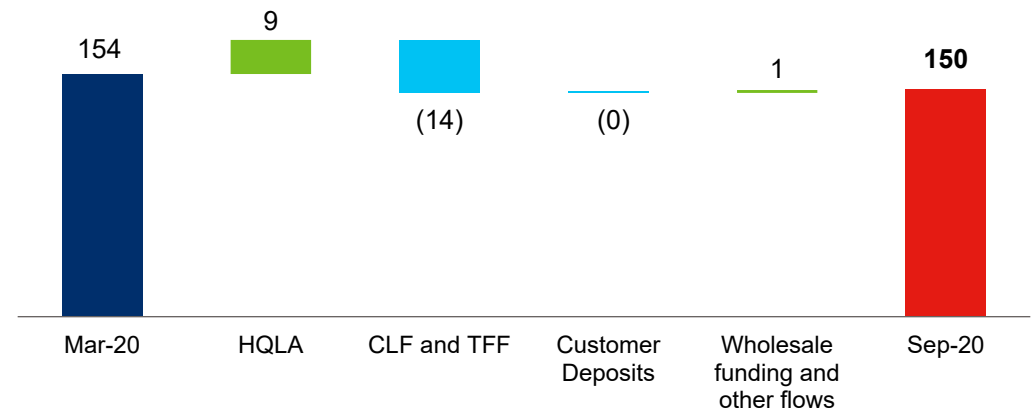
Liquidity coverage ratio (LCR)<sup>1</sup> (spot basis, \$bn and %)



Liquidity coverage ratio<sup>1</sup> (quarterly average, %)



Liquidity coverage ratio<sup>1</sup> (spot basis, %)



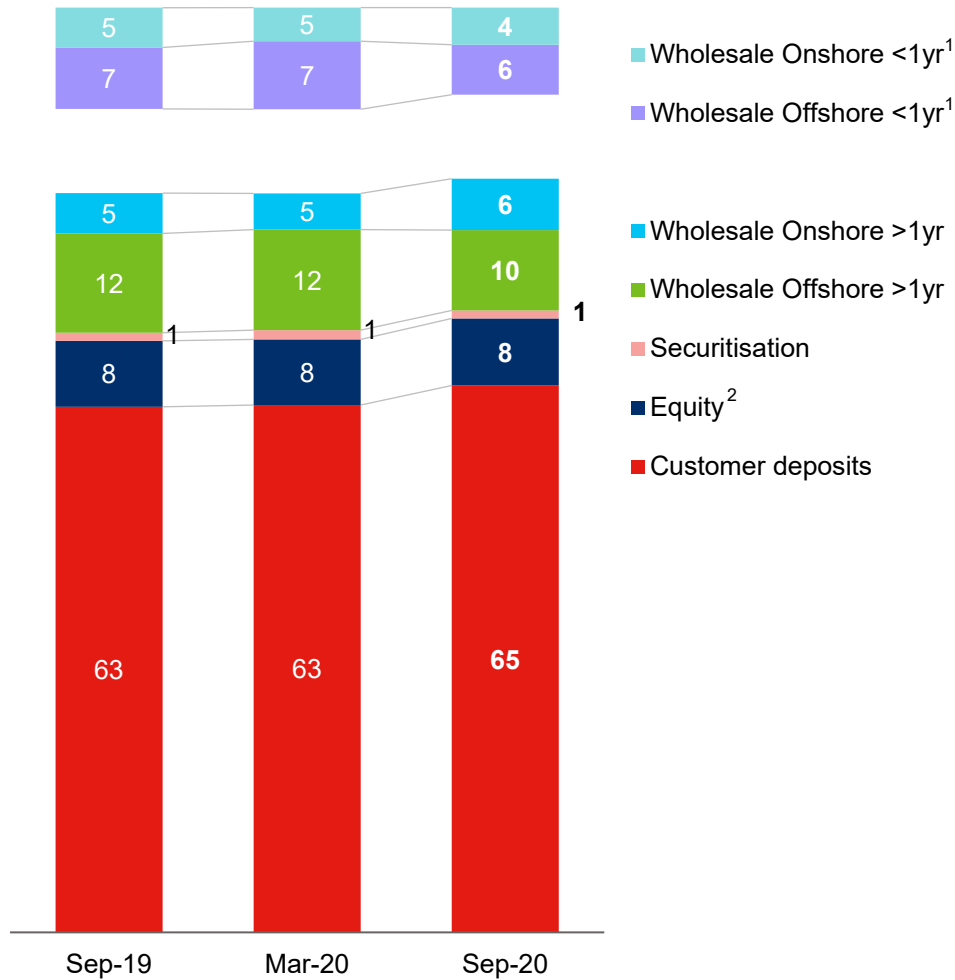
<sup>1</sup> LCR is calculated as the percentage ratio of stock of liquid assets over the total net cash outflows in a modelled 30 day defined stressed scenario. Liquid assets include HQLA as defined in APS 210, RBNZ eligible liquids, CLF eligible securities less RBA open repos funding end of day ESA balances with the RBA. The Committed Liquidity Facility (CLF) and Term Funding Facility (TFF) are made available to Australian Authorised Deposit-taking Institutions by the RBA that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 – Liquidity. Other flows include credit and liquidity facilities, collateral outflows and inflows from customers.

# Balance sheet funding.

Funding composition shift towards customer deposits.

## Funding composition (%)

By residual maturity

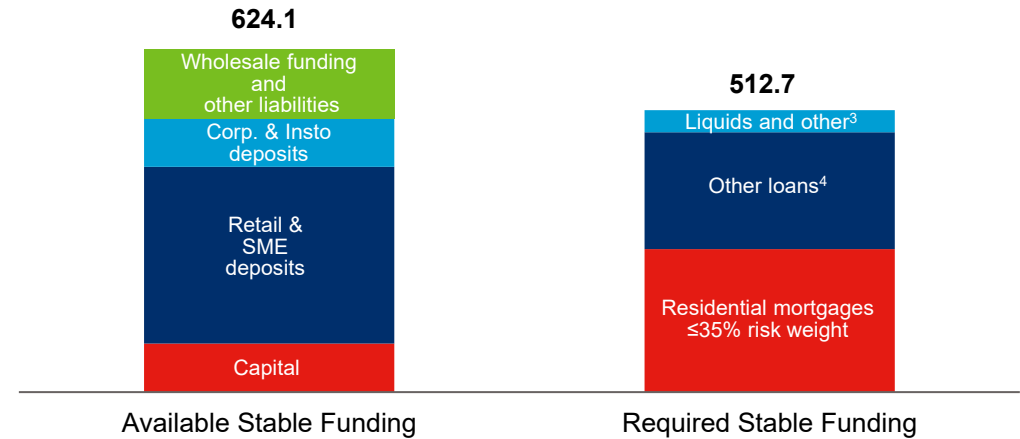


Bars may not add to 100 due to rounding

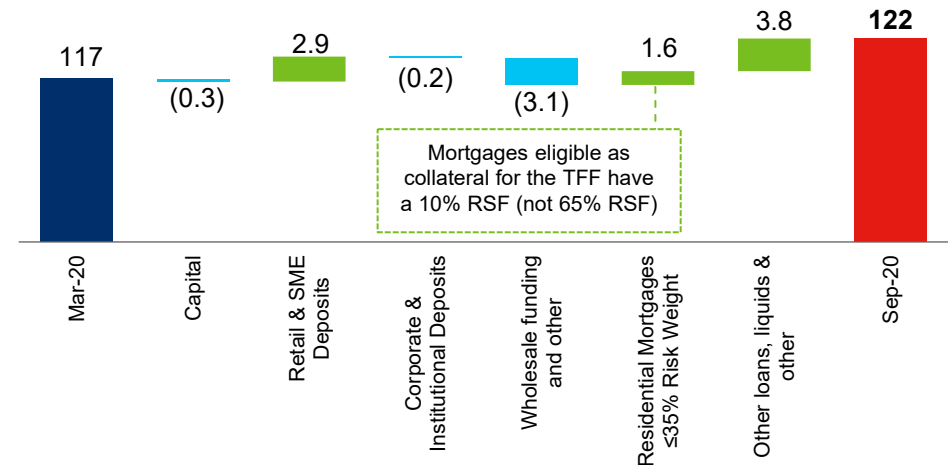
1 Includes long term wholesale funding with a residual maturity less than or equal to 1 year. 2 Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. 3 Other includes derivatives and other assets. 4 Other loans includes off balance sheet exposures and residential mortgages >35% risk weight.

## Net stable funding ratio (NSFR) (\$bn)

NSFR at 30 September 2020: 122%



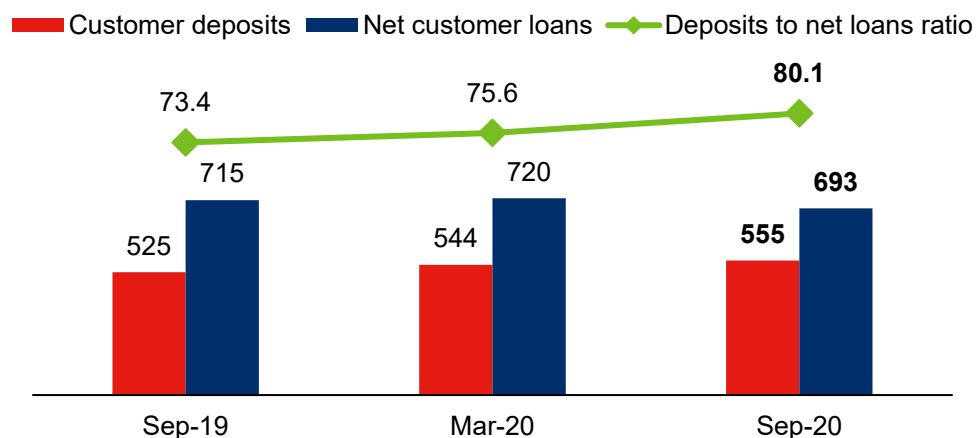
## Net stable funding ratio (NSFR) (%)



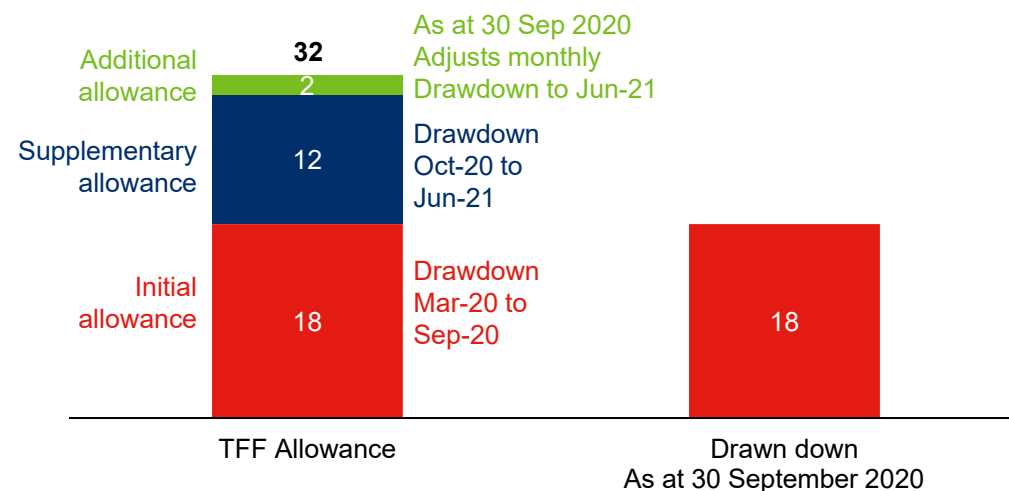
# Balance sheet funding.

Reduced need to access long term funding markets.

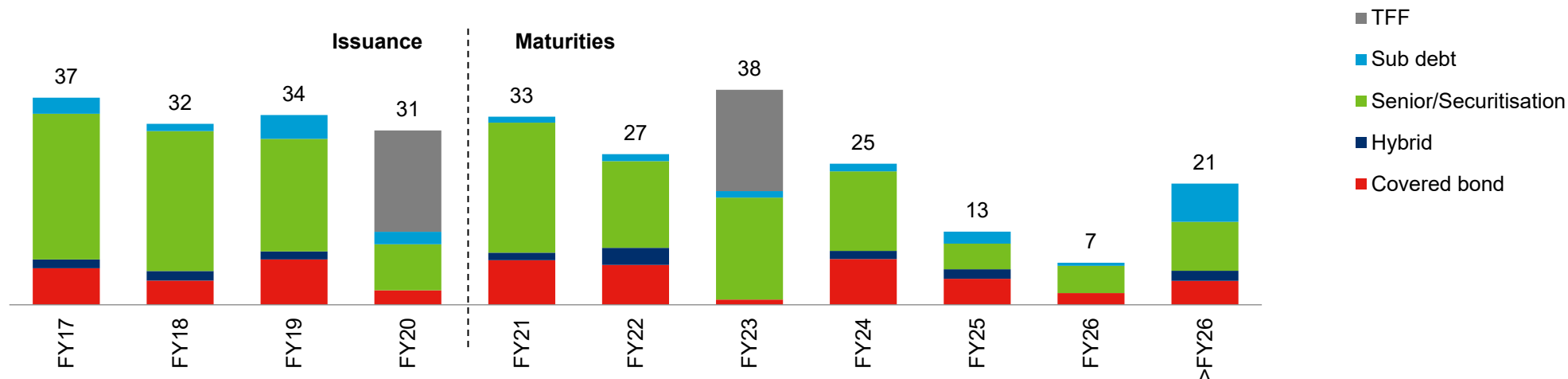
## Deposits to net loans ratio (%)



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



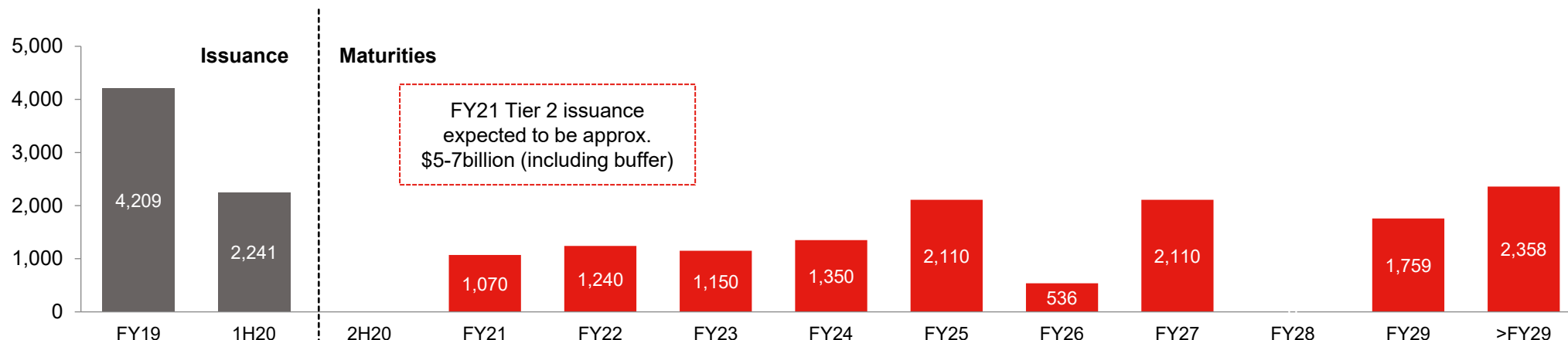
## Term debt issuance and maturity profile<sup>1,2,3</sup> (\$bn)



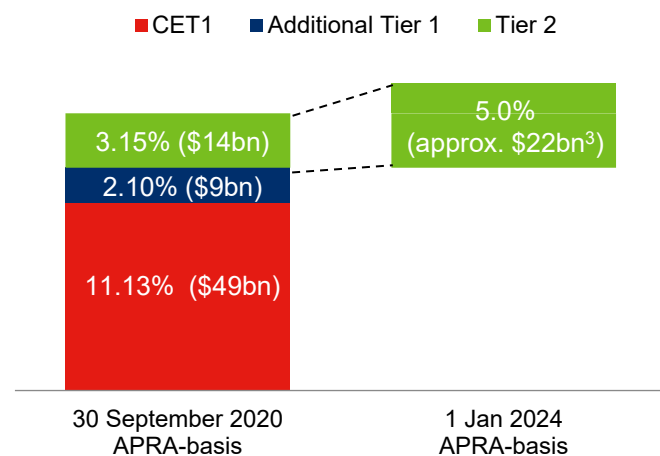
1 Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. 2 Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. 3 Perpetual sub debt has been included in >FY26 maturity bucket. Maturities exclude securitisation amortisation.

# Tier 2 capital profile.

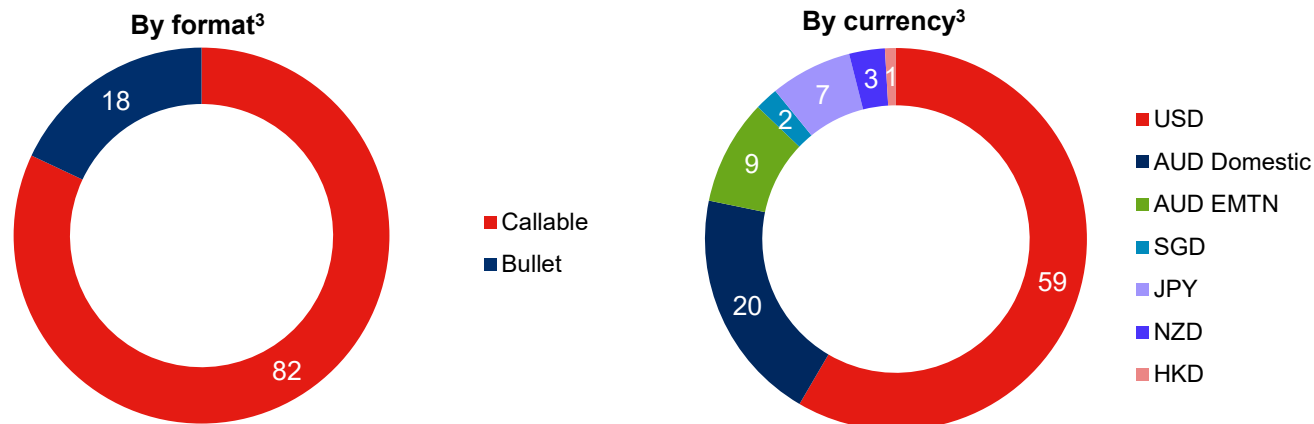
## Westpac Tier 2 issuance and calls/maturities<sup>1,2</sup> (notional amount, A\$m)



## Westpac Total Regulatory Capital



## Westpac Tier 2 capital (notional amount, %)



1 Represents AUD equivalent notional amount using spot FX translation at date of issue for issuance and spot FX translation at 30 September 2020 for maturities. 2 Securities in callable format profiled to first call date, excluding the Perpetual Floating Rate Notes issued 30 September 1986. Securities in bullet format profiled to maturity date. 3 Represents AUD equivalent notional amount using spot FX translation as at 30 September 2020.

# Divisional results

# Divisional<sup>1</sup> contributions.

Divisional results

FY20 (\$m)	Consumer	Business	WIB	NZ	Specialist Businesses	Group Businesses	Group
Operating income	9,120	4,723	2,293	2,151	1,296	1,043	20,626
Expenses	(4,176)	(2,298)	(1,316)	(998)	(1,548)	(2,364)	(12,700)
<b>Core earnings</b>	<b>4,944</b>	<b>2,425</b>	<b>977</b>	<b>1,153</b>	<b>(252)</b>	<b>(1,321)</b>	<b>7,926</b>
Impairment (charges)/benefits	(1,015)	(1,371)	(404)	(302)	(255)	169	(3,178)
Tax & non-controlling interests	(1,183)	(320)	(241)	(239)	1	(158)	(2,140)
<b>Cash earnings</b>	<b>2,746</b>	<b>734</b>	<b>332</b>	<b>612</b>	<b>(506)</b>	<b>(1,310)</b>	<b>2,608</b>

FY19 (\$m)	Consumer	Business	WIB	NZ	Specialist Businesses	Group Businesses	Group
Operating income	8,825	5,050	2,532	2,283	1,967	(2)	20,655
Expenses	(3,794)	(2,094)	(1,220)	(939)	(847)	(1,137)	(10,031)
<b>Core earnings</b>	<b>5,031</b>	<b>2,956</b>	<b>1,312</b>	<b>1,344</b>	<b>1,120</b>	<b>(1,139)</b>	<b>10,624</b>
Impairment (charges)/benefits	(582)	(172)	(31)	10	(111)	92	(794)
Tax & non-controlling interests	(1,333)	(838)	(356)	(369)	(297)	212	(2,981)
<b>Cash earnings</b>	<b>3,116</b>	<b>1,946</b>	<b>925</b>	<b>985</b>	<b>712</b>	<b>(835)</b>	<b>6,849</b>

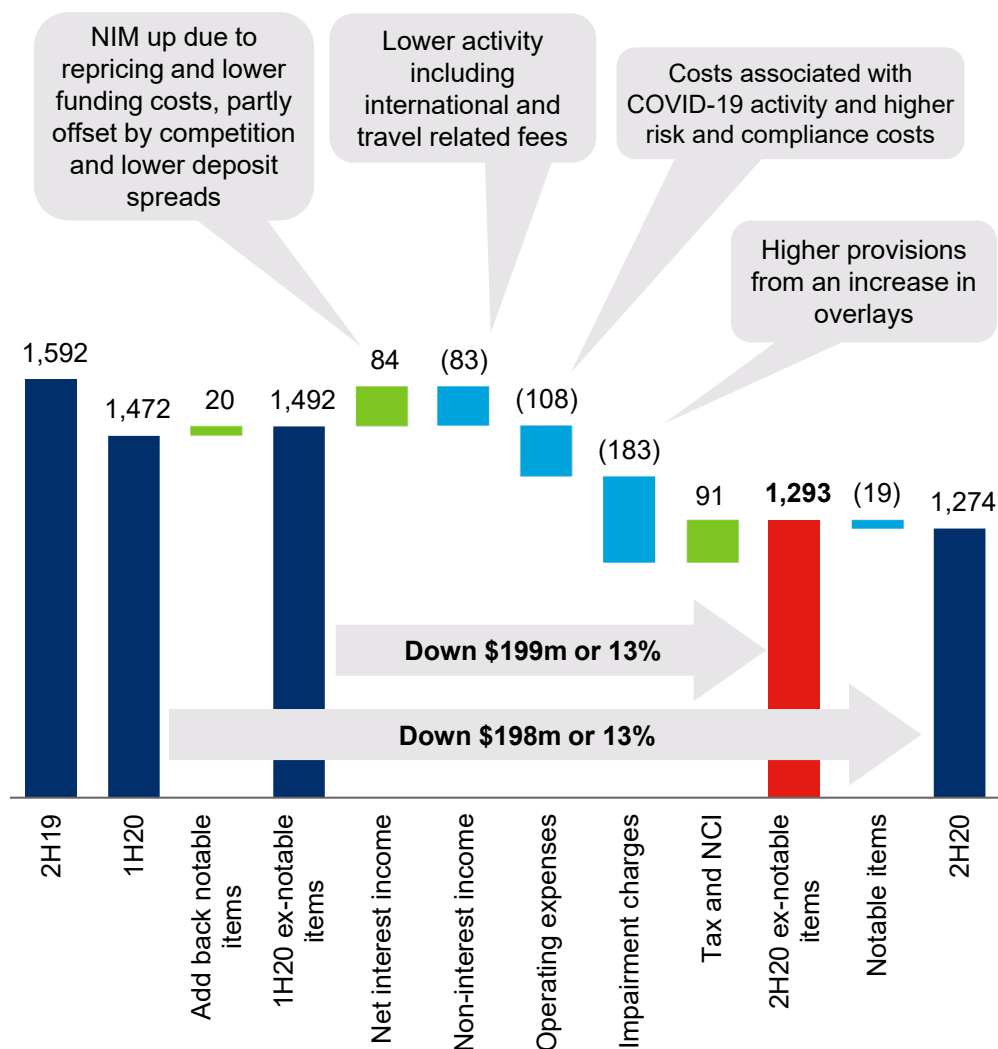
<sup>1</sup> Refer to division descriptions, page 114. NZ in A\$.



# Consumer 2H20 performance.

Consumer

## Cash earnings (\$m)



## Key financial metrics

	2H19	1H20	2H20	Change on 1H20
Revenue <sup>1</sup> (\$m)	4,494	4,560	<b>4,560</b>	–
Net interest margin <sup>1</sup> (%)	2.25	2.33	<b>2.41</b>	8bps
Expense to income <sup>1</sup> (%)	42.4	44.6	<b>47.0</b>	232bps
Customer deposit to loan ratio <sup>1</sup> (%)	51.99	52.68	<b>56.26</b>	358bps
Stressed exposures to TCE <sup>1</sup> (%)	0.79	0.83	<b>1.38</b>	55bps

## Key operating metrics

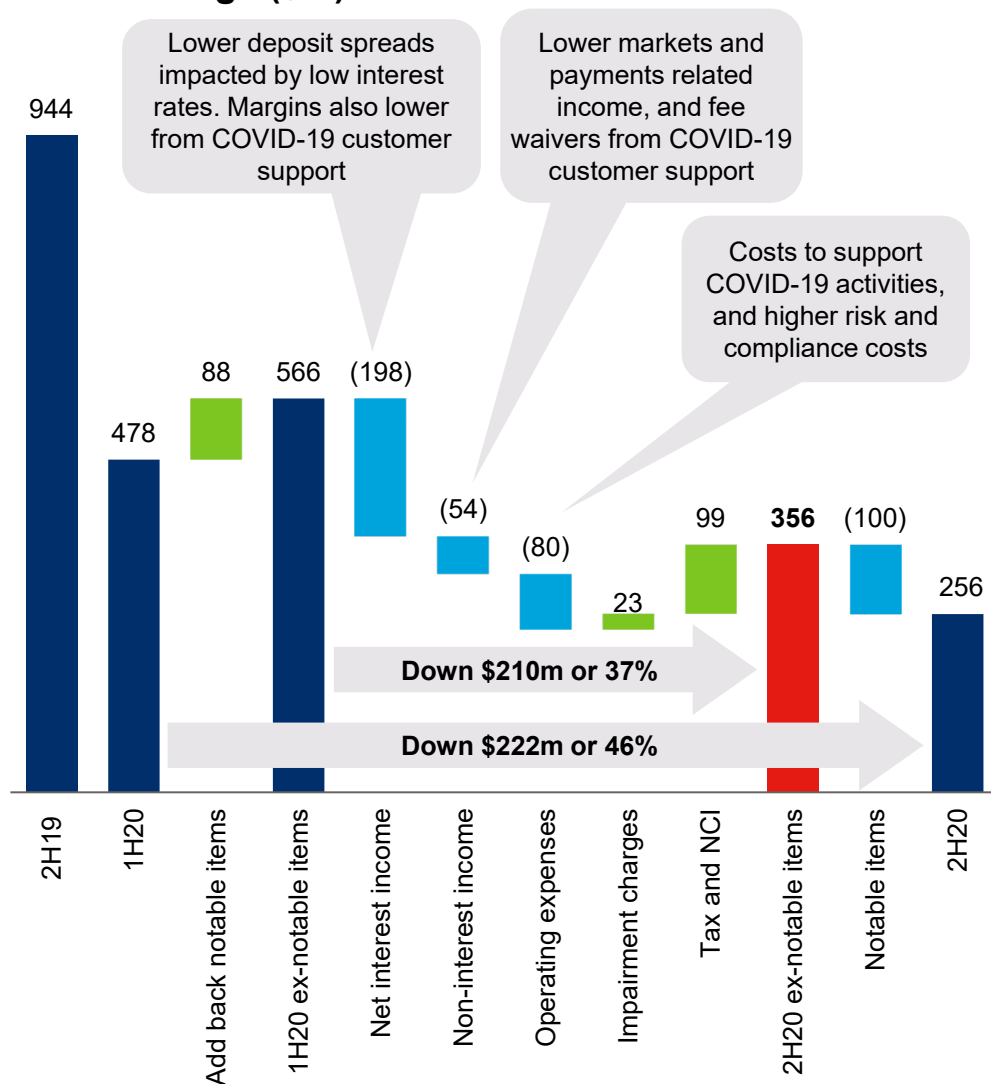
	2H19	1H20	2H20	Change on 1H20
Total customers (#m) <sup>1</sup>	9.7	9.7	<b>9.7</b>	–
Active digital banking customers (#m) <sup>1</sup>	4.45	4.49	<b>4.53</b>	1%
Branches (#) <sup>2</sup>	955	931	<b>929</b>	(2)
ATMs (#)	2,193	2,133	<b>1,399</b>	(734)
Customer satisfaction <sup>3,4</sup> 6mma <sup>5</sup>	7.3 (2 <sup>nd</sup> )	7.3 (2 <sup>nd</sup> )	<b>7.4</b> (=2 <sup>nd</sup> )	–
Net promoter score (NPS) <sup>3,4</sup> 6mma <sup>5</sup>	-8.1 (3 <sup>rd</sup> )	-8.6 (3 <sup>rd</sup> )	<b>-3.5</b> (3 <sup>rd</sup> )	–

1 Restated for the impact of customer migrations following the Group's refinement of the definition of SME customers and the creation of Specialist Businesses. 2 Includes all points of presence including Advisory and Community banking centres. 3 Refer page 117 for metric definitions and details of provider. 4 Customer satisfaction and NPS metrics refer to total Consumer customers across the Westpac Group. Data for 2H20 as at August 2020. 5 6 month moving average.

# Business 2H20 performance.

Business

## Cash earnings (\$m)



Key financial metrics	2H19	1H20	2H20	Change on 1H20
Revenue <sup>1</sup> (\$m)	2,554	2,455	<b>2,268</b>	(8%)
Net interest margin <sup>1</sup> (%)	3.18	3.05	<b>2.93</b>	(12bps)
Expense to income <sup>1</sup> (%)	41.5	43.5	<b>54.2</b>	Large
Customer deposit to loan ratio <sup>1</sup> (%)	97.1	98.1	<b>108.0</b>	Large
Stressed exposures to TCE <sup>1</sup> (%)	2.88	3.07	<b>4.70</b>	163bps

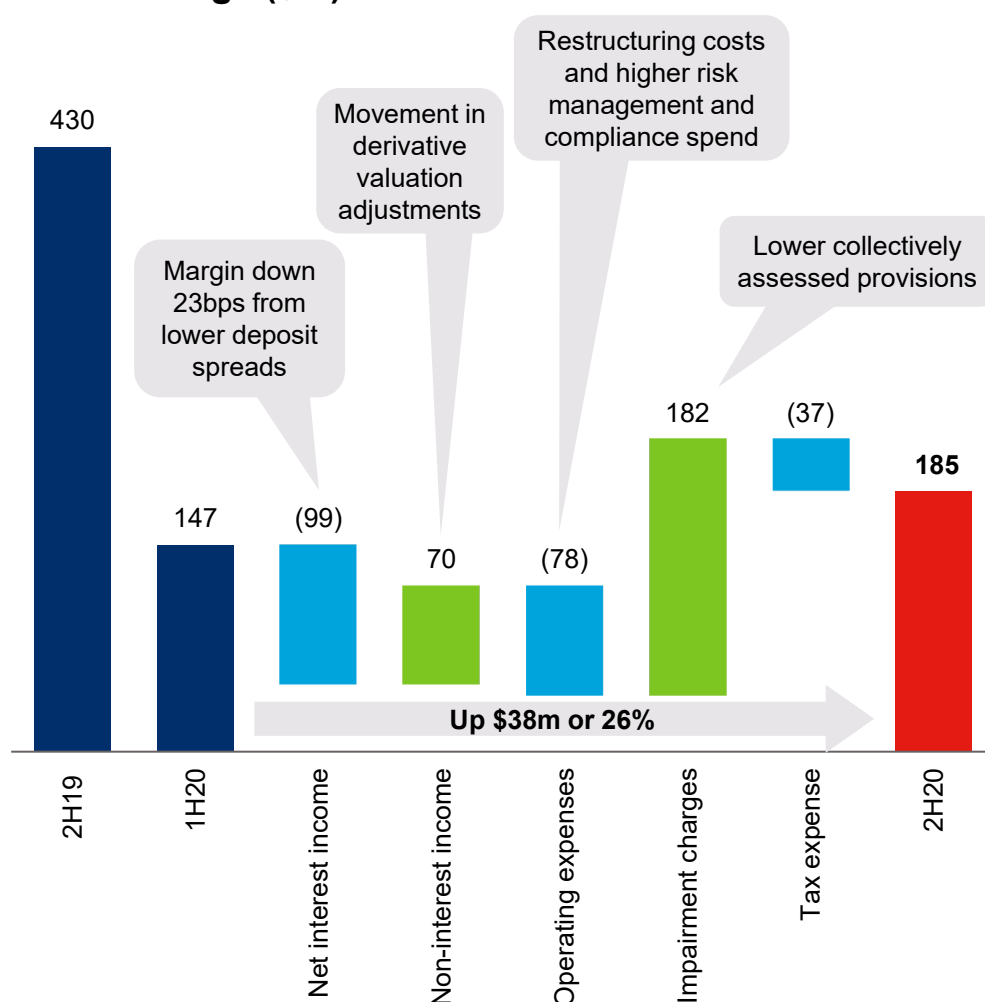
Key operating metrics	2H19	1H20	2H20	Change on 1H20
Total customers <sup>1,2</sup> ('000's)	1,019	1,021	<b>1,053</b>	3%
Customer satisfaction <sup>3</sup> (rank)	#1	#1	<b>#1</b>	–
Customer satisfaction – SME <sup>3</sup> (rank)	#1	=#1	<b>#1</b>	–
Digital sales <sup>4</sup> (%)	21	23	<b>28</b>	5ppts

<sup>1</sup> Restated for the impact of customer migrations following the Group's refinement of the definition of SME customers and the creation of Specialist Businesses. <sup>2</sup> Excludes Private Wealth customers. <sup>3</sup> DBM external ratings as at Aug 20. SME refers to Total SME. Refer page 117 for metric definition and details of provider. <sup>4</sup> Share of sales made digitally for eligible products.

# WIB 2H20 performance.

Westpac Institutional Bank

## Cash earnings (\$m)



Key financial metrics	2H19	1H20	2H20	Change on 1H20
Revenue (\$m)	1,210	1,161	<b>1,132</b>	(2%)
Net interest margin (%)	1.58	1.46	<b>1.23</b>	(23bps)
Expense to income ratio (%)	49.5	53.3	<b>61.6</b>	Large
Net loans	73.6	78.6	<b>66.2</b>	(16%)
Customer deposits	99.0	110.0	<b>102.9</b>	(6%)
Customer deposit to loan ratio (%)	134.5	139.9	<b>155.4</b>	Large
Stressed exposures to TCE (%)	0.59	1.09	<b>1.03</b>	(6bps)

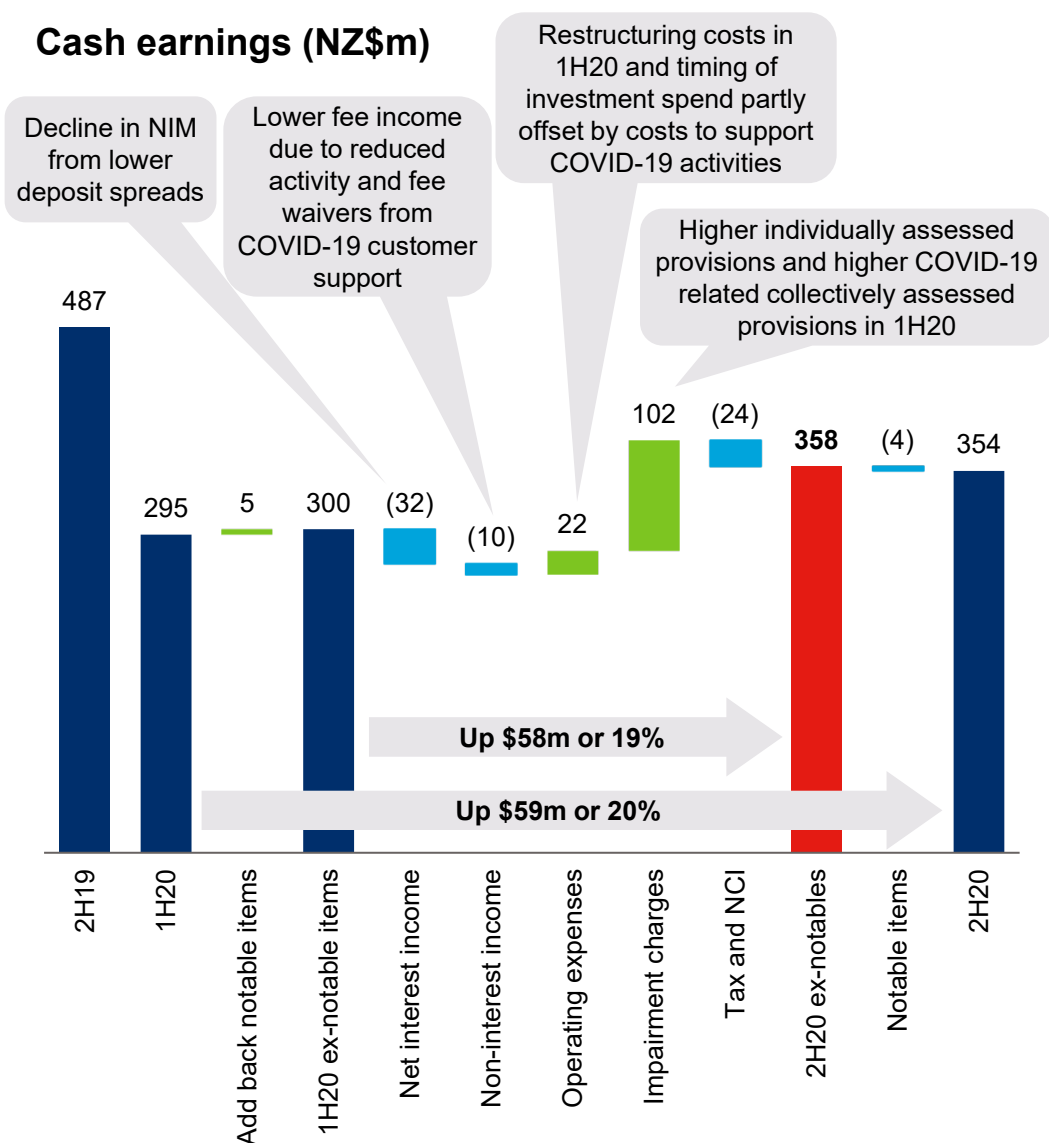
Key operating metrics	2H19	1H20	2H20	Change on 1H20
Customer revenue <sup>1</sup> / total revenue (%)	93.7	94.4	<b>88.3</b>	(Large)
Trading revenue / total revenue (%)	9.4	15.0	<b>13.1</b>	(191bps)
Revenue per FTE (\$'000)	808	784	<b>717</b>	(9%)

<sup>1</sup> WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading and derivative valuation adjustments.

# NZ 2H20 performance<sup>1</sup>.

New Zealand

## Cash earnings (NZ\$m)



1 In NZ\$ unless otherwise noted. 2 Refer page 117 for metric definition and details of provider.

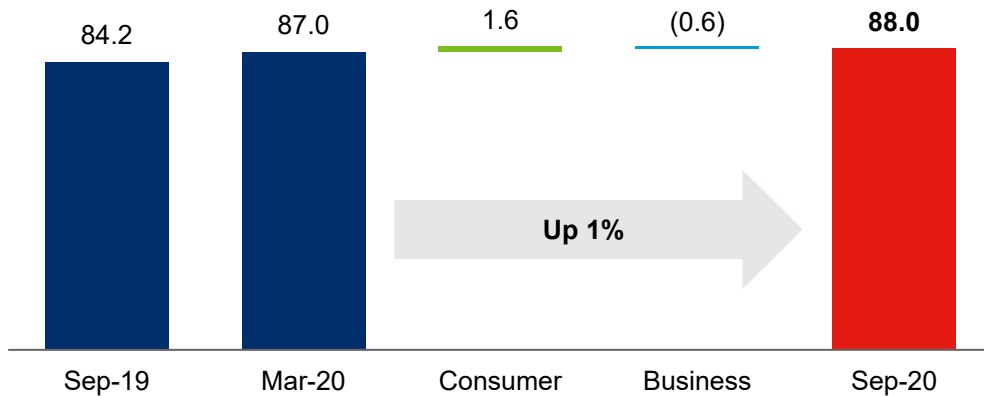
Key financial metrics	2H19	1H20	2H20	Change on 1H20
Revenue (NZ\$m)	1,167	1,162	<b>1,120</b>	(4%)
Net interest margin (%)	2.09	2.06	<b>1.89</b>	(17bps)
Expense to income (%)	44.0	46.6	<b>46.3</b>	(31bps)
Customer deposit to loan ratio (%)	76.6	79.4	<b>80.7</b>	125bps
Stressed exposures to TCE (%)	1.66	1.64	<b>1.59</b>	(5bps)

Key operating metrics	2H19	1H20	2H20	Change on 1H20
Customers (#m)	1.35	1.35	<b>1.34</b>	(1%)
Branches (#)	155	151	<b>143</b>	(8)
Consumer NPS <sup>2</sup>	+5	+21	<b>+14</b>	Down 7
Business NPS <sup>2</sup>	+3	+1	<b>+7</b>	Up 6
Agri NPS <sup>2</sup>	+20	+21	<b>+34</b>	Up 13
Funds (NZ\$bn) (spot)	11.5	10.9	<b>12.2</b>	12%
Service quality – complaints (000's)	9.3	9.6	<b>9.5</b>	(1%)

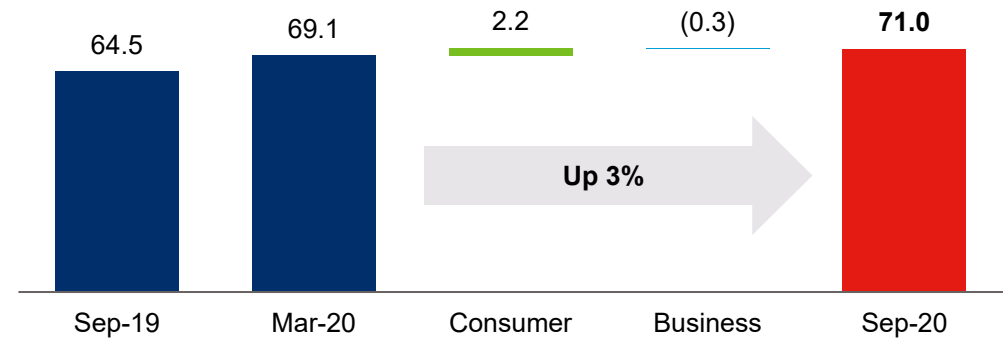
# NZ balance sheet.

New Zealand

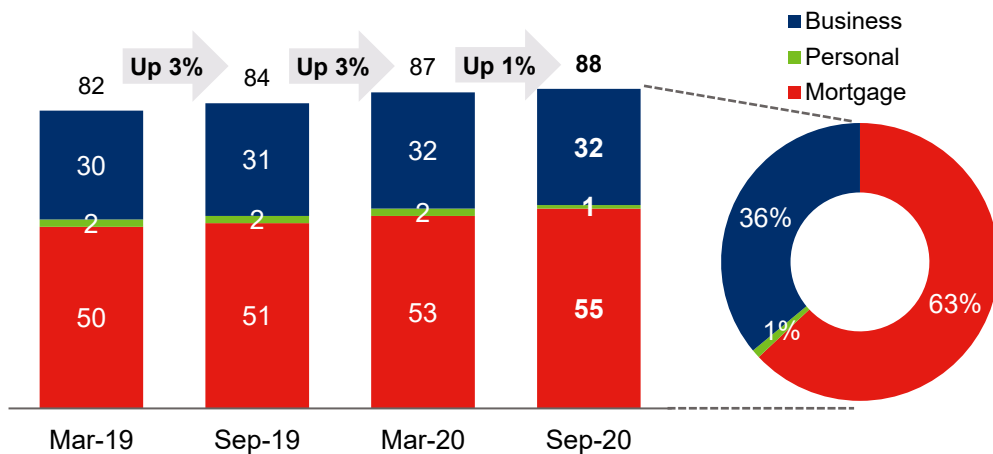
## New Zealand net loans (NZ\$bn)



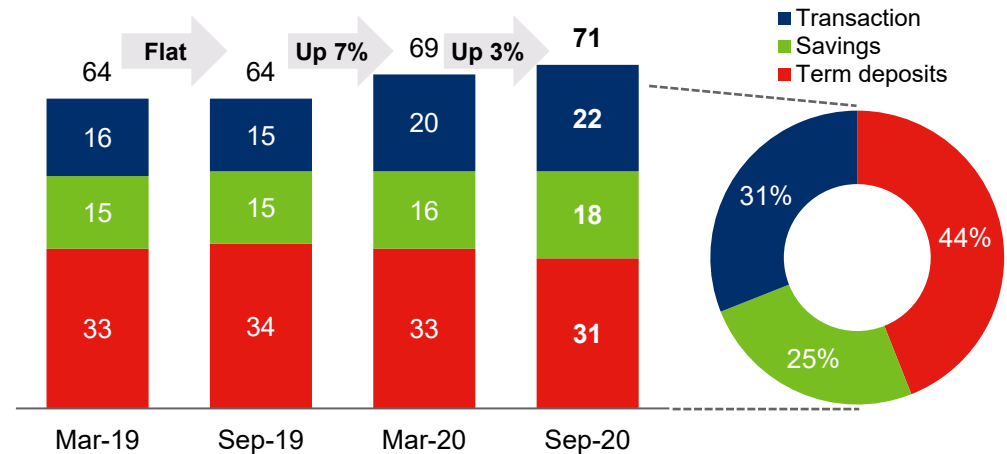
## New Zealand deposits (NZ\$bn)



## New Zealand customer loans (NZ\$bn) and % of total



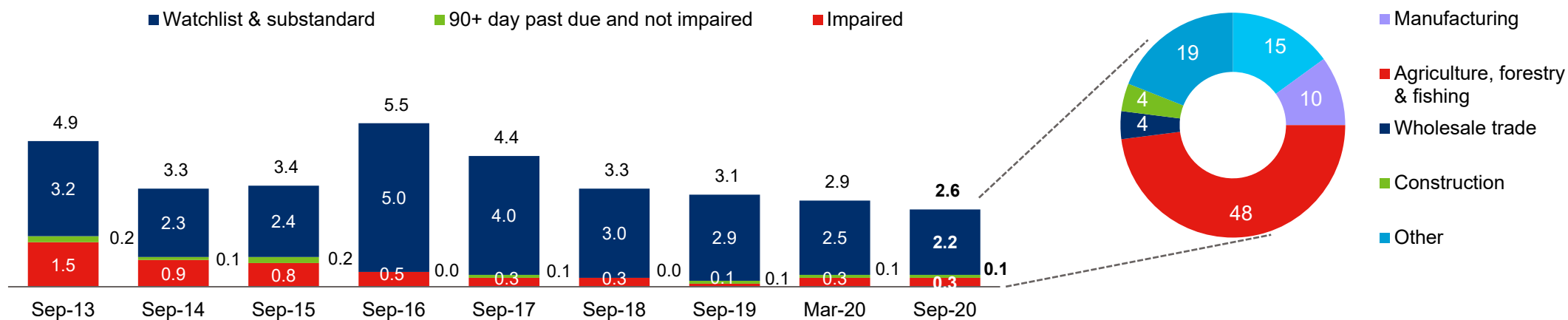
## New Zealand customer deposits (NZ\$bn) and % of total



# NZ stressed exposures.

New Zealand

## Business stressed exposures as a % of New Zealand business TCE

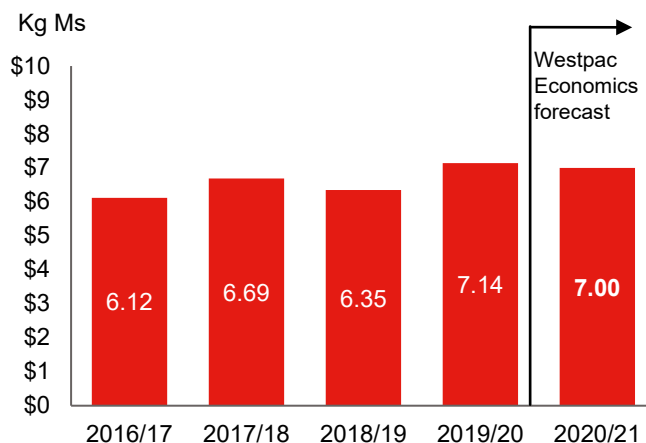


## Agribusiness portfolio

	Sep-19	Mar-20	Sep-20
TCE (NZ\$bn)	9.5	9.6	<b>10.0</b>
Agriculture as a % of total TCE	8.1	7.6	<b>7.9</b>
% of portfolio graded as 'stressed' <sup>1</sup>	10.0	9.8	<b>8.2</b>
% of portfolio in impaired	0.32	0.48	<b>0.48</b>

<sup>1</sup> Includes impaired exposures.

## Milk price (NZ\$)



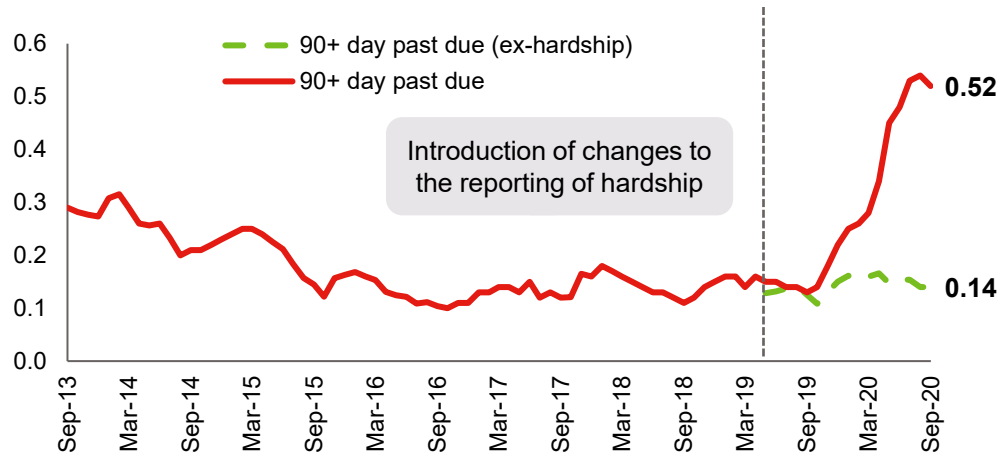
## Dairy portfolio summary

- Overall portfolio health remains sound. Dairy stressed assets declined 160 bps. Focus remains on supporting existing dairy customers with proven long-term viability
- Global dairy prices have firmed on the back of the rebound in Chinese economic growth. Fonterra has revised its 2020/21 milk price forecast range to \$6.30/kg to \$7.30/kg, while Westpac has lifted its forecast to \$7.00/kg
- Uncertainty around environmental regulations, rising compliance costs, world economy weakness and geopolitical tensions are ongoing risks to the dairy sector outlook

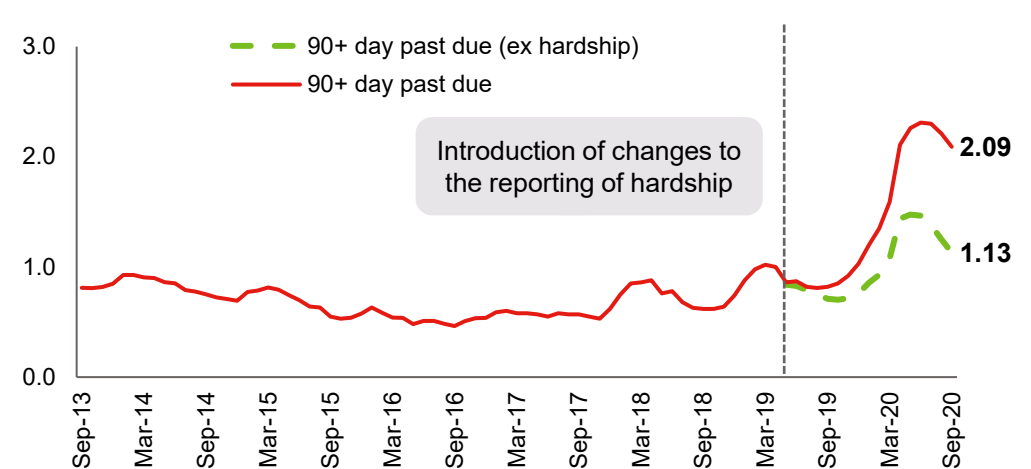
# NZ consumer portfolio.

New Zealand

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

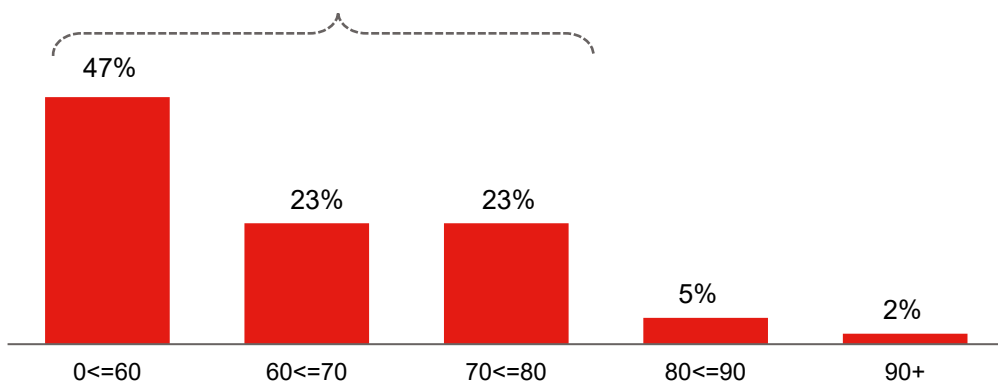


## Unsecured consumer 90+ day delinquencies<sup>1</sup> (%)

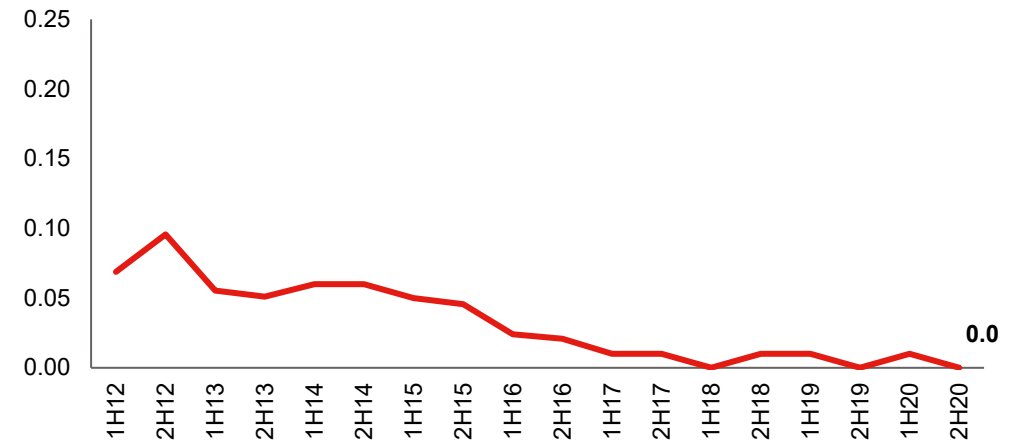


## Mortgage portfolio LVR<sup>2</sup> (%) of portfolio

93% of mortgage portfolio less than 80% LVR



## Mortgage loss rates each half (%)

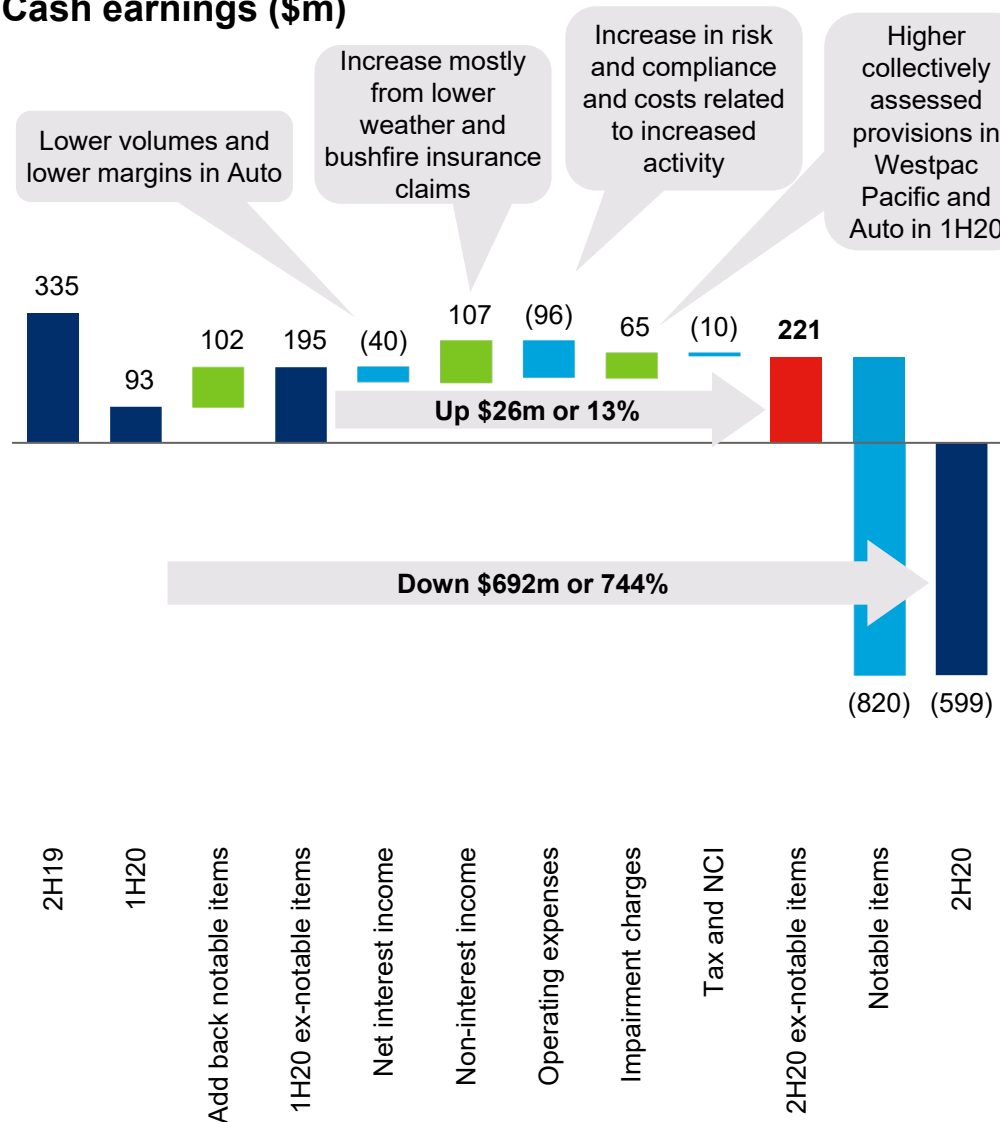


<sup>1</sup> In May 2019 we made changes to the reporting of customers in hardship to align to the method used by APRA. <sup>2</sup> LVR based on current loan property value at latest credit event.

# Specialist Businesses 2H20 performance.

Specialist Businesses

## Cash earnings (\$m)



Key financial metrics	2H19	1H20	2H20	Change on 1H20
Funds (\$bn)	207	179	<b>193</b>	8%
Retail Life Insurance in-force premiums (\$m)	960	949	<b>942</b>	(1%)
General Insurance GWP <sup>1</sup> (\$m)	279	273	<b>282</b>	3%
Lenders mortgage insurance (LMI) GWP (\$m)	84	89	<b>91</b>	2%
Auto and Vendor Finance loans (\$bn)	13.7	13.0	<b>12.0</b>	(8%)
Westpac Pacific loans (\$bn)	1.8	1.8	<b>1.6</b>	(11%)
Deposits on platforms (\$bn)	5.4	5.2	<b>4.9</b>	(6%)

Key operating metrics	2H19	1H20	2H20	Change on 1H20
Life insurance claims (loss) ratio (%)	53	54	<b>48</b>	(6ppts)
LMI claims (loss) ratio (%) <sup>2</sup>	16	15	<b>67</b>	Large
Investors on Panorama (#)	44,314	54,781	<b>67,109</b>	23%
SMSFs on Panorama (#)	9,289	10,981	<b>12,310</b>	12%
Platform market share (inc. Corp Super) (%) <sup>3</sup>	18	18	<b>18</b>	–

<sup>1</sup> Gross written premium. <sup>2</sup> Loss ratio is claims net of reinsurance over the total earned premium plus exchange commission. <sup>3</sup> Strategic Insights, June 2020.



# Economics

# Australian and New Zealand economic forecasts.

Economics

Key economic indicators (%) at October 2020		2019	2020F	2021F
<b>World</b>	<b>GDP<sup>1</sup></b>	<b>2.8</b>	<b>-4.0</b>	<b>6.0</b>
<b>Australia</b>	<b>GDP<sup>2</sup></b>	<b>2.3</b>	<b>-3.5</b>	<b>2.8</b>
	Private consumption <sup>2</sup>	1.3	-4.8	4.2
	Business investment <sup>2,3</sup>	-0.3	-11.3	2.2
	Unemployment – end period	5.2	7.5	7.5
	CPI headline – year end	1.8	0.6	1.6
	Interest rates – cash rate	0.75	0.10	0.10
	Credit growth, Total – year end	2.3	1.2	1.6
	Credit growth, Housing – year end	3.0	3.2	3.3
	Credit growth, Business – year end	2.4	-0.2	-0.6
<b>New Zealand</b>	<b>GDP<sup>2</sup></b>	<b>1.8</b>	<b>-2.6</b>	<b>4.3</b>
	Unemployment – end period	4.1	6.2	6.5
	Consumer prices	1.9	1.0	0.5
	Interest rates – official cash rate	1.00	0.25	-0.50
	Credit growth, Total – year end	5.7	3.2	4.2
	Credit growth, Housing – year end	6.9	6.4	6.9
	Credit growth, Business – year end	4.6	-0.6	0.1

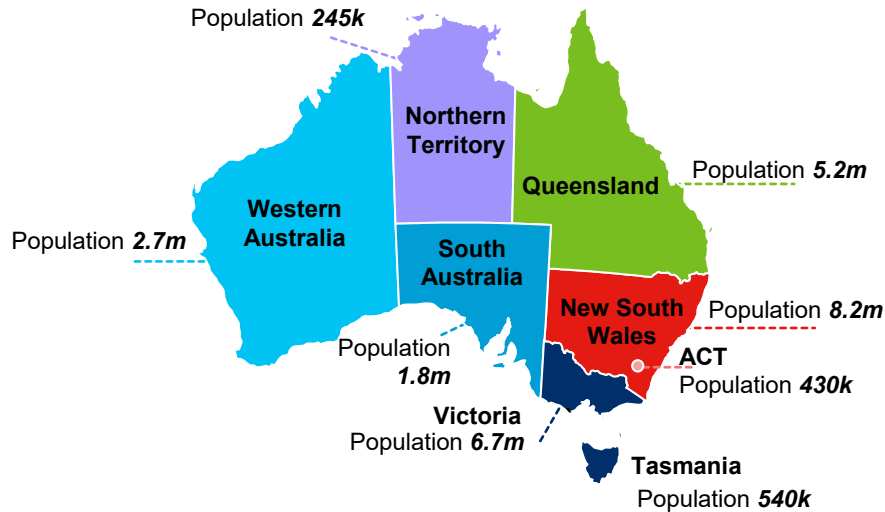
Source: Westpac Economics.

1 Year average growth rates. 2 Through the year growth rates. 3 Business investment adjusted to exclude the effect of public sector purchases of public assets.

# The Australian economy.

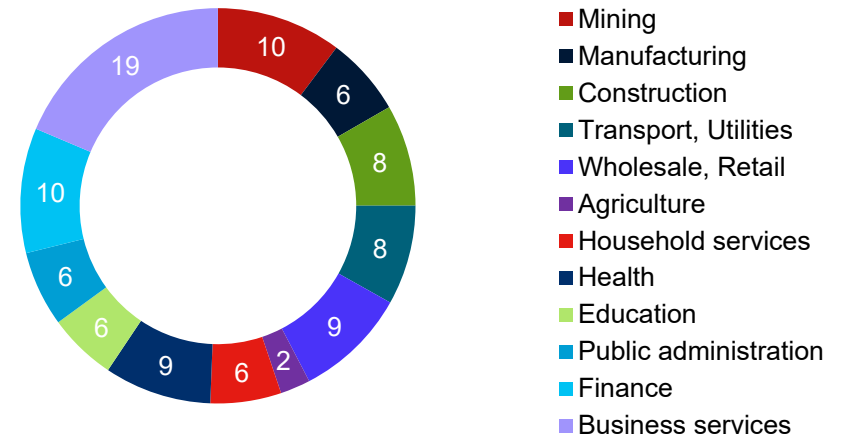
Population 25.7 million.

## Australian population

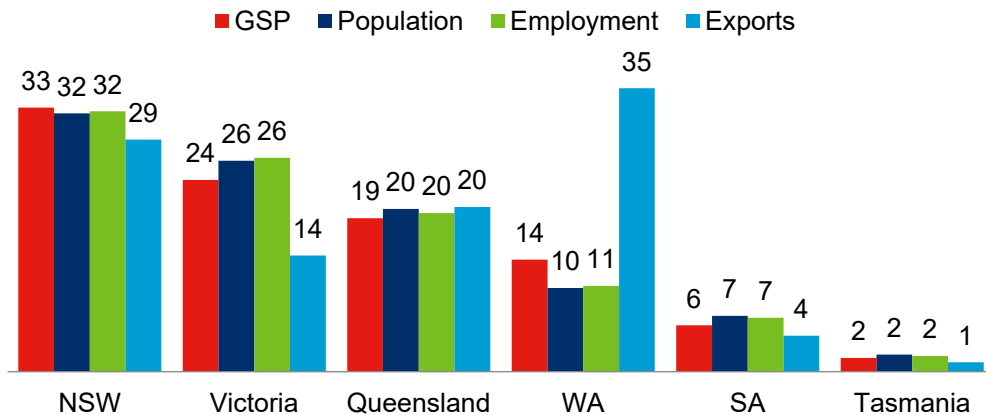


## Australian GDP and employment composition

Output 2019 - sector contribution to GDP (%)<sup>1</sup>

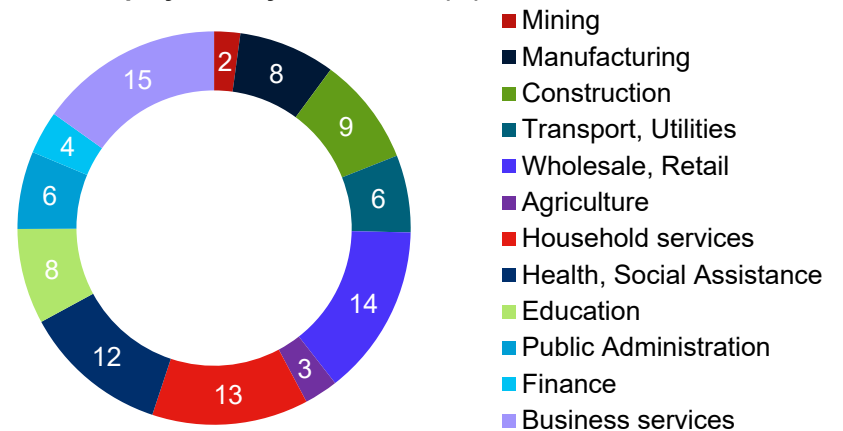


## Relative size of States (Share of Australia, 2018/19, %)



Sources: ABS, Westpac Economics  
<sup>1</sup> Real, financial years, experimental estimates.

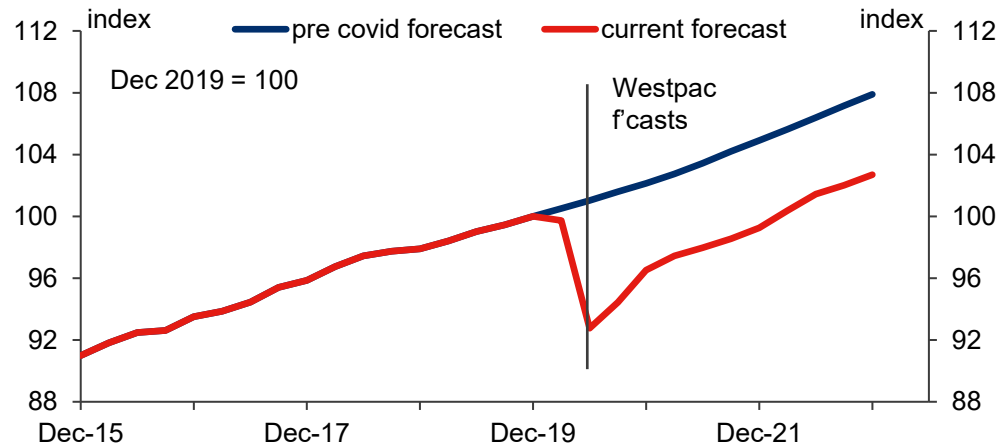
Australian employment by sector 2019 (%)



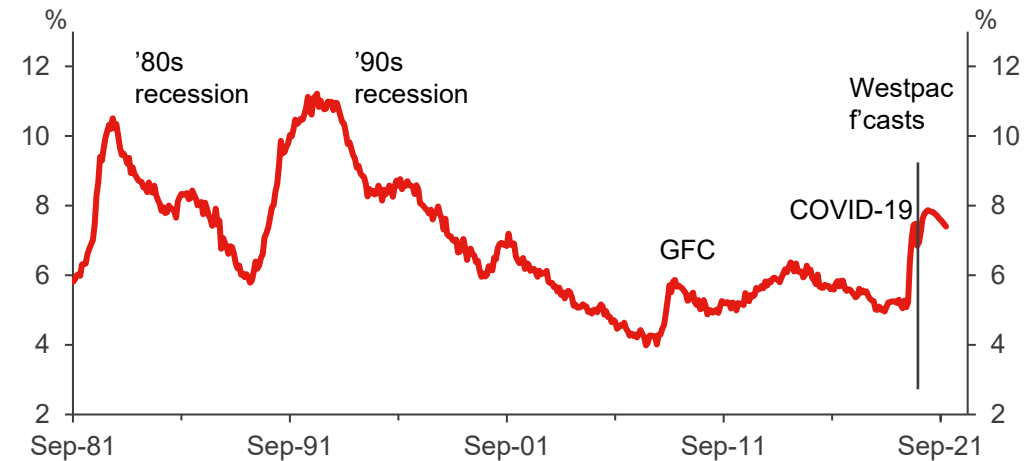
# The Australian economy.

A recession like no other.

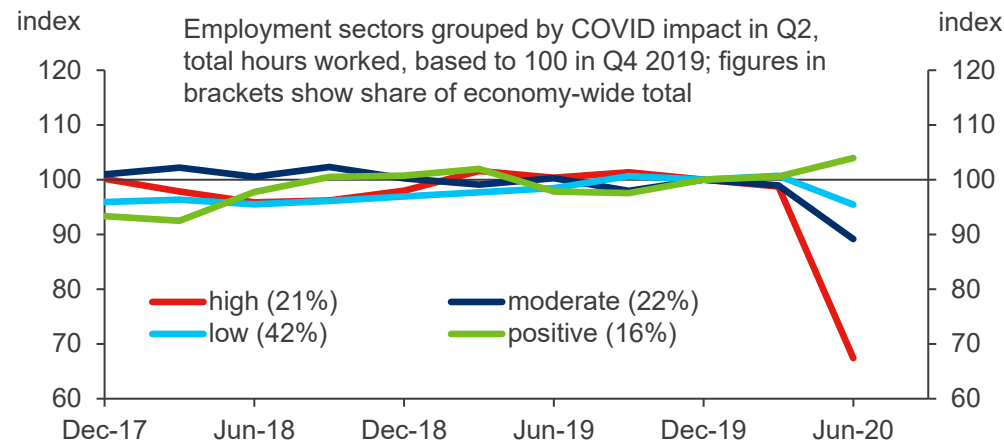
## Australia's GDP profile (index)



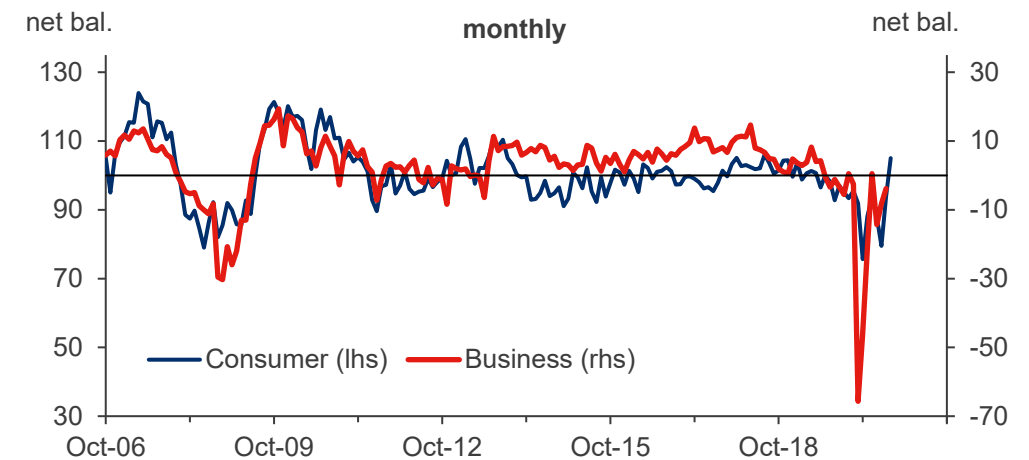
## Unemployment rate<sup>1</sup> (%)



## Some sectors impacted extremely hard in Q2



## Consumer & business confidence (index)



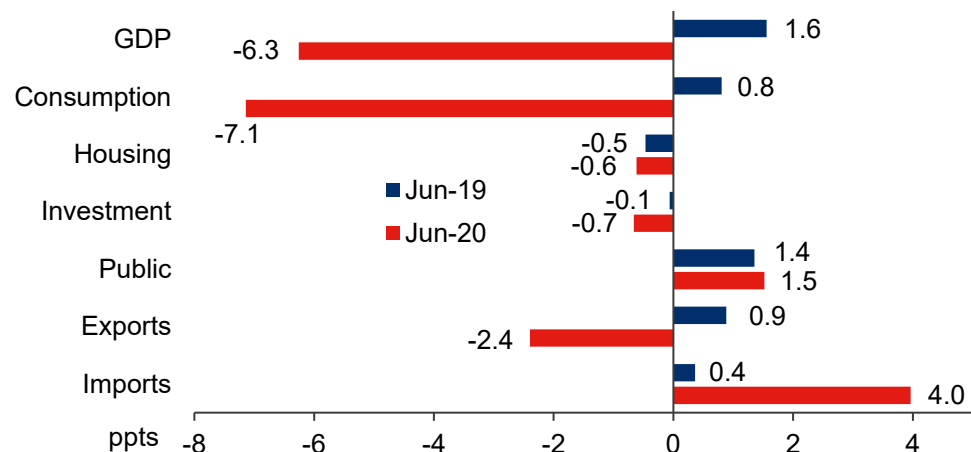
Sources: ABS, Westpac Economics.

<sup>1</sup> Forecasts factor in potential impact of JobKeeper Payment.

# The Australian economy.

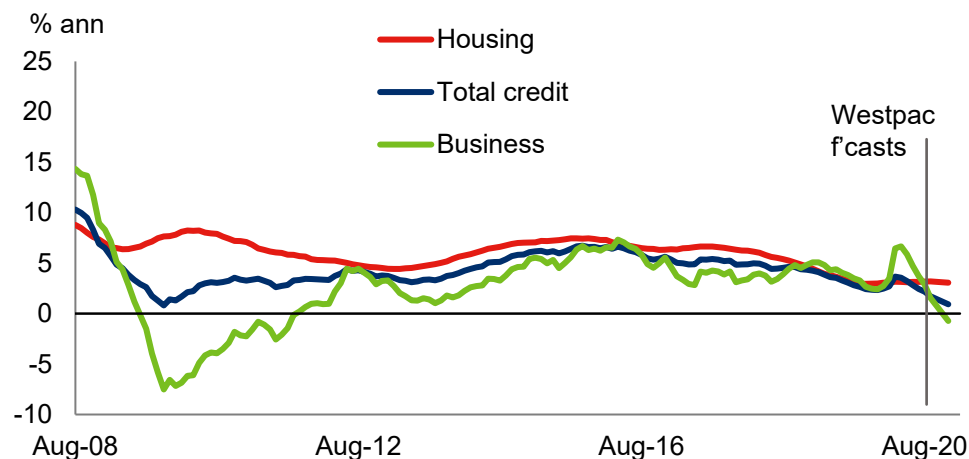
## Detailed impact of COVID-19 on segments.

### GDP growth year end contributions (ppts)



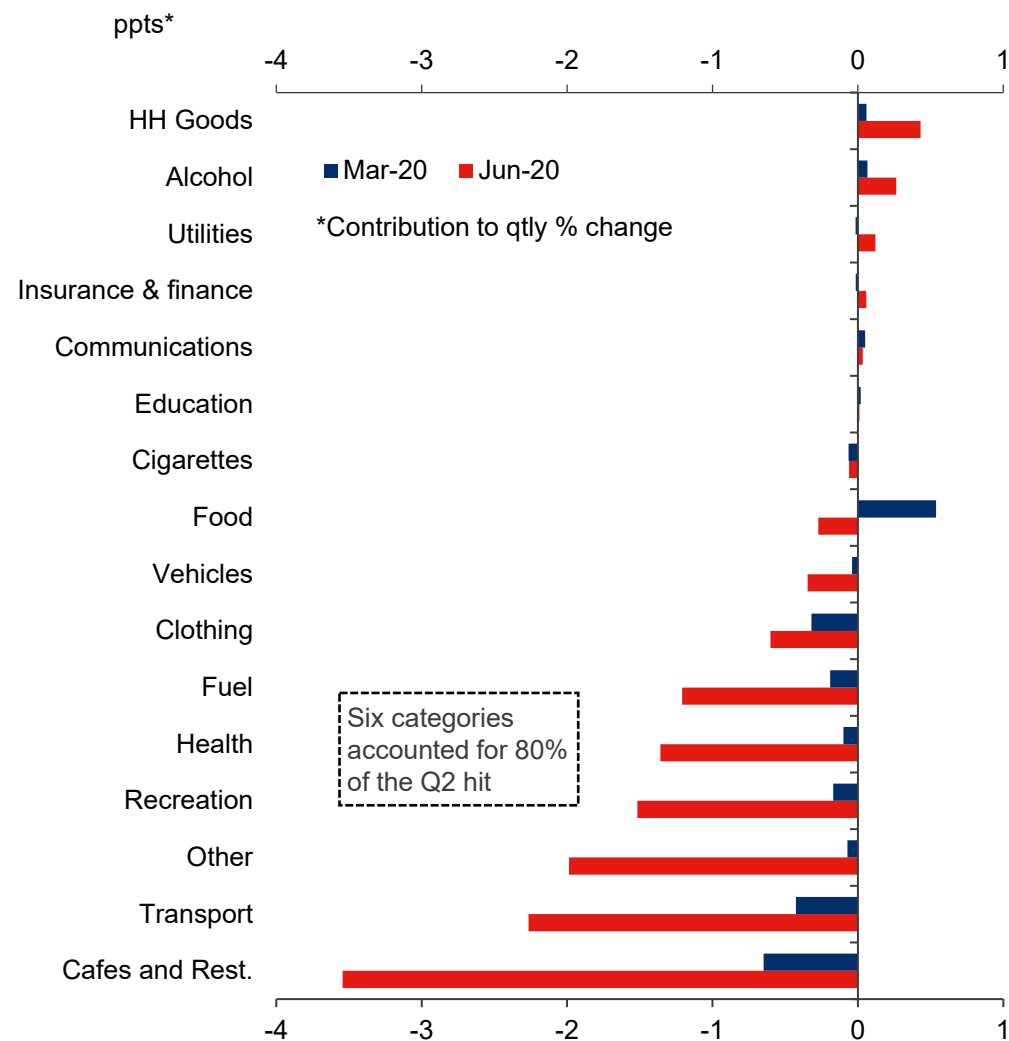
Sources: ABS, Westpac Economics.

### Private sector credit growth (% ann)



Sources: RBA, Westpac Economics

### Consumer spending by category (ppts)



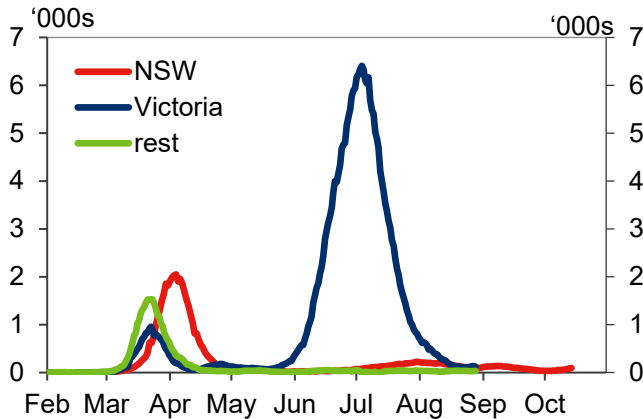
Sources: ABS, Westpac Economics.

# The Australian economy.

## Significant variances across States.

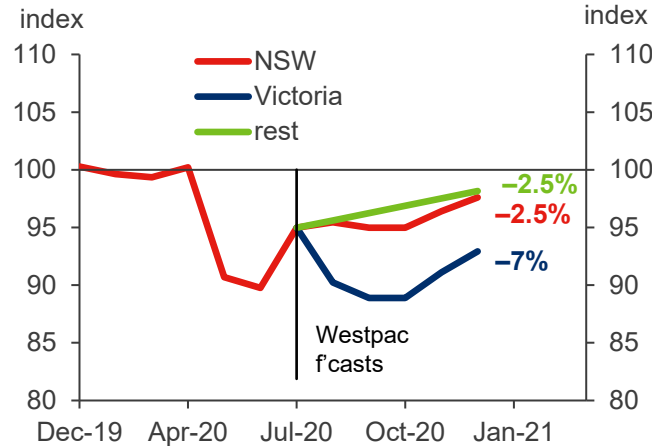
### COVID-19 current infections

(New cases minus deaths, rolling 14day avg)



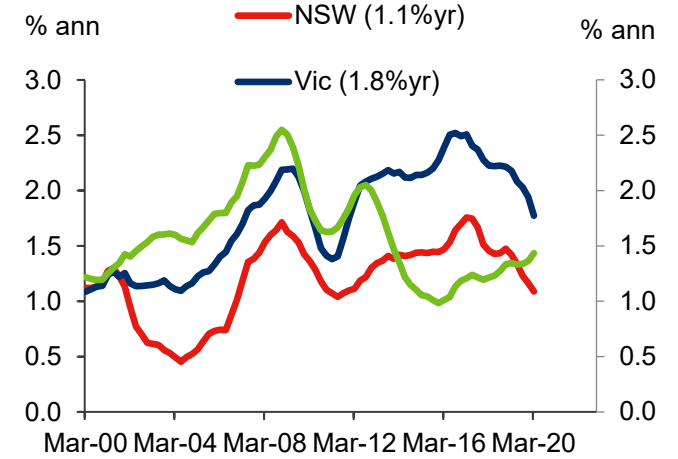
Source: JHU CSSE, Westpac Economics

### Activity outlook: State view (index)



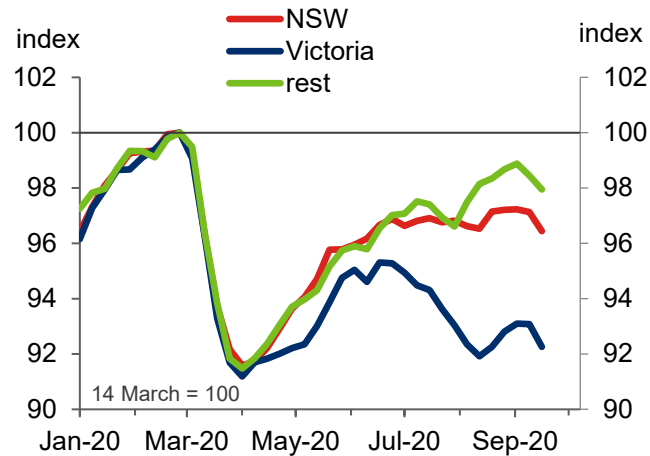
Sources: ABS, Westpac Economics.

### Population



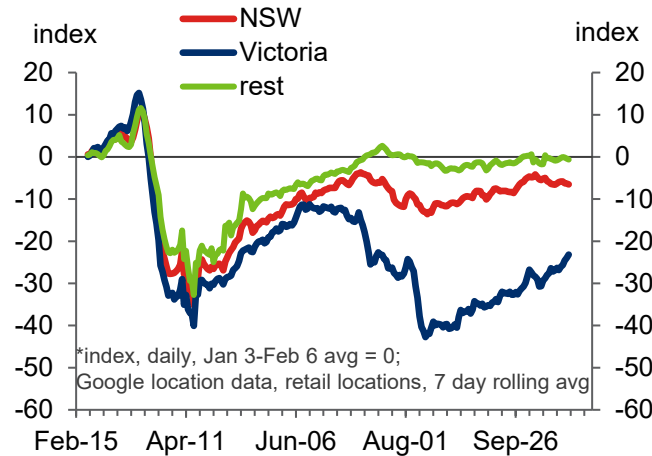
Sources: ABS, Westpac Economics.

### Weekly payrolls by State (index)



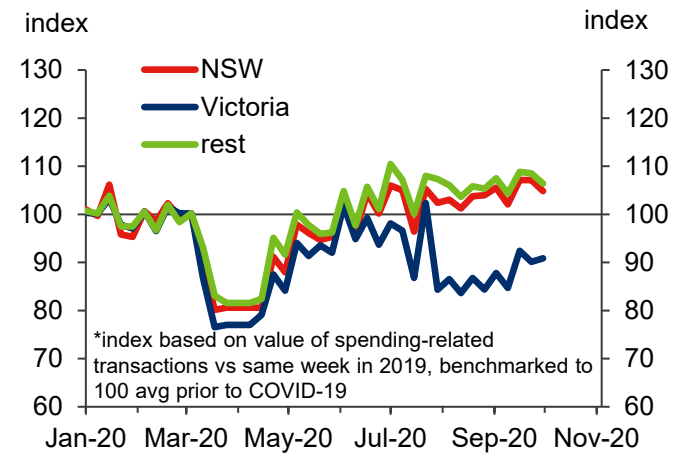
Sources: ABS, Westpac Economics.

### Mobility, retail locations by State



Sources: Google, Westpac Economics.

### Credit card transactions by State

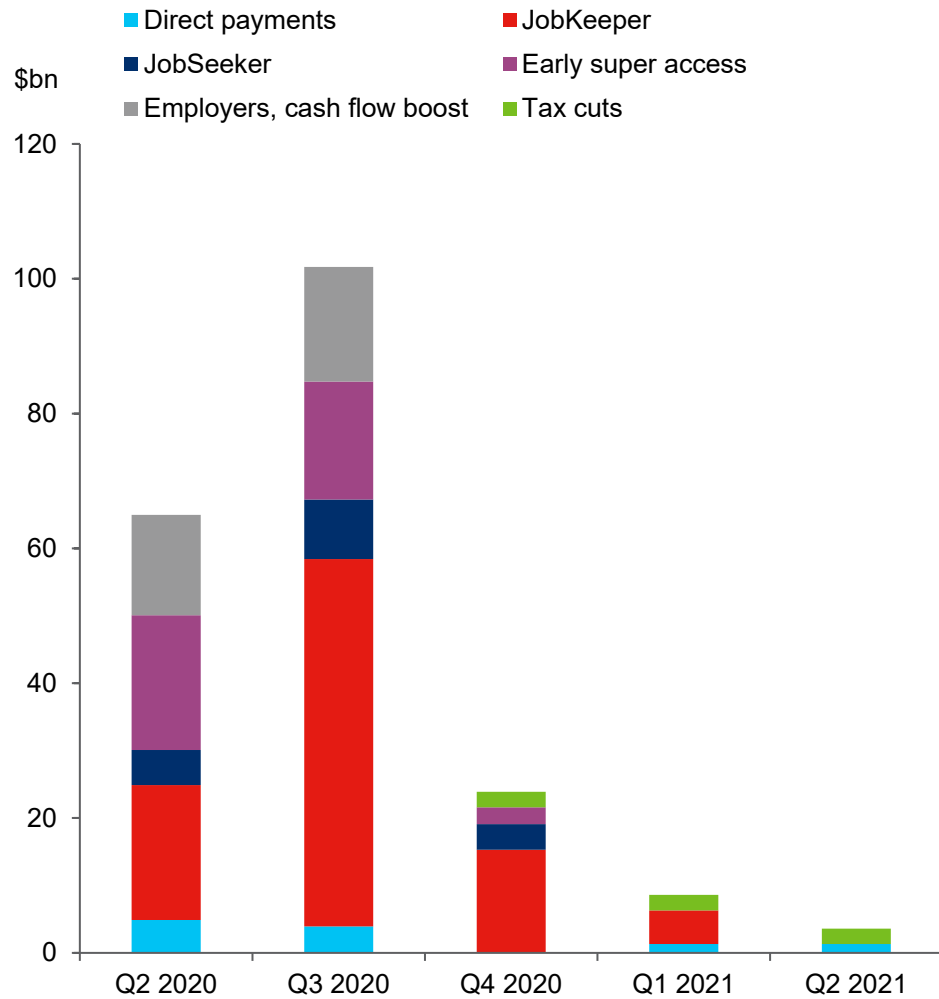


Sources: Westpac Group.

# Significant Government support measures.

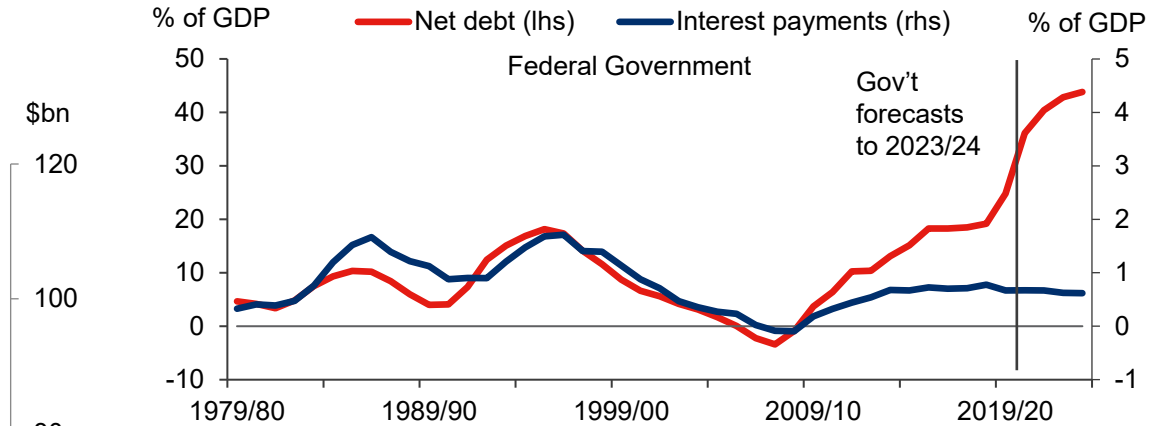
Sharp lift in public debt but servicing costs remain stable.

## Federal Government support measures (\$bn)



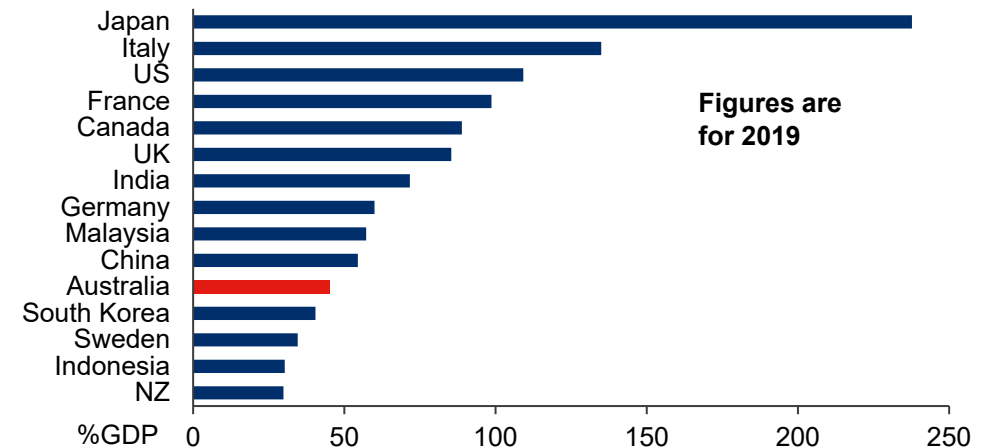
Sources: Australian government, APRA, ATO, Westpac Economics.

## Australia: public net debt (% of GDP)



Sources: Budget papers, ABS, Westpac Economics.

## General Government gross debt

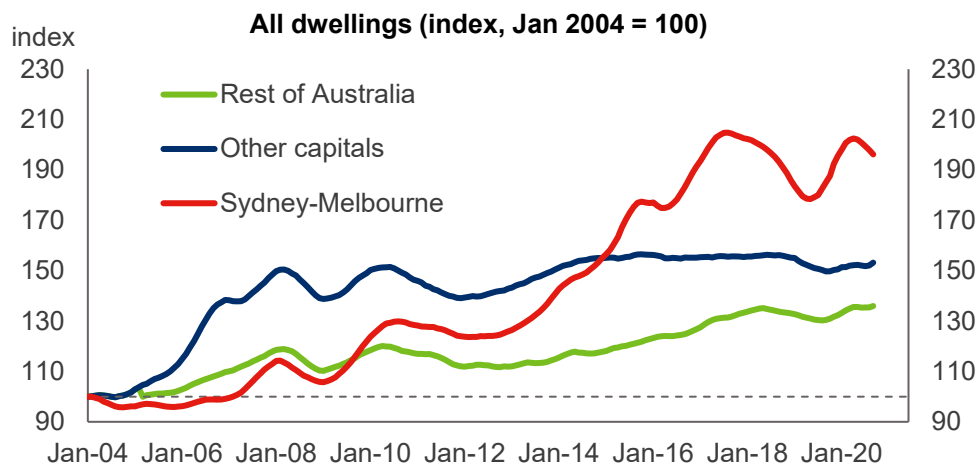


Sources: IMF, RBA, Westpac Economics.

# Australian housing market.

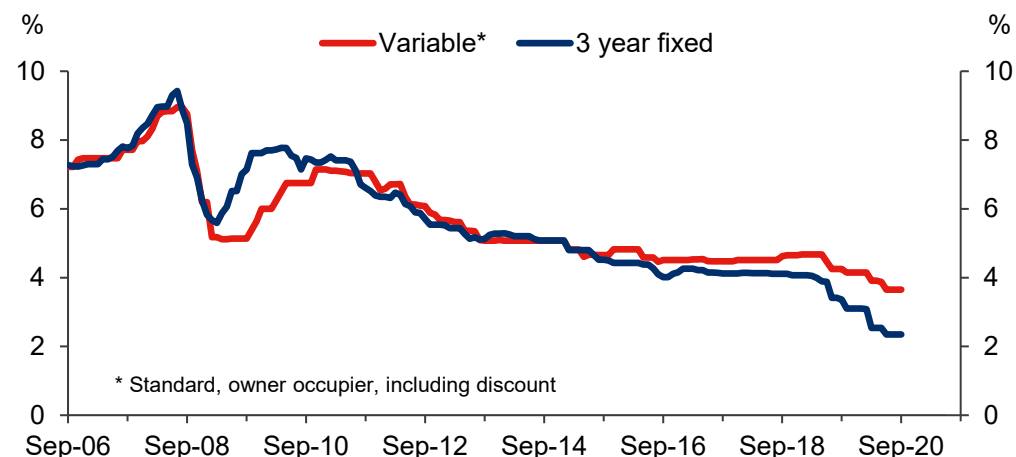
Mild dwelling price correction underway prior to strong price recovery in 2022-23.

## Australian dwelling prices (index)



Sources: CoreLogic, Westpac Economics.

## Mortgage interest rates (%)



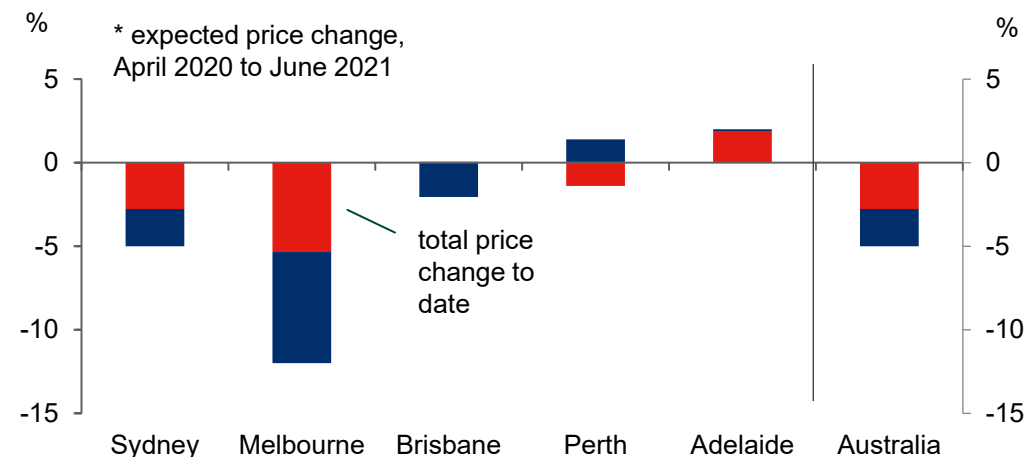
Sources: RBA, Westpac Economics.

Capital city	Pop'n	Dwelling prices %ch last 3mths (Sep-20)	Dwelling prices YoY (Sep-20)
Sydney	4.8m	Down 1.6%	Up 7.7%
Melbourne	4.5m	Down 3.3%	Up 3.1%
Brisbane	2.3m	Down 0.5%	Up 3.8%
Perth	1.9m	Down 0.3%	Down 1.0%

Sources: CoreLogic, Westpac Economics.

1 Foreign buyers based on annual FIRB approvals. 2 Monthly, capital cities combined, seasonally adjusted by Westpac, smoothed.

## Westpac Economics dwelling price forecasts



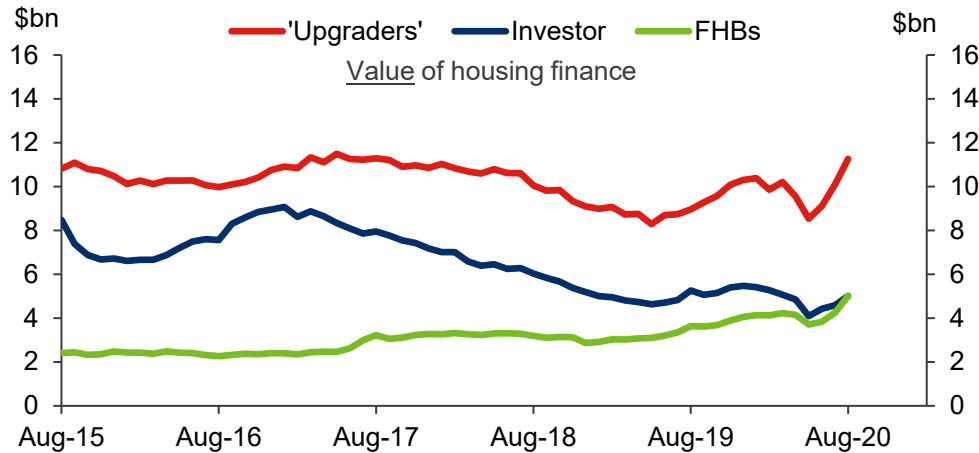
Sources: CoreLogic, Westpac Economics.



# Australian housing market.

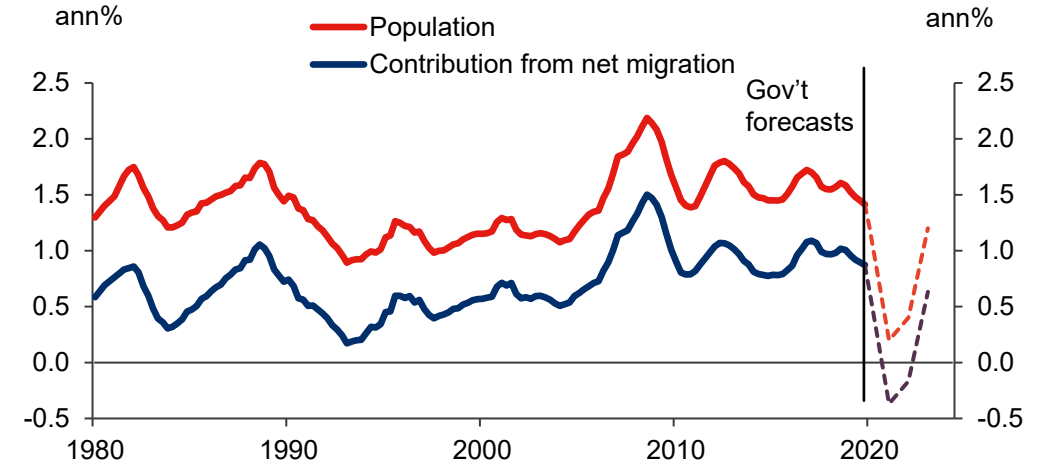
Showing resilience, although some uncertainty ahead.

## Housing finance (\$bn)



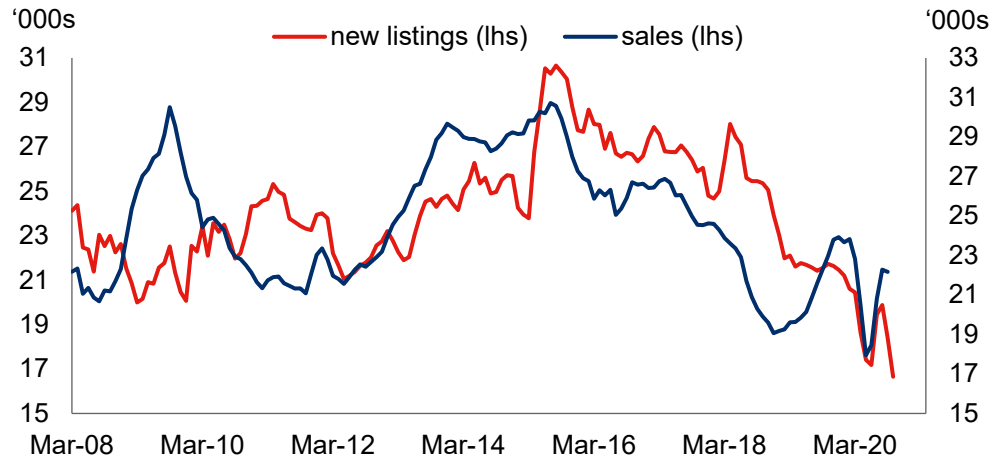
Sources: ABS, Westpac Economics.

## Aust. population growth: medium term prospects (% ann)



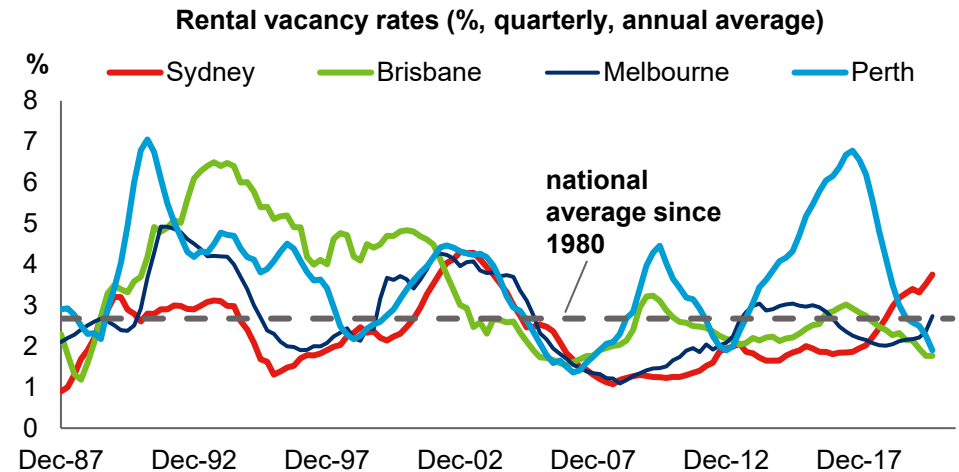
Sources: ABS, Treasury, Westpac Economics.

## Residential property: listings and sales ('000s)



Sources: REIA, Westpac Economics.

## Rental vacancy rates (%)



Sources: ABS, Westpac Economics.

# The New Zealand economy.

Population 5.1 million.

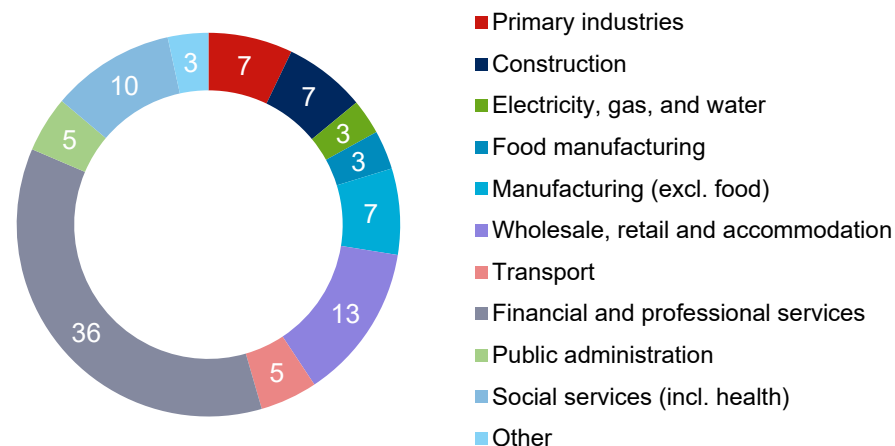
## Regional GDP

Total nominal GDP 2019: **\$303 bn**

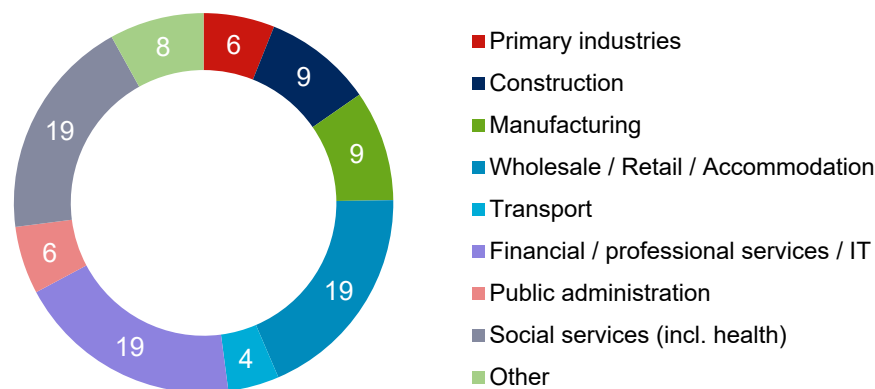


## Economy

Output 2019 - sector shares of GDP (%)



NZ employment by sector 2019 (%)



Sources: Stats NZ, Westpac Economics.  
Nationwide GDP and employment figures are for the year to Dec 2019, regional figure are for the year to March 2019.

Charts may not add to 100 due to rounding.

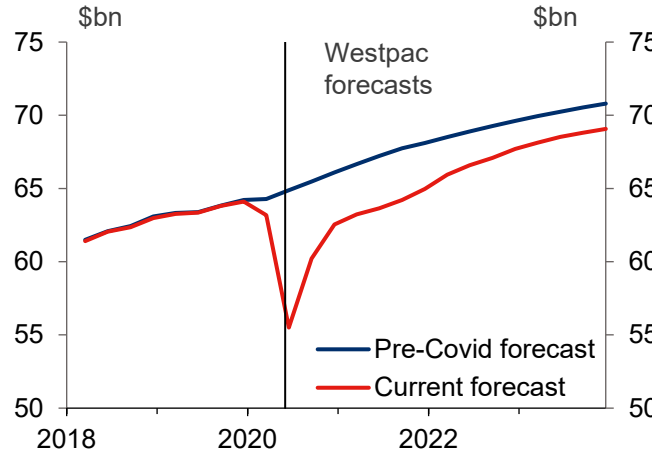
# New Zealand recovery underway.

Economics

Headwinds in some services sectors, but domestic activity lifting faster than expected.

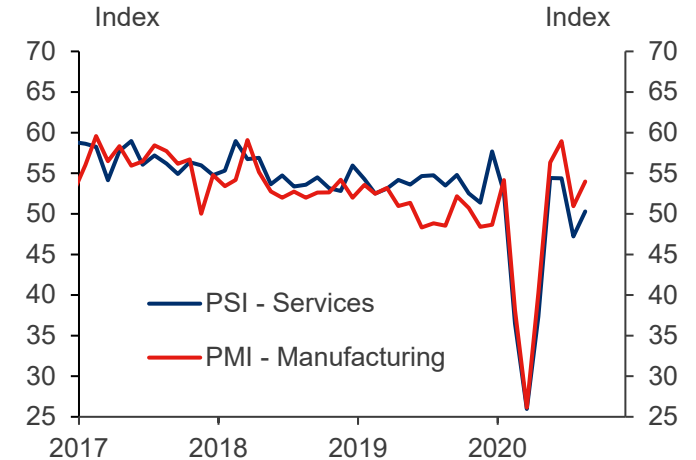
Economic indicators	Current	Dec 2020 forecast
Cash rate	0.25% (21 Oct)	0.25%
Unemployment	4.0% (June qtr)	6.2%
GDP (%yr end)	-12.4% (June qtr)	-2.6%
Private sector credit	3.2% (Aug)	3.2%

## New Zealand GDP



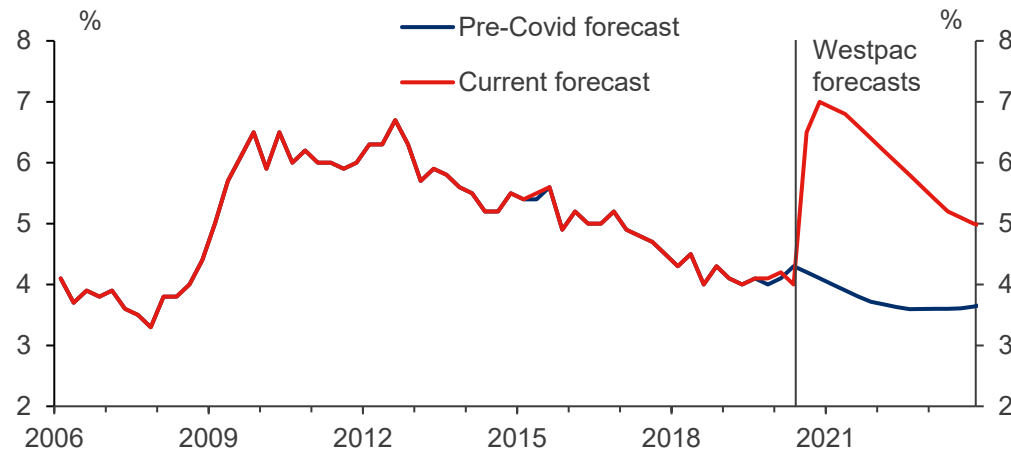
Sources: Statst NZ, Westpac Economics.

## Business activity surveys



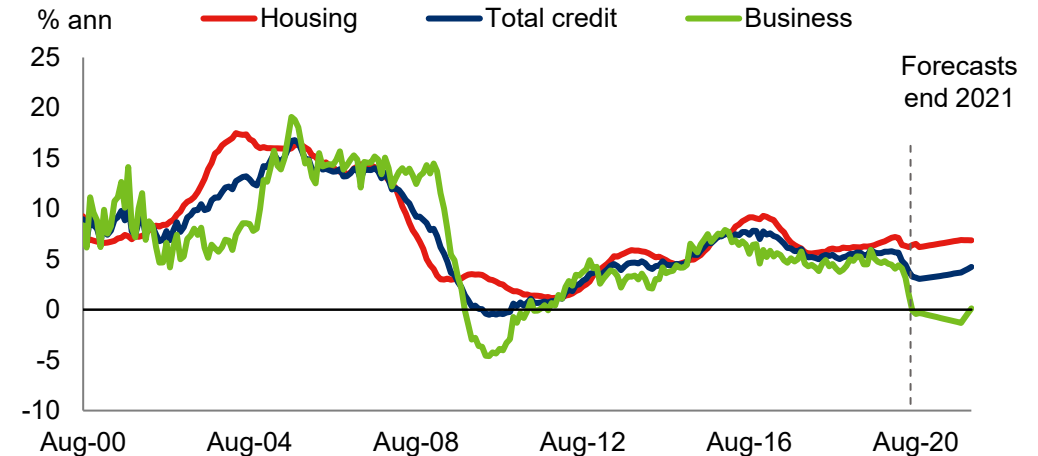
Sources: ANZ, Westpac Economics.

## Unemployment rate



Sources: Stats NZ, Westpac Economics.

## New Zealand private sector credit growth

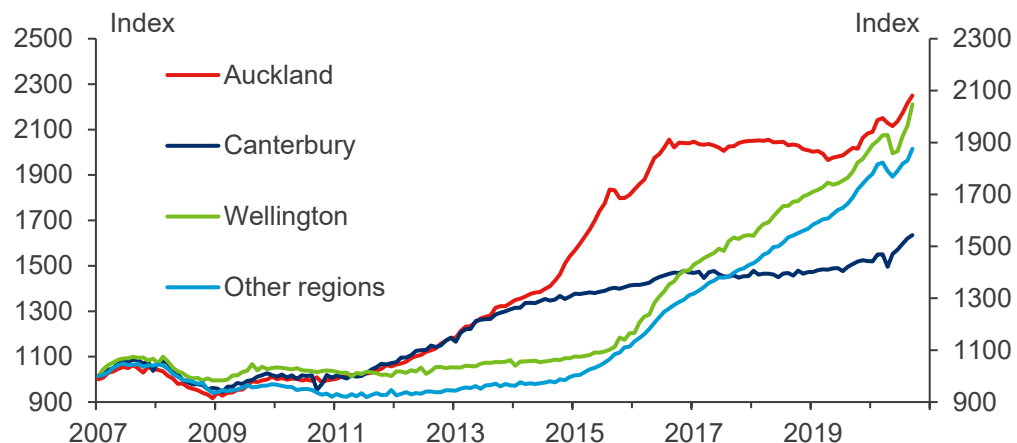


Sources: Westpac Economics.

# New Zealand housing market.

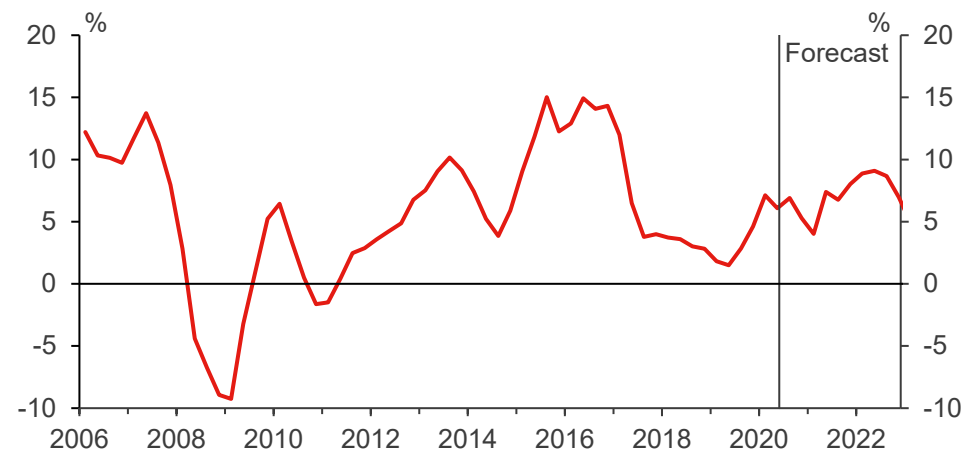
Policy supporting a strong lift in momentum.

## New Zealand dwelling prices by region



Sources: REINZ, Westpac Economics.

## Annual house price growth

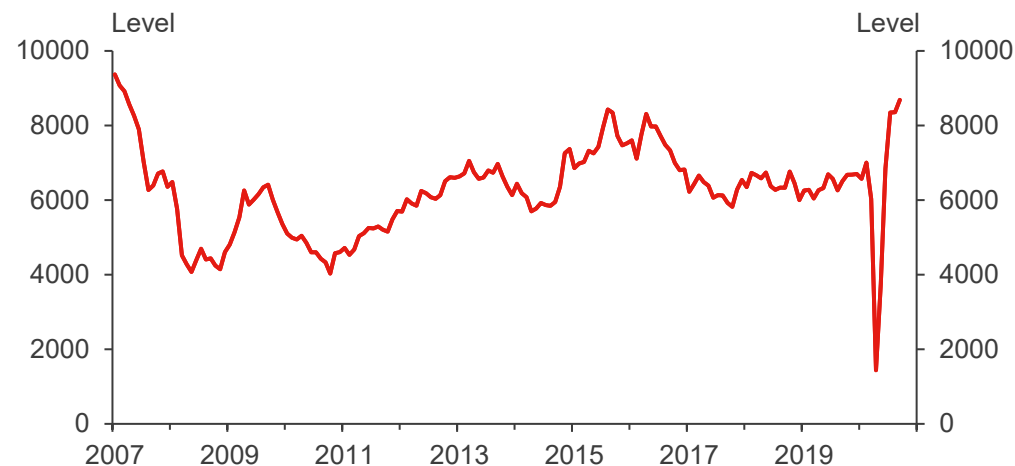


Sources: QVNZ, Westpac Economics.

Region	Pop'n	Dwelling prices %ch last 3mths (Sep 20)	Dwelling prices YoY (Sep 20)
Auckland	1.7m	+4.0%	+11.4%
Wellington	0.5m	+5.0%	+14.5%
Canterbury	0.6m	+4.7%	+7.8%
Nationwide	5.1m	+4.0%	+11.1%

Sources: REINZ, Stats NZ.

## House sales (monthly, seasonally adjusted)



Sources: REINZ.

# The RBNZ's COVID-19 response.

## RBNZ supporting market liquidity

The RBNZ has introduced a significant amount of support for the economy. Major policy initiatives include:

- Cash rate cut to 25bps
- Large scale asset purchases (LSAP) – targeting lower rate by buying \$100bn of government debt
- Loan-to-value restrictions on residential lending have been eased

Westpac Economics expect further stimulus will be introduced over the coming months:

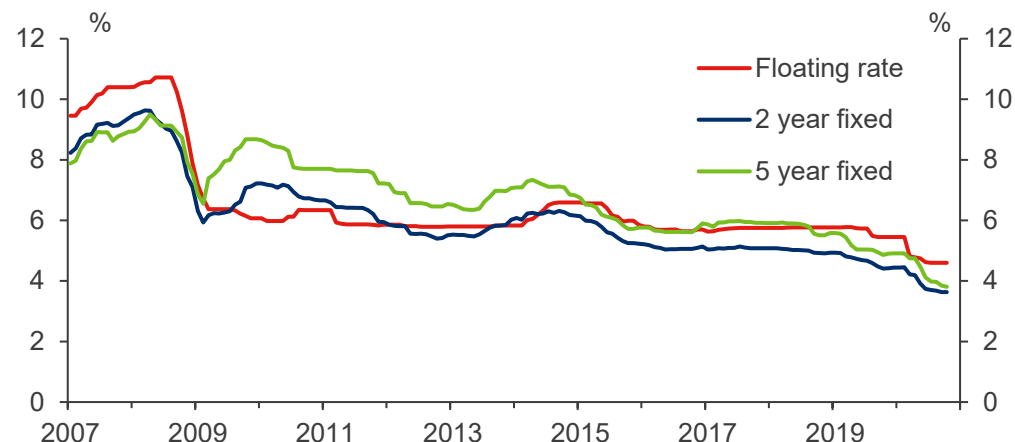
- Funding for lending programme expected to be introduced in November
- OCR expected to be cut to -0.50% in April 2021

Policy measures to date, and expectations of further stimulus, have resulted in mortgage lending rates dropping to low levels, boosting asset prices, particularly in the housing market. Further strong gains are expected

New Zealander's hold a large proportion of their wealth as housing assets. Higher asset prices will stimulate consumer spending, and therefore boost inflation and employment

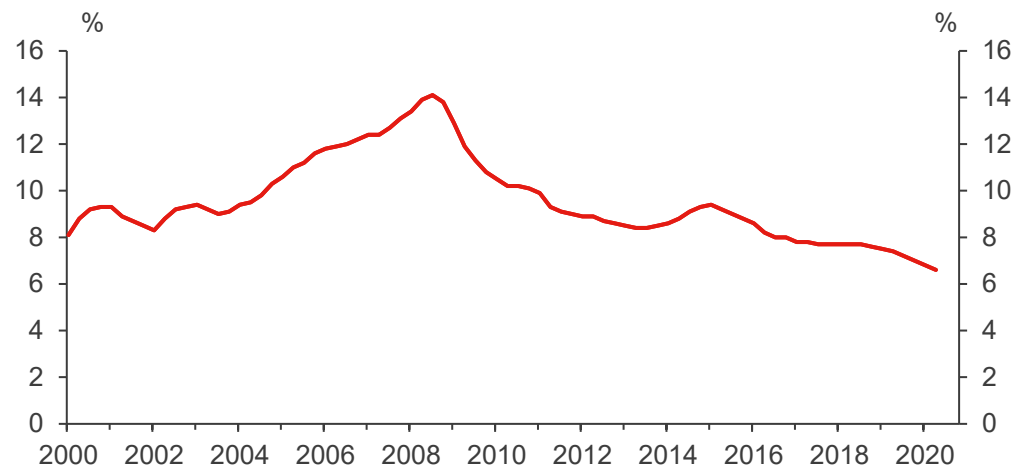
The pick-up in the housing market has seen household debt levels rising. However, reductions in interest rates mean that the proportion of households' incomes spent on debt servicing has fallen to its lowest level in at least two decades. The labour market has also been more resilient than expected

## Mortgage rates



Source: RBNZ.

## Debt servicing costs as a share of households' disposable incomes



Source: RBNZ.

# Appendix and disclaimer

# Appendix 1:

Cash earnings adjustment	2H19 \$m	1H20 \$m	2H20 \$m	Description
<b>Reported net profit</b>	3,611	1,190	<b>1,100</b>	Net profit attributable to owners of Westpac Banking Corporation
<b>Fair value (gain)/loss on economic hedges</b>	(90)	(219)	<b>581</b>	<p>Fair value on economic hedges (which do not qualify for hedge accounting under AAS) comprise:</p> <ul style="list-style-type: none"> <li>The unrealised fair value (gain)/loss on foreign exchange hedges of future New Zealand earnings impacting non-interest income is reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge. Westpac has ceased this activity, and at this stage no further adjustments will be recognised; and</li> <li>The unrealised fair value (gain)/loss on hedges of accrual accounted term funding transactions are reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge</li> </ul>
<b>Ineffective hedges</b>	(15)	(24)	<b>(37)</b>	The unrealised (gain)/loss on ineffective hedges is reversed in deriving cash earnings because the gain or loss arising from the fair value movement in these hedges reverses over time and does not affect the Group's profits over time
<b>Adjustments related to Pandal Group</b>	40	63	<b>(32)</b>	Consistent with prior periods, this item has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations. The adjustment relates to the mark to market of the shares. Westpac disposed of its holdings in Full Year 2020. As a result, no further adjustments will be recognised
<b>Treasury shares</b>	7	(17)	<b>3</b>	Under AAS, Westpac shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares cannot be recognised in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income. As at 30 September 2020, there are no Treasury shares
<b>Cash earnings</b>	<b>3,553</b>	<b>993</b>	<b>1,615</b>	

# Appendix 2:

## Reinventure – Investing in fintech businesses<sup>1</sup>.

### Westpac has invested \$150m in fintech venture capital fund, 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

##### SocietyOne

Peer-to-peer (P2P) online lending platform connecting borrowers and investors

##### OpenAgent.com.au

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



Full stack payments platform

##### Auror.

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

##### coinbase

A bitcoin wallet and platform



A leading digital credit platform in Indonesia



Comprehensive cloud-based human resources and employee benefits platform to streamline HR processes



##### Valiant

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



A payment app for customers when dining out or grabbing a coffee on the go



A consumer digital lending platform



Turning buildings into community-centric dwellings

#### New technology capabilities

##### kasada

Enterprise cyber security company that protects businesses from malicious bot attacks



Enabling software development teams to scale processes and improve code quality



A fund of funds for cryptocurrency and blockchain technology



Connects ordering apps, payment devices, loyalty and reservations platforms to any point of sale



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



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



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



Creating real-game assets for developers, using blockchain technology

#### Data, AI and analytics



A natural language AI system for data analysis targeting relatively simple business queries that comprise 70% of an analyst's work in a large organisation



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



A trust framework and secure platform that allows users to exchange data safely and securely



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



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



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



Standardises mobile forms into an easily readable format and fillable at the tap of a button



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

<sup>1</sup> Logos are of the respective companies.



# Appendix 3: Sustainability.

## Industry awards<sup>1</sup>



Received “B” rating in the 2019 CDP for our response to climate change, announced January 2020



Achieved highest ISS QualityScore for Environment and Social dimensions



Rated Prime status of “C” by ISS ESG (formerly ISS-oekom)

## Sustainability indexes<sup>1</sup>



Member of the DJSI Indexes since 2002



ESG risk rating of 27.5 (medium risk), in line with rating of major Australian banks<sup>2</sup>



Member of the FTSE4Good Index Series, of which Westpac has been a member for over 12 years, announced in June 2020



Ranked 'A' by MSCI ESG Ratings<sup>3</sup>

## Inclusion and diversity recognition<sup>1</sup>



Recognised by the Bloomberg Gender Equality Index for the 4<sup>th</sup> consecutive year



Recognised as Silver Tier Employer in 2020 in the Australian Workplace Equality Index Awards



Received the 2020 Advancement Award in recognition of Westpac's innovative autism hiring program, Tailored Talent



Included in the 2019-20 Australian Network on Disability Access and Inclusion Index

<sup>1</sup> At 30 September 2020, unless otherwise indicated. <sup>2</sup> Copyright ©2020 Sustainalytics. <sup>3</sup> The inclusion of WBC in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of WBC by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

# Appendix 3: Sustainability.

## Key commitments and partnerships<sup>1</sup>

 <p><b>Principles for Responsible Banking</b> Signatory 2019</p>	<p>Signatory of:</p>  <p><b>Principles for Responsible Investment</b> Signatory (2007)</p>	 <p><b>UN Sustainable Development Goals</b> CEO Statement of Commitment (2015)</p>	 <p><b>Paris Climate Agreement</b> Supporter (2015)</p>
 <p><b>The Equator Principles</b> Founding Adopter, First Australian Bank (2003)</p>	 <p><b>UN Environment Program Finance Initiative</b> Founding Member (1991)</p>	 <p><b>Financial Stability Board's Task Force on Climate-related Financial Disclosures</b> Align with and support</p>	 <p><b>Climate Action 100+</b> Signatory (2018)</p>
 <p><b>RE100, an initiative of The Climate Group in partnership with CDP</b> Member (2019)</p>	 <p><b>Commitment to United Nations Global Compact</b> Signatory (2002), Global Compact Network Australia Founding Member (2009)</p>	 <p><b>Global Investor Coalition Statement on Climate Change</b> Signatory (2014)</p>	 <p><b>The Montreal Carbon Pledge</b> Signatory (2014)</p>
 <p><b>Climate Bonds Initiative</b> Partner</p>	 <p><b>Carbon Markets Institute</b> Corporate Member</p>	 <p><b>Australian Business Roundtable for Disaster Resilience &amp; Safer Communities</b> Founding member (2012)</p>	 <p><b>Australian Sustainable Finance Initiative</b> Steering Committee Member</p>
 <p><b>Carbon Neutral Certification</b> Since 2012 (previously NCOS)</p>	 <p><b>Supply Nation</b> (for Indigenous owned businesses) Founding member (2016)</p>	 <p><b>WeConnect International</b> (for women owned businesses) (2014)</p>	<p><b>United Nations Tobacco-Free Finance pledge</b> Founding signatory (2018)</p>

<sup>1</sup> As at 30 September 2020, unless otherwise indicated.

# Appendix 4:

## Definitions – Divisions.

### Consumer

Consumer is responsible for sales and service of banking products, including mortgages, credit cards, personal loans, and savings and deposit products to consumer customers in Australia. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands. Consumer works with Business, WIB, and Specialist Businesses in the sales, service, and referral of certain financial services and products including general and life insurance, superannuation, platforms, auto lending and foreign exchange

### Business

Business provides business banking products and services for Australian SME and Commercial customers (including Agribusiness) generally up to \$200 million in exposure. The division also serves Private Wealth. SME includes relationship managed and non-relationship managed SME customers. The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, equipment finance and property finance. Business operates under the Westpac, St.George, BankSA, and Bank of Melbourne, brands. Business works with Consumer, WIB, and Specialist Businesses in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign exchange and interest rate hedging)

### WIB

Westpac Institutional Bank (WIB) delivers a broad range of financial products and services to corporate, institutional and government customers operating in, or with connections to, Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets. Customers are supported throughout Australia and via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB works with all the Group's divisions in the provision of markets' related financial needs including foreign exchange and fixed interest solutions

### Westpac NZ

Westpac New Zealand provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates through a network of branches and ATMs in both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products and services are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. New Zealand maintains its own infrastructure, including technology, operations and treasury in accordance with regulatory requirements

### Specialist Businesses

Specialist Businesses provides automobile finance, Australian life, general and lenders mortgage insurance investment product and services (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. It also manages Westpac Pacific which provides a full range of banking services in Fiji and Papua New Guinea. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Specialist Businesses works with Consumer, Business and WIB in the provision of select financial services and products

### Group Businesses or GB

This segment provides centralised Group functions including Treasury, Technology and Core Support (finance, human resources etc.). Costs are partially allocated to other divisions in the Group, with costs attributed to enterprise activity retained in Group Businesses. This segment also reflects Group items including: earnings on capital not allocated to divisions, earnings from non-core asset sales, earnings and costs associated with the Group's fintech investments and certain other head office items such as centrally raised provisions. Following the Group's decision to restructure the Wealth business and to exit the Advice business in 2019, the remaining Advice business (including associated remediation) and support functions of BTFG Australia has been transferred to Group Businesses

# Appendix 4:

## Definitions – Credit quality.

<p><b>90 days past due and not impaired</b></p>	<p>Includes facilities where:</p> <ul style="list-style-type: none"> <li>contractual payments of interest and / or principal are 90 or more calendar days overdue, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days (including accounts for customers who have been granted hardship assistance); or</li> <li>an order has been sought for the customer's bankruptcy or similar legal action has been instituted which may avoid or delay repayment of its credit obligations; and</li> <li>the estimated net realisable value of assets / security to which Westpac has recourse is sufficient to cover repayment of all principal and interest, or where there are otherwise reasonable grounds to expect payment in full and interest is being taken to profit on an accrual basis.</li> </ul> <p>These facilities, while in default, are not treated as impaired for accounting purposes</p>	<p><b>Stage 2: Lifetime ECL – performing</b></p> <p>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 expected losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset</p>
<p><b>Provision for expected credit losses (ECL)</b></p>	<p>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 future economic conditions</p>	<p><b>Stage 3 Lifetime ECL – non-performing</b></p> <p>For financial assets that are non-performing a provision for lifetime expected losses is recognised. Interest revenue is calculated on the carrying amount net of the provision for ECL rather than the gross carrying amount</p>
<p><b>Collectively assessed provisions (CAPs)</b></p>	<p>CAPs for expected credit losses under AASB 9 represents the expected credit loss (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</p>	<p><b>Impaired assets</b></p> <p>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, cashflow, and the net realisation of value of assets to which recourse is held:</p> <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 assets: exposures with individually assessed impairment provisions held against them, excluding restructured loans;</li> <li>restructured assets: 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 assets where the full collection of interest and principal is in doubt.</li> </ul>
<p><b>Individually assessed provisions (IAPs)</b></p>	<p>Provisions raised for losses that have already been incurred 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</p>	<p><b>Stressed exposures</b></p> <p>Watchlist and substandard, 90 days past due and not impaired and impaired exposures. Stressed exposures do not include stressed exposures which are on an active COVID-19 deferral package as of 30 September 2020</p>
<p><b>Stage 1: 12 months ECL – performing</b></p>	<p>For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months expected credit losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset</p>	<p><b>Total committed exposures (TCE)</b></p> <p>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</p> <p><b>Watchlist and substandard</b></p> <p>Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal</p>

# Appendix 4:

## Definitions – Earnings, capital and liquidity.

### Earnings Drivers

**Average interest-earning assets (AIEA)** The average balance of assets held by the Group that generate interest income. Where possible, daily balances are used to calculate the average balance for the period

**Cash earnings per ordinary share** Cash earnings divided by the weighted average ordinary shares (cash earnings basis)

**Core earnings** Net operating income less operating expenses

**Full-time equivalent employees (FTE)** 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

**Net interest margin (NIM)** Calculated by dividing net interest income by average interest-earning assets

**Net tangible assets per ordinary share** Net tangible assets (total equity less goodwill and other intangible assets less minority interests) divided by the number of ordinary shares on issue (reported)

**Weighted average ordinary shares (cash earnings)** Weighted average number of fully paid ordinary shares listed on the ASX for the relevant period

### Capital

**Capital ratios** As defined by APRA (unless stated otherwise)

**Internationally comparable ratios** 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

### Leverage ratio

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

### Risk weighted assets or RWA

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

### Liquidity

#### Committed liquidity facility (CLF)

The RBA makes available to Australian Authorised Deposit-taking Institutions a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 Liquidity

#### High quality liquid assets (HQLA)

Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR

#### Liquidity coverage ratio (LCR)

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%, effective 1 January 2015. 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

#### Net stable funding ratio (NSFR)

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%

# Appendix 4:

## Definitions – Other.

<b>Branch transactions</b>	Branch transactions are typically withdrawals, deposits, transfers and payments
<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>CSat – overall consumer</b>	Source: DBM Consultants Consumer Atlas, 6 months to September 2019, March 2020 and August 2020. MFI customers
<b>CSat – overall business</b>	Source: DBM Consultants Business Atlas, 6 months to September 2019, March 2020 and August 2020. MFI customers, all businesses
<b>CSat – SME</b>	Source: DBM Consultants Business Atlas, 6 months to September 2019, March 2020 and August 2020. MFI customers, Total SME businesses. Total SME businesses are those organisations with annual turnover under \$5 million (excluding Agribusinesses)
<b>Digitally 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>Digital sales</b>	Sales refers to digital sales of consumer core products only. Sales with a funded deposit or activation constitute a quality sale. Includes new American Express credit card sales
<b>Digital transactions</b>	Digital transactions including payment and transfers that occur on Westpac Live and Compass platforms (excludes payments on other platforms such as Corporate Online and Business Banking Online)
<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
<b>Consumer MFI share</b>	Source: DBM Consultants Consumer Atlas, 6 months to August 2020. MFI customers

<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>NPS Agri (Westpac NZ)</b>	6 month rolling Agri Market Monitor data (survey conducted by Key Research). Respondents are asked about likelihood to recommend their main business bank to business colleagues, friends or family 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>NPS Business (Westpac NZ)</b>	Source: 6 month rolling Business Finance Monitor data (survey conducted by Kantar TNS among businesses with an annual turnover of \$5 to \$150 million). Respondents are asked about likelihood to recommend their main business bank to business colleagues and associates 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>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>NPS – overall consumer</b>	Source: DBM Consultants Consumer Atlas, August 2017 – August 2020, 6MMA. MFI customers
<b>NPS – overall business</b>	Source: DBM Consultants Business Atlas, August 2017 – August 2020, 6MMA. MFI customers, all businesses
<b>SGB Brands</b>	SGB Brands (Consumer): St.George Bank, Bank of Melbourne, BankSA, RAMS, Dragondirect SGB Brands (Business): St.George Bank, Bank of Melbourne and BankSA
<b>Westpac Group rank</b>	The ranking refers to Westpac Group's position relative to the other three major Australian banking groups (ANZ Group, CBA Group and NAB Group)

# Investor Relations Team.

Contact Us.

Contact us

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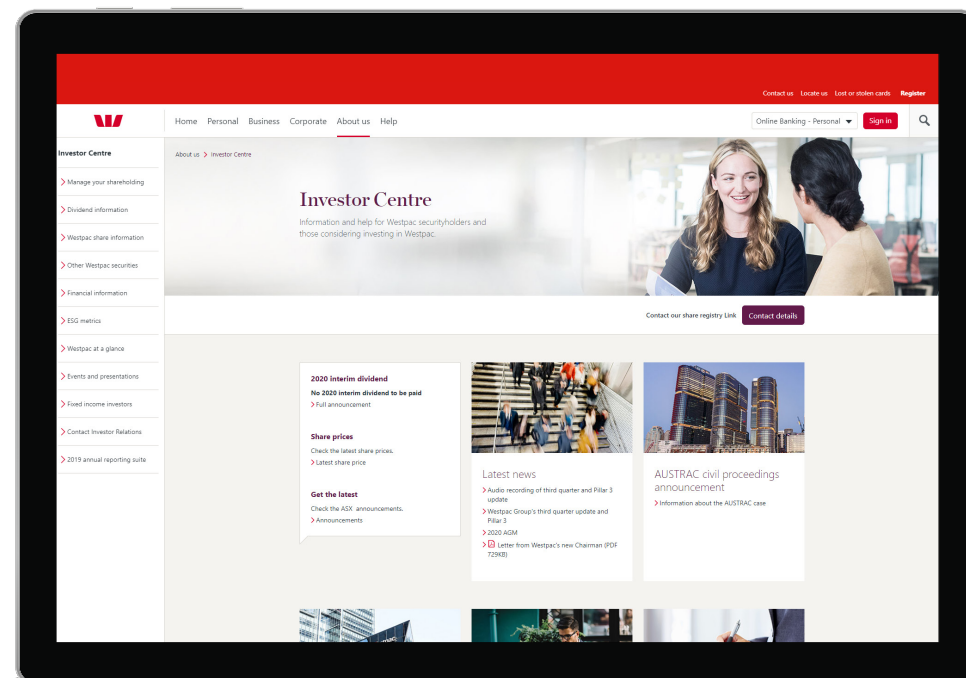
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