

# 1Q24 INVESTOR DISCUSSION PACK

**FOR THE 3 MONTHS ENDED 31 DECEMBER 2023**

This document should be read in conjunction with Westpac's December 2023 Pillar 3 Report. All amounts are in Australian dollars.

WESTPAC BANKING CORPORATION  
ABN 33 007 457 141



## Capital above operating range

- CET1<sup>2</sup> capital ratio of 12.3%, above target operating range<sup>3</sup>
- RWA<sup>4</sup> \$8.0bn or 1.8% lower mainly due to IRRBB<sup>5</sup> decrease



## Well provisioned

- Stressed assets to TCE<sup>6</sup> 1.22%, down 4bps
- Mortgage 90+ day delinquencies:
  - Australia 0.95%, up 9bps
  - New Zealand 0.40%, up 7bps
- CAP<sup>7</sup> to credit RWA 137bps, up 2bps
- Impairment charge to average loans of 10bps, up 3bps<sup>8</sup>
  - IAP<sup>9</sup> charge of \$55m mainly from a single exposure
  - CAP charge of \$134m



## Funding and liquidity above required levels

- LCR<sup>10</sup> quarterly average 133%
- NSFR<sup>11</sup> 114%
- Deposit to loan ratio 83.3%, up 0.4 ppts
- Well progressed on wholesale funding plans

<sup>1</sup> 31 December 2023 compared to 30 September 2023 unless otherwise stated. <sup>2</sup> Level 2 common equity tier 1 (CET1). <sup>3</sup> Target operating range is 11.0-11.5%. <sup>4</sup> Risk weighted assets (RWA). <sup>5</sup> Interest rate risk in the banking book (IRRBB). <sup>6</sup> Total committed exposure (TCE). <sup>7</sup> Collectively assessed provisions (CAP). <sup>8</sup> 1Q24 compared to 2H23. <sup>9</sup> Individually assessed provisions (IAP) includes new IAPs, write-backs and recoveries. <sup>10</sup> Liquidity coverage ratio (LCR). <sup>11</sup> Net stable funding ratio (NSFR).

# CET1 CAPITAL RATIO 12.3%

CAPITAL

## Level 2 CET1 capital ratio movements (%)



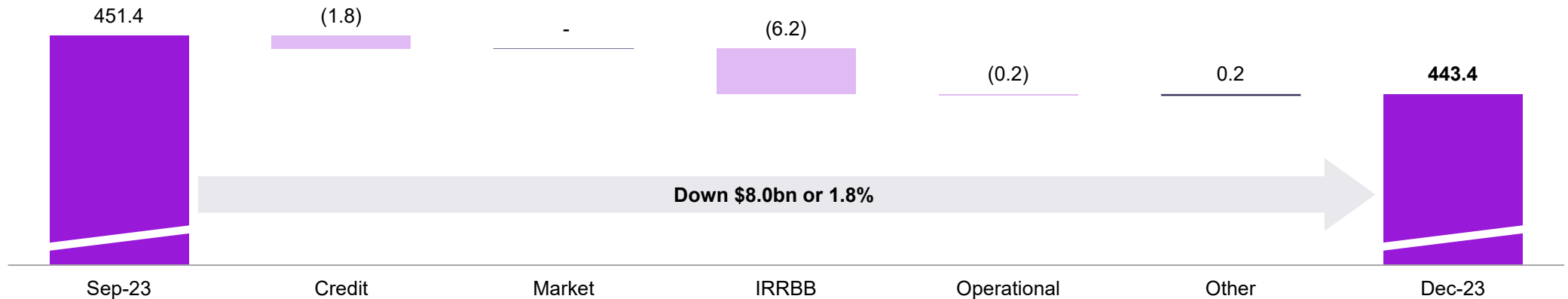
Key capital ratios (%)	Dec-22	Sep-23	Dec-23
<b>Level 2 CET1 capital ratio</b>	11.1	12.4	<b>12.3</b>
Additional Tier 1 capital ratio	2.1	2.2	<b>2.4</b>
Tier 1 capital ratio	13.2	14.6	<b>14.7</b>
Tier 2 capital ratio	4.9	5.9	<b>6.3</b>
Total regulatory capital ratio	18.1	20.5	<b>21.0</b>
Risk weighted assets (RWA) (\$bn)	480	451	<b>443</b>
Leverage ratio	5.5	5.5	<b>5.4</b>
<b>Level 1 CET1 capital ratio</b>	11.1	12.6	<b>12.5</b>
<b>Internationally comparable ratios³</b>			
Leverage ratio (internationally comparable)	5.9	6.0	<b>5.9</b>
CET1 capital ratio (internationally comparable)	17.4	18.7	<b>18.4</b>

1 Capital deductions and other items including FX translation impacts. 2 Assumes completion of remaining \$1.3bn on market share buyback. 3 Internationally comparable methodology references the Australian Banking Association (ABA) study on the comparability of APRA's new capital framework and finalised reform released on 10 March 2023.

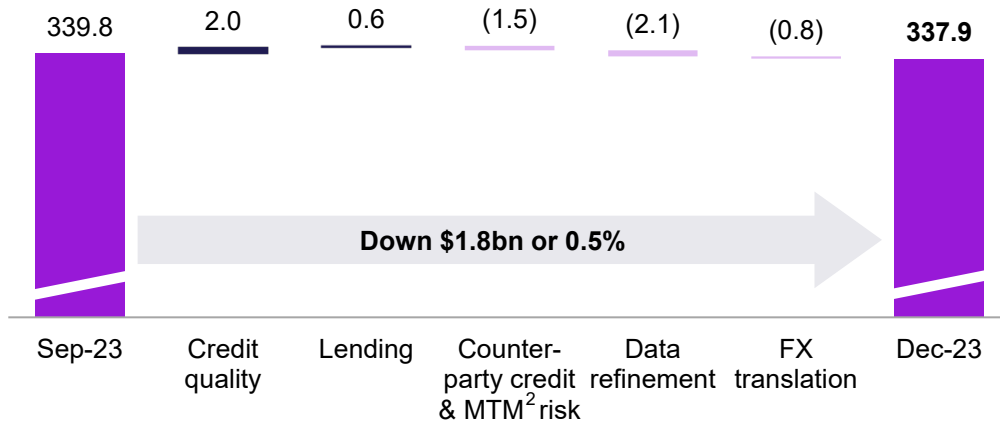
# RISK WEIGHTED ASSET MOVEMENTS

CAPITAL

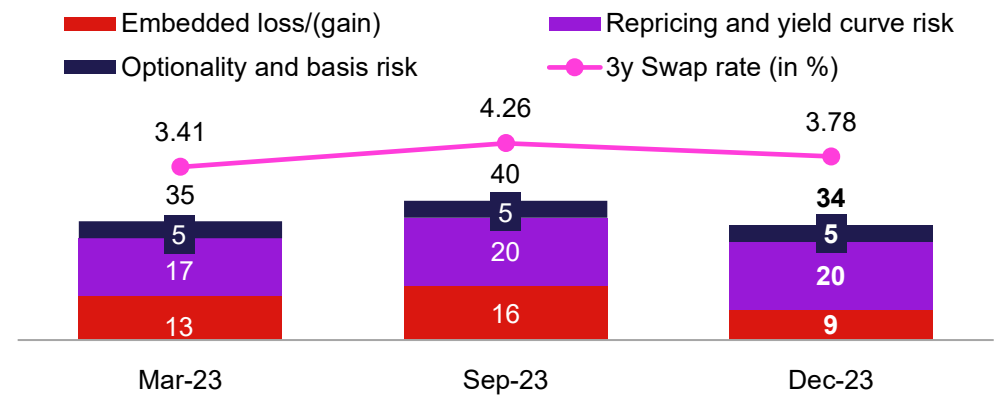
## RWA (\$bn)



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



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



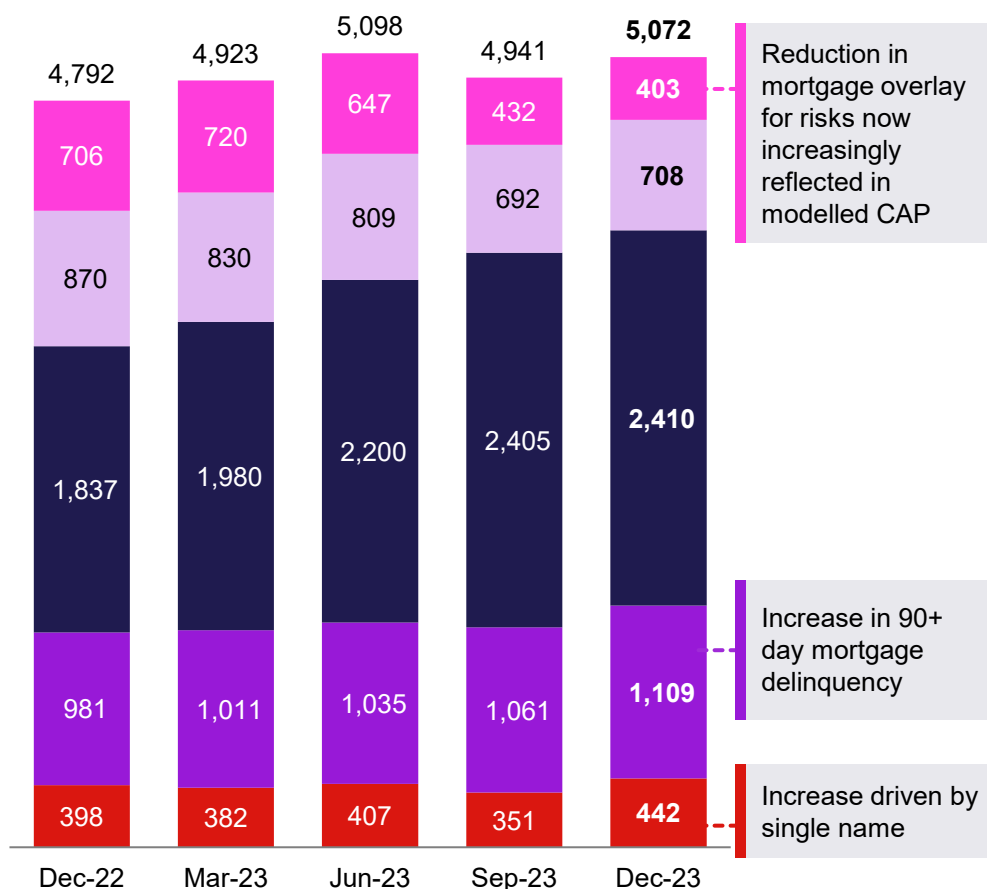
1 Chart may not add due to rounding. 2 Mark to market (MTM).

# PROVISION COVERAGE

PROVISIONING

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

Overlay Stage 1 CAP Stage 2 CAP Stage 3 CAP Stage 3 IAP



## Key ratios

	Dec-22	Sep-23	Dec-23
Provisions to gross loans (bps)	64	63	65
Impaired asset provisions to impaired assets (%)	44	43	47
Collectively assessed provisions to credit RWA (bps)	121	135	137

## Forecasts used in economic scenarios

Forecasts for base case ECL	Base case		Downside
	2024	2025	Trough / peak <sup>2</sup>
GDP growth	1.6%	2.5%	(6%)
Unemployment	4.5%	4.7%	11%
Residential property prices	6%	4%	(27%)
Commercial property prices	(0.5%)	5.4%	(32%)

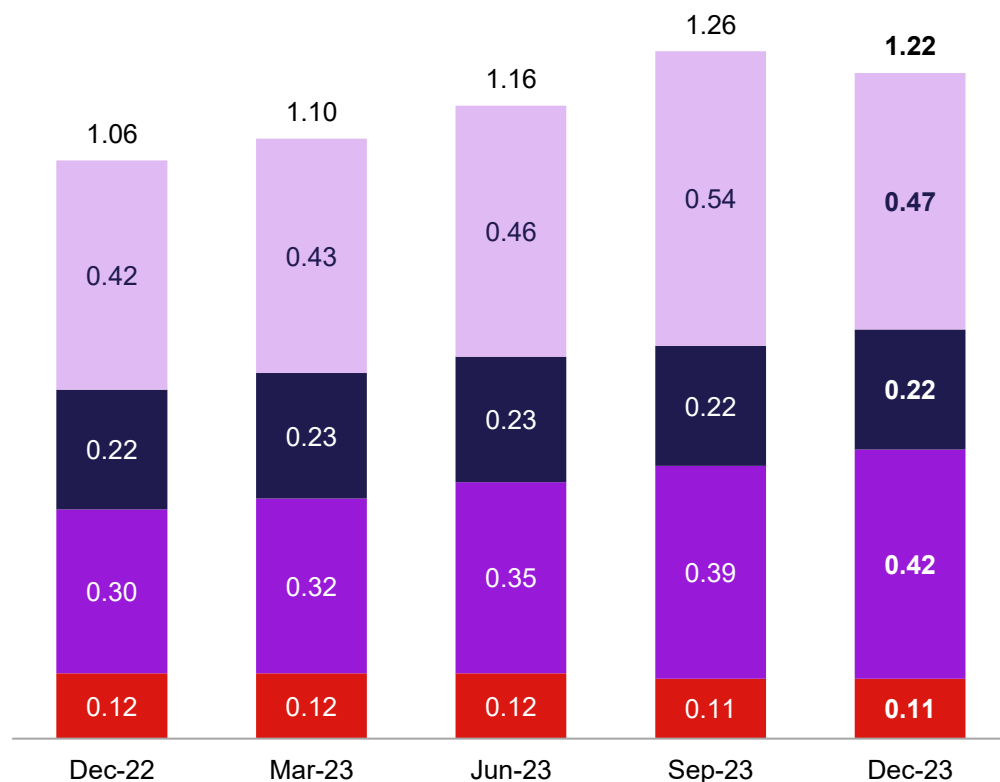
<sup>1</sup> Includes provisions for debt securities. <sup>2</sup> These key economic indicators represent trough or peak values that characterise the scenarios considered in setting downside severity. Residential and commercial forecasts represent cumulative reduction over a two-year period.

# STRESSED EXPOSURES AND DELINQUENCIES

CREDIT QUALITY

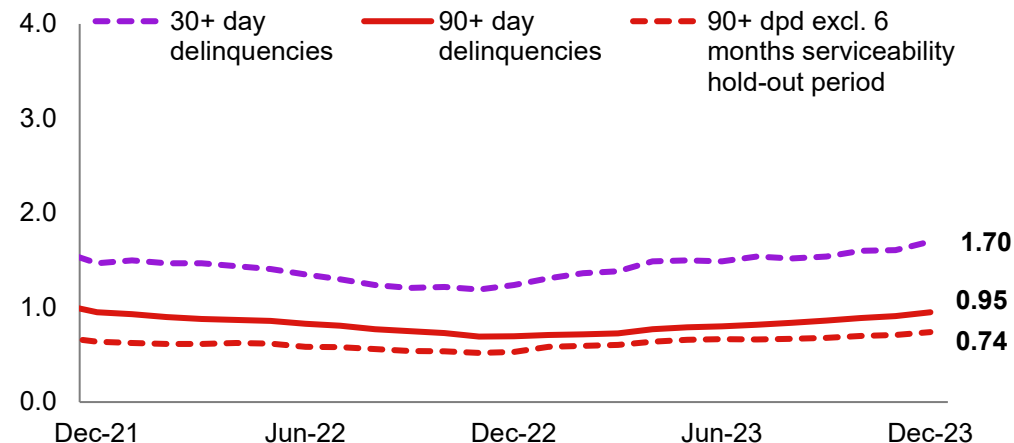
## Stressed exposures as a % of TCE

- Watchlist & substandard
- Non-performing, <90 days
- Non-performing, 90+ days
- Impaired

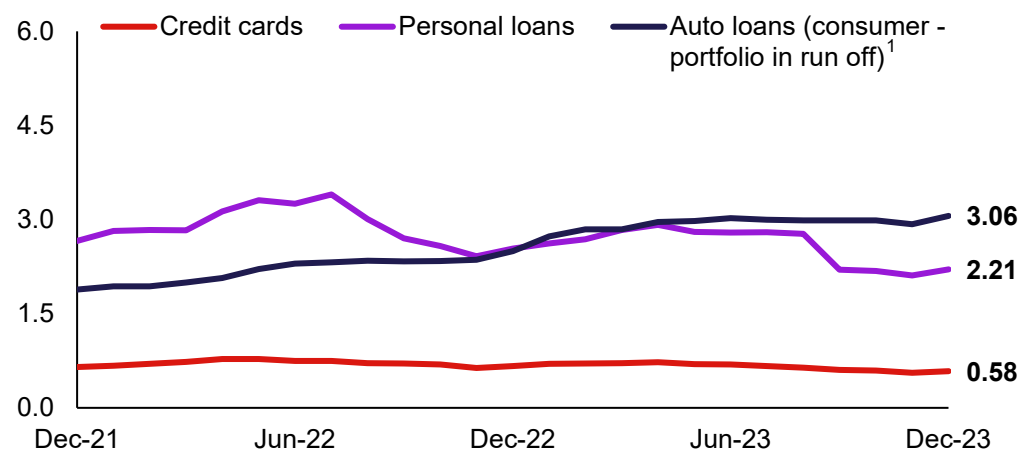


1 Portfolio has been in run off since March 2022.

## Australian mortgage delinquencies (%)



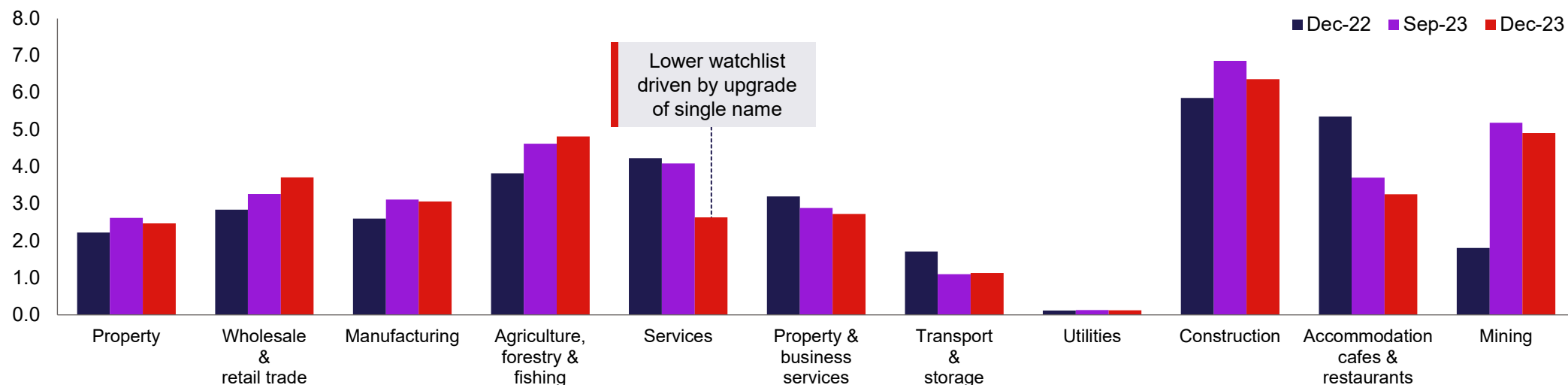
## Australian consumer finance 90+ delinquencies (%)



# CREDIT QUALITY ACROSS SECTORS

CREDIT QUALITY

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



## Exposure and credit quality by sector

Sector	Finance & Insurance <sup>1</sup>	Property <sup>2</sup>	Wholesale & retail trade	Manufacturing	Agriculture, forestry & fishing	Services <sup>3</sup>	Property & business services	Transport & storage	Utilities	Construction <sup>4</sup>	Accomm, cafes & restaurants	Mining	
TCE (\$bn)	Dec-23	201.9	80.3	30.8	24.5	24.4	26.3	23.1	19.0	20.5	12.9	11.5	7.5
	Sep-23	202.1	80.7	31.0	24.7	24.1	26.4	23.0	18.3	18.9	12.9	10.8	8.0
Stressed (%) <sup>5,6</sup>	Dec-23	0.1	2.5	3.7	3.1	4.8	2.6	2.7	1.1	0.1	6.4	3.3	4.9
	Sep-23	0.1	2.6	3.3	3.1	4.6	4.1	2.9	1.1	0.1	6.9	3.7	5.2
Impaired (%) <sup>6</sup>	Dec-23	0.0	0.1	0.7	0.6	0.2	0.4	0.5	0.1	0.0	0.6	0.3	0.1
	Sep-23	0.0	0.1	0.4	0.4	0.2	0.4	0.5	0.1	0.0	0.6	0.4	0.1

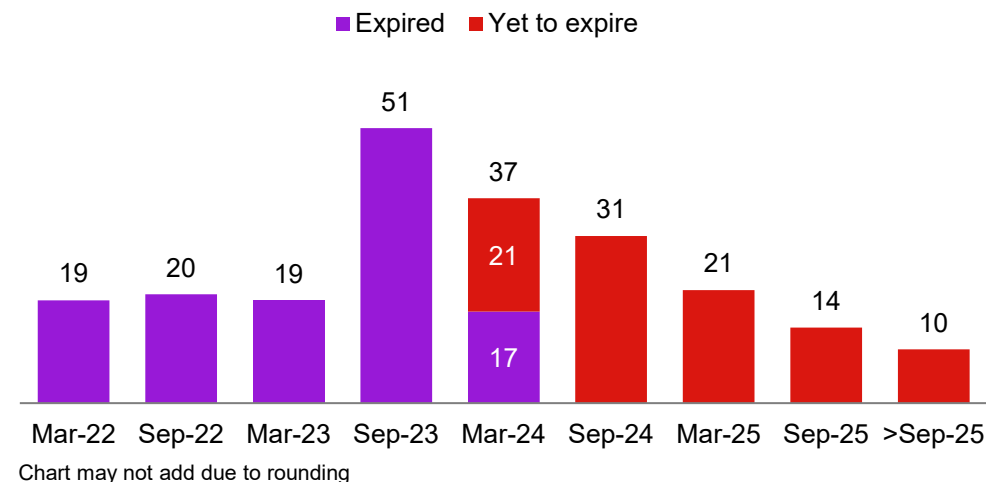
<sup>1</sup> Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. Includes assets held for liquidity portfolio. <sup>2</sup> Property includes both residential and non-residential property investors and developers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

# AUSTRALIAN MORTGAGE PORTFOLIO COMPOSITION

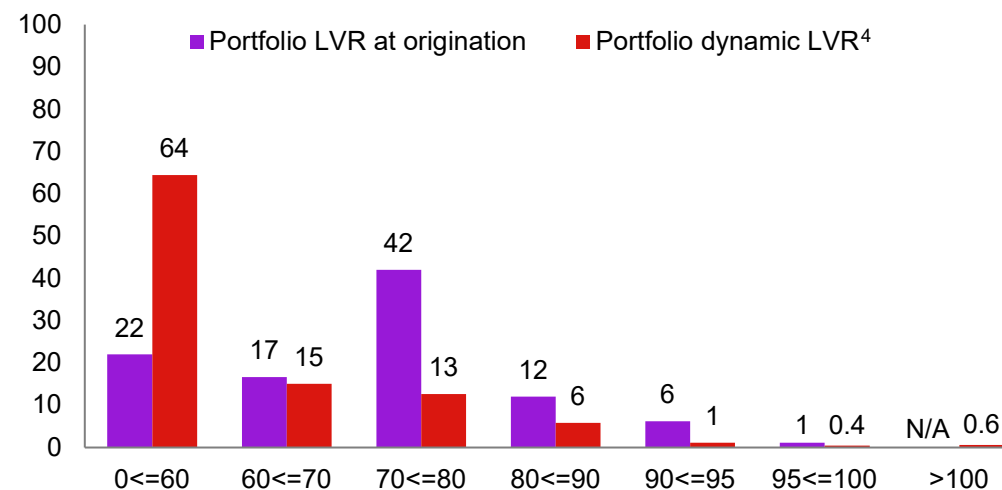
MORTGAGE CREDIT QUALITY

Australian mortgage portfolio	Mar-23 balance	Sep-23 balance	Dec-23 balance
Total portfolio (\$bn)	472.7	485.6	<b>490.9</b>
Owner occupied (OO) (%)	66.4	67.1	<b>67.5</b>
Investment property loans (IPL) (%)	32.2	31.6	<b>31.3</b>
Portfolio loan/line of credit (LOC) (%)	1.4	1.3	<b>1.2</b>
Variable rate / Fixed rate (%)	67/33	76/24	<b>81/19</b>
Interest only (I/O) (%)	13.3	12.8	<b>12.5</b>
Proprietary channel (%)	51.5	50.8	<b>50.2</b>
First home buyer (%)	10.8	10.8	<b>11.0</b>
Mortgage insured (%)	14.2	13.1	<b>12.9</b>
	<b>Mar-23</b>	<b>Sep-23</b>	<b>Dec-23</b>
Average loan size <sup>1</sup> (\$'000)	292	301	<b>306</b>
Customers ahead on repayments including offset account balances (%)			
By accounts	74	75	<b>76</b>
By balances	69	71	<b>72</b>
Mortgage losses net of insurance (\$m)	11	21	<b>9</b>
Annual mortgage loss rate <sup>2</sup> (bps)	0.5	0.7	<b>0.7</b>
Hardship <sup>3</sup> balances (% of portfolio)	0.50	0.71	<b>0.86</b>

## Fixed rate mortgage expiry schedule (\$bn, for the 6mths to)



## Loan-to-value ratios (LVRs) (%)



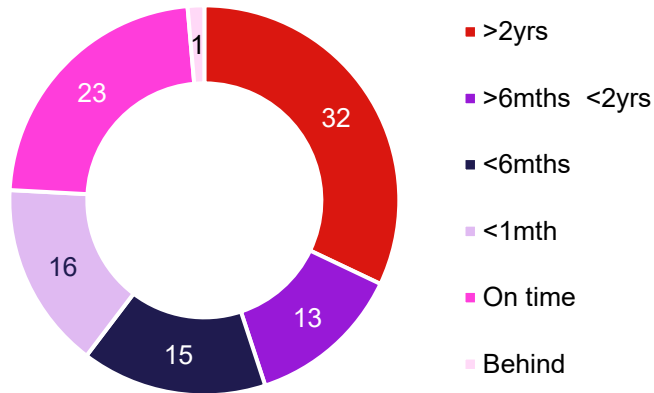
1 Includes amortisation. Calculated at account level, where split loans represent more than one account. 2 Mortgage loss rates for March are annualised, based on losses for the 6 months. Mortgage loss rates for September are actual losses for the 12 months ending. Mortgage loss rates for December are annualised, based on losses for the 3 months. 3 Financial hardship assistance is available to customers experiencing temporary financial difficulty, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period. 4 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic.



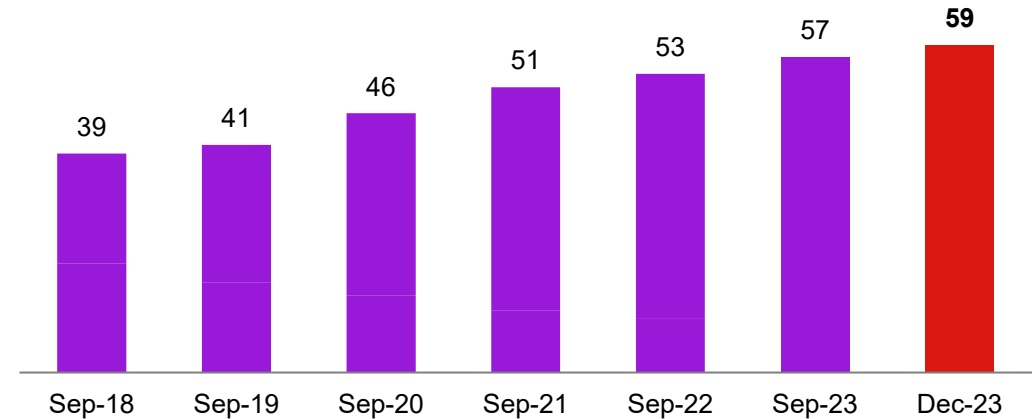
# AUSTRALIAN MORTGAGE PORTFOLIO REPAYMENT BUFFERS

MORTGAGE CREDIT QUALITY

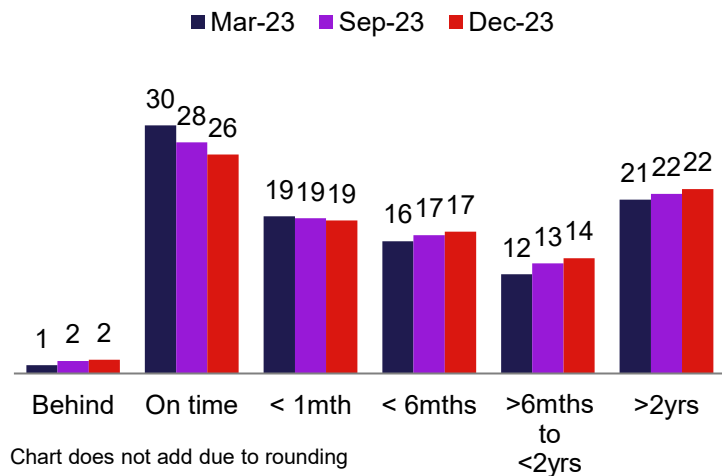
## Customers ahead on repayments<sup>1</sup> (% by accounts)



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



## Customers ahead on repayments<sup>1</sup> (% by balances)

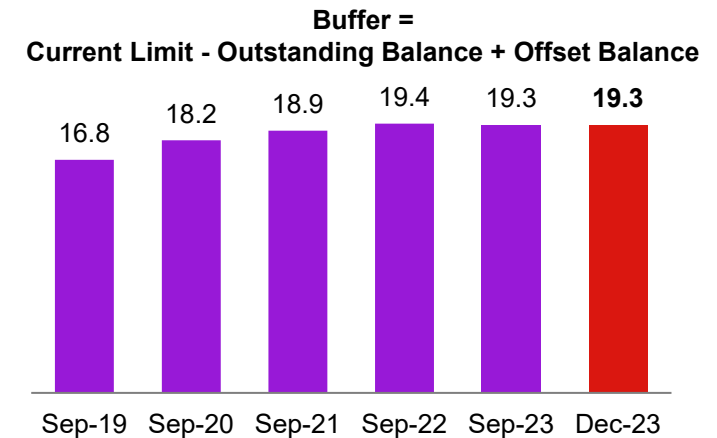


### Loans 'on time' and <1mth ahead



- Investment property loans – (generally maintain higher balances for tax purposes)
- Accounts opened in the last 12 months
- Structural restrictions on repayments e.g. fixed rate
- Residual – <1 month repayment buffer

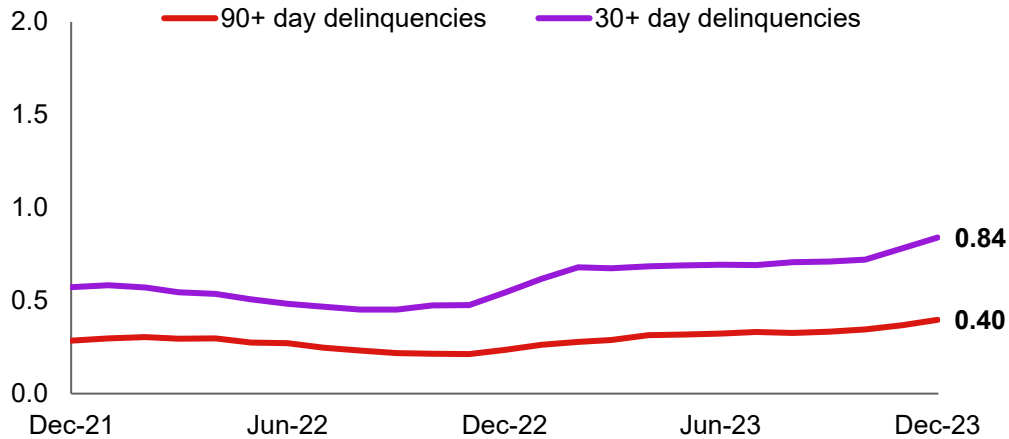
## Buffer to balance ratio<sup>3</sup> (%)



1 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset accounts. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due. 2 Includes RAMS from Sep-20 onwards. 3 Excludes Line of Credit.

# NEW ZEALAND CREDIT QUALITY

## Mortgage delinquencies (%)



## Mortgage portfolio LVR<sup>1</sup> (% of portfolio)

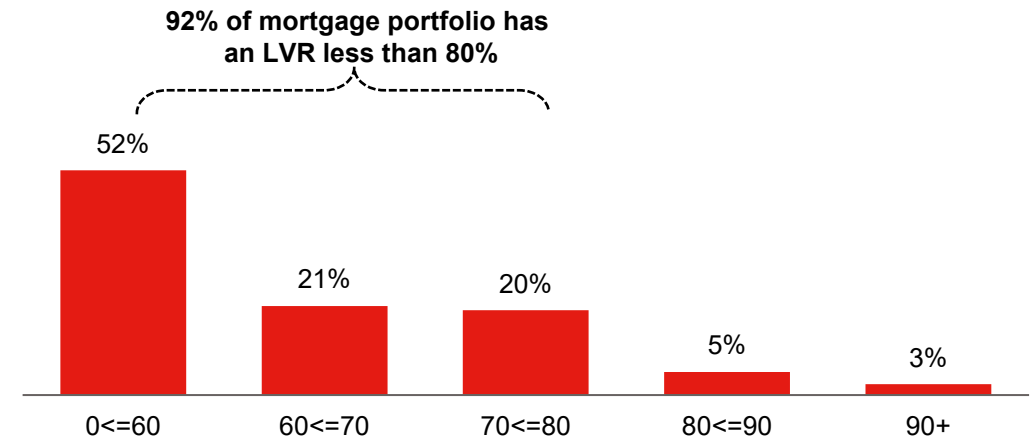


Chart may not add due to rounding

## Business stressed exposures to business TCE (%)

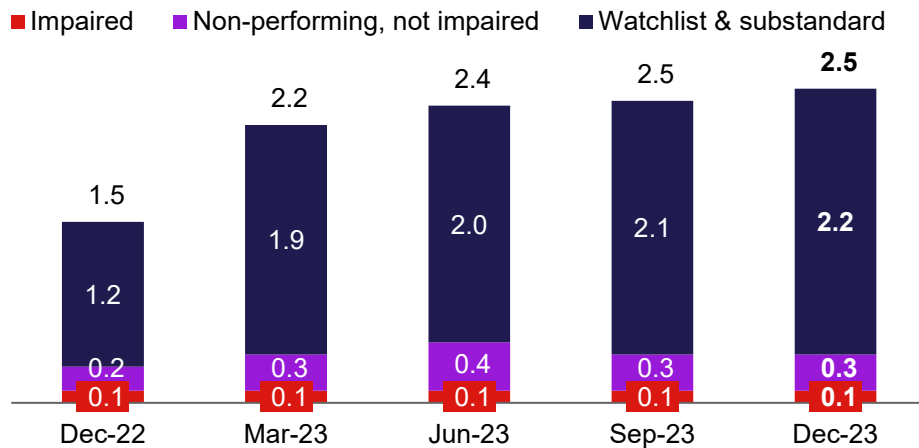
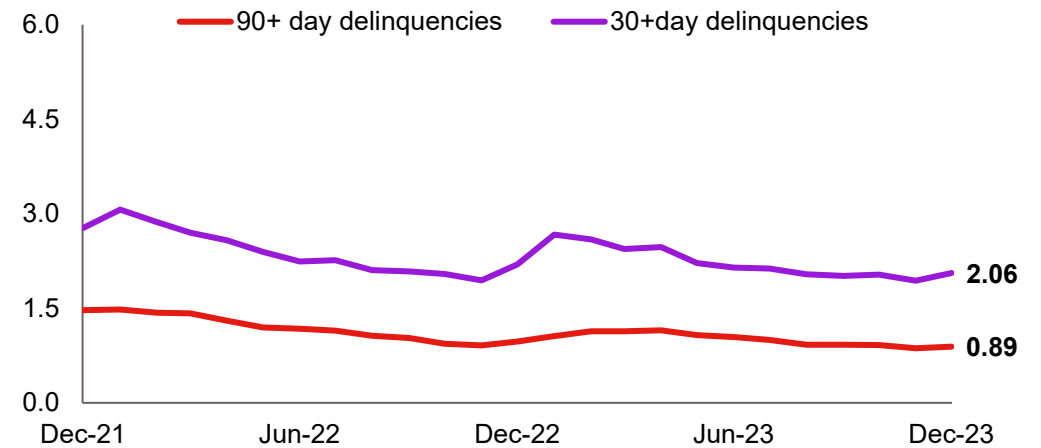


Chart may not add due to rounding

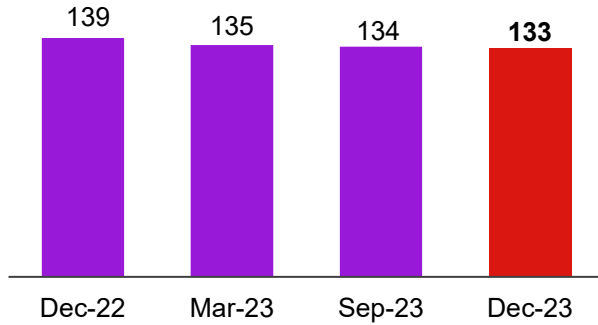
## Unsecured Consumer delinquencies (%)



<sup>1</sup> LVR based on current exposure and property valuation at the latest credit event.

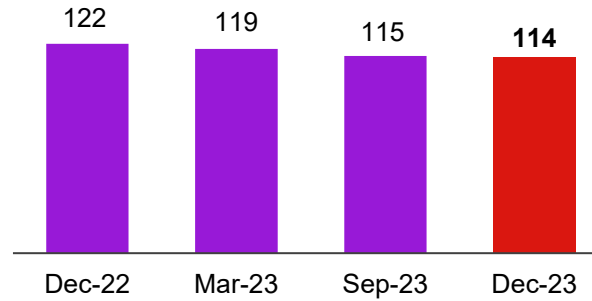
## Key funding and liquidity measures

Liquidity coverage ratio (LCR) (%)  
Quarterly average



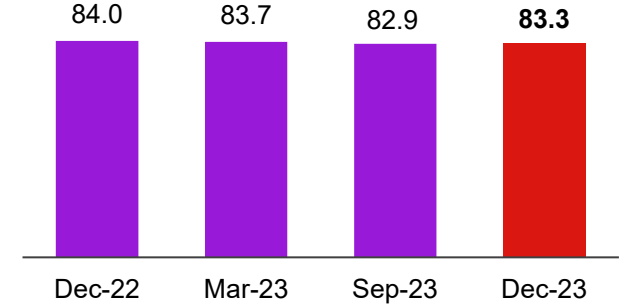
- Quarterly LCR movement reflects lower liquid asset holdings, partly offset by lower average net cash outflows

Net stable funding ratio (NSFR) (%)



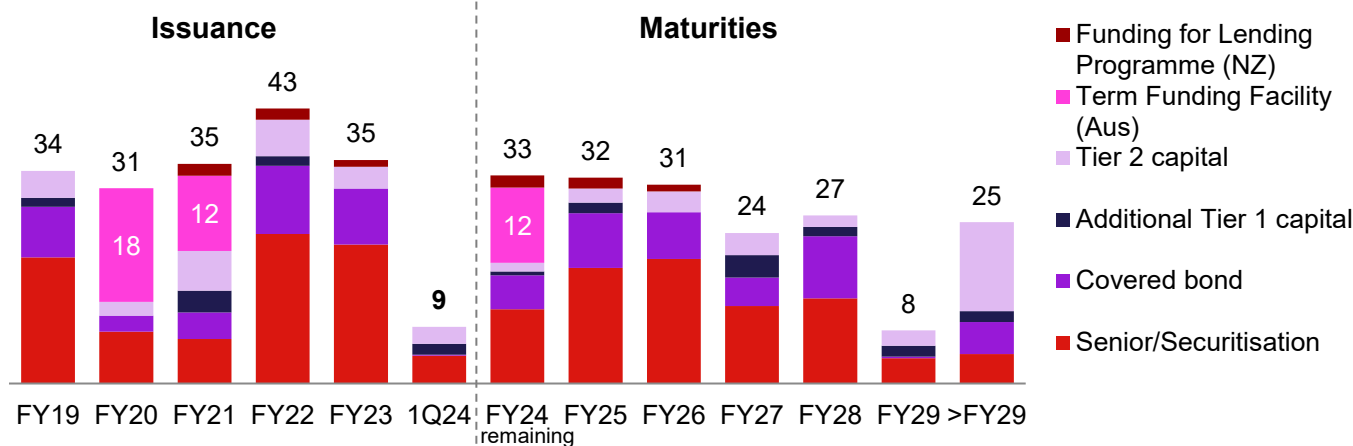
- Lower NSFR reflects growth in lending and further increases in required stable funding for mortgages under APS 112, partly offset by higher deposits

Customer deposits to net loans ratio (D2L) (%)

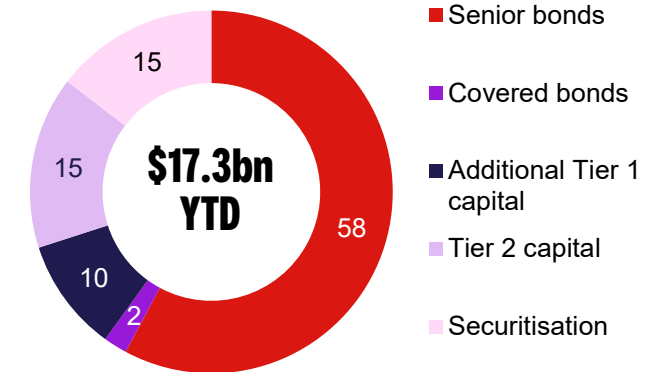


- Increase in D2L ratio due to growth in deposits, with some seasonal moderation in lending growth

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



## Term debt issuance by program year to date<sup>2</sup> (%)



<sup>1</sup> Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. Contractual maturity date for Additional Tier 1 and callable Tier 2 instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Maturities exclude securitisation amortisation. <sup>2</sup> Year to date is 1 October 2023 to 19 February 2024.

# APPENDIX 1: FINANCIAL SUMMARY

APPENDIX

\$m	2H23 qtr average	% movement 1Q24 - 2H23 qtr average	Excluding Notable Items	
			2H23 qtr average	% movement 1Q24 - 2H23 qtr average
Net interest income	4,602	(7)	4,606	1
Non-interest income	719	3	730	3
<b>Net operating income</b>	<b>5,321</b>	<b>(5)</b>	<b>5,336</b>	<b>2</b>
Expenses	(2,852)	(6)	(2,622)	2
<b>Pre-provision profit</b>	<b>2,469</b>	<b>(4)</b>	<b>2,714</b>	<b>1</b>
Impairment charges	(129)	47	(129)	47
Tax and non-controlling interests (NCI)	(743)	(10)	(812)	(3)
<b>Net profit</b>	<b>1,597</b>	<b>(6)</b>	<b>1,773</b>	<b>-</b>
<b>Return on equity (ROE)</b>	<b>8.9%</b>	<b>(61bps)</b>	<b>9.9%</b>	<b>(7bps)</b>
<b>Return on tangible equity (ROTE)</b>	<b>10.1%</b>	<b>(69bps)</b>	<b>11.2%</b>	<b>(9bps)</b>

# APPENDIX 2: NET PROFIT

APPENDIX

\$b					Excluding Notable Items			
	3Q23	4Q23	2H23 qtr average	1Q24	3Q23	4Q23	2H23 qtr average	1Q24
Net interest income	4.8	4.4	4.6	4.3	4.6	4.6	4.6	4.7
Non-interest income	0.8	0.6	0.7	0.7	0.8	0.7	0.7	0.8
<b>Net operating income</b>	<b>5.6</b>	<b>5.0</b>	<b>5.3</b>	<b>5.0</b>	<b>5.4</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>
Expenses	(2.7)	(3.0)	(2.9)	(2.7)	(2.7)	(2.6)	(2.6)	(2.7)
<b>Pre-provision profit</b>	<b>2.9</b>	<b>2.0</b>	<b>2.5</b>	<b>2.4</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
Impairment charges	(0.3)	-	(0.1)	(0.2)	(0.3)	-	(0.1)	(0.2)
Tax and non-controlling interests (NCI)	(0.8)	(0.7)	(0.7)	(0.7)	(0.8)	(0.9)	(0.8)	(0.8)
<b>Net profit</b>	<b>1.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
<b>ROE</b>	<b>10.3%</b>	<b>7.5%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>9.6%</b>	<b>10.2%</b>	<b>9.9%</b>	<b>9.8%</b>
<b>ROTE</b>	<b>11.7%</b>	<b>8.5%</b>	<b>10.1%</b>	<b>9.4%</b>	<b>10.9%</b>	<b>11.5%</b>	<b>11.2%</b>	<b>11.1%</b>

Table may not add due to rounding

# INVESTOR RELATIONS TEAM

## Contact us

### Justin McCarthy

General Manager, Investor Relations

### Jacqueline Boddy

Head of Debt Investor Relations

### Catherine Garcia

Head of Investor Relations, Institutional

### Rebecca Plackett

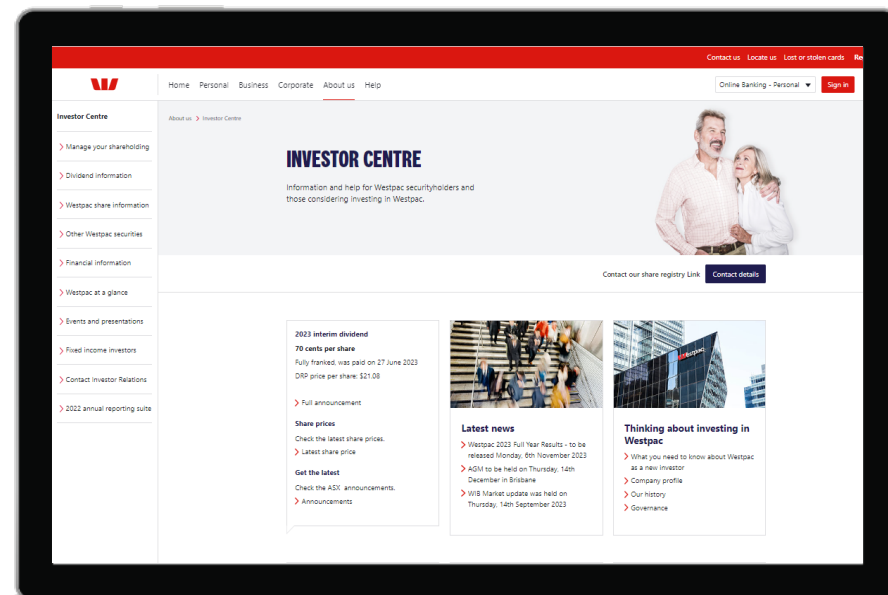
Head of Corporate Reporting and ESG

### James Wibberley

Manager, Investor Relations


### Arthur Petratos


Manager, Shareholder Services




## INVESTOR RELATIONS CONTACT

For all matters relating to Westpac's **strategy, performance and results**

 +61 2 9178 2977


 investorrelations@westpac.com.au


 westpac.com.au/investorcentre


## SHARE REGISTRY CONTACT

For all shareholding enquiries relating to:

- Address details and communication preferences
- Updating bank account details, and participation in the dividend reinvestment plan

 1800 804 255

 westpac@linkmarketservices.com.au

 investorcentre.linkmarketservices.com.au

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation (Westpac) and its activities.

The information is supplied in summary form and is therefore not necessarily complete. It is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

All amounts are in Australian dollars unless otherwise indicated.

This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the US Securities Exchange Act of 1934.

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

We use words such as ‘will’, ‘may’, ‘expect’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘estimate’, ‘anticipate’, ‘believe’, ‘probability’, ‘indicative’, ‘risk’, ‘aim’, ‘outlook’, ‘forecast’, ‘f’cast’, ‘f’, ‘assumption’, ‘projection’, ‘target’, ‘goal’, ‘guidance’, ‘ambition’, or other similar words to identify forward-looking statements, or otherwise identify forward-looking statements. These forward-looking statements reflect our current views on future events and are subject to change, certain known and unknown risks, uncertainties and assumptions and other factors which are, in many instances, beyond our control (and the control of our officers, employees, agents and advisors), and have been made based on management’s expectations or beliefs concerning future developments and their potential effect upon us.

Forward-looking statements may also be made, verbally or in writing, by members of Westpac’s management or Board in connection with this presentation. Such statements are subject to the same limitations, uncertainties, assumptions and disclaimers set out in this presentation.

There can be no assurance that future developments or performance will align with our expectations or that the effect of future developments on us will be those anticipated. Actual results could differ materially from those we expect or which are expressed or implied in forward-looking statements, depending on various factors including, but not limited to, those described in the section titled ‘Risk factors’ under the section ‘Performance Review’ in our 2023 Annual Report available at [www.westpac.com.au](http://www.westpac.com.au). When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events.

Except as required by law, we assume no obligation to revise or update any forward-looking statements contained in this presentation, whether from new information, future events, conditions or otherwise, after the date of this presentation.