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Westpac
Australia's First Bank

Credit Quality and Dynamic Provisioning

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Chief Credit Officer

13 August 2001

STRATEGY BRIEFING, August 2001



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The material contained in the following presentation is intended to be general background information on Westpac Banking Corporation and its activities as at 13 August 2001.

The information is supplied in summary form and is therefore not necessarily complete. Also, 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.

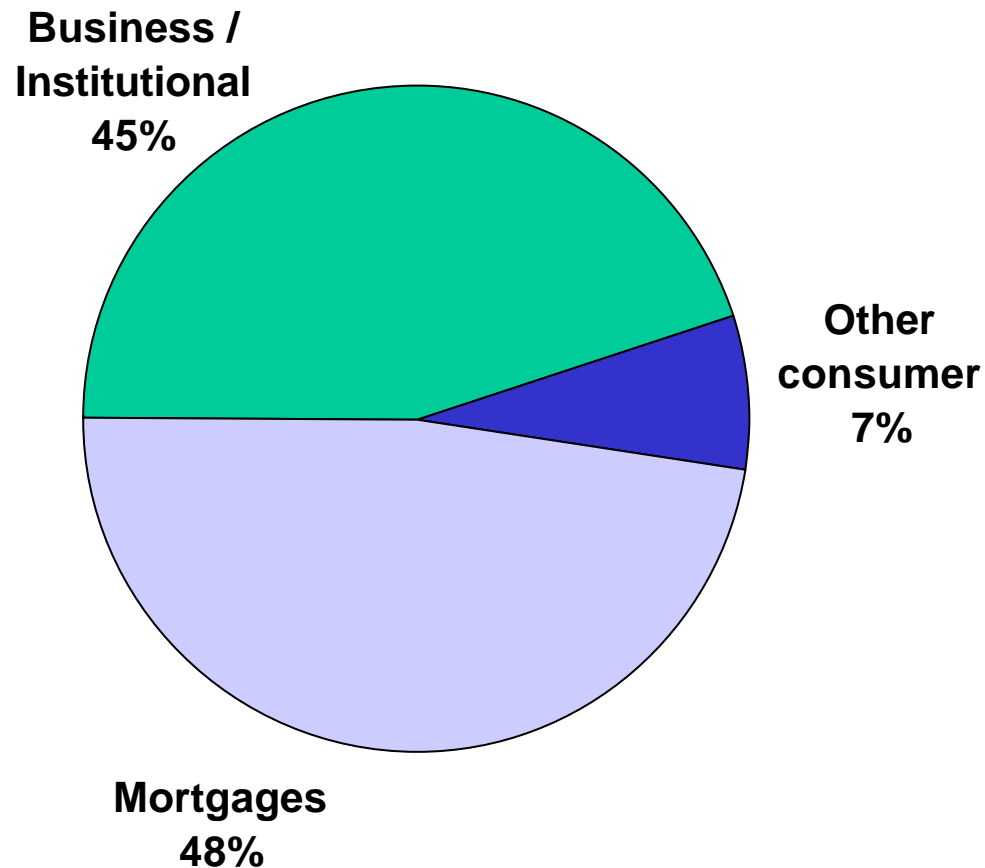
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High quality loan book



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Total Westpac Group *



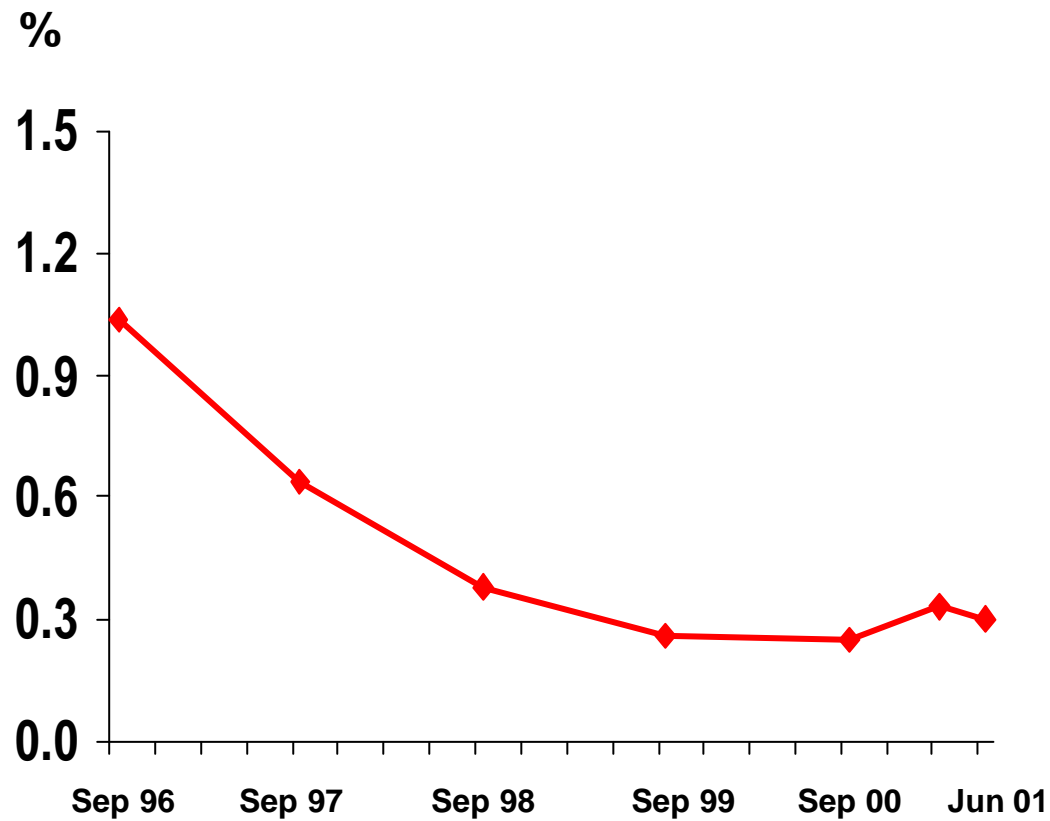
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Mortgage delinquencies within expectations...



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90 days Past Due Mortgage Loans



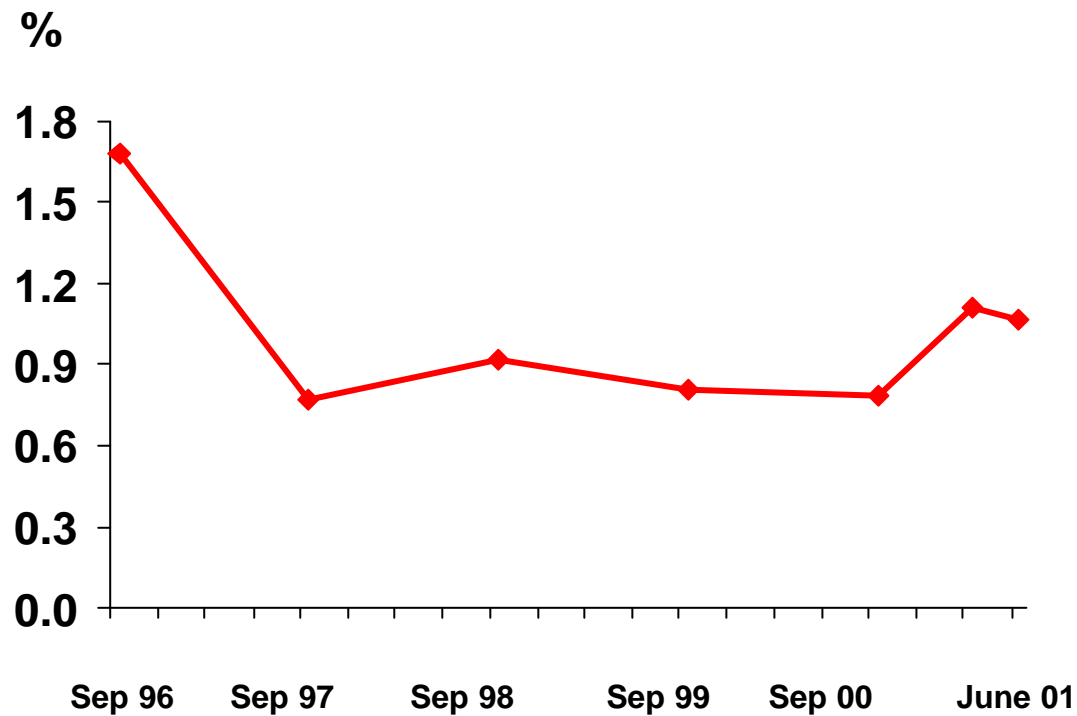
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...as well as other consumer delinquencies



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90 days Past Due Other Consumer Loans



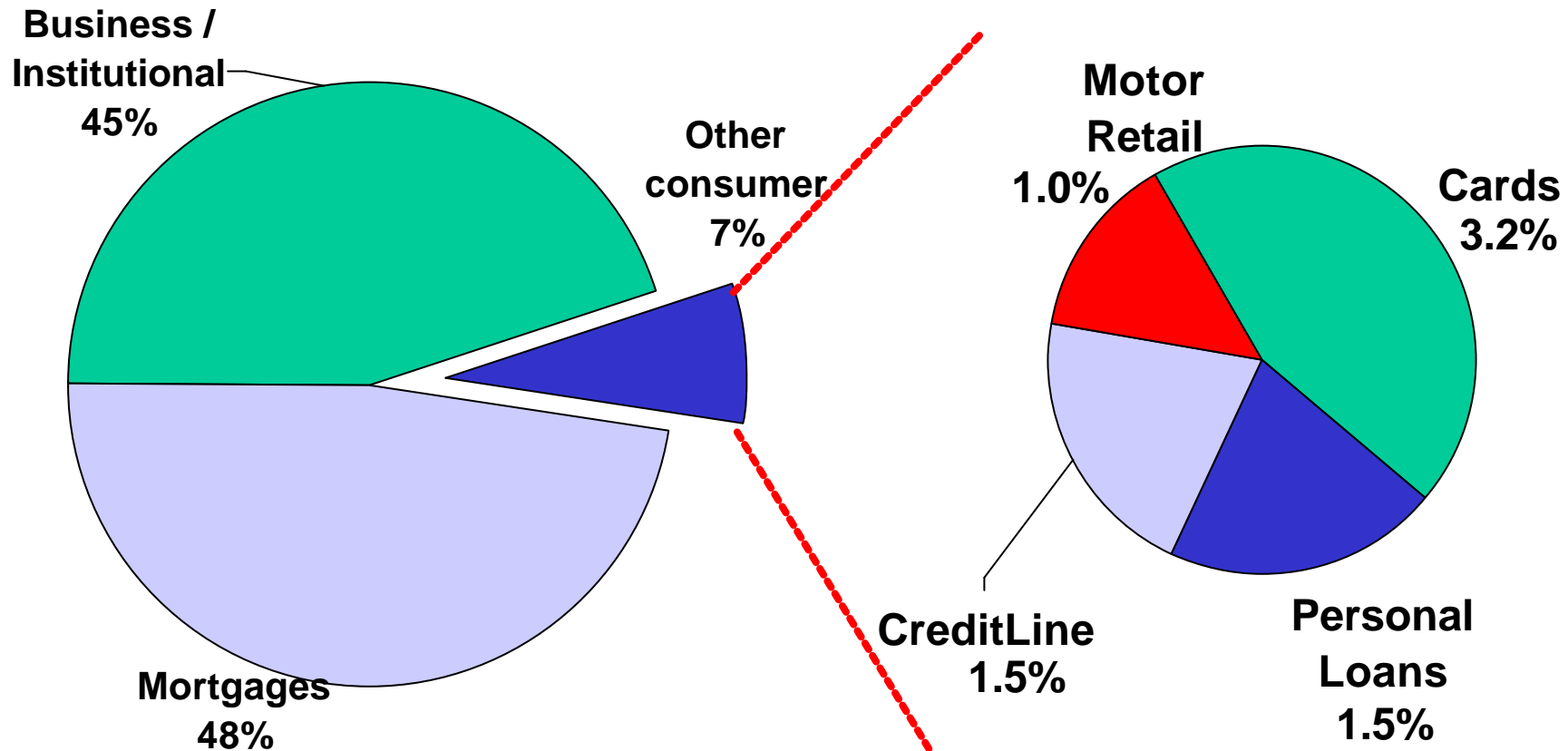
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Other consumer portfolio



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Total Westpac Group *

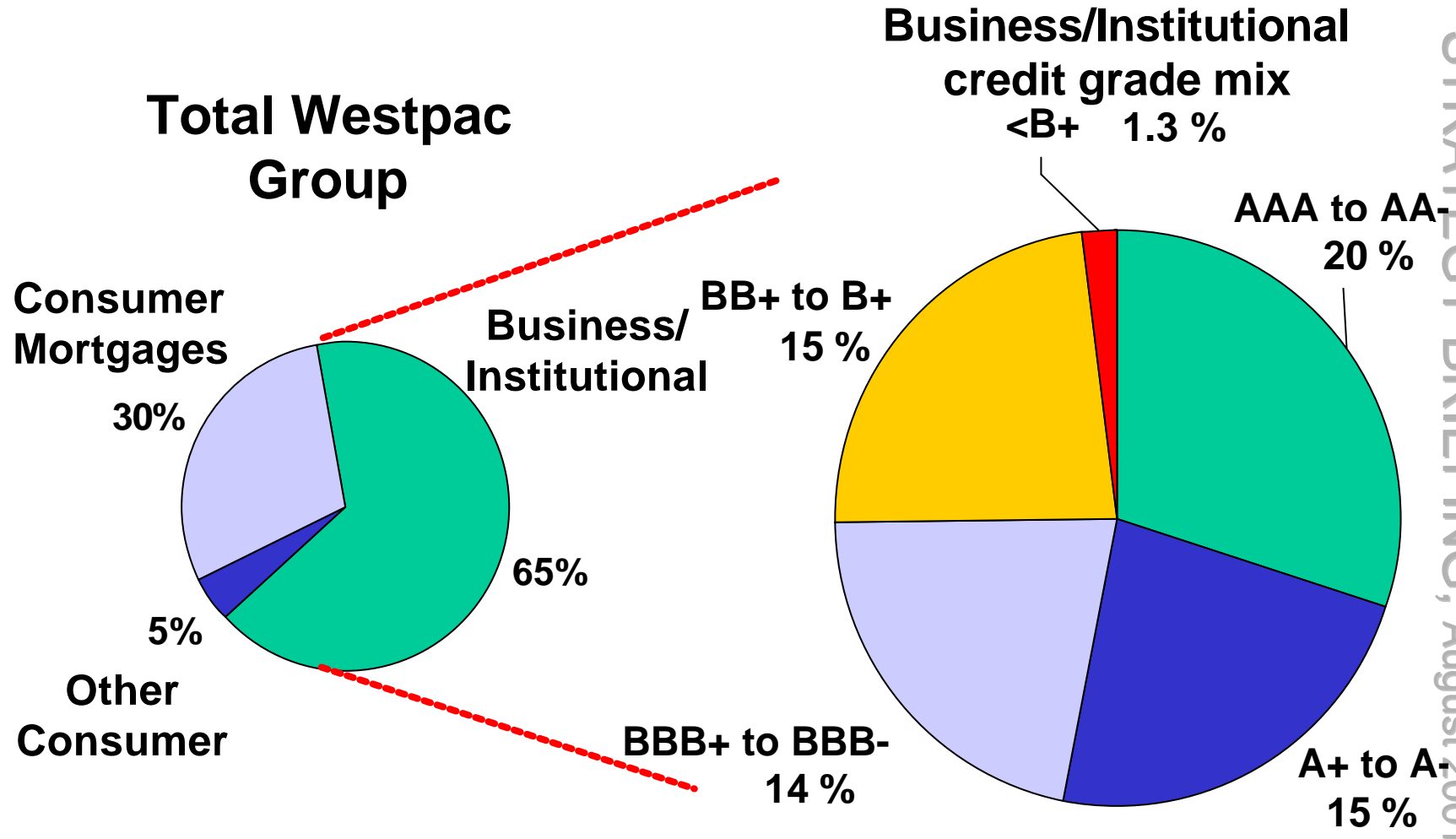


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Mostly investment grade portfolio exposures *



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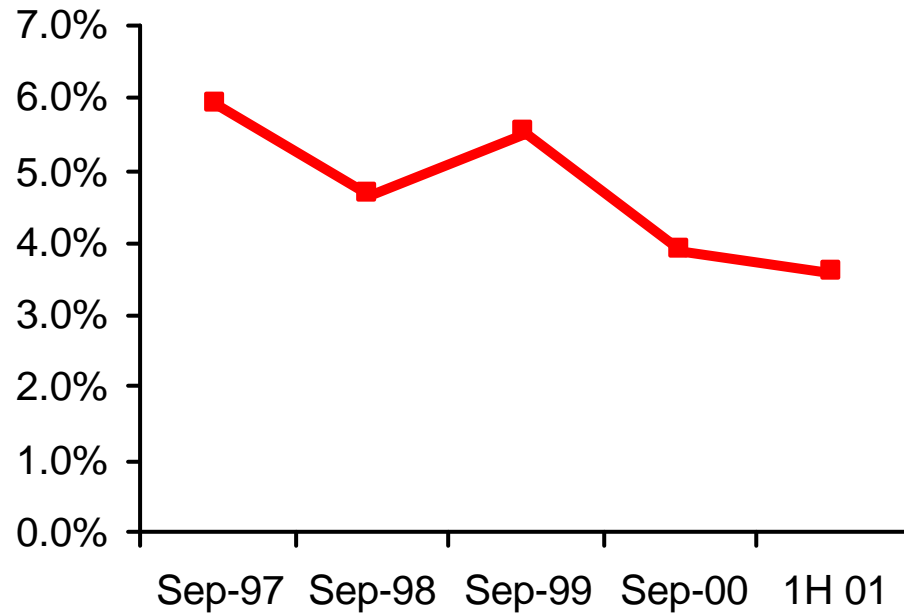
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Business banking - stressed loans trending down

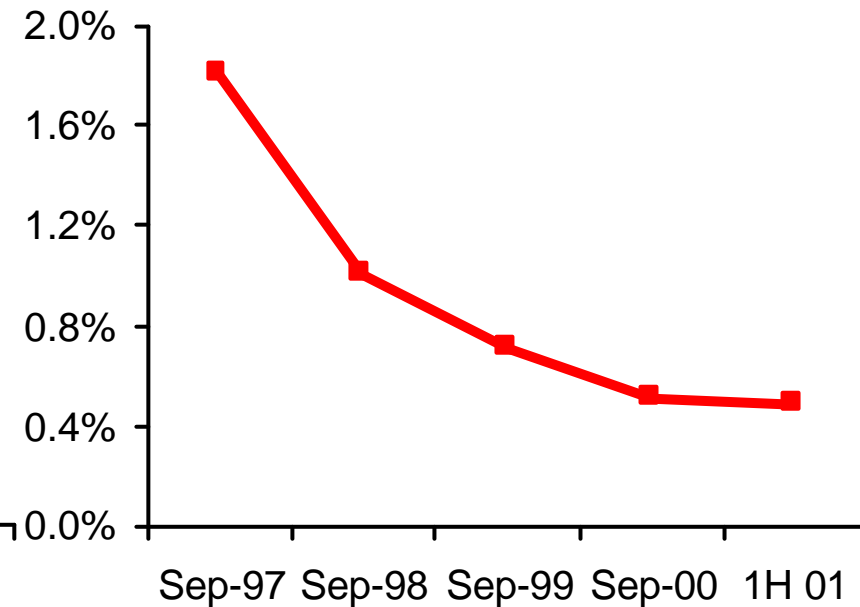


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Watchlist & below



Impaired Assets



% of total business banking commitments

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Concentration risk

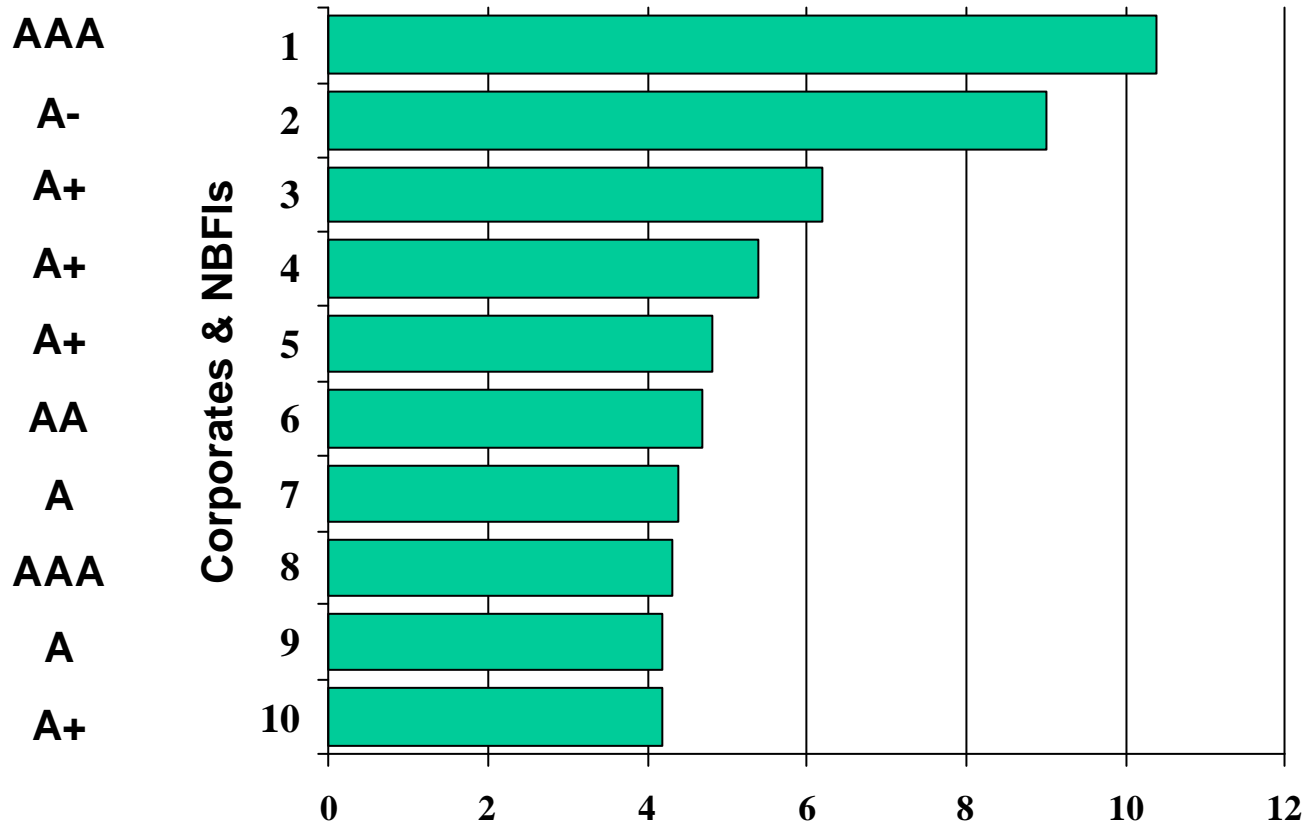
Limited single name exposure concentrations



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Credit exposures* to Top 10 corporations and NBFIs

Rating
(S&P 30 June)



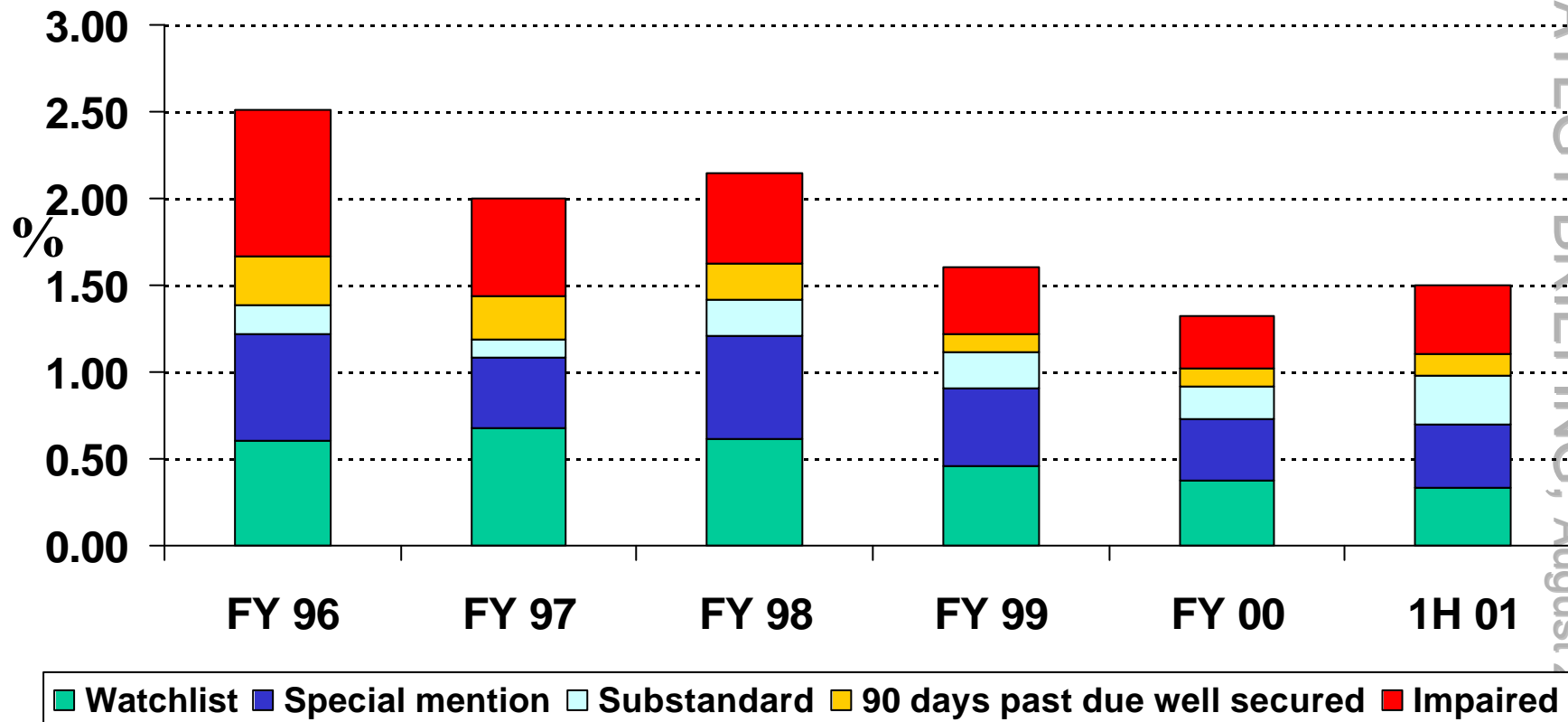
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Stressed loans remain near historic lows



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Exposure by credit grade - stressed loans* % of total commitments



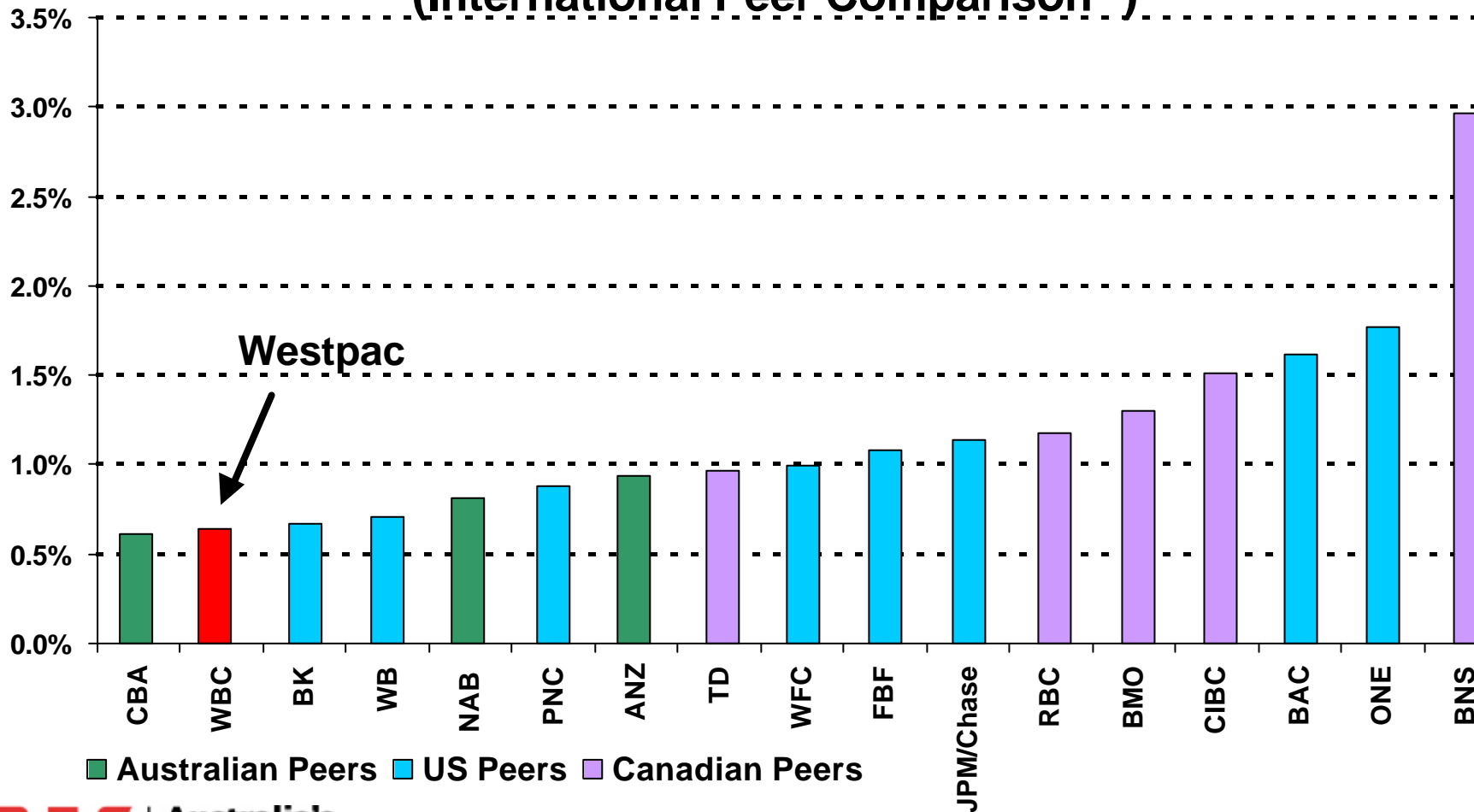
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Comparatively low level of impaired assets...



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Impaired Assets / Loans (International Peer Comparison *)



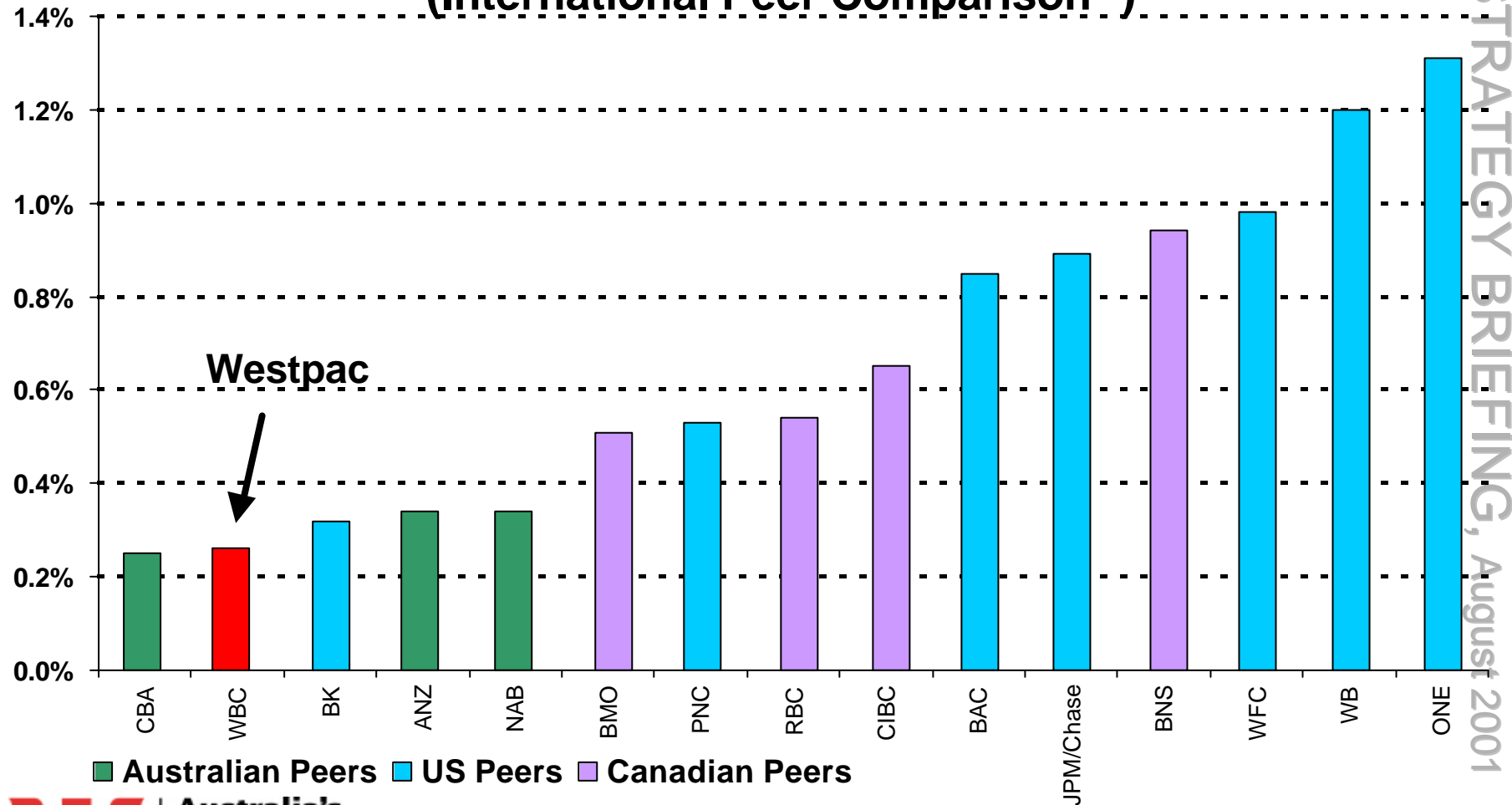
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...and comparatively low bad debt charges



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Annualised Bad Debt Charge / Average Loans (International Peer Comparison *)

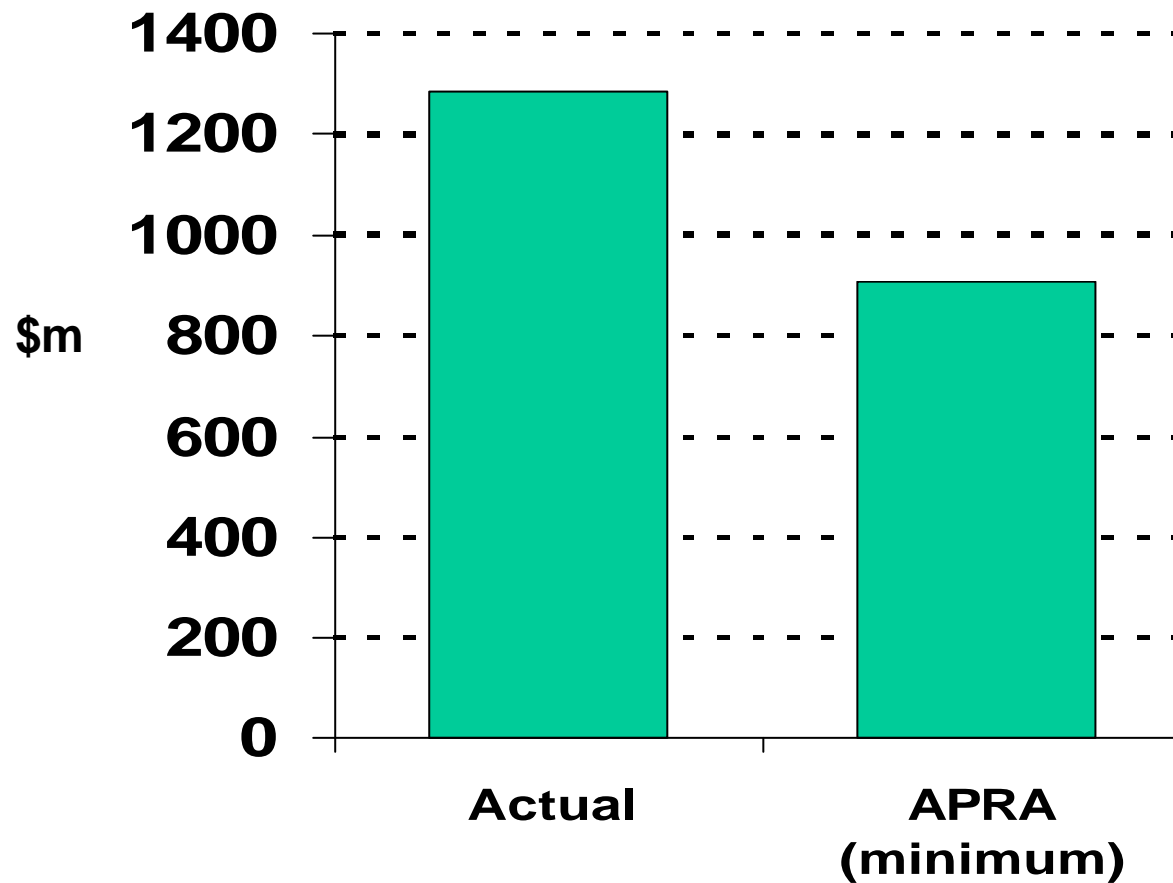


Dynamic provisioning reviewed



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General Provision



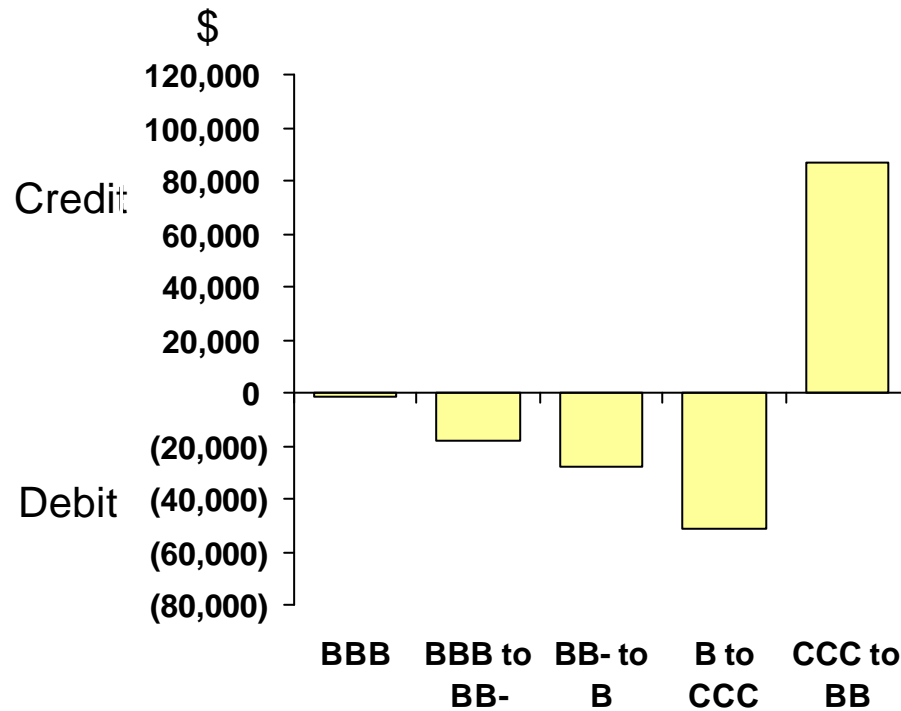
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Dynamic provisioning impact of migration on a loan of \$1m

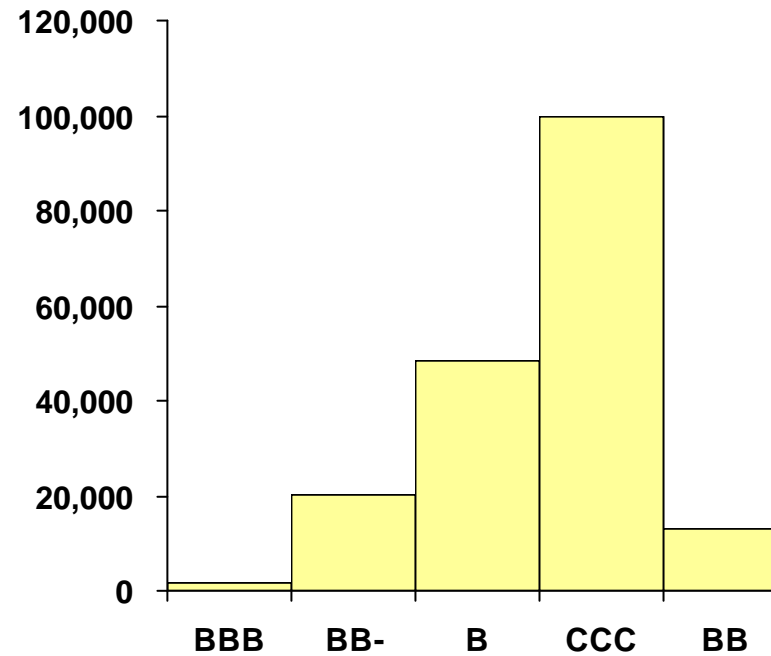


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Impact of downgrades on P&L



Cumulative impact on DP Pool



Two Year Loan at 40%* Loss Given Default

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Provisioning surplus

Prudent provisioning buffer maintained



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	\$m
Actual provisions - March 2001	1,565
Total dynamic provision required	1,374
Buffer for model risk and judgement	191

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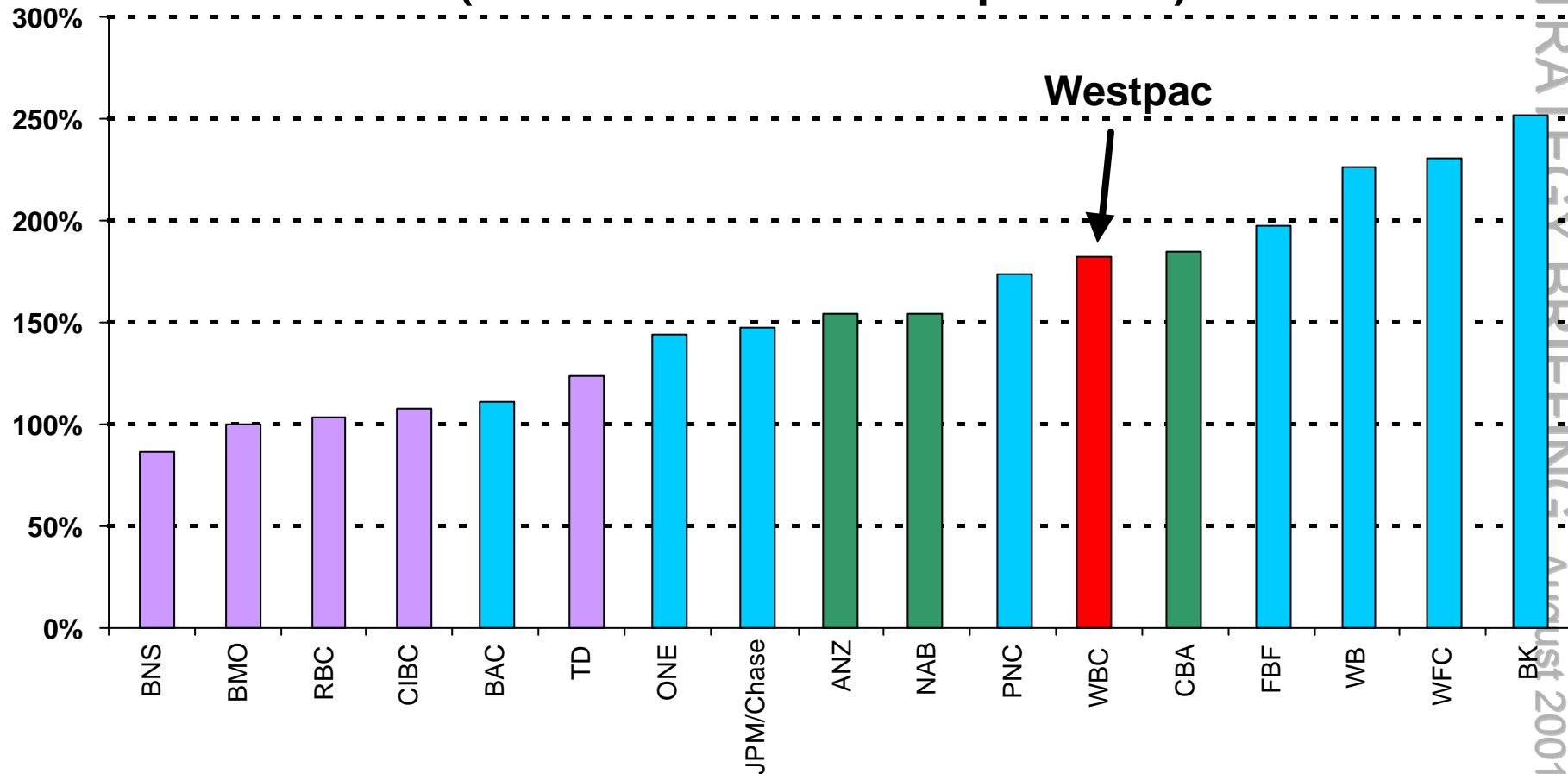
Westpac is well provisioned

Comparatively well provisioned



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Total Provisions / Impaired Assets (International Peer Comparison *)



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■ Australian Peers ■ US Peers ■ Canadian Peers

* Based on most recent published results

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Asset quality summary



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- **Low risk asset profile**
- **Generates a relatively low level of problem loans**
- **Strong risk management controls, and**
- **Low net bad debt expense compared to its peers.**

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