ASX ANNOUNCEMENT
FY23 RESULT

Westpac GROUP

6 NOVEMBER 2023

FINANCIAL HIGHLIGHTS

$7.195bn Net profit, up 26% on FY22	**205c** Earnings per ordinary share, up 28% on FY22
$773bn Loans, up 5% on FY22	**10.1%** ROE, up 199 bps on FY22
72c Final dividend per share Total dividend 142c up 14% on FY22	**12.4%** CET1 capital ratio, up 109 bps on FY22

Improved result, helping customers

Peter King, Chief Executive Officer

Over the past year we've further strengthened the bank, improved our financial performance and continued to support customers in a rising interest rate environment.

This result delivers a better return on equity, higher earnings per share and increased net profit. This is built on the back of growth in key markets including deposits, mortgages and institutional banking.

A strong banking sector is vital for a resilient economy and Westpac's balance sheet is the strongest I've seen in my 29 years at the bank. Capital and liquidity are above regulatory requirements and credit quality is resilient. For shareholders, we're delivering an increased dividend and commencing a $1.5 billion share buyback.

Margins increased two basis points and have been well managed through a period of intense mortgage competition. Our expenses are down one per cent but we recognise there's more work to do as we seek to lower our cost to income ratio relative to peers. Impairment provisions have increased to position the bank's balance sheet appropriately for the uncertain economic outlook.

This year we completed our portfolio simplification which saw the exit of 10 businesses and we've remained focused on embedding the change from our Customer Outcomes and Risk Excellence program.

The second half of 2023 presented a more challenging environment for Westpac and the broader industry. This is expected to continue into 2024. We've restructured our divisions to focus on growth, returns and improving customer service while rebalancing investment between risk, growth and productivity to support our strategy.

Accelerating our technology transformation

Westpac's digital-first focus is showing results. Our app is the number one banking app in Australia[1] and our improved digital services are helping us retain customers. Our retention rate for those rolling off fixed rate mortgages increased to 90 per cent through the year.

In coming years we will continue our simplification by integrating technology to deal with complexity, cost and service issues from past acquisitions.

This will involve merging and simplifying the bank's technology stack and streamlining customer and origination channels and product systems.

We believe this will improve service for customers, grow our business in line with system, deliver a cost to income ratio closer to peers and remove legacy systems and duplication. It will lay the foundations for the Westpac of the future.

Over the past four years, we've had an annual average investment spend of approximately $2 billion. Including technology simplification, we anticipate future annual total investment of a similar level.

Economic outlook

For many of our customers it's been a challenging year. Households have been squeezed by cost-of-living pressures and rising interest rates, meaning some have had to adjust their spending to keep up.

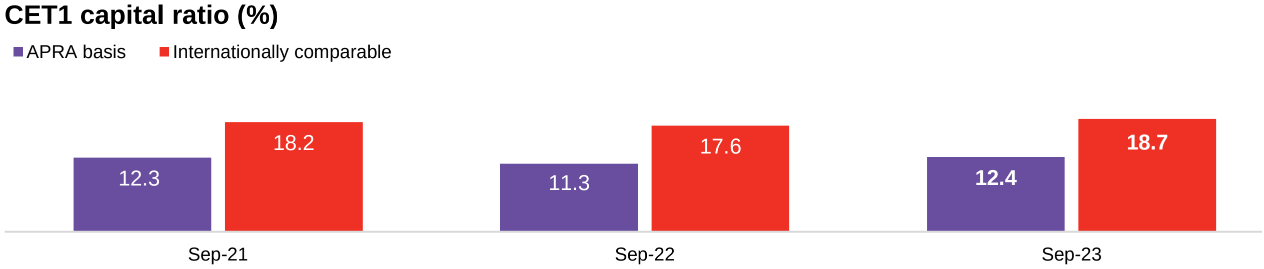
While more customers are calling us, hardship levels remain at around half the numbers we saw during COVID and we are not yet seeing significant increases in customers falling behind on repayments. But this doesn't mean it's been an easy road. From experience we know customers prioritise paying their mortgage while cutting back their spending elsewhere. We remain focused on helping those who need it and encourage customers to call us early.

Looking ahead there are some uncertainties in the economic outlook. While inflation is coming down, challenges remain, including volatile energy prices and geopolitical uncertainty due to conflict in Europe and the Middle East.

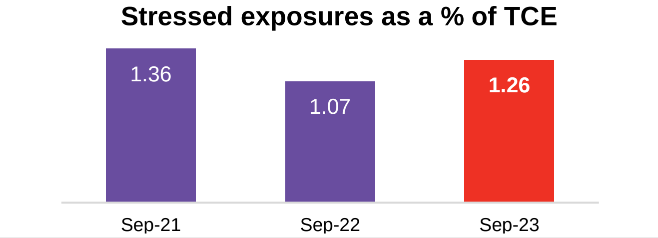
In Australia, employment and productivity are key measures to watch. The jobs market has proved robust but will be tested through 2024. Consumer sentiment remains weak but there are glimmers of hope with some cost pressures starting to ease for businesses, which in time should flow through to prices paid by consumers.

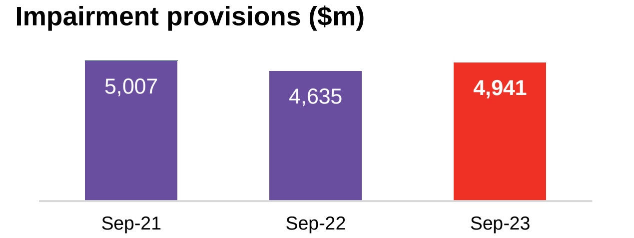
We're broadly positive about the economic outlook over the next year and Westpac is in a strong position to grow its business and support customers who need help.

Strong balance sheet



Sound credit quality





Operating performance

1.95%
Group NIM, up 2 bps on FY22

1.87%
Core NIM, up 12 bps on FY22

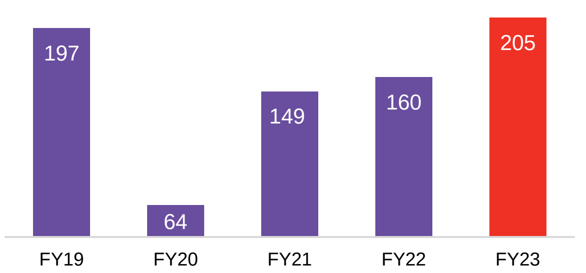
▼1%
Operating expenses on FY22

- **Group net interest margin (NIM) was up 2 basis points to 1.95%.** Core NIM (excluding Notable Items, Treasury and Markets) expanded by 12 basis points to 1.87% from higher return on capital balances and increased deposit spreads. This was partly offset by tighter loan spreads due to intense competition as well as an increase in low returning liquid assets.
- **Net interest income increased 7% to $18,317 million.** Excluding Notable Items, net interest income increased 11%. This reflects the increase in NIM and a 6% increase in average interest-earning assets. Growth was driven by owner-occupied mortgages and loans to business customers across the commercial property, agriculture and institutional banking sectors.
- **Non-interest income of $3,328 million was 36% higher.** Excluding Notable Items and the impact of businesses sold, non-interest income increased 3% to $2,988 million mostly from improved financial markets income.
- **Operating expenses of $10,692 million were 1% lower.** Operating expenses excluding Notable Items were up 1%. Inflationary pressures on wages, third-party vendor costs and higher software and regulatory expenses were largely mitigated by the benefits of our cost reset and simplification programs.
- **Impairment charges increased to $648 million**. This represented 9 basis points of average loans, up from 5 basis points in the prior year. The rise in impairment charges was mainly from a higher collective provisioning (CAP) charge of $769 million more than offsetting an individually assessed provisioning (IAP) benefit of $121 million.

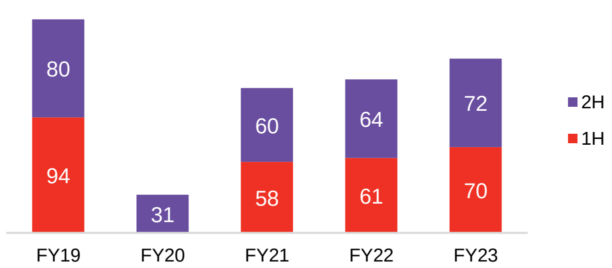
Key shareholder metrics

$21.15	$17.58	49.4%	69%
Share price, Sept 30	Net tangible assets per share	Expense to Income down from 55.1%	FY23 Dividend payout ratio

Earnings per ordinary share



Dividends per ordinary share



Segment performance[2]

FY23 NET PROFIT[3]

Consumer

Pre-provision profit reduced 7% with margin down 7 basis points and expenses rising 6%. Impairments were little changed. Net loans increased 4% while deposits grew 10%. During the year, $74 billion of fixed rate mortgages expired with most customers choosing to stay with Westpac.

$3,052m

▼7%

Business

Pre-provision profit rose 77% as margins expanded and costs decreased 1%. Net loans increased 5% with growth in agriculture, commercial property and diversified sectors. Impairment charges increased 84% reflecting CAP provision increases.

$1,628m

▲77%

Institutional Bank

Pre-provision profit rose 47% with revenue up 28% and costs up 11%. Loans increased 9% with strong growth in financial markets income. Impairments were little changed.

$1,061m

▲54%

New Zealand

Pre-provision profit reduced 5% with revenue up 2% and costs rising 12%. The rising costs reflected BS11 regulatory implementation and compliance and risk projects. Impairments also rose off a low base reflecting some deterioration in portfolio quality and CAP increases.

AUD$887m

▼18%

Group Businesses

Excluding Notable Items, net profit after tax was $109 million, down 34% on FY22. The lower result mainly reflected market volatility impacting Treasury earnings.

($38m)

Large

Specialist Businesses

Portfolio simplification was completed, which saw the exit of 10 businesses over the last 3 years. Excluding Notable Items and the impact of businesses sold, net profit after tax was $267 million, down 20% over the year. The planned run down in auto finance portfolio was a significant contributor to the lower result.

$605m

Large

Westpac

$7,195m

▲26%

Market share

Australia

Household deposits[4]	21%
Mortgages[5]	21%
Business credit[5]	15%

New Zealand

Consumer lending[6]	18%
Deposits[6]	18%
Business lending[6]	16%

Creating better futures together

SHAREHOLDERS	CUSTOMERS	EMPLOYEES	COMMUNITY
$7.2bn Net Profit, up 26%	**#1 BANKING APP[1]**	**75** Organisational Health Index flat on FY22	**$3.4bn** Total taxes paid globally, including the bank levy
72c Final dividend per share Total dividend 142c up 14% on FY22	**▲$28bn** Customer deposits up 5% (Group)	**49%** Women in senior leadership[7]	**SIXTH LARGEST TAXPAYER IN AUSTRALIA**
10.1% ROE, up 199 bps on FY22	**▲$23bn** Home loans up 4% (Group)	**36,146** Total employees	**50-YEAR** Westpac Lifesaver Rescue Helicopter Service partnership
9.0% Total shareholder return	**▲$12bn** Business loans up 6% (Group)	**$6.1bn** paid to our people	**CLIMATE TRANSITION** Emission targets set in eight of nine NZBA sectors
12.4% Common equity tier 1 capital ratio comfortably above regulatory minimum	**NEW SCAM PREVENTION MEASURES INCLUDING WESTPAC VERIFY & DIGITAL EXCHANGE BLOCKS**	**FERTILITY LEAVE INTRODUCED[8]**	**100%** Sourced equivalent energy for Australian operations from renewables

Financial summary

$m	Full Year 2023	Full Year 2022	% change
Net interest income	18,317	17,161	7
Non-interest income	3,328	2,445	36
Net operating income	**21,645**	**19,606**	**10**
Operating expenses	(10,692)	(10,802)	(1)
Pre–provision profit	**10,953**	**8,804**	**24**
Impairments (charges)/benefit	(648)	(335)	93
Profit before income tax expenses	**10,305**	**8,469**	**22**
Income tax expenses	(3,104)	(2,770)	12
Profit after income tax expenses	**7,201**	**5,699**	**26**
Profit attributable to non-controlling interests (NCI)	(6)	(5)	20
Net profit attributable to owners of WBC	**7,195**	**5,694**	**26**
Impact of Notable Items (post tax)	**(173)**	**(874)**	**(80)**
Fully franked dividends per ordinary share (cents)	142	125	14
Return on average ordinary equity	10.09%	8.10%	199 bps
Group NIM	1.95%	1.93%	2 bps
Core NIM	1.87%	1.75%	12 bps
Expense to income ratio	49.40%	55.10%	Large
Expense to income ratio (ex. Notable Items)	47.50%	51.15%	(365 bps)
CET1 capital ratio (Level 2)	12.38%	11.29%	109 bps
Deposit to loan ratio	82.9%	82.9%	4 bps
Liquidity coverage ratio (LCR)	134%	132%	201 bps
Net stable funding ratio (NSFR)	115%	121%	Large
Collective assessed provisions to credit RWA	135 bps	116 bps	19 bps
Total stressed exposure as a % of TCE	1.26%	1.07%	19 bps

Further information

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Footnotes

[1] Westpac recognised as Australia's overall best mobile app and digital experience leader, as evaluated in the Forrester Digital Experience Review™: Australian Mobile Banking Apps, Q4 2023.
[2] Percentage increases in segment reporting compare against FY22.
[3] Total figures represent net profit after tax.
[4] APRA Banking Statistics, September 2023.
[5] RBA Financial Aggregates, September 2023.
[6] RBNZ, September 2023.
[7] Senior Leadership includes Executive Teams, General Managers and their direct reports (excluding administrative or support roles)
[8] Fertility leave introduced on 29 November 2022 for all Australian-based permanent and max term employees.