

2020 Investor Presentation

NOVEMBER 2020

WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Fix. Simplify. Perform.

Westpac GROUP

FY20 overview.



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 171bps²
- Customers on deferral reducing to \$17.6bn from \$64.8bn provided³



Earnings

- Cash earnings \$2.6bn, disappointing result; environment and our own issues
- \$3.2bn impairment charge up 4x
- Notable items¹: (\$2.6bn) after tax including \$1.3bn provision for AUSTRAC penalty



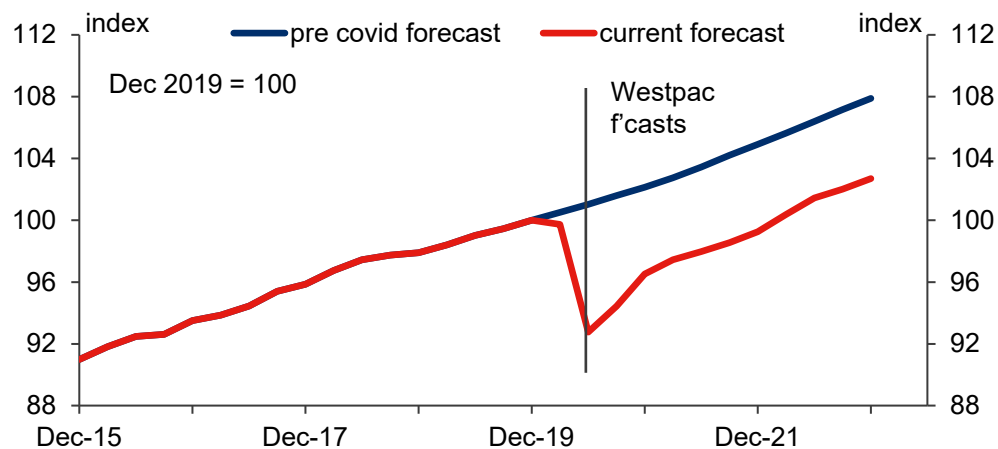
Strategy reset

- 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.

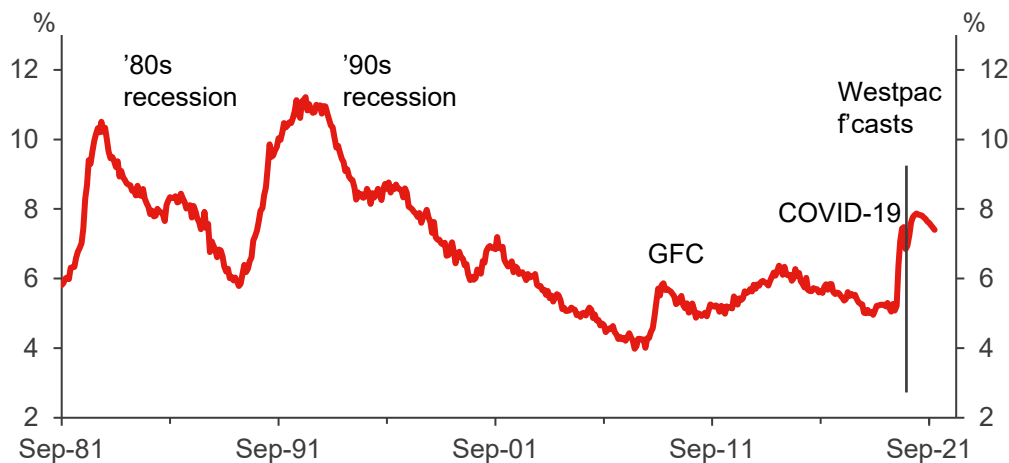
The Australian economy.

Australia's GDP profile (index)



Sources: ABS, Westpac Economics.

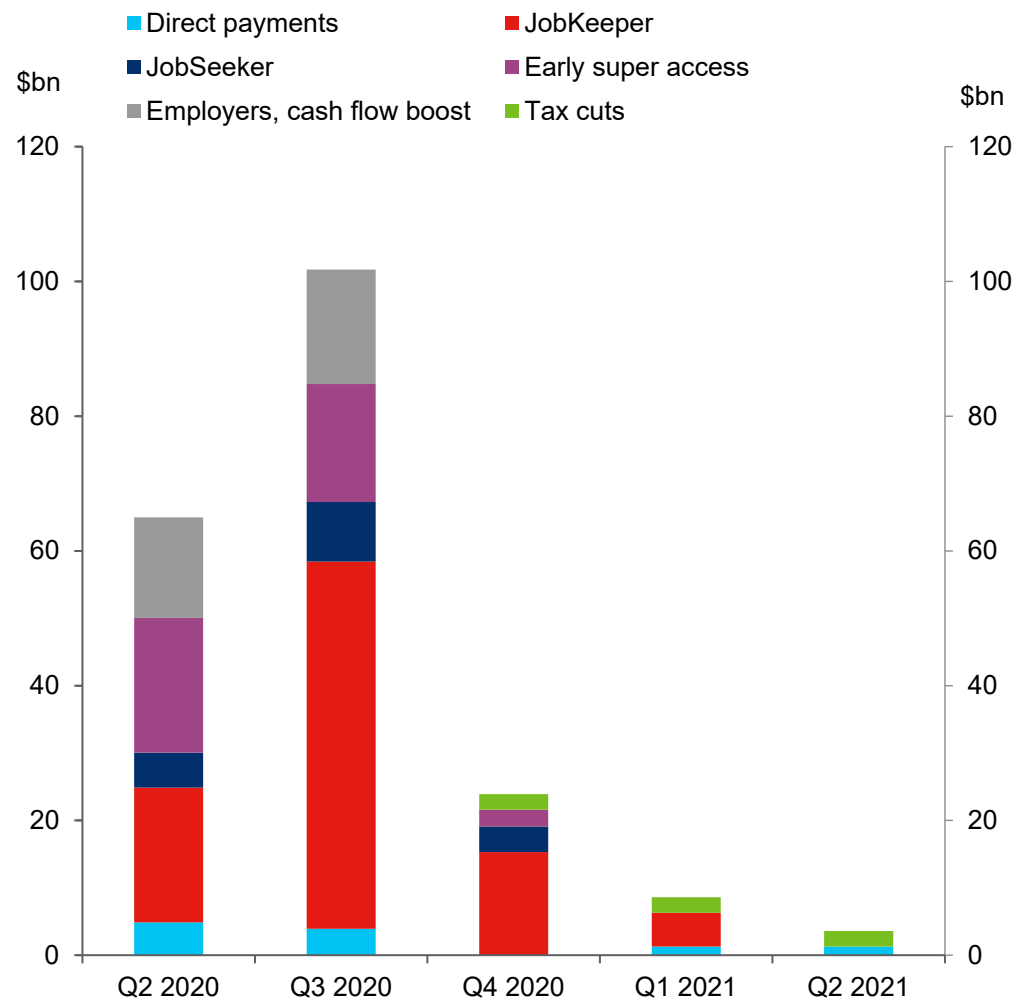
Unemployment rate¹ (%)



Sources: ABS, Westpac Economics.

¹ Forecasts factor in potential impact of JobKeeper Payment.

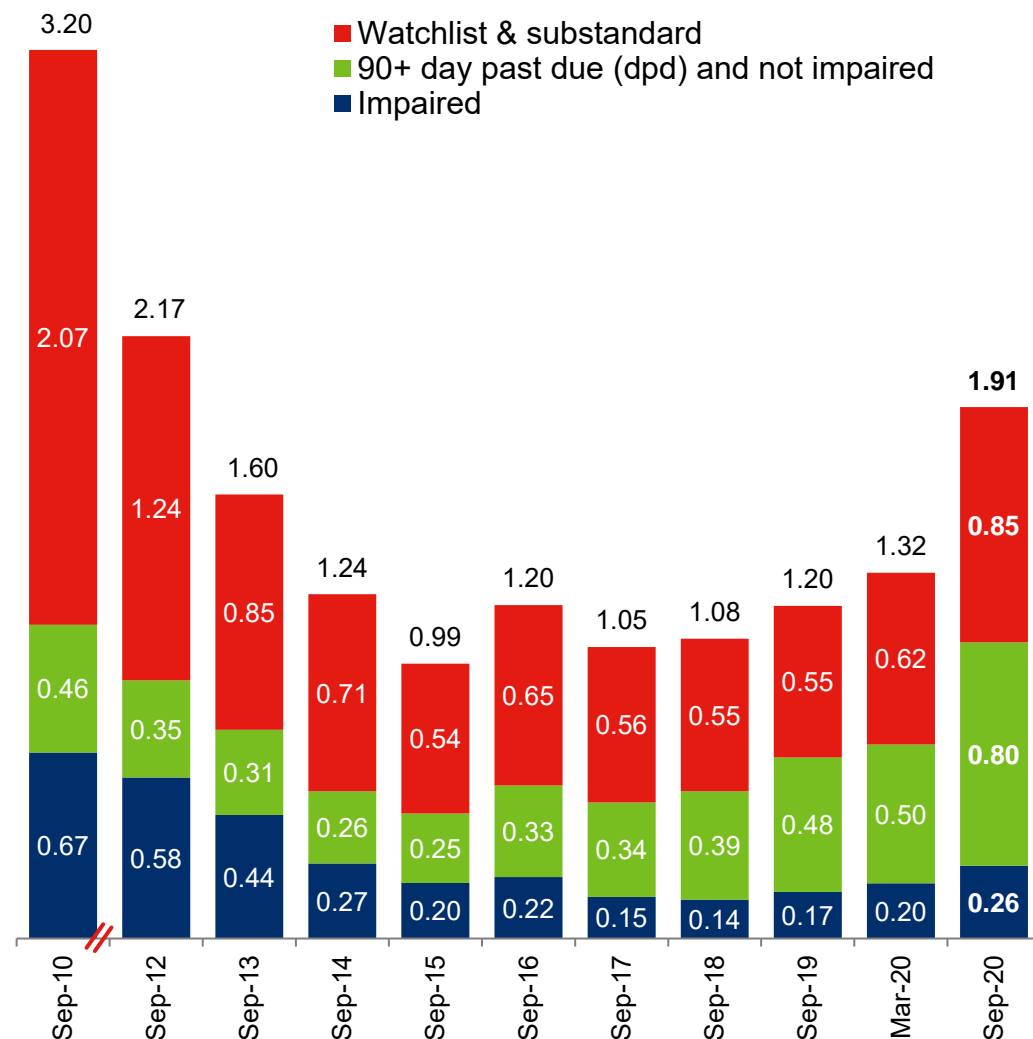
Federal Government support measures (\$bn)



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

Asset quality.

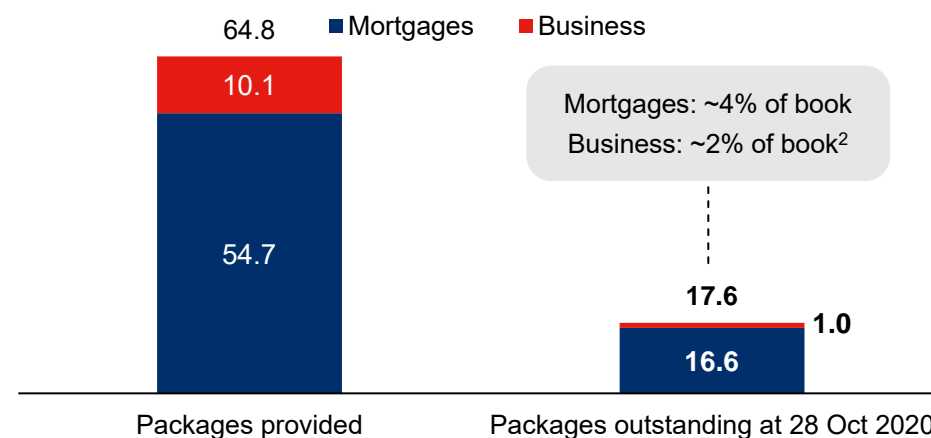
Stressed exposures as a % of total committed exposure (%)



Provisions for impairments

	Sept-19	Mar-20	Sep-20
Total 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
Total provisions to credit RWA (bps)	107	157	171

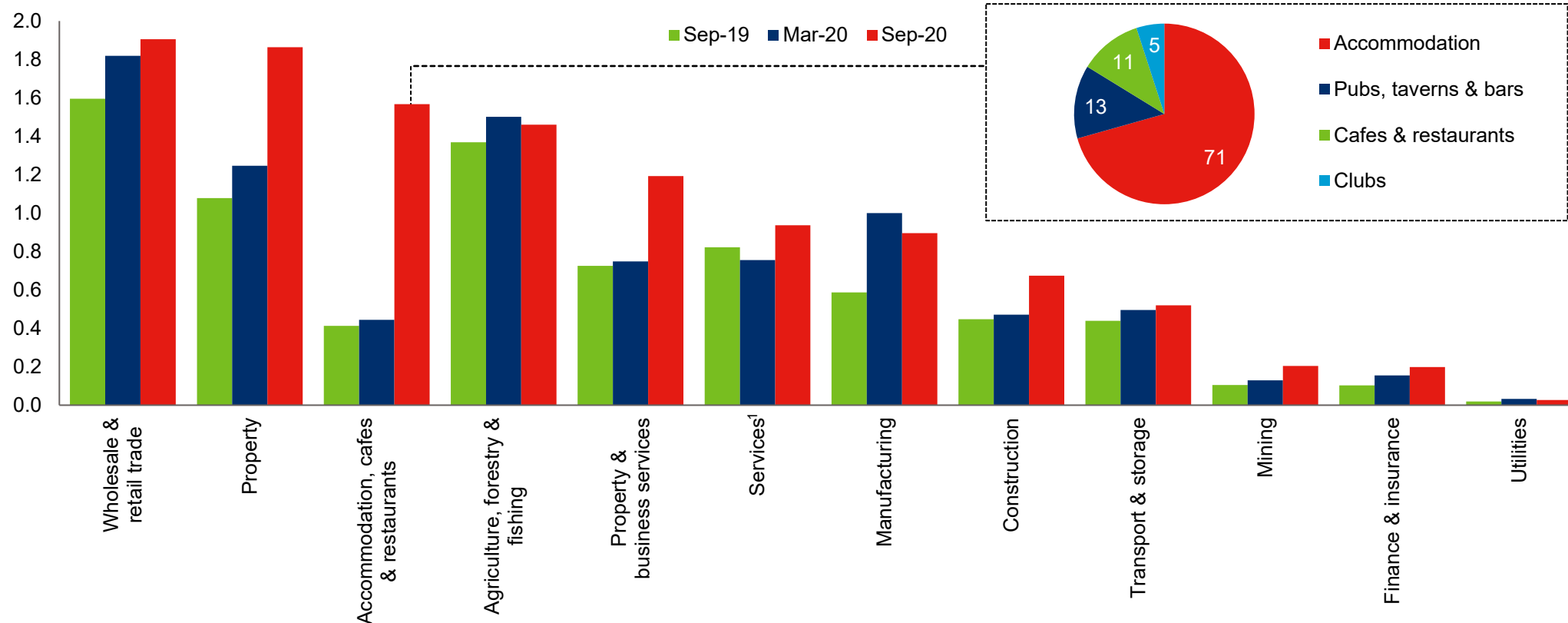
Australian deferral packages¹ (\$bn)



¹ 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. ² Refers to customers eligible for deferral package i.e Total committed exposure less than \$10m.

Corporate and business stressed exposures.

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



Stress to TCE by sector

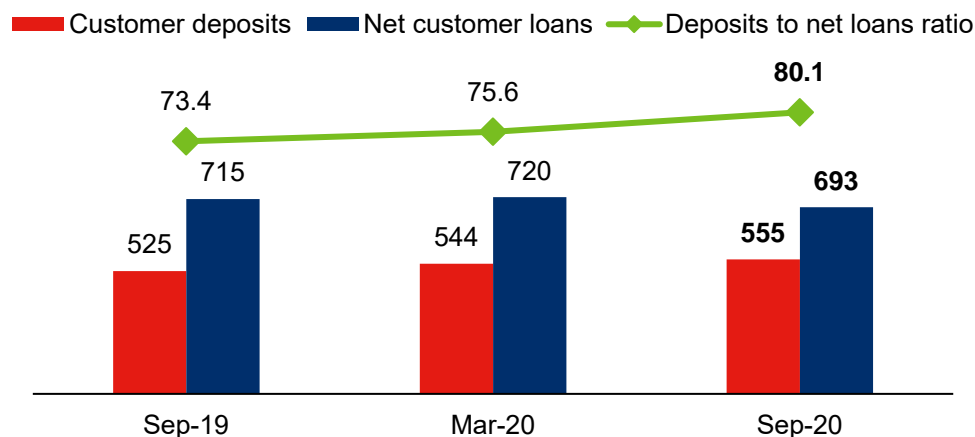
Sector	Wholesale & retail trade	Property	Accomm., cafes & restaurants	Agriculture, forestry & fishing	Property & business services	Services ¹	Manufacturing	Construction	Transport & storage	Mining	Finance & Insurance	Utilities
1H20 (%)	5.6	1.8	4.6	6.9	3.2	3.2	2.6	4.0	2.6	1.3	0.1	0.2
2H20 (%)	6.2	2.8	16.0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

¹ Services includes education, health & community services, cultural & recreational services and personal & other services.

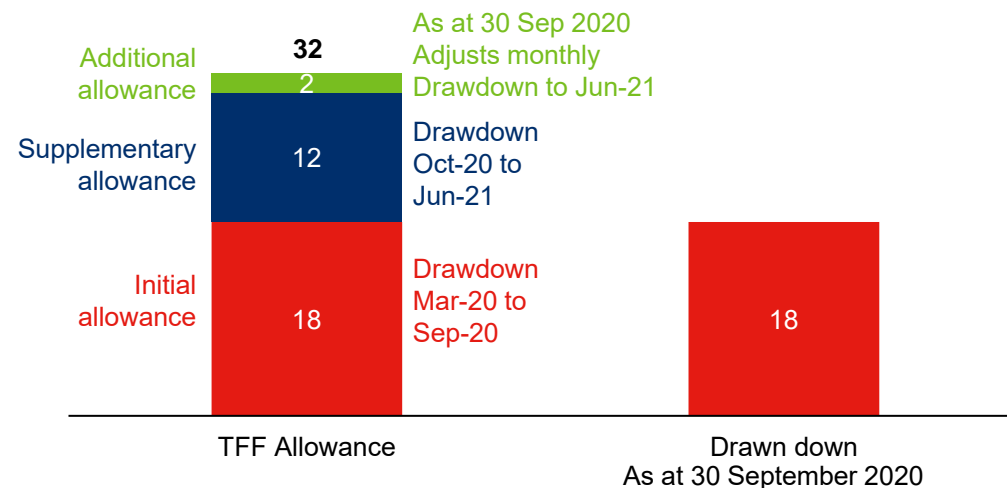
Balance sheet funding.

Reduced need to access long term funding markets.

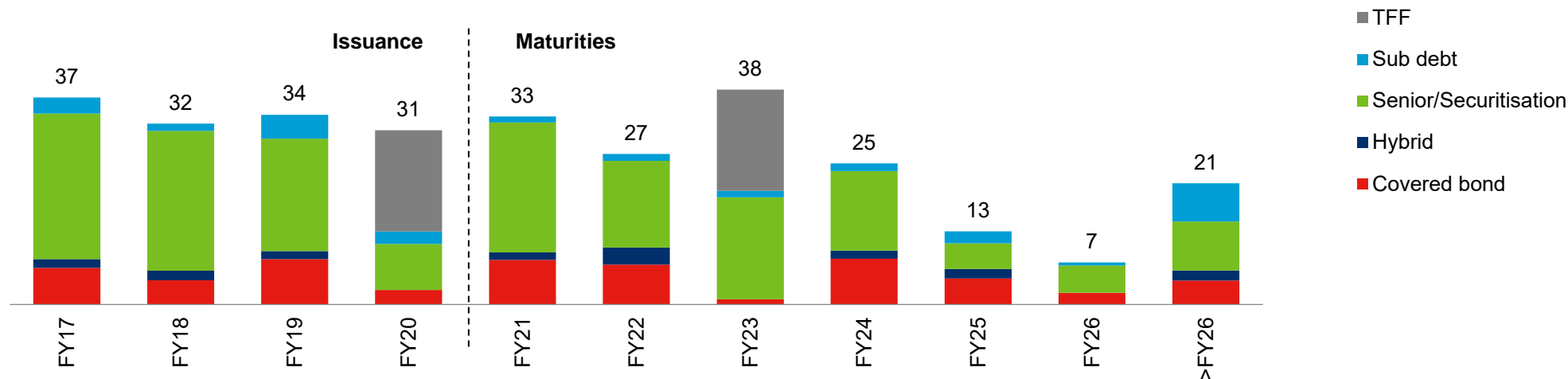
Deposits to net loans ratio (%)



Term Funding Facility (TFF) (\$bn)



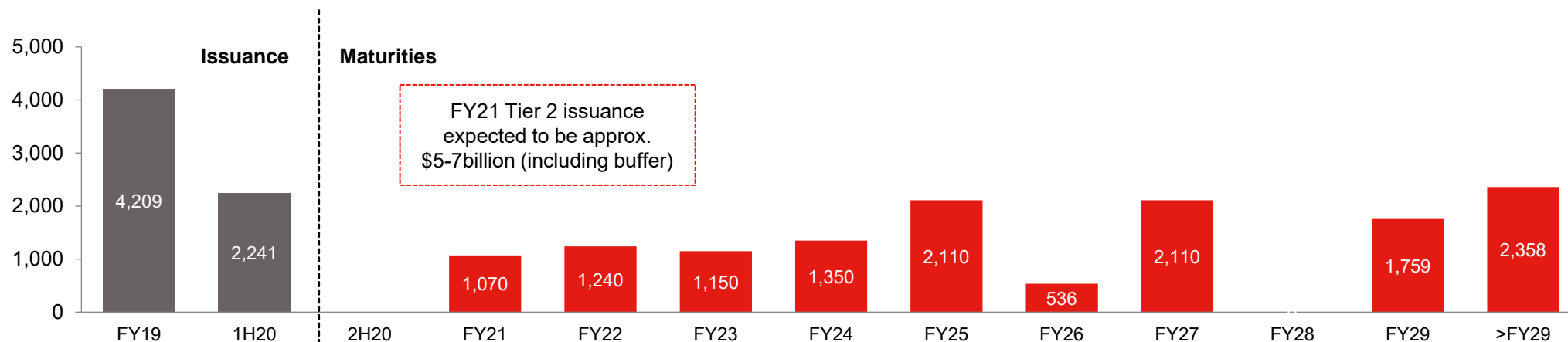
Term debt issuance and maturity profile^{1,2,3} (\$bn)



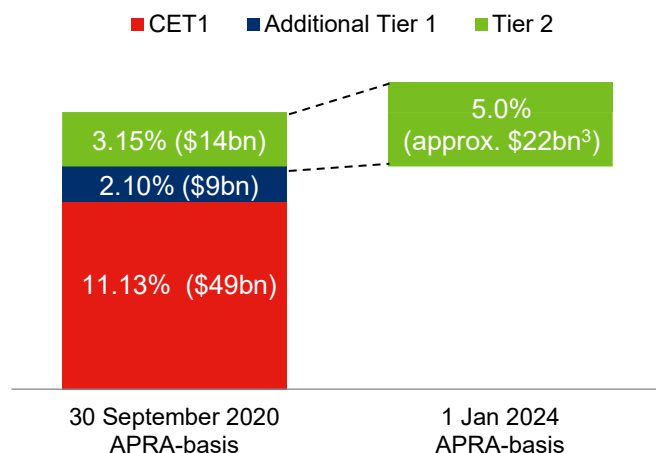
¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. ² Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled 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.

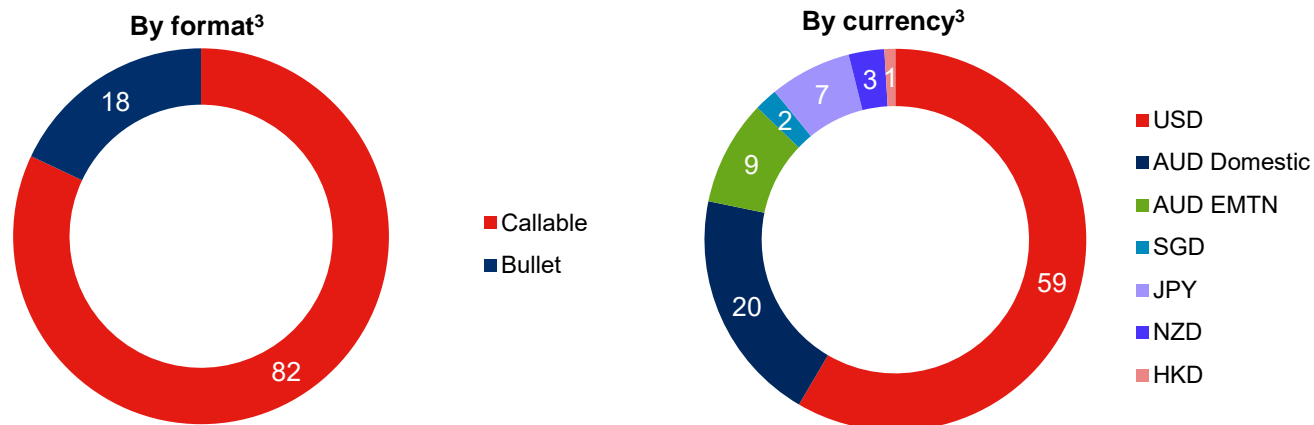
Westpac Tier 2 issuance and calls/maturities^{1,2} (notional amount, A\$m)



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.

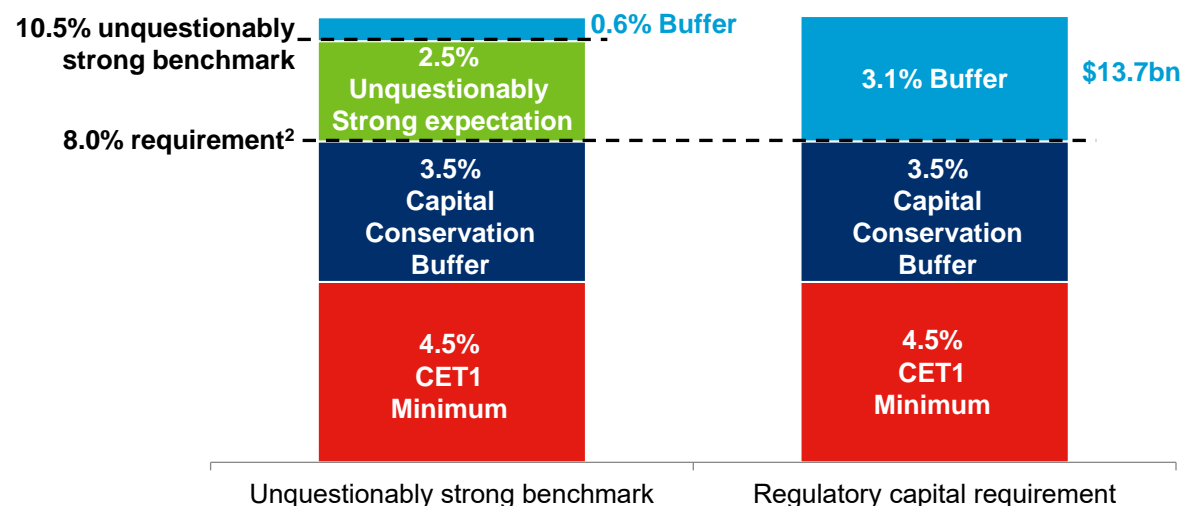
Key capital ratios.

Key capital ratios

%	Sep-19	Mar-20	Sep-20
CET1 capital ratio	10.7	10.8	11.1
Additional Tier 1 capital	2.2	2.1	2.1
Tier 1 capital ratio	12.8	12.9	13.2
Tier 2 capital	2.8	3.4	3.1
Total regulatory capital ratio	15.6	16.3	16.4
Risk weighted assets (RWA) (\$bn)	429	444	438
Leverage ratio	5.7	5.7	5.8
Level 1 CET1 ratio	11.0	11.1	11.4
Internationally comparable ratios¹			
Leverage ratio (internationally comparable)	6.4	6.3	6.5
CET1 capital ratio (internationally comparable)	15.9	15.8	16.5

1 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. 2 The regulatory requirement of 4.5% and 3.5% Capital Conservation Buffer for D-SIBs. It may be higher for individual banks. 3 Credit Risk Weighted Assets. 4 Credit Risk Weighted Assets / Exposure at Default.

CET1 capital ratio 11.1% at 30 September 2020



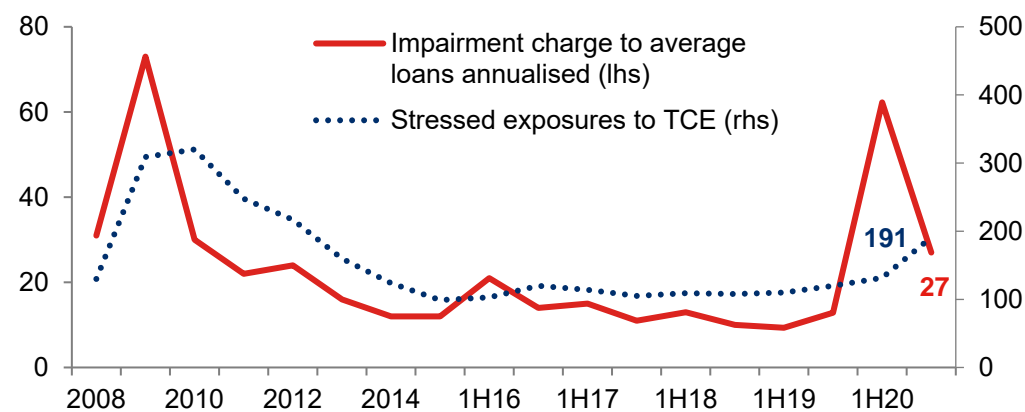
		Central economic estimate	Downside
		V-shaped recession, mortgage delinquencies 1.5x current levels, business downgrades across a range of sectors	W shaped recovery, mortgage delinquencies 2x current levels, further downgrades
CRWA³ sensitivity			
	FY20 Actual	~0.8ppts	~0.8ppts
CRWA/ EAD⁴	FY21	~3ppts	~3ppts
	FY22	~2ppts	~3ppts
CET1	FY20 Actual	~(16bps)	~(16bps)
	FY21	~(64bps)	~(66bps)
	FY22	~(36bps)	~(59bps)

Key financial metrics.

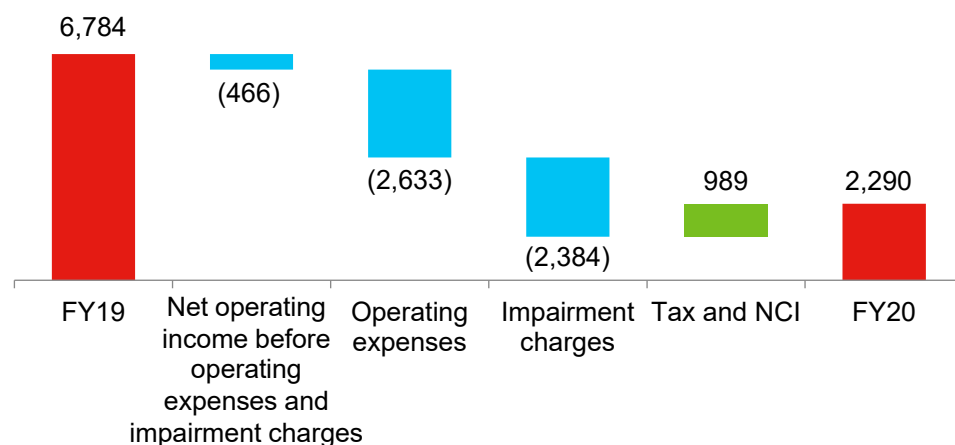
Financial metrics	FY20	FY19	Change FY20-FY19
Reported net profit	\$2,290m	\$6,784m	(66%)
Cash earnings	\$2,608m	\$6,849m	(62%)
Reported net interest margin	2.03%	2.12%	(9bps)
Reported expense to income ratio	63.12%	48.94%	large
Reported return on equity	3.37%	10.65%	large

Asset quality: stress emerging, less than expected

Impairment charges and stressed exposures¹ (bps)



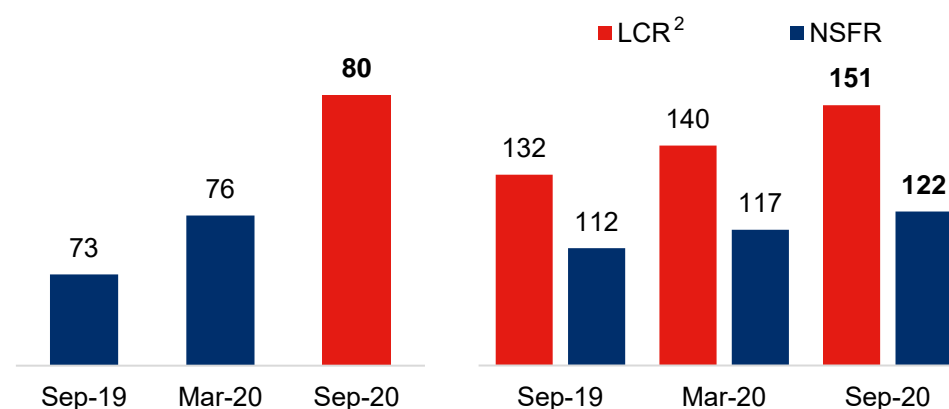
Reported financial results (\$m)



Stronger balance sheet

Deposit to loan ratio (%)

LCR (%) and NSFR (%)



1. 1H19 reflects the adoption of AASB 9 from 1 October 2020. 2008 and 2009 are pro forma including St.George for the entire period with First Half 2009 Profit Announcement providing details of pro forma adjustments. 2. LCR figures are a quarterly average.

Our strategy.

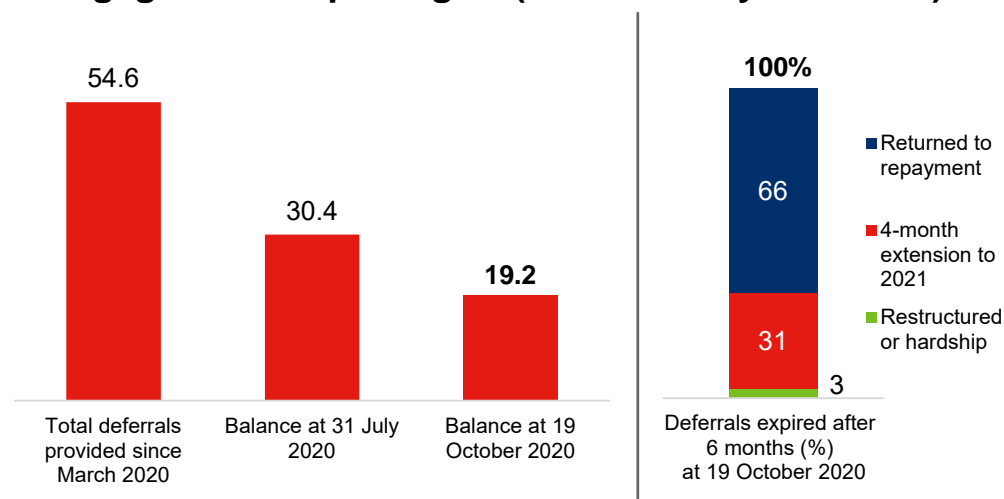


COVID-19 deferral packages

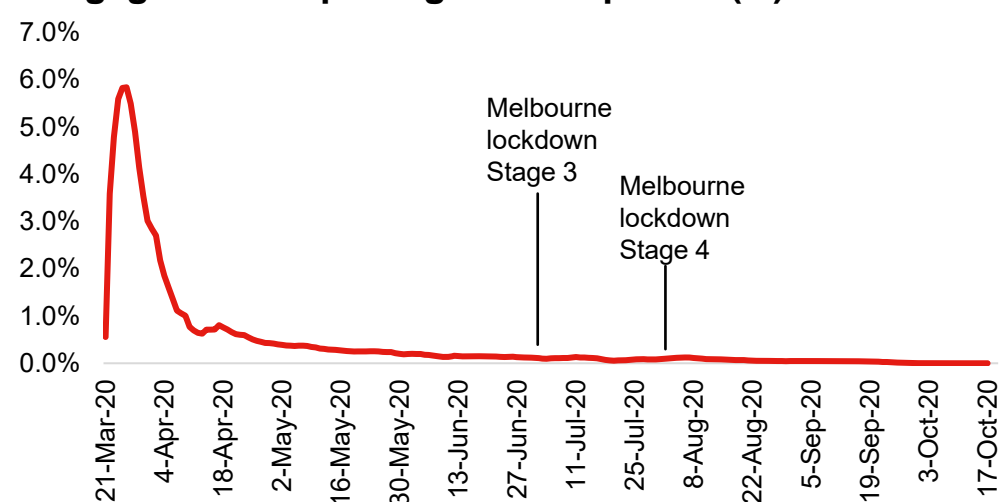
Australian mortgage support for customers¹.

Deferral packages reducing as customers return to repayments.

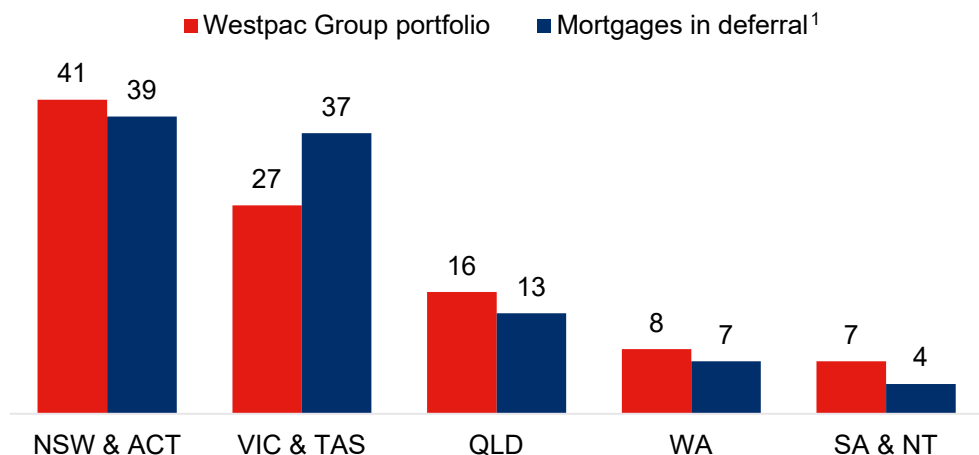
Mortgage deferral packages¹ (\$bn and % by balances)



Mortgage deferral package new requests² (%)

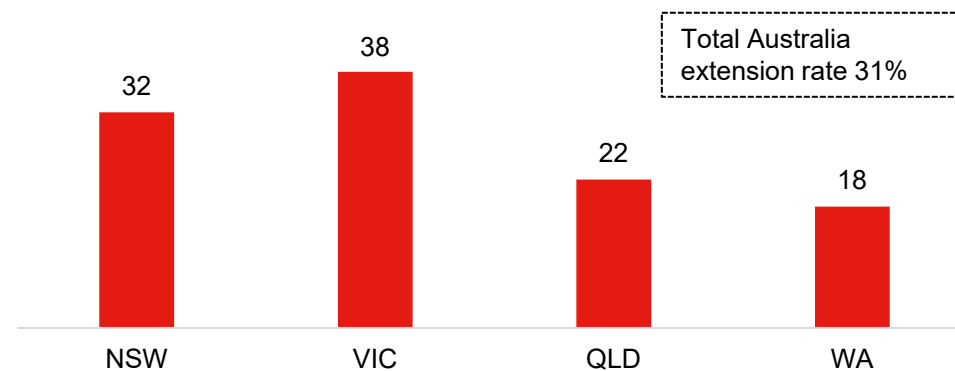


Australian mortgage portfolio by State (% of total by balances)



Mortgage deferral package extension rates¹ (%)

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



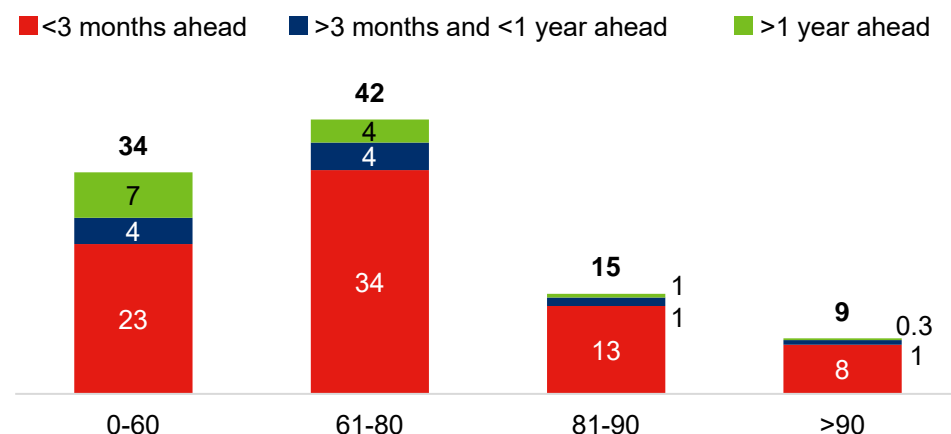
¹ Mortgage deferral package data at 19 October 2020. Based on product information, not APRA EFS definition. ² Shows 7 day moving average as % of total approved by deferral request date.

Australian mortgage support for customers.

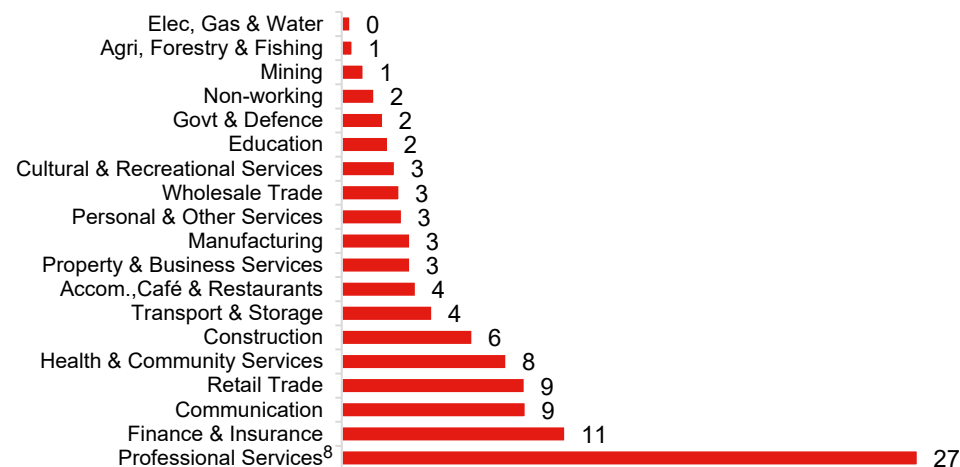
Borrower characteristics.

	Total mortgage portfolio at 30 September 2020 ¹	Mortgage deferral packages outstanding ¹ 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 ^{2,3}	14%	19%
Metropolitan	84%	87%
Weighted average seasoning ⁴	53 months	61 months
Receiving Job Seeker ⁵	2%	6%

Mortgages in deferral¹ by dynamic LVR⁶ and paid ahead⁷ (% by balance)



Mortgages in deferral^{1,3} by employment sectors (% by balance)



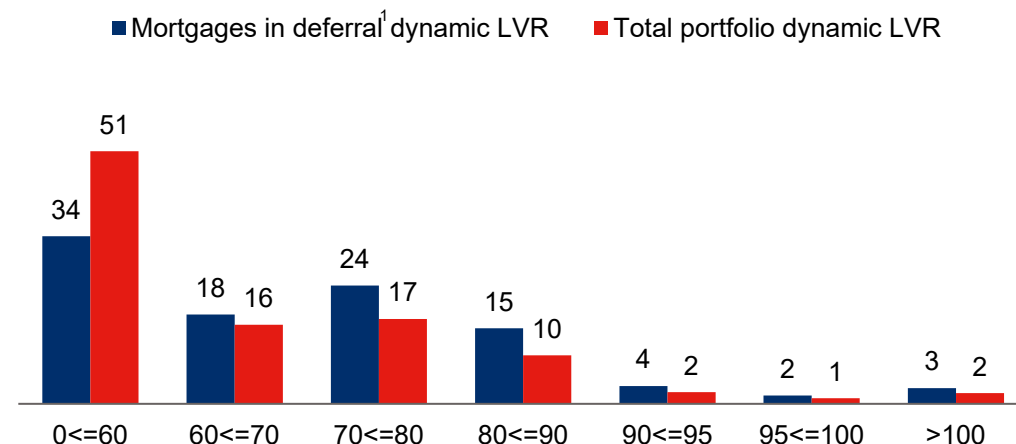
1 As at 19 October 2020. Based on product information and not APRA EFS definition. 2 Retail trade, Accommodation, Café & Restaurants, Transport & Storage, Cultural and Recreational services. 3 Excludes RAMS. 4 Weighted average number of months between the current reporting date and the date on which individual loans were originated. 5 Receiving JobSeeker 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.

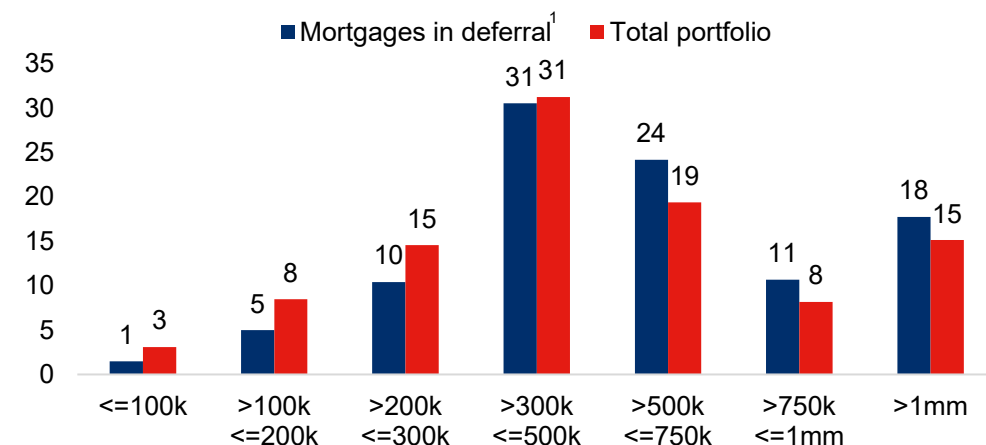
Borrower repayment buffers.

	Total mortgage portfolio at 30 September 2020	Mortgage deferral packages outstanding ¹ 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 ²	56%	67%
Loans in negative equity (dynamic LVR >100%)	2%	3%

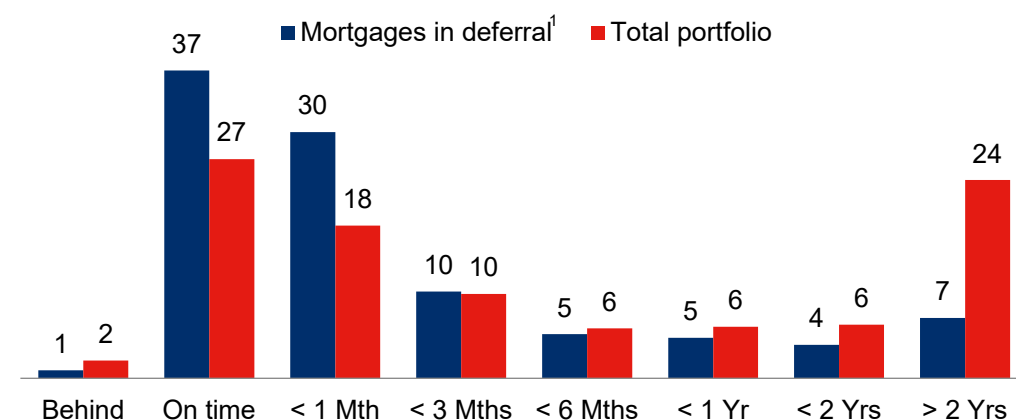
Australian housing dynamic loan-to-value ratios² (LVRs) (%)



Australian mortgage portfolio (% by balances)



Australian mortgage customers repayment buffers³ (% 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 businesses¹.

Support provided to Australian business customers

Repayment relief packages approved

- Over 32,900² small business customers approved
- Over \$9.5bn lending (15% of the business portfolio)

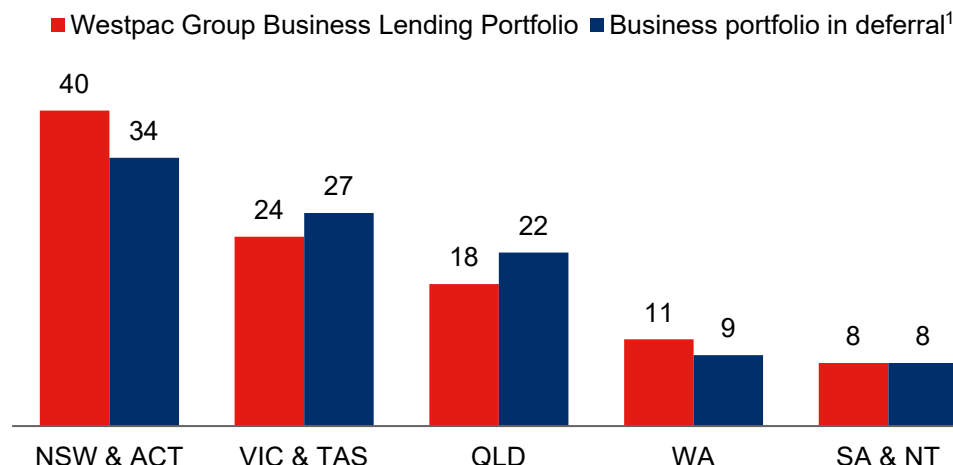
Business customers approved for unsecured/ SME Government Guarantee Loans

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

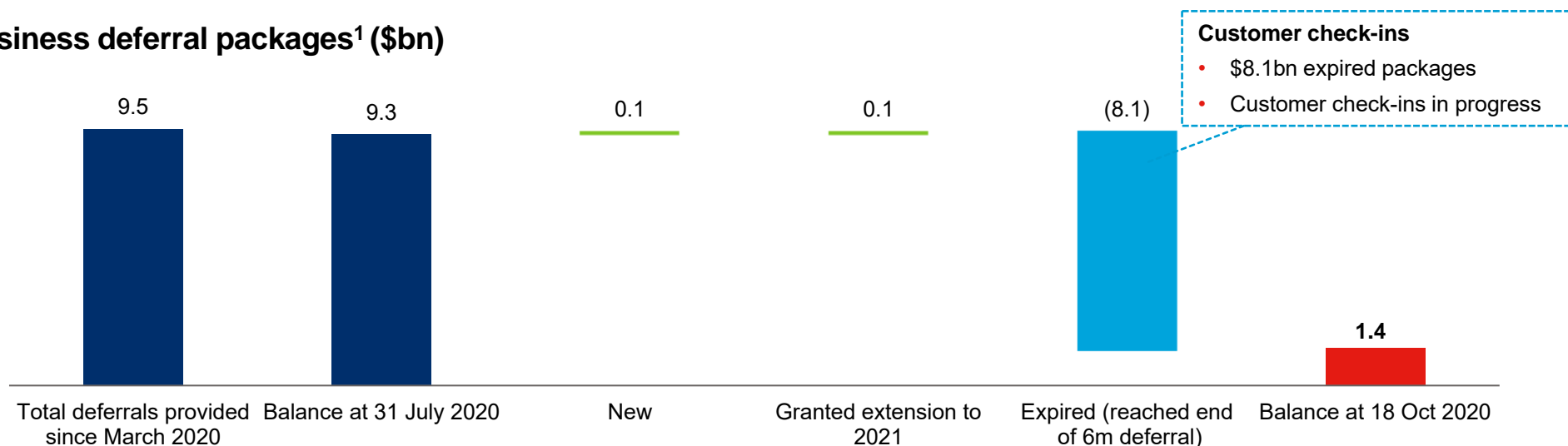
Merchant accounts with facility fees refunded

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

Australian business portfolio by State (% of total)



Business deferral packages¹ (\$bn)



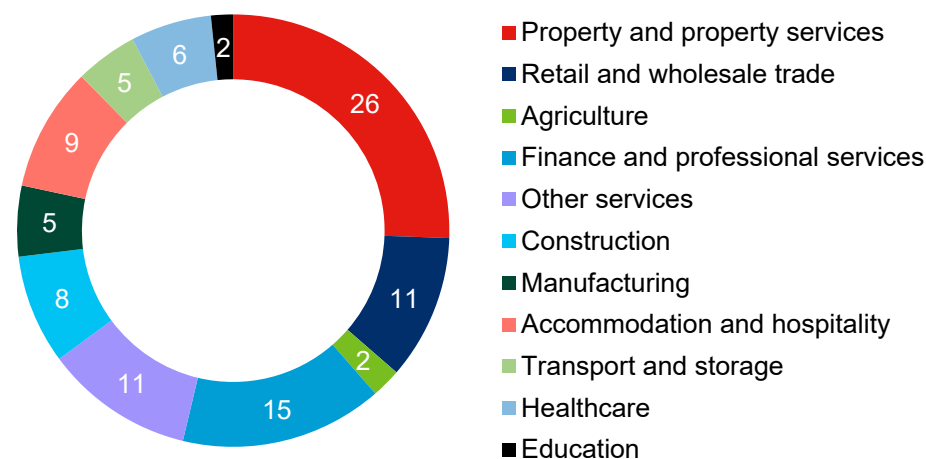
¹ As at 18 October 2020. Business customers includes SME <\$3m, Commercial customers up to \$10m and auto finance. Analysis is based on total committed exposures. Based on internal product information and not APRA EFS definition. For eligibility and terms and conditions, refer to the Westpac website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

Support for Australian small businesses^{1,2}

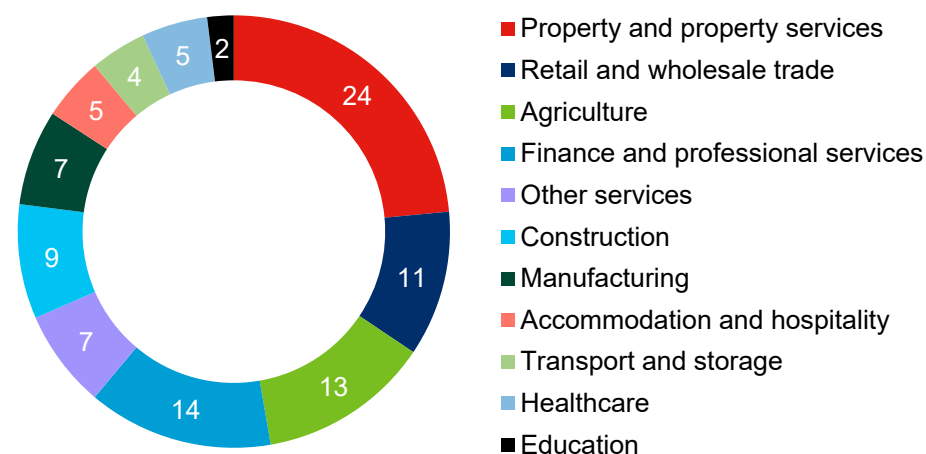
Borrower characteristics.

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

Repayment relief approvals by industry^{1,2} (%)



Total business TCE¹ by industry (%)



1 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. 2 Refers to total deferral packages provided at 18 October 2020. 3 High risk industries predominately include sub-sectors within property, property services construction, accommodation and hospitality and retail trade. 4 CBD includes Canberra, Sydney, Melbourne, Darwin, Brisbane, Adelaide, Hobart and Perth. 5 Westpac transactional accounts available for approximately 89% of accounts on a weighted basis.

New Zealand mortgage support for customers.

	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	9.4k
<i>% of total portfolio</i>		8%	3%
Balances (NZ\$bn)	\$55bn	\$6.5bn	\$2.4bn
<i>% of total portfolio</i>		12%	4%
Owner-occupier	75%	83%	79%
Principal & interest	87%	95%	92%
More than 3 months ahead on repayments	66%	21%	13%
Weighted average dynamic LVR	60%	62%	62%

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 packages¹ (NZ\$bn and % by balance)

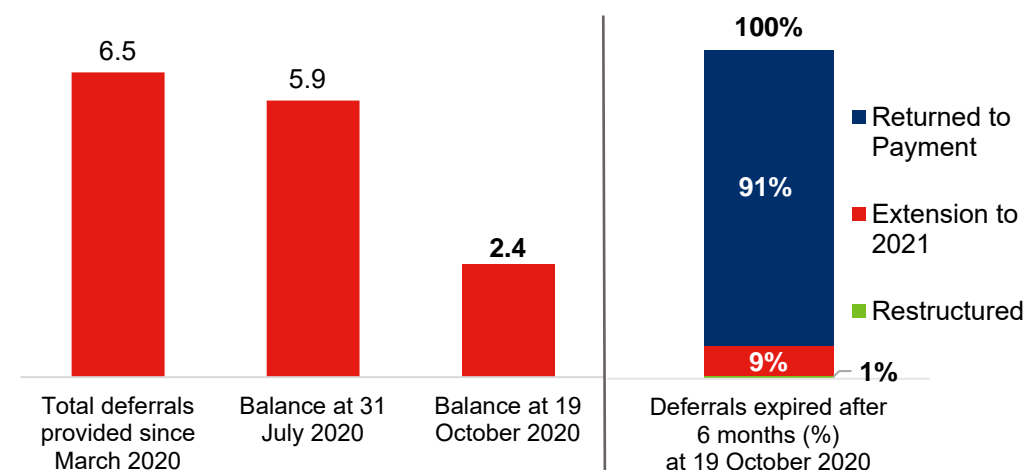
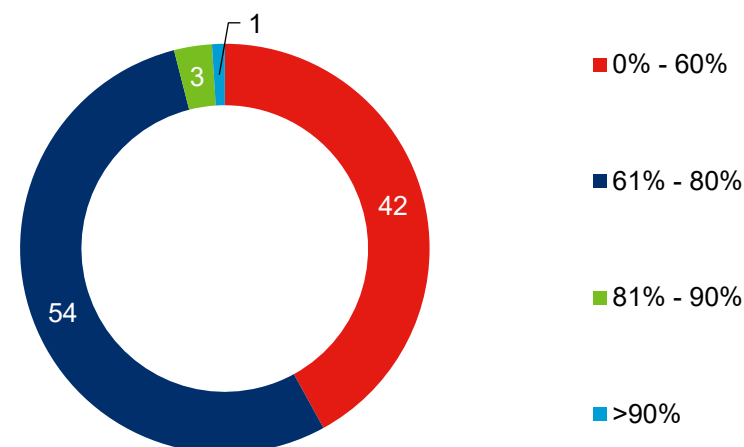


Chart may not add due to rounding.

Mortgage deferral packages by dynamic LVR² (% of total)



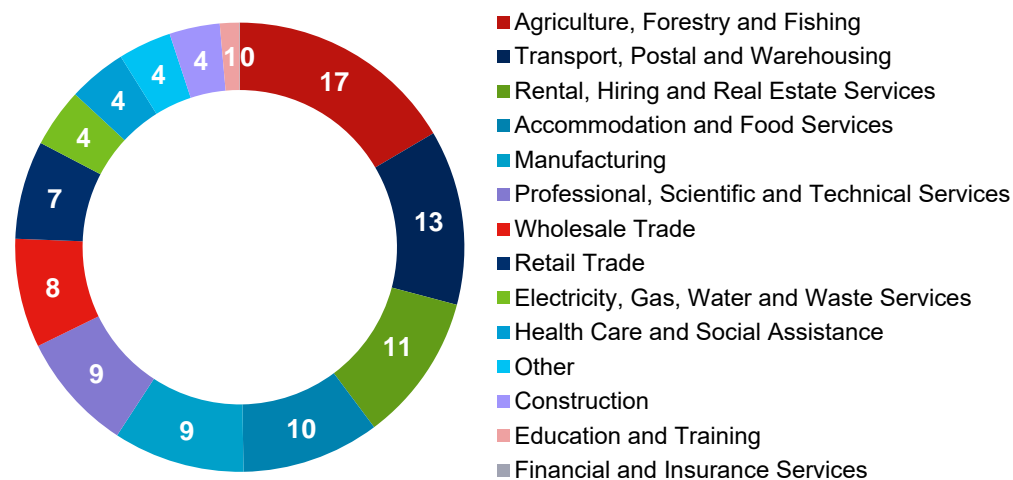
¹ At 19 October 2020. ² At 30 September 2020.

Support for New Zealand businesses¹.

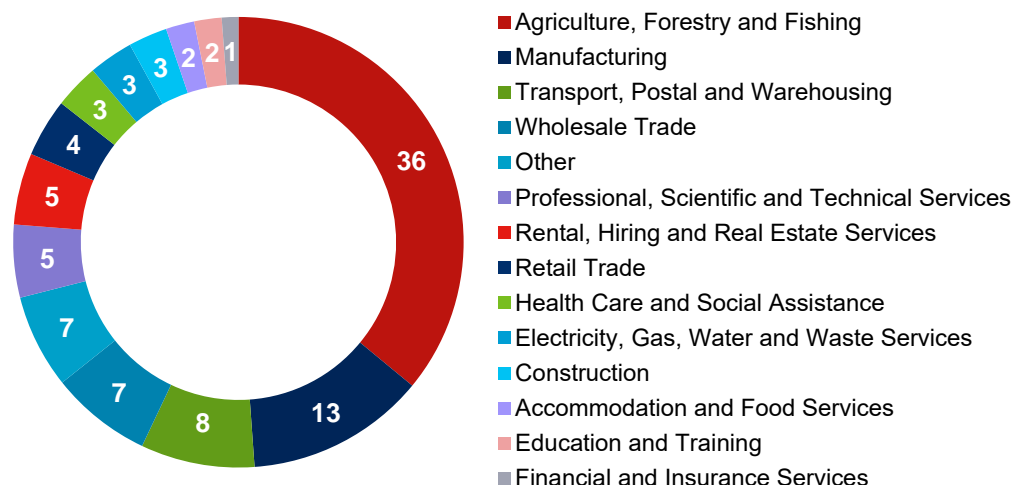
New Zealand Business Loans	Total business portfolio at 30 Sep 2020	Total business deferral packages provided at 19 Oct 2020	Business deferral packages outstanding at 19 Oct 2020	
Number of accounts	23.5k	7.3k	0.6k	2%
TCE (NZ\$bn)	\$23.0bn	\$2.0bn	\$0.1bn	1%
Relationship managed	91%	79%	89%	
High risk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

Other business customer support ⁴	Business portfolio at 19 Oct 2020	Business support packages outstanding at 19 Oct 2020
Business support loans provided ⁵ (#)	175	174
Loan accounts assisted ⁶ (#)	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

Business customer support by industry³ (%)



Total business TCE by industry³ (%)



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

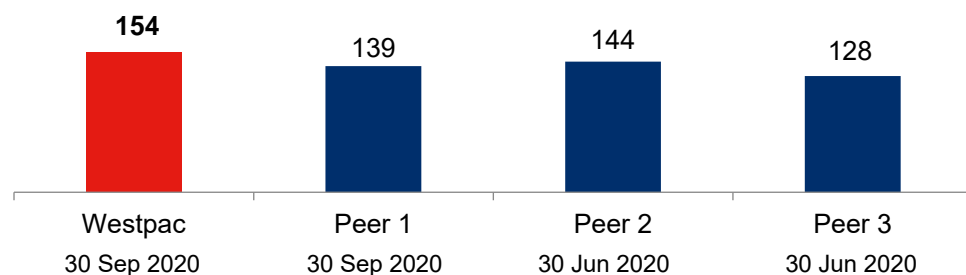
Credit quality and provisions

Significant provision build over the year.

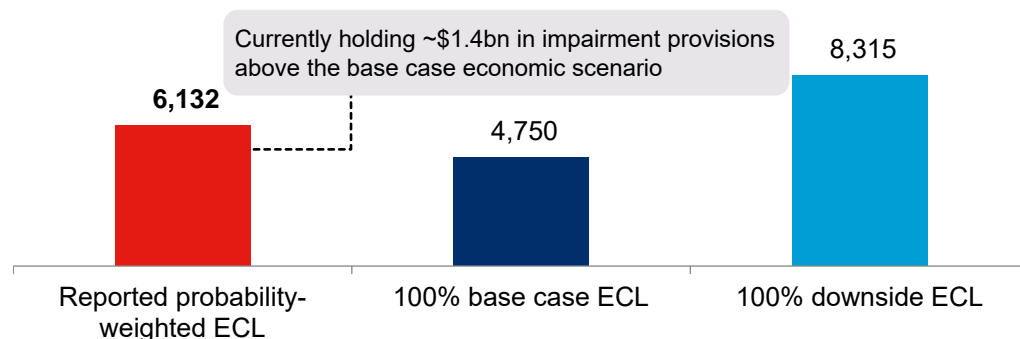
Provisions for impairments

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Collectively assessed provisions to credit RWA (bps)	95	140	154

Collectively assessed provisions to credit RWA (bps)

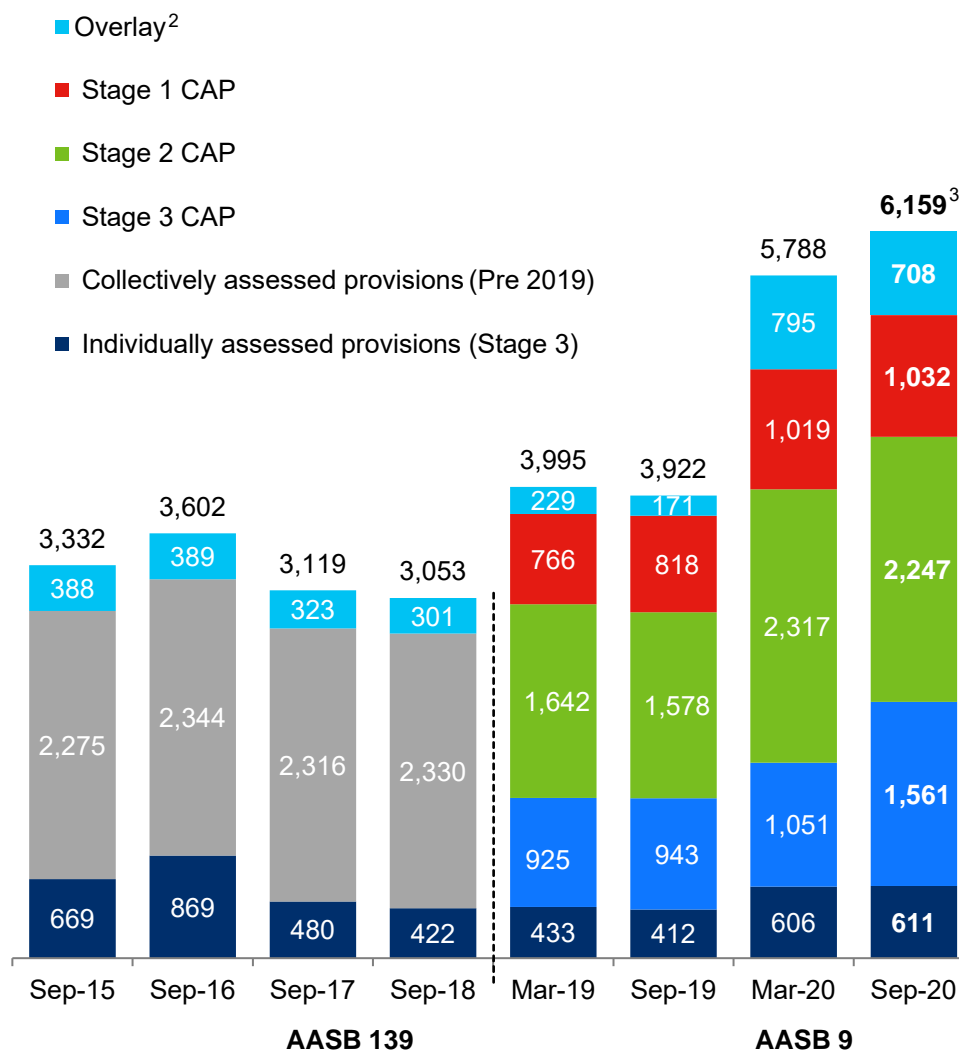


Expected Credit Loss (ECL)¹ (\$m)



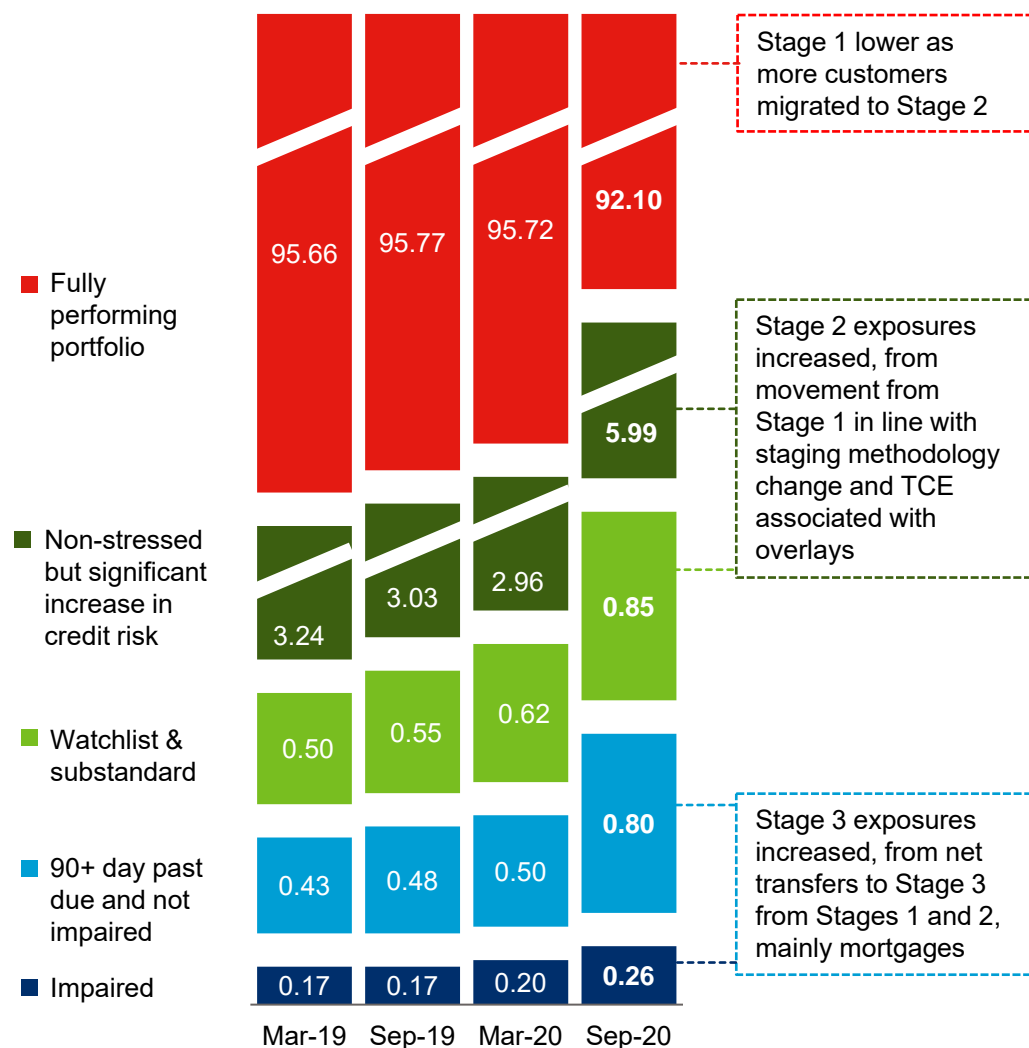
¹ Includes ECL overlays and IAP. Excludes provisions for debt securities. ² Overlay for Mar-20 and Sep-20 includes New Zealand overlay. ³ Excludes provisions for debt securities at fair value through other comprehensive income.

Total impairment provisions (\$m)



Provision cover by portfolio category.

Exposures as a % of TCE



Provisioning to TCE (%)

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

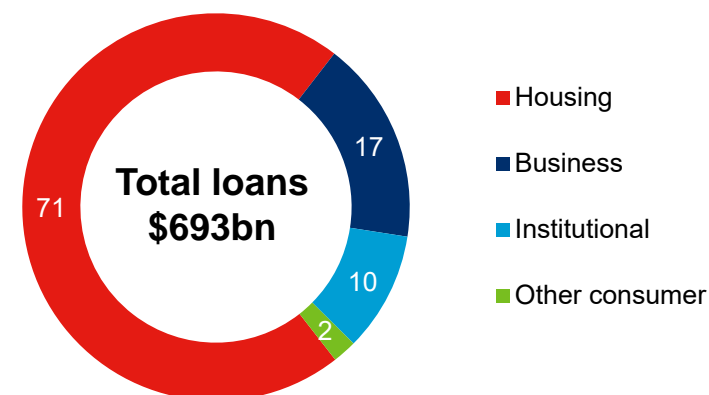
¹ Movement in coverage ratio reflects staging methodology changes: loans and credit commitments associated with overlay ECL and Forward Looking SICR components were transferred to Stage 2 to ensure alignment of ECL and loans and credit commitments.

Portfolio composition.

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)



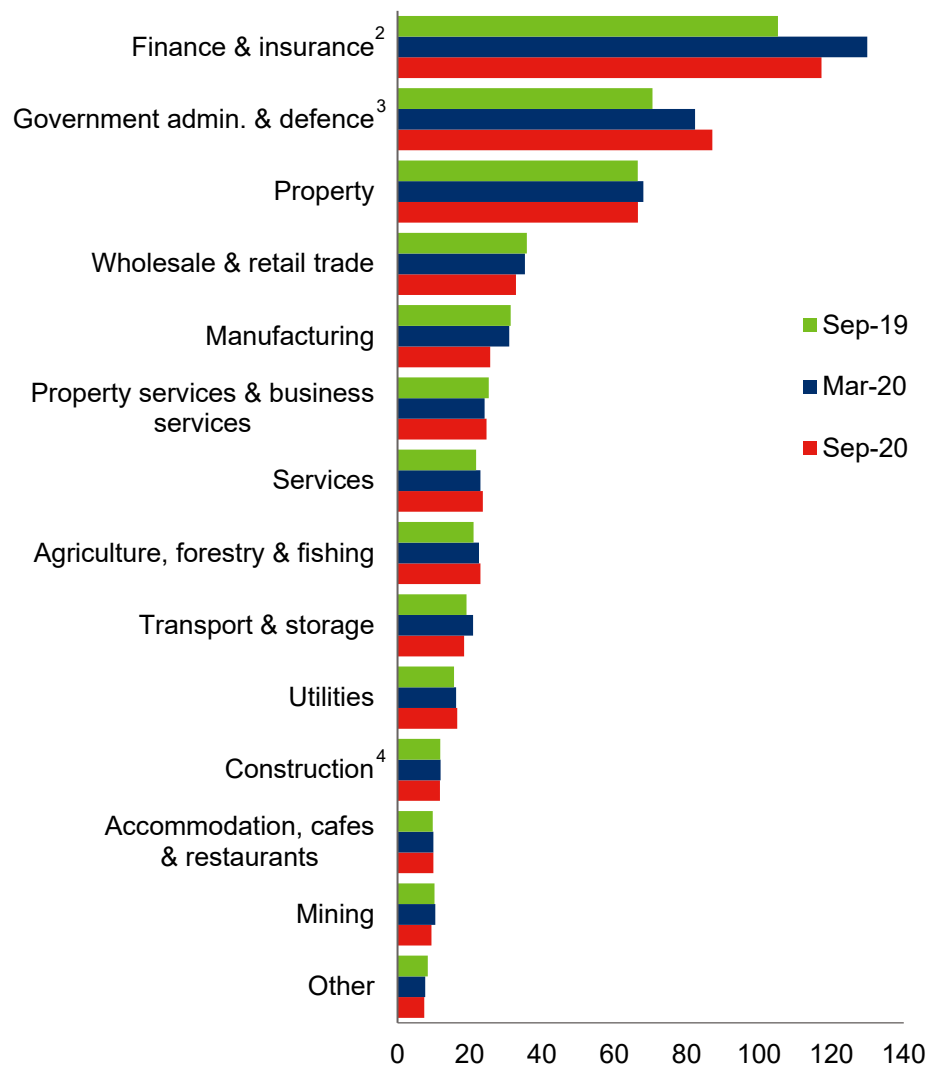
Exposure by risk grade at 30 September 2020 (\$m)

Standard and Poor's Risk Grade ¹	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%
Total committed exposures (TCE)	900,866	120,215	12,484	21,162	5,528	1,060,255	
<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>	
Exposure by region² (%)	85%	11%	1%	2%	1%		100%

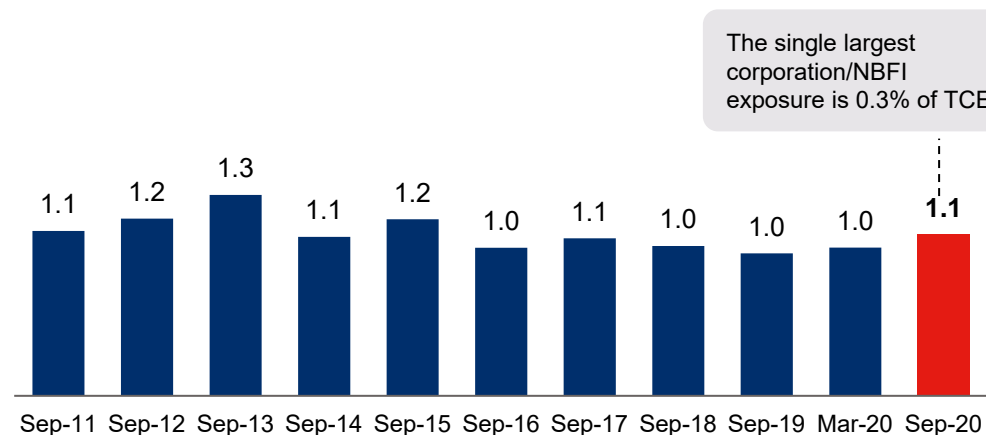
1 Risk grade equivalent. 2 Exposure by booking office.

Loan portfolio composition.

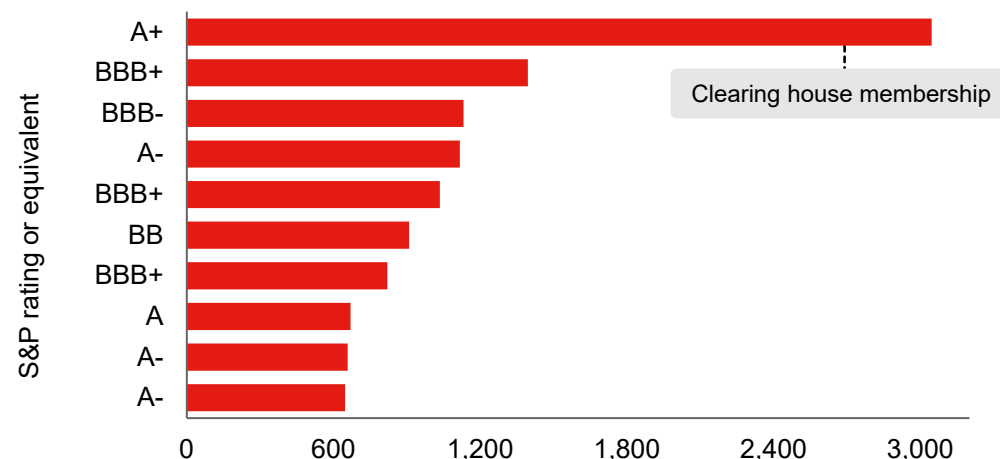
Exposures at default¹ by sector (\$bn)



Top 10 exposures to corporations and NBFIs⁵ (% of TCE)



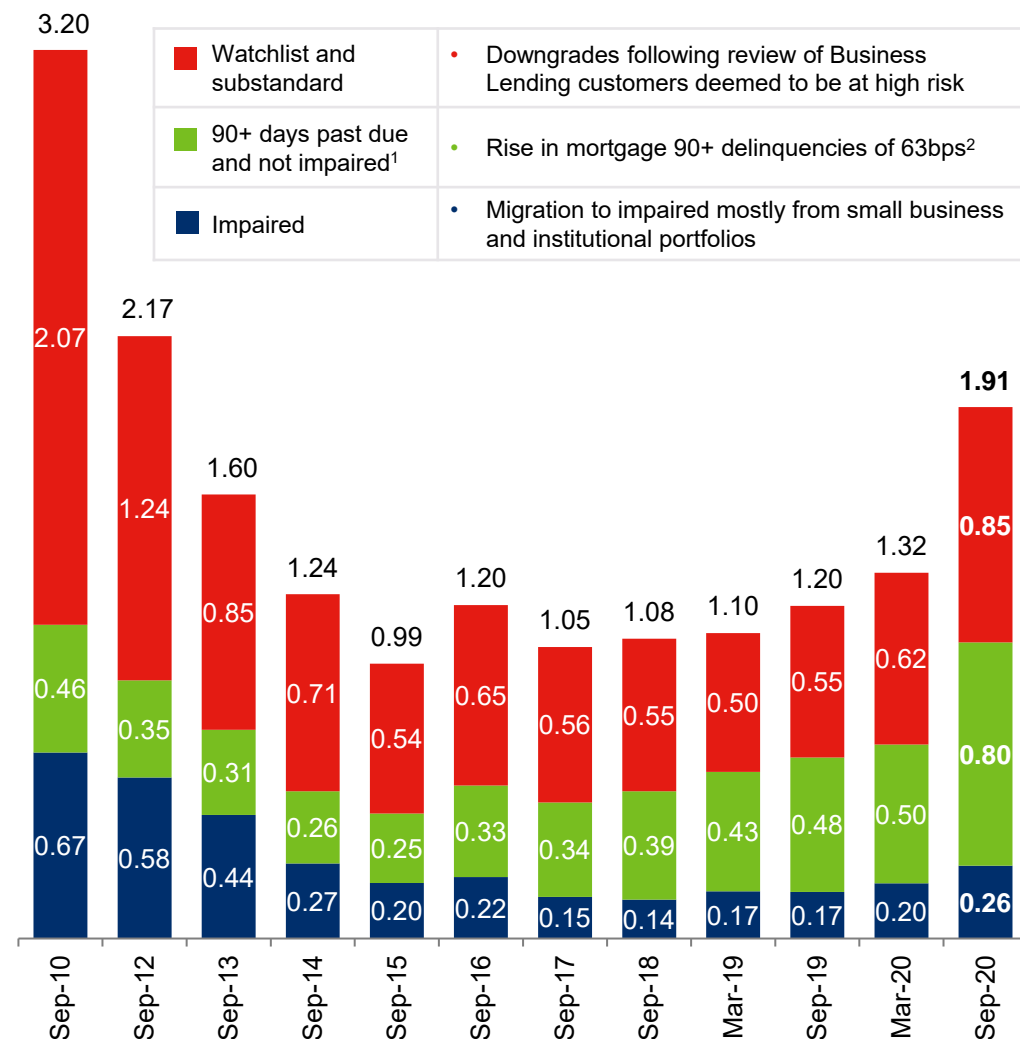
Top 10 exposures to corporations & NBFIs at 30 September 2020 (\$m)



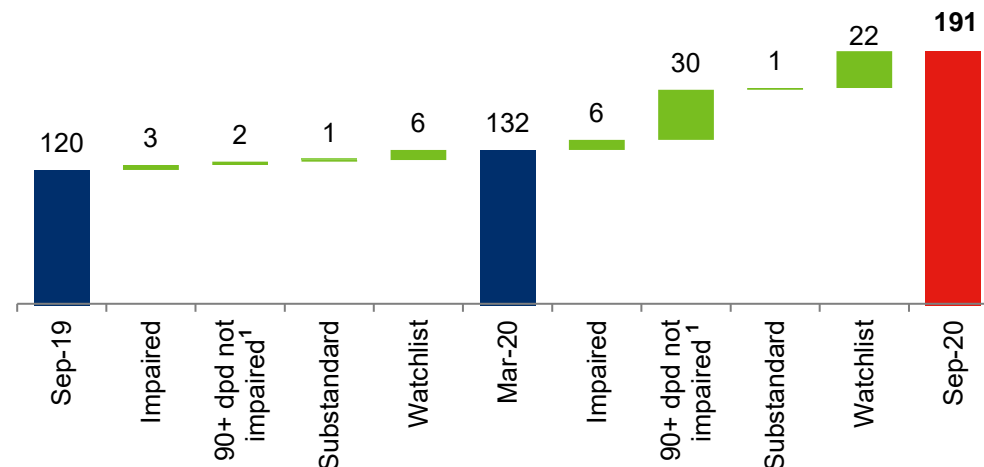
¹ Exposures at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. ² Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. ³ Property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

Some stress emerging in 2H20.

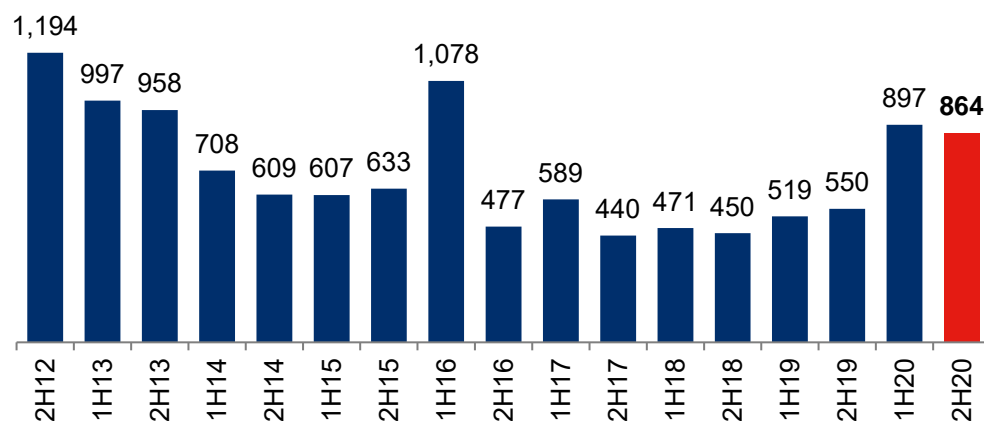
Stressed exposures as a % of TCE



Movement in stress categories (bps)



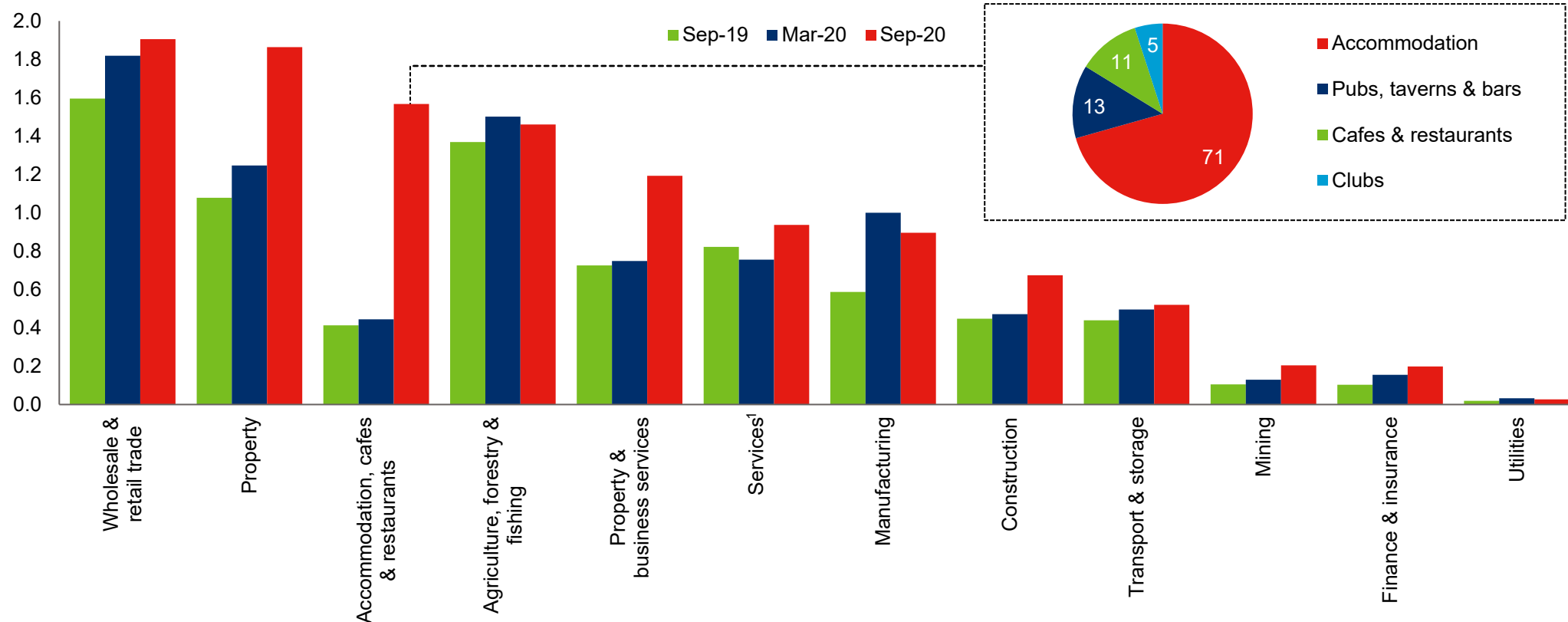
New and increased gross impaired assets (\$m)³



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

Corporate and business stressed exposures.

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 ¹	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

¹ Services includes education, health & community services, cultural & recreational services and personal & other services.

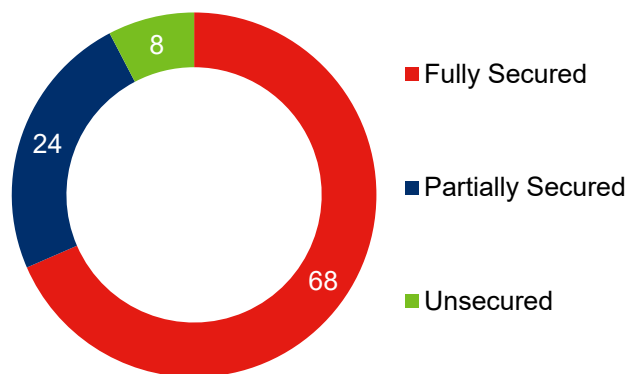
Sectors in focus.

Accommodation, cafes & restaurants and Construction.

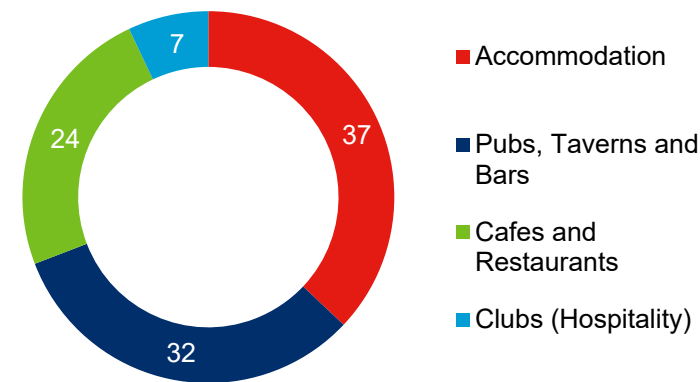
Accommodation, cafes and restaurants

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

Portfolio security composition (TCE) (%)³



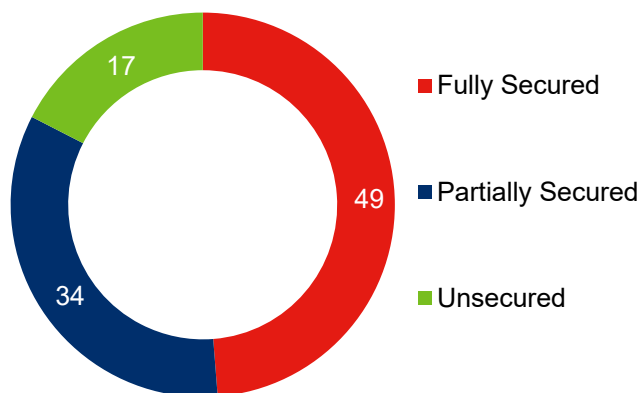
Portfolio by sub-sector (TCE) (%)



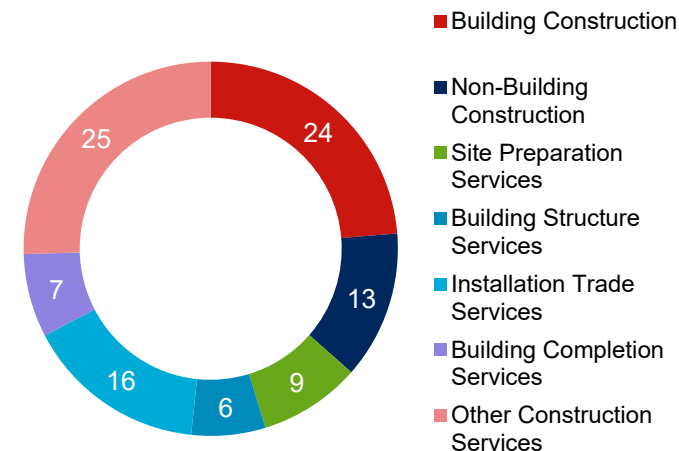
Construction

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

Portfolio security composition (TCE) (%)³



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.

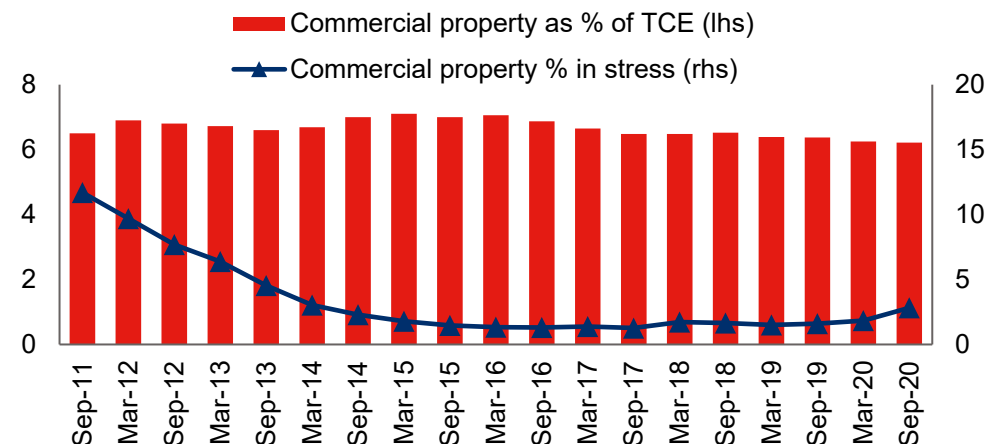
Sectors in focus.

Commercial property.

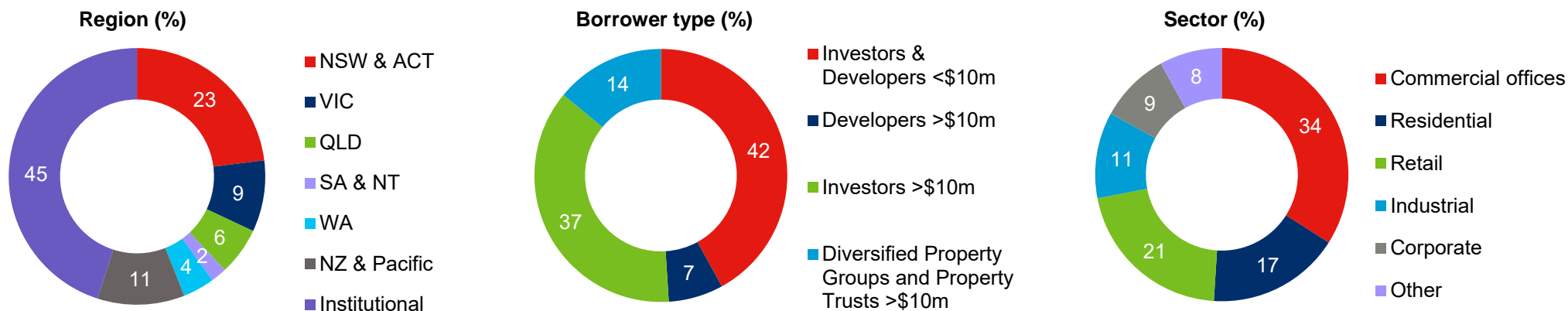
Commercial property

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

Commercial property exposures % of TCE and % in stress



Commercial property portfolio composition (TCE) (%)



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

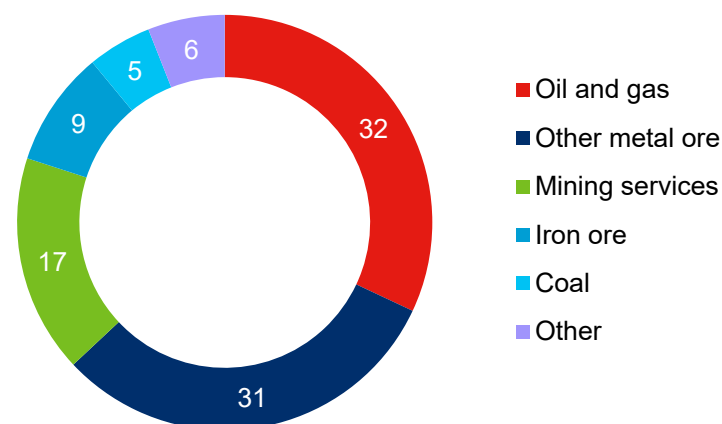
Sectors in focus.

Mining and Manufacturing.

Mining (inc. oil and gas)

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

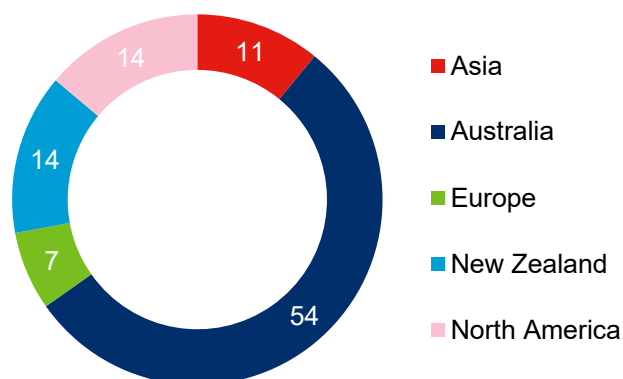
Portfolio by sub-sector (TCE) (%)



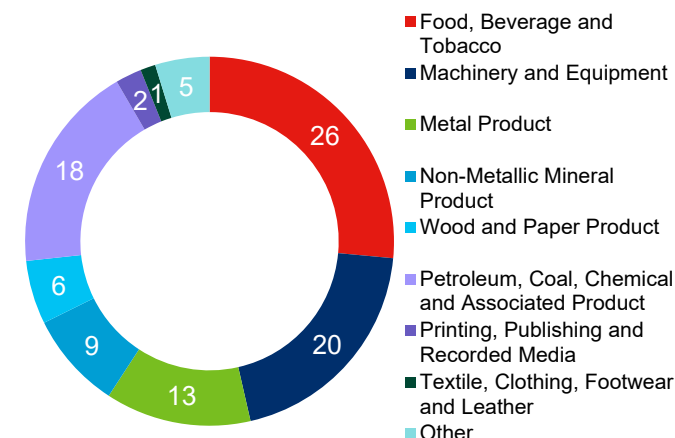
Manufacturing

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

Portfolio by region (TCE) (%)



Portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

Sectors in focus.

Retail trade.

Retail trade

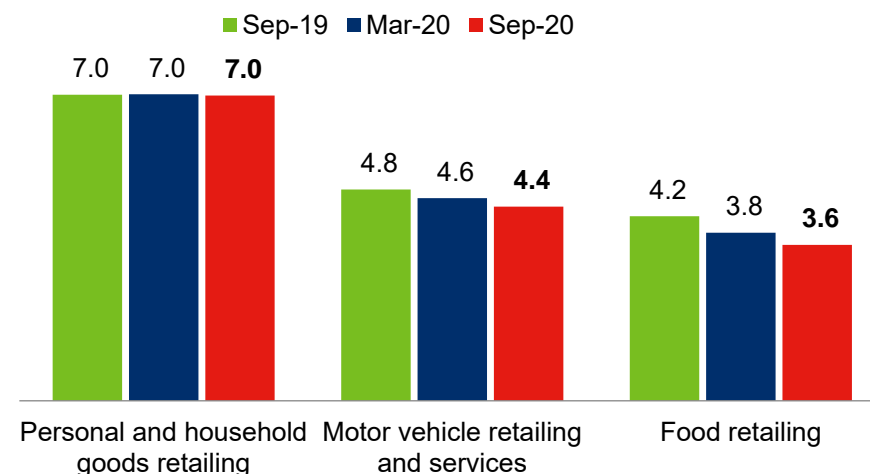
	Sep-19	Mar-20	Sep-20
Total committed exposures (TCE)	\$16.0bn	\$15.5bn	\$15.0bn
Lending	\$11.6bn	\$11.1bn	\$9.5bn
As a % of Group TCE	1.52	1.43	1.41
Median risk grade	BB equivalent	BB equivalent	BB equivalent
% of portfolio graded as stressed ^{1,2}	6.05	6.70	7.26
% of portfolio impaired ²	1.30	1.44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

Retail trade portfolio graded as stressed (%)

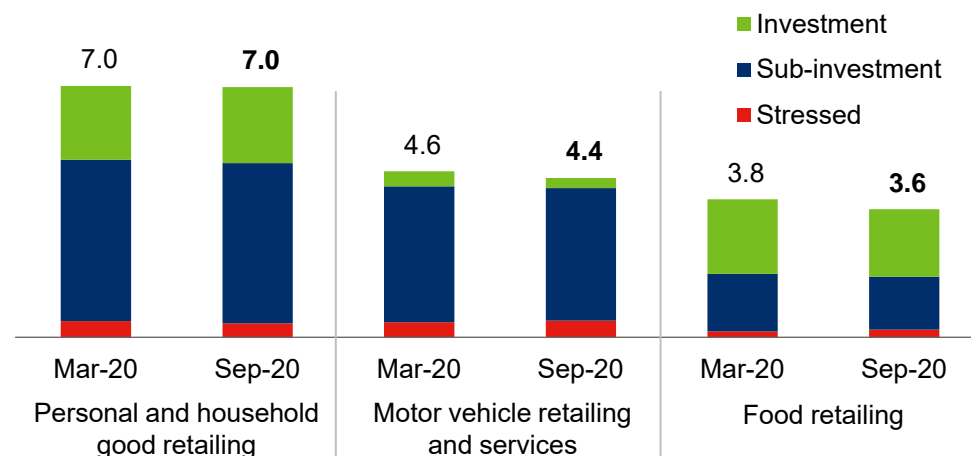


1 Includes impaired exposures. 2 Percentage of retail trade portfolio TCE.

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



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



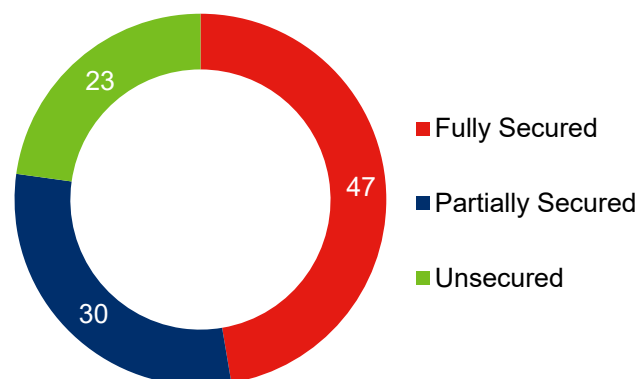
Sectors in focus.

Services and Transport & Storage.

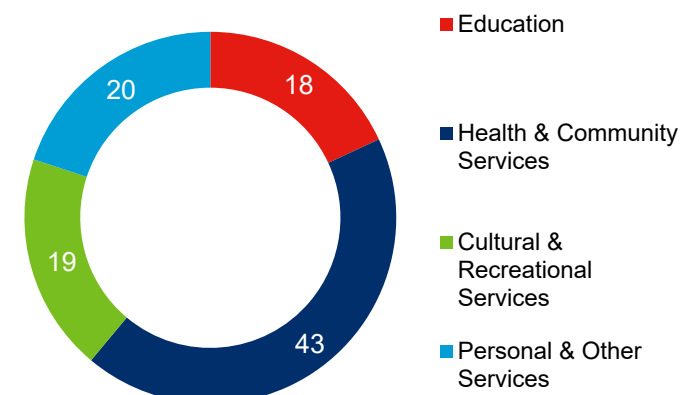
Services

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

Portfolio security composition (TCE) (%)³



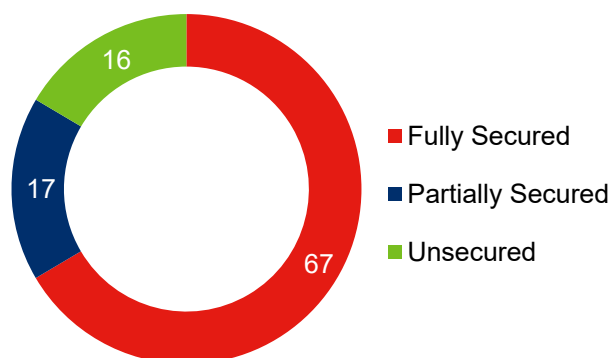
Portfolio by sub-sector (TCE) (%)



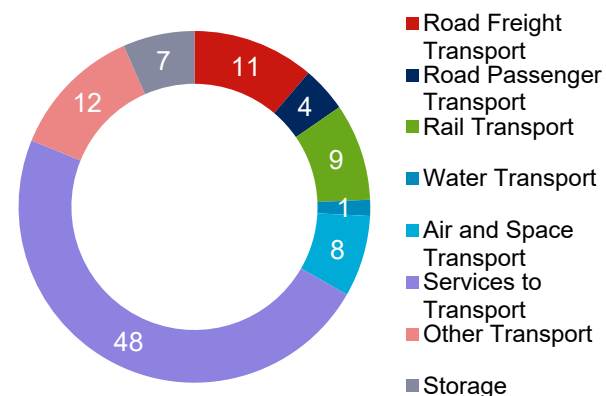
Transport & Storage

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

Portfolio security composition (TCE) (%)³



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.

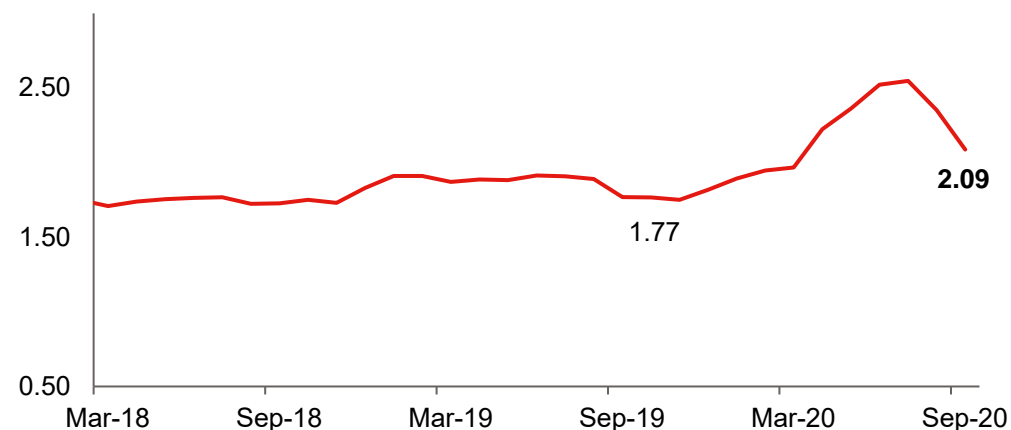
Australian consumer unsecured lending.

Australian consumer unsecured lending portfolio¹

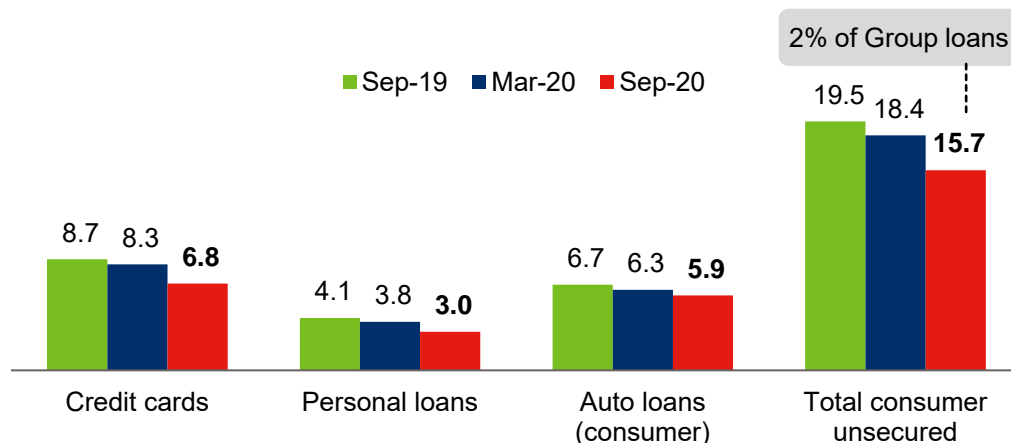
	Sep-19	Mar-20	Sep-20
Lending	\$19.5bn	\$18.4bn	\$15.7bn
30+ day delinquencies (%)	3.68	4.22	3.62
90+ day delinquencies (%)	1.77	1.97	2.09

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 (%)

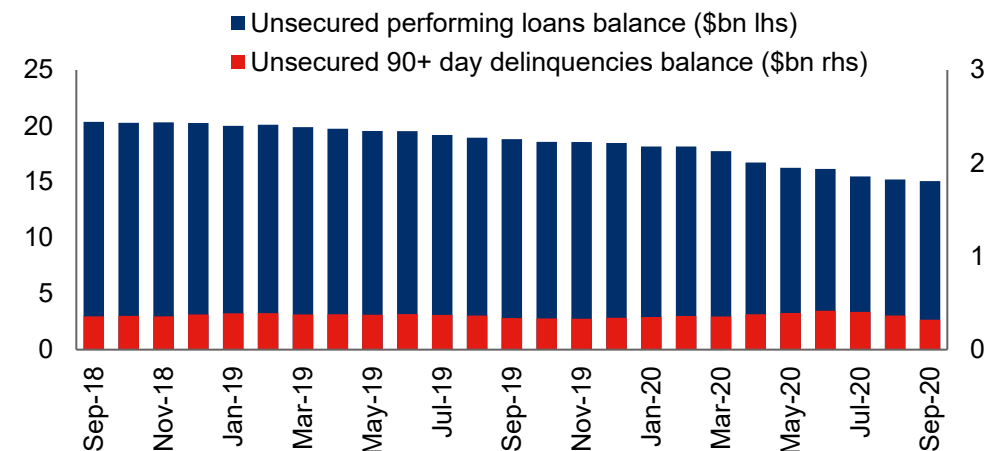


Australian consumer unsecured portfolio (\$bn)¹



¹ Does not include Margin Lending.

Australian consumer unsecured portfolio (\$bn)

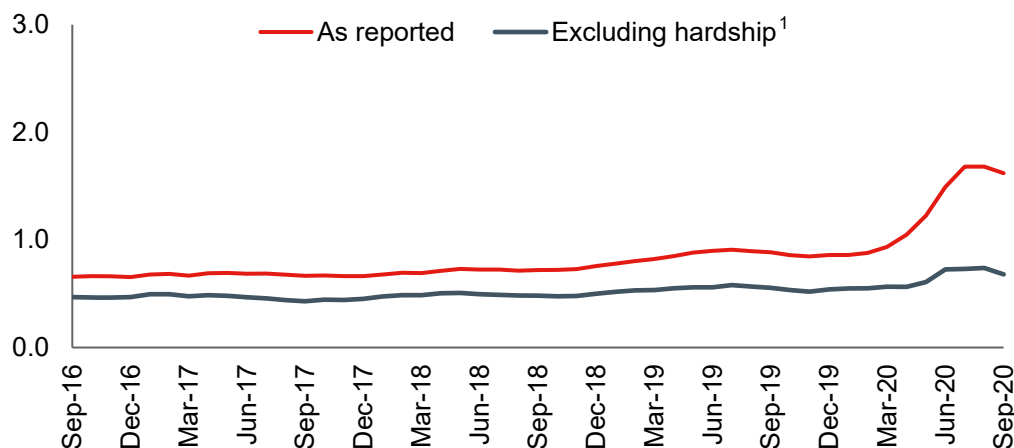


Australian mortgage delinquencies: impacted by hardship¹.

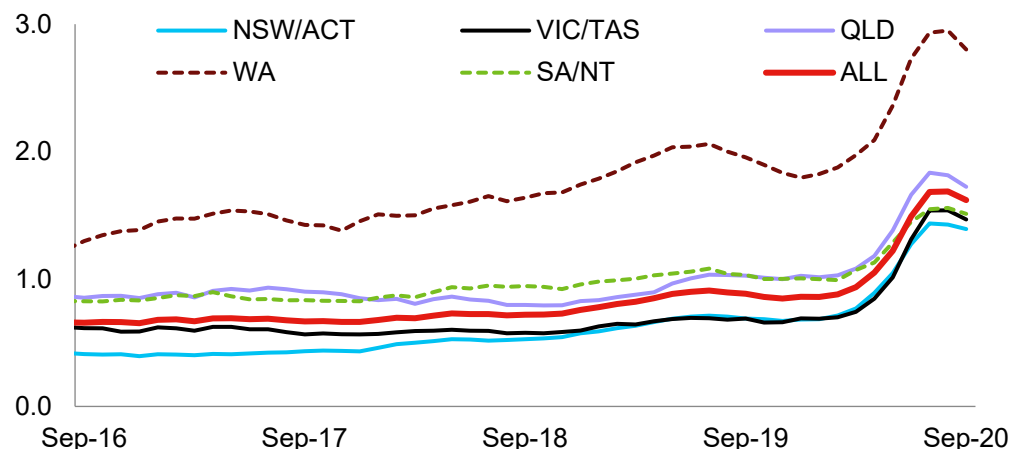
Australian mortgages	Sep-19	Mar-20	Sep-20
30+ day delinquencies (bps)	161	188	214
90+ day delinquencies (bps) (inc. impaired mortgages)	88	94	162
Consumer properties in possession	558	468	256
Actual mortgage loss rate annualised ² (bps, for the 6 months ending)	3	3	3

- 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 (%)



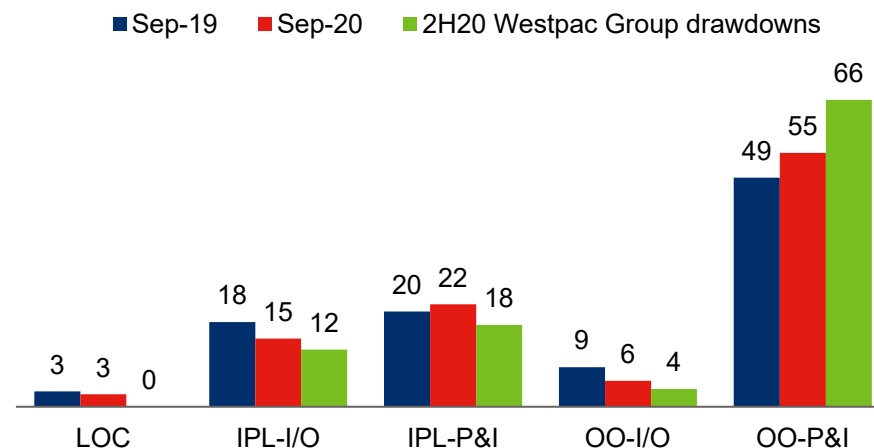
¹ Financial hardship assistance is available to customers experiencing unforeseen events, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period. Customer requesting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

Australian mortgage portfolio composition.

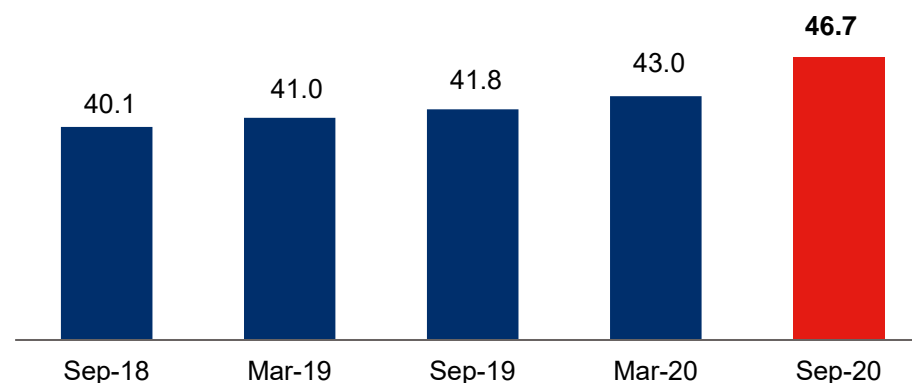
Australian mortgage portfolio	Sep-19 balance	Mar-20 balance	Sep-20 balance	2H20 Flow ¹
Total portfolio (\$bn)	449.2	445.7	440.9	33.5
Owner-occupied (OO) (%)	58.3	59.4	60.4	69.6
Investment property loans (IPL) (%)	38.5	37.6	36.6	29.9
Portfolio loan/line of credit (LOC) (%)	3.2	2.9	2.5	0.4
Variable rate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

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

Australian mortgage portfolio by product and repayment type (%)



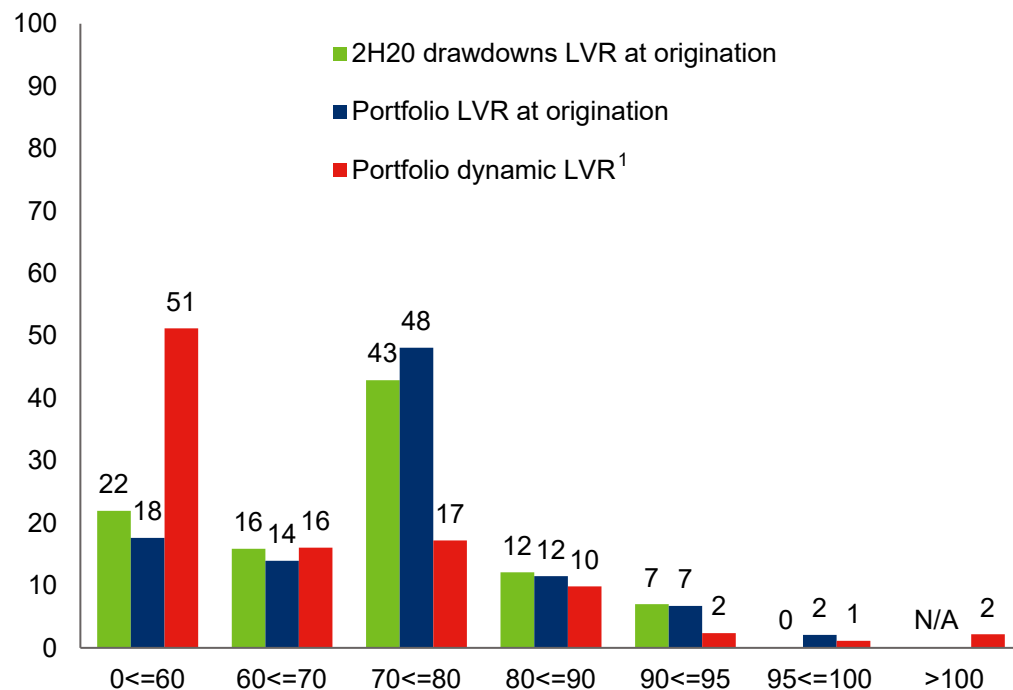
Australian offset account balances (\$bn)



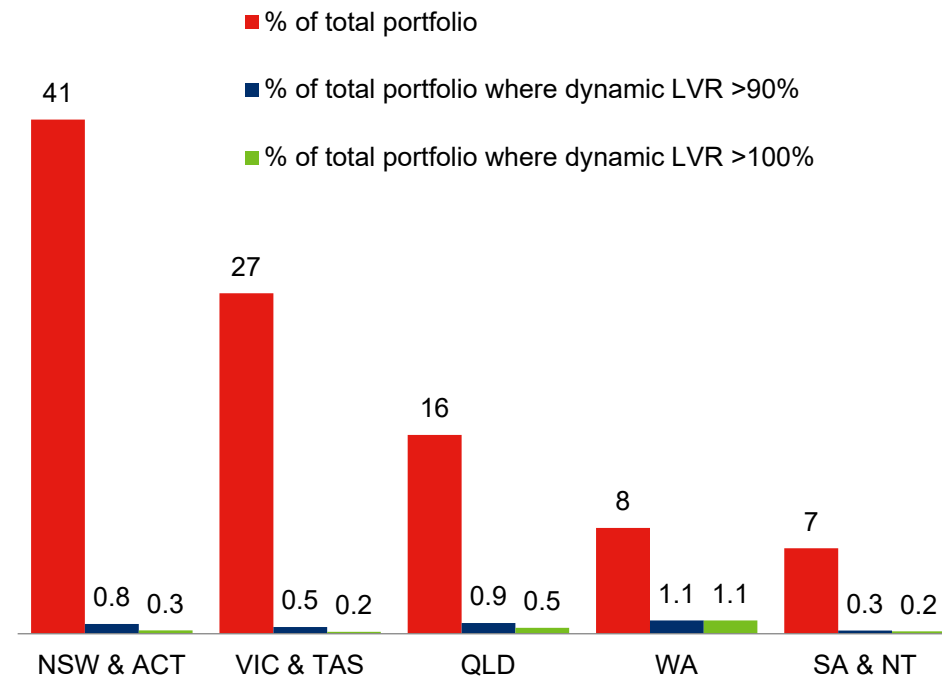
Australian mortgage portfolio.

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 ²	LVR at origination (%)	74	73	73
	Dynamic LVR ¹ (%)	58	57	56
	LVR of new loans ³ (%)	72	72	71

Capital city	Dwelling prices %chg last 6mths (Sep-20) ⁴	Dwelling prices YoY (Sep-20) ⁴
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%

¹ 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. ² Weighted average LVR calculation considers size of outstanding balances. ³ Average LVR of new loans is on rolling 6 months. ⁴ Source: CoreLogic.

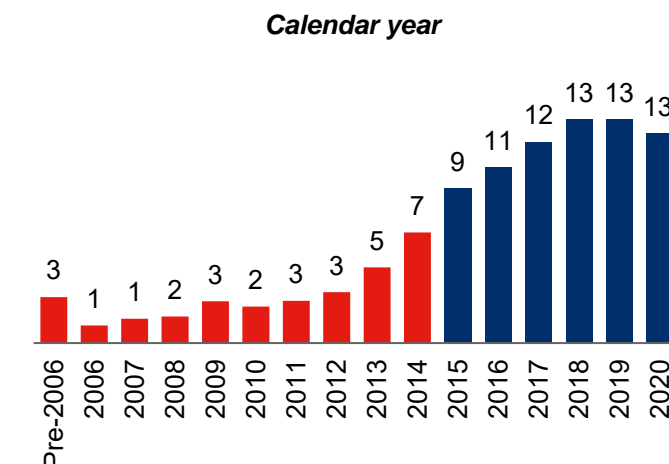
Australian mortgage portfolio underwriting.

Credit policy as at 16 October 2020

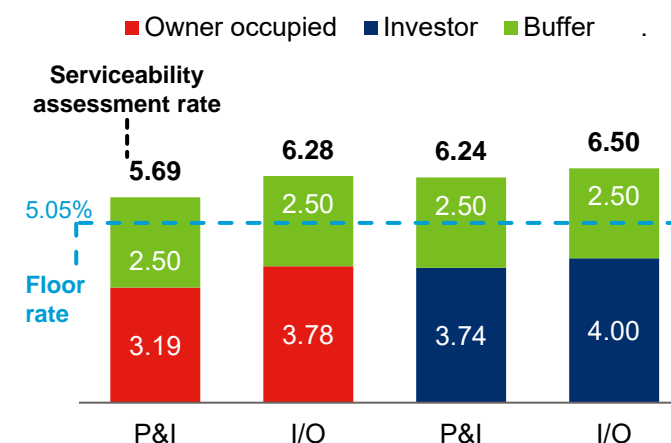
Income	<ul style="list-style-type: none"> Income verified via payslips or tax returns with other supporting documentation such as PAYG income statements and salary credits to accounts where required (minimum standards for documents apply) Discount of at least 20% applies to less certain income sources i.e. rental income, bonuses
Credit Score & Credit Bureau	<ul style="list-style-type: none"> Bespoke application scorecards segmented by new and existing customers Credit and score override rates tracked and capped Credit bureau checks required
Expenses	<ul style="list-style-type: none"> Expenses are assessed as the higher of a borrower's HEM¹ comparable expenses or HEM, plus any expenses that are not comparable to HEM (e.g. private school fees, life insurance) HEM is adjusted by income bands, post settlement postcode location, marital status and dependants 17 expense categories used, aligned with Melbourne Institute guidelines and LIXI standards
Serviceability assessment	<ul style="list-style-type: none"> For serviceability assessment, interest rate applied to all mortgage debt is the greater of: <ul style="list-style-type: none"> Actual interest rate plus buffer of 2.50%; and Minimum assessment rate of 5.05% (effective 9 October 2020, previously 5.35%) For I/O Loans, serviceability is assessed on a P&I basis over the residual term All existing customer commitments are verified Review Westpac Group accounts and Comprehensive Credit Reporting (CCR) to identify customer commitments Limits apply to Debt-to-Income lending from 6x; above 7x referred for manual credit assessment Credit card repayments assessed at 3.8% of limit
Genuine savings deposit requirements	<ul style="list-style-type: none"> Minimum 5% proof of genuine savings for higher LVR loans (typically LVR >85%). First Home Owners Grants not considered genuine savings
Security	<ul style="list-style-type: none"> LVR restrictions apply depending on location, property value and nature of security 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)
LMI	<ul style="list-style-type: none"> Mortgage insurance for higher risk loans, such as high LVRs. Exception policy applies for certain professionals and Westpac Group staff

1 HEM is the Household Expenditure Measure, produced by the Melbourne Institute. 2 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.

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



Variable mortgage interest rates² (%)

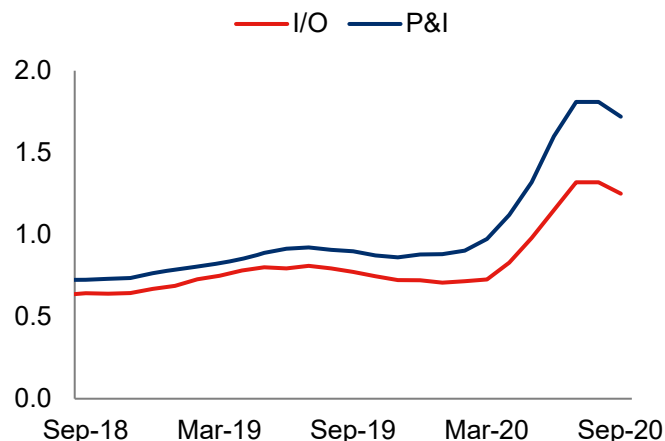


Interest only mortgages.

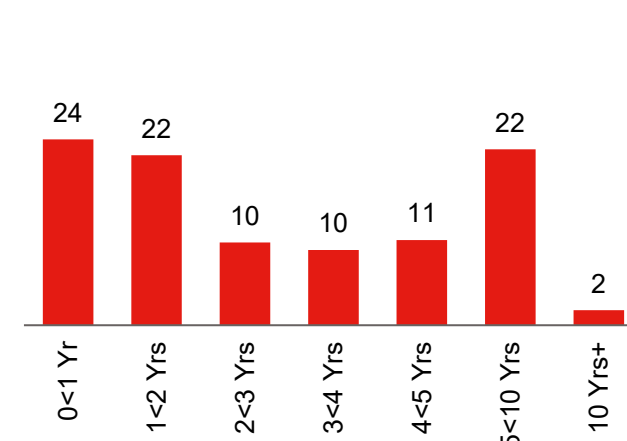
21% of the total Australian mortgage portfolio.

- 72% weighted average LVR at origination¹
- 63% of customers ahead of repayments (including offset accounts)²
- 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 expiry⁴ (% of total I/O loans)



I/O lending by dynamic LVR³ and income band (%)

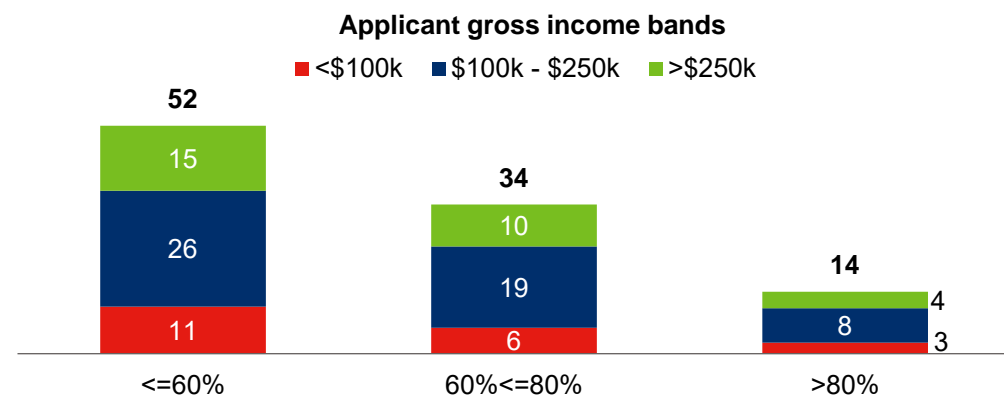
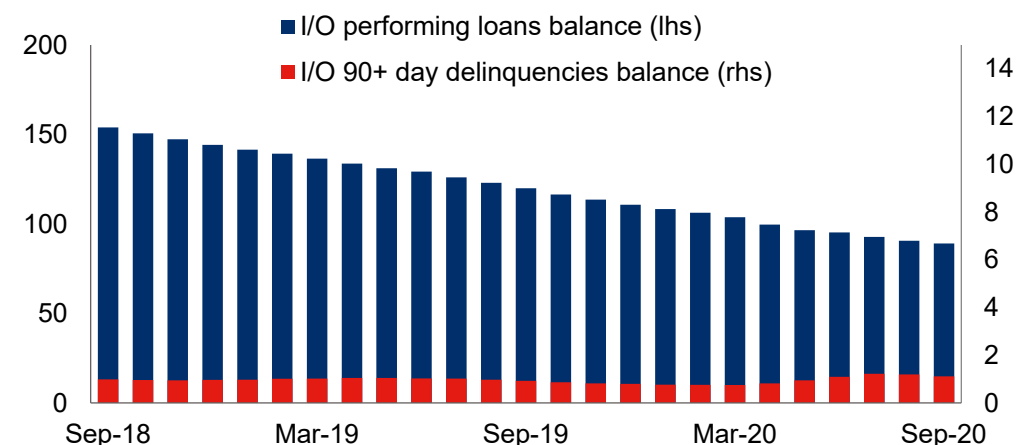


Chart does not add due to rounding **Dynamic LVR bands (%)**

Australian I/O loan portfolio (\$bn)



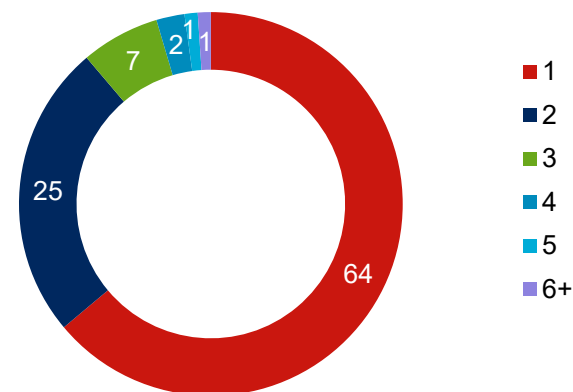
¹ Weighted average LVR calculation takes into account size of outstanding balances. ² Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. ³ Excludes RAMS. Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. ⁴ 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.

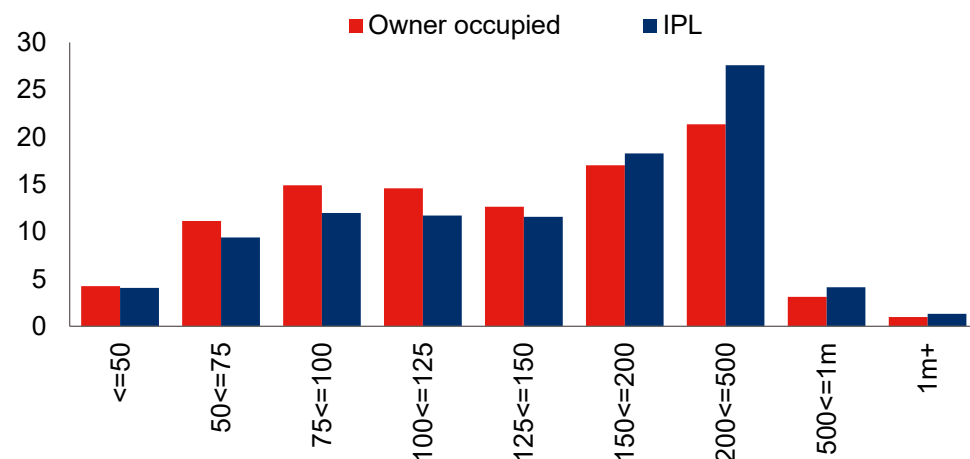
Portfolio reducing.

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

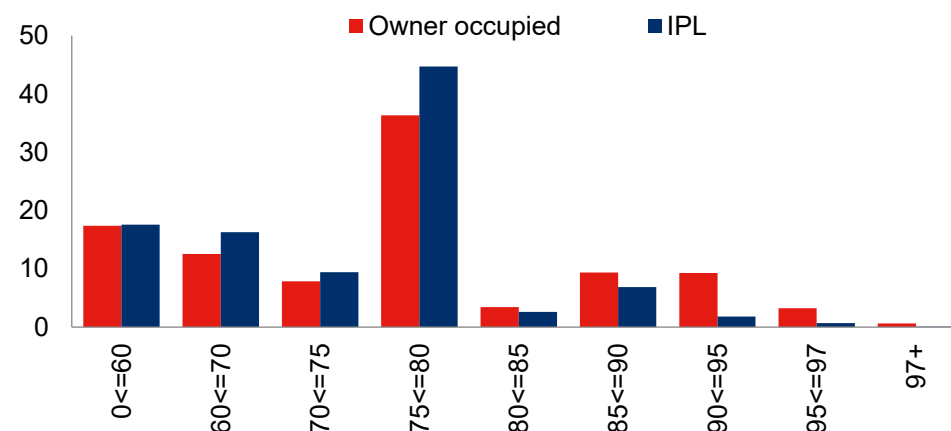
Investment property portfolio by number of properties per customer (%)



Mortgage portfolio by gross income band (%)



Mortgage portfolio by LVR at origination (%)



1 Weighted average LVR calculation takes into account size of outstanding balances. 2 Average LVR of new loans is on rolling 6 month window. 3 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. 4 Includes amortisation. Calculated at account level where split loans represent more than one account. 5 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

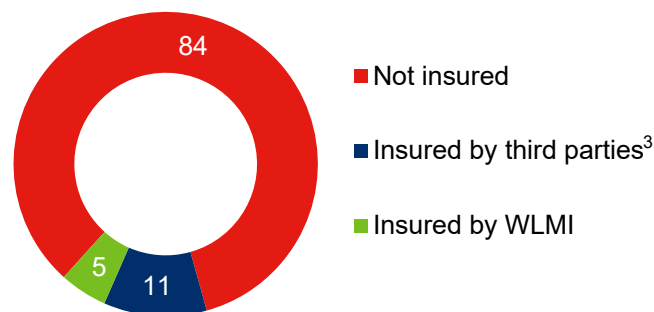
Lenders mortgage insurance arrangements.

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 Insurance¹ (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 PCR² 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 (%)



¹ 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. ² Prudential Capital Requirement (PCR) calculated in accordance with APRA standards. ³ Insured coverage is net of quota share. ⁴ Low doc loans no longer sold. Refers to arrangements in place for legacy products. ⁵ Loss ratio is claims over the total earned premium plus exchange commission. ⁶ 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"> LVR ≤80% Low doc⁴ LVR ≤60% 	Not required
<ul style="list-style-type: none"> LVR >80% to ≤ 90% Low doc⁴ LVR >60% to ≤ 80% 	<ul style="list-style-type: none"> Where insurance required, insured through captive insurer, WLMI LMI not required for certain borrower groups Reinsurance arrangements: <ul style="list-style-type: none"> 40% risk retained by WLMI 60% risk transferred through quota share arrangements with Arch Reinsurance Limited, Renaissance Re, Endurance Re, Everest Re, Trans Re, AWAC and Capita 2232
<ul style="list-style-type: none"> LVR >90% 	<ul style="list-style-type: none"> Where insurance required, insured through captive insurer, WLMI LMI not required for certain borrower groups 100% reinsurance through Arch Reinsurance Limited

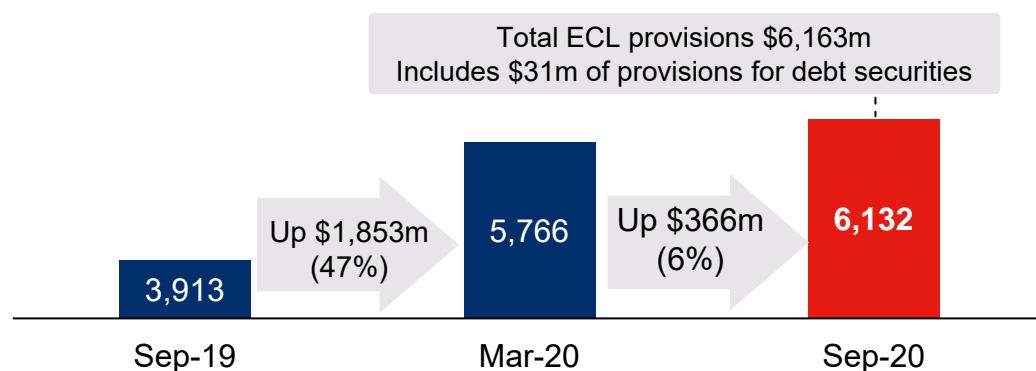
Insurance statistics

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

Additional information

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

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

Forecasts for base case economic scenario³

	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%)

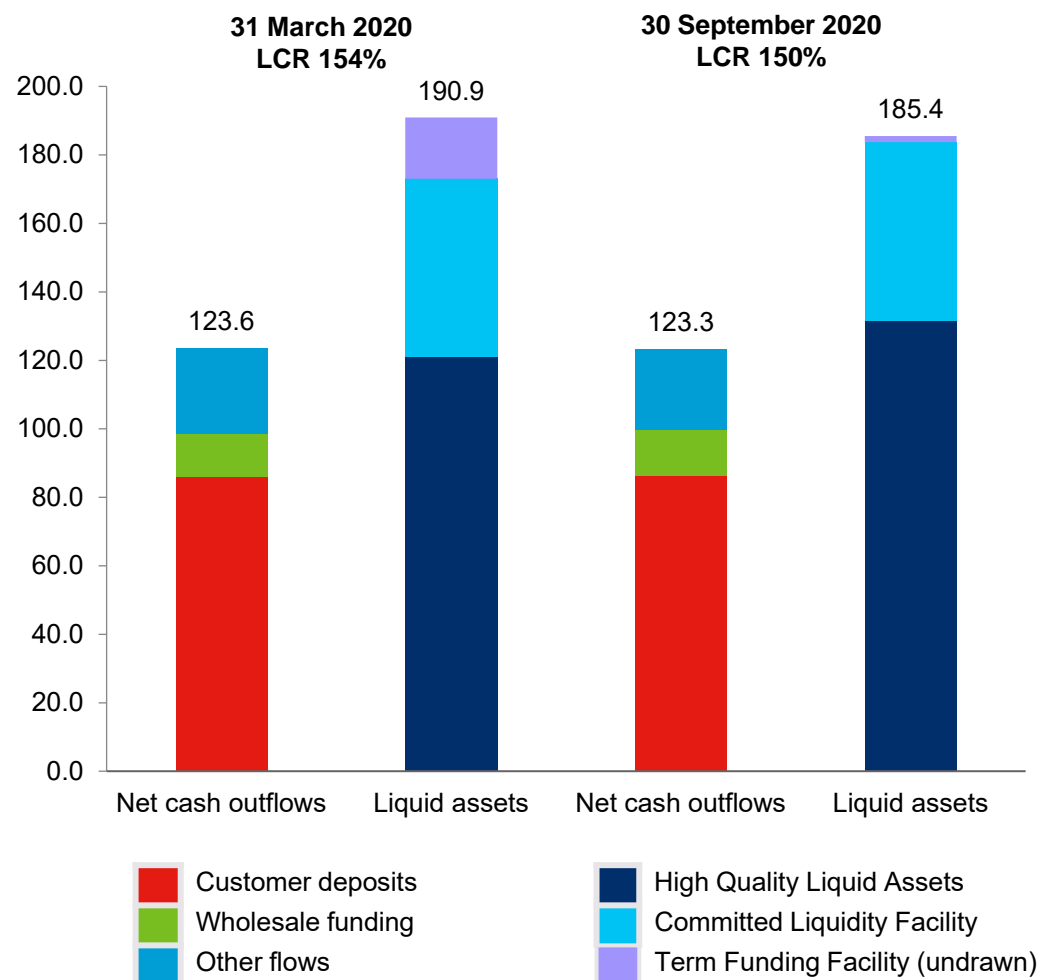
Changes 2H20

- 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

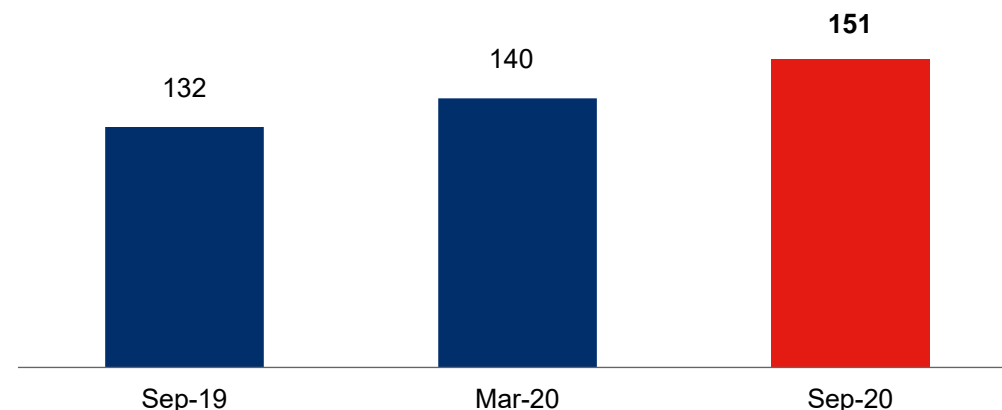
Liquidity coverage ratio.

Liquidity remains high reflecting deposit growth and QE measures.

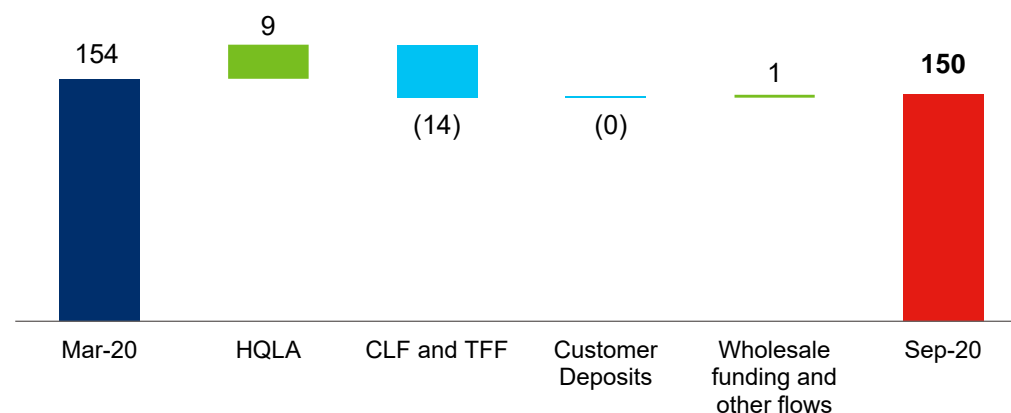
Liquidity coverage ratio (LCR)¹ (spot basis, \$bn and %)



Liquidity coverage ratio¹ (quarterly average, %)



Liquidity coverage ratio¹ (spot basis, %)



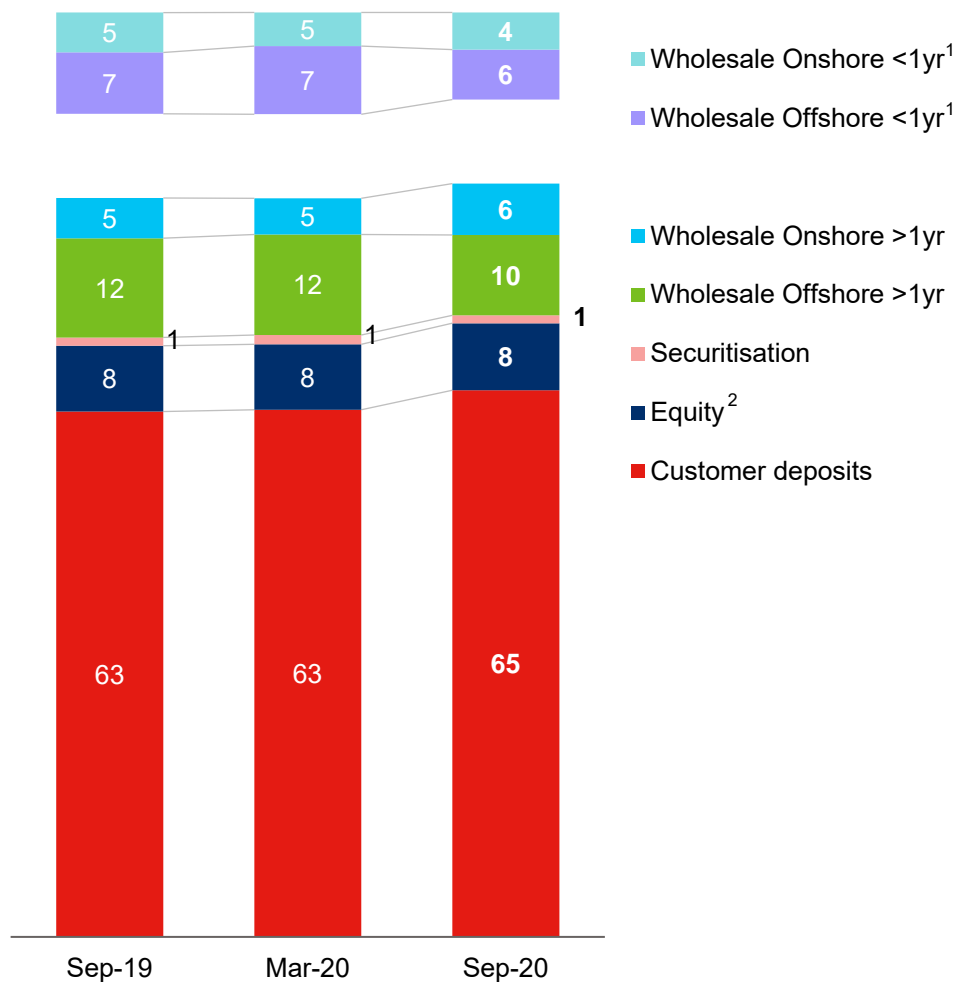
¹ LCR is calculated as the percentage ratio of stock of liquid assets over the total net cash outflows in a modelled 30 day defined stressed scenario. Liquid assets include HQLA as defined in APS 210, RBNZ eligible liquids, CLF eligible securities less RBA open repos funding end of day ESA balances with 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

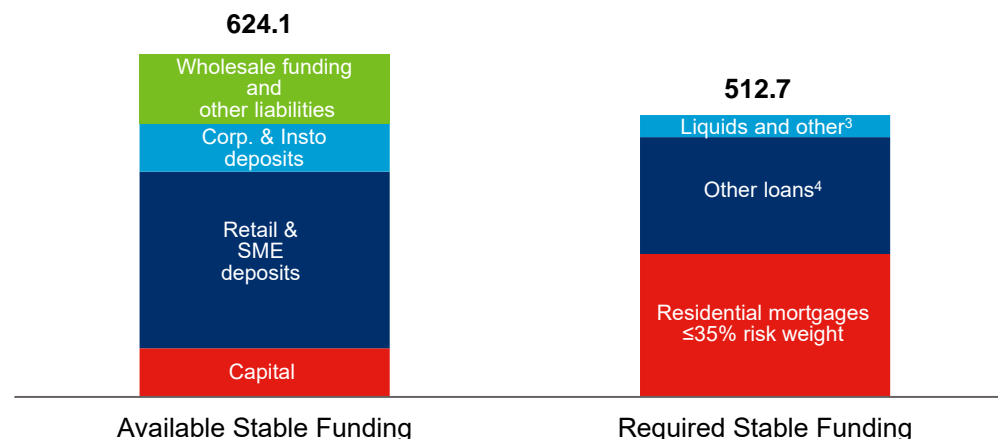


Bars may not add to 100 due to rounding

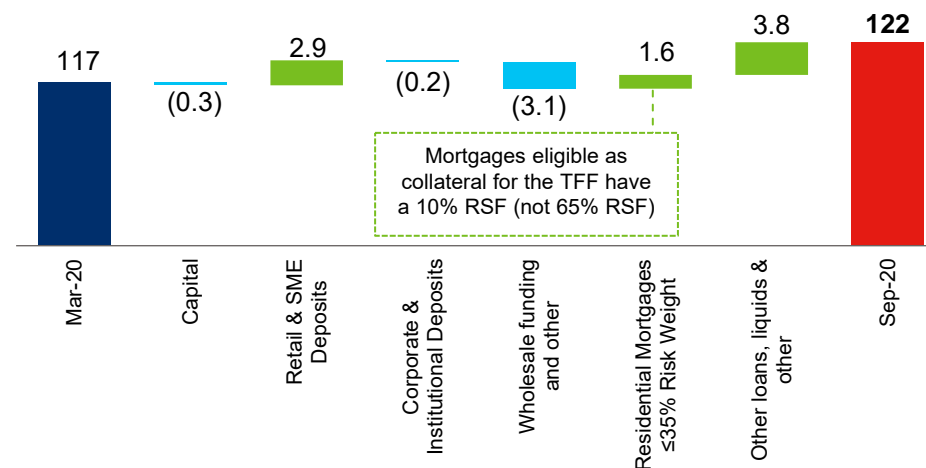
1 Includes long term wholesale funding with a residual maturity less than or equal to 1 year. 2 Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. 3 Other includes derivatives and other assets. 4 Other loans includes off balance sheet exposures and residential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

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

NSFR at 30 September 2020: 122%



Net stable funding ratio (NSFR) (%)



Mortgages eligible as collateral for the TFF have a 10% RSF (not 65% RSF)

Improving risk management through the CORE program.

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
What good looks like	<ul style="list-style-type: none"> • Better customer outcomes and proactive risk culture • Clear direction for risk appetite and culture is set by the Board, and risk management and performance is governed with constructive challenge • Clear expectations for culture, governance and accountability set by Executives and they role model behaviours • A transformation in our culture, including risk culture 	<ul style="list-style-type: none"> • Our people make decisions within clear risk boundaries • Risk management frameworks, policies and limits are robust, clear and fit for purpose • Risk boundaries are applied consistently and supported by the right data, systems and controls • Our risk team has the skills, experience and confidence to provide the right balance of challenge and insight 	<ul style="list-style-type: none"> • People know they are accountable and empowered to own the risks in their role • First Line has capability to manage risks/issues/controls • Decisions and actions are executed with clear authority and boundaries • 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
Workstreams	1 Board Governance of Non-Financial Risk	6 Risk Frameworks	9 Managing Risk in the First Line
	2 Executive Leadership Culture	7 Second Line Risk Roles & Capability	10 Issues Management
	3 Risk Culture Behaviours & Measurement	8 Conduct Risk	11 Controls
	4 Enterprise Prioritisation		12 Customer Complaints
	5 Remuneration & Consequence Management		13 Change Management & Delivery
			14 Accountability and Decision Making in Practice

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

Customer remediation.





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 costs¹ (\$m)

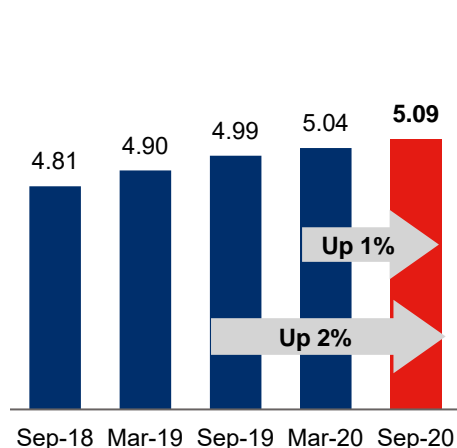
	2017	2018	2019	2020	Total
 Banking	94	122	362	144	722
 Wealth	75	146	802	208	1,231
 Implementation costs	-	62	232	196	490
 Cash earnings impact of above	118	231	977	384	1,710

¹ Excludes provisions and costs associated with litigation.

Continued migration to digital.

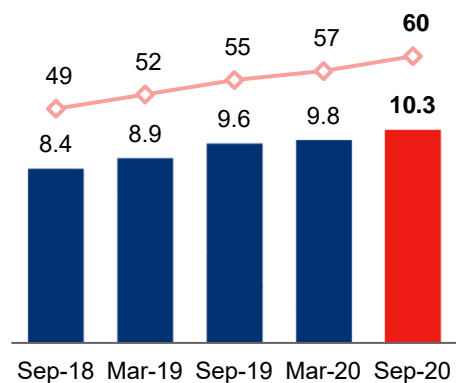
Putting customers in control and reducing cost to serve.

Digitally active customers (#m)

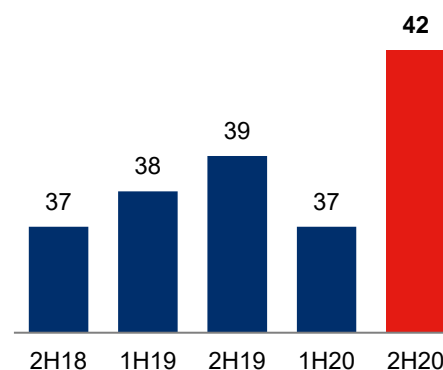


Accounts with eStatements

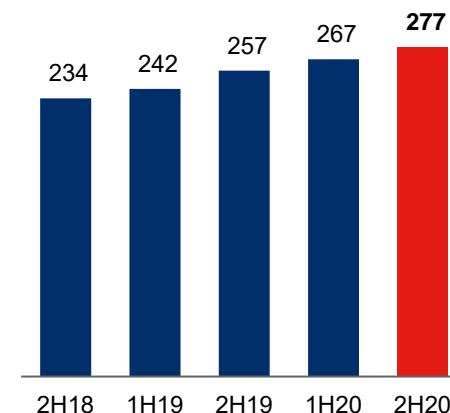
■ Number (#m) ◆ eStatements (%)



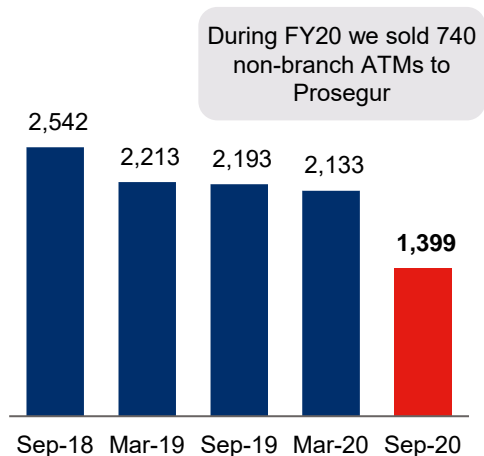
Sales via digital (%)



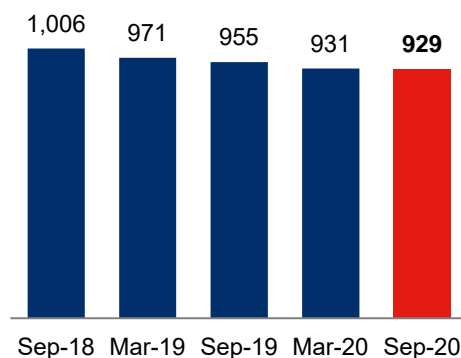
Digital transactions¹ (#m)



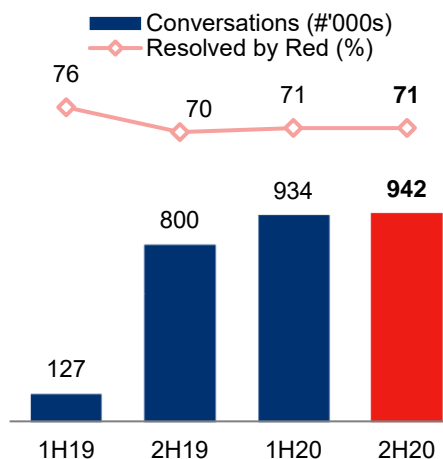
Australian ATMs (#)



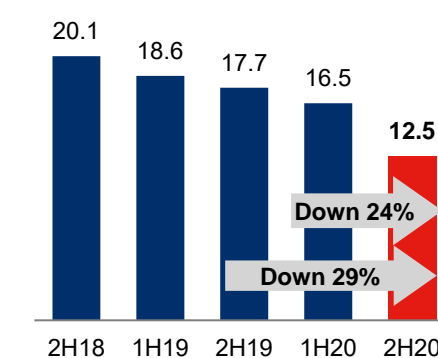
Australian branches (#)



Westpac Red interactions (AI chatbot)








Branch OTC² transactions (#m)



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

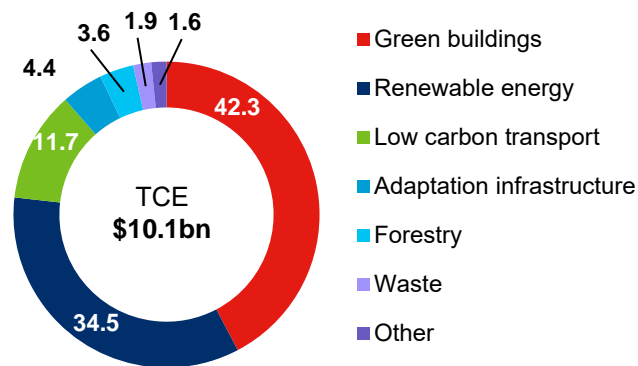
Continued sustainability commitment.

Westpac's sustainability strategy priority areas	FY20 outcomes (unless otherwise stated)
 Helping people make better financial decisions	<ul style="list-style-type: none"> 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
 Helping people by being there when it matters most to them	<ul style="list-style-type: none"> Provided COVID-19 loan deferral packages for 175,000 mortgages and 40,000 businesses in Australia and New Zealand Helped customers experiencing financial hardship, issuing over 75,000 financial assistance packages 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 Assisted over 24,000 customers including those experiencing vulnerable circumstances such as domestic or family violence
 Helping people create a prosperous nation	<ul style="list-style-type: none"> Westpac Scholars Trust¹ awarded \$3.9 million in educational scholarships to the next 64 Westpac Scholars, bringing the total cohort to 474 Westpac Foundation² job creation grants to social enterprises helped to create over 700 jobs³ for vulnerable Australians Increased lending to climate change solutions, taking total committed exposure to \$10.1 billion, exceeding our 2020 target of \$10 billion The largest financier of greenfield renewable energy projects in Australia over the past three years⁴ 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 AUSTAC proceedings
 A culture of doing the right thing	<ul style="list-style-type: none"> Reduced average time to resolution for complaints⁵ to 6.5 days in Full Year 2020, from 9 days in Full Year 2019 Resolved 74% Australian banking⁶ complaints within five days in Full Year 2020, compared to 68% in Full Year 2019 Hired 115 new Aboriginal or Torres Strait Islander employees
 The fundamentals	<ul style="list-style-type: none"> A+ rating for BT's sustainable investment strategy and governance through the Principles for Responsible Investment (PRI) On track to achieve 100% of electricity supply from renewables by 2025 Sourced \$19.1 million from diverse suppliers, including \$5.9 million from Indigenous suppliers Contributed over \$150 million to community investment excluding commercial sponsorships

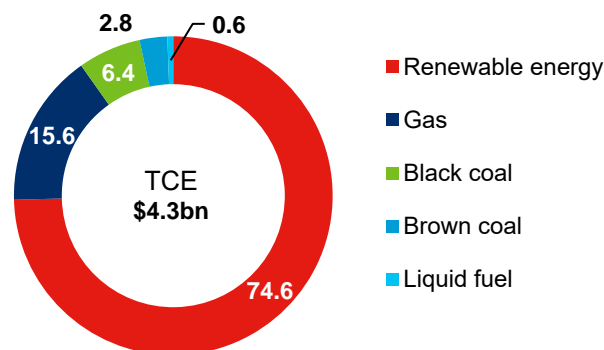
¹ Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of Westpac Group. Westpac provides administrative 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.

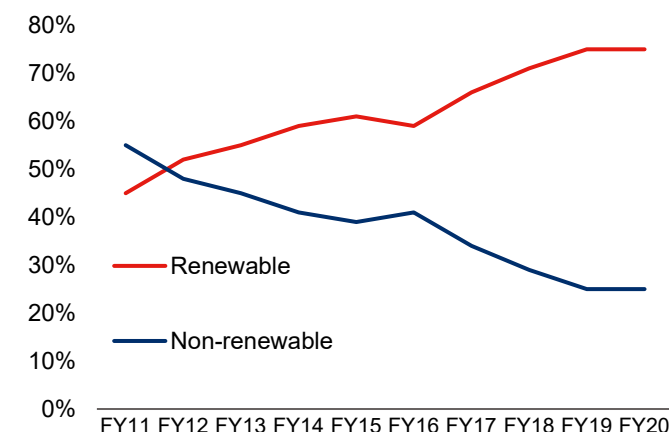
Climate change solutions¹ exposure
(% of TCE) at 30 September 2020



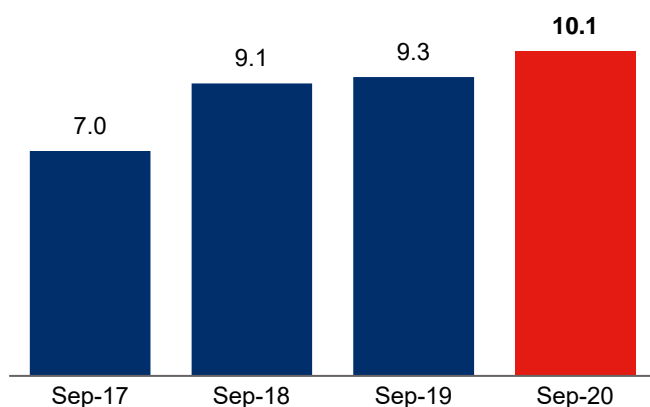
Electricity generation exposure
(% of TCE)² at 30 September 2020



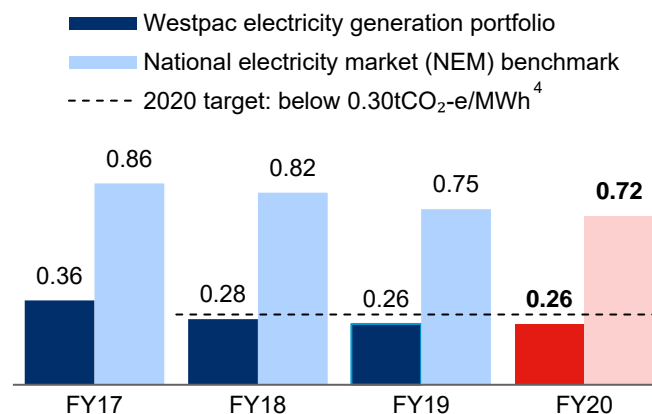
Our lending to electricity generation
in Australia and New Zealand (%)



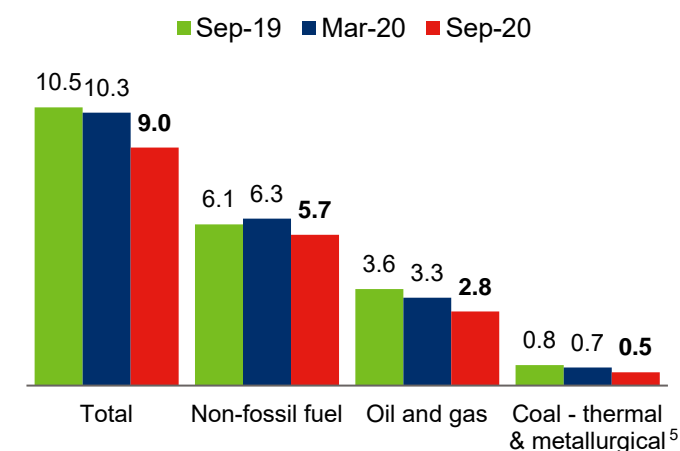
Climate change solutions exposure
(\$bn, TCE)



Emissions intensity
(tCO₂-e/MWh)^{2,3} 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).

Economics

Australian and New Zealand economic forecasts.

Key economic indicators (%) at October 2020		2019	2020F	2021F
World	GDP ¹	2.8	-4.0	6.0
Australia	GDP ²	2.3	-3.5	2.8
	Private consumption ²	1.3	-4.8	4.2
	Business investment ^{2,3}	-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
New Zealand	GDP ²	1.8	-2.6	4.3
	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

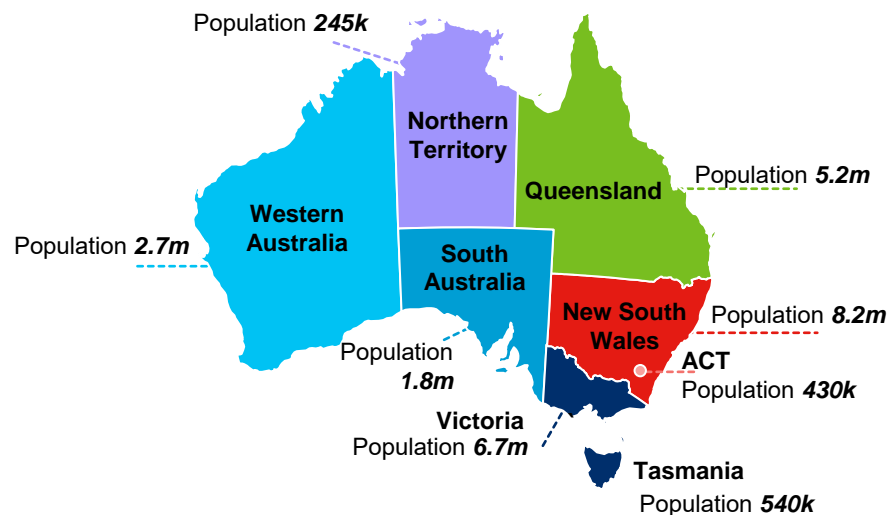
Source: Westpac Economics.

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.

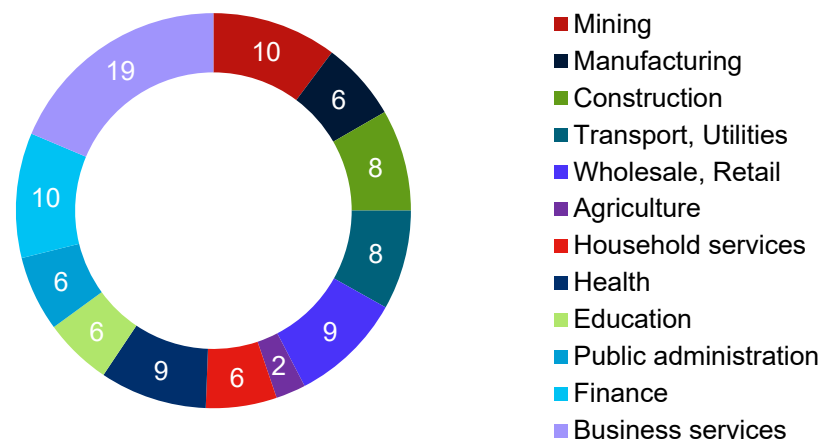
Population 25.7 million.

Australian population

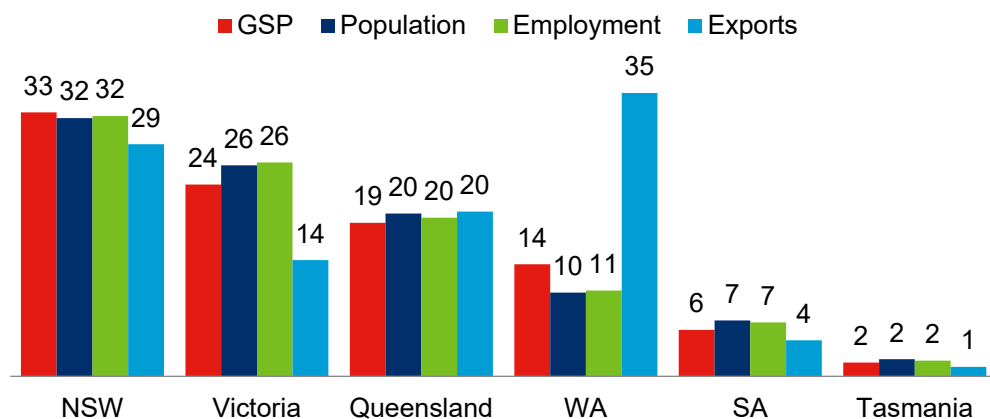


Australian GDP and employment composition

Output 2019 - sector contribution to GDP (%)¹

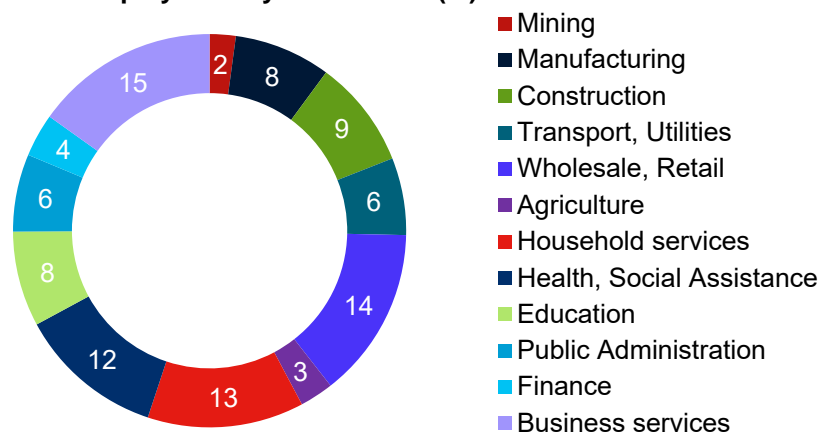


Relative size of States (Share of Australia, 2018/19, %)



Sources: ABS, Westpac Economics
¹ Real, financial years, experimental estimates.

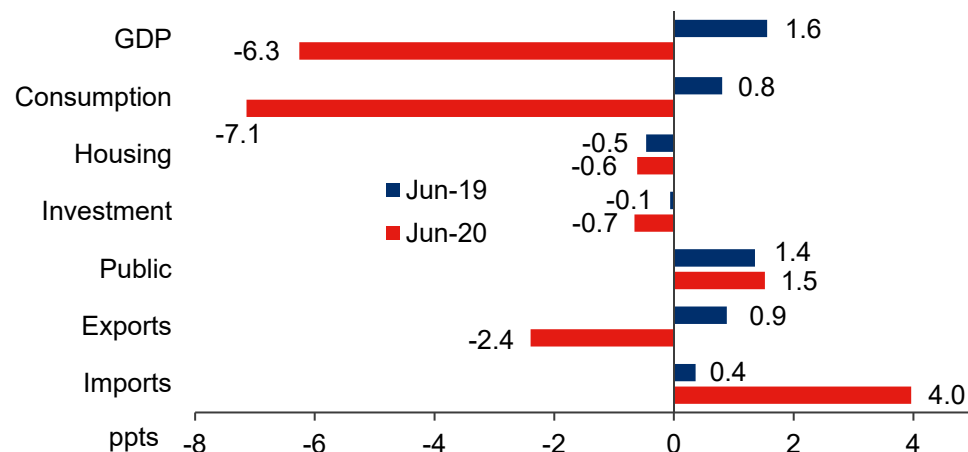
Australian employment by sector 2019 (%)



The Australian economy.

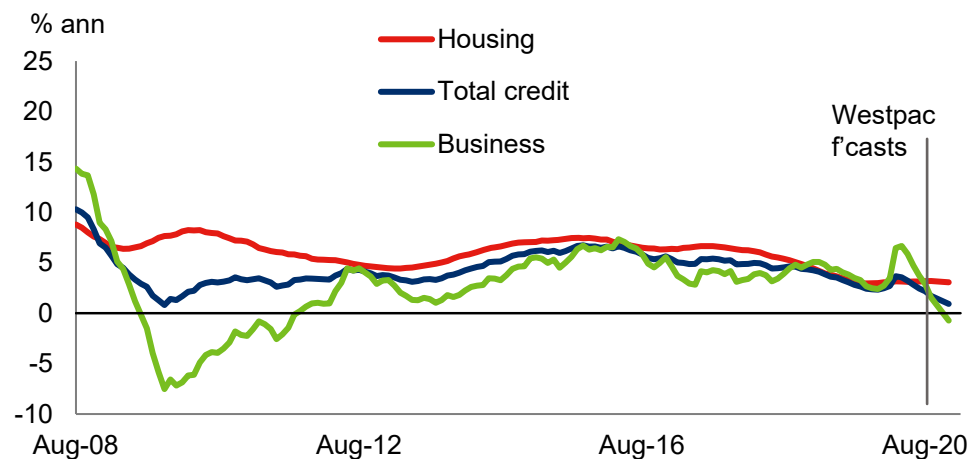
Detailed impact of COVID-19 on segments.

GDP growth year end contributions (ppts)



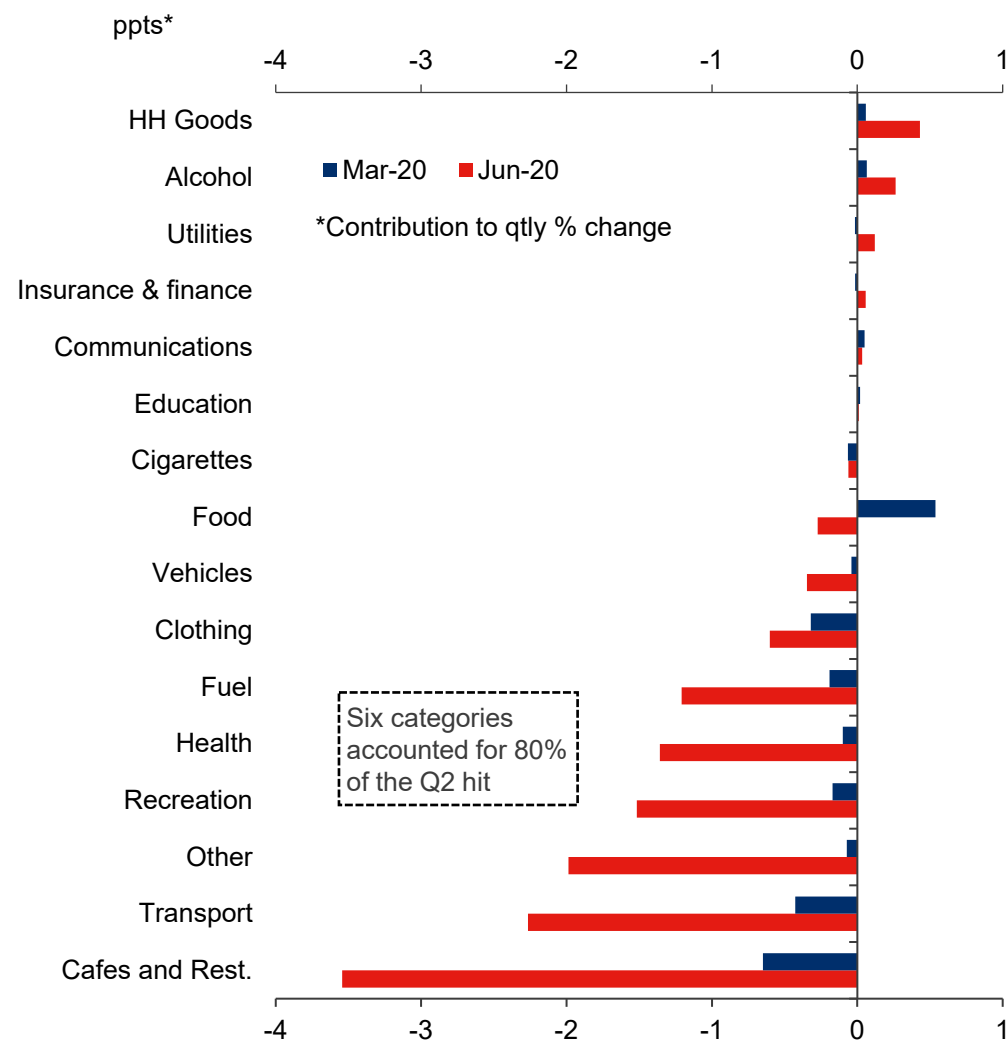
Sources: ABS, Westpac Economics.

Private sector credit growth (% ann)



Sources: RBA, Westpac Economics

Consumer spending by category (ppts)

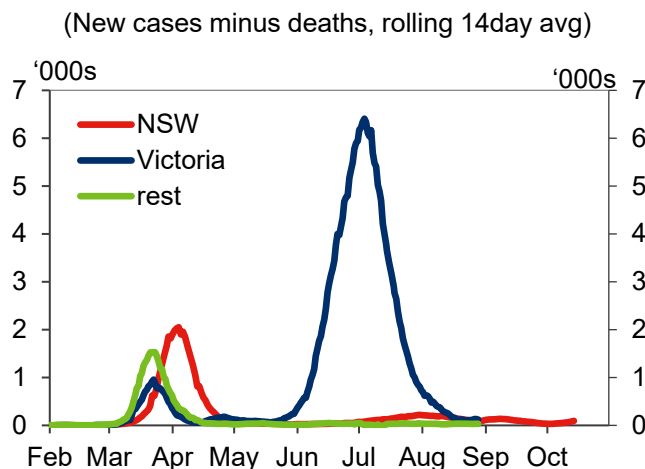


Sources: ABS, Westpac Economics.

The Australian economy.

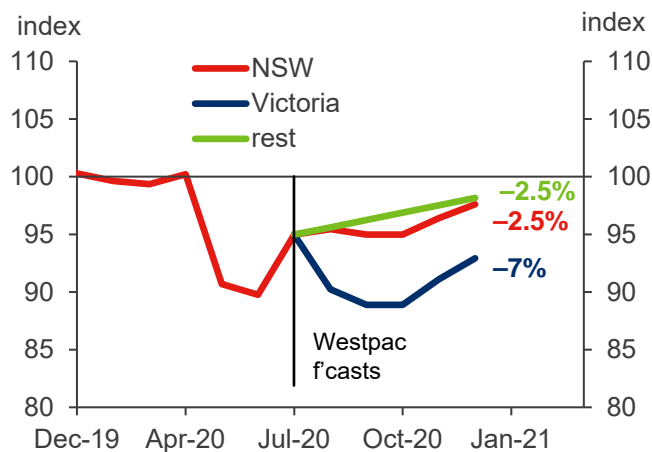
Significant variances across States.

COVID-19 current infections



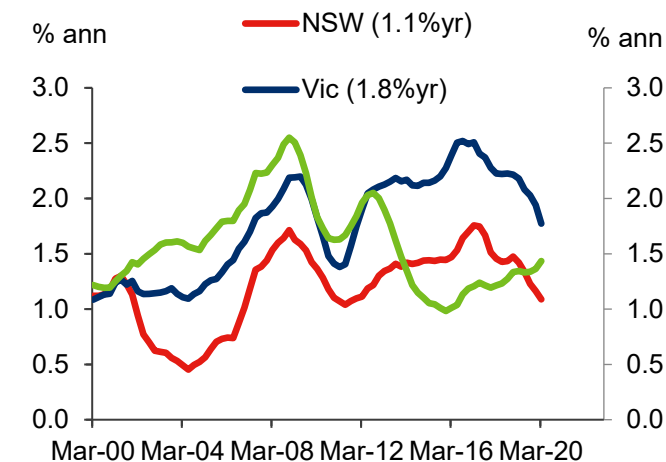
Sources: JHU CSSE, Westpac Economics

Activity outlook: State view (index)



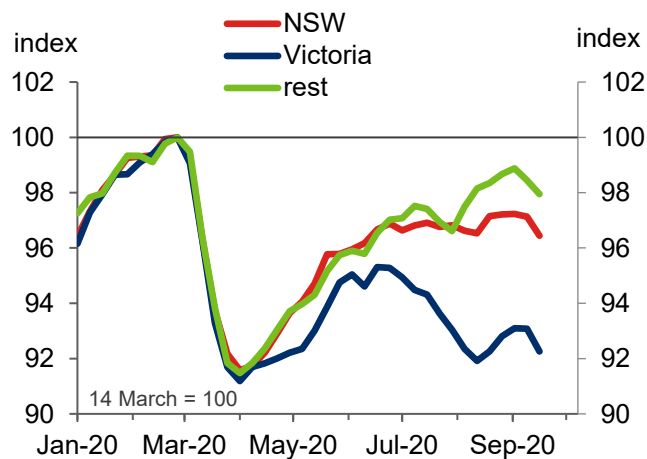
Sources: ABS, Westpac Economics.

Population



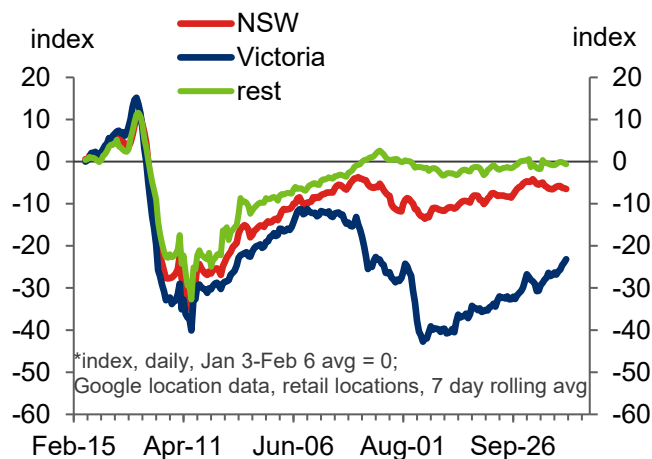
Sources: ABS, Westpac Economics.

Weekly payrolls by State (index)



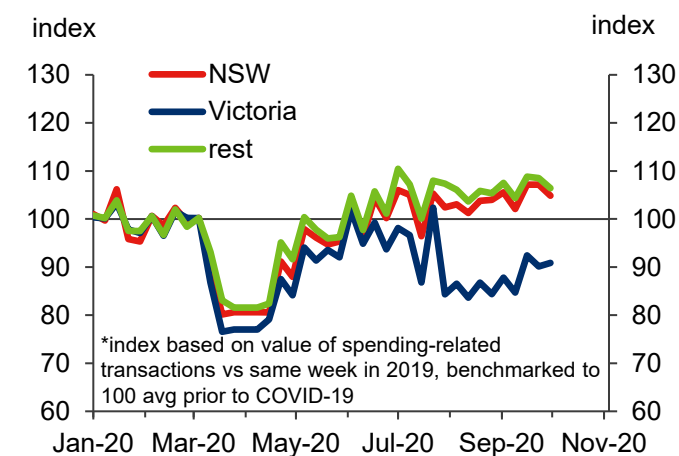
Sources: ABS, Westpac Economics.

Mobility, retail locations by State



Sources: Google, Westpac Economics.

Credit card transactions by State

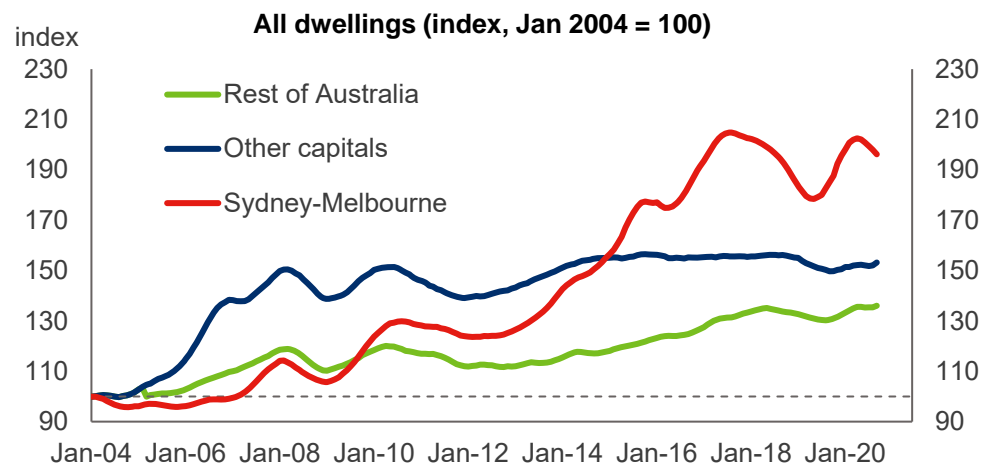


Sources: Westpac Group.

Australian housing market.

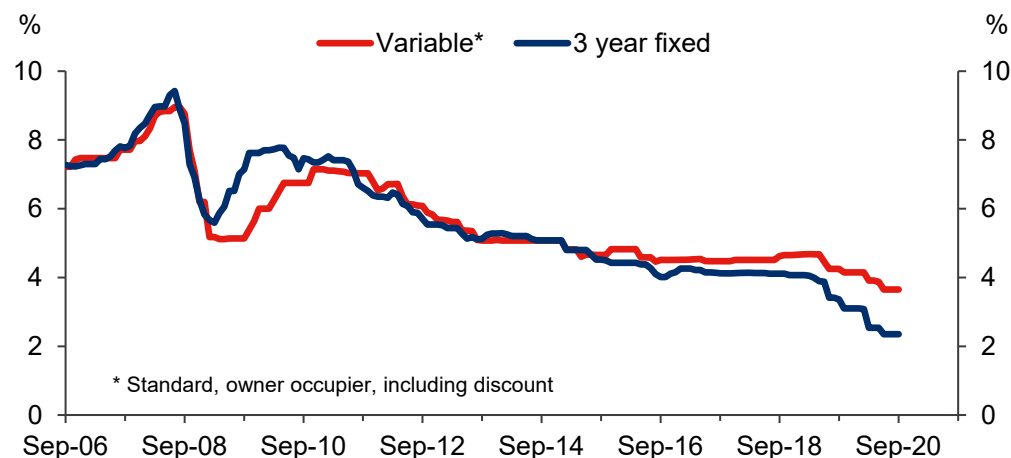
Mild dwelling price correction underway prior to strong price recovery in 2022-23.

Australian dwelling prices (index)



Sources: CoreLogic, Westpac Economics.

Mortgage interest rates (%)



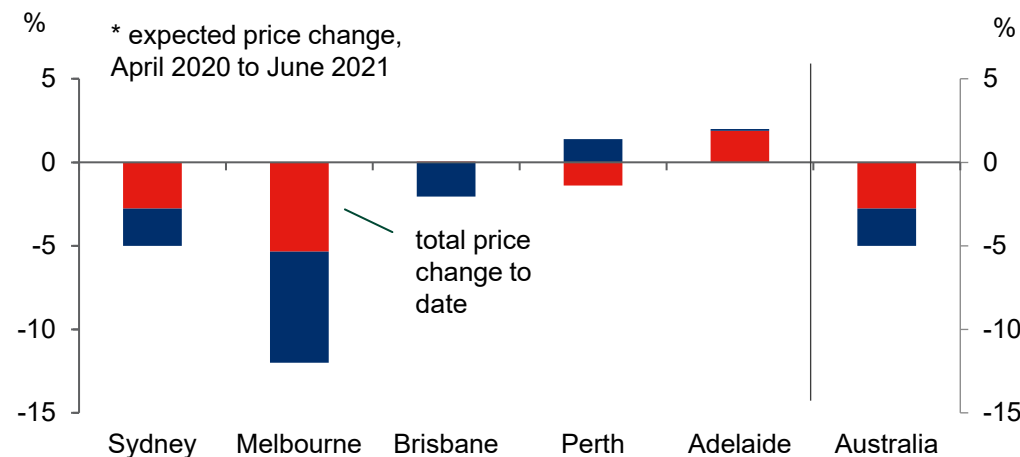
Sources: RBA, Westpac Economics.

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

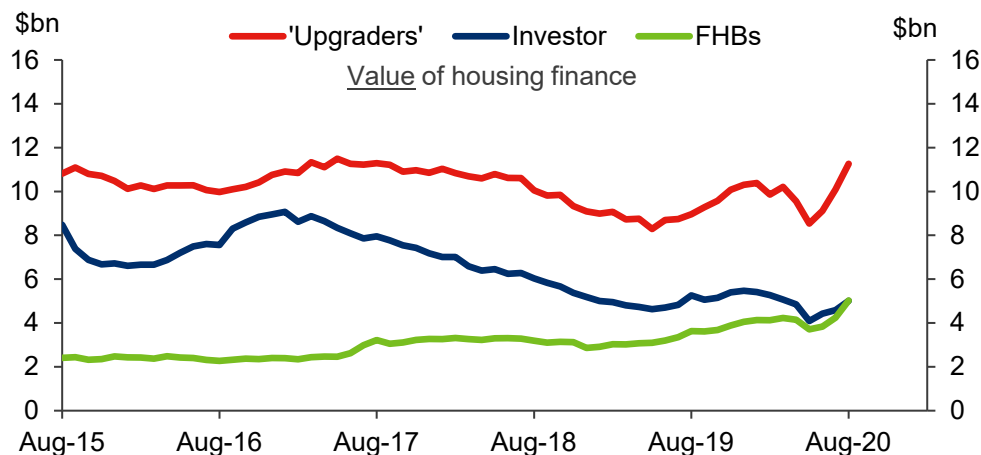


Sources: CoreLogic, Westpac Economics.

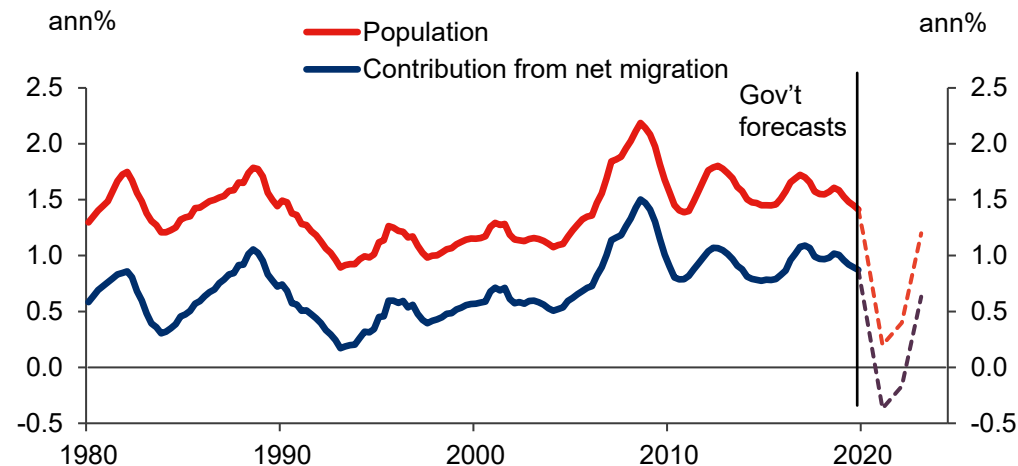
Australian housing market.

Showing resilience, although some uncertainty ahead.

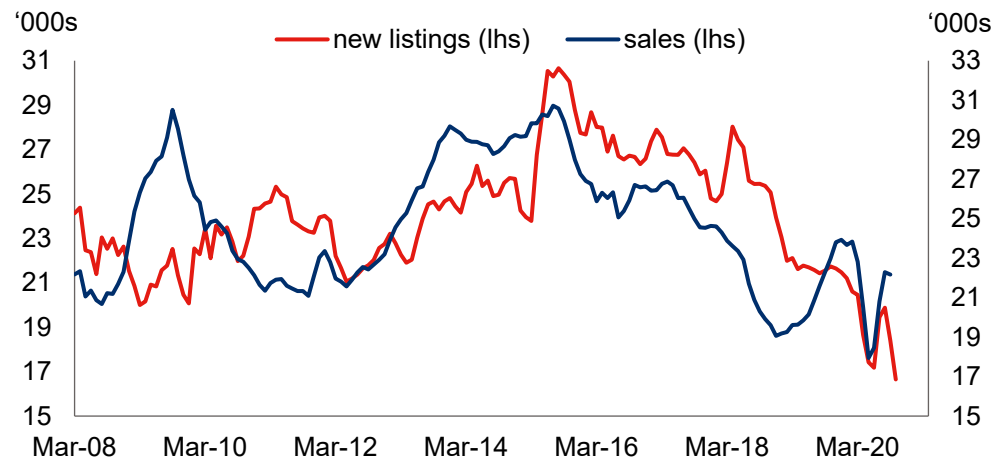
Housing finance (\$bn)



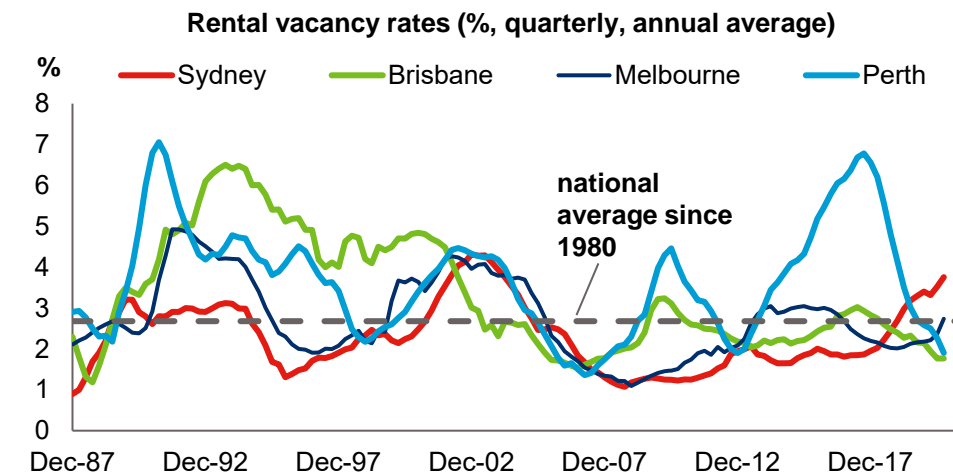
Aust. population growth: medium term prospects (% ann)



Residential property: listings and sales ('000s)



Rental vacancy rates (%)



The New Zealand economy.

Population 5.1 million.

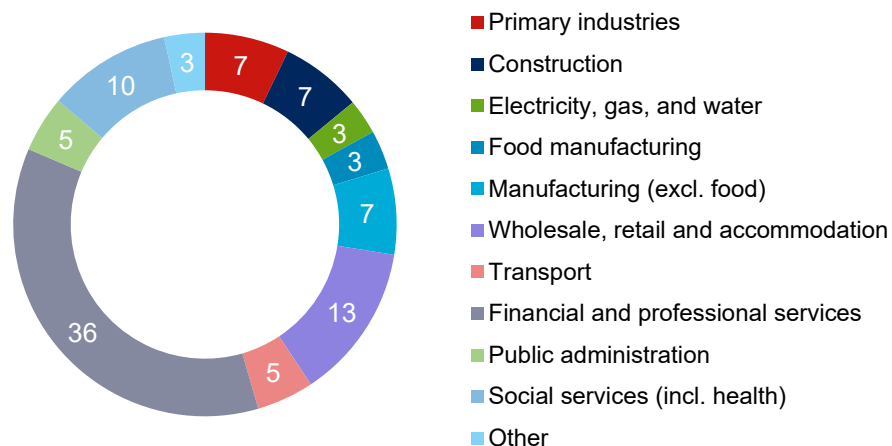
Regional GDP

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

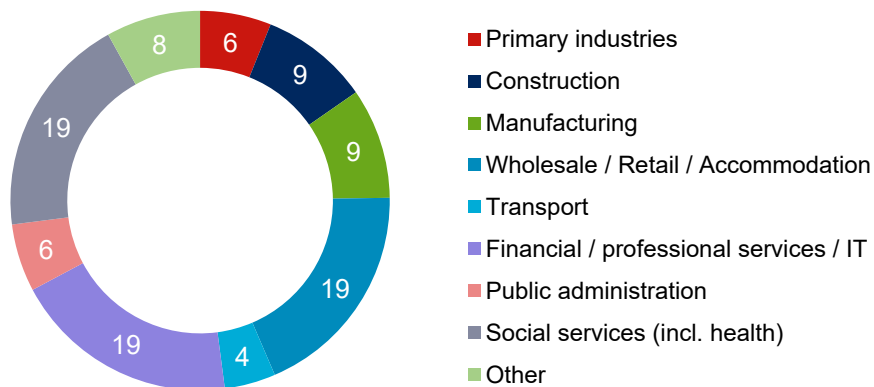


Economy

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.

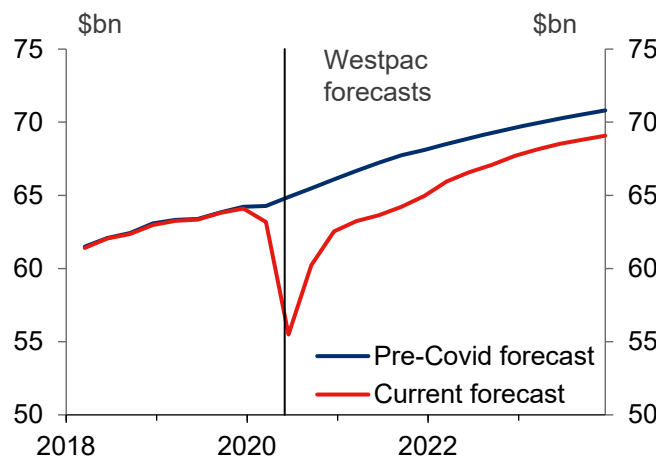
Charts may not add to 100 due to rounding.

New Zealand recovery underway.

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

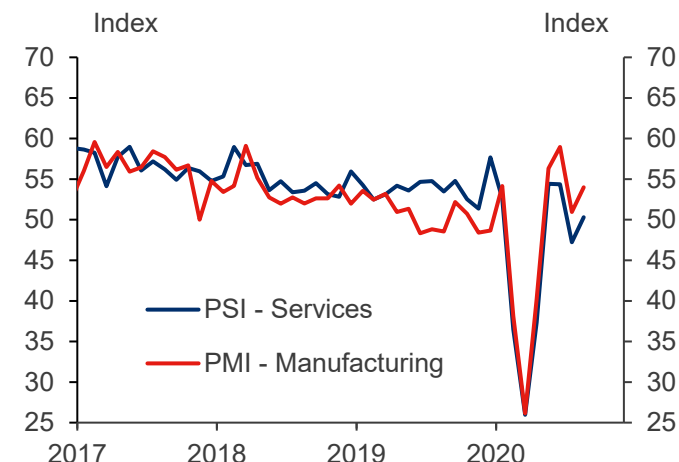
Economic indicators	Current	Dec 2020 forecast
Cash rate	0.25% (21 Oct)	0.25%
Unemployment	4.0% (June qtr)	6.2%
GDP (%yr end)	-12.4% (June qtr)	-2.6%
Private sector credit	3.2% (Aug)	3.2%

New Zealand GDP



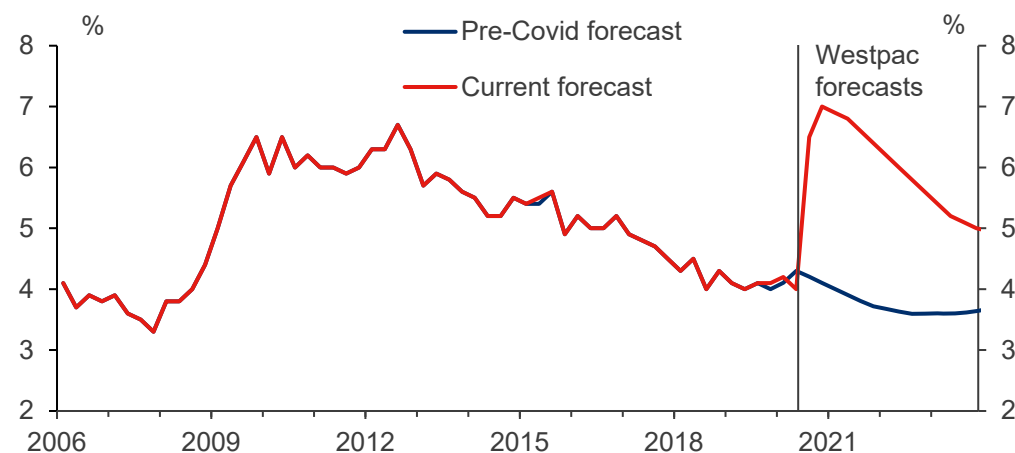
Sources: Statst NZ, Westpac Economics.

Business activity surveys



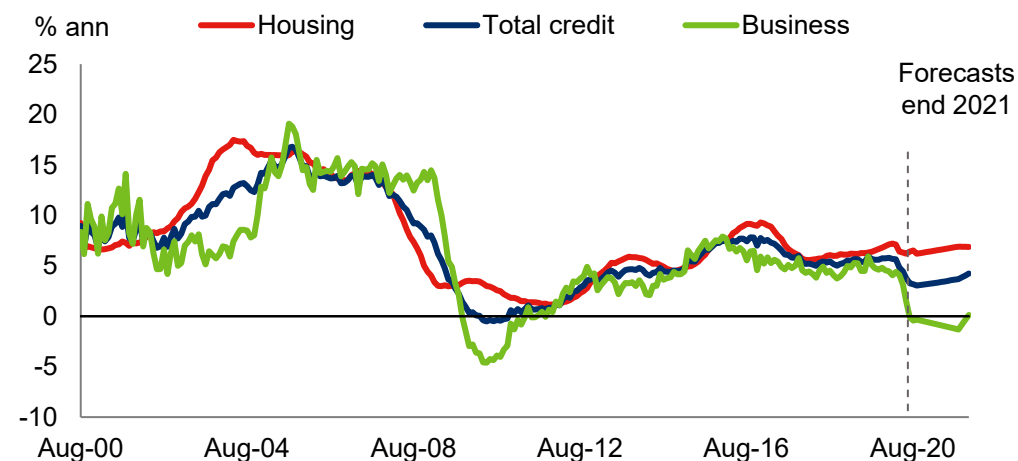
Sources: ANZ, Westpac Economics.

Unemployment rate



Sources: Stats NZ, Westpac Economics.

New Zealand private sector credit growth

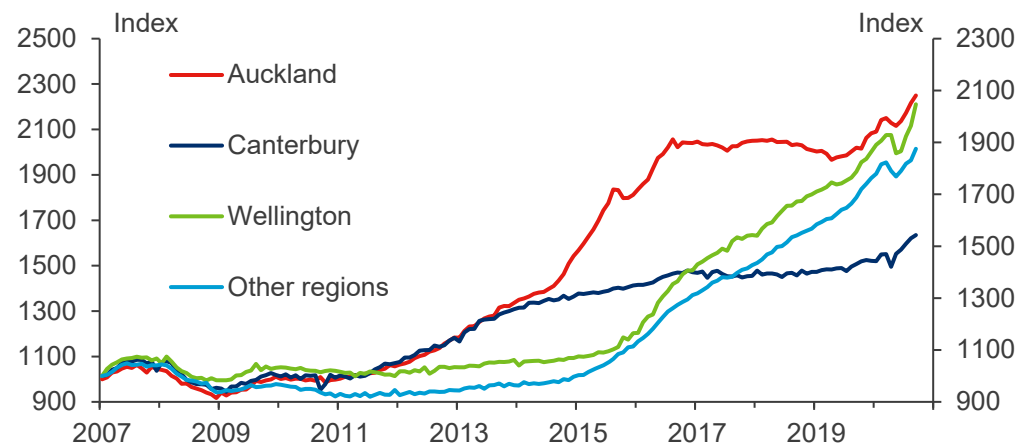


Sources: Westpac Economics.

New Zealand housing market.

Policy supporting a strong lift in momentum.

New Zealand dwelling prices by region

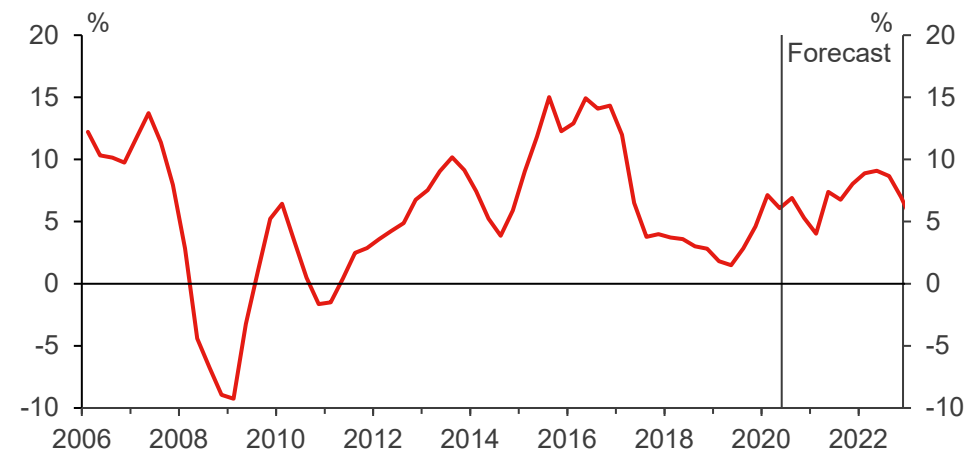


Sources: REINZ, Westpac Economics.

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%

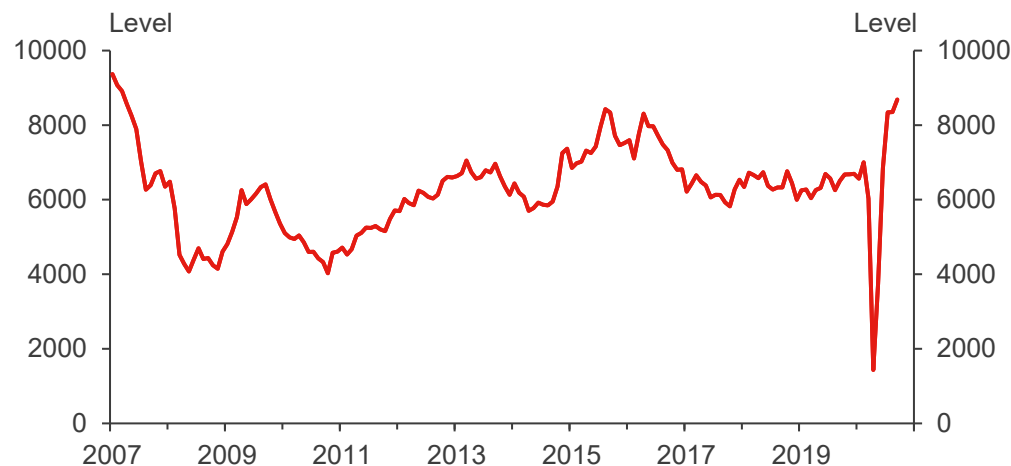
Sources: REINZ, Stats NZ.

Annual house price growth



Sources: QVNZ, Westpac Economics.

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:

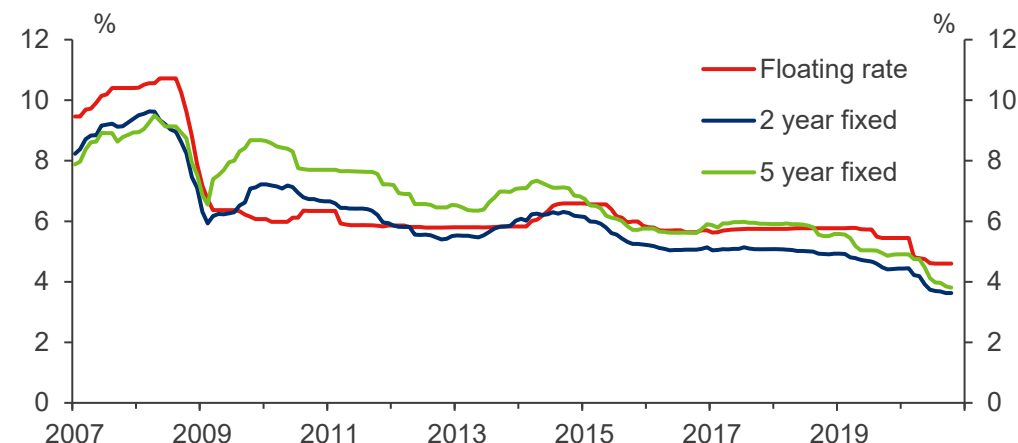
- Funding for lending programme expected to be introduced in November
- OCR expected to be cut to -0.50% in April 2021

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

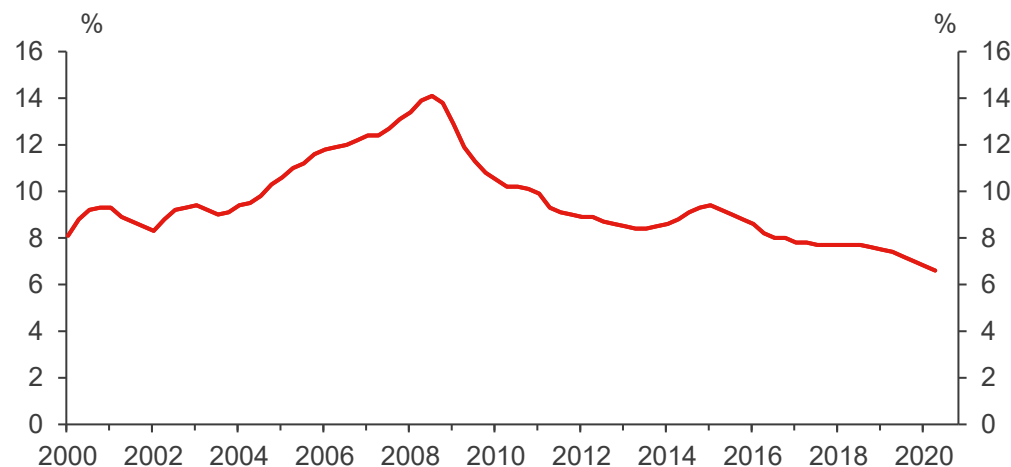
The pick-up in the housing market has seen household debt levels rising. However, reductions in interest rates mean that the proportion of households' incomes spent on debt servicing has fallen to its lowest level in at least two decades. The labour market has also been more resilient than expected

Mortgage rates



Source: RBNZ.

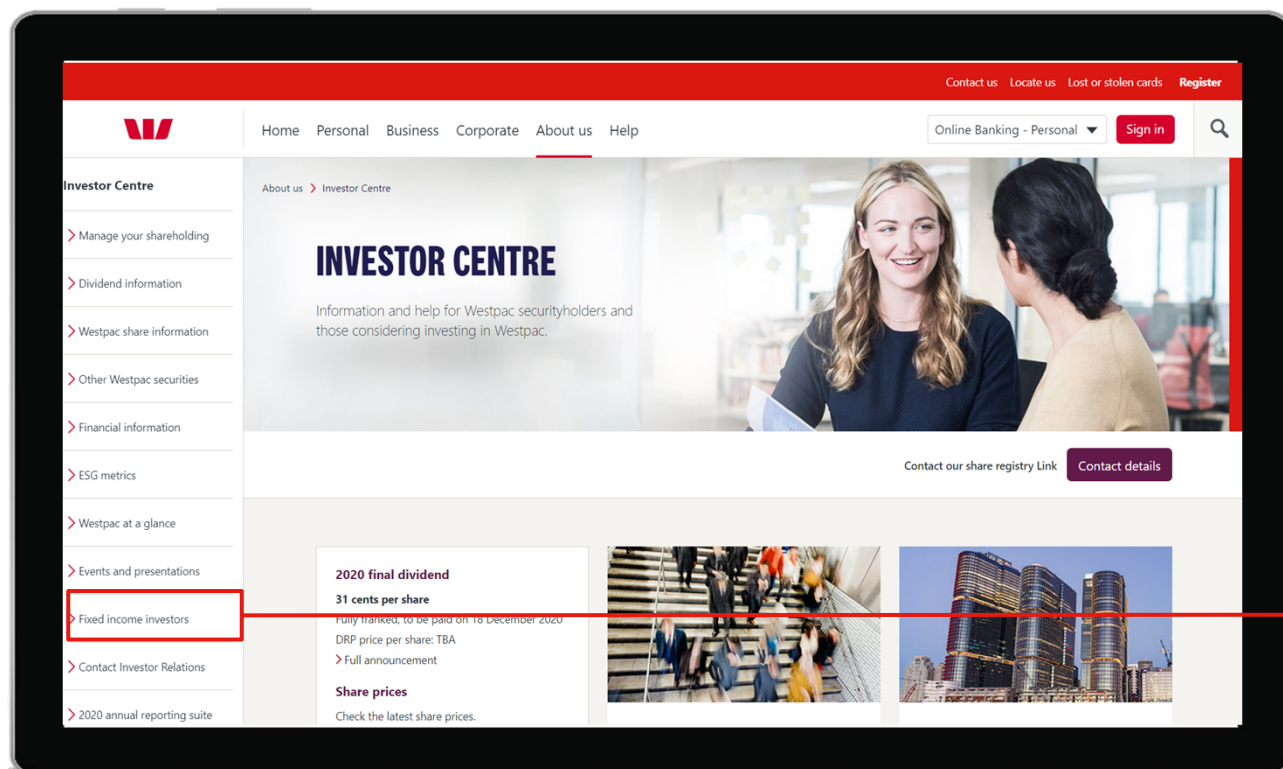
Debt servicing costs as a share of households' disposable incomes



Source: RBNZ.

More information

www.westpac.com.au/investorcentre



FIXED INCOME INVESTORS

Our strategy for stable and efficiently priced wholesale funding is twofold: build a strong and diverse funding profile and broaden the investor base, while applying prudent liquidity oversight.

Unsecured funding (including senior and subordinated)

Debt programs for Westpac Banking Corporation (WBC), WBC (previously of St George), Westpac Securities NZ Limited (WSNZL) and Westpac New Zealand Limited (WNZL).

[Find out more](#)

Secured funding

Details of our covered bond programs for WBC and WSNZL and outstanding securitisation issuance.

[Find out more](#)

Credit ratings

Details of Fitch, Moody's and Standard & Poor's short and long term ratings for Westpac Banking Corporation and Westpac New Zealand Ltd.

[Find out more](#)

Fixed income presentations

Presentations for fixed income investors from Westpac and Westpac New Zealand Ltd (in PDF).

[Find out more](#)

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Appendix 1:

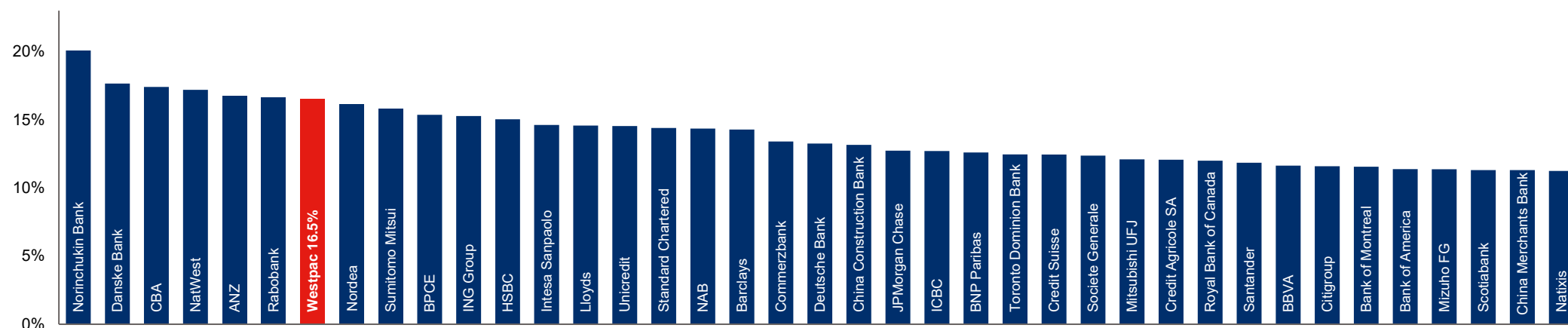
Cash earnings reconciliation.

Cash earnings adjustment	2H19 \$m	1H20 \$m	2H20 \$m	Description
Reported net profit	3,611	1,190	1,100	Net profit attributable to owners of Westpac Banking Corporation
Fair value (gain)/loss on economic hedges	(90)	(219)	581	<p>Fair value on economic hedges (which do not qualify for hedge accounting under AAS) comprise:</p> <ul style="list-style-type: none"> 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 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
Ineffective hedges	(15)	(24)	(37)	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
Adjustments related to Pandal Group	40	63	(32)	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
Treasury shares	7	(17)	3	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
Cash earnings	3,553	993	1,615	

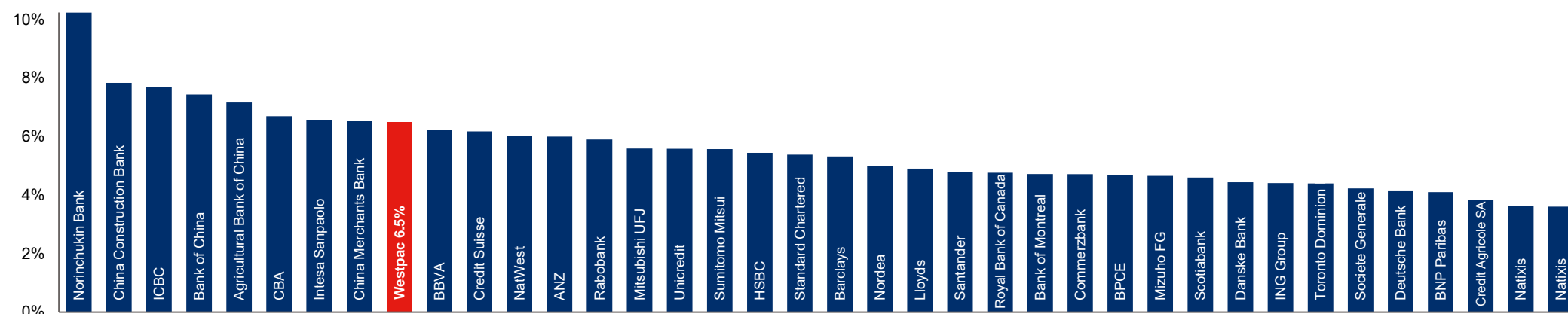
Appendix 2:

Internationally comparable CET1 and leverage ratios.

Common equity Tier 1 ratio (%)¹



Leverage ratio (%)¹



¹ 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.

Appendix 3:

Internationally comparable capital ratio reconciliation.

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 peers¹. The following details the adjustments from this study and how Westpac's APRA Basel III CET1 capital ratio aligns to an internationally comparable ratio

		(%)
Westpac's CET1 capital ratio (APRA basis)		11.1
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
Internationally comparable CET1 capital ratio		16.5
Internationally comparable Tier 1 capital ratio		19.3
Internationally comparable total regulatory capital ratio		23.2

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

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All amounts are in Australian dollars unless otherwise indicated.

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