Westpac New Zealand Limited

Fixed Income Investor Presentation

September 2022

Westpac New Zealand

Westpac Group

Australia

- Westpac
- st.george
- bankSA
- RAMS
- Bank of Melbourne
- Westpac Institutional Bank

New Zealand

Westpac New Zealand Limited (WNZL)

- Locally incorporated bank, wholly owned but not guaranteed by Westpac Banking Corporation
- Comprises Westpac's consumer, business and institutional banking operations in NZ
- A+ (Stable Outlook) / A1 (Stable Outlook) / AA- (Stable Outlook) by Fitch / Moody's / S&P
- Financial performance disclosed via semi-annual WNZL Disclosure Statement
- Guarantor for WSNZL funding programmes

Westpac Securities NZ Limited (WSNZL)

- A wholly owned subsidiary of WNZL
- Unconditional and irrevocable guarantee of funding programmes from WNZL
- Provides offshore wholesale funding for WNZL through its London branch

BT Funds Management (NZ)

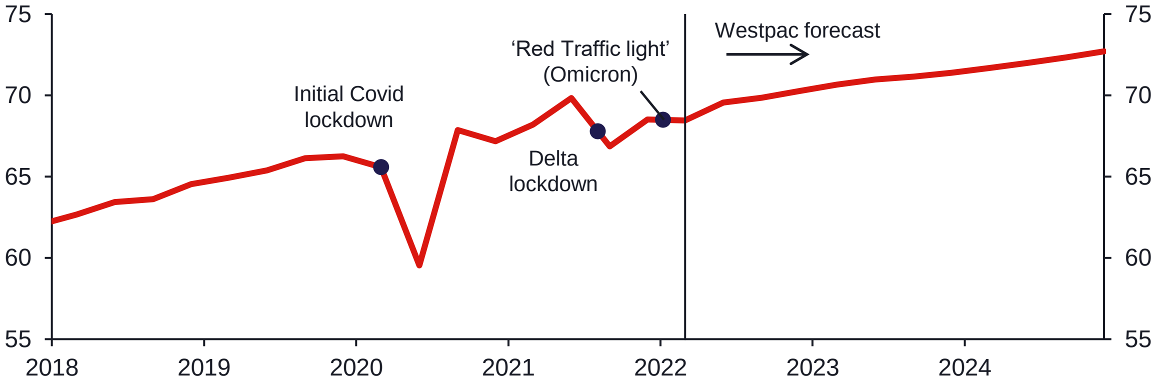
The New Zealand economy overview

Economic activity (calendar year)

	2020	2021	2022 (F)	2023 (F)
GDP (production, % year total)	-2.1	5.6	2.2	2.2
Consumers Price Index (% year end)	1.4	5.9	5.1	3.2
Unemployment rate	4.9	3.2	3.4	3.8
House prices (% year end)	17.0	27.2	-10.0	-5.0

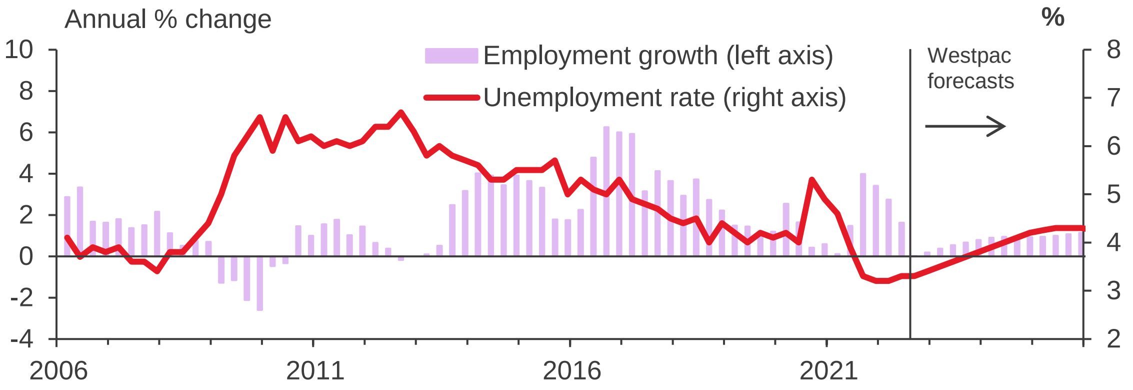
Source: CoreLogic, Stats NZ, Westpac Economics. Forecasts finalised 9 September 2022.

GDP (Real, quarterly $bn)



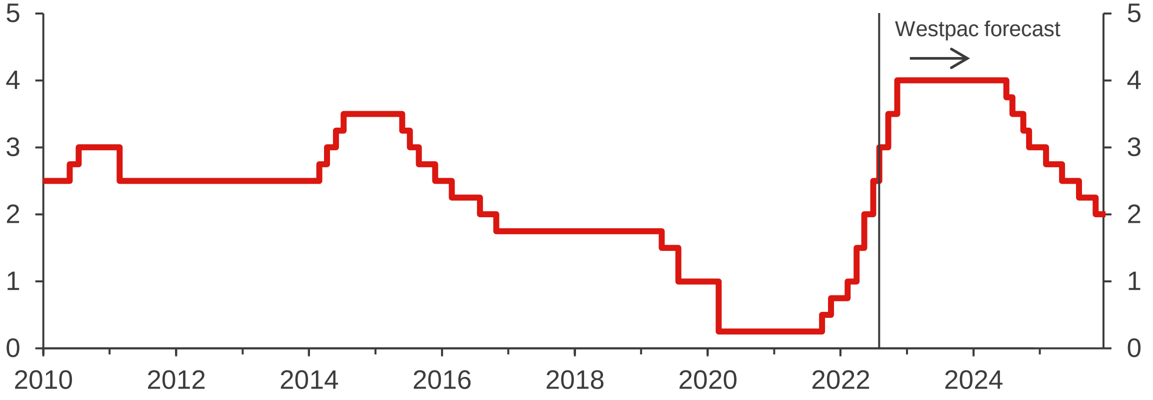
Source: Stats NZ, Westpac Economics

Employment and unemployment



Source: Stats NZ, Westpac Economics

Official Cash Rate (%)



Source: RBNZ, Westpac Economics

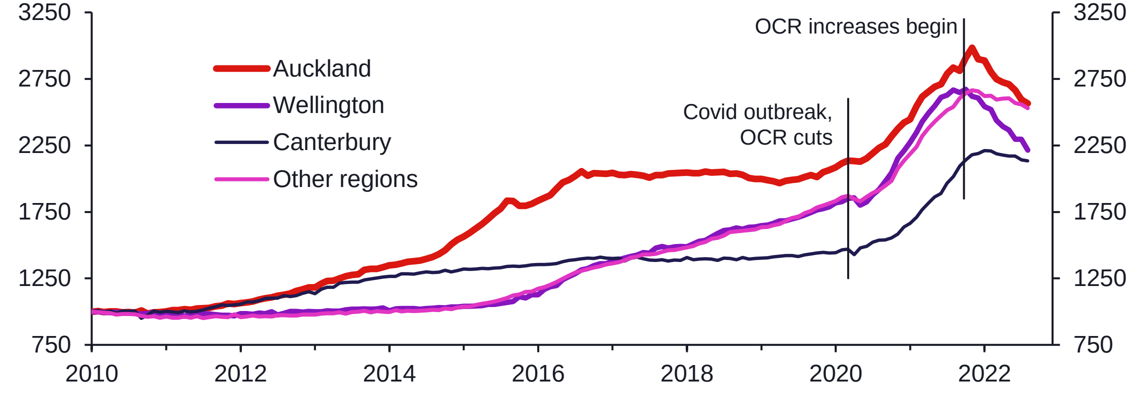
Classification: PROTECTED

Housing market

Key summary

- Following large gains in recent years, house prices have begun to fall in response to rising mortgage rates. Prices have fallen by around 9% since their peak in November, with larger falls in Auckland and Wellington. Sales have also fallen.
- With mortgage rates set to continue rising, we expect house prices will fall by a total of 10% over calendar 2022 and a further 5% in 2023. That would take average prices back to where they were at the start of 2021.

New Zealand dwelling prices by region (Index = 1000 in 2010)



Source: REINZ, Westpac Economics

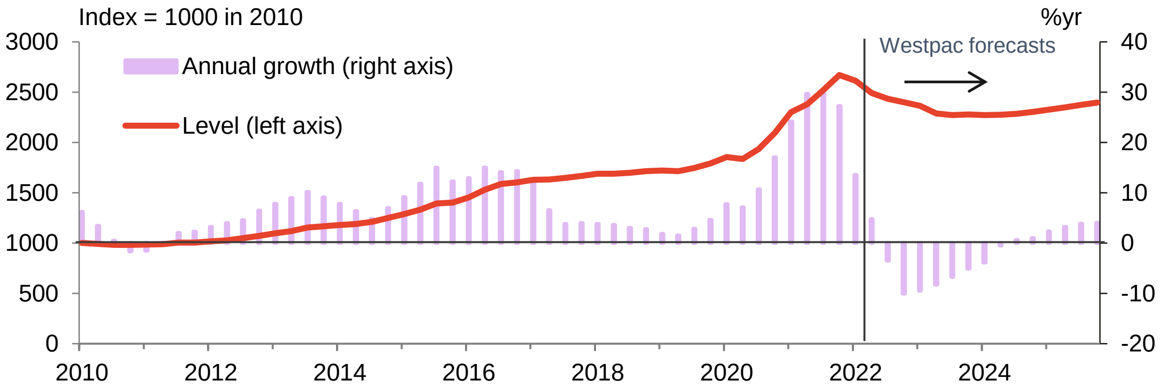
Dwelling prices (% change over period)

Region	Last 3 mths (to Aug-22)	Last 12 mths (to Aug-22)	Last 5 years (to Aug-22)
Auckland	Down 5%	Down 9%	Up 27%
Wellington	Down 6%	Down 17%	Up 50%
Canterbury	Down 2%	Up 6%	Up 54%
Nationwide	Down 4%	Down 6%	Up 46%

Forecast (Annual %)	Ave. past 10 years	2020	2021	2022f	2023f	2024f
Nationwide	9%	+17%	+27%	-10%	-5%	+1%

Source: REINZ, CoreLogic, Westpac Economics

House price forecasts



Source: CoreLogic, Westpac Economics

Financial performance

Key financial metrics

For the six months ending	FY18	FY19	FY20	FY21	1H22
Net interest margin (%)[1]	2.09	2.14	1.90	1.95	**1.94**
Cost to income (%)	41.3	42.3	48.6	47.7	**44.7**
Customer deposit to loan ratio (%)	77.0	76.6	80.7	82.0	**83.3**
Stressed exposures to TCE (%)[2]	1.58	1.63	1.57	1.17	**1.12**
Return on equity (%)	12.9	13.0	7.3	11.4	**11.7**
CET1 capital ratio (%)	11.7	11.3	12.3	13.8	**11.3**

Highlights for the six months ended 31 March 2022

- Net Interest Income has increased by $63m over the prior comparable period, primarily due to higher lending volumes
- Operating Expenses have increased by $16m over the prior comparable period, primarily due to staff expenses
- Provisions have reduced by $15m resulting in an impairment benefit

Income statement extract ($m)

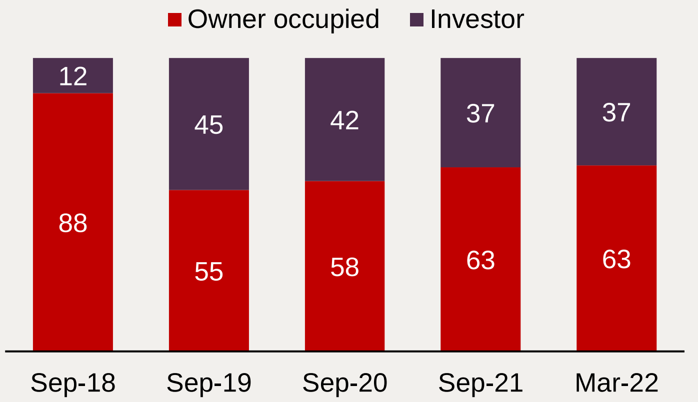
For the six months ending	FY18	FY19	FY20	FY21	1H22
Net Operating Income	2,188	2,272	2,118	2,306	**1,216**
Net Interest Income	1,844	1,943	1,875	2,066	**1,087**
Other Operating Income	344	329	243	240	**129**
Operating Expenses	-886	-961	-1,030	-1,099	**-543**
Impairment Expense / Benefit	-3	10	-320	84	**15**
Income Tax Expense	-363	-357	-218	-360	**-191**
Net Profit After Tax (NPAT)	936	964	550	931	**497**

1 Calculated using a monthly average of Interest Earning Assets for the period.
2 TCE is Total Committed Exposure.

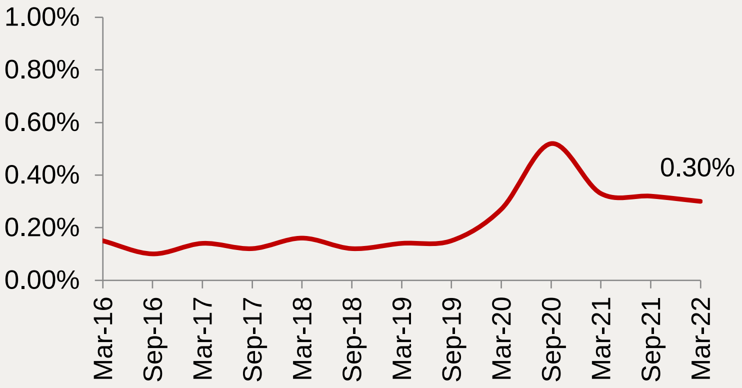
WNZL mortgage portfolio

Mortgage portfolio at 31 March 2022	
Total portfolio	$62b
Fixed / Floating (%)	88 / 12
Owner occupied (%)	72.9
Investor (%)	27.1
Broker introduced (%)	48.5
Interest-only (%)	19.0
Origination LVR 80-90% (%)	8.5
Origination LVR >90% (%)	2.2

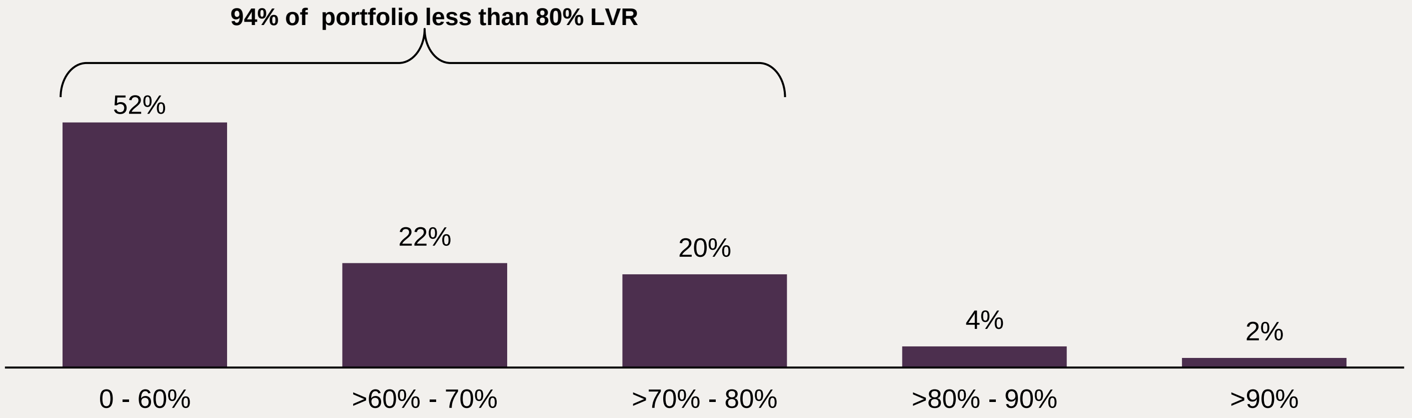
Monthly new flows[1] (%)



Mortgage 90+ day delinquencies (%)



Mortgage portfolio LVR[2] (%) of portfolio



1 Represents new flows for the reporting month. Investor lending provided for the purchase of, and/or secured by, residential investment property. Residential investment property is property that is not owner-occupied or for the owners exclusive use (such as a holiday house). Owner occupied includes all other residentially secured lending not classified as Investor lending.

2 LVR based on current loan property value at latest credit event.

Covered Bond Pool - Overview

Covered Bond Pool eligibility criteria

- First ranking mortgage registered under the New Zealand Real Property Legislation.
- All loans are secured by a mortgage over land and a completed residential dwelling.
- All residential mortgages are denominated and payable in New Zealand dollars.
- Loans are originated by WNZL in the ordinary course of its business, subject to standard loan offer terms and conditions.
- Outstanding Principal Balance owed by the borrower is not more than NZD1.5 million.
- Borrower is a New Zealand resident.
- Loans become amortising loans after any “interest only” period.
- Loans are not governed or regulated by any rural, primary production, moratorium or mediation legislation other than Credit Contracts Act 1981 (NZ) or the Credit Contracts and Consumer Finance Act 2003 (NZ).
- Loans required to be repaid within 30 years of sale.
- Loans are not delinquent more than 30 days or in default.

Cover Pool Loan Statistics as at 31 August 2022

Total Pool Loan Balance[1]	NZ$7,385,418,668
Number of Loans	40,034
Average Loan Size	NZ$184,479
Max Loan Size	NZ$1,500,000
Weighted Average Current LVR	49.51%
WA LVR (Indexed)	38.58%
90 day + Arrears	0.00%
Weighted Average Seasoning	45 months
Weighted Average Remaining Term to Maturity	284 months
Max Remaining Term to Maturity	360 months
Weighted Average Interest Rate	3.75%
Fixed / Floating Split	94% / 6%
Interest Only	9%

[1] Pool loan balance excludes cash balances.

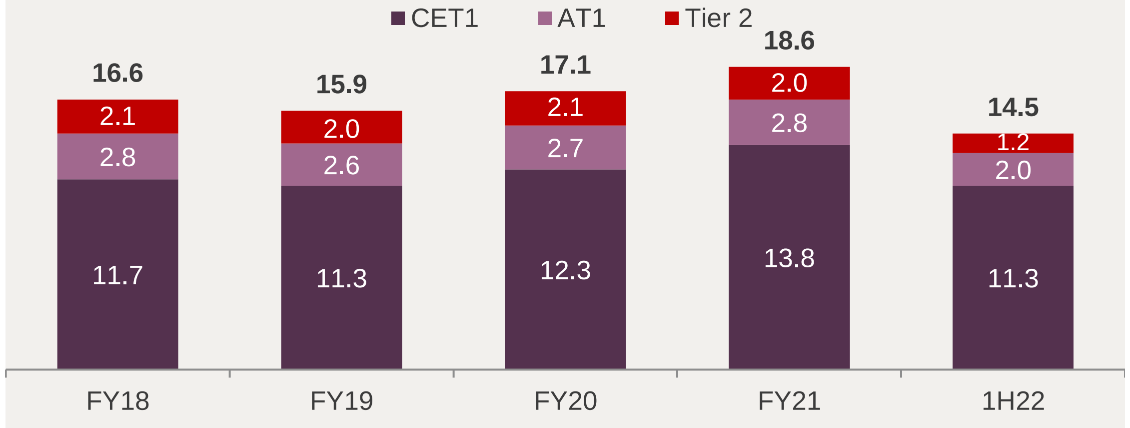
Capital management

Capital adequacy ratios (RBNZ basis)

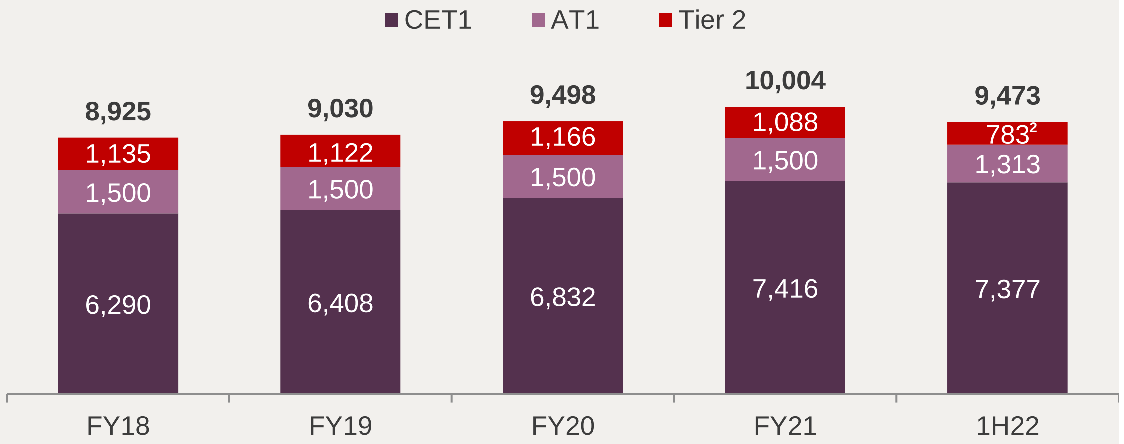
	Regulatory Minimum Mar-22	Prudential capital buffer ("PCB")[1]	Regulatory Minimum (incl. PCB) Mar-22	WNZL Mar-22
Common Equity Tier 1 ("CET1") capital ratio	4.5%	2.5%	7.0%	**11.3%**
Tier 1 capital ratio	6.0%	2.5%	8.5%	**13.3%**
Total capital ratio	8.0%	2.5%	10.5%	**14.5%**
Prudential capital buffer ratio	2.5%		2.5%	**6.5%**

- WNZL's 31 March 2022 capital adequacy ratios reflect the RBNZ's changes to the New Zealand capital adequacy framework from 1 January 2022
  - Includes new Risk Weighted Assets ("RWA") portfolio floor of 85% of the standardised model
- WNZL has obtained the approval of the RBNZ to redeem the convertible notes issued to Westpac, London branch, in September 2015 ("2015 Tier 2 Notes") and has given notice to redeem the 2015 Tier 2 Notes at the next payment date on 22 September 2022
- WNZL recently issued NZD 600m of Tier 2 Notes that settled 16 September 2022, the first optional redemption date for the Notes is 16 September 2027, with a maturity date of 16 September 2032.

WNZL regulatory capital ratios (%)



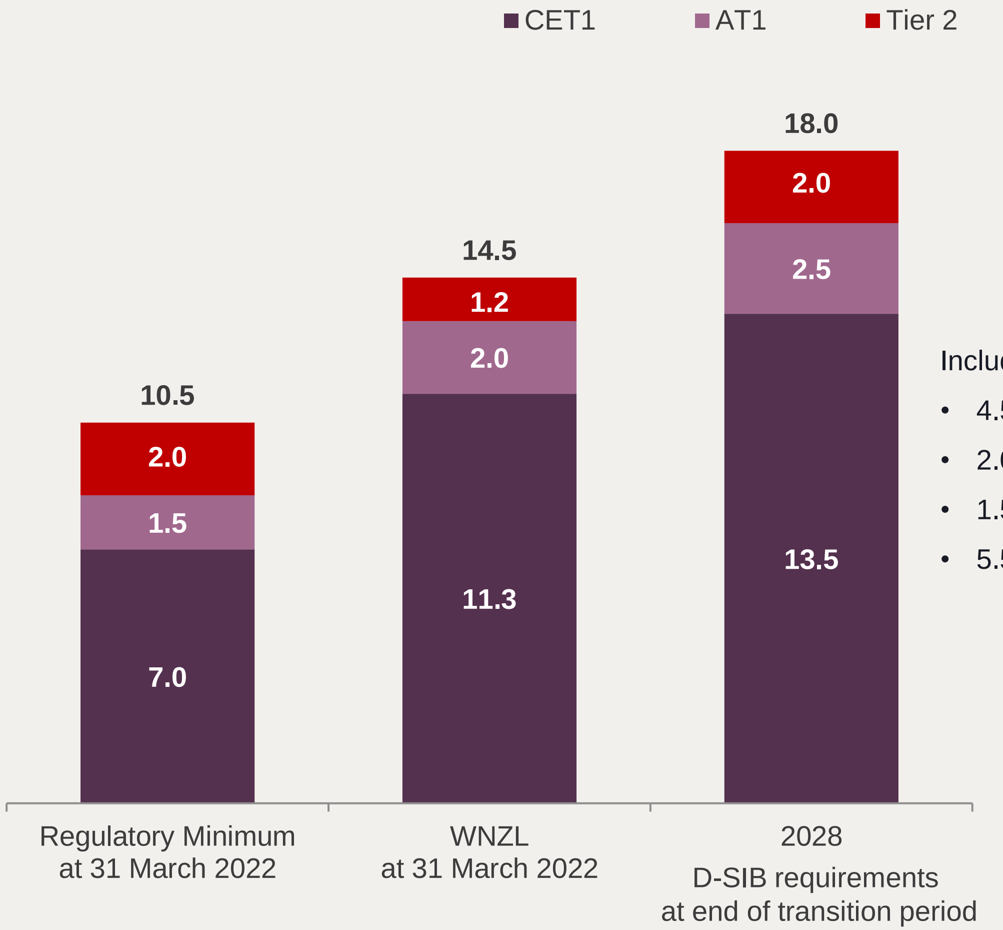
WNZL regulatory capital ($m)



1 The buffer for Domestic Systemically Important Banks (D-SIBs), which includes WNZL, increased by 1.0% to 3.5% from 1 July 2022.
2 As at 31 March 2022 WNZL's existing Tier 2 instrument is being recognised at approx. 70% of the total nominal value. This is because the amount of the instrument that may be recognised in the capital ratio calculations during the final four years to maturity is amortised on a straight-line basis at a rate of 20% per annum. In addition, a 12.5% haircut is also applied to the capital value of WNZL's existing Tier 2 instrument in line with the new capital rules.

Increasing capital buffers ahead of Tier 2

Regulatory capital ratios (%)



Includes:

- 4.5% CET1 capital ratio
- 2.0% D-SIB buffer
- 1.5% Counter-cyclical Capital Buffer
- 5.5% Capital Conservation Buffer

RBNZ regulatory capital requirements

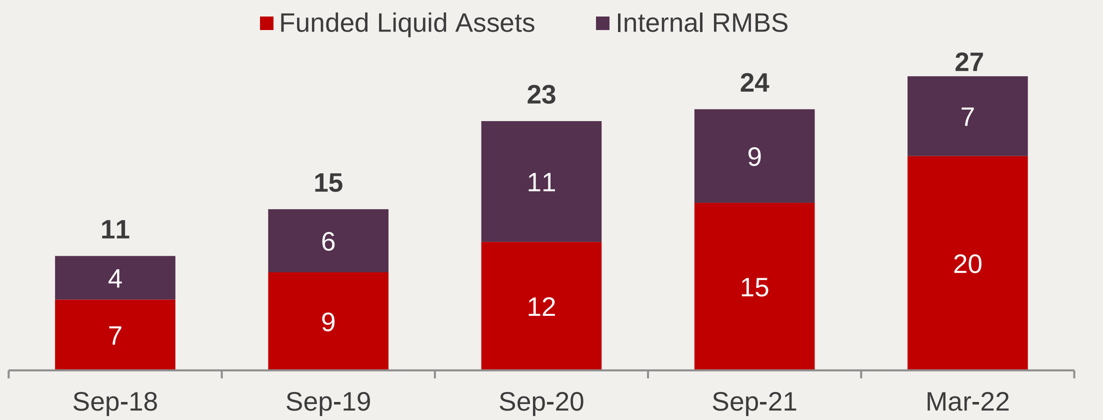
- The RBNZ is increasing total capital requirements for Domestic Systemically Important Banks ("D-SIBs") from 10.5% of RWA to 18.0%
    - A Tier 1 capital requirement of 16.0% of RWA

      Eligible Tier 1 capital comprises common equity and redeemable perpetual preference shares
    - Additional Tier 1 capital ("AT1") can comprise no more than 2.5% of the 16.0% Tier 1 capital requirement

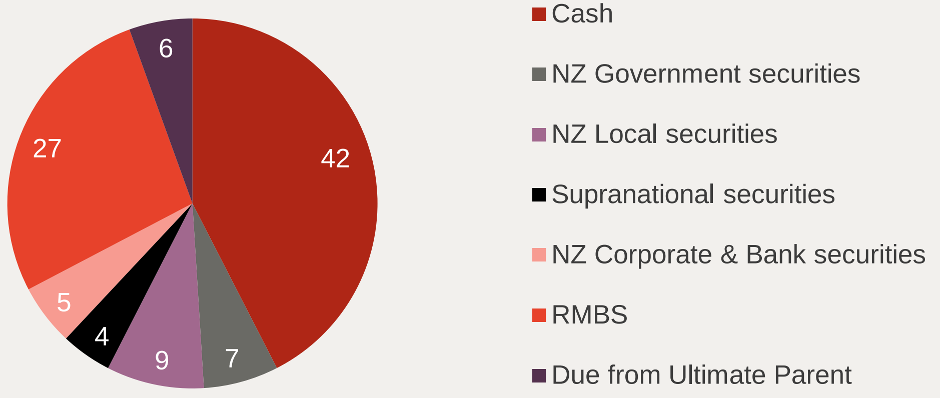
      Existing AT1 instruments to be phased out over a seven-year period
    - Maintaining a maximum allowance of Tier 2 capital at 2.0% of RWA
- The transition period for the new capital framework ends on 1 July 2028

Liquid assets

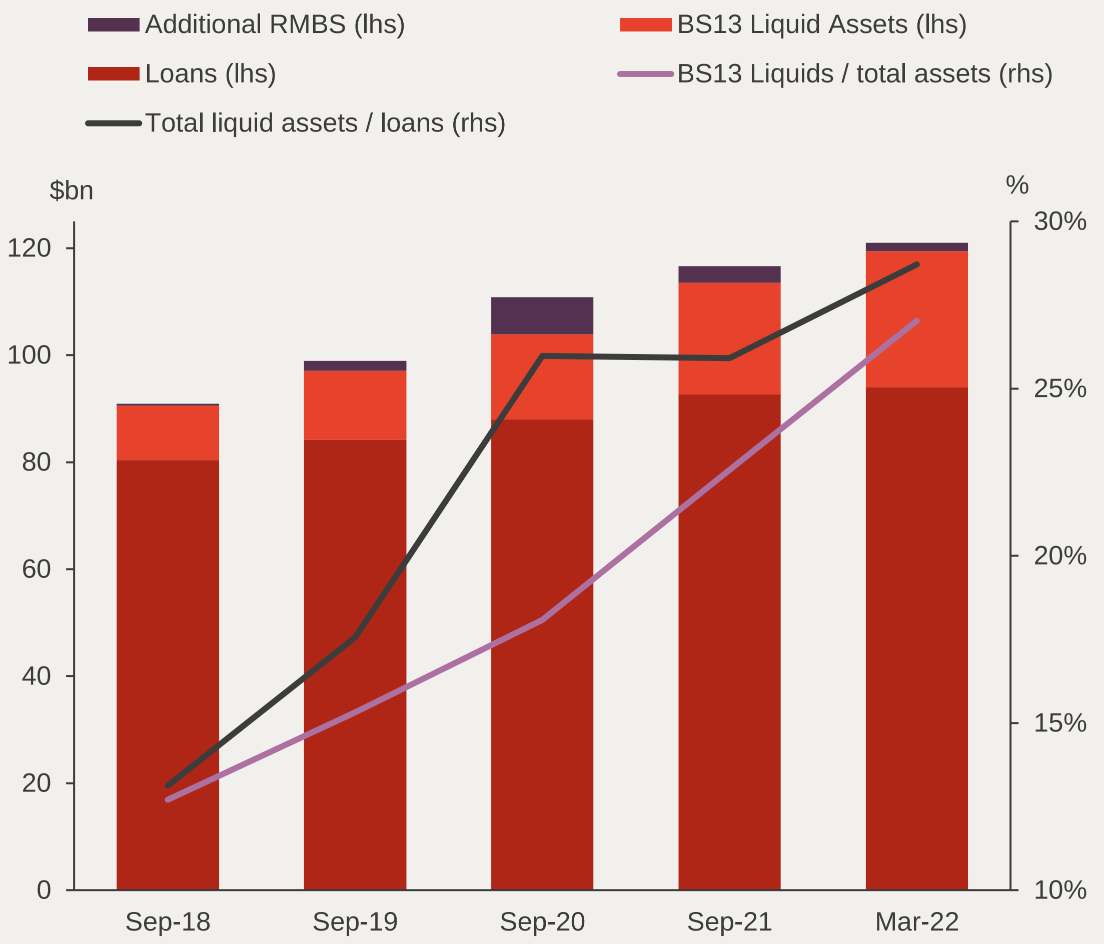
Liquid assets ($bn)



Liquid assets composition at 31 March 2022 (%)



BS13 Liquid asset position[1]



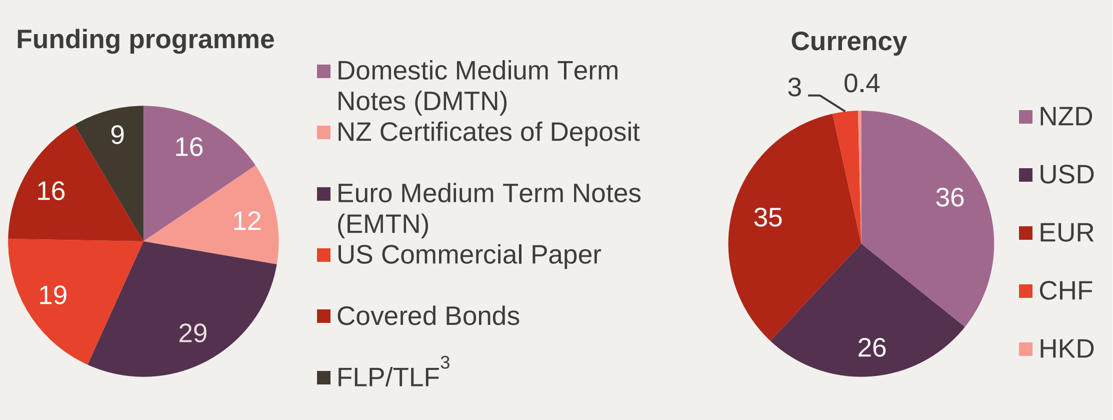
1 Additional RMBS and BS13 liquid assets shown at haircut amounts.

Wholesale funding profile

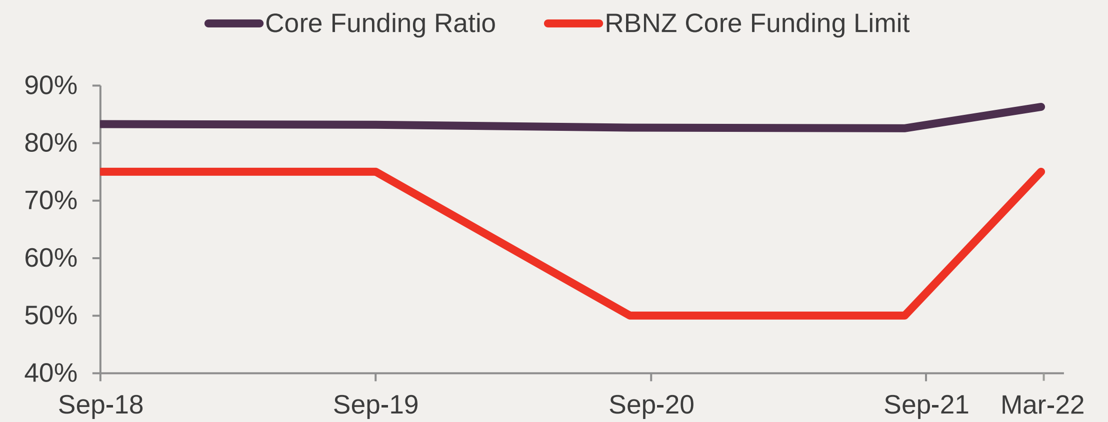
Funding composition[1]

$bn	FY18	FY19	FY20	FY21	1H22	1H22 %
Customer Deposits	61.9	64.5	71.0	75.9	78.4	76%
Wholesale Onshore <1yr	1.2	1.1	3.0	3.5	3.0	3%
Wholesale Offshore <1yr	-	2.3	2.5	3.0	4.6	4%
Wholesale Onshore >1yr[2]	2.0	2.9	3.5	5.5	5.9	6%
Wholesale Offshore >1yr	11.7	12.6	9.8	9.9	11.1	11%
Total Funding	**76.8**	**83.4**	**89.8**	**97.8**	**103.0**	**100%**

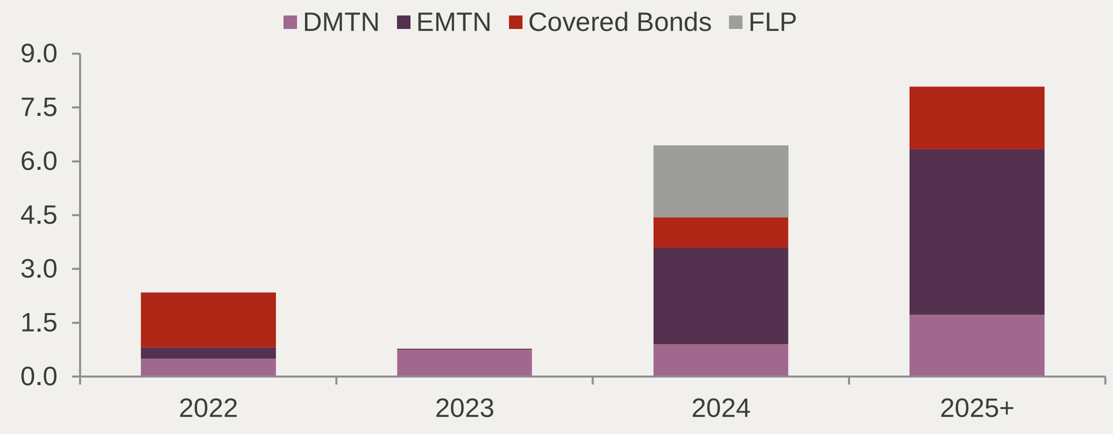
Wholesale funding mix as at 31 March 2022 (%)



Core Funding Ratio (%)



Term maturities by financial year as at 31 March 2022 ($bn)



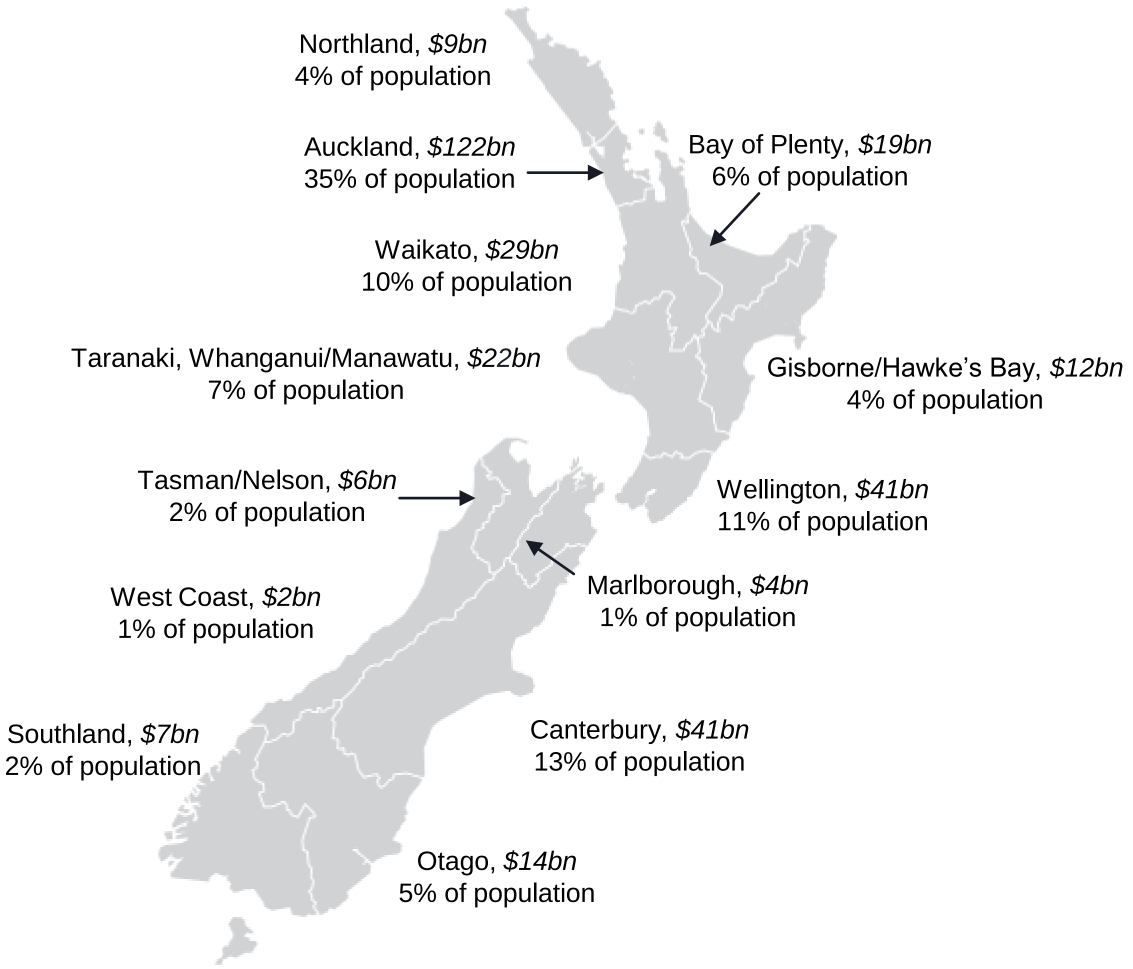
1 Excludes existing Tier 2, AT1 and equity.
2 FY21 and 1H22 includes the $2bn under Funding for Lending Programme and $96m under Term Lending Facility.
3 The FLP is the RBNZ's Funding for Lending Program. The FLP offers secured term central bank funding to registered banks, with the aim of lowering funding costs to stimulate lending growth across the economy and help reduce interest rates for borrowers. Under the FLP, the RBNZ will offer 3-year funding to eligible institutions. The funding will be structured as floating rate Repurchase Transactions priced at the Official Cash Rate ("OCR"), each for a term of three years. Participants may access the funding over a 2-year transaction period. The TLF is the RBNZ's Term Lending Facility, a long term funding scheme in support of the Government's Business Finance Guarantee Scheme to help promote lending to business.

New Zealand Economic Outlook

Composition of the New Zealand economy

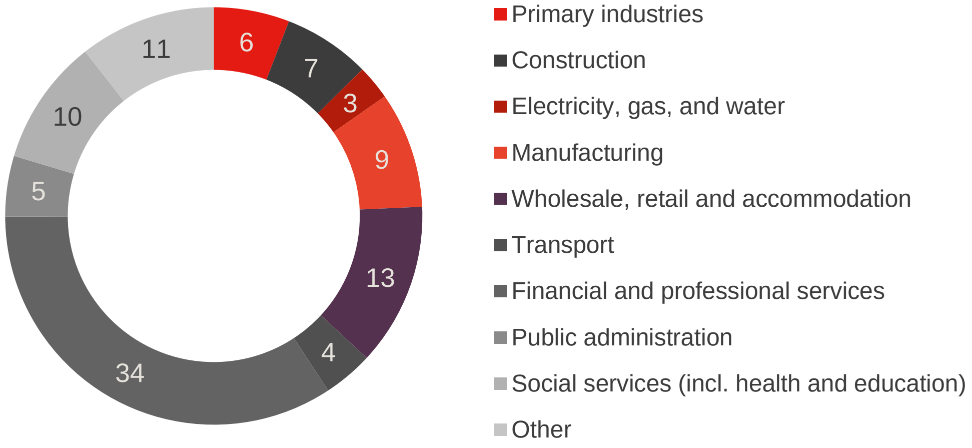
Regional GDP

Nationwide GDP: $356bn
Population: 5.1mil

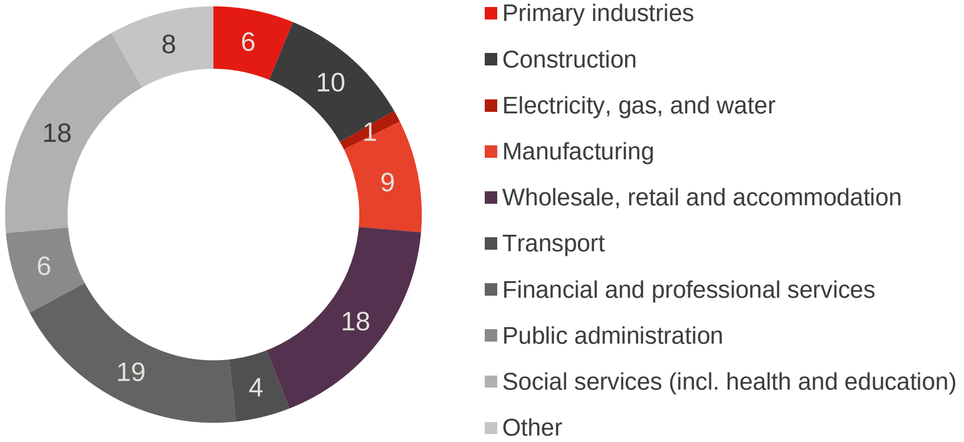


NZ output and employment

NZ GDP by sector 2022 (%)



NZ employment by sector 2022 (%)

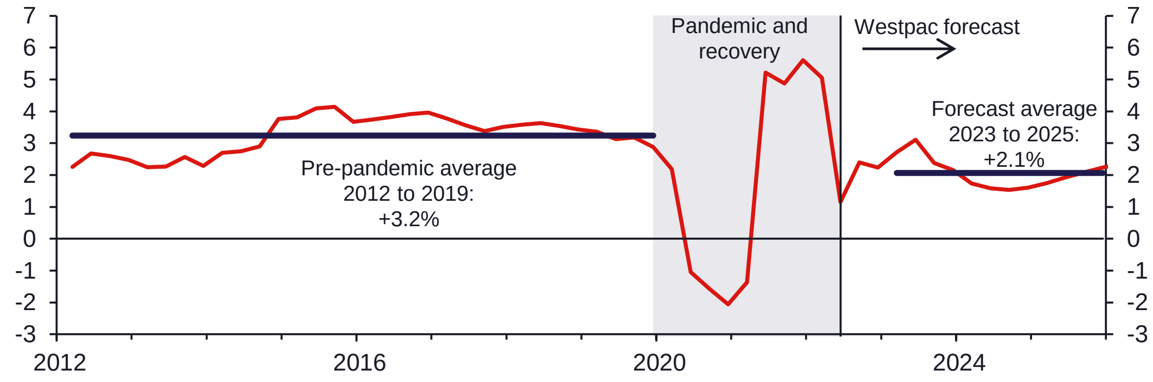


Sources: Stats NZ, Westpac Economics. Nationwide GDP for the year to March 2022, regional figures are for the year to March 2021. Employment figures for the year to June 2022.

New Zealand Economy

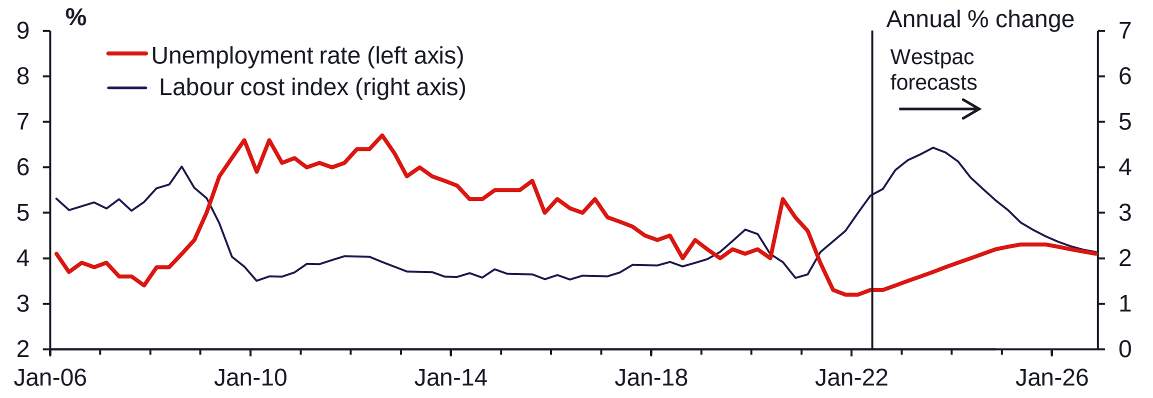
- GDP forecasts 2021: +5.6%, 2022: +2.2%, 2023: +2.2%.
- Economic activity remained elevated through the first half of 2022. However, a slowdown is now in train.
- To offset the rise in inflation, the Reserve Bank has already reversed the interest rate reductions that followed the initial Covid outbreak, and the Official Cash Rate (OCR) is now moving into tight territory.
- We have already seen the housing market cooling in response to higher interest rates. House prices are expected to continue falling over the year ahead.
- Rising interest rates and the slowdown in the housing market will dampen consumer demand and domestic inflation. We also expect a downturn in construction activity.
- While the New Zealand economy is likely to lose some steam over the coming year, we're not forecasting a crash or a recession. The economy is entering the slowdown from a strong position, with a strong labour market. The reopening of the borders, along with elevated commodity prices are helping to limit the downside for activity.

GDP (Real, %yr)



Source: Stats NZ, Westpac Economics

Labour market



Households

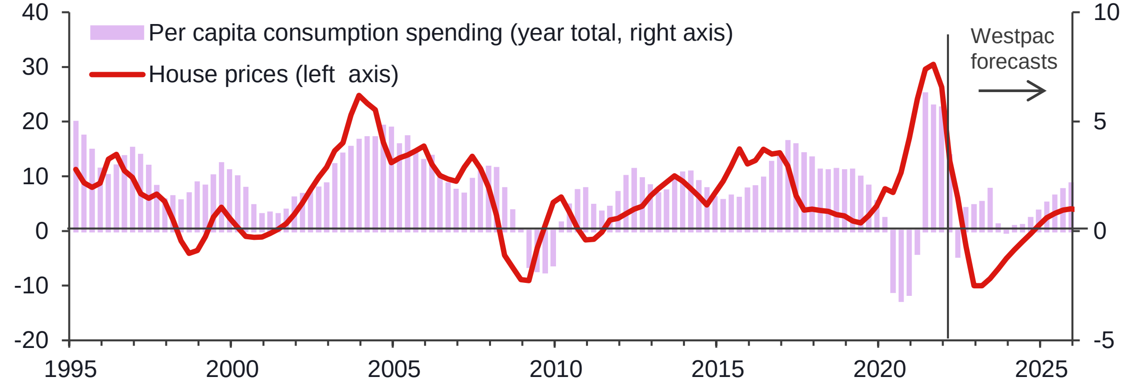
- The combination of high inflation, rising interest rates and the slowdown in the housing market will constrain households' purchasing power, and there will be a related slowdown in overall economic growth.
- With around 90% of mortgages on fixed rates, the impact of rate increases on households is partially delayed.

Over the coming months:

  - Around 20% of mortgages will come up for re-pricing over the next six months, and a further 25% within the next 12 months.
  - In many cases, those borrowers will face refixing at rates 2 to 3 percentage points higher than the rates they are currently on.

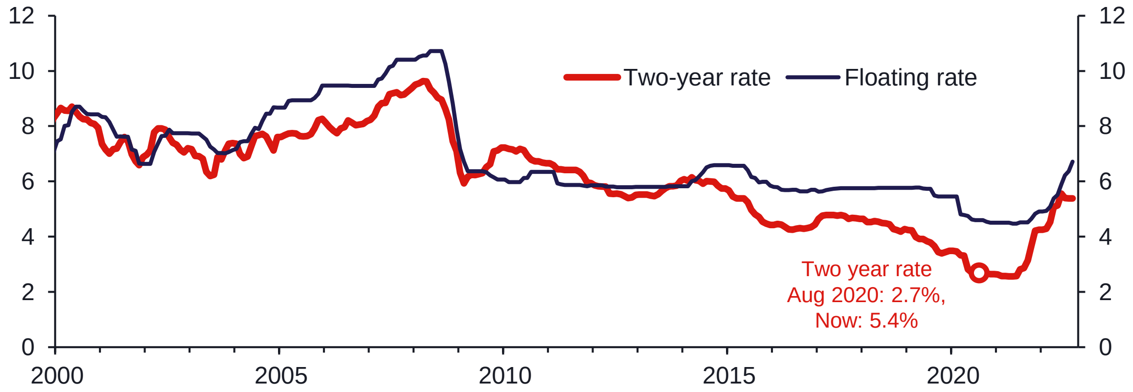
- The impact of rate rises will vary across households. However, the slowdown is expected to be manageable for the economy as a whole.
  - Compared to history, debt servicing costs are expected to account for a low to average share of households' disposable incomes, even allowing for a rise in interest costs.
  - The labour market is in good shape and household savings have increased. That is providing households with a buffer from the factors that are crimping their discretionary spending.

House prices and household spending (%yr)



Source: CoreLogic, Stats NZ, Westpac Economics

Mortgage interest rates (%)

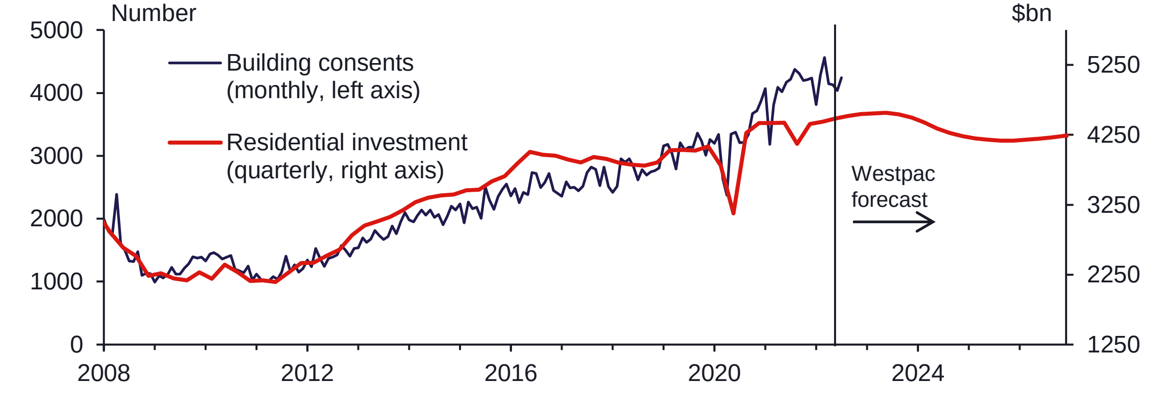


Source: RBNZ

Construction and population growth

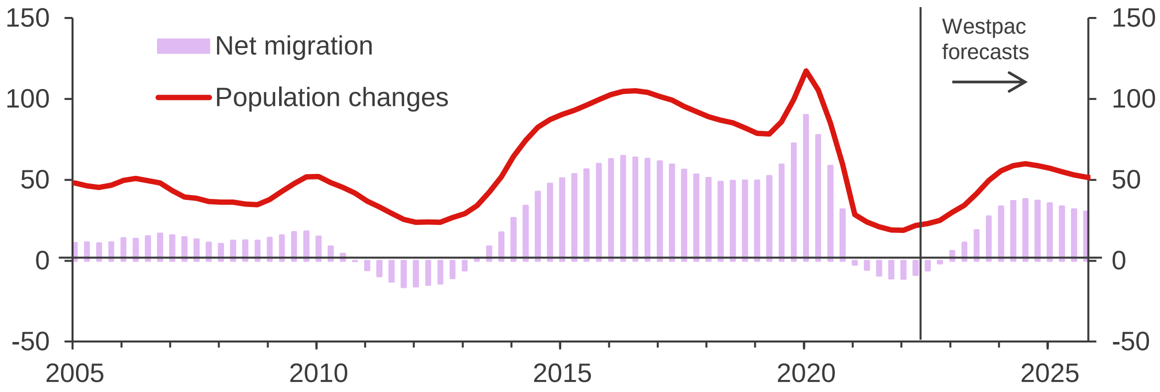
- Residential construction activity is expected to moderate over the coming years. However, with a significant pipeline of projects already in train, this is likely to be an easing back from high levels over the next few years, rather than a sudden collapse.
  - The financial incentives for developers are being eroded. Material and labour costs have been rising rapidly. Borrowing costs have increased and house prices have started to fall. There is also growing hesitancy from purchasers.
  - Net migration has fallen and it's set to remain low for some time yet.
- In the non-residential space:
  - Spending on commercial buildings is expected to be moderate, with varied trends across sectors.
  - There is a large pipeline of planned infrastructure work.

Dwelling consents and residential construction



Source: Stats NZ, Westpac Economics

Population growth (thousands)

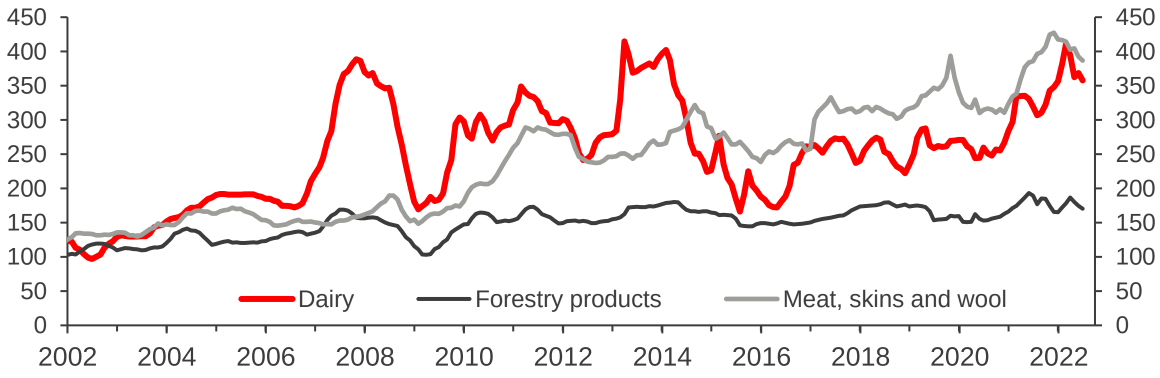


Source: Stats NZ, Westpac Economics

Agriculture

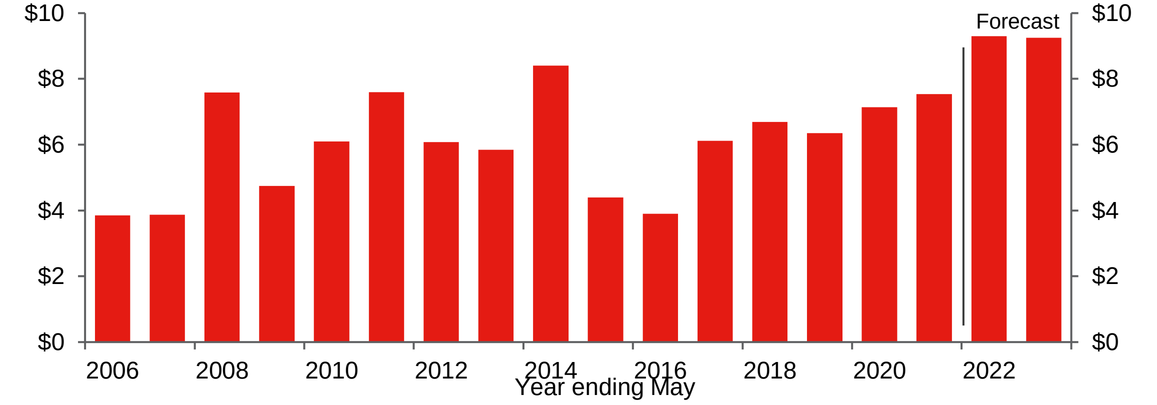
- New Zealand's commodity prices hit record highs in March 2022. Since then prices have softened as global demand has moderated, with the impact of Covid restrictions in China a key drag on demand. Westpac Economics expects this softer patch to continue over the coming month or so, before prices rebound later in spring 2022.
- We expect that Chinese demand will regain some lost ground as Covid restrictions eventually ease. Meanwhile, very tight global agricultural supply on the back of very high global feed prices will continue to underpin global meat and dairy prices through 2022 and into 2023. In addition, the NZD/USD is supporting prices in NZD terms.
- Dairy: Fonterra's 2022/23 farmgate milk price forecast range is $8.50-$10.00. Westpac Economics' forecast sits in the middle of Fonterra's range at $9.25/kg.
- Since mid-2019, dairy farmers have heavily paid down debt and built up deposits on the back of strong farmgate prices and cashflows. Dairy debt is down $4.9bn (11.8%), while total agricultural deposits are up around $2bn (25.4%) over this same period.

NZ commodity price index (World Prices, Index = 100 in 1986)



Source: ANZ, Westpac Economics

Farmgate Milk Price (KgMs)

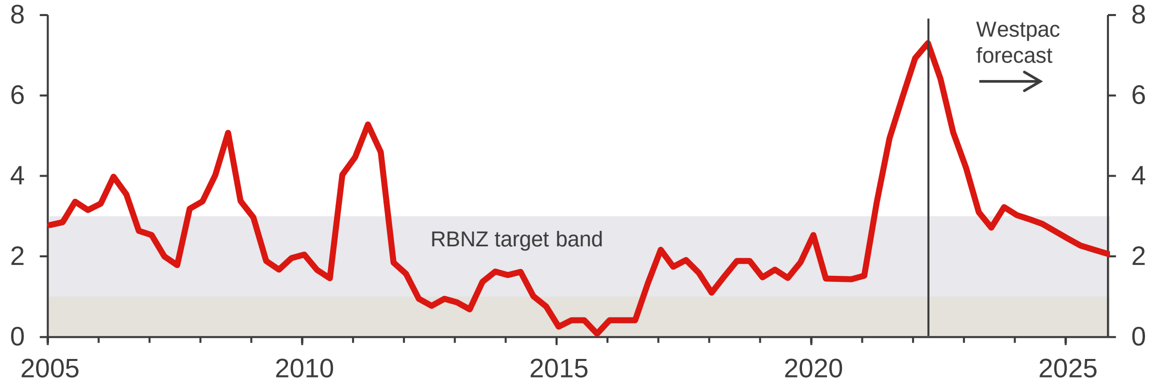


Source: Fonterra, Westpac Economics

Monetary policy

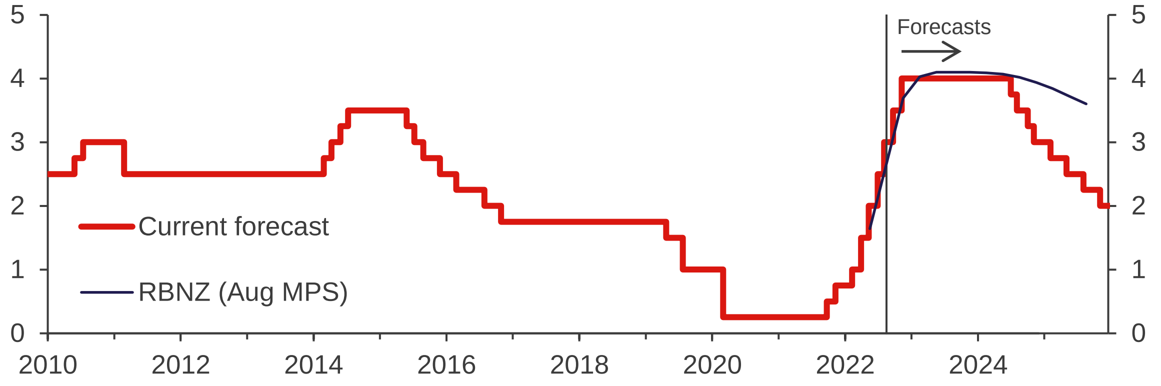
- Inflation rose to 7.3% in the year to June, it's highest level in 32-years.
  - Offshore factors, like the rise in oil prices, have driven much of the recent spike in inflation.
  - However, domestic factors are also boosting inflation. That includes tightness in the labour market and the related increases in wage inflation.
  - Importantly, inflation has also been boosted by very low interest rates in recent years and the related strength in domestic demand.
- We expect the OCR to rise from 3.0% currently to 4.0% by the end of the year. That would take the OCR above the estimated 'neutral' level of 2% and into tight territory.

Inflation (annual %)



Source: Stats NZ, Westpac Economics

Official Cash Rate (%)



Source: RBNZ, Westpac Economics

Economic forecasts

GDP components	Quarterly % change				Annual average % change			
	Jun-22	Sep-22	Dec-22	Mar-23	2021	2022	2023	2024
GDP (production)	1.6	0.4	0.6	0.6	5.6	2.2	2.2	1.6
Private consumption	-2.9	0.1	-0.1	0.0	6.1	2.3	-0.3	2.2
Government consumption	2.0	-0.7	-0.7	-0.7	10.1	7.6	-2.4	-1.6
Residential investment	1.0	0.8	0.6	0.2	10.9	3.5	0.9	-4.9
Business Investment	-2.1	0.8	1.7	1.3	9.4	7.3	3.2	1.4
Exports	17.0	6.2	3.9	3.0	-3.6	1.2	16.3	6.3
Imports	1.5	2.4	2.0	1.0	15.0	4.6	5.5	3.2
Economic indicators	**Quarterly % change**				**Annual % change**			
	Jun-22	Sep-22	Dec-22	Mar-23	2021	2022	2023	2024
Consumer price index	1.7	1.4	0.2	0.9	5.9	5.1	3.2	2.6
Employment change	0.0	0.1	0.1	0.1	3.4	0.2	0.8	0.9
Unemployment rate	3.3	3.3	3.4	3.5	3.2	3.4	3.8	4.2
Labour cost index (all sectors)	1.1	0.9	1.0	1.0	2.6	3.9	4.3	3.3
Current account balance (% of GDP)	-7.5	-7.8	-7.4	-6.4	-5.8	-7.4	-4.6	-3.1
Terms of trade	-3.8	4.4	0.0	0.8	2.8	1.1	2.3	2.5
House price index	-2.9	-2.6	-2.4	-2.0	27.2	-10.0	-5.0	1.0
Financial forecasts	**End of quarter**				**End of year**			
	Jun-22	Sep-22	Dec-22	Mar-23	2021	2022	2023	2024
90 day bank bill	2.24	3.70	4.10	4.10	0.81	4.10	4.10	3.00
2 year swap	3.83	3.90	3.90	3.80	2.08	3.90	3.30	2.40
5 year swap	3.92	3.70	3.70	3.60	2.46	3.70	3.20	2.70
10 year bond	3.70	3.40	3.50	3.40	2.39	3.50	3.00	2.80
TWI	72.2	71.6	72.5	73.6	74.3	72.5	74.2	72.3
NZD/USD	0.65	0.64	0.66	0.68	0.69	0.66	0.71	0.70

Source: CoreLogic, RBNZ, Stats NZ, Westpac Economics.
Forecasts finalised 9 September 2022.

Additional Information

Our Focus

Our purpose

Ignite Financial Possibilities

Strategic priorities

Fix	Simplify	Perform
Address outstanding issues	Streamline and focus the business	Sustainable long-term returns

Objectives

- Deliver Regulatory Outcomes
- Strengthen Risk Management
- Develop to a Mature Risk Culture
- Deliver Remediation Outcomes
- Generate High Quality Data Informing Decision Making and Customer Experience

- Modernise Technology
- Optimise Technology
- Deliver 100% Digitally Enabled Journeys
- Westpac Banking Centre and Banking Capability
- Improve Employee Experience

- Build Performance Culture
- Enhance Financial Disciplines
- Expand Westpac Way of Working
- Focus on Markets & Segments with Greatest Return on Capital
- Attract and Retain Best Talent
- Deliver Compelling Purpose and Brand Framework

Our sustainability strategy

Sustainability Priorities	What	2025 Targets*	Progress and HY22 Highlights
Manaaki te ao Care for the planet	**We want to support Aotearoa's transition to a resilient, net-zero economy for the benefit of all Kiwis**	❑ Reduce annual Scope 1, 2, and Scope 3 Mandatory operational emissions by 30% against a 2019 base year.[1] Offset remaining emissions to be carbon neutral ❑ Enable $10b in sustainable finance[2] ❑ Reduce our climate-related financial risks	❑ Operational emissions reduced by 51% for six months ended 31 December 2021 annualised against a 2019 base year ❑ Enabled $5.68b in sustainable finance ❑ Structured over $1.7b of sustainable debt ❑ 48% of our fleet is now electric or plug-in hybrid vehicles ❑ Released Westpac NZ's second Climate Risk Report in November 2021. It is based on the recommendations of the Taskforce for Climate-Related Financial Disclosure (TCFD)
Manaaki te tāngata Care for people	**We want to help create thriving local communities and a workforce and society where everyone feels valued**	❑ Set a cultural diversity in leadership target ❑ 1% of annual pre-tax profits invested in communities by 2025[3] ❑ $700m in lending to healthy, affordable and social housing[4]	❑ Progress on the cultural diversity in leadership target has been delayed due to challenges in collecting sufficient employee data, with which to set appropriate targets in-line with best practice. Work to collect data is ongoing, with targets to be set within the next 12-24 months ❑ 0.52% ($3.572m) pre-tax profits invested in communities ❑ $440m in lending to healthy, affordable and social housing ❑ Helped first home buyers utilise the Kāinga Ora First Home Partner Scheme for the first time, a shared equity scheme designed to bring home ownership within reach for more New Zealanders
E tipu pūtea ora Grow financial wellbeing	**We want to enable all Kiwis to be financially secure and independent**	❑ 25,000 people to participate in Westpac-facilitated financial education workshops from 2021 to 2025 ❑ Help 15,000 New Zealanders who are at risk of financial exploitation and exclusion from 2021 to 2025 ❑ Source 25% of annual supplier spend from local small and medium sized businesses, including those owned by diverse and under-represented groups by 2025	❑ 16,488 participants in Westpac-facilitated financial education workshops ❑ Helped 3,112 New Zealanders who are at risk of financial exploitation and exclusion ❑ 17% of supplier spend on small and medium sized businesses ❑ Launched an online financial education workshop facilitator training for staff, supporting new facilitators to be able to help communities nationally ❑ Rolled out the New Start Initiative nationally, helping prisoners near release obtain a valid ID, debit card and online banking access, making it easier for them to reintegrate into the community

*Annual targets are to be achieved by 30 September 2025. Other targets are to be achieved during the period 1 October 2020 to 30 September 2025, unless stated otherwise.

1 Environmental year runs 1 July to 30 June. CO2e results include all Westpac business units based in New Zealand. Operational emissions includes Scope 1, 2 and Scope 3 mandatory. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity. Scope 3 Mandatory covers the indirect emissions relevant to the day-to-day running of the business. These are sector specific, as defined by the Toitū carbonzero programme. 2 This target comprises (a) $5b for lending to climate change solutions, $700m lending for healthy, affordable and social housing, and additional environmental, social, and sustainability-linked lending (building on FY20 exposure), and (b) facilitation of sustainable bonds (for customers and Westpac New Zealand Limited Treasury). All lending will meet the eligibility criteria set out in international sustainable finance principles. Our targets are a total commitment, measuring the cumulative flow of capital to support New Zealand becoming a net-zero emissions economy. 3 Community investment is made up of: monetary contributions (charitable gifts, matched giving and community partnerships), time contributions, in-kind gifts and donations, and management costs. It excludes commercial sponsorships. 4 This is a cumulative target (building on FY20 exposure) and includes Kiwibuild and shared equity (a form of shared home ownership, often between an individual and an organisation), as well as Westpac's Warm Up lending.

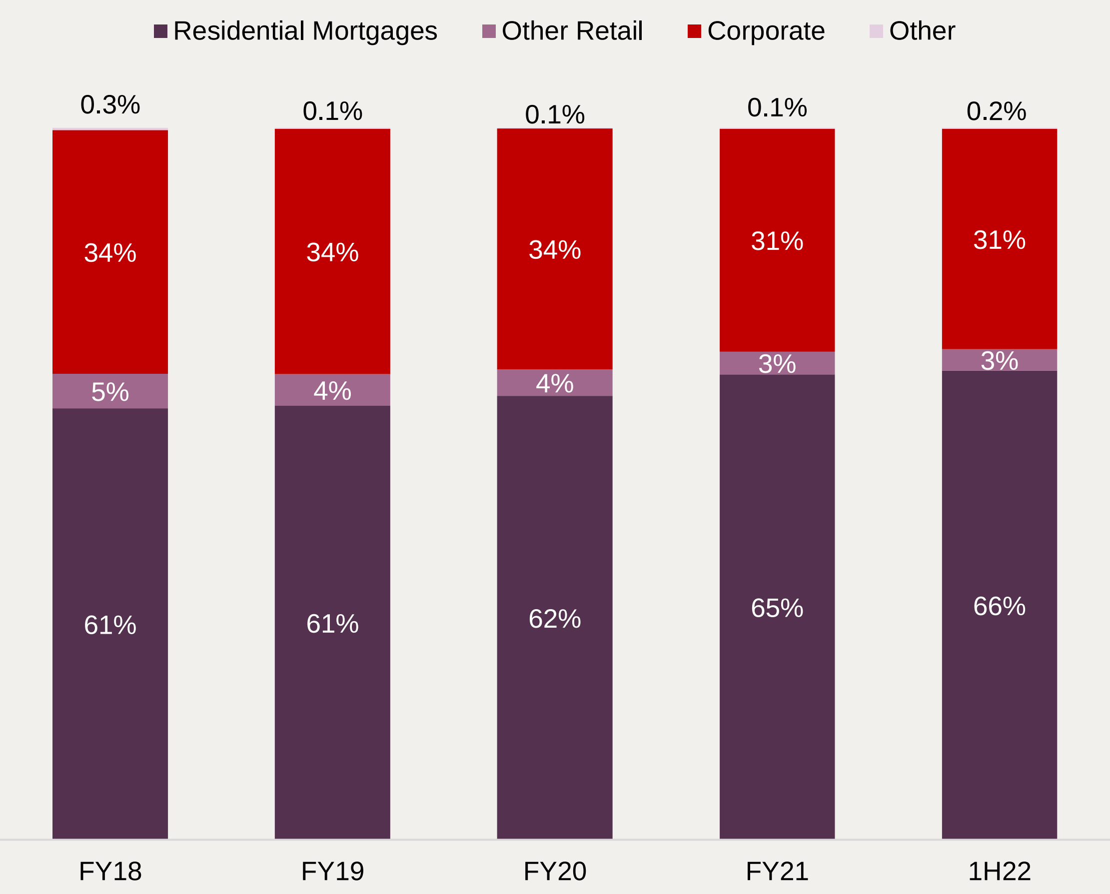
Balance sheet and credit exposures

Balance sheet extract ($m)

Assets	FY18	FY19	FY20	FY21	1H22
Advances to Customers	80,378	84,160	87,959	92,632	94,029
Cash and Liquid Assets[1]	6,314	7,994	11,818	15,432	18,444
Other Assets[2]	1,860	1,951	2,321	2,482	1,702
Due from related entities	1,319	2,502	1,094	1,834	3,247
Total Assets	**89,871**	**96,607**	**103,192**	**112,380**	**117,422**

Liabilities and Equity	FY18	FY19	FY20	FY21	1H22
Collateral Received	476	473	419	188	9
Deposits[3]	63,102	65,606	73,970	79,367	81,364
Debt Issues[4]	13,725	17,846	15,799	16,304	19,508
Due to related entities	1,643	1,632	1,487	1,836	2,331
Other Liabilities[5]	1,025	1,024	1,215	3,743	3,102
Loan Capital	2,622	2,609	2,612	2,579	2,611
Total Shareholders Equity	7,278	7,417	7,690	8,363	8,497
Total Liabilities and Equity	**89,871**	**96,607**	**103,192**	**112,380**	**117,422**

Total lending portfolio[6] (%)



Bars do not add to 100% due to rounding

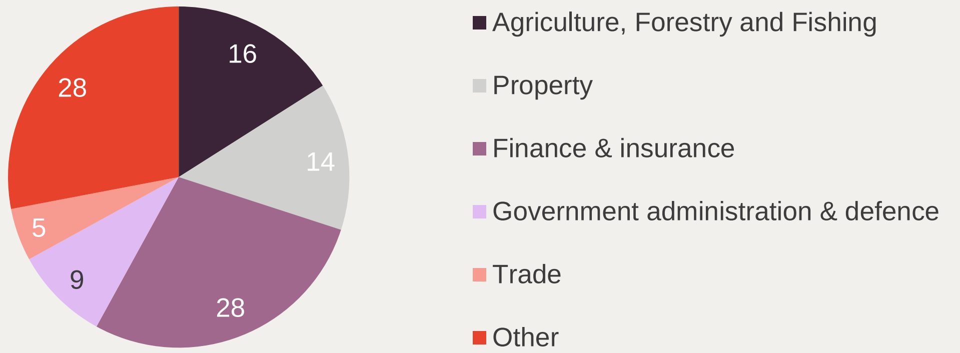
1 Cash and liquid assets, Trading securities, financial assets and investment securities.
2 Derivative financial instruments, other financial assets, Property and Equipment, Deferred tax assets, current tax asset, Intangible assets, collateral paid, other assets. FY18 included Available for Sale securities.
3 Included Registered Certificates of Deposits.
4 Debt issues at fair value through Income Statement and Debt issues at amortized cost.
5 Other liabilities at fair value through Income Statement, Derivative liabilities, Current taxation liability, Other financial liabilities and provisions.
6 Total Lending Portfolio based on gross loans.

WNZL lending portfolio

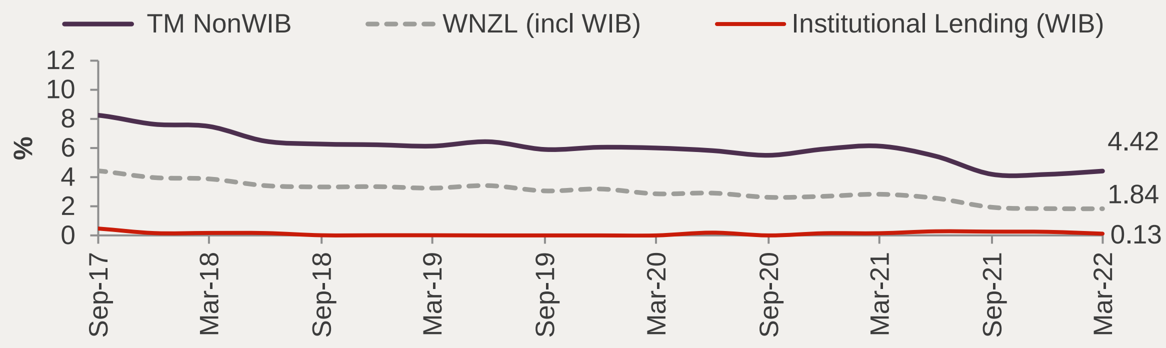
Total committed exposure (TCE)

$bn	Mar-21	Sep-21	Mar-22	%TCE	vs Sep-21	vs Mar-21
Consumer Lending	**73.9**	**76.6**	**78.0**	**54.6%**	**1.90%**	**5.50%**
Home Loans	69.4	72.3	73.8	51.7%	2.16%	6.35%
Credit Cards	4.0	3.9	3.8	2.7%	-2.18%	-4.21%
Other Retail	0.5	0.4	0.4	0.3%	-12.53%	-30.04%
Business Lending	**58.7**	**61.7**	**64.8**	**45.4%**	**4.93%**	**10.33%**
Non-Institutional[1]	28.0	27.8	27.4	19.2%	-1.38%	-2.11%
Institutional	30.7	33.9	37.4	26.2%	10.10%	21.66%
Total committed exposure	**132.6**	**138.3**	**142.8**	**100.0%**	**3.23%**	**7.65%**

Business TCE by industry [2] (%)



Business stressed exposures as % of Business TCE



1 Non-institutional includes corporate, property, commercial and agribusiness.
2 ANZSIC has been used as the basis for classifying Treasury exposures into industry sectors.

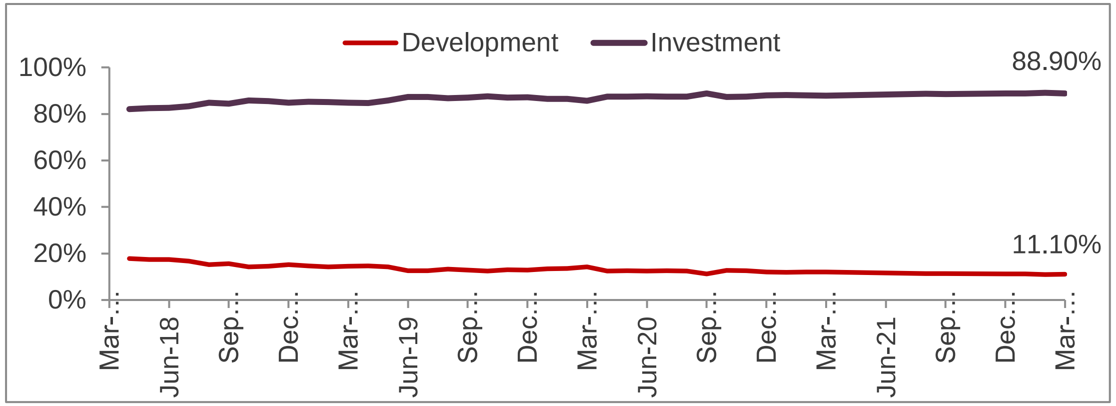
Asset Quality

Agribusiness Portfolio	Mar-21	Sep-21	Mar-22
Total committed exposure (TCE) ($bn)	10.1	10.1	**10.1**
Agriculture as a % of total TCE	17.3	16.4	**15.6**
% of portfolio graded as 'stressed'[1]	7.9	5.9	**6.3**
% of portfolio in impaired	0.29	0.14	**0.08**

Commercial Property Portfolio	Mar-21	Sep-21	Mar-22
Total committed exposure (TCE) ($bn)	8.9	8.9	**8.8**
Property as a % of total TCE	15.2	14.4	**13.6**
% of portfolio graded as 'stressed'[1]	3.4	1.6	**1.9**
% of portfolio in impaired	0.06	0.06	**0.06**

Dairy Portfolio	Mar-21	Sep-21	Mar-22
Total committed exposure (TCE) ($bn)	6.4	6.4	**6.3**
Dairy as a % of total TCE	11.0	10.3	**9.7**
% of portfolio graded as 'stressed'[1]	9.6	6.2	**6.2**
% of portfolio in impaired	0.21	0.21	**0.12**

Investor/developer split (%)



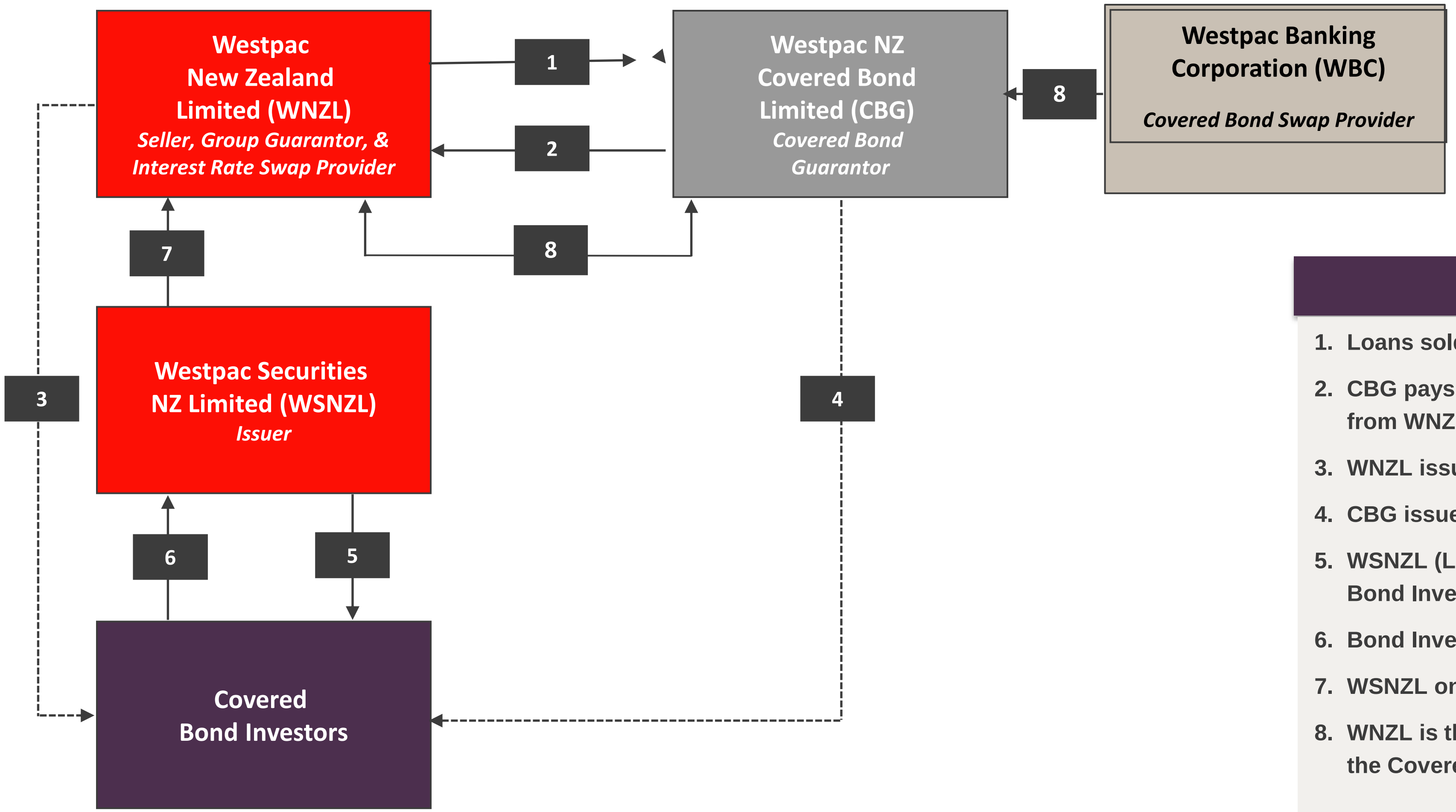
1 Includes impaired exposures.

Covered Bond Programme

WNZL Covered Bond Programme - Overview

Issuer	Westpac Securities NZ Limited, London Branch
Group Guarantor	Westpac New Zealand Limited
Group Guarantor Rating	AA-/A1/A+ by S&P / Moody's / Fitch
Format	Legislative Covered Bond registered with the Reserve Bank of New Zealand
Covered Bond Rating	Aaa / AAA by Moody's / Fitch
Programme Size	€5 billion
Maturity Options	Soft and Hard Bullet
Covered Bond Guarantor	Westpac NZ Covered Bond Limited, a special purpose vehicle (SPV)
Covered Bond Guarantee	Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds secured over the Mortgage Loans and its other assets (Limited in recourse to its assets)
LVR Cap in Asset Coverage Test	75%
Asset Percentage	Subject to rating agency requirements, Programme maximum 90%
Collateral	New Zealand prime, first ranking residential mortgages
Programme Listing	London Stock Exchange
Covered Bond Guarantor Governing Law	New Zealand

WNZL Covered Bond - Structural overview



Key

1. Loans sold by WNZL to CBG
2. CBG pays WNZL, funded via Intercompany Loan from WNZL
3. WNZL issues guarantee to Bond Investors
4. CBG issues guarantee to Bond Investors
5. WSNZL (London branch) issues Covered Bonds to Bond Investors
6. Bond Investors pay WSNZL for Covered Bonds
7. WSNZL on-lends proceeds to WNZL
8. WNZL is the Interest Rate Swap Provider and WBC is the Covered Bond Swap Provider to CBG

WNZL Covered Bond - Programme highlights

Structure	Covered Bonds are issued by Westpac Securities NZ Limited, and guaranteed by WNZL (AA-/A1/A+) , backed by an unconditional and irrevocable guarantee by the Covered Bond Guarantor (Westpac NZ Covered Bond Limited), which is limited in recourse to its assets.
Security	Security comprises a high quality pool of first ranking, prime New Zealand residential mortgages which meet the eligibility criteria (the cover pool). Mortgages in the cover pool are sold to the Covered Bond Guarantor to ensure that covered bondholders have a priority claim over the cover pool in the event of issuer insolvency.
Overcollateralisation	Prior to service of a Notice to Pay on the Covered Bond Guarantor, an Asset Coverage Test is run monthly to ensure the Covered Bond Guarantor has sufficient assets to support the outstanding covered bonds, plus a level of overcollateralisation set by the ratings agencies. The Asset Percentage requirement is confirmed by the rating agencies quarterly and is subject to a maximum of 90%, which represents a minimum level of overcollateralisation of 11%. Following service of a Notice to Pay on the Covered Bond Guarantor, an Amortisation Test is run monthly to ensure the Covered Bond Guarantor has sufficient assets to meet the covered bond obligations.
Asset Monitor	PricewaterhouseCoopers has been appointed to monitor the calculation of the Asset Coverage Test and the Amortisation Test on at least an annual basis.
Hedging	The Interest Rate Swaps and Covered Bond Swaps are used to hedge any exposure of the Covered Bond Guarantor to interest rate and currency risks.
Regulatory Support	The RBNZ permits Covered Bonds as repo eligible instruments. Under Covered Bond legislation passed in December 2013, the RBNZ has set a limit of 10% of total assets of an issuing bank (calculated by reference to the value of assets encumbered for the benefit of covered bond holders).

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- Funding and Securitisation Programmes
- WNZL Disclosure Statements
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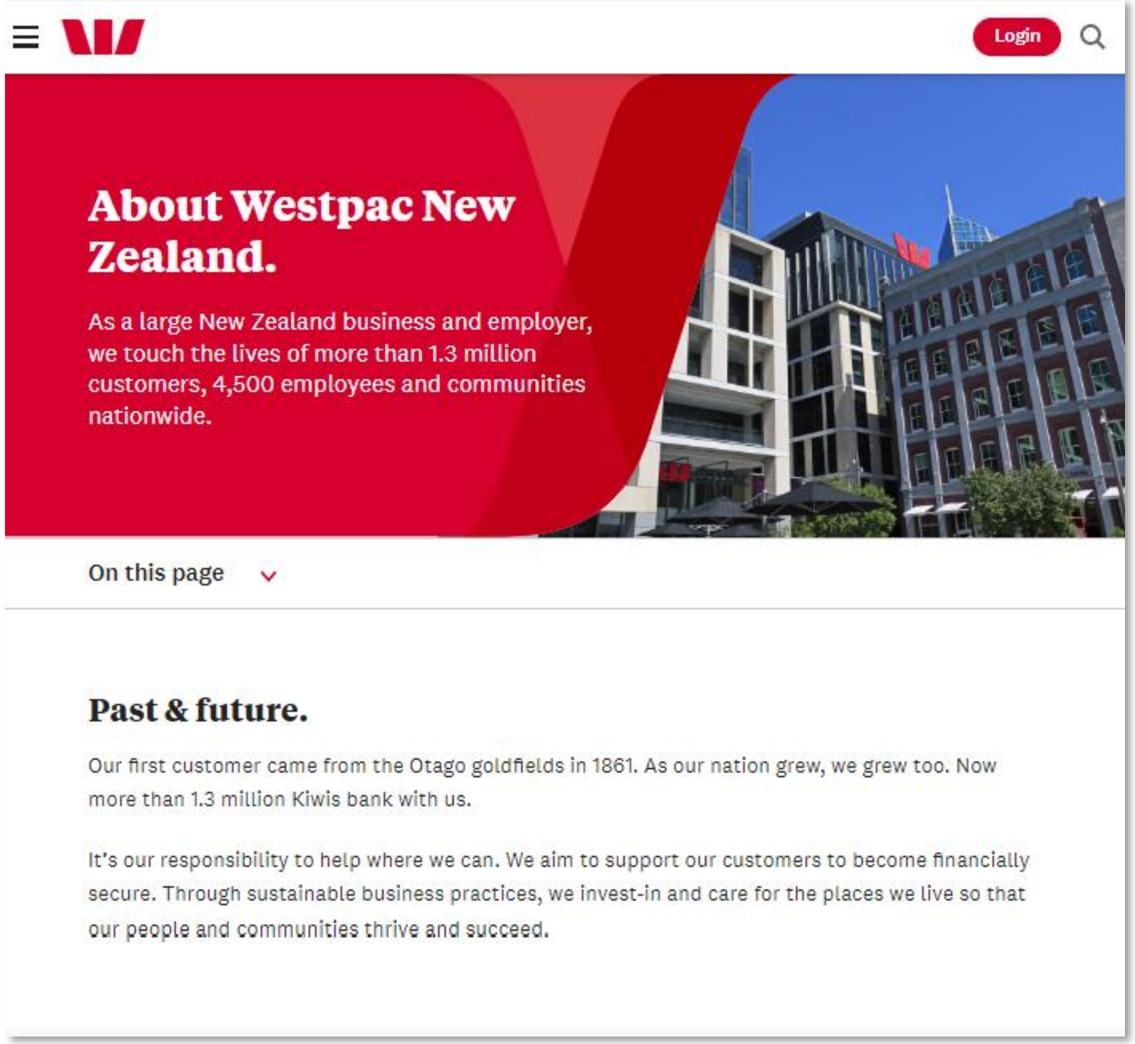

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