

Westpac New Zealand Limited

Fixed Income Investor Presentation

The material contained in this presentation should not be reproduced, distributed or transmitted to any person without consent of Westpac New Zealand Limited.

September 2023



Westpac New Zealand Limited

One of NZ's major banks

- Westpac New Zealand Limited ("WNZL") has material market share positions and is one of NZ's largest banks, identified as a Domestic Systemically Important Bank (D-SIB) by the RBNZ.
- WNZL is the 4th largest bank by total assets¹.
- WNZL is the 2nd largest bank by total deposits¹.
- Large, full service franchise including retail, business, rural, corporate and institutional banking.

Well rated, stable operating environment, well regulated banking system

- WNZL credit rating: A+ (Stable Outlook) / A1 (Stable Outlook) / AA- (Stable Outlook) by Fitch / Moody's / S&P.
- Strong linkages between the Australian and NZ banking systems.
- New Zealand has a conservative bank prudential regulator (Reserve Bank of New Zealand or "RBNZ") that oversees institutions that are well-governed, well-capitalised and that contribute to New Zealand's economic wellbeing.
- NZ Sovereign: AA+ (Stable) / Aaa (Stable) / AA+ (Stable) by Fitch / Moody's / S&P².

Operating in NZ for over 160 years, as part of the Westpac group

- A core market for Westpac Banking Corporation ("WBC") following the conclusion of an ownership review in 2021.
- Total assets NZ\$122.0bn (approx. 11% of parent WBC)¹.
- Reported Net Operating Income NZ\$1.4bn (approx. 12% of parent WBC)¹.
- Approximately 5,000 employees¹.
- Well-established commitment to operating sustainably and supporting communities in which we operate, environmental, social and governance ("ESG") strategy aligned to parent.

A simple business model supporting strong asset quality

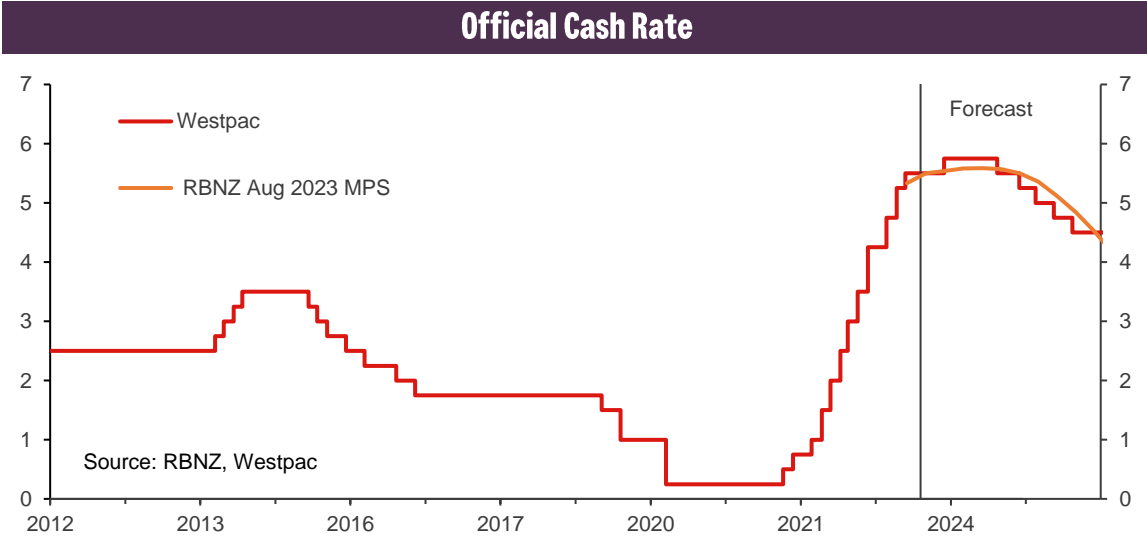
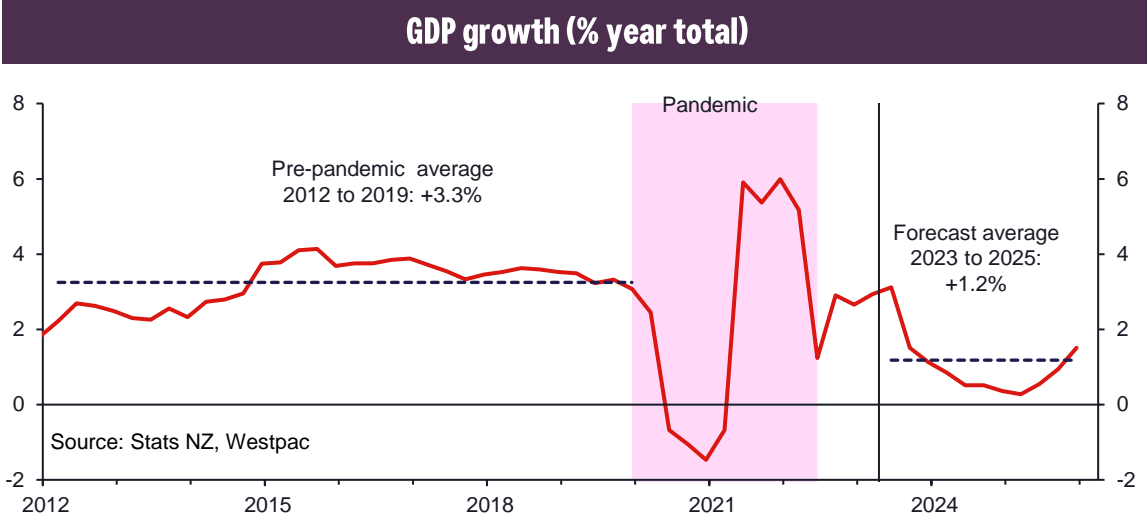
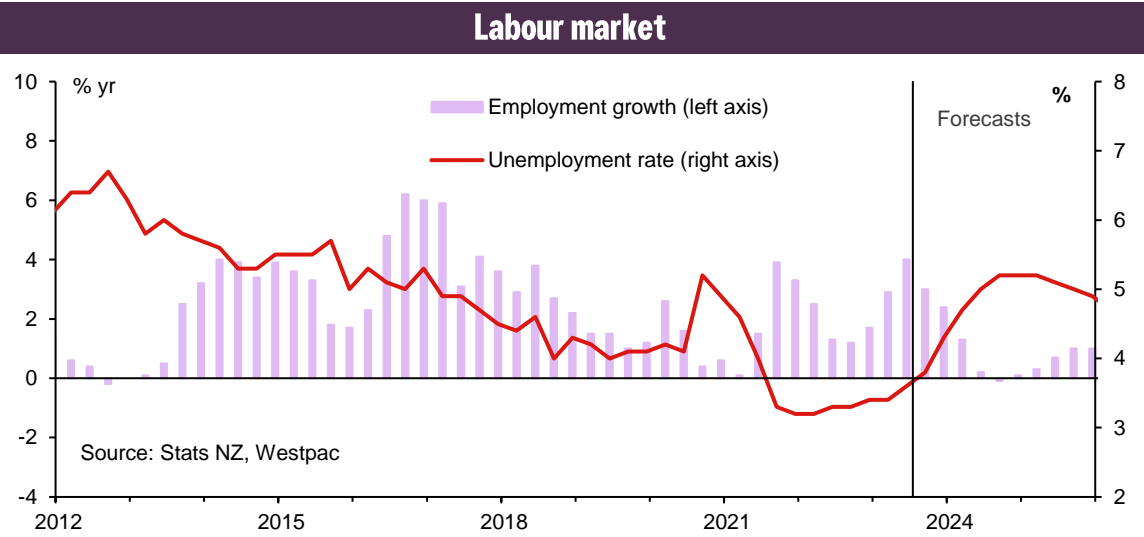
- Domestic, retail banking focus.
- Residential mortgages comprise 66% of gross lending¹.
- Deposit-to-loan ratio 81.2%¹.
- A Common Equity Tier 1 ("CET1") ratio of 11.1%¹.

¹ As at 31 March 2023 (Source: RBNZ, WNZL)

² Foreign currency / issuer rating (Source: Rating Agencies)

New Zealand economy overview

Key Economic Forecasts (calendar year)				
	2021	2022	2023F	2024F
Real GDP growth (% year total)	6.0	2.7	1.1	0.3
Inflation (% year end)	5.9	7.2	4.9	2.9
Unemployment (%)	3.2	3.4	4.3	5.2
House prices (% year end)	27.1	-11.2	-1.0	7.7
Official Cash Rate (%)	0.75	4.25	5.75	5.25

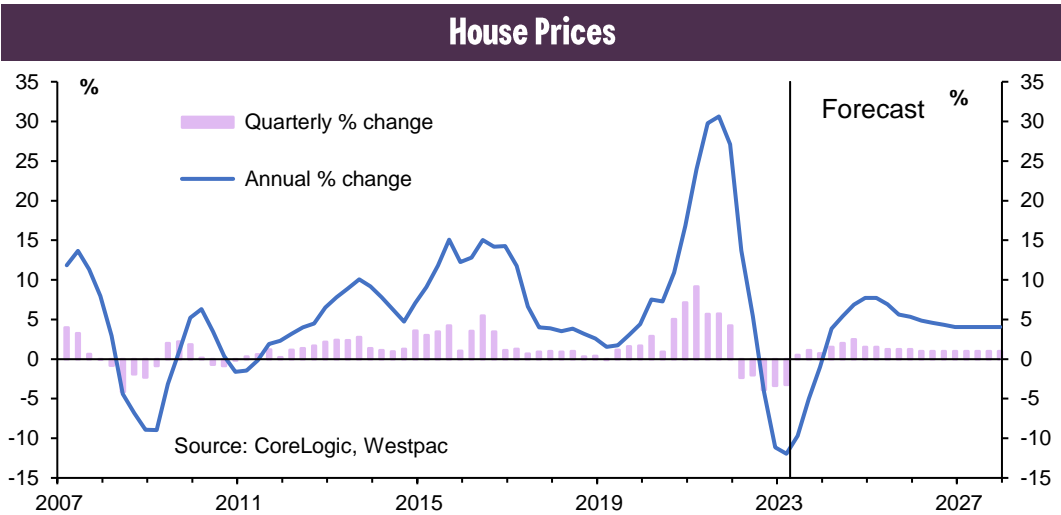


Historic data on GDP, consumer prices, employment and the unemployment rate are sourced from Stats NZ. Historic data for the Official Cash Rate are sourced from the RBNZ. House prices data is sourced from CoreLogic. All forecasts are from Westpac Economics. Forecasts published on 10 August 2023.

Housing market

Housing market has found a base

- Following sharp falls over the past year, house sales and prices have found a base in recent months.
- We have revised up our forecasts for house price growth. We now expect prices across the country to rise by an average of 7.7% over 2024 (up from our previous forecast for a rise of 2.5%).
- The outcome of October's election could have an important impact on investor sentiment and the outlook for house prices.
 - Right of centre parties (who are currently in opposition) have signalled they would relax some of the policies introduced in recent years that have reduced the financial incentives for property investment (e.g., rules related to the tax deductibility of mortgage interest payments).
 - In contrast, some left of centre parties are proposing additional interventions in the rental property market.



Dwelling prices (% change over period)						
Region ¹	Last 3 mths (to Jul-23)		Last 12 mths (to Jul-23)		Last 5 years (to Jul-23)	
Auckland	Up 3%		Down 7%		Up 18%	
Wellington	Up 2%		Down 10%		Up 28%	
Canterbury	Up 1%		Down 3%		Up 47%	
Nationwide	Up 2%		Down 7%		Up 32%	
Forecast (Annual %)	Ave. past 10 years	2020	2021	2022	2023f	2024f
Nationwide ²	9%	17%	27%	-11%	-1%	8%

¹ Historic data sourced from REINZ, monthly data seasonally adjusted by Westpac.
² Historic data sourced from CoreLogic. Forecasts are from Westpac Economics, published on 10 August 2023.

Financial performance

Key financial metrics (%)					
	FY19	FY20	FY21	FY22	1H23 ⁶
Net interest margin ¹	2.14	1.90	1.95	2.01	2.22
Cost to income ²	42.3	48.6	47.7	44.2	43.5
Customer deposit to loan ratio ³	76.6	80.7	82.0	80.4	81.2
Stressed exposures to TCE ⁴	1.63	1.57	1.17	0.95	1.31
Return on average total equity ⁵	13.0	7.3	11.4	12.1	10.5
CET1 capital ratio	11.3	12.3	13.8	11.0	11.1

Income statement extract (NZ\$m)					
	FY19	FY20	FY21	FY22	1H23
Net operating income	2,272	2,118	2,306	2,559	1,423
Net interest income	1,943	1,875	2,066	2,291	1,309
Other operating income	329	243	240	268	114
Operating expenses	-961	-1,030	-1,099	-1,131	-619
Impairment expense/benefit	10	-320	84	27	-154
Income tax expense	-357	-218	-360	-408	-183
Net Profit After Tax ("NPAT")	964	550	931	1,047	467

¹ Net Interest Income for the period over average Interest Earning Assets for the period

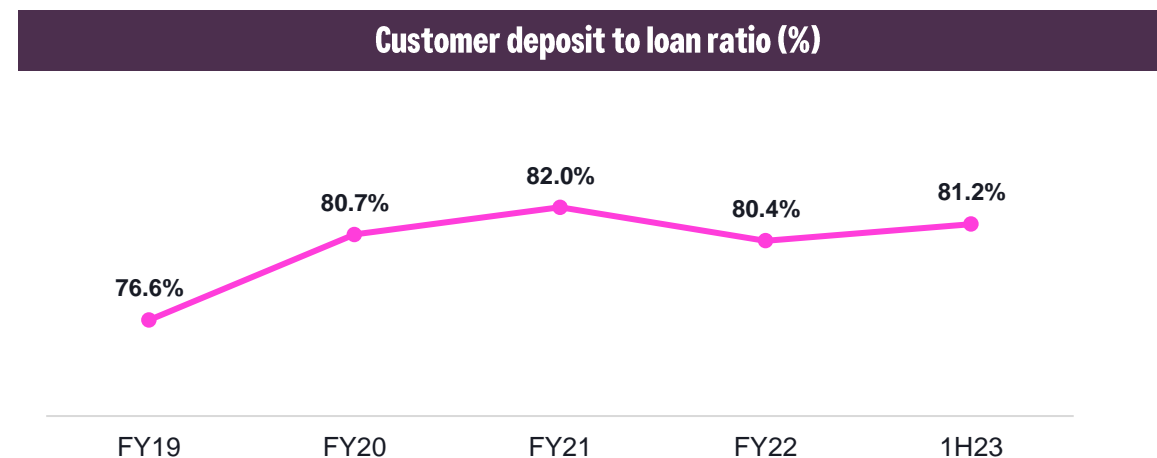
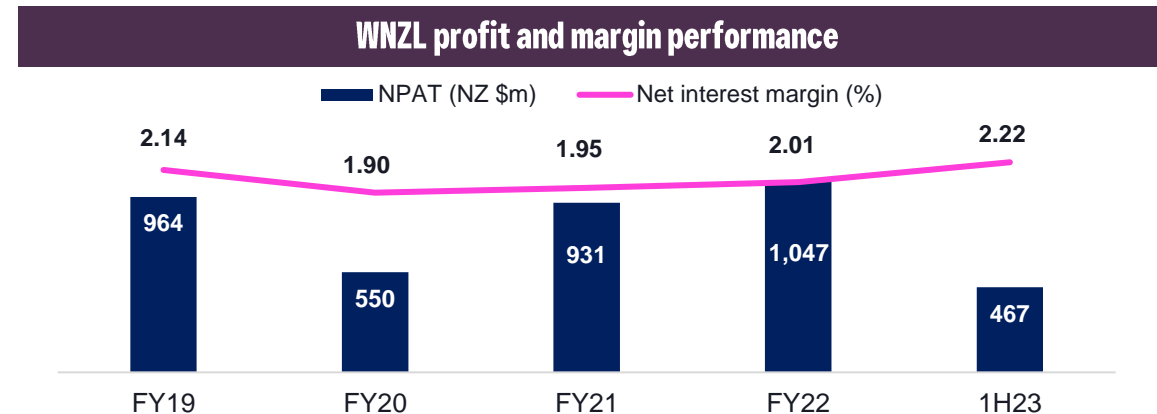
² Operating expenses over Net Operating Income

³ Deposits excluding Certificates of Deposit over Net Loans

⁴ TCE is Total Committed Exposure. "Stressed exposures" are defined as "watchlist and substandard", "90-days past due" and "not impaired", and "impaired" exposures.

⁵ Net Profit over average Equity for the period

⁶ Annualised figures



WNZL mortgage portfolio

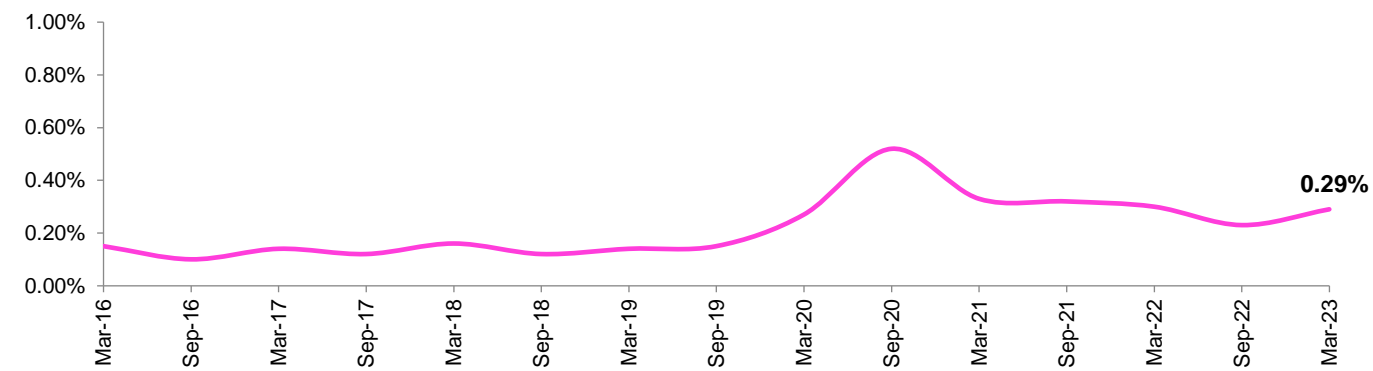
Mortgage portfolio at 31 March 2023	
Total portfolio ¹	\$65.3b
Fixed / Floating (%)	91 / 9
Owner occupied (%)	73.7
Investment property loans (%)	26.3
Broker introduced (%)	51.1
Interest-only (%)	17.0
Origination LVR 80-90% (%)	8.6
Origination LVR >90% (%)	2.6

1 Gross Loans

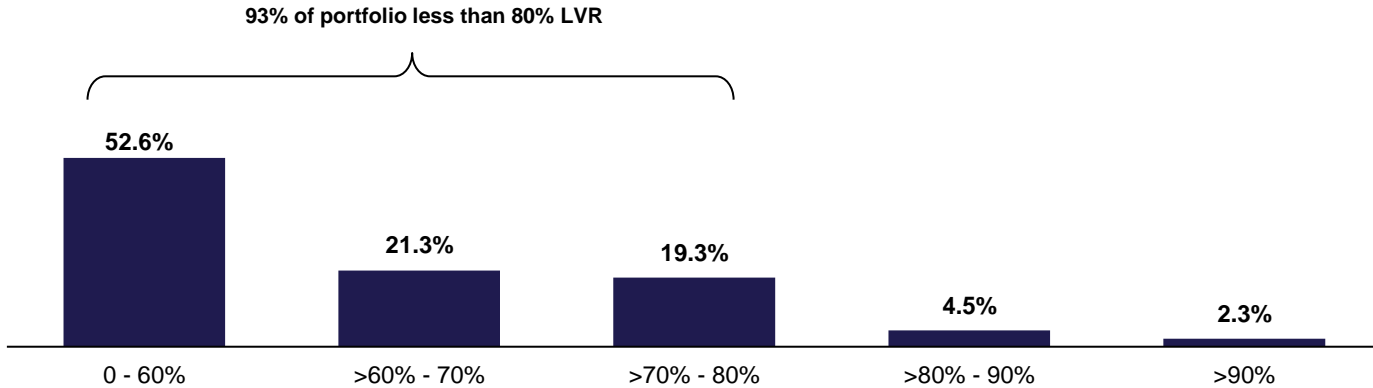
2 Excludes corporate

3 Loan-to-value ratio ("LVR") based on current loan property value at latest credit event. Note this includes undrawn commitments and other off balance sheet exposures.















Mortgage 90+ day delinquencies² (%)



Mortgage portfolio LVR³ (%) of portfolio as at 31 March 2023



Our sustainability strategy

Sustainability Priorities	What	2025 Targets*	FY22 Progress and HY23 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 <div>    </div>	<ul style="list-style-type: none"> 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 NZ\$10b in sustainable finance² Manage our climate-related financial risks 	<ul style="list-style-type: none"> Operational emissions reduced by 45.7% for year ended 30 June 2022 against a 2019 base year Enabled NZ\$7.31b in sustainable finance as at 30 September 2022 Structured over NZ\$3.87b of sustainable debt in the year to 30 September 2022 51% of our fleet is electric or plug-in hybrid vehicles as at 30 September 2022 Released Westpac NZ's third Climate Risk Report in November 2022 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 <div>     </div>	<ul style="list-style-type: none"> Set a cultural diversity in leadership target 1% of annual pre-tax profits invested in communities³ NZ\$700m in lending to healthy, affordable and social housing⁴ 	<ul style="list-style-type: none"> 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 6-18 months as at 30 September 2022 0.57% (NZ\$8.26m) pre-tax profits invested in communities as at 30 September 2022 NZ\$677m in lending to healthy, affordable and social housing as at 30 September 2022 Provided natural disaster support to customers and communities, following the late January flooding and Cyclone Gabrielle, including: <ul style="list-style-type: none"> Committed \$3m in grants to eligible business customers and \$1m to organisations assisting with immediate flood relief and recovery Offered temporary overdrafts, discounted loans and deferral of loan repayments to eligible customers Doubled the volunteering leave available to our people to two days per year. Over 11,000 volunteer hours in FY22
 E tipu pūtea ora Grow financial wellbeing	We want to enable all Kiwis to be financially secure and independent <div>     </div>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 22,378 participants in Westpac-facilitated financial education workshops as at 30 September 2022 Helped 6,251 New Zealanders who are at risk of financial exploitation and exclusion as at 30 September 2022 14.6% of supplier spend on small and medium sized businesses as at 30 September 2022 Continuing our focus on financial inclusion by commissioning The Westpac NZ Access to Banking in Aotearoa Report. The report looks at the issue of access to bank accounts, including barriers, outcomes, and those affected. It provides insights on how we can help to make banking more accessible and help enhance Westpac's work on financial inclusivity that is already underway. Partnering with Oranga Tamariki and VOYCE Whakarongo-Mai to help young people in care access a bank account and financial education, including piloting a new process with young people in care aged 15-17 to address the access challenges faced around identity and address verification requirements.

*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. 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 but excludes emissions from customers. These are sector specific, as defined by the Toitū net carbonzero programme.

² This is a cumulative target which 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) by Westpac Banking Corporation (acting through its New Zealand Branch). 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.

Capital management

Capital adequacy ratios (RBNZ basis) as at 31 March 2023

	Regulatory Minimum	Prudential capital buffer ("PCB") ¹	Regulatory Minimum (incl. PCB)	WNZL
Common Equity Tier 1 ("CET1") capital ratio	4.5%	3.5%	8.0%	11.1%
Tier 1 capital ratio (CET1 plus Additional Tier 1 ("AT1"))	6.0%	3.5%	9.5%	12.7%
Total capital ratio	8.0%	3.5%	11.5%	13.7%
Prudential capital buffer ratio	3.5%		3.5%	5.7%

Commentary

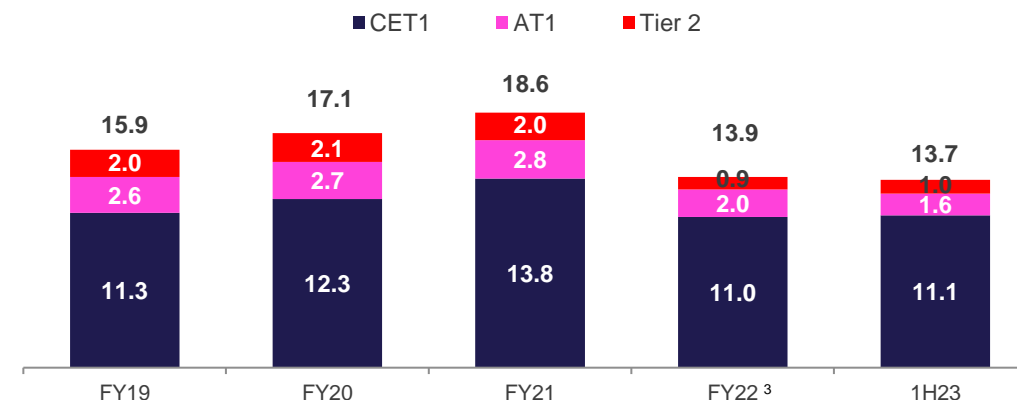
- WNZL's 31 March 2023 capital adequacy ratios reflect the RBNZ's changes to the New Zealand capital adequacy framework effective from 1 January 2022. Changes include:
 - New Risk Weighted Assets ("RWA") portfolio floor of 85% of the standardised model
 - Existing capital instruments with conversion features no longer fully eligible as capital, with 75% of total nominal value of affected instruments currently recognised as regulatory capital under progressive transitional haircut²
- On 14 August 2023, WNZL issued a new NZ\$600 million Tier 2 Capital instrument with a maturity date of 14 February 2034, and an optional early redemption date of 14 February 2029, and every interest payment date thereafter.
- From 1 July 2023, the PCB increased from 3.5% to 4.5% for WNZL, as set out in the RBNZ Capital Adequacy policy ("BPR100").

¹ The buffer for D-SIBs including WNZL.

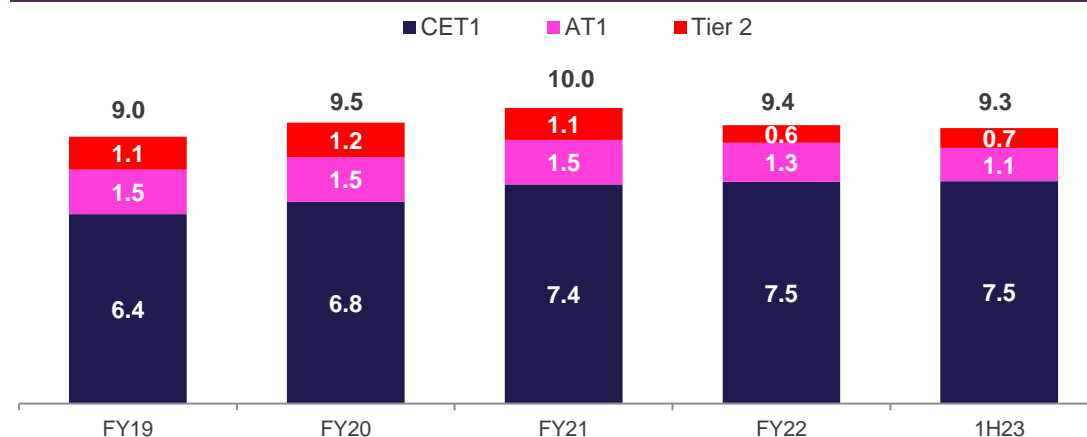
² As at 31 March 2023, this restriction only affected WNZL's Additional Tier 1 instrument.

³ Due to changes in the RBNZ's Banking Prudential Requirements effective from 1 January 2022 (recalibration RWA and the introduction of grandfathering on capital instruments – see commentary above), capital ratios for WNZL as of 1H23 and FY22 are not comparable to those prior to and including FY21 (Source: WNZL, RBNZ).

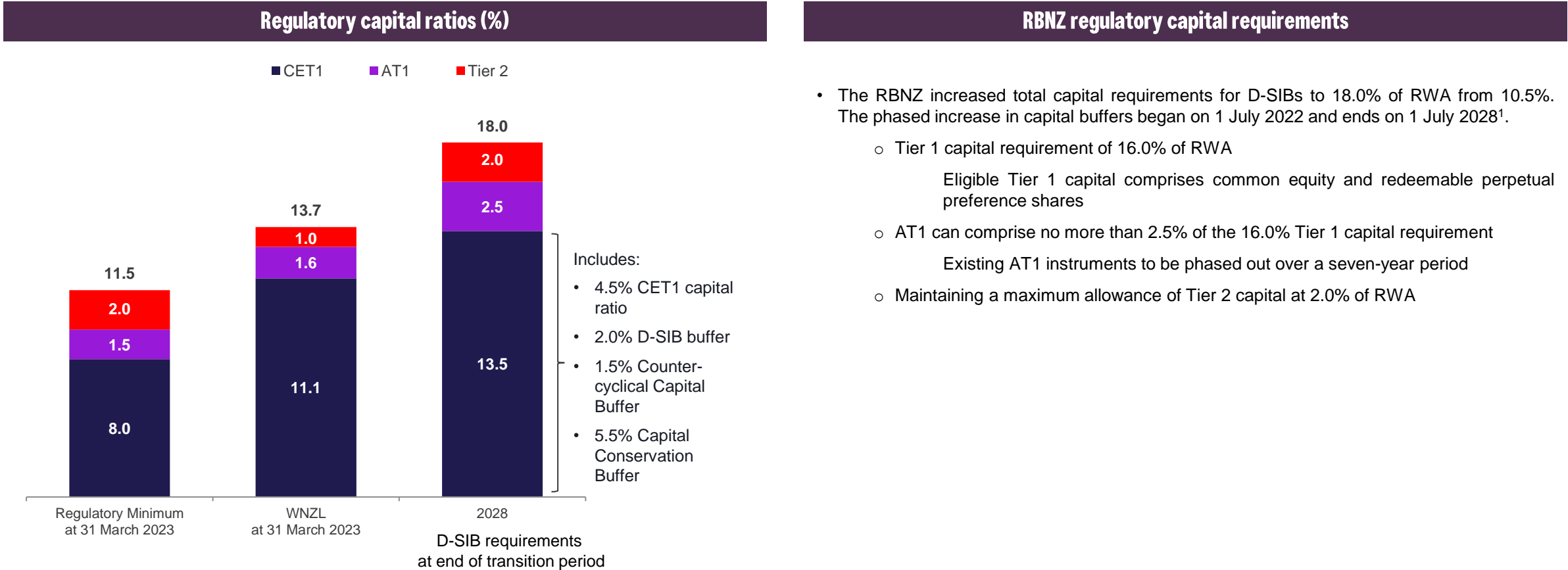
WNZL regulatory capital ratios (%)



WNZL regulatory capital (NZ\$bn)



Increasing capital buffers ahead of new regulatory capital requirements



¹ As set out in RBNZ BPR100, minimum Tier 1 capital ratio and minimum total capital ratio will increase to 7% and 9% respectively on 1 July 2024, subject to the delivery of updated conditions of registration by the RBNZ to WNZL.

Liquidity risk management

Strong liquidity risk management metrics

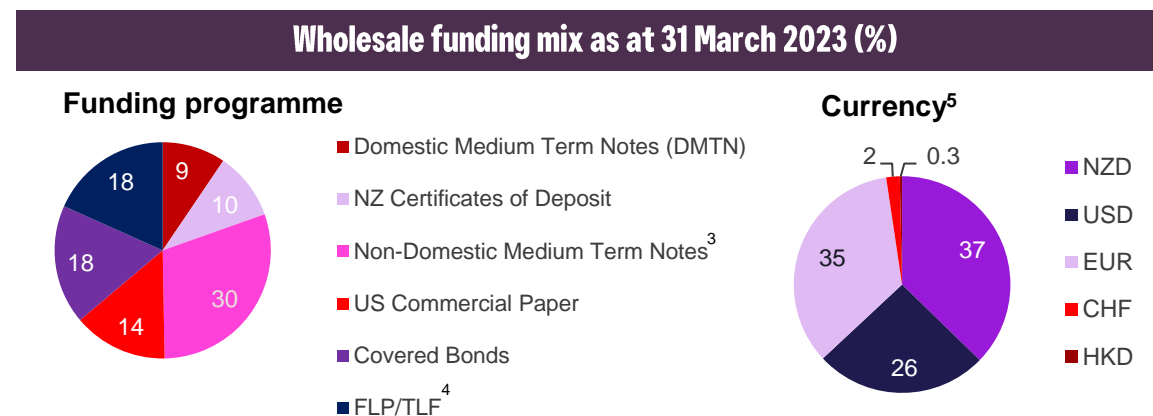
Key metrics	Details	WNZL 1H23
Mismatch Ratio (MMR) and Liquidity Coverage Ratio (LCR)¹	<ul style="list-style-type: none"> The RBNZ Banking Standard 13 (BS13) mismatch ratio is a measure of a bank's liquid assets, adjusted for expected cash inflows and outflows during a 1-month or 1-week period of stress with a regulatory minimum of 0%. The APRA APS 210 LCR is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets to allow them to survive a period of significant liquidity stress lasting 30 calendar days. 	9.0% 1-month MMR²
Liquid assets	<ul style="list-style-type: none"> WNZL's liquid assets are measured at Available-For-Sale/FVOCI (fair value through other comprehensive income) and valuation changes from credit spread movements are reflected in the FVOCI equity reserve. Liquid assets are considered eligible for the MMR and LCR if they are of high credit quality, can be readily liquefied in times of liquidity stress with limited erosion of value, and are unencumbered. WNZL's funded liquid assets are included at market value in the MMR and LCR and are well diversified along product, issue and obligor lines. 	NZ\$26.5bn available liquid assets (27% of net loans)
Interest rate risk (IRR) management (liquids portfolio)	<ul style="list-style-type: none"> Market interest rate risk arising in the banking book stems from the ordinary course of banking activities, including loans, deposits, liquid assets and capital management. WNZL's exposure to interest rate risk in the liquid asset portfolio is hedged using derivatives. Derivatives hedging liquid assets are designated in either cash flow or fair value hedge relationships and valuation changes from credit spread movements are reflected in the FVOCI equity reserve. 	NZ\$166m aggregate capital charge for IRR exposures
Depositor diversification	<ul style="list-style-type: none"> WNZL has a well-diversified deposit portfolio from retail, business, corporate and institutional sources. Household deposits make up 44% of total deposits. 	NZ\$79.8bn customer deposits
Core Funding Ratio (CFR)	<ul style="list-style-type: none"> RBNZ BS13 requires registered banks to meet a minimum Core Funding Ratio (CFR) of 75%, ensuring that at least a minimum proportion of bank funding is met through customer deposits, term wholesale funding and Tier 1 capital. WBC also calculates a "shadow" Net Stable Funding Ratio (NSFR) for WNZL using APS210 methodology and WNZL operates to a target ratio of >100%. 	88.2% CFR²

1. WNZL is subject to the RBNZ liquidity requirements under BS13 as well as APRA's obligations under APS 210 indirectly, insofar as Westpac Group is required to comply with them. The RBNZ is currently undertaking a review of its liquidity policy (BS13). This review is expected to conclude in late 2025 or early 2026.

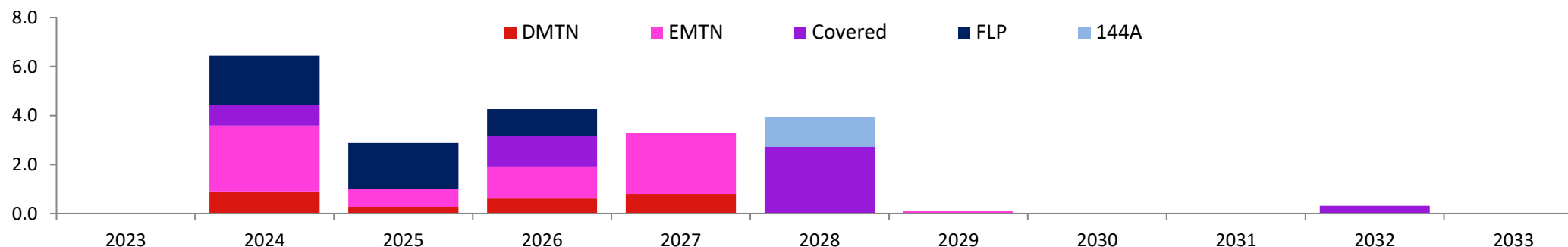
2. CFR expressed as the 3-month average as at 31 March 2023

Wholesale funding profile

Funding composition ¹						
NZ\$bn	FY19	FY20	FY21	FY22	1H23	1H23 %
Customer Deposits	64.5	71.0	75.9	77.9	79.8	74.2
Wholesale Onshore <1yr	1.1	3.0	3.5	2.9	2.8	2.6
Wholesale Offshore <1yr	2.3	2.5	3.0	5.5	3.9	3.6
Wholesale Onshore >1yr ²	2.9	3.5	5.5	7.3	7.7	7.2
Wholesale Offshore >1yr	12.6	9.8	9.9	11.1	13.3	12.4
Total Funding	83.4	89.8	97.8	104.7	107.5	100.0



Long-term funding maturities by financial year as at 31 March 2023 (NZ\$bn)⁵



¹ Excludes existing Tier 2, AT1 and equity. Certificates of deposits are included in "Wholesale Onshore <1yr" and excluded from "Customer Deposits".

² 1H23 includes the NZ\$5.0bn drawn under the RBNZ's Funding for Lending Programme ("FLP") and NZ\$80m we have drawn under its Term Lending Facility ("TLF"). Both programmes were established by the RBNZ as part of their response to the effects of the Covid-19 pandemic.

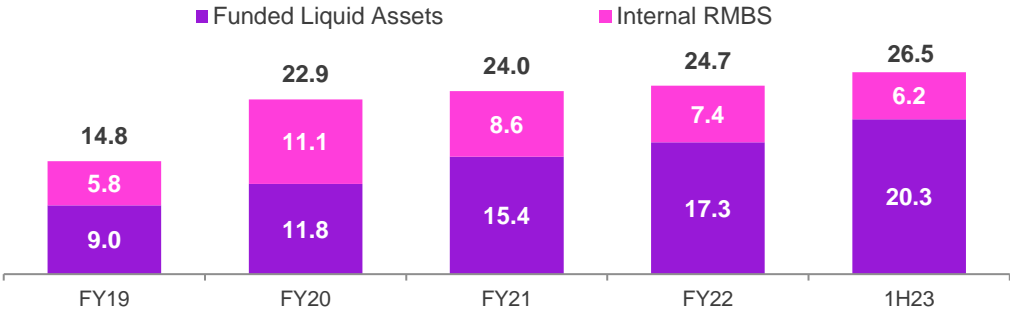
³ Comprised of Euro Medium Term Notes (EMTN), US Medium Term Notes (144A) and Green Bonds.

⁴ The FLP offered 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 offered 3-year funding to eligible institutions. The funding was structured as floating rate repurchase transactions priced at the Official Cash Rate ("OCR"), each for a term of three years. Participants could access the funding over a 2-year transaction period. The TLF was a long-term funding scheme in support of the Government's Business Finance Guarantee Scheme to help promote lending to business. Access to the FLP closed on 6 December 2022. Access to the TLF closed on 28 July 2021.

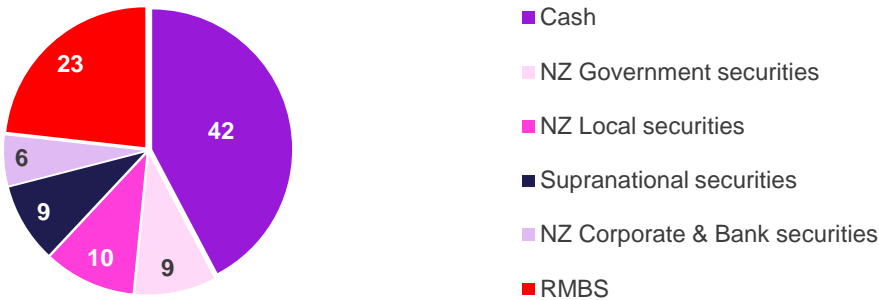
⁵ Data represents management view using NZD hedged amounts.

Liquid assets

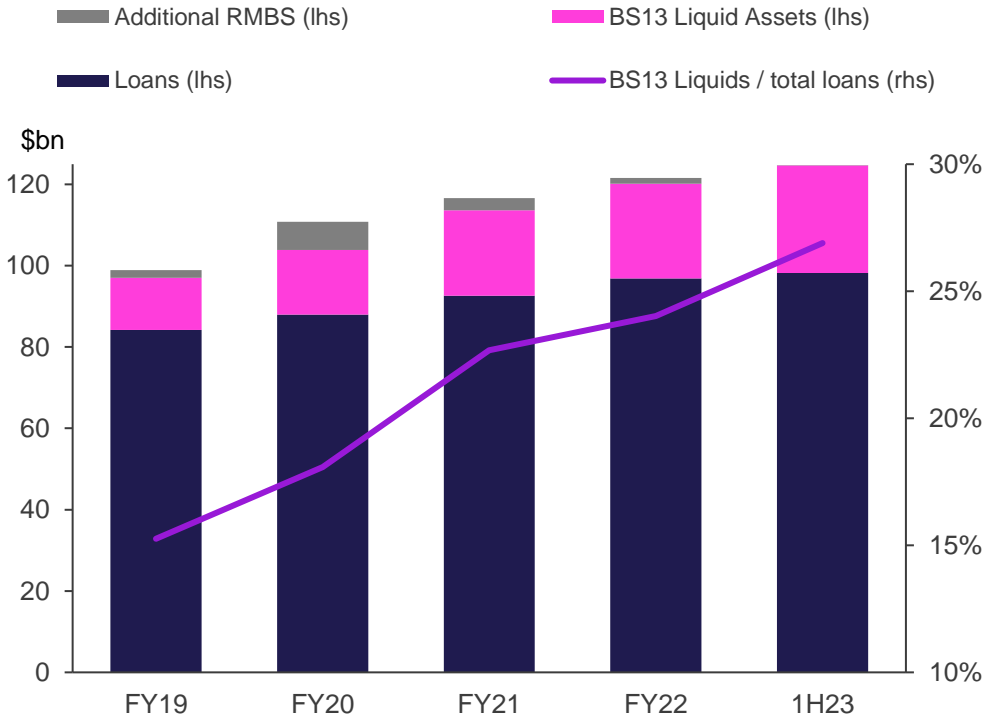
Liquid assets (NZ\$bn)



Liquid assets composition at 31 March 2023 (%)



BS13 Liquid asset position¹



¹ Additional Residential Mortgage-Backed Securities (“RMBS”) and BS13 liquid assets shown at haircut amounts. Additional RMBS represents the excess internal RMBS held above the 5% limit on the total assets that contribute to RBNZ BS13 liquid assets.

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

Covered bond pool - overview

Covered bond pool eligibility summary

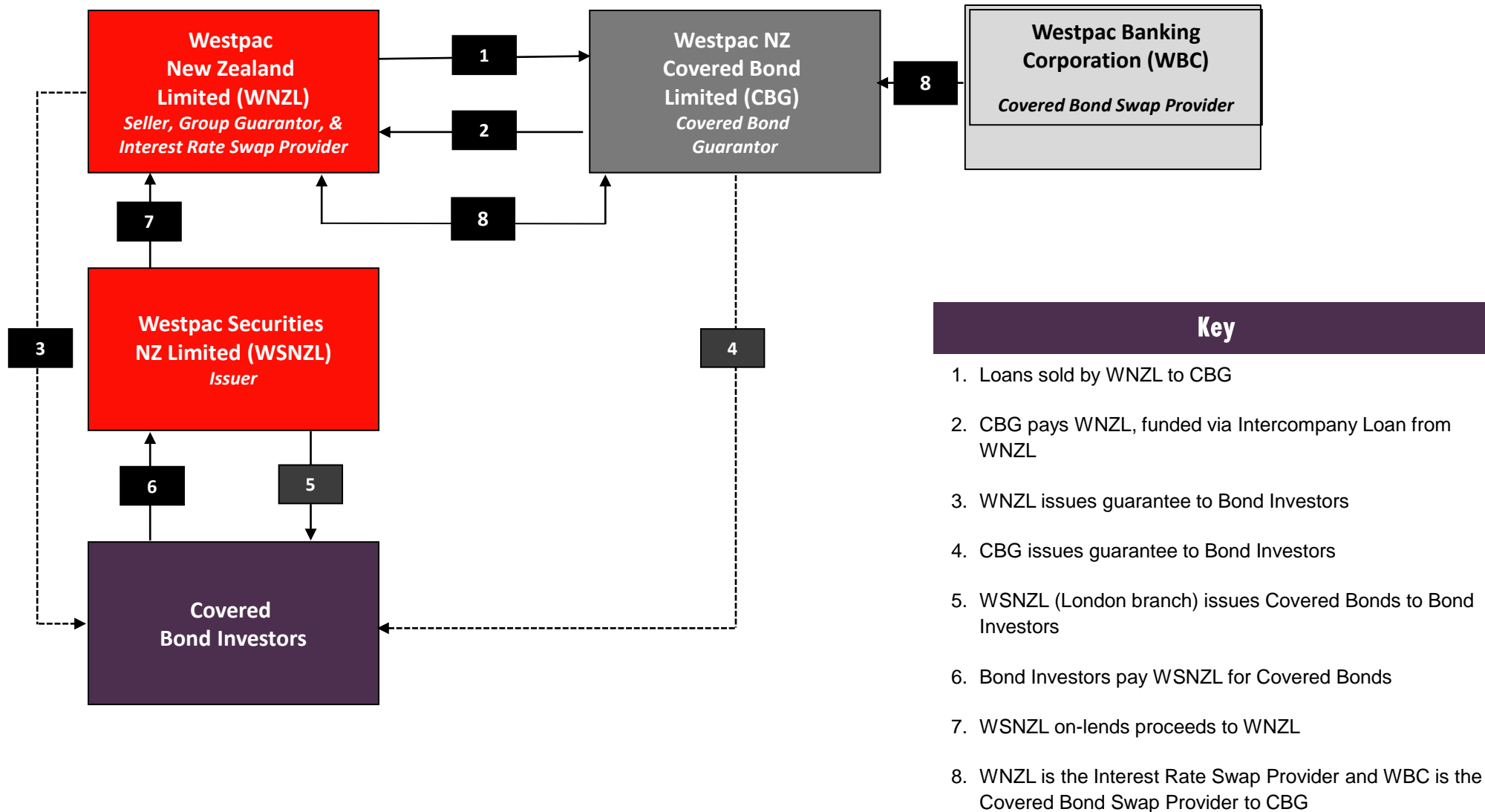
- First ranking mortgage registered under the New Zealand Real Property Legislation
- All loans are secured by a mortgage over land and a completed residential dwelling
- All residential mortgages are denominated and payable in New Zealand dollars
- Loans are originated by WNZL in the ordinary course 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 July 2023

Total Pool Loan Balance¹	NZ\$6,237,960,228
Number of Loans	34,245
Average Loan Size	NZ\$182,157
Max Loan Size	NZ\$1,500,000
Weighted Average Current LVR	49.19%
WA LVR (Indexed)	42.18%
90 day + Arrears	0.00%
Weighted Average Seasoning	53 months
Weighted Average Remaining Term to Maturity	276 months
Max Remaining Term to Maturity	360 months
Weighted Average Interest Rate	4.91%
Fixed / Floating Split	95% / 5%
Interest Only	8%

¹ Pool loan balance excludes cash balances.

WNZL Covered Bond – Structural overview



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	<p>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%.</p> <p>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.</p>
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 and Conditions of Registration, the RBNZ has set a maximum 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).

Additional Information

Our Strategy

WHY we are here

Creating Better Futures Together

WHAT we want to be known for

Partnering with our people, customers and communities

WHAT makes us different

Care for Customers

Powering a Sustainable New Zealand

Fierce Advocates for Inclusion

Balance sheet exposures

Balance sheet extract (NZ\$m)					
Assets	FY19	FY20	FY21	FY22	1H23
Advances to customers	84,160	87,959	92,632	96,882	98,209
Cash and liquid assets ¹	7,994	11,818	15,432	18,561	20,237
Other assets ²	1,951	2,321	2,482	1,769	1,985
Due from related entities	2,502	1,094	1,834	2,606	1,616
Total assets	96,607	103,192	112,380	119,818	122,047
Liabilities and Equity	FY19	FY20	FY21	FY22	1H23
Collateral received	473	419	188	82	145
Deposits ³	65,606	73,970	79,367	80,848	82,566
Debt issues ⁴	17,846	15,799	16,304	19,933	19,801
Due to related entities	1,632	1,487	1,836	2,961	1,949
Other liabilities ⁵	1,024	1,215	3,743	5,131	6,602
Loan capital	2,609	2,612	2,579	2,083	2,085
Total shareholders equity	7,417	7,690	8,363	8,780	8,899
Total liabilities and equity	96,607	103,192	112,380	119,818	122,047

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, intangible assets, collateral paid, other assets and available for sale securities.

³ Includes Registered Certificates of Deposits

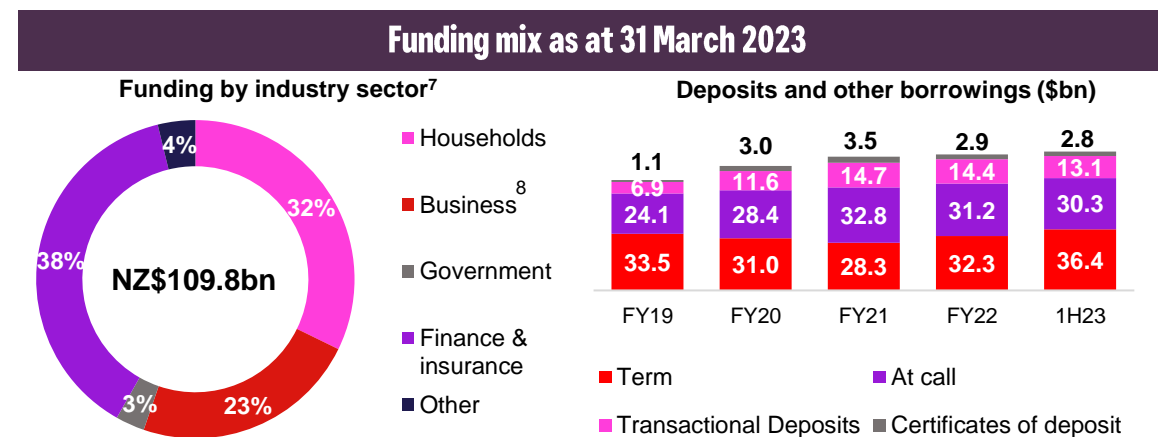
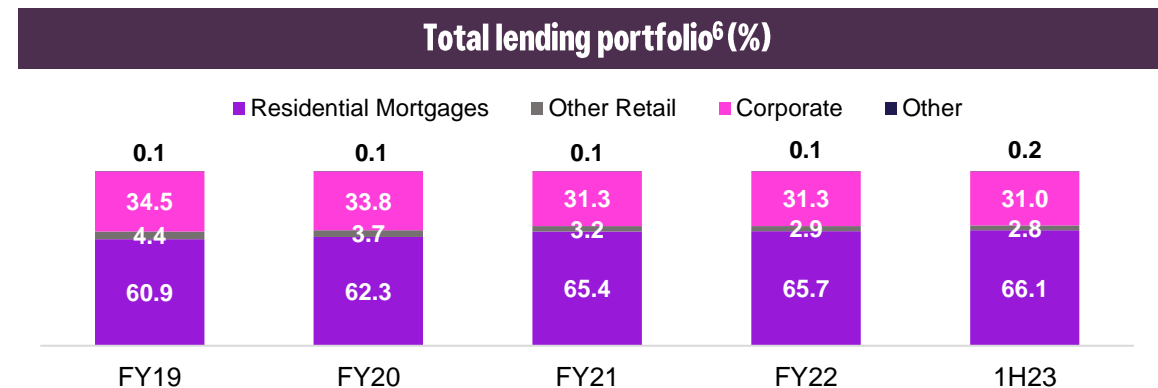
⁴ Debt issues at fair value through Income Statement and debt issues at amortised cost.

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 (bars do not add to 100% due to rounding).

⁷ Includes wholesale funding and deposits

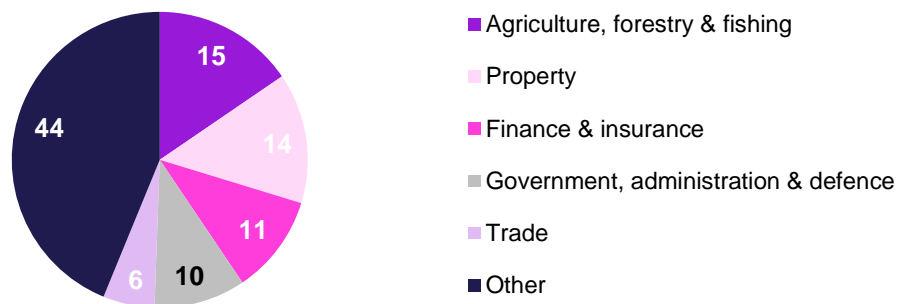
⁸ Includes accommodation, cafes, restaurants, agriculture, construction, forestry and fishing, manufacturing, mining, property and business services, services, trade, transport, storage and utilities.



WNZL lending portfolio and performance

Total committed exposure (TCE)				
\$bn	FY22	1H23	%TCE	vs FY22
Consumer lending¹	80.2	81.5	55.0%	1.6%
Business lending	65.4	66.7	45.0%	1.9%
Non-Institutional ²	27.2	26.7	18.0%	-2.0%
Institutional	38.2	40.0	27.0%	4.6%
Total committed exposure	145.6	148.1	100.0%	1.7%

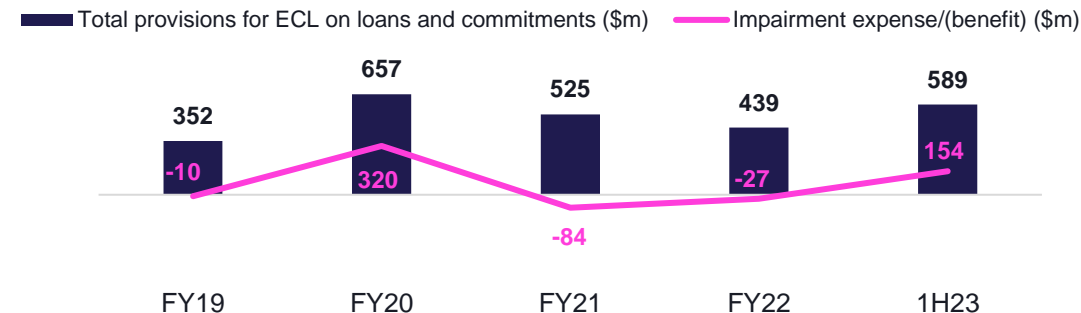
Business TCE by industry as of 31 March 2023 (%)



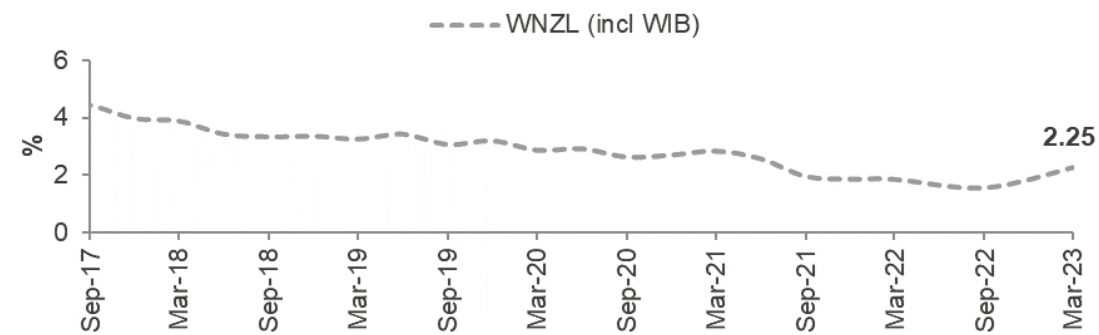
¹ The majority of TCE for consumer lending consists of home loans

² Non-institutional includes corporate, property, commercial and agribusiness and SME Retail

WNZL provisions and impairments performance



Business stressed exposures as % of Business TCE



Asset quality

Agribusiness portfolio		
	Sep-22	Mar-23
Total committed exposure (TCE) (\$bn)	9.8	9.7
Agriculture as a % of total TCE ¹	6.7	6.6
% of portfolio graded as 'stressed' ²	4.9	5.9
% of portfolio in impaired	0.03	0.08

Dairy portfolio		
	Sep-22	Mar-23
Total committed exposure (TCE) (\$bn)	6.3	6.3
Dairy as a % of total TCE	4.3	4.2
% of portfolio graded as 'stressed' ²	4.1	4.7
% of portfolio in impaired	0.04	0.04

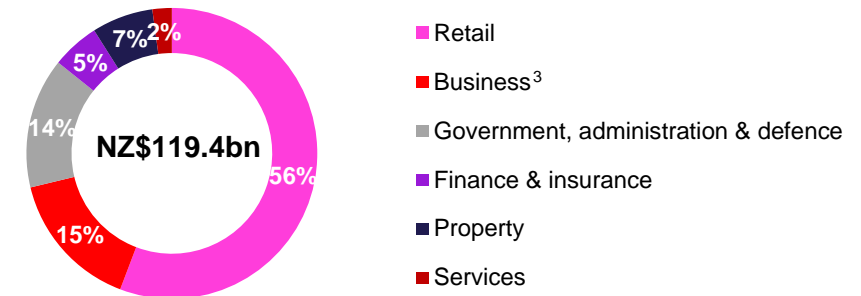
¹ Agribusiness represents exposures in the agriculture industry

² Includes impaired exposures

³ Includes accommodation, cafes and restaurants, agriculture, construction, forestry and fishing, manufacturing, mining, property and business services, transport and storage, trade and utilities.

Commercial property portfolio		
	Sep-22	Mar-23
Total committed exposure (TCE) (\$bn)	9.4	9.5
Property as a % of total TCE	6.5	6.4
% of portfolio graded as 'stressed' ²	1.7	3.0
% of portfolio in impaired	0.06	0.06

On-balance sheet credit exposures by sector as at 31 March 2023

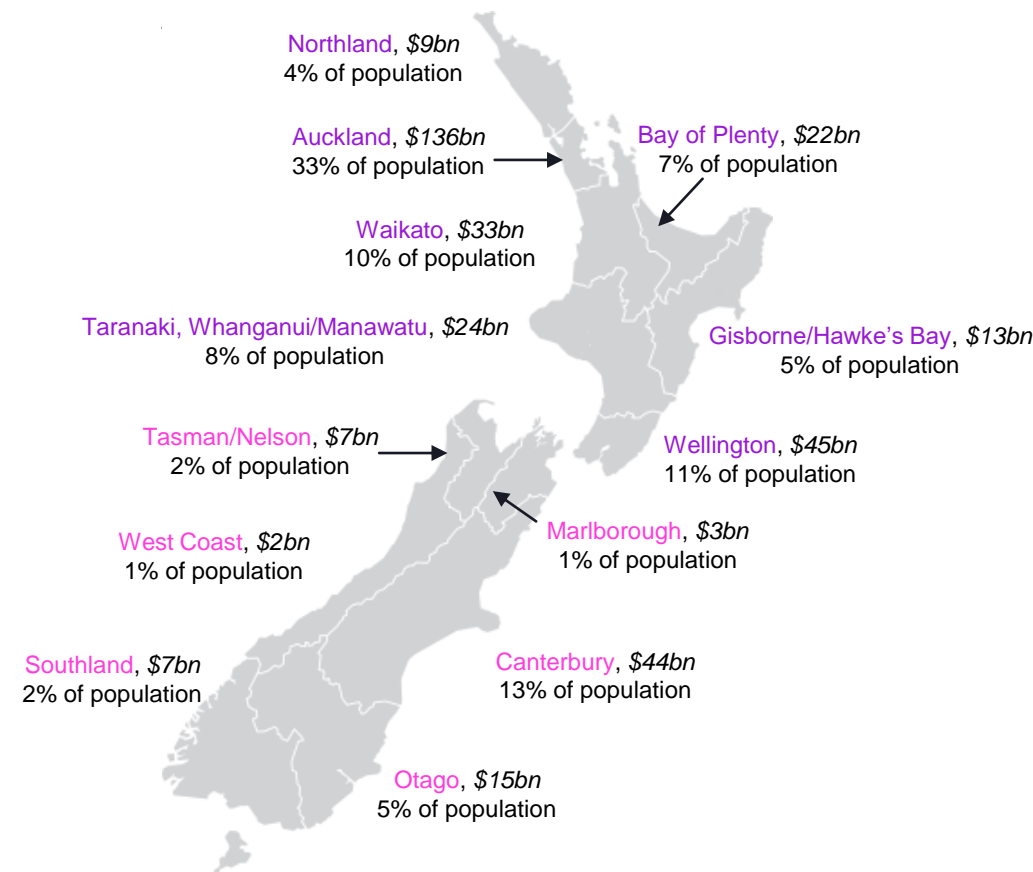


THE NEW ZEALAND ECONOMY

Composition of the New Zealand economy

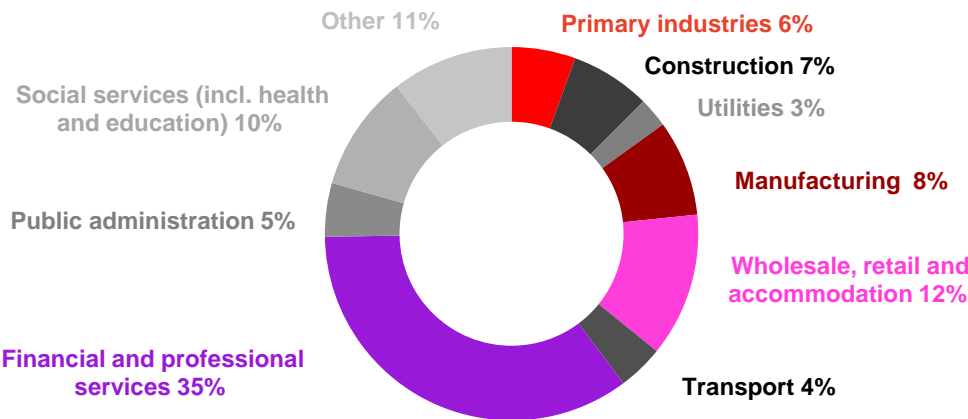
Regional GDP¹

Nationwide GDP: NZ\$380bn
Population: 5.1mil

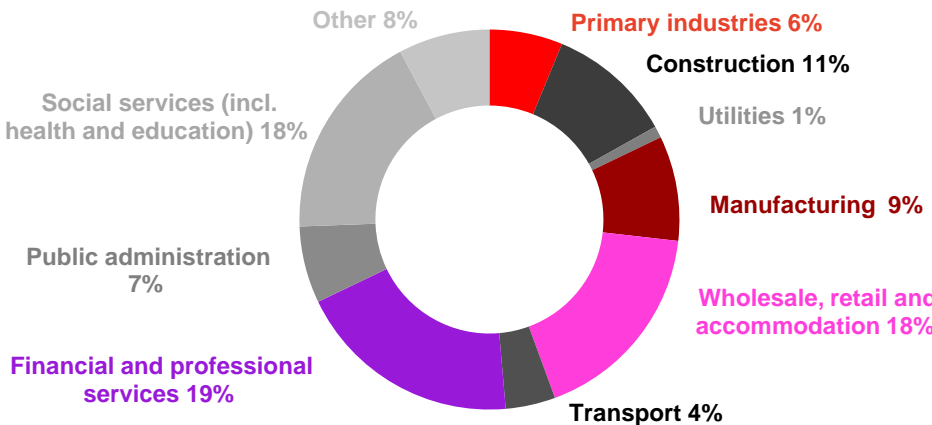


Output and employment

GDP by sector 2022 (%)²



Employment by sector 2022 (%)³

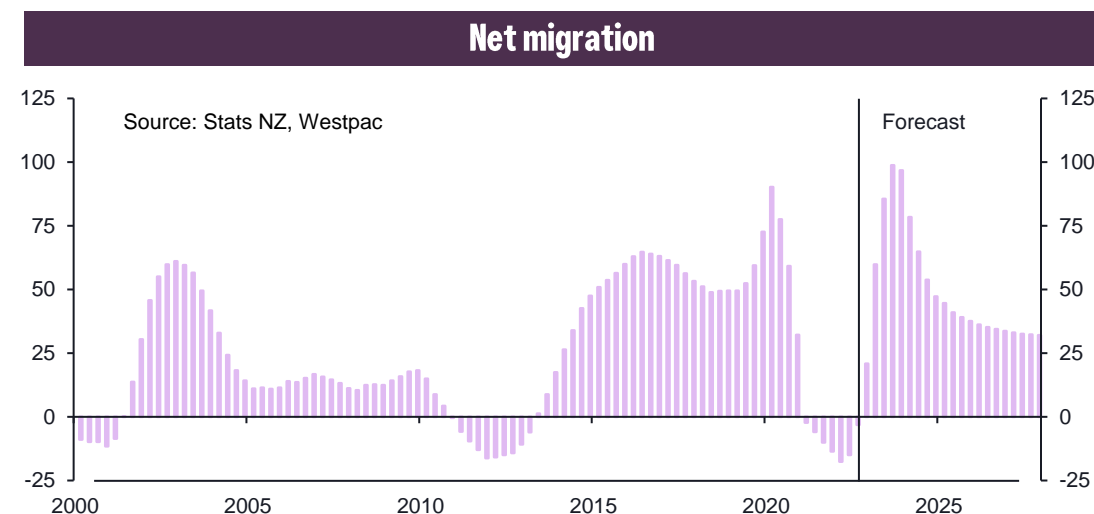
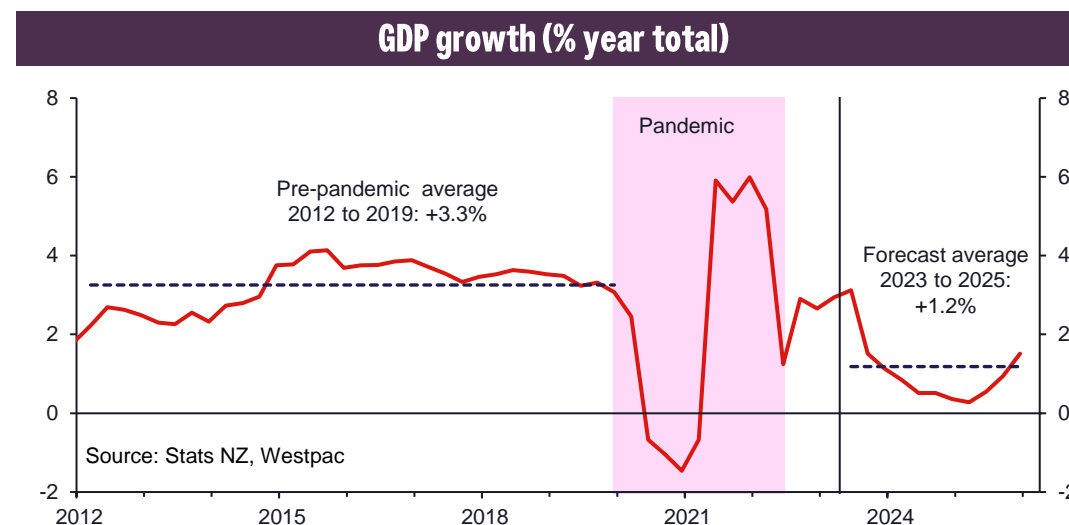


1. Nationwide GDP for the year to December 2022, sourced from Stats NZ. Regional figures GDP are for the year to March 2022, sourced from Stats NZ. Population figures are as at June 2022 and are sourced from Stats NZ.
2. GDP data sourced from Stats NZ.
3. Employment figures taken from Stats NZ.

Overview

Economic downturn deepening

- Economic conditions are cooling, and a period of subdued growth is expected over the coming years.
 - GDP fell by 0.8% in the six months to March.
 - GDP growth is set to average around 1.2% per annum over the coming years (vs. pre pandemic averages of around 3.3%).
- This downturn in economic activity has been in response to a tightening in financial conditions. Consumer prices rose by 6% in the year to June and the RBNZ has raised the Official Cash rate by 525bps since late 2021.
- A rapid recovery in net migration and population growth is helping to provide a floor under growth.
- Also providing some offset to softening domestic demand is the continuing recovery in international visitor numbers.
- The economy is entering the slowdown from a strong position. The level of activity remains elevated. In addition, unemployment is at 3.6% and household balance sheets are in good health.



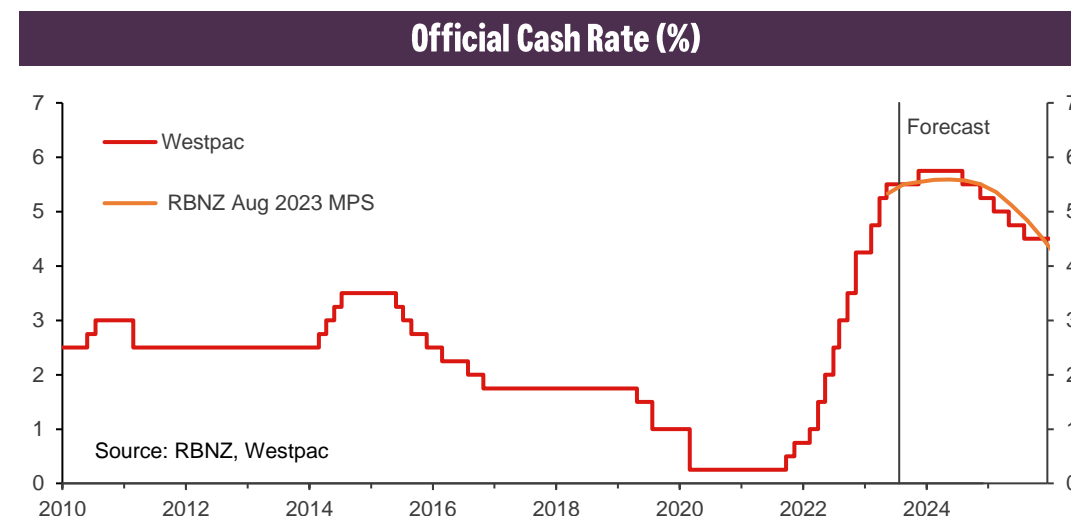
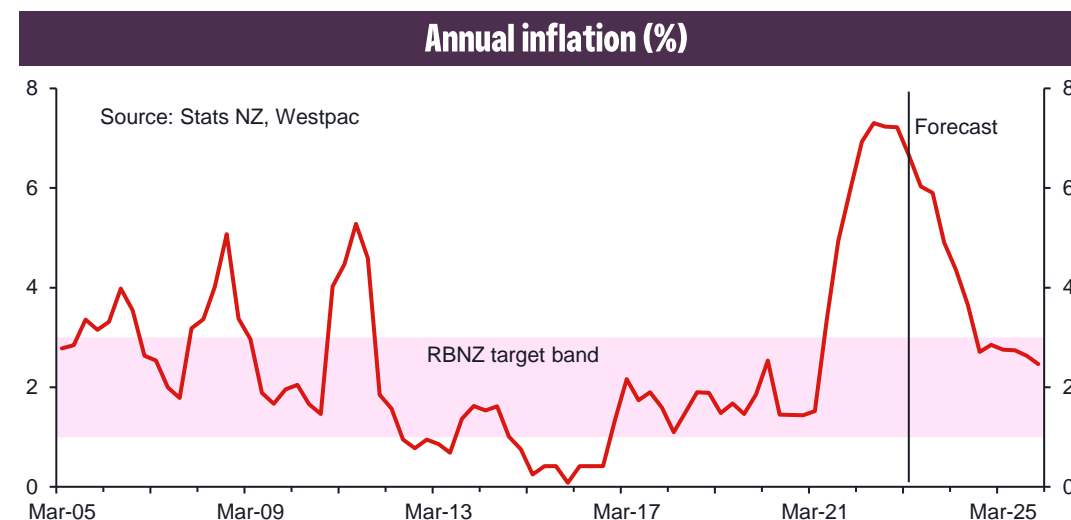
Inflation and monetary policy

Inflation has peaked, but price pressures remain strong

- Inflation has slowed to 6% in the year to June, down from rates of over 7% last year. However, while inflation is 'lower', it is not 'low'.
- Underlying inflation pressures remain strong. Most measures of core inflation (which track the underlying trend in prices) are continuing to run at levels of around 6%.
- Inflation is not forecast to return within the RBNZ's target band until late 2024.

OCR to remain elevated

- The RBNZ kept the OCR at 5.5% in August. The RBNZ's updated forecasts have moved closer to our own, with their projection for the OCR now peaking at 5.6% in 2024 (vs. 5.5% previously). Westpac is forecasting one more 25bp OCR hike in November.
- The RBNZ's commentary indicates they still expect to remain on hold at 5.5% for an extended period, but they've acknowledged the risk that the OCR will need to go higher.
- We are forecasting a gradual easing in the OCR beginning in August 2024.



Households

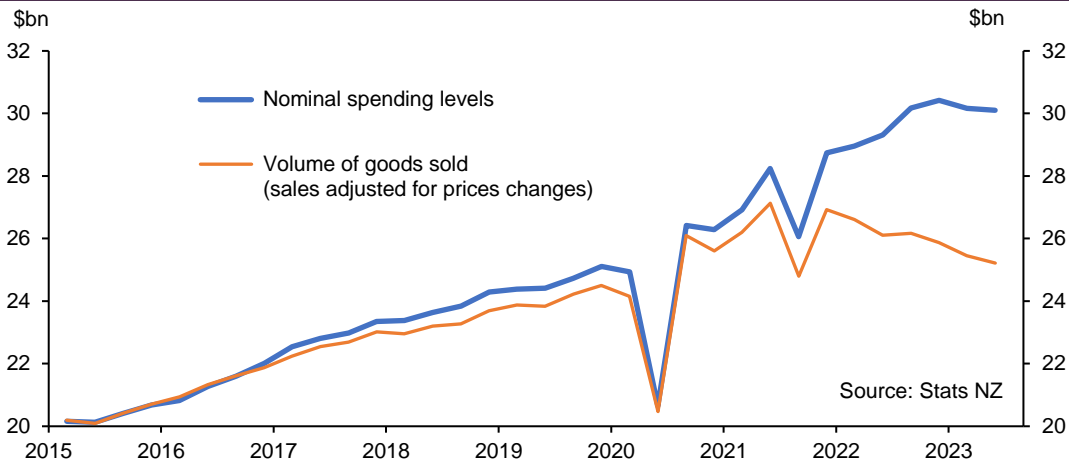
Financial pressures continuing to mount

- Large numbers of borrowers have now rolled onto higher rates. The average interest rate on outstanding residential mortgages is estimated to have risen by around 140 bps since mid-2022.
- As borrowers continue to roll on to higher fixed rates, the average mortgage rate that borrowers are paying is set to rise by a further 140 bps over the year ahead.
- Combined with increases in living costs, higher borrowing costs will be a significant drag on household spending and overall economic growth. The impact of rate rises will vary across households but is expected to be manageable for the economy as a whole.

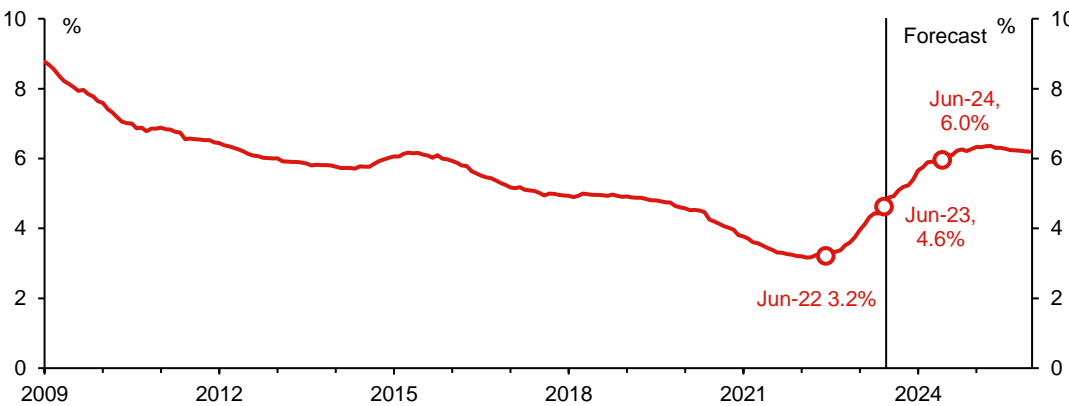
Population growth

- Net migration is expected to rise to an annual inflow of 90,000 people by the end of this year. That will see population growth rising from just 0.6% at the end of 2022 to 2.3% by the close of this year
- The rise in population inflows will add to demand for many consumer goods and housing and will also add to the size of the labour force.

Quarterly retail spending



'Effective' average mortgage rate*



*The 'Effective mortgage rate' is an estimate of the average interest rate borrowers are actually paying. It accounts for the fact that the vast majority of borrowers fix their mortgages, rather than paying the interest rates that are currently on offer.

Source: Data are Westpac estimates.

Economic forecasts (as at 28 August 2023)

GDP components	Quarterly % change				Annual average % change			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
GDP (production)	0.8	0.1	0.0	0.0	6.0	2.7	1.1	0.3
Private consumption	-1.1	0.5	0.4	0.3	7.5	3.0	1.3	1.2
Government consumption	-0.2	-0.3	0.3	-0.5	8.2	4.5	-2.0	-0.3
Residential investment	-0.5	-0.9	-2.5	-3.0	8.0	1.1	-1.2	-8.7
Business Investment	3.7	0.1	-0.7	-1.1	14.6	5.2	6.1	-2.2
Exports	11.0	-2.4	1.3	1.9	-2.7	0.0	11.6	6.2
Imports	-0.5	0.9	1.1	1.0	15.1	5.3	1.7	3.8

Economic indicators	Quarterly % change				Annual % change			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
Consumer price index	1.1	2.0	0.5	0.7	5.9	7.2	4.9	2.9
Employment change	1.0	0.3	0.0	0.0	3.3	1.7	2.4	0.1
Unemployment rate	3.6	3.8	4.3	4.7	3.2	3.4	4.3	5.2
Labour cost index (all sectors)	1.1	1.1	1.0	0.8	2.6	4.1	4.2	3.3
Current account balance (% of GDP)	-8.0	-8.2	-7.8	-7.3	-5.7	-8.7	-7.8	-6.0
Terms of trade	-2.5	-2.0	0.8	2.5	2.8	-4.2	-5.2	5.2
House price index	0.5	1.1	0.7	1.5	27.1	-11.2	-1.0	7.7

Financial forecasts	End of quarter				End of year			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
90 day bank bill	5.62	5.70	5.85	5.85	0.82	4.26	5.85	5.35
2 year swap	5.18	5.64	5.49	5.29	2.08	5.10	5.49	4.58
5 year swap	4.44	4.84	4.74	4.62	2.46	4.67	4.74	4.31
10 year bond	4.27	4.50	4.45	4.30	2.39	4.31	4.45	3.95
TWI	70.9	71.5	71.5	70.9	74.3	70.8	71.5	71.0
NZD/USD	0.62	0.62	0.63	0.63	0.70	0.60	0.63	0.66
NZD/AUD	0.93	0.93	0.93	0.92	0.95	0.92	0.93	0.89

Contact us

Contacts	
Ben Turner Treasurer Westpac New Zealand Limited 16 Takutai Square Auckland 1010, New Zealand Phone: (64 9) 348 9995 Email: ben.turner@westpac.co.nz	Liam Cleary Executive Director, Head of Funding Balance Sheet and Securitisation Westpac New Zealand Limited 16 Takutai Square Auckland 1010, New Zealand Phone: (64 9) 336 9924 Email: liam.cleary@westpac.co.nz



WNZL
<p>Please visit our investor websites:</p> <p>https://www.westpac.co.nz/about-us/investor-centre/</p> <p>https://www.westpac.com.au/about-westpac/investor-centre/fixed-income-investors/westpac-securities-nz-ltd/</p> <ul style="list-style-type: none">• Funding and Securitisation Programmes• WNZL Disclosure Statements• WSNZL Financial Statements

Disclaimer

The material contained in this presentation is general background information on Westpac Securities NZ Limited (“WSNZL”), and Westpac New Zealand Limited (“WNZL”) current as at September 2023 unless otherwise specified.

By attending or reading the presentation (as applicable), you are deemed to have agreed to the following obligations and restrictions.

This presentation may not be reproduced, distributed or transmitted to any person without the express consent in writing of WNZL and it is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or regulation. It does not constitute a prospectus, offering memorandum or offer of securities.

The information is given in summary form and does not purport to be complete. It does not purport to be comprehensive nor render any form of legal, tax, investment, accounting, financial or other advice. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Certain information in this presentation has been sourced from third parties. WNZL takes no responsibility for the accuracy or completeness of such information. To the maximum extent permitted by law, neither WNZL nor any of its affiliates, shareholders, directors, officers, partners, employees, advisers or agents or any other person involved in the preparation of this presentation accept any liability for any loss or damage arising from any use or reliance on anything contained in, or omitted from, this presentation.

The information contained in this presentation is based on management’s current information and reflects management’s view of other factors, including a wide variety of significant business, economic and competitive risks and uncertainties. Certain data herein may involve underlying estimates, assumptions and judgments when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions. Any change in such estimates, assumptions and/or judgments resulting from new information or from changes in circumstances or experience could result in WSNZL or WNZL incurring losses greater than those anticipated or provided for.

Information contained in or otherwise accessible through the websites mentioned in this presentation does not form part of the presentation unless we specifically state that the information is incorporated by reference. All references in this presentation to websites are inactive textual references and are for information only.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning agency and any rating should be evaluated independently of any other information.

All amounts are in New Zealand dollars unless otherwise indicated. All financial data in this presentation is as at 31 March 2023 unless otherwise stated.

UK and EEA

This presentation may only be distributed in the European Economic Area or the UK to persons who are “qualified investors” as defined in the EU Prospectus Regulation or the UK Prospectus Regulation, as the case may be. The information contained in this presentation is given in confidence and you should not engage in any behaviour which would or might amount to market abuse for the purposes of the Market Abuse Regulation ((EU) 596/2014), including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

MiFID II product governance / target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for any securities is eligible counterparties and professional clients only, each as defined in Article 4 (1) of Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of any securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a “Distributor”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

MiFIR product governance / target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the “UK MiFIR ”); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “UK distributor”) should take into consideration the manufacturers’ target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Disclaimer (continued)

Forward-looking Statements

This presentation contains certain forward-looking statements. WNZL cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the WNZL (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the WNZL's future financial position, income levels, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in banking and financial markets, projected expenditures, costs or savings, any commitments and targets (including, without limitation, environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations, group structure, IFRS impacts and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made.. Forward-looking statements may be affected by a number of influences and factors. A number of these influences and factors are beyond WNZL's control. As a result, WNZL's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and nonfinancial metrics or performance measures or ability to meet commitments and targets may differ materially from the statements or guidance set forth in WNZL's forward-looking statements. Additional risks and factors which may impact WNZL's future financial condition and performance are identified in WNZL's 2022 Annual Report and Disclosure Statement which is available at www.westpac.co.nz.