

# ASX Release

Level 18, 275 Kent Street  
Sydney, NSW, 2000

**1 November 2021**

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## **Westpac FY21 Presentation and Investor Discussion Pack**

Westpac Banking Corporation ("Westpac") today provides the attached Westpac FY21 Presentation and Investor Discussion Pack.

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This document has been authorised for release by Tim Hartin, General Manager & Company Secretary.



# Presentation and Investor Discussion Pack

## **2021 FULL YEAR FINANCIAL RESULTS**

FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2021

WESTPAC BANKING CORPORATION

ABN 33 007 457 141

Financial results throughout this presentation are in Australian dollars and are based on cash earnings unless otherwise stated. Refer page 38 for definition. Results principally cover the 2H21, 1H21 and 2H20 periods. Comparisons of 2H21 versus 1H21 (unless otherwise stated).

Simpler, stronger bank

 **Westpac** GROUP

# Westpac 2021 Full Year Results Index

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**Peter King**

Chief Executive Officer

# FY21 Results – Overview.



## Good progress on strategic priorities

- **Fix:** CORE program on track, strengthened financial crime
- **Simplify:** 4 businesses sold, digital mortgage origination platform implemented, progressing banking simplification
- **Perform:** Mortgage momentum, business lending stabilised, solid NZ performance, improved credit quality, FY24 cost base announced



## Earnings up

- Cash earnings \$5.4bn, up 105%. Cash ROE 7.6%
  - Cash earnings ex notable items \$7.0bn up 33%
  - Notable items \$1.6bn charge, down \$1.0bn
  - Positive credit impairment turnaround \$3.8bn



## Returning up to \$5.7bn to shareholders

- CET1 capital ratio 12.3%; well above 10.5% APRA unquestionably strong
- \$5.7bn capital to be returned to shareholders
  - Up to \$3.5bn off-market buy-back
  - \$2.2bn final dividend of 60cps – 70% payout ex notable items



# FY21 Earnings snapshot.

	FY21	FY20	Change FY21–FY20
<b>Reported net profit</b>	<b>\$5,458m</b>	<b>\$2,290m</b>	<b>138%</b>
<b>Cash earnings</b>			
Core earnings	<b>\$7,755m</b>	\$7,926m	(2%)
Cash earnings <sup>1</sup>	<b>\$5,352m</b>	\$2,608m	105%
Impairment (charge)/benefit	<b>\$590m</b>	(\$3,178m)	Large
Cash EPS <sup>2</sup>	<b>146.3c</b>	72.5c	102%
Return on equity <sup>3,4</sup>	<b>7.6%</b>	3.8%	3.7ppts
Dividend per share	<b>118c</b>	31c	Large
<b>Cash earnings excluding notable items<sup>5</sup></b>			
Core earnings	<b>\$9,458m</b>	\$10,871m	(13%)
Cash earnings <sup>1</sup>	<b>\$6,953m</b>	\$5,227m	33%
Cash EPS <sup>2</sup>	<b>190.1c</b>	145.4c	31%
Return on equity <sup>3,4</sup>	<b>9.8%</b>	7.7%	2.1ppts

<sup>1</sup> Cash earnings is a measure of profit generated from ongoing operations for further detail see page 38 and 122. <sup>2</sup> Cash EPS is cash earnings divided by weighted average ordinary shares. <sup>3</sup> Return on equity is cash earnings divided by average ordinary equity. <sup>4</sup> Cash earnings basis. <sup>5</sup> References to notable items in this slide include provisions related to AUSTRAC proceedings, provisions for estimated customer refunds and payments, costs and litigation, write-down of intangible items, and asset sales/revaluations.

# Our strategy.

## Purpose

Helping Australians and New Zealanders Succeed

## Markets, products, customers

Banking for consumer, business and institutional customers

## Strategic Priorities



### FIX

#### Address outstanding issues

- Risk management
- Risk culture
- Customer remediation & pain points
- IT complexity



### SIMPLIFY

#### Streamline & focus the business

- Exit non-core businesses and consolidate international
- Reduce products, simplify customer offers
- Lines of Business operating model
- Transform using digital and data to enhance the customer experience



### PERFORM

#### Sustainable long-term returns

- Customer service – market leading
- Growth in key markets
- Reset cost base
- Enhance returns, optimise capital
- Strong balance sheet
- **Climate change - focus on net zero**

## Values HELPS

Helpful

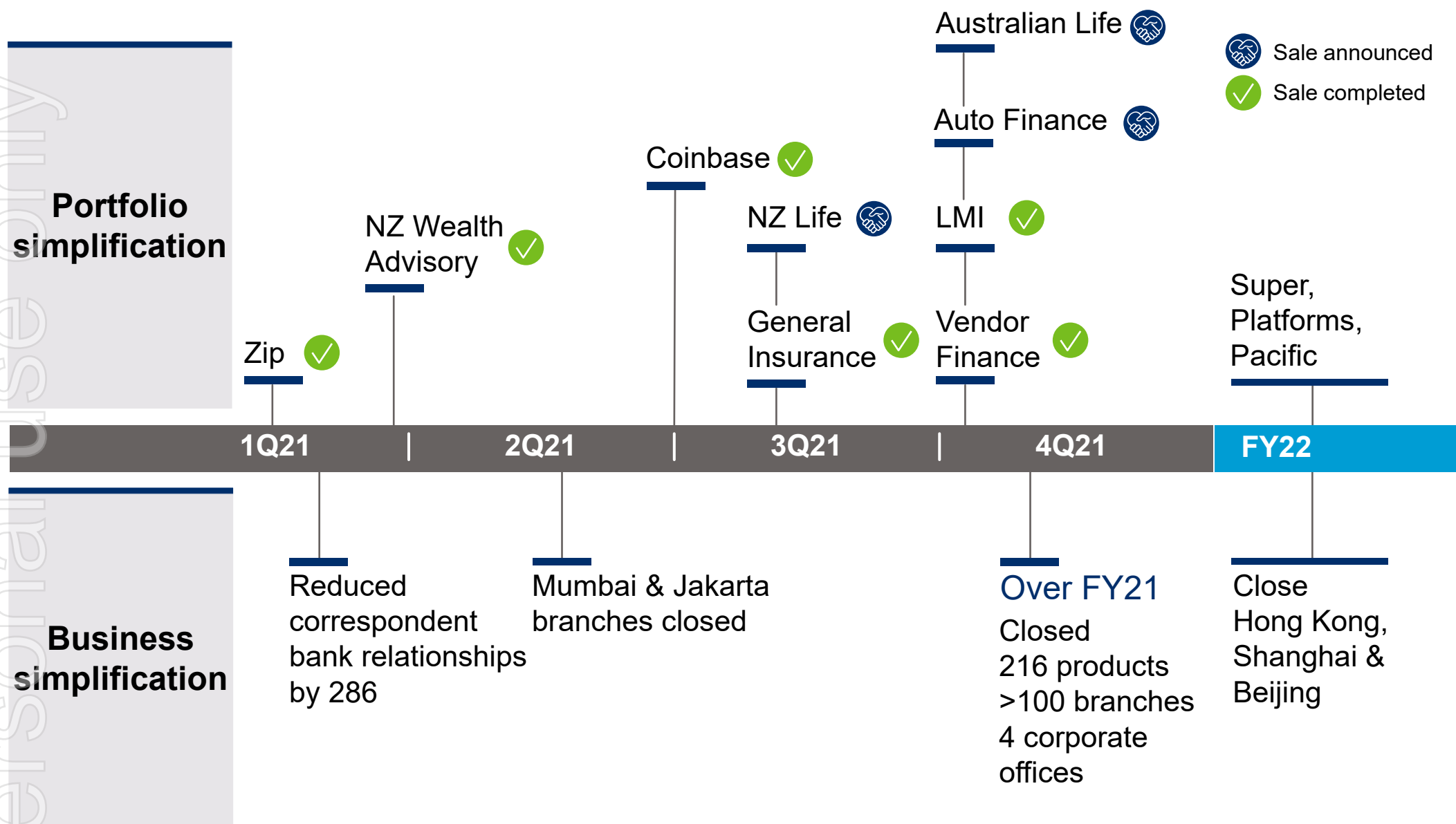
Ethical

Leading Change

Performing

Simple

# A simpler, stronger bank.





# Changing the way we work.



## Performance culture

### **Faster decision making, focus on returns, highly engaged workforce**

- New management team in place
- Organisational Health Index (OHI) score increased 4 points to 74 over 2021
- Significant improvement in Leadership, Accountability and Direction in OHI outcomes scores



## Improving risk culture

### **Management, control and remediation of risk**

- Significant lift in risk training
- High rated issues down 63%
- Addressed all matters in AUSTRAC's statement of claim
- End-to-end mapping of key customer processes to standardise risk management



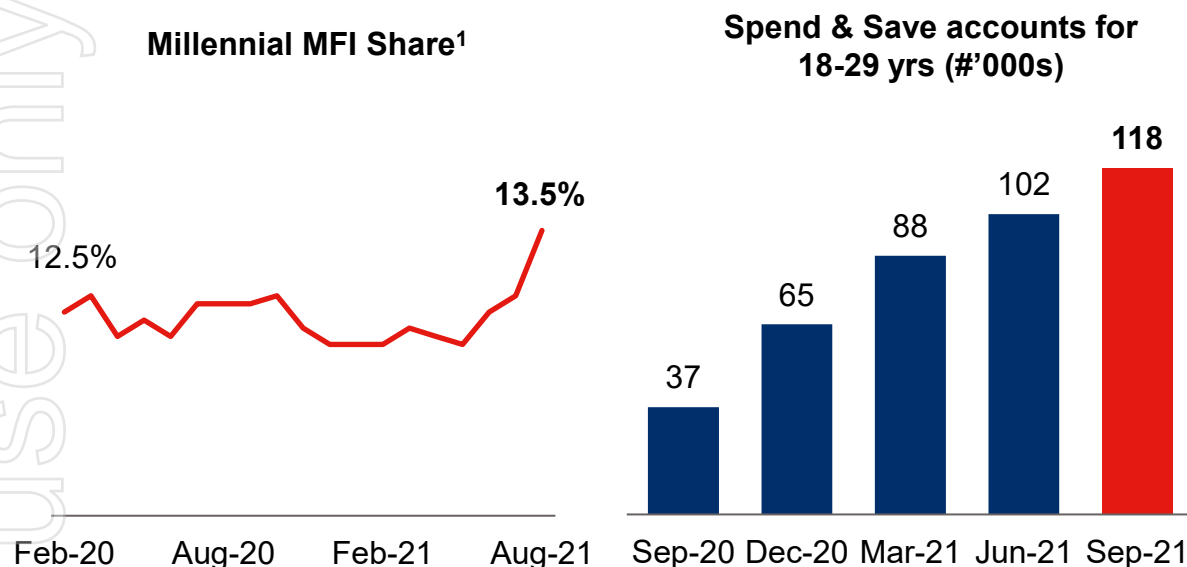
## Simplification

### **Simplify banking, become digital to the core**

- Digitising processes and systems
- Improving service
- Focused on banking in Australian and New Zealand

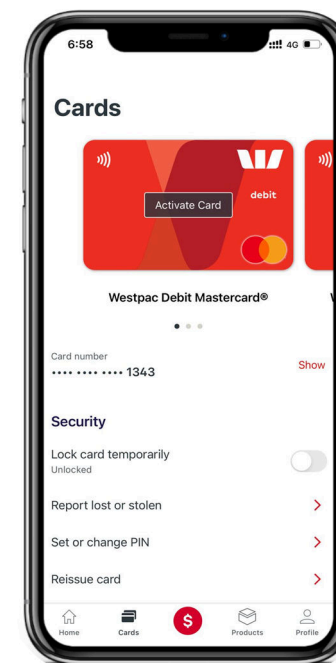
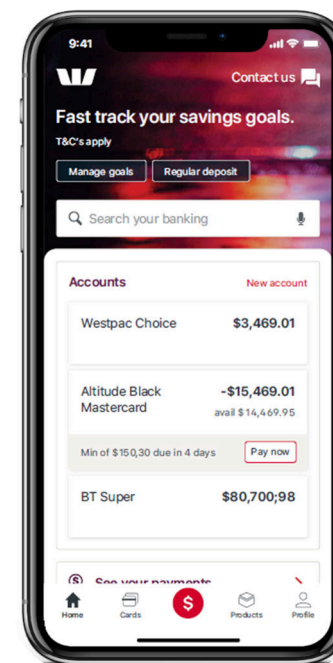
# Consumer – improved franchise strength.

## Customer acquisition



## Renewed Westpac App

- New iOS app rolled out
- Improved usability and new functions
- 145k accounts opened using new 5 minute process
- Westpac App rated #2 by Forrester survey
- Android version in pilot, FY22 rollout



## Digitising our card capabilities

- Moving cards from plastic to digital (tokenisation)
- Accelerating adoption of dynamic CVC, improving security
- Instant digital card set-up and replacement
- New products announced - Worldwide Wallet FX travel card, Flex zero interest credit card

<sup>1</sup> Main Financial institution for Millennial (18-34yr) Consumer customers, refer page 129 for details of metric provider.

# Consumer – focused on speed.

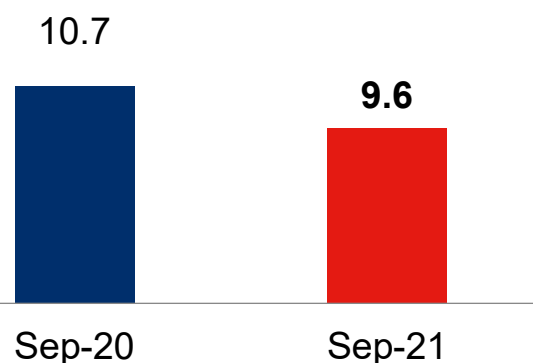
## Process improvements & digitisation

- Digital mortgage origination platform rolled out<sup>1</sup>
  - 90% of customers track applications digitally
  - 75% of customers accept loan contracts digitally and 50% of valuations are automated
- Eliminated 93 products
- Over 70 process & policy improvements

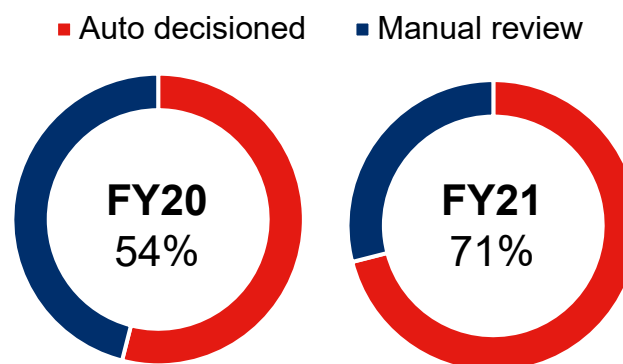
## Underway in FY22

- Digital mortgage origination platform rolling out to brokers
  - ~10% of Brokers using new platform
  - Majority on platform by end of 1H22
- Increase the proportion of loans via digital
- Ongoing focus to improve approval times
- Continuing to review credit and operational processes

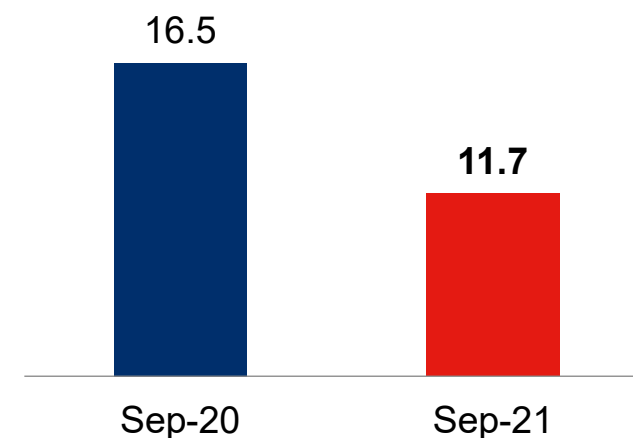
1<sup>st</sup> party median approval time<sup>2</sup> (days)



Loans auto-credit decisionised (%)<sup>1</sup>



3<sup>rd</sup> party median approval time<sup>2</sup> (days)



<sup>1</sup> Digital mortgage origination platform. <sup>2</sup> Based on time from application start (for 1st party) or application submitted (for 3rd party) to unconditional approval and is the median time for applications approved within the month.

# Business – lending stabilised.

## Simplified processes – faster decisions

- >100 process and policy improvements
- Reduced average time to decision ~3 days to 13 in 2H21

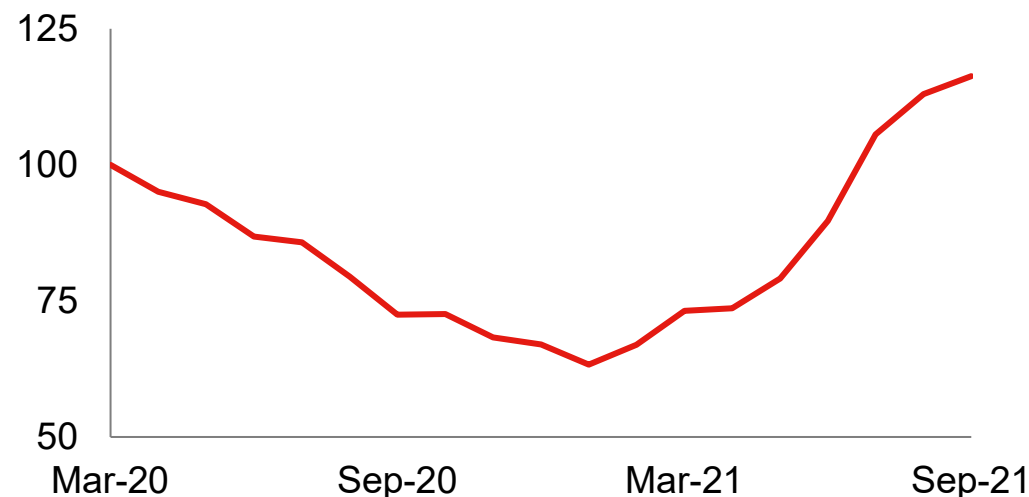
## Changed credit policy

- Policy largely restored to pre-COVID-19 settings
- Simplified sector credit policies

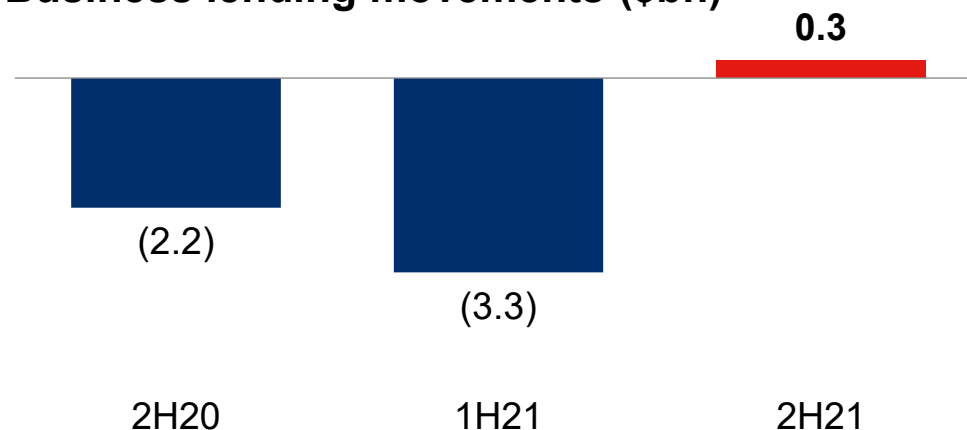
## More time with customers

- Additional bankers
- Improved banker productivity - new digital application & credit assessment tools
- Streamlined annual reviews

## Business lending settlements (rolling six months, indexed Mar-20 = 100)



## Business lending movements (\$bn)



# WIB – refocused business.

## Addressed issues

- Closed out all matters in AUSTRAC's statement of claim
- Improved real-time screening for Anti Money-Laundering

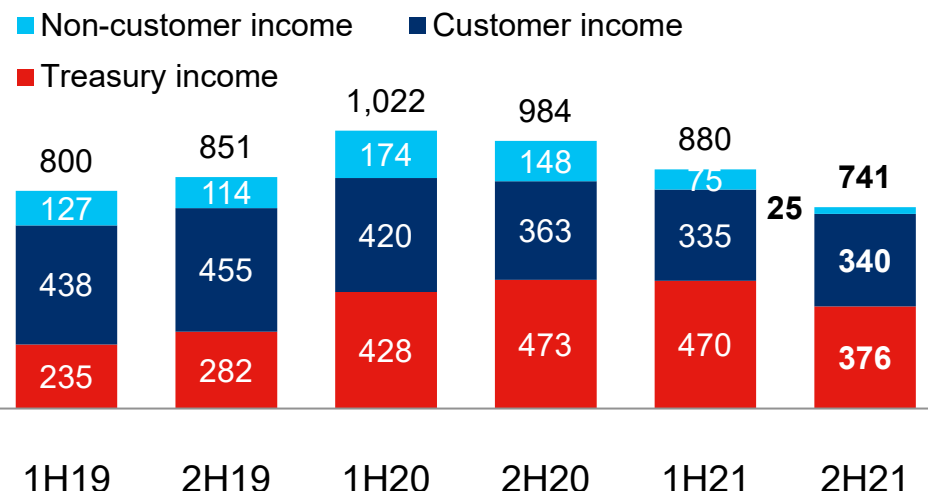
## Simplified business – reduced risks

- Closed 2 international offices 3 to go
- Closed 73 products (27%), mainly in Markets
- Closed energy desk

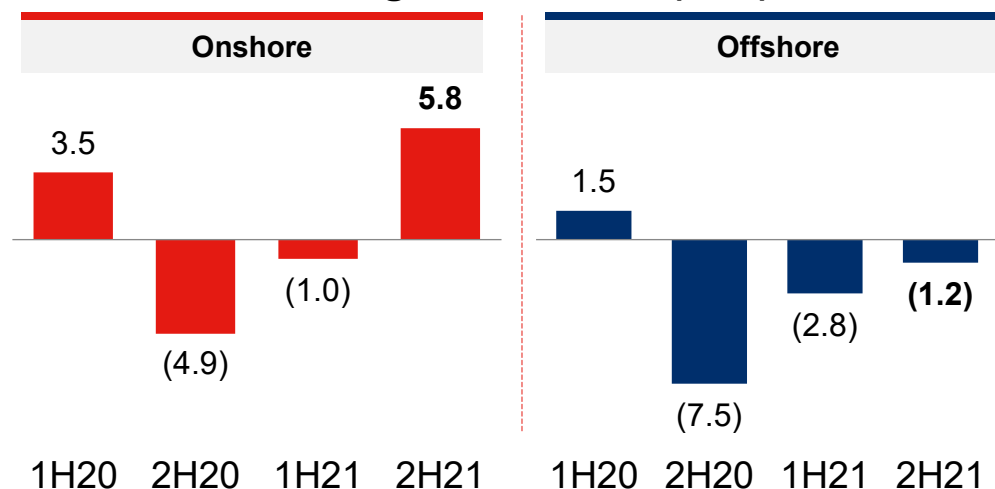
## Responded to challenges

- Building ESG financing
- Refreshed markets team, building capability, growing FX
- 2H21 lending up 7% from growth in retail, industrial and structured finance

## Treasury & Markets income (\$m)<sup>1</sup>



## Institutional lending movements (\$bn)



<sup>1</sup> Excludes the impact of Derivative Valuation Adjustments. Treasury income is presented in Group Businesses in Westpac's Full Year 2021 Financial Result.

# NZ – strong contribution.

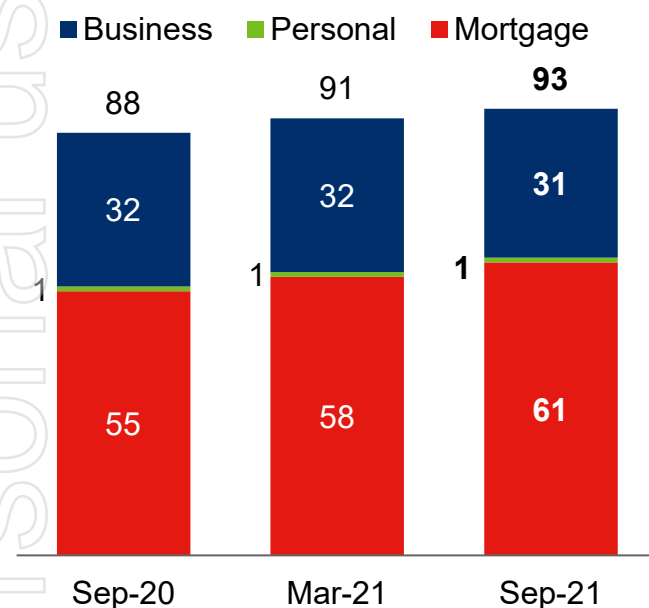
## Strengthening foundations

- Strong balance sheet, well capitalised
- Addressing risk and regulatory issues

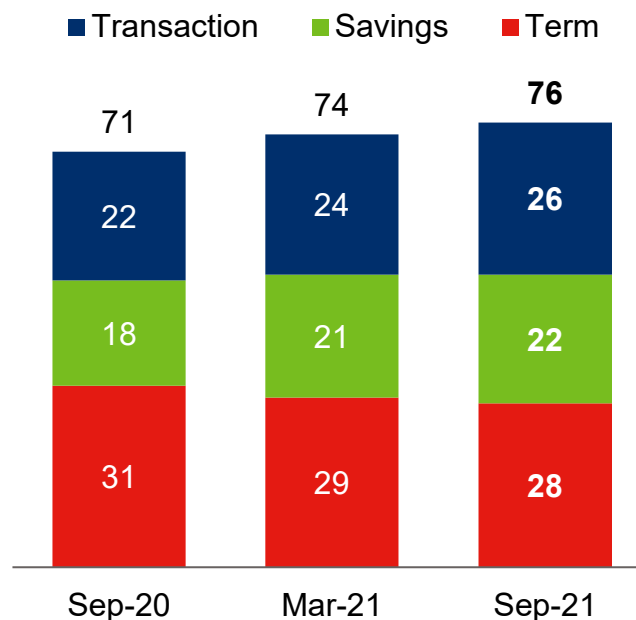
## Simplified portfolio

- Divested Wealth Advisory and announced sale of Life Insurance businesses
- Digital banking experience being refreshed

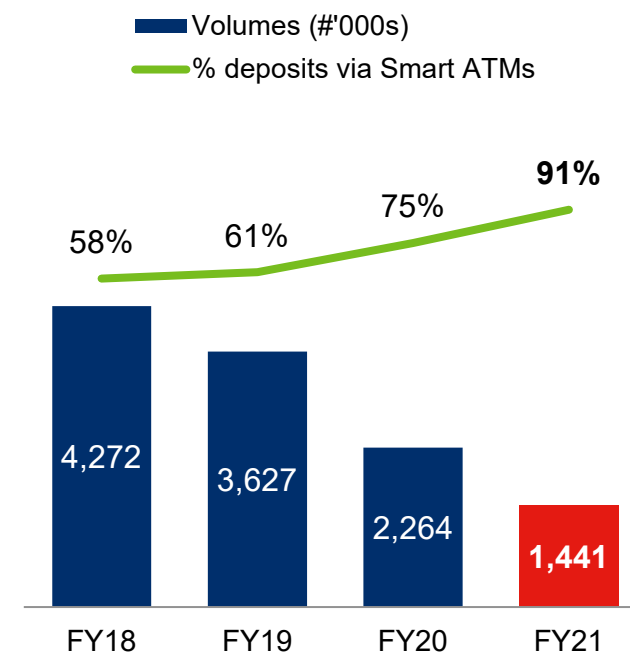
### Loans (NZ\$bn)



### Deposits (NZ\$bn)



### Branch interactions

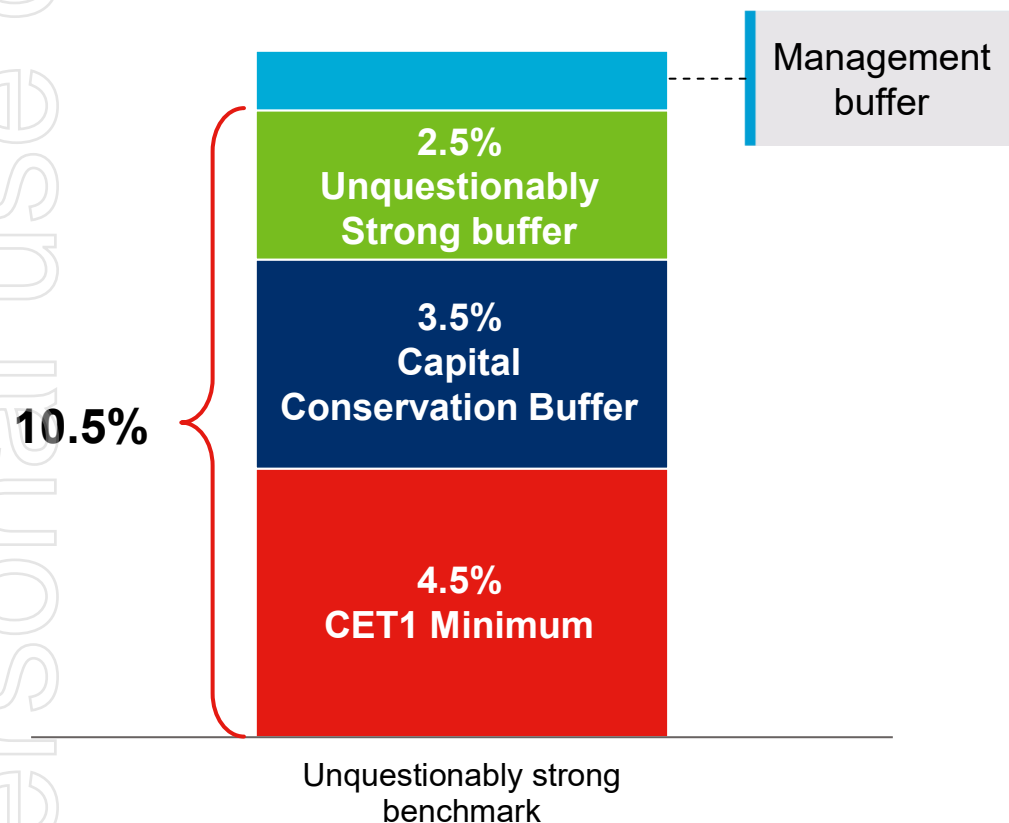




# Capital management.

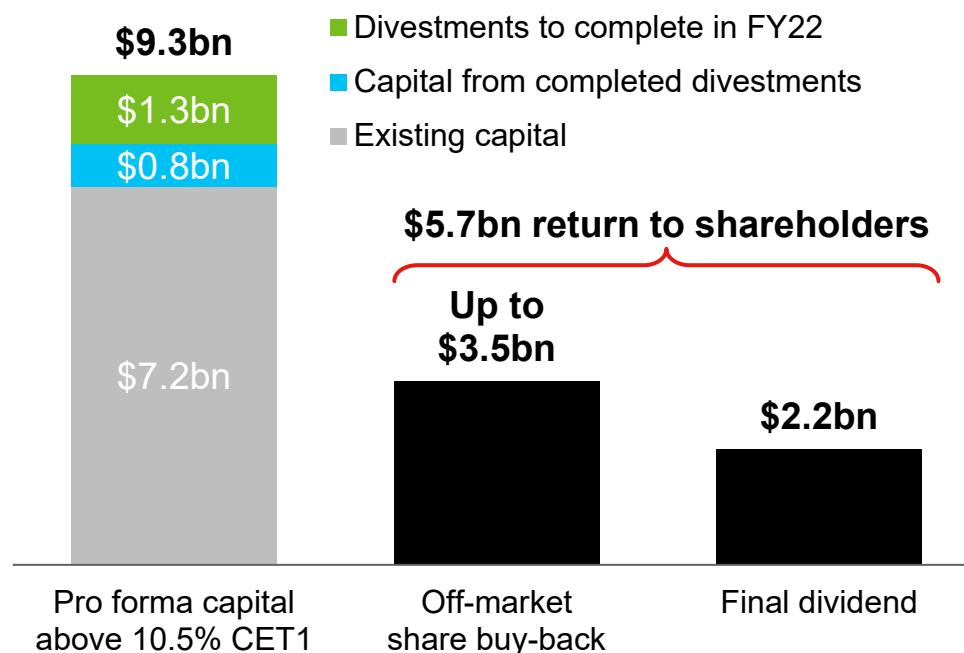
## Operating capital considerations

- Still working to APRA's unquestionably strong 10.5%
- Management buffer and operating range will be reset once APRA rules finalised



## Strong capital

- Pro forma CET1 of 11.8% after buy-back and expected asset sales
- Off-market share buy-back of up to \$3.5bn
  - Improves capital efficiently and quickly
  - Supports future EPS, DPS and returns
  - Distributes surplus franking credits
  - Reduces CET1 capital ratio by 80bps

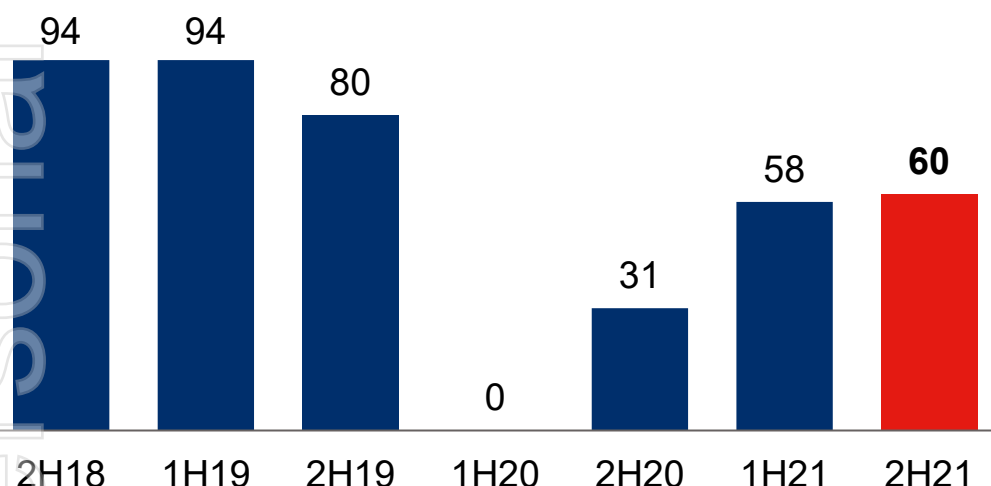


# Fully franked final dividend – 60 cps.

## Dividend considerations

- Medium term outlook for return and growth
- Sustainable payout ratio ~60-75% (ex notable items)
- Final dividend yield 4.6%<sup>1</sup>, fully franked 6.6%<sup>1</sup>
- Seek to neutralise DRP (arrange to purchase shares on market), no discount on DRP market price

## Dividends per ordinary share (cents)



## Dividend payout ratio (%)

	Historic (FY17 – FY19) <sup>2</sup>	1H21	2H21	FY21
Cash earnings	83	60	121	81
Cash earnings (ex notable items) <sup>3</sup>	77	56	70	62

<sup>1</sup> At 30 September closing price of \$26.00. <sup>2</sup> Average payout ratio in each half over period. <sup>3</sup> References to notable items in this release include (after tax) provisions related to AUSTRAC proceedings, estimated customer refunds and payments, costs and litigation, write-down of intangible items, and asset sales/revaluations.

# Michael Rowland

Chief Financial Officer

# 2H21 results summary.

- Cash earnings down 49% from higher notable items
- Core earnings ex notable items down 15%
  - Margins down 9bps from competition and low rates
  - Treasury & Markets contribution down 16%
  - Costs up 9% mainly from Fix strategic priority
- Balance sheet strength maintained
  - Credit quality continues to improve
  - CET1 capital ratio 12.3%
  - Deposit to loan ratio 82%
- Clear path to \$8bn FY24 cost target

# Notable items and simplification impacts.

## Notable items

(\$m after tax)	FY20	FY21	2H21
AUSTRAC proceedings	(1,442)	-	-
Remediation and litigation	(440)	(448)	(172)
Write-down of goodwill & other assets	(614)	(1,164)	(965)
Asset sales / revaluation	(123)	11	(182)
<b>Total cash earnings impact</b>	<b>(2,619)</b>	<b>(1,601)</b>	<b>(1,319)</b>

- Lower remediation provisions in Business and Consumer, higher in New Zealand and Advice
- Provisions for outstanding regulatory investigations

- Write-down of WIB goodwill, capitalised software and other assets

- Separation/transaction costs for divestments
- Partly offset by gain on sale of General Insurance and Pacific write-back

## Contribution of businesses sold

P&L contribution (\$m) <sup>1</sup>	1H21	2H21
Net interest income	9	5
Non-interest income	64	128
Expenses	(9)	(6)
<b>Core earnings</b>	<b>64</b>	<b>127</b>

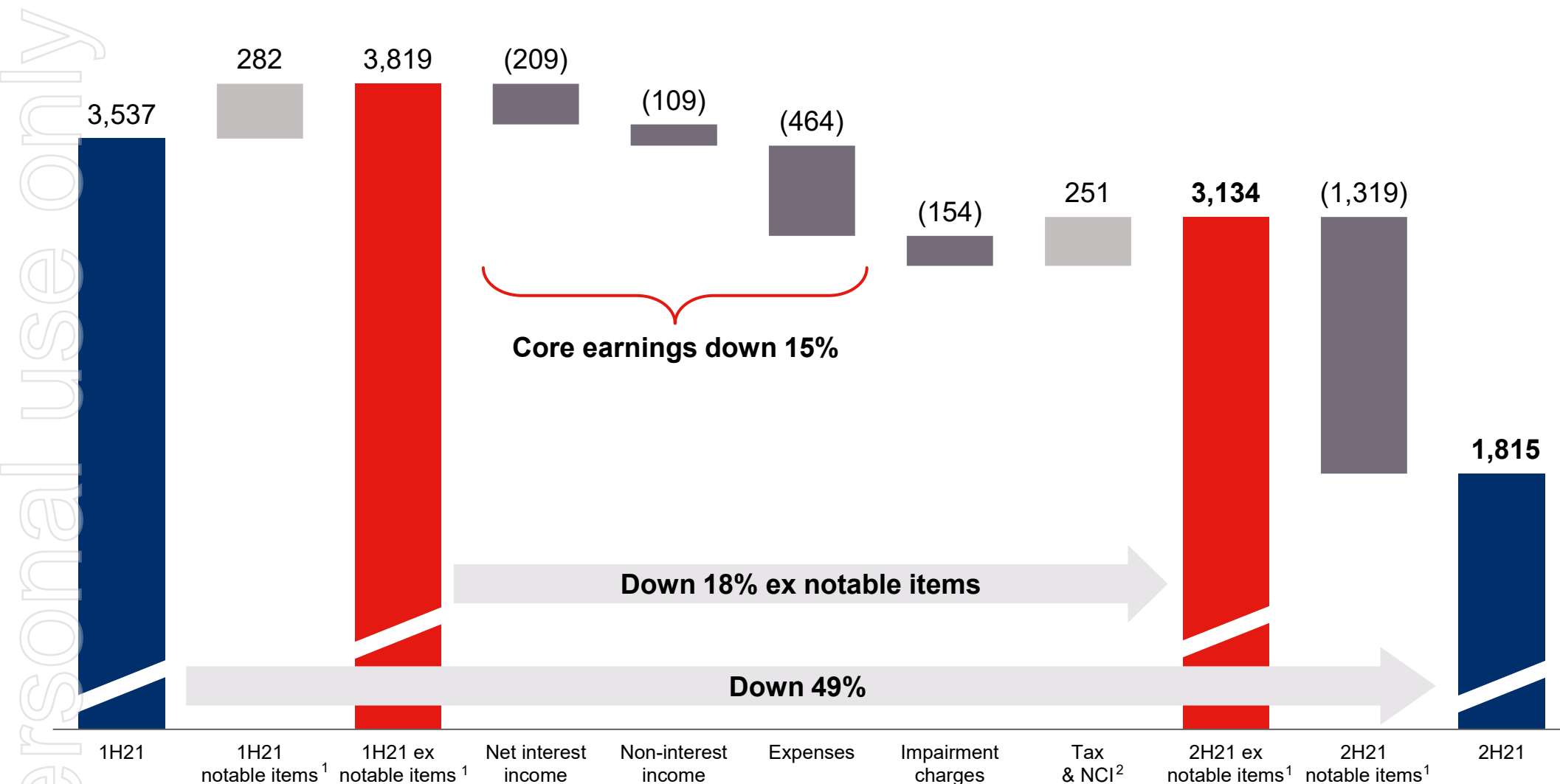
### Sales completed

- New Zealand Wealth Advisory
- General Insurance
- Lenders Mortgage Insurance
- Vendor Finance

<sup>1</sup> Contribution of businesses exited in respective period. For detail on the contribution of business under sale agreement and presented as Held for Sale refer to Westpac's 2021 Full Year Financial Results Announcement Section 5 Note 9.

# 2H21 earnings.

## Cash earnings (\$m) 2H21 – 1H21

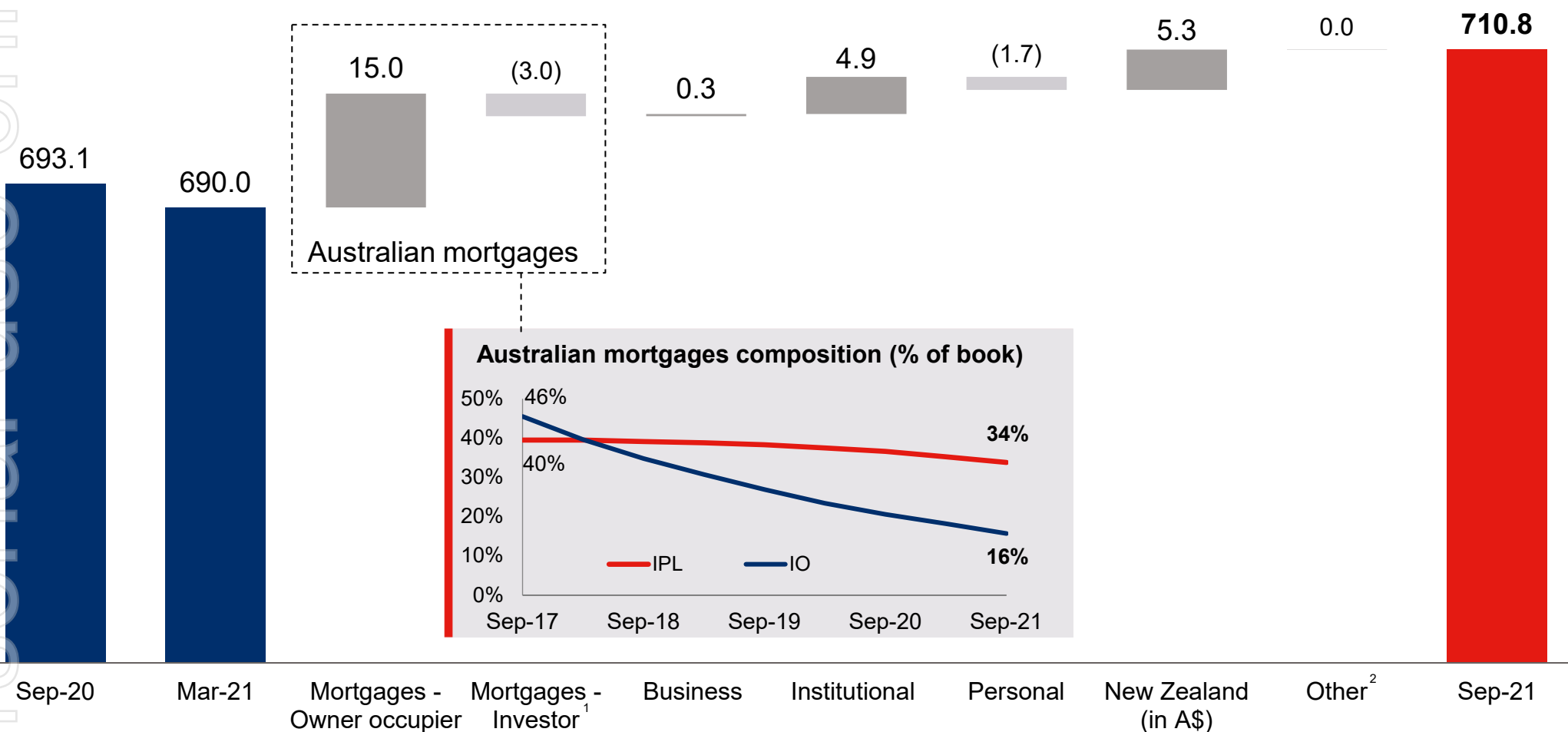


<sup>1</sup> References to notable items in this release include (after tax) provisions related to estimated customer refunds and payments, costs and litigation, write-down of intangible items, and asset sales/revaluations. <sup>2</sup> NCI is non-controlling interests.



# Lending dynamics.

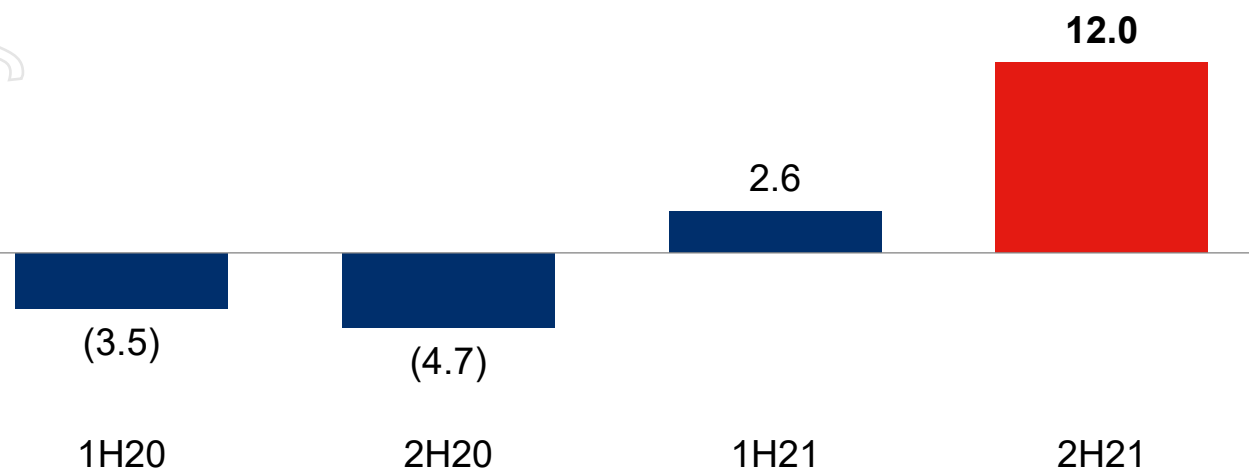
## Loans (\$bn)



<sup>1</sup> Includes Line of Credit and other mortgage movements. <sup>2</sup> Includes provisions.

# Australian mortgages.

Mortgage lending movements (\$bn)



Mortgage lending flows (\$bn)



<sup>1</sup> Includes Line of Credit.

Mortgage annualised change (%)

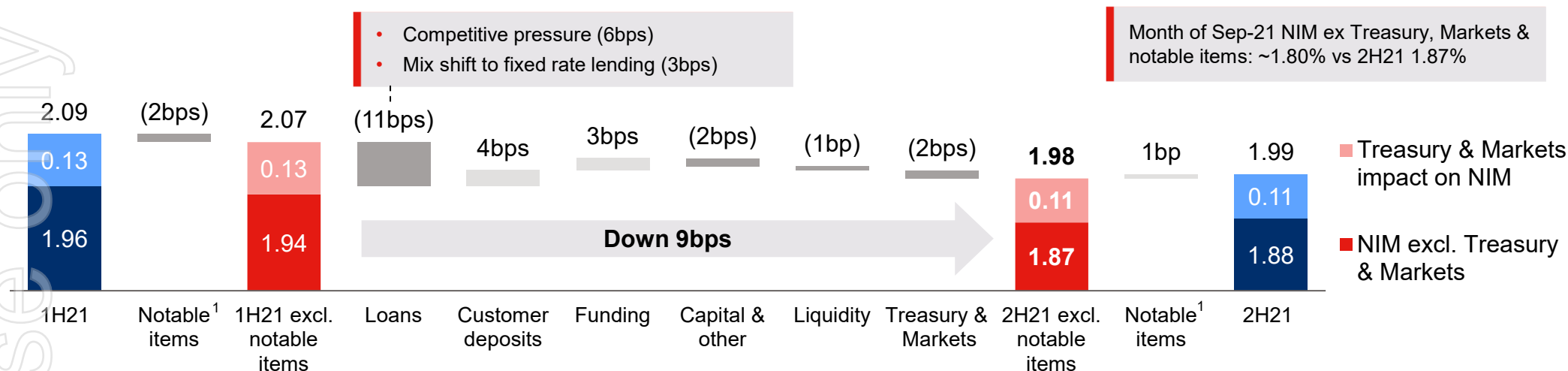
	2H20	1H21	2H21
Owner occupied	2	7	11
Investor <sup>1</sup>	(8)	(7)	(4)

Mortgage composition (% of total)

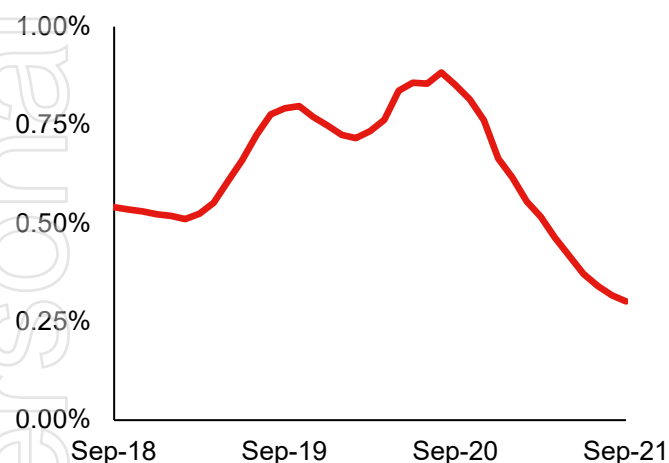
	Stock Sep-20	Stock Sep-21	Flow 2H21
Interest only	21	16	14
Fixed rate	28	38	52
Investor	37	34	28

# Margins.

## Net interest margin (% and bps)

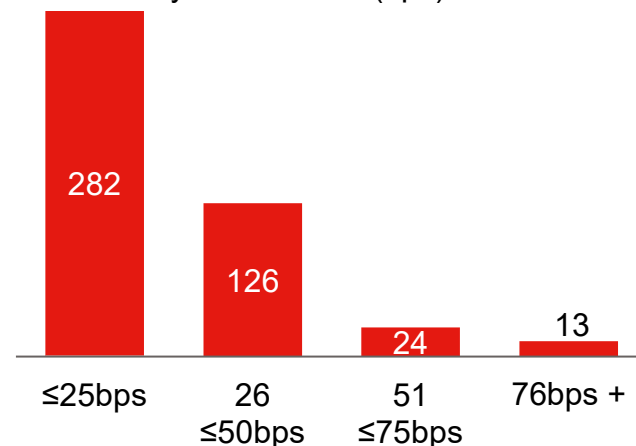


## TD portfolio cost over benchmark<sup>2</sup> (%)

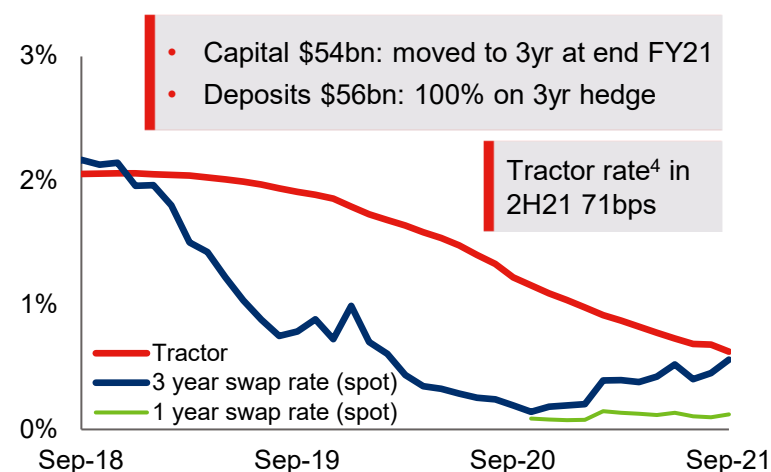


## Australian deposits<sup>3</sup> (\$bn)

Balances by interest rate (bps)



## Tractor rate<sup>4</sup> (%)



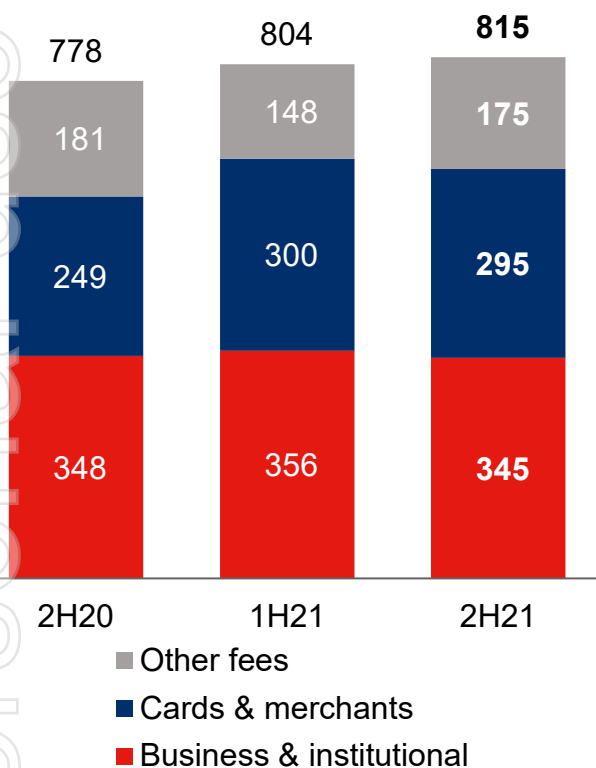
1 References to notable items include, estimated customer refunds and payments. 2 Benchmark is based on market rates with terms consistent with the duration of the term deposits. 3 Excludes mortgage offset balances. 4 Tractor is the blended average rate earned on hedged capital and low rate deposits.

# Non-interest income – down 6% excluding notable items.<sup>1</sup>

## Net fees<sup>1</sup> up \$11m

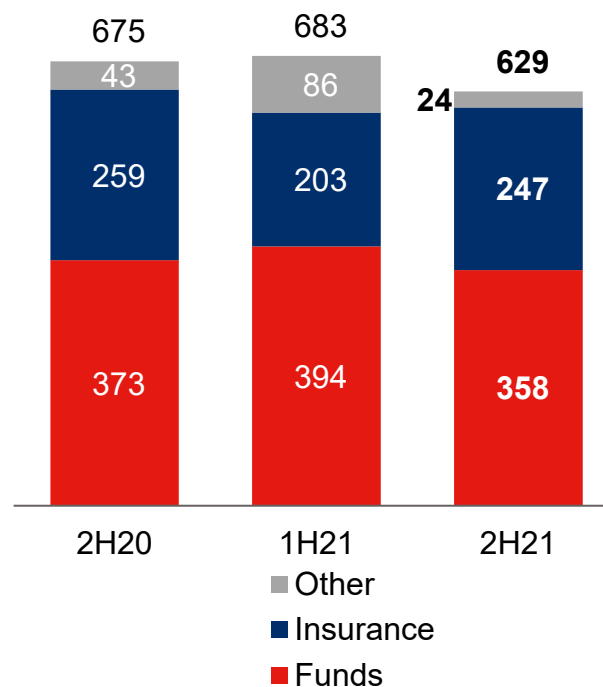
▲ 1%

- Higher institutional fees from lending and undrawn line fees
- Lower fees from correspondent banking as we closed relationships



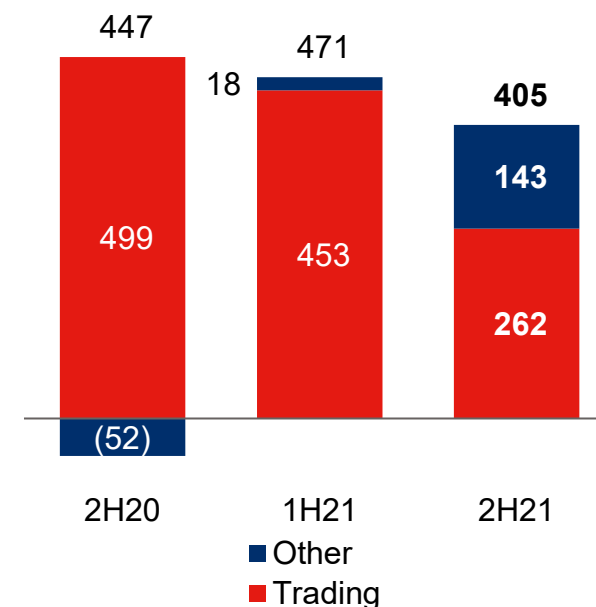
## Wealth & insurance<sup>1</sup> down \$54m ▼ 8%

- Higher LMI and General Insurance
- Funds income down from repricing and customer migration to Panorama
- Other income lower, 1H21 included \$73m Life policyholder revaluation benefit



## Trading and other<sup>1</sup> down \$66m ▼ 14%

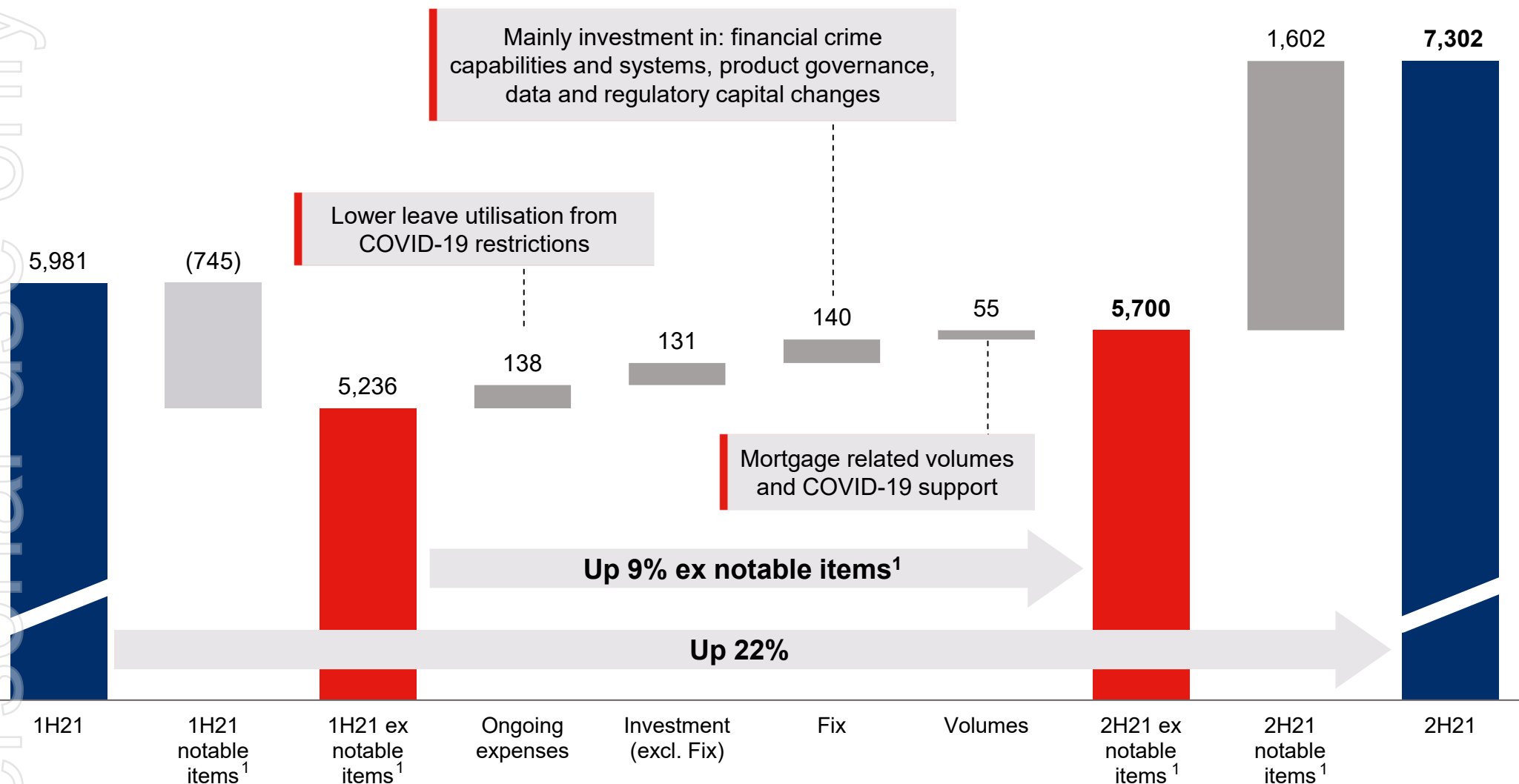
- Difficult trading conditions
- Other income benefitted by fintech revaluations \$29m
- \$86m of Markets related income included in Other income



<sup>1</sup> Excluding notable items. References to notable items in this slide include provisions related to estimated customer refunds, costs and litigation and payments, and asset sales/revaluations.

# 2H21 expenses.

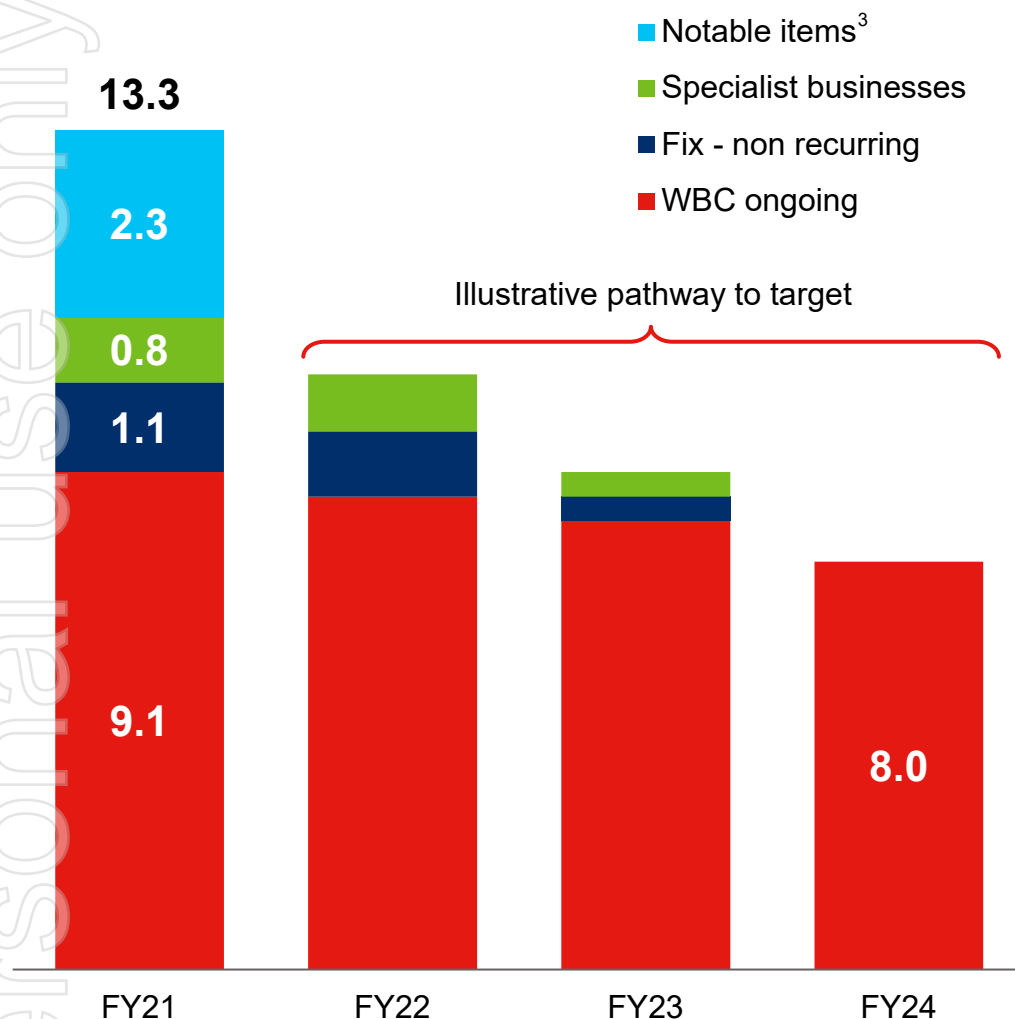
## Expenses (\$m) 2H21 – 1H21



<sup>1</sup> References to notable items in this slide include provisions related to estimated customer refunds and payments, costs and litigation, write-down of intangible items, and asset sales/revaluations.

# Clear path to \$8bn cost target.<sup>1</sup>

## Expenses (\$bn)<sup>2</sup>



## Drivers of cost out

### Reduce notable items

- Complete major Fix items
- Complete divestments

### Portfolio simplification

- Exit Superannuation, Investments & Platforms, and Westpac Pacific

### Business simplification

- Customer process digitisation
- IT network/domain consolidation
- Rationalise applications
- Reduce third party spend

### Organisational simplification

- Reduce property costs
- Reduce corporate headcount
- Remove exited business support costs

<sup>1</sup> This page contains 'forward-looking statements' and statements of expectation. Please refer to the disclaimer on page 131. <sup>2</sup> Illustrative profile for FY22/FY23 and subject to risks and uncertainties. <sup>3</sup> References to notable items in this slide include estimated customer refunds and payments, costs and litigation, write-down of intangible items, and asset sales/revaluations.



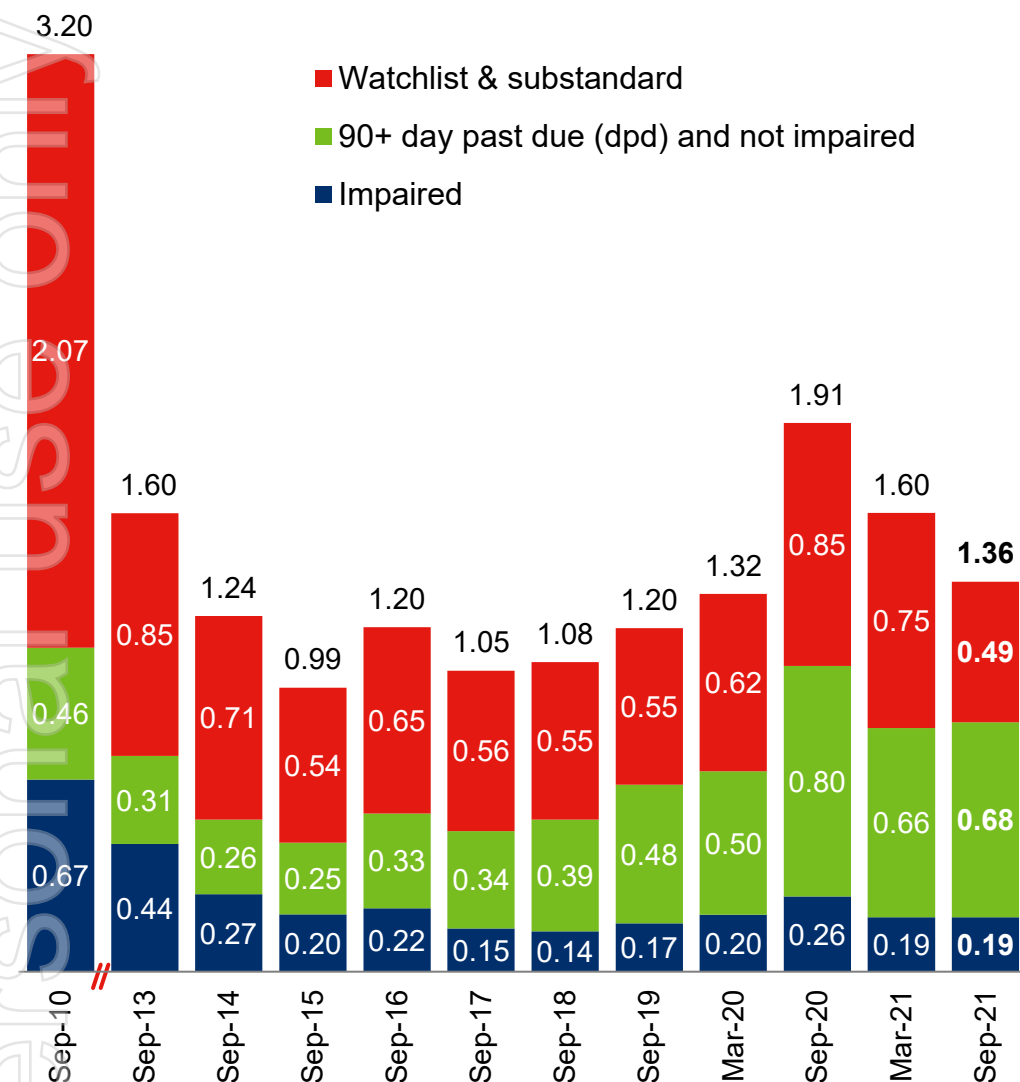
# Select cost reset targets.<sup>1</sup>

	Metric	Baseline	FY21	FY24
Portfolio simplification	<ul style="list-style-type: none"> <li>Sale of non-core businesses</li> <li>Completion of sales</li> </ul>	1 under sale agreement	3 under sale 4 completed	8 transactions completed
Business simplification	<ul style="list-style-type: none"> <li>Mortgages processed on digital origination platform<sup>2</sup></li> <li>Consumer sales via digital<sup>3</sup></li> <li>Branch transactions<sup>4</sup></li> <li>Number of products<sup>5</sup></li> </ul>	32% <sup>2</sup> 42% 29 million 1,191	86% <sup>2</sup> 45% 25 million 907	100% 70% ~40% less ~450
Organisational simplification	<ul style="list-style-type: none"> <li>Complete Fix spend</li> <li>Offshore locations<sup>6</sup></li> <li>Reduce third party and contractor spend &gt;\$200m per annum</li> <li>Reduce head office roles and corporate space ~ more than 20%<sup>7</sup></li> </ul>	\$1.1bn 8	\$1.1bn 6 \$139m Head office roles +6%	- 4 \$200m p.a (20%)

<sup>1</sup> This page contains 'forward-looking statements' and statements of expectation. Please refer to the disclaimer on page 131. <sup>2</sup> Percentage of home loan applications through digital mortgage origination platform for 1<sup>st</sup> party lending (excl. RAMS). FY24 target refers to both 1<sup>st</sup> and 3<sup>rd</sup> party across Consumer and Business. <sup>3</sup> Refer to page 129 for definition. <sup>4</sup> Reduction to FY24 represents decrease on baseline. <sup>5</sup> Includes products for sale and not for sale across Australia and New Zealand, except for Business Lending and Institutional products which are for sale only. <sup>6</sup> Represents international locations excluding New Zealand and Westpac Pacific. <sup>7</sup> Corporate Space represents head office and operations and excludes branches and business banking centres.

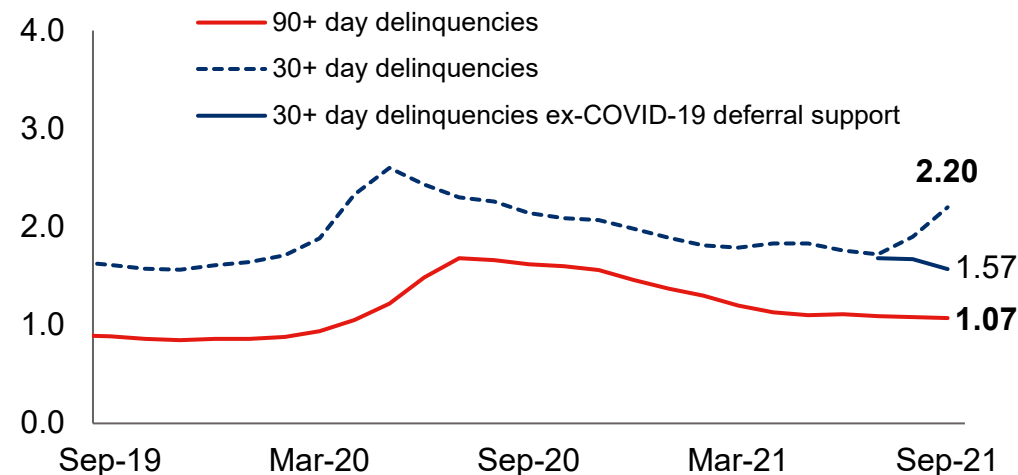
# Credit quality metrics improved.

## Stressed exposures as a % of TCE<sup>1</sup>

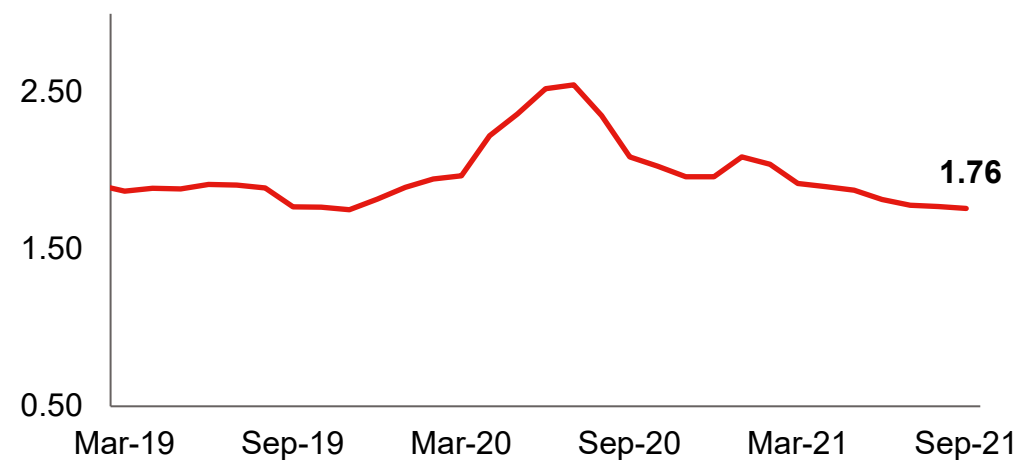


<sup>1</sup> TCE is total committed exposure.

## Australian mortgage delinquencies (%)

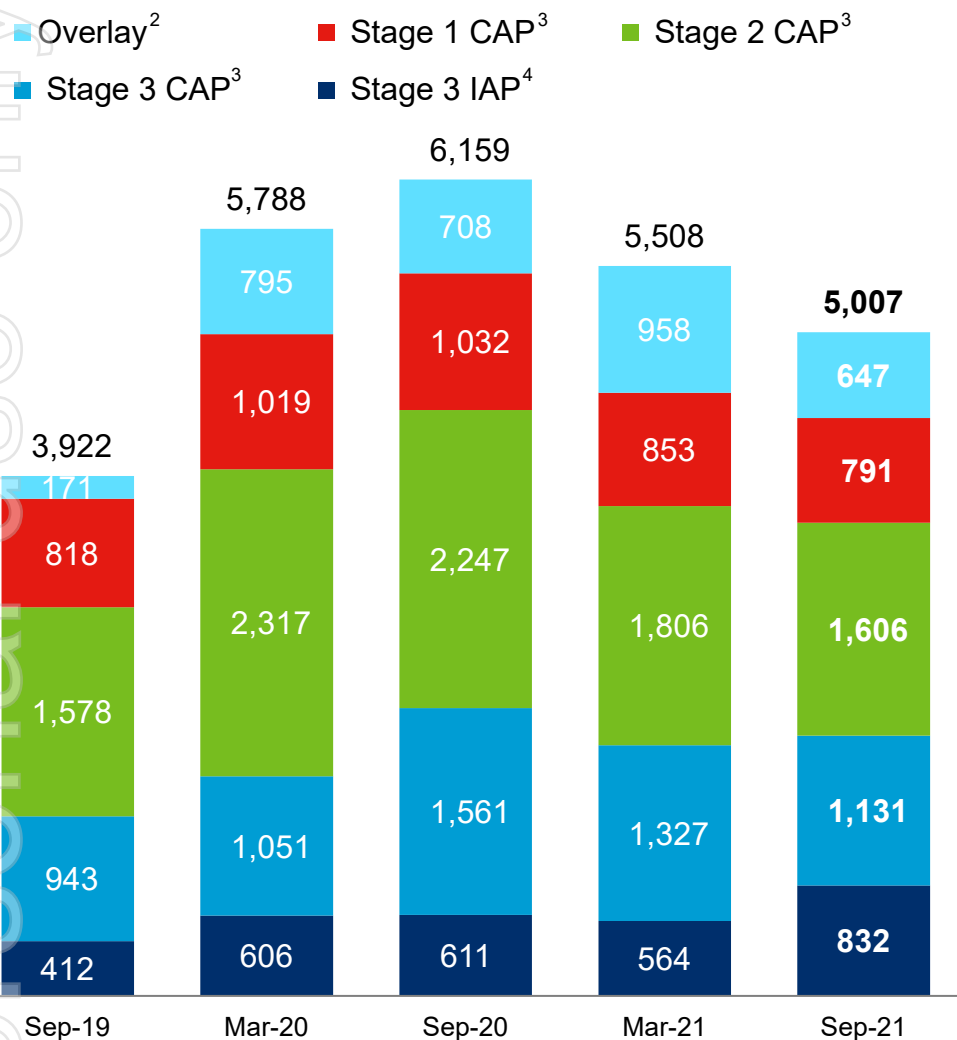


## Australian unsecured 90+ day delinquencies (%)



# Impairment provisions.

## Total impairment provisions<sup>1</sup> (\$m)



## Provision coverage

	Sep-19	Sep-20	Mar-21	Sep-21
Provisions to Credit RWA	107bps	171bps	159bps	<b>140bps</b>
Provisions to TCE	37bps	58bps	51bps	<b>44bps</b>
IAP to Impaired assets	45%	41%	47%	<b>54%</b>

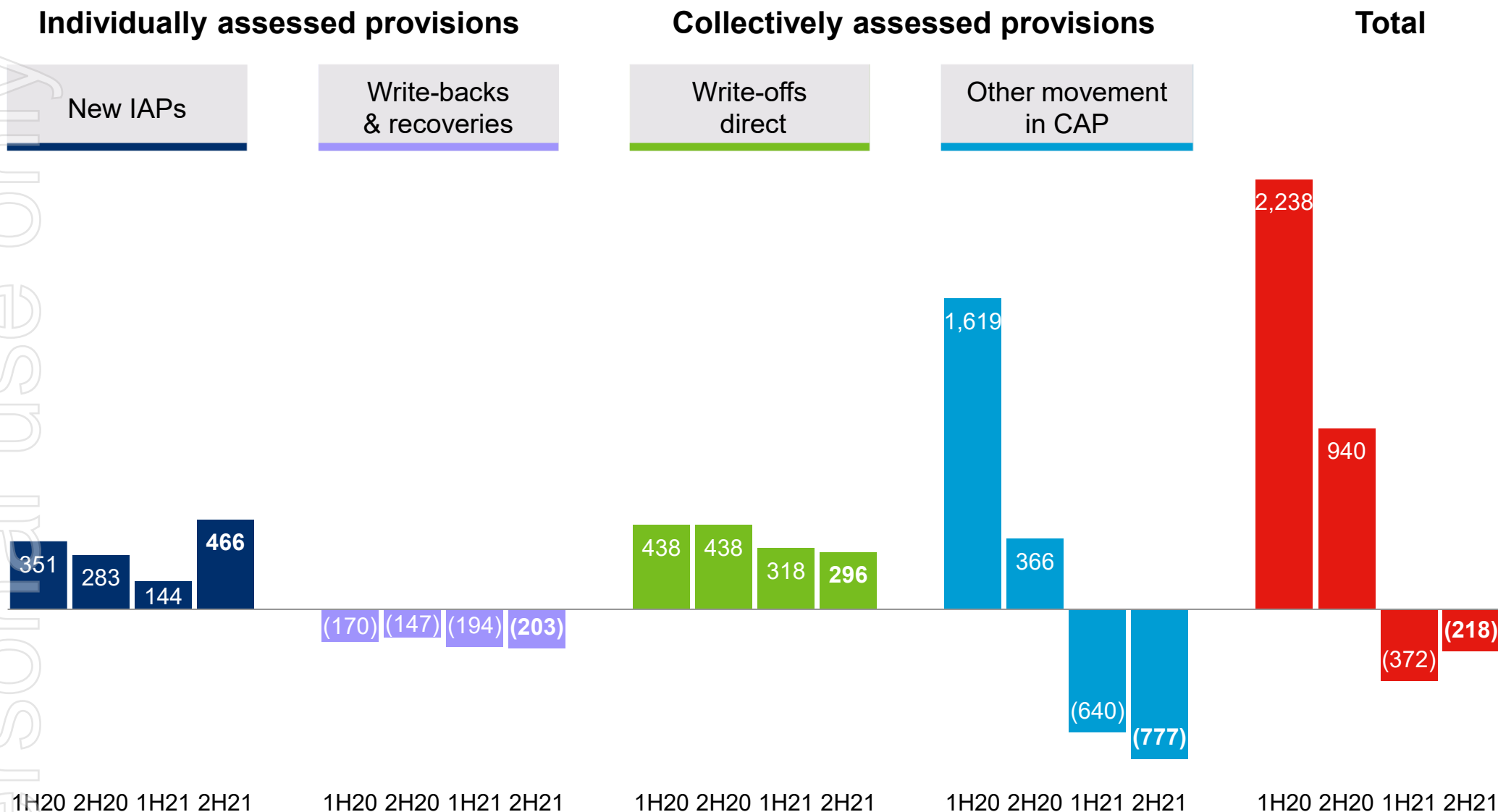
## Forecasts used in base case economic scenario<sup>3</sup>

	At Mar 2021		At Sep 2021	
	2021	2022	2021	2022
GDP growth	4.0%	3.0%	0.05%	7.4%
Unemployment	6.0%	5.3%	5.4%	4.0%
Residential property price increase	10%	10%	11.8%	5.0%

1. Includes provisions for debt securities. 2. Overlay from Mar-20 includes New Zealand overlay. Overlay from Sep-21 shows portfolio overlays. 3. CAP is Collectively Assessed Provision. 4. IAP is Individually Assessed Provision. 5. GDP and Residential property price growth is annual growth to December each year. Unemployment rate forecast is as at year end. Forecast date is 7 September 2021.

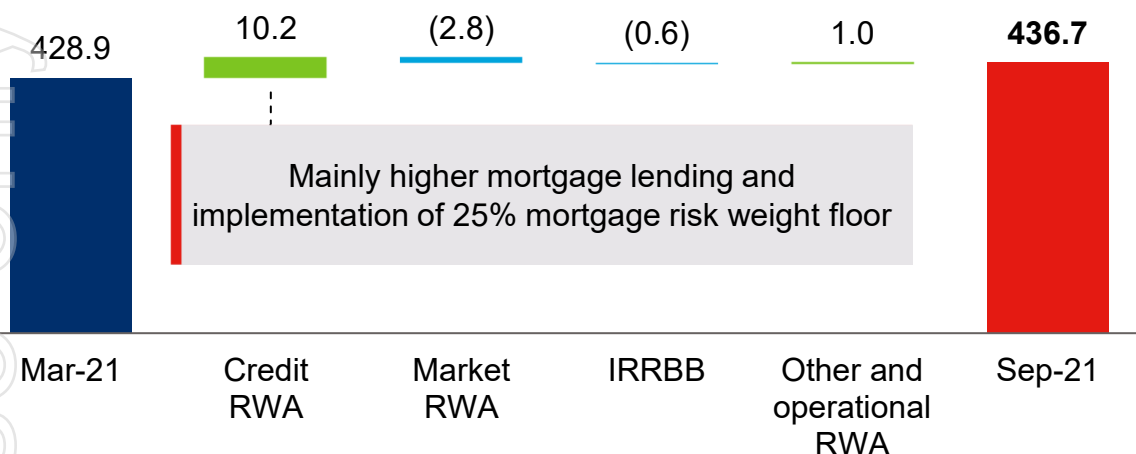
# Credit impairment charge / (benefit) composition.

(\$m)

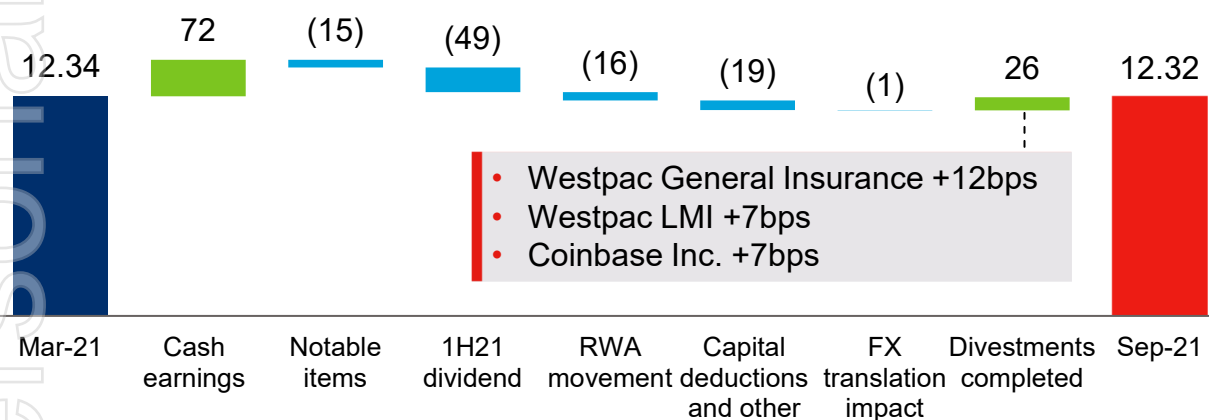


# Capital drivers.

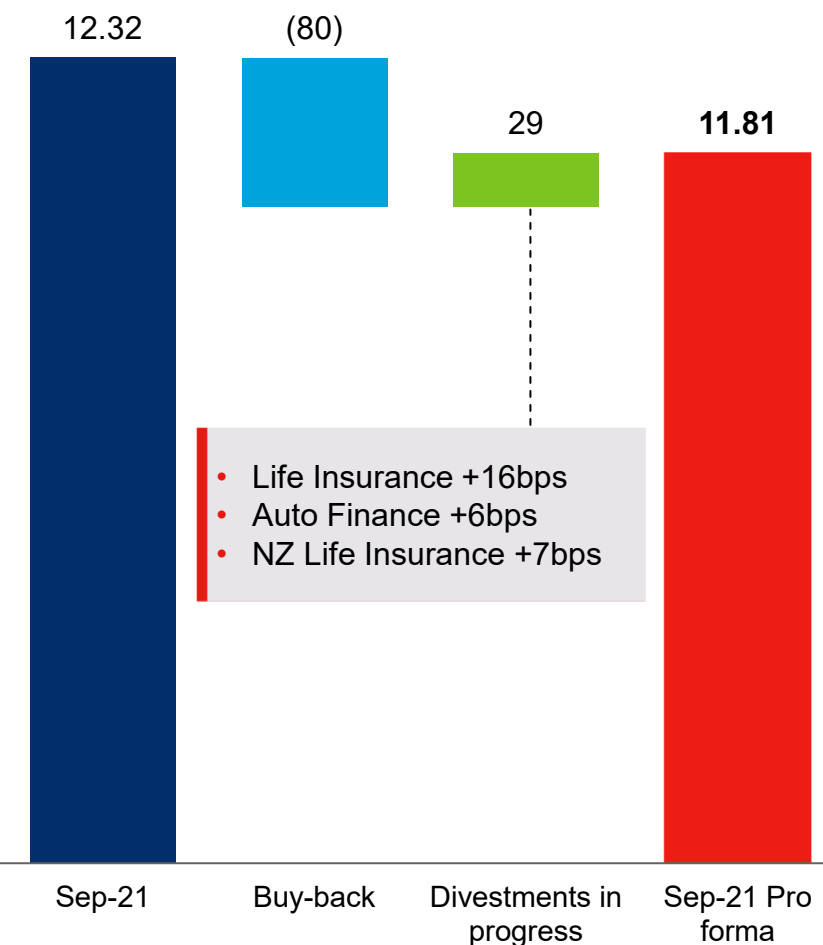
## Risk weighted assets (\$bn)



## CET1<sup>1</sup> capital ratio (% and bps)



## Pro forma CET1 capital ratio (% and bps)



<sup>1</sup> Common equity Tier 1.

# Off-market share buy-back.

- Up to \$3.5bn off-market share buy-back to be undertaken via a tender process:
  - Efficient form of capital management
  - Shares bought back at a discount to market price
  - Reduces share count
  - Supports EPS, DPS and return metrics
  - Distributes franking credits
- Nominated discount range of 8-14%
- Flexibility created by strong capital position, excess franking credits, future asset sales



# FY22 Considerations.<sup>1</sup>

## Lending

- Mortgages growing at system
- Build on momentum in business lending

## Net interest margin

- Margins expected to be lower. Exit margin<sup>2</sup> excl. Tsy & Markets ~1.80%
- Tractor expected to have reduced impact as capital moves to 3yr hedge vs 1yr
- Removal of CLF

## Non-interest income

- Benefit from increased economic activity
- Divestments to reduce income – including Life Insurance loss on sale

## Expenses

- Costs (ex notable items) expected to be lower in FY22 and on track for \$8bn target in FY24

## Credit quality

- Credit metrics healthy
- Economic outlook positive

## Capital

- Expect APRA to finalise capital rules
- Further divestments positive
- CLF removal expected to impact IRRBB
- Strong capital position provides flexibility

<sup>1</sup> The information on this page contains 'forward-looking statements' and statements of expectation reflecting Westpac's current views on future events. They are subject to change without notice and certain risks, uncertainties and assumptions which are, in many instances, beyond its control. They have been based upon management's expectations and beliefs concerning future developments and their potential effect on Westpac. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied in such statements. Investors should not place undue reliance on forward-looking statements and statements of expectation. Except as required by law, Westpac is not responsible for updating, or obliged to update, any matter arising after the date of this presentation. The information in this page is subject to the information in Westpac's ASX filings, including in its 2021 Full Year Financial Results and 2021 Annual Report, and elsewhere in this presentation. <sup>2</sup> Exit margin is net interest margin excluding Treasury and Markets for the month of September 2021.

**Peter King**

Chief Executive Officer

# FY22 Priorities – Shift to simplify and perform.



## Fix

- Improve risk management
  - Successful delivery of CORE
  - Working to close out customer remediation and regulatory investigations



## Simplify

- Portfolio simplification
  - Complete business sales, focus on Superannuation and Platforms
  - Close 3 international offices
- Business simplification
  - Complete roll-out of mortgage platform to brokers
  - Enhance service: new Android app, expand personal insights
  - Accelerate delivery of digital processes and data capabilities



## Perform

- Grow core business
  - Momentum in mortgages and NZ
  - Grow Business and WIB lending
  - Improve personal lending – Flex rollout
  - Position for climate opportunity
- Drive to \$8bn target cost base

# Investor Discussion Pack

Fix. Simplify. Perform.

# Overview

# Westpac Group at a glance.

Strategy

Our Purpose: Helping Australians and New Zealanders Succeed.

- Now in its 205th year, Australia's first bank and oldest company, opened 1817
- Australia's 2nd largest bank and 27th largest bank in the world, ranked by market capitalisation<sup>1</sup>
- Well positioned across key markets with a service-led strategy focused on customers
- Supporting consumers and businesses in Australia and New Zealand
- Unique portfolio of brands providing banking across consumer, business and institutional customers
- Capital ratios are in the top quartile globally, with sound credit quality
- Credit ratings<sup>2</sup> AA- / Aa3 / A+
- Continued sustainability commitment<sup>3</sup>

## Key statistics at 30 September 2021

Customers	13.9m
Australian household deposit market share <sup>4</sup>	21%
Australian mortgage market share <sup>5</sup>	21%
Australian business credit market share <sup>5</sup>	15%
New Zealand deposit market share <sup>6</sup>	18%
New Zealand consumer lending market share <sup>6</sup>	18%

<sup>1</sup> 30 September 2021 Source: S&P Capital IQ, based in US\$. <sup>2</sup> S&P Global Ratings, Moody's Investors Service and Fitch Ratings respectively. All three credit ratings agencies have Westpac Banking Corporation on a stable outlook. <sup>3</sup> DJSI 2021 Year Book, Rated A – MSCI-ESG, Medium ESG Risk Band – Sustainalytics. <sup>4</sup> APRA Banking Statistics, September 2021. <sup>5</sup> RBA Financial Aggregates, September 2021. <sup>6</sup> RBNZ, September 2021. <sup>7</sup> Cash earnings basis. <sup>8</sup> Based on share price at 30 September 2021 of \$26.00.

## Operating divisions

Consumer	    
Business	   
Westpac Institutional Bank (WIB)	
Westpac New Zealand	

## Key financial data for Full Year 2021

Reported net profit after tax	\$5,458m
Cash earnings	\$5,352m
Expense to income ratio <sup>7</sup>	63.1%
Common equity Tier 1 capital ratio (APRA basis)	12.32%
Return on equity <sup>7</sup>	7.6%
Total assets	\$936bn
Total liabilities	\$864bn
Market capitalisation <sup>8</sup>	\$95bn

# Cash earnings and reported net profit reconciliation.

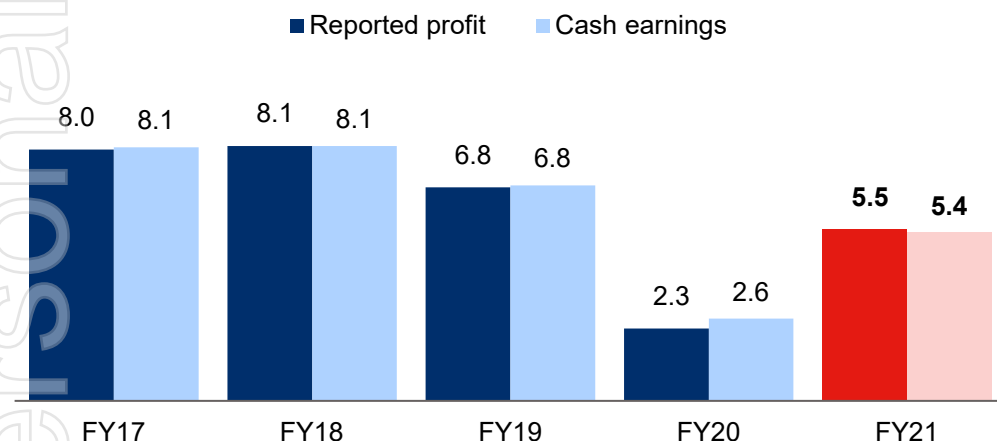
Results

## Cash earnings<sup>1</sup> policy

- Westpac Group uses a measure of performance referred to as cash earnings to assess financial performance at both a Group and divisional level
- This measure has been used in the Australian banking market for over 15 years and management believes it is the most effective way to assess performance for the current period against prior periods and to compare performance across divisions and across peer companies
- To calculate cash earnings, reported net profit is adjusted for:
  - Material items that key decision makers at the Westpac Group believe do not reflect the Group's operating performance
  - Items that are not normally considered when dividends are recommended, such as the impact of economic hedges
  - Accounting reclassifications between individual line items that do not impact reported results

	FY21 (\$m)	Change FY21-FY20 (%)	Change 2H21-1H21 (%)
Cash earnings	<b>5,352</b>	105	(49)
Cash EPS (cents)	<b>146.3</b>	102	(49)
Reported net profit	<b>5,458</b>	138	(41)
Reported EPS (cents)	<b>149.4</b>	135	(42)

## Reported net profit and cash earnings (\$bn)



## Reported net profit and cash earnings adjustments (\$m)

	FY20	FY21
<b>Reported net profit</b>	<b>2,290</b>	<b>5,458</b>
Fair value (gain)/loss on economic hedges	362	(138)
Ineffective hedges	(61)	32
Adjustments related to Pandal Group	31	-
Treasury shares	(14)	-
<b>Cash earnings</b>	<b>2,608</b>	<b>5,352</b>

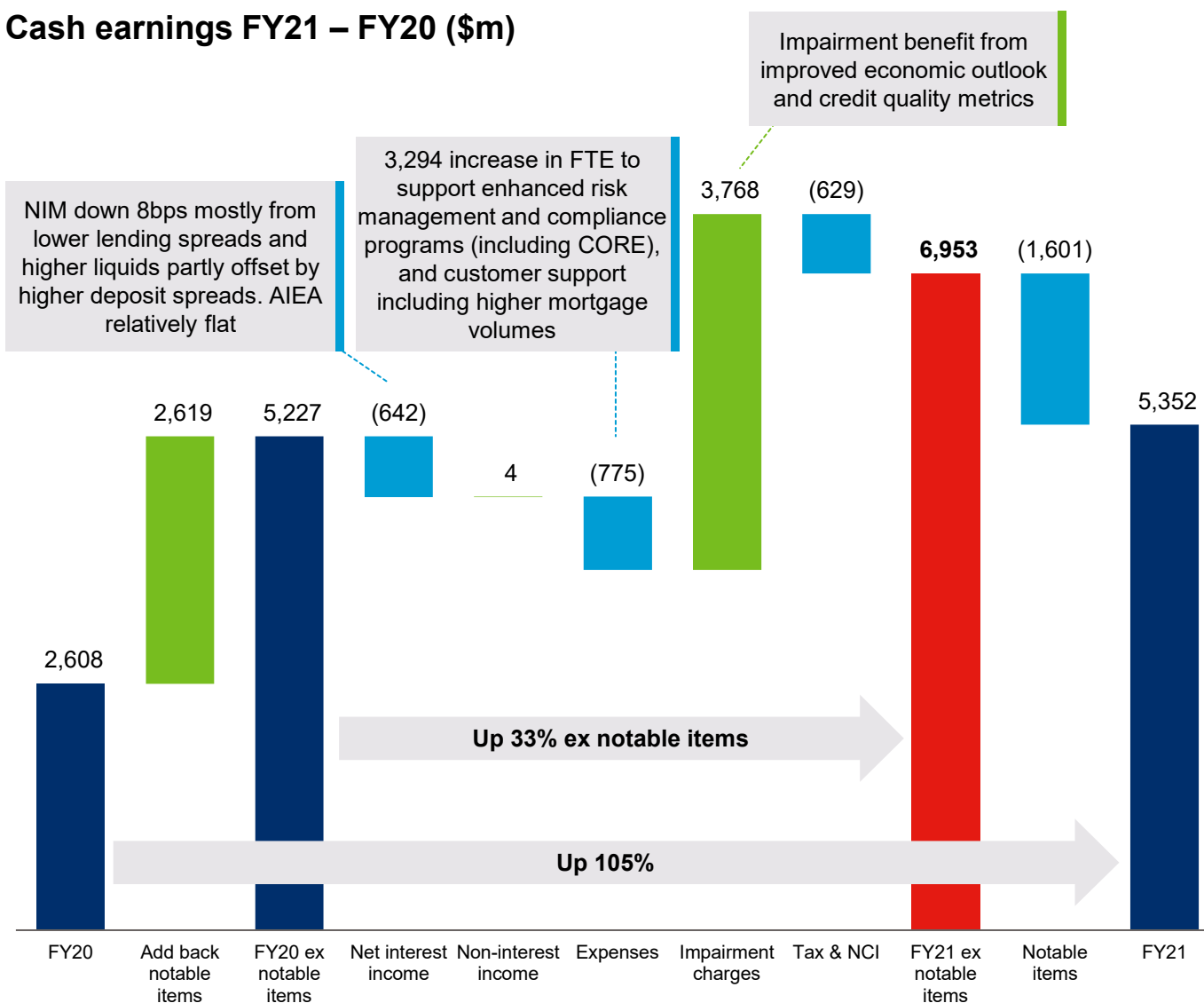
<sup>1</sup> Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with AAS (Australian Accounting Standards). The specific adjustments outlined include both cash and non-cash items. Cash earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits available to ordinary shareholders. All adjustments shown are after tax. For further details refer to page 122.

# FY21 cash earnings.

Results

	FY20 (\$m)	FY21 (\$m)	Change FY21- FY20 (%)
Net interest income	17,086	<b>16,714</b>	(2)
Non-interest income	3,540	<b>4,324</b>	22
Expenses	(12,700)	<b>(13,283)</b>	5
Core earnings	7,926	<b>7,755</b>	(2)
Impairment benefit/(charge)	(3,178)	<b>590</b>	Large
Tax and non-controlling interests (NCI)	(2,140)	<b>(2,993)</b>	40
<b>Cash earnings</b>	<b>2,608</b>	<b>5,352</b>	<b>105</b>
Add back notable items (after tax)	2,619	<b>1,601</b>	(39)
<b>Cash earnings ex notable items</b>	<b>5,227</b>	<b>6,953</b>	<b>33</b>
<b>Reported net profit</b>	<b>2,290</b>	<b>5,458</b>	<b>138</b>

## Cash earnings FY21 – FY20 (\$m)



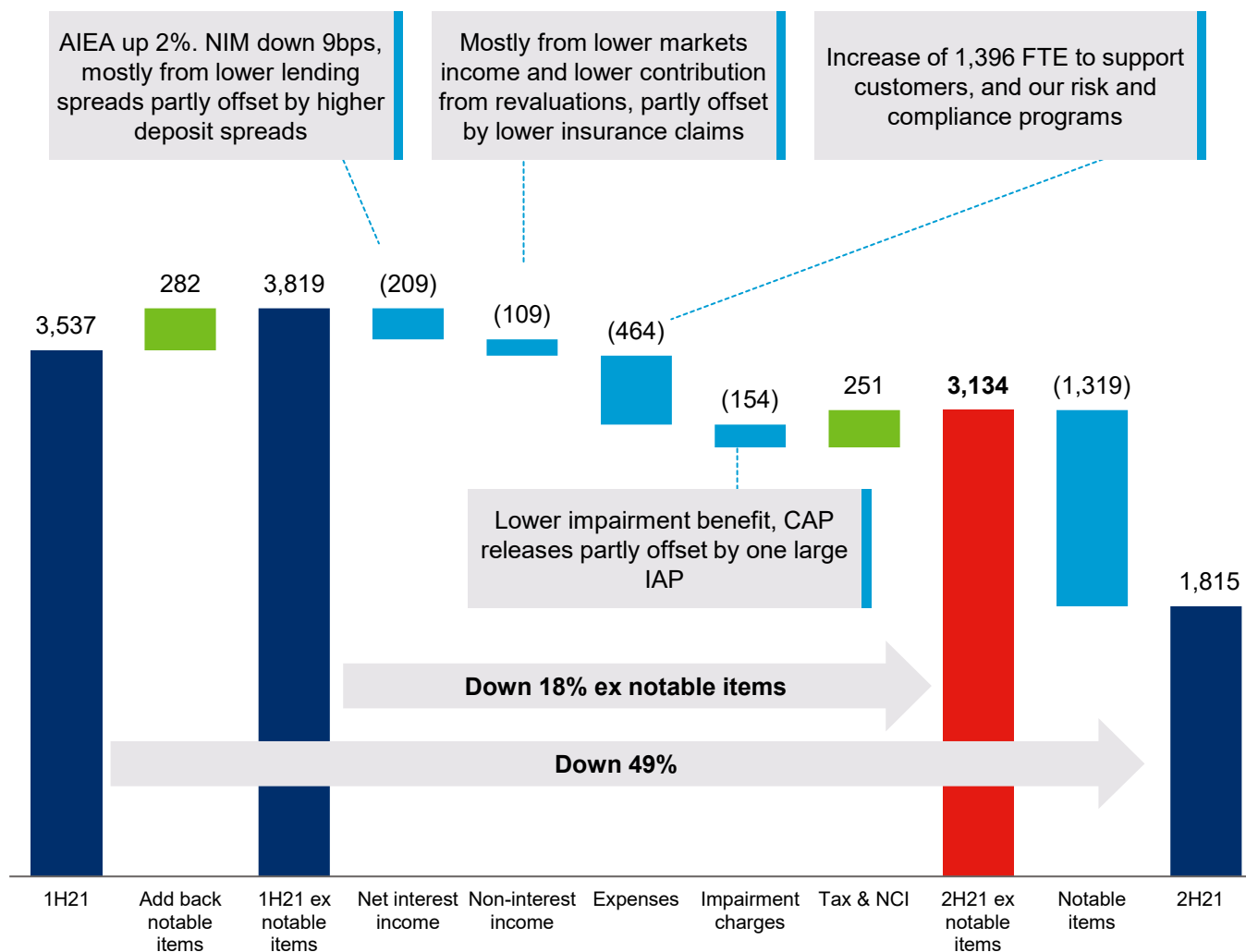


# 2H21 cash earnings.

Results

	1H21 (\$m)	2H21 (\$m)	Change 2H21- 1H21 (%)
Net interest income	8,469	<b>8,245</b>	(3)
Non-interest income	2,330	<b>1,994</b>	(14)
Expenses	(5,981)	<b>(7,302)</b>	22
Core earnings	4,818	<b>2,937</b>	(39)
Impairment benefit	372	<b>218</b>	(41)
Tax and non-controlling interests (NCI)	(1,653)	<b>(1,340)</b>	(19)
<b>Cash earnings</b>	<b>3,537</b>	<b>1,815</b>	<b>(49)</b>
Add back notable items (after tax)	282	<b>1,319</b>	Large
<b>Cash earnings ex notable items</b>	<b>3,819</b>	<b>3,134</b>	<b>(18)</b>
<b>Reported net profit</b>	<b>3,443</b>	<b>2,015</b>	<b>(41)</b>

## Cash earnings 2H21 – 1H21 (\$m)



# Notable items in FY21 and FY20.

Results

In FY21 and FY20, the Group recognised certain items that do not reflect on-going performance and are known throughout this document as “notable items” which relate to the following:

## Estimated customer refunds, payments, associated costs and litigation<sup>1</sup> (\$448m FY21, \$440m FY20)

Additional provisions were raised in FY21 for:

- Refunds for certain ongoing advice fees
- Refunds to superannuation and investment customers not advised of certain corporate actions
- Remediation in Westpac New Zealand
- Costs associated with ending the Group's IOOF relationship
- Litigation matters, including to resolve outstanding investigations should a regulator decide to bring civil penalty proceedings
- Partly offset by a release of provisions related to businesses provided a business loan instead of a loan covered by the National Consumer Credit Protection Act and the National Credit Code

## Write-down of goodwill, intangible and other assets<sup>1</sup> (\$1,164m FY21, \$614m FY20)

- Write-down of goodwill and other assets in WIB following the annual impairment test
- Goodwill associated with our LMI business along with a write-down of capitalised software

## Asset sales and revaluations<sup>1</sup>

### (\$11m gain FY21, \$123m loss FY20)

- A gain on the sale of the Group's stake in Coinbase Inc.
- A gain on the sale of Westpac General Insurance
- Earn out payments from the sale of the Vendor Finance business
- A gain on sale of the Group's holding in Zip Co. Limited
- Partly offset by transaction costs related to announced sales

## AUSTRAC proceedings<sup>1</sup> (\$0 FY21, \$1,442m FY20)

- No costs in FY21 as the AUSTRAC proceedings have been settled

FY21 notable items (\$m)	Consumer	Business	WIB	NZ <sup>2</sup>	Specialist Businesses	Group Businesses	Group
Net interest income	3	177	-	(35)	(18)	-	127
Non-interest income	(3)	1	-	(11)	199	331	517
Expenses	(136)	(59)	(1,193)	(23)	(640)	(296)	(2,347)
<b>Core earnings</b>	<b>(136)</b>	<b>119</b>	<b>(1,193)</b>	<b>(69)</b>	<b>(459)</b>	<b>35</b>	<b>(1,703)</b>
Impairment charges	-	-	-	-	-	-	-
Tax and non-controlling interests	36	(39)	202	17	(81)	(33)	102
<b>Cash earnings</b>	<b>(100)</b>	<b>80</b>	<b>(991)</b>	<b>(52)</b>	<b>(540)</b>	<b>2</b>	<b>(1,601)</b>

FY20 notable items (\$m)	Consumer	Business	WIB	NZ <sup>2</sup>	Specialist Businesses	Group Businesses	Group
Net interest income	5	(141)	-	(7)	-	-	(143)
Non-interest income	4	2	-	(7)	(409)	147	(263)
Expenses	(64)	(130)	-	1	(694)	(1,652)	(2,539)
<b>Core earnings</b>	<b>(55)</b>	<b>(269)</b>	<b>-</b>	<b>(13)</b>	<b>(1,103)</b>	<b>(1,505)</b>	<b>(2,945)</b>
Impairment charges	-	-	-	-	-	-	-
Tax and non-controlling interests	16	81	-	4	181	44	326
<b>Cash earnings</b>	<b>(39)</b>	<b>(188)</b>	<b>-</b>	<b>(9)</b>	<b>(922)</b>	<b>(1,461)</b>	<b>(2,619)</b>

<sup>1</sup> For further information refer to Westpac's 2021 Full Year Financial Results Announcement. <sup>2</sup> In AUD.

# FY21 financial snapshot.

Results

	FY21	Change FY21 – FY20	Change 2H21 - 1H21		FY21	Change FY21 – FY20	Change 2H21 - 1H21
<b>Earnings<sup>1</sup></b>				<b>Balance sheet</b>			
Earnings per share (cents)	<b>146.3</b>	102%	(49%)	Total assets (\$bn)	<b>935.9</b>	3%	5%
Core earnings (\$m)	<b>7,755</b>	(2%)	(39%)	Common equity Tier 1 (CET1) capital ratio (APRA basis) (%)	<b>12.32</b>	119bps	(2bps)
Cash earnings (\$m)	<b>5,352</b>	105%	(49%)	CET1 capital ratio (Internationally comparable <sup>2</sup> ) (%)	<b>18.17</b>	167bps	9bps
Return on equity (%)	<b>7.55</b>	372bps	Large	CET1 capital (\$bn)	<b>53.8</b>	10%	2%
Dividend (cents per share)	<b>118</b>	Large	3%	Risk weighted assets (RWA) (\$bn)	<b>436.7</b>	-	2%
Expense to income ratio (%)	<b>63.14</b>	157bps	Large	Average interest-earning assets (\$bn)	<b>819.5</b>	-	2%
Net interest margin (%)	<b>2.04</b>	(4bps)	(10bps)	Loans <sup>3</sup> (\$bn)	<b>710.8</b>	3%	3%
				Customer deposits <sup>3</sup> (\$bn)	<b>580.3</b>	4%	5%
<b>Credit quality</b>				Net tangible assets per share (\$)	<b>16.90</b>	8%	2%
Impairment benefit to average gross loans (bps)	<b>8</b>	53bps	(5bps)				
Impaired assets to gross loans (bps)	<b>30</b>	(10bps)	-	<b>Funding and liquidity</b>			
Impaired provisions to impaired assets (%)	<b>54</b>	13ppts	7ppts	Customer deposit to loan ratio (%)	<b>81.6</b>	149bps	189bps
Total provisions to credit RWA (bps)	<b>140</b>	(31bps)	(19bps)	Net stable funding ratio <sup>4</sup> (%) (NSFR)	<b>125</b>	3ppts	2ppts
Collectively assessed provisions to credit RWA (bps)	<b>117</b>	(37bps)	(25bps)	Liquidity coverage ratio <sup>5,6</sup> (%) (LCR)	<b>129</b>	(22ppts)	5ppts
				Total liquid assets <sup>7</sup> (\$bn)	<b>227.6</b>	3ppts	17ppts

<sup>1</sup> All measures on a cash earnings basis. <sup>2</sup> Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. <sup>3</sup> Includes items classified as held for sale. <sup>4</sup> NSFR is reported on a spot basis. <sup>5</sup> LCR is reported on a quarterly average basis. <sup>6</sup> Includes Term Funding Facility (TFF). <sup>7</sup> Total liquid assets represent cash, interbank deposits and assets eligible for existing repurchase agreements with a central bank.

# Supporting customers, communities and our people.

Customer franchise

Continued to support customers through COVID-19.

## New and ongoing support to customers

- New support for eligible customers announced in July 2021 including<sup>1</sup>:
  - Short term deferrals for **mortgages, personal loans** and **small business loans**
  - Repayment and interest rate reductions for **credit cards**
  - **Interest free** temporary overdrafts up to \$15k on a maximum 45-day term for business customers
  - Access to term deposit or farm management deposits early with **no interest adjustment**
- To 30 September 2021 **\$4.6bn** in home loan balance deferrals (~10k customers) and **\$135m** in business loan balance deferrals (~3k customers) have been approved<sup>2</sup>
- This is in addition to standard hardship support available to customers experiencing financial difficulty

## Supporting key infrastructure

- **95%** of branches remain open<sup>3</sup>
- Increased staff in operations and call centres
- Continue to return certain capabilities and operations onshore including the completion of repatriating over 1,000 jobs

## 2020 support

- In 2020 we provided \$55bn in mortgage deferrals to 149k customers, and \$10bn in business loan deferrals to 33k customers
- Most customers returned to payment with **~\$1.9bn** in mortgages and **\$0.4bn** in business lending migrating to hardship

## Supporting our people

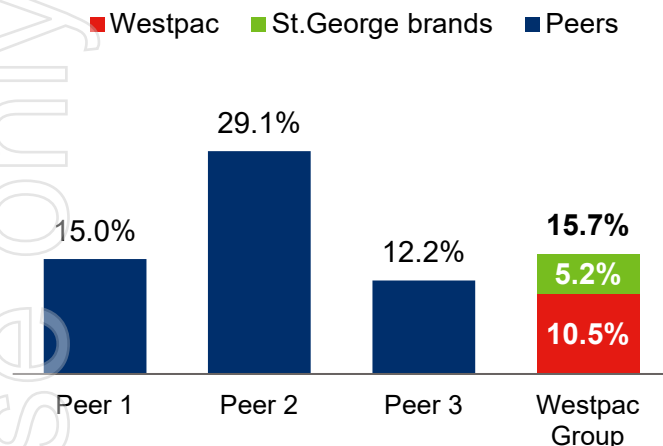
- **Supporting vaccine rollout**
  - **Voluntary vaccination program** available to all employees and their families in greater Sydney and selected areas in regional NSW
  - Special **paid leave** to get vaccinated
- Special **paid leave** when in isolation
- **Protecting our Workplaces**
  - **New requirement** that employees need to be fully vaccinated to enter a Group workplace (including branches)<sup>4</sup>
  - Visitors to corporate sites need to be **fully vaccinated**
  - Continue to support working from home but planning underway for return to workplaces. **Hybrid model** of working to be adopted
  - **Rapid antigen testing** commenced on 20 August 2021 for employees in some key operational sites and the most impacted LGAs
- Wellbeing and mental health support

<sup>1</sup> For further details of support and conditions refer westpac.com.au. <sup>2</sup> Support provided only relates to those customers who have accessed COVID-19 emergency support since 10 July 2021. This support ceased as of 30 September 2021 to new requests. Business loans also include equipment finance and auto loans to business customers. <sup>3</sup> Some branches have been operating at reduced hours but remain open. <sup>4</sup> Effective dates are different across states and territories, and subject to public health orders.

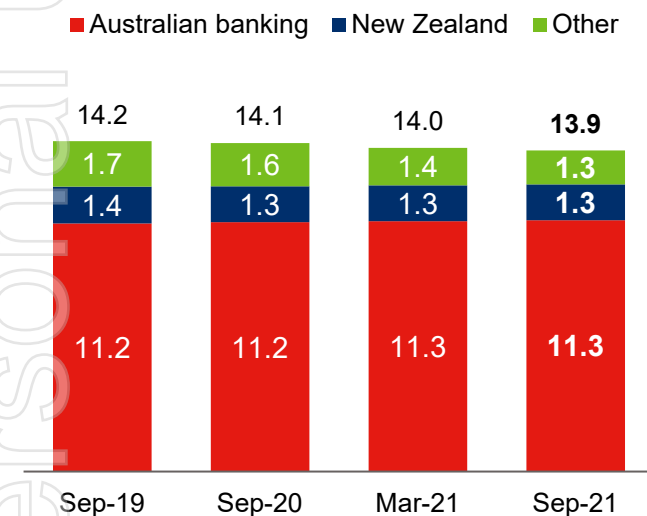
# Customer franchise.

Customer franchise

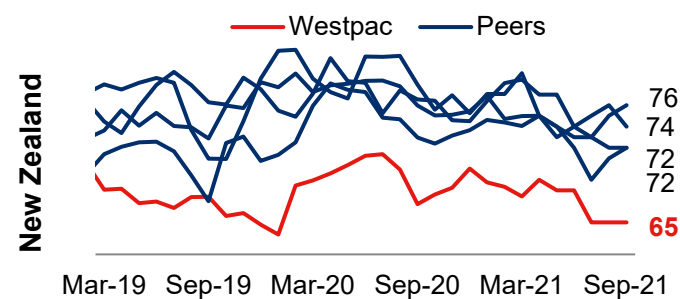
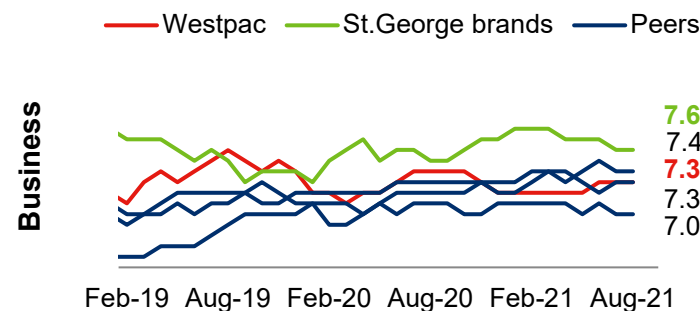
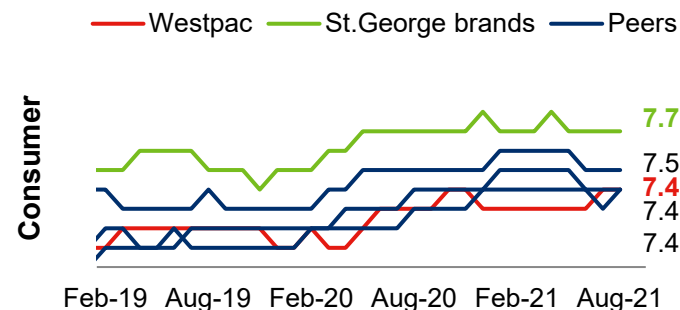
## MFI Share<sup>1,2</sup>



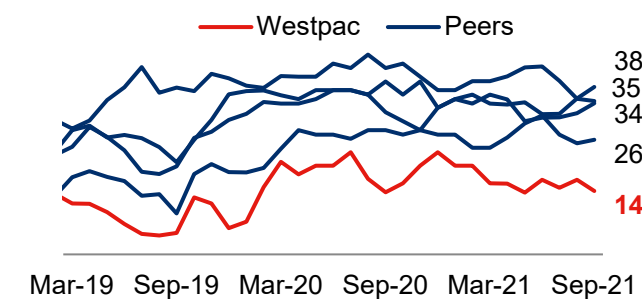
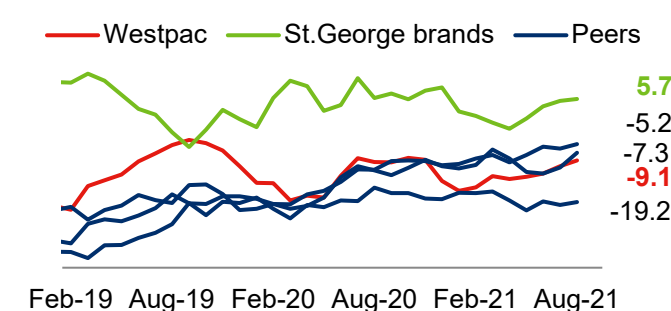
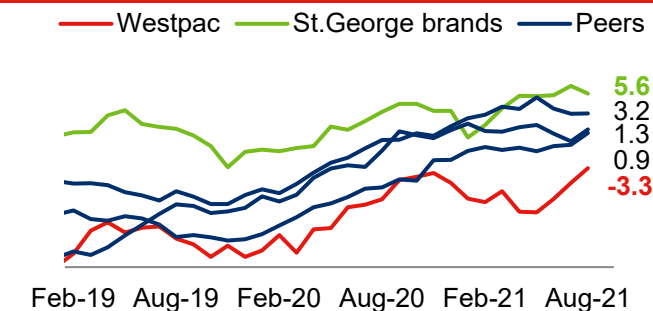
## Customer numbers (#m)



## Customer satisfaction (CSAT)<sup>2</sup>



## Net Promoter Score (NPS)<sup>2</sup>



1 Main Financial Institution for Consumer customers. Data at August 2021. 2 Refer page 129 for details of the metric provider.

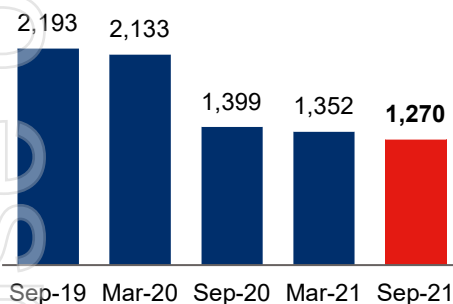
# Continued migration to digital.

Customer franchise

## Less physical

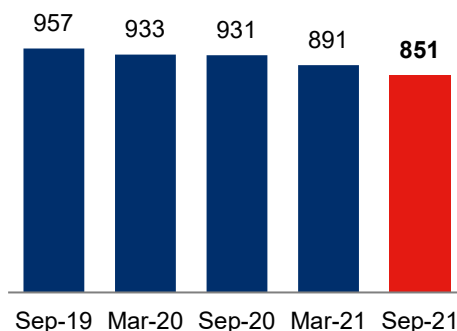
### Australian ATMs (#)

In FY20 we sold 740 non-branch ATMs to Prosegur with a further 28 sold in FY21



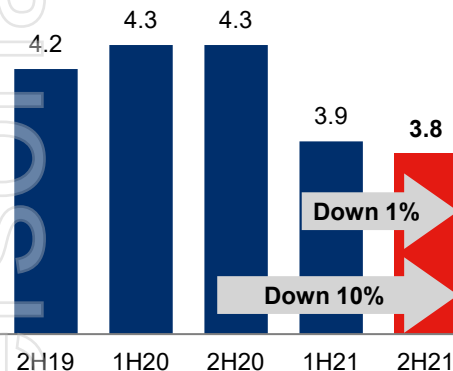
### Australian branches (#)<sup>1</sup>

At 30 September 2021 we had 7 co-located branches<sup>2</sup>



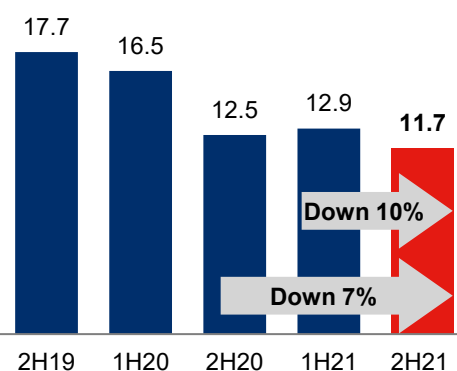
### Call Centre Volume (#m)

Increased Westpac mobile app self-serve capability



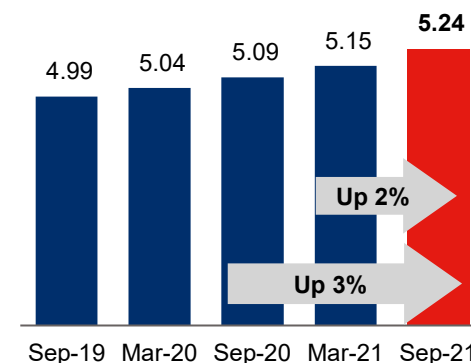
### Branch OTC<sup>3</sup> transactions (#m)

OTC transactions impacted by COVID-19 lockdown and restrictions

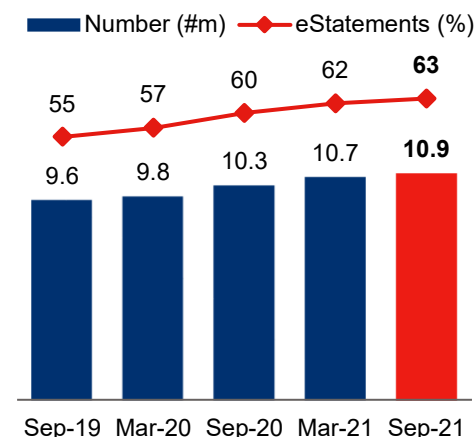


## More digital

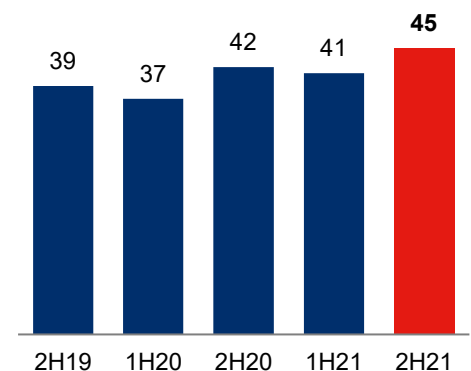
### Digitally active customers (#m)



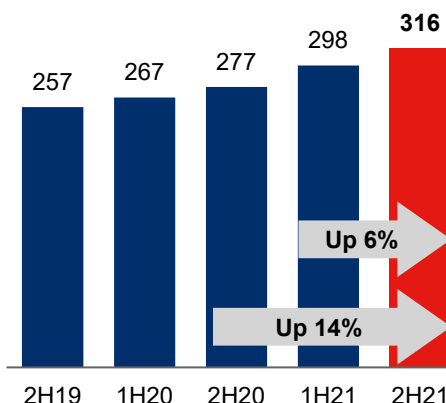
### Accounts with eStatements



### Sales via digital (%)



### Digital transactions<sup>4</sup> (#m)



<sup>1</sup> Includes all points of presence including Advisory, Community Banking Centres and Kiosks. Kiosks have been restated in comparatives. <sup>2</sup> Co-located branches refers to a single branch location where more than one brand operates. <sup>3</sup> Over the counter. <sup>4</sup> Digital transactions include all payment transactions (Transfer Funds, Pay Anyone and BPAY) within Westpac Live and Compass, excl. Corporate Online and Business Banking online.



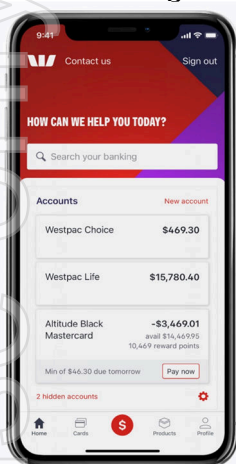
# Launched new app.

## Customer-centric design.

Customer franchise

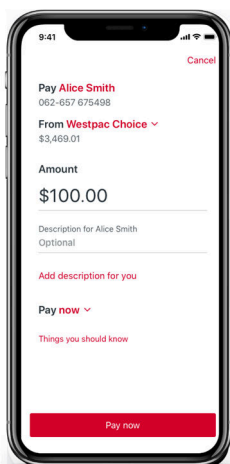
### Fast Sign-in

Access to whole of banking



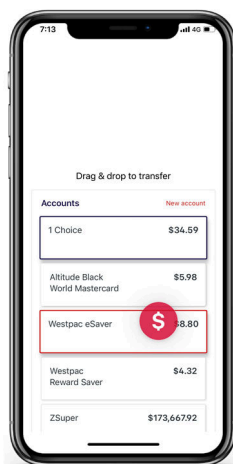
### Quick

Pay instantly with less clicks



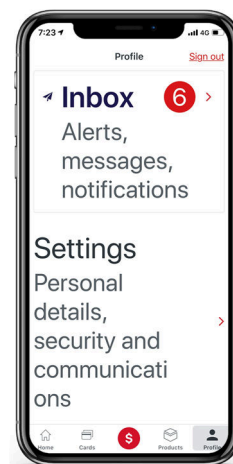
### Interactive

Drag & drop to transfer



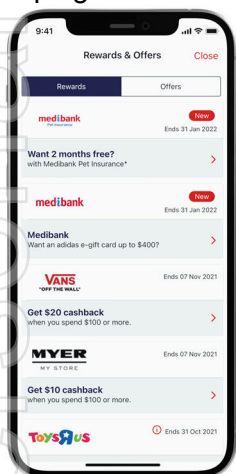
### Accessible

For all customers



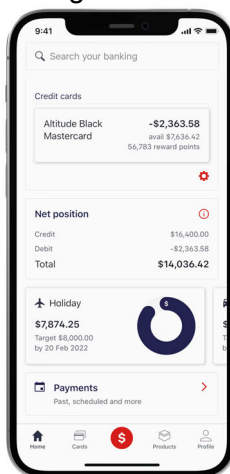
### Rewards and offers

Helping customers



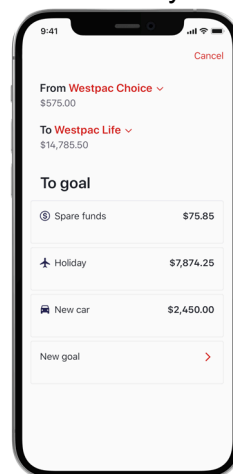
### Savings goals

Tracking on dashboard



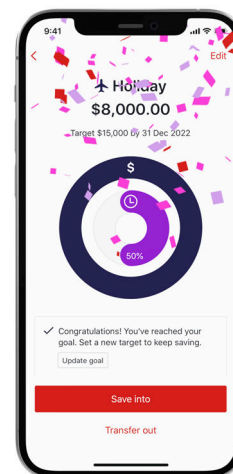
### Create a goal

On the fly



### Goal achievement

Reward



## NEW AND ENHANCED FEATURES

- Smart Search - a quick way to navigate the app and initiate payments (just type the payee name from your address book into the search bar)
- Look who's charging - more transaction information to easily identify transactions (business name, location and contact details)
- Drag & Drop Transfers - the quickest way to make transfers between eligible accounts
- Cards Hub - simple and easy to manage all your cards in one place: set up a Digital Card with dynamic CVV/CVC which refreshes every 24 hours for added security, report a card as lost/stolen or even put a temporary block on a card
- Wallpaper - pick a different background to appear throughout the App and personalise the experience



## SINCE LAUNCH

- Pilot launch of new experience extended to customers with Android devices in addition to the 1.7m iOS customers
- 178% increase in digital card usage since the new app launch
- Increased customer satisfaction with 4.3 App Store rating
- Improved performance with over 20% faster login speed
- Design and accessibility recognised through industry awards<sup>1</sup>

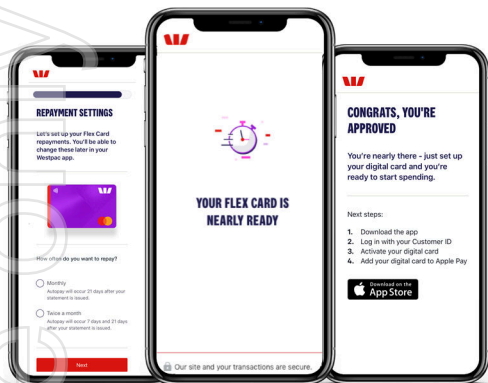
<sup>1</sup> Awards in 2021 included Best in class for Accessibility at Australian Web Awards, Enterprise Business Award at Australian Web Awards, Good Design Award winner, Gold award winner at Driven X Design Sydney awards, Finalist at Australian access awards (winners not announced yet).

# Making it easier for customers.

Simpler processes, more digital and updated products.

Customer franchise

## Improved customer offerings



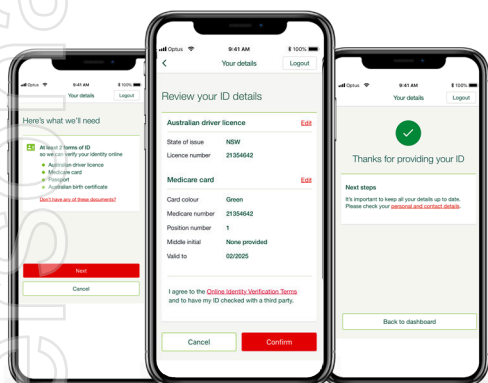
### Subscription Credit - Flex

- \$1k limit. Fast approval <10min
- Instant Digital Card straight to mobile wallet
- No interest, no late fees, \$10 monthly fee or no fee if statement balance paid in full and on time



### Debit Travel Card

- Simple self-serve onboarding within online/mobile banking
- No transaction fees or ATM fees domestic/internationally<sup>1</sup>
- Hold up to 11 currencies in one wallet



### Digital onboarding

- Single view of customer information in online banking for easy update
- 15% increase in digital ID verification pass rate reducing the need to visit a branch<sup>2</sup>
- 5% lift in customer email contact information accuracy<sup>3</sup>

<sup>1</sup> No ATM fees apply for Westpac Group ATMs domestically or a Global ATM Alliance ATM internationally. For further details see Westpac.com.au. <sup>2</sup> Comparing September 2021 to September 2020. <sup>3</sup> Compared to accuracy pre-implementation of digital ID verification.

## Simplified products and fees



### REDUCING FEES AND COMPLEXITY

- Simplified fee structure for mortgages, credit cards and Everyday banking accounts
- Removed 82 fees during FY21



### SIMPLIFYING PRODUCTS

- Simplified our mortgage product range, removing over half our mortgage products
- Reducing the number of consumer credit card products available for sale to 17 from 26



### SIMPLE MERCHANT PRICING FOR SME CUSTOMERS

- A new flat rate on all transactions being offered regardless of card mix or the e-commerce transactions made
- Easier for merchant customers with simpler pricing reducing complexity and uncertainty

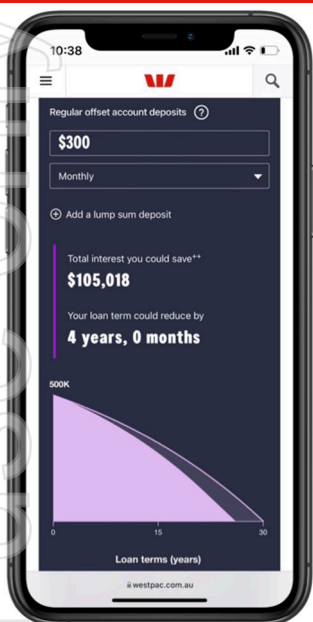


# Digital mortgage origination.

## One process, major brands.

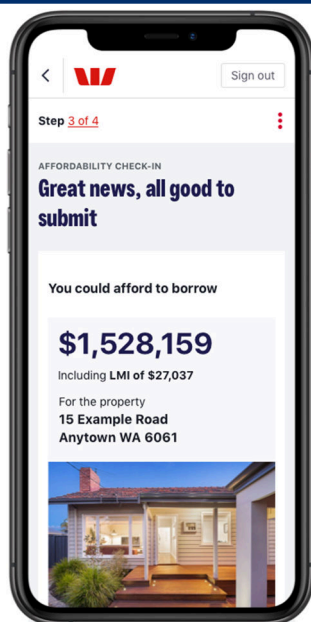
Customer franchise

### Discover

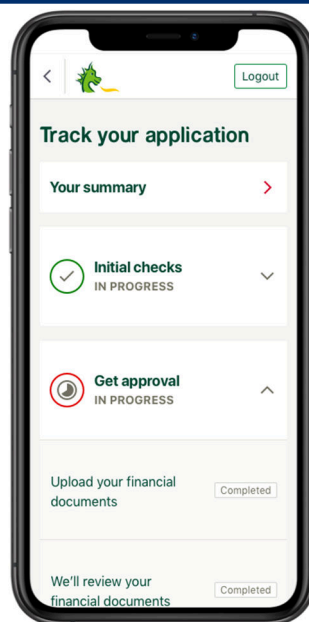


- New search optimised calculators for repayments, offset, refinance
- Property research for all brands
- Loan, feature and rate comparison tools delivered for Westpac brand

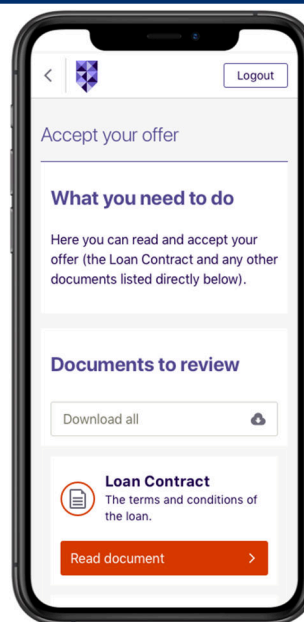
### Apply



- Apply online 24/7 for all brands via one process
- New and existing customers supported
- Prepare online for their appointment with a lender
- Understand their maximum borrowing potential

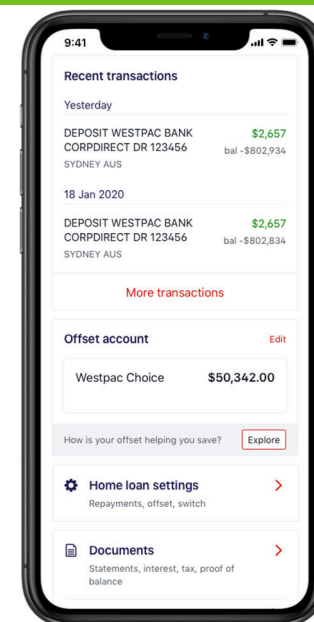


- Auto-routing to available lenders for faster response
- Automated re-engagement communications
- Upload photos of supporting documents at any point
- 90% of customers are tracking status through to settlement



- Automated comprehensive credit checks
- Real-time notifications on key moments
- 75% of customers are accepting loan documents digitally
- 71% of loans auto-credit decisioned

### Use



- See which offset account is linked and how much you have saved (will be rolled out to our mobile app in 1H22)
- Switch to fixed rate for existing customers
- Digital Top Ups and Variations will be rolled out in 1H22

# Launching Banking-as-a-Service.

Customer franchise

A long-term opportunity to expand our customer base via a low cost model.



## THE OPPORTUNITY

- Banking is increasingly becoming embedded in platforms and apps
- Younger customers are migrating to new digital brands that are cost effective, fast and innovative
- However, there is significant cost and effort required for non-banks to build a full banking capability and integrate it with their businesses
- Westpac has built a Banking-as-a-Service (BaaS) capability for new players to be able to offer banking to their customers via their existing platforms
- BaaS is already provided by several banks around the world including Goldman Sachs, JP Morgan, Standard Chartered, BBVA along with a host of tech companies that have banking licences



## THE BUSINESS

- Using 10x Westpac has built (and is piloting) a new Australian all digital banking platform that will be offered to partners as a service
- 10x is a next generation, cloud native banking platform now operational in four markets. Westpac has an equity stake in 10x Future Technologies
- Different to Software-as-a-Service, BaaS provides banking rather than just access to a system. As a result:
  - Customers bank with Westpac
  - Westpac is responsible for origination, KYC, price, service, transactions, and compliance. And, in due course, credit assessment
  - Partners offer services to complement banking via their apps/online



## VALUE FOR WESTPAC

- ✓ Acquire new customers in a demographic (millennials) where we are underweight
- ✓ Faster customer acquisition – partners already have customers
- ✓ Early focus on deposits/transactions but will expand to lending - expected in 2022
- ✓ Provides a path to reducing our technology costs as the new, low cost, cloud based platform has the potential to replace existing technology, or be the foundation for new solutions
- ✓ Using more agile ways of development – new platform was set up in ~18 months
- ✓ A competitive digital bank may have broader application across Westpac

Our  
Partners<sup>1</sup>



<sup>1</sup> Logos are of the respective companies.

# Customer remediation.

Customer franchise

## Significant acceleration of remediation payments in FY21





- In FY21 we paid or offered over \$1bn to approximately 1 million customers and substantially completed the two largest legacy Advice programs
- To date we have paid more than \$1.5bn to customers
- Continuing focus is on further initiatives to speed up payments to customers, including simplification and standardisation of remediation policies, processes and tools

## Provisions for customer compensation and associated costs

Net provisions of \$311m raised in FY21 including for:

- Refunds associated with certain ongoing advice fees charged by the Group's salaried financial planners and authorised representatives
- Refunds to past BT Advice customers who were not advised of historical corporate actions or were charged fees without adequate disclosure
- Customer remediation in Westpac New Zealand
- Costs associated with the implementation and completion of remediation programs
- Partly offset by a release of provisions related to businesses provided a business loan instead of a loan covered by the National Consumer Credit Protection Act and the National Credit Code

## Provisions for customer refunds, payments and associated costs<sup>1</sup> (\$m)

	2017	2018	2019	2020	2021	Total
 <b>Banking</b>	94	122	362	144	(135)	587
 <b>Wealth</b>	75	146	802	208	251	1,482
 <b>Implementation costs</b>	-	62	232	196	195	685
 <b>Cash earnings impact of above</b>	118	231	977	384	218	1,928

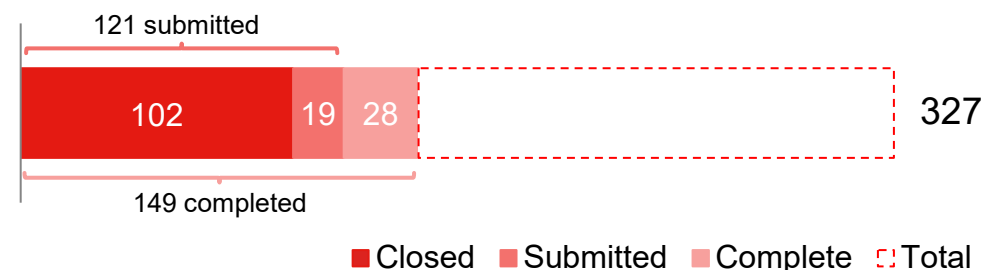
<sup>1</sup> Excludes provisions and costs associated with litigation.

# Customer Outcomes and Risk Excellence (CORE) program.

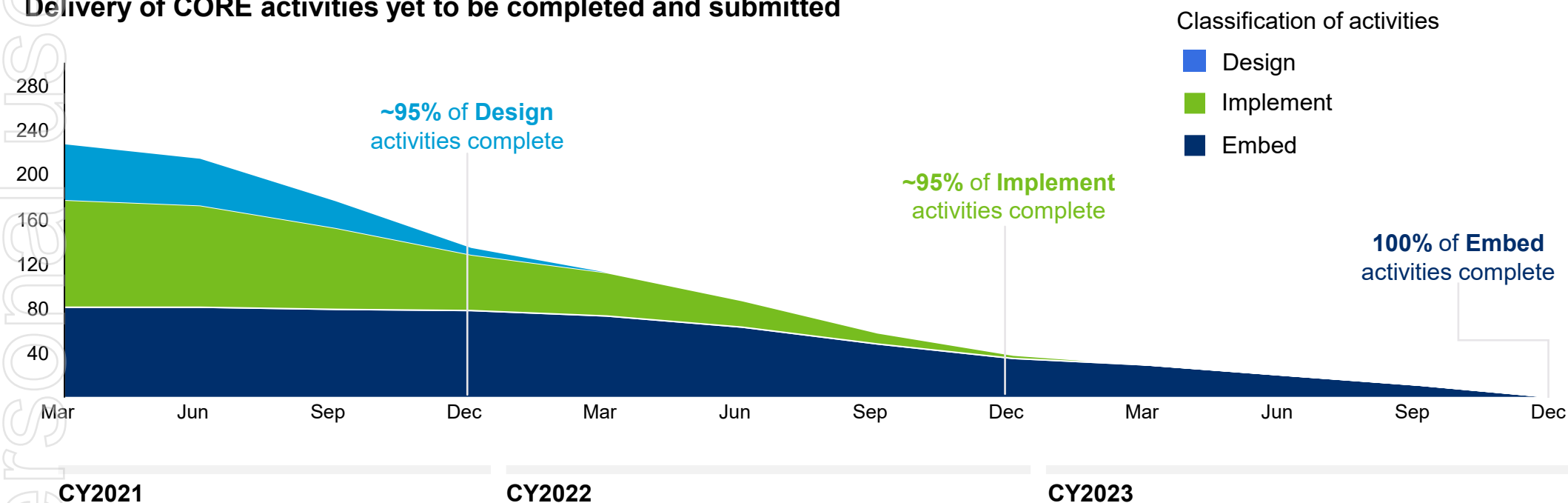
Governance

- Strengthening risk governance, accountability and risk culture
- 19 workstreams, 80 deliverables and 327 activities
- Group Executive accountability, including remuneration
- Quarterly independent assurance by Promontory Australia

## Over one third of CORE activities completed, submitted and closed<sup>1</sup>



## Delivery of CORE activities yet to be completed and submitted



<sup>1</sup> At 30 September 2021. Definition of Submitted, Completed and Closed are as following: Completed means Activities have been finalised but not yet submitted to Promontory Australia for assessment. Submitted means Activities have been completed and submitted to Promontory Australia for assessment. Closed means Activities have been completed and assessed by Promontory Australia as complete and effective.

# Strengthening the management of risk via CORE.

Governance

## CULTURE AND CLEAR ACCOUNTABILITIES



**600** senior leaders

have **Statements of Accountability** improving role clarity, prioritisation and decision making

**97%** of employees completed risk learning modules



**7,600** employees completed **Risk Fundamentals** workshops



**Updated Code of Conduct** to include the "Should We" test to help employees' decision making

Introduced a **Risk assist chatbot** to respond to risk questions promptly



## END-TO-END RISK MANAGEMENT

**Key customer processes mapped**



across Consumer, Business and WIB, to standardise risk management and reporting

**63% reduction** in high-rated issues that were open at the start of FY21



Standardised **key risk dashboards**, for reporting to Executive team and Board. Includes enterprise, non-financial and culture dashboards



Updated **Risk classifications** across all LOBs to apply consistently



## EMBEDDING THREE LINES OF DEFENCE (3LOD)

Added **>2,000** people (from Aug 19)

Strengthened First Line risk **ownership** and **accountability**



Increased clarity and transferred **risk responsibilities** between First and Second lines



Developed a **3LOD model** across risk classes and divisions



## DATA QUALITY AND MANAGEMENT

Improving data through the dedicated management of

**~600**

**Critical Data Elements**



Improved risk reporting via new **Insights Platform**



## STRONGER OVERSIGHT AND IMPROVING EXECUTION

Changes to **Board & Board committee structures** implemented



**Group Transformation Office**

- Simplified investment prioritisation to better consider risks in decision making
- Consistent project governance and delivery standards

# Climate Action Plan progress.

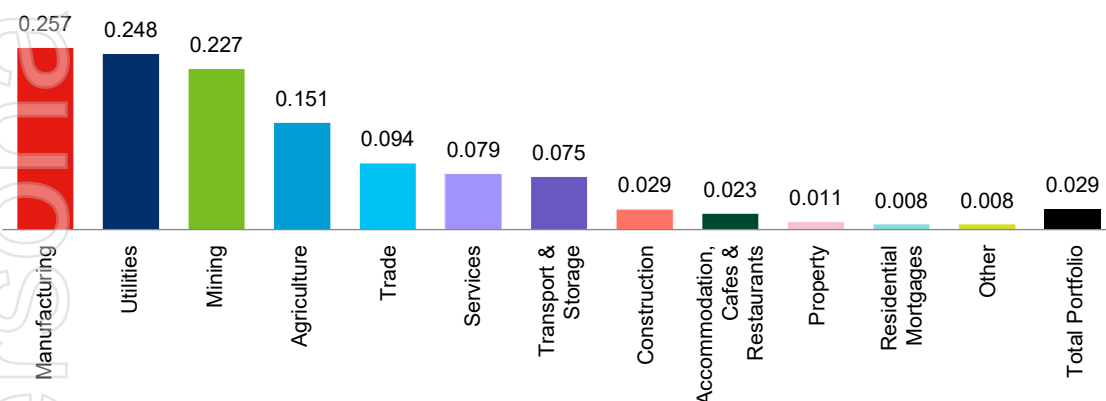
Sustainability

Committed to managing our business in alignment with the Paris Agreement and the need to transition to a net zero economy by 2050.

## Progress and targets

Focus areas	Target	by Year	FY21 Progress
New lending to climate change solutions <sup>1</sup>	\$3.5bn \$15bn	2023 2030	\$1.9bn in new lending
Thermal coal mining	\$0 exposure	2030	Total lending to coal mining of \$0.5bn. 43% is to thermal coal mining <sup>2</sup>
Electricity generation – portfolio emissions intensity <sup>2</sup>	0.23tCO <sub>2</sub> -e/MWh 0.18tCO <sub>2</sub> -e/MWh	2025 2030	0.26tCO <sub>2</sub> -e/MWh
Advance our Paris-aligned financing strategies and portfolio targets <sup>3</sup>	Establish sector criteria	2023	Established new climate lending criteria in the oil and gas, metals and mining sectors
Scope 1 & 2 emissions <sup>4</sup>	85% reduction 90% reduction	2025 2030	Down 58% from 2016 base year
Scope 3 – supply chain emissions	35% reduction	2030	Down 20% from 2016 base year

## Estimated Australian emissions intensity (kgCO<sub>2</sub>-e) per \$ lent

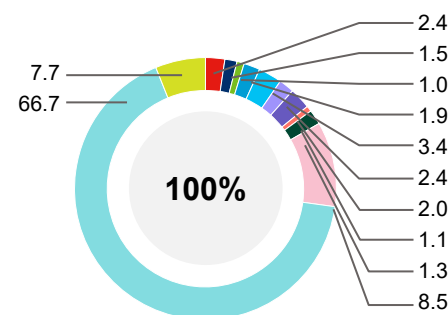


1 Refer to 2021 Sustainability Datasheet for glossary. 2 In WIB only. 3 Particularly for sectors representing the majority of our financed emissions. 4 FY16 Scope 1 & 2 emissions base year: 147,620 tCO<sub>2</sub>-e. 2021 is the first year Westpac is reporting market-based emissions to account for renewable energy investment. The base year of our Scope 1 & 2 and Scope 3 Supply Chain GHG reduction targets is calculated applying the location-based accounting method. Historic location-based data is used as a proxy for a market-based method as electricity supplier emission factors or residual emission factors for some international operations are not available. 5 Refer to the Westpac 2021 Financed Emissions Methodology on our website for more information. 6 Manufacturing includes primary metal production and petroleum refining. Utilities includes electricity generation. Mining includes coal, oil and gas extraction. 7 Colours relate to sectors in the sector chart.

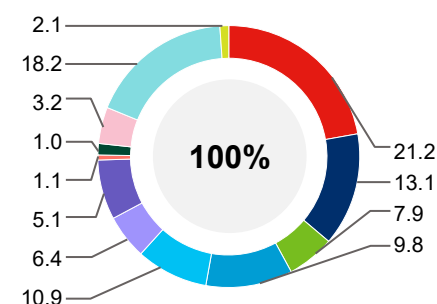
## Financed emissions profile

- We conducted analysis to estimate emissions attributable to loans in our Australian business, institutional and residential portfolios ('financed emissions'<sup>5</sup>)
- The analysis estimates that:
  - Manufacturing, utilities and mining are the sectors<sup>6</sup> with the highest emissions intensity per dollar lent
  - A majority of our lending is to lower emissions-intensity sectors, with limited lending exposure to high-emissions intensity sectors
- This analysis will guide the development of Paris-aligned sector financing strategies and portfolio targets in 2022, particularly for sectors representing the majority of our financed emissions. To develop these financing strategies and portfolio targets we will work with customers and industry experts. We will also consider a range of factors, including the IPCC Sixth Assessment Report, the IEA's Net Zero by 2050, A Roadmap for the Global Energy Sector Report as well as the impact on the bank and customers, including in hard-to-abate sectors

## % of Group exposures<sup>7</sup>



## % of Group financed emissions<sup>7</sup>





# Climate-related disclosures – scenario analysis.

Sustainability

## Transition risk – key points

- Transition climate risk includes regulatory, market and technology changes when moving to a greener economy. This can result in changes to costs, income, profits, investment preferences and asset viability
- Our analysis of transition risk focuses on our Australian business and institutional lending<sup>1</sup> and exposure to sectors that may face growth constraints under 1.5-degree and 2-degree scenarios<sup>2</sup>
- Approximately 1.1% of our current Australian business and institutional lending is exposed to sectors that by 2030 may experience higher risk<sup>3</sup> in a transition to a 1.5-degree economy. Under a 2050 scenario this is 2.4%

## Sector criteria updates – key points

- During the year we continued work on our sector-based approaches for sectors that represent the majority of our financed emissions
- Following engagement with customers, we refined our approach, with a focus on WIB's oil and gas exploration, production and refining customers, and we will:
  - expect any new oil and gas exploration, production and refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals
  - support existing customers as they develop their Paris-aligned business strategies, including decarbonisation and capital allocation plans
  - continue to develop our approach and understanding of climate-related risk and opportunities in the oil and gas sector (including downstream segments) through engagement with our customers<sup>4</sup>
  - For more information, please refer to the 2021 Sustainability Supplement
- For metallurgical coal mining, diversified mining and primary metal production, we will:
  - expect all new customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals
  - support existing customers as they develop their Paris-aligned business strategies, including decarbonisation and capital allocation plans

## Managing climate-related risk

- We continue to integrate climate-related risks and opportunities into our operations. This includes alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), referenced in APRA's draft Prudential Practice Guide on Climate Change Financial Risks
- Climate change-related risks are managed within the Group's Risk Management Framework
- Participating in APRA's 2021 Climate Vulnerability Assessment



## Physical risk – key points

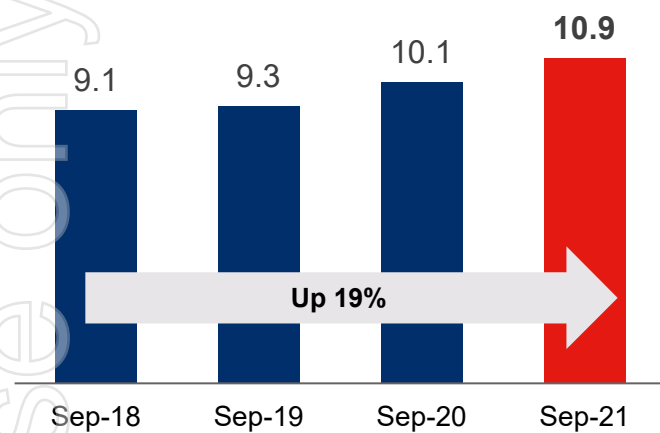
- Physical climate risk refers to changes in climate and the frequency and magnitude of extreme weather events, with impacts including direct damage to assets or property
- Updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio<sup>5,6</sup>
- Focused on the Australian mortgage portfolio and exposure to locations that may face increased physical risk under an IPCC RCP<sup>7</sup> 8.5 and RCP 2.6 Scenarios
- Approximately 3.8% of the current Australian mortgage portfolio may be exposed to higher physical risk<sup>8</sup> under an IPCC RCP 8.5 Scenario, and 3.3% under an IPCC RCP 2.6 Scenario by 2050
- Advanced work to understand how best to support our agribusiness customers in Australia and New Zealand to manage climate risk

1 Australian lending, excludes retail, sovereign, and bank exposures. 2 For further information see Westpac's FY21 Sustainability Supplement. 3 Sectors whose medium (2030) and long-term (2050) performance under a scenario deviated by more than one standard deviation below average GDP growth, were classified as 'higher risk'. 4 Initial focus on WIB customers. 5 Excludes Equity Access. 6 Considers riverine or surface water flooding, coastal inundation, forest fires, extreme wind including cyclones and soil subsidence. For further information see 2021 Sustainability Supplement. 7 Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP). 8 'Higher risk' were locations where insurance may become more expensive or unavailable.

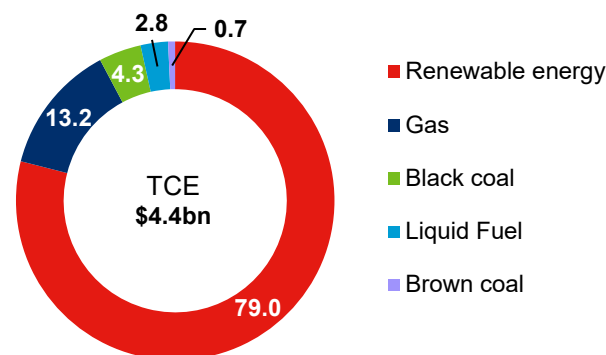
# Climate-related metrics.

Sustainability

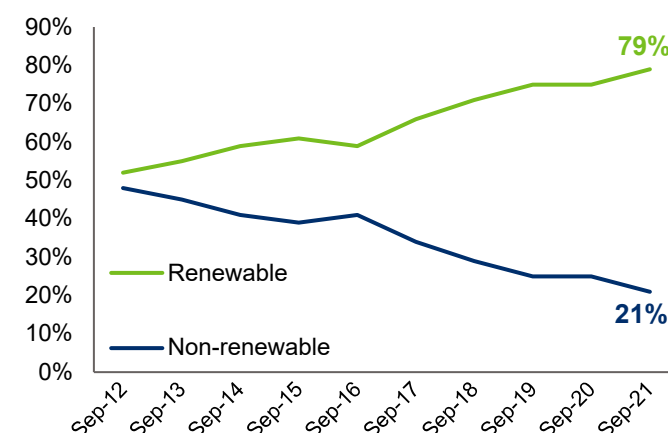
**Lending to climate change solutions**  
(\$bn, TCE)



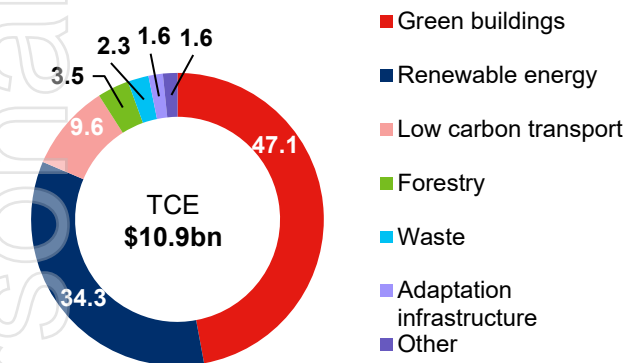
**Electricity generation exposure**  
(% of TCE)<sup>1</sup>



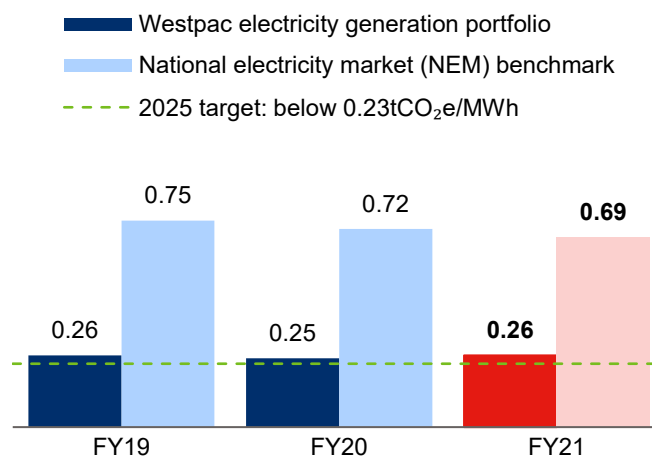
**Lending to electricity generation**  
in Australia and New Zealand (% of total)



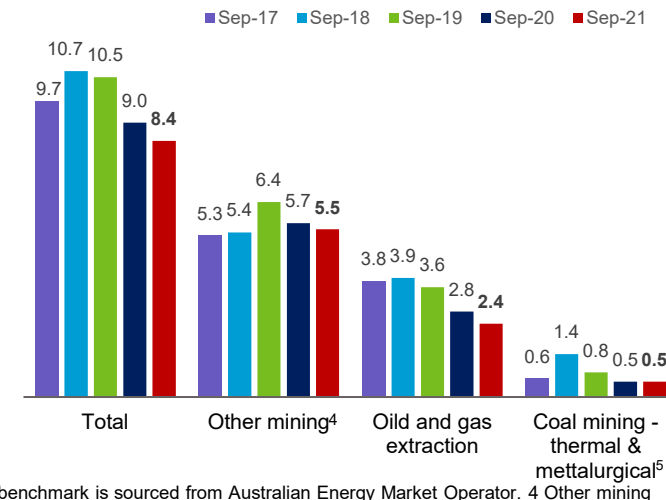
**Climate change solutions exposure**  
(% of TCE)<sup>2</sup>



**Emissions intensity**  
(tCO<sub>2</sub>-e/MWh)<sup>1,3</sup>



**Mining exposure**  
(\$bn, TCE)



<sup>1</sup> Exposures in WIB only. TCE is total committed exposure. <sup>2</sup> Climate solutions definition is available in our 2021 Sustainability Datasheet glossary. <sup>3</sup> Australia only. NEM benchmark is sourced from Australian Energy Market Operator. <sup>4</sup> Other mining includes iron ore, metal ore, construction material, exploration and services. <sup>5</sup> Lending to thermal coal mining is 43% of total lending to coal mining in WIB.



# Respecting and advancing human rights.

Progressing our Human Rights Position Statement and 2023 Action Plan.

Sustainability

Financial services provider

Lending

Employer

Purchaser

## Salient human rights issues

## Progress in Full Year 2021

<ul style="list-style-type: none"> <li>Customer vulnerability and hardship, customer safety and access</li> <li>Groups at particular risk, including women, young people, people living with disability and Aboriginal and Torres Strait Islander peoples</li> <li>Privacy risk</li> </ul>	<ul style="list-style-type: none"> <li>Supported customers identified as being at increased risk of vulnerability with over 33,400 cases of assistance through specialist vulnerability teams</li> <li>Launched our Access and Inclusion Plan 2021-2024</li> <li>Provided \$12.1 million in funding for the overall Safer Children, Safer Communities work program</li> <li>Improved our management of privacy risks by enhancing our policies, processes and systems, and through updated training to lift the understanding of our employees of the requirements and risks</li> </ul>
<ul style="list-style-type: none"> <li>Rights of Indigenous communities</li> <li>Modern slavery</li> </ul>	<ul style="list-style-type: none"> <li>Rolled out cultural competency training to enable our people to better support Indigenous customers</li> <li>Progressed implementation of the refreshed ESG Credit Risk Policy, including training to support our institutional bankers, business bankers and risk officers</li> <li>Published our fifth Modern Slavery Statement, and the first under the requirements of the <i>Modern Slavery Act 2018 (Cth)</i></li> </ul>
<ul style="list-style-type: none"> <li>COVID-19 impacts on employees. Work related mental ill-health and workforce wellbeing</li> <li>Exclusion and discrimination in employment</li> </ul>	<ul style="list-style-type: none"> <li>Expanded our mental health support for employees in responding to the pandemic with a new mental health plan</li> <li>Refreshed the Group's Inclusion and Diversity plan with an increased focus on gender, cultural diversity and Indigenous representation</li> </ul>
<ul style="list-style-type: none"> <li>Manufactured products or components with offshore supply chains in high-risk categories sourced from higher risk countries for human rights risks, including modern slavery</li> </ul>	<ul style="list-style-type: none"> <li>Updated our Responsible Sourcing Program to strengthen management and monitoring processes, to address ESG risks in our supply chain and took action to raise awareness in our supply chain of Speaking Up channels</li> </ul>

## Our approach

### 6 principles



1. We respect human rights
2. We assess our human rights impacts
3. We integrate human rights considerations into our business and relationships
4. We provide access to remedy when appropriate
5. We engage with stakeholders on human rights
6. We aim to be transparent and provide accurate and timely disclosure

### 19 actions in progress across 5 areas

1. Financial services provider
2. Lender
3. Employer
4. Purchaser of goods and services
5. Embedding our principles



### Annual review - salient issues

- Materiality assessment
- Customer feedback & complaints
- ESG due diligence
- Stakeholder input

# Inclusion and Diversity.

Strategy focused on 3 key areas and a culture of inclusion.

Sustainability

## GENDER

### Women in leadership

- Maintain our target of 50% women in leadership<sup>1</sup>
- Committed to 40:40 Vision<sup>2</sup> to achieve a 40:40:20 gender balance in our Executive Team by 2030. We have also adopted this at Board and GM level

### Accelerating Women and Gender Equality Plan

#### • Targeting equal representation of women

- Achieve and maintain gender targets
- Reinforce gender balance requirements internally and externally, including 50:50 gender shortlists
- Grow leadership programs and mentoring

#### • Gender pay equity

- Pay gaps exceeding 5% will be investigated and addressed as a priority
- All job level gaps<sup>3</sup> to be below 3% by end FY23
- Gender pay equity principles embedded in the annual remuneration review

#### • Leading on policy

- Regular review of policy and practice for benchmarking and objectivity
- Immediate change to improve Parental Leave support for parents and recognise early pregnancy loss

## CULTURAL DIVERSITY

- Seek to understand the cultural diversity of our workforce. An internal campaign to encourage self disclosure in our HR system on cultural identity is planned for Feb-Mar 2022
- This information will support training, development and greater recognition to support our people

### Focus areas for recognition and development of culturally diverse employees

- In conjunction with our Employee Action Group (EAG) with over 1,000 members with 62 different cultural heritages we promote awareness and inclusion of cultural diversity
- Continued growth of the Group-wide Leadership Shadowing Program (over 200 participants)
- Supportive communication and calendar to recognise cultural events, milestones and celebrations
- Continued focus on unconscious bias training and review of cultural diversity in core processes like sourcing, recruitment and talent reviews

## INDIGENOUS REPRESENTATION

- Appointed 172 new Aboriginal and/or Torres Strait Islander hires in FY21, including employment through direct hires, school-based and full time traineeships & CareerTrackers Internships
- We have set clear targets for Indigenous representation for:
  - 1.5% of our Australian permanent workforce to identify as Aboriginal and/or Torres Strait Islander heritage by end FY24
  - 3% of our Australian permanent workforce to identify as Aboriginal and/or Torres Strait Islander heritage by end FY28
- Our dedicated Indigenous 'Yuri Ingkarninthe' Connection Team is providing translator services and improved banking accessibility for over 4,500 indigenous and remote Australians
- Our partnership with First Australian's Capital is providing access to capital for Indigenous businesses

<sup>1</sup> Women in Leadership (WIL) refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers. <sup>2</sup> The 40:40 Vision is an initiative led by HESTA and supported by various industry partners including some large Australian fund managers, Chief Executive Women, the Workplace Gender Equality Agency and ACSI. The 40:40:20 represents 40% female, 40% male and 20% any gender. <sup>3</sup> Where the identified gap is not explained by differences in experience, tenure or performance.

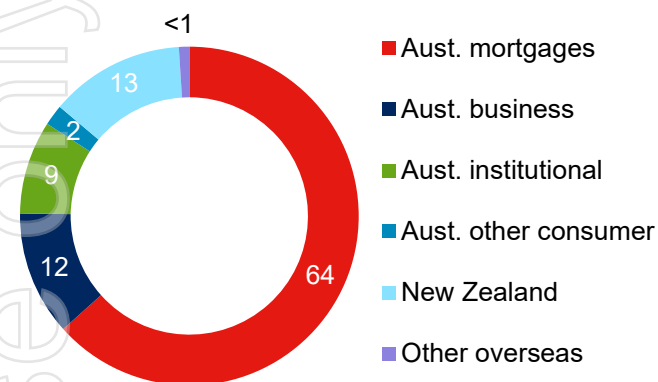
# Earnings drivers

# Composition of lending and deposits.

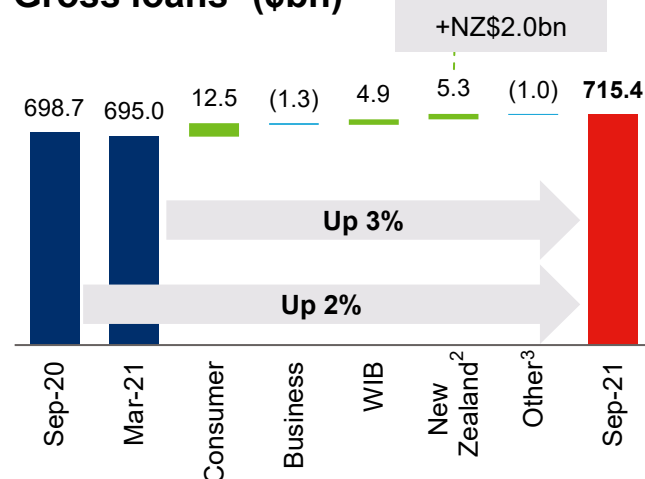
Lending up 2% and deposits grew 4% over the year.

Revenue

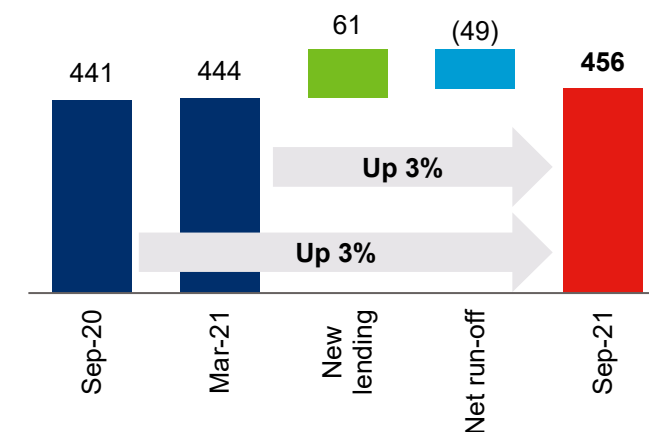
## Composition of lending (% of total)



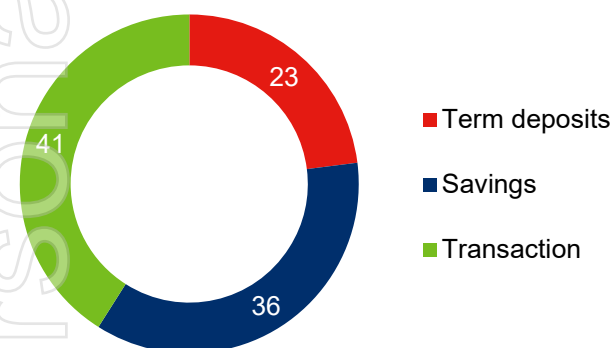
## Gross loans<sup>1</sup> (\$bn)



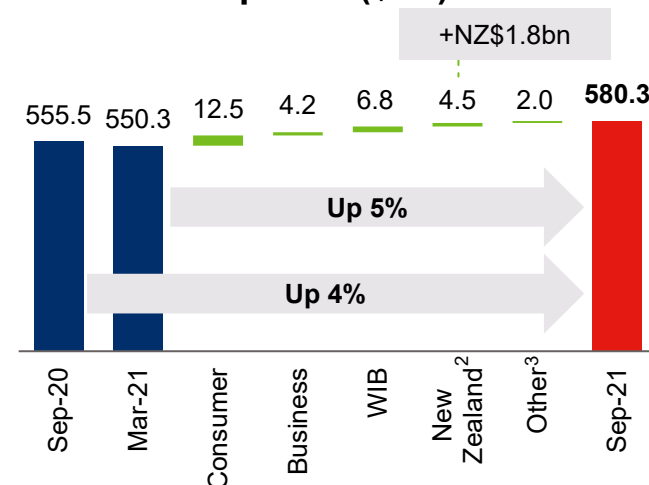
## Australian mortgage lending<sup>4</sup> (\$bn)



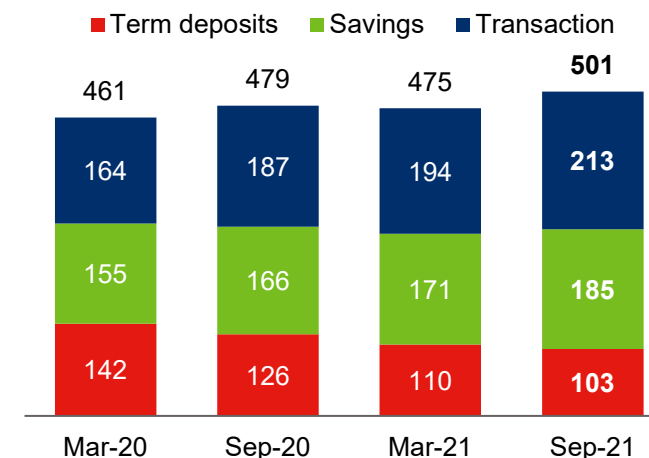
## Composition of deposits (% of total)



## Customer deposits (\$bn)



## Australian deposit trends (\$bn)



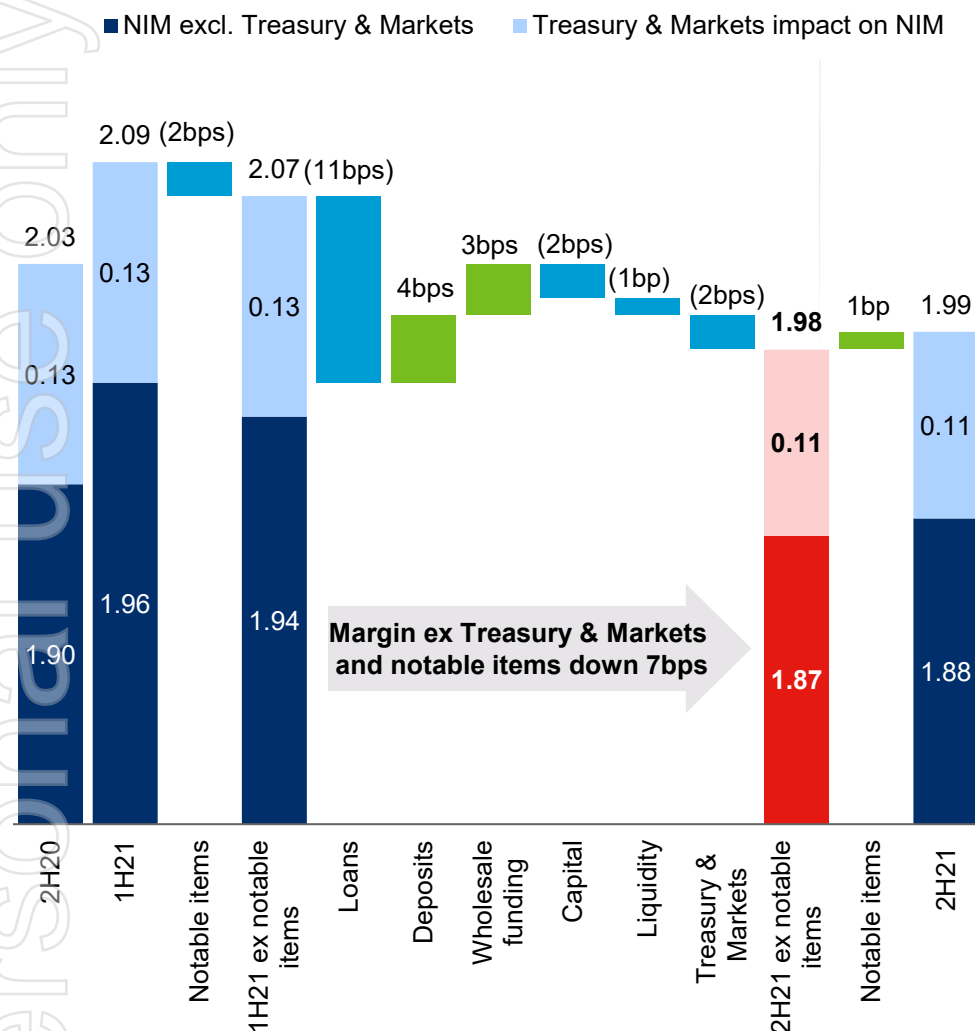
<sup>1</sup> As at 30 September 2021, gross loans includes \$1.0bn of held for sale assets relating to Motor Vehicle Dealer Finance. <sup>2</sup> In AUD. The large difference between the NZ\$ and AUD movement is due to a ~4% change in exchange rate over the period. September 2021 exchange rate was 1.0477, March 2021 1.0891. <sup>3</sup> Includes Group Businesses and Specialist Businesses. <sup>4</sup> Gross loans.

# Net interest margin.

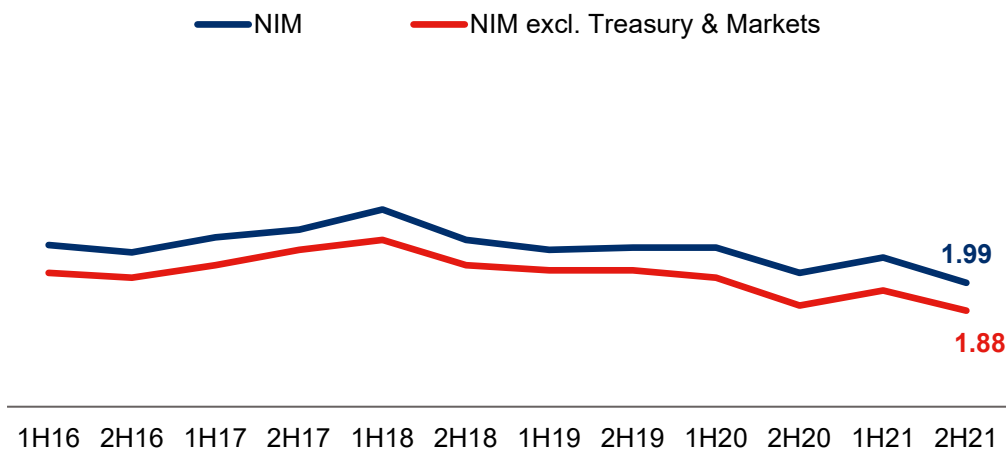
Down 7bps excluding Treasury & Markets and notable items.

Revenue

## Net interest margin (NIM) movement (% , bps)



## Net interest margin (%)



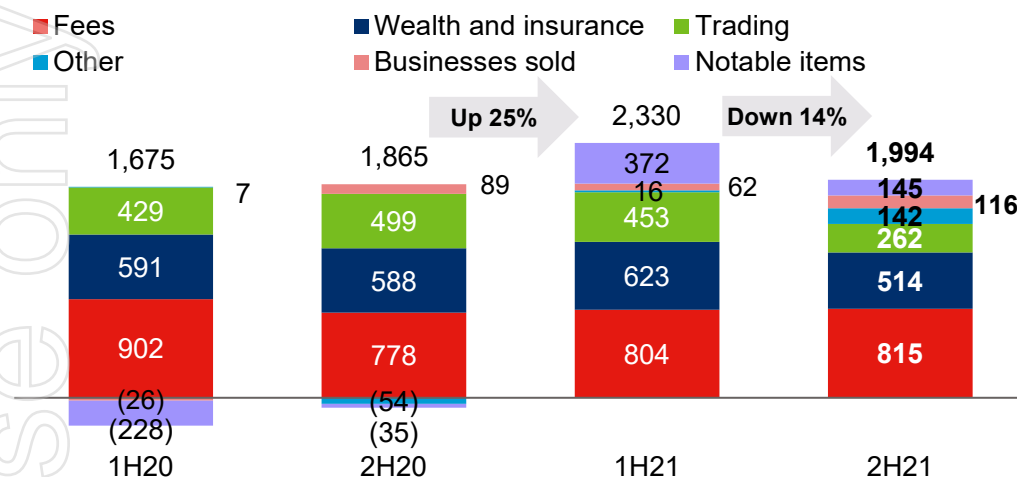
## Net interest margin by division (%)

	NIM			NIM ex notable items		
	2H20	1H21	2H21	2H20	1H21	2H21
Consumer	2.41	2.39	2.29	2.41	2.39	2.29
Business	2.93	3.17	3.07	2.98	3.05	2.91
WIB	1.23	1.27	1.24	1.23	1.27	1.24
NZ	1.89	2.06	1.94	1.90	2.07	2.00

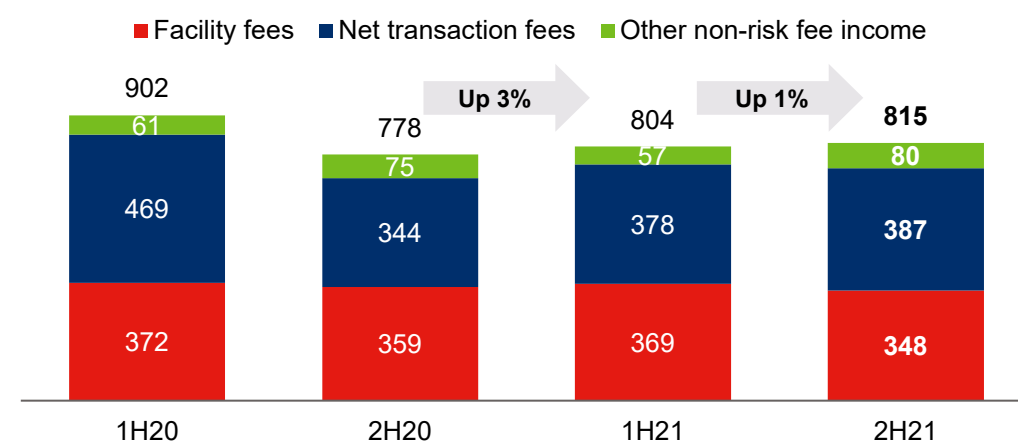
# Non-interest income.

Revenue

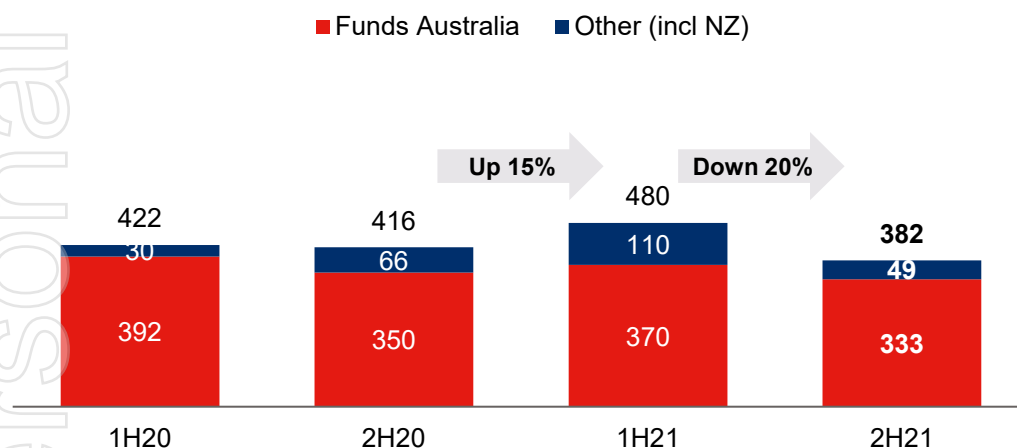
## Non-interest income contributors<sup>1</sup> (\$m)



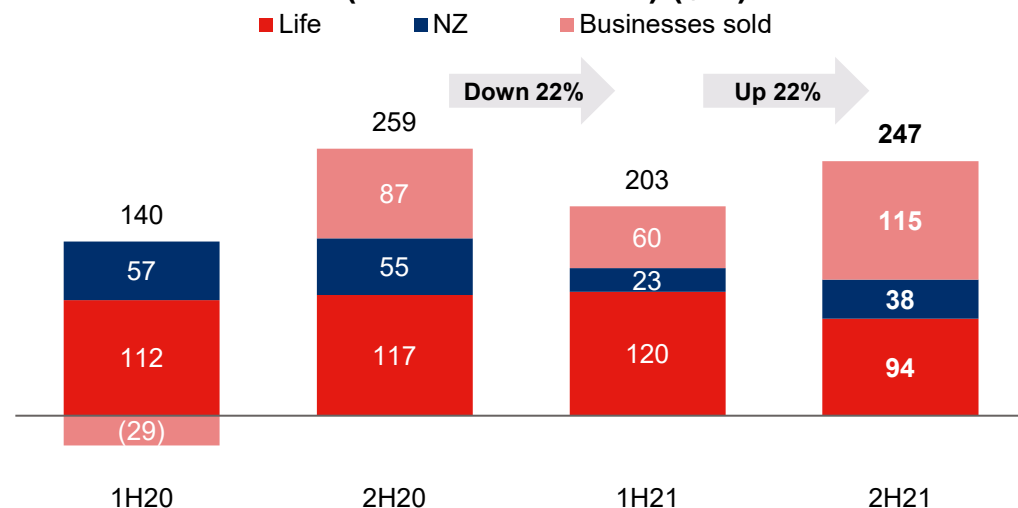
## Net fee income (ex notable items) (\$m)



## Wealth management income (ex notable items) (\$m)



## Insurance income (ex notable items) (\$m)

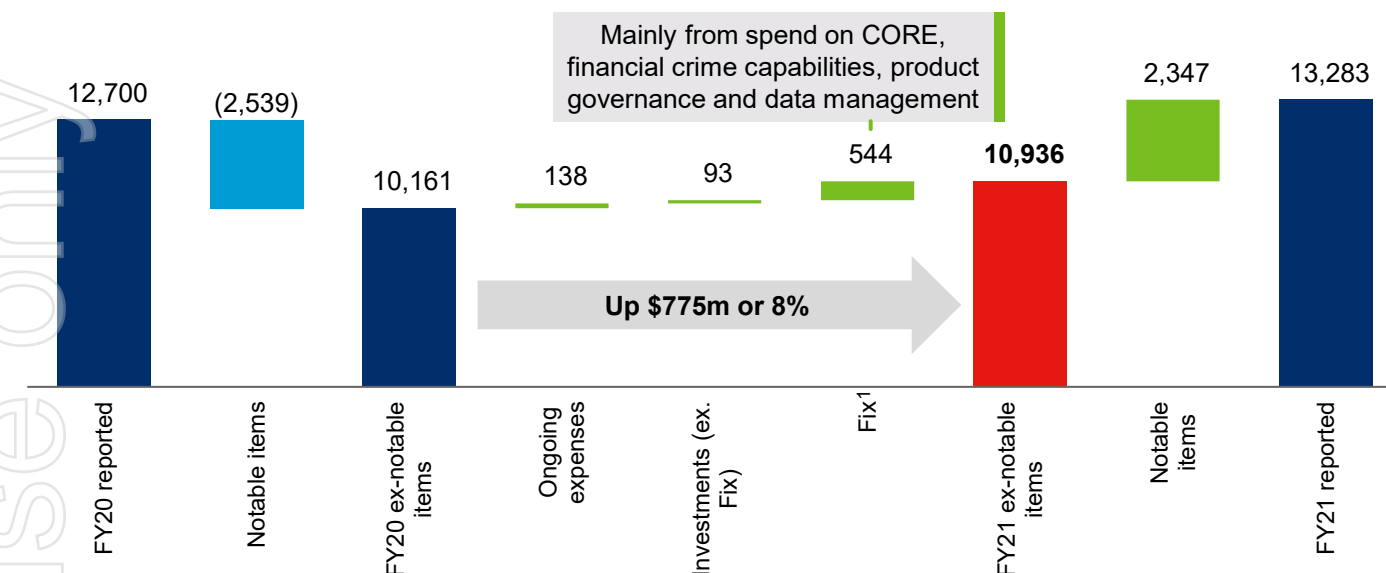


<sup>1</sup> Income for Businesses sold includes Vendor Finance, General Insurance and Lenders Mortgage Insurance. Vendor Finance income is included in other income which is not shown separately. General Insurance and Lenders Mortgage Insurance are included in insurance income.

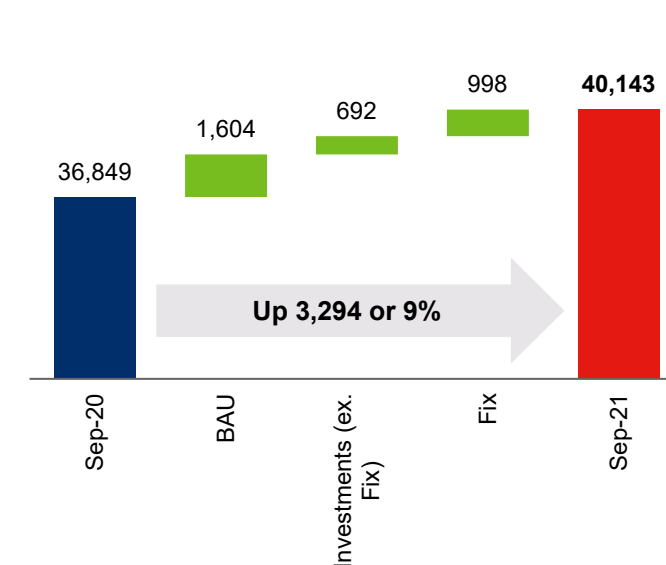
# Expenses.

Expenses

## Expense movements FY21 – FY20 (\$m)

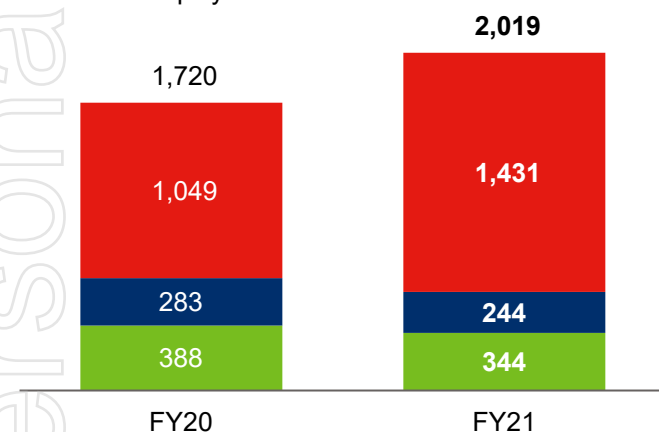


## FTE (#)



## Investment spend mix (\$m)

Fix Simplify Perform



Investment spend (\$m)	FY19	FY20	FY21
Expensed	608	680	1,222
Capitalised <sup>2</sup>	898	1,040	797
<b>Total investment spend</b>	<b>1,506</b>	<b>1,720</b>	<b>2,019</b>
Investment spend expensed	40%	40%	61%

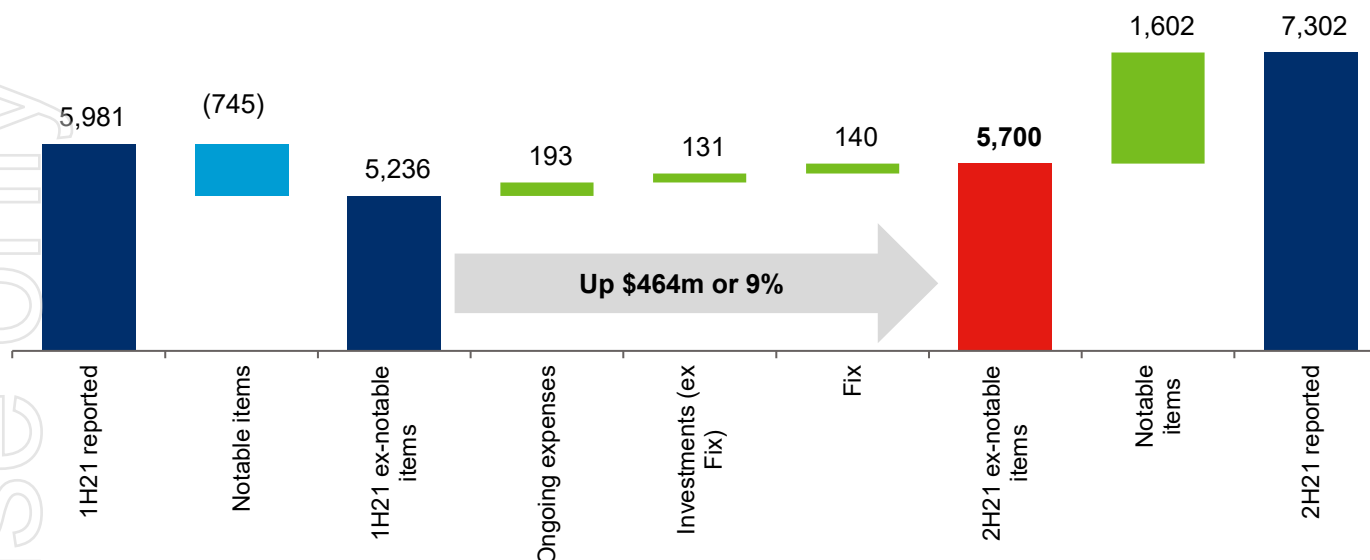
Capitalised software (\$m)	FY19	FY20	FY21
Opening balance	2,177	2,365	2,430
Additions	906	1,035	740
Amortisation	(694)	(799)	(755)
Other <sup>3</sup>	(24)	(171)	(575)
<b>Closing balance</b>	<b>2,365</b>	<b>2,430</b>	<b>1,840</b>
Average amortisation period	3.1yrs	2.7yrs	2.6yrs

1 Includes impacts from changes to our software capitalisation policy. 2 Includes capitalised software, fixed assets and prepayments. 3 Includes write-offs, impairments, foreign exchange translation and impacts from the revision in treatment of Software-as-a-Service (SaaS) arrangements.

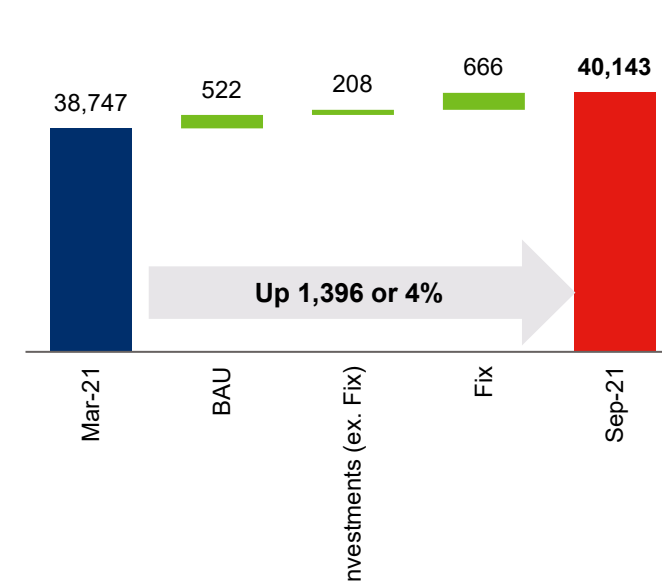
# Expenses.

Expenses

## Expense movements 2H21 – 1H21 (\$m)

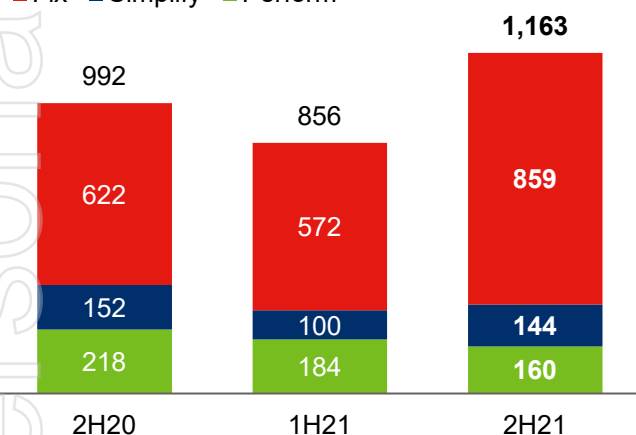


## FTE (#)



## Investment spend mix (\$m)

Fix Simplify Perform



Investment spend (\$m)	2H20	1H21	2H21
Expensed	384	502	720
Capitalised <sup>1</sup>	608	354	443
<b>Total investment spend</b>	<b>992</b>	<b>856</b>	<b>1,163</b>
Investment spend expensed	39%	59%	62%

Capitalised software (\$m)	2H20	1H21	2H21
Opening balance	2,335	2,430	2,260
Additions	605	348	392
Amortisation	(406)	(384)	(371)
Other <sup>2</sup>	(104)	(134)	(441)
<b>Closing balance</b>	<b>2,430</b>	<b>2,260</b>	<b>1,840</b>
Average amortisation period	2.7yrs	3.2yrs	2.6yrs

<sup>1</sup> Includes capitalised software, fixed assets and prepayments. <sup>2</sup> Includes write-offs, impairments, foreign exchange translation and impacts from the revision in treatment of Software-as-a-Service (SaaS) arrangements.

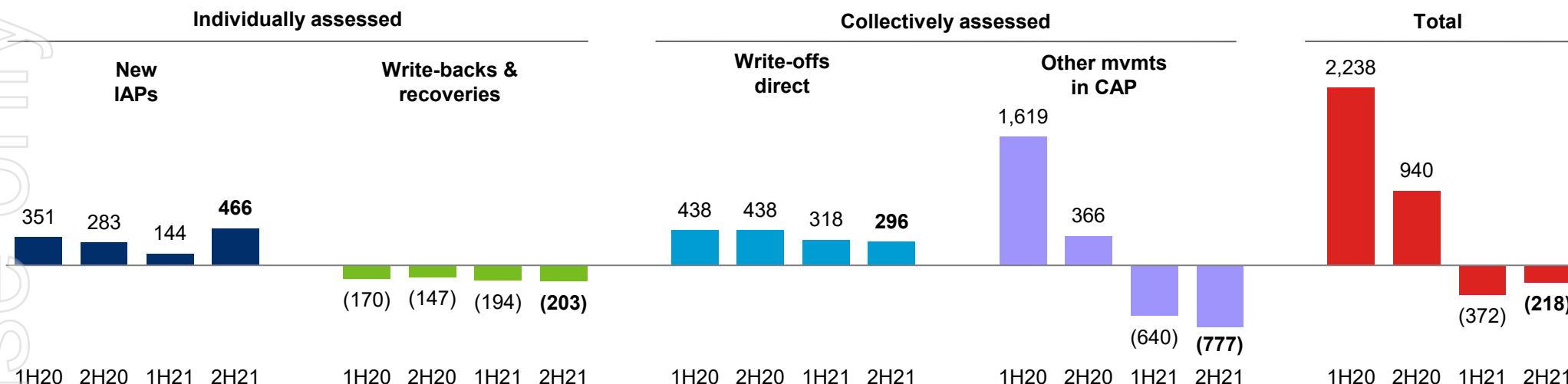


# 2H21 impairment benefit of \$218m.

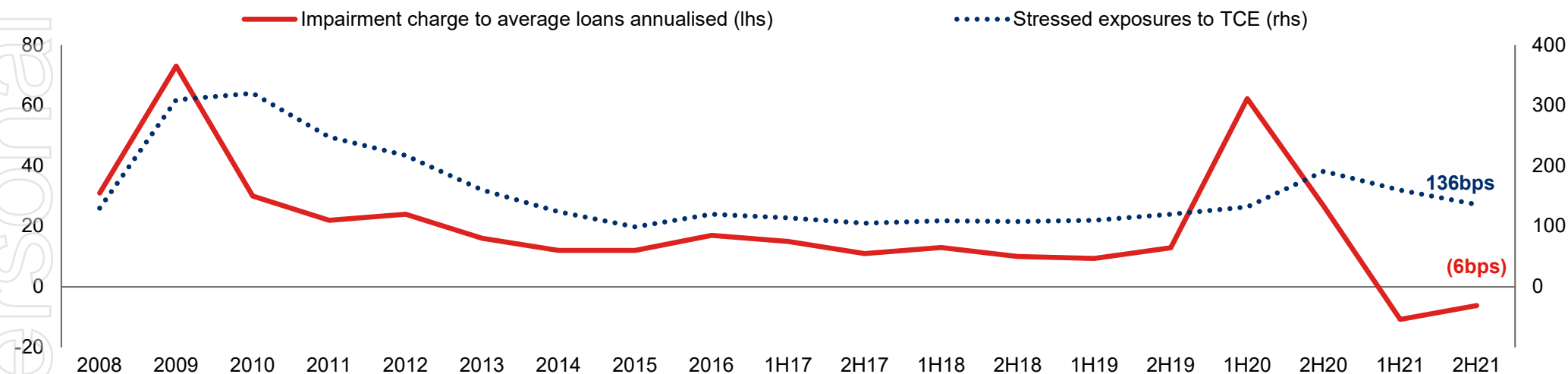
Higher CAP release driven by resilient portfolio and refresh of portfolio overlays.

Impairment charges

## Impairment charges (\$m)



## Impairment charges and stressed exposures (bps)



# Credit quality and provisions

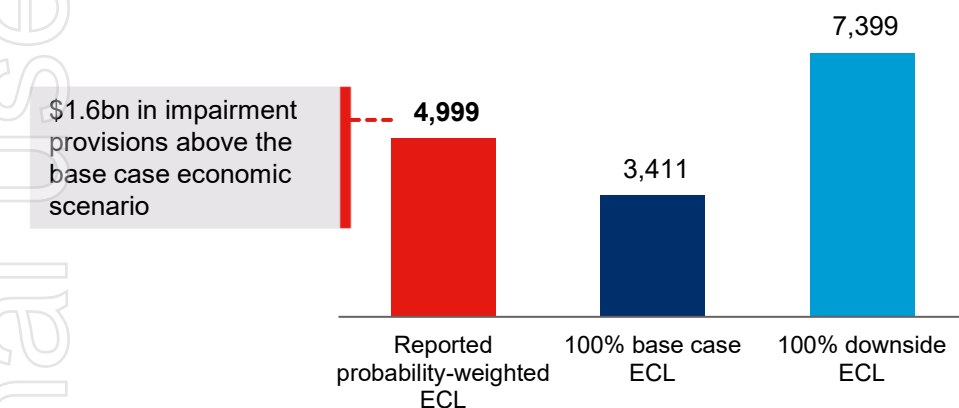
# Provisions.

Credit quality

## Provisions for impairments

	Sep-20	Mar-21	Sep-21
Loan provisions to gross loans (bps)	88	79	70
Impaired asset provisions to impaired assets (%)	41	47	54
Collectively assessed provisions to credit RWA (bps)	154	142	117

## Expected Credit Loss<sup>1</sup> (ECL) (\$m)



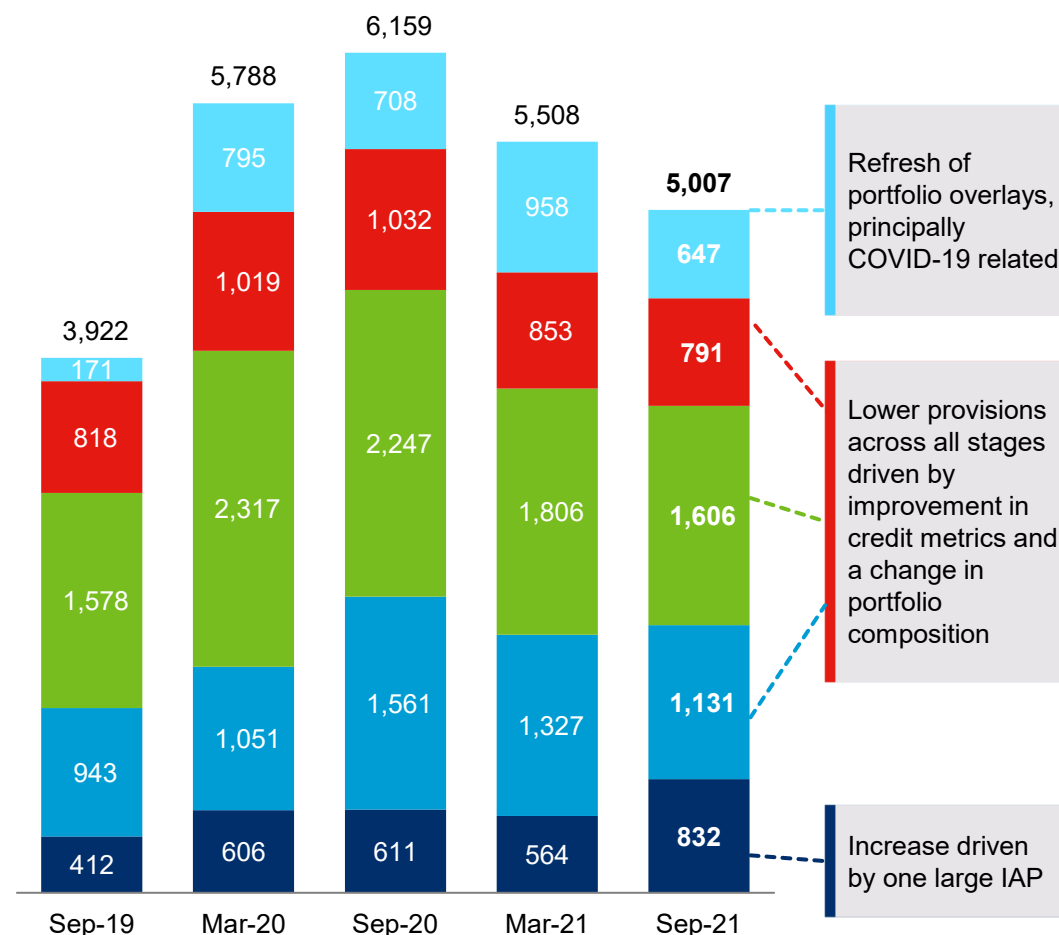
## Forecasts for base case economic scenario<sup>2</sup>

	September 2020		September 2021 <sup>3</sup>	
	2021	2022	2021	2022
GDP growth	2.5%	2.7%	0.05%	7.4%
Unemployment	7.5%	6.7%	5.4%	4.0%
Residential property prices	(0.4%)	7.5%	11.8%	5.0%

1 Includes ECL Overlays and IAP. Excludes provisions for debt securities. 2 GDP and residential property price growth is annual growth to December each year. Unemployment rate forecast is at year end. 3 Forecast date is 7 September 2021. 4 Includes provisions for debt securities. 5 Overlay from Mar-20 includes New Zealand overlay. Overlay from Sep-21 shows portfolio overlays.

## Total impairment provisions<sup>4</sup> (\$m)

■ Overlay<sup>5</sup>
■ Stage 1 CAP
 ■ Stage 2 CAP
 ■ Stage 3 CAP
 ■ Stage 3 IAP

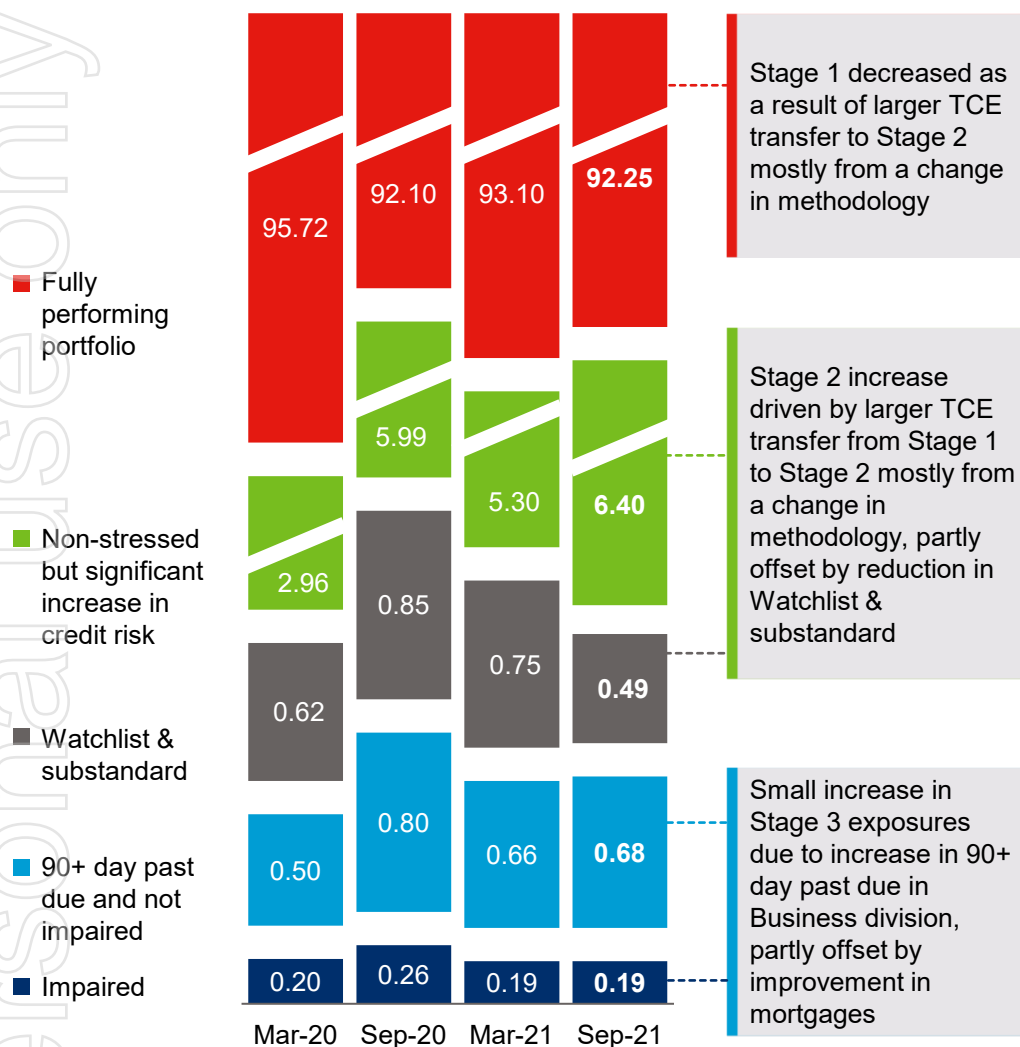


# Provision cover by portfolio category.

Revised methodology for determining significant increase in credit risk<sup>1</sup>.

Credit quality

## Exposures as a % of TCE



<sup>1</sup> Further details of the methodology change see Note 13 in Westpac's 2021 Annual Report.

## Provisioning to TCE (%)

	Mar-20	Sep-20	Mar-21	Sep-21
<b>Stage 1 provisions</b>				
<b>Fully performing portfolio</b>				
Small cover as low probability of default (PD)	0.12	0.11	0.10	<b>0.09</b>
<b>Stage 2 provisions</b>				
<b>Non-stressed but significant increase in credit risk</b>				
Lifetime expected loss based on future economic conditions	6.78	3.41	3.29	<b>2.16</b>
<b>Watchlist &amp; substandard</b>				
Still performing but higher cover reflects deterioration	10.67	8.25	9.07	<b>9.80</b>
<b>Stage 3 provisions</b>				
<b>90+ day past due and not impaired</b>				
In default but strong security	11.61	11.98	12.91	<b>10.57</b>
<b>Impaired assets</b>				
In default. High provision cover reflects expected recovery	50.09	41.45	47.03	<b>54.43</b>

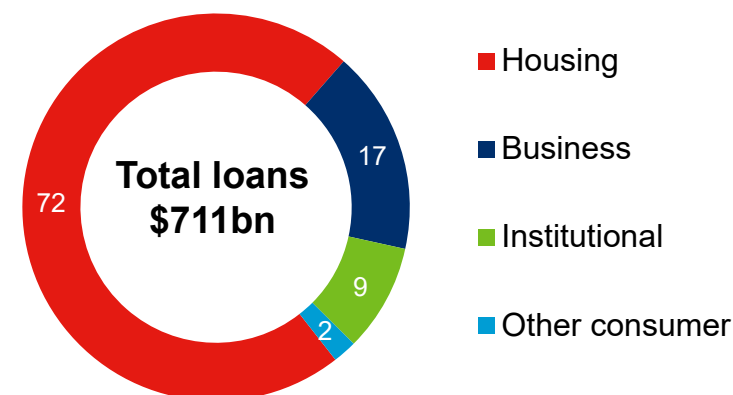
# Portfolio composition.

Credit quality

## Asset composition (%)

Total assets (\$936bn)	Sep-19	Sep-20	Sep-21
Loans	79	76	76
Investment securities	8	10	9
Trading securities and financial assets at fair value through income statement	4	4	2
Derivative financial instruments	3	3	2
Cash and balances with central banks	2	3	8
Collateral paid and other financial assets	1	1	1
Intangible assets	1	1	1
Life insurance assets and other assets <sup>1</sup>	2	2	1

## Loan composition at 30 September 2021 (% of total)



## Exposure by risk grade at 30 September 2021 (\$m)

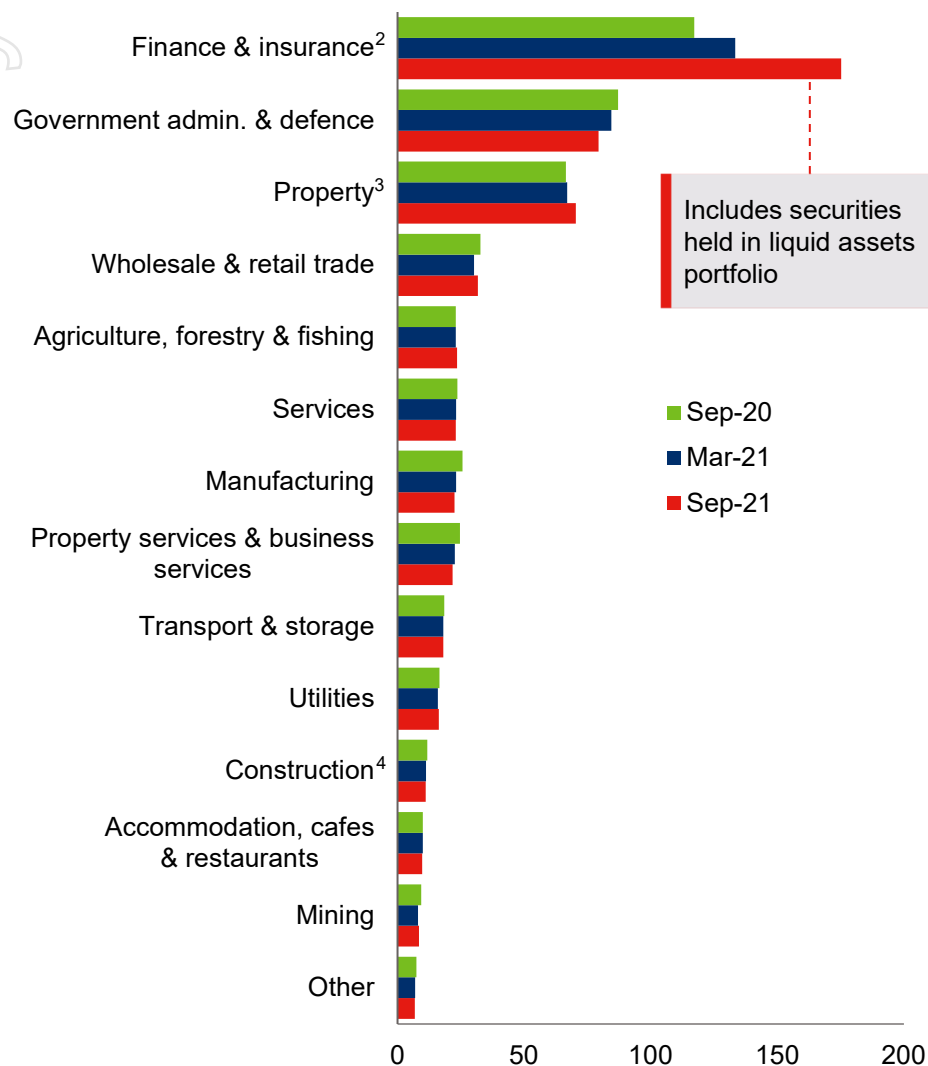
Standard and Poor's Risk Grade <sup>2</sup>	Australia	NZ / Pacific	Asia	Americas	Europe	Group	% of Total
AAA to AA-	171,086	20,081	639	14,765	793	207,364	19%
A+ to A-	34,124	5,388	1,312	3,106	3,115	47,045	4%
BBB+ to BBB-	64,061	11,985	3,146	2,575	1,914	83,681	7%
BB+ to BB	66,444	14,440	507	366	158	81,915	7%
BB- to B+	59,373	7,195	336	246	244	67,394	6%
<B+	8,278	1,142	32	34	0	9,486	1%
Mortgages	522,210	68,576	2	0	0	590,788	53%
Other consumer products	33,491	4,118	0	0	0	37,609	3%
<b>Total committed exposures (TCE)</b>	<b>959,067</b>	<b>132,925</b>	<b>5,974</b>	<b>21,092</b>	<b>6,224</b>	<b>1,125,282</b>	
<i>Total committed exposures (TCE) at 31 March 2021</i>	<i>922,100</i>	<i>122,276</i>	<i>13,795</i>	<i>7,426</i>	<i>6,614</i>	<i>1,072,211</i>	
<b>Exposure by region<sup>3</sup> (%)</b>	<b>86%</b>	<b>12%</b>	<b>&lt;1%</b>	<b>2%</b>	<b>&lt;1%</b>		<b>100%</b>

<sup>1</sup> For September 2021, includes assets held for sale. <sup>2</sup> Risk grade equivalent. <sup>3</sup> Exposure by booking office.

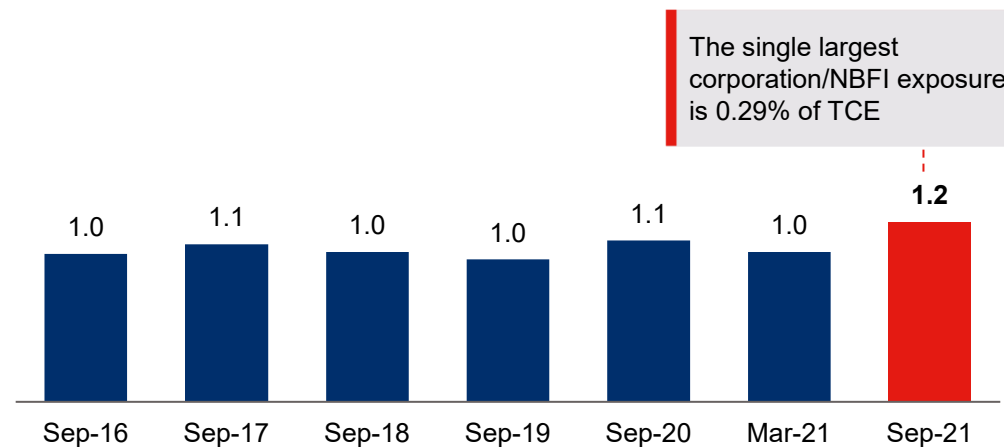
# Loan portfolio composition.

Credit quality

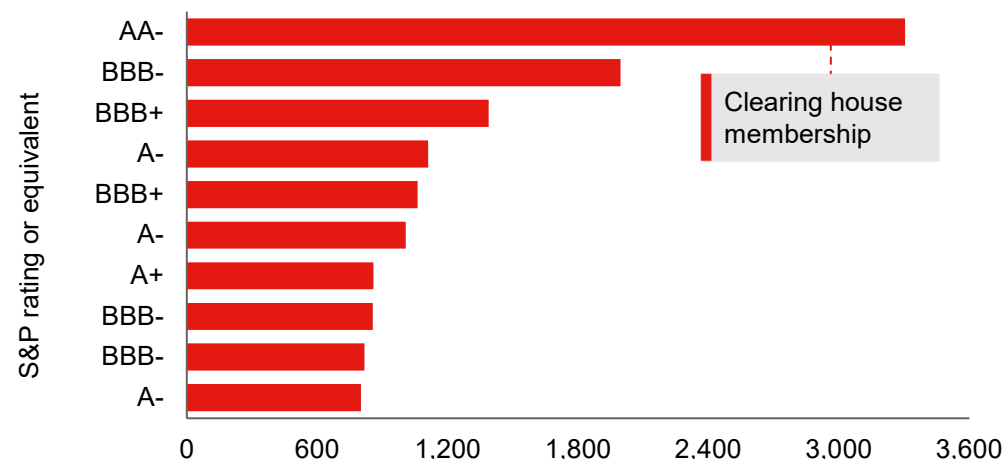
## Exposures at default<sup>1</sup> by sector (\$bn)



## Top 10 exposures to corporations and NBFIs<sup>5</sup> (% of TCE)



## Top 10 exposures to corporations & NBFIs at 30 September 2021 (\$m)



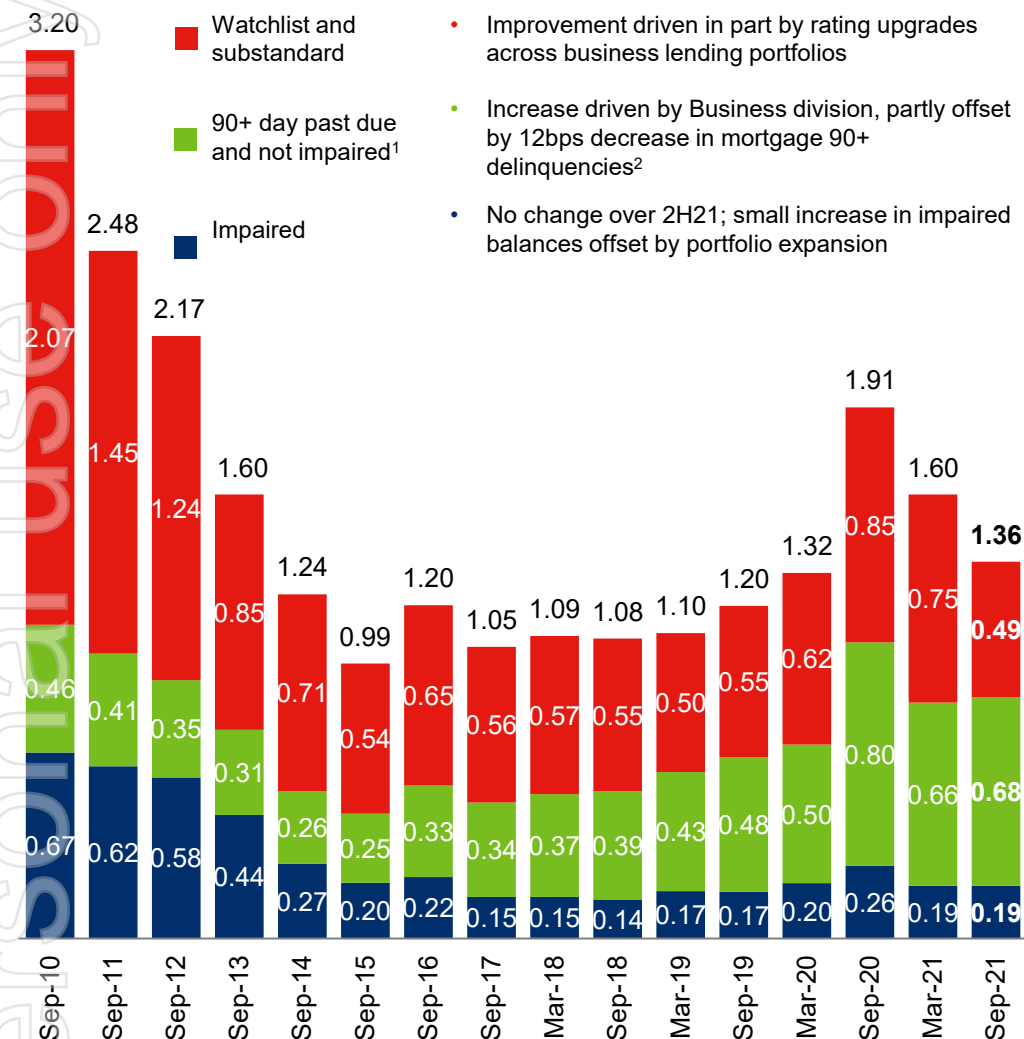
<sup>1</sup> Exposures at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. <sup>2</sup> Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance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

# Credit quality.

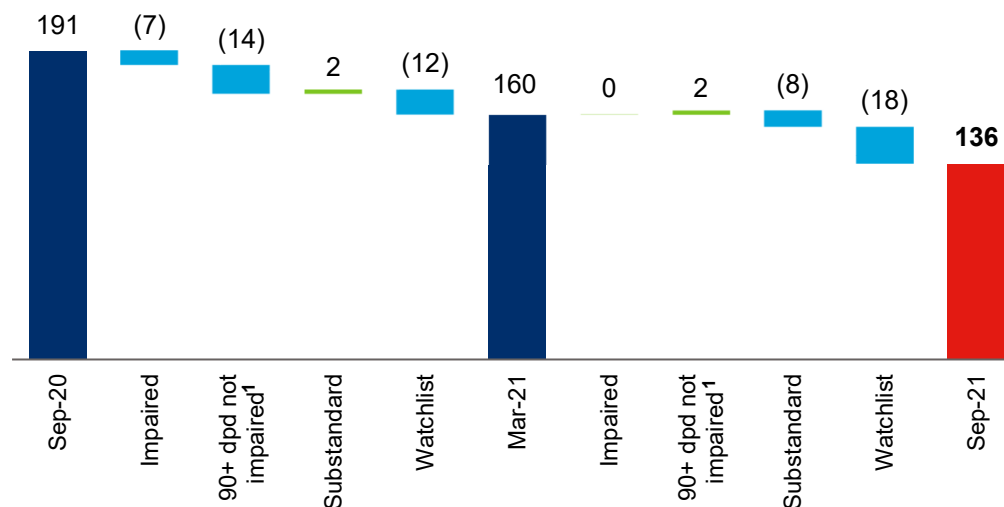
Stressed exposures down 24bps in 2H21.

Credit quality

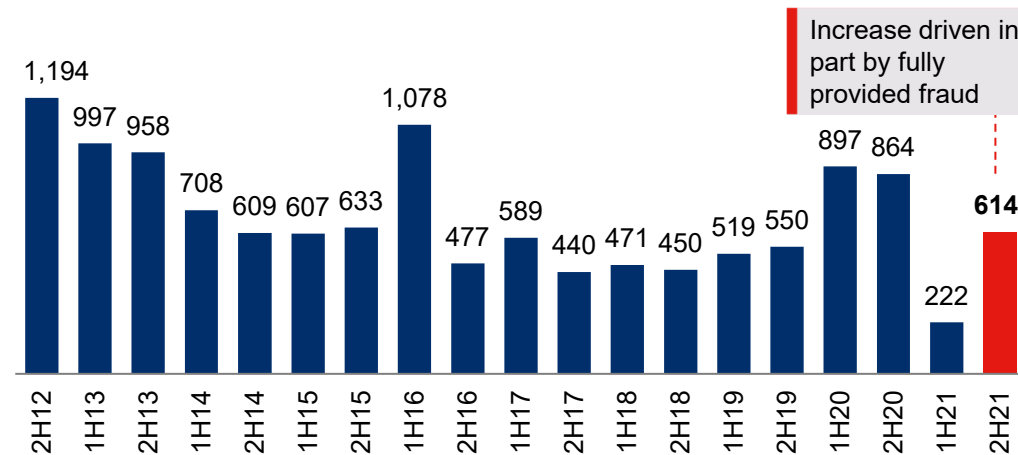
## Stressed exposures as a % of TCE



## Movement in stress categories (bps)



## New and increased gross impaired assets (\$m)<sup>3</sup>

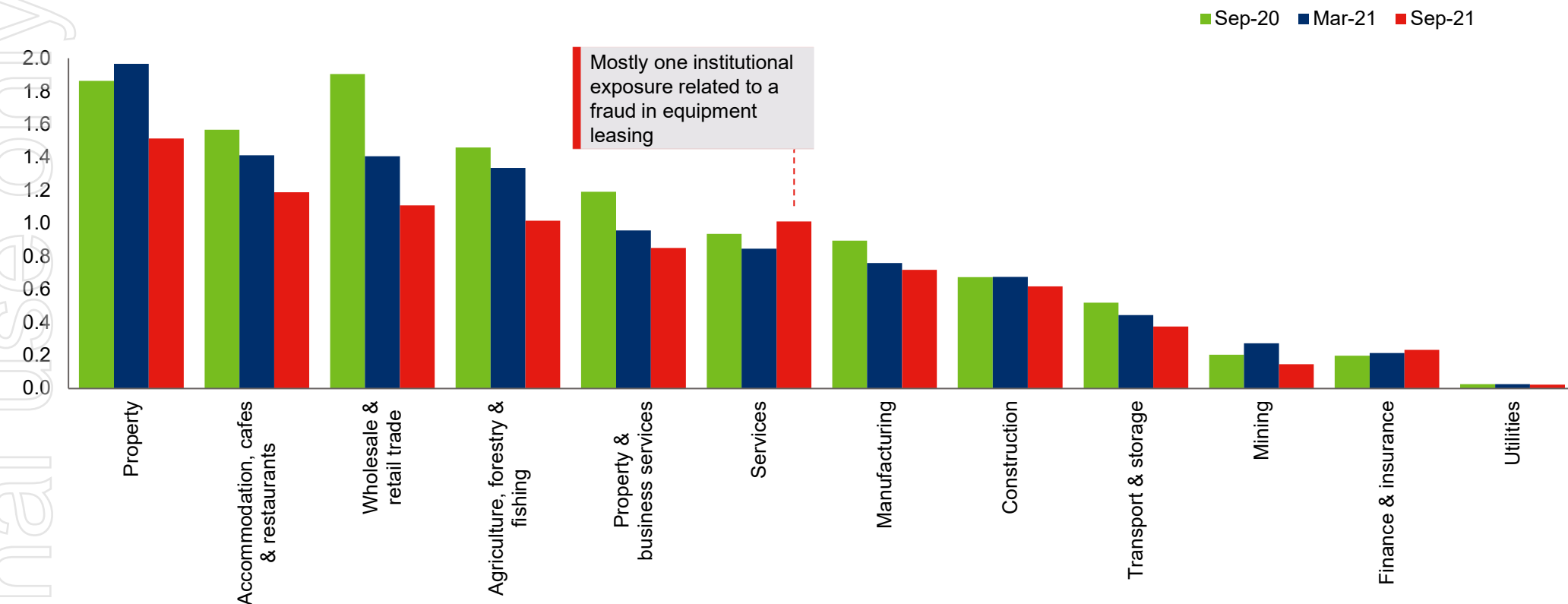


<sup>1</sup> Facilities 90 days or more past due date not impaired. These facilities, while in default, are not treated as impaired for accounting purposes. <sup>2</sup> Group 90+ day mortgage delinquencies, Australian 90+ day mortgage delinquencies decreased by 13bps. <sup>3</sup> Includes exposures that are managed on a facility by facility basis.

# Credit quality improved across most sectors.

Credit quality

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



## Stress to TCE by sector

Sector	Property	Accomm., cafes & restaurants	Wholesale & retail trade	Agriculture, forestry & fishing	Property & business services	Services <sup>1</sup>	Manufacturing	Construction	Transport & storage	Mining	Finance & Insurance	Utilities
Mar-21 (%)	2.9	14.6	4.8	6.0	4.3	3.7	3.3	6.1	2.7	3.4	0.2	0.2
Sep-21 (%)	2.2	12.4	3.6	4.4	4.0	4.5	3.2	5.5	2.3	1.7	0.2	0.2

<sup>1</sup> Services includes education, health & community services, cultural & recreational and personal & other services.



# Sectors in focus.

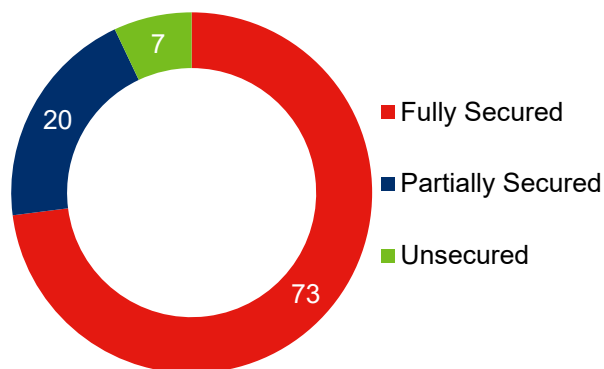
Accommodation, cafes & restaurants and Construction.

Credit quality

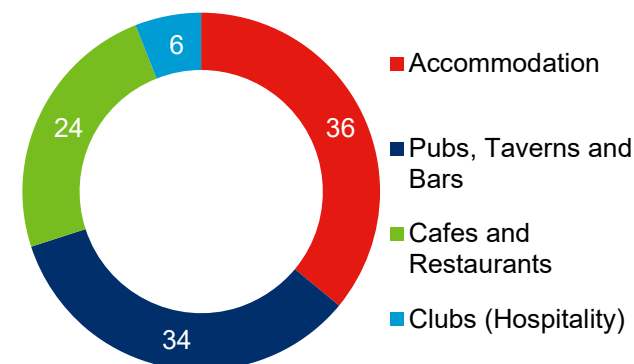
## Accommodation, cafes and restaurants

	Sep-20	Mar-21	Sep-21
Total committed exposures (TCE)	\$9.8bn	\$9.7bn	<b>\$9.6bn</b>
Lending	\$8.5bn	\$8.3bn	<b>\$8.2bn</b>
As a % of Group TCE	0.92	0.91	<b>0.85</b>
% of portfolio graded as stressed <sup>1,2</sup>	16.00	14.55	<b>12.38</b>
% of portfolio impaired <sup>2</sup>	0.73	0.67	<b>0.94</b>

Portfolio security composition<sup>3</sup> (TCE) (%)



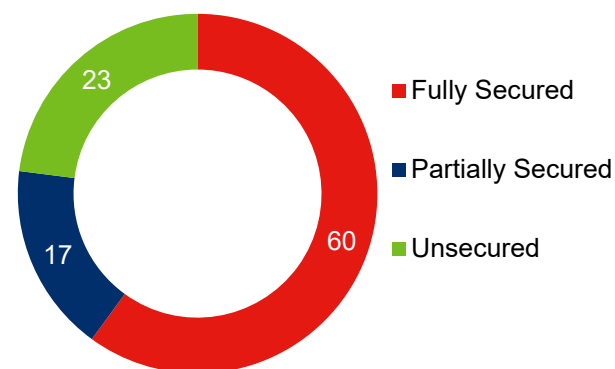
Portfolio by sub-sector (TCE) (%)



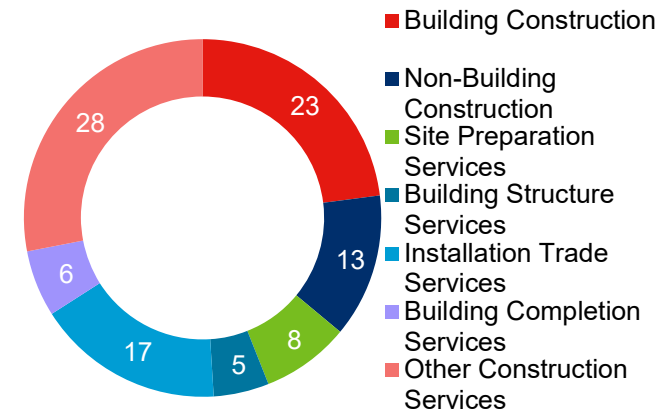
## Construction

	Sep-20	Mar-21	Sep-21
Total committed exposures	\$11.5bn	\$11.1bn	<b>\$11.2bn</b>
Lending	\$7.9bn	\$7.6bn	<b>\$6.7bn</b>
As a % of Group TCE	1.09	1.04	<b>1.00</b>
% of portfolio graded as stressed <sup>1,2</sup>	5.85	6.06	<b>5.51</b>
% of portfolio impaired <sup>2</sup>	1.65	1.11	<b>0.86</b>

Portfolio security composition<sup>3</sup> (TCE) (%)



Portfolio by sub-sector (TCE) (%)



<sup>1</sup> Includes impaired exposures. <sup>2</sup> Percentage of portfolio TCE. <sup>3</sup> 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.

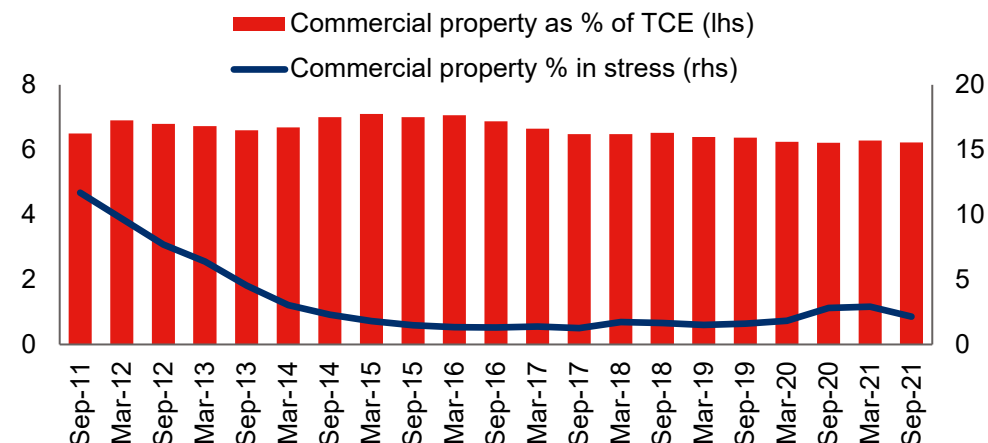
## Commercial property.

Credit quality

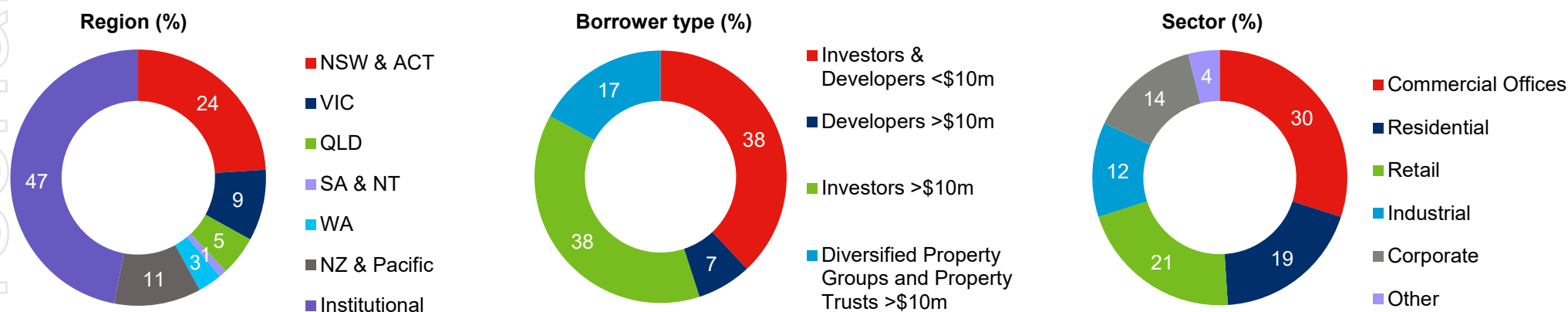
### Commercial property

	Sep-20	Mar-21	Sep-21
Total committed exposures	\$65.9bn	\$67.4bn	<b>\$70.0bn</b>
Lending	\$51.9bn	\$52.2bn	<b>\$51.7bn</b>
As a % of Group TCE	6.22	6.28	<b>6.22</b>
Median risk grade (S&P equivalent)	BB+	BB+	<b>BB+</b>
% of portfolio graded as stressed <sup>1,2</sup>	2.83	2.92	<b>2.16</b>
% of portfolio impaired <sup>2</sup>	0.16	0.14	<b>0.21</b>

### 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.

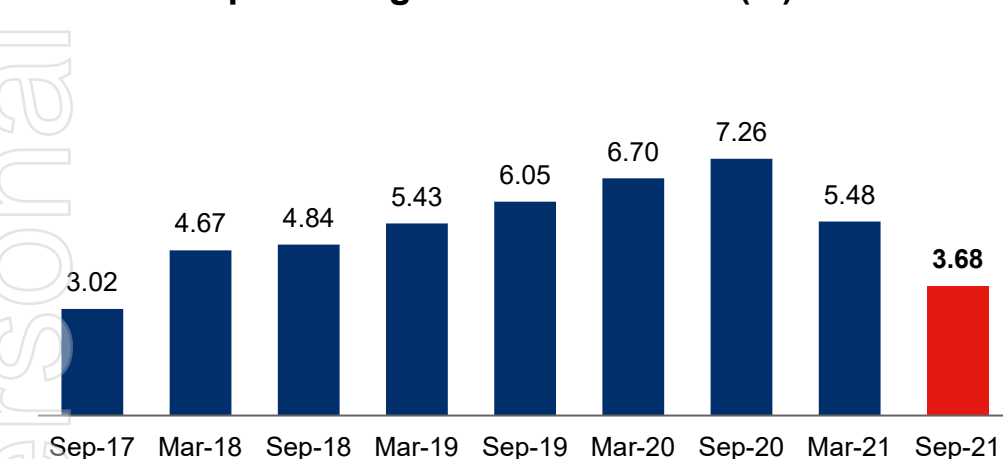
## Retail trade.

Credit quality

### Retail trade

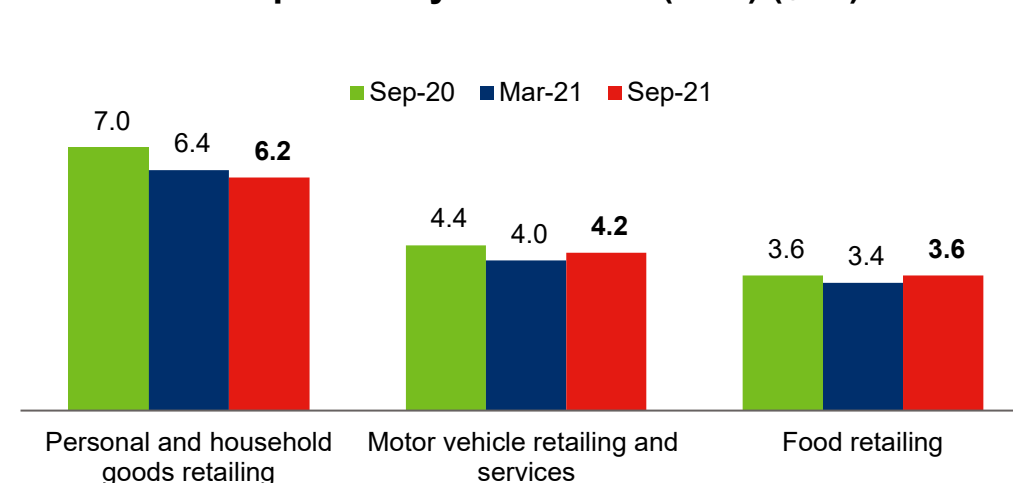
	Sep-20	Mar-21	Sep-21
Total committed exposures	\$15.0bn	\$13.9bn	<b>\$14.0bn</b>
Lending	\$9.5bn	\$8.7bn	<b>\$8.6bn</b>
As a % of Group TCE	1.41	1.30	<b>1.24</b>
% of portfolio graded as stressed <sup>1,2</sup>	7.26	5.48	<b>3.68</b>
% of portfolio impaired <sup>2</sup>	1.84	1.82	<b>1.55</b>

### Retail trade portfolio graded as stressed (%)

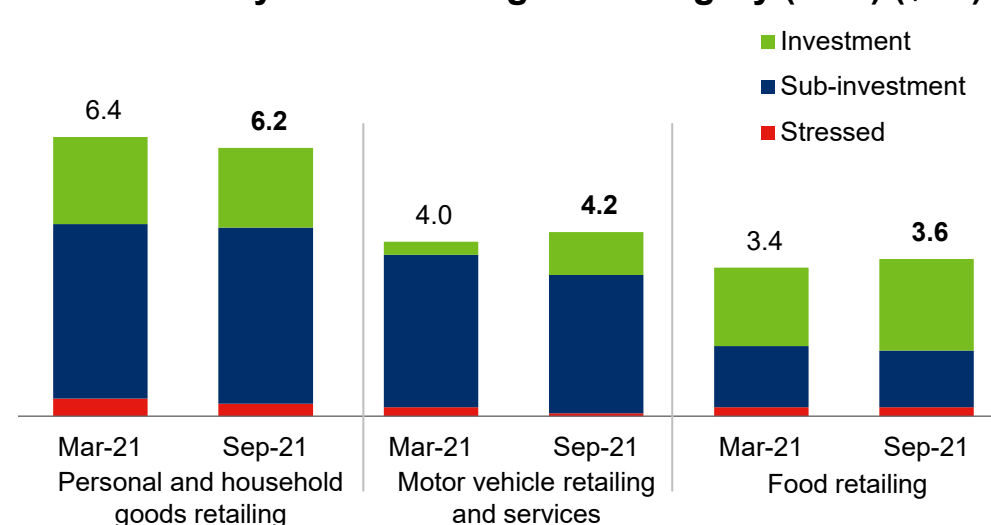


<sup>1</sup> Includes impaired exposures. <sup>2</sup> Percentage of retail trade portfolio TCE.

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



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



# Australian consumer finance.

1.8% of Group loans.

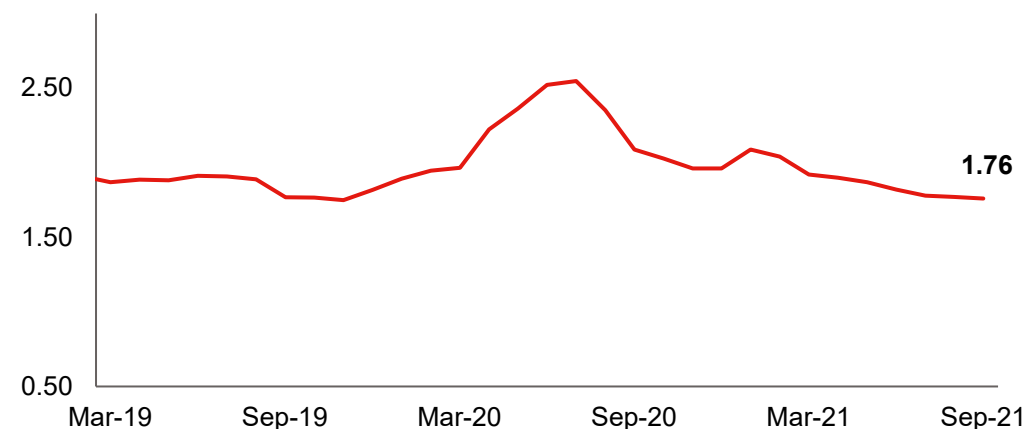
Credit quality

## Australian consumer finance portfolio<sup>1</sup>

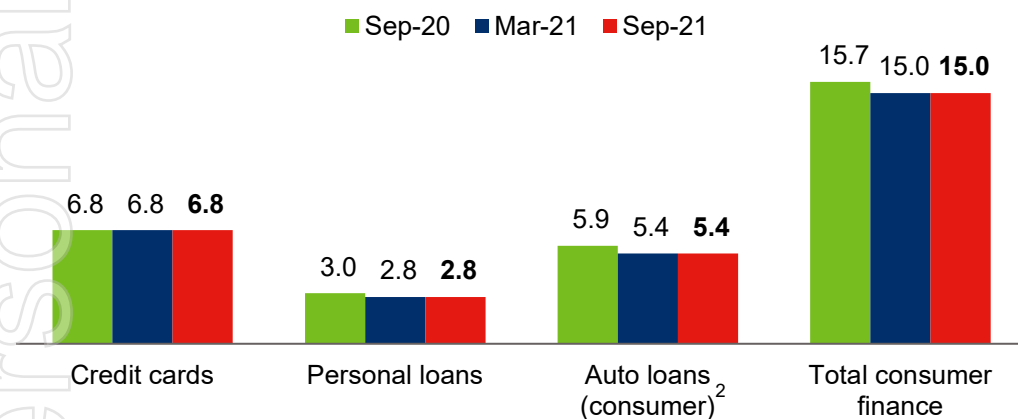
	Sep-20	Mar-21	Sep-21
Lending	\$15.7bn	\$15.0bn	<b>\$13.2bn</b>
30+ day delinquencies (%)	3.62	3.58	<b>3.26</b>
90+ day delinquencies (%)	2.09	1.92	<b>1.76</b>

90+ day delinquencies down 16bps over the period, reflecting 36bps improvement in portfolio, partly offset by 20bps from contraction in portfolio

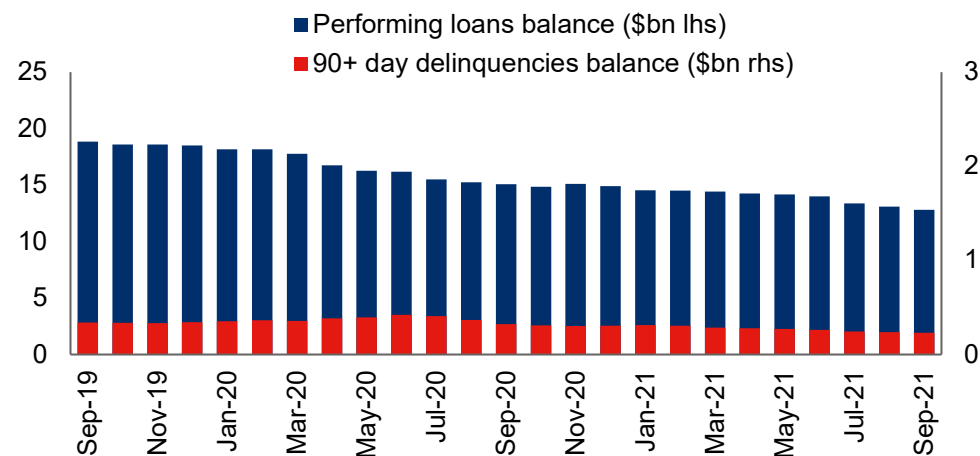
## Australian consumer finance 90+ day delinquencies (%)



## Australian consumer finance portfolio (\$bn)



## Australian consumer finance portfolio (\$bn)



<sup>1</sup> Does not include Margin Lending. <sup>2</sup> These Auto loans only relate to consumer loans and do not relate to loans outstanding to business customers. These loans will be run-down over their contractual term.

# Australian mortgage delinquencies.

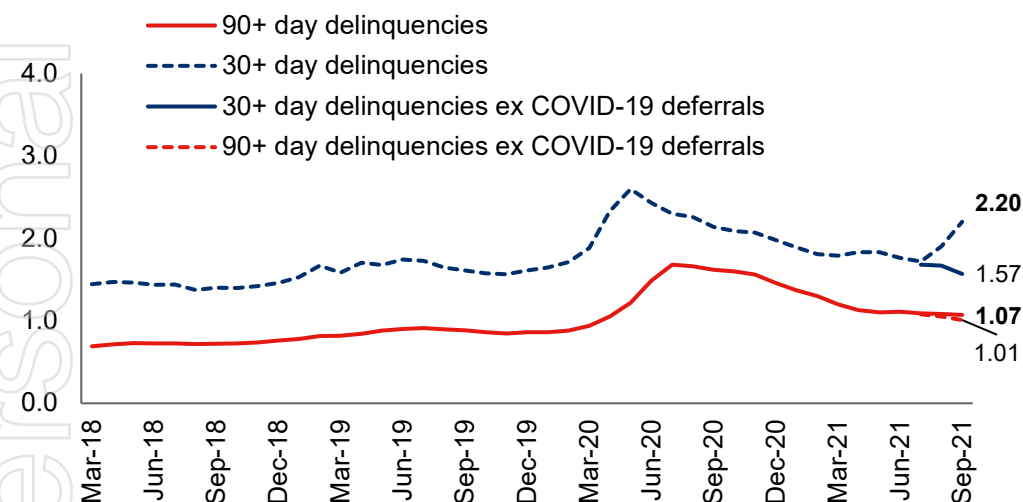
Mortgage credit quality

Customers in deferral leading to a rise in early cycle arrears.

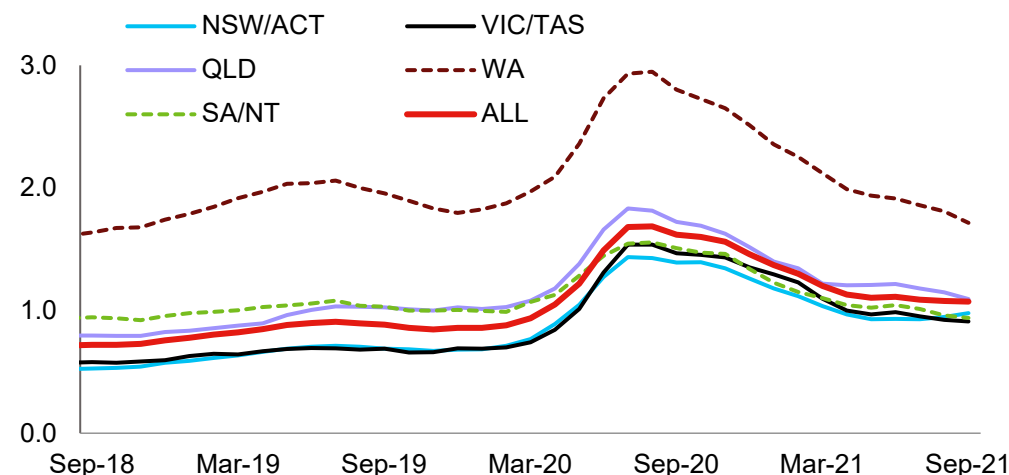
Australian mortgage portfolio	Sep-20	Mar-21	Sep-21
Total portfolio 30+ day delinquencies (bps)	214	179	<b>220</b>
<i>Total portfolio 30+ day delinquencies ex-COVID-19 deferral (bps)</i>	-	-	<b>157</b>
Total portfolio 90+ day delinquencies, including impaired mortgages (bps)	162	120	<b>107</b>
<i>Total portfolio 90+ day delinquencies ex-COVID-19 deferral (bps)</i>	-	-	<b>101</b>
Investment property loans 90+ day delinquencies (bps)	148	118	<b>109</b>
Interest only loans 90+ day delinquencies (bps)	125	91	<b>82</b>
Customers in hardship <sup>1</sup> including 6mth serviceability period (by balances, bps)	129	113	<b>196</b>
Consumer properties in possession (number)	256	180	<b>224</b>
Impaired mortgages (by balances, bps)	8	6	<b>6</b>

- 30+ day delinquencies increased 41bps to 220bps, driven by accounts granted COVID-19 support
  - COVID-19 deferral loans are reported in hardship and move through arrears
  - 30+ day delinquencies 157bps, excluding loans granted COVID-19 support
- 90+ day delinquencies decreased 13bps to 107bps
  - 36bps improvement in the underlying portfolio, offset by 23bps increase in accounts that had exited the first round of deferrals (Mar 20 – Mar 21) and accounts on current COVID-19 support

## Australian mortgage delinquencies (%)



## Australian mortgage 90+ day delinquencies by State (%)



<sup>1</sup> 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, excluding those seeking COVID-19 related support, must provide a statement of financial position and an assessment is made regarding the customer's eligibility.

# Australian mortgage portfolio hardship and deferrals.

Mortgage credit quality

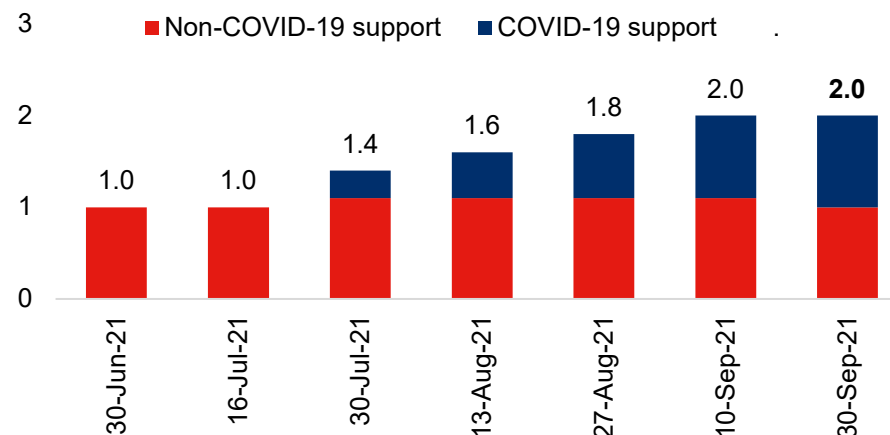
COVID-19 deferral loans increasing hardship balances.

## Australian mortgage repayment deferrals - treatment

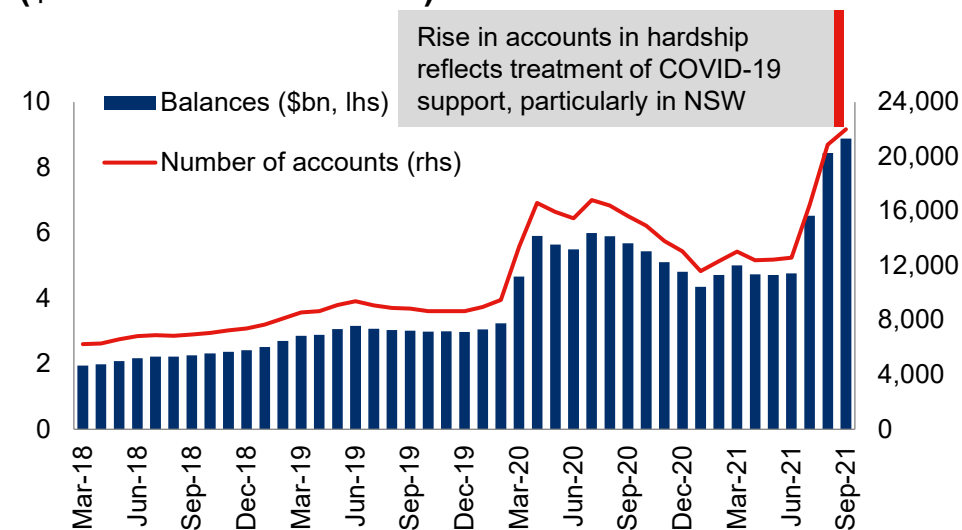
	Deferrals provided Mar20-Mar21	Deferrals provided Jun21-Oct21
<b>Repayment deferrals provided</b>	<ul style="list-style-type: none"> <li>~149k accounts</li> <li>\$55bn in balances (12% of portfolio)</li> </ul>	<ul style="list-style-type: none"> <li>10.4k accounts</li> <li>\$4.6bn in balances (1% of portfolio)</li> <li>55% weighted average dynamic LVR</li> <li>1.4% dynamic LVR &gt;90%</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Not in hardship</li> <li>Must be up to date with their scheduled amortisation at some point last 90 days</li> </ul>	<ul style="list-style-type: none"> <li>Not in hardship</li> <li>Less than 90 days delinquent</li> <li>NSW and Victoria only</li> </ul>
<b>% balances previously deferred</b>	First COVID-19 relief	61%
<b>% NSW</b>	39%	80%
<b>Reported in arrears</b>	No	Yes
<b>Reported in hardship<sup>2</sup></b>	Not during deferral period	Yes, during deferral period
<b>Subject to 6 months serviceability at end of deferral period</b>	No	No

<sup>1</sup> 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, excluding those seeking COVID-19 related support, must provide a statement of financial position and an assessment is made regarding the customer's eligibility. <sup>2</sup> Not reported to credit agencies.

## Australian mortgage hardship<sup>1</sup> balances (% of portfolio)



## Australian mortgage hardship<sup>1</sup> balances (\$bn and # of accounts)



# Australian mortgage portfolio composition.

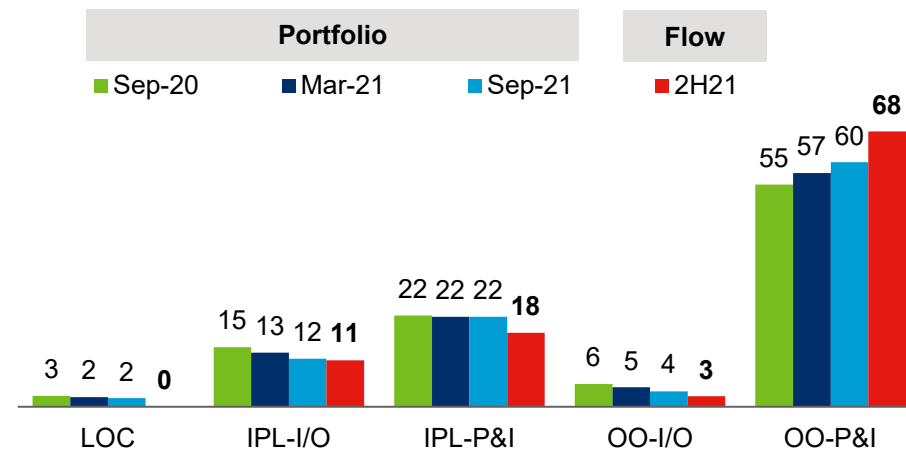
Mortgage credit quality

Increased flows into fixed rate loans.

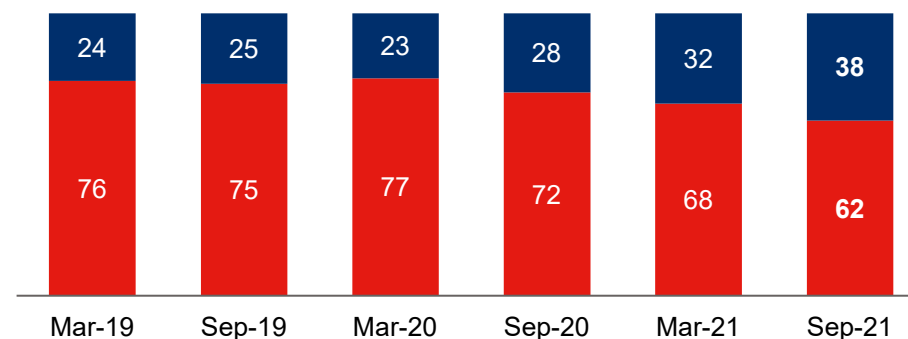
Australian mortgage portfolio	Sep-20 balance	Mar-21 balance	Sep-21 balance	2H21 Flow <sup>1</sup>
Total portfolio (\$bn)	440.9	443.6	<b>455.6</b>	<b>60.8</b>
Owner occupied (OO) (%)	60.4	62.0	<b>63.7</b>	<b>71.4</b>
Investment property loans (IPL) (%)	36.6	35.2	<b>33.8</b>	<b>28.4</b>
Portfolio loan/line of credit (LOC) (%)	2.5	2.3	<b>1.9</b>	<b>0.1</b>
Variable rate / Fixed rate (%)	72 / 28	68/32	<b>62/38</b>	<b>48/52</b>
Interest only (I/O) (%)	20.6	18.2	<b>15.8</b>	<b>13.8</b>
Proprietary channel (%)	54.8	54.2	<b>52.8</b>	<b>43.3</b>
First home buyer (%)	9.0	9.4	<b>9.6</b>	<b>12.2</b>
Mortgage insured (%)	16.0	16.1	<b>15.8</b>	<b>12.4</b>
	Sep-20	Mar-21	Sep-21	2H21 Flow <sup>1</sup>
Average loan size <sup>2</sup> (\$'000)	275	284	<b>277</b>	<b>377</b>
Customers ahead on repayments including offset account balances <sup>3</sup> (%)	71	72	<b>70</b>	
Actual mortgage losses net of insurance (\$m, for the 6 months ending)	58	44	<b>71</b>	
Actual mortgage loss rate annualised <sup>4</sup> (bps, for the 6 months ending)	3	2	<b>3</b>	

<sup>1</sup> Flow is new mortgages settled in the 6 months ended 30 September 2021. <sup>2</sup> Includes amortisation. Calculated at account level, where split loans represent more than one account. <sup>3</sup> Loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. <sup>4</sup> Mortgage loss rates are write-offs for the 6 months ending.

## Australian mortgage portfolio and 2H21 flow by product and repayment type (%)



## Australian mortgage portfolio by interest rate type (% by balances)

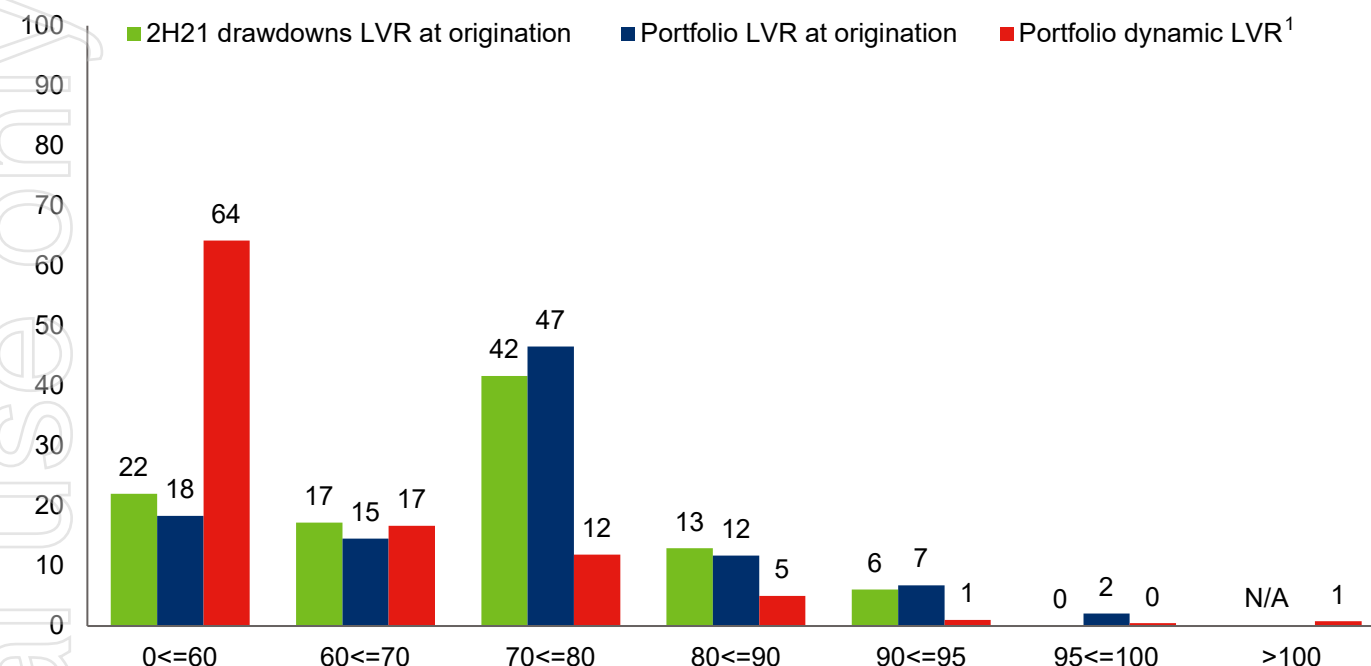


# Australian mortgage portfolio.

Mortgage credit quality

House price rises have increased borrower equity; Serviceability buffers have lifted.

## Australian housing loan-to-value ratios (LVRs) (%)

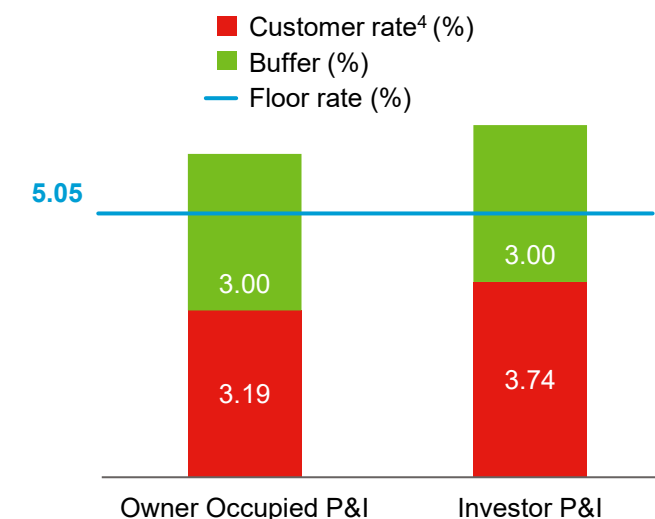


## Australian mortgage portfolio LVRs

	Sep-20 balance	Mar-21 balance	Sep-21 balance
LVR at origination (%)	73	73	73
Dynamic LVR <sup>1</sup> (%)	56	54	50
LVR of new loans <sup>3</sup> (%)	71	72	71

<sup>1</sup> 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. <sup>2</sup> Weighted average LVR calculation considers size of outstanding balances. <sup>3</sup> Average LVR of new loans is on rolling 6 months. <sup>4</sup> Interest rates shown are for Westpac Rocket Repay Home Loan/Rocket Investment Loan inclusive of Premier Advantage Package discount assuming LVR up to 70%. At 14 October 2021.

## Serviceability assessment



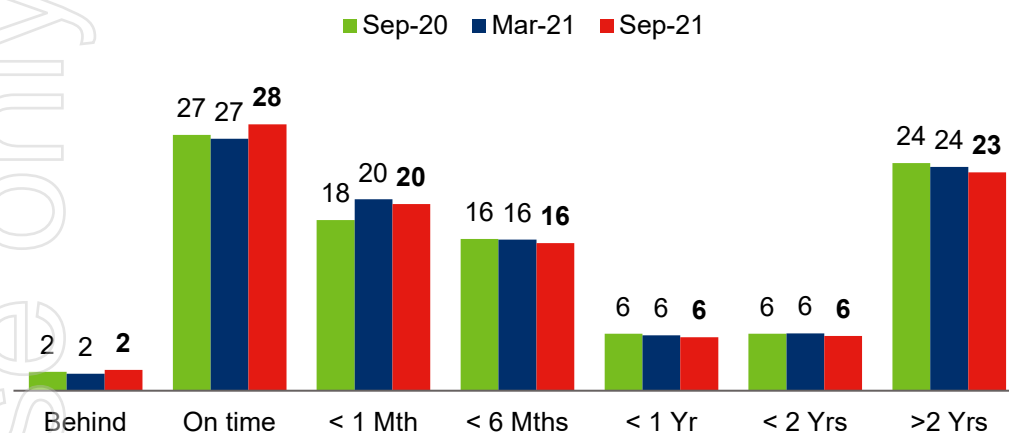
- Loans are assessed at the higher of
  - The customer rate, including any life-of-loan discounts, plus the buffer, or
  - The minimum assessment rate, called the "floor rate"
- The buffer increased from 2.50% to 3.00% in October 2021
- Westpac applies a floor rate of 5.05%
- Interest only loans are assessed based on the residual P&I term using the applicable P&I rate
- Fixed rate loans are assessed on the variable rate to which the loan will revert after the fixed period – usually higher than the fixed rate



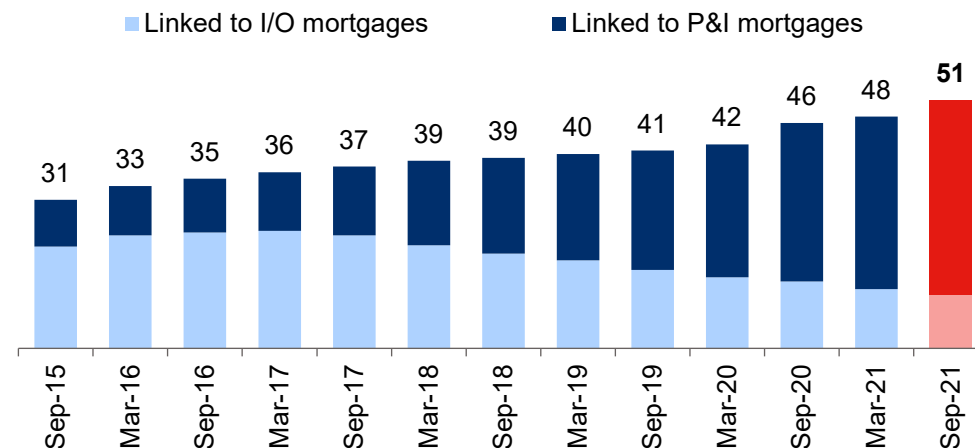
# Australian mortgage portfolio repayment buffers.

Mortgage credit quality

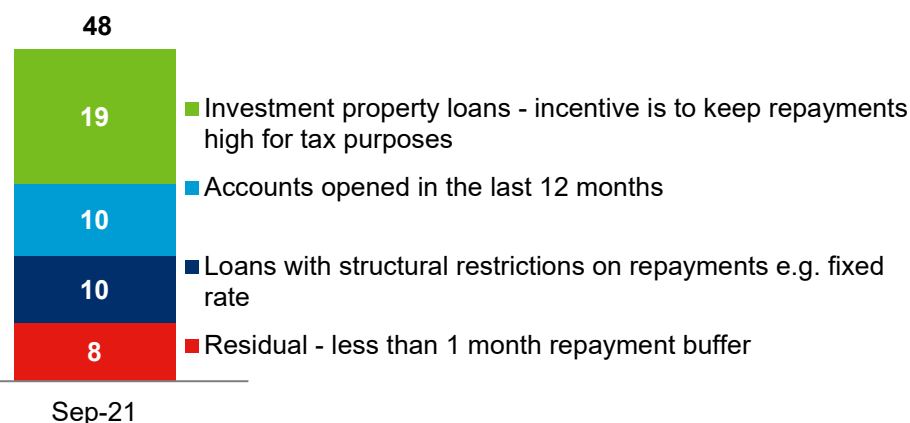
## Australian home loan customers ahead on repayments<sup>1</sup> (% by balances)



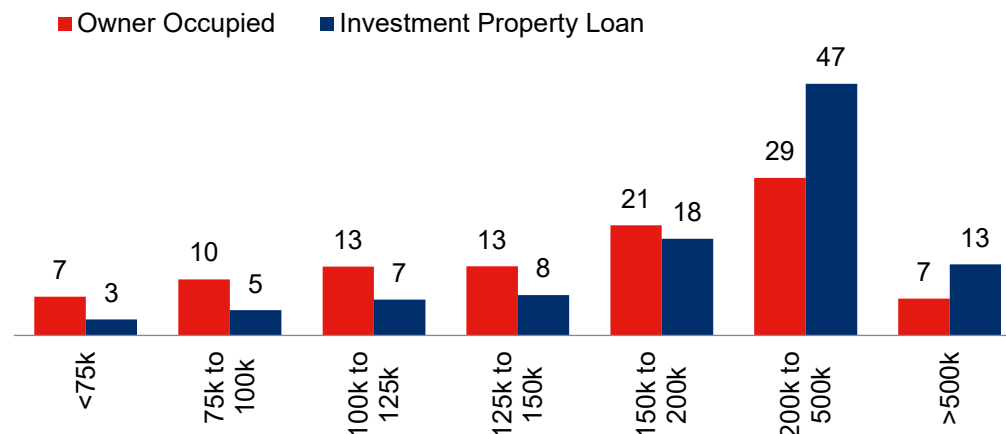
## Offset account balances<sup>2</sup> (\$bn)



## Loans 'on time' and <1 mth ahead (% of balances)<sup>3</sup>



## Applicant gross income band (2H21 drawdowns, % by balances)



<sup>1</sup> 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.

<sup>2</sup> Includes RAMS from September 2020 onwards. <sup>3</sup> The chart does not add due to rounding.

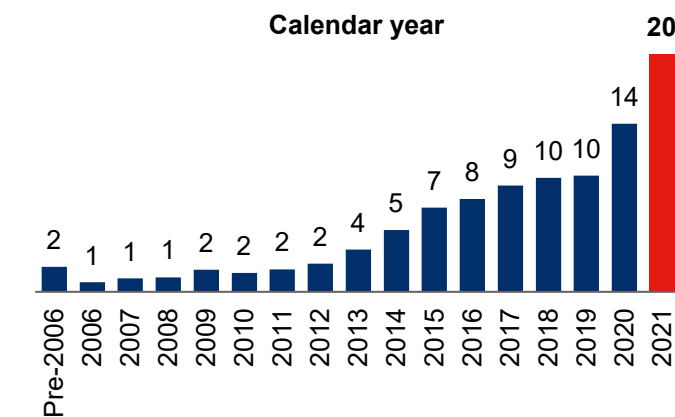
# Australian mortgage portfolio underwriting.

Mortgage credit quality

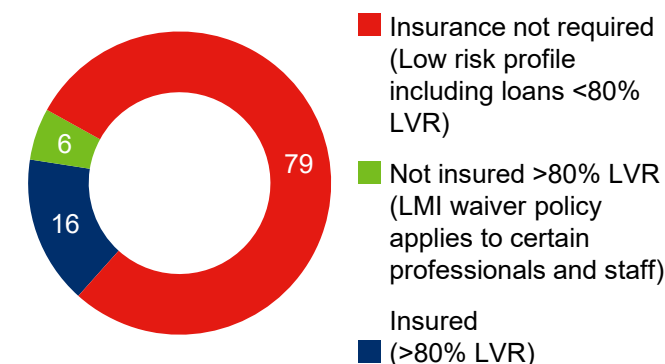
## Credit policy at October 2021

<b>Income</b>	<ul style="list-style-type: none"> <li>Income verified via payslips, tax returns or salary credits, with other supporting documentation such as PAYG payment summaries or ATO Income Statements (minimum document standards apply)</li> <li>Discount of at least 20% applies to less certain income sources i.e. rental income, bonuses</li> </ul>
<b>Credit Score &amp; Credit Bureau</b>	<ul style="list-style-type: none"> <li>Bespoke application scorecards segmented by new and existing customers</li> <li>Credit and score override rates tracked and capped</li> <li>Credit bureau checks required</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Expenses are assessed as the higher of a borrower's HEM<sup>1</sup> comparable expenses or HEM plus any expenses that are not comparable to HEM (e.g. private school fees, life insurance)</li> <li>HEM is adjusted by income bands, post settlement postcode location, marital status and dependants</li> <li>17 expense categories used, aligned with Melbourne Institute guidelines and LIXI standards</li> </ul>
<b>Serviceability assessment</b>	<ul style="list-style-type: none"> <li>For serviceability assessment, interest rate applied to all mortgage debt is the greater of:                             <ul style="list-style-type: none"> <li>Actual interest rate plus buffer of 3.00% (from 29 October 2021, previously 2.50%), and</li> <li>Minimum assessment rate of 5.05% (from 9 October 2020, previously 5.35%)</li> </ul> </li> <li>For I/O Loans, serviceability is assessed on a P&amp;I basis over the residual term</li> <li>All existing customer commitments are verified</li> <li>Review Westpac Group accounts and Comprehensive Credit Reporting (CCR) to identify customer commitments</li> <li>Limits apply to higher debt-to-income lending; above 7x referred for manual credit assessment</li> <li>Credit card repayments assessed at 3.8% of limit</li> </ul>
<b>Genuine savings deposit requirements</b>	<ul style="list-style-type: none"> <li>Minimum 5% proof of genuine savings for higher LVR loans (typically LVR &gt;85%). First Home Owners Grants not considered genuine savings</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>LVR restrictions apply depending on location, property value and nature of security</li> <li>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)</li> </ul>
<b>LMI</b>	<ul style="list-style-type: none"> <li>Mortgage insurance for higher risk loans, such as LVRs &gt;80%. Exception policy applies for certain professionals and Westpac Group staff</li> </ul>

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



## Australian mortgage portfolio by insurance profile<sup>2</sup> (%)



<sup>1</sup> HEM is the Household Expenditure Measure, produced by the Melbourne Institute. <sup>2</sup> In Second Half 2021 Westpac Lender's Mortgage Insurance Limited was sold to Arch Capital Group. The sale was completed on 31 August 2021. Westpac has entered into a 10-year exclusive supply agreement for Arch to provide lenders mortgage insurance to the Group.

# Australian mortgages.

Interest only and Investment property lending.

Mortgage credit quality

## I/O lending by dynamic LVR<sup>1</sup> and income band (%)

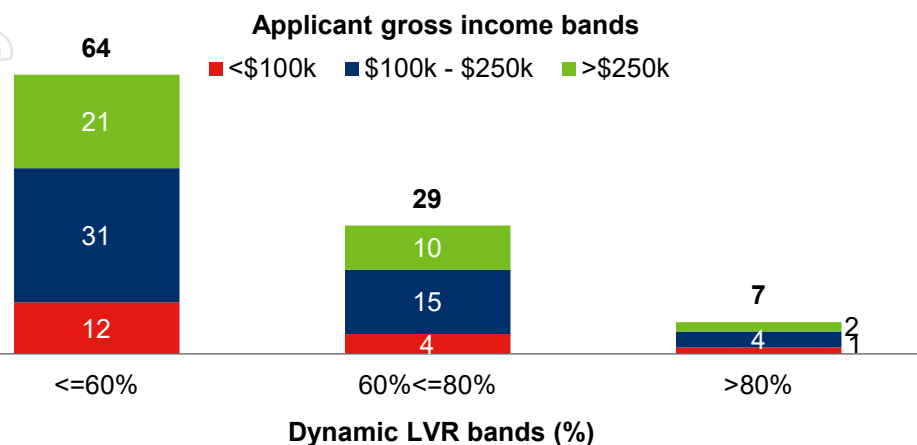
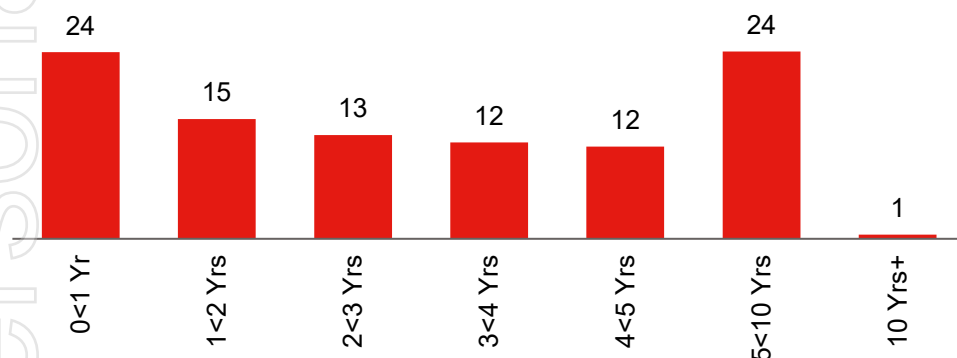


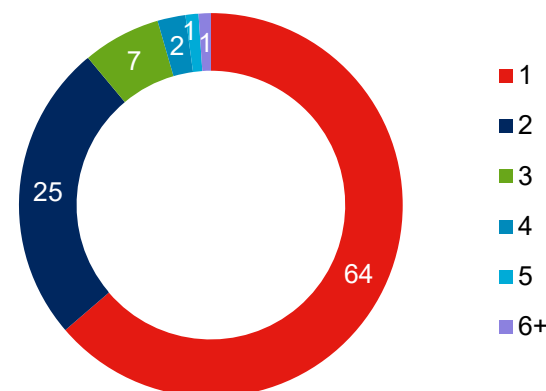
Chart does not add due to rounding

## Scheduled I/O term expiry<sup>2</sup> (% of total I/O loans)



<sup>1</sup> 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. <sup>2</sup> Based on outstanding balance. 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. <sup>3</sup> Includes amortisation. Calculated at account level where split loans represent more than one account. <sup>4</sup> Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

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



## Investment property lending (IPL) portfolio

	Sep-20	Mar-21	Sep-21
Investment property loans (\$bn)	161	157	154
Weighted averages	LVR of IPL loans at origination (%)		
	72	72	72
	LVR of new IPL loans in the period (%)		
Dynamic LVR <sup>1</sup> of IPL loans (%)	69	70	70
	57	54	50
Average loan size <sup>3</sup> (\$'000)	320	320	318
Customers ahead on repayments including offset accounts <sup>4</sup> (%)	62	63	61
90+ day delinquencies (bps)	148	118	109
Annualised loss rate (net of insurance claims) (bps)	3	3	4

# Capital, funding and liquidity

# Capital management.

Capital, funding and liquidity

## Rationale for off-market share buy-back

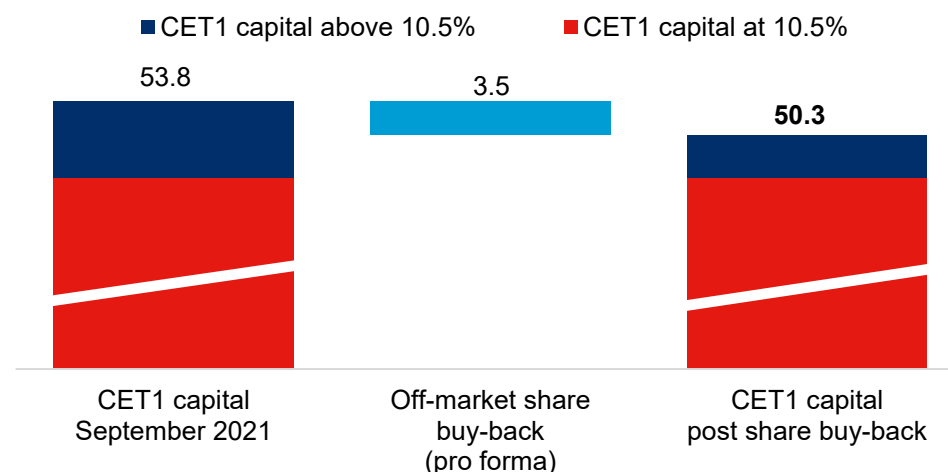
- Westpac has a strong capital position. Its CET1 capital ratio of 12.32% reflects \$8.0 billion of capital above APRA's unquestionably strong CET1 ratio of 10.5%
- The CET1 capital ratio will be above APRA's unquestionably strong capital benchmark post share buy-back
- Westpac's dividend payout ratio range of 60% to 75% means it continues to generate capital organically
- Westpac's strong CET1 capital ratio, along with further asset sales and a positive economic outlook provides flexibility in how Westpac considers future capital management

## Franking credit position

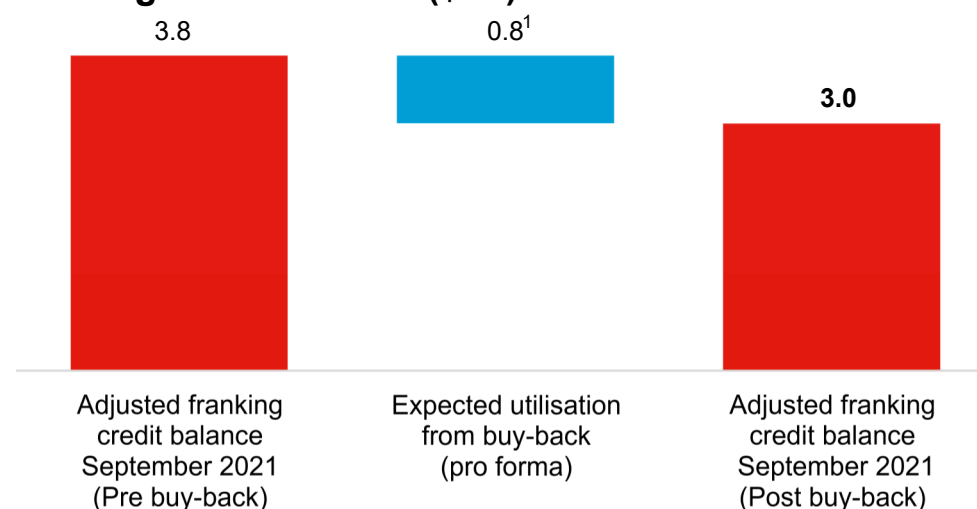
- The adjusted franking credit balance at 30 September 2021 was ~\$3.8bn (after the 2021 final dividend payable on 21 December 2021)
- The announced off-market share buy-back is expected to utilise around \$0.8bn of franking credits<sup>1</sup>
- The off-market share buy-back is not expected to diminish our ability to fully frank ordinary dividends in the future
- Over each of the past seven years, we have generated more franking credits than we have paid out given the high percent of Australian tax paid

<sup>1</sup> Illustrative of a market price of \$25.00 and a share buy-back discount of 10%.

## Capital overview (\$bn)



## Franking credit balance (\$bn)



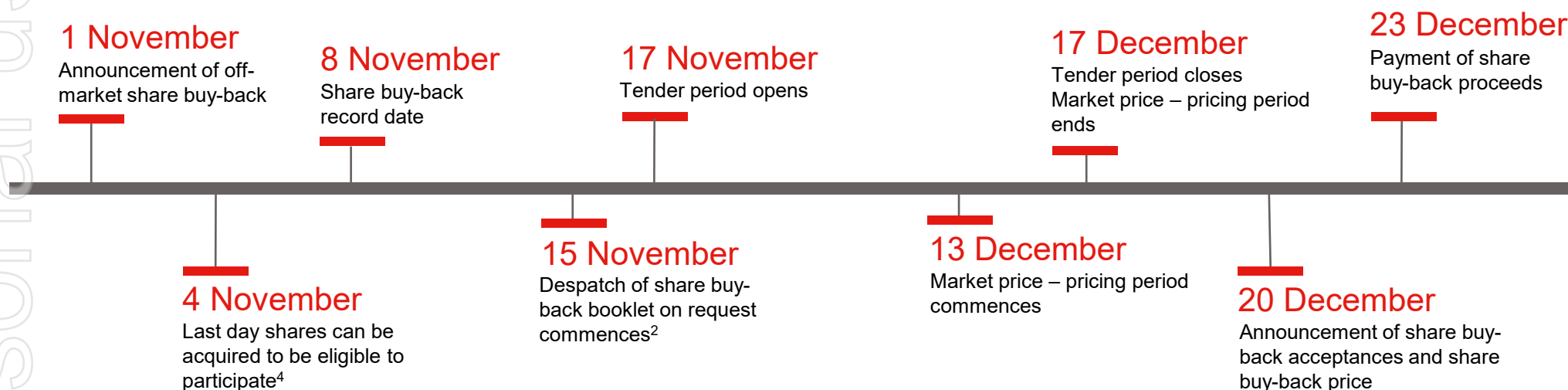
# Off-market share buy-back: key details.

Capital, funding and liquidity

## Key features

- Off-market share buy-back of up to \$3.5bn
- Size of share buy-back is up to approximately 4.2% of issued capital<sup>1</sup>
- Share buy-back price consists of capital component and fully-franked dividend
- Details in share buy-back booklet<sup>2</sup>

## Key dates<sup>3</sup>



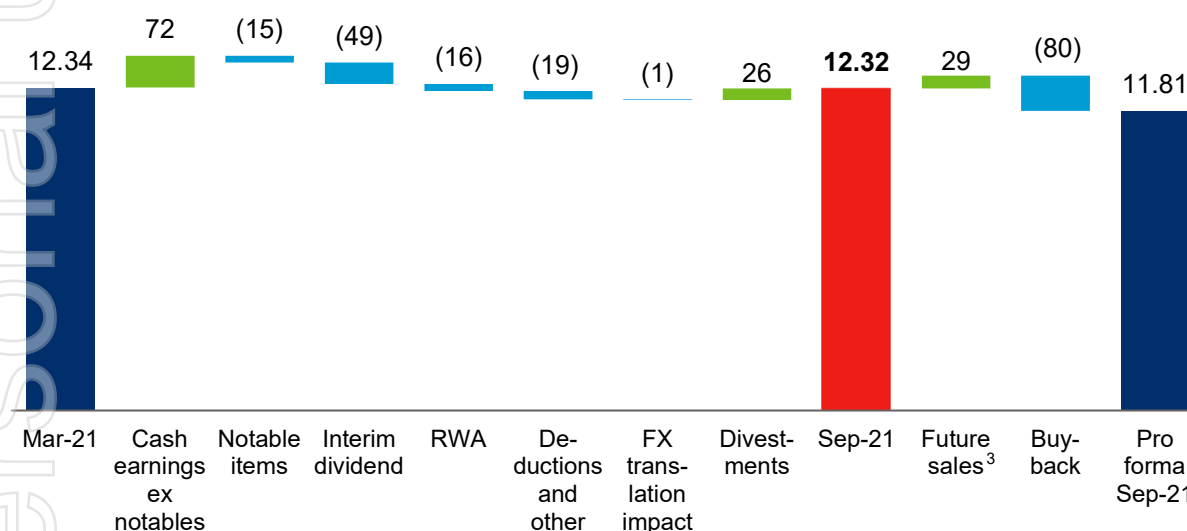
<sup>1</sup> Illustrative of a market price of \$25.00 and a share buy-back discount of 10%. <sup>2</sup> Eligible shareholders can access the booklet at [westpac.com.au/buyback](http://westpac.com.au/buyback). Shareholders who are (or nominees or trustees who hold shares on behalf of or for the account or benefit of persons who are) located in the United States or US Persons (within the meaning of Regulation S under the United States Securities Act of 1933, as amended), residents of Canada or who are otherwise excluded foreign persons will not be eligible to participate in the share buy-back. The booklet is not to be distributed into the United States or Canada. <sup>3</sup> While Westpac does not anticipate changes to these dates, it reserves the right to change them without notice, subject to laws and ASX requirements. If any dates are changed, subsequent dates may also change. Westpac also reserves the right to terminate the share buy-back at anytime, which would be announced to the ASX. <sup>4</sup> Last date for shares to qualify for franking credit entitlements.

# CET1 capital ratio 12.32%.

Capital, funding and liquidity

- CET1 capital ratio of 12.32%, down 2bps from 31 March 2021
- 26bps benefit from the divestment of Coinbase Inc., and the sales of Westpac General Insurance and Westpac Lenders Mortgage Insurance
- Interim dividend payment (49bps)
- Higher RWAs (16bps) mainly from higher mortgage RWAs
- Notable items (15bps)
- Capital deductions and other capital movements (19bps) mostly from additional capital invested in non-consolidated entities and higher deductions for capitalised expenditure and regulatory expected loss
- Pro forma CET1 ratio reflects
  - expected benefit from announced divestments (29bps, Westpac Life Insurance Services, Westpac Life-NZ and Auto Finance)
  - expected 80bps impact from the off-market share buy-back of up to \$3.5bn

## Level 2 CET1 capital ratio movements (% , bps)



Key capital ratios <sup>1</sup> (%)	Sep-20	Mar-21	Sep-21
Level 2 CET1 capital ratio	11.1	12.3	12.3
Additional Tier 1 capital ratio	2.1	2.2	2.3
Tier 1 capital ratio	13.2	14.5	14.6
Tier 2 capital ratio	3.1	3.9	4.2
Total regulatory capital ratio	16.4	18.4	18.9
Risk weighted assets (RWA) (\$bn)	438	429	437
Leverage ratio	5.8	6.3	6.0
Level 1 CET1 capital ratio	11.4	12.6	12.6
Internationally comparable ratios <sup>2</sup>			
Leverage ratio (internationally comparable)	6.5	6.9	6.6
CET1 capital ratio (internationally comparable)	16.5	18.1	18.2

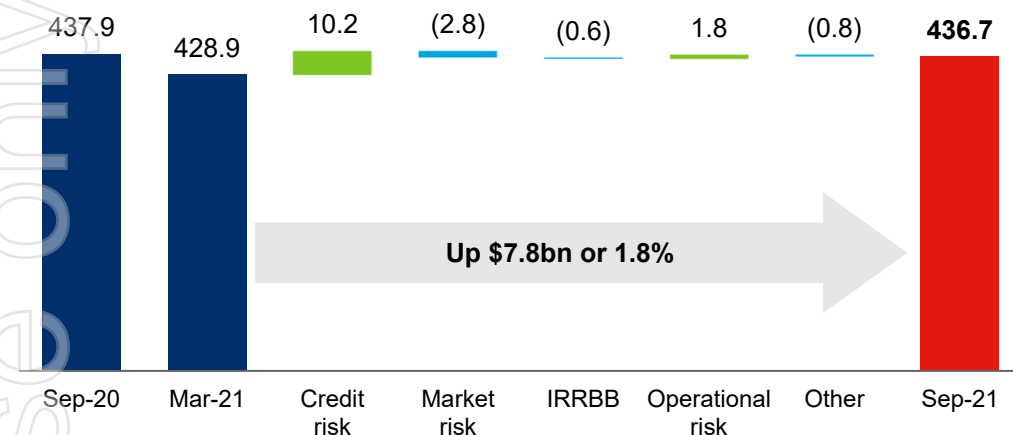
<sup>1</sup> Table may not add due to rounding. <sup>2</sup> Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. <sup>3</sup> Subject to completion occurring as expected.

# Risk weighted assets.

Increase from higher credit risk RWA.

Capital, funding and liquidity

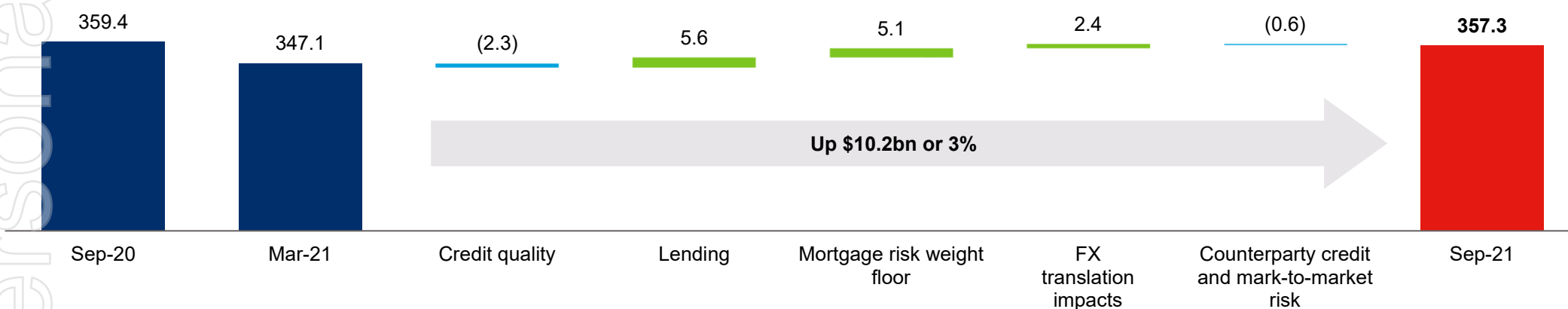
## Risk weighted assets (\$bn)



## Commentary

- RWA increased \$7.8bn over 2H21, mostly from higher credit risk RWA (CRWA), partly offset by non-credit risk
- CRWA increased \$10.2bn due to:
  - Higher lending in mortgages and corporate
  - Foreign currency translation impacts from depreciation of the A\$ against the US\$ and NZ\$
  - RWA floor on mortgages to 25% increased CRWA \$5.1bn
  - Partly offset by improved credit quality metrics across specialised lending and business lending
- Market risk lower from roll-off of prior year volatility from models

## Movement in credit risk weighted assets (\$bn)





# Regulatory capital changes.

Capital, funding and liquidity

Scheduled implementation of Basel III reforms in Australia deferred by one year.

Implementation	Change	Details
Immediately	<b>RBNZ dividend restrictions</b>	<ul style="list-style-type: none"> <li>Banks are able to pay up to a maximum 50% of their earnings as dividends to shareholders</li> <li>The restriction will remain in place until 1 July 2022</li> </ul>
1 Jan 2022	<b>Capital adequacy</b>	<ul style="list-style-type: none"> <li>APRA released the final revised APS 111 standard which will come into force from 1 Jan 2022</li> <li>Individual equity exposures in subsidiaries (including AT1 and T2 capital invested in subsidiaries) will be risk weighted at 250% up to a limit of 10% of Level 1 CET1 capital (per investment), with any excess above the 10% limit deducted from Level 1 CET1 capital</li> <li>The changes are expected to reduce the Level 1 CET1 capital ratio by 18bps, primarily from the Group's equity investment in WNZL. There is no impact to our Level 2 CET1 capital ratio</li> </ul>
1 Jan 2022	<b>Liquidity Coverage Ratio (LCR)</b>	<ul style="list-style-type: none"> <li>APRA requires ADIs to reduce their reliance on the Committed Liquidity Facility (CLF) to zero by the end of 2022 subject to financial market conditions. This change is likely to increase our holding of HQLA and is expected to increase IRRBB RWA</li> </ul>
1 Jan 2023	<b>APRA's revisions to the ADI capital framework</b>	<p>APRA's proposals include:</p> <ul style="list-style-type: none"> <li>Increasing the CET1 requirement for domestically systemically important banks (D-SIBs) from 8.0% to 10.5% through an increase in the capital conservation buffer (to 5% from 3.5%)<sup>1</sup> and the introduction of a counter-cyclical capital buffer of 1.0%</li> <li>Adjustments to RWA calculations for certain assets (residential mortgages, non-retail lending)</li> <li>Implementing a 72.5% output floor to limit the capital benefit for internal ratings-based (IRB) ADIs relative to standardised ADIs</li> </ul> <p>We expect the final standards to be released in November 2021</p>
1 Jan 2023	<b>Leverage ratio</b>	<ul style="list-style-type: none"> <li>Proposed minimum 3.5%. Currently, Westpac's leverage ratio is 6.0%</li> </ul>
1 Jan 2024	<b>Loss Absorbing Capacity (LAC)</b>	<ul style="list-style-type: none"> <li>APRA requires D-SIBs to lift the total capital ratio by three percentage points of RWA by 1 January 2024. Our Tier 2 capital ratio is 4.2% at 30 September 2021</li> </ul>
1 Jul 2028	<b>RBNZ Capital Review</b>	<ul style="list-style-type: none"> <li>Capital review finalised, with requirements coming into effect through bank's conditions of registration</li> <li>RWA of IRB banks including WNZL will effectively increase to 90% of that required under a standardised approach through the introduction of an 85% output floor and increasing IRB scalar from 1.06 to 1.2</li> <li>D-SIB Tier 1 capital requirement of 16% with at least 13.5% in the form of CET1</li> <li>Implementation from 1 January 2022 with a transitional period of ~6 years</li> </ul>

<sup>1</sup> Includes 1% D-SIB buffer.

# Internationally comparable capital ratio reconciliation.

Capital, funding and liquidity

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 peers<sup>1</sup>. The following details the adjustments from this study and how Westpac's APRA Basel III CET1 capital ratio aligns to an internationally comparable ratio.

<b>Westpac's CET1 capital ratio (APRA basis)</b>		<b>12.3</b>
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	0.6
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	0.4
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	2.1
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	0.5
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	0.4
<b>Internationally comparable CET1 capital ratio</b>		<b>18.2</b>
<b>Internationally comparable Tier 1 capital ratio</b>		<b>21.2</b>
<b>Internationally comparable total regulatory capital ratio</b>		<b>26.6</b>

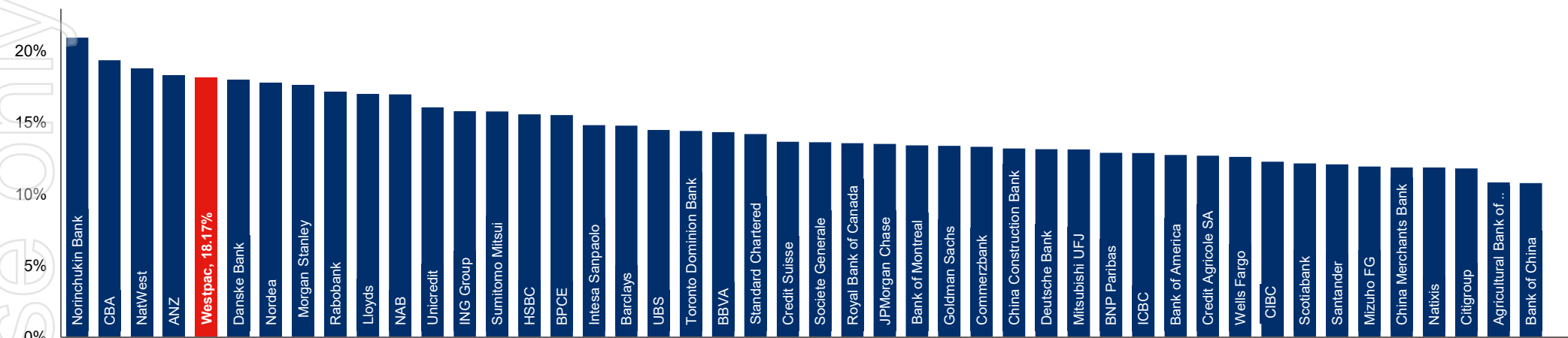
<sup>1</sup> Methodology aligns with the APRA study titled "International capital comparison study", dated 13 July 2015.

# Well placed on internationally comparable.

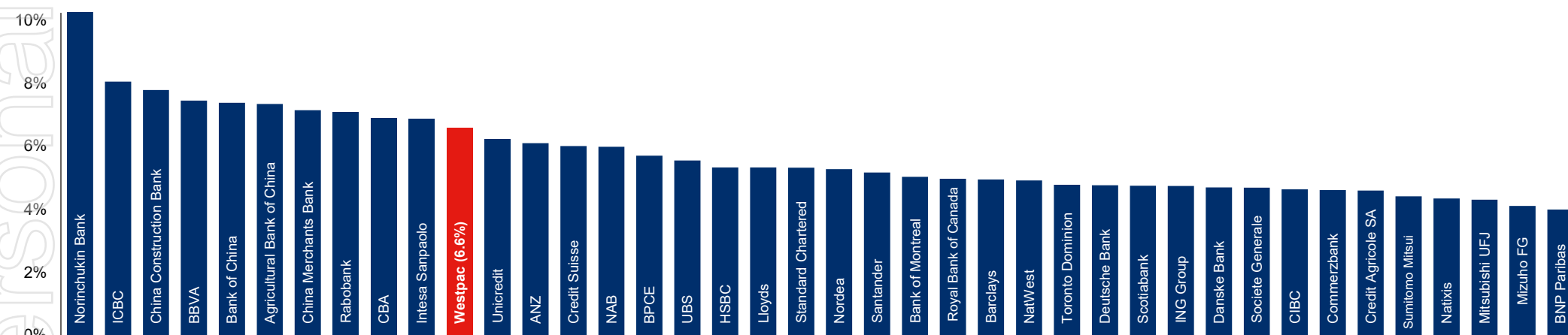
CET1 and leverage ratios.

Capital, funding and liquidity

## Common equity Tier 1 ratio (%)<sup>1</sup>



## Leverage ratio (%)<sup>1</sup>



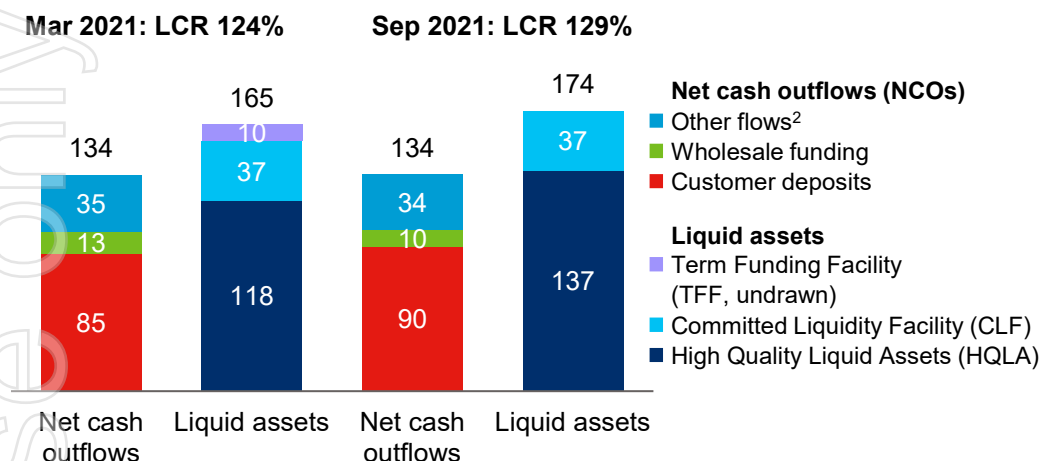
<sup>1</sup> Comparison group comprises listed commercial banks with assets in excess of A\$700bn and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure to estimate. Based on company reports/ presentations. Ratios at 30 June 2021, except for Westpac and ANZ which are at 30 September 2021, NAB and Natixis which are at 31 March 2021, and Bank of Montreal, Scotiabank, Royal Bank of Canada, CIBC and Toronto Dominion are at 31 July 2021. 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 at the last reporting date, which may take account of measures taken by jurisdictions in response to COVID-19.

# Liquidity and funding.

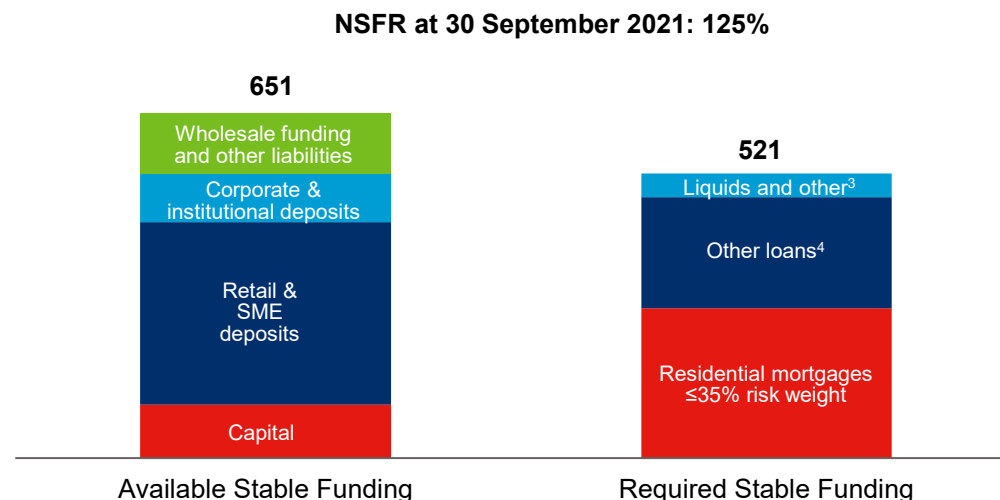
Increase in key ratios.

Capital, funding and liquidity

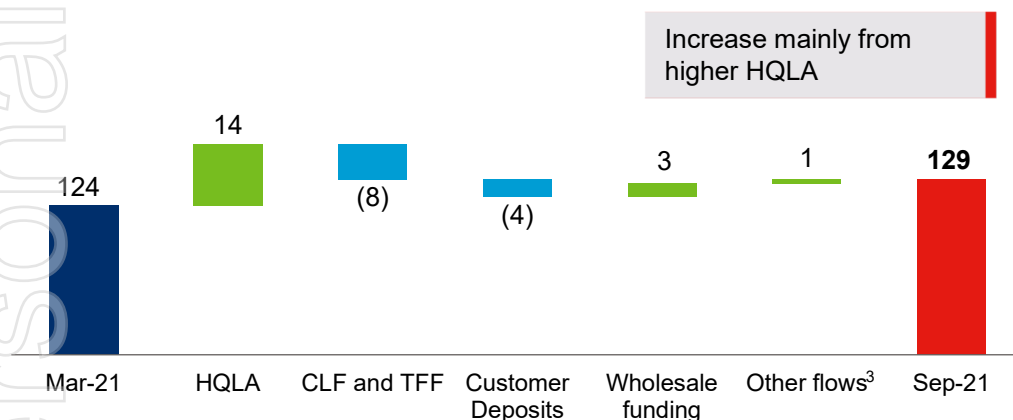
## Liquidity coverage ratio<sup>1,2</sup> (LCR) (quarterly average, \$bn)



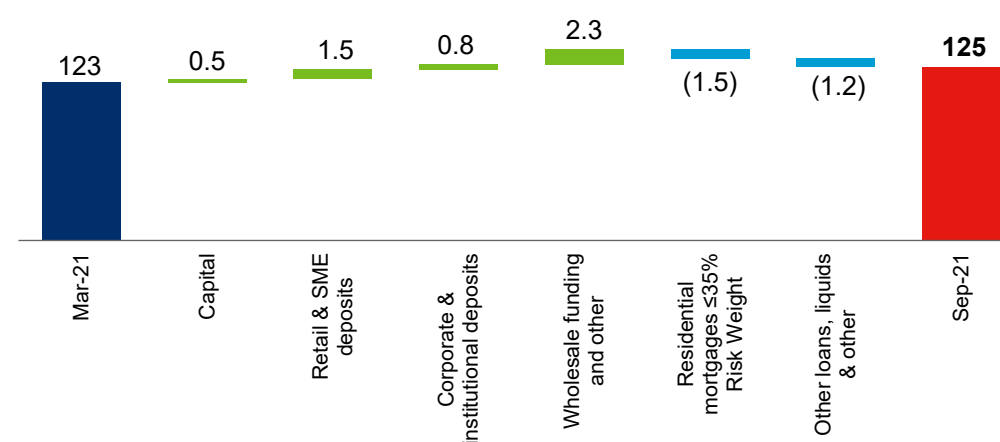
## Net stable funding ratio (NSFR) (\$bn)



## Liquidity coverage ratio<sup>1,2</sup> (quarterly average, %)



## Net stable funding ratio<sup>1</sup> (%)



<sup>1</sup> Charts may not add due to rounding. <sup>2</sup> 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. CLF and 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. <sup>3</sup> Other flows includes net cash outflow overlay. Effective 1 January 2021, the Group is required to increase the value of its net cash outflows by 10% for the purpose of calculating LCR, in response to action taken by APRA for breaches of Westpac's liquidity requirements predominantly relating to WNZL. This reduces the average LCR for the quarter ended 30 September 2021 by 13 percentage points. <sup>4</sup> Other includes derivatives and other assets. <sup>4</sup> Other loans includes off balance sheet exposures and residential mortgages >35% risk weight.

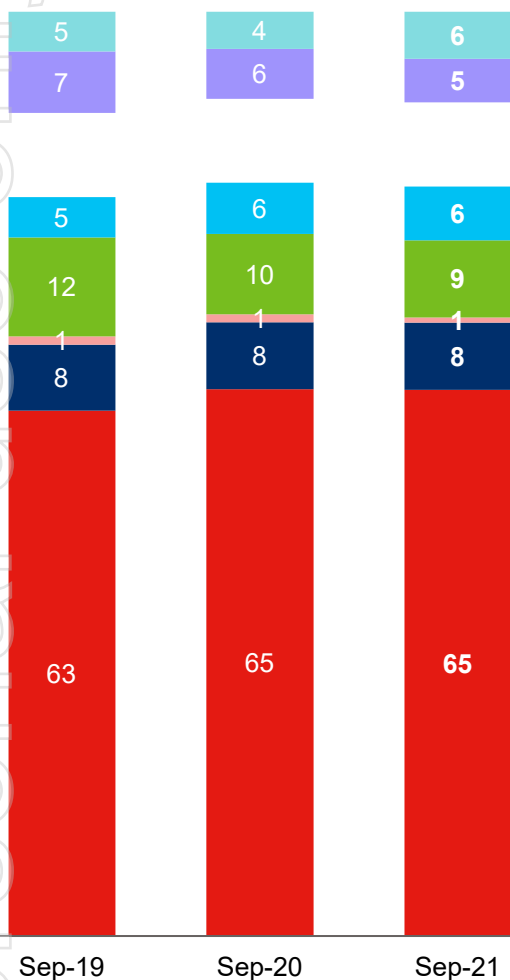
# Balance sheet funding.

## Increase in customer deposits.

Capital, funding and liquidity

### Funding composition (%)

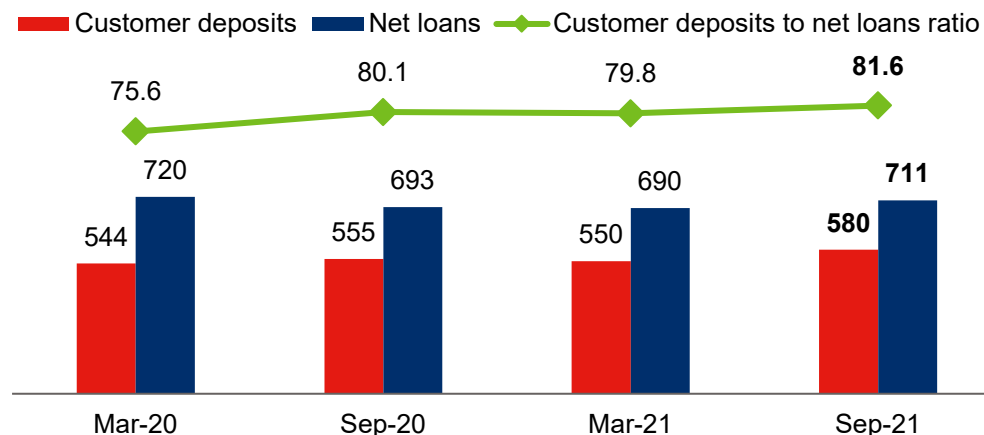
By residual maturity



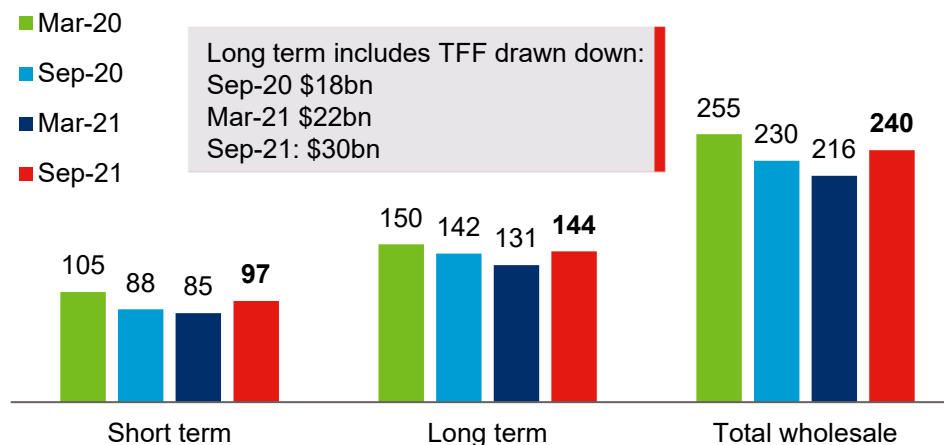
### Movement in funding sources Sep19 – Sep21 (A\$)

W'sale onshore <1yr <sup>1</sup>	up \$10bn
W'sale offshore <1yr <sup>1</sup>	down \$15bn
W'sale onshore >1yr	up \$17bn
inc. \$30bn TFF	
W'sale offshore >1yr	down \$17bn
Securitisation	down \$3bn
Equity <sup>2</sup>	up \$6bn
Customer deposits	up \$56bn

### Customer deposits to net loans ratio (%)



### Wholesale funding by residual maturity<sup>3</sup> (\$bn)



Charts may not add to 100 due to rounding

<sup>1</sup> Includes long term wholesale funding with a residual maturity less than or equal to 1 year. <sup>2</sup> Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. <sup>3</sup> Short term funding includes scroll. Scroll represents wholesale funding with an original maturity greater than 12 months that now has a residual maturity less than 12 months. Long term includes securitisation.

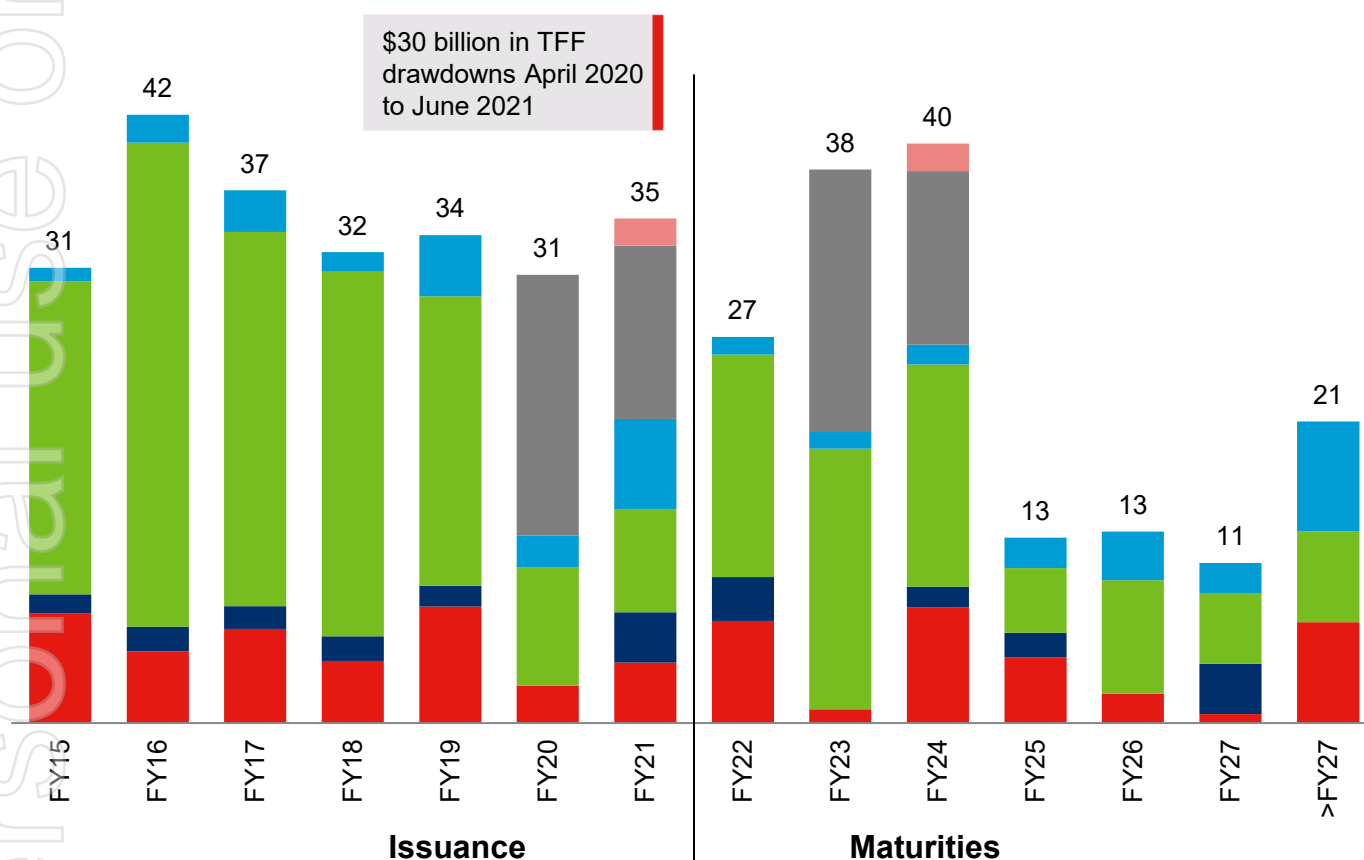
# Long term wholesale funding.

Returning to more normal funding activities in FY22.

Capital, funding and liquidity

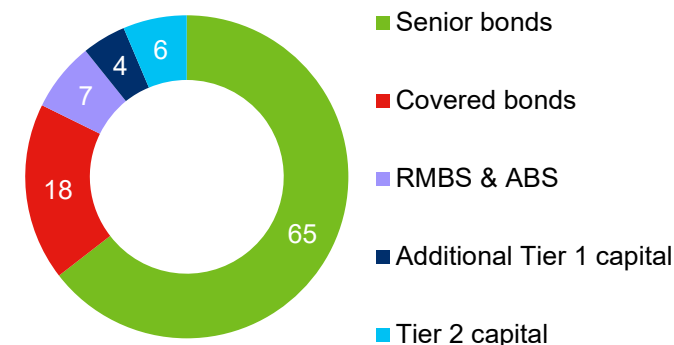
## Term debt issuance and maturity profile<sup>1</sup> (\$bn)

■ Covered bond
 ■ Hybrid
 ■ Senior/Securitisation
 ■ Subordinated debt
 ■ Term Funding Facility (Aus)
 ■ Funding for Lending Programme (NZ)

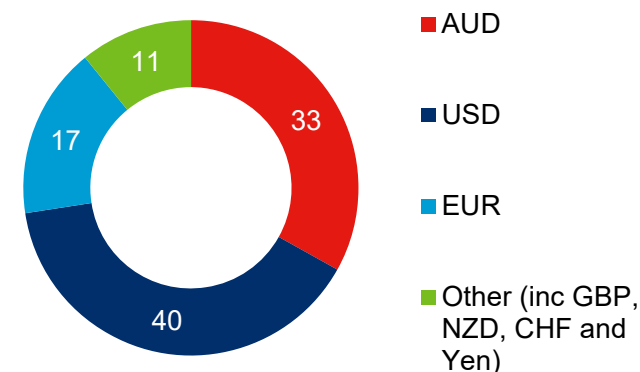


## Issuance composition prior to COVID-19

### By program<sup>2,3</sup> (%)



### By currency<sup>2</sup> (%)



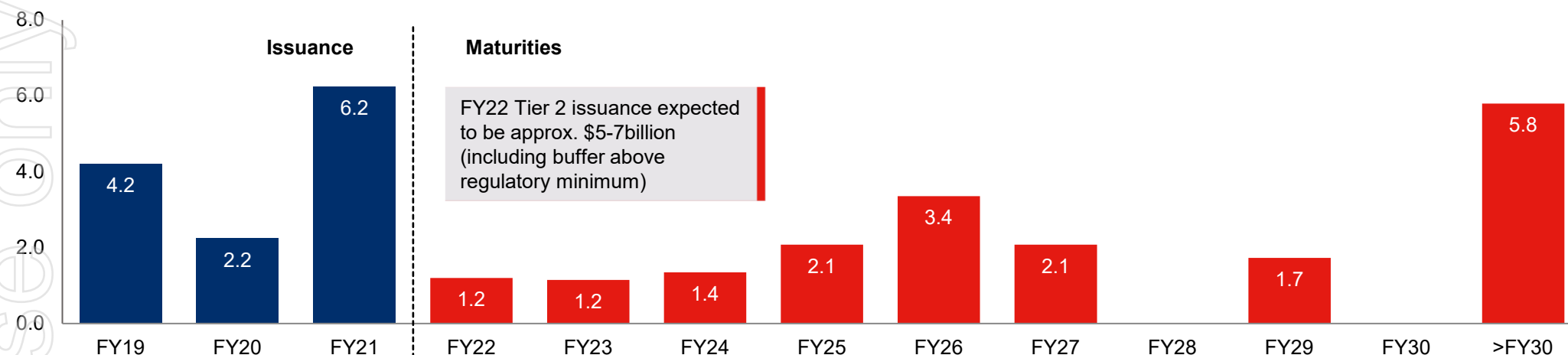
<sup>1</sup> Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Perpetual sub debt has been included in >FY27 maturity bucket. Maturities exclude securitisation amortisation. <sup>2</sup> Data includes issuance between FY15 and FY19. Includes WNZL. <sup>3</sup> RMBS and ABS at amortised value.

# Tier 2 capital issuance.

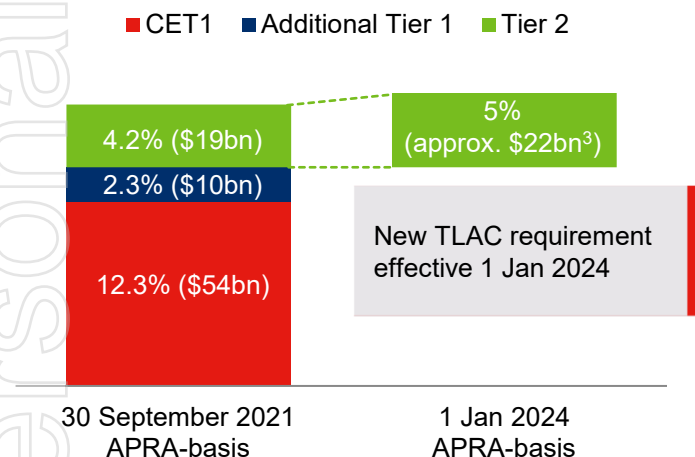
Capital, funding and liquidity

Progress towards meeting TLAC requirements ahead of time.

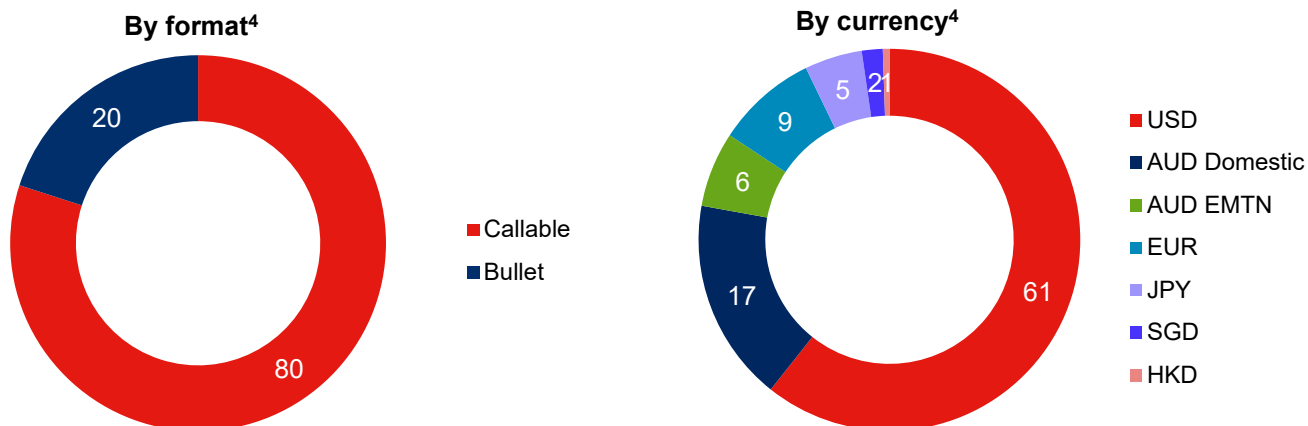
## Westpac Tier 2 issuance and calls/maturities<sup>1,2</sup> (notional amount, A\$bn)



## Westpac Total Regulatory Capital



## Westpac Tier 2 capital (notional amount, %)



<sup>1</sup> Represents AUD equivalent notional amount using spot FX translation at date of issue for issuance and spot FX translation at 30 September 2021 for maturities. <sup>2</sup> 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. <sup>3</sup> Based on current capital regulation. Does not include balance sheet growth or management buffer. <sup>4</sup> Represents AUD equivalent notional amount using spot FX translation as at 30 September 2021.

# Divisional results



# Divisional<sup>1</sup> contributions.

Divisional results

FY21 (\$m)	Consumer	Business	WIB	NZ	Specialist Businesses	Group Businesses	Group
Operating income	8,893	4,614	2,021	2,310	1,993	1,207	21,038
Expenses	(4,622)	(2,530)	(2,574)	(1,062)	(1,477)	(1,018)	(13,283)
<b>Core earnings</b>	<b>4,271</b>	<b>2,084</b>	<b>(553)</b>	<b>1,248</b>	<b>516</b>	<b>189</b>	<b>7,755</b>
Impairment (charges)/benefits	125	484	(162)	79	66	(2)	590
Tax & non-controlling interests	(1,315)	(779)	45	(377)	(389)	(178)	(2,993)
<b>Cash earnings</b>	<b>3,081</b>	<b>1,789</b>	<b>(670)</b>	<b>950</b>	<b>193</b>	<b>9</b>	<b>5,352</b>

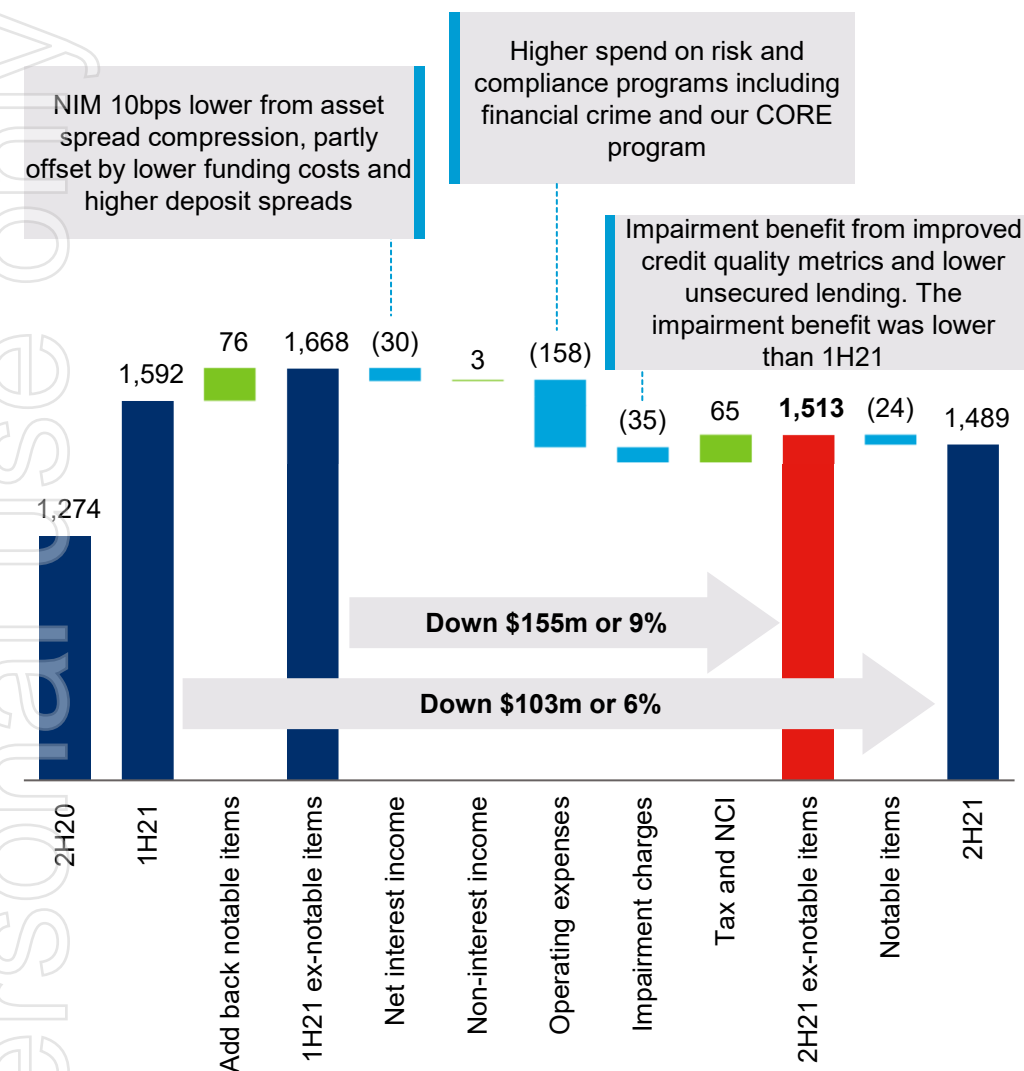
FY20 (\$m)	Consumer	Business	WIB	NZ	Specialist Businesses	Group Businesses	Group
Operating income	9,120	4,723	2,293	2,151	1,296	1,043	20,626
Expenses	(4,176)	(2,298)	(1,316)	(998)	(1,548)	(2,364)	(12,700)
<b>Core earnings</b>	<b>4,944</b>	<b>2,425</b>	<b>977</b>	<b>1,153</b>	<b>(252)</b>	<b>(1,321)</b>	<b>7,926</b>
Impairment (charges)/benefits	(1,015)	(1,371)	(404)	(302)	(255)	169	(3,178)
Tax & non-controlling interests	(1,183)	(320)	(241)	(239)	1	(158)	(2,140)
<b>Cash earnings</b>	<b>2,746</b>	<b>734</b>	<b>332</b>	<b>612</b>	<b>(506)</b>	<b>(1,310)</b>	<b>2,608</b>

<sup>1</sup> Refer to division descriptions, page 128. NZ in A\$.

# Consumer 2H21 performance.

Consumer

## Cash earnings (\$m)



## Key financial metrics

	2H20	1H21	2H21	Change on 1H21
Revenue (\$m)	4,560	4,457	4,436	-
Net interest margin (%)	2.41	2.39	2.29	(10bps)
Expense to income (%)	47.0	50.9	53.0	209bps
Customer deposit to loan ratio (%)	56.3	56.5	57.8	130bps
Stressed exposures to TCE (%)	1.38	1.02	0.95	(7bps)
Mortgage 90+ day delinquencies (%)	1.60	1.18	1.06	(12bps)

## Key operating metrics

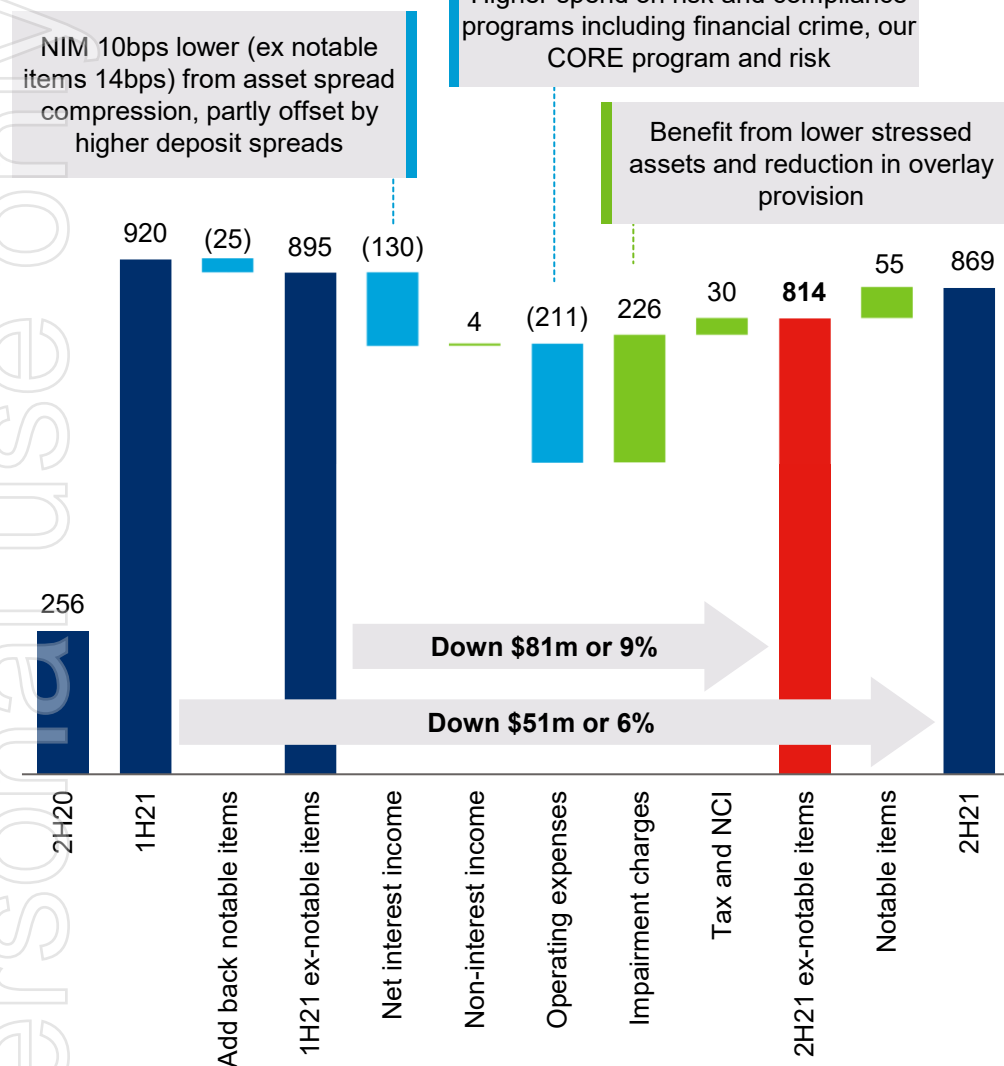
	2H20	1H21	2H21	Change on 1H21
Total customers (#m)	9.7	9.7	9.8	1%
Active digital banking customers (#m)	4.53	4.58	4.67	2%
Branches (#) <sup>1</sup>	931	891	851	(40)
ATMs (#)	1,399	1,352	1,270	(82)
Main Financial Institution <sup>2</sup> (%)	15.7	15.6	15.7	0.1ppt

<sup>1</sup> Includes all points of presence including Advisory, Community Banking Centres and Kiosks. Kiosks have been restated in comparatives. <sup>2</sup> Refer page 129 for metric definitions and details of provider. Data for 2H21 at August 2021, 1H21 at February 2021.

# Business 2H21 performance.

Business

## Cash earnings (\$m)



## Key financial metrics

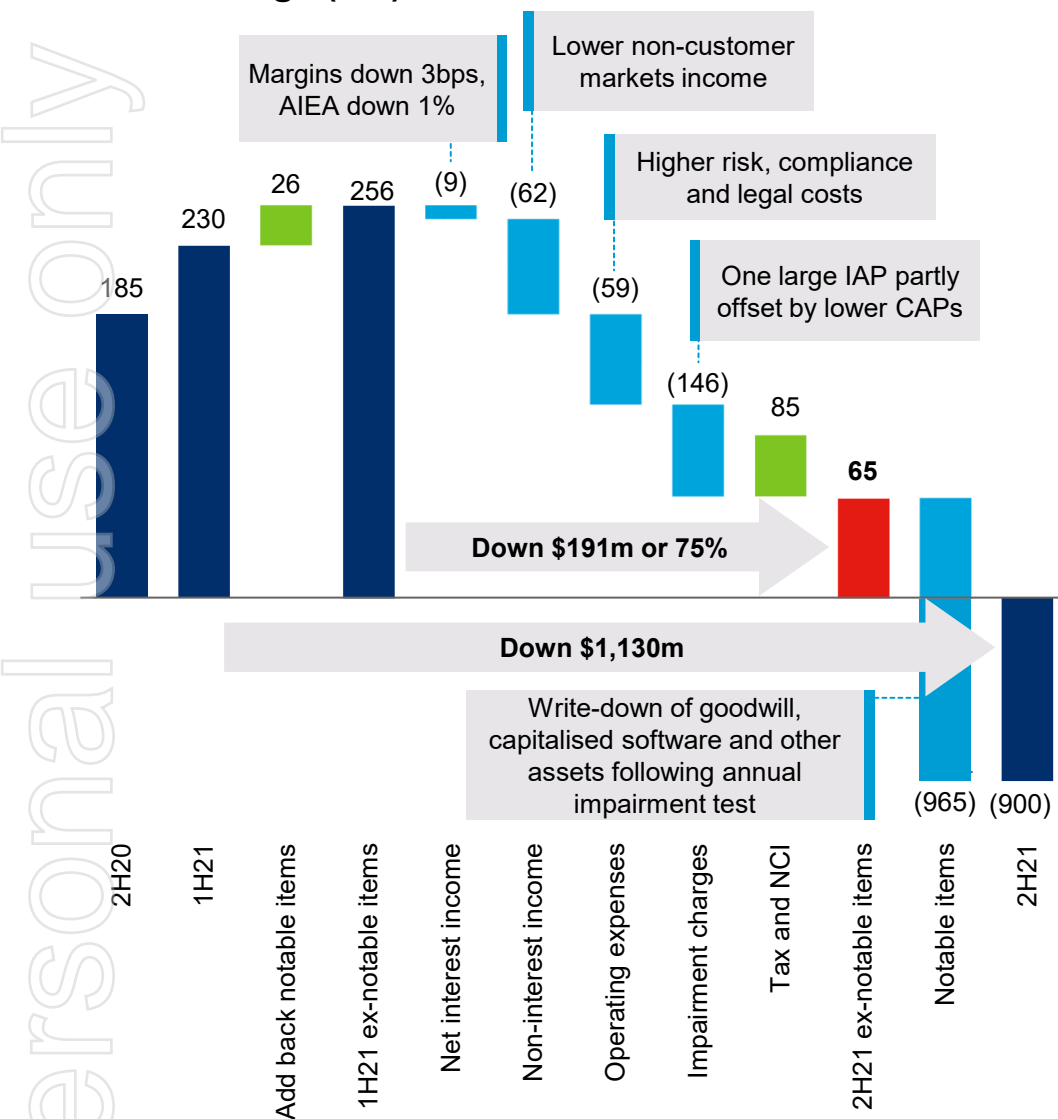
	2H20	1H21	2H21	Change on 1H21
Revenue (\$m)	2,268	2,356	<b>2,258</b>	(4%)
Net interest margin (%)	2.93	3.17	<b>3.07</b>	(10bps)
Expense to income (%)	54.2	49.7	<b>60.2</b>	Large
Customer deposit to loan ratio (%)	108.0	114.6	<b>118.4</b>	382bps
Stressed exposures to TCE (%)	4.70	4.60	<b>3.92</b>	(68bps)

## Key operating metrics

	2H20	1H21	2H21	Change on 1H21
Total customers <sup>1</sup> ('000's)	1,053	1,063	<b>1,048</b>	(1%)
Customer satisfaction <sup>2</sup> (rank)	=#1	=#1	<b>=#2</b>	Down 1
Customer satisfaction – SME <sup>2</sup> (rank)	#1	=#2	<b>=#2</b>	-
Digital sales <sup>3</sup> (%)	28	27	<b>28</b>	1ppt

1 Excludes Private Wealth customers. 2 DBM external ratings data 2H21 at August 2021, 1H21 at February 2021 for WBC brand. SME refers to Total SME. 3 Share of sales made digitally for eligible products.

### Cash earnings (\$m)



Key financial metrics	2H20	1H21	2H21	Change on 1H21
Revenue (\$m)	1,132	1,046	975	(7%)
Net interest margin (%)	1.23	1.27	1.24	(3bps)
Expense to income ratio <sup>1</sup> (%)	61.6	63.2	73.8	Large
Net loans	66.2	62.4	67.0	7%
Customer deposits	102.9	91.0	97.8	7%
Customer deposit to loan ratio (%)	155.4	145.8	146.0	14bps
Stressed exposures to TCE (%)	1.03	0.56	0.64	8bps

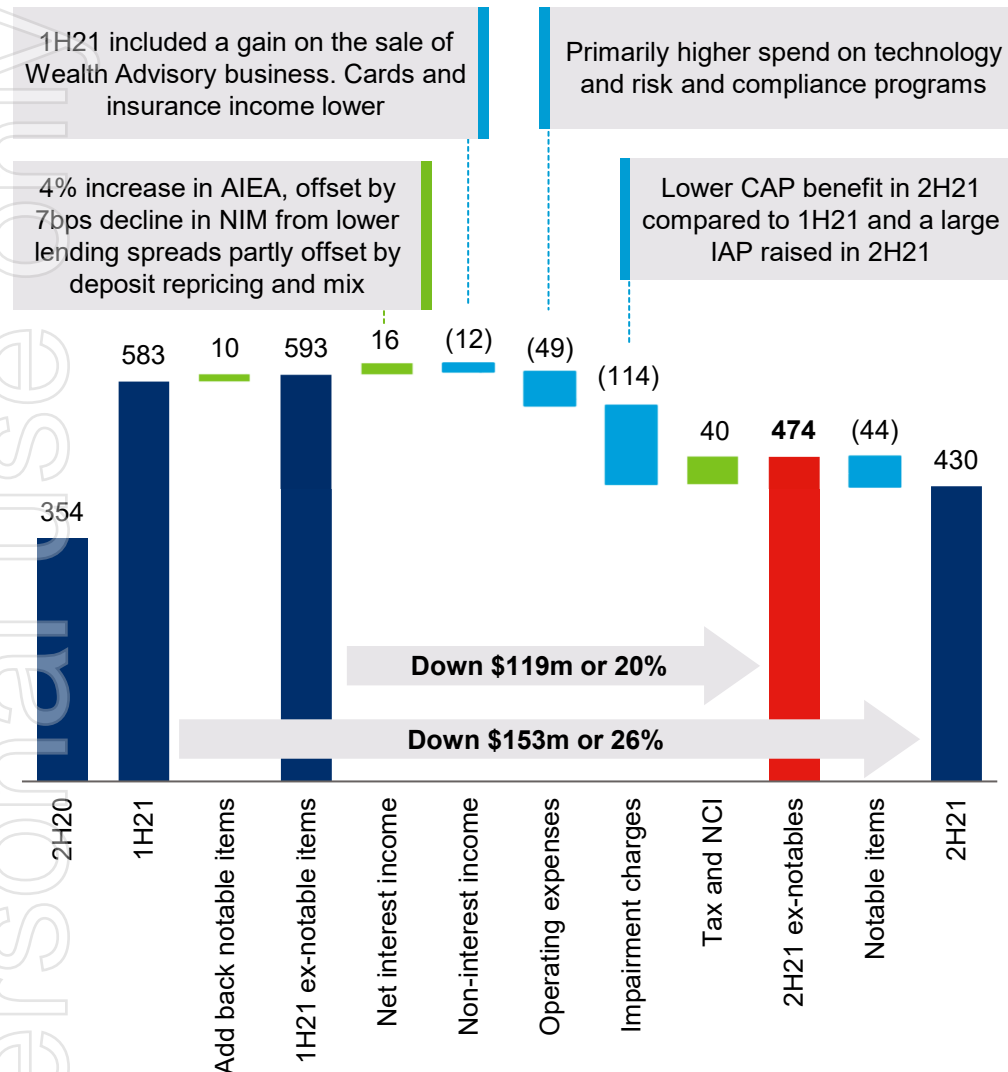
Key operating metrics	2H20	1H21	2H21	Change on 1H21
Customer revenue <sup>2</sup> / total revenue (%)	88.3	91.5	98.9	Large
Trading revenue / total revenue (%)	13.1	7.2	2.6	Large
Revenue per FTE (\$'000)	717	668	641	(4%)

1 Excluding notable items. 2 WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading and derivative valuation adjustments.

# New Zealand 2H21 performance<sup>1</sup>.

New Zealand

## Cash earnings (NZ\$m)



<sup>1</sup> In NZ\$ unless otherwise noted. <sup>2</sup> Refer to page 129 for details of metric definition and provider.

## Key financial metrics

	2H20	1H21	2H21	Change on 1H21
Revenue (NZ\$m)	1,120	1,245	<b>1,218</b>	(2%)
Net interest margin (%)	1.89	2.06	<b>1.94</b>	(12bps)
Expense to income (%)	46.3	43.1	<b>48.9</b>	Large
Customer deposit to loan ratio (%)	80.7	81.8	<b>82.0</b>	18bps
Stressed exposures to TCE (%)	1.59	1.56	<b>1.19</b>	(37bps)

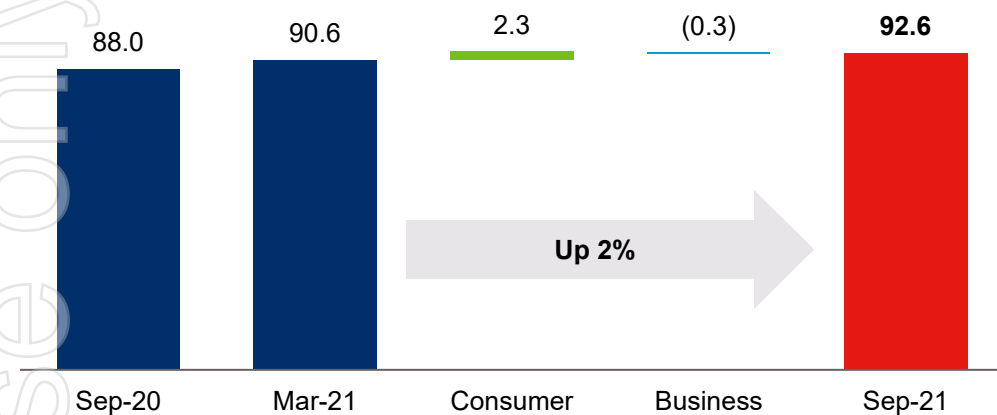
## Key operating metrics

	Sep-20	Mar-21	Sep-21	Change Mar-21
Customers (#m)	1.34	1.33	<b>1.33</b>	-
Branches (#)	143	134	<b>116</b>	(18)
ATMs (#)	495	482	<b>464</b>	(18)
Consumer NPS <sup>2</sup>	+14	+16	<b>+14</b>	Down 2
Business NPS <sup>2</sup>	+7	(1)	<b>(14)</b>	Down 13
Agri NPS <sup>2</sup>	+34	+8	<b>+13</b>	+5
Funds (NZ\$bn) (spot)	12.2	11.9	<b>12.0</b>	1%

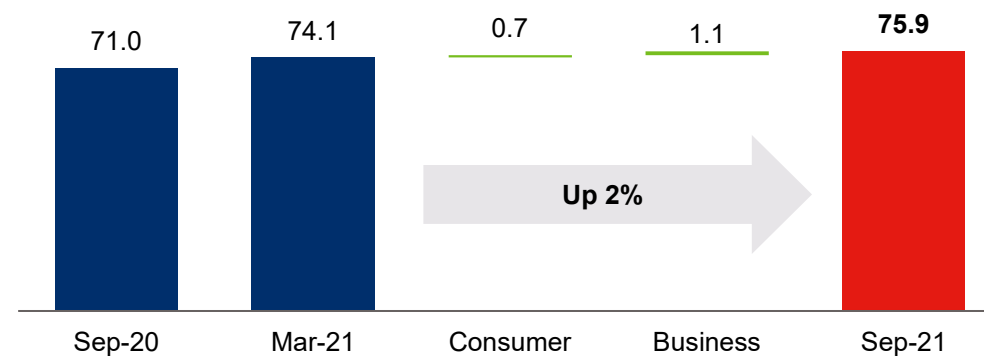
# New Zealand balance sheet.

New Zealand

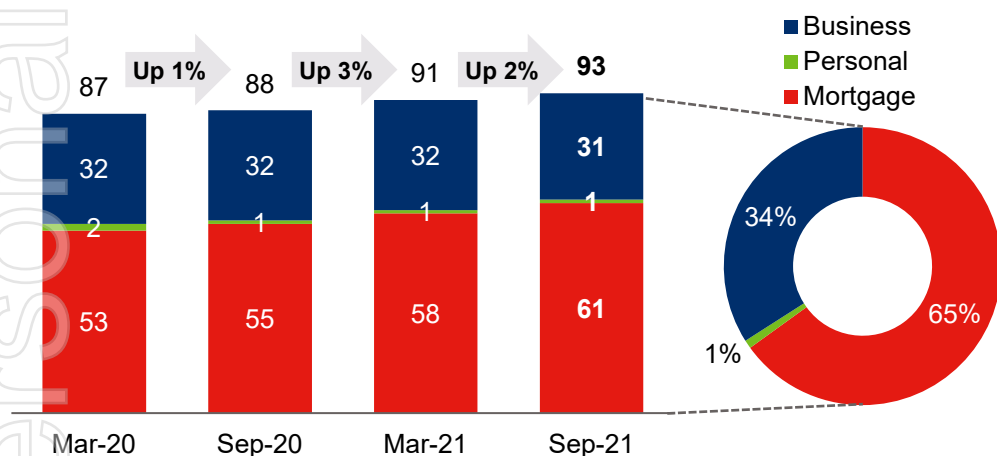
## Net loans (NZ\$bn)



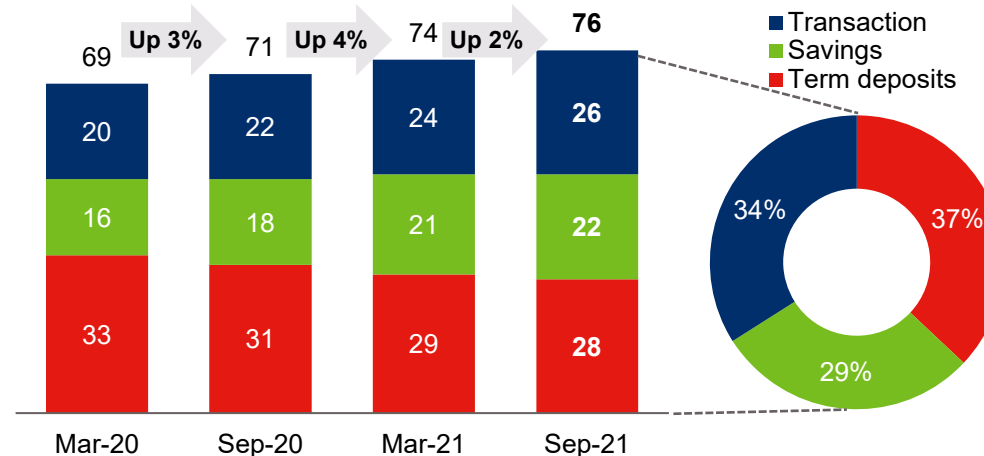
## Deposits (NZ\$bn)



## Loans (NZ\$bn) and % of total



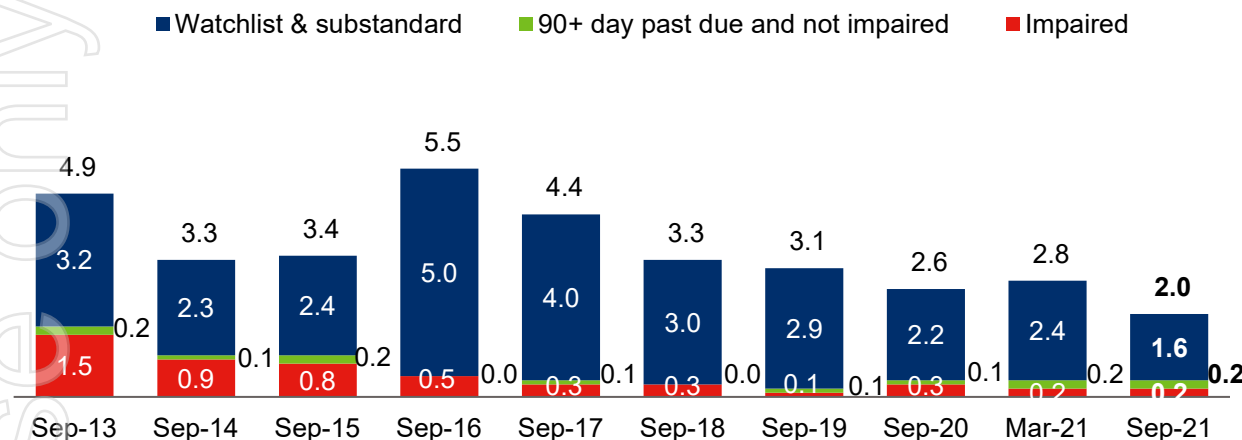
## Customer deposits (NZ\$bn) and % of total



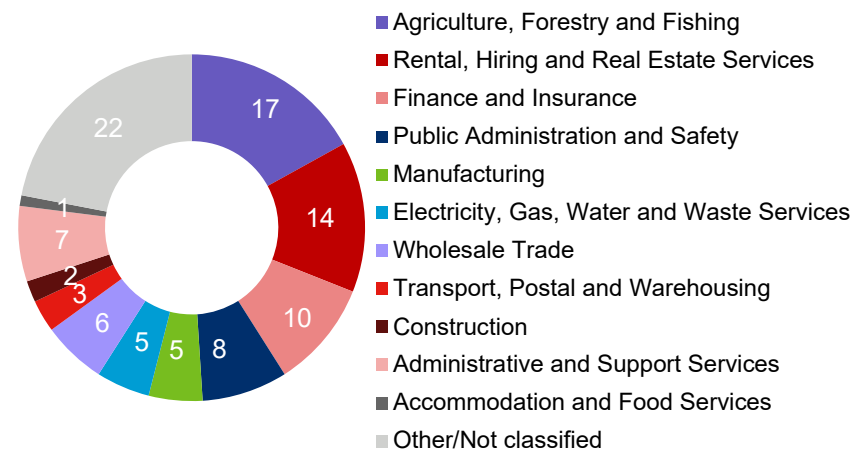
# New Zealand business exposures.

New Zealand

## Business stressed exposures as a % of business TCE



## Business TCE by industry sector %

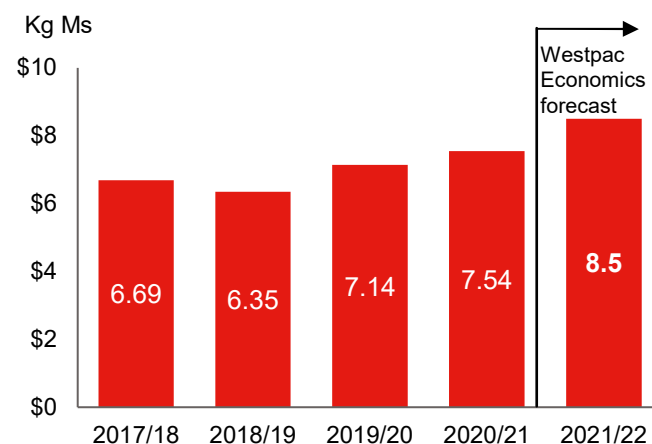


## Agribusiness<sup>1</sup> portfolio

	Sep-20	Mar-21	Sep-21
TCE (NZ\$bn)	10.5	10.6	<b>10.6</b>
Agriculture as a % of total TCE	8.2	8.0	<b>7.7</b>
% of portfolio graded as 'stressed' <sup>2</sup>	7.8	7.6	<b>5.7</b>
% of portfolio in impaired	0.47	0.28	<b>0.13</b>

<sup>1</sup> Includes forestry and fishing. <sup>2</sup> Includes impaired exposures.

## Milk price (NZ\$)



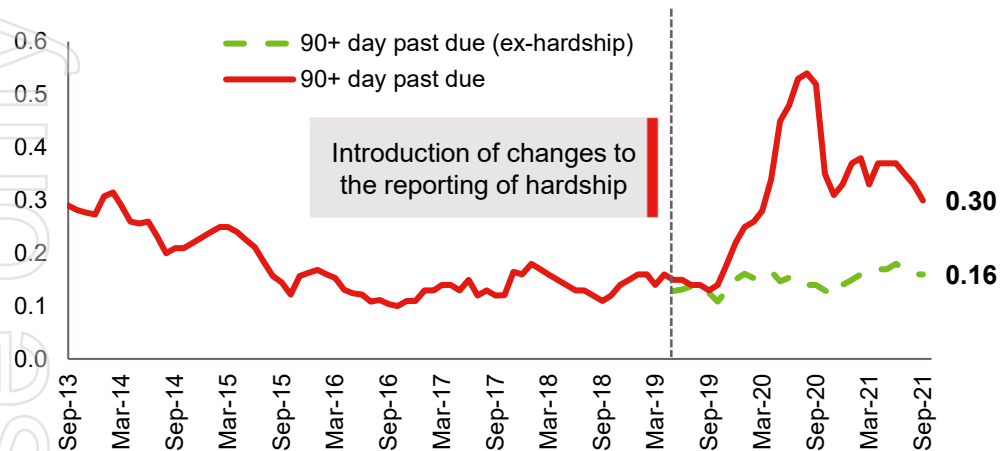
## Dairy portfolio summary

- Portfolio health remains sound with risk profiles improving from higher milk prices. Focus on supporting existing dairy customers with proven long term viability while selectively targeting new customers
- Global dairy prices have been healthy so far over 2021, underpinned by firm global demand and tight global dairy supply. Fonterra's 2021/22 milk price forecast range is \$7.25/kg to \$8.75/kg, while Westpac has lifted its forecast to \$8.50/kg
- Uncertainty around environmental regulation and compliance, cyclically rising on-farm costs and labour shortages are risks to the dairy industry outlook

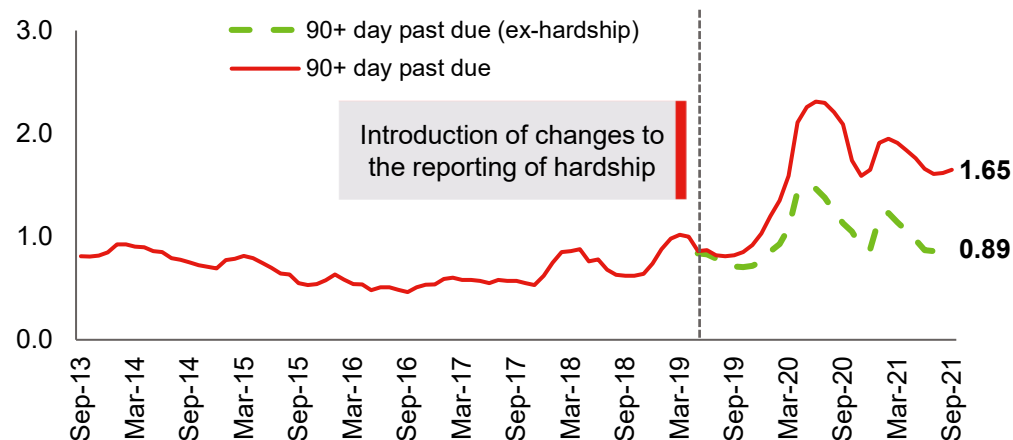
# New Zealand consumer portfolio.

New Zealand

## Mortgage 90+ day delinquencies<sup>1</sup> (%)

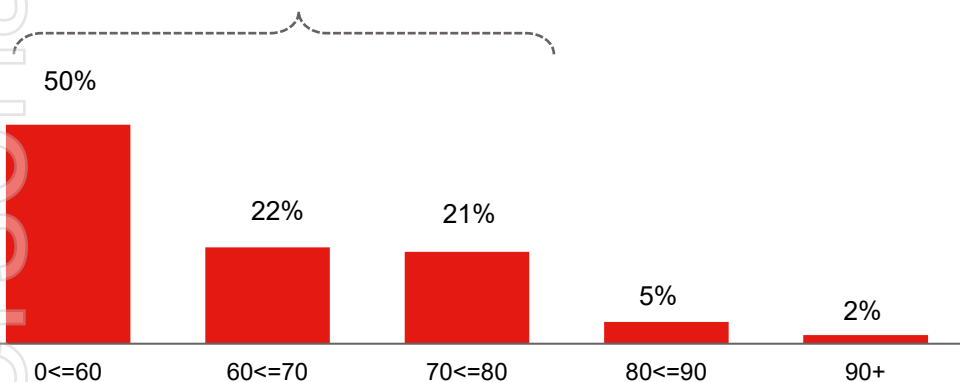


## Unsecured consumer 90+ day delinquencies<sup>1</sup> (%)

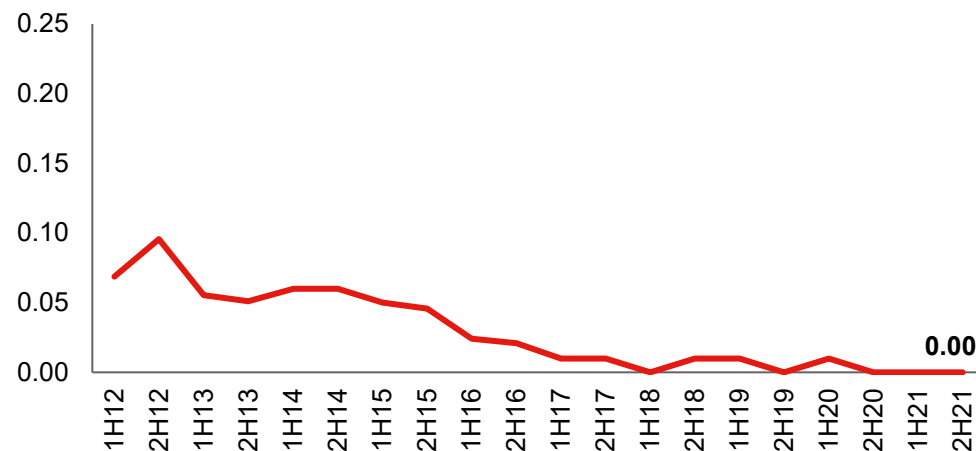


## Mortgage portfolio LVR<sup>2</sup> (%) of portfolio

93% of mortgage portfolio less than 80% LVR



## Mortgage loss rates each half (%)



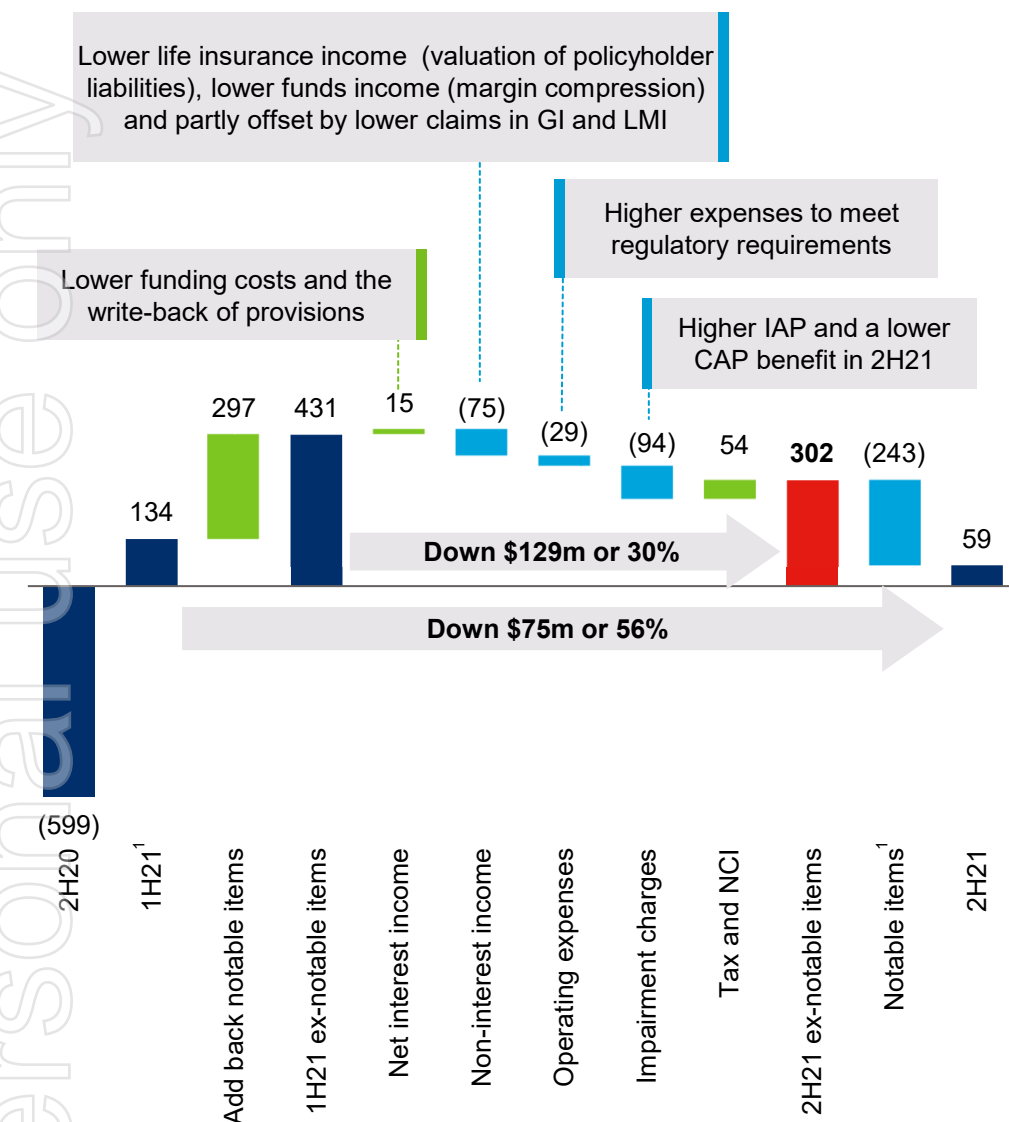
<sup>1</sup> In May 2019 we made changes to the reporting of customers in hardship to align to the method used by APRA. <sup>2</sup> LVR based on current loan property value at latest credit event.



# Specialist Businesses 2H21 performance.

Specialist Businesses

## Cash earnings (\$m)



Key financial metrics	2H20	1H21	2H21	Change on 1H21
Average funds (\$bn)	191.1	205.6	223.8	9%
Spot funds (\$bn)	193.0	211.7	227.4	7%
Platforms deposits (\$bn)	4.9	4.3	6.1	42%
Platform FUA market share (exc. Corp Super) <sup>2</sup> (%)	19.1	18.9	18.8	(10bps)
Margin lending loans (\$bn)	1.4	1.5	1.5	-
Auto finance loans (\$bn) <sup>3</sup>	11.5	11.1	10.6	(5%)
Westpac Pacific loans	1.6	1.4	1.4	0%

Held for sale businesses	2H20	1H21	2H21	Change on 1H21
Auto finance loans – under sale agreement (\$bn)	1.1	1.0	1.0	-
Retail Life Insurance in-force premiums (\$m)	942	938	951	1%
Life Insurance claims ratio <sup>4</sup> (%)	48	63	64	1%

<sup>1</sup> Notable items include transaction-related impacts for businesses sold or held for sale, customer remediation and settlements and other matters. <sup>2</sup> Plan for Life, June 2021. <sup>3</sup> Average term of Auto finance loans is 3 years (as at September 2021).

<sup>4</sup> Loss ratio is claims net of reinsurance over the total earned premium plus exchange commission.

# BT Panorama.

Specialist Businesses

## Supporting advisers and investors.

### Panorama Platform

#### Improved Panorama functions

- Updated mobile app providing advisers and investors improved security and navigation
- Chatbot “Blue” assisted 14,000 advisers and investors in September 2021 quarter. Since its launch in February 2021 Blue has conducted over 150,000 conversations

### Migration from Wrap to BT Panorama

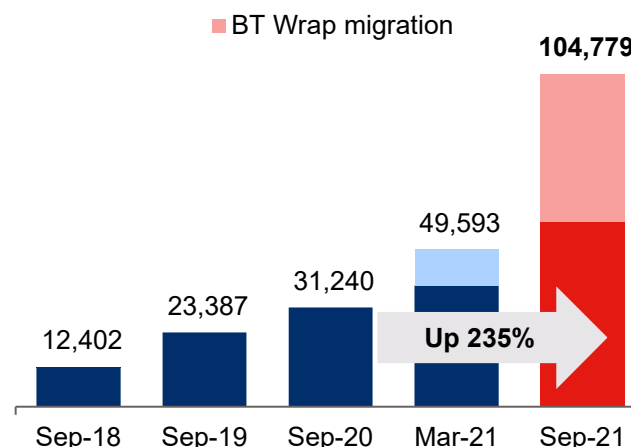
Completed the migration of customers from Wrap to BT Panorama in June 2021

- Over 230,000 customers (~\$105bn in FUA) on the Panorama platform, with access to mobile app functionality
- Over 6,000 advisers can provide clients flexible investment options, in-depth reporting, a customised online experience and a broad range of managed account solutions

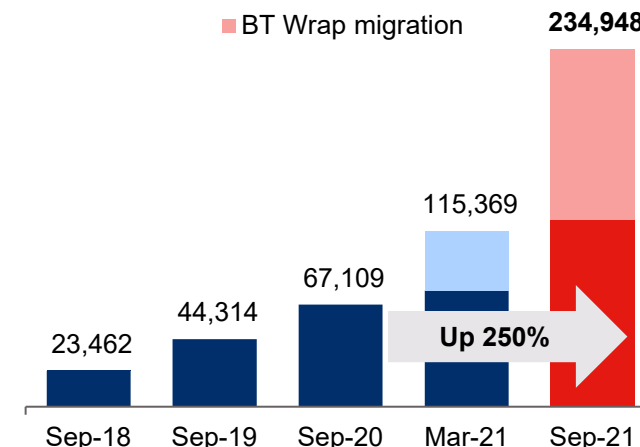
An outage affected BT Panorama users in early August 2021

- The registry system was not impacted, and it was not an information security issue
- The cause of the interruption has been rectified and enhanced monitoring is in place

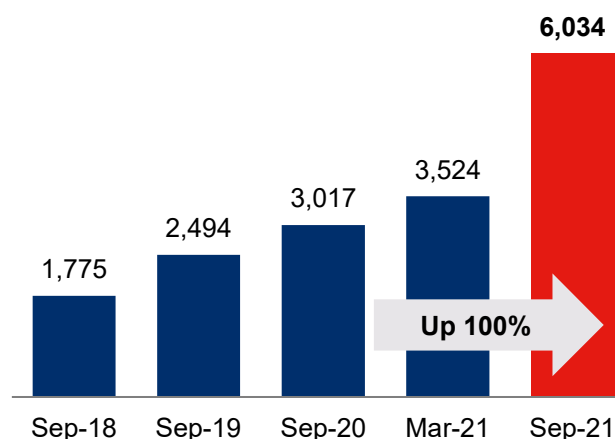
### FUA on BT Panorama<sup>1</sup> (\$m)



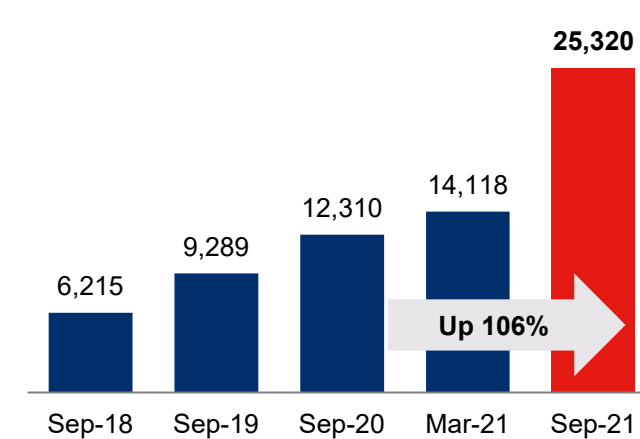
### Investors on BT Panorama<sup>1</sup> (#)



### Active advisers on BT Panorama<sup>2</sup> (#)



### SMSF funds on BT Panorama<sup>2</sup> (#)



<sup>1</sup> Migration from BT Wrap to Panorama was completed in June 2021. <sup>2</sup> Advisers and SMSF funds that have been migrated from BT Wrap are not shown separately.

# Economics

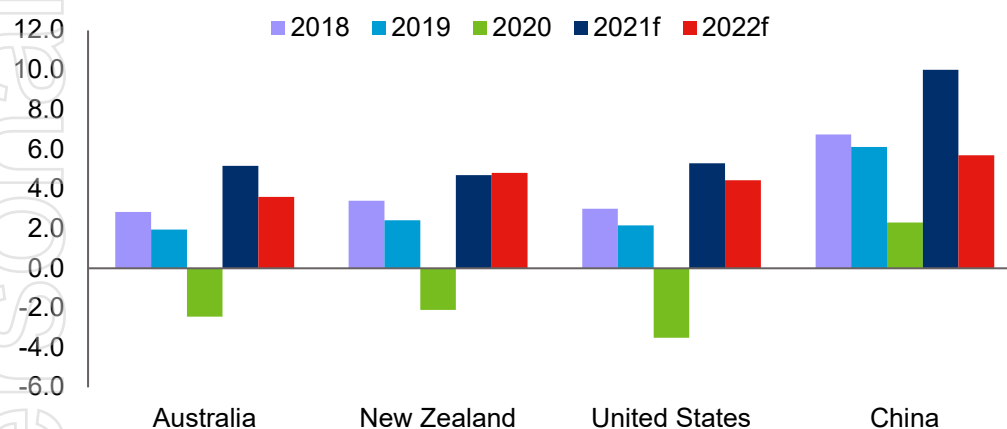
# Australian and New Zealand economic forecasts.

Economics

Key economic indicators (%) at October 2021		2019	2020	2021F	2022F
World	GDP <sup>1</sup>	2.8	-3.3	5.4	4.6
Australia	GDP <sup>2</sup>	2.1	-0.9	0.0	7.4
	Unemployment – end period	5.2	6.8	5.1	3.8
	CPI headline – year end	1.8	0.9	2.8	2.4
	Interest rates – cash rate	0.75	0.10	0.10	0.10
New Zealand	GDP <sup>2</sup>	1.8	0.1	2.8	4.9
	Unemployment – end period	4.0	4.8	4.2	3.5
	Consumer prices	1.9	1.4	5.1	2.9
	Interest rates – official cash rate	1.00	0.25	0.75	1.50

Key economic indicators (%) at October 2021		2019	2020	2021F	2022F
Australia	Credit growth				
	Total – year end	2.4	1.8	5.6	6.8
	Housing – year end	3.0	3.5	7.2	8.5
	Business – year end	2.5	0.9	4.0	4.5
New Zealand	Credit growth				
	Total – year end	5.7	3.4	6.6	5.1
	Housing – year end	7.0	8.3	10.0	5.7
	Business – year end	4.5	-2.6	1.8	4.0

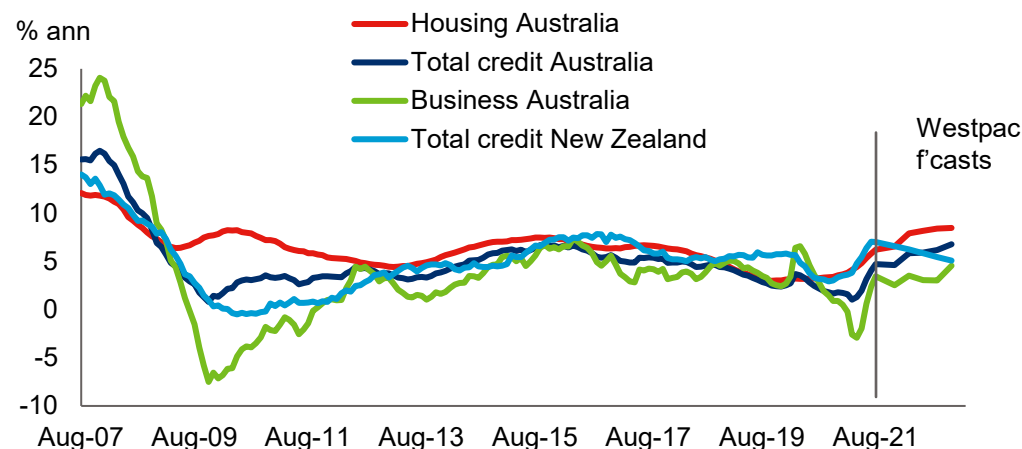
## GDP growth (year average)



Source: Westpac Economics.

<sup>1</sup> Year average growth rates. <sup>2</sup> Through the year growth rates.

## Private sector credit growth (% ann)



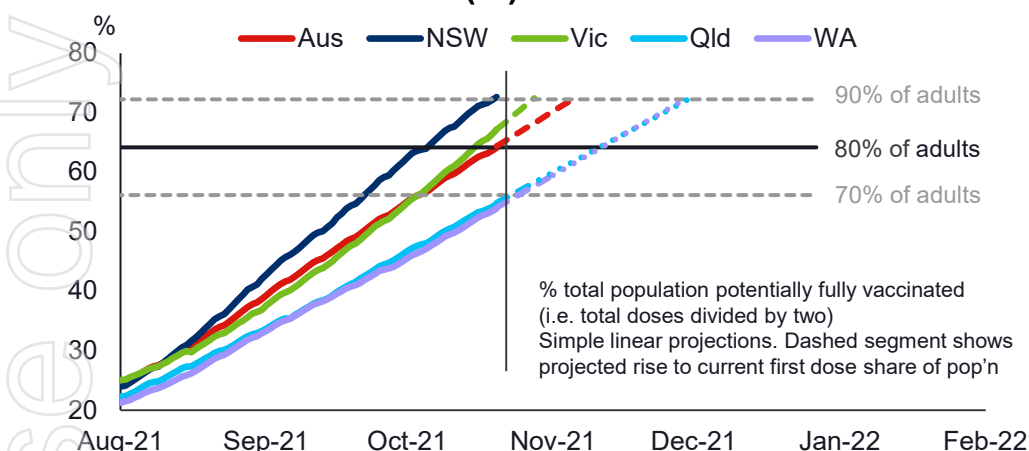
Sources: RBA, Westpac Economics

# The Australian economy.

Re-opening underway on high vaccination rates; activity to bounce back in 2022.

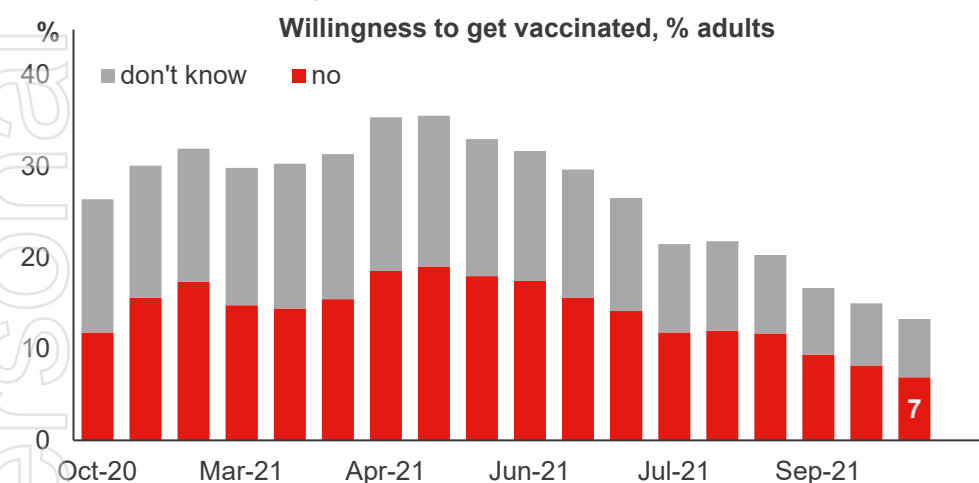
Economics

## Australian vaccinations (%)



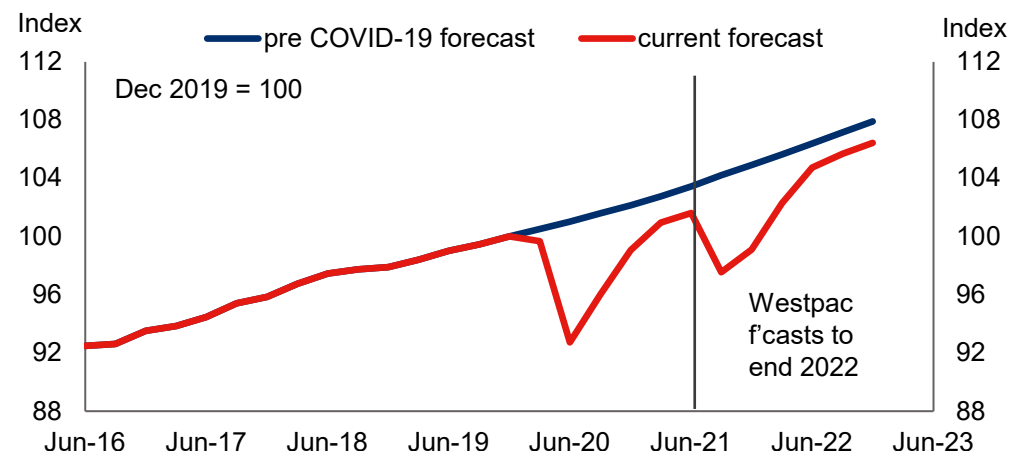
Source: Macrobond, Westpac Economics.

## Vaccine hesitancy in Australia (%)



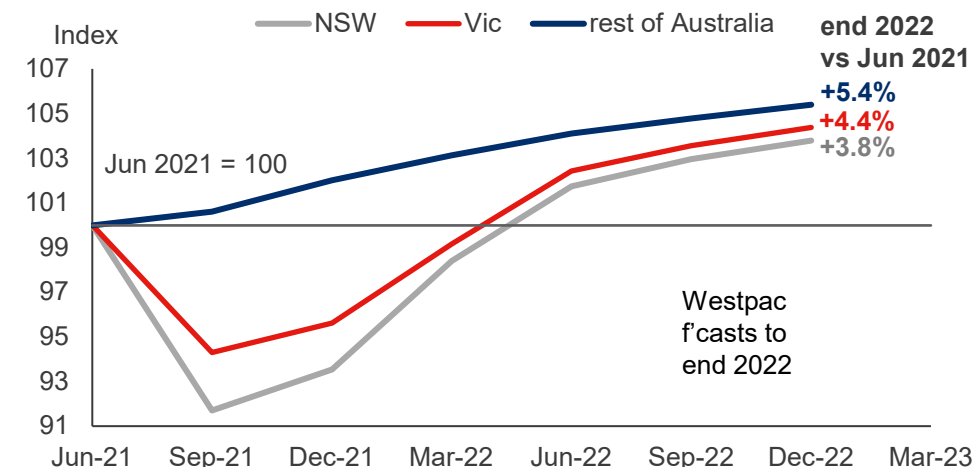
Sources: Melbourne Institute, Westpac Economics.

## Australia's GDP profile (index)



Sources: ABS, Westpac Economics.

## Output impacts by state (index)



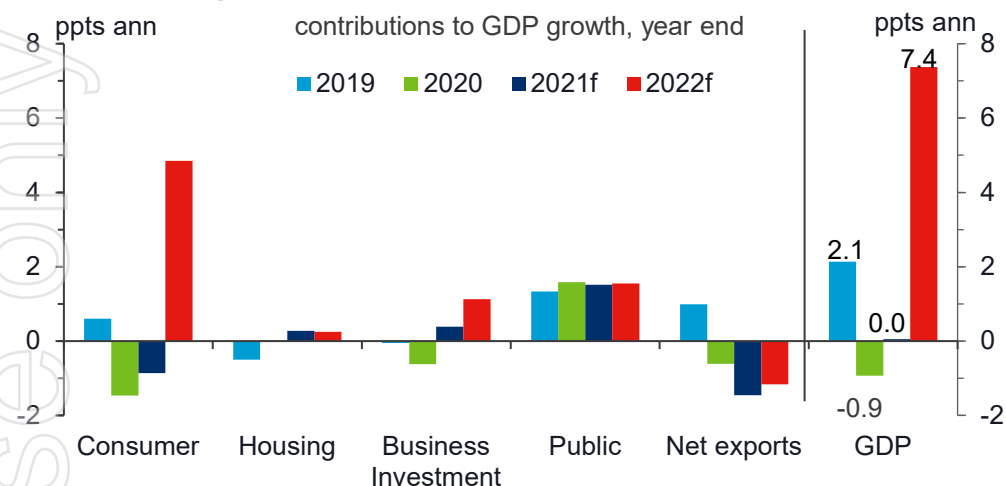
Sources: ABS, Westpac Economics.

# The Australian economy.

Consumer well placed to rebound.

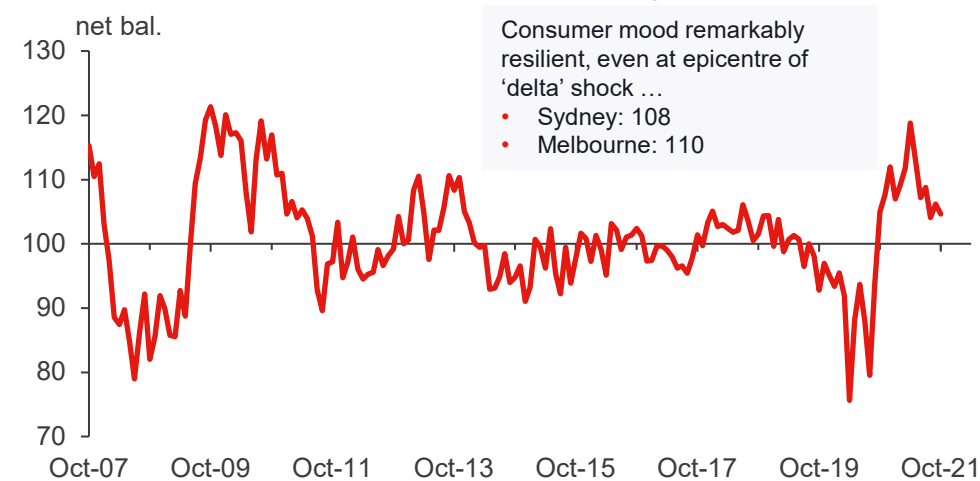
Economics

## Australia's growth mix



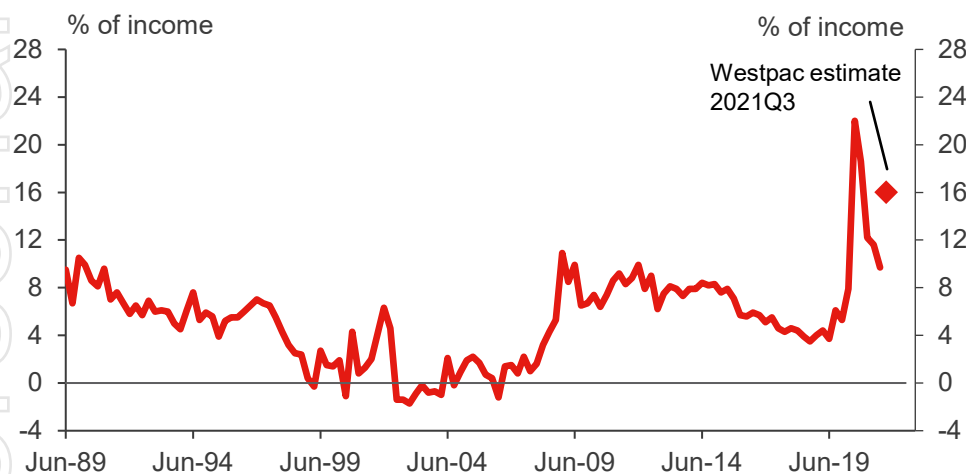
Sources: ABS, Westpac Economics.

## Consumer sentiment (index, monthly)



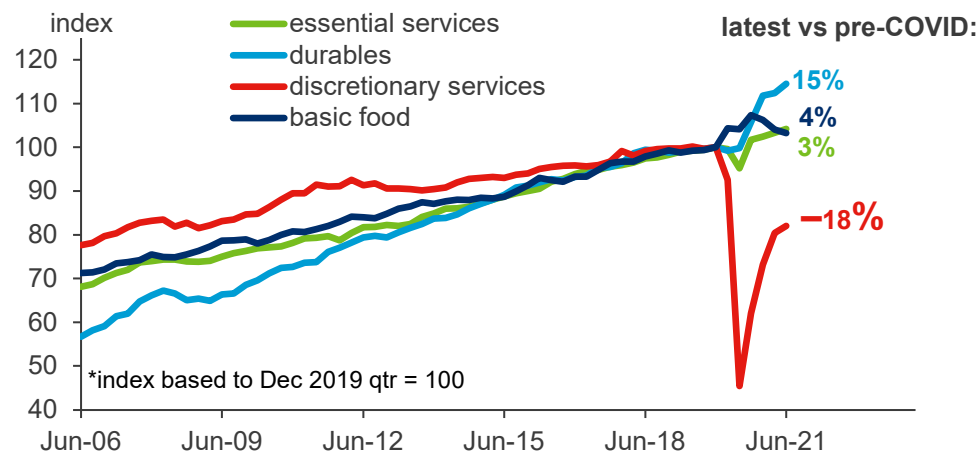
Sources: Westpac MI, NAB, Westpac Economics

## Household saving (% of income)



Sources: ABS, Westpac Economics.

## Consumer spending: big rotation back to services in 2022



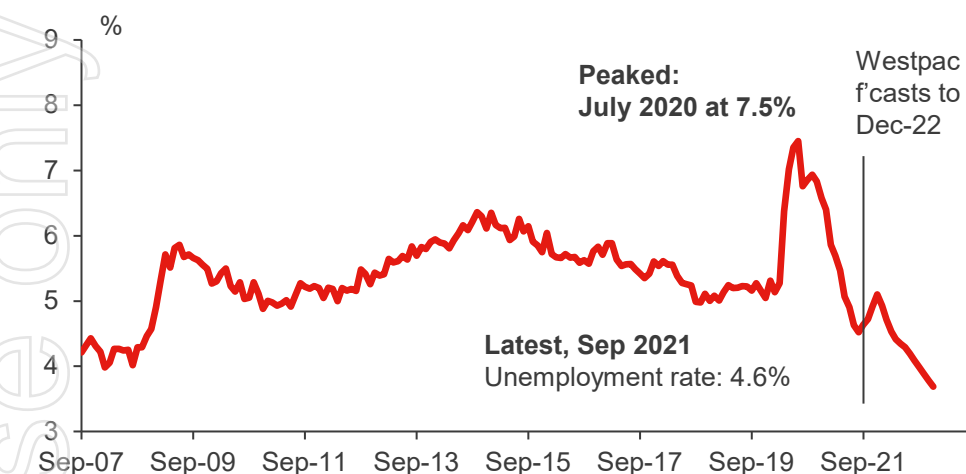
Sources: ABS, Westpac Economics.

# The Australian economy.

Economics

Rebound likely to see tightening in labour markets in 2022.

## Unemployment rate (%)



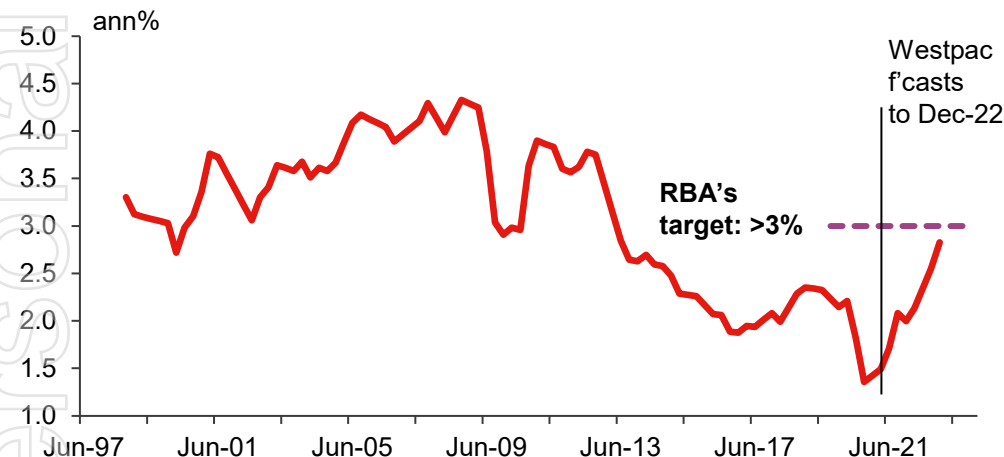
Sources: ABS, Westpac Economics.

## Business confidence and employment intentions (qtlly)



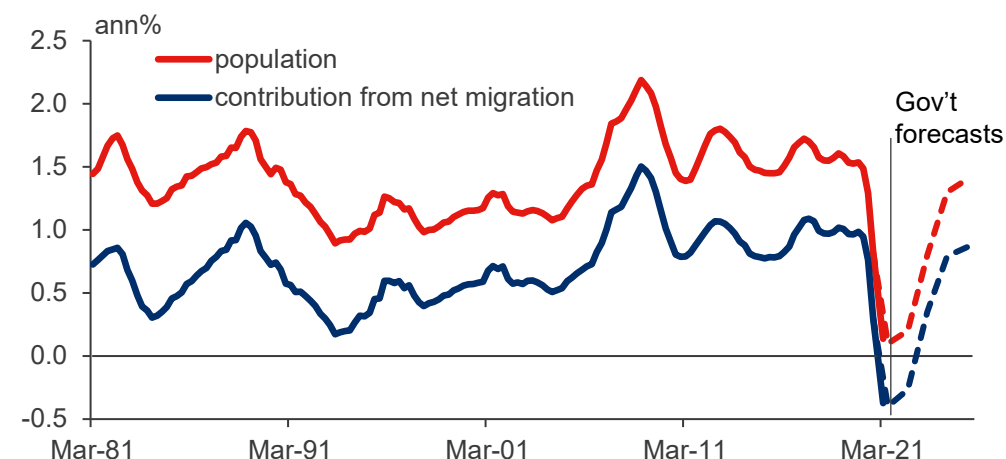
Sources: NAB survey, ABS, Westpac Economics.

## Wages (%)



Sources: ABS, Westpac Economics.

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



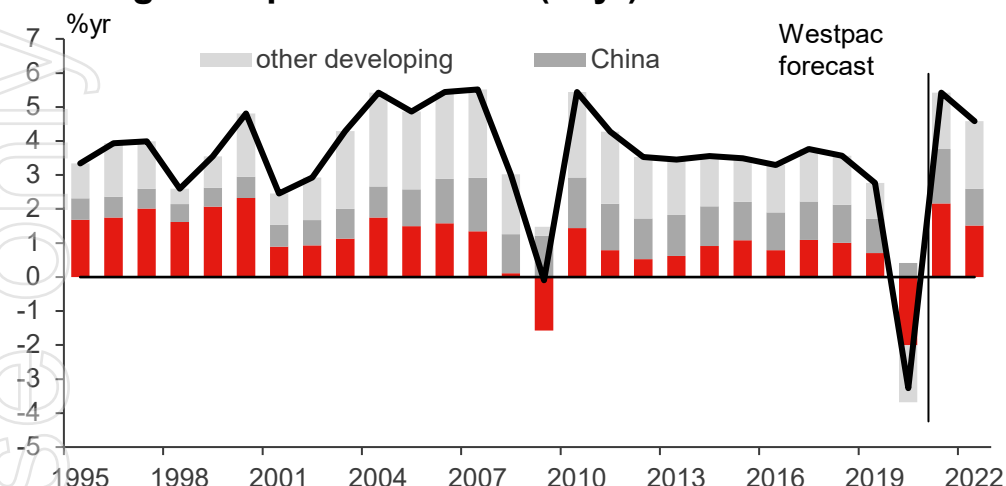
Sources: ABS, Treasury, Westpac Economics.

# The Australian economy.

Economics

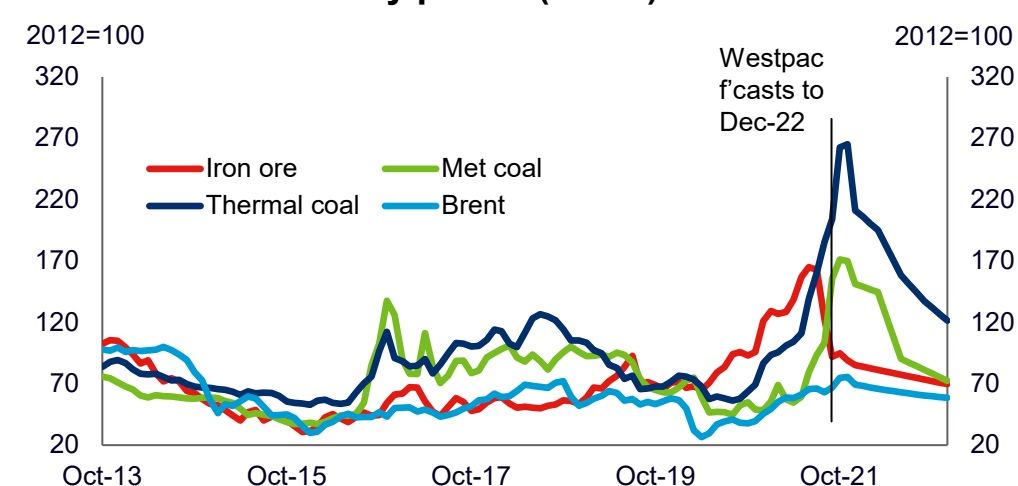
Iron ore finding new equilibrium; demand pushing coal higher in the short term.

## World growth post COVID-19 (% yr)



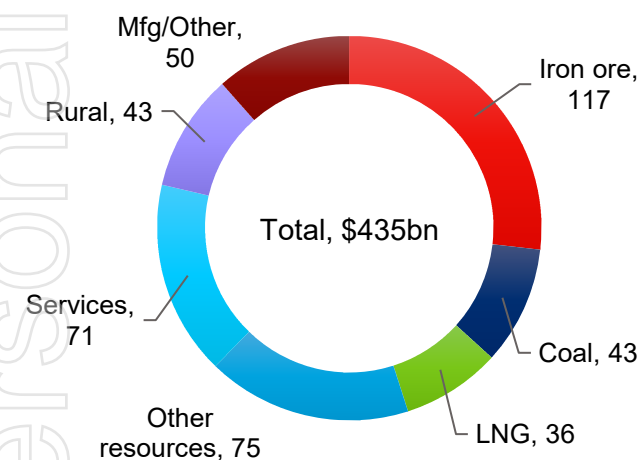
Sources: IMF, Westpac Economics

## Australian commodity prices (index)



Sources: Westpac Economics, Bloomberg, ABS

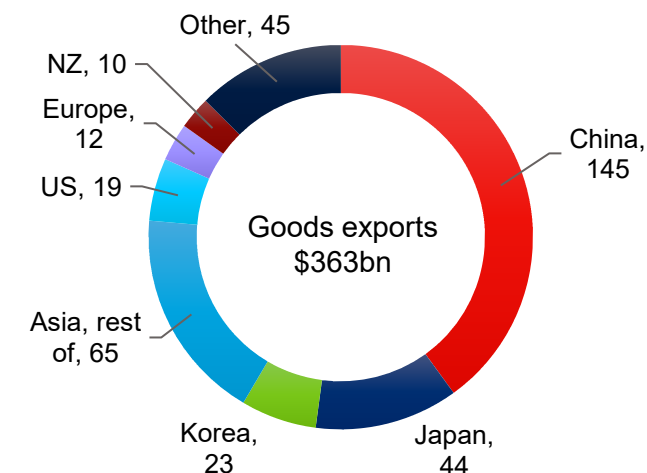
## Australian export composition<sup>1</sup> (\$bn)



Sources: ABS, Westpac Economics

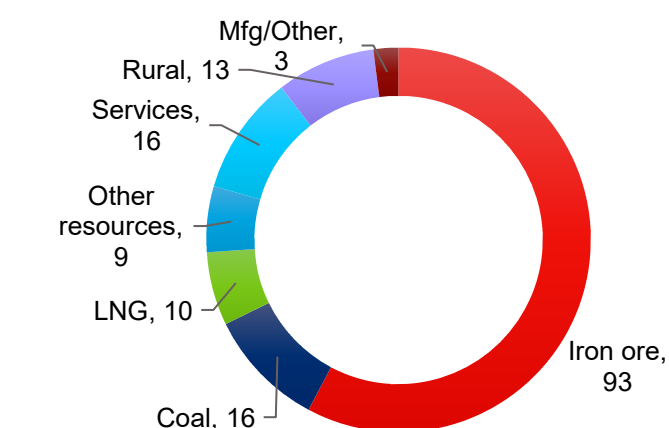
<sup>1</sup> All figures show \$bn exports in 2020, note that figures may not sum due to rounding and other small differences in source data.

## Australian export destinations<sup>1</sup> (\$bn)



Sources: ABS, Westpac Economics

## Australian exports to China<sup>1</sup> (\$bn)



Source: DFAT, ABS, Westpac Economics

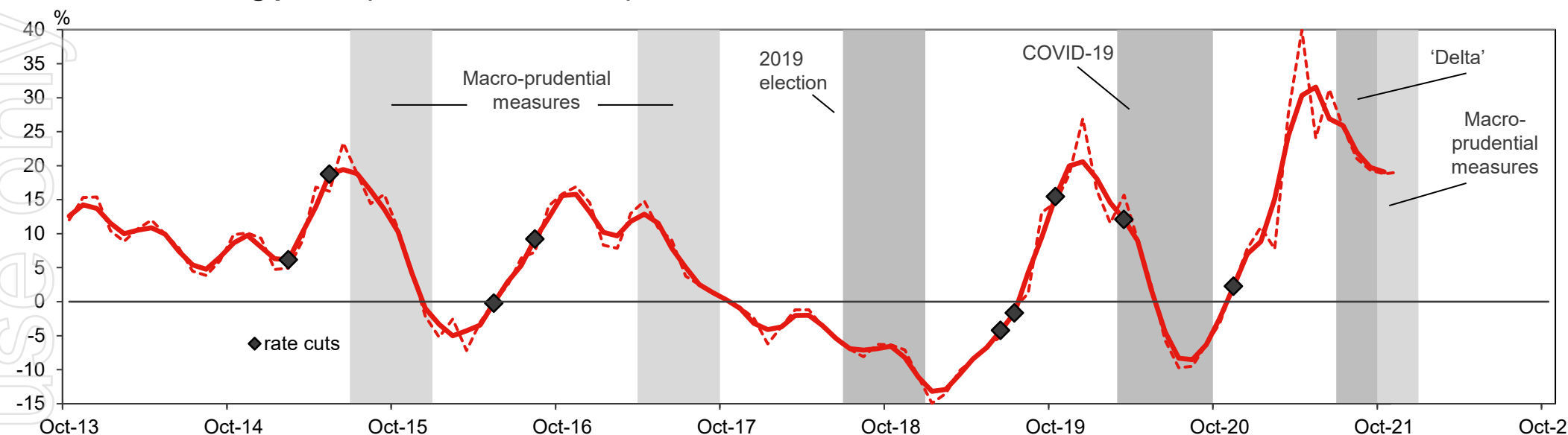


# Australian housing market.

Economics

Activity picking up as restrictions ease in NSW and Victoria.

## Australian dwelling prices (3month annualised)



Sources: CoreLogic, Westpac Economics.

## Dwelling prices

% change over period

Capital city	Pop'n	Last 3 mths (to Sep-21)	Last 12 mths (Sep-21)	Last 5 years (to Sep-21)
Sydney	4.8m	Up 5.7%	Up 23.6%	Up 29.8%
Melbourne	4.5m	Up 3.3%	Up 15.0%	Up 24.8%
Brisbane	2.3m	Up 5.9%	Up 19.9%	Up 25.2%
Perth*	1.9m	Up 1.2%	Up 18.1%	Up 8.4%

\* Price data for Perth has been temporarily suspended as a technical issue is reviewed.

Sources: CoreLogic, Westpac Economics.

## Westpac Economics dwelling price forecasts (%)

Capital city	Pop'n	avg*	2020	2021f	2022f	2023f
Sydney	4.8m	7.3	2.7	27	6	-6
Melbourne	4.5m	5.2	-1.3	18	8	-6
Brisbane	2.3m	3.7	3.6	22	10	-1
Perth	1.9m	3.6	7.3	15	8	-1
<b>Australia</b>	<b>25m</b>	<b>5.3</b>	<b>1.8</b>	<b>22</b>	<b>8</b>	<b>-5</b>

\* average last 10yrs

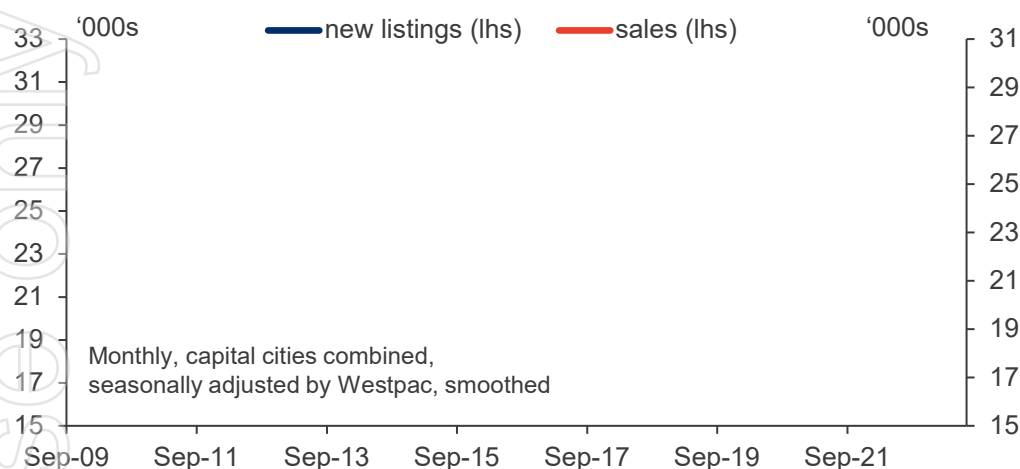
Sources: CoreLogic, Westpac Economics.

# Australian housing market.

Activity levels to respond to macroprudential measures.

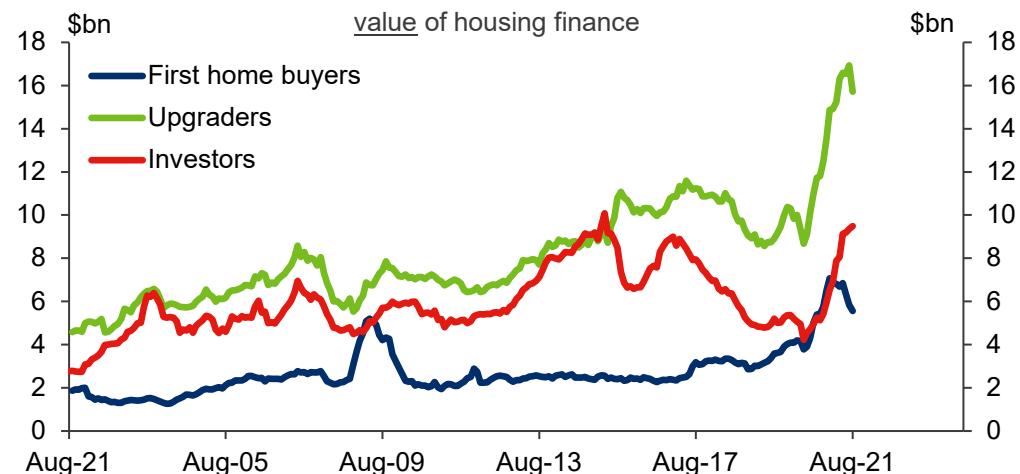
Economics

## Residential property: sales vs listings



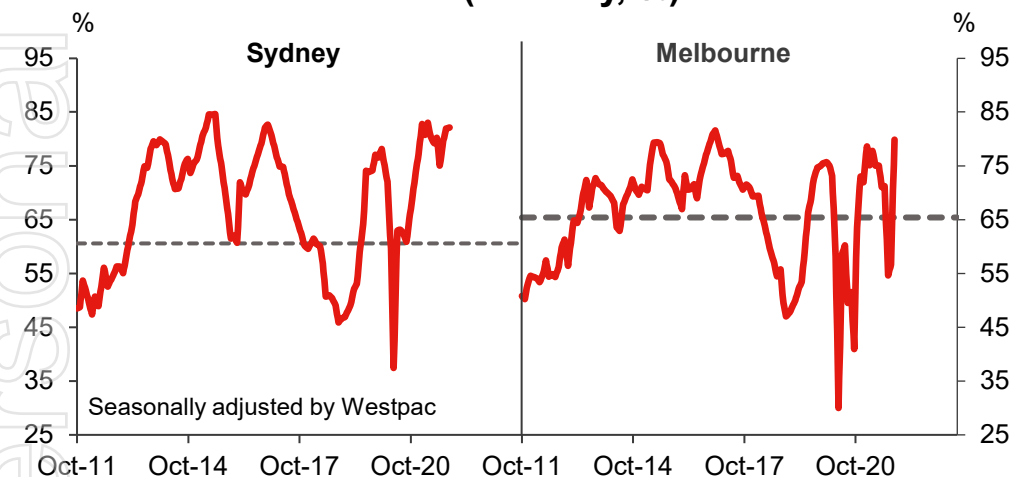
Source: CoreLogic, Westpac Economics.

## Housing finance approvals by segment (\$bn)



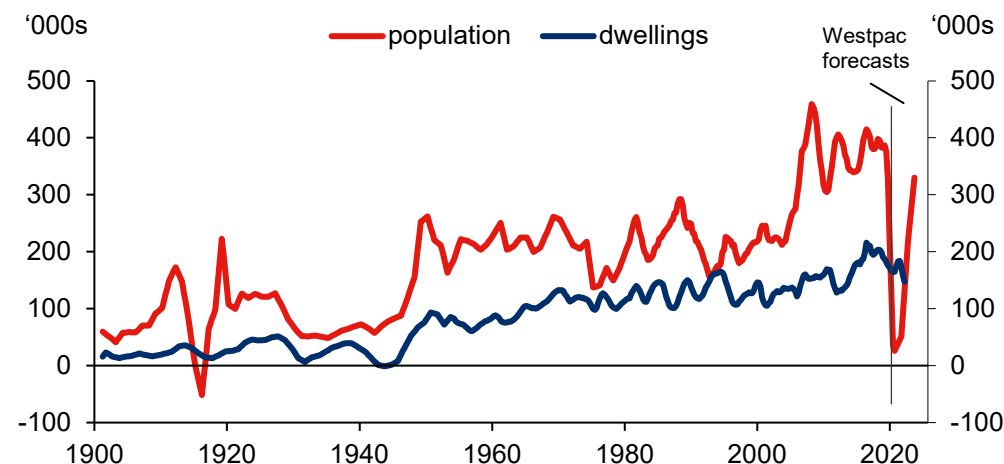
Sources: ABS, Westpac Economics.

## Auction clearance rates (monthly, %)



Sources: APM, CoreLogic, Westpac Economics.

## Dwelling stock and population: ann change



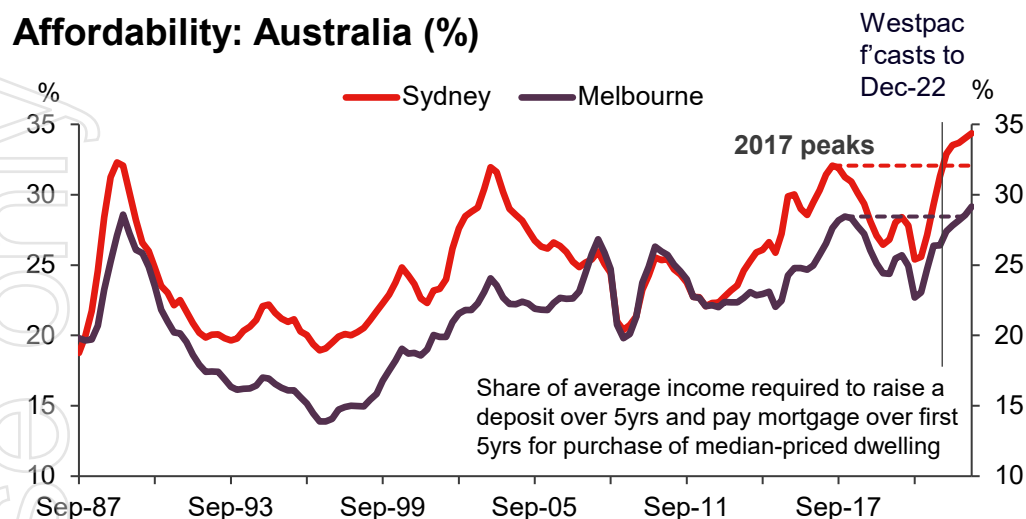
Sources: ABS, Australian Government, Westpac Economics.

# Australian housing market.

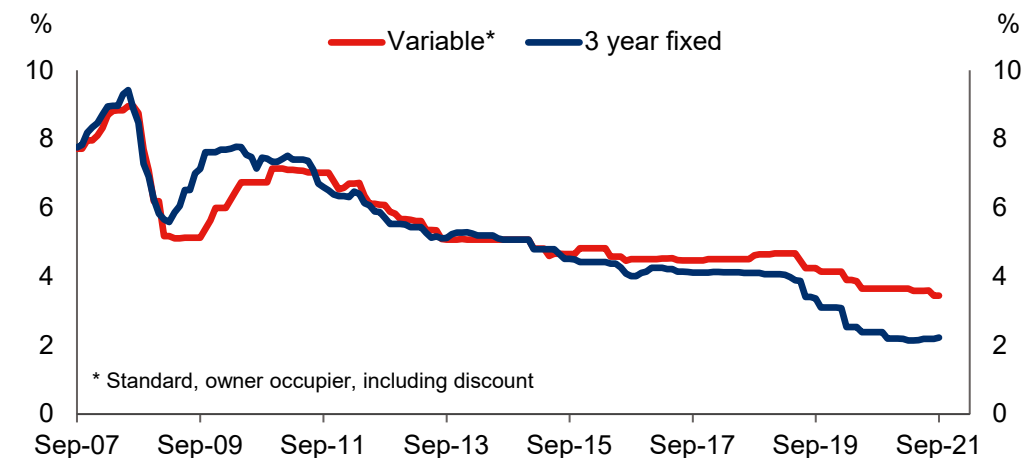
Economics

Affordability challenges emerging in Sydney and Melbourne.

## Affordability: Australia (%)



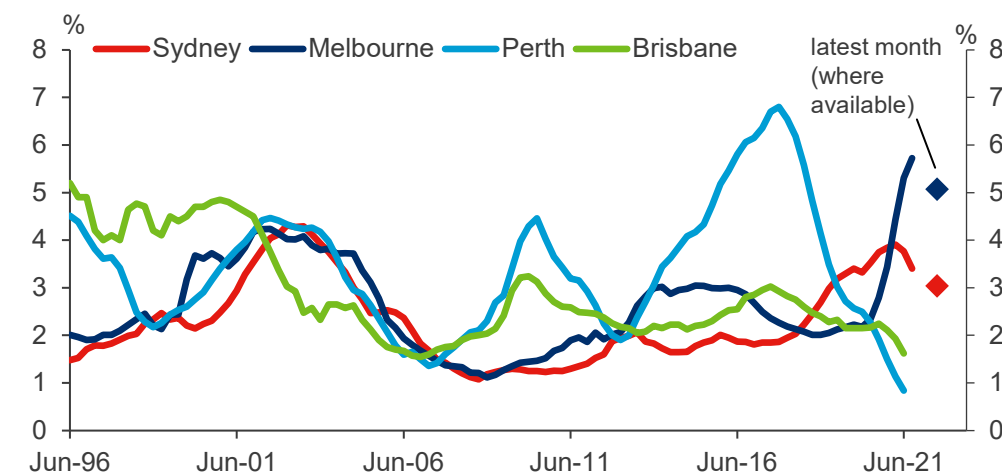
## Mortgage interest rates (%)



## Housing consumer sentiment (index)



## Rental vacancy rates (% quarterly, annual average)

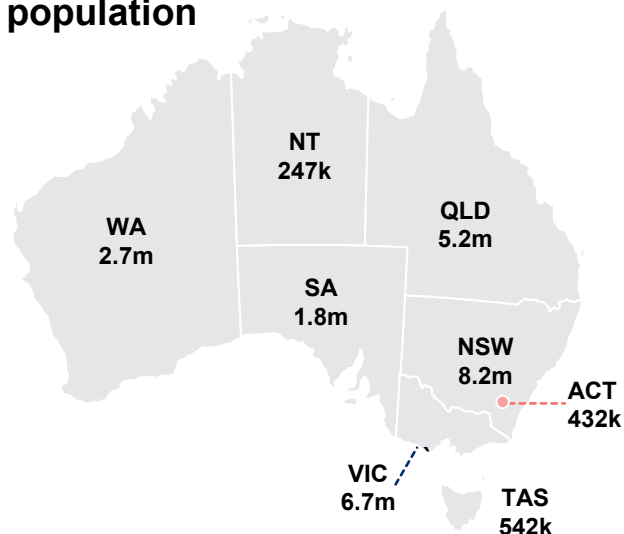


# The Australian economy.

Population 25.7 million.

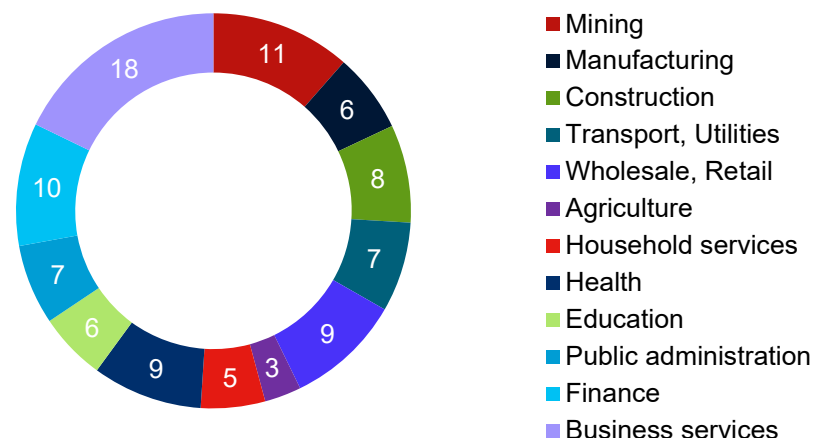
Economics

## Australian population

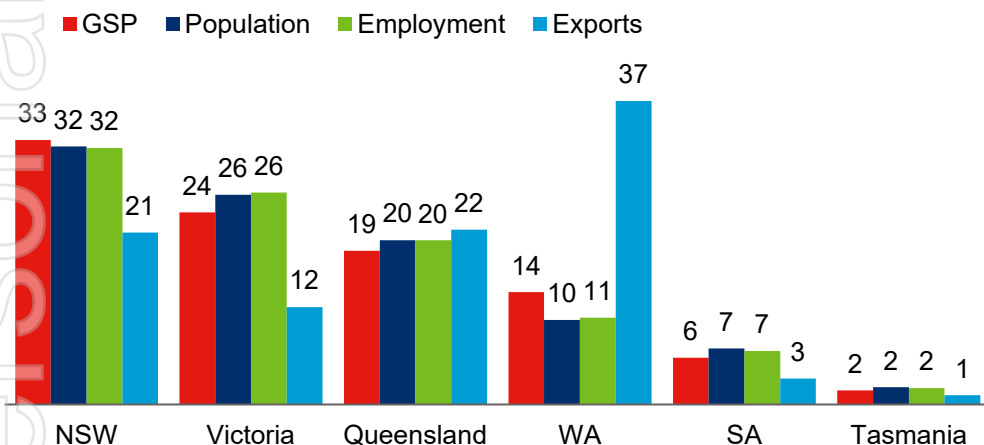


## Australian GDP and employment composition

Output by sector 2020-21 (% contribution to GDP)<sup>1</sup>



## Relative size of States (Share of Australia, %)<sup>2</sup>

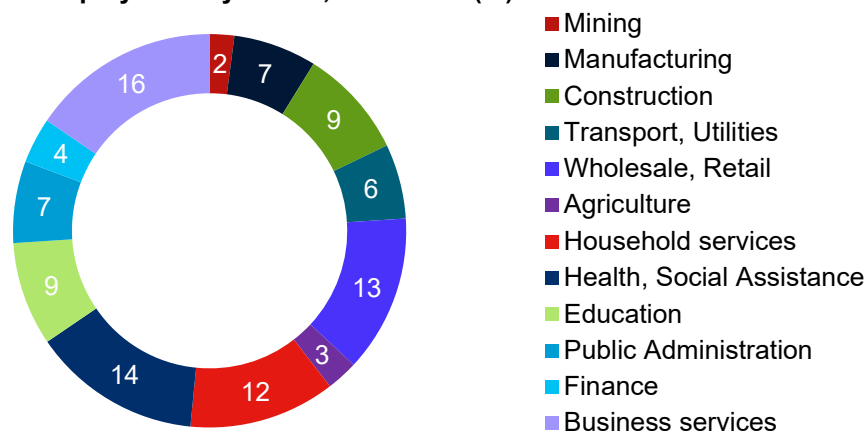


Sources: ABS, Westpac Economics

<sup>1</sup> Real, financial years.

<sup>2</sup> GSP, exports are for 2019-20; Population as at March 2021; Employment as at June 2021..

## Australian employment by sector, June 2021 (%)

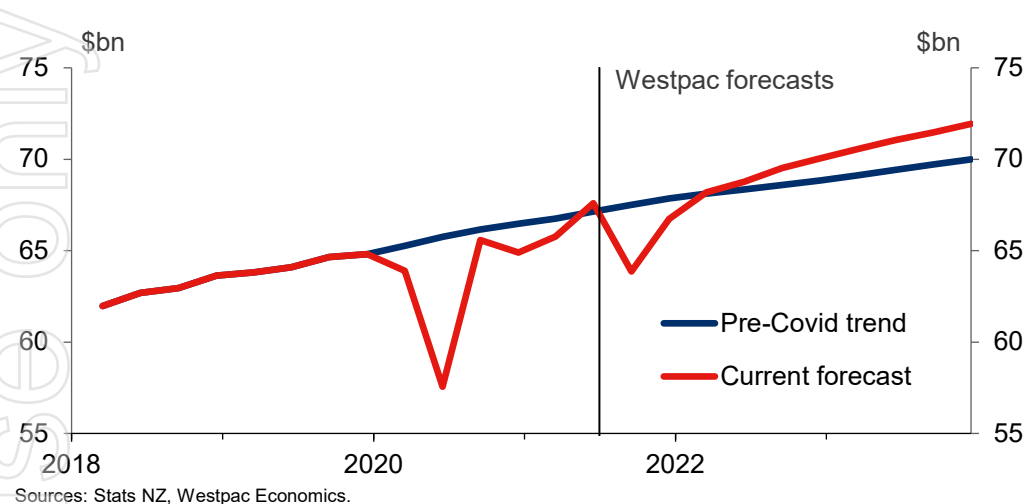


# The New Zealand economy overview.

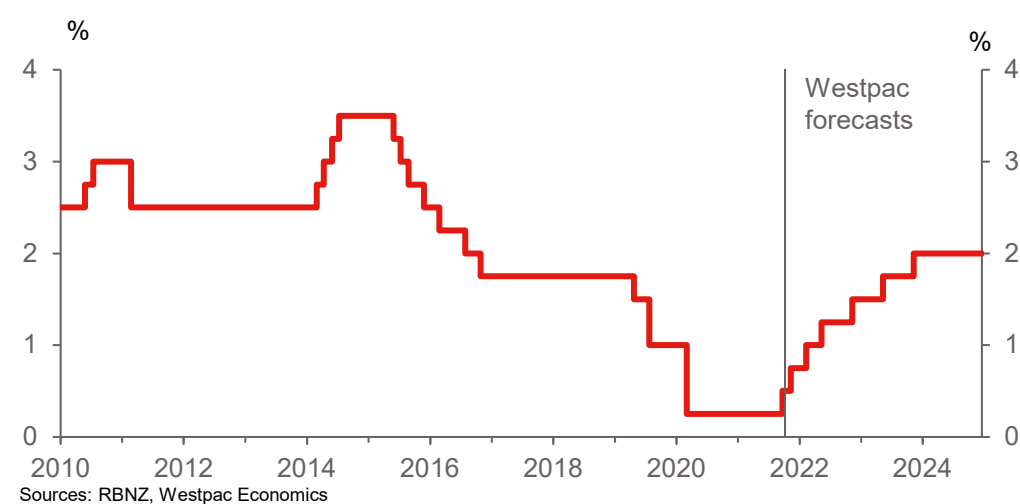
Economics

The recovery has been faster than expected and interest rates are on the rise.

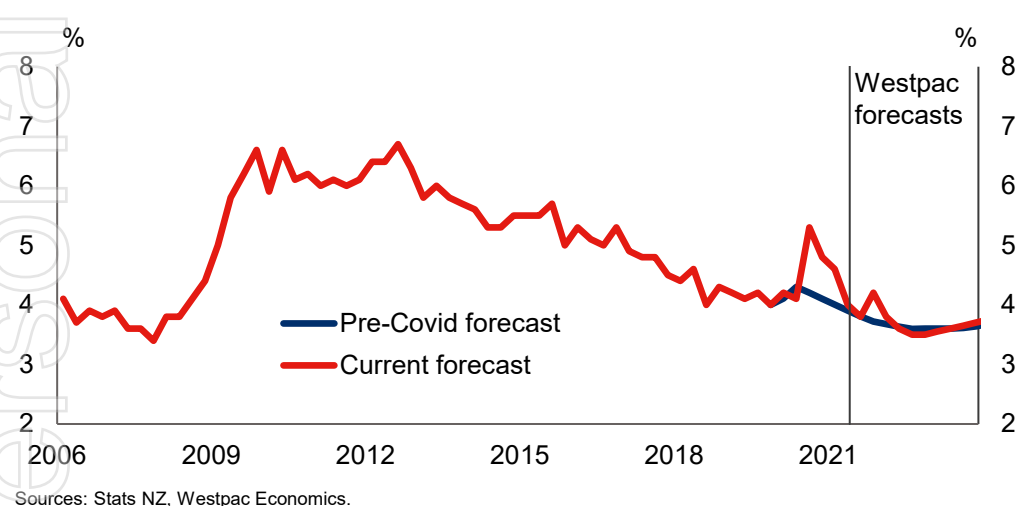
## New Zealand GDP



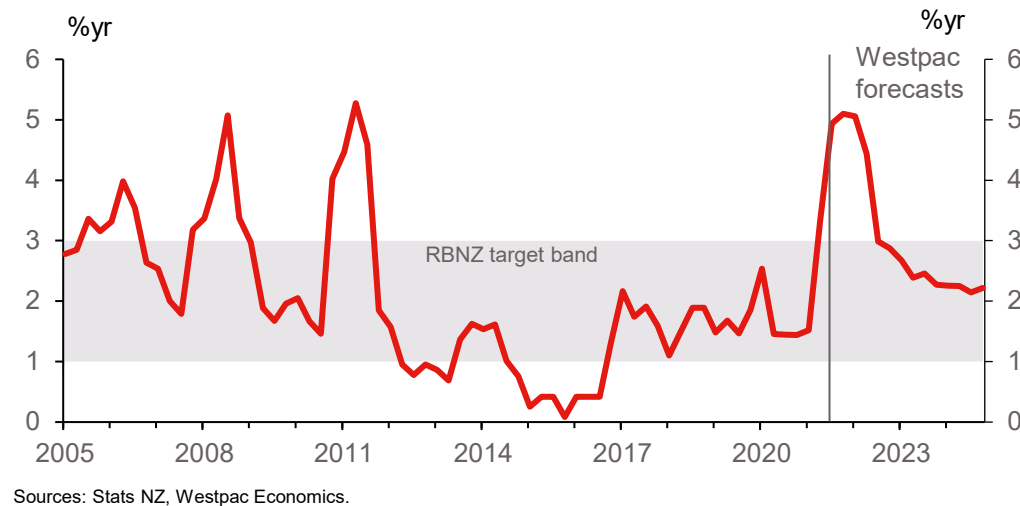
## Official Cash Rate



## Unemployment rate



## Consumer prices



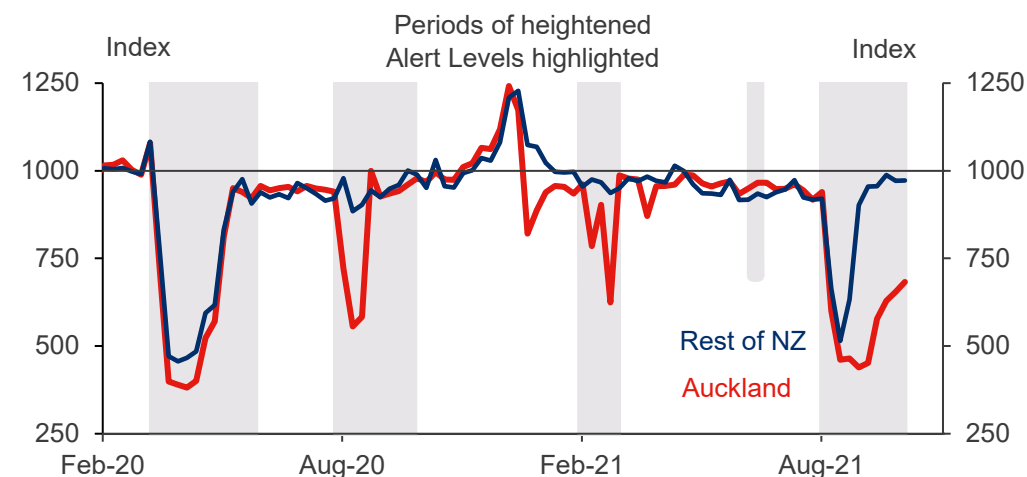
# New Zealand economic outlook.

Economics

Lockdown conditions are dampening activity, but the medium-term outlook remains firm.

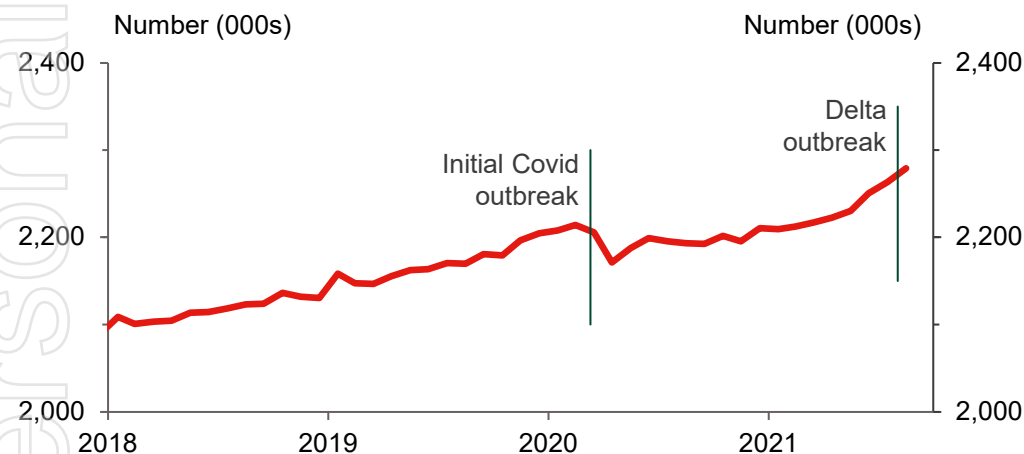
- The increase in the Covid Alert Level in August has continued for longer than expected. This is weighing on activity in parts of the country, especially Auckland
- However, demand remains firm in other parts of the country. Labour demand and business confidence have proven to be resilient
- While the lockdown may be drawn out, conditions are expected to recover to firm levels further ahead when restrictions are eventually relaxed, as has it has done following previous lockdowns
  - Monetary and fiscal policy remains supportive
  - The housing market remains strong
  - The labour market is in good health

## Weekly retail spending by region



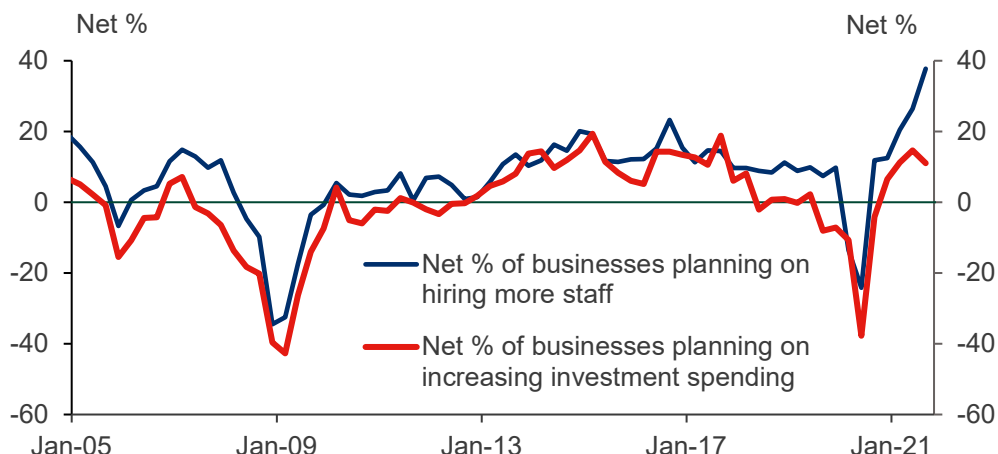
Sources: MBIE, Westpac Economics.

## Filled jobs



Sources: Stats NZ, Westpac Economics.

## Investment and hiring intentions



Sources: NZIER.

# New Zealand policy outlook and COVID response.

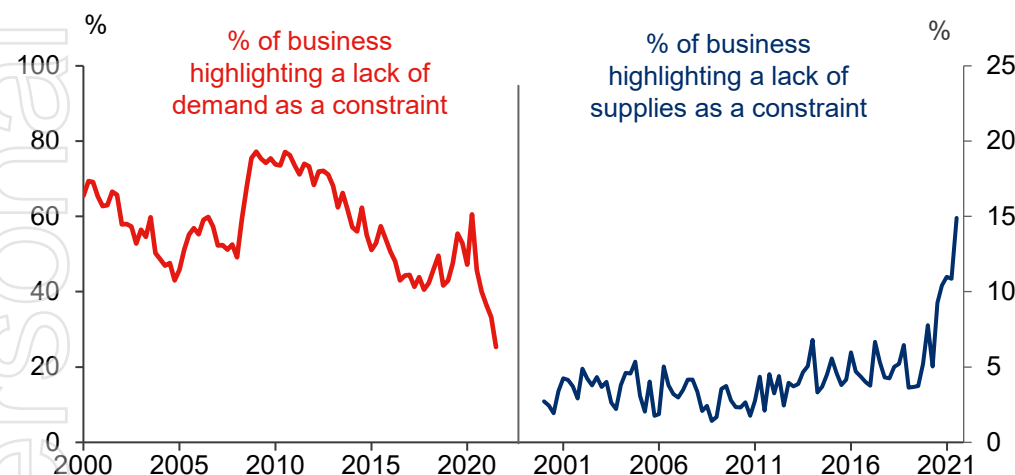
Economics

The approach to COVID is shifting to management, while interest rates are on the rise.

## Monetary policy

- The RBNZ increased the Official Cash Rate to 0.50% in October. Westpac Economics expects follow up 25bp hikes in November, February and May. Further ahead, the cash rate is expected to gradually rise to 2% by the end of 2023
- Near-term inflation is being boosted by domestic and global cost pressures
- Even when current cost pressures eventually ease, inflation is expected to remain firm, underpinned by strength in domestic demand
- While the current elevated Alert Level in parts of the country may moderate some of the strength in demand in the short term, activity is expected to recover when the Alert Level is eventually dialled back (as it has after previous lockdowns)
- With strong demand, despite Covid-related headwinds, the RBNZ has assessed the economy no longer needs the degree of stimulus currently in place

## Factors constraining business activity

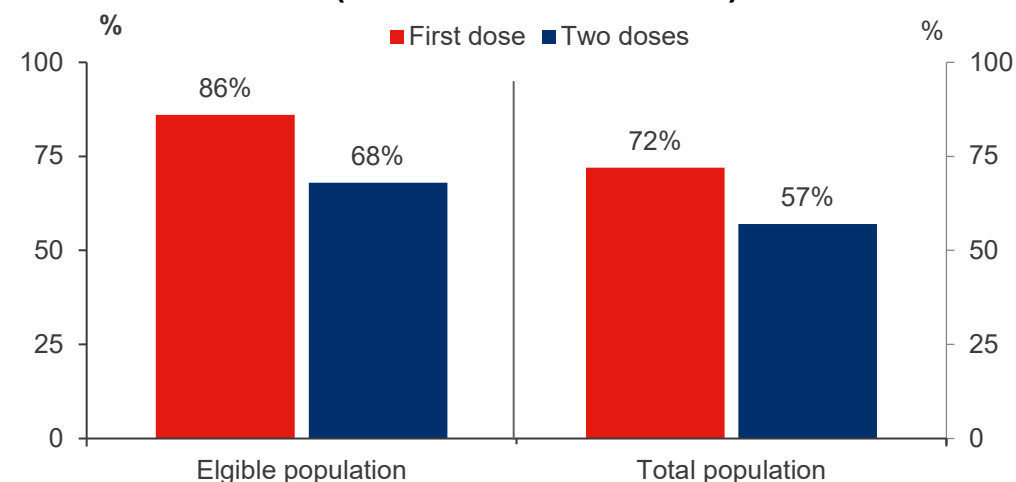


Sources: NZIER, Westpac Economics.

## COVID-19 response

- New Zealand's approach to managing COVID is shifting away from elimination and lockdowns
- Once the vaccination rate reaches a high enough level (90% of the eligible population), the Government will roll out a 'traffic light' system. This framework outlines what activity will be permitted and what restrictions are necessary. This will be supported by measures such as vaccination passports
- As at October 2021, 86% of the eligible population have had their first dose and 68% are fully vaccinated

## Vaccination rates (as at 19 October 2021)



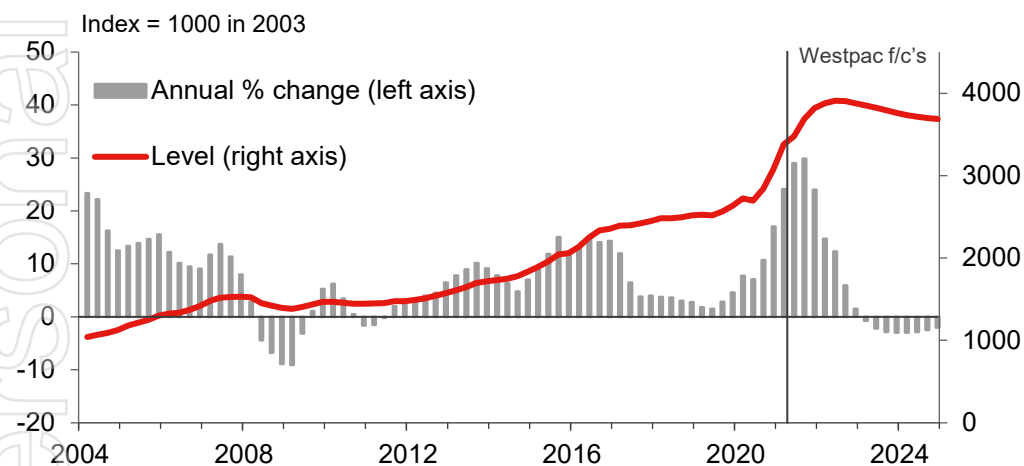
Sources: NZ Ministry of Health

# New Zealand housing market.

## Higher interest rates expected to cool the market.

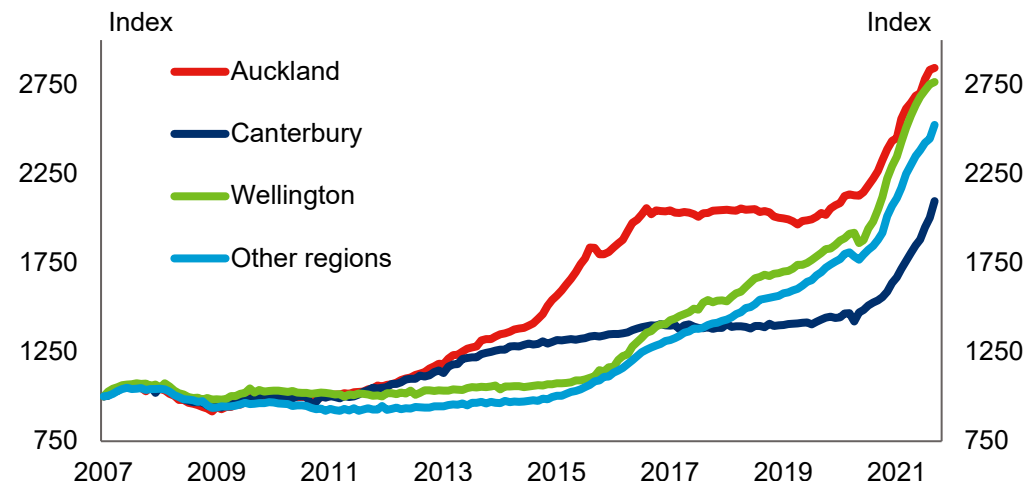
- The Delta outbreak is weighing on house sales, but price growth remains firm
- Westpac Economics expect that house prices will continue to rise over the coming year, but that the pace of increase will slow as mortgage rates lift from recent lows
- Longer term, mortgage rates are set to continue rising, back towards more average levels. After the recent period of very low mortgage rates, that is likely to see some easing back in prices. However, this would still leave prices at elevated levels
- Changes in tax policy targeting residential property investors are expected to have a dampening impact on the housing market over time. However, to date the impact of these changes has been more limited than expected. While investors have stepped back from the market, demand from owner-occupiers remains firm. Investor demand for newly built homes has been resilient

### House price forecasts (ann. % change)



Sources: Stats NZ, Westpac Economics.

### New Zealand dwelling prices (index. Jan 2007 = 1000)



Sources: REINZ, Westpac Economics.

### Dwelling prices % change over period

Region	Pop'n	Last 3 mths (to Sep-21)	Last 12 mths (Sep-21)	Last 5 years (to Sep-21)
Auckland	1.7m	Up 5.3%	Up 25.6%	Up 40.6%
Wellington	0.5m	Up 3.1%	Up 35.0%	Up 102.1%
Canterbury	0.6m	Up 11.5%	Up 36.2%	Up 49.8%
Nationwide	5.1m	Up 5.5%	Up 30.5%	Up 61.9%

Sources: REINZ, Stats NZ.



# The New Zealand economy.

Population 5.1 million.

Economics

## Regional GDP

Total nominal GDP 2020: **\$322 bn**

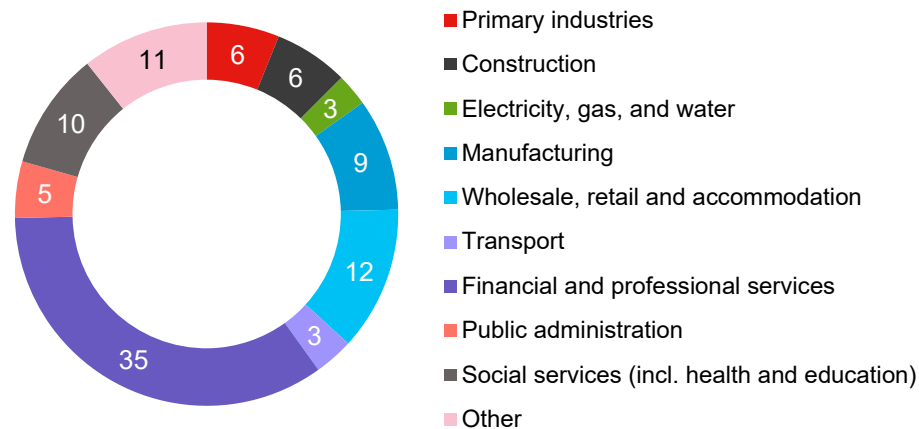


Sources: Stats NZ, Westpac Economics.

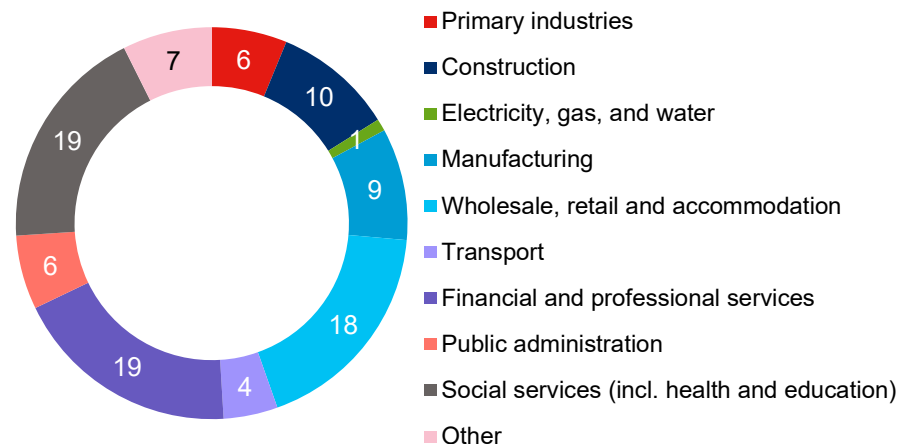
Nationwide GDP and employment figures are for the year to March 2021, regional figure are for the year to March 2020.

## Economy

Output 2021 - sector shares of GDP (%)



NZ employment by sector 2021 (%)



Charts may not add to 100 due to rounding.

# Appendix and disclaimer

# Appendix 1:

## Cash earnings adjustments.

Appendix

Cash earnings adjustment (\$m)	2H20	1H21	2H21	Description
Reported net profit	1,100	3,443	2,015	Net profit attributable to owners of Westpac Banking Corporation
Fair value (gain)/loss on economic hedges	581	46	(184)	<p>Fair value on economic hedges (which do not qualify for hedge accounting under AAS) comprise:</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
Ineffective hedges	(37)	48	(16)	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	(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	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 revalued in determining income. At 30 September 2021, there are no Treasury shares
<b>Cash earnings</b>	<b>1,615</b>	<b>3,537</b>	<b>1,815</b>	

# Appendix 2:

## Portfolio simplification progress.

Appendix

Transactions completed	Announced	Completed	Expected divestment CET1 benefit (bps)
Zip Co Ltd.	Oct 2020	Oct 2020	Realised 8
Coinbase Inc.	May 2021	May 2021	Realised 7
Westpac General Insurance	Dec 2020	Jul 2021	Realised 12
Vendor Finance	Aug 2020	Jul 2021	-
Westpac LMI	Mar 2021	Aug 2021	Realised 7
Transactions announced	Announced	Completion expected	
Motor Vehicle Finance	Jun 2021	First half of FY22	6
Westpac Life-NZ	Jul 2021	First half of FY22	7
Westpac Life Insurance <sup>1</sup>	Aug 2021	Second half of FY22	16
<b>Expected divestment benefit</b>			<b>29</b>

Operations within Specialist Businesses division (a range of options under consideration)
Superannuation Platforms and Investments Westpac Pacific <sup>2</sup> Auto Finance

<sup>1</sup> Reflects the remaining CET1 impact expected upon completion in Second Half 2022. The accounting loss on sale in Westpac Life Insurance included in Second Half 2021 notable items impacted the CET1 ratio for September 21. In total, the sale of Westpac Life Insurance is expected to add approximately 12bps to Westpac's Common Equity Tier 1 capital ratio. <sup>2</sup> On 22 September 2021, Westpac announced that the previously announced proposed sale of Westpac Pacific to Kina Bank was terminated by mutual agreement.

# Appendix 3:

## Reinventure – Investing in fintech businesses<sup>1</sup>.

Appendix

**Westpac has committed \$150m in fintech venture capital funds, managed by Reinventure.**

Reinventure enables Westpac to access insights and adjacent business opportunities, both in Australia and offshore.

The model also helps Westpac to source commercial partnerships that create value for customers

### New business models

#### SocietyOne

Peer-to-peer (P2P) online lending platform connecting borrowers and investors

#### OpenAgent.com.au

Helps home sellers make decisions about who they choose to sell their property



Full stack payments platform

#### Auror.

Uses data to shed light on high volume crimes, improving prevention and detection



A leading digital credit platform in Indonesia

#### ATHENA

Providing digital mortgage broking



Comprehensive cloud-based human resources and employee benefits platform to streamline HR processes



Business loan marketplace that matches SMEs to the best lender based on their characteristics and needs



Empowering banks to connect seamlessly with merchants and their customers



A payment app for customers when dining out or grabbing a coffee on the go



A consumer digital lending platform



Turning buildings into community-centric dwellings

### New technology capabilities



Enterprise cyber security company that protects businesses from malicious bot attacks



Enabling software development teams to scale processes and improve code quality



A fund of funds for cryptocurrency and blockchain technology



Digitised debt collection, leveraging modern communications, automation and machine learning



Smart receipts that automatically link purchase receipts to customers' bank accounts



Pioneering a new asset class called Tradeable Income Based Securities (TIBS)



Creating real-game assets for developers, using blockchain technology



Helps banks and fintechs make better decisions using a single API and dashboard to manage KYC/AML and fraud



Helping Australians create their wills online

### Data, AI and analytics



A natural language AI system for data analysis targeting relatively simple business queries that comprise 70% of an analyst's work in a large organisation



Open Banking API platform that provides connectivity to over 100 financial sources across Australia and NZ



Conversational voice-based AI for digital interviewing, powered by machine learning



AI company that integrates neuroscience into their platform creating capability that not only manages complex problems but is able to form intrinsic relationships with humans



AI-powered, context-as-a-service platform, to deliver personalised experiences to customers



B2B platform for physical retail stores that provides insights through their AI engine and in-store sensors

<sup>1</sup> Logos are of the respective companies.

# Appendix 4: Sustainability.

Appendix

## Industry recognition



Received “B” rating in the 2020 CDP for our response to Climate Change, announced December 2020



Achieved highest ISS QualityScore for Environment and Social dimensions



Rated Prime status of “C” by ISS ESG (formerly ISS-oekom)

## Sustainability indexes

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

Member of the DJSI Indices since 2002



As of April 2021, Westpac received an ESG Risk Rating of 27.3 from Sustainalytics and was assessed to be at Medium risk of experiencing material financial impacts from ESG factors<sup>1</sup>



Member of the FTSE4Good Index Series, of which Westpac has been a member since 2001



As of 2021, Westpac received an MSCI ESG Rating of A<sup>2</sup>



Ranked #1 in the ASX-50 and #2 in the world for transparency and effectiveness of our standalone sustainability Reporting, according to the Global ESG Monitor Report

## Inclusion and diversity recognition



Recognised by the Bloomberg Gender Equality Index for the 5<sup>th</sup> consecutive year



Recognised as Silver Tier Employer in 2020 in the Australian Workplace Equality Index Awards



Received the 2020 Advancement Award in recognition of Westpac's innovative autism hiring program, Tailored Talent



Accredited as Level 1 Activate as a Carer Friendly Employer under the CarersNSW Carers + Employers Program in 2020

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# Appendix 4: Sustainability.

Appendix

## Key commitments and partnerships



**Principles for Responsible Banking**  
Signatory 2019



**The Equator Principles**  
Founding Adopter,  
First Australian Bank (2003)



**RE100**, an initiative of The Climate Group in  
partnership with CDP Member (2019)



**Climate Bonds Initiative**  
Partner



**Carbon Neutral Certification**  
Since 2012 (previously NCOS)

Signatory of:



**Principles for Responsible Investment**  
Signatory (2007)



**UN Environment Program Finance Initiative**  
Founding Member (1991)



**Commitment to United Nations Global Compact**  
Signatory (2002), Global Compact Network Australia  
Founding Member (2009)



**Carbon Markets Institute**  
Corporate Member



**Supply Nation**  
(for Indigenous owned businesses)  
Founding member (2010)



**UN Sustainable Development Goals**  
CEO Statement of Commitment (2015)



**Financial Stability Board's Task Force on Climate-related Financial Disclosures**  
Align with and support



**Global Investor Statement to Government on the Climate Crisis**  
Signatory (2021)



**Australian Business Roundtable for Disaster Resilience & Safer Communities**  
Founding member (2012)



Unlocking business for good  
**Social Traders**  
(for social enterprises) (2016)



**Paris Climate Agreement**  
Supporter (2015)



**Climate Action 100+**  
Signatory (2017)



**The Montreal Carbon Pledge**  
Signatory (2014)



**Australian Sustainable Finance Initiative**  
Steering Committee Member

**United Nations Tobacco-Free Finance pledge**  
Founding signatory (2018)



# Appendix 5:

## Definitions – Credit quality.

Appendix

### 90 days past due and not impaired

Includes facilities where:

- contractual payments of interest and / or principal are 90 or more calendar days overdue, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days (including accounts for customers who have been granted hardship assistance); or
- an order has been sought for the customer's bankruptcy or similar legal action has been instituted which may avoid or delay repayment of its credit obligations; and
- the estimated net realisable value of assets / security to which Westpac has recourse is sufficient to cover repayment of all principal and interest, or where there are otherwise reasonable grounds to expect payment in full and interest is being taken to profit on an accrual basis.

These facilities, while in default, are not treated as impaired for accounting purposes

### Provision for expected credit losses (ECL)

Expected credit losses (ECL) are a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and future economic conditions

### Collectively assessed provisions (CAPs)

CAPs for expected credit loss under AASB 9 represent the Expected Credit Loss (ECL) which is collectively assessed in pools of similar assets with similar risk characteristics. This incorporates forward looking information and does not require an actual loss event to have occurred for an impairment provision to be recognised

### Individually assessed provisions (IAPs)

Provisions raised for losses that are known to be impaired and are assessed on an individual basis. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and, as this discount unwinds, interest will be recognised in the income statement

### Stage 1: 12 months ECL – performing

For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months expected credit losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset

### Stage 2: Lifetime ECL – performing

For financial assets where there has been a significant increase in credit risk since origination but where the asset is still performing a provision for lifetime expected losses is recognised. Interest revenue is calculated on the gross carrying amount of the financial asset

### Stage 3 Lifetime ECL – non-performing

For financial assets that are non-performing a provision for lifetime expected losses is recognised. Interest revenue is calculated on the carrying amount net of the provision for ECL rather than the gross carrying amount

### Impaired assets

Includes exposures that have deteriorated to the point where full collection of interest and principal is in doubt, based on an assessment of the customer's outlook, cashflow, and the net realisation of value of assets to which recourse is held:

- facilities 90 days or more past due, and full recovery is in doubt: exposures where contractual payments are 90 or more days in arrears and the net realisable value of assets to which recourse is held may not be sufficient to allow full collection of interest and principal, including overdrafts or other revolving facilities that remain continuously outside approved limits by material amounts for 90 or more calendar days;
- non-accrual facilities: exposures with individually assessed impairment provisions held against them, excluding restructured loans;
- restructured assets: exposures where the original contractual terms have been formally modified to provide for concessions of interest or principal for reasons related to the financial difficulties of the customer;
- other assets acquired through security enforcement (includes other real estate owned): includes the value of any other assets acquired as full or partial settlement of outstanding obligations through the enforcement of security arrangements; and
- any other facility where the full collection of interest and principal is in doubt

### Stressed exposures

Watchlist and substandard, 90 days past due and not impaired and impaired exposures. Stressed exposures do not include stressed exposures which are on an active COVID-19 deferral package as of 30 September 2020

### Total committed exposures (TCE)

Represents the sum of the committed portion of direct lending (including funds placement overall and deposits placed), contingent and pre-settlement risk plus the committed portion of secondary market trading and underwriting risk

### Watchlist and substandard

Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal



# Appendix 5:

## Definitions – Divisions, earnings drivers, capital and liquidity.

Appendix

Divisions	
<b>Consumer</b>	Consumer provides banking products and services to Australian personal customers, including mortgages, credit cards, personal loans, and savings and deposit products
<b>Business</b>	Business serves the banking needs of Australian SME and Commercial customers (including Agribusiness) and provides banking and advisory services to high net worth individuals through Private Wealth
<b>WIB</b>	Westpac Institutional Bank (WIB) provides a broad range of financial products and services to corporate, institutional and government customers
<b>Westpac NZ</b>	Westpac New Zealand provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand
<b>Specialist Businesses</b>	Specialist Businesses comprises the operations that Westpac ultimately plans to exit with agreements in place for the sale of Westpac Life Insurance and motor vehicle finance (Auto Finance) businesses. These sales are expected to finalise in 2022, subject to regulatory approvals. Other operations include investment product and services (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. It also manages Westpac Pacific which provides a full range of banking services in Fiji and Papua New Guinea. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Specialist Businesses works with Consumer, Business and WIB in the provision of select financial services and products
<b>Group Businesses or GB</b>	Group Businesses includes the results of unallocated support functions such as Treasury, Technology and Operations, and Core Support. It also includes Group-wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses
Earnings drivers	
<b>Average interest-earning assets (AIEA)</b>	The average balance of assets held by the Group that generate interest income. Where possible, daily balances are used to calculate the average balance for the period
<b>Cash earnings per ordinary share</b>	Cash earnings divided by the weighted average ordinary shares (cash earnings basis)
<b>Core earnings</b>	Net operating income less operating expenses
<b>Full-time equivalent employees (FTE)</b>	A calculation based on the number of hours worked by full and part-time employees as part of their normal duties. For example, the full-time equivalent of one FTE is 76 hours paid work per fortnight

Capital and liquidity	
<b>Capital ratios</b>	As defined by APRA (unless stated otherwise)
<b>Committed liquidity facility (CLF)</b>	The RBA makes available to Australian Authorised Deposit-taking Institutions a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 Liquidity. In September 2021, APRA announced it expects locally-incorporated ADIs subject to the LCR to reduce their reliance on the CLF to zero by the end of 2022 subject to financial market conditions.
<b>High quality liquid assets (HQLA)</b>	Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR
<b>Internationally comparable ratios</b>	Internationally comparable regulatory capital ratios are Westpac's estimated ratios after adjusting the capital ratios determined under APRA Basel III regulations for various items. Analysis aligns with the APRA study titled "International capital comparison study" dated 13 July 2015
<b>Leverage ratio</b>	As defined by APRA (unless stated otherwise). Tier 1 capital divided by 'exposure measure' and expressed as a percentage. 'Exposure measure' is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures
<b>Liquidity coverage ratio (LCR)</b>	An APRA requirement to maintain an adequate level of unencumbered high quality liquid assets, to meet liquidity needs for a 30 calendar day period under an APRA-defined severe stress scenario. Absent a situation of financial stress, the value of the LCR must not be less than 100%, effective 1 January 2015. LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash out-flows in a modelled 30 day defined stressed scenario
<b>Net stable funding ratio (NSFR)</b>	The NSFR is defined as the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. The amount of ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. ADI's must maintain an NSFR of at least 100%
<b>Risk weighted assets or RWA</b>	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non-asset-backed risks (ie. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5

# Appendix 5:

## Definitions – Other.

Appendix

<b>Branch transactions</b>	Branch transactions are typically withdrawals, deposits, transfers and payments
<b>Customer satisfaction or CSat</b>	The Customer Satisfaction score is an average of customer satisfaction ratings of the customer's main financial institution for consumer or business banking on a scale of 0 to 10 (0 means 'extremely dissatisfied' and 10 means 'extremely satisfied')
<b>CSAT (Main Bank Service Satisfaction) (Westpac NZ)</b>	Source: 3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Respondents are asked to rate the overall level of service they receive from their main bank (self-selected which ONE bank is their main provider of financial services) on a scale of 1 (Poor) to 5 (Excellent). The rating represents % of respondents who scored 4 (Very Good) or 5 (Excellent)
<b>CSat – overall consumer</b>	Source: DBM Consultants Consumer Atlas, February 2019 – August 2021, 6MMA. MFI customers
<b>CSat – overall business</b>	Source: DBM Consultants Business Atlas, February 2019 – August 2021, 6MMA. MFI customers, all businesses
<b>CSat – SME</b>	Source: DBM Consultants Business Atlas, 6 months to September 2020, February 2021 and August 2021. MFI customers, Total SME businesses. Total SME businesses are those organisations with annual turnover under \$5 million (excluding Agribusinesses)
<b>Digitally active</b>	Australian consumer and business customers who have had an authenticated session (including Quickzone) on Westpac Group digital banking platforms in the prior 90 days
<b>Digital sales</b>	Sales refers to digital sales of consumer core products only. Sales with a funded deposit or activation constitute a quality sale
<b>Digital transactions</b>	Digital transactions including payment and transfers that occur on Westpac Live and Compass platforms (excludes payments on other platforms such as Corporate Online and Business Banking Online)
<b>MFI share</b>	MFI share results are based on the number of customers who have a Main Financial Institution (MFI) relationship with an institution, as a proportion of the number of customers that have a MFI relationship with any institution
<b>Consumer MFI share</b>	Source: DBM Consultants Consumer Atlas, 6 months to August 2021. MFI Banking Group customers

<b>Net Promoter Score or NPS</b>	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution for retail or business banking. Net Promoter Score <sup>SM</sup> is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. Using a 11 point numerical scale where 10 is 'Extremely likely' and 0 is 'Extremely unlikely', Net Promoter Score is calculated by subtracting the percentage of Detractors (0-6) from the percentage of Promoters (9-10)
<b>NPS Agri (Westpac NZ)</b>	6 month Agri Market Monitor data (survey conducted by Key Research). Respondents are asked about likelihood to recommend their main business bank to business colleagues, friends or family on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
<b>NPS Business (Westpac NZ)</b>	Source: 6 month rolling Business Finance Monitor data (survey conducted by Kantar TNS among businesses with an annual turnover of \$5 to \$150 million). Respondents are asked about likelihood to recommend their main business bank to business colleagues and associates on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
<b>NPS Consumer (Westpac NZ)</b>	Source: 3 month rolling Retail Market Monitor data (survey conducted by Camorra Research). Respondents are asked about likelihood to recommend their main bank to family and friends on a scale of 1 (extremely unlikely) to 10 (extremely likely). Net Promoter Score is represents % of Promoters (recommend score of 9 or 10) minus % of Detractors (recommend score of 1 to 6)
<b>NPS – overall consumer</b>	Source: DBM Consultants Consumer Atlas, February 2019 – August 2021, 6MMA. MFI customers
<b>NPS – overall business</b>	Source: DBM Consultants Business Atlas, February 2019 – August 2021, 6MMA. MFI customers, all businesses
<b>St.George (SGB) Brands</b>	SGB Brands (Consumer): St.George Bank, Bank of Melbourne, BankSA, RAMS, Dragondirect SGB Brands (Business): St.George Bank, Bank of Melbourne and BankSA

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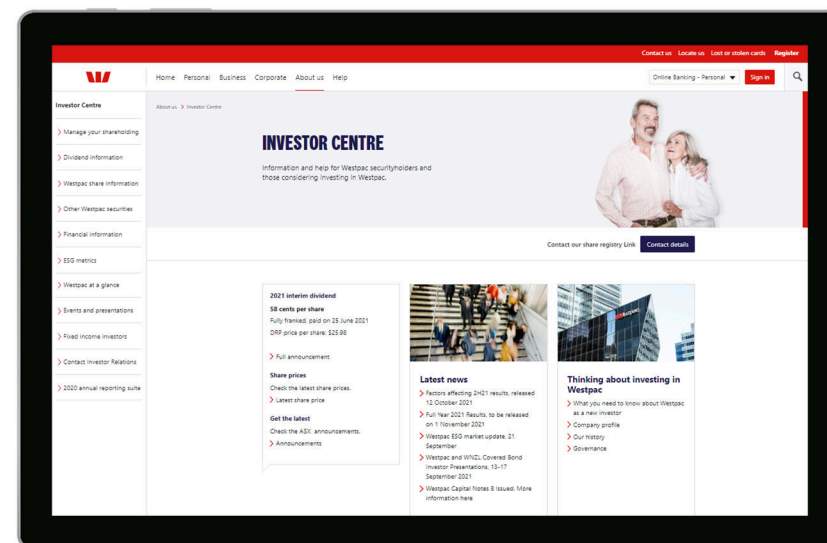
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