

ASX Release

Level 18, 275 Kent Street
Sydney, NSW, 2000

4 MAY 2020

Westpac 1H20 Presentation and Investor Discussion Pack

Westpac Banking Corporation ("Westpac") today provides the attached Westpac 1H20 Presentation and Investor Discussion Pack.

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This document has been authorised for release by Tim Hartin, Group Company Secretary.

WESTPAC BANKING CORPORATION ABN 33 007 457 141



An aerial photograph of a dense forest with many trees showing autumnal colors of brown and orange. A yellow and black drone is flying in the lower left foreground. In the background, there are rolling hills under a hazy sky.

2020 Interim Results

For the six months
ended 31 March 2020

Presentation and Investor
Discussion Pack

Westpac Banking Corporation

ABN 33 007 457 141

A Westpac Little Ripper drone in flight above bushfire affected areas. A trial initiative supported by Westpac, in partnership with WIRES, is using innovative technology to assist with wildlife search and rescue.

Financial results throughout this presentation are in Australian dollars and are based on cash earnings unless otherwise stated. Refer page 30 for definition. Results principally cover the 1H20, 2H19 and 1H19 periods. Comparison of 1H20 versus 2H19 (unless otherwise stated).

Westpac GROUP

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An aerial photograph of a dense forest with trees in shades of brown and orange, suggesting autumn. A yellow and black drone is flying in the lower-left foreground. In the background, a hazy mountain range is visible under a pale sky.

2020 Interim Results

Presentation

Peter King

Chief Executive Officer

Westpac Banking Corporation

ABN 33 007 457 141

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 **Westpac** GROUP

1H20 Results – Overview.



COVID-19

- Protecting our people
- Helping customers - relief packages and continuing to lend
- Remaining open for business



Disappointing earnings, strong balance sheet

- Result reflects environment and our own issues
- \$2.2bn impairment charge, \$1.0bn (after tax) charge for AUSTRAC matters
- Strong capital, funding and liquidity



Simplifying the business

- Refocus on Australia and New Zealand banking
- Creating Specialist Businesses division
- Four priorities for the long term

Westpac COVID-19 response¹

Keeping our people safe

Protecting those coming into work; social distancing and enhanced cleaning

~**22k** employees working from home

System **upgrades** providing new collaboration tools **300k hours** of audio and video²

Backing businesses

\$8bn in loan balances deferred, **31k** customers supported

~**1,200 customers** approved for bridging finance ahead of JobKeeper payments

Lower lending rates, 200bps on overdrafts **100bps** on SME cash-based loans

Merchant terminal **fee relief** for certain customers

Supporting consumers

There when you need us >90% of Branches open, ATM availability 99% in March

\$39bn in mortgage balances deferred, **105k** mortgages

Special interest rates, TDs & Fixed rate home loans

Standing behind economy & communities

Government/Industry coordination on packages

\$1m Westpac Foundation grants brought forward for small local not-for-profits³

Maintained focus on customers and communities affected by **bushfires (~2,000 disaster packages), floods and major storms**






1 Metrics for Australia and Australian customers. 2 In March 2020. 3 Westpac Foundation is administered by Westpac Community Limited as trustee for Westpac Community Trust (ABN 53 265 036 982). Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient and is not a part of Westpac Group.

1H20 Earnings snapshot.

	1H20	Change 1H20 – 2H19	Change 1H20 – 1H19
Reported net profit	\$1,190m	(67%)	(62%)
Cash earnings ¹	\$993m	(72%)	(70%)
Core earnings	\$4,181m	(25%)	(17%)
Impairment charge to average loans ²	62bps	49bps	53bps
Cash EPS ³	27.7c	(73%)	(71%)
Return on equity ^{4,5}	2.9%	Large	Large
Net interest margin ⁵	2.13%	-	1bp
Dividend per share ⁶	TBD	na	na
Cash earnings excluding notable items⁷			
Core earnings	\$5,608m	(8%)	(9%)
Impairment charge	(\$2,238m)	4.9x	6.7x
Cash earnings ¹	\$2,278m	(42%)	(44%)
Cash EPS ³	63.6c	(44%)	(46%)
Return on equity ⁴	6.7%	Large	Large

¹ Cash earnings is a measure of profit generated from ongoing operations for further detail see page 30. ² Impairment charge to average loans annualised. ³ Cash EPS is cash earnings divided by weighted average ordinary shares. ⁴ Return on equity is cash earnings divided by average ordinary equity. ⁵ Cash earnings basis. ⁶ The Board has deferred the decision on determining an interim dividend and no dividend will be paid in June 2020. ⁷ References to notable items in this presentation include provisions for: estimated customer refunds, payments, associated costs and litigation and provisions, along with costs associated with restructuring of the Group's wealth business and costs associated with the AUSTRA proceedings and Response Plan. Each remediation program has its own methodology. These methodologies and estimates may change over time as further facts emerge and may require additional provisions

1H20 divisional snapshot.

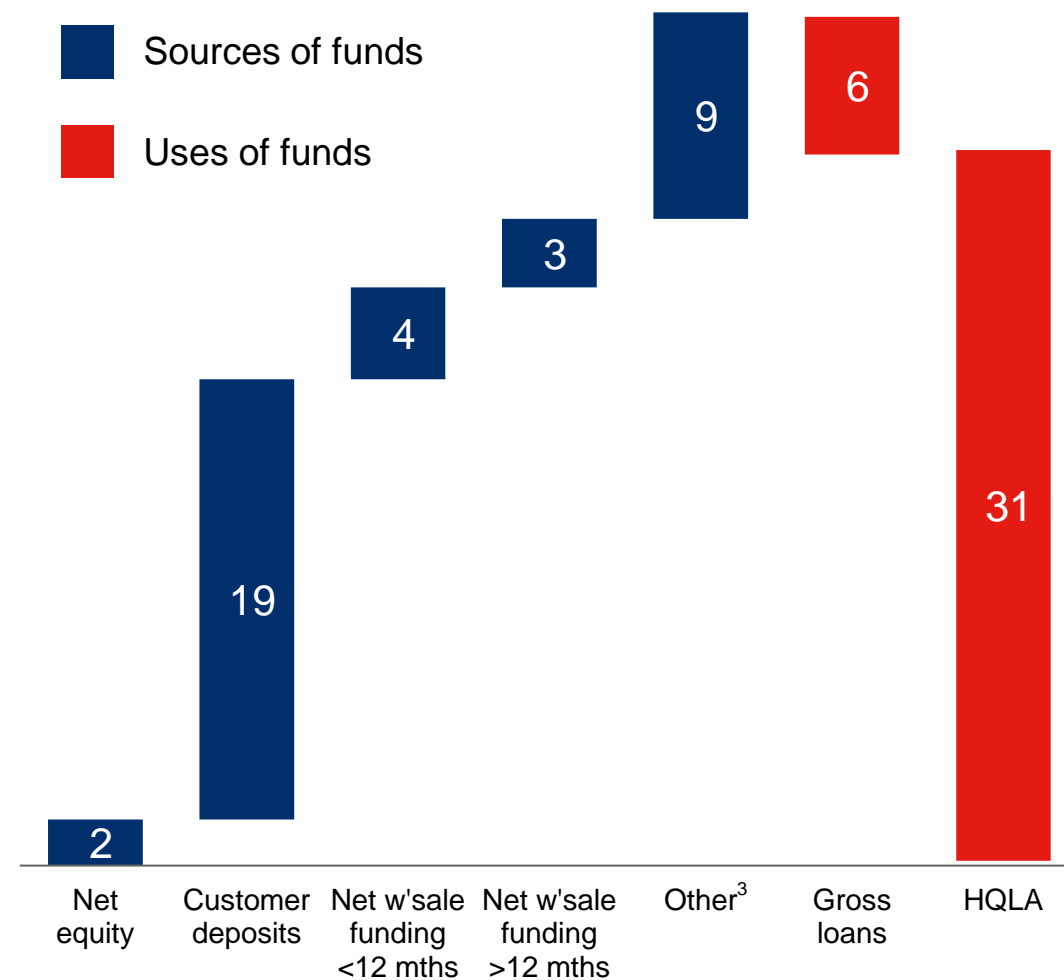
1H20 Cash earnings (\$m)		% Change 1H20 – 2H19	
	As reported	As reported	Excl. notable items ¹
 Consumer	\$1,410	(18%)	(20%)
 Business	\$604	(46%)	(43%)
 Westpac Institutional Bank	\$175	(63%)	(63%)
 New Zealand (NZ\$)	\$281	(39%)	(41%)
 Group Businesses	(\$1,477)	Large	Large

¹ Notable items include provisions for: estimated customer refunds, payments, associated costs and litigation and provisions along with costs associated with restructuring of the Group's wealth business and costs associated with the AUSTAC proceedings and Response Plan. Each remediation program has its own methodology. These methodologies and estimates may change over time as further facts emerge and may require additional provisions.

Strong balance sheet.

(%)	Sep-19	Mar-20
CET1 capital ratio	10.67	10.81
Total regulatory capital ratio	15.63	16.29
CET1 capital ratio (Internationally comparable) ¹	15.9	15.8
Customer deposit to loan ratio	73.4	75.6
LCR ²	127	154
NSFR ²	112	117

Movements in funds 1H20 (\$bn)



¹ Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. ² Term Funding Facility (TFF) Initial Allocation of \$17.9bn added 14ppts to LCR, and 2ppt to NSFR. ³ Other is a balancing item incorporating various other balance sheet items and foreign exchange rate movements.

Our priorities.

Protecting and building value for the long term



Customer franchise

*Best in service,
best place to work*

- Simplify products, reduce customer pain points
- Grow customer base
- Highly motivated employees
- Support communities



Performance discipline

*Sustainable
long-term value*

- Simplified portfolio, strong balance sheet
- Restore mortgage growth
- Reset cost base for simpler company
- Clearer end-to-end responsibility



Digital Transformation

*Digitised and ready
for tomorrow*

- Complete major systems development
- Superior data infrastructure
- More customers using digital
- Automate and streamline processes



Risk management

*Safe bank, right
first time*

- Uplift risk capability and culture
- Respond to AUSTRAC matter
- Upgrade financial crime capability
- Implement RC¹ & CGA² self-assessment plans

1 RC is Royal Commission. 2 CGA is Culture, Governance and Accountability.

Simplifying how we run the bank.

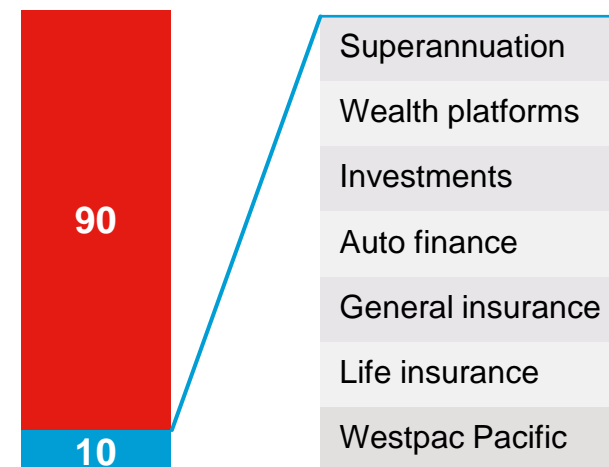


A new Specialist Businesses division

- All businesses profitable and performing but
 - Require increased scale
 - Returns not consistent with risk profile
- Jason Yetton to lead Specialist Businesses
- Approximately \$4bn in regulatory capital
- Conducting a strategic review, including an assessment of most appropriate ownership

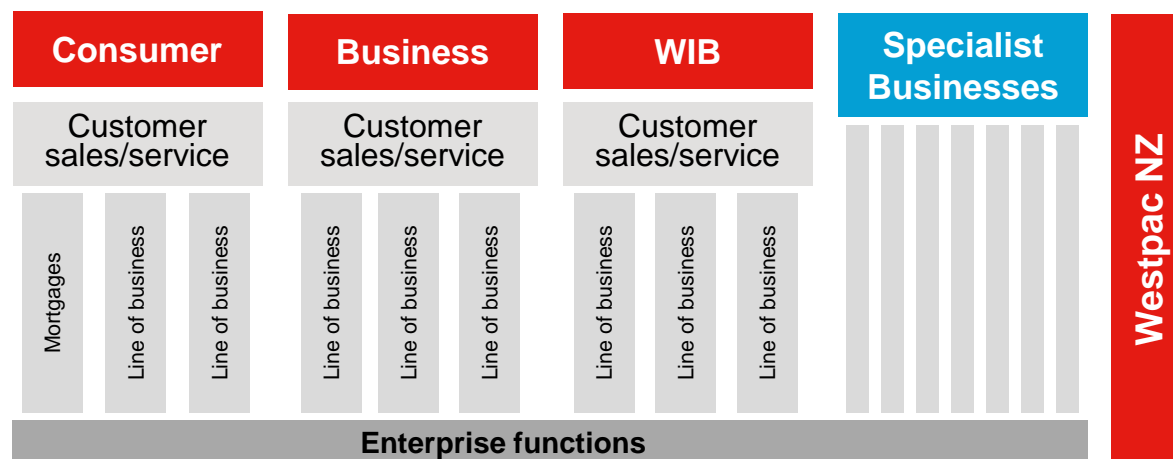
Indicative FY19 revenue contribution (%)

- Banking
- Specialist Businesses



Line of business operating model

- Retains divisional structure
- Improves decision making
- Accountability for end-to-end performance
- Better aligns with future regulatory requirements



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2020 Interim Results

Presentation

Gary Thursby

Acting Chief
Financial Officer

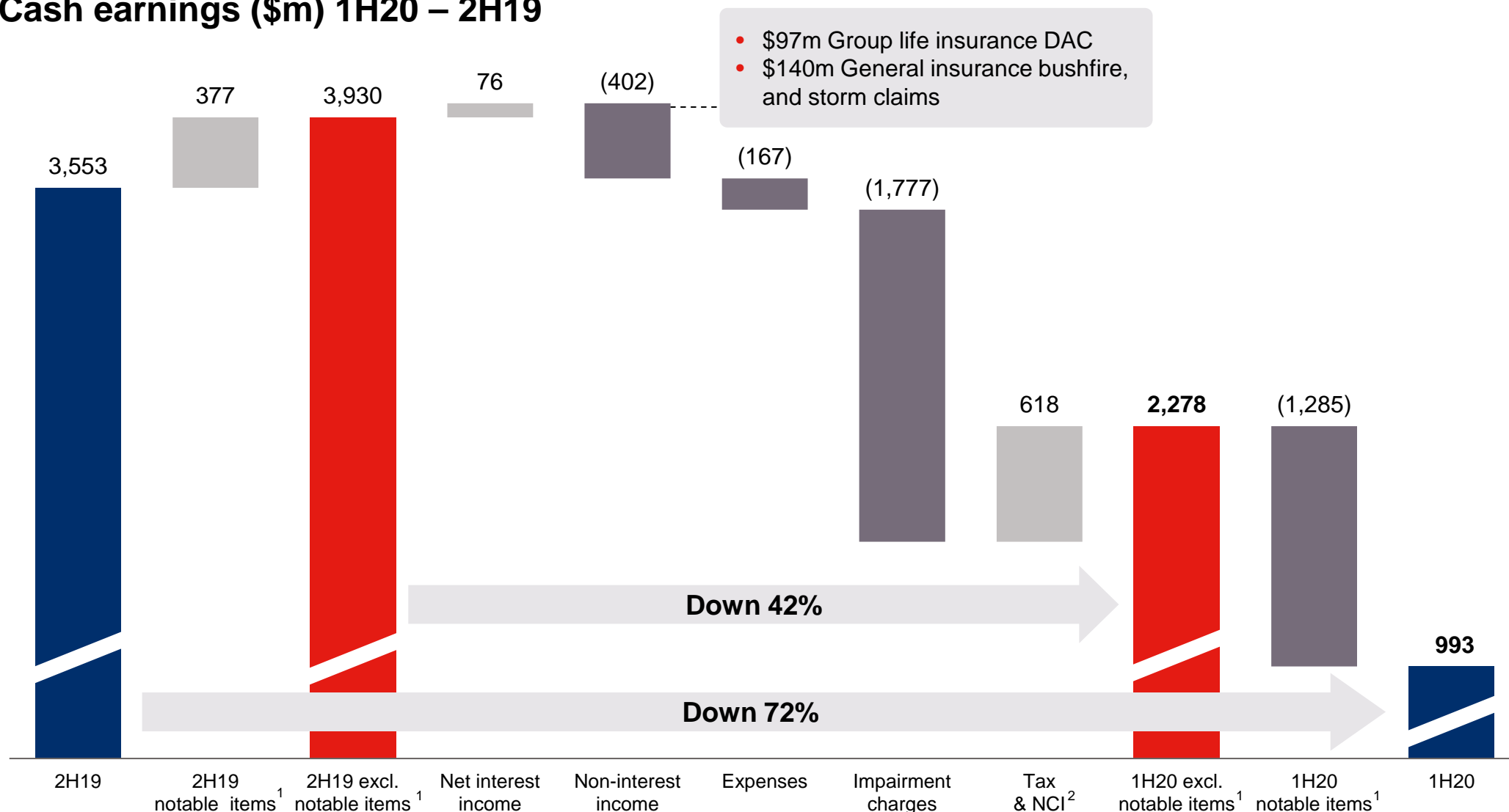
Westpac Banking Corporation
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Westpac GROUP

1H20 result snapshot.

Cash earnings (\$m) 1H20 – 2H19



¹ Notable items include provisions for: estimated customer refunds, payments, associated costs and litigation and provisions along with costs associated with restructuring of the Group's wealth business and costs associated with the AUSTAC proceedings and Response Plan. Each remediation program has its own methodology. These methodologies and estimates may change over time as further facts emerge and may require additional provisions ² NCI is non-controlling interests.

Notable/infrequent/volatile items.

Notable items (\$m after tax)

	1H19	2H19	1H20
AUSTRAC matters	-	-	(1,027)
Remediation & litigation	(617)	(341)	(258)
Wealth reset	(136)	(36)	-
Total cash earnings impact	(753)	(377)	(1,285)

AUSTRAC & Remediation

- Provisioned \$900m for potential penalty in relation to the AUSTRAC civil proceedings
- \$127m impact to cash earnings from additional costs associated with the AUSTRAC response plan
- Remediation & litigation includes provisions for estimated customer refunds, payments, associated costs, and litigation

Infrequent/volatile items (\$m after tax)

	1H19	2H19	1H20
Group DVA ¹	(11)	(41)	(68)
Asset write-downs	-	-	(70)
Group life insurance DAC ²	-	-	(68)
Asset sales	41	42	-
Total cash earnings impact	30	1	(206)

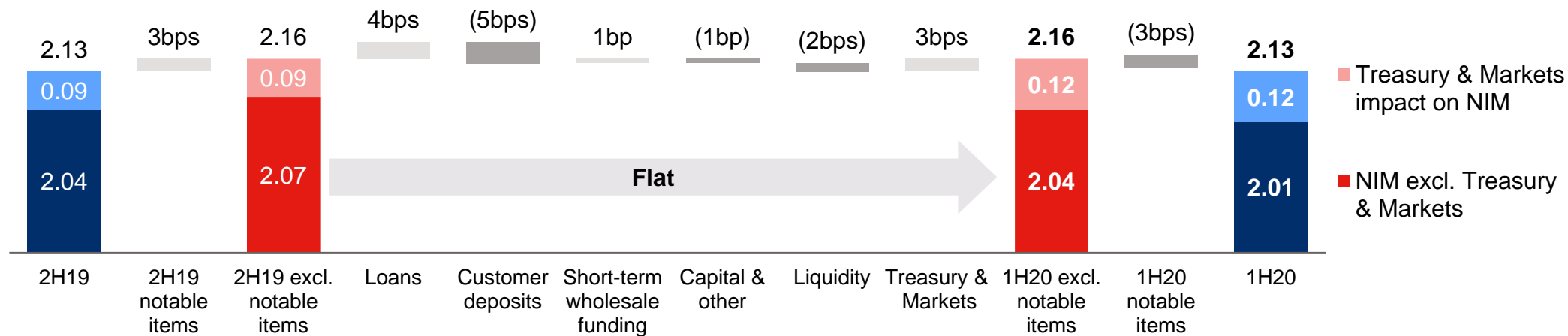
Infrequent/volatile items detail

- Higher DVA reflects widening of credit spreads at the end of the half
- Software and ATM write-down following reassessment in light of current economic environment

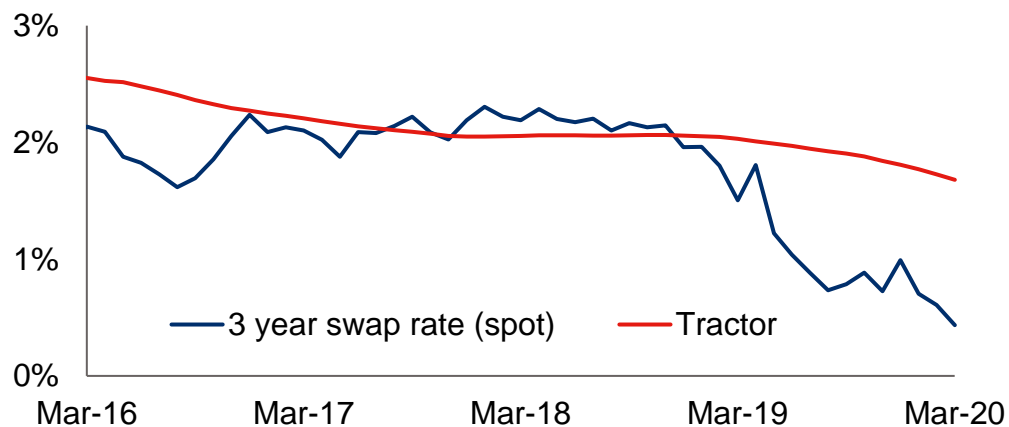
¹ DVA is derivative valuation adjustment. ² DAC is deferred acquisition costs.

Margins well managed.

Net interest margin (bps)

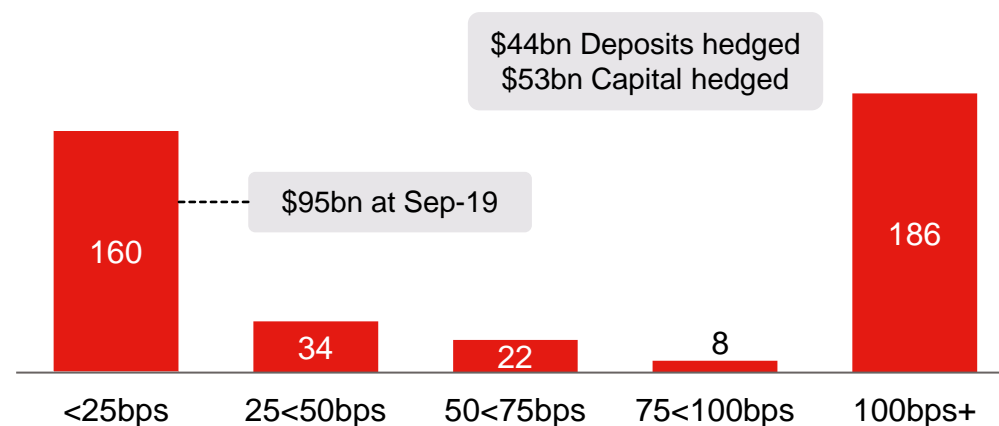


Tractor rate¹ (%)



Australian deposits² (\$bn)

Distribution by interest rate (bps)



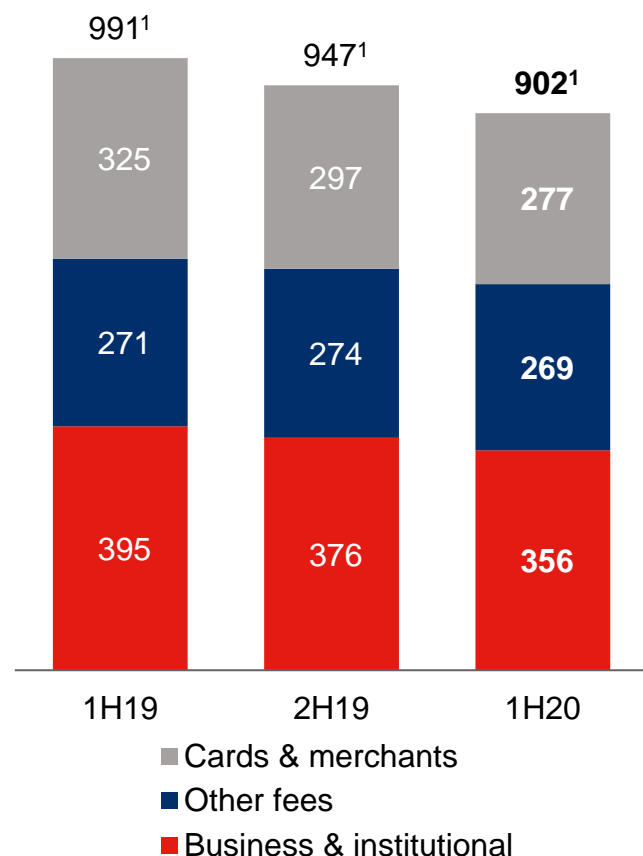
¹ Tractor is the 3 year moving average hedge rate for hedges on capital and low rate deposits. ² Excludes mortgage offset balances and other product differences.

Non-interest income.

Down 16%, 18% excluding notable items¹

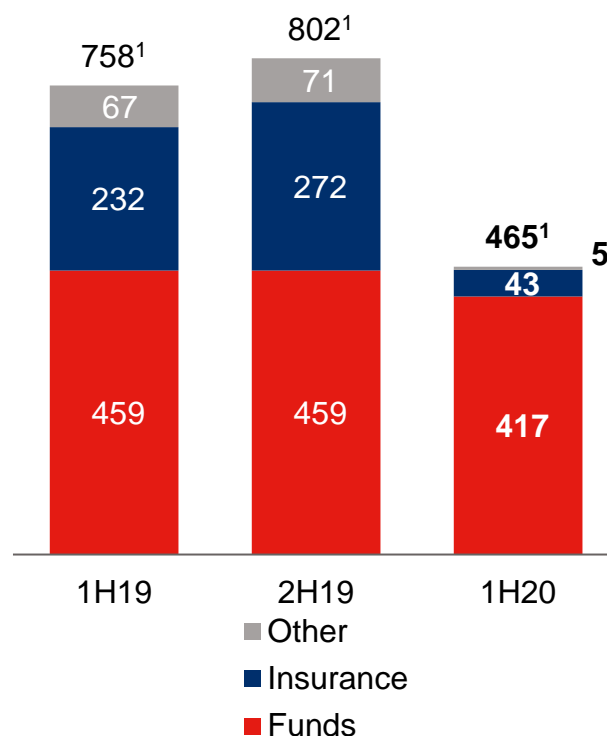
Net Fees ▼ 5%

- WIB lower syndication
- Cards lower from higher reward costs, reduced interchange, and lower FX fees



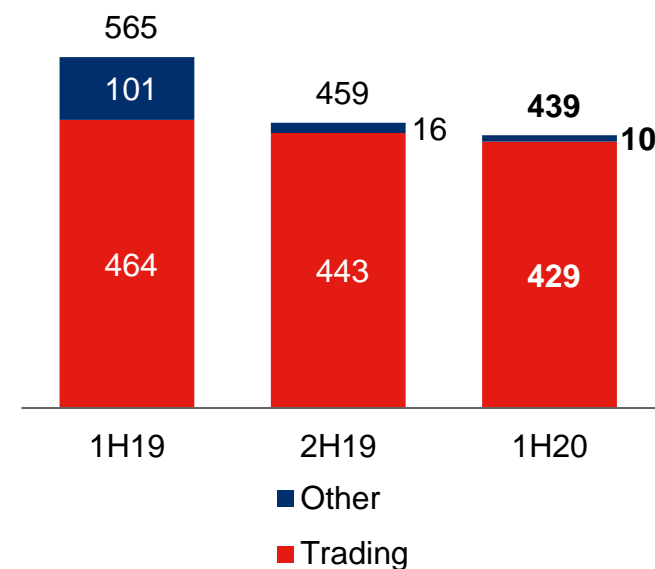
Wealth and Insurance ▼ 42%

- Higher bushfire & storm claims
- DAC write-off in group life insurance
- Funds down from lower margins
- Other - lower capital returns



Trading and Other ▼ 4%

- Trading - higher FX trading offset by DVA and lower customer income
- Other - lower asset sales

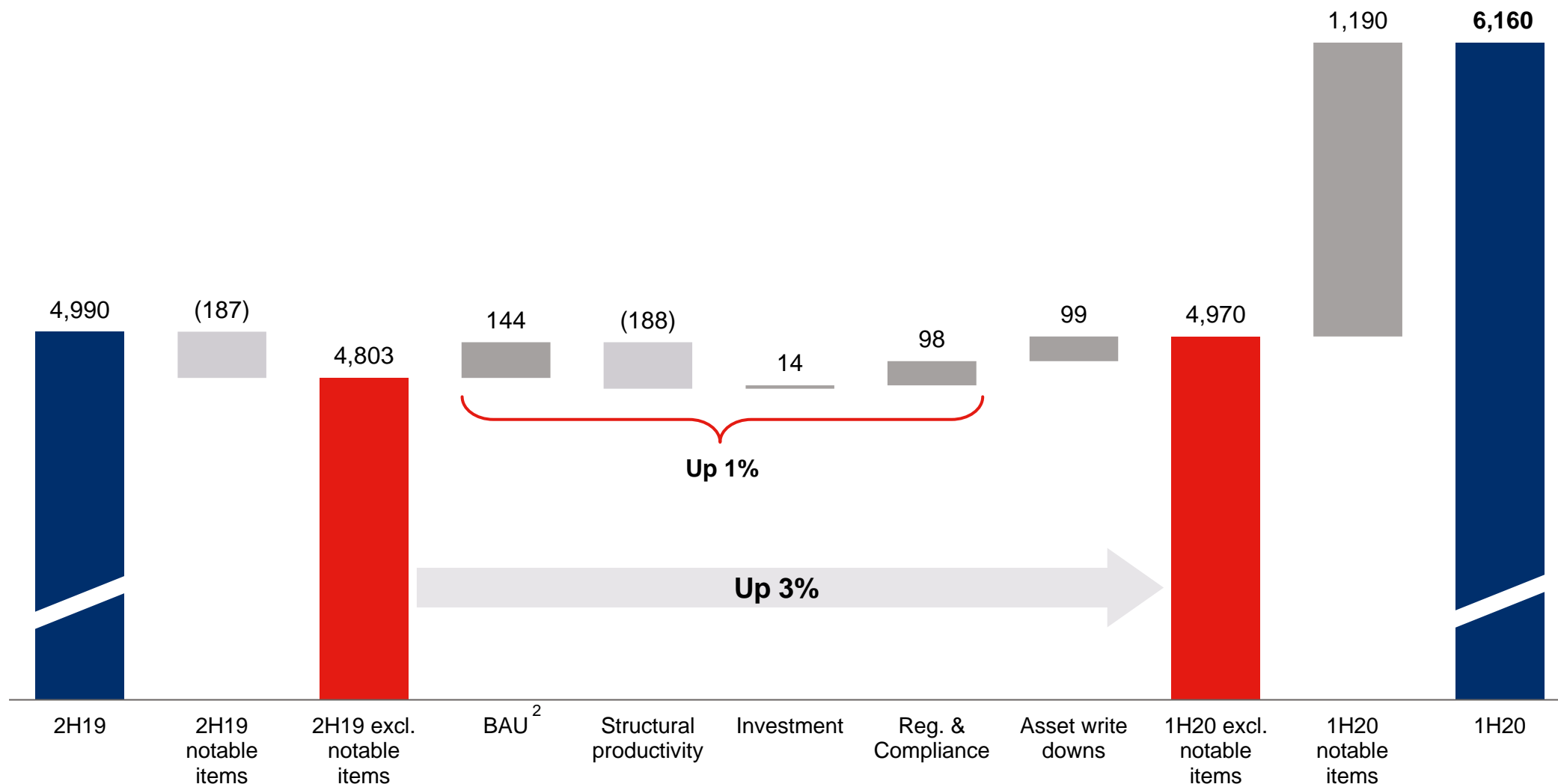


¹ Excluding notable items. Notable items include provisions for: estimated customer refunds, payments, associated costs and litigation and provisions along with costs associated with restructuring of the Group's wealth business and costs associated with the AUSTAC proceedings and Response Plan. Each remediation program has its own methodology. These methodologies and estimates may change over time as further facts emerge and may require additional provisions

1H20 expenses.

Up 23%, 3% excluding notable items¹

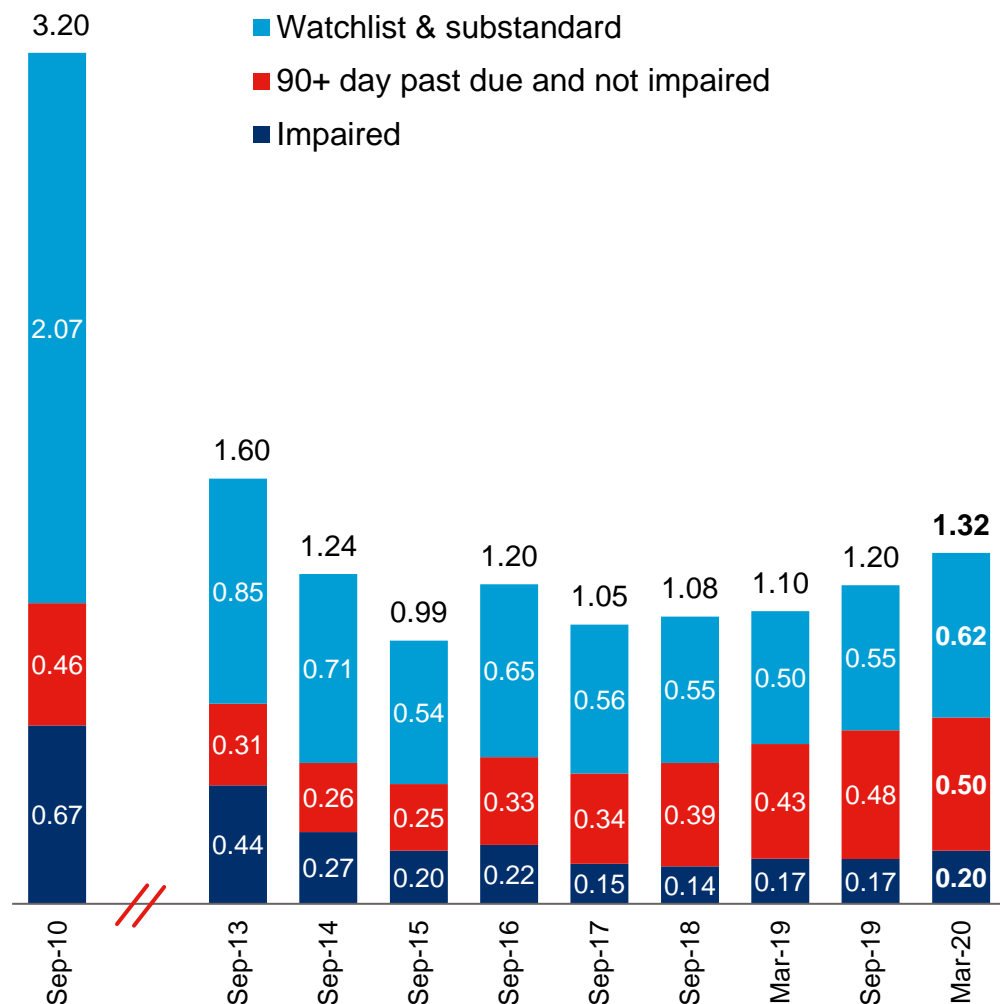
Expenses (\$m) 1H20 – 2H19



¹ Excluding notable items. Notable items in this presentation include provisions for: estimated customer refunds, payments, associated costs and litigation and provisions along with costs associated with restructuring of the Group's wealth business and costs associated with the AUSTRAC proceedings and Response Plan. Each remediation program has its own methodology. These methodologies and estimates may change over time as further facts emerge and may require additional provisions. ² BAU is business as usual.

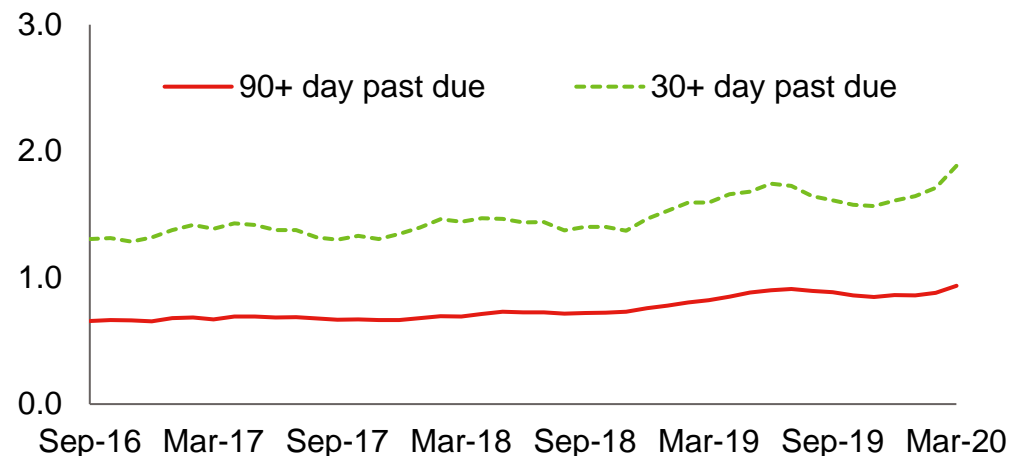
Credit quality – early signs of stress.

Stressed exposures as a % of TCE¹

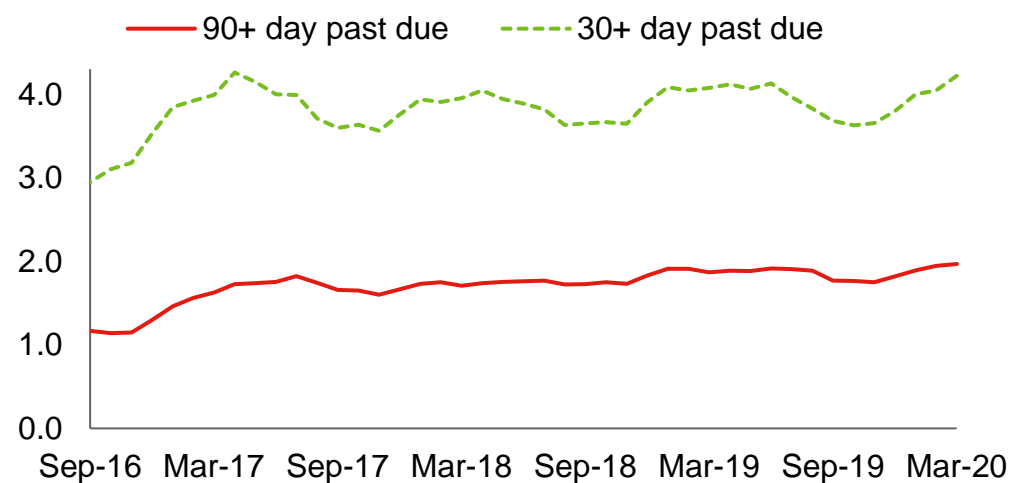


¹ TCE is total committed exposure. ² Australia.

Mortgage delinquencies – 30 and 90 days²

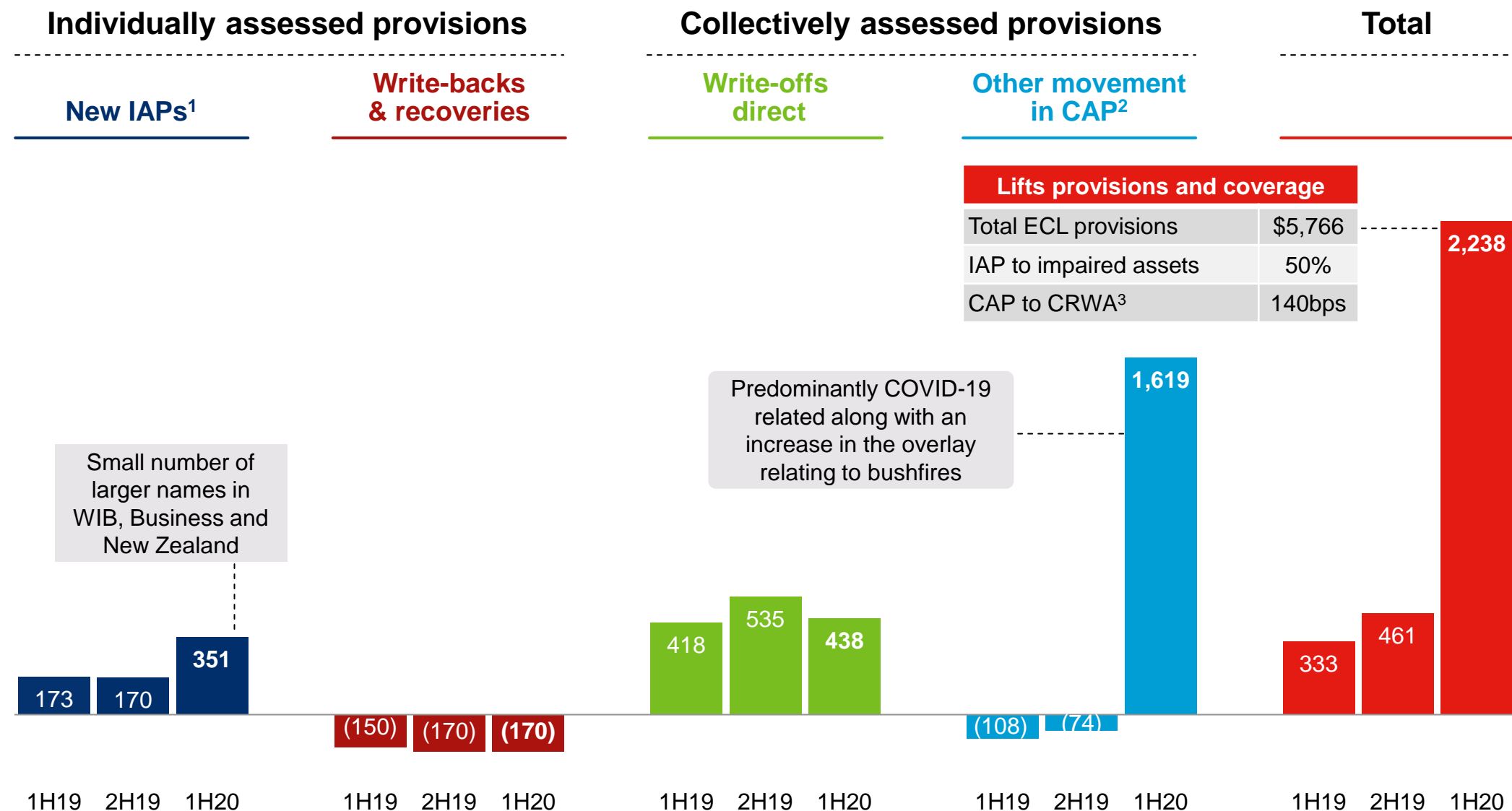


Unsecured consumer delinquencies – 30 and 90 days²



1H20 Impairment charge composition.

(\$m)



¹ IAP is individually assessed provisions. ² CAP is collectively assessed provisions. ³ CRWA is credit risk weighted assets.

COVID-19 provision reflects 3 key drivers.

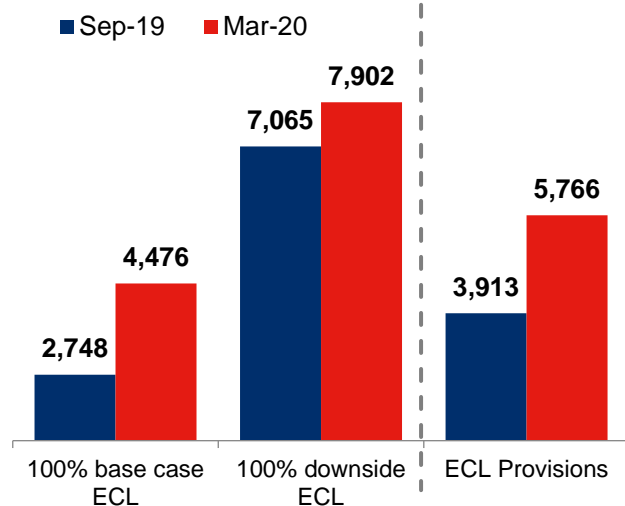
Change in economic forecasts and scenario weights \$1,135m

Changed economic forecasts

	Q3 2020 (peak)	Forecast base case	
		2020	2021
GDP growth (yr end)	(8.2%)	(5.0%)	4.0%
Unemployment	8.8%	6.8%	6.0%
Residential property prices	(2%)	(15%)	(5%)

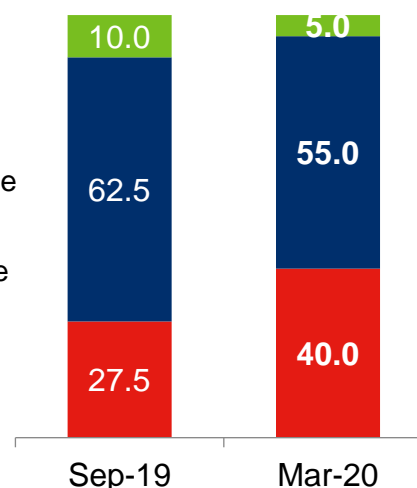
Expected credit loss scenarios (\$m)

Balance sheet provision



Changed scenario weights (%)

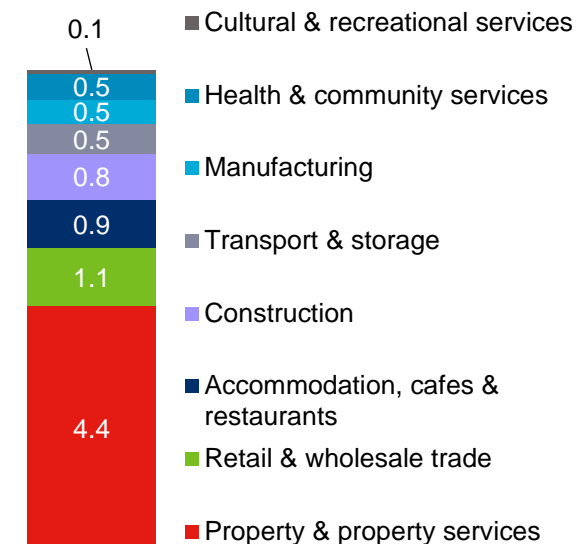
- Upside scenario
- Base case
- Downside scenario



- Westpac uses 3 economic scenarios for impairment provision estimates
- Downside case reflects longer duration economic cycle

Sector overlays \$446m

High risk sectors as % of total TCE



- Overlay reflects assessment of industries currently under greater risk of downgrade, and expectation consumer portfolios may also deteriorate
- Assume a significant increase in credit risk has occurred and hence provisions move from 12 month expected loss to lifetime expected loss

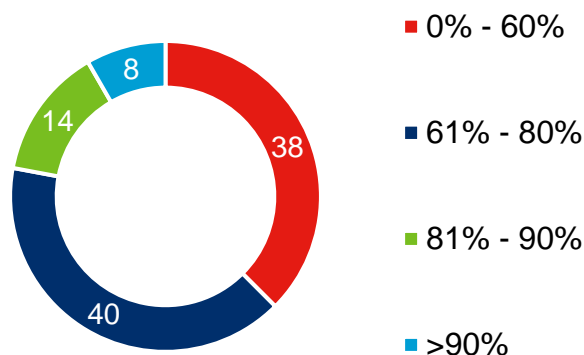
Support packages.

Australia

Mortgages

Accounts	7% of total accounts	105k
Balances	9% of total balances	\$39bn
Owner-occupier		66%
Principal & interest		79%
Weighted avg dynamic LVR		65%

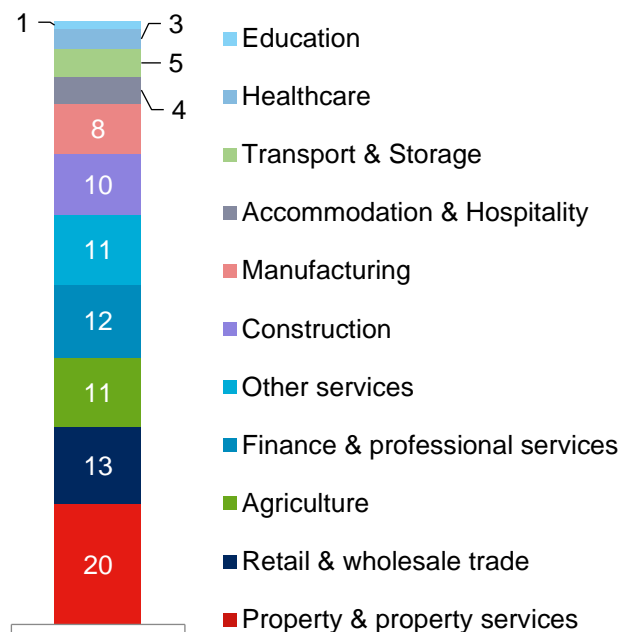
Packages by dynamic LVR on balances (%)



Business

Relief packages to customers	31k
Relief package balances	\$8bn

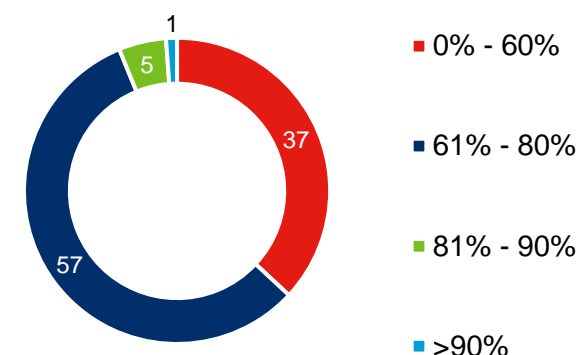
TCE by industry (%)



New Zealand

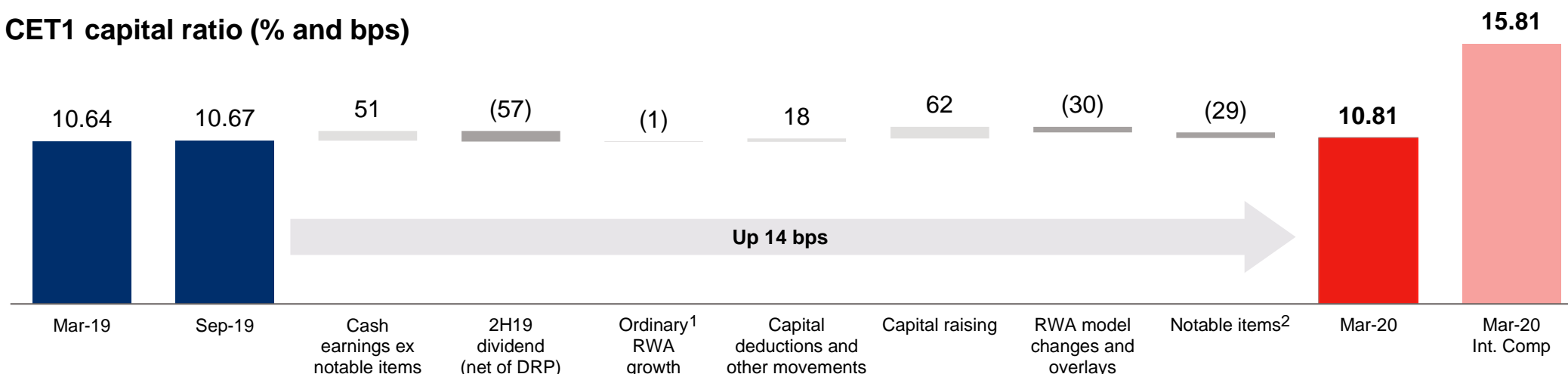
Mortgage relief package accounts	15k
Mortgage relief package balances	NZ\$6bn
Temporary business overdrafts	~1,500
Business exposures supported	NZ\$2.8bn

Mortgage support packages by LVR on balances (%)



CET1 ratio 10.81%.

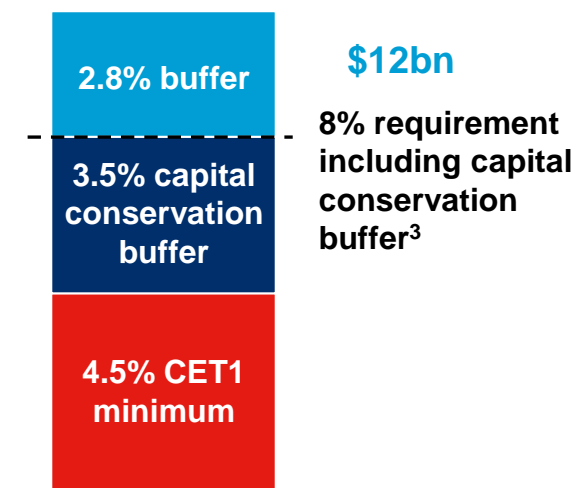
CET1 capital ratio (% and bps)



Credit risk weighted asset sensitivity

		Impact over 2 years	
		CRWA/EAD ⁴	CET1 ⁵
Base case	V-shaped recession, mortgage delinquencies 2x current levels, business downgrades across range of sectors.	Up 3-5ppts	~105bps
Prolonged downturn	Prolonged downturn, mortgage delinquencies 4x current levels, further downgrades in business	Up 7-9ppts	~180bps

CET1 capital ratio 10.8% composition (%)



1 Includes FX. 2 The impact of notable items on the CET1 ratio includes capital deduction for the associated deferred tax assets. 3 The regulatory requirement of 4.5% and 3.5% Capital Conservation Buffer for D-SIBs. It may be higher for individual banks. 4 CRWA/EAD is credit risk weighted assets to exposure at default. 5 The CET1 impacts shown are the translation of credit RWA sensitivities into CET1 only. They are not the overall impact of the scenarios described on CET1.

Considerations for 2H20 – significant uncertainty.¹

Line item	Considerations that may impact earnings in 2H20
Net interest income	<ul style="list-style-type: none"> • Low interest rates expected to impact deposit spreads and returns on hedged capital/deposit balances partly offset by lower short term funding costs • Lower new lending, expected to be partly offset by lower repayments
Non-interest income	<ul style="list-style-type: none"> • Low customer activity expected to impact a range of activity based fees including transaction fees, cards, merchants, syndications, FX • Insurance income dependent on claims experience (income protection/LMI/general insurance) and lapse rates • Wealth income <ul style="list-style-type: none"> – Full period impact of lower platform margins (pricing and lower rates) and prior industry/legislative changes – FUA may be impacted by weaker equity markets and redemptions
Expenses	<ul style="list-style-type: none"> • Strengthening risk management • Maintain operations and support customers through restrictions • Continued productivity discipline
Asset quality	<ul style="list-style-type: none"> • The severity and duration of the decline in activity and the effectiveness of stimulus is uncertain but are likely to impact future impairment charges and risk weighted assets

¹ The information on this page contains 'forward-looking statements' and statements of expectation reflecting Westpac's current views with respect to 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 upon 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 its 2020 Interim Financial Results, and elsewhere in this presentation.

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2020 Interim Results

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Peter King

Chief Executive Officer

Westpac Banking Corporation

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Westpac GROUP

Summary.



COVID-19

- Prioritise protecting our people
- Continue supporting customers
- Backing the economy




Challenging outlook

- Operating environment expected to deteriorate
- Continue to bias long-term strength
- Various headwinds on earnings



Simplifying the business

- Finalise new structure
- Begin preparing long-term plan for new environment

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Investor Discussion Pack

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Strategy



Our agenda.

Strategy

Our Vision

*To be one of the world's great service companies,
helping our customers, communities and people, to prosper and grow*

CEO Priorities



Customer franchise

- Simplify products for customers
- Reduce customer pain points
- Grow customer base
- Motivated employees
- Support communities



Performance disciplines

- A simplified portfolio of businesses with a genuinely distinct advantage
- A strong balance sheet
- Restore mortgage growth
- Reset cost base for simpler company
- Clear operating approach – end-to-end and line of business accountability
- Improve capital efficiency
- Establish specialist businesses division



Digital transformation

- Complete major systems development
- Superior data infrastructure
- More customers using digital
- Automate and simplify systems and processes
- Build and strengthen digital partnerships



Risk management

- Respond to AUSTRAC, rectify systems and progress on Financial Crime Program
- Uplift risk capability and culture
- Implement Royal Commission and CGA self-assessment plans
- Remediate outstanding customer issues

Underpinned by



Strong balance sheet

- Well-positioned capital
- Strong deposit funding base
- Sound wholesale funding base
- Liquidity well above regulatory minimums
- Disciplined approach to credit



Clear responsibility and accountability

- New Chairman appointed
- Board Financial Crime Committee established
- Board Nominations Committee oversee governance

Westpac Group at a glance.

Australia's First Bank.

- In its 204th year, Australia's first bank and first company, opened 1817
- Australia's 2nd largest bank and 31st largest bank in the world, ranked by market capitalisation¹
- Well positioned across key markets with a service-led strategy focused on customers
- Supporting consumers and businesses in Australia and New Zealand and customers with ties to these markets
- Unique portfolio of brands providing a full range of financial services across consumer, business and institutional banking, and wealth administration
- Capital ratios are in the top quartile globally, with sound credit quality
- Credit ratings² AA- / Aa3 / A+
- Leader in sustainability³

WBC
listed on
ASX & NZX

WBK
LISTED
NYSE

Strategy

Four operating divisions

Consumer	 	 	 
Business	 	 	  
Westpac Institutional Bank (WIB)  		Westpac New Zealand 	

Key statistics at 31 March 2020

Customers	14.2m
Australian household deposit market share ⁴	22%
Australian mortgage market share ⁵	22%
Australian business credit market share ⁵	16%
New Zealand deposit market share ⁶	19%
New Zealand consumer lending market share ⁶	18%
Australian wealth platforms market share ⁷	18%

Key financial data for First Half 2020

Reported net profit after tax	\$1,190m
Cash earnings	\$993m
Expense to income ratio ⁸	59.6%
Common equity Tier 1 capital ratio (APRA basis)	10.8%
Return on equity ⁸	2.9%
Total assets	\$968bn
Market capitalisation ⁹	\$60bn

1 31 March 2020 Source: S&P Capital IQ, based in US\$. 2 S&P Global Ratings, Moody's Investors Service and Fitch Ratings respectively. Moody's Investor Services has Westpac on a stable outlook. S&P Global Ratings and Fitch Ratings have Westpac on a negative outlook. 3 A member of banking sector leadership group DJSI World, since 2002. 4 APRA Banking Statistics, March 2020. 5 RBA Financial Aggregates, March 2020. 6 RBNZ, March 2020. 7 Strategic Insights December 2019. All Master Funds Admin. 8 Cash earnings basis. 9 Based on share price at 31 March 2020 of \$16.50.

Results



Cash earnings and reported net profit reconciliation.

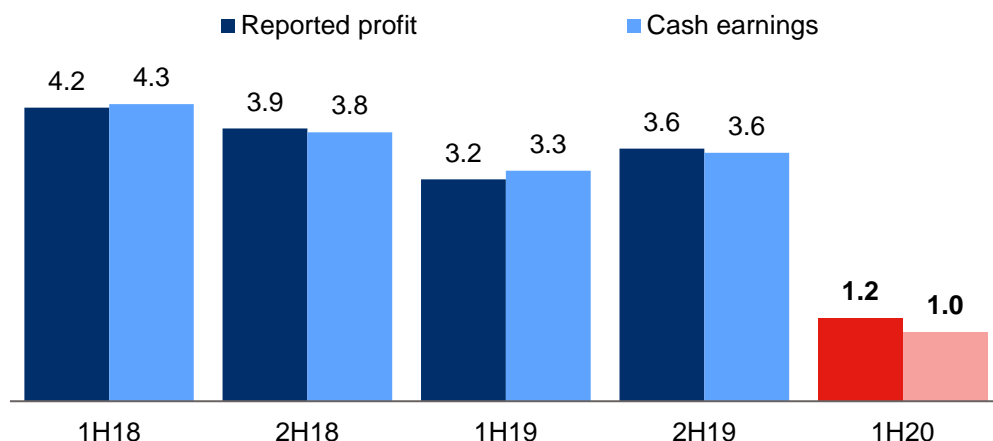
Results

Cash earnings¹ 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 considered when dividends are recommended, such as the amortisation of intangibles, impact of treasury shares and economic hedging impacts
 - Accounting reclassifications between individual line items that do not impact reported results

	1H20 (\$m)	% chg 1H20-2H19	% chg 1H20-1H19
Cash earnings	993	(72)	(70)
Cash EPS (cents)	27.7	(73)	(71)
Reported net profit	1,190	(67)	(62)
Reported EPS (cents)	33.2	(68)	(64)

Reported net profit and cash earnings (\$bn)



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

	2H19	1H20
Reported net profit	3,611	1,190
Fair value (gain)/ loss on economic hedges	(90)	(219)
Ineffective hedges	(15)	(24)
Adjustments related to Pandal Group	40	63
Treasury shares	7	(17)
Cash earnings	3,553	993

¹ 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.

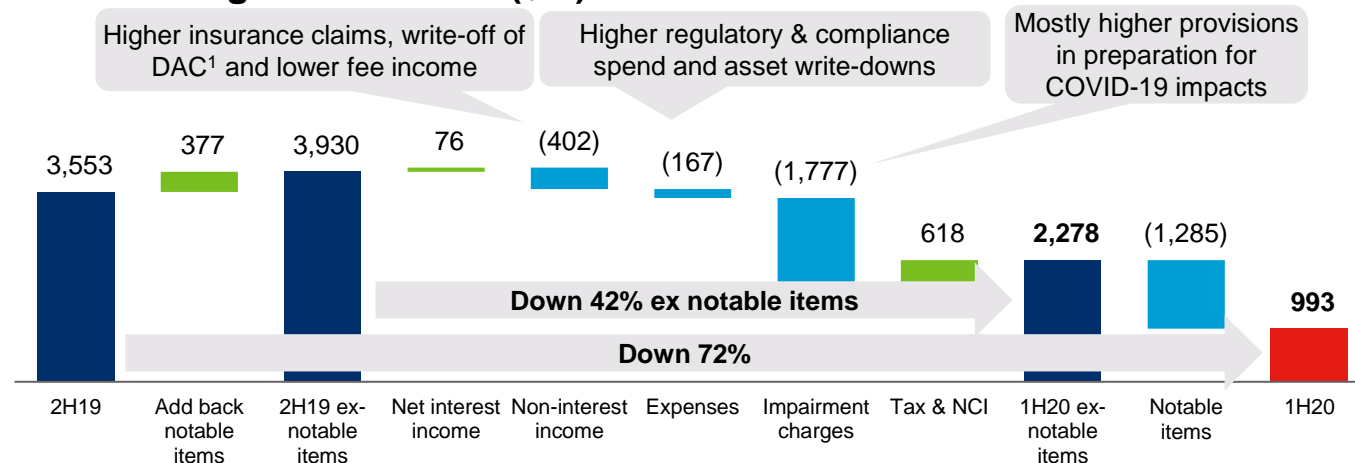
1H20 cash earnings.

Results

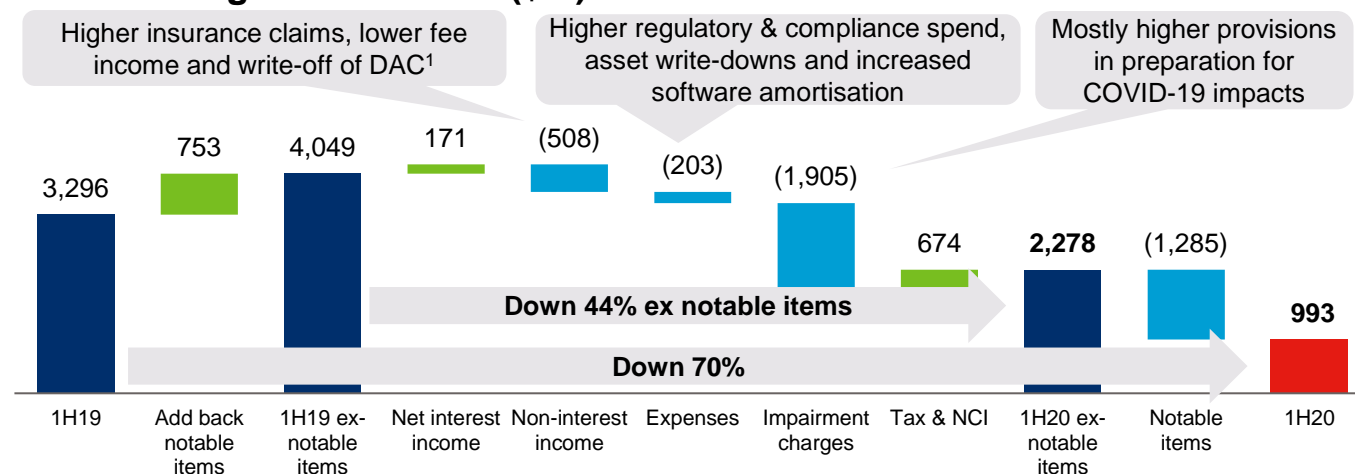
Impacted by higher impairment charges and notable items.

	1H20 \$m	% Change 1H20- 2H19	% Change 1H20- 1H19
Net interest income	8,666	1	3
Non-interest income	1,675	(16)	(2)
Expenses	(6,160)	23	22
Core earnings	4,181	(25)	(17)
Impairment charges	(2,238)	Large	Large
Tax and non-controlling interests (NCI)	(950)	(39)	(34)
Cash earnings	993	(72)	(70)
Add back notable items (after tax)	1,285	Large	71
Cash earnings ex notable items	2,278	(42)	(44)
Reported net profit	1,190	(67)	(62)

Cash earnings 1H20 – 2H19 (\$m)



Cash earnings 1H20 – 1H19 (\$m)



¹ Deferred acquisition costs related to group life insurance.

Notable items in 1H20 and 2H19.

Results

In 1H20 and 2H19, the Group raised certain provisions known throughout this document as “notable items” which relate to the following:

Estimated customer refunds, payments, associated costs and litigation¹

Provisions of \$258m (after tax) in 1H20, \$341m in 2H19. The majority of provisions relate to remediation programs for:

- Refunds to certain business customers who were provided with business loans where they should have been provided with loans covered by the *National Consumer Credit Protection Act Cth (2009)* (2H19 and 1H20)
- Other items as part of our get it right, put it right initiative including compensation to customers on our platforms who were not advised of certain corporate actions and refunds to some BT customers where certain wealth fees were inadequately disclosed (1H20)
- Certain ongoing advice service fees associated with the Group's salaried financial planners and authorised representatives (2H19)
- Refunds for certain customers that had interest only loans that did not automatically switch, when required, to principal and interest loans (2H19)

AUSTRAC matters¹

Costs associated with AUSTRAC proceedings including a provision for a potential penalty and costs incurred as part of the Group's response plan

Wealth reset¹

In 2019 the Group announced its decision to reset its Wealth business. In 1H20, the Group raised no further provisions for restructuring and transition

1H20 notable items (\$m)	Consumer	Business	NZ ²	GB ³	AUSTRAC matters GB ³	Group
Net interest income	5	(107)	(4)	-	-	(106)
Non-interest income	-	(2)	(3)	(126)	-	(131)
Expenses	-	(32)	-	(100)	(1,058)	(1,190)
Core earnings	5	(141)	(7)	(226)	(1,058)	(1,427)
Impairment charges	-	-	-	-	-	-
Tax and non-controlling interests	(2)	42	2	69	31	142
Cash earnings	3	(99)	(5)	(157)	(1,027)	(1,285)

2H19 notable items (\$m)	Consumer	Business	NZ ²	GB ³	Wealth reset GB ³	Group
Net interest income	(38)	(81)	(13)	-	-	(132)
Non-interest income	(2)	(23)	(4)	(191)	-	(220)
Expenses	(6)	(67)	(15)	(48)	(51)	(187)
Core earnings	(46)	(171)	(32)	(239)	(51)	(539)
Impairment charges	-	-	-	-	-	-
Tax and non-controlling interests	15	52	9	71	15	162
Cash earnings	(31)	(119)	(23)	(168)	(36)	(377)

1 For further information refer to Westpac's 2020 Interim Financial Results Announcement. 2 In AUD. 3 Group Businesses.

1H20 financial snapshot.

Results

	1H20	Change 1H20- 2H19	Change 1H20- 1H19		1H20	Change 1H20- 2H19	Change 1H20- 1H19
Earnings¹				Balance sheet			
Earnings per share (cents)	27.7	(73%)	(71%)	Total assets (\$bn)	967.7	7%	9%
Core earnings (\$m)	4,181	(25%)	(17%)	Common equity Tier 1 (CET1) capital ratio (APRA basis) (%)	10.8	14bps	17bps
Cash earnings (\$m)	993	(72%)	(70%)	CET1 capital ratio (Internationally comparable ²) (%)	15.8	(4bps)	(36bps)
Return on equity (%)	2.9	Large	Large	CET1 capital (\$bn)	48.0	5%	7%
Expense to income ratio (%)	59.6	Large	Large	Risk weighted assets (RWA) (\$bn)	443.9	4%	6%
Net interest margin (%)	2.13	-	1bp	Loans (\$bn)	719.7	1%	1%
Credit quality				Customer deposits (\$bn)	543.8	4%	6%
Impairment charges to average gross loans (bps)	62	49bps	53bps	Net tangible assets per share (\$)	15.43	-	2%
Impaired assets to gross loans (bps)	30	5bps	6bps	Funding and liquidity			
Impaired provisions to impaired assets (%)	50.1	Large	Large	Customer deposit to loan ratio (%)	75.6	218bps	393bps
Collectively assessed provisions to credit RWA (bps)	140	45bps	42bps	Net stable funding ratio (%)	117	5ppts	4ppts
				Liquidity coverage ratio ³ (%)	154	27ppts	16ppts
				Total liquid assets ⁴ (\$bn)	199.9	18%	32%

1 All measures on a cash earnings basis. 2 Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. 3 1H20 includes Term Funding Facility (TFF) 4 Total liquid assets represent cash, interbank deposits and assets eligible for existing repurchase agreements with a central bank.

COVID-19

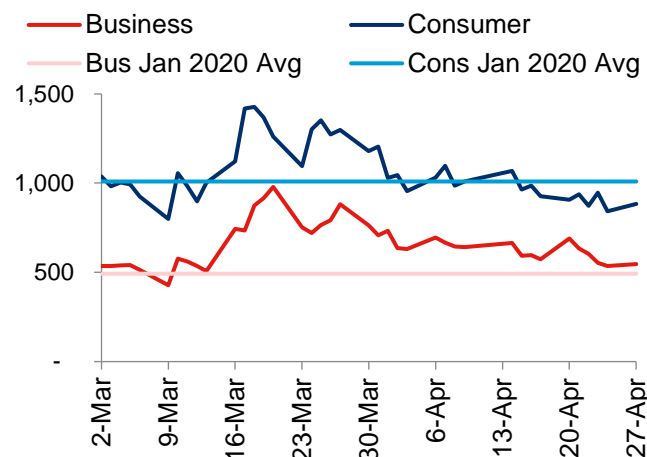


Trends in activity.

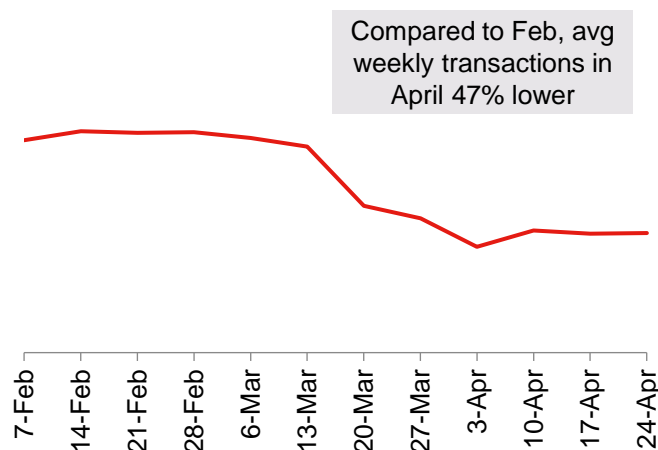
COVID-19

Impact of COVID-19 restrictions on activity.

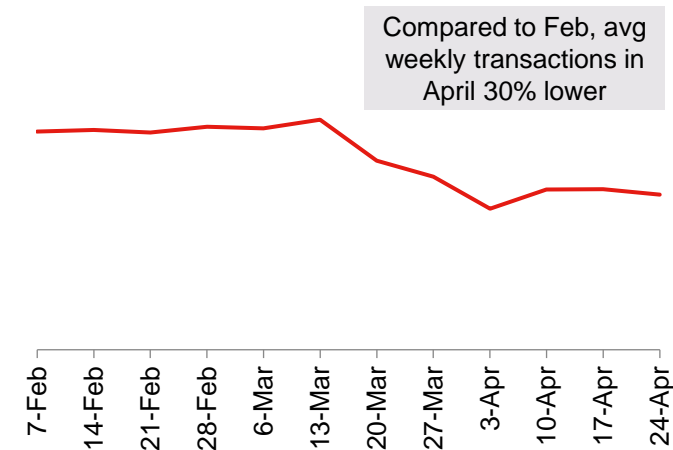
Calls to customer assist team¹ (# per day)



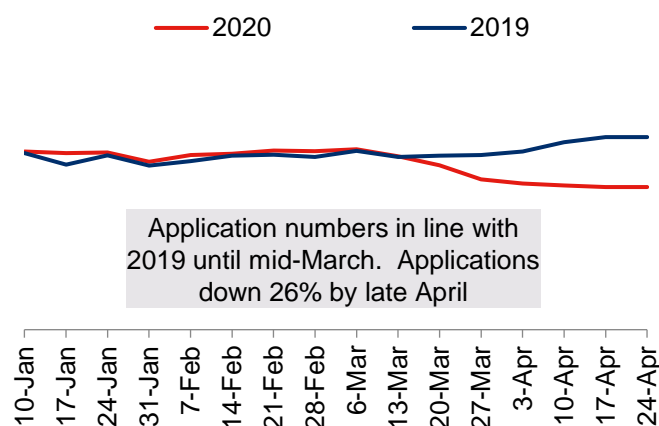
ATM weekly transactions³ (#)



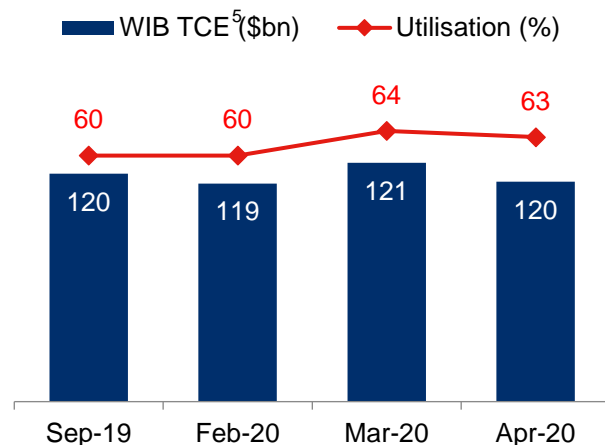
EFTPOS weekly transactions⁶ (#)



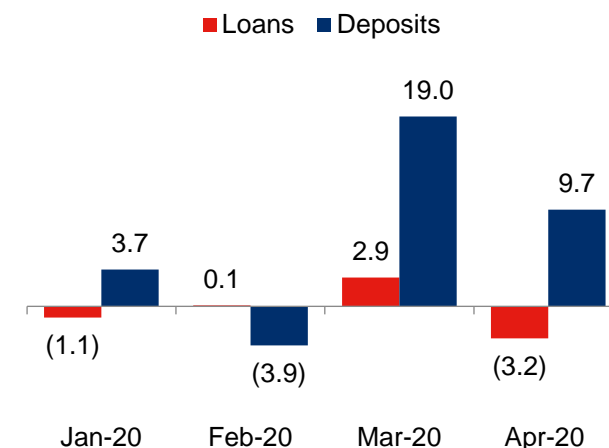
Business applications² (#)



WIB committed facility utilisation⁴



Loan and deposit growth⁷ (\$bn)



¹ Shows the number of calls to the Customer Assist team requesting support packages. The volume is compared to the daily average number of calls in January 2020. Volumes were higher in January 2020 due to customers accessing bushfire support packages. ² Business applications relates to applications for business lending and mortgages submitted by Commercial and SME customers in Australia. ³ Number of transactions processed each week using Westpac ATMs. ⁴ Utilisation is drawn lending as a proportion of total committed exposures. ⁵ Excludes off balance sheet exposures for trade finance, guarantees and derivatives. Excludes Westpac Pacific. ⁶ Number of transactions processed each week on Westpac EFTPOS terminals. ⁷ Reflects changes in Australian loans and deposits. Loan growth is based on gross loans.

Responding to COVID-19.

COVID-19

Protecting our people



Helping our people work from home

- Increased capability with ~22,000 Australian corporate site-based¹ employees working from home (around 85%)
- Ability to double this capacity in need
- Business continuity testing including stress testing on IT infrastructure for remote access
- Conducted over 300,000 hours of audio and video conferences in March 2020 (up from around 42,000 hours in March 2019)

Focussing on health and wellbeing

- Hygiene and social distancing practices allowing ~4,000 employees to continue operating in corporate sites
- Daily hospital-grade disinfecting on high-touch surfaces in all offices and branches
- Installation of polycarbonate screens for teller booths and personal protective equipment available in branches
- Temperature checking in large corporate sites¹ including Westpac Place and Barangaroo offices in Sydney

Providing critical banking services



Branches

- On average 95% of branches have been open through March and April
- Helping customers to access banking through alternative means, including increased one-on-one support for elderly customers

Payment network

- Increased use of payment networks as retailers avoid cash
- Temporary increase in tap-and-go limit to \$200 (from \$100)

Operations, complaints and call centres

- Increased staffing levels in these centres to support customers, including redeployment of staff to support these areas
- Certain capabilities and operations delivered onshore

Other distribution channels

- Over 98% of ATMs operational
- Supporting customers sign-up for online banking

¹ Includes operations centres and call centres.

Responding to COVID-19.



Supporting consumers¹

- **Three months** – ability to defer mortgage repayments. Option to extend by a further 3 months following a review
- **Three months** – ability to defer credit card and personal loan repayments with no interest accrual
- **2.29%** fixed home loan rate for certain customers for 1, 2 and 3 year terms
- **1.7%** special interest rate on 12 month term deposit available to all customers
- **2.0%** special interest rate on 8 month term deposit available to customers aged 65 years and over
- **\$10 billion** mortgage fund to assist customers purchase a home
- Assisting elderly customers to access telephone and internet banking: specialist call centre available to help people register for and use online banking
- **Issued over 6k** debit cards to replace passbooks, minimising the need for vulnerable customers to go to branches
- Life insurance policies include cover for pandemics

Supporting businesses¹

- **Six months** – ability to defer repayments across loans. Business customers with a TCE of less than \$10m qualify for this relief. This covers 98% of business customers
- **JobKeeper temporary overdraft** – available for 180 days as bridging finance for customers eligible for ATO JobKeeper payments
- **\$250k** – unsecured loan (up to 3 years) for businesses with turnover <\$50m backed by 50% Federal Government guarantee
- **200bps** discount on overdrafts and **100bps** discount on small business cash-based loans
- **Six months** – ability to defer business credit card repayments and a reduced rate during the deferral period
- **Merchant terminal fee relief** for up to 3 months for customers with annual transaction value <\$5m
- **No establishment fees** on equipment finance loans originated up to 30 June
- **Fee free** redraws where permitted (subject to approval) and loan restructuring
- Relationship managers available via phone and videoconference
- Increased the limit per cheque deposited via mobile cheque capture to \$20k (from \$1k)
- Temporary increase in tap-and-go limit to \$200 (from \$100)

Supporting our NZ customers^{2 3}

Businesses

- **Three months** – ability to defer repayments across business lending
- **\$500k** – 3 year loan for businesses with turnover >\$250k – \$80m, backed by 80% New Zealand Government guarantee
- **90 days** – temporary overdrafts available for businesses
- **Early withdrawal** from term deposits (requires 32 days notice)
- **Fees waived** on contactless debit cards for businesses with turnover <\$500k
- **Fees waived** on minimum monthly merchant service fees for all businesses during government lockdown period

Consumers

- **Six months** – ability to defer mortgage and personal loans repayments
- **45 days** – temporary overdrafts available for consumers
- **Early withdrawal** from term deposits with no penalty
- **3.05%** 1-year special housing loan rate and **3.35%** 2-year special housing loan rate

¹ For full details of the support packages available to customers including eligibility criteria and terms and conditions refer to www.westpac.com.au ² For full details of the support packages available to customers including eligibility criteria and terms and conditions refer to www.westpac.co.nz ³ All figures in \$NZ unless otherwise indicated.

Customer support for mortgages.¹

COVID-19

Repayment relief for Australian home loan customers.

Total mortgage portfolio

1.6m accounts
\$446bn balances
59% owner-occupier
73% principal & interest
41% more than 3 months ahead on repayments
57% weighted avg dynamic LVR

Repayment relief provided

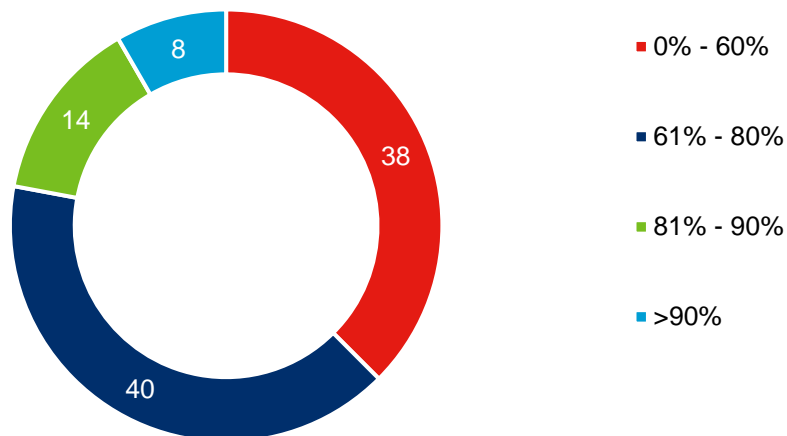
105k accounts
\$39bn balances
66% owner-occupier
79% principal & interest
24% more than 3 months ahead on repayments
65% weighted avg dynamic LVR

Repayment relief criteria

3 months with review

Initial 3 month repayment deferral on home loan repayments with interest capitalising. Option to extend by a further 3 months following a review

Australian mortgage repayment relief approvals by dynamic LVR (%)



Australian mortgage repayment relief approvals by state (%)

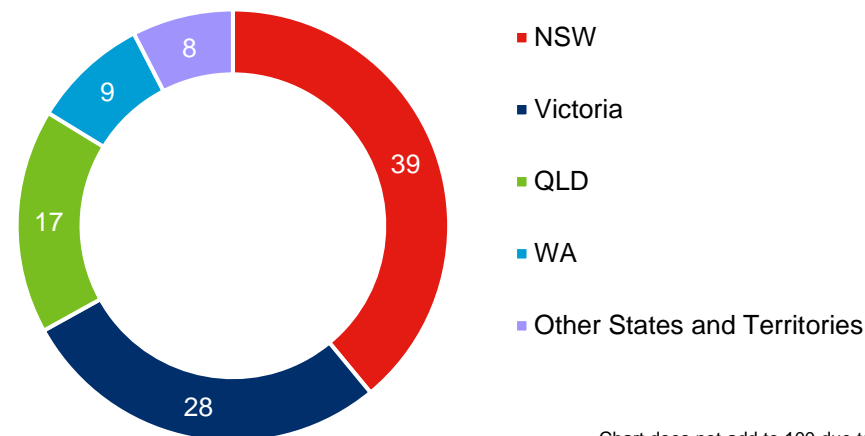


Chart does not add to 100 due to rounding

¹ Data at 29 April 2020. For eligibility and terms and conditions, please refer to the Westpac website www.westpac.com.au

Customer support for small business.¹

COVID-19

Helping small businesses with their cash flow needs.

Approvals

31k repayment relief packages approved for small business customers

Provides up to 6 months repayment deferral with interest capitalising

Equates to relief on repayments for **\$8bn** of lending balances

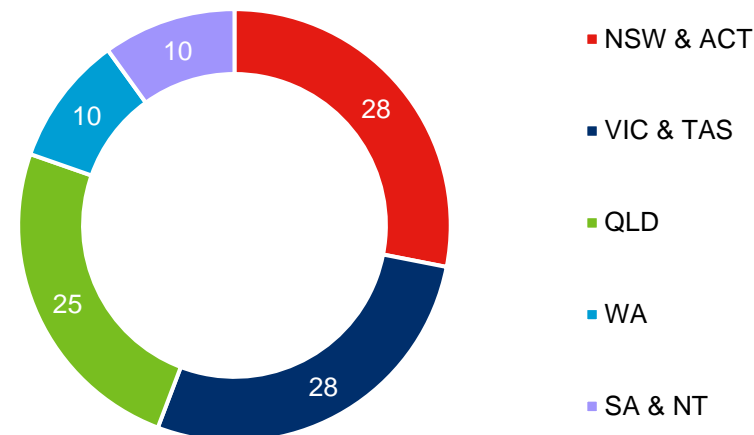
1,200 customers approved for unsecured lending for JobKeeper payment

100k merchant accounts - facility fees refunded

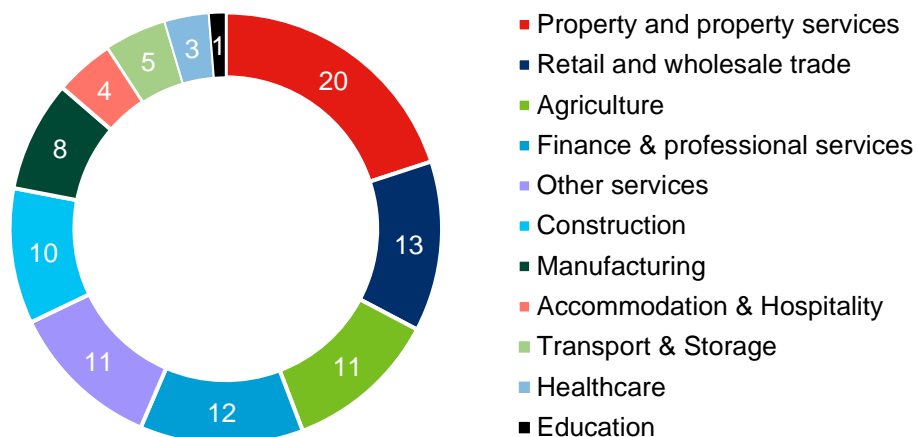
\$70m saved in interest costs through reduced lending rates on facilities

>\$1bn in cash flow relief provided to business customers

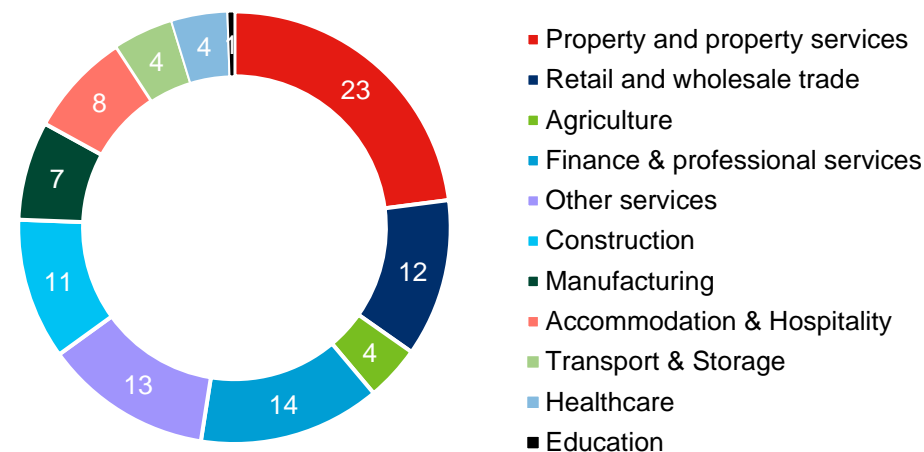
Repayment relief approvals by state (%)



Business TCE by industry (%)



Repayment relief approvals by industry (%)



¹ Data at 29 April 2020. Business customers includes SME <\$3m and Commercial customers up to \$10m in business lending exposures. Analysis is based on total committed exposures. Customer cash flow impacts for saved interest costs and cash flow relief are estimates based on current applications and are a forward 6 month projection. For eligibility and terms and conditions, please refer to the Westpac website www.westpac.com.au. Charts may not add to 100 due to rounding.

Customer support in New Zealand.¹

COVID-19

Repayment relief for New Zealand home loan and business customers.

Total mortgage portfolio

182k customers

\$291k average loan size

74% owner-occupier

85% principal & interest

66% more than 3 months ahead on repayments

60% weighted avg dynamic LVR

6 months repayment deferral with interest capitalising.

Approvals

15k customers

\$400k average loan size

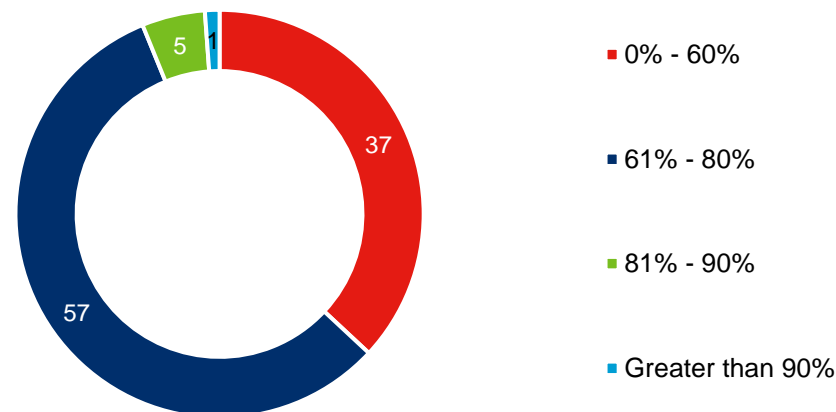
83% owner-occupier

93% principal & interest

26% more than 3 months ahead on repayments

63% weighted avg dynamic LVR

Mortgage customer support packages by LVR (%)



Business customer support²

\$2.8bn aggregate lending exposure

3,222 loans restructured

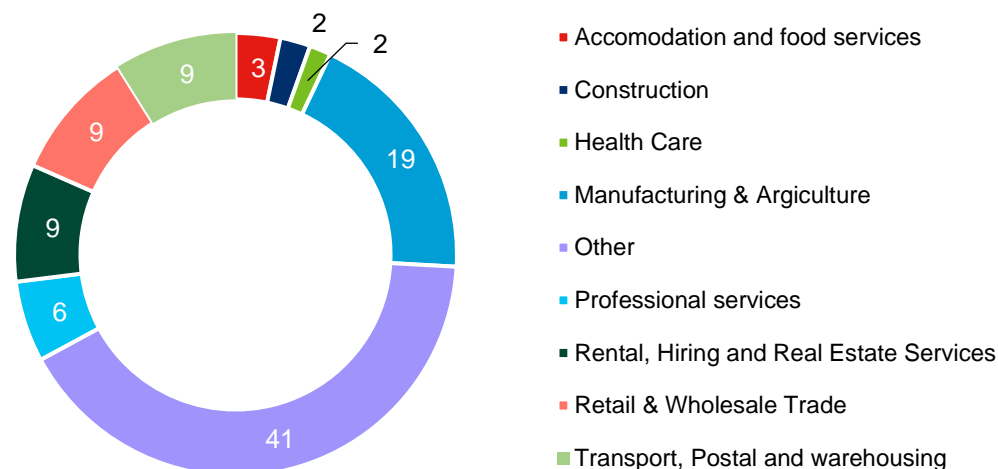
1,523 temporary overdrafts established

674 Support Loan applications

3 months

3 months repayment deferral on loans. Customer repayments must be up to date for at least 90 days prior to application.

Business customer support by industry² (%)



¹ Figures in \$NZ and as at 29 April 2020 unless otherwise noted. For eligibility and terms and conditions, please refer to the Westpac website www.westpac.co.nz ² Data at 30 April 2020. Excludes institutional customers.

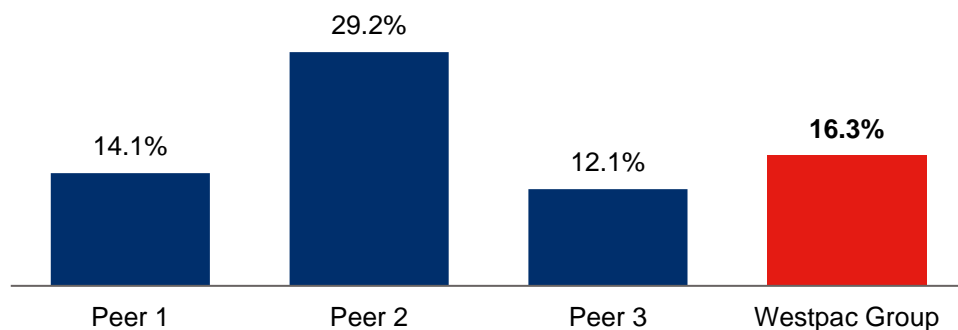
Customer franchise



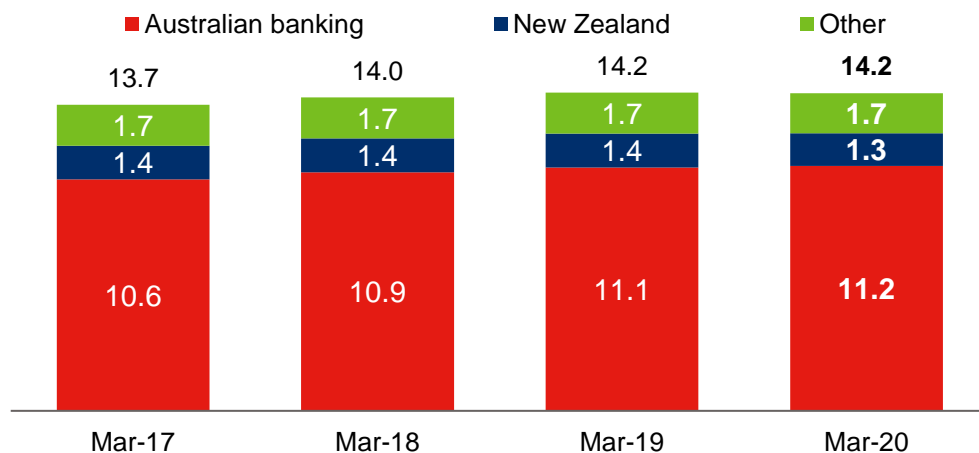
Customer franchise.

Customer franchise

MFI Share^{1,2}

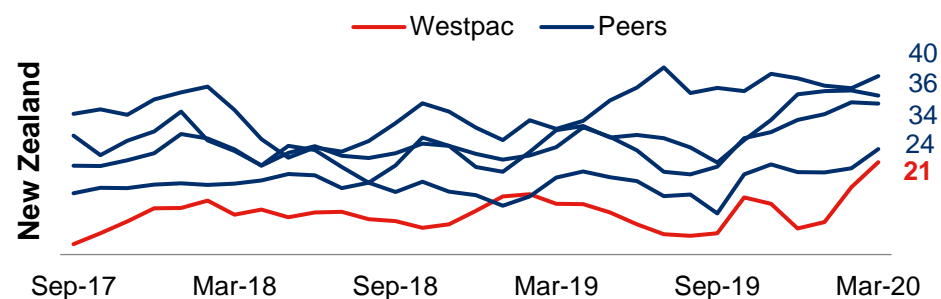
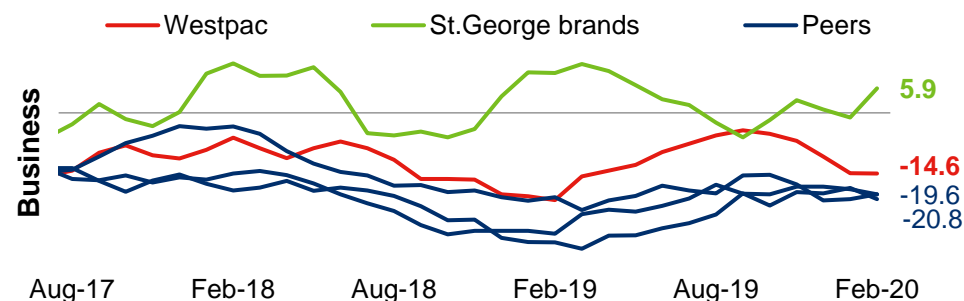
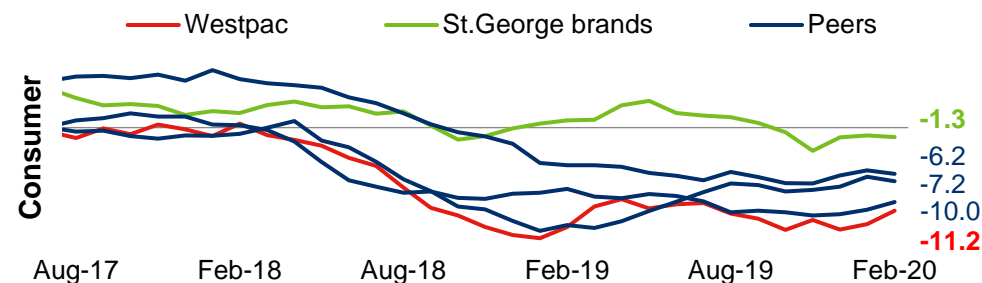


Customer numbers (#m)



1 Main Financial Institution for Consumer customers. Data at February 2020. 2 Refer page 129 for details of the metric provider.

Net Promoter Score (NPS)²



Helping customers through natural disasters.

Customer franchise

First bank to publicly announce a community response to bushfires in November 2019.



In 2019/2020 Australia faced unprecedented bushfires. The impact on individuals and communities was devastating. Westpac supported people, businesses and communities impacted in a number of ways



Deployed mobile customer support teams across affected regions

- Set up mobile branches and ATMs
- Provided customers access to cash when networks were down and mobile payments were not possible
- Established a central team to support customers' needs



Provided around 1,980¹ disaster relief packages to customers to manage their finances, including providing alternative arrangements such as repayment holidays. Packages provided included:

- 205 across cards and personal lending
- 870 for home loans
- 905 for business banking products (including auto and equipment finance)



Received around 585 General Insurance claims

- The total claims from bushfires currently estimated at \$37 million²



Supporting communities and customers

- Provided over \$3.8m in emergency cash grants to consumer and business customers
- Donated over \$1.4m to community groups and charities, including Financial Counselling Australia, state-based volunteer fire services, Foundation for Rural and Regional Renewal and the Victorian Bushfire Appeal
- Collected over \$1.7m in donations from customers and employees for the Salvation Army, including the contribution from Westpac's matching gifts policy



Supporting our people

- Uncapped paid leave for employees who are emergency services volunteers in bushfire affected areas
- 3 days paid volunteering leave for employees wanting to volunteer in bushfire affected areas

Westpac employees volunteering with BlazeAid assisting to rebuild fences destroyed by bushfire in Wingham (335 km north of Sydney)

¹ Bushfire Recovery Support Packages provided to customers to 31 March 2020. Full details of Bushfire Recovery Support Packages are available at www.westpac.com.au ² Estimated gross cost for Westpac before reinsurance.

Digital transformation

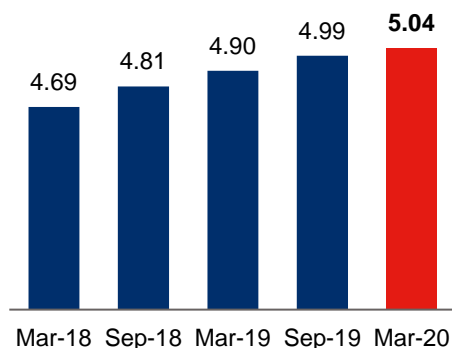


Continued migration to digital.

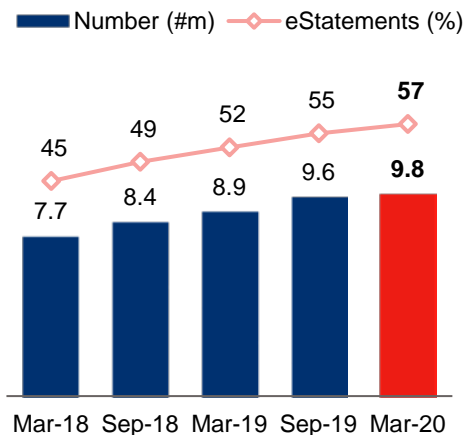
Reducing cost to serve.

Digital transformation

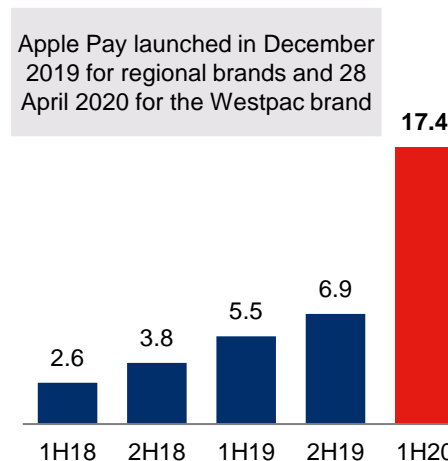
Digitally active customers (#m)



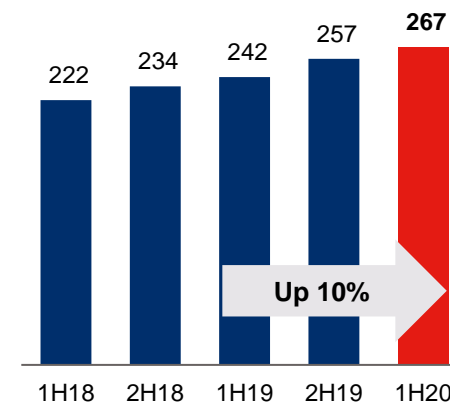
Accounts with eStatements



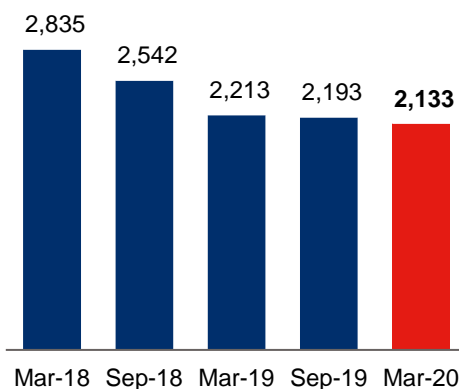
eWallet transactions¹ (#m)



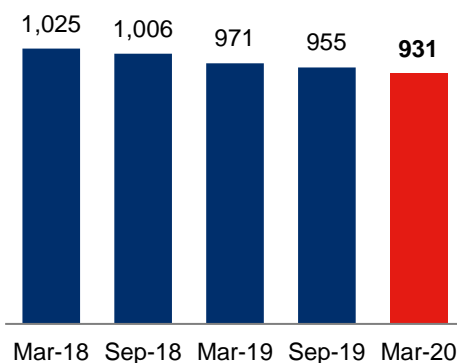
Digital transactions² (#m)



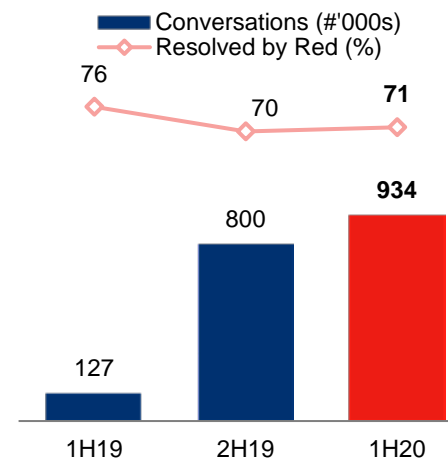
Australian ATMs (#)



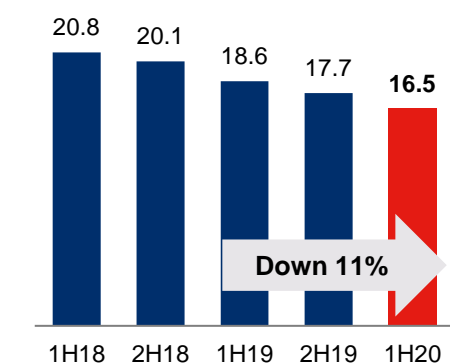
Australian branches (#)



Westpac Red interactions (AI chatbot)



Branch transactions (#m)



¹ eWallet include transactions via Android Pay, Apple Pay, Fitbit Pay, Garmin Pay and Samsung Pay. ² Digital transactions include all payments transaction (Transfer Funds, Pay Anyone and BPAY) within Westpac Live and Compass, excl. Corporate Online and Business Banking online.

Customer Service Hub.

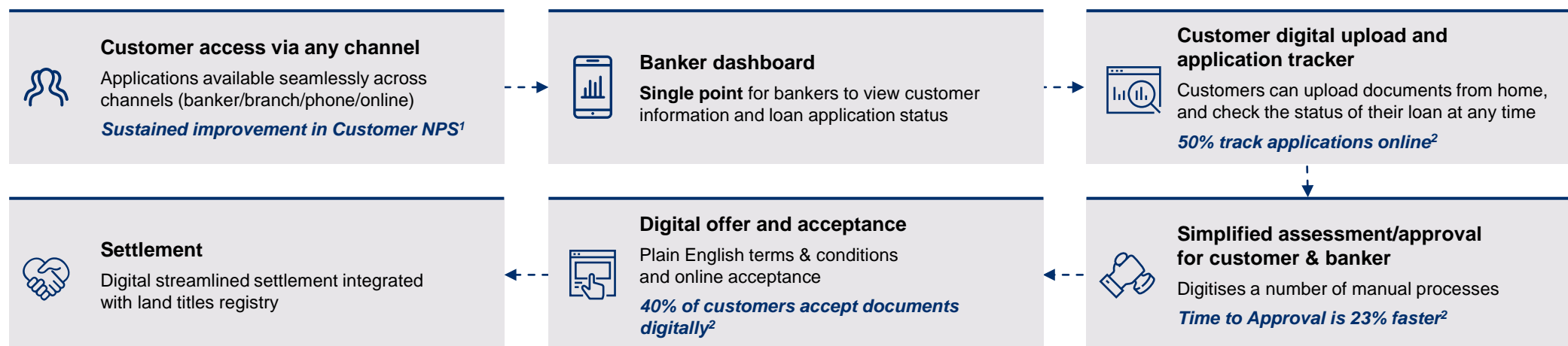
Digital transformation

Westpac 1st Party roll-out complete with significant improvements to the customer and banker experience.

Re-engineering the home ownership process

Digitising end-to-end home loan origination

Capabilities delivered



Leading to:

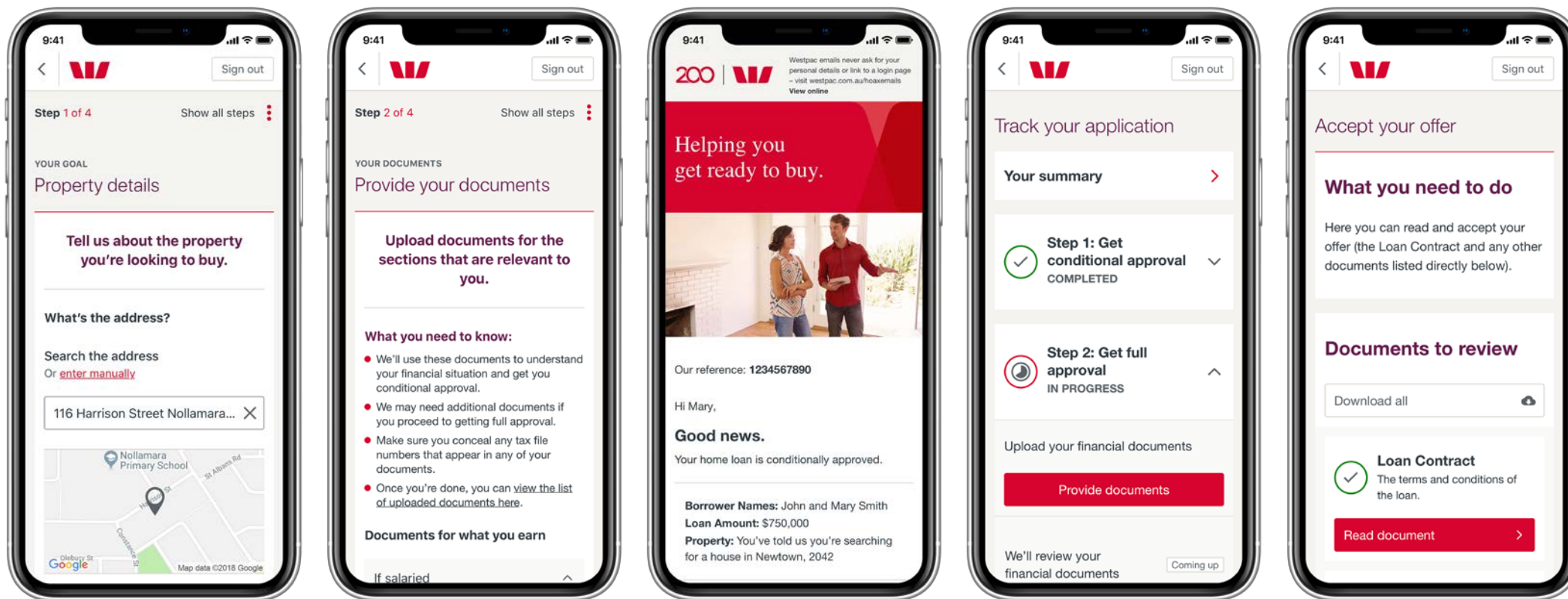


¹ Channel NPS for Customer Service Hub loans higher for 6 monthly moving average and March spot results. This is an internal measure of NPS based on customer surveys. ² 1H20 data.

Customer Service Hub.

Delivering an end-to-end digital customer experience.

Digital transformation



Get started online



Upload documents online



Digital approval alert



Easily track loan progress



Online loan acceptance

Panorama.

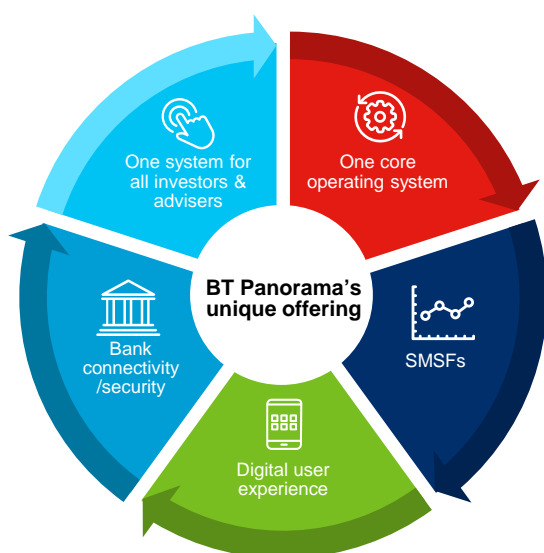
Supporting advisers and investors.

Digital transformation

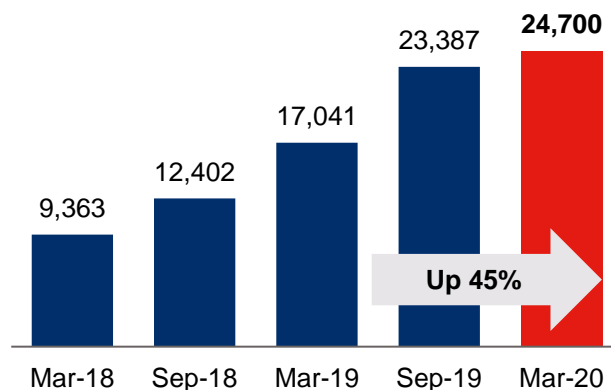
BT Open pricing structure success since 1st October 2018

An increase of:

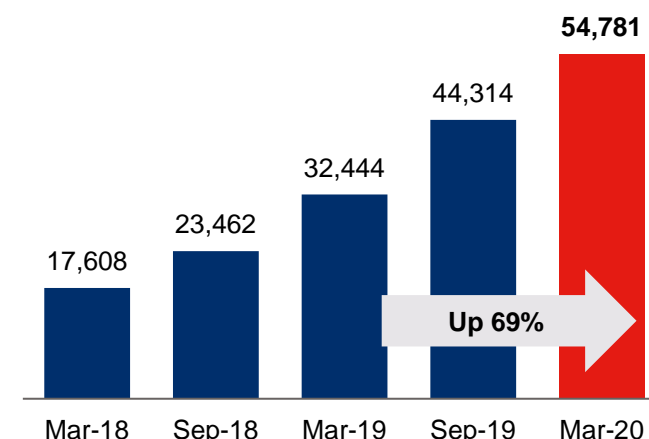
- **1,052** active advisers on Panorama
- **16,170** Asgard Open accounts¹
- **46,639** BT Wrap Open accounts¹
- **7,579** accounts transferred from legacy platforms onto Panorama



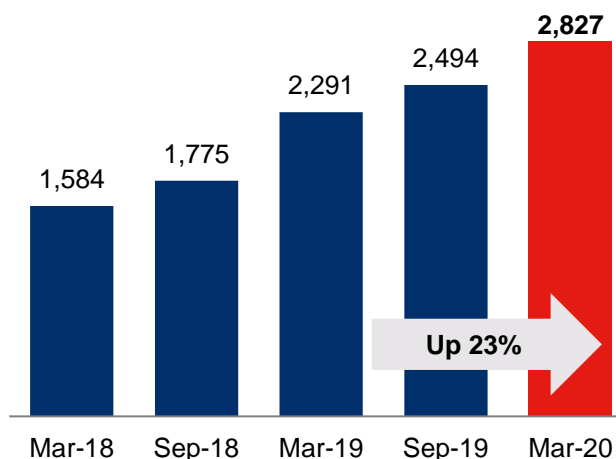
FUA on Panorama (\$m)



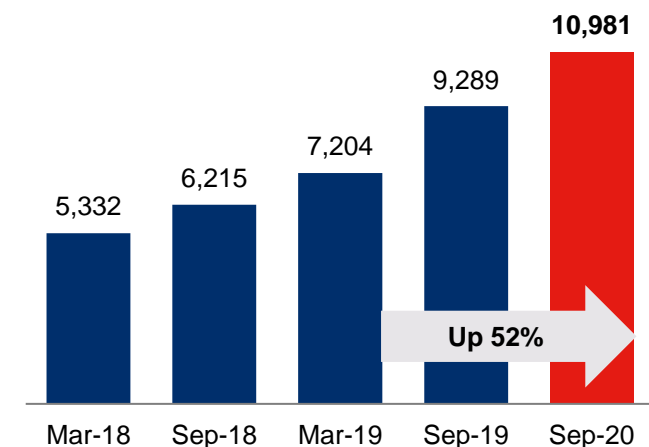
Investors on Panorama (#)



Active advisers on Panorama (#)



SMSF funds on Panorama (#)



¹ Includes accounts transferred to open badges and new accounts opened.

Sustainability








Continued sustainability leadership.

Sustainability

Westpac's sustainability priority areas

1H20 outcomes (unless otherwise stated)

 <p>Helping people make better financial decisions</p>	<ul style="list-style-type: none"> Delivered financial capability communications for different demographic segments including for young Australians, in partnership with Year 13; women, via Ruby Connection; and older Australians, via Starts at 60 Continued to offer financial health check programs for superannuation members, including the digital Wealth Review and My Wellbeing online portal
 <p>Helping people by being there when it matters most to them</p>	<ul style="list-style-type: none"> Range of support provided to customers in response to COVID-19, for further details refer page 34 Supported customers, communities and employees recover and rebuild from bushfires including over \$3.8m in emergency cash grants, for further details of disaster relief packages refer page 43 Helped customers experiencing financial hardship, issued over 37,400 financial assistance packages (excludes customer support packages related to COVID-19¹) Supported over 4,500 Indigenous Australians since the establishment in December 2018 of a dedicated customer care team to support remote Indigenous communities
 <p>Helping people create a prosperous nation</p>	<ul style="list-style-type: none"> Westpac Scholars Trust² awarded \$3.9 million in educational scholarships to the next 64 Westpac Scholars, bringing the total cohort to 479 Helped create over 539 jobs³ for vulnerable Australians through Westpac Foundation⁴ job creation grants to social enterprises Grew lending to climate change solutions, taking total committed exposure to \$9.7 billion, progressing towards our 2020 target of \$10 billion Facilitated \$4.5 billion in funding for climate change solutions, exceeding our 2020 target of \$3 billion
 <p>A culture of doing the right thing</p>	<ul style="list-style-type: none"> Maintained 50% women in leadership roles⁵ 80 new-to-bank Aboriginal or Torres Strait Islander hires Reduced non-external dispute resolution average time to solve complaints from 9.4 days in First Half 2019 to 6 days 74% of complaints resolved within five days, compared to 62% in First Half 2019
 <p>The fundamentals Sustainability policies, action plans and frameworks</p>	<ul style="list-style-type: none"> Established the Safer Children, Safer Communities Roundtable made up of experts to guide investments for a program of work to support the prevention of online child exploitation Developed partnerships with International Justice Mission, investing \$18 million over three years to tackle online sexual exploitation of children in the Philippines, and with Save the Children, investing \$6 million over six years to raise awareness of online sexual exploitation of children, complementing the Australian Government's current level of funding for its SaferKidsPH partnership Updated our position statements and action plans on climate change and human rights⁶

1 Excludes customer assistance package applications received after 23 March 2020. 2 Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and is not a part of Westpac Group. 3 Jobs created through the Westpac Foundation job creation grants to social enterprises are as at 31 December 2019. 4 Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982). Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient and is not a part of Westpac Group. 5 See definition in Westpac's 2020 Interim Financial Results – Sustainability Performance. 6 Updated position statements and action plans released on 4 May 2020.

Updated key sustainability statements.

Sustainability

Climate change



Human rights



Modern slavery

Westpac GROUP

2019 Slavery and Human Trafficking Statement

This 2019 Slavery and Human Trafficking Statement sets out the steps Westpac¹ has taken to prevent modern slavery² in our business and supply chains globally during the financial year ending 30 September 2019. It has been prepared in accordance with Transparency in Supply Chains provision (section 54) of the United Kingdom's Modern Slavery Act 2015.³

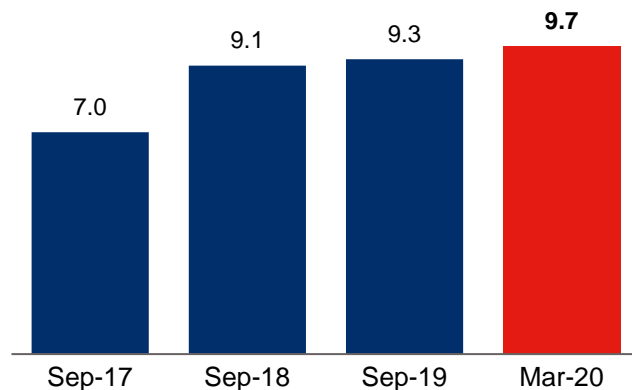
Introduction

We believe that respecting and advancing human rights helps us to achieve our vision to help our customers, communities and people to prosper and grow. Accordingly, we have zero tolerance for all forms of modern slavery and human trafficking.

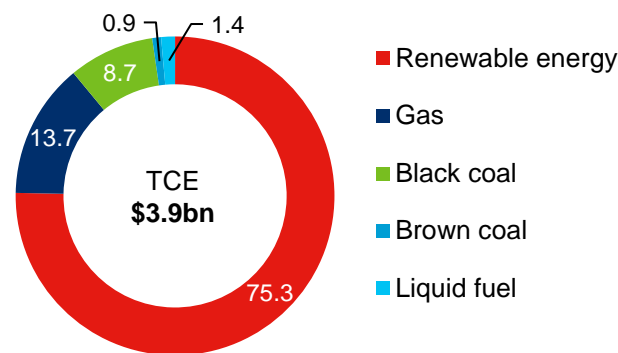
Climate-related metrics.

Sustainability

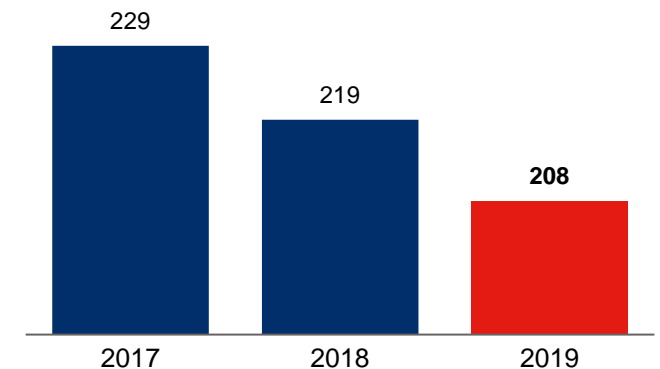
**Climate change solutions exposure
(\$bn, TCE)**



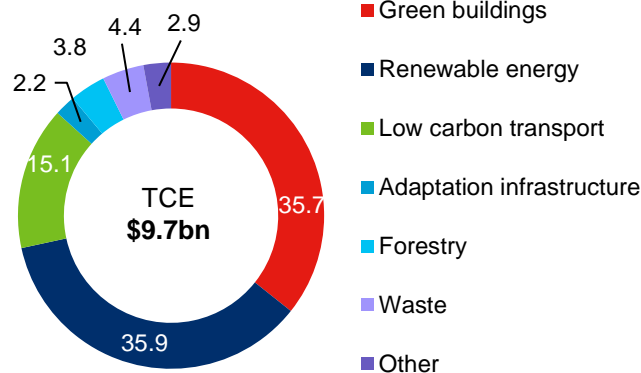
**Electricity generation exposure
(% of TCE)^{1,2} at 30 September 2019**



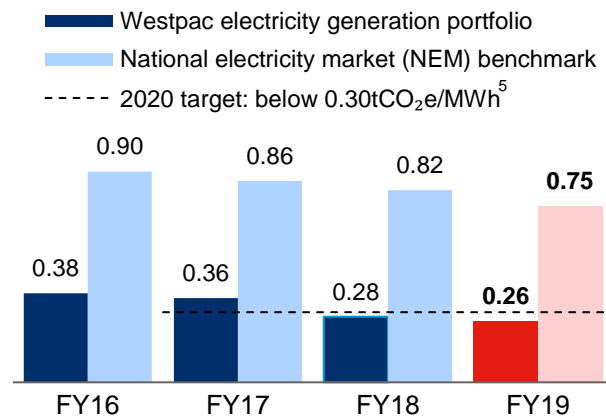
**Total scope 1, 2 and 3 emissions
(tCO₂e, 000s)³**



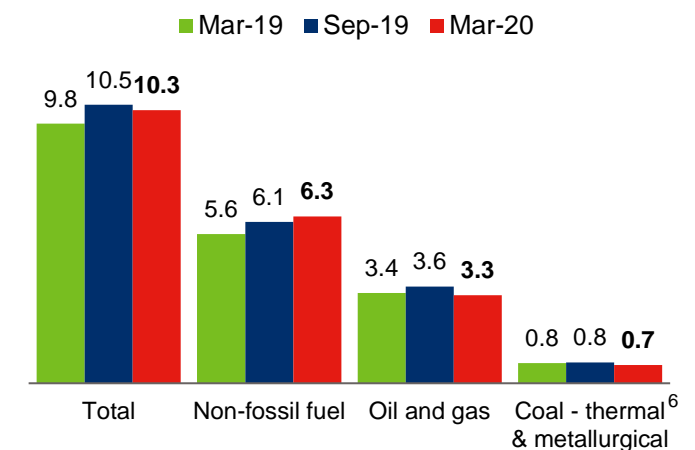
**Climate change solutions exposure
(% of TCE) at 31 March 2020**



**Emissions intensity
(tCO₂e/MWh)^{2,4} at 30 September 2019**



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



1 Exposures in WIB only. TCE is total committed exposure. 2 Data reported annually. 3 Data reported annually. 2017 to 2019 figures restated to reflect methodology update in 2020. 4 Australia only. NEM benchmark is sourced from Australian Energy Market Operator. 5 Target surpassed in 2018 and 2019. 6 Thermal coal mining ~ 61% of coal mining exposure (WIB only).

Climate-related disclosures – scenario analysis.

Sustainability

Alignment with the TCFD

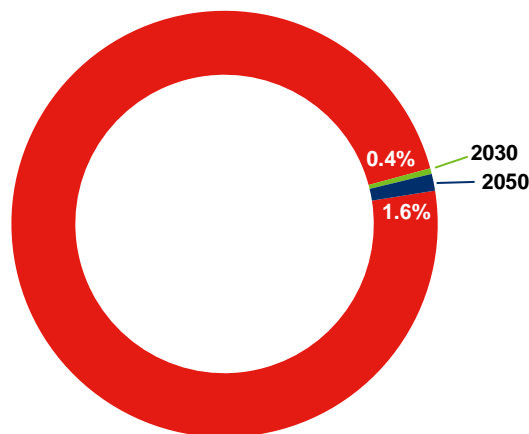
- Westpac continues to integrate the consideration of climate-related risks and opportunities into its operations. This includes alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Climate change-related risks are managed within the Group's risk management framework



Australian mortgage portfolio physical risk 4 degree scenario

Share of current portfolio exposed to higher physical risk (%)

Data presented shows the share of current exposure to postcodes that may experience higher physical risk at intervals of 2030 and 2050 under our IPCC RCP 8.5 Scenario²



Transition risk – key points

- Westpac assessed potential transition risks (policy, legal, technology and market changes related to climate change)
- Analysis focused on our current Australian Business and Institutional lending¹ and exposure to sectors that are likely to face growth constraints under 1.5-degree and updated 2-degree scenarios²
- Approximately 2.3% of current Australian Business and Institutional lending is exposed to sectors that by 2030, are likely to experience higher risk in a transition to a 1.5-degree economy
- Approximately 0.9% current Australian Business and Institutional lending is exposed to sectors that by 2030, are likely to experience higher risk in a transition to a 2-degree economy

Physical risk – key points

- Along with the Group's commitment to the Paris Climate Agreement, Westpac continues to assess the resilience of its Australian mortgage portfolio to physical risks in line with TCFD recommendations
- Westpac assessed potential physical risks³ (financial impacts of changes in climate patterns and extreme weather events)
- Focused on the Australian mortgage portfolio and exposure to postcodes that may face increased physical risk under a 4-degree scenario²
- Approximately 1.6% of the current Australian mortgage portfolio is in postcodes which by 2050, may be exposed to higher physical risk under a 4-degree scenario

¹ Australian Business and Institutional lending, excludes retail, sovereign, and bank exposures. ² For further information see Westpac's 2020 Interim Financial Results – Climate-related financial disclosures. ³ Five natural perils were assessed: inundation, soil contraction, floods, wind and cyclones, and bushfires.

Governance and risk management



Enhancing non-financial risk management.

For an even stronger bank.

Governance and risk management

- Committed to enhancing non-financial risk management across the organisation
- Strengthened Board oversight, increased management resources
- Key programs of work underway to address shortcomings and strengthen management of risk across four dimensions
- Fixing what's gone wrong, making good by those we've let down and seeking to ensure what's happened does not happen again

Strengthening risk across four dimensions



Non-financial risk management



Service culture



Accountability



Board governance

Programs of work underway



Transformation team being established



CGA remediation plan



AUSTRAC and Royal Commission response plans



Customer remediation

Culture, Governance and Accountability plans.

Governance and risk management

CGA remediation plan progressing; reassessment underway with significant program reset.

Background:

- Westpac completed a Culture, Governance and Accountability (CGA) self-assessment in 2018
- Implementation of the 45 recommendations commenced in February 2019
- CGA remediation plan progressing although further work required in some areas
- Following AUSTRAC's Statement of Claim in November 2019, APRA requested that Westpac complete a reassessment of the CGA remediation plan to determine whether it is 'fit for purpose'. This work will be completed and submitted to APRA by 30 June 2020

67% of recommendations implemented for design effectiveness^{1,2}



■ In progress ■ Implemented for design effectiveness

CGA remediation plan reassessment underway

- CGA remediation plan reassessment commenced in January 2020
- Westpac is conducting the reassessment supported by Oliver Wyman. Promontory is providing external assurance over the process
- APRA requested that Westpac also:
 - Consider developments following the completion of the self-assessment and verify whether the remediation plan remains 'fit for purpose'
 - Identify any additional recommendations and actions to be incorporated
 - Ensure better management of execution risks
- The refreshed CGA remediation plan will include a significant stream of work that will require prioritisation over a number of years and deliver transformational Group-wide change

1 As at 31 March 2020. 2 The response to the recommendation has been designed and implemented.

AUSTRAC Response Plan and proceedings.

Governance and risk management

Overview

- In 2018 Westpac self reported to AUSTRAC a failure to report certain international funds transfer instructions (IFTIs). Since then AUSTRAC has been investigating this and a number of other areas relating to Westpac's processes, procedures and monitoring
- **20 November 2019** - AUSTRAC commenced civil proceedings against Westpac in relation to alleged contraventions of our obligations under the Anti-Money Laundering and Counter-Terrorism Financial Act
- AUSTRAC's Statement of Claim includes allegations relating to the failure to report IFTIs, transaction monitoring and ongoing customer due diligence, correspondent banking due diligence and AML/CTF Program compliance
- **24 November 2019** - Westpac announced a detailed Response Plan
- **14 April 2020** - Westpac announced an expected \$900 million provision for potential penalty after considering the available information¹

Response Plan across three areas

- 1. Immediate fixes:**
 - Outstanding IFTIs reported to AUSTRAC
 - Closed relevant Australasian Cash Management and LitePay products
- 2. Lifting AML and risk management standards:**
 - Established Board Financial Crime Committee and elevated financial crime function to report directly to Chief Risk Officer
 - Appointed Promontory to provide assurance over Westpac's assessment of management accountability and the adequacy of our Financial Crime Program
 - Established an independent advisory panel to review Board risk governance and Board accountability
 - Updated transaction monitoring rules and implemented enhanced process oversight
 - Continue to substantially increase financial crime and compliance resources
- 3. Protecting people:**
 - Investing to reduce human impact of financial crime, including partnerships with International Justice Mission and Save the Children
 - Established Roundtable to guide investments to help prevent online child exploitation

Status of proceedings

- Since 20 November 2019, Westpac has been in discussions and mediation with AUSTRAC seeking to agree a Statement of Agreed Facts and Admissions along with a proposed penalty that could be put to the Court on a joint basis with AUSTRAC
- **30 March 2020** – Case management hearing. Court ordered the parties to file a Statement of Agreed Facts with the Court and a defence in relation to the remaining matters (Court timetables can be subject to change)
- **8 May 2020** – Statement of Agreed Facts to be filed with the Court
- **15 May 2020** – Defence in relation to remaining matters to be filed with the Court
- **Mid – late June 2020** – Next case management hearing
- **Class actions, APRA and ASIC investigations** – These matters are progressing and at this stage, we do not have material developments to report

¹ The provision was taken in circumstances where there remains considerable uncertainty on the approach the Court would take to assessing the appropriate penalty and where there remains a prospect of agreeing a penalty which could be recommended to the Court on a joint basis (which the Court would have regard to but not be obliged to accept). The Court's decision on an appropriate penalty will involve balancing many different competing and complex factors and the exercise of discretion. The actual penalty paid by Westpac following either a settlement and joint submission on a penalty, or a hearing, and in each case as determined by the Court, may be materially higher or lower than the provision.

Royal Commission response plan.

Implementing recommendations where we can.

Governance and risk management

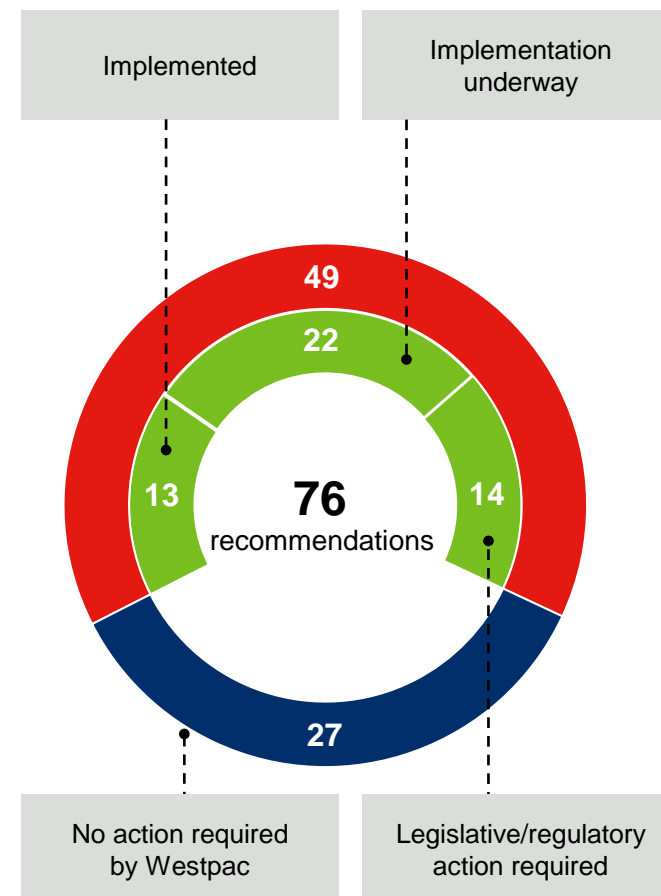
Legislative status

- Royal Commission's Final Report released in February 2018, with 76 recommendations (49 presently applicable to Westpac)
- Government's legislative Roadmap released in mid 2019, to pass legislation required to implement recommendations
- Multiple pieces of draft Royal Commission legislation released on 31 January 2020
- COVID-19 may alter Government's Royal Commission legislative timetable and effective dates of legislation
- While we have assessed the recommendations, the majority are subject to draft legislation / regulatory standards
- Further guidance on legislative timeline is anticipated from Treasury in the coming weeks

Implementation

- Westpac is focused on implementing recommendations where we can
- Implementation is now slowing given legislative delays
- Expect implementation of recommendations to increase once the legislative agenda is known for the bulk of the recommendations outstanding
- Of the 49 recommendations which presently apply to Westpac:
 - 13 implemented
 - 22 implementation underway (16 of which the legislation / regulation is not yet final)
 - 14 require further legislative / regulatory action before further progress
- After implementation of recommendations, new processes will continue be tested for effectiveness through Westpac's second and third line testing

Progress



Customer remediation.

Governance and risk management.





Accelerating customer refunds:

- Extensive product, process and policy reviews as part of our ongoing 'get it right, put it right' initiatives
- Management of key customer remediation programs centralised in the Group's remediation hub, under the Group Executive, Enterprise Services
- Over 600,000 customers have now received over \$350 million in refunds

Provisions for customer refunds, payments and associated costs:

- Provisioned \$258 million (after tax) in 1H20 for estimated customer refunds, payments and associated costs, including for:
 - Certain business customers who were provided with business loans where they should have been provided with loans covered by the National Consumer Credit Protection Act and the National Credit Code;
 - Customers on the Group's platforms who were not advised of certain corporate actions. As these customers may have missed out on value associated with these actions, a compensating payment is being made; and
 - Some BT customers where certain wealth fees were inadequately disclosed.

Provisions for customer refunds, payments and associated costs¹ (\$m)

	2017	2018	2019	1H20	Total
 Banking	94	122	362	104	682
 Wealth	75	146	802	133	1,156
 Implementation costs	-	62	232	92	386
 Cash earnings impact of above	118	231	977	230	1,556

¹ Excludes provisions and costs associated with litigation.

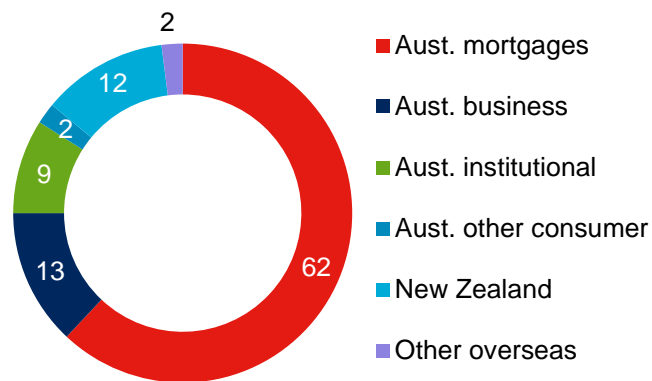
Earnings drivers



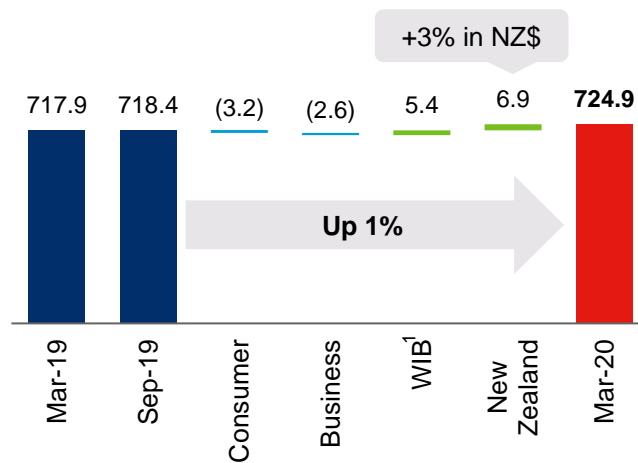
Composition of lending and deposits.

Revenue

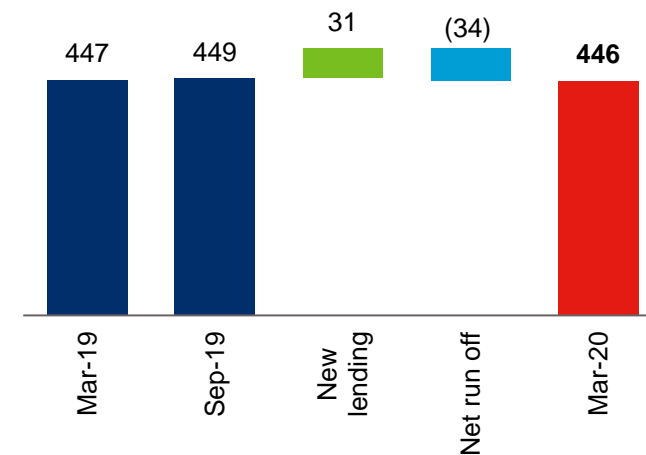
Composition of lending (% of total)



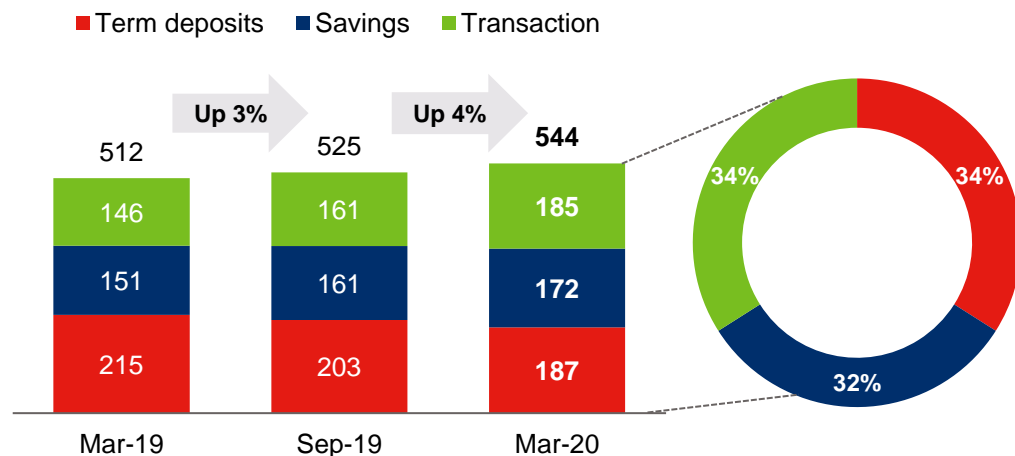
Gross loans (\$bn)



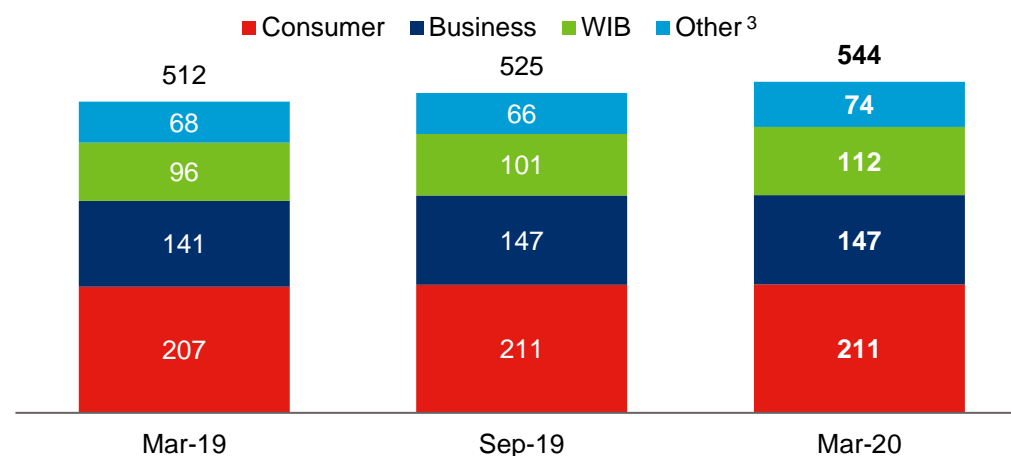
Australian mortgage lending² (\$bn)



Customer deposit mix (\$bn) and % of total



Customer deposit composition (\$bn)



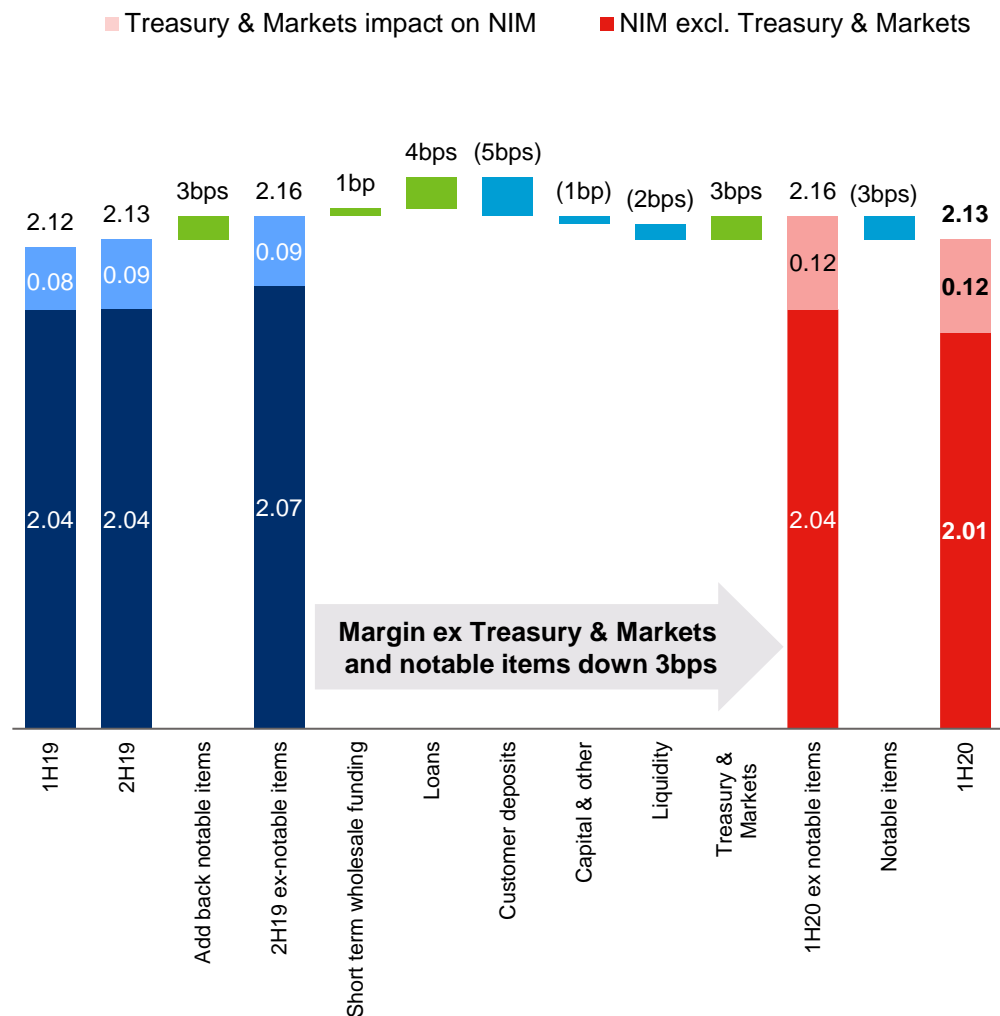
1 WIB also includes loans in Treasury. 2 Gross loans. 3 Includes Group Businesses and NZ, NZ in A\$.

Net interest margin.

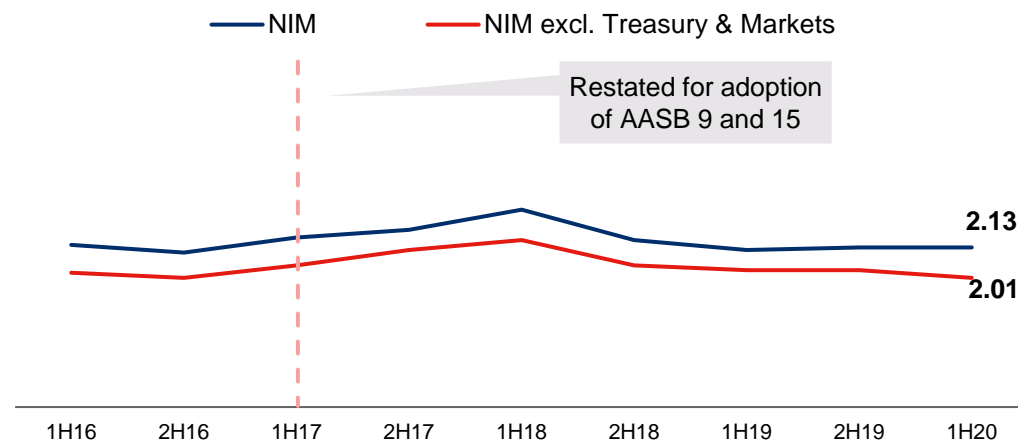
Down 3bps excluding Treasury & Markets.

Revenue

Net interest margin (NIM) movement (%)



Net interest margin (%)



Net interest margin by division (%)

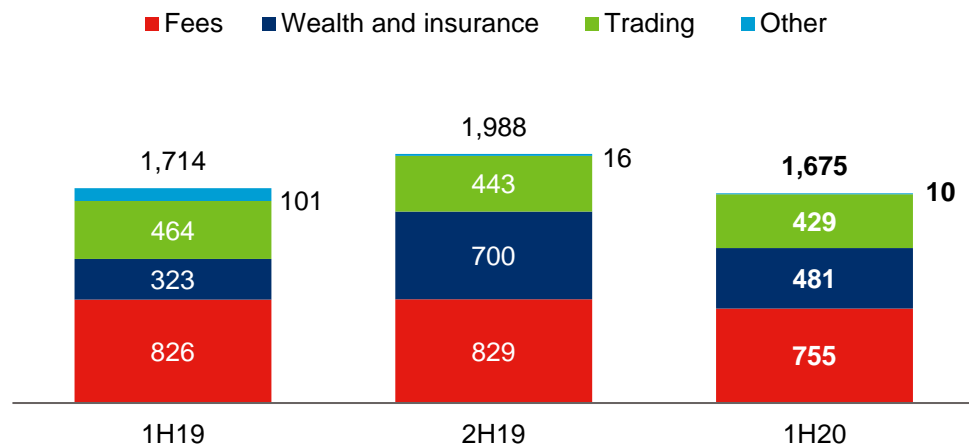
	1H19		2H19		1H20	
	NIM	Ex notable items	NIM	Ex notable items	NIM	Ex notable items
Consumer	2.20	2.23	2.27	2.29	2.34	2.34
Business	3.06	3.26	3.10	3.19	3.01	3.15
WIB	1.67	1.67	1.64	1.64	1.53	1.53
NZ	2.23	2.23	2.09	2.12	2.06	2.07

Non-interest income.

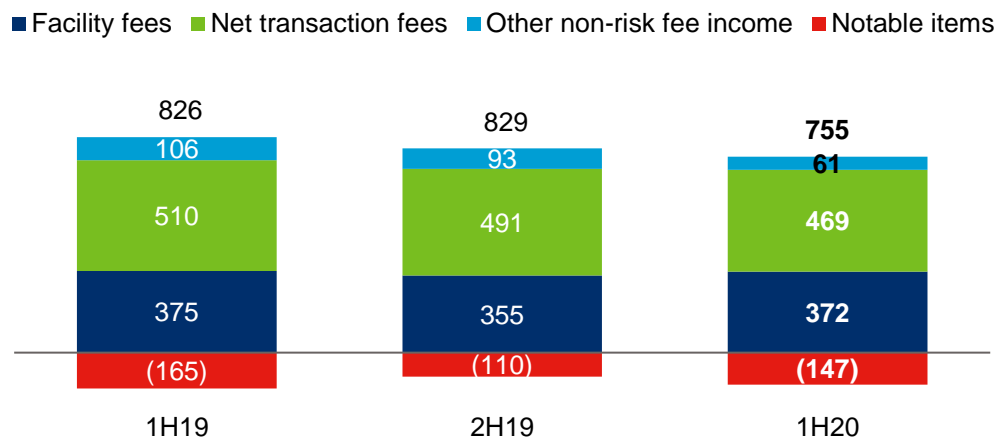
Revenue

Impacted by higher insurance claims, a write-down of DAC¹ and lower fees.

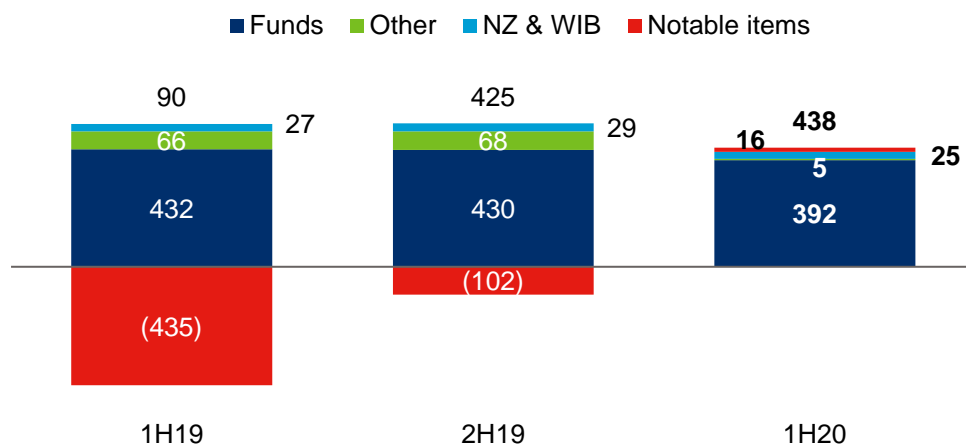
Non-interest income contributors (\$m)



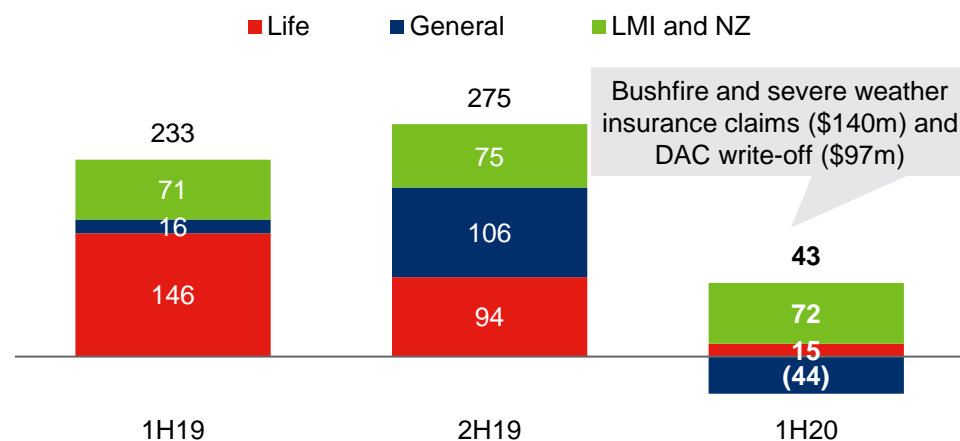
Net fee income (\$m)



Wealth management income (\$m)



Insurance income (\$m)



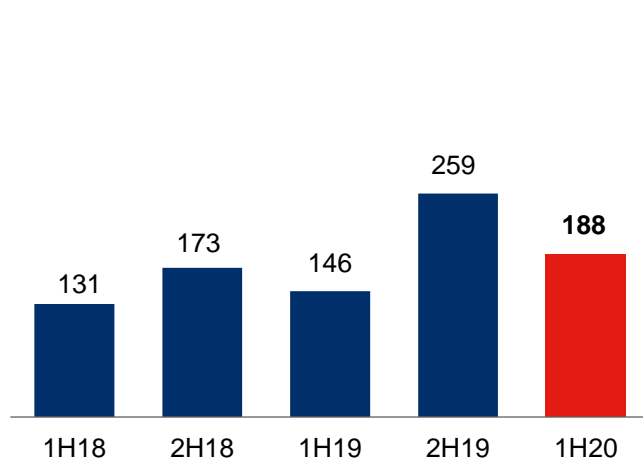
¹ Deferred acquisition costs related to group life insurance.

Expenses.

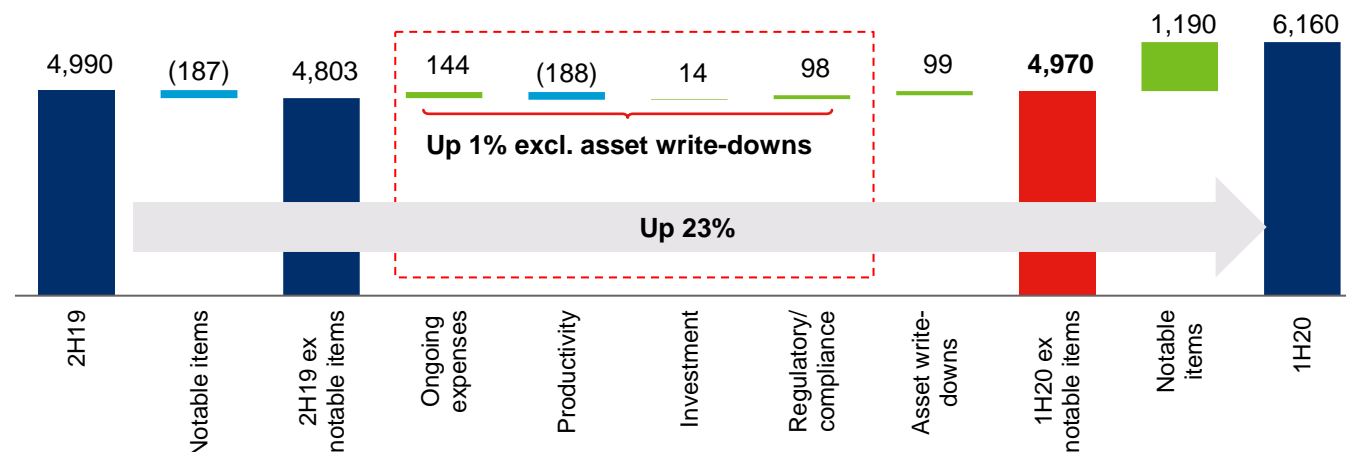
Up 1% ex notable items and asset write-downs.

Expenses

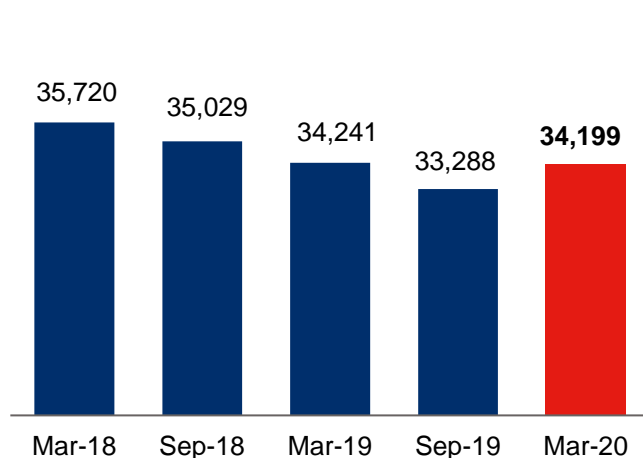
Productivity savings (\$m)



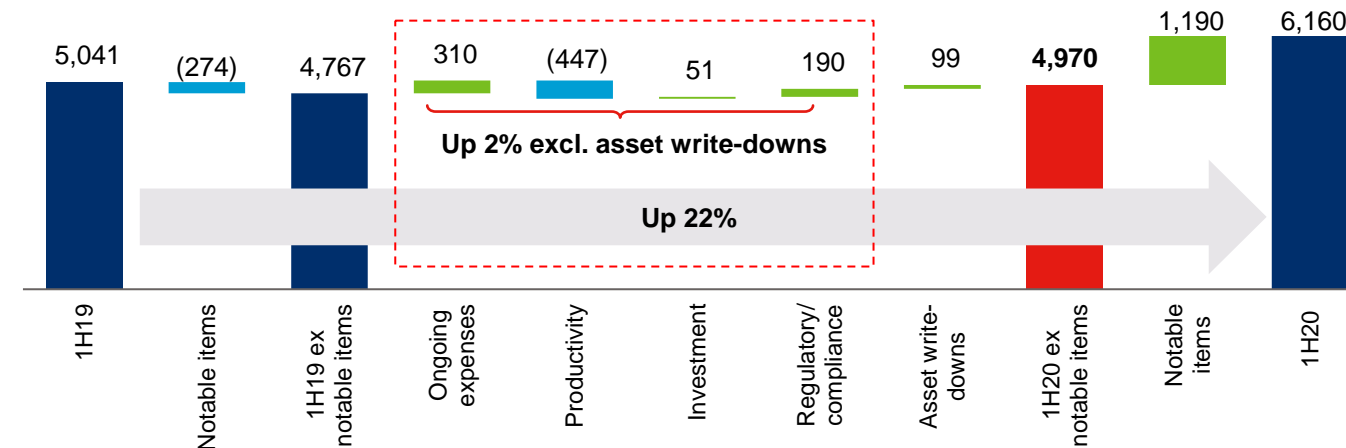
Expense movements 1H20 – 2H19 (\$m)



FTE (#)



Expense movements 1H20 – 1H19 (\$m)

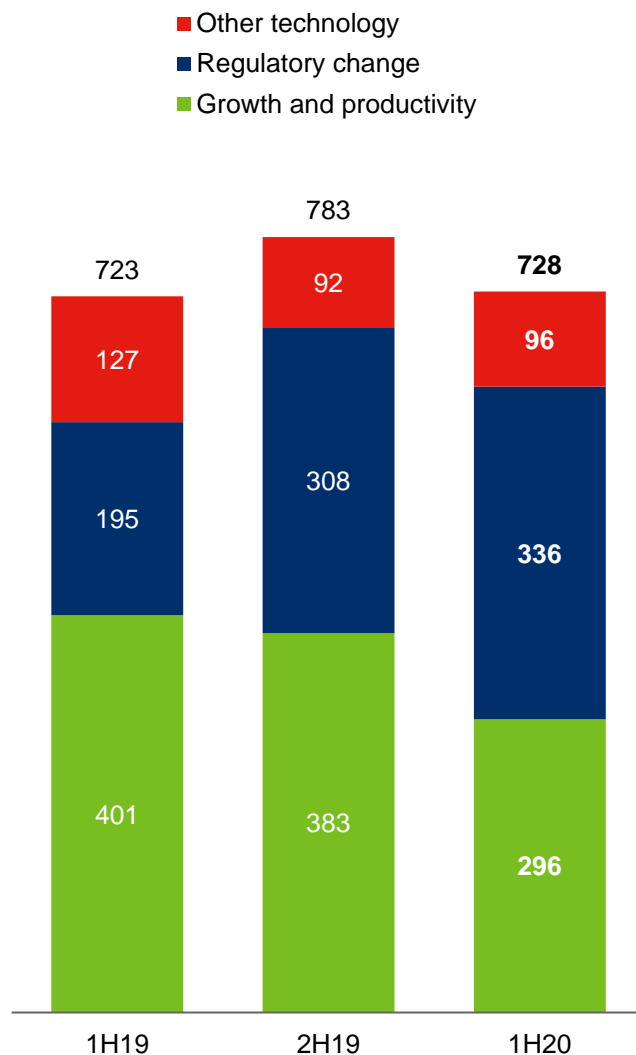


Investment spend.

Increased investment on risk management and regulatory change.

Expenses

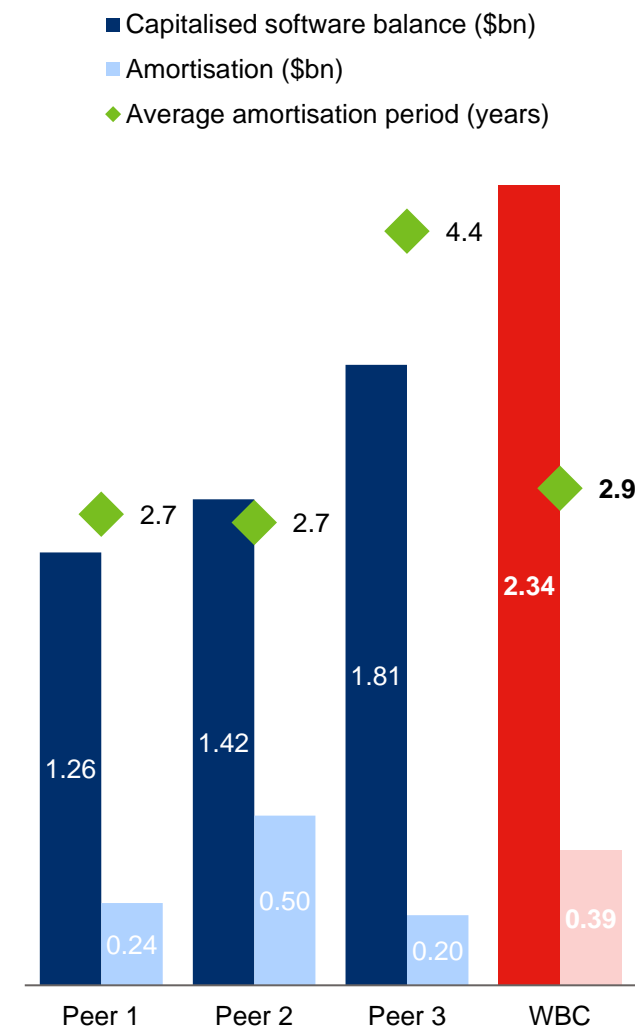
Investment spend mix (\$m)



Investment spend (\$m)

	1H19	2H19	1H20
Expensed	331	277	296
Capitalised	392	506	432
Total investment spend	723	783	728
Investment spend expensed	46%	35%	41%
Capitalised software			
Opening balance	2,177	2,244	2,365
Additions	395	511	430
Amortisation	(318)	(376)	(393)
Other ¹	(10)	(14)	(67)
Closing balance	2,244	2,365	2,335
Average amortisation period	3.4yrs	3.1yrs	2.9yrs
Other deferred expenses			
Deferred acquisition costs	63	61	53
Other deferred expenses	30	29	29

Capitalised software²



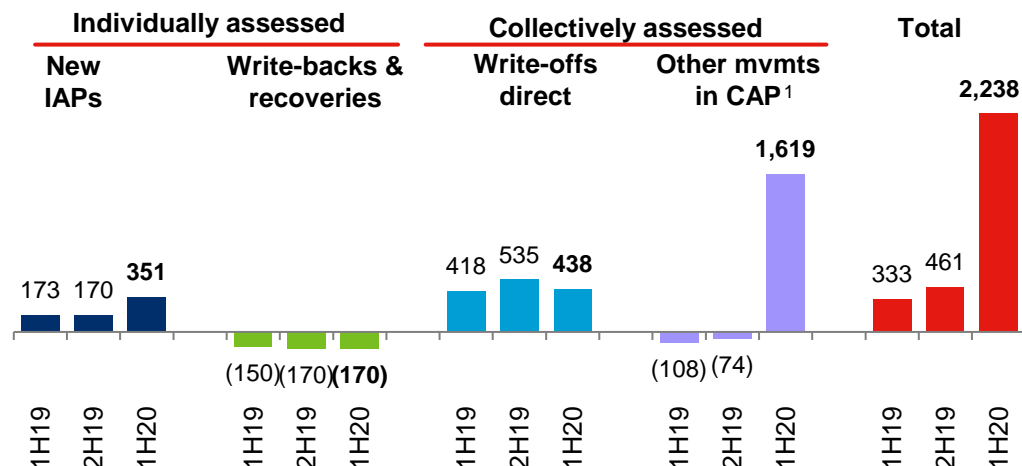
¹ Includes write-offs, impairments and foreign exchange translation. ² Peer 1 and 2 are reported on a continuing operations basis. Peers based on 1H20 results as reported. Amortisation excludes impairments and write-offs.

1H20 impairment charges.

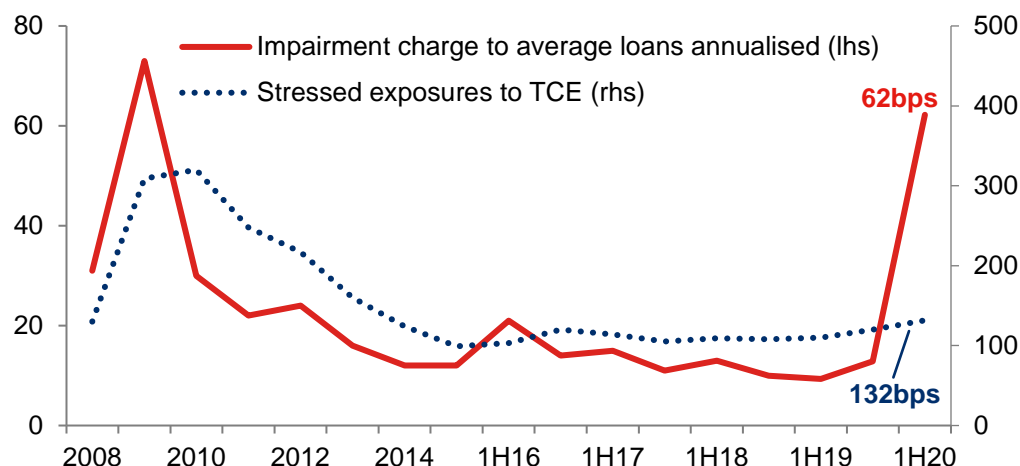
Impairment charges

Higher collectively assessed provisions the main driver of increase.

Impairment charges (\$m)



Impairment charges and stressed exposures^{1,2} (bps)



1 1H19 reflects the adoption of AASB 9 from 1 October 2018. 2 2008 and 2009 are pro forma including St.George for the entire period with First Half 2009 Profit Announcement providing details of pro forma adjustments.

Impairment charge (\$m)

	1H19 (\$m)	1H20 (\$m)	Drivers of 1H20 charge
Individually assessed			
New individually assessed	173	351	Institutional – driven by small number of large corporate exposures Business division – exposures across several sectors New Zealand – driven by one large corporate exposure
Write-backs and recoveries	(150)	(170)	Mainly write-backs in Business division and recoveries in Consumer division
Total individually assessed	23	181	
Collectively assessed			
Write-offs	418	438	Mainly Australian unsecured portfolios
Other movements in CAP	(108)	1,619	COVID-19 impact – update of economic forecasts and changes to scenario weights (\$1,135m) COVID-19 impact - Increased overlay provisions (\$446m) Other changes in CAPs (\$38m)
Total collectively assessed	310	2,057	
Total impairment charge	333	2,238	

Credit quality and provisions



Increase in provisions.

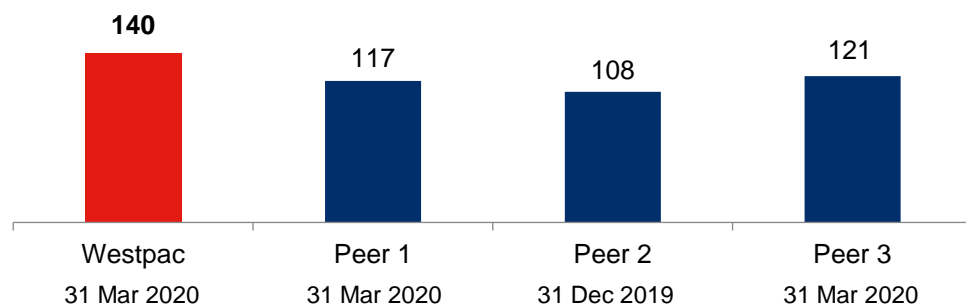
Responding to the impact of COVID-19 and the deteriorating economic outlook.

Provisions

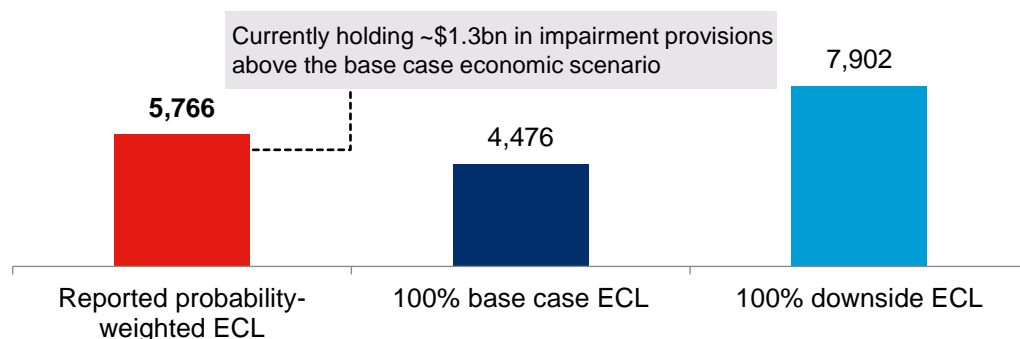
Provisions for impairments

	Mar-19	Sept-19	Mar-20
Loan provisions to gross loans (bps)	56	54	80
Impaired asset provisions to impaired assets (%)	46	45	50
Collectively assessed provisions to credit RWA (bps)	98	95	140

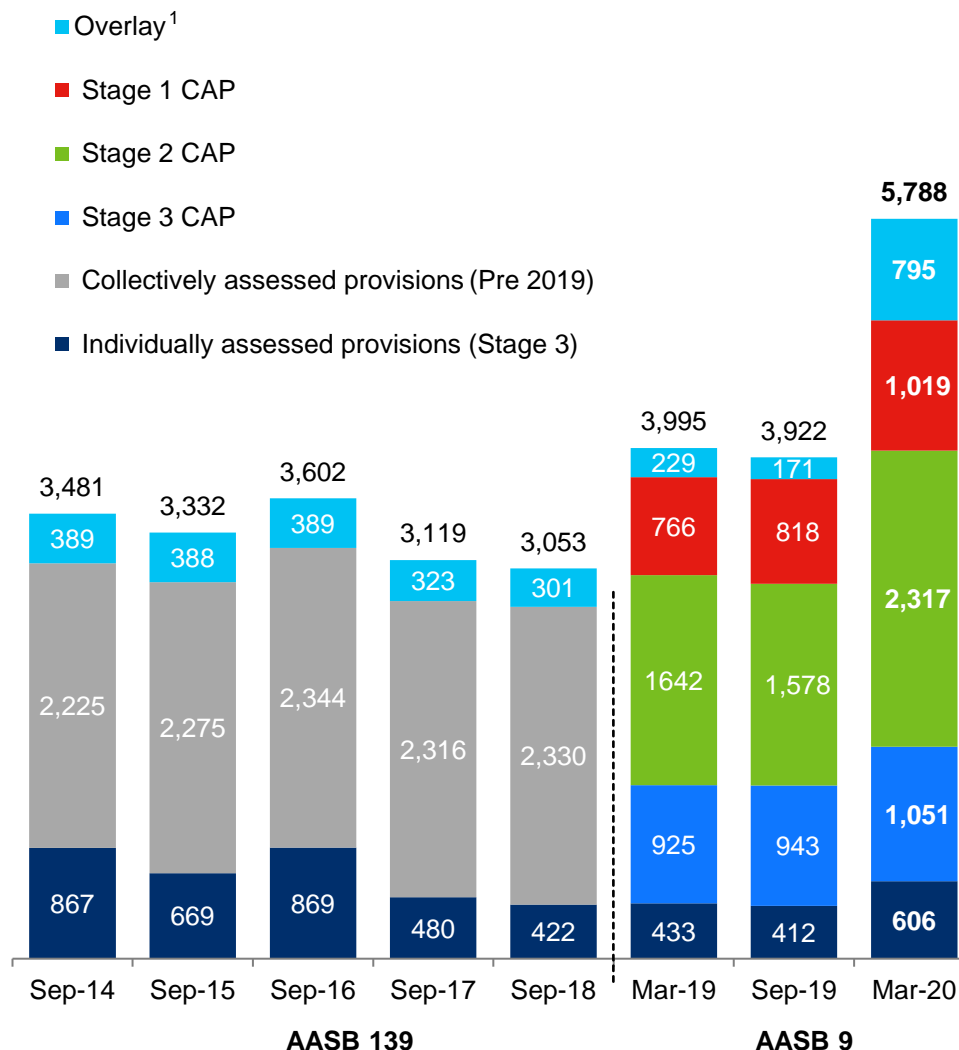
Collectively assessed provisions to credit RWA (bps)



Expected Credit Loss (ECL) (\$m)



Total impairment provisions (\$m)



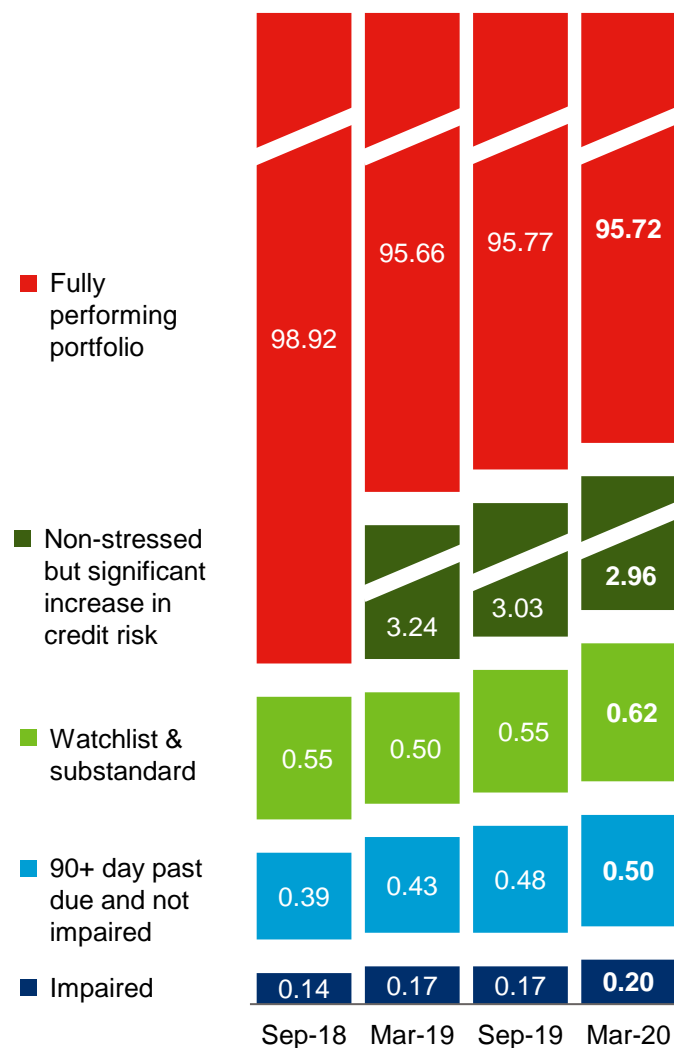
¹ Overlay for Mar-20 includes New Zealand overlay.

Provision cover by portfolio category.

Coverage increasing across the portfolio.

Credit quality

Exposures as a % of TCE



Provisioning to TCE (%)

		Sep-18 ¹	Mar-19	Sep-19	Mar-20
Stage 1 provisions	Fully performing portfolio				
	Small cover as low probability of default (PD)	0.18	0.09	0.09	0.12
Stage 2 provisions	Non-stressed but significant increase in credit risk				
	Lifetime expected loss based on future economic conditions		4.18	4.32	6.78
	Watchlist & substandard				
Stage 3 provisions	Still performing but higher cover reflects deterioration	5.27	5.59	5.27	10.67
	90+ day past due and not impaired				
	In default but strong security	5.11	12.34	11.07	11.61
	Impaired assets				
	In default. High provision cover reflects expected recovery	46.12	45.74	44.92	50.09

¹ Sep-18 provision cover calculated under AASB 139. Mar-19, Sep-19 and Mar-20 calculated under AASB 9.

Portfolio composition.

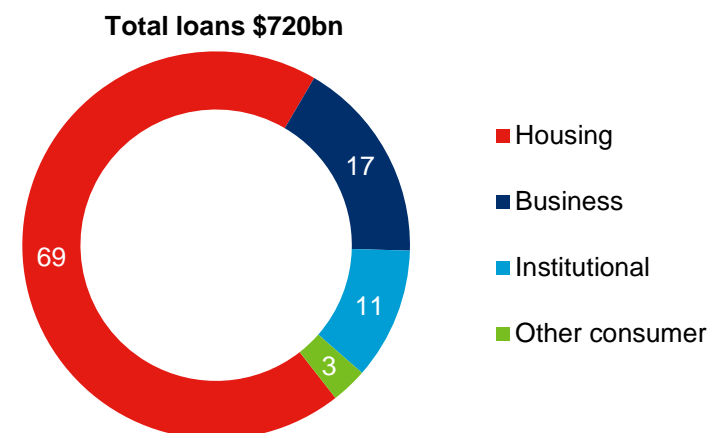
Weighted towards prime residential mortgage lending.

Credit quality

Asset composition (%)

Total assets (\$968bn)	Mar-19	Sep-19	Mar-20
Loans	80	79	74
Available-for-sale securities and investment securities	8	8	9
Trading securities and financial assets at fair value through income statement	3	4	3
Derivative financial instruments	3	3	6
Cash and balances with central banks	2	2	5
Collateral paid and other financial assets	1	1	1
Intangible assets	1	1	1
Life insurance assets and other assets	2	2	1

Lending composition at 31 March 2020 (% of total)



Exposure by risk grade at 31 March 2020 (\$m)

Standard and Poor's Risk Grade ¹	Australia	NZ / Pacific	Americas	Asia	Europe	Group	% of Total
AAA to AA-	142,880	7,836	8,181	1,145	917	160,959	15%
A+ to A-	38,149	5,538	3,980	5,443	3,257	56,367	5%
BBB+ to BBB-	59,837	13,009	1,806	8,859	2,303	85,814	8%
BB+ to BB	68,653	13,111	338	1,959	561	84,622	8%
BB- to B+	60,353	11,114	15	126	32	71,640	7%
<B+	6,989	2,098	31	-	-	9,118	1%
Mortgages	507,272	61,889	-	40	-	569,200	53%
Other consumer products	39,617	4,699	-	-	-	44,316	3%
Total committed exposures (TCE)	923,750	119,294	14,351	17,572	7,070	1,082,037	
Exposure by region² (%)	85%	11%	1%	2%	1%		100%

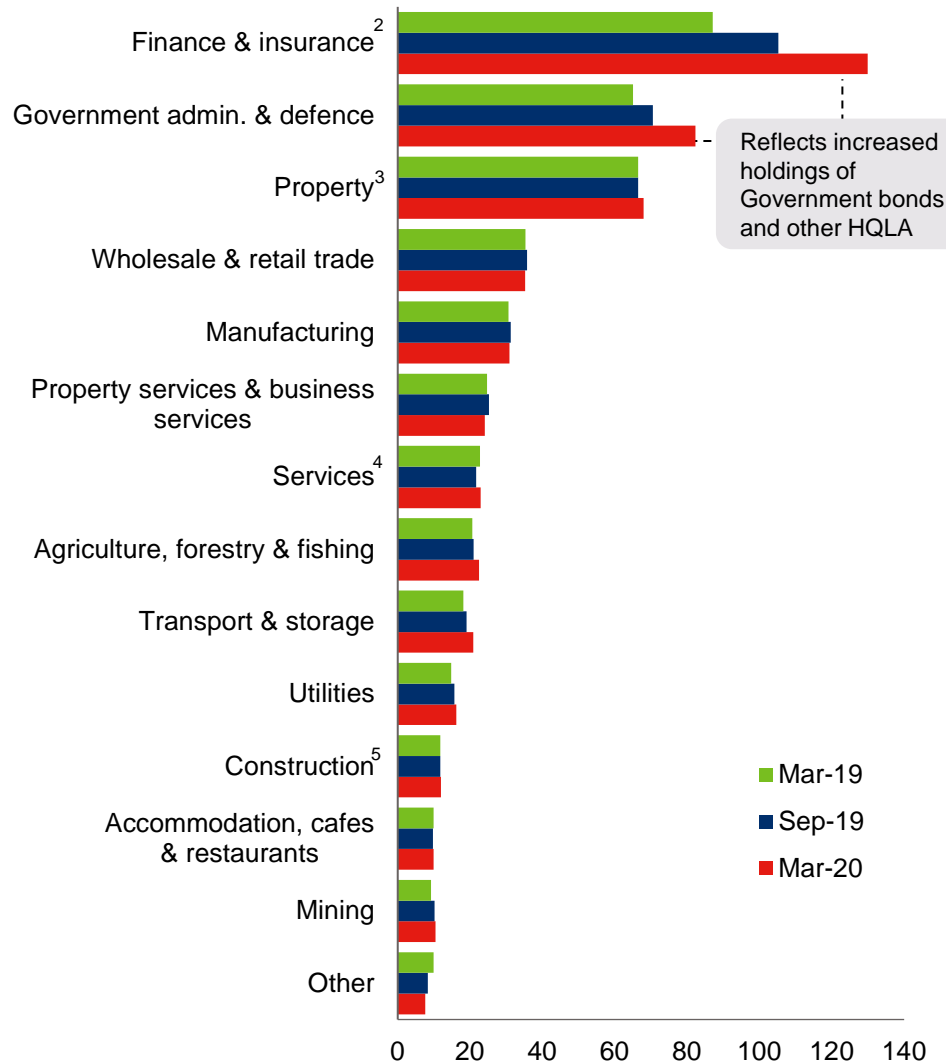
¹ Risk grade equivalent. ² Exposure by booking office.

Loan portfolio composition.

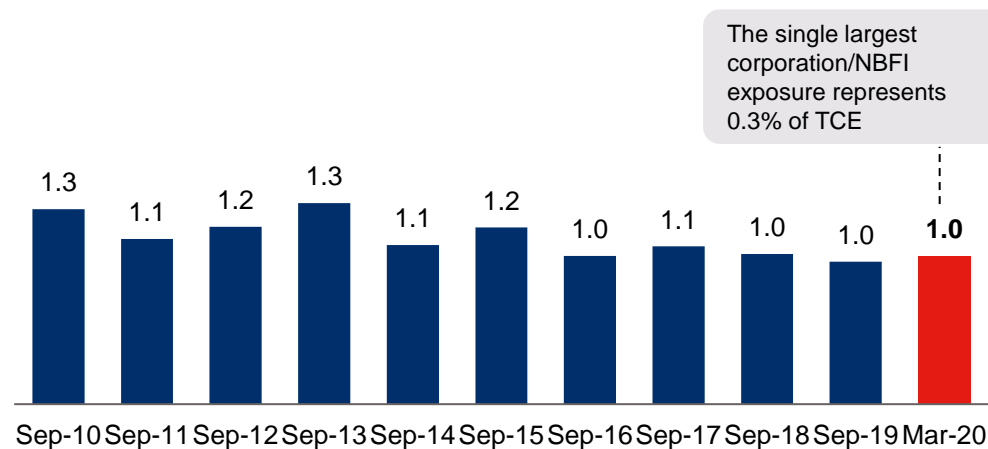
Composition remains consistent half on half.

Credit quality

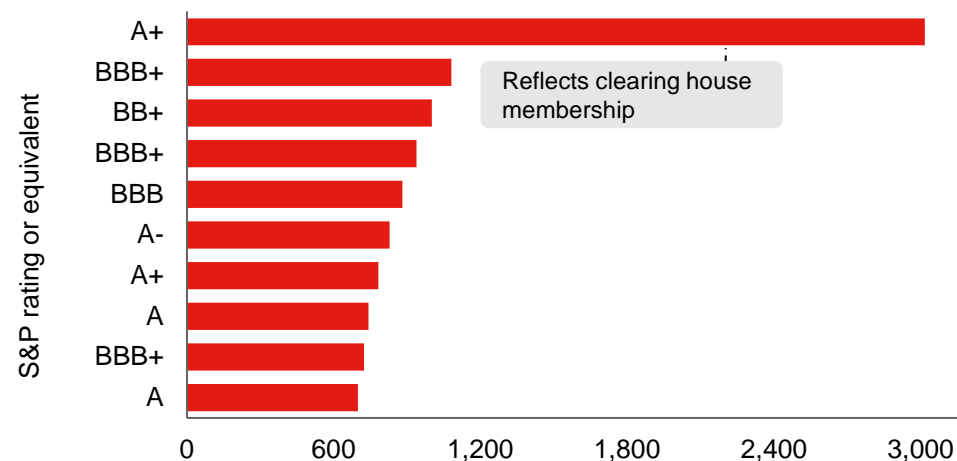
Exposures at default¹ by sector (\$bn)



Top 10 exposures to corporations and NBFIs⁶ (% of TCE)



Top 10 exposures to corporations & NBFIs at 31 March 2020 (\$m)



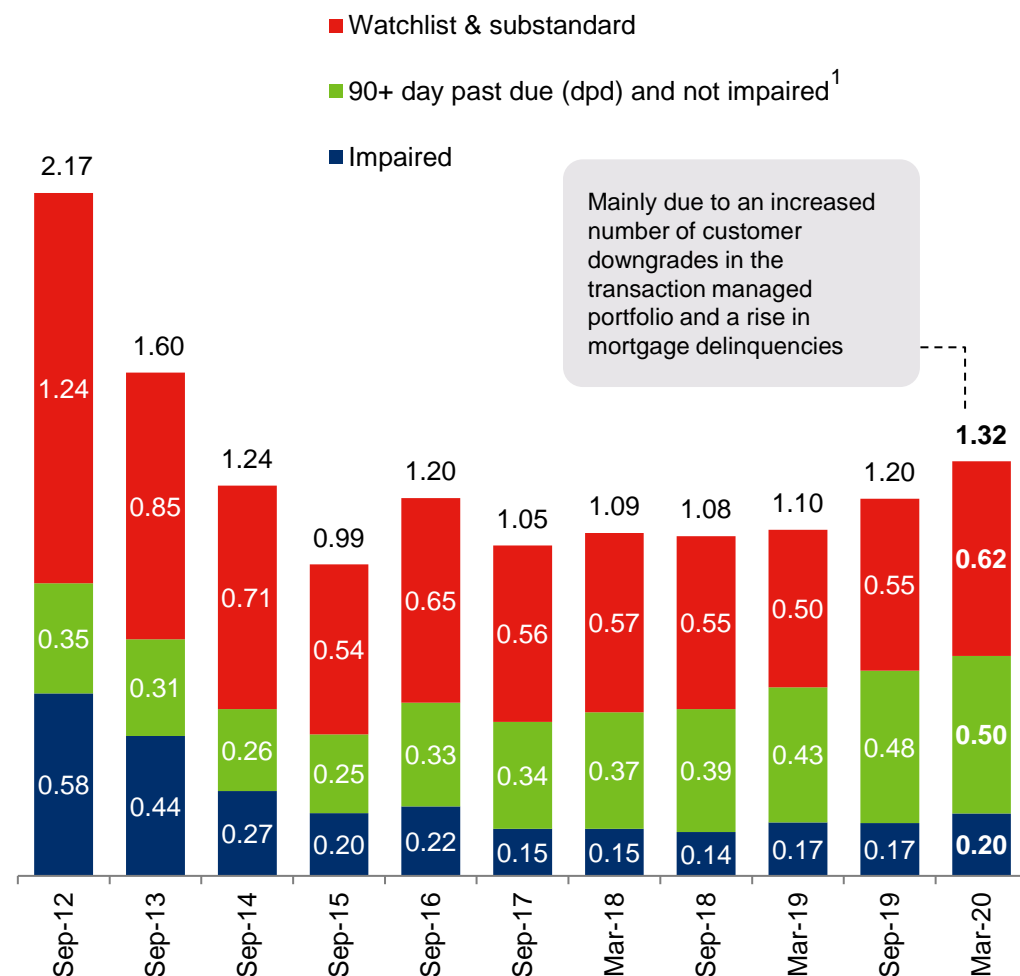
¹ Exposures at default is an estimate of the committed exposure expected to be drawn by a customer at the time of default. Excludes consumer lending. ² Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. ³ Property includes both residential and non-residential property investors and developers, and excludes real estate agents. ⁴ Services includes education, health & community services, cultural & recreational services and personal & other services. ⁵ Construction includes building and non-building construction, and industries serving the construction sector. ⁶ NBFI is non-bank financial institutions.

Stressed exposures up 12bps.

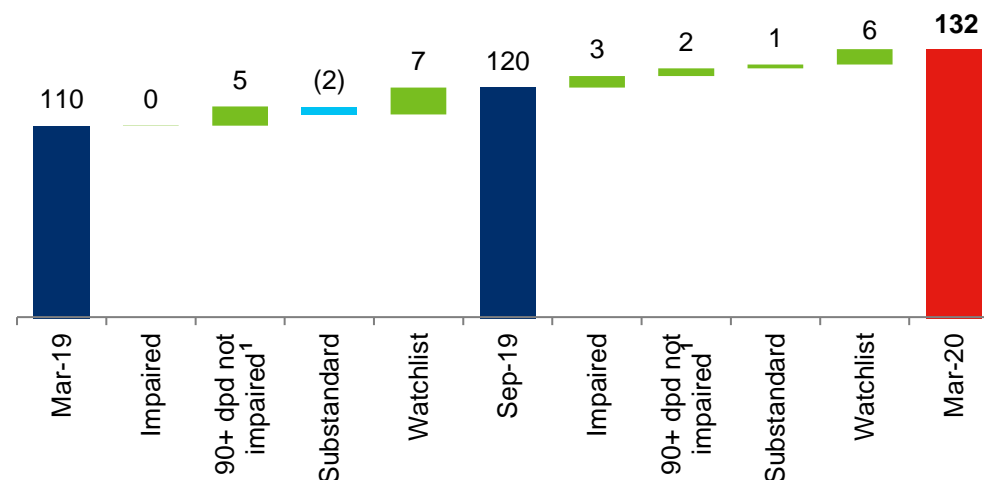
Driven by an increase in Watchlist and Impaired exposures.

Credit quality

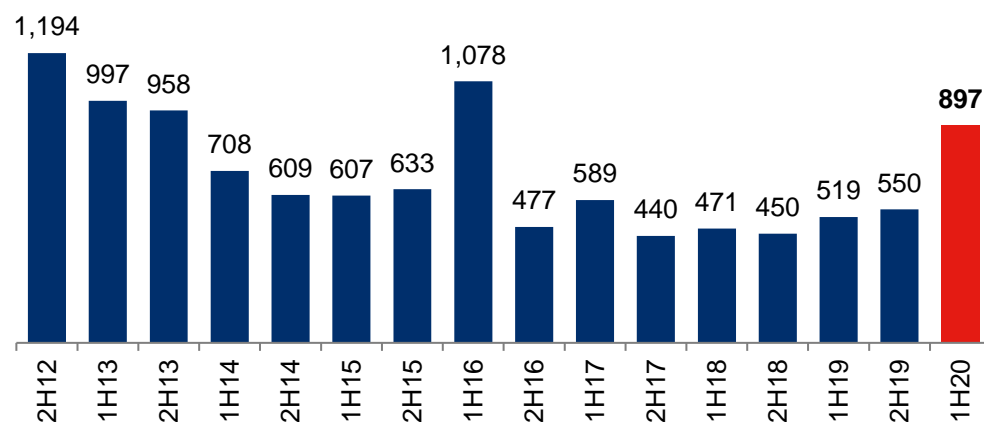
Stressed exposures as a % of TCE



Movement in stress categories (bps)



New and increased gross impaired assets (\$m)



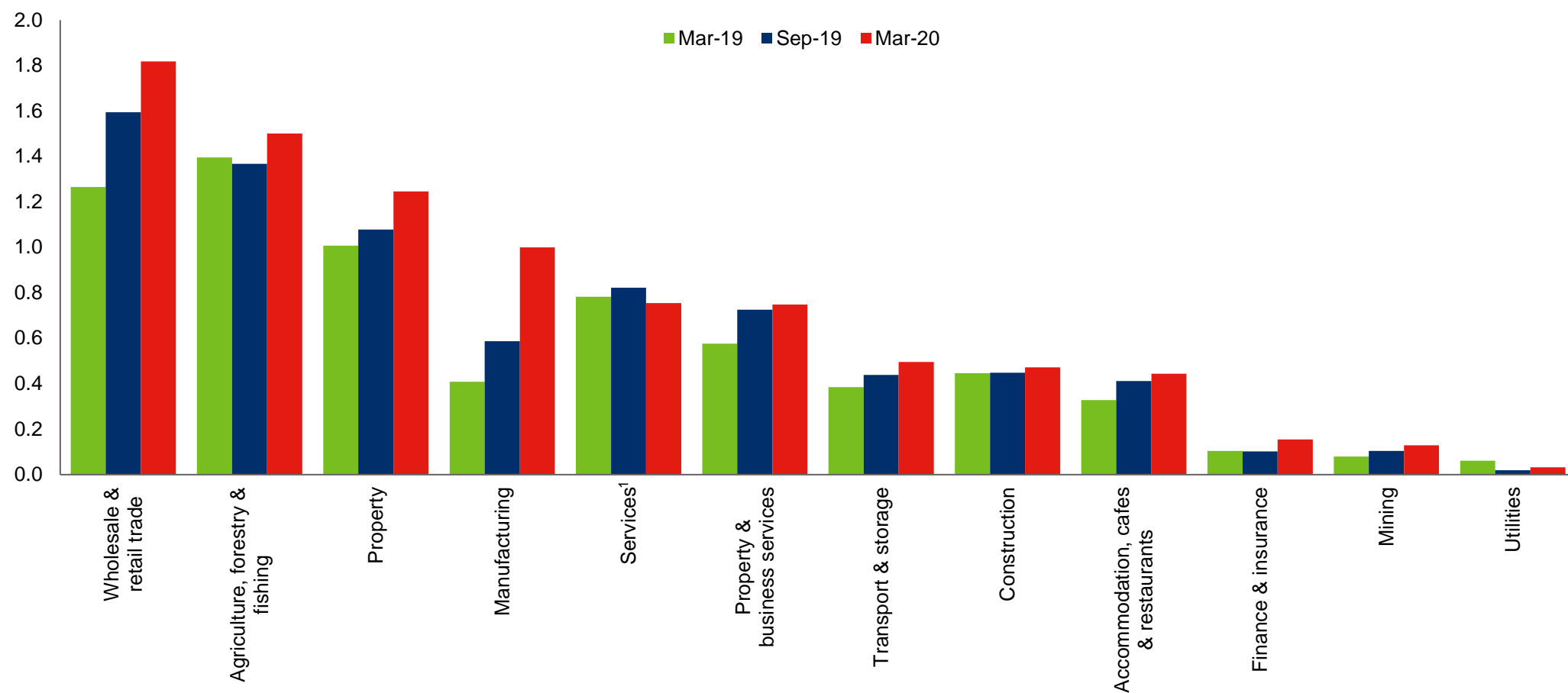
¹ Facilities 90 days or more past due date not impaired. These facilities, while in default, are not treated as impaired for accounting purposes.

Corporate and business stressed exposures.

By industry.

Credit quality

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



Sector	Wholesale & retail trade	Agriculture, forestry & fishing	Property	Manufacturing	Services¹	Property & business services	Transport & storage	Construction	Accomm., cafes & restaurants	Finance & Insurance	Mining	Utilities
Stress to TCE (%)	5.6%	6.9%	1.8%	2.6%	3.2%	3.2%	2.6%	4.0%	4.6%	0.1%	1.3%	0.2%

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

Sectors in focus.

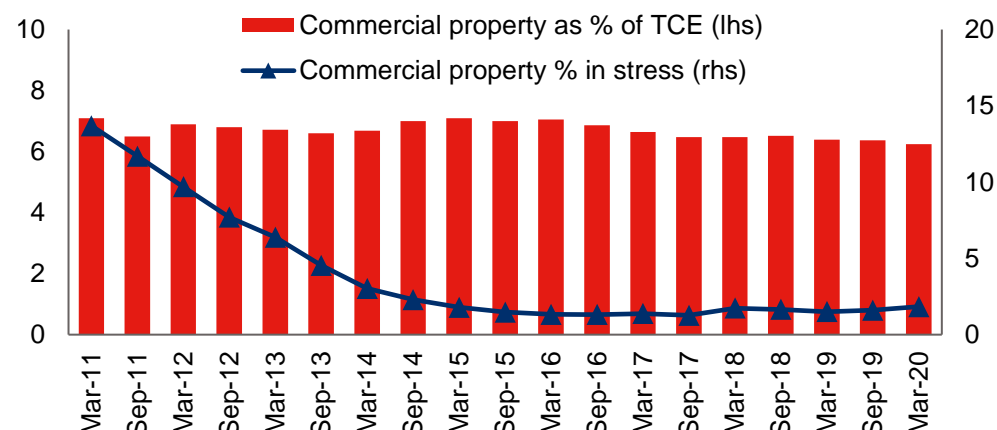
Commercial property.

Credit quality

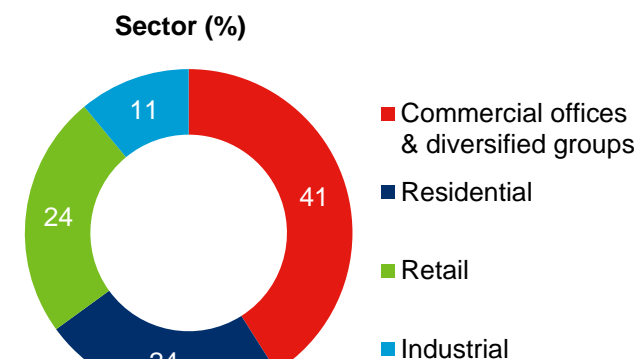
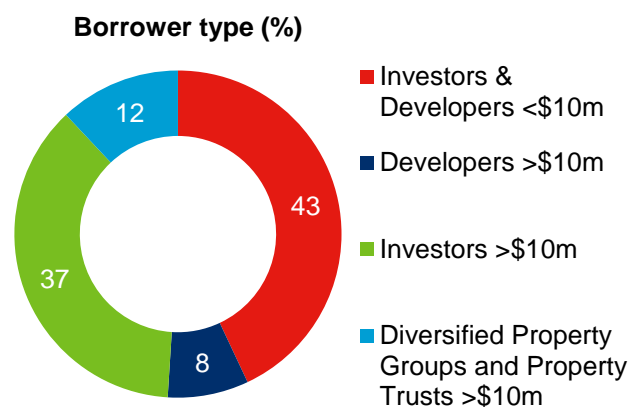
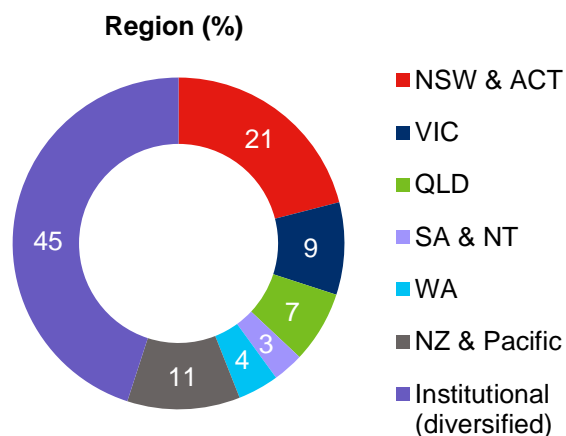
Commercial property

	Mar-19	Sep-19	Mar-20
Total committed exposures (TCE)	\$66.9bn	\$66.9bn	\$67.6bn
Lending	\$52.3bn	\$51.7bn	\$52.7bn
Commercial property as a % of Group TCE	6.39	6.37	6.25
Median risk grade (S&P equivalent)	BB+	BB+	BB+
% of portfolio graded as stressed ^{1,2}	1.51	1.61	1.84
% of portfolio in impaired ²	0.22	0.15	0.11

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.

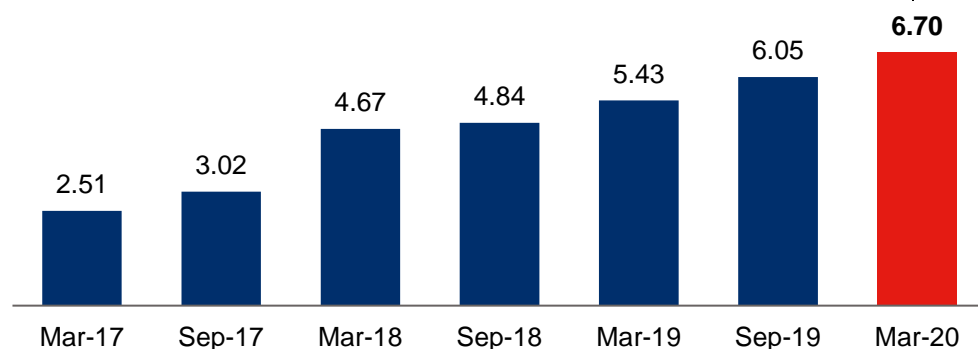
Credit quality

Retail trade

	Mar-19	Sep-19	Mar-20
Total committed exposures (TCE)	\$16.0bn	\$16.0bn	\$15.5bn
Lending	\$11.5bn	\$11.6bn	\$11.1bn
Retail trade as a % of Group TCE	1.53	1.52	1.43
Median risk grade	BB equivalent	BB equivalent	BB equivalent
% of portfolio graded as stressed ^{1,2}	5.43	6.05	6.70
% of portfolio in impaired ²	1.24	1.30	1.44

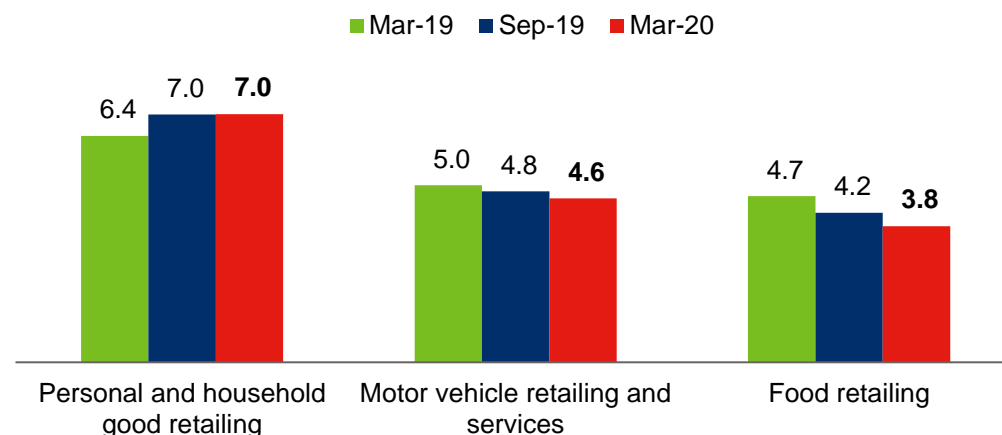
% of Retail trade portfolio graded as stressed (%)

Rising stress reflects challenging economic conditions, in particular the impact of lower new car sales on motor vehicle retailing

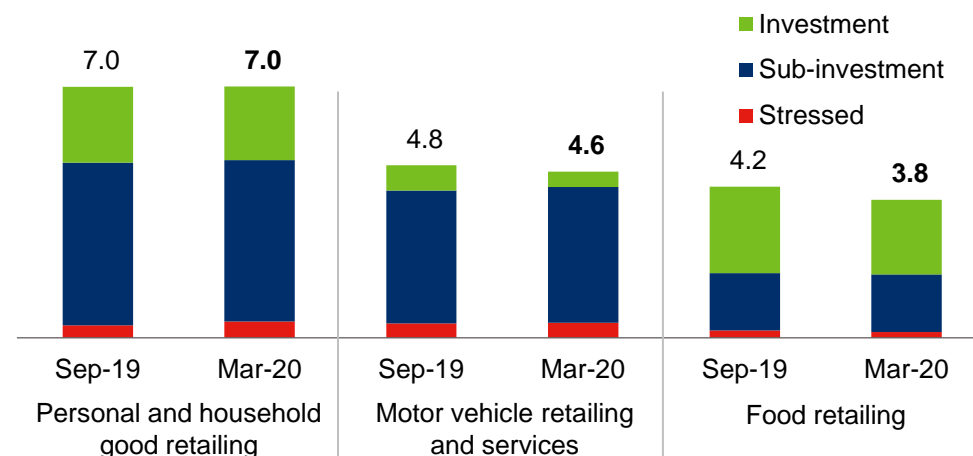


1 Includes impaired exposures. 2 Percentage of retail trade portfolio TCE.

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



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



Sectors in focus.

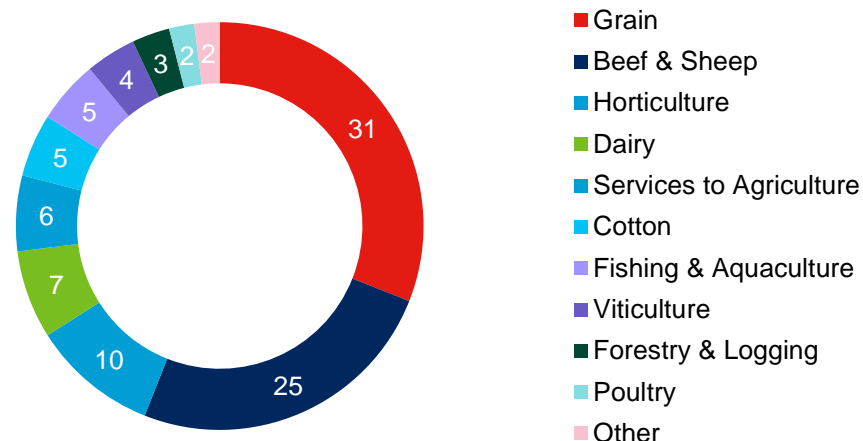
Australian Agriculture, Forestry and Fishing.

Credit quality

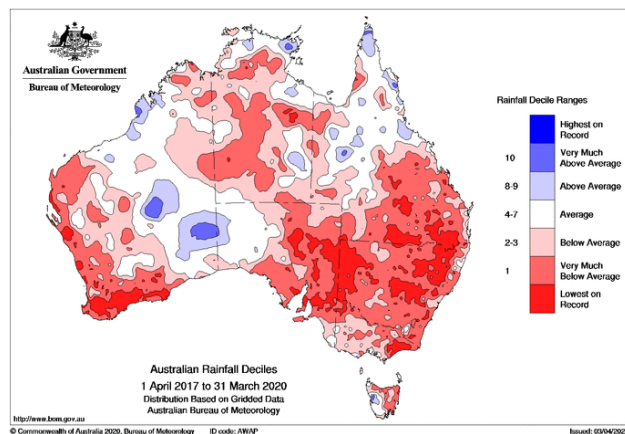
Australian Agriculture, Forestry and Fishing

	Mar-19	Sep-19	Mar-20
Total committed exposure (TCE)	\$10.9bn	\$11.2bn	\$11.8bn
Lending	\$8.6bn	\$9.1bn	\$9.4bn
% Australian Agriculture of Group TCE	1.04	1.07	1.09
Median risk grade (S&P equivalent)	BB	BB	BB
% of portfolio graded as stressed ^{1,2}	4.65	4.29	5.09
% of portfolio in impaired ²	0.35	0.28	0.38

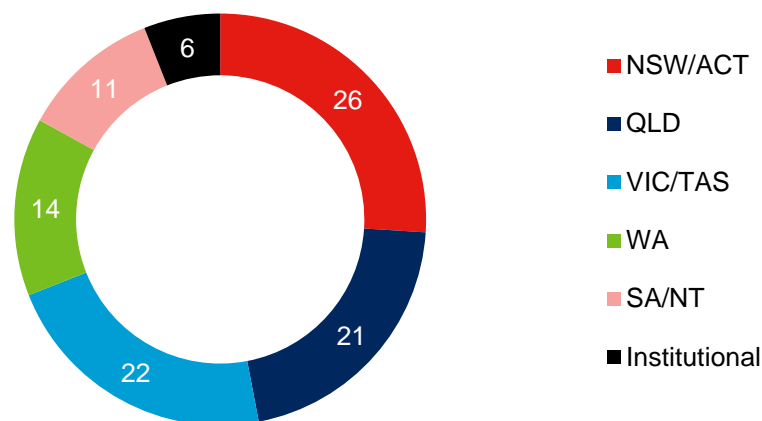
Australian Agriculture portfolio composition (TCE) (%)



Areas of rainfall deficiencies last 3 years³



Australian Agriculture portfolio by State (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE. 3 Source: Commonwealth of Australia 2020, Australian Bureau of Meteorology Issued 03/04/2020.

Sectors in focus.

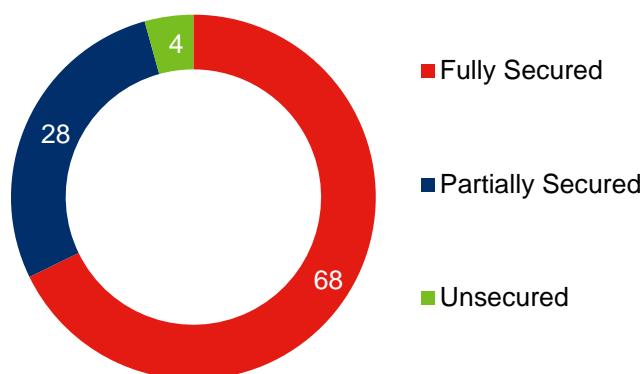
Accommodation, cafes and restaurants and Construction.

Credit quality

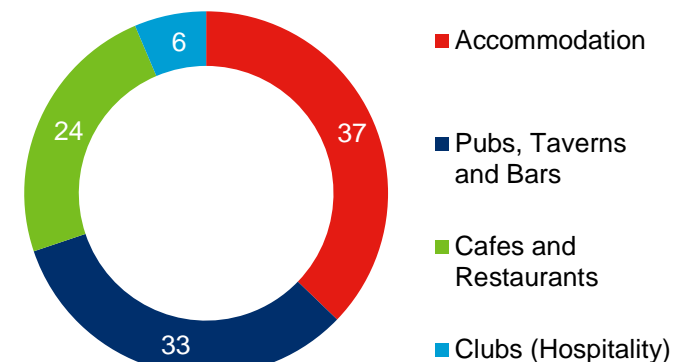
Accommodation, cafes and restaurants

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

Portfolio security composition (TCE) (%)



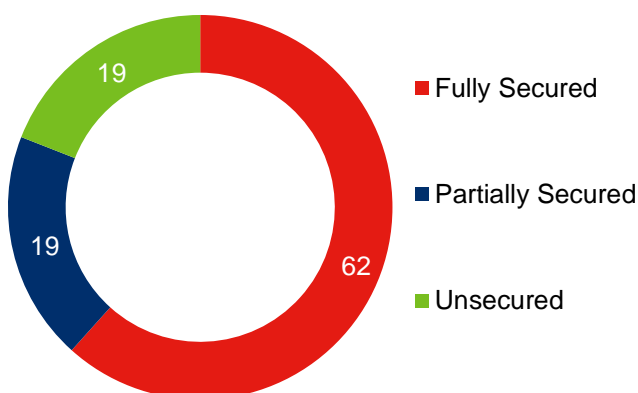
Portfolio by sub-sector (TCE) (%)



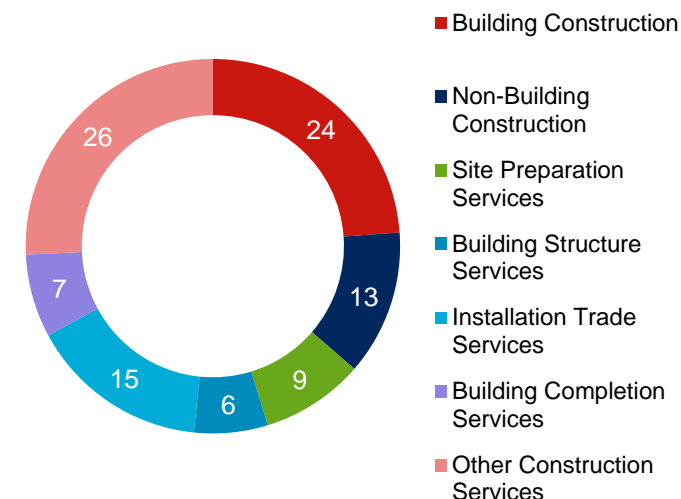
Construction

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

Portfolio security composition (TCE) (%)



Portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

Sectors in focus.

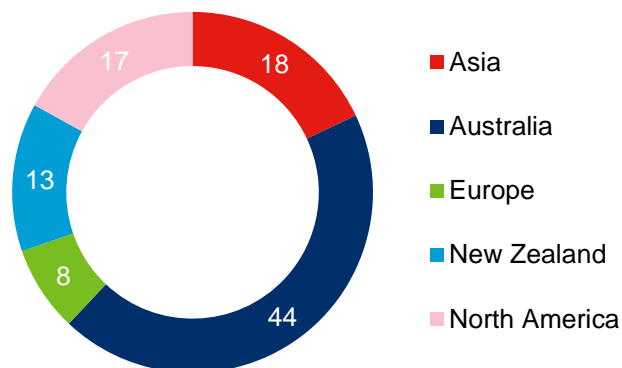
Manufacturing and Mining.

Credit quality

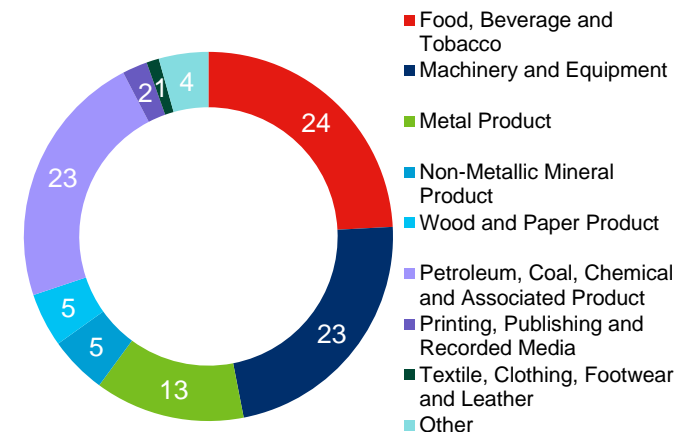
Manufacturing

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

Portfolio by region (TCE) (%)



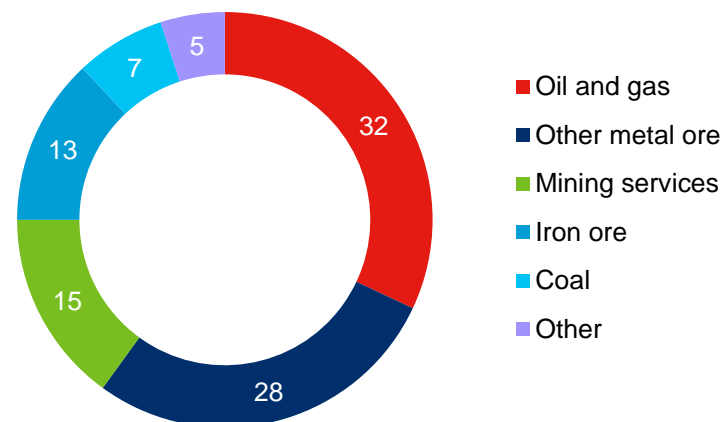
Portfolio by sub-sector (TCE) (%)



Mining (inc. oil and gas)

	Mar-19	Sep-19	Mar-20
Total committed exposure (TCE)	\$9.8bn	\$10.5bn	\$10.3bn
Lending	\$5.2bn	\$5.5bn	\$5.8bn
Mining as a % of Group TCE	0.94	1.00	0.95
Median risk grade (S&P equivalent)	BBB-	BBB	BBB
% of portfolio graded as stressed ^{1,2}	0.81	0.99	1.25
% of portfolio in impaired ²	0.16	0.16	0.16

Portfolio by sub-sector (TCE) (%)



1 Includes impaired exposures. 2 Percentage of portfolio TCE.

Sectors in focus.

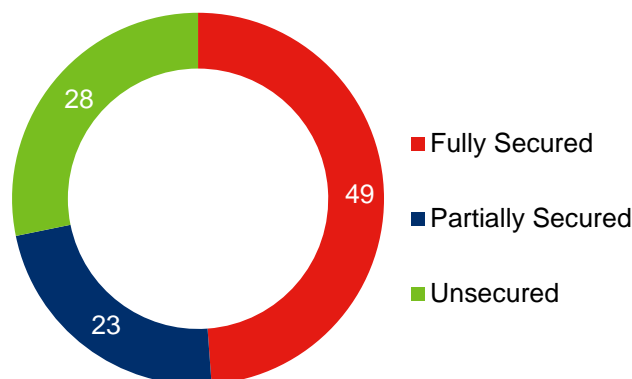
Services and Transport & Storage.

Credit quality

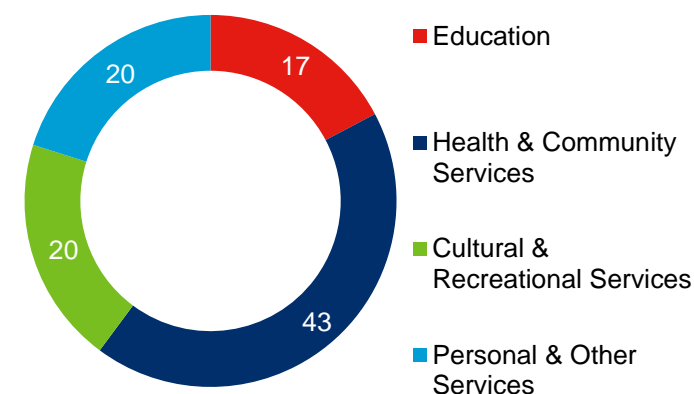
Services¹

	Sep-19	Mar-20
Total committed exposures (TCE)	\$22.4bn	\$23.2bn
Lending	\$15.3bn	\$15.8bn
Services as a % of Group TCE	2.13	2.14
% of portfolio graded as stressed ^{2,3}	3.7	3.2
% of portfolio in impaired ³	0.3	0.3

Portfolio security composition (TCE) (%)



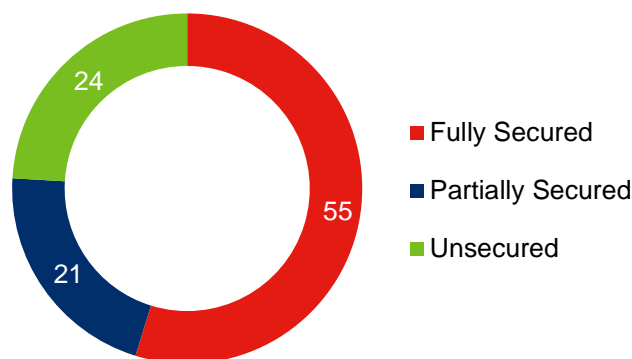
Portfolio by sub-sector (TCE) (%)



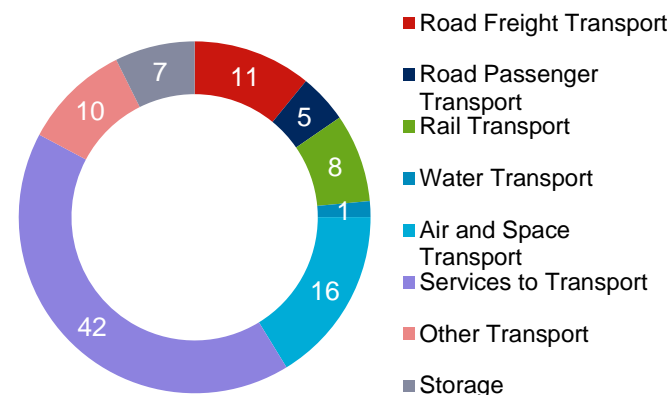
Transport & Storage

	Sep-19	Mar-20
Total committed exposures (TCE)	\$17.8bn	\$19.1bn
Lending	\$11.2bn	\$13.0bn
Transport as a % of Group TCE	1.70	1.76
% of portfolio graded as stressed ^{2,3}	2.5	2.6
% of portfolio in impaired ³	0.4	0.4

Portfolio security composition (TCE) (%)



Portfolio by sub-sector (TCE) (%)



¹ Services includes education, health & community services, cultural & recreational services and personal & other services. ² Includes impaired exposures. ³ Percentage of portfolio TCE

Australian consumer unsecured lending.

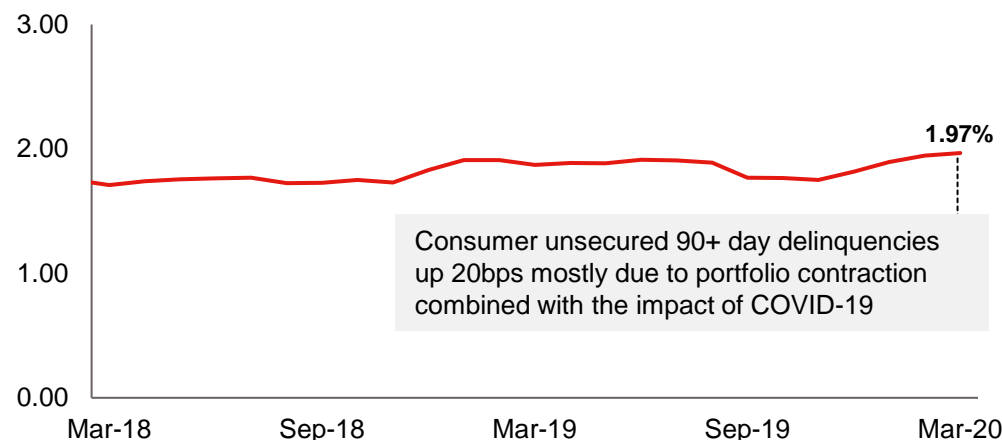
Credit quality

3% of Group loans.

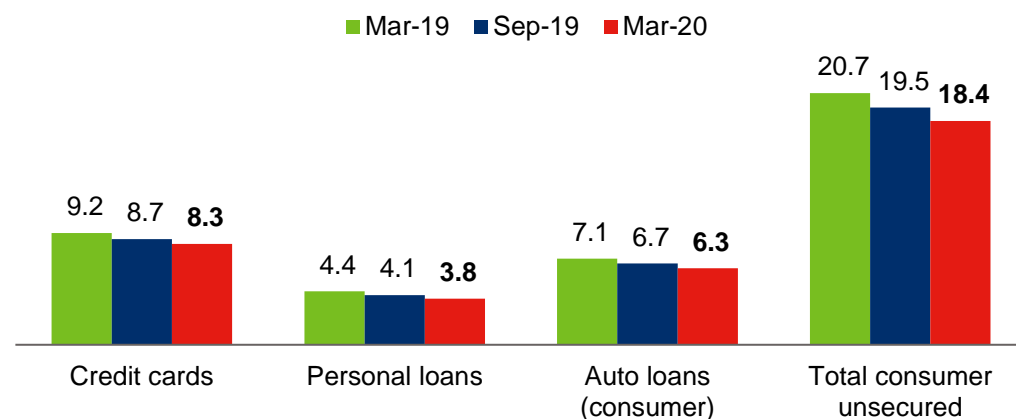
Australian consumer unsecured lending portfolio¹

	Mar-19	Sep-19	Mar-20
Lending	\$20.7bn	\$19.5bn	\$18.4bn
30+ day delinquencies (%)	4.08	3.68	4.22
90+ day delinquencies (%)	1.87	1.77	1.97

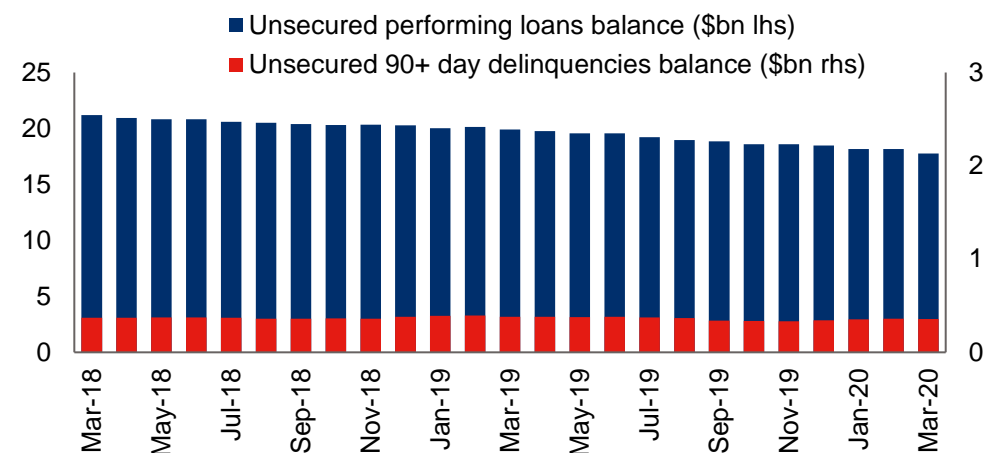
90+ day delinquencies (%)



Australian unsecured portfolio (\$bn)¹



Unsecured portfolio (\$bn)



¹ Does not include Margin Lending.

Australian mortgage credit quality

Australian mortgage portfolio performance.

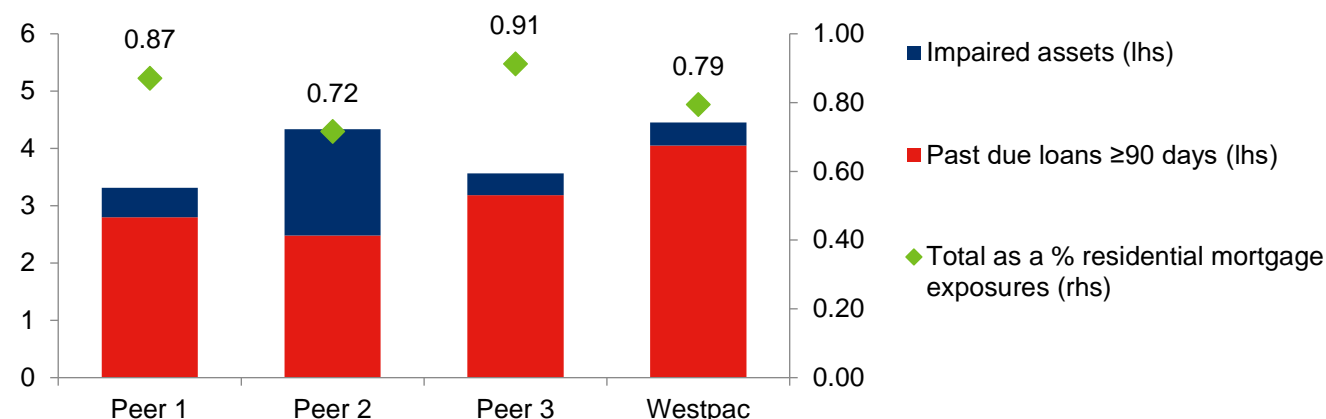
Mortgage asset quality

Delinquencies rising from early impact of COVID-19 disruption.

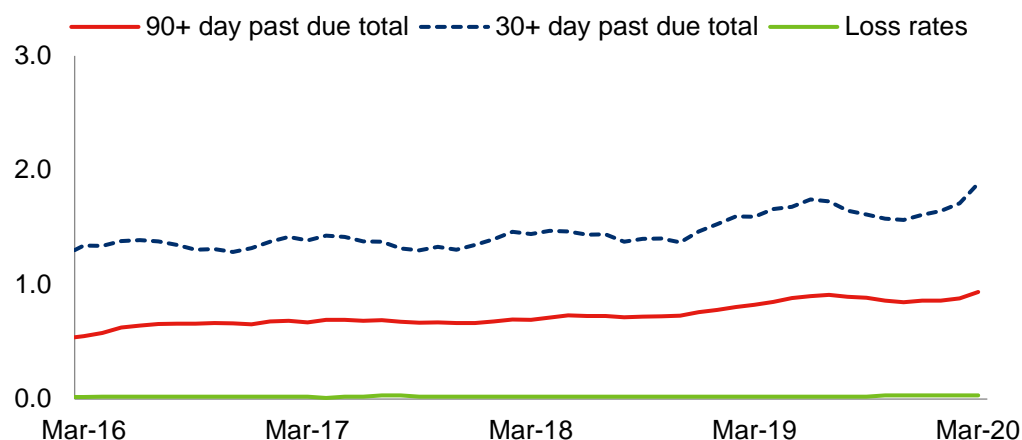
Australian mortgage portfolio

	Mar-19	Sep-19	Mar-20
30+ day delinquencies (bps)	159	161	188
90+ day delinquencies (bps) (inc. impaired mortgages)	82	88	94
Consumer properties in possession	482	558	468
Mortgage loss rate annualised (bps) ¹	2	3	3

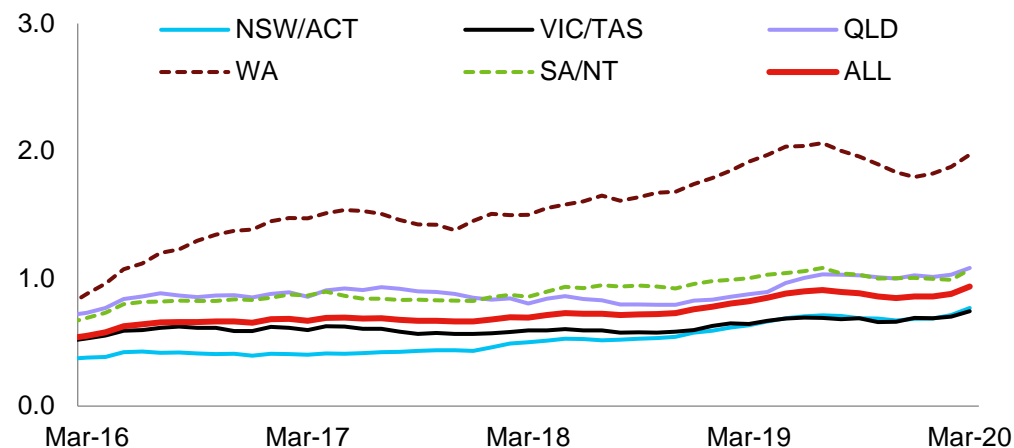
Major banks' total residential mortgage impaired and past due loans ≥ 90days (\$bn and %)²



Australian mortgage delinquencies and loss rates (%)



Australian mortgage 90+ day delinquencies by State (%)



¹ Mortgage loss rate is for the 6 months ending. ² Source: Pillar 3 Reports, based on APRA Residential Mortgage classification. Exposure is on and off balance sheet exposure at default. Data as at 31 March 2020 for Westpac, Peer 1 and Peer 3. Data as at 31 December 2019 for Peer 2.

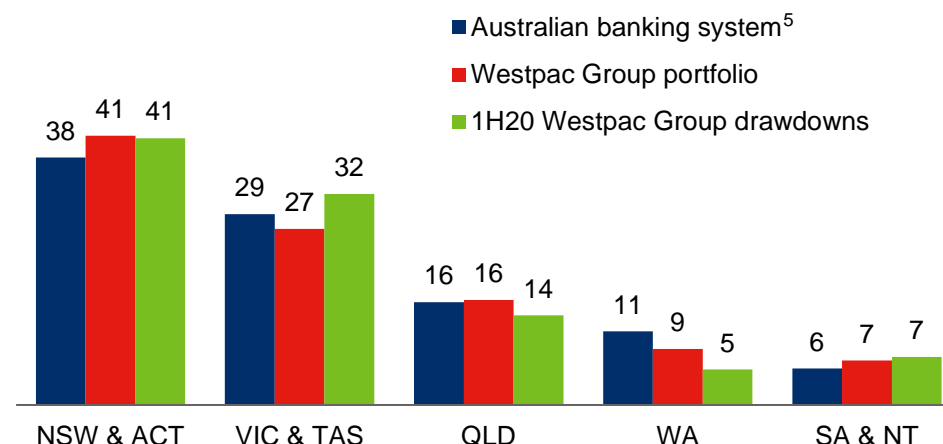
Australian mortgage portfolio composition.

Mortgage asset quality

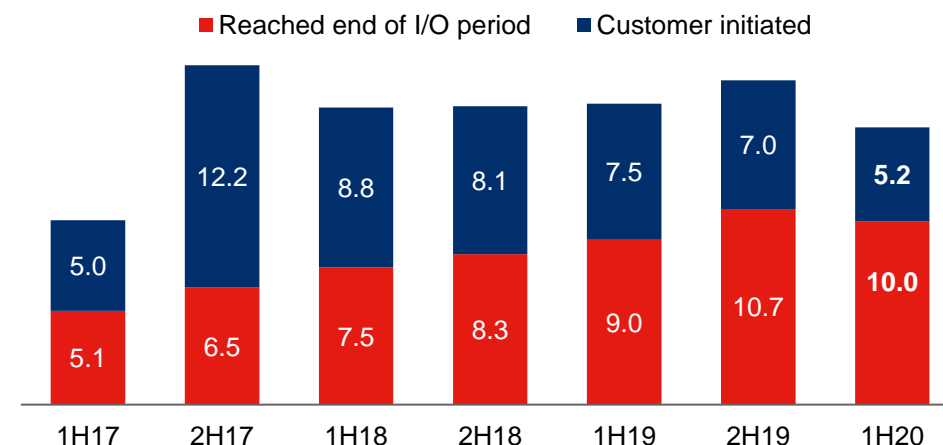
Shift towards owner occupied, principal & interest lending continues.

Australian mortgage portfolio	Mar-19 balance	Sep-19 balance	Mar-20 balance	1H20 Flow ¹
Total portfolio (\$bn)	447.2	449.2	445.7	30.4
Owner occupied (%)	57.3	58.3	59.4	70.3
Investment property loans (%)	39.1	38.5	37.6	29.4
Portfolio loan/line of credit (%)	3.6	3.2	2.9	0.2
Variable rate / Fixed rate (%)	76 / 24	75 / 25	77 / 23	80 / 20
Interest only (%)	30.6	26.9	23.4	16.4
Proprietary channel (%)	56.3	55.7	55.5	52.7
First home buyer (%)	8.0	8.4	8.8	12.2
Mortgage insured (%)	15.9	15.6	16.1	12.5
	Mar-19	Sep-19	Mar-20	1H20 Flow ¹
Average loan size ² (\$'000)	275	277	276	393
Customers ahead on repayments including offset account balances ³ (%)	69	70	70	
Actual mortgage losses net of insurance ⁴ (\$m, for the 6 months ending)	51	57	67	
Actual mortgage loss rate annualised (bps, for the 6 months ending)	2	3	3	

Australian mortgage portfolio by State (%)



Switching from I/O to P&I⁶ (\$bn)



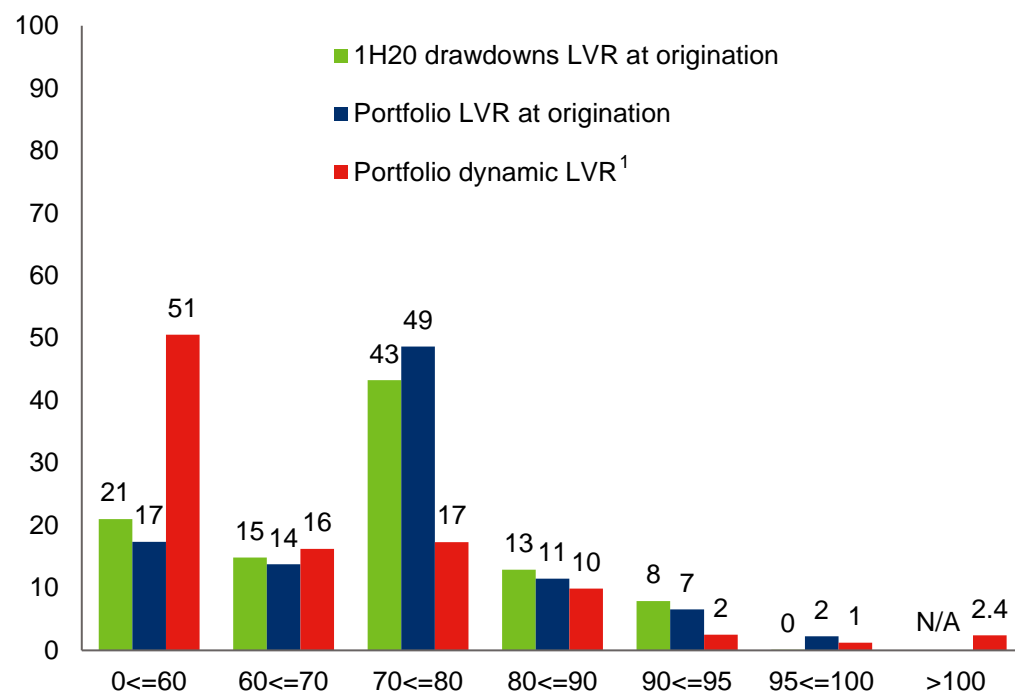
¹ Flow is new mortgages settled in the 6 months ended 31 March 2020 and includes RAMS. ² Includes amortisation. Calculated at account level, where split loans represent more than one account. ³ Loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. ⁴ Mortgage insurance claims 1H20 \$5m (2H19 \$5m; 1H19 \$7m). ⁵ Source Comparator Oct-Dec 2019. ⁶ I/O is interest only mortgage lending. P&I is principal and interest mortgage lending.

Australian mortgage portfolio.

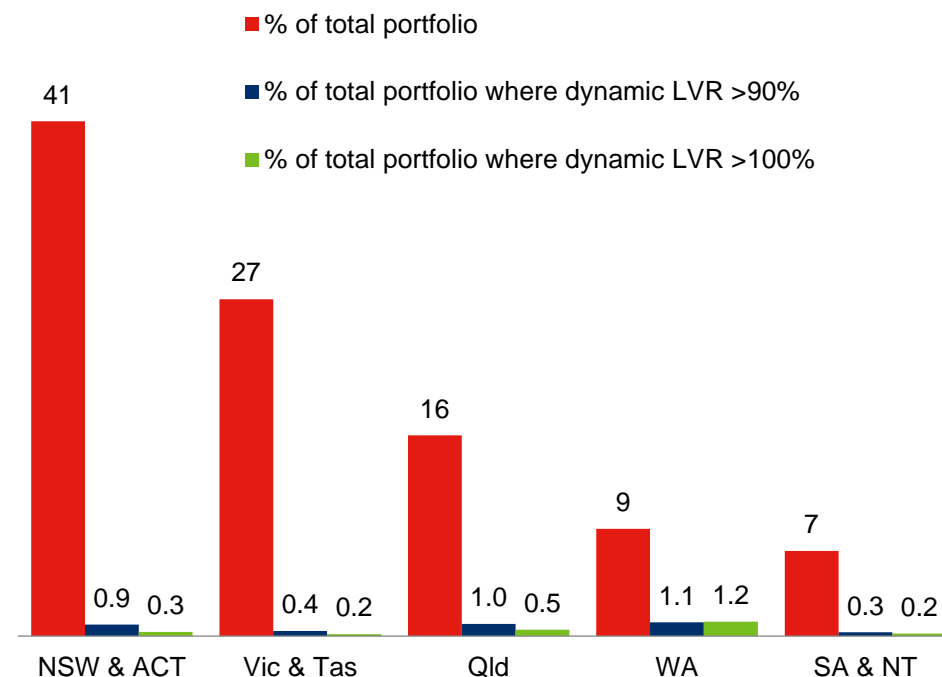
Majority of borrowers have built significant equity.

Mortgage asset quality

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



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



Australian mortgage portfolio LVRs		Mar-19 balance	Sep-19 balance	Mar-20 balance
Weighted averages ²	LVR at origination (%)	74	74	73
	Dynamic LVR ¹ (%)	57	58	57
	LVR of new loans ³ (%)	72	72	72

Capital city	Dwelling prices % change last 6mths (Mar-20) ⁴	Dwelling prices YoY (Mar-20) ⁴
Sydney	Up 10.4%	Up 13.0%
Melbourne	Up 9.1%	Up 12.0%
Brisbane	Up 4.0%	Up 3.1%
Perth	Up 0.8%	Down 3.1%

¹ Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. During the half, Westpac updated its methodology for calculating Dynamic LVR, including changes to the treatment of cross collateralised loans and changing the property valuation source. ² Weighted average LVR calculation considers size of outstanding balances. ³ Average LVR of new loans is on rolling 6 months. ⁴ Source: CoreLogic.

Australian mortgage portfolio underwriting.

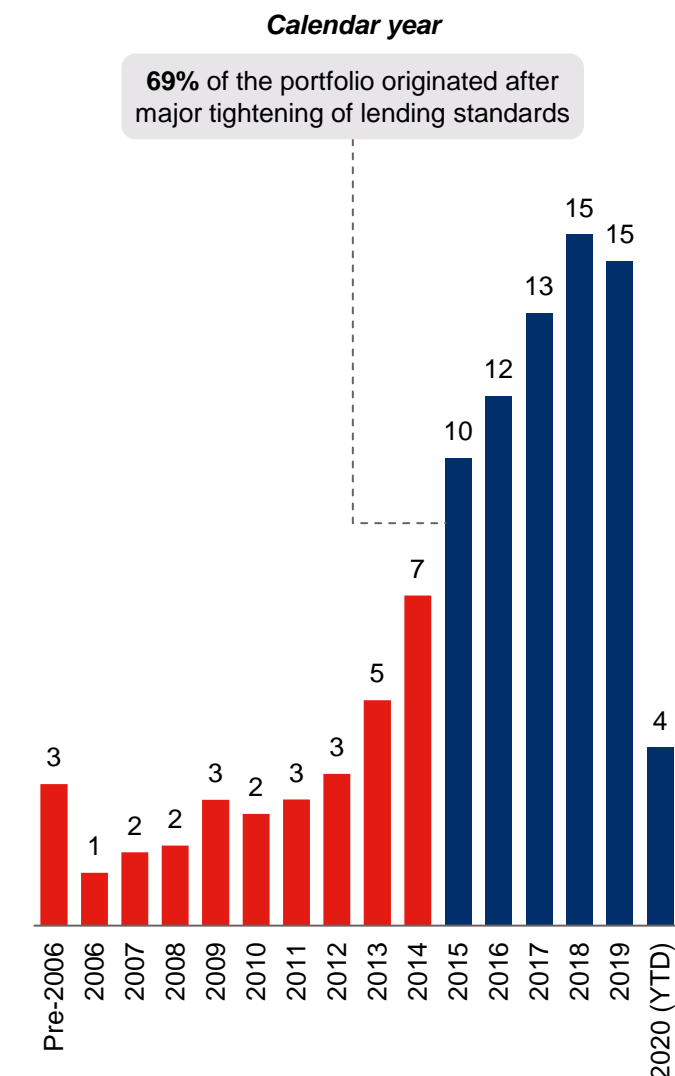
Policy on a tightening bias.

Current credit policy

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

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

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

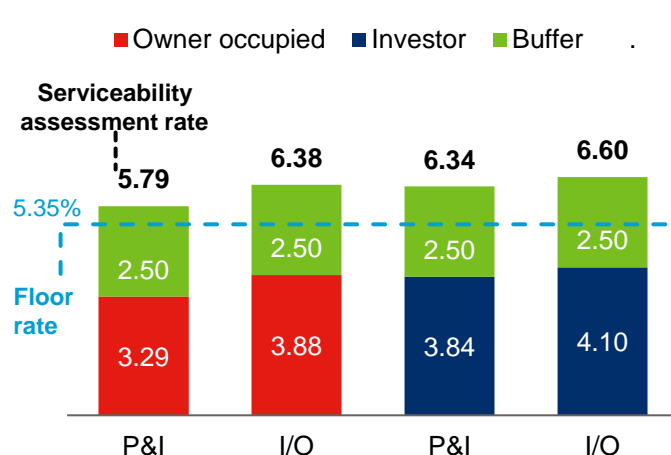


Australian mortgage portfolio repayment buffers.

Mortgage asset quality

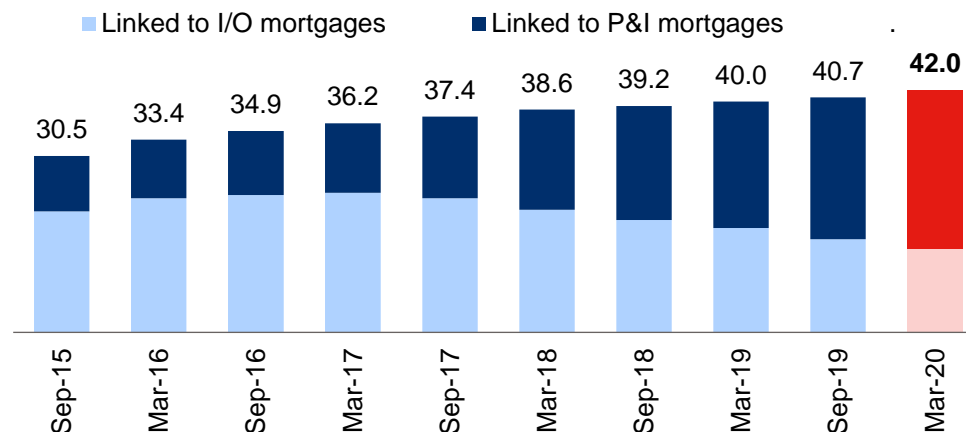
70% of customers ahead of scheduled repayments.

Variable mortgage interest rates¹ (%)

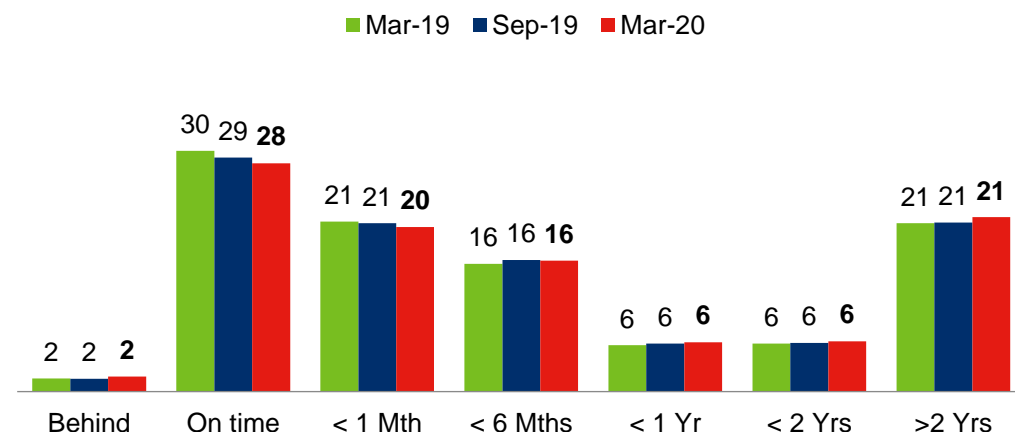


- Loans assessed at the higher of the customer rate (including any discounts) plus 2.50% buffer, or minimum assessment rate ("floor rate")
- Westpac applies a minimum floor rate of 5.35%

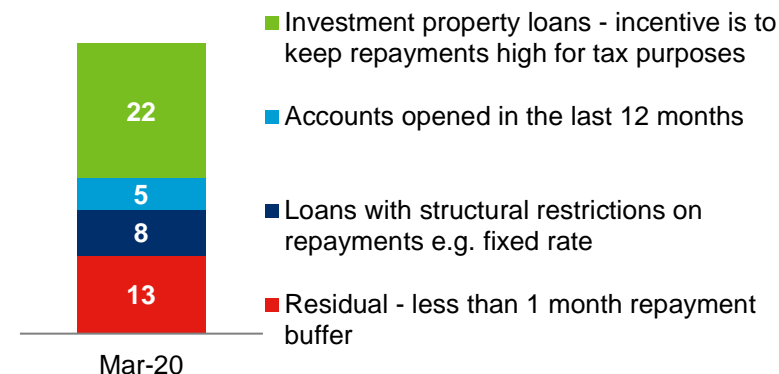
Offset account balances² (\$bn)



Australian home loan customers ahead on repayments³ (% by balances)



Loans 'On time' and <1 mth ahead (% of balances)



¹ Interest rates for Westpac Rocket Repay Home Loan inclusive of Premier Advantage Package discount assuming loan amount above \$250,000. Pricing at 27 March 2020. ² Excludes RAMS. ³ Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset accounts. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due.

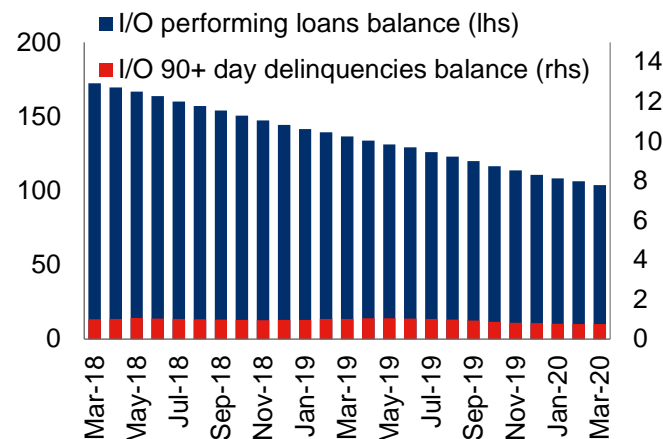
Interest only mortgages.

I/O has reduced to 23% of the portfolio.

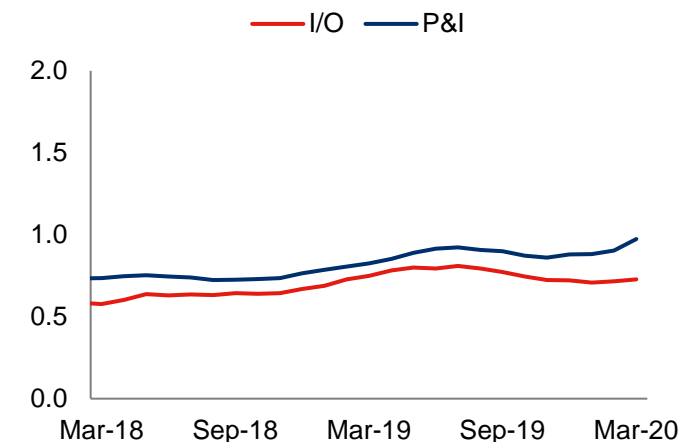
Mortgage asset quality

- 73% weighted average LVR of interest only loans at origination¹
- 64% of customers ahead of repayments (including offset accounts)²
- Offset account balances attached to interest only loans represent 35% of offset account balances
- 90+ day delinquencies 73bps (compared to P&I portfolio 97bps)
- Annualised loss rate (net of insurance claims) 5bps (2H19: 5bps)

Australian I/O loan portfolio (\$bn)



Australian mortgage delinquencies (%)



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

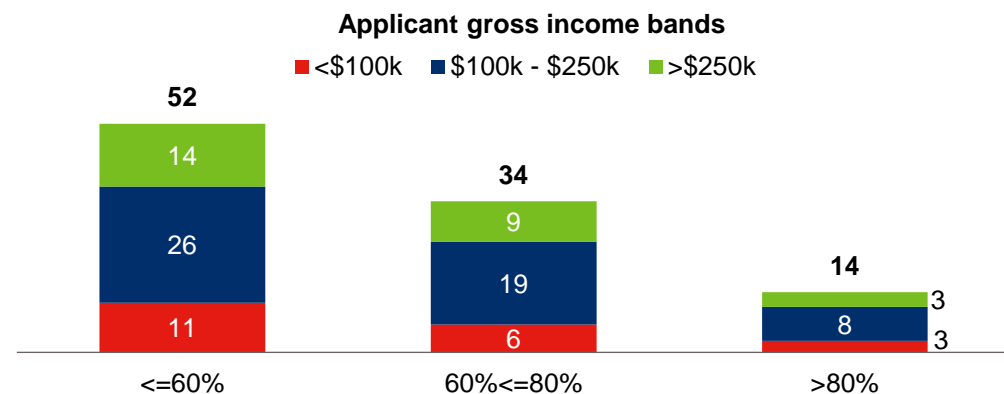
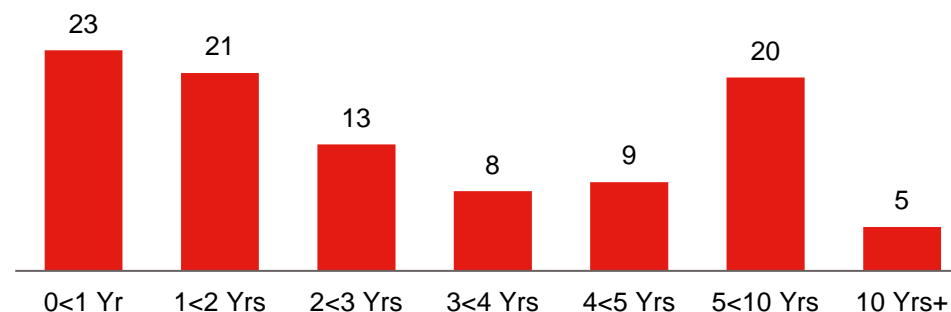


Chart does not add due to rounding **Dynamic LVR bands (%)**

Scheduled I/O term expiry⁴ (% of total I/O loans)



¹ Weighted average LVR calculation takes into account size of outstanding balances. ² Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. ³ Excludes RAMS. Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. ⁴ Excludes line of credit loans, I/O loans without date (including bridging loans and loans with construction purpose) and I/O loans that should have switched to P&I but for the previously announced mortgage processing error.

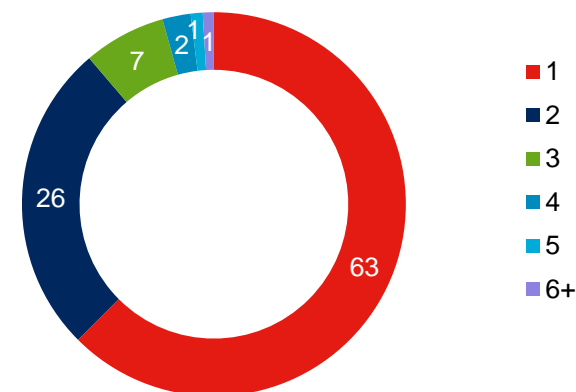
Australian investment property portfolio.

Portfolio composition little changed.

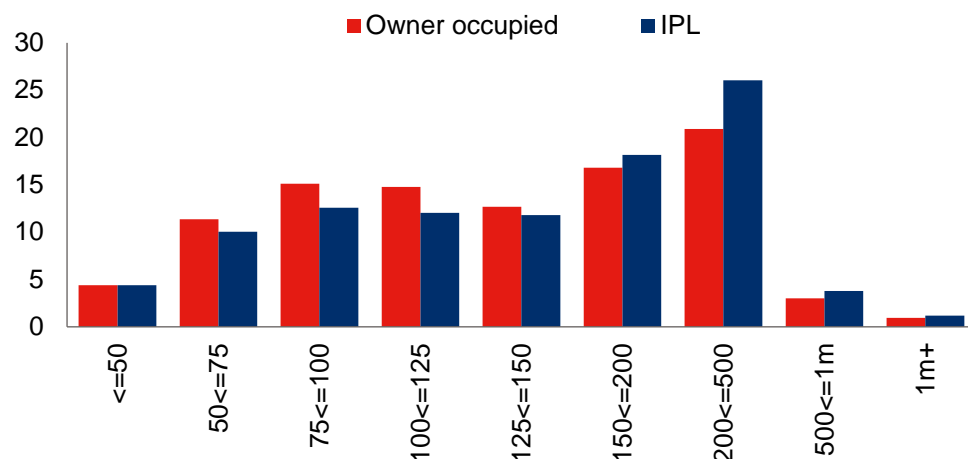
Mortgage asset quality

Investment property lending (IPL) portfolio		Mar-19	Sep-19	Mar-20
Weighted averages ¹	LVR of IPL loans at origination (%)	73	72	72
	LVR of new IPL loans in the period ² (%)	71	70	70
	Dynamic LVR ³ of IPL loans (%)	59	60	57
Average loan size ⁴ (\$'000)		321	322	322
Customers ahead on repayments including offset accounts ⁵ (%)		58	59	60
90+ day delinquencies (bps)		68	73	78
Annualised loss rate (net of insurance claims) (bps)		3	4	5

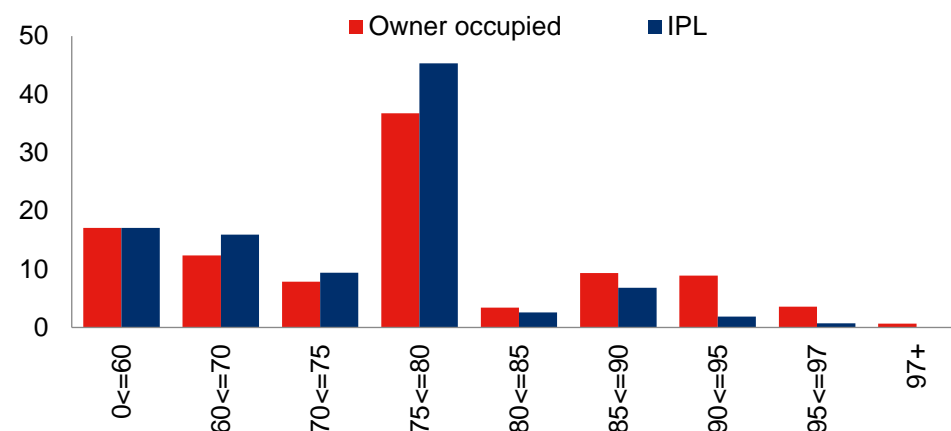
Investment property portfolio by number of properties per customer (%)



Mortgage portfolio by gross income band (%)



Mortgage portfolio by LVR at origination (%)



1 Weighted average LVR calculation takes into account size of outstanding balances. 2 Average LVR of new loans is on rolling 6 month window. 3 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. 4 Includes amortisation. Calculated at account level where split loans represent more than one account. 5 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments.

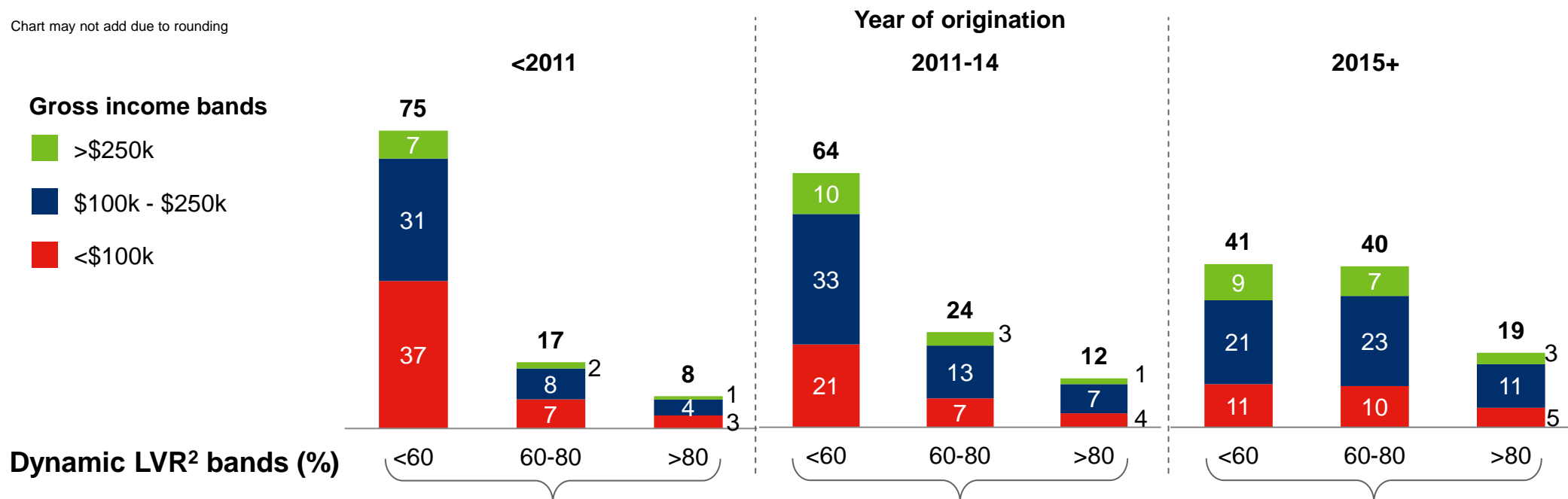
Australian mortgage deep dive.

Equity buffers have increased for more recent vintages.

Mortgage asset quality

Australian mortgage lending¹ by origination date, dynamic LVR² and income bands (%)

Chart may not add due to rounding



% of portfolio at 31 March 2020	13	18	69
Westpac SVR ³ (%) (excluding any discount)	7.86	6.89 – 5.70	5.38 – 4.58
Westpac interest rate buffer (%)	1.80	1.80	2.25 (2.50 from Jul 2019)
Westpac interest rate floor (%)	6.80	6.80	7.25 (5.35 from Sep 2019)
House price changes ⁴	> +37%	+21% to +46%	-1% to +20%

¹ Portfolio comprised of residential mortgages, excluding RAMS, and business mortgages originated via a separate platform such as construction loans and loans to SMSFs. ² Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source Australian Property Monitors. ³ Based on a specific Rocket Repay rate offered during the period. Westpac Rocket Repay Home Loan exclusive of discounts assuming loan amount above \$250,000. ⁴ Source, Westpac Economics, CoreLogic. All dwellings Australia - average 8 major capital cities. Prices to March 2020.

Lenders mortgage insurance arrangements.

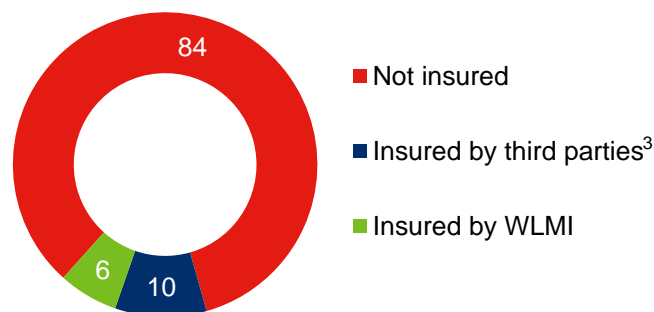
Separately capitalised to the bank.

Mortgage asset quality

Lenders mortgage insurance (LMI)

- Where mortgage insurance is required, mortgages are insured through Westpac's captive mortgage insurer, Westpac Lenders Mortgage Insurance¹ (WLMI), and reinsured through external LMI providers, based on risk profile
- WLMI is well capitalised (separate from bank capital) and subject to APRA regulation. WLMI targets a capitalisation ratio of 1.2x PCR² and has consistently been above this target
- Scenarios indicate sufficient capital to fund claims arising from events of severe stress – estimated losses for WLMI from a 1 in 200 year event are \$85m net of re-insurance recoveries (2H19: \$88m)
- Insurance liabilities were increased over 1H20, which included an allowance for the impacts of COVID-19

Westpac's Australian mortgage portfolio at 31 Mar 2020 (%)



¹ Since 18 May 2015 WLMI has underwritten all mortgage insurance, where required, on Westpac originated mortgages. The in-force portfolio of loans includes mortgage insurance provided by external providers. ² Prudential Capital Requirement (PCR) calculated in accordance with APRA standards. ³ Insured coverage is net of quota share. ⁴ Low doc loans no longer sold. Refers to arrangements in place for legacy products. ⁵ Loss ratio is claims over the total earned premium plus exchange commission. ⁶ LMI gross written premium includes loans >90% LVR reinsured with Arch Reinsurance Limited. 1H20 gross written premium includes \$63m from the arrangement (2H19: \$56m and 1H19: \$52m).

Lenders mortgage insurance arrangements

LVR Band	insurance
<ul style="list-style-type: none"> LVR ≤80% Low doc⁴ LVR ≤60% 	Not required
<ul style="list-style-type: none"> LVR >80% to ≤ 90% Low doc⁴ LVR >60% to ≤ 80% 	<ul style="list-style-type: none"> Where insurance required, insured through captive insurer, WLMI LMI not required for certain borrower groups Reinsurance arrangements: <ul style="list-style-type: none"> 40% risk retained by WLMI 60% risk transferred through quota share arrangements with Arch Reinsurance Limited, Renaissance Re, Endurance Re, Everest Re, Trans Re, AWAC and Capita 2232
<ul style="list-style-type: none"> LVR >90% 	<ul style="list-style-type: none"> Where insurance required, insured through captive insurer, WLMI LMI not required for certain borrower groups 100% reinsurance through Arch Reinsurance Limited

Insurance statistics

	1H19	2H19	1H20
Insurance claims (\$m)	7	5	5
WLMI claims ratio ⁵ (%)	25	16	15
WLMI gross written premiums ⁶ (\$m)	76	84	89

Capital, funding and liquidity



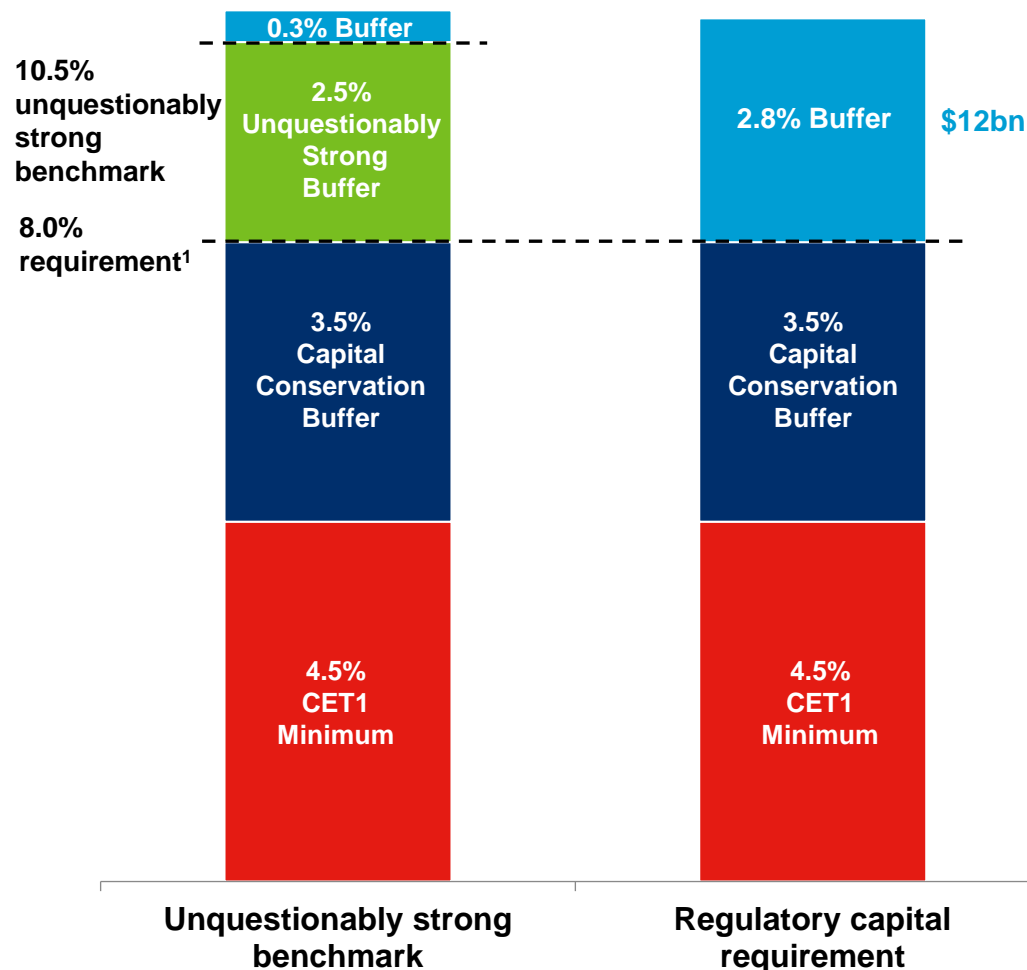
Update on capital management.

Capital, Funding and Liquidity

Capital buffers provide ability to support economy during stress.

Adjustment to capital expectations

10.8% CET1 capital ratio at 31 March 2020



Update on capital

- As part of its response to COVID-19, APRA has adjusted its expectations for bank capital
- Since 2017, APRA's "unquestionably strong" benchmark has been a CET1 capital ratio of at least 10.5% of RWA. The unquestionably strong benchmark compares to the regulatory requirement of 8.0%¹
- APRA has announced that during the period of COVID-19 disruption, banks are not expected to meet the 10.5% benchmark provided they continue to meet regulatory minimums. It is expected that banks utilise some of the current buffers to facilitate lending
- In line with APRA guidance, some of the "unquestionably strong" buffer will be used, while continuing to meet regulatory requirements
- If an ADI's CET1 capital ratio falls below the total CET1 requirement (at least 8%) they face restrictions on the distribution of earnings, such as dividends, distribution payments on Additional Tier 1 capital instruments and discretionary staff bonuses
- This creates a "useable buffer" of ~\$12bn to support the economy and to withstand the stressed environment

¹ The regulatory capital requirement comprises a minimum CET1 requirement of 4.5% plus a Capital Conservation Buffer of 3.5% applicable to D-SIBs. Noting that APRA may apply higher CET1 requirements for an individual ADI.

CET1 capital ratio of 10.8%.

Capital, Funding and Liquidity

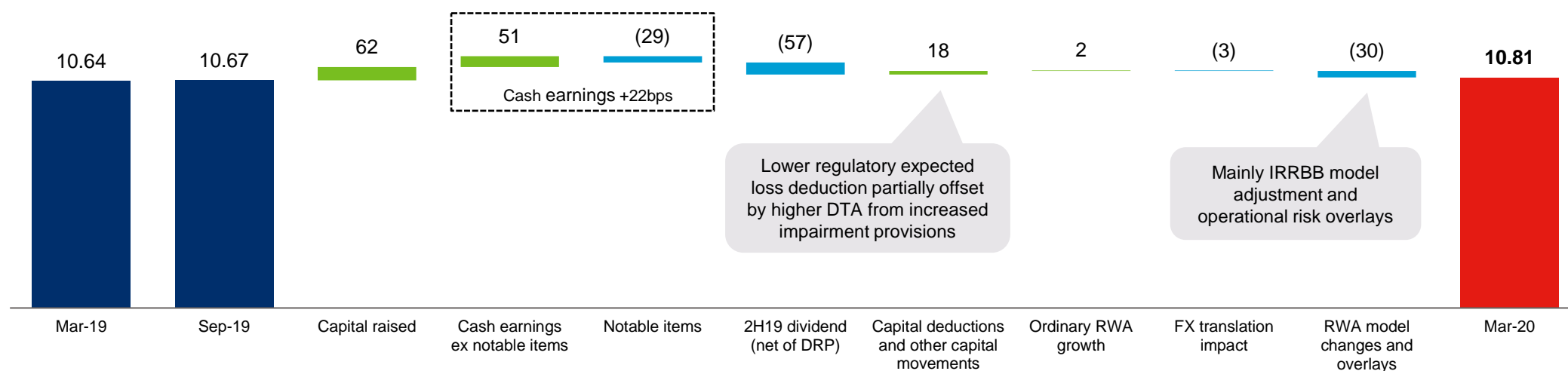
Capital update

- CET1 capital ratio of 10.81%, up 14bps from 30 September 2019
- Over the half, capital was increased by the \$2.0bn institutional share placement and \$0.8bn Share Purchase Plan, and cash earnings, partially offset by payment of the final 2019 dividend and higher RWAs mainly from model adjustments and overlays
- The net impact to CET1 capital ratio of the increased impairment provisions related to COVID-19 is an 11bps decrease reflecting the impact to cash earnings, the reduction in the regulatory expected loss deduction to nil and a higher deduction for deferred tax assets

Other future developments

- As part of its COVID-19 response, APRA has delayed the implementation of the Basel III capital reforms to 1 January 2023 and changes to APS 222 Associations with Related Entities to 1 January 2022
- The RBNZ has delayed implementation of its reforms by a year to 1 July 2021¹ (subject to a 7 year transition period)
- The RBNZ also announced a freeze on the distribution of NZ banks' dividends during the period of uncertainty from COVID-19. Non-payment of dividends from WNZL only impacts Level 1 and we are well placed to respond to the change

CET1 capital ratio movements (% , bps)



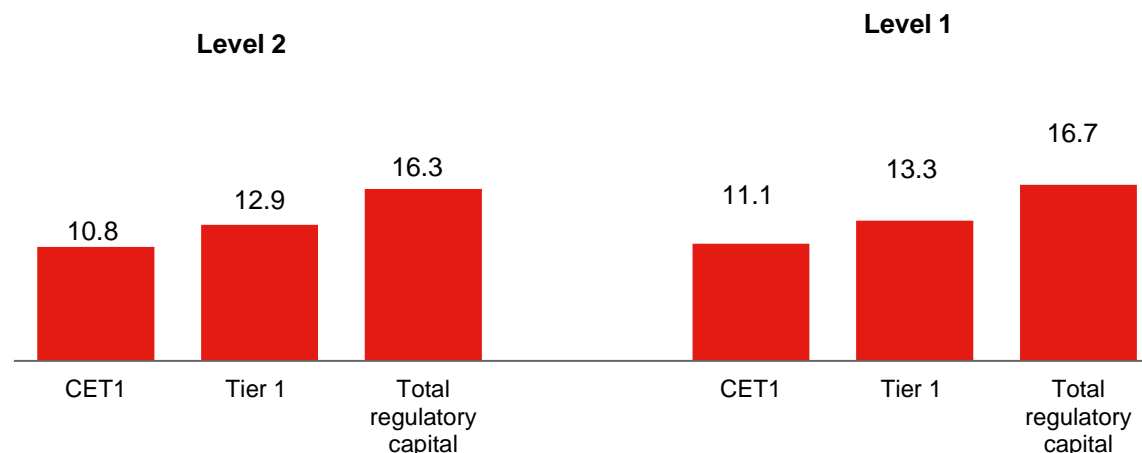
¹ RBNZ will consider further delays in 2021 if it considers that market conditions warrant it.

Key ratios.

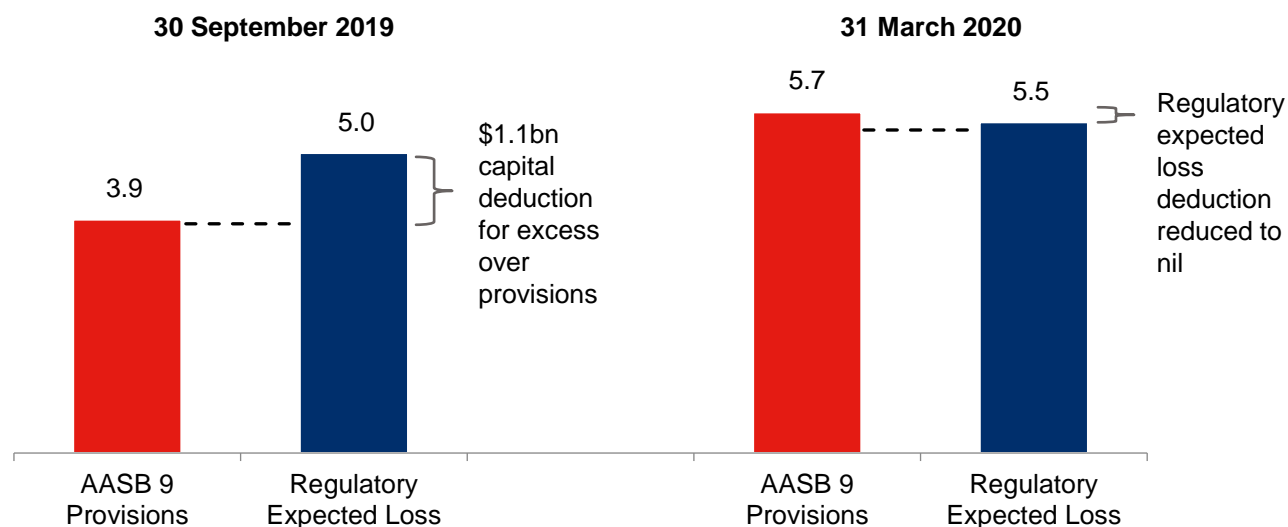
Capital, Funding and Liquidity

%	Mar-19	Sep-19	Mar-20
CET1 capital ratio	10.6	10.7	10.8
Additional Tier 1 capital	2.2	2.2	2.1
Tier 1 capital ratio	12.8	12.8	12.9
Tier 2 capital	1.8	2.8	3.4
Total regulatory capital ratio	14.6	15.6	16.3
Risk weighted assets (RWA) (\$bn)	420	429	444
Leverage ratio	5.7	5.7	5.7
Level 1 CET1 ratio	10.7	11.0	11.1
Internationally comparable ratios¹			
Leverage ratio (internationally comparable)	6.4	6.4	6.3
CET1 capital ratio (internationally comparable)	16.2	15.9	15.8

Key capital ratios (%)



The impact of higher impairment provisions on capital (Level 2), \$bn



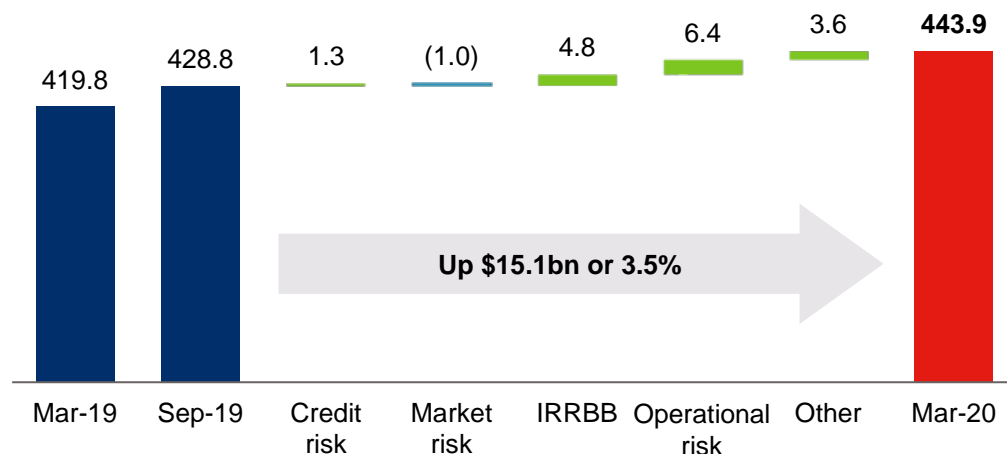
¹ Internationally comparable methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. For more details on adjustments refer page 96.

Risk weighted assets.

Capital, Funding and Liquidity

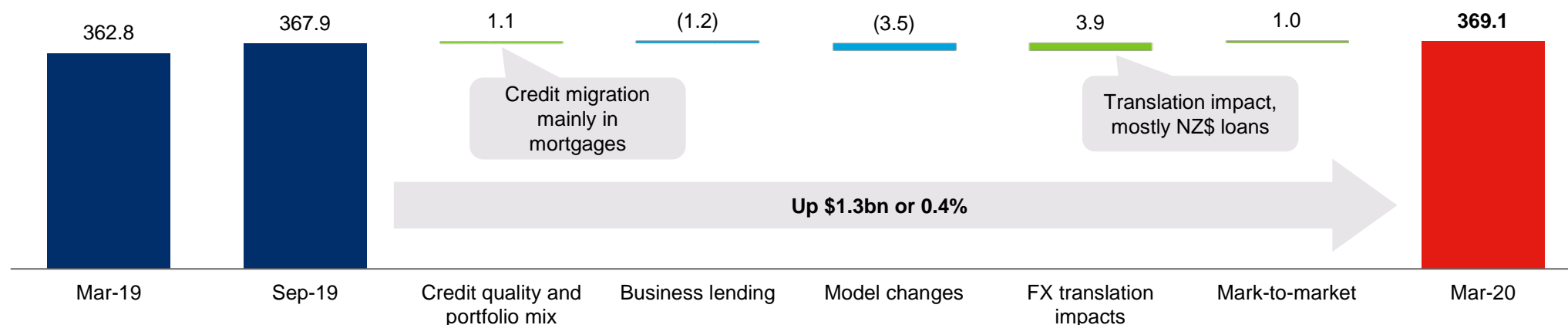
Increase from higher operational risk and interest rate risk in the banking book.

Risk weighted assets (\$bn)



- At 31 March 2020 RWA movements linked to slowing in activity was limited but may rise in future periods. APRA's RWA treatment of COVID-19 repayment holiday support packages is expected to provide relief in 2H20
- Credit RWA up \$1.3bn. Some credit migration, mainly within mortgages from higher delinquencies
- Higher IRRBB from implementation of a new IRRBB model. Until the model is finalised and approved, Westpac is including an overlay in its IRRBB RWA. At March 2020 the overlay increased RWA by \$6.3bn (\$500m of capital), which has been partially offset by a higher embedded gain from lower rates
- Operational risk RWA higher mainly from the additional \$500m capital overlay imposed by APRA following AUSTRAC's Statement of Claim
- Other RWA increased \$3.6bn mostly from the adoption of AASB 16 Leasing on 1 October 2019

Movement in credit risk weighted assets (\$bn)



Graph may not add due to rounding

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

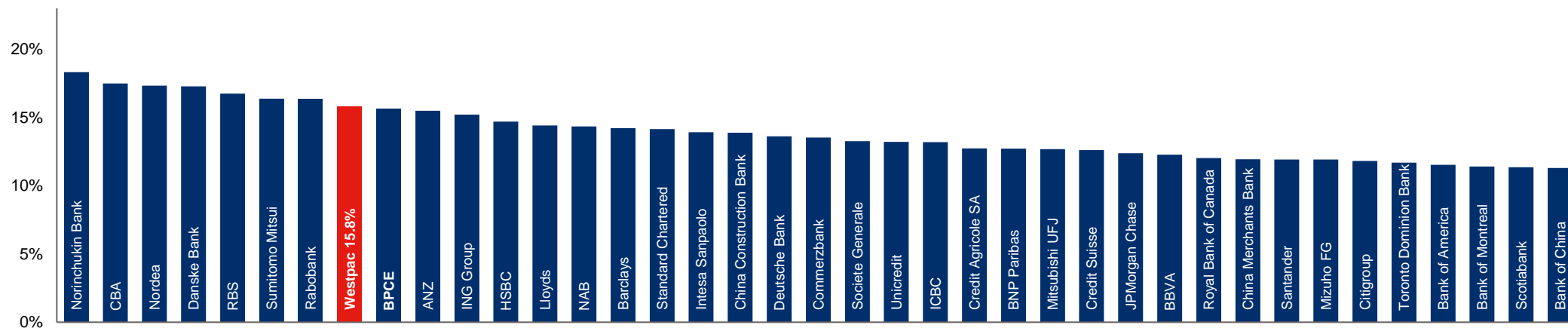
		(%)
Westpac's CET1 capital ratio (APRA basis)		10.8
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.3
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under 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	0.1
Residential mortgages	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements. APRA also applies a correlation factor for mortgages higher than the 15% factor prescribed in the Basel rules	1.8
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements	0.7
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements	0.4
Specialised lending	Use of internal-ratings based (IRB) probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors	0.6
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures	0.2
Capitalised expenses	APRA requires these items to be deducted from CET1. The BCBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1	0.3
Internationally comparable CET1 capital ratio		15.8
Internationally comparable Tier 1 capital ratio		18.6
Internationally comparable total regulatory capital ratio		22.7

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

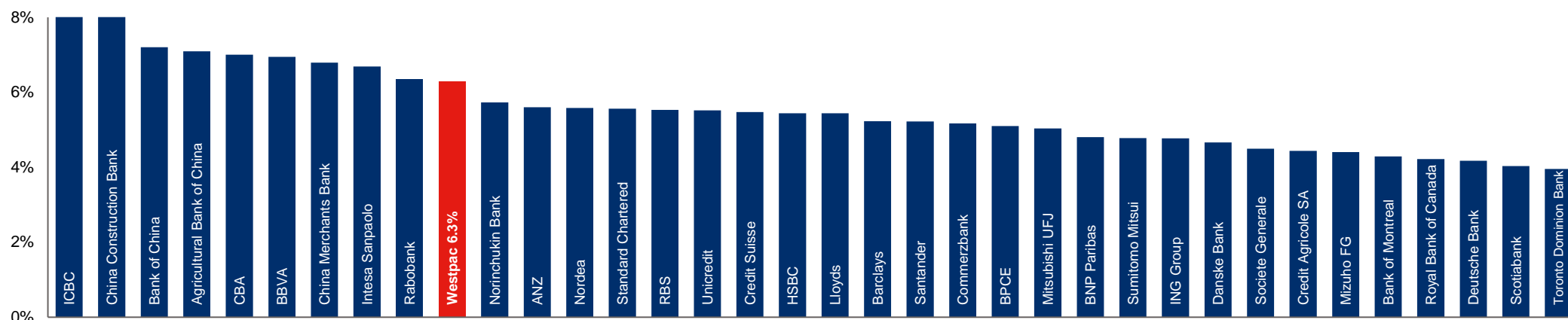
Well placed on internationally comparable. CET1 and leverage ratios.

Capital, Funding and Liquidity

Common equity Tier 1 ratio (%)¹



Leverage ratio (%)¹



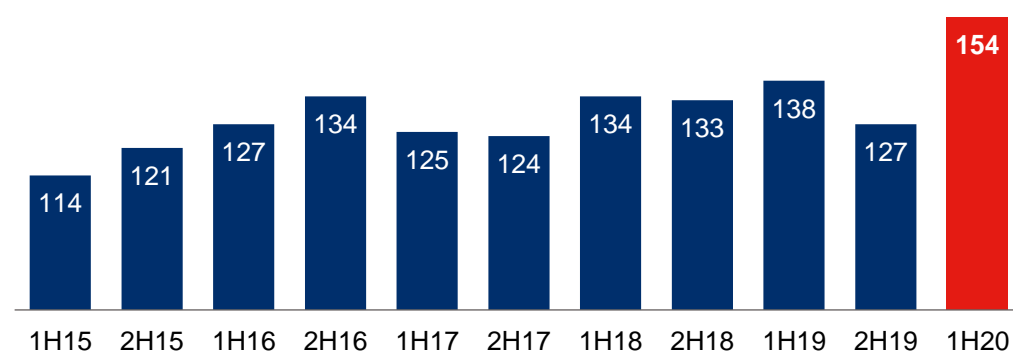
¹ Peer group comprises listed commercial banks with assets in excess of A\$700bn and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure to estimate. Based on company reports/ presentations. Ratios at 31 December 2019, except for ANZ, NAB and Westpac which are at 31 March 2020, and Bank of Montreal, Scotiabank, Royal Bank of Canada and Toronto Dominion are at 31 January 2020. Leverage ratio is on a transitional basis. Where accrued expected dividends have been deducted and disclosed, these have been added back for comparability. US banks are excluded from leverage ratio analysis due to business model differences, for example from loans sold to US Government sponsored enterprises. NAB has not disclosed an internationally comparable leverage ratio since September 2017.

Liquidity coverage ratio.

Liquidity at exceptionally high levels.

Capital, Funding and Liquidity

Liquidity coverage ratio (LCR)¹ (%)



LCR eligible liquid assets (\$bn and %)

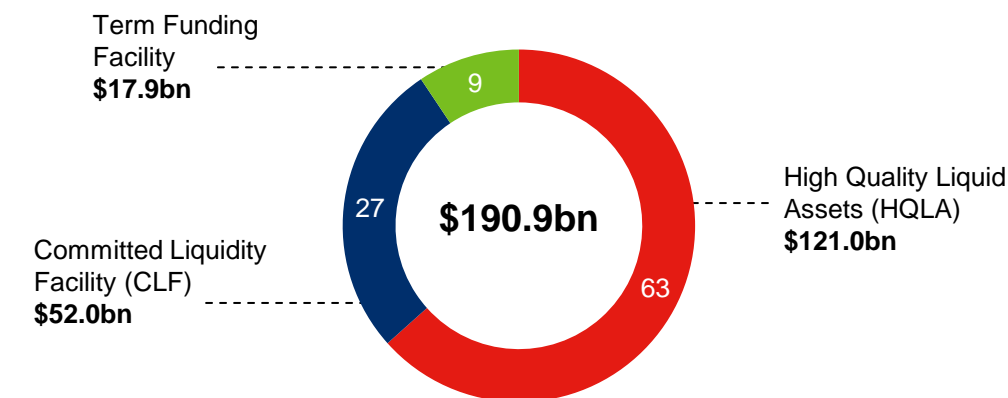
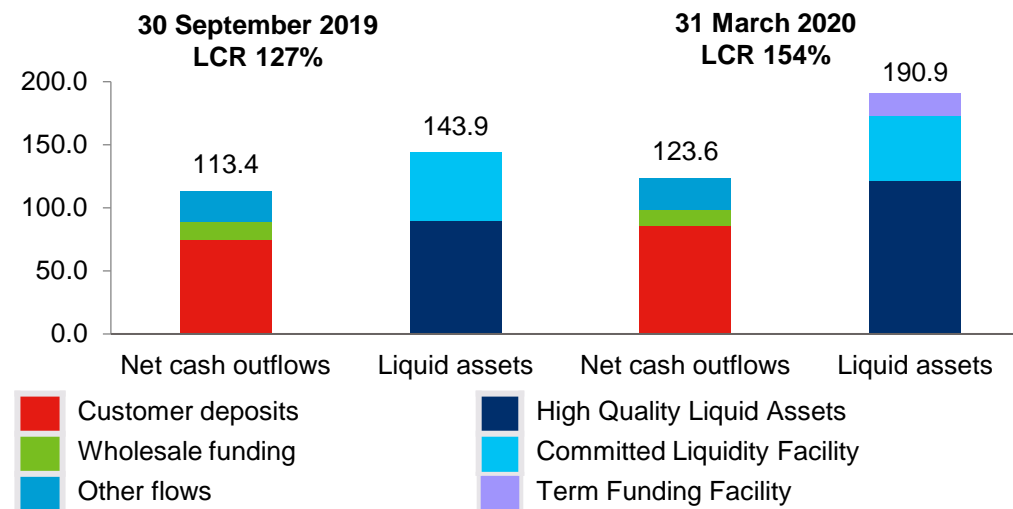


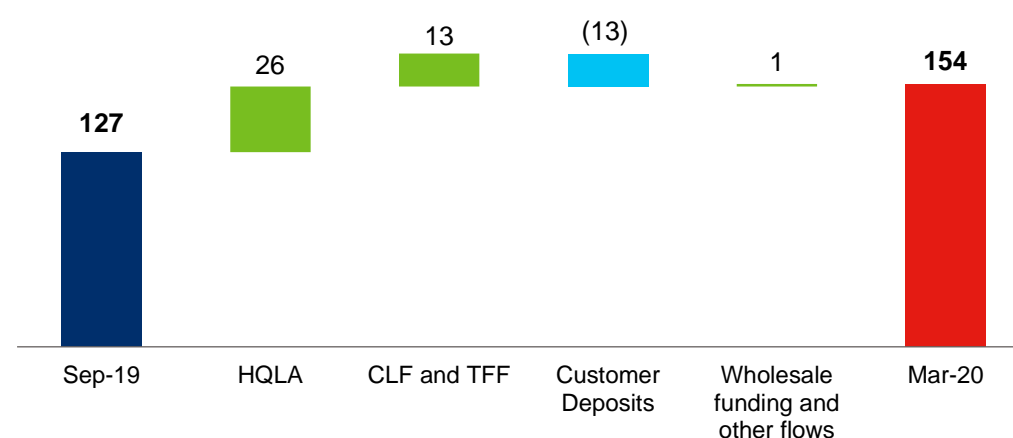
Chart does not add to 100 due to rounding

¹ LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash outflows in a modelled 30 day defined stressed scenario. Calculated on a spot basis. HQLA includes HQLA as defined in APS 210, RBNZ eligible liquids, less RBA open repos funding end of day ESA balances with the RBA. Committed Liquidity Facility or CLF is 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. In 1H20, LCR also includes Westpac's Initial Allocation of the Term Funding Facility.

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



Liquidity coverage ratio (LCR)¹ (%)



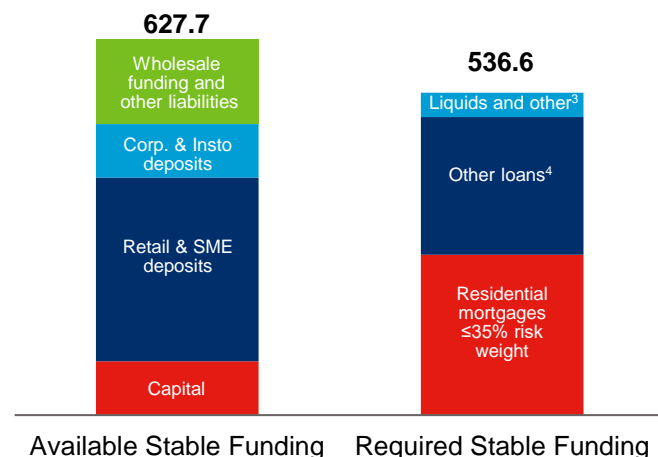
Balance sheet funding.

Net stable funding ratio at 117%.

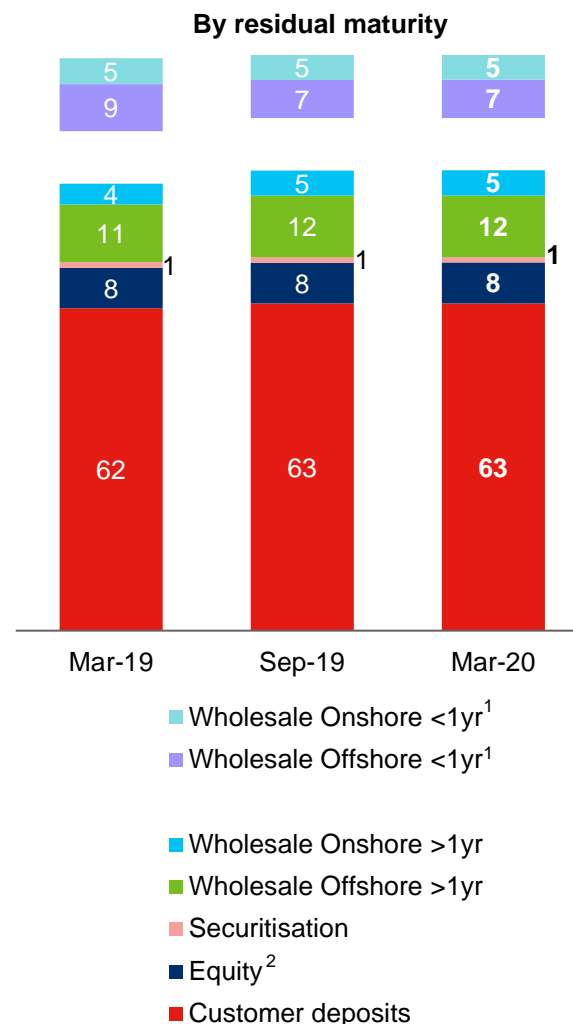
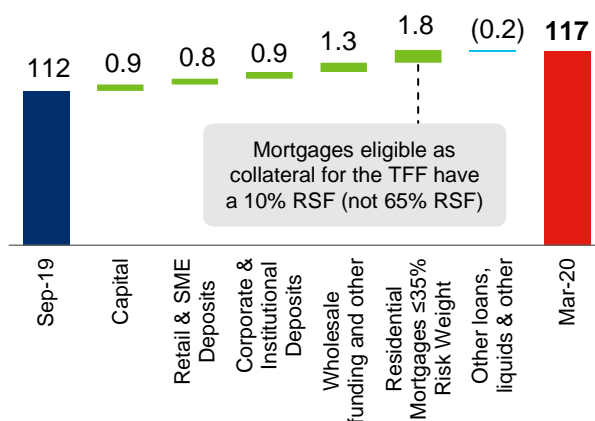
Capital, Funding and Liquidity

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

Funding composition (%)



Net stable funding ratio (NSFR) (%)



Bars may not add to 100 due to rounding

Key developments

- **Customer deposits, 63% of total funding**
 - Strong growth in customer deposits, up \$19.3bn in 1H20, compared to loans (up \$4.9bn) increased the Group's deposit to loan ratio to 75.6% (2H19: 73.4%)
- **Term Funding Facility (TFF)**
 - The TFF makes available at least \$90bn in aggregate to ADIs to support lending to Australian businesses
 - Funding is provided on a collateralised basis at an interest rate of 25bps, fixed for the term of the funding, for a maximum of 3 years
 - Westpac's Initial Allowance is \$17.9bn and can be drawn down until 30 September 2020
 - An Additional Allowance is also available to ADIs and is based on lending provided by the ADI to both large businesses and SMEs in the 3 months ending 31 January 2020 through to the 3 months ending 31 January 2021 and can be drawn down until 31 March 2021
 - The Initial Allowance of the TFF is included in the calculation of both the NSFR and the LCR as a committed liquidity facility

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

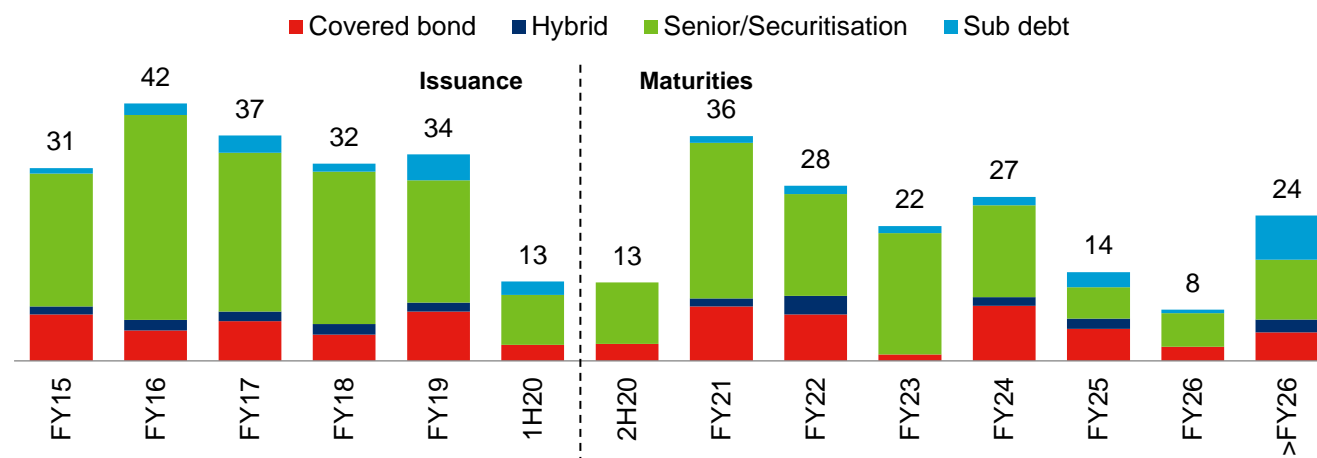
Long term wholesale funding.

\$12.9bn issued in 1H20.

Capital, Funding and Liquidity

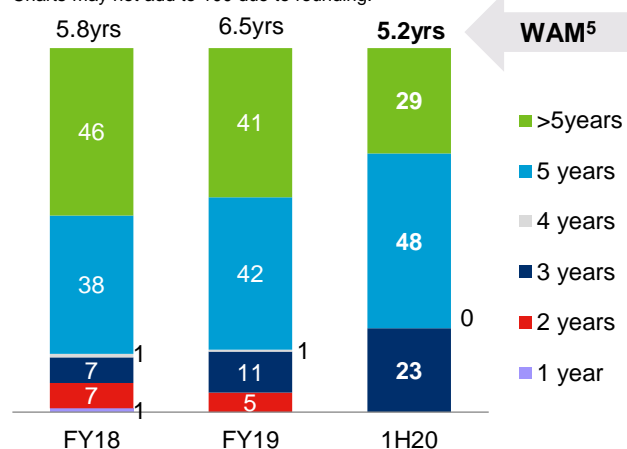
- \$12.9bn new long term wholesale funding raised
- Majority of new issuance in senior unsecured bonds (44%) and covered bonds (20%) in line with prior years. Securitisation also contributed 20%
- Increased Tier 2 issuance (\$2.2bn in 1H20), as the Group made progress towards APRA's TLAC requirements
- Higher proportion of USD term issuance in 1H20 reflects the depth of the US market and attractive funding levels early in 2020 calendar year

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



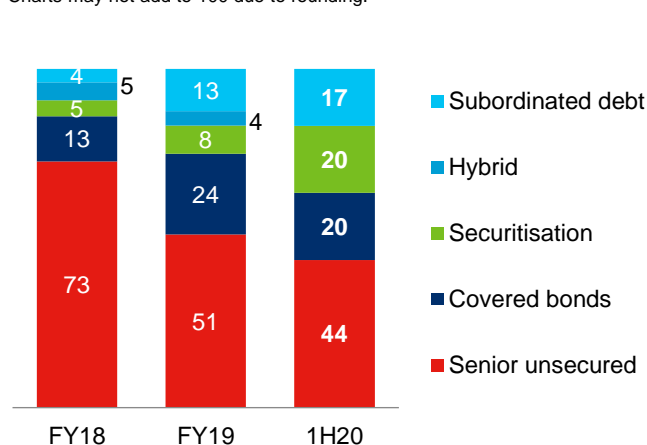
New term issuance by tenor^{2,4} (%)

Charts may not add to 100 due to rounding.



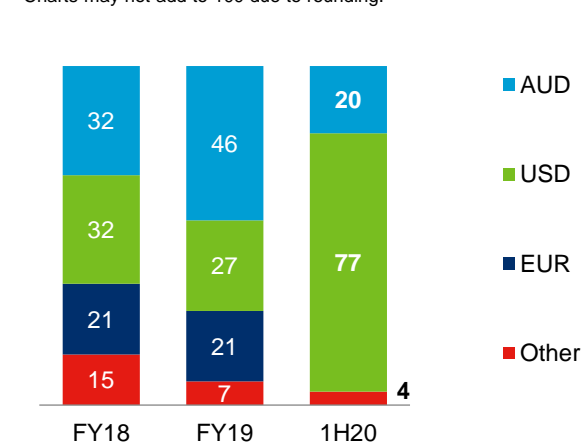
New term issuance by type (%)

Charts may not add to 100 due to rounding.



New term issuance by currency (%)

Charts may not add to 100 due to rounding.



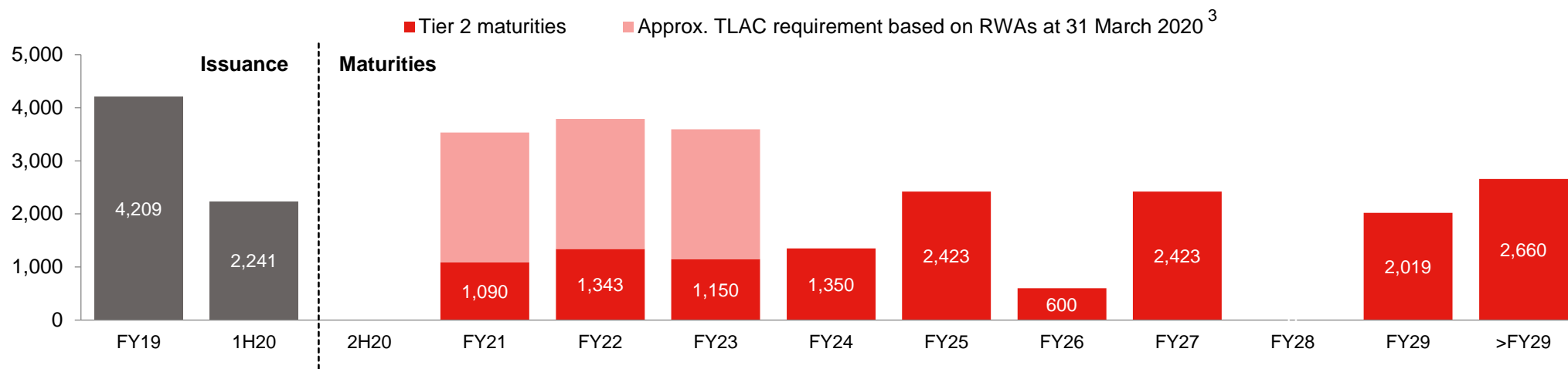
1 Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months excluding US Commercial Paper and Yankee Certificates of Deposit. 2 Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. 3 Perpetual sub-debt has been included in >FY26 maturity bucket. Maturities exclude securitisation amortisation. 4 Tenor excludes RMBS and ABS. 5 WAM is weighted average maturity.

Tier 2 capital.

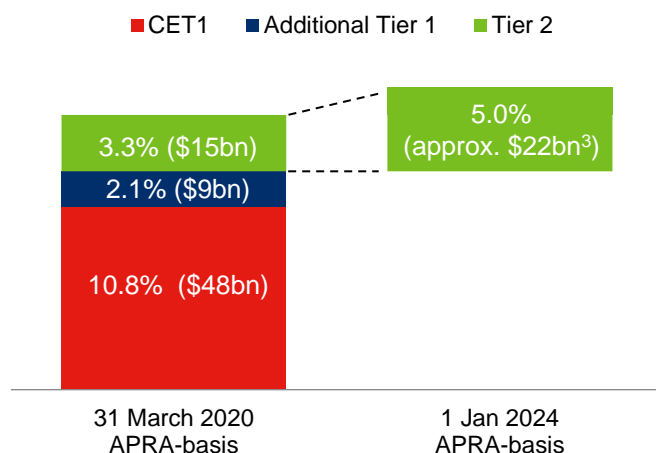
Well progressed on TLAC requirements.

Capital, Funding and Liquidity

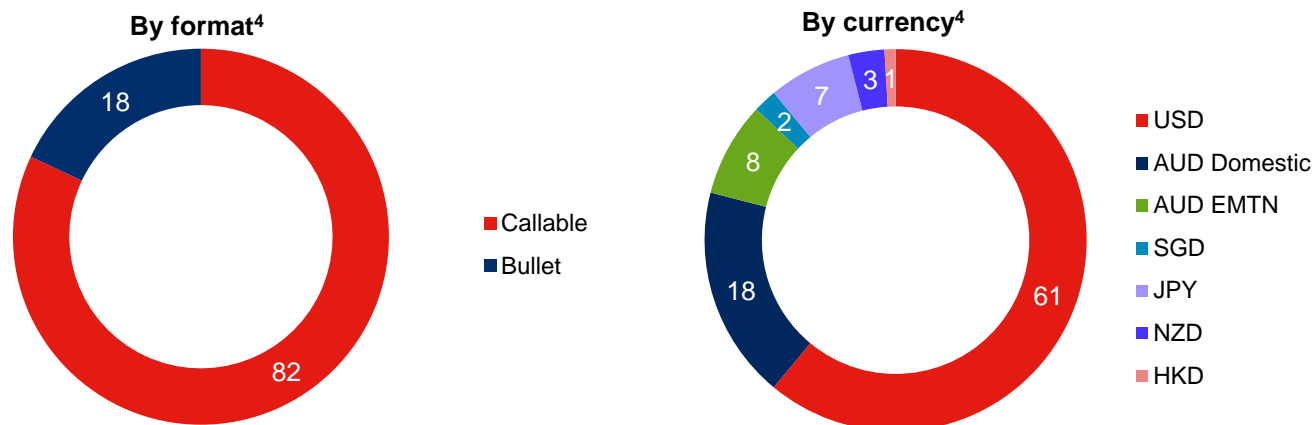
Westpac Tier 2 issuance and calls/maturities^{1,2} (notional amount, A\$m)



Westpac Total Regulatory Capital



Westpac Tier 2 capital (notional amount, %)



1 Represents AUD equivalent notional amount using spot FX translation at date of issue for issuance and spot FX translation at 31 March 2020 for maturities. 2 Securities in callable format profiled to first call date, excluding the Perpetual Floating Rate Notes issued 30 September 1986. Securities in bullet format profiled to maturity date. 3 Estimates are based on Westpac's RWAs at 31 March 2020, as measured under the current capital adequacy framework. Assumes no risk-weighted asset growth over the transition period and no management buffer. 4 Represents AUD equivalent notional amount using spot FX translation at 31 March 2020.

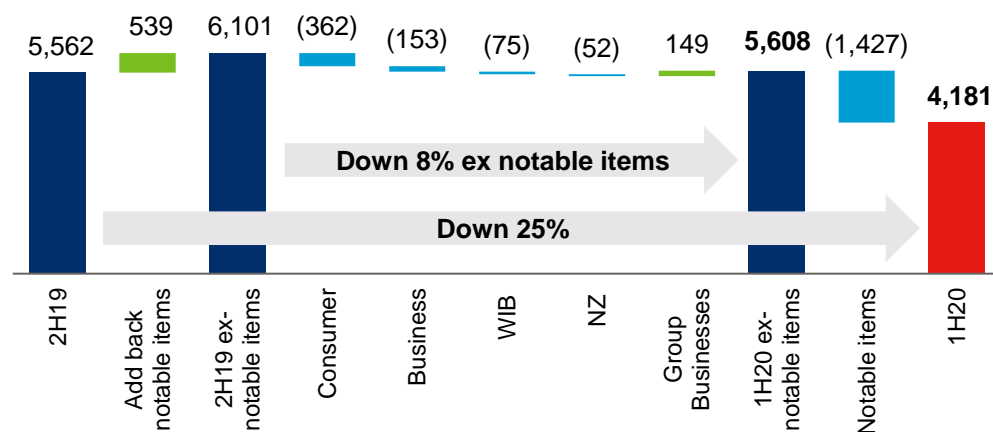
Divisional results



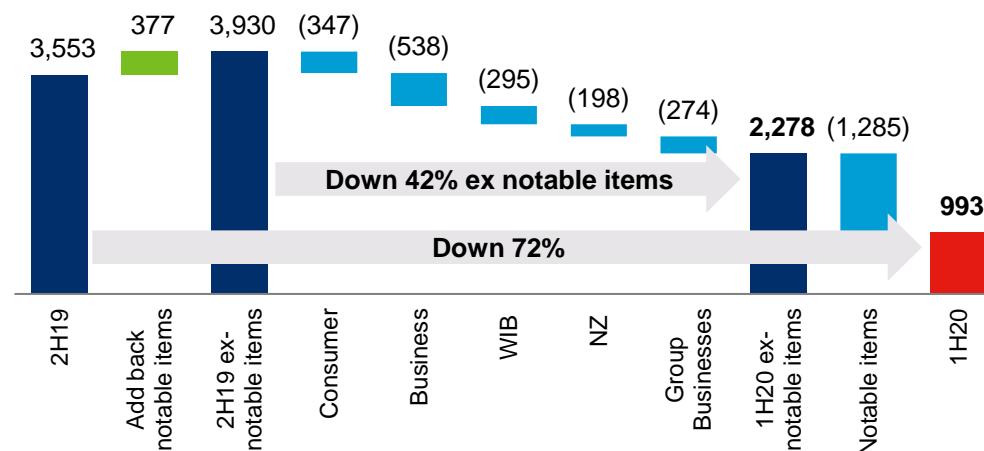
Divisional¹ contributions.

Divisional Results

1H20 divisional core earnings movements (\$m)



1H20 divisional cash earnings movements (\$m)



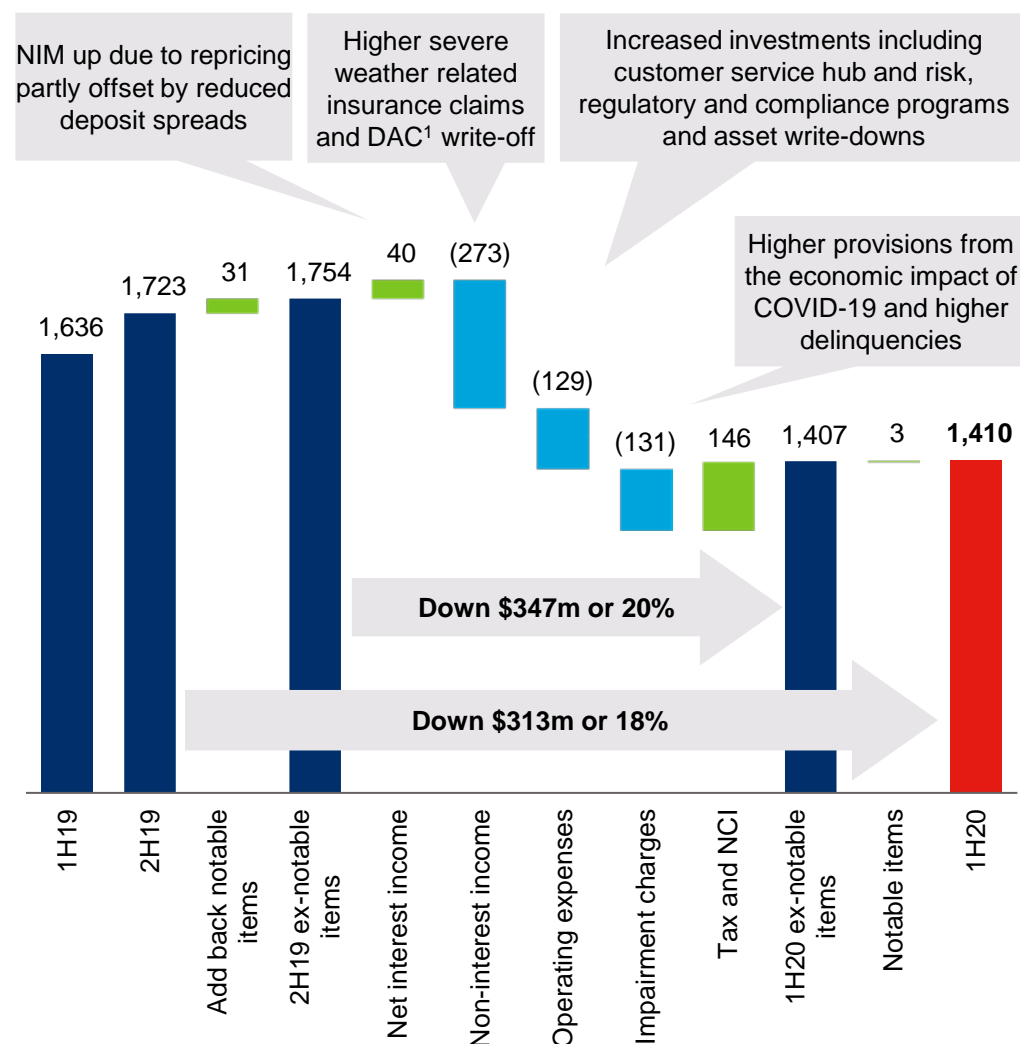
1H20 (\$m)	Consumer	Business	WIB	NZ	Group Businesses	Group
Operating income	4,490	3,144	1,258	1,107	342	10,341
Expenses	(2,024)	(1,468)	(654)	(516)	(1,498)	(6,160)
Core earnings	2,466	1,676	604	591	(1,156)	4,181
Impairment (charges)/benefits	(448)	(805)	(315)	(200)	(470)	(2,238)
Tax & non-controlling interests	(608)	(267)	(114)	(110)	149	(950)
Cash earnings	1,410	604	175	281	(1,477)	993

¹ Refer to division definitions, page 126. NZ in \$A.

Consumer 1H20 performance.

Consumer

Cash earnings (\$m)



Key financial metrics	1H19	2H19	1H20	Change on 2H19
Revenue ² (\$m)	4,469	4,678	4,490	(4%)
Net interest margin ² (%)	2.20	2.27	2.34	7bps
Expense to income ² (%)	41.8	40.6	45.1	large
Customer deposit to loan ratio ² (%)	53.0	53.7	54.2	51bps
Stressed exposures to TCE ² (%)	0.74	0.81	0.85	4bps
Life Insurance in-force premiums (\$m)	1,259	1,212	1,208	–
General Insurance GWP (\$m)	259	279	273	(2%)

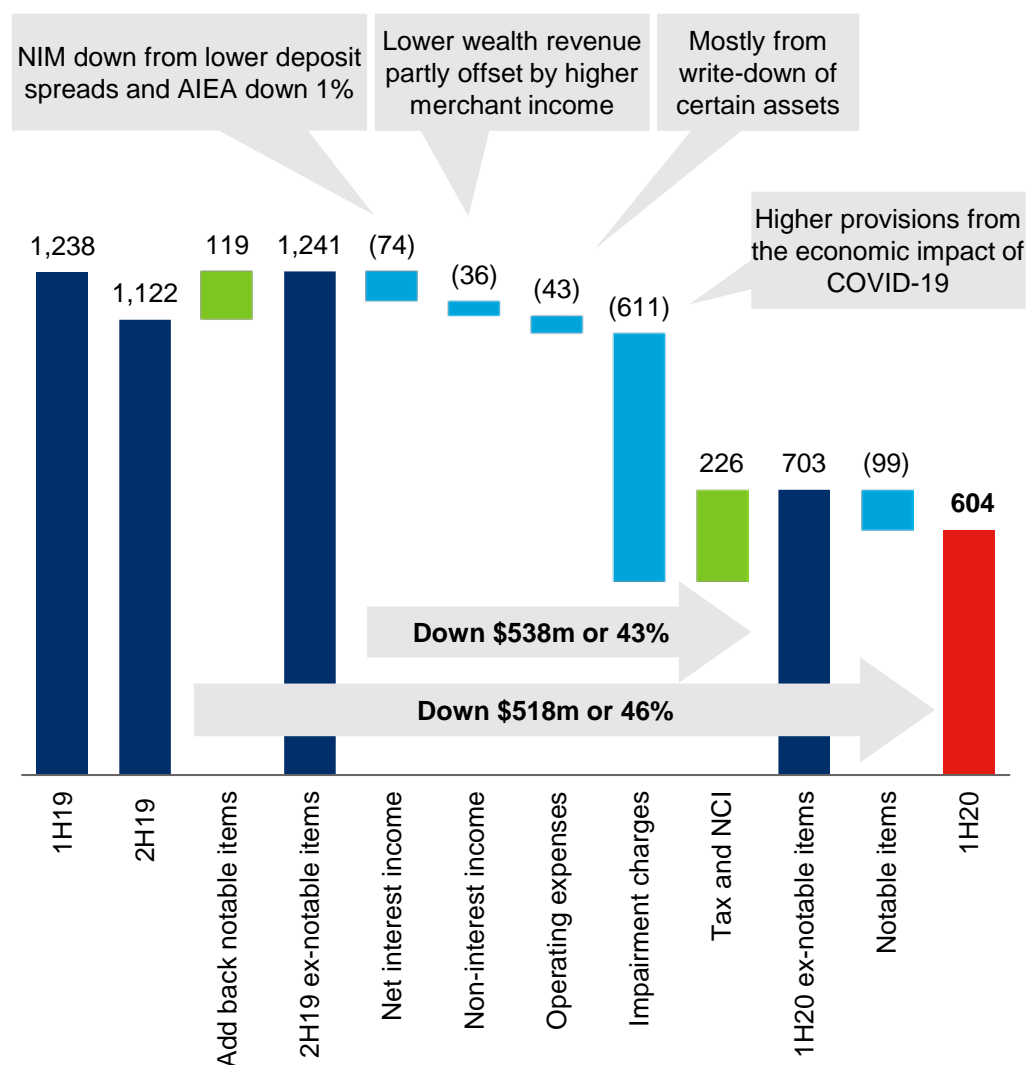
Key operating metrics	1H19	2H19	1H20	Change on 2H19
Total banking customers (#m) ²	9.6	9.7	9.6	(1%)
Active digital banking customers (#m) ²	4.4	4.5	4.5	–
Total branches (#)	971	955	931	(24)
Total ATMs (#)	2,213	2,193	2,133	(60)
Customer satisfaction ^{3,4}	7.3 (2 nd)	7.3 (2 nd)	7.3 (2nd)	–
Net promoter score (NPS) ^{3,4} 6mma ⁵	-6.6 (2 nd)	-7.3 (3 rd)	-7.4 (3rd)	–

1 Refers to the write-off of deferred acquisition costs (DAC) following changes to group life insurance. 2 Restated for the impact of customer migrations following the Group's refinement of the definition of SME customers. 3 Refer page 129 for metric definitions and details of provider. 4 Customer satisfaction and NPS metrics refer to total Consumer customers across the Westpac Group. Data for 1H20 as at February 2020. 5 6 month moving average.

Business 1H20 performance.

Business

Cash earnings (\$m)



Key financial metrics	1H19	2H19	1H20	Change on 2H19
Revenue ¹ (\$m)	3,233	3,259	3,144	(4%)
Net interest margin ¹ (%)	3.06	3.10	3.01	(9bps)
Expense to income ¹ (%)	43.1	44.8	46.7	189bps
Customer deposit to loan ratio ¹ (%)	83.8	86.5	88.5	197bps
Stressed exposures to TCE ¹ (%)	2.47%	2.76%	3.02%	26bps
Total funds (\$bn) (spot)	203.1	215.4	185.9	(14%)

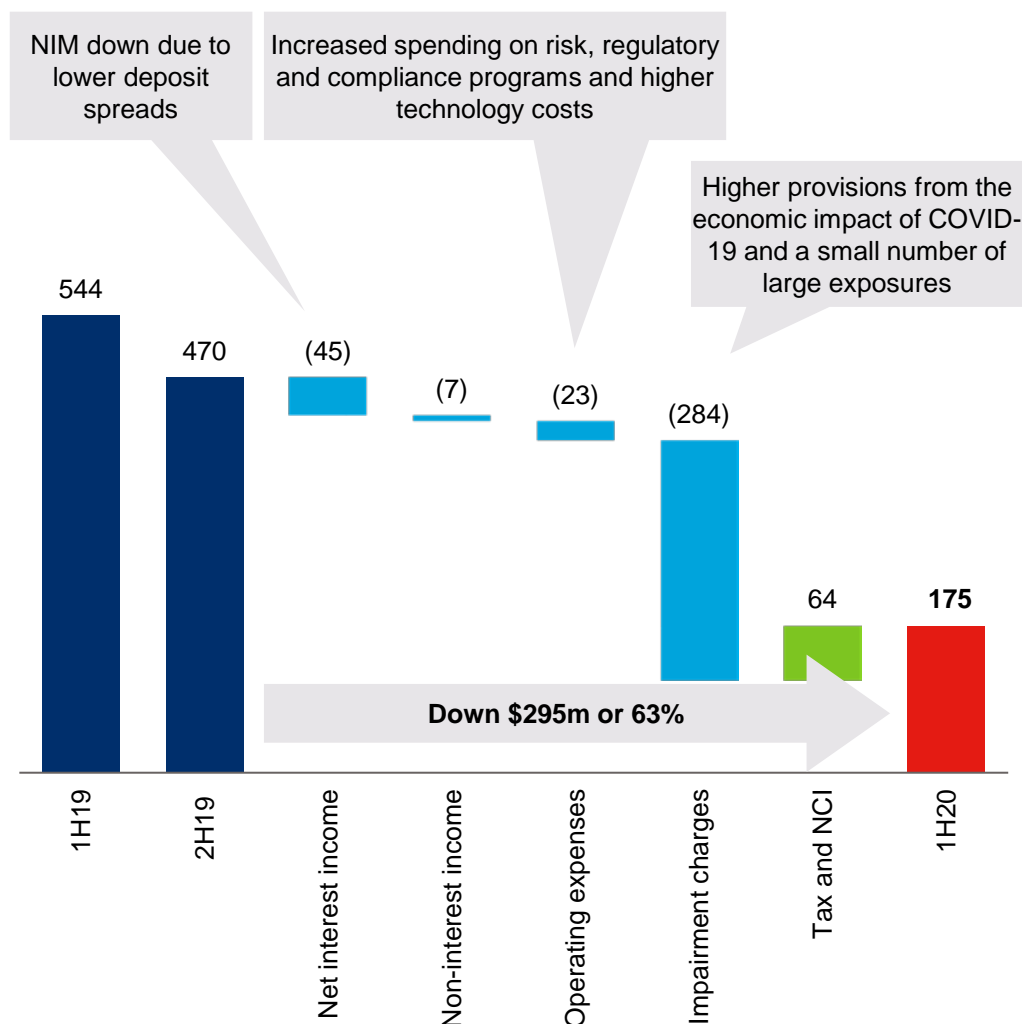
Key operating metrics	1H19	2H19	1H20	Change on 2H19
Total Business customers ^{1,2} ('000's)	1,020	1,019	1,021	—
Customer satisfaction ³ (rank)	#1	#1	#1	—
Customer satisfaction – SME ³ (rank)	#1	#1	= #1	—
Digital sales ⁴ (%)	20	21	23	2ppt
Platform FUA market share ⁵ (inc. Corp Super) (%)	18	18	18	—

1 Restated for the impact of customer migrations following the Group's refinement of the definition of SME customers. 2 Excludes Super, Investments, Platforms and Private Wealth customers. 3 DBM external ratings. 1H20 as at February 2020. SME refers to Total SME. 4 Share of sales made digitally for eligible products, excludes wealth. 5 Retail Platforms market share sourced from Strategic Insight, All Master Funds Admin segment and represents the Westpac Business Wealth market share disclosed in Strategic Insight as at December 2019 (1H20), June 2019 (2H19) and December 2018 (1H19).

WIB 1H20 performance.

Westpac Institutional Bank

Cash earnings (\$m)



Key financial metrics	1H19	2H19	1H20	Change on 2H19
Revenue (\$m)	1,425	1,310	1,258	(4%)
Net interest margin (%)	1.67	1.64	1.53	(11bps)
Expense to income ratio (%)	45.8	48.2	52.0	382bps
Net loans	76.5	75.4	80.4	7%
Customer deposits	95.7	101.3	112.5	11%
Customer deposit to loan ratio (%)	125.1	134.4	139.9	large
Stressed exposures to TCE (%)	0.63	0.68	1.18	50bps

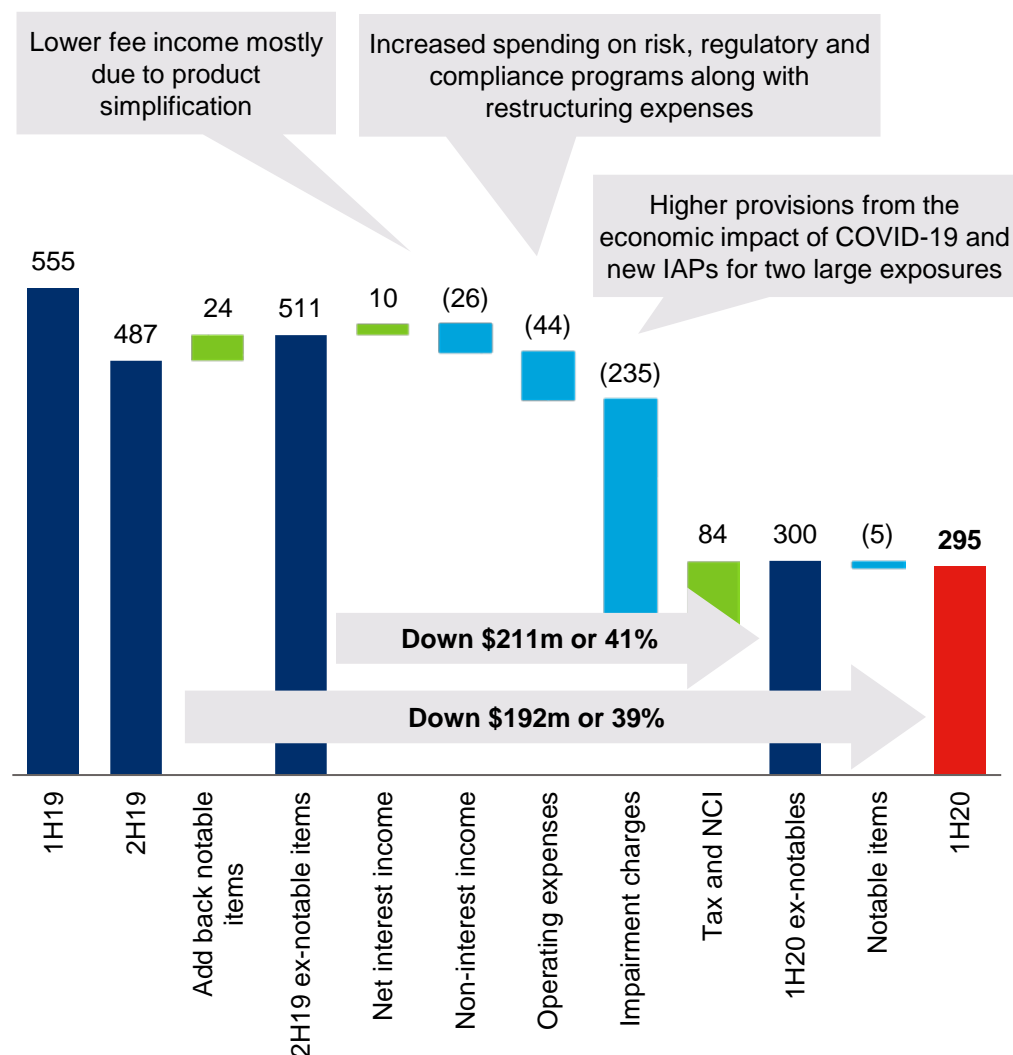
Key operating metrics	1H19	2H19	1H20	Change on 2H19
Customer revenue ¹ / total revenue (%)	91.6	95.1	95.4	28bps
Trading revenue / total revenue (%)	8.8	8.7	13.8	Large
Revenue per FTE (\$'000) ²	844	811	784	(3%)

¹ WIB customer revenue is lending revenue, deposit revenue, sales and fee income. Excludes trading and derivative valuation adjustments. ² Excludes Westpac Pacific revenue and FTE.

NZ 1H20 performance¹.

New Zealand

Cash earnings (\$NZm)



Key financial metrics	1H19	2H19	1H20	Change on 2H19
Revenue (\$NZm)	1,248	1,167	1,162	Flat
Net interest margin (%)	2.23	2.09	2.06	(3bps)
Expense to income (%)	38.5	44.0	46.6	260bps
Customer deposit to loan ratio (%)	78.2	76.6	79.4	283bps
Stressed exposures to TCE (%)	1.57	1.66	1.64	(2bps)

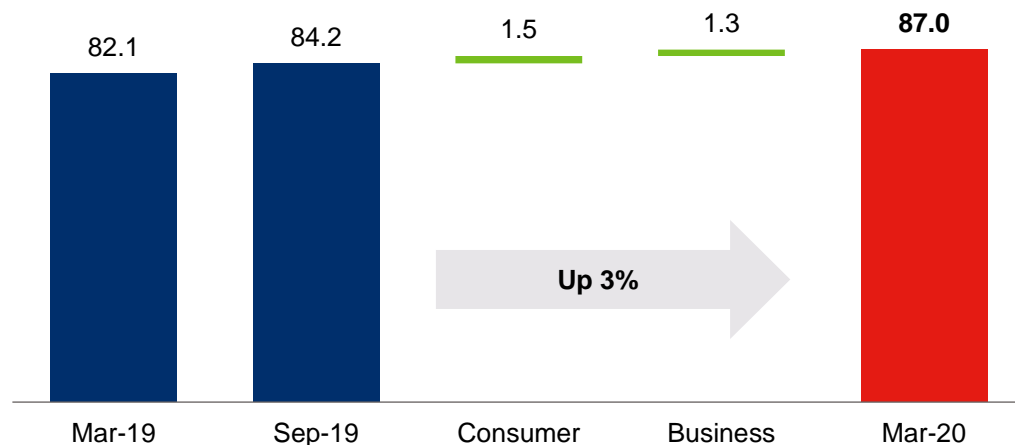
Key operating metrics	1H19	2H19	1H20	Change on 2H19
Customers (#m)	1.35	1.35	1.35	Flat
Branches (#)	161	155	151	(4)
Consumer NPS ²	+11	+5	+21	Up 16
Business NPS ²	+4	+3	+1	Down 2
Agri NPS ²	+16	+20	+21	Up 1
Funds (\$NZbn) (spot)	10.9	11.5	10.9	(5%)
Service quality – complaints (000's)	8.6	9.3	9.6	2%

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

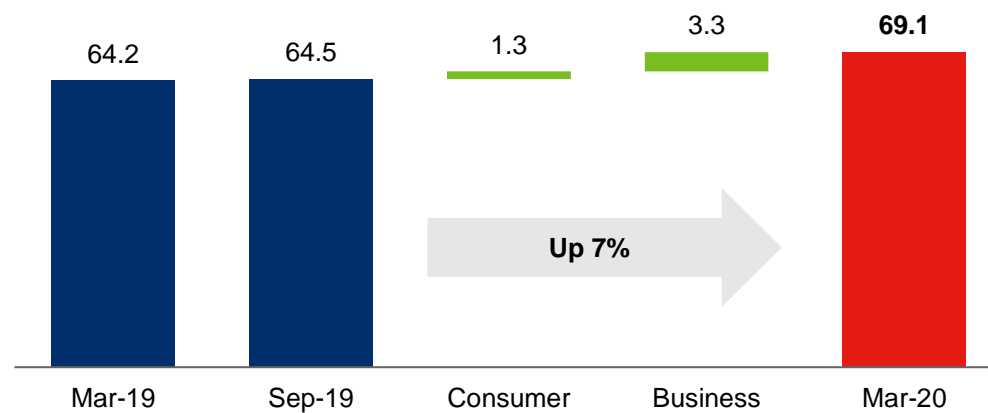
NZ balance sheet drivers.

New Zealand

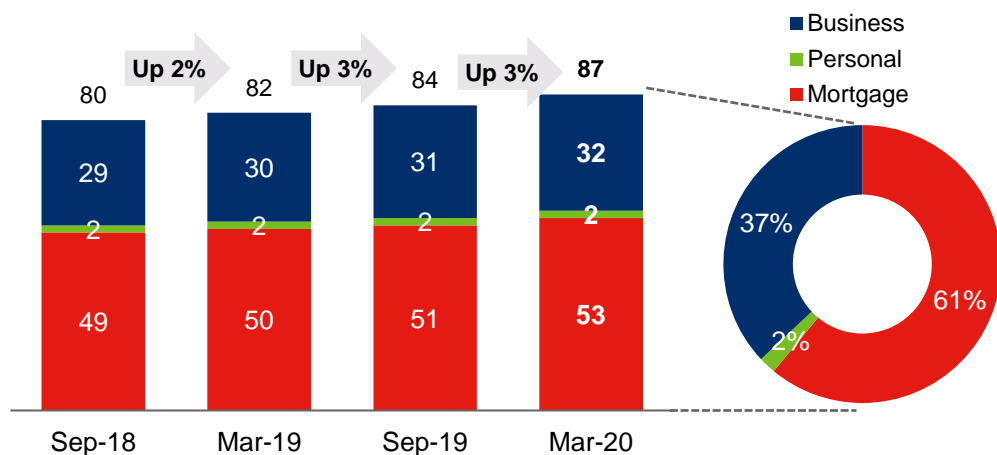
New Zealand net loans (NZ\$bn)



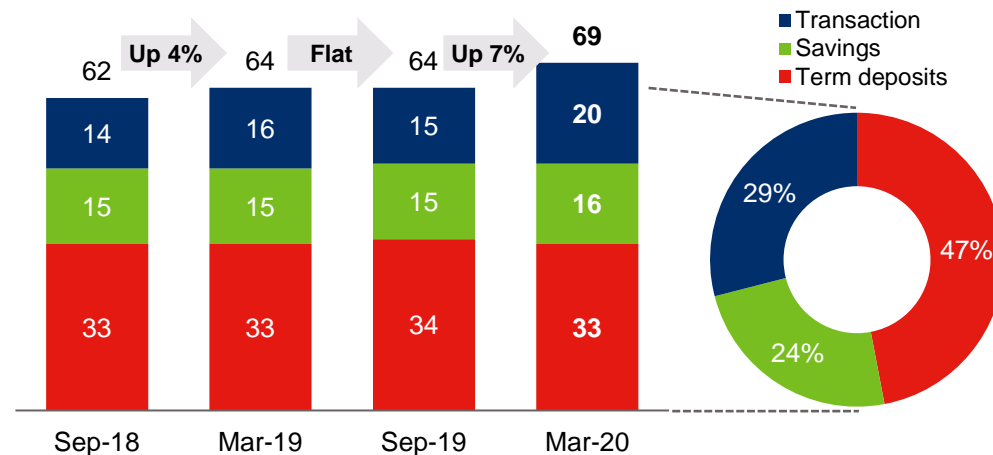
New Zealand deposits (NZ\$bn)



New Zealand customer loans (NZ\$bn) and % of total



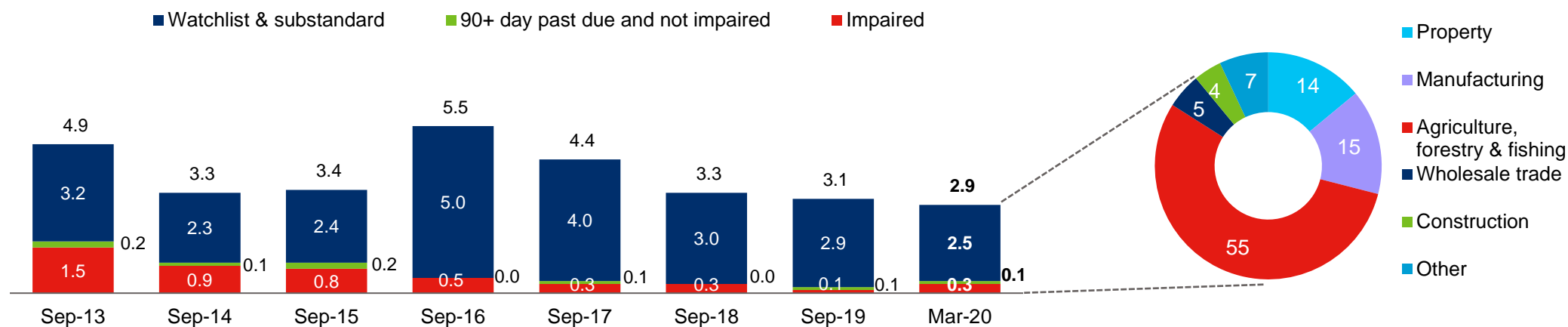
New Zealand customer deposits (NZ\$bn) and % of total



Stressed exposures.

New Zealand

Business stressed exposures as a % of New Zealand business TCE

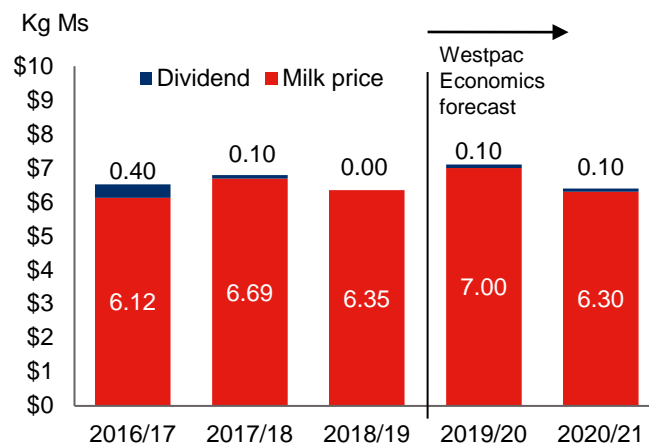


Agribusiness portfolio

	Mar-19	Sep-19	Mar-20
TCE (NZ\$bn)	9.4	9.5	9.6
Agriculture as a % of total TCE	8.2	8.1	7.6
% of portfolio graded as 'stressed' ¹	10.0	10.0	9.8
% of portfolio in impaired	0.40	0.32	0.48

¹ Includes impaired exposures. ² Source: Fonterra.

Milk price & Fonterra dividend² (NZ\$)



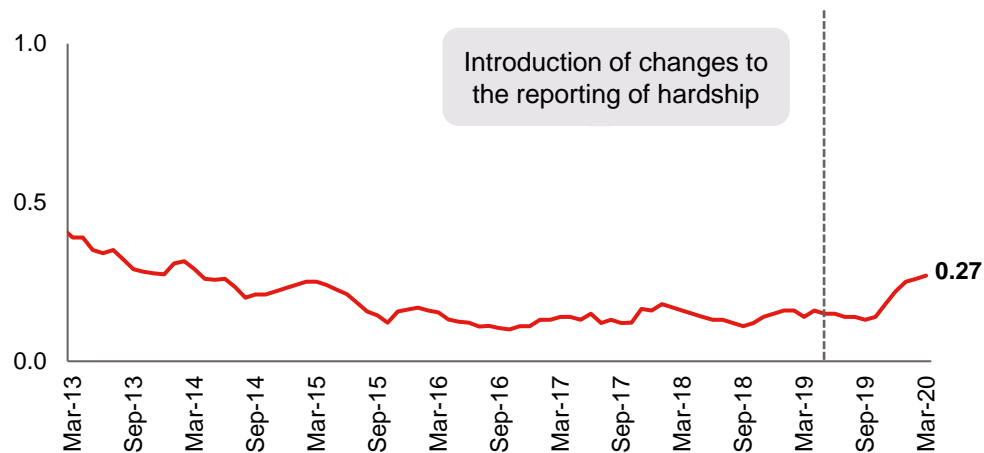
Dairy portfolio summary

- Overall portfolio health remains sound. Dairy stressed assets largely flat. Focus remains on supporting existing dairy customers with proven long-term viability
- Fonterra has forecast a price range for the 2019/20 season of \$7.00-\$7.60/kg milk solids
- Increased environmental regulation, rising costs and reduced global purchasing power due to the COVID-19 pandemic will pose ongoing challenges

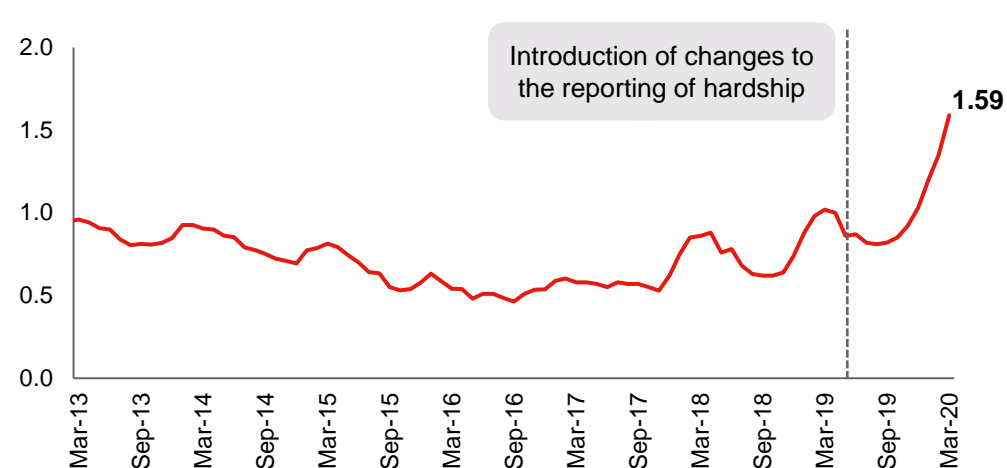
Consumer portfolio.

New Zealand

Mortgage 90+ day delinquencies¹ (%)

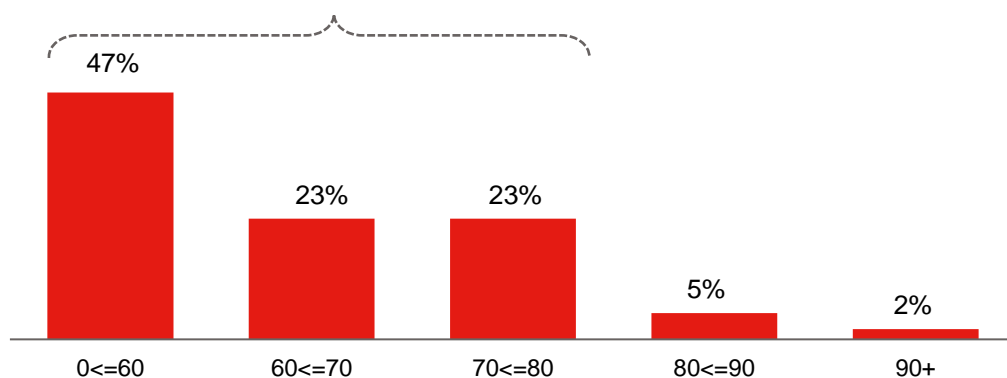


Unsecured consumer 90+ day delinquencies¹ (%)

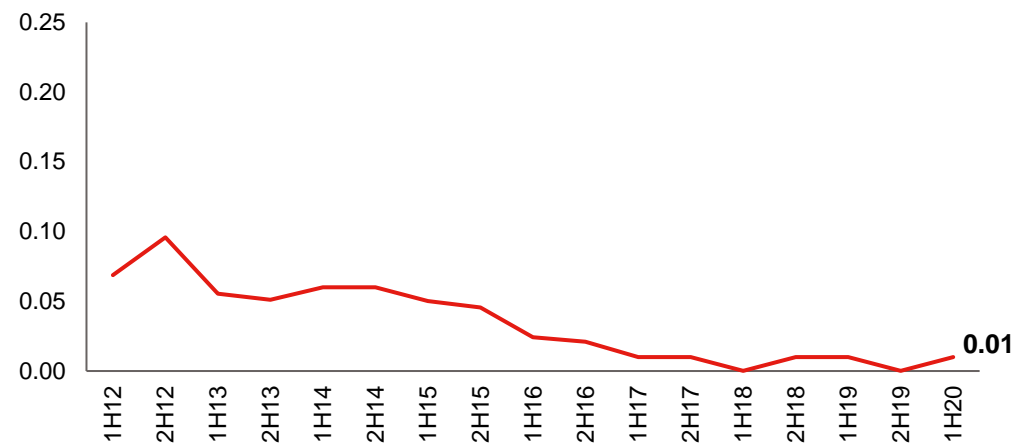


Mortgage portfolio LVR² (%) of portfolio

93% of mortgage portfolio less than 80% LVR



Mortgage loss rates each half (%)



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

Economics



Australian and New Zealand economic forecasts.

Economics

		Calendar year		
Key economic indicators (%) at April 2020		2018	2019	2020F
World	GDP ¹	3.6	2.8	-3.0
Australia	GDP ²	2.2	2.2	-5.0
	Private consumption ²	2.0	1.2	-9.5
	Business investment ^{2,3}	-0.8	-1.2	-6.0
	Unemployment – end period	5.0	5.2	7.3
	CPI headline – year end	1.8	1.8	0.1
	Interest rates – cash rate	1.50	0.75	0.25
	Credit growth, Total – year end	4.3	2.4	0.3
	Credit growth, Housing – year end	4.7	3.0	2.4
	Credit growth, Business – year end	4.8	2.4	-1.8
New Zealand	GDP ²	3.2	2.3	-6.3
	Unemployment – end period	4.3	4.0	7.7
	Consumer prices	1.9	1.9	1.3
	Interest rates – official cash rate	1.75	1.00	-0.50
	Credit growth, Total – year end	5.3	5.7	3.9
	Credit growth, Housing – year end	6.1	6.9	4.3
	Credit growth, Business – year end	4.4	4.6	4.0

Source: Westpac Economics.

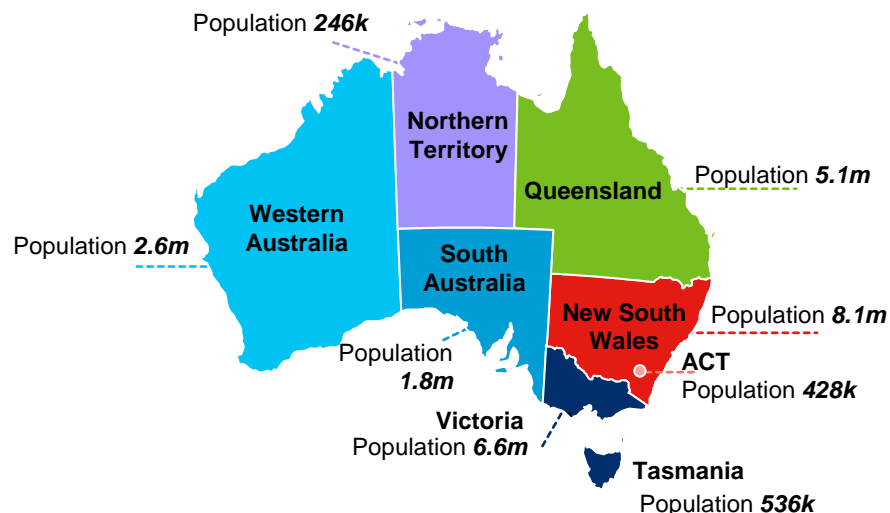
1 Year average growth rates. 2 Through the year growth rates. 3 Business investment adjusted to exclude the effect of public sector purchases of public assets.

The Australian economy.

Population 25.5 million.

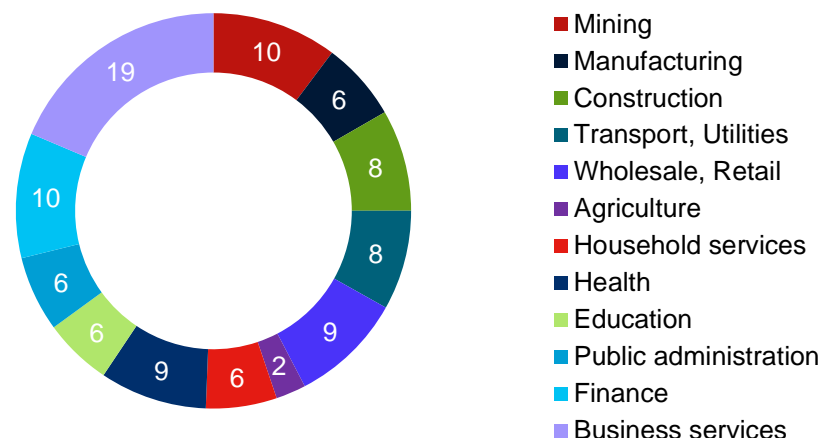
Economics

Australian population

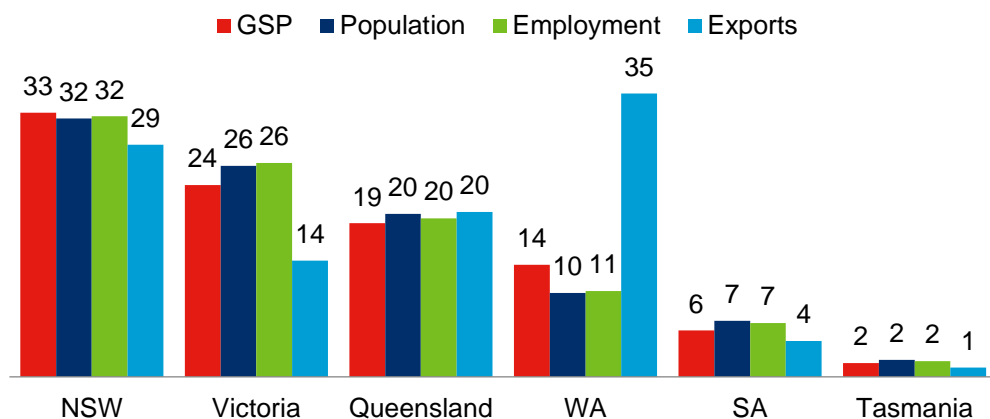


Australian GDP and employment composition

Output 2019 - sector contribution to GDP (%)¹

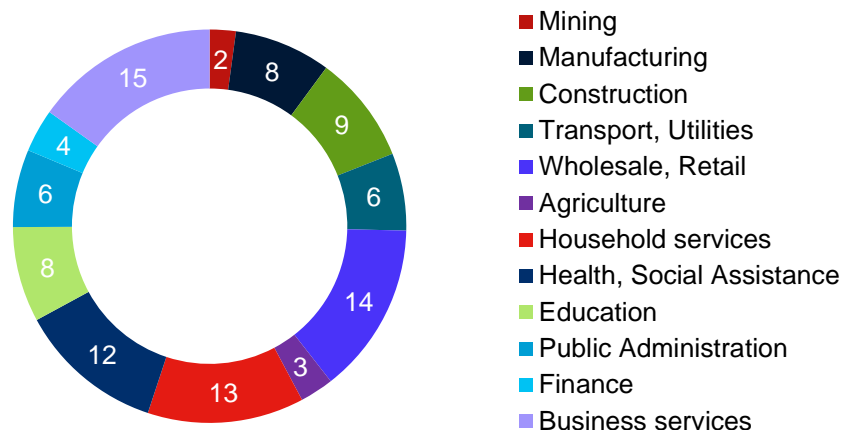


Relative size of States (Share of Australia, 2018/19, %)



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

Australian employment by sector 2019 (%)



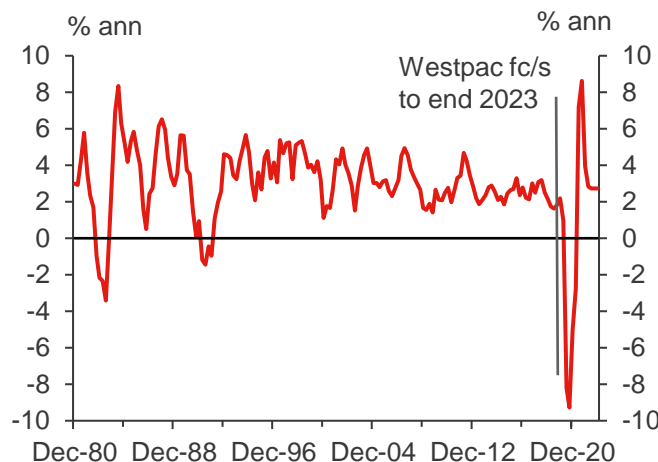
A difficult period ahead for the Australian economy.

Economics

Unemployment forecast to peak at 9.1%.

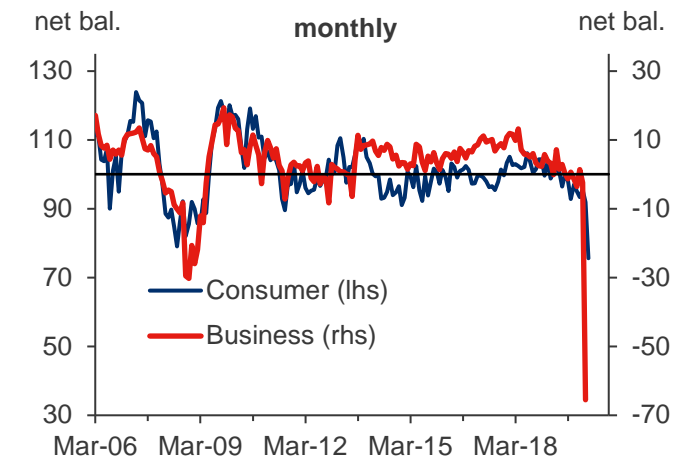
Economic indicators	Current	Dec 2020 forecast
Cash rate	0.25% (9 Apr)	0.25%
Unemployment	5.1% (8 Apr)	7.3%
GDP (%yr end)	2.2% (8 Apr)	-5.0%
Private sector credit	2.8% (Feb)	0.3%

Australian GDP



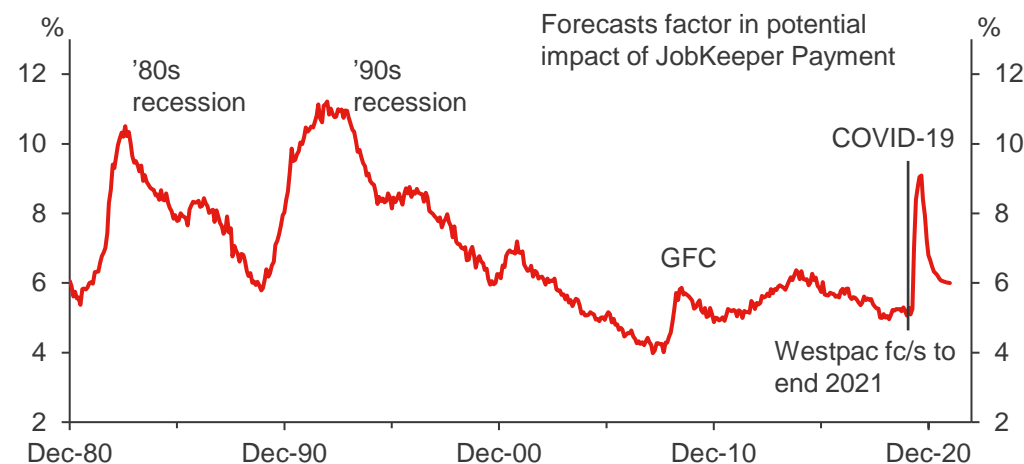
Sources: ABS, Westpac Economics.

Consumer & business confidence



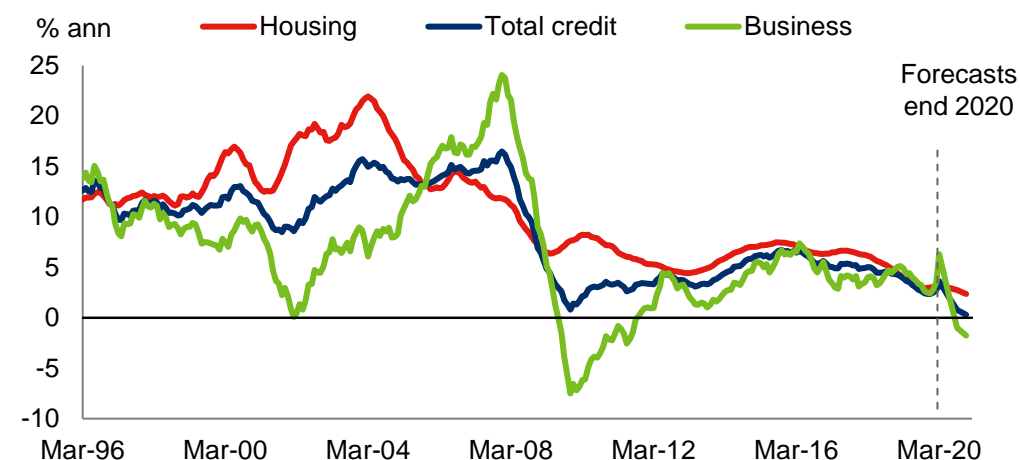
Sources: Westpac MI, NAB, Westpac Economics

Unemployment rate



Sources: ABS, Westpac Economics.

Australian private sector credit growth



COVID-19 Australian Government support measures.

Economics

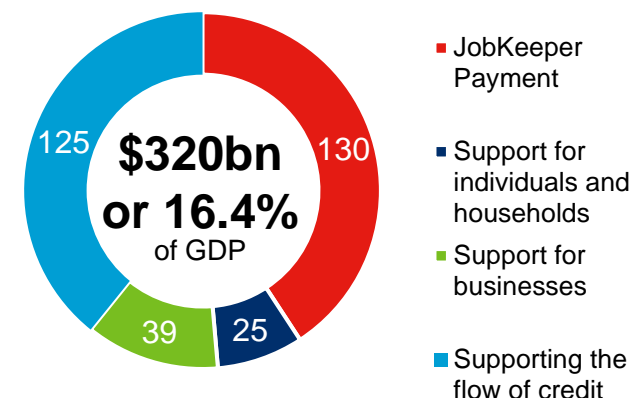
Reserve Bank of Australia (RBA) supporting market liquidity

- Cash rate cut to 25bps
- Open market operations – added 1-month and 3-month repos daily and 6-month (or longer) at least weekly
- Government bond purchase program targeting 3-year yield of ~25bps
- Established \$90bn Term Funding Facility, allowing ADIs to borrow up to 3% of credit outstanding for 3 years at 25bps. Allocations may rise if ADIs increase lending to businesses, especially SMEs
- Exchange Settlement account balances remunerated at 10bps (was zero)
- Temporary US\$60bn swap line with the US Federal Reserve

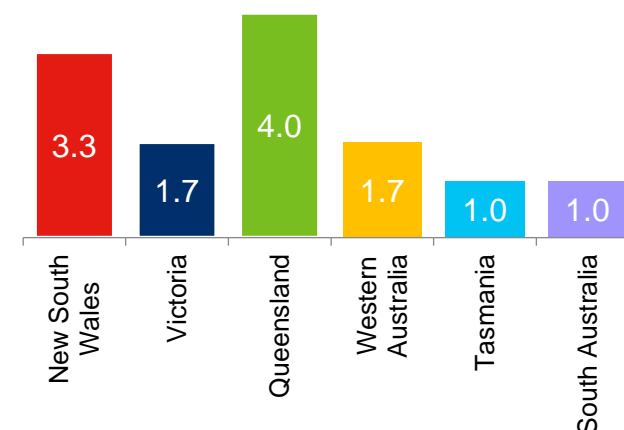
Australian Federal Government and State Governments providing stimulus

- JobKeeper Payment - wage subsidy of \$1,500 per fortnight per eligible employee for up to 6 months
- Two one-off payments of \$750 to persons receiving social assistance
- Fortnightly payments to recipients of income support increased to \$550
- Early release of superannuation (up to \$20k) and reduction in superannuation drawdown rates
- Cash flow assistance to SMEs and not-for-profits (<=\$100k)
- Subsidy for trainee and apprentice wages
- SME Guarantee Scheme of 50% (up to \$20bn) to support \$40bn in new SME loans
- \$15bn investment by Australian Office of Financial Management (AOFM) in structured finance
- Moratorium on evictions for residential tenancies and establishment of SME leasing principles
- State and Territory Government packages also announced

Australian Federal Government and RBA stimulus packages (\$bn)



Australian State Government stimulus packages (\$bn)

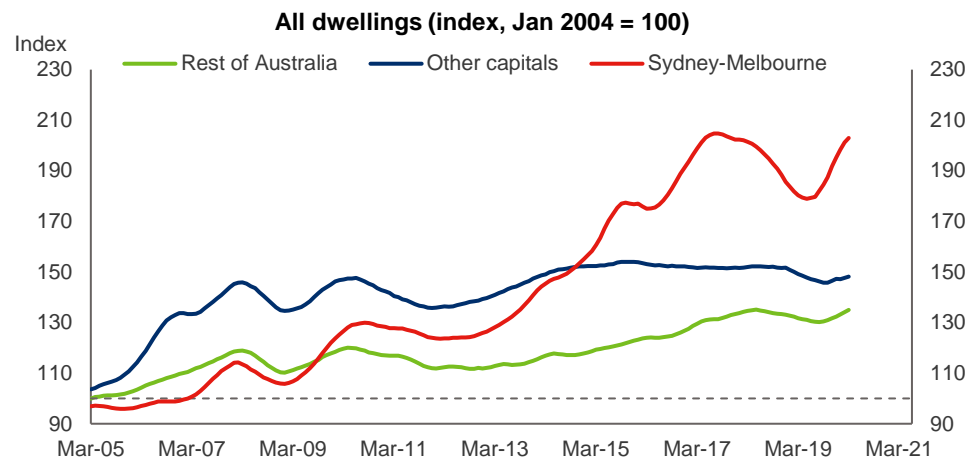


Australian housing market.

Economics

Turnover expected to slow in response to COVID-19 restrictions.

Australian dwelling prices



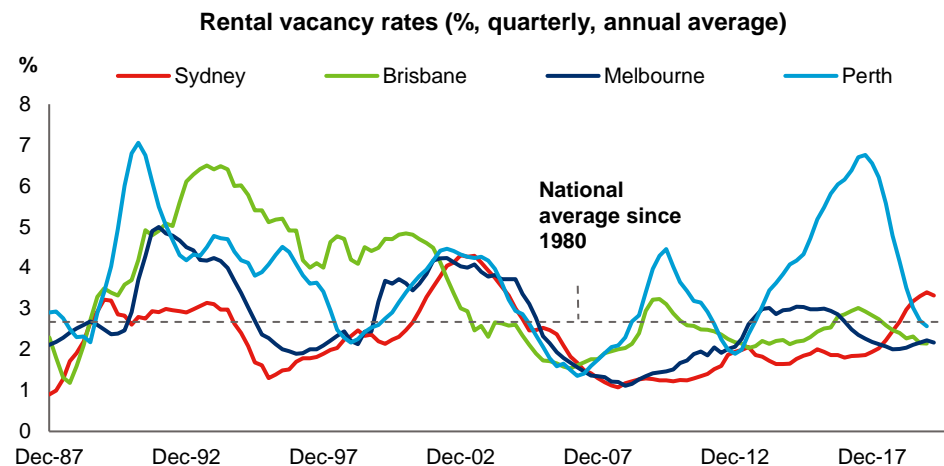
Sources: CoreLogic, Westpac Economics.

Capital city	Pop'n	Dwelling prices %ch last 3mths (Mar-20)	Dwelling prices YoY (Mar-20)
Sydney	4.8m	Up 3.9%	Up 13.0%
Melbourne	4.5m	Up 2.9%	Up 12.0%
Brisbane	2.3m	Up 1.6%	Up 3.1%
Perth	1.9m	Up 0.9%	Down 3.1%

Sources: CoreLogic, Westpac Economics.

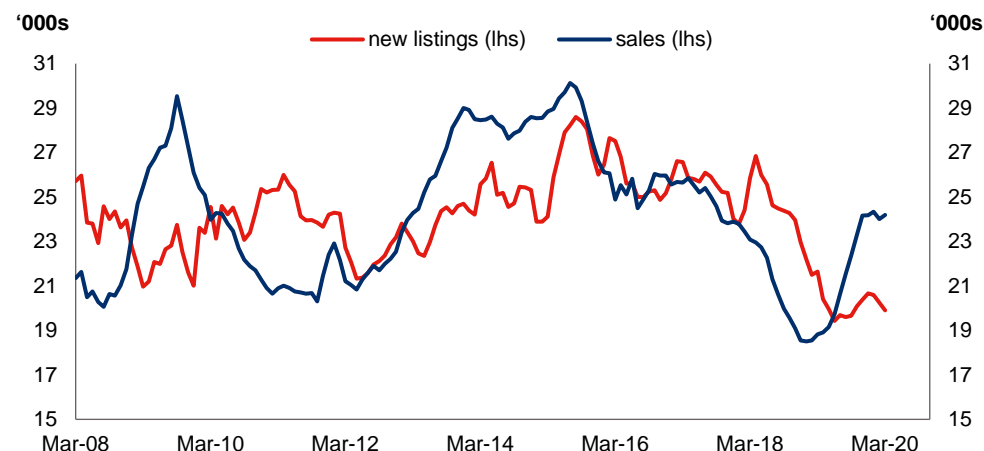
¹ Monthly, capital cities combined, seasonally adjusted by Westpac, smoothed.

Rental vacancy rates



Sources: REIA, Westpac Economics.

Residential property: listings and sales¹



Sources: REIA, Westpac Economics.

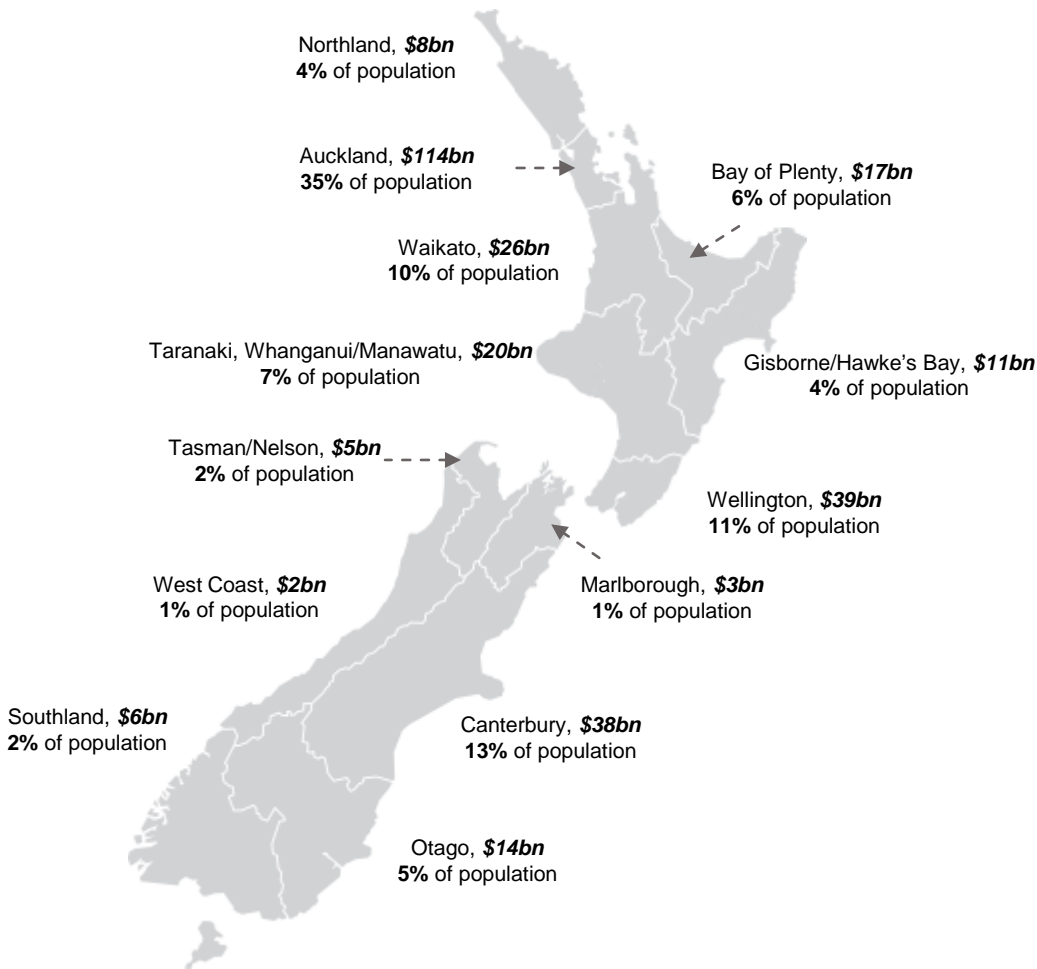
The New Zealand economy.

Population 4.9 million.

Economics

Regional GDP

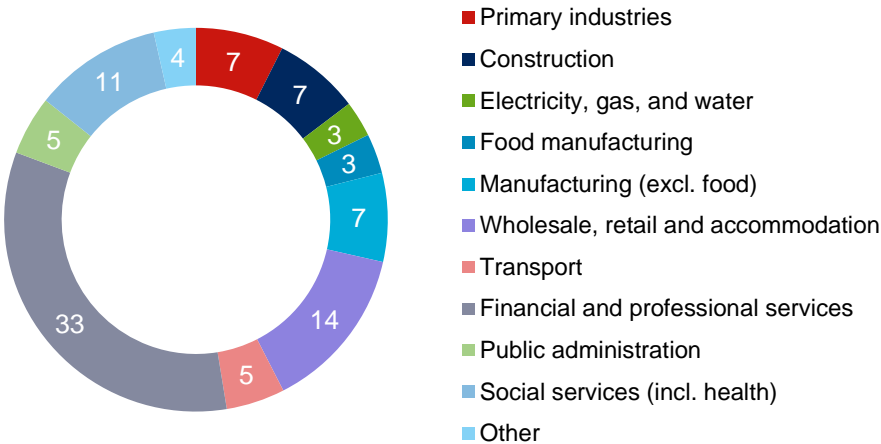
Total nominal GDP 2018: **\$311bn**



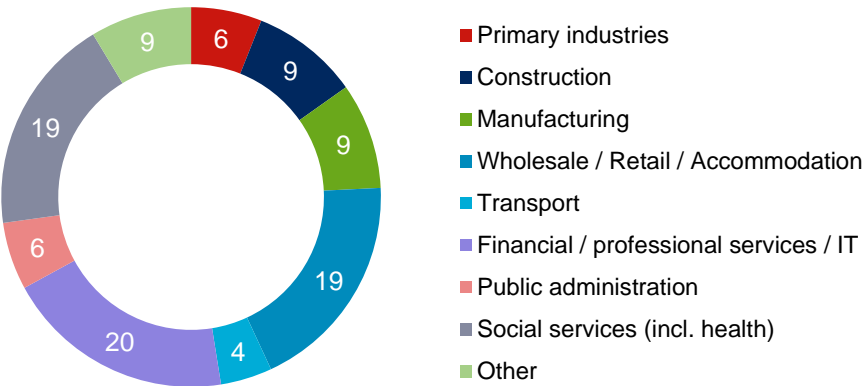
Sources: Stats NZ, Westpac Economics
 Nationwide GDP and employment figures are for the year to Dec 2019, regional figure are for the year to March 2019.

Economy

Output 2019 - sector shares of GDP (%)



NZ employment by sector 2019 (%)



Bars may not add to 100 due to rounding

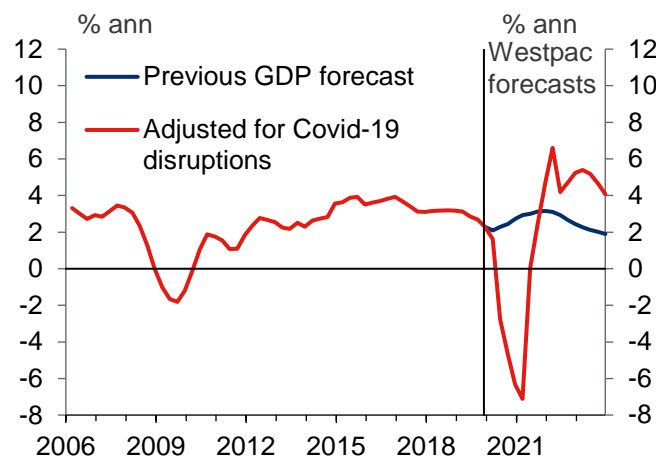
New Zealand emerging from temporary lockdown.

Unemployment expected to peak at 9.5%.

Economics

Economic indicators	Current	Dec 2020 forecast
Cash rate	0.25% (9 Apr)	-0.50%
Unemployment	4.0% (8 Apr)	7.7%
GDP (%yr end)	1.8% (8 Apr)	-4.6%
Private sector credit	5.7% (Feb)	3.9%

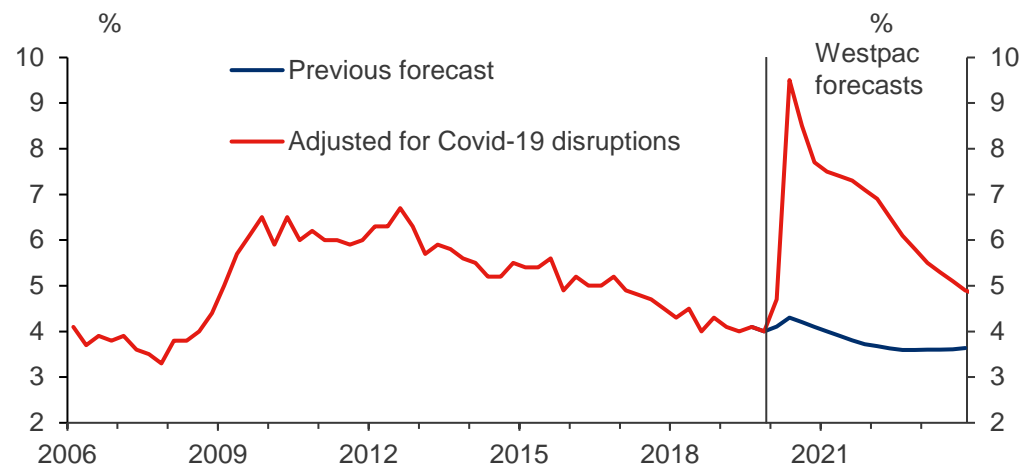
New Zealand GDP



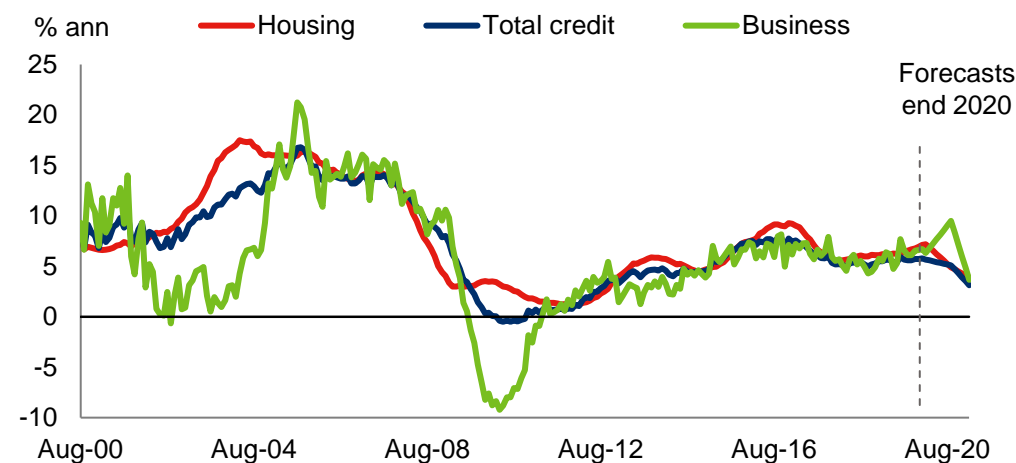
Consumer & business confidence



Unemployment rate



New Zealand private sector credit growth

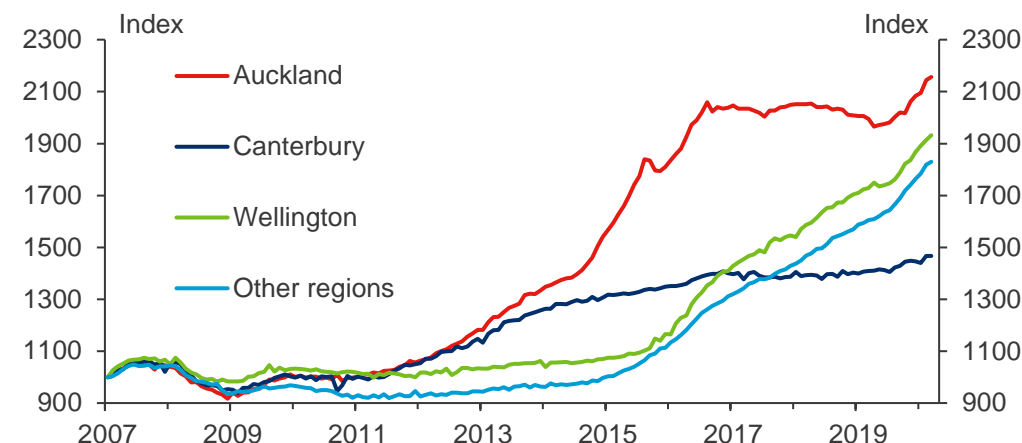


New Zealand housing market.

Strong price momentum yet to reflect COVID-19 lockdown measures.

Economics

New Zealand dwelling prices by region

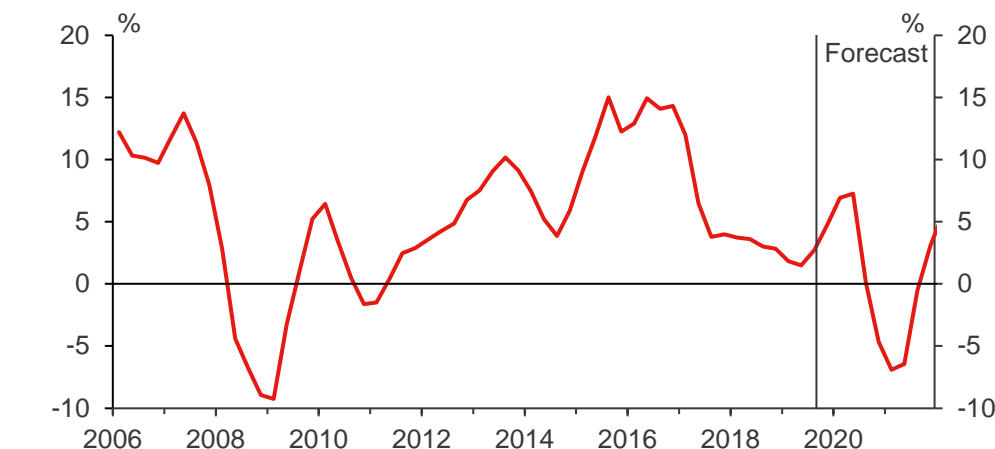


Sources: REINZ, Westpac Economics.

Region	Pop'n	Dwelling prices %ch last 3mths (Mar 20)	Dwelling prices YoY (Mar 20)
Auckland	1.6m	+3.8%	+8.1%
Wellington	0.5m	+3.8%	+11.8%
Canterbury	0.6m	+0.8%	+4.1%
Nationwide	4.9m	+3.4%	+9.3%

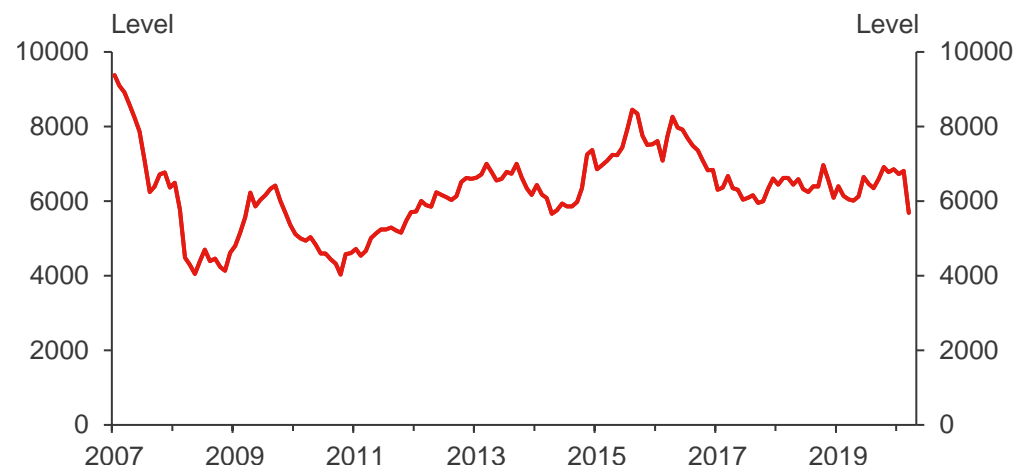
Sources: REINZ, Stats NZ.

Annual house price growth



Sources: QVNZ, Westpac Economics.

House sales (monthly, seasonally adjusted)



Sources: REINZ.

COVID-19 New Zealand Government support measures.

Economics

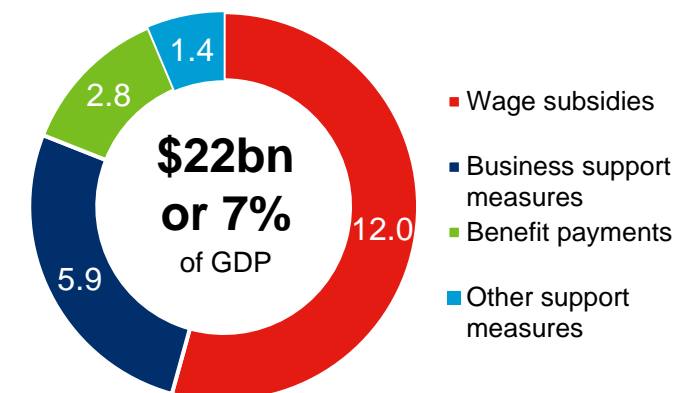
Reserve Bank of New Zealand supporting market liquidity

- Cash rate cut to 25bps
- Large scale asset purchases (LSAP) – targeting lower rate by buying \$30bn of government bonds, plus \$3bn in Local Government Funding Agency (LGFA) debt
- Open market operations – repo out to 3m terms
- Purchase of NZ government bonds maturing 15 May 2021 for liquidity management purposes and to support market functioning (distinct from LSAP)
- Term Auction Facility giving banks access to 12 month loans on a collateralised basis
- Term Lending Facility (TLF) offering loans for a term of 3 years. The TLF will be priced at a margin over the OCR, with similar collateral eligibility and haircuts to existing OMO and TAF operations
- Providing liquidity in the FX swap market
- Temporary US\$30bn swap line with the US Federal Reserve
- Removing allocated credit tiers for Exchange Settlement Account System account holders – all ESAS credit balances to be remunerated at the OCR
- Core Funding Ratio lowered from 75% to 50%.
- The planned increase in bank capital requirements will be delayed for a year

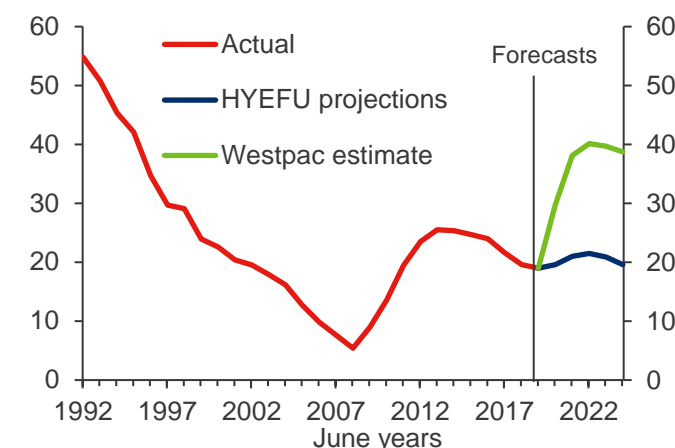
New Zealand Government providing stimulus

- NZ\$8bn to NZ\$12bn subsidy for wages
 - Firms that can show revenue is down by at least 30% compared to a year ago will be paid \$581 per week per fulltime employee. The subsidy is available for 12 weeks. There are provisions for the self-employed and businesses that have been trading for less than one year
 - Expected to be extended beyond the initial planned 12 weeks
- NZ\$5.9bn of business support measures including tax relief
- NZ\$2.8bn increase in benefits
- NZ\$600m aviation support package
- NZ\$500m to support the healthcare system
- NZ\$126m to pay sick leave for people in self-isolation or suffering COVID-19
- \$100m redeployment package
- NZ\$35m tertiary student support package
- The Government has also introduced a Business Finance Guarantee Scheme for small and medium-sized firms. Under this scheme banks will provide loans to businesses, but the Government will take 80% of the credit risk. The scheme will offer a total of \$6.25 billion in loans

New Zealand fiscal support package (\$NZ bn)



New Zealand Net core Crown debt as a % of GDP



Source: The Treasury, Westpac

Appendix and Disclaimer



Appendix 1:

Cash earnings adjustments.

Appendix

Cash earnings adjustment	1H19 \$m	2H19 \$m	1H20 \$m	Description
Reported net profit	3,173	3,611	1,190	Net profit attributable to owners of Westpac Banking Corporation
Fair value (gain)/loss on economic hedges	125	(90)	(219)	<p>Fair value on economic hedges (which do not qualify for hedge accounting under AAS) comprise:</p> <ul style="list-style-type: none"> The unrealised fair value (gain)/loss on foreign exchange hedges of future New Zealand earnings impacting non-interest income is reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge; and The unrealised fair value (gain)/loss on hedges of accrual accounted term funding transactions are reversed in deriving cash earnings as they may create a material timing difference on reported results but do not affect the Group's cash earnings over the life of the hedge
Ineffective hedges	(5)	(15)	(24)	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	5	40	63	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 Group has indicated that it may sell the remaining 10% shareholding in Pandal Group Limited at some future date. From September 2018, this adjustment relates to the mark to market of the shares and separation costs related to the original sell down. Any future gain or loss on this shareholding will similarly be excluded from the calculation of cash earnings
Treasury shares	(2)	7	(17)	Under AAS, Westpac shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares cannot be recognised in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income
Cash earnings	3,296	3,553	993	

Appendix 2:

Reinventure – Investing in fintech businesses.¹

Appendix

Westpac has committed \$150m to fintech venture capital fund, 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

coinbase

A bitcoin wallet and platform



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



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

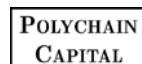
New technology capabilities

kasada

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



Connects ordering apps, payment devices, loyalty and reservations platforms to any point of sale



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

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



A trust framework and secure platform that allows users to exchange data safely and securely



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



Standardises mobile forms into an easily readable format and fillable at the tap of a button



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

¹ Logos are of the respective companies.

Appendix 3:

Sustainability.

Appendix

Industry awards¹



Received “B” rating in the 2019 CDP for our response to climate change, announced January 2020



Achieved highest ISS QualityScore for Environment and Social dimensions



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

Received highest “Leading” rating for the 12th consecutive year for ESG Reporting in 2019 from the Australian Council of Superannuation Investors

Sustainability indexes¹



A member of DJSI World, DJSI Asia Pacific, and DJSI Australia Indexes since 2002



ESG risk rating of 28.2 (medium risk), in line with rating of major Australian banks²



Member of the FTSE4Good Index, of which Westpac has been a member for over 11 years, announced in June 2019



Ranked 'A' by MSCI ESG Ratings³



Member of the STOXX 2019/2020 Global ESG Leaders Indexes for the seventh consecutive year

Inclusion and diversity recognition¹



Included in the 2020 Bloomberg Gender Equality Index



Received “Advancement” Award in the 2020 Aspect National Recognition Awards from Autism Spectrum Australia Index and Autism Spectrum award



Included in the 2019-20 Australian Network on Disability Access and Inclusion Index






¹ At 31 March 2020, unless otherwise indicated. ² Copyright ©2019 Sustainalytics. Data as at 31 March 2020. ³ The inclusion of WBC in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of WBC by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Appendix 3:

Sustainability.

Appendix

Key commitments and partnerships¹

 <p>Principles for Responsible Banking Signatory 2019</p>	<p>Signatory of:</p>  <p>Principles for Responsible Investment Signatory (2007)</p>	 <p>UN Sustainable Development Goals CEO Statement of Commitment (2015)</p>	 <p>Paris Climate Agreement Supporter (2015)</p>
 <p>The Equator Principles Founding Adopter, First Australian Bank (2003)</p>	 <p>UN Environment Program Finance Initiative Founding Member (1991)</p>	 <p>Financial Stability Board's Task Force on Climate-related Financial Disclosures Align with and support</p>	 <p>Climate Action 100+ Signatory (2018)</p>
 <p>RE100, an initiative of The Climate Group in partnership with CDP Member (2019)</p>	 <p>Commitment to United Nations Global Compact Signatory (2002), Global Compact Network Australia Founding Member (2009)</p>	 <p>Global Investor Coalition Statement on Climate Change Signatory (2014)</p>	 <p>The Montreal Carbon Pledge Signatory (2014)</p>
 <p>Climate Bonds Initiative Partner</p>	 <p>Carbon Markets Institute Corporate Member</p>	 <p>We Mean Business Coalition Signatory (2015)</p>	 <p>Social Traders (for social enterprises) Member of Connect (2016)</p>
 <p>Carbon Neutral Certification Since 2012</p>	 <p>Supply Nation (for Indigenous owned businesses) Founding member (2016)</p>	 <p>WeConnect International (for women owned businesses) (2014)</p>	<p>United Nations Tobacco-Free Finance pledge Founding signatory (2018)</p>

¹ As at 31 March 2020, unless otherwise indicated.

Appendix 4:

Definitions – Divisions.

Appendix

Consumer

Consumer is responsible for sales and service to consumer customers in Australia. Consumer is also responsible for the Group's insurance business which covers the manufacture and distribution of life, general and lenders mortgage insurances. The division also uses a third party to manufacture certain general insurance products. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands, while insurance products are provided under Westpac and BT brands. Consumer works with Business and WIB in the sales, service, and referral of certain financial services and products including superannuation, platforms, auto lending and foreign exchange. The revenue from these products is mostly retained by the product originators

WIB

Westpac Institutional Bank (WIB) delivers a broad range of financial products and services to corporate, institutional and government customers operating in, or with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets. Customers are supported throughout Australia as well as via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB is also responsible for Westpac Pacific currently providing a range of banking services in Fiji and PNG. WIB works with all the Group's divisions in the provision of markets related financial needs including across foreign exchange and fixed interest solutions

Business

Business provides business banking and wealth facilities and products for customers across Australia. Business is responsible for manufacturing and distributing facilities to SME and Commercial business customers (including Agribusiness) generally for up to \$200 million in exposure. SME customers include relationship managed and non-relationship managed SME customers. The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, automotive and equipment finance and property finance. The division is also responsible for Private Wealth and the manufacture and distribution of investments (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. Business operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Business works with Consumer and WIB in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign exchange and interest rate hedging). The revenue from these products is mostly retained by the product originators

Westpac NZ

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. New Zealand also maintains its own infrastructure, including technology, operations and treasury

Group Businesses or GB

This segment provides centralised Group functions including Treasury, Technology and Core Support (finance, human resources etc.). Costs are partially allocated to other divisions in the Group, with costs attributed to enterprise activity retained in Group Businesses. This segment also reflects Group items including: earnings on capital not allocated to divisions, earnings from non-core asset sales, earnings and costs associated with the Group's fintech investments and certain other head office items such as centrally raised provisions. Following the Group's decision to restructure the Wealth business and to exit the Advice business in 2019, the remaining Advice business (including associated remediation) and support functions of BTFG Australia has been transferred to Group Business

Appendix 4:

Definitions – Credit quality.

Appendix

90 days past due and not impaired	<p>Includes facilities where:</p> <ul style="list-style-type: none"> 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. <p>These facilities, while in default, are not treated as impaired for accounting purposes</p>	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
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	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
Collectively assessed provisions (CAPs)	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data. Included in the collectively assessed provision is an economic overlay provision which is calculate based on changes that occurred in sectors of the economy or in the economy as a whole.	Impaired assets	<p>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:</p> <ul style="list-style-type: none"> 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 assets: 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 assets where the full collection of interest and principal is in doubt.
Individually assessed provisions (IAPs)	Provisions raised for losses that have already been incurred on loans 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	Stressed assets	The sum of watchlist and substandard, 90 days past due and not impaired and impaired assets
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	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 4:

Definitions – Earnings, capital and liquidity.

Appendix

Earnings Drivers	
Average interest-earning assets (AIEA)	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
Cash earnings per ordinary share	Cash earnings divided by the weighted average ordinary shares (cash earnings basis)
Core earnings	Net operating income less operating expenses
Full-time equivalent employees (FTE)	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
Net interest margin (NIM)	Calculated by dividing net interest income by average interest-earning assets
Net tangible assets per ordinary share	Net tangible assets (total equity less goodwill and other intangible assets less minority interests) divided by the number of ordinary shares on issue (reported)
Weighted average ordinary shares (cash earnings)	Weighted average number of fully paid ordinary shares listed on the ASX for the relevant period
Capital	
Capital ratios	As defined by APRA (unless stated otherwise)
Internationally comparable ratios	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

Leverage ratio	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
Risk weighted assets or RWA	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
Liquidity	
Committed liquidity facility (CLF)	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
High quality liquid assets (HQLA)	Assets which meet APRA's criteria for inclusion as HQLA in the numerator of the LCR
Liquidity coverage ratio (LCR)	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
Net stable funding ratio (NSFR)	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%

Appendix 4:

Definitions – Other.

Appendix

Branch transactions	Branch transactions are typically withdrawals, deposits, transfers and payments
Customer satisfaction or CSat	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')
CSat – overall business	Source: DBM Consultants Business Atlas, 6 months to March 2019, August 2019 and February 2020. MFI customers, all businesses
CSat – overall consumer	Source: DBM Consultants Consumer Atlas, 6 months to March 2019, August 2019 and February 2020. MFI customers
CSat – overall consumer	Source: DBM Consultants Consumer Atlas, 6 months to March 2019, August 2019 and February 2020. MFI customers
CSat –SME	Source: DBM Consultants Business Atlas, 6 months to March 2019, August 2019 and February 2020. MFI customers, Total SME businesses. Total SME businesses are those organisations with annual turnover under \$5 million (excluding Agribusinesses)
Digitally active	Australian consumer and business customers who have had an authenticated session (including Quickzone) on Westpac Group digital banking platforms in the prior 90 days
Digital sales	Sales refers to digital sales of consumer core products only. Sales with a funded deposit or activation constitute a quality sale. Includes new American Express credit card sales
Digital transactions	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)
MFI share	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
Consumer MFI share	Source: DBM Consultants Consumer Atlas, 6 months to February 2020. MFI customers

Net Promoter Score or NPS	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 SM 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)
NPS Agri (Westpac NZ)	6 month rolling 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)
NPS Business (Westpac NZ)	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)
NPS Consumer (Westpac NZ)	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)
NPS – overall consumer	Source: DBM Consultants Consumer Atlas, August 2017 – February 2020, 6MMA. MFI customers
NPS – overall business	Source: DBM Consultants Business Atlas, August 2017 – February 2020, 6MMA. MFI customers, all businesses
SGB Brands	SGB Brands (Consumer): St.George Bank, Bank of Melbourne, BankSA, RAMS, Dragondirect SGB Brands (Business): St.George Bank, Bank of Melbourne and BankSA
Westpac Group rank	The ranking refers to Westpac Group's position relative to the other three major Australian banking groups (ANZ Group, CBA Group and NAB Group)
Women in Leadership	Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executive, 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

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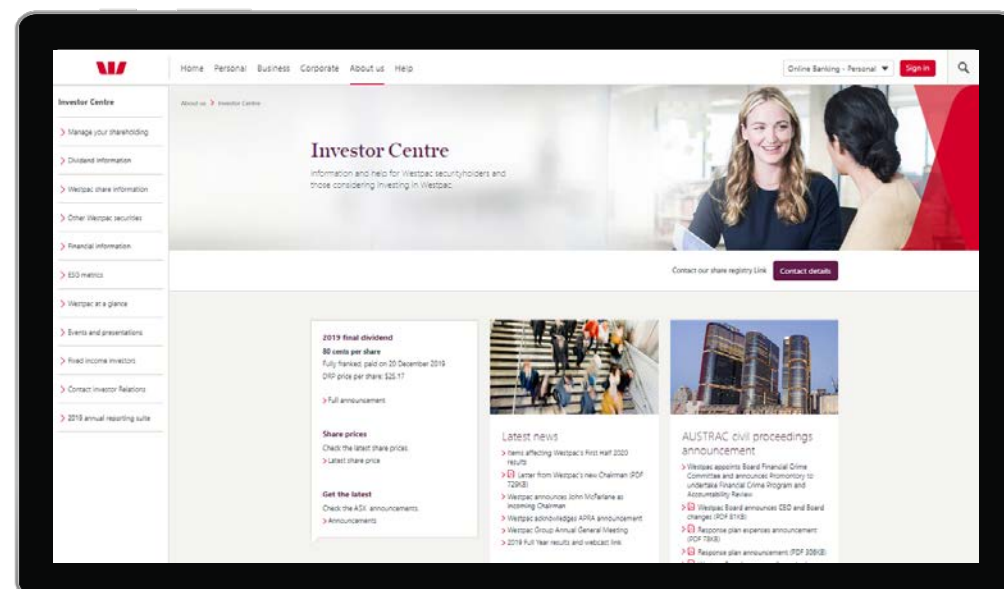
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