

ASX

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WESTPAC 1Q25 INVESTOR DISCUSSION PACK

Following are Westpac's 1Q25 slides covering financial performance, capital, credit quality and funding for the three months ended 31 December 2024.

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



1Q25 INVESTOR DISCUSSION PACK

FOR THE 3 MONTHS ENDED 31 DECEMBER 2024

This document should be read in conjunction with Westpac's December 2024
Pillar 3 Report. All amounts are in Australian dollars.

1Q25 SUMMARY¹

SUMMARY

SOLID FINANCIAL PERFORMANCE

- Revenue down 4%, excluding Notable Items up 2%
- NIM of 1.82%. Core NIM of 1.81%, down 1bp from 2H24 excluding a provision release in 4Q24²
- Expenses increased 1% with wage and salary growth partly offset by seasonally lower investment spend
- Impairment charges to average loans of 5bps, up from 4bps, remain low reflecting continued customer resilience
- Net profit \$1.7bn, down 9%, excluding Notable Items \$1.9bn, up 3%

CAPITAL ABOVE OPERATING RANGE

- CET1 capital ratio of 11.9%, above top of target operating range³
- RWA up \$14.0bn or 3.2% due to loan growth and higher IRRBB

CREDIT QUALITY RESILIENT - WELL PROVISIONED

- Total expected credit loss provisions \$5.1bn, flat
- CAP to credit RWA 128bps, down 4bps
- Stressed assets to TCE 1.39%, down 6bps
- Australia mortgage 90+ day delinquencies 1.03%, down 9bps

STRONG BALANCE SHEET

- LCR 131%⁴, well above regulatory minimum
- NSFR 113%, well above regulatory minimum
- Deposit to loan ratio 83.9%, up 39bps

¹ Profit and loss numbers 1Q25 compared to 2H24 average unless otherwise stated. Balance sheet numbers 31 December 2024 compared to 30 September 2024 unless otherwise stated. ² 2H24 and 4Q24 Core NIM excluding provision release 1.82%. ³ Target operating range is 11.0-11.5%. ⁴ Quarterly average liquidity coverage ratio.



FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

NET PROFIT

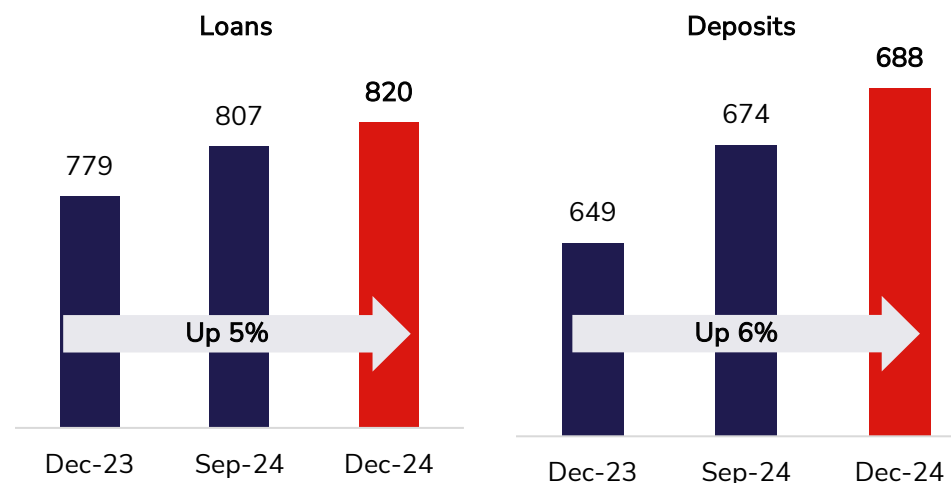
\$b	1Q25	% movement 1Q25 - 2H24 qtr average	Excluding Notable Items	
			1Q25	% movement 1Q25 - 2H24 qtr average
Net interest income	4.5	(6)	4.8	1
Non-interest income	0.8	12	0.8	9
Net operating income	5.3	(4)	5.6	2
Expenses	(2.8)	1	(2.8)	1
Pre-provision profit	2.5	(9)	2.8	3
Impairment charges	(0.1)	9	(0.1)	9
Tax and non-controlling interests (NCI)	(0.7)	(9)	(0.8)	2
Net profit	1.7	(9)	1.9	3

NET INTEREST MARGIN

Composition of NIM (%)	3Q24	4Q24	1Q25
Core NIM	1.83	1.84 ¹	1.81
Treasury & Markets	0.12	0.14	0.13
Core NIM, Treasury & Markets	1.95	1.98	1.94
Notable Items: Hedging	(0.02)	0.04	(0.12)
NIM	1.93	2.02	1.82

¹ Core NIM excluding provision release 1.82%.

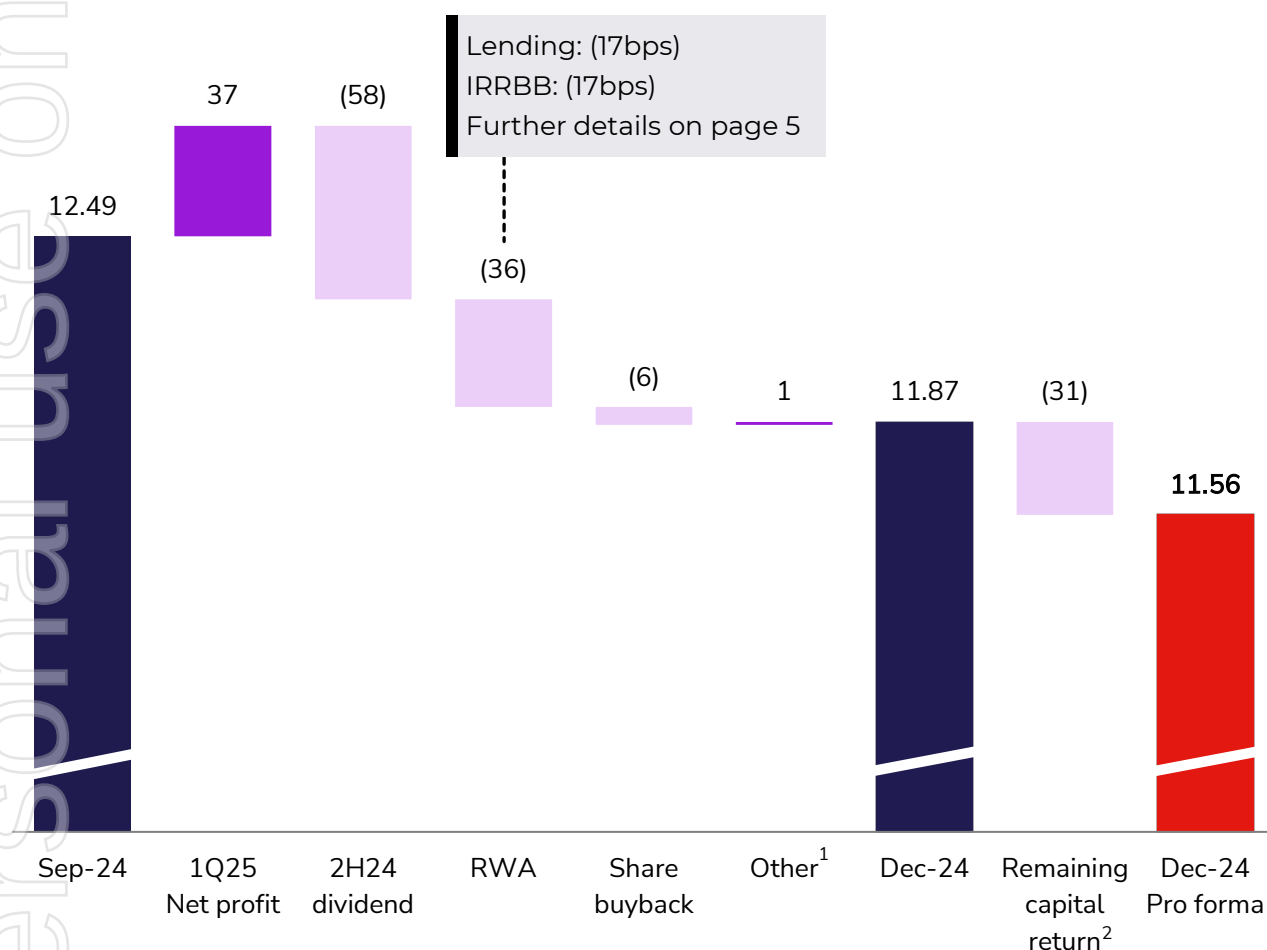
LOANS AND DEPOSITS (\$BN)



CET1 CAPITAL RATIO 11.9%

CAPITAL

LEVEL 2 CET1 CAPITAL RATIO MOVEMENTS (% , BPS)



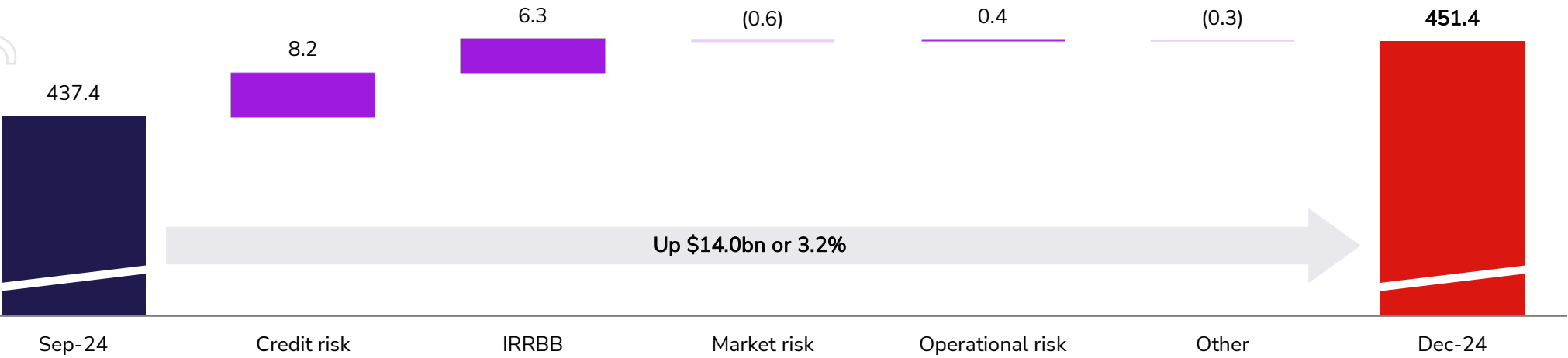
¹ Capital deductions and other items including FX translation impacts. ² Includes remaining on market share buyback announced in Nov-23, May-24 and Nov-24. ³ Internationally comparable methodology references the Australian Banking Association (ABA) study on the comparability of APRA's new capital framework and finalised reform released on 10 March 2023.

Key capital ratios (%)	Dec-23	Mar-24	Sep-24	Dec-24
Level 2 CET1 capital ratio	12.3	12.5	12.5	11.9
Additional Tier 1 capital ratio	2.4	2.5	2.3	2.3
Tier 1 capital ratio	14.7	15.0	14.8	14.2
Tier 2 capital ratio	6.3	6.4	6.6	7.4
Total regulatory capital ratio	21.0	21.4	21.4	21.6
Risk weighted assets (RWA) (\$bn)	443	444	437	451
Leverage ratio	5.4	5.5	5.3	5.1
Level 1 CET1 capital ratio	12.5	12.8	12.7	12.1
Internationally comparable ratios³				
Leverage ratio (internationally comparable)	5.9	6.0	5.8	5.6
CET1 capital ratio (internationally comparable)	18.4	18.6	18.3	17.6

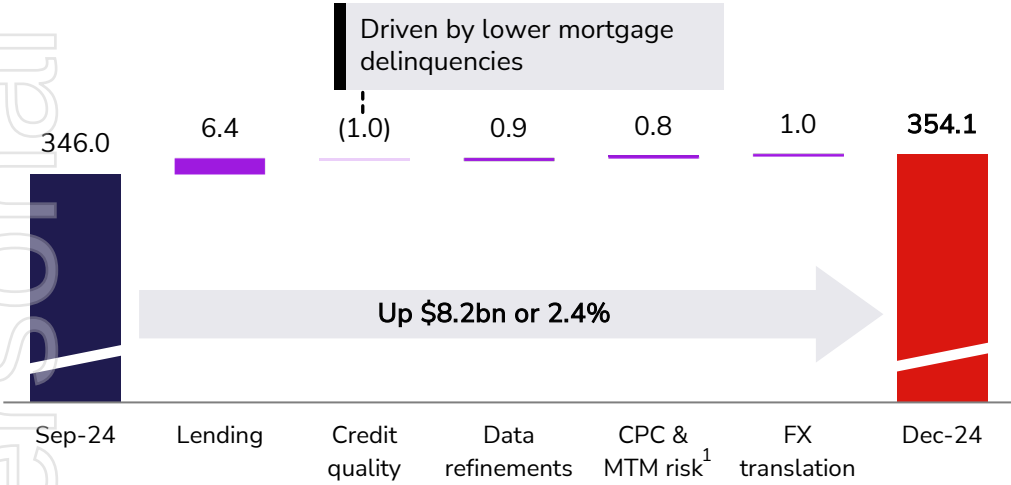
RISK WEIGHTED ASSET MOVEMENTS

CAPITAL

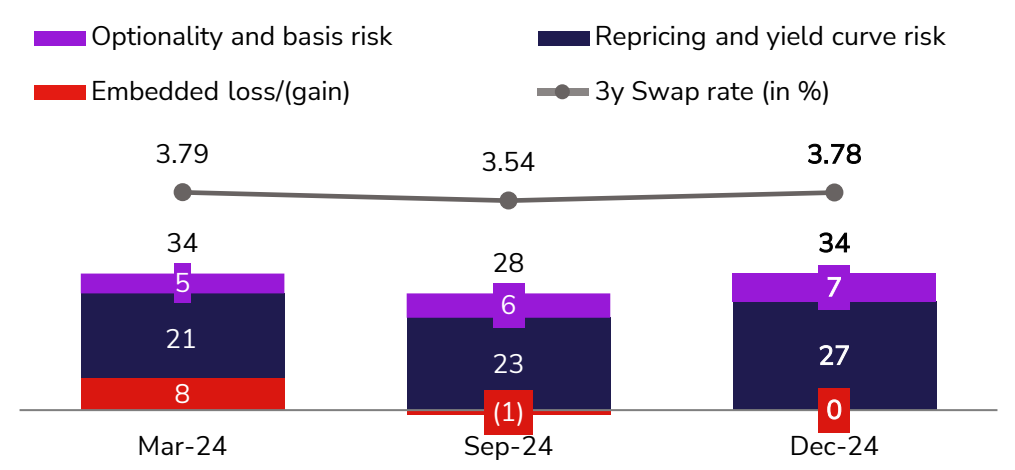
RWA (\$BN)



CREDIT RWA (\$BN)



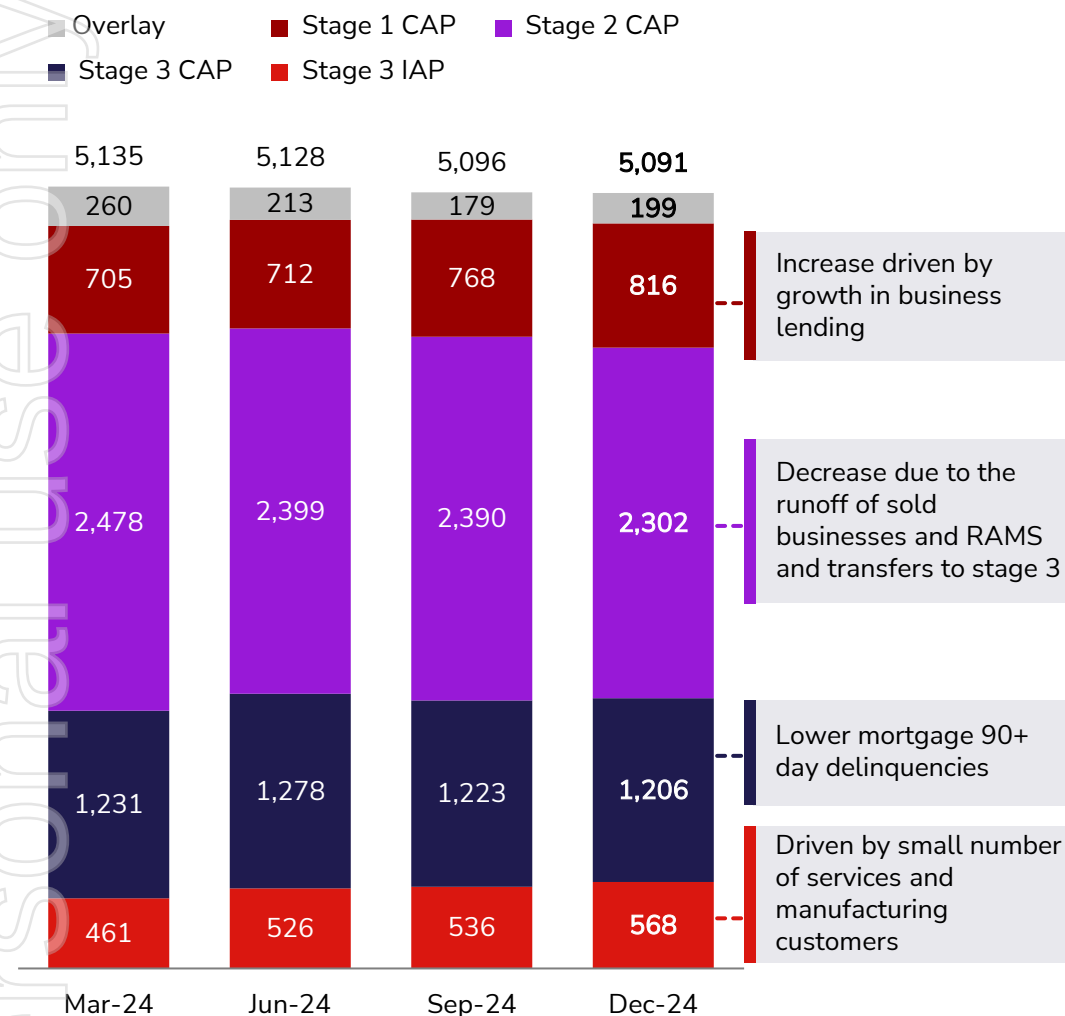
IRRBB RWA (\$BN)



PROVISIONS FOR EXPECTED CREDIT LOSS

CREDIT QUALITY

TOTAL PROVISIONS FOR EXPECTED CREDIT LOSSES¹ (\$M)



KEY RATIOS

	Mar-24	Sep-24	Dec-24
Provisions to gross loans (bps)	65	63	62
Impaired asset provisions to impaired assets (%)	47	41	40
Collectively assessed provisions to credit RWA (bps)	138	132	128

FORECASTS USED IN ECONOMIC SCENARIOS

Forecasts for base case ECL ²	Base case		Downside
	2025	2026	Trough / peak ³
GDP growth	2.2%	2.2%	(6%)
Unemployment	4.7%	4.5%	11%
Residential property prices	3.0%	7.0%	(27%)
Commercial property prices	(1.3%)	4.2%	(32%)

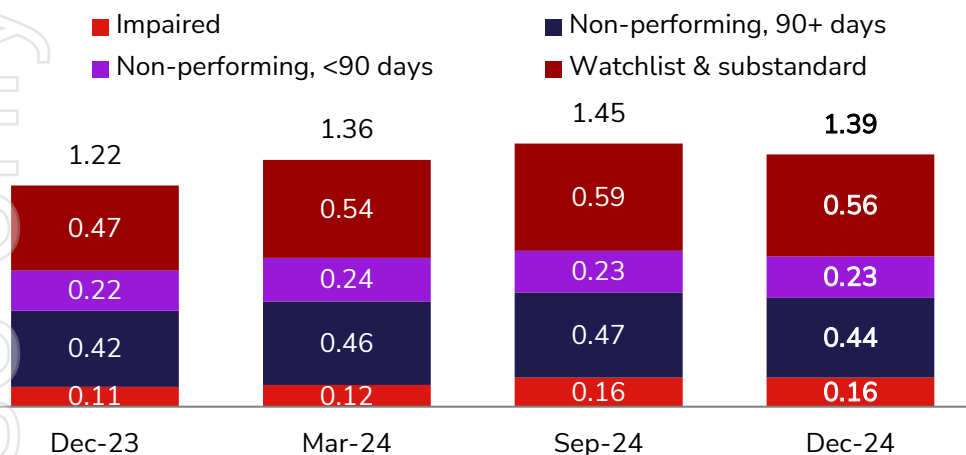
¹ Includes provisions for debt securities. ² Forecast date is 12 December 2024. ³ These key economic indicators represent trough or peak values that characterise the scenarios considered in setting downside severity. Residential and commercial forecasts represent cumulative reduction over a two-year period.



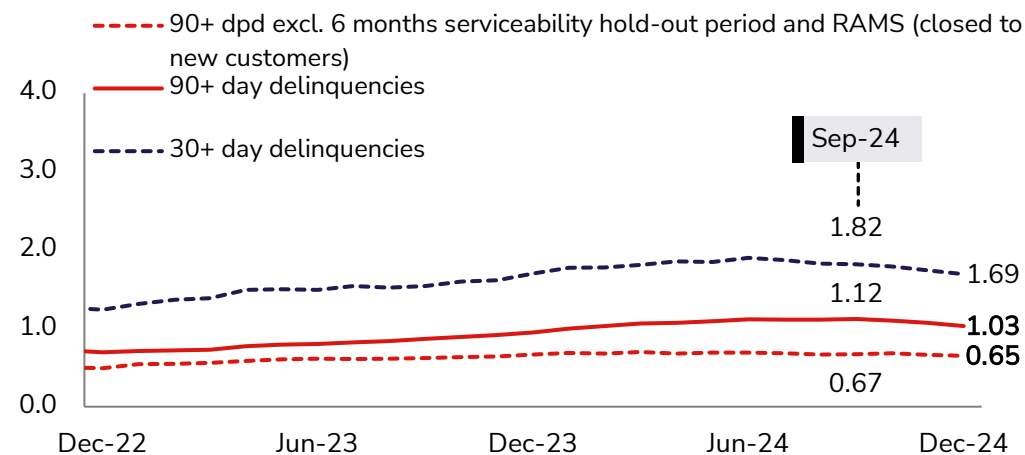
CREDIT QUALITY METRICS

CREDIT QUALITY

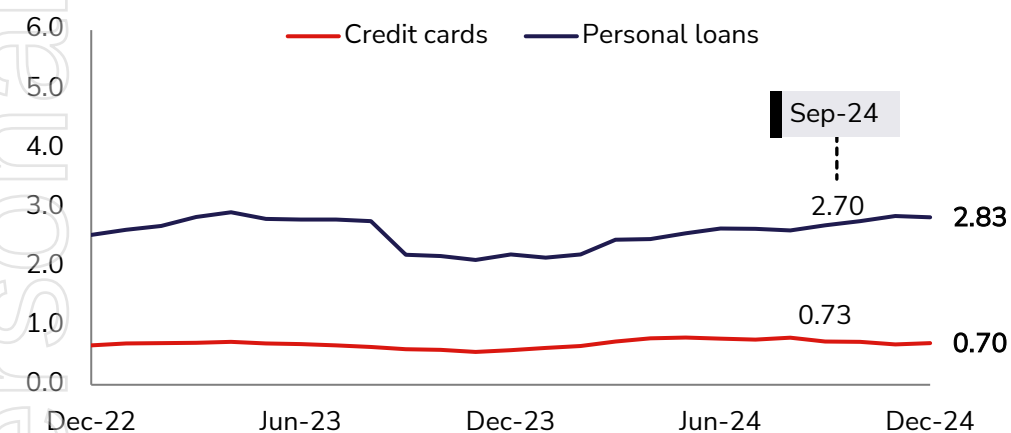
STRESSED EXPOSURES AS A % OF TCE



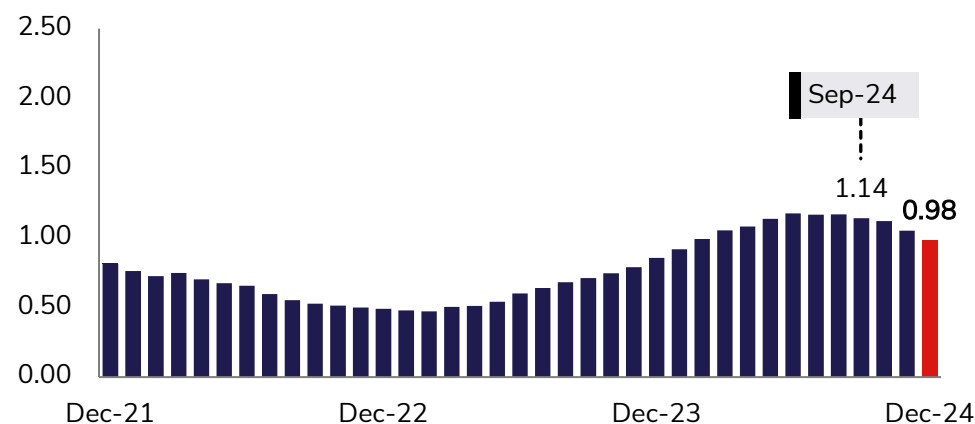
AUSTRALIAN MORTGAGE DELINQUENCIES (%)



AUSTRALIAN CONSUMER FINANCE 90+ DELINQUENCIES (%)



AUSTRALIAN MORTGAGE HARDSHIP¹ BALANCES (%)

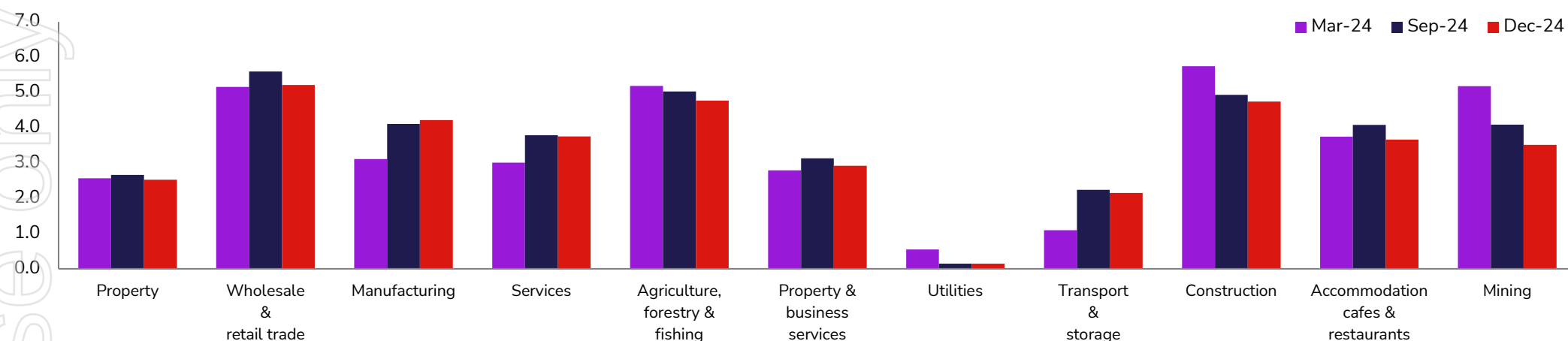


¹ Financial hardship assistance is available to customers experiencing temporary financial difficulty, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period.

CREDIT QUALITY ACROSS SECTORS

CREDIT QUALITY

CORPORATE AND BUSINESS STRESSED EXPOSURES BY INDUSTRY SECTOR (%)



EXPOSURE AND CREDIT QUALITY BY SECTOR

Sector		Finance & Insurance ¹	Property ²	Wholesale & retail trade	Manufacturing	Services ³	Agriculture, forestry & fishing	Property & business services	Utilities	Transport & storage	Construction ⁴	Accomm, cafes & restaurants	Mining
TCE (\$bn)	Dec-24	163.9	86.6	33.9	26.4	26.3	26.3	26.0	25.9	21.1	13.8	12.5	8.6
	Sep-24	162.8	85.5	31.8	25.4	25.9	25.4	25.2	23.6	20.7	13.7	11.7	7.9
Stressed (%) ^{5,6}	Dec-24	0.1	2.5	5.2	4.2	3.8	4.8	2.9	0.1	2.2	4.7	3.7	3.5
	Sep-24	0.1	2.7	5.6	4.1	3.8	5.0	3.1	0.1	2.2	4.9	4.1	4.1
Impaired (%) ⁶	Dec-24	0.0	0.1	0.7	0.9	0.7	0.4	0.4	0.0	0.4	0.6	0.2	0.2
	Sep-24	0.0	0.1	0.8	0.9	0.4	0.5	0.4	0.0	0.4	0.7	0.2	0.2

¹ Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. Includes assets held for liquidity portfolio. ² Property includes both residential and non-residential property investors and developers and excludes real estate agents. ³ Services includes education, health & community services, cultural & recreational and personal & other services. ⁴ Construction includes building and non-building construction, and industries serving the construction sector. ⁵ Includes impaired exposures. ⁶ Percentage of portfolio TCE.



AUSTRALIAN MORTGAGE PORTFOLIO COMPOSITION

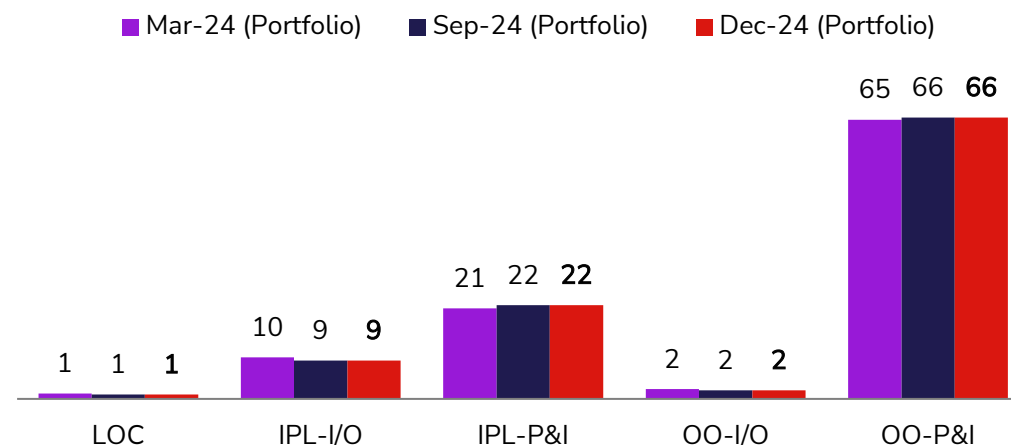
MORTGAGE CREDIT QUALITY

Australian mortgage portfolio	Mar-24 balance	Sep-24 balance	Dec-24 balance
Total portfolio (\$bn)	495.2	503.3	508.3
Owner occupied (OO) (%)	67.8	67.9	68.0
Investment property loans (IPL) (%)	31.0	31.1	31.0
Portfolio loan/line of credit (LOC) (%)	1.2	1.0	0.9
Variable rate / Fixed rate (%)	85/15	91/9	93/7
Interest only (I/O) (%)	12.3	11.8	11.8
Proprietary channel (%)	49.4	48.2	47.3
First home buyer (%)	11.3	11.8	12.2
Mortgage insured (%)	12.6	11.7	11.0

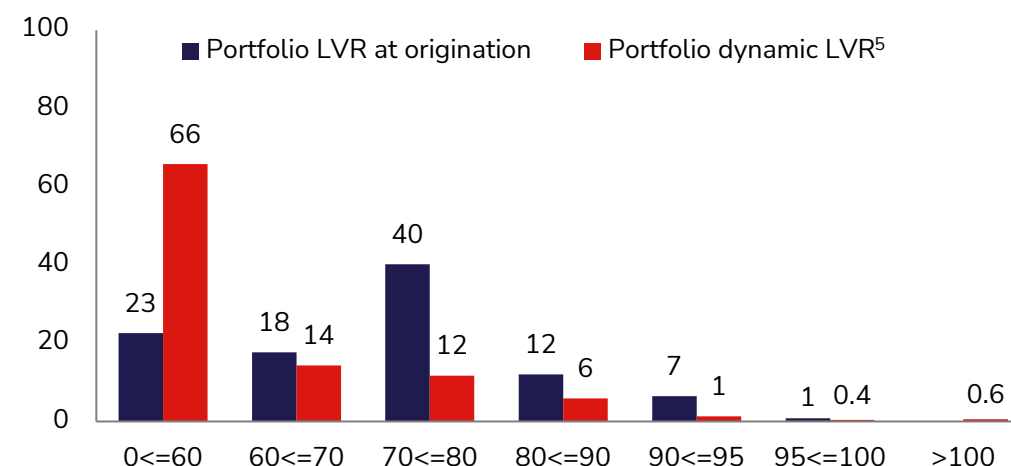
	Mar-24	Sep-24	Dec-24
Average loan size ¹ (\$'000)	309	319	325
Customers ahead on repayments including offset account balances (%)			
By accounts	80	83	83
By balances	77	80	81
Mortgage losses net of insurance ² (\$m)	20	23	7
Annual mortgage loss rate ³ (bps)	0.8	0.9	0.55
Hardship ⁴ balances (% of portfolio)	1.05	1.14	0.98

1 Average loan size includes amortisation. Calculated at account level, where split loans represent more than one account. 2 Mortgage losses for March-24 and Sep-24 are for the 6 months ending. Mortgage losses for Dec-24 are for the 3 months ending. 3 Mortgage loss rates for Mar-24 are annualised, based on losses for the 6 months ending. Mortgage loss rates for Sep-24 are actual losses for the 12 months ending. Mortgage loss rates for Dec-24 are annualised, based on losses for the 3 months ending. 4 Financial hardship assistance is available to customers experiencing temporary financial difficulty, including changes in income due to illness, a relationship breakdown or natural disasters. Hardship assistance often takes the form of a reduction or deferral of repayments for a short period. 5 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.

BY PRODUCT AND REPAYMENT TYPE (%)



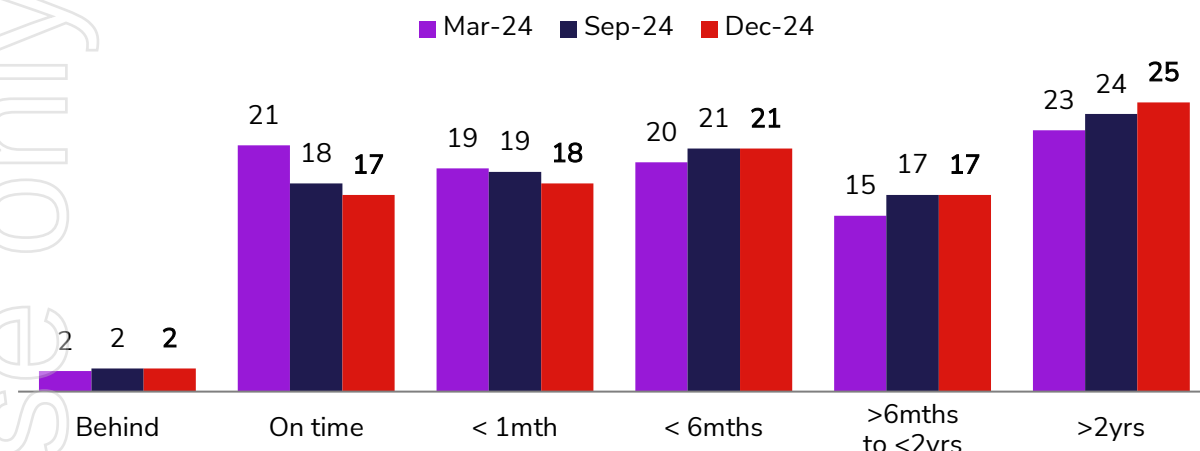
LOAN-TO-VALUE RATIOS (LVRS) (%)



AUSTRALIAN MORTGAGE PORTFOLIO REPAYMENT BUFFERS

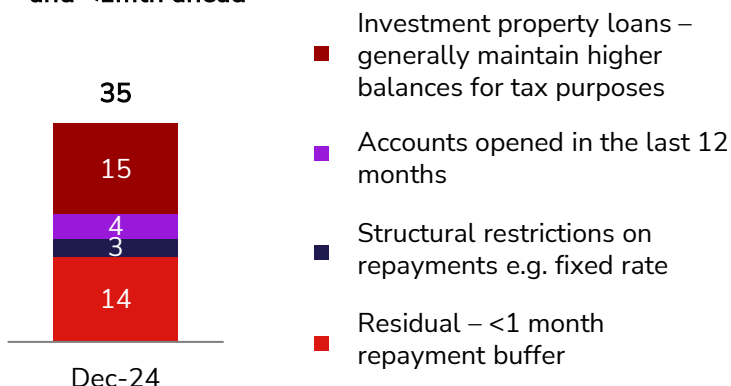
MORTGAGE CREDIT QUALITY

CUSTOMERS AHEAD ON REPAYMENTS¹ (% BY BALANCES)

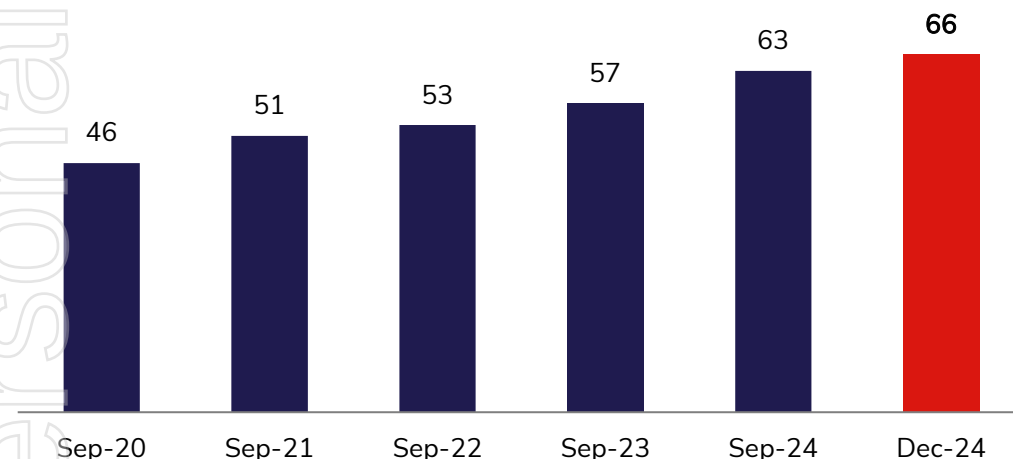


Charts do not add due to rounding

Loans 'on time' and <1mth ahead

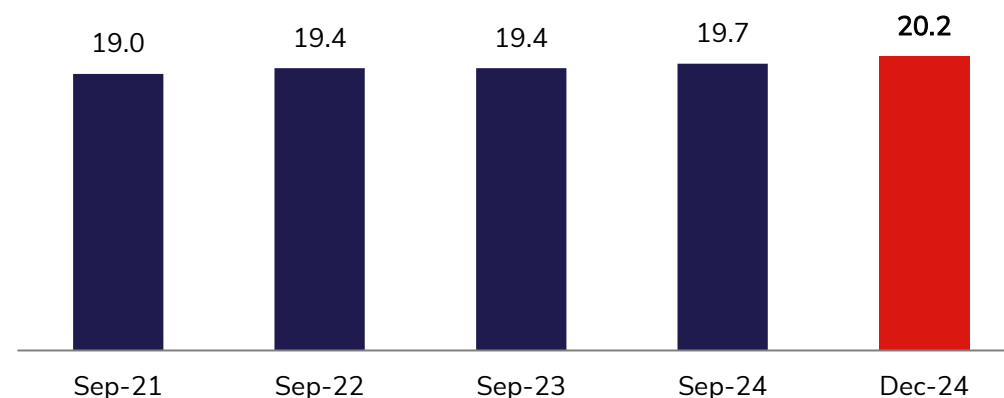


OFFSET ACCOUNT BALANCES (\$BN)



BUFFER TO BALANCE RATIO² (%)

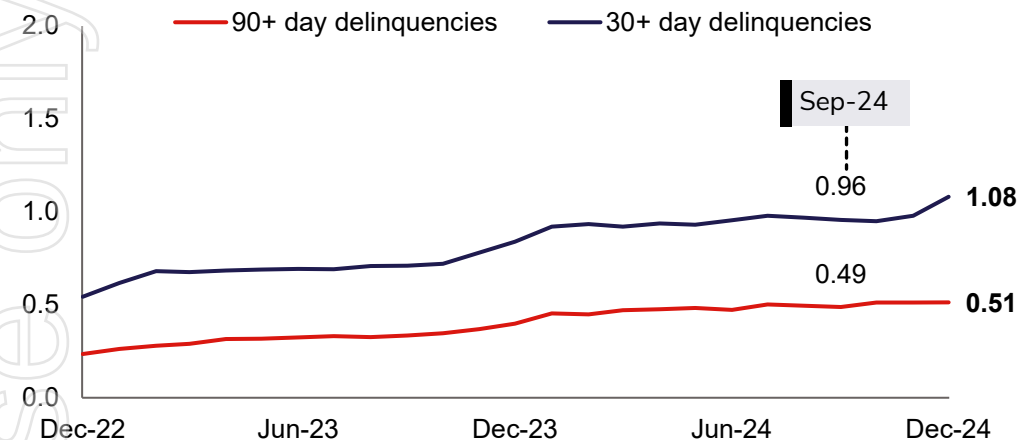
Buffer = Current Limit - Outstanding Balance + Offset Balance



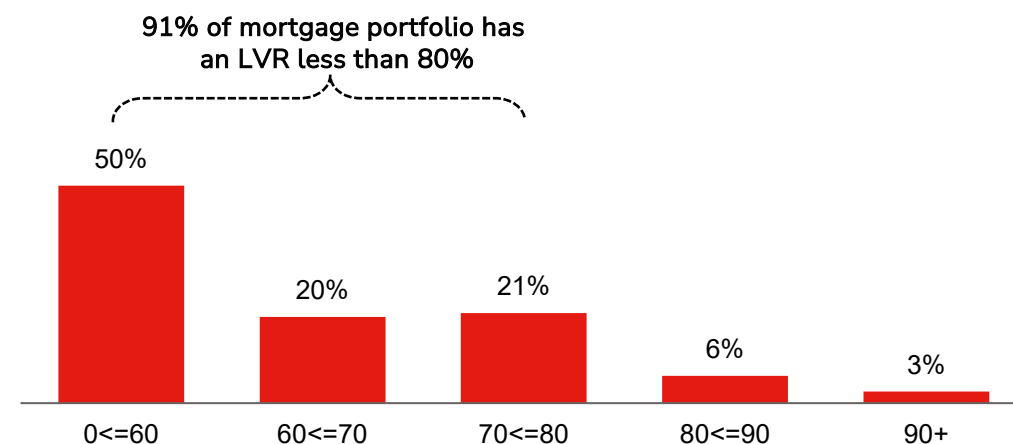
¹ Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset accounts. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due. ² Excludes Line of Credit.



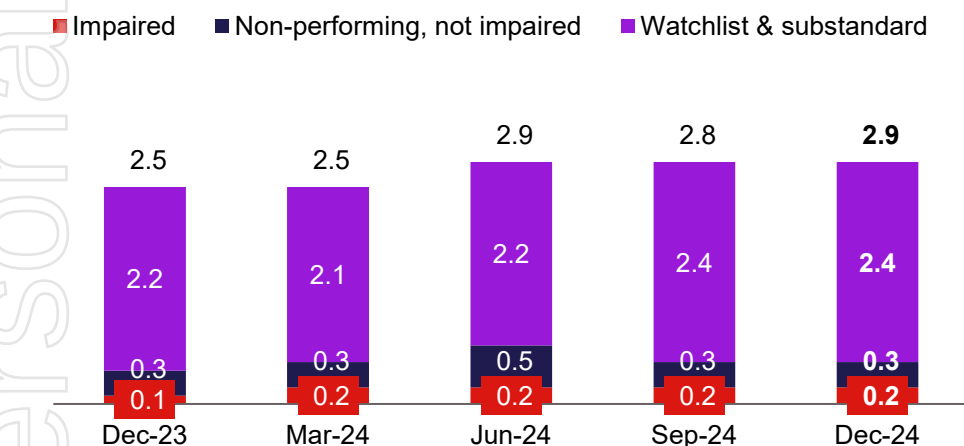
MORTGAGE DELINQUENCIES (%)



MORTGAGE PORTFOLIO LVR² (% OF PORTFOLIO)

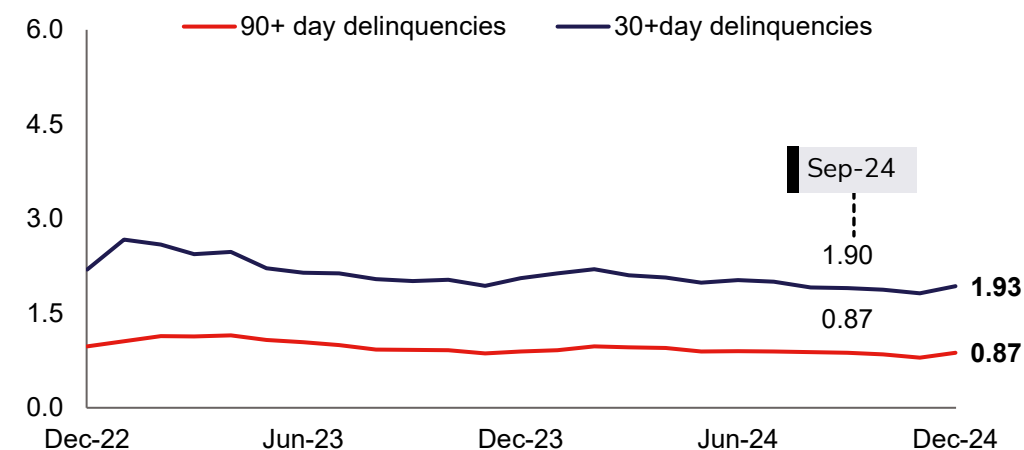


BUSINESS STRESSED EXPOSURES TO BUSINESS TCE¹ (%)



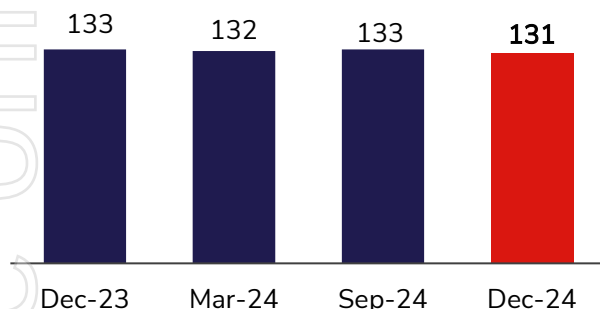
1 Chart may not add due to rounding. 2 LVR based on current exposure and property valuation at the latest credit event.

UNSECURED CONSUMER DELINQUENCIES (%)



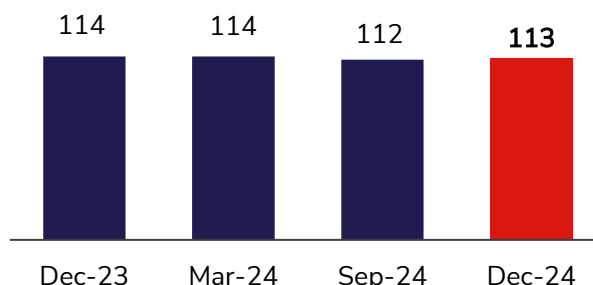
KEY FUNDING AND LIQUIDITY MEASURES

Liquidity coverage ratio (LCR) (%)
Quarterly average



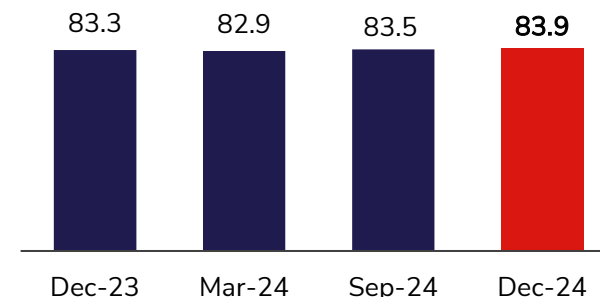
- Quarterly LCR movement reflects a decrease in average liquids assets, mainly qualifying RBNZ securities

Net stable funding ratio (NSFR) (%)



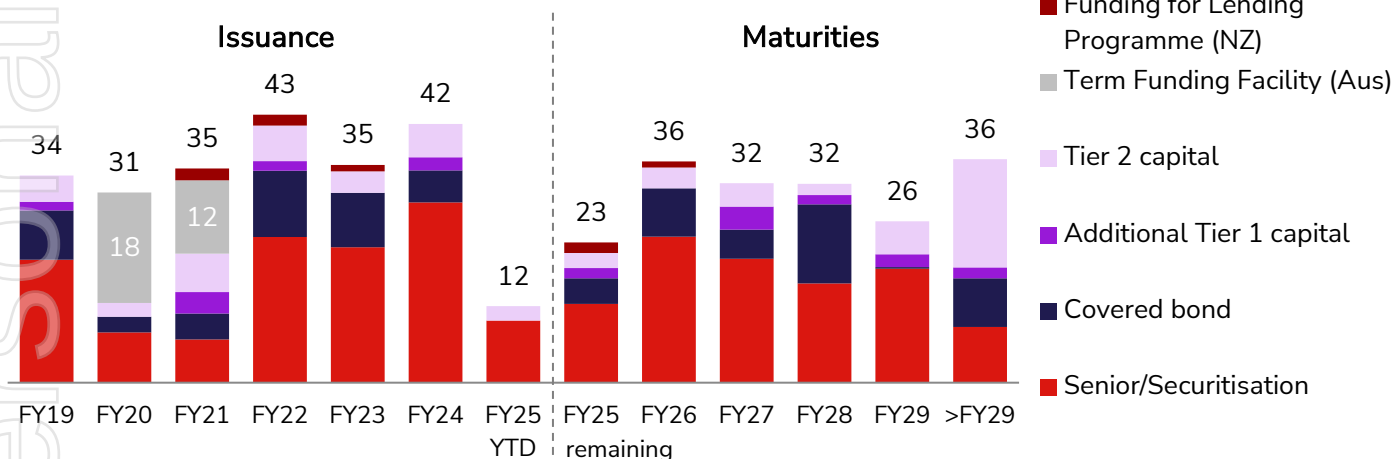
- Higher NSFR reflects growth in available funding from high-quality deposits exceeding growth in required funding from lending

Customer deposits to net loans ratio (D2L) (%)

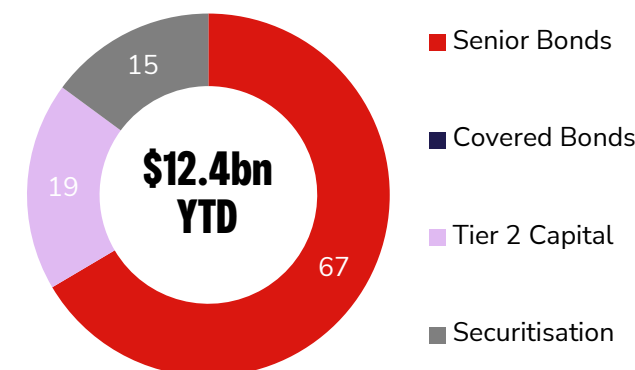


- Increase in D2L ratio reflects continued deposit growth

TERM DEBT ISSUANCE AND MATURITY PROFILE^{1,2} (\$BN)



TERM DEBT ISSUANCE BY PROGRAM YEAR TO DATE^{2,3} (%)



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. Contractual maturity date for Additional Tier 1 and callable Tier 2 instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Any early redemption would be subject to prior written approval from APRA, which may or may not be provided. Maturities exclude securitisation amortisation. ² Year to date is 1 October 2024 to 31 January 2025. ³ Chart may not add due to rounding.

APPENDIX 1: FINANCIAL SUMMARY

APPENDIX

\$b	1Q25	% movement 1Q25 - 2H24 qtr average	Excluding Notable Items	
			1Q25	% movement 1Q25 - 2H24 qtr average
Net interest income	4.5	(6)	4.8	1
Non-interest income	0.8	12	0.8	9
Net operating income	5.3	(4)	5.6	2
Operating expenses	(2.8)	1	(2.8)	1
Pre-provision profit	2.5	(9)	2.8	3
Impairment charges	(0.1)	9	(0.1)	9
Tax and NCI	(0.7)	(9)	(0.8)	2
Net profit after tax	1.7	(9)	1.9	3
Return on equity (ROE)	9.4%	(88bps)	10.5%	32bps
Return on tangible equity (ROTE)	10.6%	(98bps)	11.8%	39bps

Table may not add due to rounding



APPENDIX 2: NET PROFIT

APPENDIX

\$b					Excluding Notable Items			
	3Q24	4Q24	2H24 qtr average	1Q25	3Q24	4Q24	2H24 qtr average	1Q25
Net interest income	4.7	5.0	4.8	4.5	4.7	4.9	4.8	4.8
Non-interest income	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.8
Net operating income	5.4	5.6	5.5	5.3	5.4	5.5	5.5	5.6
Operating expenses	(2.7)	(2.8)	(2.8)	(2.8)	(2.7)	(2.8)	(2.8)	(2.8)
Pre-provision profit	2.6	2.8	2.7	2.5	2.7	2.7	2.7	2.8
Impairment charges	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Tax and NCI	(0.8)	(0.8)	(0.8)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)
Net profit after tax	1.8	1.9	1.8	1.7	1.8	1.8	1.8	1.9
ROE	10.0%	10.5%	10.2%	9.4%	10.1%	10.1%	10.1%	10.5%
ROTE	11.3%	11.8%	11.6%	10.6%	11.4%	11.4%	11.4%	11.8%

Table may not add due to rounding



APPENDIX 3: ABBREVIATIONS

APPENDIX

NIM	Net interest margin
CET1 capital ratio	Common equity tier one capital ratio
RWA	Risk weighted assets
CAP	Collectively assessed provisions
TCE	Total committed exposures
LCR	Liquidity coverage ratio
NSFR	Net stable funding ratio
ROE	Return on average equity
ROTE	Return on average tangible equity



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CONTACT US

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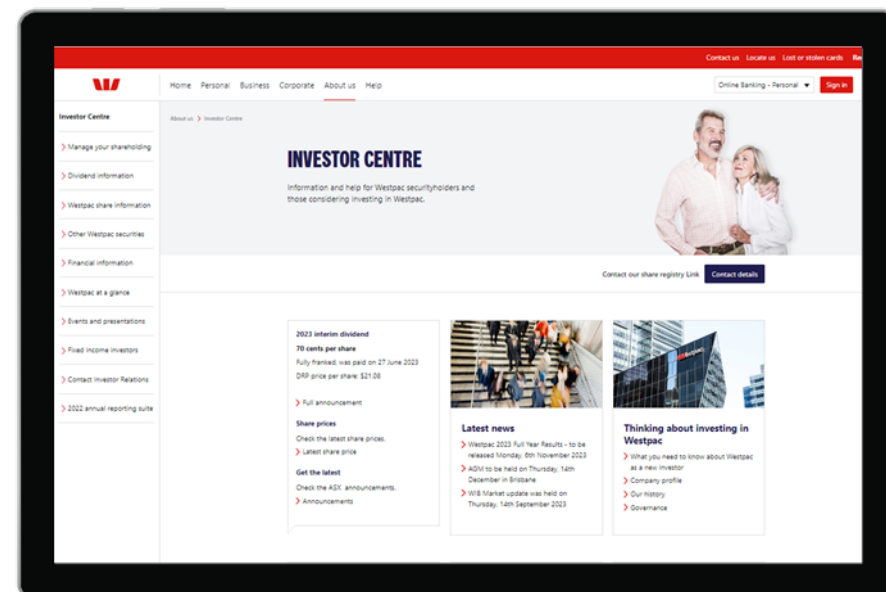
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All amounts are in Australian dollars unless otherwise indicated.

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Forward-looking statements are statements that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding our intent, belief or current expectations with respect to our business and operations, macro and micro economic and market conditions, results of operations and financial condition, capital adequacy, liquidity and risk management, including, without limitation, future loan loss provisions and financial support to certain borrowers, forecasted economic indicators and performance metric outcomes, indicative drivers, climate- and other sustainability-related statements, commitments, targets, projections and metrics, and other estimated and proxy data.

We use words such as ‘will’, ‘may’, ‘expect’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘estimate’, ‘anticipate’, ‘believe’, ‘probability’, ‘indicative’, ‘risk’, ‘aim’, ‘outlook’, ‘forecast’, ‘f’cast’, ‘f’, ‘assumption’, ‘projection’, ‘target’, ‘goal’, ‘guidance’, ‘ambition’, ‘objective’ or other similar words to identify forward-looking statements, or otherwise identify forward-looking statements. These forward-looking statements reflect our current views on future events and are subject to change, certain known and unknown risks, uncertainties and assumptions and other factors which are, in many instances, beyond our control (and the control of our officers, employees, agents and advisors), and have been made based on management’s expectations or beliefs concerning future developments and their potential effect upon us.

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We also make statements about our processes and policies (including what they are designed to do) as well as the availability of our systems or product features. Systems, processes and product features can be subject to disruption, and may not always work as intended, so these statements are limited by the factors described in the section titled ‘Risk Management’ in our 2024 Annual Report, as well as the 2024 Risk Factors document.