ASX Release

Level 18, 275 Kent Street
Sydney, NSW, 2000

6 May 2024

Westpac 2024 Half Year Result – Media Release

Westpac Banking Corporation ("Westpac") today provides the attached Media Release – Westpac 2024 Half Year Result.

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

ASX ANNOUNCEMENT

1H24 RESULT

Westpac GROUP

6 MAY 2024

FINANCIAL HIGHLIGHTS

$3.342bn Net profit after tax ▼ 16% on 1H23 ▲ 5% on 2H23	**10.5%** Return on tangible equity[1] ▼ 228bps on 1H23 ▲ 44bps on 2H23	**1.89%** Net interest margin (NIM) ▼ 7bps on 1H23 ▼ 5bps on 2H23
$3.506bn Net profit after tax (ex Notable Items) ▼ 8% on 1H23 ▼ 1% on 2H23	**12.55%** CET1 level 2 capital ratio 105 bps above operating range	**75c** interim dividend **15c** special dividend **$1bn increase** in share buyback program

Improved service, disciplined growth

Peter King, Chief Executive Officer

This half, we've managed growth and margins in a disciplined way amid a slowing economy and competitive banking sector.

Net profit after tax, excluding Notable Items, was down 1% for the half and 8% from the prior corresponding period. We grew our major Australian segments in a disciplined way with mortgages and deposits up 5% and business lending up 9% over the year. The impact of competition on mortgage margins moderated this half. NIM excluding Notable Items was unchanged from the second half of 2023.

We remain focused on improving service and are seeing the benefits of our investment over recent years. Our Westpac app is rated the best in Australia[2], we reduced mortgage and business lending approval times and upgraded merchant payment services for business customers.

Westpac's balance sheet is in good shape and with the momentum in our business, supports a special dividend of 15 cents per share fully franked and an increase in the buyback program of $1 billion to $2.5 billion. The interim dividend is 75 cents per share fully franked, up 5 cents per share or 7% on the 2023 interim dividend.

Overall, I'm positive about the outlook and confident we will continue to deliver for customers.

Transformation

We've reached a critical milestone in Westpac's risk transformation with the completion of all 354 activities of the Integrated Plan, delivered through our Customer Outcomes and Risk Excellence program. Promontory's final report, released today, notes "the depth of change to the organisation, both structurally and culturally, means Westpac is now a simpler, stronger bank" with "substantially improved" risk governance. With the Integrated Plan now complete, we're focused on transition and sustainably embedding change.

As we outlined in March, we're turning to technology simplification through the UNITE program. We've started work on 14 initiatives, including simplifying customer and collections systems. The program aims to improve service for customers, make life easier for our people, and lift shareholder returns.

We're also investing in expanding our services and safety with new features such as Westpac SaferPay to protect customers from scams, PayTo making payments easier for billers and with our acquisition of HealthPoint, we will provide real-time private health claiming.

Economic outlook

We know Australians are doing it tough as a result of higher interest rates and the cost of living. More customers are calling us for assistance and we're helping those who need it.

While we've seen an uptick in stress in our loan books, this is to be expected given the large increase in interest rates, high inflation and taxation. We remain appropriately provisioned and with a strong balance sheet, are in a good position to help customers.

Overall, the Australian economy is proving resilient. While economic growth has slowed, unemployment remains low by historical measures. We believe the economy is on track for a soft landing and, if this happens, this will be good news for many Australians.

However, this scenario is not certain. While inflation has fallen, getting it down to target range is proving difficult globally and here in Australia. It is likely interest rates will stay higher for longer.

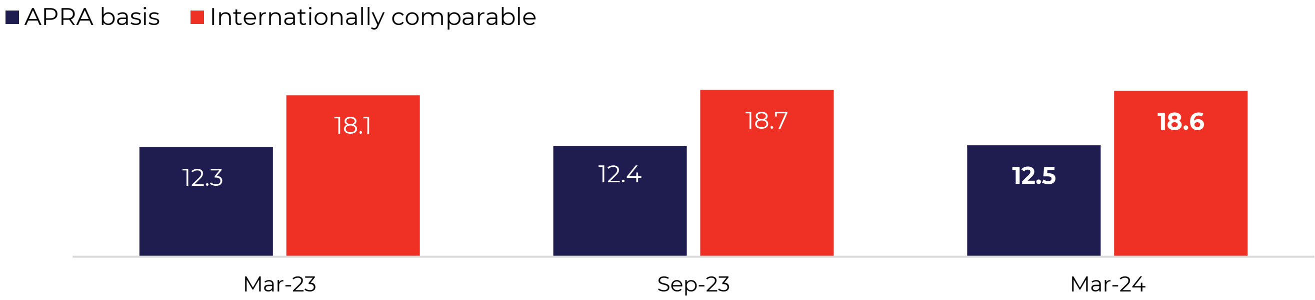
The global economy also faces potential challenges. We are closely watching the ongoing economic risk from geopolitical conflict and uncertainty playing out in the Middle East and Europe.

Despite the uncertain economic outlook, I remain of the view that Australia is one of the better places to be.

Westpac is in a good position. We're firmly focused on our customers and continuing our contribution to the nation's economic wellbeing.

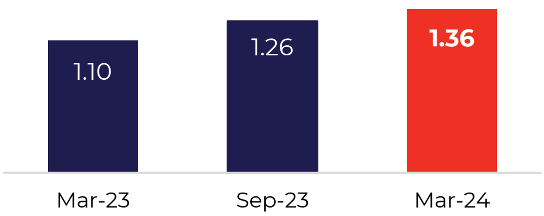
Strong balance sheet

CET1 capital ratio (%)



Sound credit quality

Stressed exposures as a % of TCE



Impairment provisions ($m)

Operating performance (compared to 1H23)

1.89%

NIM
▼7bps on 1H23
▼5bps on 2H23

$784.8bn

Total loans
▲5% on 1H23
▲1% on 2H23

$650.9bn

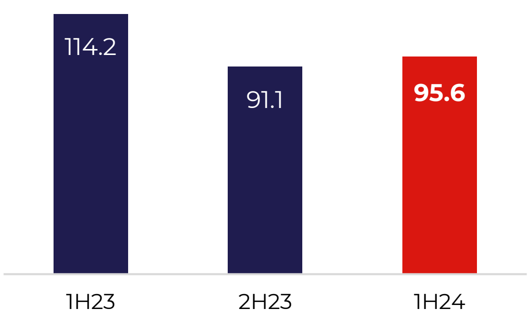
Total deposits
▲4% on 1H23
▲2% on 2H23

- **NIM was down 7bps to 1.89%.** Core NIM decreased 9 basis points to 1.80%, reflecting mortgage competition. The impact of mortgage competition moderated in 1H24 with Core NIM falling 3 basis points from 2H23.
- **Net interest income of $9,127 million was flat.** A 3% increase in average interest-earning assets was driven by growth in average loans of 4% with growth in Australian business lending and mortgages.
- **Operating expenses of $5,395 million increased 8%.** This was due to higher software amortisation expenses and inflationary pressures on wages and third-party vendor costs. Cost reset actions provided a partial offset.
- **Impairment charges were 9 basis points of loans, down 1 basis point**. This reflects lower Collectively Assessed Provisions which were partly offset by higher new Individually Assessed Provisions.
- **Loans increased by 5% to $784.8 billion.** This included growth in Australian housing loans of 5% or at 1.1x system[3] and growth in Australian business lending of 9%.
- **Deposits grew by 4% to $650.9 billion**, with growth in Consumer deposits strong at 9%.

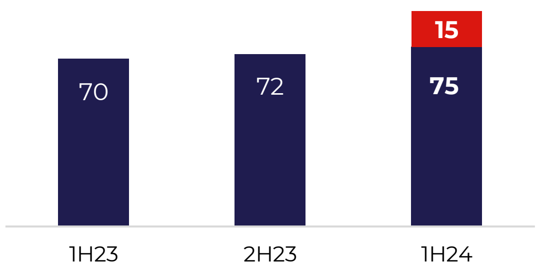
Key shareholder metrics

$26.10	**$17.82**	**95.6c**	**74%**
Closing share price, 31 March 2024	Net tangible assets per share	Earnings per ordinary share	Dividend payout ratio (ex Notable Items)[4]

Earnings per ordinary share (cents)



Dividends per ordinary share (cents)



Segment performance (compared to 1H23)

	1H24 NET PROFIT[5]
Consumer Net profit decreased 32% as operating income fell 12% due mainly to price competition in mortgages. Net loans increased 5% while deposits grew 9%. Compared with 2H23, net profit decreased 3% as the impact of mortgage competition moderated.	**$1,082m** ▼32%
Business & Wealth Net profit rose 7% as operating income grew by 6% and underlying costs increased 5%. Net loans rose 3% with business lending growing by 5% driven by the commercial property and agribusiness sectors.	**$1,143m** ▲7%
Institutional Bank Net profit fell 3%. Pre-provision profit grew 7% reflecting well managed margins and loan growth of 10%. The increase in impairment charges off a low base more than offset the contribution from pre-provision profit growth.	**$689m** ▼3%
New Zealand Net profit was up 11% due to lower impairment charges. Higher operating income from loan growth was more than offset by an increase in expenses from higher technology and onshoring costs to support the RBNZ's outsourcing policy, as well as inflationary impacts. Net loans increased 3% supported by growth in mortgages and business lending. Impairment charges benefitted from the non-repeat of overlays and modelled provision increases in 1H23.	**NZD$477m** ▲11%

Market share

Australia

Household deposits[3]	21%
Mortgages[3]	21%
Business credit[6]	14%

New Zealand

Consumer lending[7]	18%
Deposits[7]	18%
Business lending[7]	16%

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Financial summary

$m	Half Year March 2024	Half Year Sept 2023	Half Year March 2023	% change Mar24 - Sep23	% change Mar24 - Mar23
Net interest income	9,127	9,204	9,113	(1)	-
Non-interest income	1,463	1,438	1,890	2	(23)
Net operating income	**10,590**	**10,642**	**11,003**	**-**	**(4)**
Operating expenses	(5,395)	(5,704)	(4,988)	(5)	8
Pre-provision profit	**5,195**	**4,938**	**6,015**	**5**	**(14)**
Impairments (charges)/benefit	(362)	(258)	(390)	40	(7)
Profit before income tax expenses	**4,833**	**4,680**	**5,625**	**3**	**(14)**
Income tax expenses	(1,491)	(1,484)	(1,620)	-	(8)
Profit after income tax expenses	**3,342**	**3,196**	**4,005**	**5**	**(17)**
Profit attributable to non-controlling interests (NCI)	-	(2)	(4)	(100)	(100)
Net profit attributable to owners of WBC	**3,342**	**3,194**	**4,001**	**5**	**(16)**
Impact of Notable Items (post tax)	**(164)**	**(351)**	**178**	**(53)**	**large**
Fully franked ordinary dividend per share (cents)	75	72	70	4	7
Fully franked special dividend per share (cents)	15	-	-	-	-
Return on average ordinary equity	9.30%	8.90%	11.30%	40 bps	(200 bps)
Group NIM	1.89%	1.94%	1.96%	(5 bps)	(7 bps)
Core NIM	1.80%	1.83%	1.89%	(3 bps)	(9 bps)
Expense to income ratio	50.94%	53.60%	45.33%	(266 bps)	large
Expense to income ratio (ex Notable Items)	49.88%	49.14%	45.88%	74 bps	400 bps
CET1 capital ratio (Level 2)	12.55%	12.38%	12.28%	17 bps	27 bps
Deposit to loan ratio	82.94%	82.89%	83.69%	5 bps	(75 bps)
Liquidity coverage ratio (LCR)	132%	134%	135%	(114 bps)	(309 bps)
Net stable funding ratio (NSFR)	114%	115%	119%	(118 bps)	large
Collectively assessed provisions to credit RWA	138 bps	135 bps	133 bps	3 bps	5 bps
Total stressed exposures as a % of TCE	1.36%	1.26%	1.10%	10 bps	26 bps

Further information

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Footnotes

[1] The ROTE calculation is described further in the 2024 Interim Financial Results Announcement. See also the return on average ordinary equity set out in the Financial Summary table above.

[2] Westpac recognised as Australia's overall best mobile app and digital experience leader, as evaluated in the Forrester Digital Experience Review: Australian Mobile Banking Apps™, Q4 2023.

[3] APRA Banking Statistics, March 2024.

[4] Dividend payout ratio excludes the special dividend.

[5] Total figures represent net profit after tax.

[6] RBA Financial Aggregates, March 2024.

[7] RBNZ, March 2024.