

ASX

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WESTPAC SELLS LENDERS MORTGAGE INSURANCE BUSINESS TO ARCH CAPITAL AND ENTERS 10 YEAR SUPPLY AGREEMENT

Westpac Group today announced it will sell Westpac Lenders Mortgage Insurance Limited (WLMI) to Arch Capital Group (Arch) and enter into a 10-year exclusive supply agreement for Arch to provide Lenders Mortgage Insurance (LMI) to the Group.

The sale price will be at book value¹ which will be determined at completion. The transaction also includes small, fixed annual payments to Westpac over the next 10 years.

Westpac will record a loss on sale in FY21 from separation and transaction costs along with the \$84 million write down in goodwill that was announced with our 1Q21 Update on 17 February 2021.

The transaction is expected to add approximately 7bps to Westpac's Common Equity Tier 1 capital ratio.²

The new supply agreement builds on the Group's existing relationship with Arch which has provided reinsurance services to WLMI since 2011.

"Westpac is pleased to be entering into a long-term partnership with Arch as LMI is an important product that helps the Group make home ownership more accessible for more Australians," said Westpac Group Chief Executive Specialist Businesses & Group Strategy, Jason Yetton.

"The sale continues the simplification of our business and builds on our progress in becoming a simpler, stronger bank focussed on consumer, business and institutional banking."

Westpac will retain responsibility for certain legacy matters and provide protection to Arch through a combination of customary warranties and indemnities.

Completion of the transaction is subject to various regulatory approvals and is expected to occur by the end of August 2021.

¹ Transaction proceeds will be determined on the basis of the book value at completion, which is expected to occur in 2H21.

² On a proforma 31 December 2020 basis.

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About Westpac Lenders Mortgage Insurance

WLMI provides LMI to Westpac Group for residential mortgages which is the sole product provided by WLMI.

About Arch Capital Group Ltd.

Arch Capital Group Ltd., a publicly listed Bermuda exempted company with approximately \$15.8 billion in capital at Dec. 31, 2020, provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries.

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