

ASX

Release

8 May 2023

Westpac 2023 Interim Financial Results email to shareholders

Westpac Banking Corporation ("Westpac") today provides the attached 2023 Interim Financial Results email to shareholders.

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

2023 INTERIM FINANCIAL RESULTS

Westpac GROUP

8 MAY 2023



FINANCIAL HIGHLIGHTS

\$4,001m

Net profit¹, up 22% on 1H22

11.3%

ROTE, up 205 bps on 1H22

70 cents

Dividend per share, fully franked
up 15% on 1H22

12.3%

CET1 capital ratio, up 95 bps on 1H22

GOOD RESULT: WELL POSITIONED FOR THE FUTURE

Peter King, Chief Executive Officer

1H23 result overview

Our first half result reflects the progress we've made in becoming a simpler, stronger bank. Disciplined cost and margin management has lifted our return on equity and allowed us to increase dividends to 70 cents per share.

We've grown in a disciplined way in mortgages, performed well in business and institutional banking and stayed the course on risk management and simplification.

We've further strengthened our balance sheet with a CET1 ratio of 12.3% and funding and liquidity ratios well above regulatory requirements. Our credit quality remains sound with little change in the level of stressed assets, however we boosted credit impairment provisions this half reflecting the forecast tougher economic outlook.

Our balance sheet strength sees us well positioned to support customers to grow and navigate any future economic challenges. Many customers are adjusting to repayment increases and we're ready to help those who need time to transition

New strategic phase

We're now entering a new strategic phase, repositioning the Group's priorities to focus on the future. This includes placing customer care at the heart, being easy to do business with, providing expert solutions and tools, and advocating for positive change.

This half we've completed the exit of another two businesses, we've recently opened our 50th co-located branch and we're seeing the benefits of our investment in risk management as we continue our Customer Outcomes and Risk Excellence (CORE) program.

The progress we have made sees us in a position to increase our growth aspirations over time in key markets such as business lending, while managing downside economic scenarios.

Despite high inflation and continued regulatory demands, we've reduced our cost base further and brought our expense to income ratio down to 45.9%. This is a good achievement and reflects more than \$1 billion in savings since commencing our Cost Reset program. In future, we'll shift our focus from an absolute expense target to improving the expense to income ratio relative to peers. We're making this change due to expected continuing inflation pressure, ongoing and new risk and regulatory requirements, and our focus on growth.

Outlook

It's been one year since the RBA announced the first rate rise of the current tightening cycle. This has been difficult for many customers and more are calling us to discuss their situation. The bank is in a good position to help.

At a macro level, our loan portfolios remain healthy. Most mortgage customers are ahead on repayments. Offset balances were little changed and mortgage delinquency levels are low.

Interest rates are now closer to their forecast peak, but we are focused on how long they stay high and what this means for household budgets and discretionary spending. We expect to see more stress in the period ahead, particularly in small business.

While the Australian economy remains resilient with low unemployment and high population growth, it is expected to slow over the remainder of 2023. Credit growth – both housing and business – will ease. Intense mortgage competition is expected to negatively impact industry and Westpac's margins in the next half.

Westpac enters this environment from a position of strength. We've set the balance sheet for the tougher outlook. We continue to run the bank conservatively, with the flexibility to support growth and handle the more challenging conditions.

IMPROVED SHAREHOLDER RETURNS

Dividend

Our strengthened capital position and good financial performance supported increased returns to shareholders.

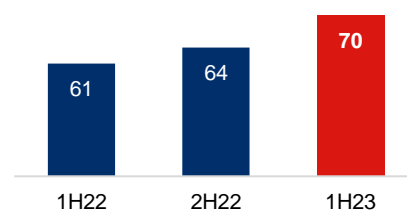
The Board declared an interim dividend of 70 cents per share, fully franked, an increase of 15% or 9 cents on 1H22.

Return on equity

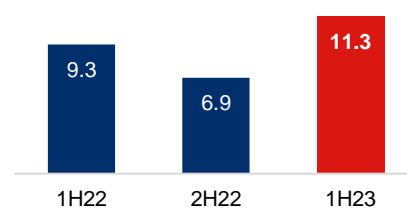
Return on equity was up 205 basis points to 11.3%. Earnings per ordinary share were 114.2 cents, up 26%.

Net tangible assets per share were \$17.67, up 3%.

Dividend (cents)



Return on equity (%)



2023 interim dividend

- 70 cents per ordinary share, fully franked
- To be paid on 27 June 2023 to shareholders on the register at the record date of 12 May 2023
- The Dividend Reinvestment Plan (DRP) will be neutralised. An equivalent number of shares are expected to be purchased on market to offset the shares transferred under the DRP
- No discount will be offered to shareholders who elect to participate in the DRP
- Shareholders resident in, and whose address on the register is in Australia or New Zealand who wish to update their DRP election, must do so before 5.00pm (Sydney time) on 15 May 2023

Visit our [Investor Centre](#) for DRP terms and conditions and to update your election

More information

Visit our [Investor Centre](#) for more on our 2023 interim results, including our webcast presentation.

For information on your shareholding, including dividends, visit Link's [Investor Centre](#). Alternatively, contact Link via email at westpac@linkmarketservices.com.au or telephone on 1800 804 255 (free in Australia).

Yours sincerely,

Westpac Investor Relations team

1. Also referred to as statutory profit, net profit attributable to owners of WBC or net profit after tax.

This communication does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States. The shares to be issued in respect of the dividend reinvestment plan referred to in this communication have not been and will not be registered under the Securities Act of 1933 (the 'Securities Act') or the securities laws of any state or other jurisdiction in the United States. Accordingly, the shares may not be offered or sold to persons in the United States or to persons who are acting for the account or benefit of a person in the United States, unless they have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.