

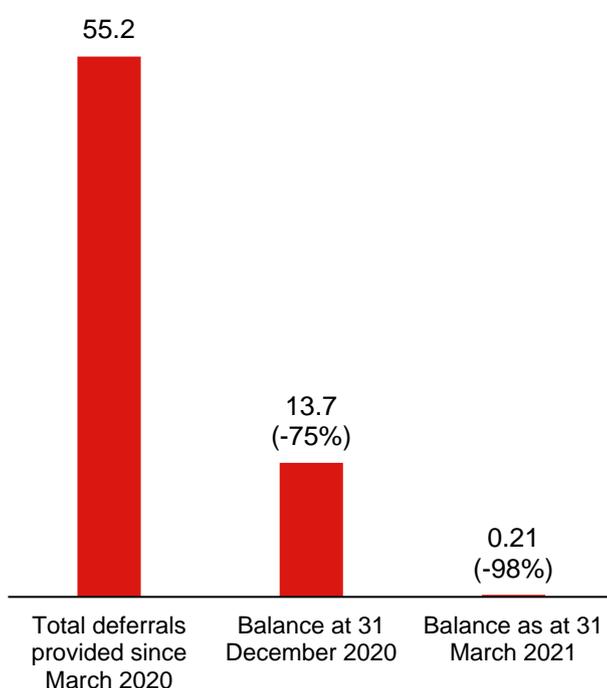
Westpac COVID-19 response

March 2021

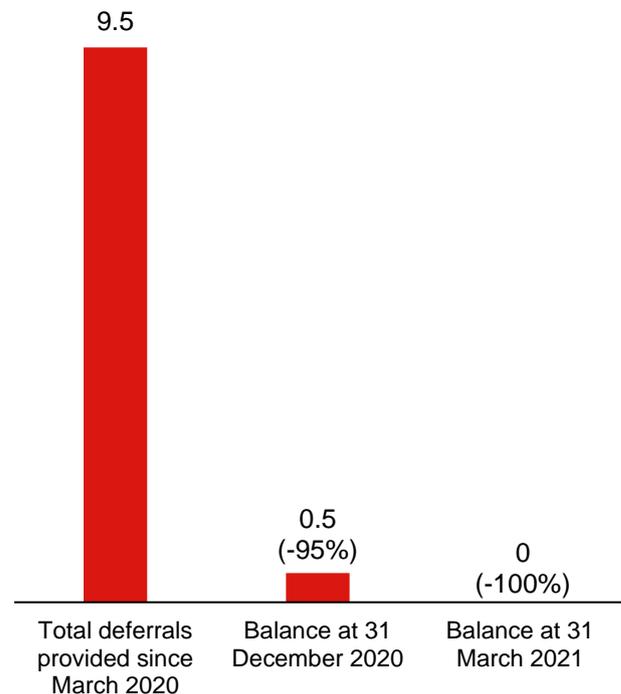


Support for our customers affected by COVID-19

Mortgage deferral packages (\$bn)



Business deferral packages (\$bn)



Support for mortgage customers

In total, Westpac provided home loan repayment deferrals for 149,000 customers affected by COVID since March 2020, representing \$55 billion in mortgage balances.

The overwhelming majority of customers had exited their mortgage deferral packages by the end of March 2021 with only \$210 million in mortgage balances still on deferral. The small number of customers remaining on deferral packages are due to the timing of when they entered their arrangements.

Furthermore, the vast majority of customers have returned to full repayments once exiting their relief package. There remains a small cohort of customers who are still affected by the economic impacts of COVID-19 and will require further financial support. We are working directly with those customers to give them the support they need.

Westpac has ceased providing COVID-19 deferral packages and will instead support customers through our pre-existing assistance processes including through hardship. These processes seek to provide the best possible financial outcome depending on the customer's circumstance and include repayment deferrals, interest rate changes, loan term extensions and switching to interest only payments. These solutions will be developed through conversations with customers to understand their financial position and ability to service repayments.

Support for small business customers

In total, Westpac provided COVID-19 relief packages for over 32,900 business customers representing relief on \$10.0 billion of lending balances across 80,000 accounts.

All customers that received small business COVID-19 relief packages exited their arrangements by 31 March 2021. The vast majority of customers have returned to making repayments and Westpac has ceased providing COVID-19 deferral packages.

A small number of customers have requested further assistance and we are working directly with them to provide solutions to give them the support they need dependent on their specific circumstances.

Westpac has approved over \$360 million in lending through over 3,300 business loans backed by the National SME Guarantee Scheme.

In addition, we welcome the new SME Recovery Loan Scheme to further help Australian businesses recover and grow. The new scheme will provide targeted support, and also helps provide a funding bridge to give businesses affected by COVID-19 more time to recover.

We have also refunded \$16 million in facility fees on over 100,000 merchant IDs.

Early release of superannuation

The early release of superannuation scheme expired at the end of December 2020.

In total, over both phases of the scheme, Westpac made over 233,000 payments to superannuation fund members who need support due to COVID-19. These payments total \$1.87 billion.

The state of the economy

The Australian economy is forecast to expand by a well above trend 4.5% through 2021 and increase by 3% in 2022, recovering from the COVID-related 1.1% contraction during 2020. Labour markets are rebounding at a faster than expected pace but will likely see slower improvements going forward, partly relating to unwinding policy supports. The unemployment rate has declined to 5.8% and is now forecast to fall to 5.7% by the end of 2021 and 5.2% by the end of 2022 – the near term outlook improved from our 6% forecast three months ago.

The key drivers shaping the outlook are a spending catch-up as temporary COVID restrictions are eased, and a strong tailwind from policy stimulus.

Consumers and businesses are upbeat and are showing a willingness to spend, with confidence at historic highs. Overall business conditions indicate that the economy as a whole has considerable momentum early in 2021. Private surveys report business conditions at +15 in February, matching the December result, and together the strongest results since mid-2018 – a peak associated with the previous home building cycle.

The strong tailwind from policy stimulus is particularly apparent in the housing sector. A robust uptrend in home building activity over the year ahead will be another key growth driver. Dwelling approvals have spiked, responding to low rates, government incentives and increased demand for detached homes. The jump in approvals outside of NSW and Victoria, doubling in the space of six months from June to December, is unparalleled. This will see momentum continue in the smaller states, where the remaining 'catch-up' effect is less pronounced.