

IAM LISTED BOND ETF - WBC

FACT SHEET

AUGUST 2024

IAM
INCOME ASSET
MANAGEMENT

Westpac Banking Corporation

ISIN	Issue Amount	Ranking	Coupon	Coupon Frequency	First Call ¹	Maturity Date
AU3CB0304376	AUD1,500m	Subordinated Unsecured Tier 2	7.199% ²	Semi-annual	15 November 2033	15 November 2038

¹ Excludes potential terms that would allow the issuer to redeem prior to the maturity date through a make-whole call.

² Resets on 15 November 2033 at a rate equal to the 3-month BBSW + 2.40%.

Issuer Outline

Westpac Banking Corporation provides banking services. The Bank offers accounts checking, savings deposits, money market, mortgage, and term loans services, as well as card facilities and internet banking services. Westpac Banking serves customers worldwide

Sector:	Financial
Sub-Sector:	Banks
Country:	AU
Ownership:	Public

IAM Credit View

FY23 was a strong year for WBC operationally on the back of growing deposits, mortgages and institutional banking. In terms of fundamentals, its balance sheet position continued to strengthen with CET1 capital ratio representing a couple of billion of excess capital. This supported the bank's decision for a significant share buyback. On the operational front, WBC is undergoing a series of transformation including the divestments of non-core assets, simplification of legacy technological platform, and organisational restructure that separated consumer and banking divisions. All in all, the outlook for WBC is generally positive as all hands are on deck to resolve the jarring drag on profitability as evident by the ongoing prioritisation and investment spend on simplification and consolidation.

Key Financials (AUD m)

LTM (31 March)	2024
Net interest income	18,318
Non-interest income	3,684
NPAT	7,195
Gross loans	777,687
Total assets	1,029,774
Customer deposits	688,168
Short- and long-term debt	234,619
CET1 ratio (%)	14.59
Non-performing loans (NPLs) (%)	0.17

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Risk for Tier 2 Instruments

- Almost Optional call dependent on regulator
- Conversion of write-down following a non-viability event
- Subordination

Strengths of Westpac

- Strong capitalisation
- Healthy debt maturity profile supported by strong funding position
- Sound macro environment and regulatory oversight
- Systemic importance to Australian economy

Weaknesses of Westpac

- Concentrated revenue stream
- Exposure to Australian housing and international funding markets
- Deterioration in portfolio credit quality
- Weakness of the Australian dollar

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