

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Westpac Banking Corporation

WBC31QW: Interest rates:

- (a) Regarding principal and interest mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?
- (b) Regarding interest-only mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?
- (c) Regarding interest-bearing deposits, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

Answer:

- (a) The following table shows the aggregate change (\$m) in interest repayments on variable rate principal and interest mortgages compared to the preceding month due to the rate cuts in June, July and October 2019 and the total reduction in interest repayments due to the rate cuts (i.e. compared to May).

	Jun	Jul	Aug	Sep	Oct	Nov
Vs preceding month	-16.44	-36.92	-16.63	-0.87	-14.91	-12.09
Total	-16.44	-53.36	-69.99	-70.85	-85.77	-97.86

The changes made to our rates on variable rate principal and interest mortgages were as follows.

	Jun	Jul	Oct
Investor Property Loans	-0.20%	-0.20%	-0.15%

Owner Occupier Loans	-0.20%	-0.20%	-0.15%
Lines of Credit	0.00%	-0.20%	-0.15%

- (b) The following table shows the aggregate change (\$m) in interest repayments on interest only mortgages compared to the preceding month due to the rate cuts in June, July and October 2019 and the total reduction in interest repayments due to the rate cuts (i.e. compared to May).

	Jun	Jul	Aug	Sep	Oct	Nov
Vs preceding month	-9.72	-23.24	-11.59	-0.49	-7.92	-6.58
Total	-9.72	-32.96	-44.55	-45.03	-52.95	-59.53

The changes made to our rates on variable rate interest only mortgages were as follows.

	Jun	Jul	Oct
Investor Property Loans	-0.35%	-0.30%	-0.15%
Owner Occupier Loans	-0.20%	-0.20%	-0.15%
Lines of Credit	0.00%	-0.20%	-0.15%

- (c) The following table shows the aggregate change (\$m) in interest payments on interest-bearing deposits compared to the preceding month due to the rate cuts in June, July and October 2019 and the total reduction in interest payments due to the rate cuts (i.e. compared to May).

	Jun	Jul	Aug	Sep	Oct	Nov
Vs preceding month	-8.21	-13.00	-13.40	-6.63	-20.02	-9.46
Total	-8.21	-21.21	-34.61	-41.24	-61.26	-70.72

Changes to our deposit rates from June to October are shown in the attached table.

	May	Jun	Jul	Aug	Sep	Oct	Current Rate	Total Reduction
Bump - Base	1.50%	-0.20%	-0.20%	0.00%	0.00%	-0.15%	0.95%	-0.55%
Bump - Promo	2.30%	-0.20%	0.00%	-0.15%	0.00%	-0.25%	1.70%	-0.60%
Reward - Base	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Reward - Promo	0.75%	-0.20%	-0.20%	0.00%	0.00%	-0.25%	0.10%	-0.65%
Westpac DIY Super Savings Account	0.50%	-0.20%	-0.15%	0.00%	0.00%	-0.05%	0.10%	-0.45%
SGB DIY Super Saver - Base	0.50%	-0.20%	-0.15%	0.00%	0.00%	-0.05%	0.10%	-0.40%
SGB DIY Super Saver - Promo	1.75%	-0.20%	-0.15%	0.00%	0.00%	-0.05%	1.35%	-0.40%