

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Westpac

WBC84QON: **Dr MULINO:** My last question goes more generally to the way you model GDP. Do you undertake sensitivity analysis around your central case forecast, or do you undertake scenario analyses? How do you think through the uncertainty that we're facing at the minute?

Mr King: When we're thinking about the bank, we do what's called a stress test, which I would describe as 'deep recession'. We're probably not scenario testing, but we're stress testing. That's the big one. We need to do that when we're thinking about our provisioning and our capital levels in the bank. Scenarios about what I would say are smaller changes in the outlook are not something we tend to publish, but we do from time to time have a look at them.

Dr MULINO: If there is anything you can provide on that, that would be interesting—

Mr King: I think we got a question on notice about whether we have done any economic modelling on the different scenarios from COVID, so we will have a look.

Answer: Westpac Economics has not undertaken any specific research on modelling different scenarios from COVID.