Westpac Banking

A$37.03
As of Sun 8 Nov 2026, 12:00 UTC

ASX:WBC	Financials	Country	Australia	PE (Fwd)	17.22	TSR 10Y CAGR	7.66%
Banks (Diversified)		Beta (5Y)	0.64	PE TTM	19.10	TSR TTM	1.51%

Div yield	4.16%	ROTE	11.19%
Mkt cap	A$126.5B	NIM	1.87%

SE Grade™	★☆☆
Value	☆☆☆
Quality	★☆☆
Moat	★☆☆

Consensus	Reference
$33	$26
(9.94%)	(29.62%)

Sell 1|0|5|4|4



	1H25	2H25	1H26	2H26
Earnings per share	$			
	0.96	1.04	1.00	0.99
	4.51%	3.59%	3.96%	(4.10%)
Revenue	$B			
	10.79	11.59	11.29	11.31
	1.92%	5.39%	4.63%	(2.43%)
Next earnings				2 Nov

TTM	FYE 30 Sep	AUD	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027E	Trend	5Y	10Y	Peers
22.60	Revenue	$B	21.65	22.01	20.65	20.18	21.22	19.61	21.64	21.59	22.38	22.60	23.21		1.27%	0.75%	27
0.97	*Revenue growth*	%	3.17	1.65	(6.17)	(2.26)	5.15	(7.61)	10.40	(0.26)	3.69	0.97	2.67		0.97	1.31	7
1.87	NIM	%	2.01	2.09	2.07	2.01	2.00	1.93	1.95	1.93	1.94	1.87	1.85		1.93	1.97	70
52.46	*Effic. R.*	%	42.53	42.46	47.70	59.10	55.80	52.63	48.32	50.19	52.04	52.46	51.28		52.04	51.11	–
30.11	*Net margin*	%	36.88	36.76	32.82	11.34	25.72	29.04	33.22	32.35	30.87	30.11	30.68		30.87	31.61	60
19.10	P/E ratio (avg)	x	14.39	13.33	14.89	30.41	17.27	15.00	12.10	14.49	18.04	19.40	17.80		15.00	14.95	13
2.136	P/TBV	x	2.315	2.044	1.887	1.231	1.522	1.420	1.412	1.660	2.001	2.171	2.086		1.660	1.773	37
1.831	P/B	x	1.875	1.671	1.542	1.023	1.309	1.212	1.200	1.411	1.713	1.860	1.794		1.411	1.477	33
19.58	NII	$B	15.52	16.50	16.91	16.70	16.86	17.16	18.32	18.75	19.38	19.58	20.10		3.04%	2.60%	–
1.04	*NII grth*	%	2.43	6.37	2.44	(1.25)	0.97	1.80	6.74	2.38	3.34	1.04	2.67		2.38	2.40	23
11.19	*ROTE*	%	16.09	15.33	12.67	4.05	8.81	9.47	11.67	11.46	11.09	11.19	11.43		11.19	11.32	33
9.47	*Return on equity*	%	13.37	12.86	10.43	3.43	7.79	7.99	10.06	9.69	9.57	9.47	9.93		9.57	9.63	27
0.58	*Return on assets*	%	0.94	0.92	0.75	0.25	0.58	0.56	0.70	0.65	0.61	0.58	0.59		0.61	0.63	23
1.94	EPS	$	2.22	2.22	1.82	0.64	1.33	1.46	1.85	1.79	1.87	1.94	2.08		7.91%	(0.86%)	–
3.55	*EPS growth*	%	5.07	0.05	(18.19)	(64.95)	108.02	10.47	26.21	(2.98)	4.45	3.55	1.97		4.45	4.00	27
20.22	Bookvalue per sh	$	17.05	17.72	17.55	18.94	17.49	18.12	18.63	18.41	19.72	20.22	20.65		2.95%	2.05%	–
17.33	TBV/sh	$	13.81	14.49	14.35	15.74	15.04	15.46	15.83	15.65	16.88	17.33	17.75		2.88%	2.78%	–
1.54	Dividend per sh	$	1.88	1.88	1.74	0.31	1.18	1.25	1.42	1.51	1.53	1.54	1.56		5.47%	(1.98%)	–
4.16	*Div yield (avg)*	%	5.88	6.35	6.43	1.60	5.15	5.69	6.35	5.81	4.53	4.09	4.20		5.69	5.75	70
77.41	*Payout ratio*	%	81.99	81.70	91.80	48.67	85.61	82.02	72.75	78.78	76.73	77.41	74.80		77.41	80.24	87
3.415	Shares (diluted)	B	3.595	3.641	3.729	3.591	4.118	3.889	3.891	3.895	3.690	3.510	3.510		(3.14%)	(0.03%)	83
4.88	*Buyback yield*	%	(2.13)	(1.28)	(2.42)	3.70	(14.68)	5.56	(0.05)	(0.10)	5.26	4.88	–		4.88	(0.08)	83
6.04	*Eq/Assets*	%	7.20	7.34	7.23	7.46	7.70	6.95	7.04	6.69	6.50	6.04	6.04		6.69	7.12	67
1,181	Assets	$B	851.9	879.6	906.6	911.9	935.9	1,014	1,030	1,078	1,125	1,181	1,206		4.77%	3.48%	27
142.4	LT debt	$B	136.8	134.5	146.3	123.9	111.4	124.1	133.1	143.4	141.2	142.4	143.5		5.03%	0.78%	23

Peers (US$86.85B)	Cap (US$)	PE
Commonwealth Bank of…	192.3B	25.81x
National Australia…	85.47B	20.11x
ANZ Group Holdings…	83.47B	20.48x
ING Groep N.V.	91.52B	9.437x

Capital	TTM	5Y	10Y
Tang eq %	5.15	5.66	5.91
LT debt %	12.06	12.55	13.12
Cash %	3.87	6.07	4.16
Sh yield %	9.04	8.97	5.51

Owners		
Insiders/Inst %	0.04	37.12
Short interest %		–
SBC / revenue %		–

Record	10Y
Profitable years	10/10
Revenue growth years	6/10
EPS growth years	7/10
Dividend streak yrs	0
ROE range %	3–13
$1 test x	2.2
Incr. ROIC %	–

Westpac's second half of FY2026 showed margin pressure in the core bank. Revenue fell 2.4% from a year earlier and diluted EPS fell 4.1%. Management traced the decline to a 3 basis point drop in core net interest margin, which came from lending margin compression and a shift in deposit mix. Treasury and markets income also fell as rates activity slowed late in the year, and a weaker New Zealand dollar cost NZD 60 million of operating income. With SE fair value of A$26 29.6% below the price, the shares look priced ahead of a bank whose earnings are shrinking.

Revenue growth slowed from +4.6% in the first half to a decline in the second. Guidance points to more of the same. Management lowered its lending margin outlook for H1 2027, saying margins should edge lower as competition persists, partly offset by RAMS mix. A replicating portfolio benefit and a new liquid assets benefit should each add basis points. Costs are expected to grow at a rate similar to FY2026, against a new structural savings target. Analysts pressed on whether AI spending eats into UNITE savings and whether UNITE stays within its A$3.5 billion budget. Management said both were on track and that "we're focused on executing with discipline."

Consensus expects modest recovery. It calls for FY2027 EPS growth of 2.0% on revenue growth of 2.7%, then EPS growth of 3.4% in FY2028. That is a gentler path than the second-half decline and the lowered lending margin guidance suggest, so even the consensus figures assume the margin squeeze eases. The forecasting record offers little comfort: EPS beat the estimate in none of the latest recorded periods. Low single-digit earnings growth is a thin base for a share already priced above its fair value.

Operating quality has drifted lower over three years. The efficiency ratio rose from 48.3% in FY2023 to 52.5% in FY2026, which is worse. Net margin slipped from 33.2% to 30.1% over the same span, and it ranks around the 60th percentile of the nearest-sized peers. Net interest margin of 1.9% sits in line with its own history. What holds Quality back is a return on assets of 0.6%, below the peer median, together with a return on equity that only narrowly clears the cost of equity.

The valuation has moved ahead of the fundamentals. P/E of 19.1x is 28% above its 10-year median of 14.9x, and P/B of 1.83x is 24% above its median of 1.48x. SE fair value of A$26 is 29.6% below the price, at medium confidence. The analysts' weighted average target of A$33 sits 9.9% below the price. For the price to hold, results would need to beat the model's base case, with margins stabilising and UNITE savings reaching earnings. A further fall in core net interest margin in H1 2027 would show that this is not happening.

The SE Score is ½ of 3. Quality earns one star because a return on equity of about 10% only modestly exceeds an 8.4% cost of equity, while a 0.6% return on assets and thin equity of 6.0% of assets earn little. Moat earns one star: return on equity topped 12% in just 2 of 10 years, although each dollar retained has created A$2.39 of market value. Value earns no stars, with the price well above SE fair value, and that position lowered the business tier one notch.

H2 2026

Westpac Banking Corporation provides banking and financial services in Australia, New Zealand, Pacific Islands, Asia, the Americas and Europe through its Consumer, Business & Wealth, Institutional and New Zealand segments. It offers accounts, loans, credit cards, insurance, investments, foreign exchange and corporate and trade finance to consumers, businesses, high-net-worth individuals, corporates, institutions and governments.

Profit by segment FY25	Profit	Trend	Revenue	Rel margin	Revenue by region FY25	Share	Trend	Reinvestment returns	10Y median	Trend
Consumer	31.25%		37.50%	0.83×	Australia	83.06%		Retention rate	26.74%	
Business and Wealth	31.00%		27.20%	1.14×	New Zealand	13.81%		Return on capital	9.63%	
Westpac Institutional…	21.36%		16.95%	1.26×	Other Overseas	3.14%		Spread over hurdle	1.22%	

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