

ASX Release

02 November 2018

Finalisation of provisions for customer payments in FY18 and Westpac Group Full Year Financial Results template

Westpac Group has today confirmed that there will be no material changes to the composition of its financial results for Full Year 2018. Westpac is providing an update on two items.

- On the 27 September 2018, Westpac announced an estimate of provisions for customer payments and related costs that will impact its Full Year 2018 results. Following additional analysis and further regulatory engagement, the provisions/costs have now been finalised. They will reduce cash earnings in Full Year 2018 by \$281 million. This is \$46 million higher than estimated in the Group's initial release.

The following provisions will be reflected in the Group's income statement:

Line items	Consumer Bank	BTFG	Other	Total
Net interest income	(\$99m)	-	(\$6m)	(\$105m)
Non-interest income	(\$6m)	(\$146m)	(\$11m)	(\$163m)
Operating expenses	(\$39m)	(\$55m)	(\$18m)	(\$112m)
Core earnings	(\$144m)	(\$201m)	(\$35m)	(\$380m)
Income tax expense	\$34	\$60m	\$5m	\$99m
Cash earnings	(\$110m)	(\$141m)	(\$30m)	(\$281m)

- In Westpac's First Half 2018 results, the Group indicated its intention to exit its infrastructure funds management business, Hastings Funds Management (Hastings). The exit has a small impact on cash earnings but a more significant impact on key line items.

The table below details the contribution of Hastings in 2018. It includes all revenue and expenses, including the costs/benefits of exiting Hastings.

Line item	First Half 2018	Second Half 2018	Full Year 2018
Net interest income	-	\$1m	\$1m
Non-interest income	\$23m	\$180m	\$203m
Operating expenses	(\$37m)	(\$121m)	(\$158m)
Core earnings	(\$14m)	\$60m)	\$46m)
Income tax expense	\$12m	(\$41m)	(\$29m)
Cash earnings	(\$2m)	\$19m)	\$17m)

Template

In addition to the above, in Westpac's First Half 2018 results the Group implemented a number of changes to the presentation of divisional financial information. This included updating the Group's cost of funds transfer pricing methodology, allocating additional capital from Group Businesses to operating divisions, and realigning divisional earnings. These changes have no impact on the Group's overall results or balance sheet. Today's template provides restated FY17 disclosures.

Westpac is scheduled to announce its Full Year 2018 Financial Results on 5th November which will be available on the Westpac website at www.westpac.com.au/investorcentre.

Ends.

For Further Information

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