

# ASX Release

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03 May 2017

## Westpac Group 2017 Interim Financial Results Template

The Westpac Group has today released the template for its 2017 Interim Financial Results. The Excel template detailing how key information in the 2017 Interim Financial Results will be presented is available on the Westpac website at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre).

The primary changes to the Group's First Half 2017 reporting include:

- A restatement of full time equivalent (FTE) employees with New Zealand contractors now reported as FTE. This change brings New Zealand into line with Group practice; and
- An update to the Group's capital allocation framework.

The capital allocation update further improves the alignment of capital held by divisions with regulatory capital requirements. The change has led to more capital being allocated to Westpac Institutional Bank, Westpac New Zealand and Group Businesses with less capital allocated to Consumer Bank, Business Bank and BT Financial Group. Divisional results for 2016 have been restated to ensure comparability with 2017 results.

The capital allocation change impacts divisional financials including net interest income, as each division earns interest on capital held, and economic profit. Importantly, the change has no impact on Westpac Group's reported results, cash earnings or any of the Group's performance metrics.

Appendix 1 details how the changes impact results in prior periods.

A number of other minor changes to some descriptions in tables have also been made. These changes do not impact the level or detail of information reported.

The Westpac Group is scheduled to announce its 2017 Interim Financial Results on Monday, 8 May 2017. An Excel spreadsheet of the interim financial results will also be published on the Westpac website.

Ends.

### For Further Information

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## Appendix 1

### Section 5 Note 9. Divisional result and economic profit

#### Revised disclosure

Six months to 30 September 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
<b>Cash earnings</b>	<b>3,918</b>	<b>2,538</b>	<b>420</b>	<b>585</b>	<b>409</b>
Franking benefit	1,068	760	124	155	-
Adjusted cash earnings	4,986	3,298	544	740	409
Average equity	56,612	23,710	3,305	9,556	4,359
Capital charge	(3,114)	(1,303)	(181)	(526)	(240)
<b>Economic profit</b>	<b>1,872</b>	<b>1,995</b>	<b>363</b>	<b>214</b>	<b>169</b>
<b>Return on average equity (including intangibles)</b>	<b>13.8%</b>	<b>16.6%</b>	<b>14.9%</b>	<b>11.3%</b>	<b>16.5%</b>

Six months to 31 March 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
<b>Cash earnings</b>	<b>3,904</b>	<b>2,421</b>	<b>448</b>	<b>521</b>	<b>416</b>
Franking benefit	1,033	728	132	135	-
Adjusted cash earnings	4,937	3,149	580	656	416
Average equity	55,180	22,444	3,213	9,676	4,055
Capital charge	(3,035)	(1,235)	(177)	(532)	(223)
<b>Economic profit</b>	<b>1,902</b>	<b>1,914</b>	<b>403</b>	<b>124</b>	<b>193</b>
<b>Return on average equity (including intangibles)</b>	<b>14.2%</b>	<b>16.5%</b>	<b>16.2%</b>	<b>9.9%</b>	<b>17.9%</b>

#### Previous disclosure

Six months to 30 September 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
<b>Cash earnings</b>	<b>3,918</b>	<b>2,548</b>	<b>424</b>	<b>581</b>	<b>402</b>
Franking benefit	1,068	763	125	153	-
Adjusted cash earnings	4,986	3,311	549	734	402
Average equity	56,612	24,611	3,586	9,155	3,745
Capital charge	(3,114)	(1,353)	(197)	(504)	(206)
<b>Economic profit</b>	<b>1,872</b>	<b>1,958</b>	<b>352</b>	<b>230</b>	<b>196</b>
<b>Return on average equity (including intangibles)</b>	<b>13.8%</b>	<b>16.2%</b>	<b>14.4%</b>	<b>11.7%</b>	<b>18.5%</b>

Six months to 31 March 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
<b>Cash earnings</b>	<b>3,904</b>	<b>2,432</b>	<b>452</b>	<b>517</b>	<b>410</b>
Franking benefit	1,033	731	133	134	-
Adjusted cash earnings	4,937	3,163	585	651	410
Average equity	55,180	23,345	3,494	9,275	3,441
Capital charge	(3,035)	(1,284)	(192)	(510)	(189)
<b>Economic profit</b>	<b>1,902</b>	<b>1,879</b>	<b>393</b>	<b>141</b>	<b>221</b>
<b>Return on average equity (including intangibles)</b>	<b>14.2%</b>	<b>16.1%</b>	<b>15.6%</b>	<b>10.3%</b>	<b>20.3%</b>

## Divisional cash earnings summary

Comparative restated divisional cash earnings summary

### Revised disclosure – Second Half 2016

Half Year Sept 16							
	Consumer Bank	Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand (A\$)	Group Businesses	Group
<b>\$m</b>							
Net interest income	3,619	1,979	246	784	824	243	7,695
Non-interest income	434	555	945	721	224	10	2,889
Net operating income	<b>4,053</b>	<b>2,534</b>	<b>1,191</b>	<b>1,505</b>	<b>1,048</b>	<b>253</b>	<b>10,584</b>
Operating expenses	(1,633)	(900)	(595)	(678)	(434)	(239)	(4,479)
<b>Core earnings</b>	<b>2,420</b>	<b>1,634</b>	<b>596</b>	<b>827</b>	<b>614</b>	<b>14</b>	<b>6,105</b>
Impairment (charges) / benefits	(223)	(206)	2	1	(46)	15	(457)
<b>Operating profit before income tax</b>	<b>2,197</b>	<b>1,428</b>	<b>598</b>	<b>828</b>	<b>568</b>	<b>29</b>	<b>5,648</b>
Income tax expense	(658)	(429)	(178)	(239)	(159)	(61)	(1,724)
<b>Net profit</b>	<b>1,539</b>	<b>999</b>	<b>420</b>	<b>589</b>	<b>409</b>	<b>(32)</b>	<b>3,924</b>
Non-controlling interests	-	-	-	(4)	-	(2)	(6)
<b>Cash earnings</b>	<b>1,539</b>	<b>999</b>	<b>420</b>	<b>585</b>	<b>409</b>	<b>(34)</b>	<b>3,918</b>
Expense to income ratio	40.3%	35.5%	50.0%	45.0%	41.4%	94.5%	42.3%
Net interest margin	2.34%	2.72%	2.91%	1.76%	2.13%	0.54%	2.11%

### Previous disclosure – Second Half 2016

Half Year Sept 16							
	Consumer Bank	Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand (A\$)	Group Businesses	Group
<b>\$m</b>							
Net interest income	3,617	1,996	252	778	815	237	7,695
Non-interest income	434	555	945	721	224	10	2,889
Net operating income	<b>4,051</b>	<b>2,551</b>	<b>1,197</b>	<b>1,499</b>	<b>1,039</b>	<b>247</b>	<b>10,584</b>
Operating expenses	(1,633)	(900)	(595)	(678)	(434)	(239)	(4,479)
<b>Core earnings</b>	<b>2,418</b>	<b>1,651</b>	<b>602</b>	<b>821</b>	<b>605</b>	<b>8</b>	<b>6,105</b>
Impairment (charges) / benefits	(223)	(206)	2	1	(46)	15	(457)
<b>Operating profit before income tax</b>	<b>2,195</b>	<b>1,445</b>	<b>604</b>	<b>822</b>	<b>559</b>	<b>23</b>	<b>5,648</b>
Income tax expense	(658)	(434)	(180)	(237)	(157)	(58)	(1,724)
<b>Net profit</b>	<b>1,537</b>	<b>1,011</b>	<b>424</b>	<b>585</b>	<b>402</b>	<b>(35)</b>	<b>3,924</b>
Non-controlling interests	-	-	-	(4)	-	(2)	(6)
<b>Cash earnings</b>	<b>1,537</b>	<b>1,011</b>	<b>424</b>	<b>581</b>	<b>402</b>	<b>(37)</b>	<b>3,918</b>
Expense to income ratio	40.3%	35.3%	49.7%	45.2%	41.8%	96.8%	42.3%
Net interest margin	2.34%	2.74%	2.98%	1.75%	2.11%	0.52%	2.11%

**Revised disclosure – First Half 2016**

Half Year March 16							
	Consumer	Business	BT Financial	Westpac	Westpac	Group	
\$m	Bank	Bank	Group	Institutional	New	Businesses	Group
			(Australia)	Bank	Zealand		
					(A\$)		
Net interest income	3,556	1,946	240	790	782	339	7,653
Non-interest income	416	549	963	815	225	(2)	2,966
Net operating income	<b>3,972</b>	<b>2,495</b>	<b>1,203</b>	<b>1,605</b>	<b>1,007</b>	<b>337</b>	<b>10,619</b>
Operating expenses	(1,637)	(896)	(565)	(669)	(422)	(230)	(4,419)
<b>Core earnings</b>	<b>2,335</b>	<b>1,599</b>	<b>638</b>	<b>936</b>	<b>585</b>	<b>107</b>	<b>6,200</b>
Impairment (charges) / benefits	(269)	(204)	(2)	(178)	(8)	(6)	(667)
<b>Operating profit before income tax</b>	<b>2,066</b>	<b>1,395</b>	<b>636</b>	<b>758</b>	<b>577</b>	<b>101</b>	<b>5,533</b>
Income tax expense	(621)	(419)	(188)	(234)	(161)	3	(1,620)
<b>Net profit</b>	<b>1,445</b>	<b>976</b>	<b>448</b>	<b>524</b>	<b>416</b>	<b>104</b>	<b>3,913</b>
Non-controlling interests	-	-	-	(3)	-	(6)	(9)
<b>Cash earnings</b>	<b>1,445</b>	<b>976</b>	<b>448</b>	<b>521</b>	<b>416</b>	<b>98</b>	<b>3,904</b>
Expense to income ratio	41.2%	35.9%	47.0%	41.7%	41.8%	68.2%	41.6%
Net interest margin	2.37%	2.72%	2.95%	1.72%	2.18%	0.74%	2.14%

**Previous disclosure – First Half 2016**

Half Year March 16							
	Consumer	Business	BT Financial	Westpac	Westpac	Group	
\$m	Bank	Bank	Group	Institutional	New	Businesses	Group
			(Australia)	Bank	Zealand		
					(A\$)		
Net interest income	3,554	1,963	246	784	773	333	7,653
Non-interest income	416	549	963	815	225	(2)	2,966
Net operating income	<b>3,970</b>	<b>2,512</b>	<b>1,209</b>	<b>1,599</b>	<b>998</b>	<b>331</b>	<b>10,619</b>
Operating expenses	(1,637)	(896)	(565)	(669)	(422)	(230)	(4,419)
<b>Core earnings</b>	<b>2,333</b>	<b>1,616</b>	<b>644</b>	<b>930</b>	<b>576</b>	<b>101</b>	<b>6,200</b>
Impairment (charges) / benefits	(269)	(204)	(2)	(178)	(8)	(6)	(667)
<b>Operating profit before income tax</b>	<b>2,064</b>	<b>1,412</b>	<b>642</b>	<b>752</b>	<b>568</b>	<b>95</b>	<b>5,533</b>
Income tax expense	(620)	(424)	(190)	(232)	(158)	4	(1,620)
<b>Net profit</b>	<b>1,444</b>	<b>988</b>	<b>452</b>	<b>520</b>	<b>410</b>	<b>99</b>	<b>3,913</b>
Non-controlling interests	-	-	-	(3)	-	(6)	(9)
<b>Cash earnings</b>	<b>1,444</b>	<b>988</b>	<b>452</b>	<b>517</b>	<b>410</b>	<b>93</b>	<b>3,904</b>
Expense to income ratio	41.2%	35.7%	46.7%	41.8%	42.2%	69.5%	41.6%
Net interest margin	2.37%	2.75%	3.02%	1.71%	2.15%	0.73%	2.14%

**Section 2.2.8 Full Time Equivalent Employees (FTE)**

	Revised disclosure		Previous disclosure	
	As at 30 Sept 2016	As at 31 March 2016	As at 30 Sept 2016	As at 31 March 2016
<b>Analysis of movement in FTE</b>				
Permanent employees	32,190	32,021	32,190	32,021
Temporary employees	3,390	2,943	3,090	2,656
<b>FTE</b>	<b>35,580</b>	<b>34,964</b>	<b>35,280</b>	<b>34,677</b>
<b>Average FTE</b>	<b>35,410</b>	<b>35,031</b>	<b>35,097</b>	<b>34,767</b>