Appendix 1 – Details of items affecting Westpac's 1H20 results.

Cash earnings impact	Detail
$1,030 million related to AUSTRAC matters	See next two items below
A $900 million provision (not tax deductible) for a potential penalty related to the AUSTRAC proceedings	Following the proceedings launched by AUSTRAC on 20 November 2019, Westpac has been in discussions and mediation with AUSTRAC seeking to agree a Statement of Agreed Facts and Admissions along with a proposed penalty that could be put to the Court on a joint basis with AUSTRAC. At the case management hearing on 30 March 2020, the Court ordered that the parties file a Statement of Agreed Facts with the Court by 8 May 2020, and a defence in relation to the remaining matters by 15 May 2020. Westpac has considered the available information and expects to make a provision of $900 million for its potential liability in relation to the AUSTRAC claim. The provision will be taken in circumstances where there remains considerable uncertainty on the approach the Court would take to assessing the appropriate penalty and where there remains a prospect of agreeing a penalty which could be recommended to the Court on a joint basis (which the Court would have regard to but not be obliged to accept). The Court's decision on an appropriate penalty will involve balancing many different competing and complex factors and the exercise of discretion. The actual penalty paid by Westpac following either a settlement and joint submission on a penalty, or a hearing, and in each case as determined by the Court, may be materially higher or lower than the provision.
Approximately $130 million cash earnings impact of costs linked to the AUSTRAC response plan	On 25 November 2019, Westpac announced its AUSTRAC response plan to improve its financial crime program, support industry initiatives to enhance financial crime monitoring and provide additional support and resources to organisations working to eradicate child exploitation. The total pre-tax cost is $160 million and includes the previously disclosed response plan estimates ($80 million) along with higher legal expenses and additional costs linked to enhancing the Group's financial crime program.
Approximately $260 million cash earnings impact of additional provisions for customer refunds, payments and associated costs and litigation	The Group has continued to work diligently through a range of customer remediation activities and has made sound progress over the last six months. As part of this process the Group has identified additional provisions (principally related to updated estimates for previously disclosed matters), higher program costs and two new items assessed over 1H20. The two new items relate to the processing of corporate actions and certain wealth fees. Most of the provisions are in the Business (including wealth) and Group Businesses (for Advice) divisions. The main contributors to the 1H20 provision on a pre-tax basis include: • ~$105 million in net interest income, mostly due to previously identified matters relating to refunds to certain business customers who were provided with business loans where they should have been provided a loan covered by the National Consumer Credit Protection Act and the National Credit Code.

	• ~$130 million in non-interest income mostly related to:
	  ○ Compensation to customers on our platforms (with the majority in BT Wrap) who were not advised of certain corporate actions. As these customers may have missed out on value associated with these actions a compensating payment is being made.
	  ○ Refunds to some BT customers where certain wealth fees were inadequately disclosed.
	• ~$90 million in additional costs for implementing the remediation program.
	• ~$40 million for litigation matters.

Approximately $70 million in other asset write-downs	COVID-19 has significantly impacted asset values globally and, as a result, the Group has revalued or reassessed the value of certain assets. This includes some capitalised software costs and some physical assets. The pre-tax cost is ~$100 million.
Approximately $70 million relating to changes to the provision of group life insurance	Westpac Life Insurance Services Ltd (WLIS) and BT Super intend to end their existing relationship, as a result, WLIS will stop providing group life insurance to BT Super. Following this change, Westpac has written-off associated deferred acquisition costs and will incur some transition costs (~$100 million pre-tax, mostly deducted from non-interest income). WLIS will continue to provide other selected forms of life and income protection insurance.

In addition to the above, on 19 February 2020, Westpac indicated that major bushfires and storms would add around $140 million (net of reinsurance) pre-tax to insurance claims in 1H20.