

ASX Release

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.

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
Cash earnings	3,918	2,538	420	585	409
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)
Economic profit	1,872	1,995	363	214	169
Return on average equity (including intangibles)	13.8%	16.6%	14.9%	11.3%	16.5%

Six months to 31 March 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
Cash earnings	3,904	2,421	448	521	416
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)
Economic profit	1,902	1,914	403	124	193
Return on average equity (including intangibles)	14.2%	16.5%	16.2%	9.9%	17.9%

Previous disclosure

Six months to 30 September 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
Cash earnings	3,918	2,548	424	581	402
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)
Economic profit	1,872	1,958	352	230	196
Return on average equity (including intangibles)	13.8%	16.2%	14.4%	11.7%	18.5%

Six months to 31 March 2016					
\$m	Group	Consumer and Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand
Cash earnings	3,904	2,432	452	517	410
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)
Economic profit	1,902	1,879	393	141	221
Return on average equity (including intangibles)	14.2%	16.1%	15.6%	10.3%	20.3%

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
\$m							
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	4,053	2,534	1,191	1,505	1,048	253	10,584
Operating expenses	(1,633)	(900)	(595)	(678)	(434)	(239)	(4,479)
Core earnings	2,420	1,634	596	827	614	14	6,105
Impairment (charges) / benefits	(223)	(206)	2	1	(46)	15	(457)
Operating profit before income tax	2,197	1,428	598	828	568	29	5,648
Income tax expense	(658)	(429)	(178)	(239)	(159)	(61)	(1,724)
Net profit	1,539	999	420	589	409	(32)	3,924
Non-controlling interests	-	-	-	(4)	-	(2)	(6)
Cash earnings	1,539	999	420	585	409	(34)	3,918
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
\$m							
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	4,051	2,551	1,197	1,499	1,039	247	10,584
Operating expenses	(1,633)	(900)	(595)	(678)	(434)	(239)	(4,479)
Core earnings	2,418	1,651	602	821	605	8	6,105
Impairment (charges) / benefits	(223)	(206)	2	1	(46)	15	(457)
Operating profit before income tax	2,195	1,445	604	822	559	23	5,648
Income tax expense	(658)	(434)	(180)	(237)	(157)	(58)	(1,724)
Net profit	1,537	1,011	424	585	402	(35)	3,924
Non-controlling interests	-	-	-	(4)	-	(2)	(6)
Cash earnings	1,537	1,011	424	581	402	(37)	3,918
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 Bank	Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand (A\$)	Group Businesses	Group
\$m							
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	3,972	2,495	1,203	1,605	1,007	337	10,619
Operating expenses	(1,637)	(896)	(565)	(669)	(422)	(230)	(4,419)
Core earnings	2,335	1,599	638	936	585	107	6,200
Impairment (charges) / benefits	(269)	(204)	(2)	(178)	(8)	(6)	(667)
Operating profit before income tax	2,066	1,395	636	758	577	101	5,533
Income tax expense	(621)	(419)	(188)	(234)	(161)	3	(1,620)
Net profit	1,445	976	448	524	416	104	3,913
Non-controlling interests	-	-	-	(3)	-	(6)	(9)
Cash earnings	1,445	976	448	521	416	98	3,904
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 Bank	Business Bank	BT Financial Group (Australia)	Westpac Institutional Bank	Westpac New Zealand (A\$)	Group Businesses	Group
\$m							
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	3,970	2,512	1,209	1,599	998	331	10,619
Operating expenses	(1,637)	(896)	(565)	(669)	(422)	(230)	(4,419)
Core earnings	2,333	1,616	644	930	576	101	6,200
Impairment (charges) / benefits	(269)	(204)	(2)	(178)	(8)	(6)	(667)
Operating profit before income tax	2,064	1,412	642	752	568	95	5,533
Income tax expense	(620)	(424)	(190)	(232)	(158)	4	(1,620)
Net profit	1,444	988	452	520	410	99	3,913
Non-controlling interests	-	-	-	(3)	-	(6)	(9)
Cash earnings	1,444	988	452	517	410	93	3,904
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
Analysis of movement in FTE				
Permanent employees	32,190	32,021	32,190	32,021
Temporary employees	3,390	2,943	3,090	2,656
FTE	35,580	34,964	35,280	34,677
Average FTE	35,410	35,031	35,097	34,767