

# ASX Release

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01 November 2017

## Westpac Group 2017 Full Year Financial Results Template

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

The changes to the Group's 2017 reporting include:

- In Second Half 2017 the Group changed the accounting treatment for Westpac New Zealand's credit card reward points to align with Group practice. This change has no impact on cash earnings or reported profit but has led to a restatement which increases both non-interest income and expenses in prior periods. In 2016 the change has added \$33 million to non-interest income and expenses within cash earnings. Components of reported profit have not been changed.
- During the Second Half a revised methodology for allocating Trading income between foreign exchange income and other trading products was applied. Comparatives have been restated for consistency.
- Following a clarification of IFRS accounting standards for intangible assets we have reduced deferred tax assets by \$201 million and increased intangible assets by the same amount. As a consequence, the calculation of prior period Cash earnings return on average tangible ordinary equity (ROTE) has been recalculated to reflect the change in intangible assets.
- With the implementation of the Bank Levy from 1 July 2017, the cost is included in Net interest income as a component of interest expense.

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

### Cash earnings treatment of the sell down of BTIM

In Full Year 2017 the gain on the sale of 19% in BT Investment Management Limited (BTIM) - incorporating both a profit on sale net of costs, and a revaluation gain of the Group's remaining 10% shareholding, will be included in reported profit but excluded from the calculation of cash earnings. This is consistent with the treatment of prior gains from the sell down of BTIM.

Westpac has indicated that it may sell the remaining 10% in BTIM at some future point (but not prior to the announcement of BTIM's First Half 2018 financial results expected in May 2018.) Should this sale proceed, any gain or loss on the sale will similarly be excluded from the calculation of cash earnings.

Westpac Group is scheduled to announce its 2017 Full Year Financial Results on Monday, 6 November 2017. An Excel spreadsheet of the Full Year financial results will also be published on the Westpac website.

Ends.

**For Further Information**

David Lording  
Head of Media Relations

**M.** 0419 683 411

Andrew Bowden  
Head of Investor Relations  
**T.** 02 8253 4008  
**M.** 0438 284 863

## Appendix 1

### Impact of the changed accounting treatment for Westpac New Zealand's credit card reward points

#### Section 1.3 Cash earnings results

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
Net interest income	7,693	15,348	7,693	15,348
Non-interest income	3,068	5,888	3,050	5,855
Net operating income	10,761	21,236	10,743	21,203
Operating expenses	(4,501)	(8,931)	(4,483)	(8,898)
<b>Core earnings</b>	<b>6,260</b>	<b>12,305</b>	<b>6,260</b>	<b>12,305</b>

#### Section 3.5 Westpac New Zealand (NZ\$)

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>NZ\$m</b>				
Net interest income	838	1,725	838	1,725
Non-interest income	259	517	240	482
Net operating income	1,097	2,242	1,078	2,207
Operating expenses	(487)	(954)	(468)	(919)
<b>Core earnings</b>	<b>610</b>	<b>1,288</b>	<b>610</b>	<b>1,288</b>

#### Section 5 Note 4. Non-interest income (cash earnings basis)

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
<b>Fees and commissions</b>				
Facility fees	662	1,297	662	1,297
Transaction fees and commissions received	613	1,210	595	1,177
Other non-risk fee income	151	281	151	281
<b>Total fees and commissions</b>	<b>1,426</b>	<b>2,788</b>	<b>1,408</b>	<b>2,755</b>

## Section 5 Note 5. Operating expenses (cash earnings basis)

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
<b>Other expenses</b>				
Professional and processing services	338	736	338	736
Amortisation and impairment of intangible assets	5	12	5	12
Postage and stationery	108	217	108	217
Advertising	75	156	75	156
Credit card loyalty programs	84	177	66	144
Non-lending losses	37	81	37	81
Other expenses	62	100	62	100
<b>Total other expenses</b>	<b>709</b>	<b>1,479</b>	<b>691</b>	<b>1,446</b>
<b>Operating expenses</b>	<b>4,501</b>	<b>8,931</b>	<b>4,483</b>	<b>8,898</b>

## Impact of the revised methodology for allocating Trading income

### Section 5 Note 4. Non-interest income

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
<b>Trading income</b>				
Foreign exchange income	474	974	422	760
Other trading products	239	150	291	364
<b>Total trading income</b>	<b>713</b>	<b>1,124</b>	<b>713</b>	<b>1,124</b>

## Impact of the revision to intangible assets

### Section 4 Consolidated balance sheet

During 2017 the IFRS Interpretations Committee (IFRIC) clarified the tax consequences of intangible assets with an indefinite useful life.

The IFRIC noted that just because an intangible asset with an indefinite useful life is not amortised it does not necessarily mean it has infinite life. Further, the entity may only be able to realise this value via sale and not through use. As a result, the Group has changed its accounting policy for acquired brands (such as BT and St.George). This change has led to a \$201 million reduction in deferred tax assets and a corresponding increase in intangible assets for the Group. This change has been applied retrospectively and has no impact on cash earnings, reported profit or other key metrics including capital ratios.

The change in accounting policy resulted in the following adjustments to the Group's consolidated financial statements:

	Revised Disclosure		Previous Disclosure	
	As at 31 March 2017	As at 30 Sept 2016	As at 31 March 2017	As at 30 Sept 2016
<b>\$m</b>				
<b>Assets</b>				
Deferred tax assets	986	1,351	1,187	1,552
Intangible assets	11,639	11,721	11,438	11,520
<b>Total assets</b>	<b>839,993</b>	<b>839,202</b>	<b>839,993</b>	<b>839,202</b>

### Section 1.2 Key financial information

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
<b>Shareholder value</b>				
Average ordinary equity (\$m)	57,744	55,896	57,744	55,896
Average total equity (\$m)	57,768	56,471	57,768	56,471
Net tangible assets per ordinary share (\$)	14.24	13.90	14.30	13.96

### Section 1.3.1 Key financial information – cash earnings basis

	Revised Disclosure		Previous Disclosure	
	Half Year March 17	Full Year Sept 16	Half Year March 17	Full Year Sept 16
<b>\$m</b>				
<b>Shareholder value</b>				
Cash earnings on average ordinary equity (ROE)	13.95%	13.99%	13.95%	13.99%
Cash earnings on average tangible ordinary equity (ROTE)	16.83%	17.06%	16.76%	16.98%
Average ordinary equity (\$m)	57,744	55,896	57,744	55,896
Average tangible ordinary equity (\$m)	47,863	45,858	48,063	46,059