



Westpac 2018 Full year results

Westpac announces 2018 full year result and dividend of 94 cents per share

Financial highlights Full Year 2018 (FY18) compared to Full Year 2017 (FY17)^{1,2}

- Statutory net profit \$8,095 million, up 1%
- Cash earnings \$8,065 million, little changed
- 94 cents per share, final fully franked dividend, unchanged
- Cash earnings per share 236.2 cents, down 1%
- Cash return on equity (ROE) 13.0%, at the lower end of the range Westpac is seeking to achieve
- Common equity Tier 1 capital ratio 10.6%, above APRA's unquestionably strong benchmark
- Bank levy \$378 million (pre-tax), equivalent to 8 cents per share

Westpac announced a reported profit of \$8,095 million for FY18. Cash earnings, the Group's preferred measure of earnings, was little changed over FY17. Business growth was sound with loan growth of 4%, average funds up 4%, and Life Insurance premiums 20% higher, however results were impacted by the higher provisions relating to customer refunds, payments and costs, the full period impact of the bank levy, and a lower markets contribution.

The balance sheet remains strong across all dimensions of asset quality, capital and liquidity. We have also made substantial progress on our service-led strategy and digital transformation program.

Westpac Group CEO, Mr Brian Hartzler said, "In a difficult year, Westpac delivered a flat financial result. While the economic environment remains supportive, this result reflects the tough operating conditions for banks, with higher regulatory, compliance and funding costs, and increased competitive pressure particularly in the second half."

Where Westpac has got things wrong, the Group is putting things right for customers. In FY18 the Group booked provisions of \$281 million after tax for estimated customer refunds, payments and related costs, along with legal costs.

In response to these challenges we've lifted productivity savings 16% to \$304 million over the year.

Mr Hartzler added, "While we have more work to do, we are dealing decisively with known issues. We have lifted our productivity target for next year to \$400 million as we continue to simplify our products, digitise our business, and modernise our platforms.

"We are committed to supporting our customers over the long term, and believe our service-led strategy remains the best way to create value for our shareholders."

A video interview with Mr Hartzler on today's results can be found [here](#).

Royal Commission

The Royal Commission has been a valuable and rigorous process. The stories and examples of poor behaviour affecting customers that have come to light are confronting and have understandably impacted the public's trust in the industry. Westpac has already commenced a number of initiatives to improve its policies, procedures and practices for customers. Many of these started prior to the establishment of the Royal Commission. Major initiatives include changing the way Westpac pays its employees - we have removed all individual product incentives for branch staff and fully implemented the Sedgwick recommendations for our employees two years ahead of schedule; ceasing the payment of grandfathered commissions to Westpac employed financial advisers; implementing the Australian Banking Association's "Six Point Plan"; and we are continuing to conduct detailed product by product reviews to reassess their features and how they can best be structured to meet customer needs. Westpac has also established a new division, Customer and Corporate Relations, which among other responsibilities has been tasked with overseeing complaints handling across the Group, more systematically identifying root causes of complaints, helping to protect our more vulnerable customers and resolving long-standing issues.

At the same time, where Westpac got things wrong, we put things right for customers and we are absolutely motivated to run our business in a way that's fair to customers and shareholders and supports the growth of the economy.

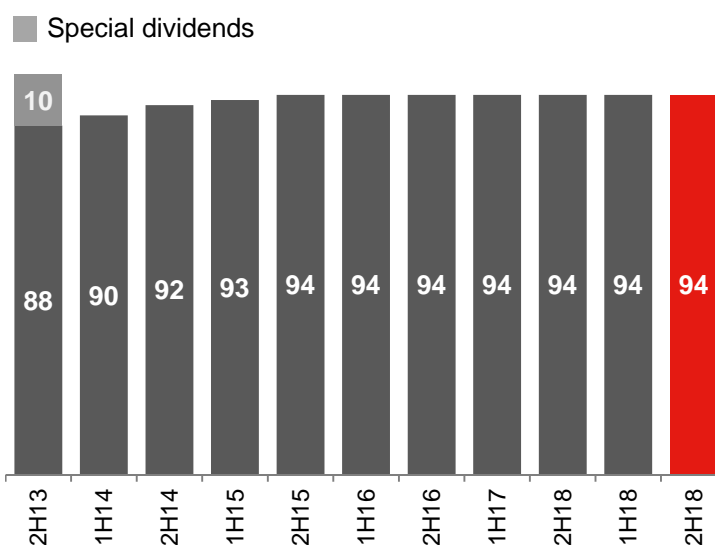
Results details

Full details of our result including the webcast of the briefing by our Chief Executive Officer, Brian Hartzler, and Chief Financial Officer, Peter King, can be found on our [Investor Centre](#) and can be viewed live from 10am AEST today or on-demand afterwards.

Dividend

- 94 cents per ordinary share, final fully franked dividend
- Full year payout ratio of 80% and a dividend yield of 6.7%³
- To be paid on 20 December 2018 to shareholders on the register at the record date of 14 November 2018
- The dividend reinvestment plan (DRP) will apply with no discount to the market price
- If you wish to update your DRP election you must do so before 5.00pm (AEST) on 15 November 2018

Dividends (cents per share)



Further details around the DRP terms and conditions and updating your election can be found at our [Investor Centre](#).

Need more information

If you have any questions regarding your dividend or management of your shareholding, please contact Link either by email: Westpac@linkmarketservices.com.au or by telephone on +61 1800 804 255.

Yours sincerely,

Westpac Investor Relations

1. Reported throughout this release on a cash earnings basis unless otherwise stated. For an explanation of cash earnings, refer to Westpac's 2018 Full Year Results announcement.
2. All comparisons are against prior corresponding period results (twelve months to 30 September 2017).
3. Based on the closing share price as at 28 September 2018 of \$27.93.

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