

# ASX Release

Level 18, 275 Kent Street  
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## Westpac 2020 Interim Results email to shareholders

Westpac Banking Corporation ("Westpac") today provides the attached 2020 Interim Results email to shareholders.

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This document has been authorised for release by Tim Hartin, Group Company Secretary.

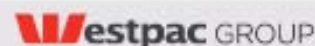
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WESTPAC BANKING CORPORATION ABN 33 007 457 141

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# 2020 Half Year Results



## Financial results snapshot First Half 2020 (1H20) compared to First Half 2019 (1H19)<sup>1,2</sup>

- Statutory net profit \$1,190 million, down 62%
- Cash earnings \$993 million, down 70% (excluding notable items<sup>3</sup>, \$2,278 million, down 44%)
- Impairment charge of \$2,238 million, up \$1,905 million mainly related to potential impacts of COVID-19
- Decision on interim dividend deferred – no dividend to be paid in June 2020
- Cash earnings per share 28 cents, down 71% (excluding notable items<sup>3</sup>, 64 cents, down 46%)
- Return on equity (ROE) 2.9% (excluding notable items<sup>2</sup>, 6.7%)
- Common equity Tier 1 (CET1) capital ratio of 10.8%

Westpac announced a reported net profit of \$1,190 million for 1H20. Cash earnings, the Group's preferred measure of earnings, were \$993 million, down \$2,303 million or 70%. The result was affected by higher impairment charges along with the AUSTAC provision and other notable items including estimated customer refunds, payments, associated costs and litigation. Excluding notable items, cash earnings were down 44%, with most of the decline due to the significant increase in impairment charges this half.

Westpac Group CEO, Mr Peter King, said: "This is the most difficult result Westpac has seen in many years. It is significantly impacted by higher impairment charges due to COVID-19, as well as notable items including the AUSTAC provision."

Despite the challenging period, our balance sheet remains strong. We have maintained our capital position and our liquidity ratios are comfortably above regulatory requirements. Customer deposits increased \$19 billion over the half, and more than funded loan growth which increased by \$5 billion, lifting the deposit to loan ratio to over 75 per cent.

"In light of the changed economic outlook we have increased our provisions for expected credit losses to \$5.8 billion, which includes approximately \$1.6 billion of additional impairment charges predominantly related to COVID-19 impacts," Mr King said.

Westpac has also provisioned \$900 million for a potential penalty relating to the AUSTAC civil proceedings brought against it on 20 November 2019.

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

## COVID-19 impacts: capital and dividends

The most significant impact on Westpac's performance in 1H20 was the COVID-19 crisis, including its effect on employees, customers and the broader economy. Westpac's coordinated approach to the crisis is focused on the safety of its people, support for customers and helping the economy through this challenging time.

In supporting our customers, Westpac has helped consumers by enabling the deferral of payments on 105,000 Australian mortgage accounts, with a total loan value of \$39 billion. Westpac has similarly supported Australian businesses by allowing repayments on 31,000 loans to be deferred, with a total loan value of \$8.2 billion.

While this is a difficult period for all, shareholders should know Westpac entered this period with a strong balance sheet, with high levels of capital and a sound mix of funding. Our key capital ratio, the Common equity Tier 1

capital ratio was 10.8% which on an internationally comparable basis places Westpac in the top quartile of banks globally.

Nevertheless, earnings have already been impacted by the likelihood of higher bad debts and the slowing in economic growth is also expected to affect earnings in the period ahead.

We also acknowledge the significant fall in the value of shareholders' investment and that not paying a dividend in June 2020 will affect many shareholders. The decision was difficult, and the Board considered the uncertain economic and operating conditions and how these may develop over the next six months, and also accepted APRA's consistent guidance on dividends.

We recognise many shareholders rely on our dividends as a source of income and fully recognise the impact these decisions have. However, we must remain prudent at this point in time. The Board will continue to review the dividend options over the course of this year.

## Outlook

Mr King said that COVID-19 was a once-in-a-lifetime health crisis that had now become an economic crisis.

"Westpac strongly supports the range of government support packages that have been designed to assist Australian businesses, consumers and the economy get to the other side of the pandemic. We are determined to assist as many customers as possible to reset when the economy re-opens.

"However, Australia still faces a sharp economic contraction in 2020 with a solid rebound not expected until the December quarter.

"Importantly, while the remainder of the year will be challenging, Westpac is well placed to continue to support customers through this difficult time," Mr King said.

## Result details

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

## 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](mailto:Westpac@linkmarketservices.com.au) or by telephone on +61 1800 804 255.

**Yours sincerely,**

**Westpac Investor Relations**

1. Reported throughout this communication on a cash earnings basis unless otherwise stated. For an explanation of cash earnings and reconciliation to reported results, refer to Section 1.3 of Westpac's 2020 Interim Results announcement.
2. All comparisons are against prior corresponding period results (six months to 31 March 2019).
3. References to notable items include provisions for costs associated with AUSTRAC proceedings including a provision for a potential penalty (\$1,027 million after tax in 1H20), and estimated customer refunds, payments, associated costs and litigation (\$258 million after tax in 1H20).

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