

**ASX**

Level 18, 275 Kent Street  
Sydney, NSW, 2000

# Release

---

**9 MAY 2022**

## **Westpac 2022 Interim Results email to shareholders**

Westpac Banking Corporation (“Westpac”) today provides the attached 2022 Interim Results email to shareholders.

### **For further information:**

**Hayden Cooper**  
Group Head of Media Relations  
0402 393 619

**Andrew Bowden**  
Head of Investor Relations  
0438 284 863

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

# 2022 Half Year Results

Westpac GROUP

9 May 2022

## FIRST HALF 2022 SNAPSHOT<sup>1</sup> (COMPARED TO SECOND HALF 2021)

- Statutory net profit \$3,280m up 63%
- Cash earnings \$3,095m up 71%
- Cash EPS 85.4 cents, up 73%
- Revenue down 3%
- Costs down 27%
- ROE 8.7%,
- CET1 capital ratio 11.3%
- Fully franked interim dividend 61 cents per share, up 1.7%

**Westpac today announced a reported net profit of \$3,280m for First Half 2022 (1H22), up 63% on Second Half 2021 (2H21).**

Westpac Group CEO, Peter King, said: "We've made steady progress towards our goals. We're managing through the low-rate environment and making the changes required to become a simpler, stronger bank."

Cash earnings were up 71% on 2H21 following a material reduction in notable items<sup>2</sup> (large infrequent items) and a significant reduction in costs. These more than offset lower revenue. Excluding notable items, cash earnings were down 1%.

Compared to the prior corresponding half (1H21), net profit was down 5%, while cash earnings were down 12%, principally due to a turnaround in impairment charges (from a benefit in 1H21 to a charge in 1H22).

While lending was up 1% over the prior half, revenue was down from a 14 basis point reduction in net interest margin and a 1% reduction in non-interest income. The decline in net interest margin was due to competition across mortgages and business lending and from a shift in the mix of our portfolio to lower spread products, particularly fixed rate mortgages.

The improvement in efficiency was a highlight as we track towards our target<sup>3</sup> of an \$8bn cost base by FY24. Costs were down 27% (10% excluding notable items) due to a reduction in headcount of more than 4,000, lower occupancy costs and a reduction in spending on suppliers.

Credit quality continued to improve over the half and most metrics are now back to pre-COVID levels. While credit quality improved, we increased provision overlays by \$489m to reflect uncertainties in the market including supply chain constraints, inflation, recent floods and rising interest rates. This contributed to the impairment charge in 1H22 of \$139m. Total impairment provisions remain around 20% higher than pre-COVID levels.

Our capital and balance sheet remain sound which enabled us to return \$5.5bn to shareholders over 1H22 through the final 2021 dividend and the \$3.5bn off-market share buy-back.

## **2022 interim dividend**

The Board has determined an interim, fully franked dividend of 61 cents per share to be paid on 24 June 2022. The dividend reinvestment plan will operate with no discount to the market price.

## **Strategic highlights over the half**

- Completing the roll-out of a new mobile app to Westpac customers;
- Further refined our operating model to bring our people closer to customers and enhance accountability;
- Exiting two more businesses, bringing the total number exited to six;
- Acquiring MoneyBrilliant, a mobile app that will assist customers manage their finances once integrated into our app;
- Completing 73 more activities as part of our customer outcomes and risk excellence program to improve our management of risk; and
- Implementing a range of digital enhancements to streamline processes and make it easier for both customers and our people.

## **Outlook**

The first half of 2022 has been challenging for many customers. Floods, the lingering impacts of the pandemic and war in Ukraine have created uncertainty and set many customers back. However, despite higher inflation and rising interest rates, the economic outlook is positive, and Westpac remains well placed for the period ahead.

## **More information**

For more information on our results: [Westpac.com.au/investorcentre](https://www.westpac.com.au/investorcentre)

For questions on 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 on a cash earnings basis unless otherwise stated. For a reconciliation of cash earnings to reported results, refer to Section 5, note 7 of Westpac Group 2022 Interim Financial Results Announcement. Cash earnings explanation provided in 1.3.2.
2. Excluding notable items. References to notable items in this release include (after tax) provisions and costs related to provisions for estimated customer refunds and repayments, associated costs and litigation; the

write-down of assets; and the impact of asset sales and revaluations. Refer to Westpac Group 2022 Interim Financial Results Announcement for details.

3. The \$8bn FY24 cost target is subject to completion of sales of in our Specialist Businesses segment by end of FY23 which will depend on final terms with counterparties and regulatory approvals.

Click here to view [Westpac's privacy policy](#). Click here to view [Link's privacy policy](#).

To change your communication preferences, please visit [Link's website](#). Select 'Investor Login' to sign in securely, select 'Communications' and then 'Preferences' from the top menu bar. Alternatively, please contact Link on +61 1800 804 255 (toll free in Australia) or write to Link Market Services Limited, at Locked Bag A6015, Sydney South NSW 1235, Australia.

Copyright © 2022 Westpac Banking Corporation ABN 33 007 457 141.