

Progress made on FIX, SIMPLIFY and PERFORM

Company/ASX Code	Westpac Banking Corporation/WBC
AGM time and date	10am AEST Brisbane time Thursday, 14 December 2023
Location	Brisbane Convention and Exhibition Centre, South Brisbane QLD
Registry	Link Market Services
Type of meeting	Hybrid
Monitor	Michael Jackson, Carol Limmer and Paul Donohue
Pre-AGM Meeting	Yes, with Board Chair and Head of Investor Relations

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have shareholding in this company.

1. How we intend to vote

1	Financial Reports	Vote Not Required
2	Remuneration Report	For
3	Grant of Equity to Managing Director and CEO	For
4	Election of Directors a) Tim Burroughs b) Michael Ullmer c) Steven Gregg	For For For
5	Westpac Climate Change Position Statement and Action Plan	For
6(a)	Resolutions requisitioned by shareholders a) Amendment to the Constitution b) Transition Plan Assessments	Against Against

Summary of Issues and Voting Intentions for AGM

Issues and resolutions are comprehensively covered in the Annual Report and Explanatory Notes in the Notice of Meeting for the AGM. Briefly –

- Last year's AGM was in Melbourne and this year it is Brisbane with stakeholders having ability to join online – an ASA monitor from Qld will attend and represent ASA proxy-givers live. The two monitors from Sydney will be online. The Annual Results presentation provided shareholders with opportunity to listen into the results and to also raise questions. An ASA monitor was in attendance. Most questions raised were around Cost to Income, Costs generally, Risk Management, Margins, Cash Flow Capability and Digital Technology – all were well answered.

- For some years now WBC has struggled with significant issues which had a marked impact on their reputation. They have continued to make steady progress and now in a reasonable position. However, there is still much to be achieved in areas such as technology. CBA, their main rival in the retail banking space, is quite a way ahead in that area. WBC is very much aware of the need to make progress on IT and going forward intends to allocate a large capital outlay towards this. Only 2 of the Board members appear to have deep experience with technology although the others have general experience. This is an issue that WBC have stated will be a focus with any further Board appointments. In the meantime, they consider that there is a high level of knowledge and experience within the senior management ranks and they do 'hire in' external consultancy.
- Executives have gone 8 years without a vesting of LTIs. There is a fairly significant change to the Long Term Incentive (LTI) arrangements. Half of the LTI is still in Performance Rights and the other half is now in Restricted Rights. Details are well covered in the Letter of Chair of the Remuneration Committee and further in the Annual Report as well as in Notice of Meeting Explanatory Notes. See Appendix 1 for more.
- Page 13 of Annual Report has Outlook Commentary, including view that economic growth is expected to recover only modestly in 2024, WBC expects that they will enter FY24 with financial strength across capital, funding and liquidity.

Accounts and reports

Financial performance

(As at FYE)	2023	2022	2021	2020	2019
NPAT (\$m)	7.195	5.694	5,458	2.290	6,784
UPAT (\$m)	7.368	5.276	5.352	2.609	6.849
Share price (\$)	21.15	20.64	26.00	16.84	29.64
Dividend (cents)	142	125	118	31	174
Simple TSR (%)	9.0	-16.0	59.7%	(40.5)	12.4
EPS (cents)	205	148	146	64	196
CEO total remuneration, actual (\$m)	4.5	3.0	3.41	2.41	4.02

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking) by the share price at the start of the year.

NPAT has increased 26% on a statutory basis, excluding Notable Items. Share Price has increased a bit from previous year but still well down when compared to FY 2021, Dividend payments are up (142 cents compared to 125 cents last year) as is EPS. WBC has declared a \$1.5bn on market share buyback. Their capital position has remained strong with a core equity tier 1 ratio of 12.4%. The Board Chair has stated that 'this year has seen the best financial and operating performance by the Group since 2018'. He also said that 'We also made improvements in digitisation and customer service, particularly in consumer banking'.

On the growth front, loans tended upwards, there was a 6% increase in Business loans and Customer deposits were up 5%. NIM also improved to 1.95% - will this continue?

The NZ business has not fared well but now beginning to stabilise. It is quite a small part of the overall WBC business.

Governance and culture

Included in the Annual Report are comprehensive statements on Sustainability, Climate Change, Natural Capital Environment, Human Rights and Corporate Governance. In the Report WBC also well covers value for Shareholders, Customers, Employees and Communities. On Employee engagement the Organisation Health Index was 75% which is flat year -on-year but a reasonable outcome as it is very close to top quartile. Their Annual Report speaks about strengthening culture and acknowledges that their people shape the experience of customers. WBC is investing to build their capabilities and to strengthen their workplace and culture. This includes progressing their diversity and inclusivity commitments. They have 300 Culture Champions, about 34,000 instances of positive risk management behaviours which have been recognised and have had over 4,500 people leaders in CEO-led Culture Days.

As evidenced by the Board Skills Matrix, the Board of a Directors has a broad range of skills and experience with Digital Technology standing out as an area where more Board strength would be useful – see comments above.

Key board and senior management changes

This is the final year of John McFarlane's chairmanship of the Board. Two Directors, Michael Ullmer and Tim Burroughs joined the Board during the year and both are standing for election at the forthcoming AGM. Mike Hawker retired from the Board during the year and Chris Lynch is not seeking re-election. Steven Gregg has joined the Board as Chair Elect to replace John McFarlane. All new Directors are well qualified and skilled Board Directors as well as former senior executives.

Majority of top management team have joined WBC and been appointed to current role in just the last few years and Board Chair has indicated that they are going well.

40% of Board Directors and 49% of Senior Executive Team are female.

In view of the positive changes to compliance and culture and the good business performance trends we believe it is appropriate to support the Board's resolutions this year.

Sustainability/ESG

At end of November there was an opportunity for stakeholders to attend a market update presentation on their Sustainability Strategy. An ASA monitor was in attendance. There was a live presentation and on-line availability, each with opportunity for questions. In attendance were the CEO and Heads of various areas with responsibilities in sustainability actions across the organisation. The Senior Executive whose focus is on integrating all the areas spoke as did other senior people. The whole presentation was very well handled as were the questions asked. People at the actual presentation could also speak to the senior people after the formal proceedings.

There is very comprehensive information in the Annual Report and Notice of Meeting on their Climate Change Position Statement and Sustainability Strategy. In view of the work done to date, the proposed further actions which are well articulated and the Board's interest in attaining their stated targets, it is considered appropriate to vote against the two proposals being put forward.

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Appendix 1

Remuneration framework detail

CEO Rem. Framework for FY24	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	\$2,500,000		\$2,500,000	30%
STI - Cash	\$1,171,875		\$1,171,875	14%
STI - Equity	\$1,171,875		\$1,171,875	14%
LTI* Performance Rights	\$875,000		\$1,750,000	21%
LYI – Restricted Rights	Have a threshold band		\$1,750,000	21%
Total	\$5,718.750 plus threshold	100.0%	\$8,343,750	100%

* LTI is split between Performance Rights and Restricted Rights.

The Restricted Rights are said to being introduced to reinforce WBC's focus on maintaining or improving Group risk culture as they believe a great risk culture is a necessary foundation for a successful bank and the creation of long term value for all of their stakeholders. It is consistent with the CEO's employment agreement.

The Board has the ability to adjust the number of rights downwards (including to zero) in the event of significant impact to the Group and in other circumstances considered appropriate. They are subject to a Performance Period of 4 years and a deferral period of up to 5 years, comprising a performance period of 4 years after which 50% of Restricted Rights are eligible to vest. The remaining 50% are eligible to vest after a further deferral period of 1 year. These Rights are subject to performance conditions which are assessed prior to the grant AND prior to vesting. The assessment will be primarily based on the assessment of collective group risk culture as part of the Board's annual attestation to APRA as required under Prudential Standard CPS 220 Risk Management, which is a multi factorial, evidence based process. A prudential soundness gate exists. The critical risk factors are Prudential Soundness, Group Risk Culture, Significant Risk Outcomes and Serious Misconduct. The pre-grant assessment for the 2024 LTI Restricted Rights was completed and the Board determined that no adjustment be applied.