

Good progress continues; more focus on tech-related simplification via UNITE

Company/ASX Code	Westpac Banking Corporation/WBC
AGM time and date	10am Friday, 13 December 2024
Location	Hyatt Regency Hotel, Sydney, NSW
Registry	Link Market Services
Type of meeting	Hybrid
Monitor	Michael Jackson and Carol Limmer
Pre-AGM Meeting	Yes, with Chair Stephen Gregg, plus Head of Investor Relations and Head of Remuneration

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

2	Appointment of Auditor	For
3	Remuneration Report	For
4	Approval of Grant of Equity to MD and CEO, Anthony Miller	For
5a	Re-election of Nerida Caesar as a Director	For
5b	Re-election of Margaret Seale as a Director	For
5c	Election of Andy Maguire as a Director	For
6	Approval of Resolutions Requisitioned by Shareholders (Not Supported by the Board) 6a Amendment to the Constitution 6b Transition Plan Assessments	Against

2. Rationale for Voting Intentions

Resolution 2 – Appointment of Auditor - For

PWC has now been WBC's auditor for some years. A decision was taken by WBC to go to tender on their external audit service, which is best practice for audit firm rotation. The period between conclusion of the tender process and planned commencement date has provided time for proposed new auditor, KPMG, to meet relevant requirements including independence criteria before the appointment commences.

Resolution 3 – Adoption of Remuneration Report - For

Recently, the Chair of the Remuneration Committee contacted ASA about proposed change to the comparator group used for Total Shareholder Return (TSR) performance measure in their Long

Term Variable Reward (LTVR) performance rights. Effective from 1 October 2024, there was a comparator group streamlined to a group of 5 companies, which are focussed on similar segments in the banking market in Australia (ANZ, BOQ, Bendigo, and Adelaide Bank, CBA and NAB). WBC has introduced a second general ASX comparator group composed of the 20 largest companies on the ASX by market capitalisation, excluding resource companies, to reflect a broader benchmark of performance (companies are determined at start of each performance period). ASA did not have any issues with these changes.

Other than these changes there are no other remuneration changes. Their remuneration is well covered in the Annual Report and Notice of Meeting and received a 'YES' vote at the 2023 AGM.

Executives had gone 8 years without a vesting of LTIs until this year. For 2024, the Group delivered a TSR of 113% over the 4-year performance period resulting in a 50th percentile ranking relative to the comparator group. As a result, the CEO and all Group Executives received 50% of their award. The Board has granted the incoming CEO and all Group Executives their allocation of 2025 LTVR restricted rights under the revised LTVR plan, having completed the pre-grant assessment and assessed WBC's risk culture maturity as having been maintained.

Resolution 4 – Approval of Grant of Equity to Managing Director and CEO, Anthony Miller – For

A LTI grant is being proposed for the incoming MD and CEO. In addition to Fixed Remuneration of \$2,500,000 and Maximum Short Term Variable Reward (STVR) of \$2,343,750, there is a LTVR of restricted shares at \$1,750,000 and LTVR of performance shares at \$1,750,000 being proposed. These are the same figures as the remuneration, which the outgoing CEO has been on. Remuneration arrangements are covered under the previous resolution and well set out in the Notice of Meeting and the Annual Report.

Resolution 5a – Re-election of Nerida Caesar as a Director - For

Ms Caesar is formally well qualified with BCom, MBA and GAICD. She has been an Independent Non-executive Director since 2017. She has over 38 years of broad ranging commercial experience with particular depth in technology-led businesses. Ms Caesar is currently a Director of NBN Co Pty Ltd, Creditor Watch and O'Connell Street Associates Pty Ltd and the Co-Chair of Good2Give and its subsidiaries and is an advisor to startups in the technology sector. She is a member of the Board Audit Committee. Ms Caesar is considered well credentialled to continue as a Board Director at WBC. She will speak in support of her re-election at the AGM.

Resolution 5b – Re-election of Margaret Seale as a Director - For

Ms Seale is formally well qualified with BA and FAICD. She has been and independent Non-executive Director since 2019. She has more than 25 years' experience in senior executive roles in Australia and overseas, including in consumer goods, global publishing, sales and marketing and the successful transition of traditional business models to digital environments. Ms Seale is currently a Director of Scentre Group Limited, Westpac Scholars Limited, Seaborn, Broughton & Watford Pty Limited, Pinchgut Opera Limited and Jana Investment Advisers Pty Ltd. She is a member of the Board Remuneration and Board Nomination & Governance Committees. Ms Seale is considered well credentialled to continue as a Board Director at WBC. She will speak in support of her re-election at the AGM.

Resolution 5c- Election of Andy Maguire as a Director - For

Mr Maguire has BA and BAI formal qualifications. He was appointed as an Independent Non-executive Director in July 2024. He has over 35 years' experience in financial services, having begun his career at Lloyds Banking Group. From 2014 to 2020, he was Group Chief Operating Officer at HSBC Holdings plc with responsibility for operations, technology, real estate, change and transformation and operational resilience. Mr Maguire also spent 16 years with the Boston Consulting Group, where he became Managing Partner of the London office and was a member of their global executive committee as well as serving as Global Head of Retail Banking.

Mr Maguire formerly held Chair positions with Reg Tech compliance company Napier AI and IT service management provider CX Holdings. He is currently Chairman of UK banking software fintech Thought Machine Group and is also an independent Non-executive Director of AIB plc (a financial service group operating predominantly in the republic of Ireland and the UK). WBC has satisfactorily undertaken checks into his background and experience. He is considered well-credentialed to be a Director at WBC. He will speak in support of his election at the AGM.

Resolution 6 – Resolutions 6a and 6b requisitioned by shareholders - Against

A group of shareholders has proposed two resolutions under section 249N of the Corporations Act and requested pursuant to section 249P of the Corporations Act that the statements set out in Appendix 2 to the Notice of Meeting be provided to shareholders. The 1st resolution proposes to amend WBC's constitution and the 2nd resolution requisitions Transition Plan Assessments.

The Board has made comprehensive comments on these Resolutions in the Notice of Meeting. Similar resolutions were requisitioned at the 2023 AGM which was not passed. These resolutions are not supported.

3. Matters Considered

- AGMs for past 2 years were in Brisbane and Melbourne and this year it is Sydney after 4 years with stakeholders having ability to join online. The Annual Results presentation provided shareholders with opportunity to listen into the results and to also raise questions. In early December, there will be a Sustainability Market Update presentation, which will be webcast.
- For some years WBC struggled with significant issues, which had a marked impact on their reputation. They have made steady progress and now in a more reasonable position. However, there is still need for more progress 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 improvements on IT, including simplification, and going forward intends to allocate a large capital outlay towards this in a program called 'UNITE'.
- Until recently, only 2 of the Board members appeared to have good experience with technology and now there is the addition of Andy Maguire, 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 can 'hire in'

external consultancy. Andy Maguire is on a committee with other Directors to drive the UNITE programme.

- In relation to their CORE Enforceable Undertaking following completion APRA has given a clean bill of health.
- The Board Chair has indicated that WBC is leading the market on scam prevention and are assisting customers with hardship issues. AI is assisting with fraud prevention and customer assistants answering phone enquiries. There are indications that loans stress is declining.
- There is an understanding that the programmes providing assistance to community are not fully appreciated and the bank would like to see more recognition of that.
- Whilst there is a cost related to their commitment to stay with regional branches there is perhaps a reputation benefit, which may be difficult to measure. With increased use of Australia Post WBC need to use other communication channels to keep close to their customers.
- WBC recently had a good result from their finalised EBA negotiations.

Accounts and reports

Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	6,990	7,1954	5,694	5,458	2.290
UPAT (\$m)	7,111	7,368	6,585,	6,953	5,227
Share price (\$)	32.30	21.15	20.64	26.00	16.84
Dividend (cents)	166	142	125	118	31
Simple TSR (%)	7.1	1.8	0.8	10.7	(40.5)
EPS (cents)	201	205	148	146	64
CEO total remuneration, actual (\$m)	7.3	4.5	3.0	3.41	2.41

It was a good year for WBC but not a great one – more to achieve. The Balance Sheet position is very solid as is their NIM (Net Interest Margin). NPAT has decreased slightly on a statutory basis, excluding Notable Items. The share price has had a very good increase from the previous year. Dividend payments are up (166 cents compared to 142 cents last year). WBC has declared an on market share buyback of up to \$3.5b. At end of September, \$1.8b of shares have been bought back. Their capital position has remained strong with a core equity tier 1 ratio of 12.5%. This capital position provides good security for WBC.

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 positive. 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. It is a very big 3-4 year project with a particular focus on accountability.

As evidenced by the Board Skills Matrix, the Board of 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

Since 2023, Steven Gregg has been on the Board as Chair Elect, replacing John McFarlane, and then took on the role after the previous AGM. Two Directors, Nerida Caesar and Margaret Seale, are being proposed for re-election. Nora Scheinkestel has retired from the Board effective 6 November and Audette Exel is not seeking re-election and will stand down on the day of the AGM, 13 December. Andy Maguire is being proposed for election. He was appointed as a NED in July 2024. All those seeking election/re-election are well qualified and skilled Board Directors as well as former senior executives. Andy Maguire is currently Chair of UK banking software fintech Thought Machine Group. He brings some further technology expertise to the Board.

Following proposed election and re-elections, 25% of Board Directors and 46% of Senior Executive Team will be female. The Board is currently seeking women with a high level of Finance Sector and ASX Board skills and experience.

We understand that the current Board is working well together and with management.

Peter King is stepping down as CEO at the AGM. He has steered WBC well in recent years. The new CEO, Anthony Miller (formerly Chief Executive Business and Wealth), will take up his role on 16 December. WBC conducted a global search for new CEO and has appointed a well credentialed internal candidate who is well regarded in the market. The Board Chair has said that he is focussing on growing more competitive.

Sustainability/ESG

In early December there will be an opportunity for stakeholders to attend a market update presentation on their Sustainability Strategy. It can be attended live or via webcast. An ASA monitor will be in attendance. General Managers of various areas with responsibilities in sustainability actions across the organisation will attend. Last year, a similar presentation was very well handled as were the questions asked. 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, similarly to last year, it is considered appropriate to vote against the two proposals being put forward by activist organisation(s).

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.

Appendix 1 Remuneration framework detail

CEO Rem. Framework for FY25	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.50	32%	\$2.5	30%
STI - Cash	0.94	12%	1.17	14%
STI - Equity	0.94	12%	1.17	14%
LTI* Performance Rights	1.75	22%	1.75	21%
LTI – Restricted Rights	1.75	22%	1.75	21%
Total	7.88	100%	8.34	100%

* LTI is split between Performance Rights and Restricted Rights.