Annual General Meeting

Welcome to Country

Tim HARTIN: Good morning. We are delighted to introduce Wurundjeri man, Thane Garvey, to officially welcome us to country.

Thane GARVEY: Good morning everyone. First of all I would just like to say Wominjeka, which means welcome in my native Woiwurrung language. My name is Thane Garvey, and I have worked for Wurundjeri Tribal Land Corporation now for about 12 years. Started off doing a bit of cultural heritage work, and then moved on to do land management conservation, education, and many things like that. So that is just a bit of background on myself.

I would just like to start off by paying respects to my ancestors and my Elders past, present and emerging, but I would also like to pay respects to any Indigenous and non-Indigenous people here today. I would also like to pay respects to the five tribes that made up the Kulin Nations. We have the Wathaurung to the west, the Kurong to the north-west, the Taungurung to the north-east, and the Boonwurrung to the south.

The Wurundjeri tribe was the fifth tribe within the Kulin Nations, and we were based right in the centre of these four amazing tribes. And so our boundaries stretched from the Werribee River up to Mount Baw Baw, across the Great Dividing Ranges, then back down to Moriarty Creek on the other side.

Our almighty creator and totem is Bunjil, the wedgetail eagle. So Bunjil is the creator spirit of the Kulin Nations, and Kulin means man. One day I would like to watch over my people with Bunjil and my ancestors when our spirits cross over from one life form to another.

It is important as the people that walk on this land to look after this land. Indigenous people all over Australia have lived here sustainably for hundreds, maybe thousands of generations, and we are able to do so because we care for the land in the same way that we cared for a family member, the same way we care for a son, a daughter, a mother or a father. And in return, the land gave us a beautiful life. A life of peace, a life where everything was equally as important, nothing was ever exploited. We have always liked to refer to that as the Life of Dreamtime.

I personally love doing all the work that I have done to engage with community and culture, and making sure that we get the recognition that we deserve on our land, because no matter how dark our recent history is here in Australia for Indigenous people, there is no limit to how far reconciliation can go. There is no limit to how kind, or how much love you can show some one, and I do believe that this will become a better country and a safer country for us all as we start to embrace our different cultures and our differences in general.

And with that being said, I would like to conclude this welcome in my native Woiwurrung language. Wominjeka Wurundjeri [Aboriginal language] which means you are most welcome to the land of the Wurundjeri people today, and thank you for having me.

[Applause]

Opening Address

Tim HARTIN: Thank you Wurundjeri man, Thane Garvey, for your Welcome to Country.

Good morning ladies and gentlemen, and welcome to the 2022 Annual General Meeting of Westpac Banking Corporation. My name is Tim Hartin, and I am Westpac's Company Secretary. I would like to begin by acknowledging the traditional owners of Naarm from where I speak today, the Wurundjeri people of the Kulin Nation, and pay my respects to their Elders past and present.

This AGM is being conducted as a hybrid meeting. This means shareholders may participate in person, through the AGM online platform, and by telephone. Before I introduce your Chairman, I will run through a few procedural matters. For each item of business we will first address questions from the room, followed by the online platform, and then the telephone. We will then come back to remaining questions in the room.

If you are here in person today you will have been given a card at registration. If you hold a red voting card, you may speak and vote at the meeting. However if you hold shares jointly with another person, only one of you can vote. Holders of blue cards may speak at the meeting, but cannot vote, and if you are a visitor, you would have been given a yellow card. You are welcome to observe today's meeting, but you are not eligible to speak or to vote.

If you do wish to ask a question, please approach one of our microphone attendants and show them your red or blue card. A roving microphone is also available for anyone who has a mobility restriction. All resolutions today will be decided by a poll, and for those in the room today, you may vote by marking your voting card in the manner you wish to vote for each resolution. Link Market Services is the Returning Officer for this meeting, with responsibility for overseeing the voting process, and is available to assist with questions.

Completed voting cards must be placed in one of the ballot boxes under the supervision of the Returning Officer. You can do this at any time after the Chairman opens the polls, and up to 15 minutes after the close of the meeting.

I will now outline the process for those shareholders participating online, or by the telephone, and for those in the room, I do appreciate your patience while I do so.

Our online AGM Guide provides information on how to vote, ask questions on the online platform, and will help you with any technical difficulties. This guide is located on our AGM website and our webcast page. If you do have any technical issues you can chat online to an operator by clicking the help centre button located under the webcast. If you need assistance accessing the online platform either to vote or ask questions, please call Link Market Services on 1800 990 363. If you are participating by telephone, press *0 on your keypad for assistance.

If you are a shareholder or proxy holder participating online, and would like to ask a question, comment, or vote, you will need to register on the online platform accessed from the information tab located below the webcast, and to ask a question, click on the Ask a Question button. We do request you please submit one question at a time.

Your voting card will appear at the bottom left of the screen, and you can edit your voting card at any time during the meeting. But please note that you cannot vote over the phone. For shareholders on the telephone, please press *1 when the Chairman calls for the relevant items of business. I will now hand over to your Chairman, John McFarlane.

Chairman's Speech – John McFarlane

John McFARLANE: Well thank you Tim. I have been advised that a quorum is present, and I declare open the 2022 Annual General Meeting of Westpac Banking Corporation. I also formally declare the polls open.

I would like to welcome everyone joining today, whether it be in person, online, or on the phone. All of your Board are also with me, and I also welcome Westpac's auditor, Colin Heath of PwC. If you have any questions on the audit, I will ask Colin to respond.

Before we move to the matters in the Notice of Meeting, both the CEO and I would like to address the meeting. Now I am delighted that our 2022 AGM is being held in my home city of Melbourne, and it is good to see so many people that I know in the audience. Also, it is a first for Westpac to hold the meeting in hybrid format, allowing shareholders to participate in person or online.

This year, I have one main message for you. Following two and a half years of repositioning and restructuring, Westpac is now in good strategic and financial shape for the future. Going forward, these stronger foundations should enable us to perform well for shareholders.

Considerable progress has also been made in the simplification of the Group in lowering the cost base, and in addressing risk and cultural issues. We successfully strategically repositioned the company to focus on our natural strengths and commercial banking, focused on Australia and New Zealand. We have announced the exit of nine out of eleven businesses, and completed the sale of seven. Work continues on the exit of the two remaining businesses.

We also streamlined our international network into four locations; New York, London, Singapore, and soon to be opened, Frankfurt. Over a number of years, Westpac had lost market position across our portfolio of businesses, particularly institutional business and consumer banking. Now I am pleased to say now that this has stabilised, and we are now operating broadly in line with our major competitors.

Our New Zealand business also continue to perform well, and is working to resolve errors of the past. We have also made significant progress on the journey to create a digital Bank for consumers and small businesses. This included completing the rollout of our new Westpac consumer app, and launching a digital mortgage. At the same time, we are building our data capability, which is helping us to improve product personalisation for customers, as well as reducing risk.

Now, shareholders are well aware of our multi-brand presence, as well as the lack of integration following their acquisition some years ago. I am pleased to say our brands are now more aligned, including in the origination and servicing of mortgages, and by co-locating selected branches that are in close proximity to each other. We are also working to enable customers from any brand to transact in any of our Australian branches. Solid progress was therefore made on costs that had built up over time. The results of the statutory expense to income ratio reduced from 63% to 55%. And we are focused on lowering this to the mid-40s or below in the coming years.

The Group remains well capitalised, and is in a solid dividend paying position. Dividends for the year rose to 125 cents per share, fully franked, an increase of 6%, and representing a dividend yield of 6%, excluding franking, based on the closing share price on 30 September 2022.

Westpac, however, still lacks piers in several areas, and we are committed to rectifying these. Shareholders understand the regulatory and operational risk and cultural failings of the Group, particularly during the past few years. We have responded by changing management, instituting the Customer Outcomes and Risk Excellence, or CORE program, and implementing a comprehensive cultural change initiative across the company. These are well advanced and on track, with no material new operational risk issues surfacing. Nonetheless, we recognise there's more to do to ensure the improvements are embedded.

The externally comparable Organisational Health Index survey, which is how we measure the progress in culture, rose during the year to 75, taking Westpac just below the top quartile globally. We have had an improved year. But we know that performance is not yet where it needs to be. And this was reflected in remuneration outcomes for the management team.

Now today I do have a specific announcement I would like to make on my own position. Given the progress in turning around your company, I have advised the Board that I intend to retire at the conclusion of the 2023 AGM in December next year. This delivers on my commitment to shareholders, when I first took on the role in 2020 to create a leaner, more agile and better performing company. It also ensures the Board has time to appoint a new Chair in an orderly way. And we have started the process of identifying a new Chair, and in looking for new directors that will bring additional skills to the Board. But in the meantime, there remains much to be done, and I can assure shareholders of my commitment to see the job through this year, and to support the company in what will invariably be a challenging year.

Turning to the Board more generally, in the year, we took direct action to contribute to the

Simplify and Perform priorities, by reducing the cost of the Board without detracting from its effectiveness. The size of the Board was reduced, the committee structure was streamlined, and the number of Directors on each committee lowered. Non-Executive Director and committee fees, including mine, were cut to bring them more in line with our relative performance.

The membership of the Board has also seen significant change. During my tenure, three Directors have retired, and four had been appointed to the Board. Female representation is now 40%, meeting our commitment to shareholders.

Now it is with considerable regret, my friend Peter Marriott retires from the Board at this AGM, having completed the maximum three terms. Peter has been an outstanding Director, and I would like to take this opportunity to thank him for his long service to the company.

Now turning to the AGM itself, the items of business are the financial reports, the Remuneration Report, the granting of equity to the Chief Executive Officer, one director re-election, and two climate related resolutions proposed by some shareholders. Peter Nash will seek re-election today. Peter is the Chair of the Board Audit Committee, and has extensive financial services and audit experience, and has worked in geographically diverse and complex operating environments. He also has extensive listed company experience, which makes him an excellent Director and shareholder representative. The Board recommends Peter unanimously for re-election.

Now last year, just over 30% of votes were cast against our Remuneration Report, and we thereby incurred a first strike. We have taken this occurrence very seriously, and anticipate broad shareholder support for this year's Remuneration Report, given the improved situation of the Group.

Turning to the shareholder resolutions related to climate change reporting, the first seeks to amend our constitution to allow advisory resolutions, while the second, which relies on the first being supported, seeks disclosure on how our financing will not be used for new or expanded fossil fuel projects. Now we are confident in the quality and breadth of our climate change position action plan and disclosures, and do not recommend these resolutions to shareholders.

Now we are aware that climate change is important for shareholders. It is an issue that our Board and management discuss at length. Westpac is committed to reducing emissions from our own operations, as well as in our customer financing particularly related to fossil fuels.

[Interruption]

John McFARLANE: You need big voices for this task. Are you finished? Finished? Are you finished?

FEMALE: No. Not until you stop funding fossil fuels. I am not finished.

John McFARLANE: Are you going to say anything more?

FEMALE: I'm not sure.

John McFARLANE: I am asking you if you are going to continue. No, no, it is my meeting. Are you finished?

FEMALE: It depends what you've got to say.

John McFARLANE: Okay, I will try again, okay. This has been an area of focus for some time. And it should be no surprise that of the major banks in Australia, Westpac has the greatest exposure to green field renewables and the low exposure to fossil fuel extraction. This year we updated our climate change policy. We joined the Net Zero Banking Alliance and released 2030 targets for five emissions-intensive sectors in our lending portfolio. Now, while some, including those here, would have exit high emitting sectors immediately, we believe that we have a role to support the country and customers in a just transition to a renewable future.

The Board strongly supports Westpac's approach to climate change, which has been based on scientific and comprehensive feedback from experts, including many shareholders.

[Interruption]

We have got plenty of time, by the way, so that is fine.

We publicly disclose our commitments and action on climate change and we update our progress regularly. Further work is also underway to develop Paris-aligned sector financing strategies and portfolio targets for other emissions-intensive sectors. Together with the targets already set over the year, this will represent most of our emissions. We ask that you judge us on our actions going forward.

We have committed to exiting lending to thermal coal mining by 2030.

[Interruption]

We have also set a new upstream oil and gas emissions reduction lending target and any related corporate lending must have credible transition plans in place by 2025.

Of our lending to power generation, almost 80% is to renewables and we have set out emissions-intensity lending target for power generation for 2030. Apart from our own progress, we are working to be the Bank that helps customers in their transition, supporting Australia to reach net zero by 2050.

[Interruption]

Give her one more chance, okay? Give her one more chance because we have finished that part of the agenda.

So in closing, I would like to thank the Board for their hard work and dedication. I would also like to thank the management team and staff colleagues for their hard work and contribution. Now fortunately for shareholders, given the foundation we now have, I genuinely believe for Westpac, the best is yet to come. And as I enter my final year as Chairman, I want to thank shareholders for your confidence in that turnaround and your commitment in this great Company.

Now let me hand over to our Chief Executive Officer, Peter King, thank you.

[Applause]

<u>CEO's Speech – Peter King</u>

Peter KING: Well thank you, Chairman, and good morning shareholders, and it is great to be in person again. As the Chairman indicated, 2022 was an important year for Westpac. The changes we are making as part of our strategic program have placed us on a much stronger footing – across all dimensions.

Our financial performance over the year was solid. We improved our franchise, reduced costs, strengthened the balance sheet and continued to transform the Company.

Statutory profit was up 4% over the year to $5.7 billion. However, the result was held back by large notable items, mainly the $1.1 billion loss on the sale of Australian Life Insurance. Importantly, a higher contribution from our core businesses more than offset the earnings lost from the businesses we sold. And while we delivered better loan growth through the year, it was behind our plan. However, in the second half we tracked at or above major bank system across our key segments.

Our net interest margin was lower compared to 2021, particularly weighed down by the very ultra-low interest rates. However, margins increased in the second half benefiting from the impact of higher interest rates.

Costs were down 7% excluding notable items as we reduced third party spend, continued to consolidate our property footprint and further simplified our business.

The trends of better growth, higher margins and improved efficiency, position us well for the period ahead.

Credit quality was a key positive with key credit metrics improving. Nevertheless, we are carefully watching the impacts of higher interest rates on customers. There is no doubt that tighter monetary policy and slowing economic growth will impact some customers in the year ahead. We are prepared for this cycle given the quality of our loan portfolio and the strength of our balance sheet and provisioning.

We made good headway on our Fix, Simplify, and Perform strategic priorities, which are delivering a simpler and stronger Bank. Since announcing the changes in strategy two years ago, we have resolved most historical issues, strengthened our management of risk, reset our culture and simplified the Bank through divestments and geographic consolidation.

I am particularly pleased with the progress in lifting our management of risk and risk culture. These changes are being driven by our CORE program, which is tracking well. We have completed more than three quarters of the 350 activities. And while there is still work ahead, our path is clear and we are embedding the changes in our business.

A few of the highlights for the year included: completing the exit of insurance underwriting; finalising the roll-out of the Westpac app to 2.7 million users; mproving our merchant capability by installing over 18,000 new terminals; and expanding our digital experience, including the digitisation of over 400 physical forms.

Hand-in-hand with the investment in digital is the need to help protect customers' money and information. We have invested heavily in cyber controls for many years by upgrading systems, strengthening capabilities and building expertise. We have also worked hard to increase customer awareness of scams. We have increased security on debit and credit cards, this includes an electronic card where the 3-digit code changes every 24-hours which is more secure. Pleasingly, by using this new feature, fraud losses are 80% lower than when a physical card is used. I encourage everyone to use it when shopping online. Our team are available outside if you would like to understand more.

We have also introduced proactive transaction blocks of suspect online retailers as well as restricting over 94,000 phone numbers from being used by scammers to impersonate Westpac. While investment in digital is vital for efficiency and improving shareholder returns, we also recognise the importance of physical presence.

Our branches handle around 5% of transactions and that is why we are working to improve the productivity of the network through co-located branches and multi-brand branch access. We have also extended our partnership with Australia Post for a further 10 years, giving customers access to 3,500 locations. Where we are closing a branch, there is an Australia Post outlet to support the transition.

We continue to focus on customer service, and while service levels improved this year, particularly in loan processing times, they did not reach the targets we set ourselves. I am confident that the work we are doing will improve customer experience over time. Having made substantial inroads on our Fix and Simplify agendas, we are changing gears to focus more on customers and driving performance.

This will be a key priority in 2023 as we transition to the next phase of our strategy.

Climate change is one of the most pressing issues of our time. As a bank, we recognise the significant role we play in helping customers transition to a low carbon future and in reducing our own emissions.

[Interruption]

Over the year, we refreshed our climate change action plan and joined the Net-Zero Banking Alliance, or NZBA, which continues our work to align our operations and lending portfolio with net-zero by 2050. In our operations, over half of our electricity is now from renewables…

[Interruption]

Of course, there will be a chance for questions and comments in a second, so we will not be too long, and we do respect everyone’s right to ask questions in a constructive way hopefully.

All right. In our operations, over half of our electricity is now from renewables and we are committed to sourcing the equivalent of 100% of electricity consumption from renewables by 2025.

As part of our NZBA commitments, we are engaging with institutional clients on their plans for climate change, which in turn will help meet our net-zero targets. The effects of climate change are already being felt by customers and the recent floods across eastern Australia are a real example. We supported customers through the year with over 1,600 disaster relief packages, $2 million in emergency grants and by deploying the bank in a box in Lismore.

Turning to the outlook, we expect the combination of rising interest rates and the increase in cost of living to be felt more fully by consumers and businesses after Christmas.

As I indicated earlier, we are well placed to support customers through what will be a tougher period. 2023 heralds a new phase for Westpac and our efforts over the past few years have made us a simpler and stronger Bank. With our strong balance sheet, sharper strategy and committed team, we are focused on strengthening the franchise and accelerating performance. We enter the year with optimism and a commitment to improving customer experience, as well as continuing to build the long-term value of Westpac.

I would also like to take this opportunity to thank our people for their commitment to customers and our Company. I continue to be humbled by the way that our people put customers first, particularly in the face of adversity.

Finally, on behalf of the Westpac team, I would like to thank shareholders for your support. Thank you for listening.

[Applause]

Formal Meeting

John McFARLANE: Thank you, Peter. We will wait a few moments while the photographers and those with recording devices leave the room.

[Pause]

A number of shareholders submitted questions ahead of the meeting. Peter and I have dealt with some of the themes from those questions in our addresses already, so we request that questions asked today are relevant to the items of business and to shareholders as a whole. Questions on customer or personal matters may not be put to the meeting. Where appropriate, you may be contacted by one of our Customer Representatives. Senior Management and Adrian Ahern, Westpac's Customer Advocate, are also available to meet shareholders in the adjacent room after the AGM. We kindly request that those attending in person, ask no more than two questions at a time to allow shareholders as a whole the opportunity to participate.

The Notice of Meeting has been distributed, and I will take that as read. We can now move to the matters in the Notice of Meeting. I will introduce each item of business separately and then respond to questions for that item. Voting closes 15 minutes after the completion of the business of the meeting. The results of the polls will be advised to the Australian Stock Exchange and available on the Westpac website.

Item 1

Now turning to the first item of business, and I have taken the unusual step here, given the obvious interest of bringing the climate change issue up front on the AGM because it is such an important matter for the company. And as I have indicated, in our addresses we have made significant progress this year in developing our plans, establishing targets and helping customers transition to a lower carbon future. Now we have seen and we know that shareholders have strong views as well, and I expect there will be questions on this topic. Given the importance of climate change, we will start with the climate related resolutions put forward by a group of shareholders.

I ask shareholders that have questions regarding Westpac's climate change approach and commitments, to ask those questions during this item of business. Once we complete the discussion on item 1, we will move to questions on the financial reports and each of the other items of business. This is intended to make a better experience for all shareholders.

The resolution 1(a) is required to be passed as a special resolution and item 1(b) is conditional on item 1(a) passing. Resolution 1(b) requests that Westpac disclose in future annual reporting information, demonstrating how Westpac's financing will not be used for new fossil fuel projects.

Under the Corporations Act, shareholders can propose to move a resolution at a general meeting. In this instance, Market Forces and Australian Ethical Investments Ltd, put forward the resolutions in item 1 with more than 100 signatories. The Notice of Meeting contains an explanation on why the resolutions are being put forward along with the Board's view. These resolutions, however, are not recommended by the Board. Nevertheless, we respect the right of shareholders to make such resolutions. And I would now like to invite Mr Kyle Robertson from Market Forces to speak to the meeting on Resolutions 1(a) and 1(b), Kyle.

Kyle ROBERTSON: Thank you, Chairman and the Board. And greetings to my fellow shareholders. This resolution was filed on behalf of hundreds of shareholders concerned for the security, not just of their investment in our Bank, but far more importantly, the security of the world we inhabit. All this resolution asks, is that the Bank demonstrates how it is not making the crisis of climate change any worse by financing additional and expansionary fossil fuel projects.

In 2021, the International Energy Agency made it clear that we have a slim but still possible chance of limiting warming to 1.5 degrees and achieving net-zero emissions globally by 2050, and the mandate was clear, no fossil fuel expansions. And the IEA has reaffirmed these findings just a few months ago in its world energy outlook, even amidst a global energy crisis.

But even with that slim possibility, the fossil fuel industry is doing everything it can to expand aggressively and blow out any chance of a safe climate. At COP27, independent analysis found that the scale of expansion currently being planned by the global oil and gas sector alone, would result in the equivalent of Australia's annual emissions being released into the atmosphere 217 times over, and our company is enabling it, violating the IEA's conclusions, as well as our company's own climate commitments.

A case in point. Earlier this year, Westpac took part in a $4.6 billion loan to global infrastructure partners, a loan that would be used to develop the Pluto 2 LNG train. Pluto 2 will process gas from Woodside Scarborough gas field and emit almost 1.4 billion tonnes of CO_2 over its lifetime. Independent analysis concluded that this project represents a bet against the world implementing the Paris Agreement. But this example is just one of many.

Over the seven years since the Paris Agreement was signed, the Bank has loaned over $1 billion for new or expanded coal, oil and gas projects. Over their lifetime, these projects are estimated to enable 3.7 billion tonnes of CO_2, equivalent to seven times Australia's 2020 annual greenhouse emissions. Our Bank remains a global laggard when it comes to climate lending policies. Our policies fail to unequivocally rule out finance to ordinary fossil fuel projects and even allow the world's most polluting companies three more years before they need to produce transition plans. Some of Westpac's biggest fossil fuel clients want to lock in new fossil fuel projects in the next few years, which, if successful, would send the climate into chaos. As climate change impacts worsen, this will impact, and arguably already is, our balance sheet.

As an institution exposed across virtually the entire Australian economy, Westpac should be extremely concerned about the financial impacts of physical, transitional, legal and reputational climate risks, which inevitably will be borne by shareholders. The Australian Bureau of Agricultural and Resource Economics found that agricultural productivity in Australia has decreased on average by 23% since 2000 due to global warming, and under our best case, 1.5 degrees scenario, the frequency of drought will still double. That is our best-case scenario.

A May 2022 Climate Council study found 1 in 25 Australian homes would be uninsurable by 2030, and Westpac itself has drawn attention to that issue. The home loan portfolio of Westpac is assessed at being of risk of 3.6% of its mortgages under the IPCC's best-case scenario. Combined, these two sectors make up two thirds of our lending portfolio, and for a company so widely exposed to physical and transitional risks, to be willing to worsen the problem by enabling fossil fuel expansion, amounts to our company shooting itself in the foot. The climate is already in crisis and the clock is ticking, so why on earth would this company do anything to exacerbate this problem any further? Thank you.

[Applause]

John McFARLANE: Well thank you, Mr Robertson, for articulating that so clearly. I now invite questions in relation to Resolutions 1(a) and 1(b) and I will take them in the room first, please. Can I have the first question, please?

MODERATOR: Mr Chairman, I would like to introduce Mr Craig Caulfield. (…) The question has been retracted.

MODERATOR: Mr Chairman, I would like to introduce Michael Sanderson.

QUESTION: [Michael Sanderson] Good day, I didn't come here to talk about climate change, but I will make a comment. I think the worst thing with climate change is to monetarise it. Once you get the money men involved, everything goes sideways. As far as the Greens are concerned, I empathise with their philosophy, however, I believe they do shoot themselves in the foot because they're unable to broaden their scope to other forms of low carbon energy, i.e. nuclear, as does our government. Take, [inaudible] case in point that disabling their nuclear and their carbon footprints going up, renewables won't cut it. That's all I'd like to say. As I said, I didn't come here for this. Thank you.

John McFARLANE: Mr Sanderson, thank you for your comment. Can I have the next question, please?

MODERATOR: Mr Chairman, I would like to introduce Mr Schacht.

QUESTION: [Mr Schacht] Thank you, Mr Chairman. I support resolution 1(a) I think it's much more important than resolution 1(b). An advisory and the way the resolution is written, it's got more caveats on it about the Board not having to do something which I agree with, I don't think the Board ought to be absolutely directed. The Board governance must have a discretion. And if you misuse the discretion, we, the shareholder should take action against the Board by removing you. And if you don't do something about being the leader of a bank, one of our four banks, on climate change, then in the next year or so, we should get the industry funds, the super funds and everybody else together to vote the Board out and put a new board in that will treat seriously the issue that's facing us over climate change. I agree with the remarks you said in your opening remarks, Mr Chairman, about seriously the banks taking it. I cannot see any reason why a group of shareholders, and you may wish to put more than just 50 names, you might want to say 3% of the total shareholders who hold shares, have to sign the resolution, but there's nothing wrong with it coming to the floor of the AGM for one time for two hours every year, where the shareholders get a chance to hold the Board to account and the Senior Executive.

So, I think that, I haven't seen the vote, but I presume you've rounded up all the usual suspects to vote it down, to quote Casablanca movie, etc. But if you keep knocking it back; in the end, the Board will pay the penalty by being voted out. You've only got to get the industry funds, of which overwhelmingly 15 million Australians are now involved in, to decide you've got to go and then nothing will save you.

I therefore support the resolution 1(a). I don't think 1(b) is as important as 1(a). The last thing I would say, you are a public listed company. I think it's time, and I have to admit the conflict of interest, I am a member of the Australian Labor Party and I've been a previous Senator in the Parliament of Australia. I think it's time for the Australian government to put on all public listed companies, a resolution like that to deal with issues about the fundamental issue of climate change, that you can't ignore it. To pick one or two major companies like this, I think, is the inappropriate way to go. I presume at the NAB AGM on Friday, which I'll go to, there may be a similar resolution, but across the board, publicly listed companies ought to have an advisory process, so if something as serious as climate change is taking place, good.

The last thing the people who interjected earlier, unnecessary, and I have to say they turn up usually. Three years ago at this AGM, we sat here after the greatest financial, some ethical scandal any bank suffered, the scandal of 23 million breaches of the AUSTRAC laws, 23 million! We are all shareholders, we own the company, that's the biggest lawbreaker in Australian history. I don't like being a shareholder of a company that enabled for several years, terrorists to launder money through our Bank that may kill people elsewhere in the world. Or above all, send money to evil people in the Philippines so they can sexually abuse underage children. We are shareholders. We are owners of a company that allowed that to happen. That, to me, is the ethical issue that we've got that we should be dealing with and I wish those people who came along quite rightly raised that issue. The meeting in 2019, I and one other were the only two from the floor who raised the issue that we were an overwhelming lawbreaker. And I understand what do we get the fine $1.5 billion?

John McFARLANE: 1.3.

QUESTION: *[Mr Schacht] Pardon.*

John McFARLANE: 1.3.

QUESTION: *[Mr Schacht] 1.6 billion.*

John McFARLANE: 3.

QUESTION: *[Mr Schacht] Pardon.*

Female: 3, 1.3.

QUESTION: *[Mr Schacht] 1.3 billion. Well, I would have rather had that paid as a dividend, by the way, than paid to the Australian government because we were a habitual lawbreaker. So, I just want to say later on, we'll have another chance in the Annual Report to this, but Mr Chairman, I think you've probably got the numbers lined up from the usual suspects to vote this down. But that's not the end of it, it's just the beginning. And I urge you to have consultation with the Australian government, to see whether such a resolution should be put on all publicly listed companies. Therefore, on that basis, to keep the debate going, I support 1(a), but I wouldn't be voting for 1(b).*

John McFARLANE: Well, thank you, Mr Schacht. I mean, I actually have a lot of sympathy with, with what you have just said personally. And in fact, I will answer the question that you did not ask, and that is, that we thought very seriously about putting our own resolution to this AGM. But the amount of work that we had to do in order for that to happen, was enormous. And so, we will consider putting it up next year ourselves.

QUESTION: *[Mr Schacht] In similar form, but may be different because…?*

John McFARLANE: We are doing the work now, but we are serious about it, and in fact, I would have preferred if we could have put it up this year ourselves instead of having it by shareholders. But we were not able to do so, which was unfortunate. But you know, I think there is a good chance that we will solve this problem and bring it ourselves. Now, if government decides, then so be it, but I think we would like to do it.

QUESTION: *[Mr Schacht] That is very encouraging to hear. The other point would you respond. You might not want to go near Federal Government any time, seeing as they are all the regulators. But I would urge you to consider that if the Board approached and made a proper approach on what you're now doing over the next 12 months, to talk to the Federal Government about the Federal Government doing something under the law to make it* *compulsory for all publicly listed companies to have a similar clause in their constitution. And I think if the Australian government did it, we would all be a lot better off.*

John McFARLANE: Thank you very much. We will certainly take that up. Appreciate it. Can I have the next question, please?

MODERATOR: Mr Chairman, I would like to introduce you to Joanna Richardson.

QUESTION: *[Joanna Richardson] Thank you everyone.*

John McFARLANE: Can you lower the microphone for Ms Richardson, please?

QUESTION: *[Joanna Richardson] Thank you. And thank you for the, sometimes I wind up planning questions and then something comes up that helps answer it, because my question was, if the Board don't like resolution 1(a) has the Board, because this is going to the banks that I'm aware of, and I'm a tiny direct shareholder, but I also hold indirect shares through listed investment companies and super, and I'm fully supportive of the people who think a net-zero by 2050 is not good enough.*

So, knowing, I would encourage this Board and other company and bank boards to, if they don't like this, come up with something better. So, it looks like mine instead of saying, well, why can't you, is, you know, when will we get to hear more of it and how soon can we have it? I fully support the statement that investing in new fossil fuel is, I know it's a contributor to my anxiety attacks.

John McFARLANE: Well, I am sorry to hear that, but I think let's hear from the Chief Executive on that, thanks.

Peter KING: One of the developments, actually, that the Treasurer of the country announced, is a push for disclosure. So one of the one of the areas here that will help, will be companies consistently disclosing on their exposures and their plans, and that is what the Chairman was referring to, that we put our plan for response up to shareholders for feedback next year. And so that point is very important. As financiers, obviously, we have a big role to play in solving this for the economy and the world, but also to the companies, so the companies will need to put their plans to their shareholders as well. So, I think we will see it through the financial services system, including this Bank, and we will see it directly as shareholders in the companies involved, particularly in fossil fuels.

John McFARLANE: Thank you. I mean, we are not being forced to take action here, we are taking action voluntarily ourselves. We have radically reduced our exposure to fossil fuels and coal in particular and oil and gas. We have radically increased our exposure to renewables and that was not forced upon us, we took that action ourselves.

The problem we have got is the demand for electricity keeps rising, particularly with electric vehicles, and we end up between a rock and a hard place with the country needing that electricity because renewables are not available, to the extent they are required, and therefore gas and other forms of electricity generation are being used. And of course, we are a financier and therefore, you know, we do have a commitment, existing commitments that we are unable to break with customers, and so it is very difficult for us, and a good point was made about government. I mean the government has not yet created an environment for us to move forward faster, and that would be welcome.

So look, we are genuinely trying to do the right thing here to support the countries for our customers, but also to get to the end that you are looking for. So, you know, let's see what progress we make, and as I say, you know, we will bring this item forward next year, probably ourselves, and that will open up the discussion further.

Can I have another question, please?

MODERATOR: Mr Chairman, I would like to introduce Lee Norton.

Lee NORTON: *Thank you, Mr Chairman and Board, for allowing these items to be first and dealt with thoroughly. It is greatly appreciated. My question goes to the issue of in particular Resolution 1(b) and the potential reputational risk to the Bank, and therefore to our shareholder value. And it especially relates to the sort of actions that are being taken by activist groups against banks, including what we've seen this morning.*

Our competitor, NAB, is the target of one of these groups, the Move Beyond Coal campaign, over its lending for Whitehaven Coal, and Whitehaven is, as we know, a highly controversial and undiversified pure coal company, planning three new coal projects. And over the last six months, the Move Beyond Coal people have engaged with bank staff and customers at NAB, *held hundreds of branch and headquarter actions, and showed up at an event the NAB CEO was presenting at.*

I note that we in Westpac are also a part of Whitehaven's banking syndicate, and that six weeks ago at the Whitehaven AGM, their CEO, Paul Flynn, said that the company was in preliminary negotiations with its bankers. And I think this means that after NAB, Westpac may be the focus of the Move Beyond Coal campaign, which is a concern.

So my question to you is, will you, Mr Chairman and Board, save us potentially shareholder value, by way of the headache and reputational damage that may follow if we choose to continue financing Whitehaven, or could you choose, or will you continue to choose coal over climate change as represented in this resolution, and so potentially invite the ire of grassroots campaigns, and the consequent reputational damage?

John McFARLANE: Thank you, Mr Norton. We certainly will not put coal ahead of anything. In fact, I will not mention individual companies, which we cannot for privacy reasons, but we are not doing any additional exposures to coal. And in fact, we have got existing commitments that are legally binding on us. And so that is where we are. But it is our intention for those to cease by 2030, and then we will be out. So I think we are doing the right thing here for all circumstances. So can I have the next question please?

MODERATOR: Mr Chairman, I would like to introduce Mr Donald Vote.

QUESTION: [Donald Vote] Thank you. I'm just putting my glasses on, Chair. Thank you for this opportunity, Chair and Board, to ask this question. And it is in support of 1(b). And my question is, in September 2020, the Science Based Targets Network issued interim science based targets for nature, including zero deforestation, and zero conversion of all natural habitats from 2020, as a first step towards nature positive targets. Given the agricultural sector's contribution to Westpac's Scope 3 emissions, and the pressure that land clearing associated with pasture expansion places on our environment, has Westpac implemented conditions within a loan agreement to prevent deforestation, or sustainability linked loans to promote nature positivity? Thank you.

John McFARLANE: Thank you very much for your question. I think, I will maybe ask the Chief Executive to make a comment here.

Peter KING: I think the first thing is this is for the benefit of all shareholders. This is very much a focus and emerging area in terms of our natural habitats and how we manage those better. And Westpac has joined the TNFD forum on this matter. So we are involved in the policy piece.

In relation to your specific question about do we consider it when we lend; we do. And sometimes we will lend, other times we will need conditions. But it is something that we will do on an individual basis, as opposed to having it as a standard contract at the moment.

QUESTION: [Donald Vote] That sounds positive. Thank you. But please do more, because we all know there's a climate emergency. And as well, the habitats even of the koala and 100 native species facing extinction risk. So thank you for this action. Please double up your efforts for all our sake. Thank you.

John McFARLANE: Yes, thank you very much. Can I have the next question please?

MODERATOR: Mr Chairman, I would like to introduce Millie Horsburgh.

QUESTION: [Millie Horsburgh] This question is to the CEO and the Board. My name is Millie, I'm 17 years old, and I strike from school for the climate, because I'm terrified of both the impact of climate change on my future, and the impacts that I'm already seeing in the world around me. Unless you've been living under a fireproof, floodproof, air conditioned and heated rock, you should understand the severity of what I'm talking about.

Earlier this year, I met with Peter King to discuss Westpac's ongoing relationship with fossil fuel companies, including Santos and Whitehaven Coal, that are expanding their production, despite the warnings that we must stop all new fossil fuels immediately to have a chance of a liveable future. Since this meeting, it doesn't appear that Westpac has taken any steps to stop further investment in new fossil fuel projects. We know Whitehaven is going to or has already approached you to reloan the company money. This is a company that plans to double its coal production by 2030. Continuing as you are sent a clear message to young people across the country, that you would rather prioritise your profits over our futures.

My question is: will Westpac rule out any further involvement with climate wrecking companies that are building new coal, oil and gas projects? And if not, can you explain why it is that your *profits are more important than my generation's futures? Thank you.*

John McFARLANE: Well, thank you for having the courage to stand up. Since you have met, Mr King, I think I will have him answer your question. Thank you.

Peter KING: Well, thank you, Millie. In relation to specific companies, you would understand that I cannot speak about where we are at and whatnot with specific companies, due to privacy reasons. But in terms of our policies, we have been very clear on thermal coal, that we will be out by 2030 at the latest. In oil and gas, we have announced a new policy this year, which is no new oil and gas facilities unless they are required for national energy security. So we have tightened up in those two areas.

But more broadly, I think, what I would say to you is this Board spends significant time on this issue. We think about this as transition. So we have to reduce the impact on the climate, but we also have to make sure that the country can still operate in terms of energy. So that is why we think about it through transition. But I appreciate your comments and your passions today as I heard previously, this issue as well. And thank you for coming along.

John McFARLANE: Okay, I would just add another point. While we have reserved the capacity for new exposures, it does not necessarily mean to say that we will do so. Because we just cannot predict the future so easily. But we are very conscious of the resolution here. Can I have the next question please?

MODERATOR: Mr Chairman, I would like to introduce Jolene Elberth.

QUESTION: *[Jolene Elberth] Good morning, Mr Chairman and to the Board. My question relates also to the risk, reputational risk posed on our company by nature related financial disclosures. So my question is, the UN high-level expert groups report on net-zero commitments by non-state actors has stated that in order for financial institutions' net-zero commitments to be credible, they need to include a commitment not to finance deforestation. Australia is the only developed country in the world that is classified as a deforestation hotspot. In 2018/19, 680,000 hectares were cleared in Queensland alone, mostly for cattle.*

In light of this new global standard, do you consider that the integrity of Westpac's net zero commitment could be called into question, unless the Bank undertakes due diligence to ensure that it will not finance deforestation? And what work has been done to assess the Bank's *exposure to nature related risks, including deforestation within our lending portfolio?*

John McFARLANE: Thank you very much. Mr King will perhaps say something.

Peter KING: Well, I think you are right in terms of that issue, it is an issue. And as I said before, we are doing the work on all of the nature-related areas, including deforestation. But when we do individual loans at the moment, that is something that we consider. So that is where we are at. It is another one where I think we need a policy, a standard policy applying to not only the finance sector, but companies as well, so we get the disclosure, which I think we will, because we are on the path now.

In relation to the work that we have done, we have disclosed in the accounts the impact of transition and physical risk. It does not go down to the level of deforestation. So that will be something we would look at in the future.

QUESTION: [Jolene Elberth] And thank you, the second part of my question is what work the Bank's done to assess the exposure that the Bank has to nature-related risk?

Peter KING: Yes, and that was where I said we have done the work on transition of physical risk, and then we are doing the work now as part of looking at our policies and frameworks for all the nature-related areas including deforestation.

QUESTION: [Jolene Elberth] Do we know when the Bank plans to report on this?

Peter KING: As soon as we can.

QUESTION: [Jolene Elberth] Thank you.

John McFARLANE: You can safely assume we are spending an awful lot of money on this subject, because we are serious about it. Can I have the next question please?

MODERATOR: Mr Chairman, I would like to introduce Austin Caetano.

QUESTION: [Austin Caetano] Hi. This question is to the CEO and the Board. My name is Austin Caetano, and I'm 15 years old, and I strike for the climate – strike from school for the climate. As young people we are acutely aware of the future we are looking down the barrel of, with bushfires, floods and droughts becoming worse every year. But we are terrified *at the thought of it getting worse.*

Earlier this year, I met with Peter King to discuss Westpac's ongoing relationship with fossil fuel companies, including Santos and Whitehaven Coal, that are expanding their production, despite the warnings that we must all stop new fossil fuels. So, will Peter King meet with School Strike 4 Climate again, to discuss these ongoing relationships, and how Westpac plans to end finance for destructive fossil fuel companies that are putting our futures at risk?

John McFARLANE: Well, you are on the spot here, Peter.

Peter KING: I think what I would say is I meet with a lot of people, and engage with a lot of people, and at the appropriate time, I would be very happy to meet again. But we will work out when that appropriate time is.

QUESTION: *[Austin Caetano] Thank you.*

John McFARLANE: Welcome. Next question, please.

MODERATOR: Mr Chairman, I would like to introduce Kyle Robertson.

QUESTION: *[Kyle Robertson] Thank you, Chairman and the Board. And thanks for having me back to have my piece again. As you can probably guess, my question relates to Resolution 1(b), but it is a bit more a specific part of 1(b), which is something that gets caught in the crosshairs of new fossil fuel projects all too often. And it relates to the principles of free prior and informed consent.*

And we understand that in August this year Westpac was again involved in a $1 billion loan to Santos. And if you've been following the news recently, you'll know that in September, the Federal Court ordered Santos to pause work on its massive Barossa LNG project, after finding that the regulator could not be assured that the company had properly consulted the Tiwi Islands' Traditional Owners. And then Santos appealed this in the Federal Court, with its lawyers arguing the Traditional Owners' connection to the land was akin to "a personal interest in the sense of a pastime or a hobby", verbatim, and that doesn't constitute a genuine legal interest. Thankfully, the Federal Court slapped down Santos' appeal and upheld its original decision.

So my question is, was the Bank aware of the Federal Court proceedings filed in early June, and the allegations by Tiwi Islanders that Santos had not consulted them before starting the

Barossa gas project?

John McFARLANE: Mr King will not answer to a specific company, but he might make a general comment.

Peter KING: Yes, I cannot comment on the individual company. But I would say, we would expect our clients to meet the law. And so, that is how we would think about that issue. And we have actually chosen free, prior and informed consent as a topic of development of strategy in our Reconciliation Plan. So we will be doing more work in that area to uplift our standards. But as I said, we expect our clients to meet the law.

QUESTION: [Kyle Robertson] But my question wasn't what you're doing in your Reconciliation Action Plan. It's did you know about the legal proceedings that were going on before you financed this loan? Because this was happening in June, and you financed the loan in August. So did you not know, or did you know?

Peter KING: We are not commenting on individual customers.

John McFARLANE: Kyle, you know we cannot answer that question.

Peter KING: You know we cannot do that.

John McFARLANE: But nice try.

QUESTION: [Kyle Robertson] I'm not asking about individual, I'm just asking, did you know about the proceedings?

John McFARLANE: It is specific, and therefore, you know we cannot answer it. But nice try.

QUESTION: [Kyle Robertson] Okay. All right. Well, I'll try again. So, in light of the Court's ruling that the regulator couldn't approve the project because of consultation issues, and the deplorable arguments put forward by Santos in that case, and a spokesperson of the Mantiyupwi clan of the Tiwi Islanders saying that their people don't want any fossil fuel activities off the coast of the Tiwi Islands, will Westpac rule out any further finance to facilitate that Barossa gas project, including Santos' proposed Darwin LNG extension?

John McFARLANE: Thank you, you know the answer to the question. But thank you again for your comment. Next question, please.

MODERATOR: Mr Chairman, I would like to introduce Robert Caterson.

QUESTION: *[Robert Caterson] Thank you for hearing me. I totally respect the views of our younger shareholders in this audience. I have children and grandchildren, and I hope that they grow up with their morals and intelligence in this area. But what really disturbs me, is that when you look at, say, the world, at the present time, the world is going through a rather difficult process in coming to climate change, and we have had endless conferences in Paris and Egypt and Glasgow. And it is very hard to come to any sort of consensus that actually delivers any action.*

When you think about it, this is all aimed at the fossil fuel companies. At the present time, we are transitioning, and a lot of the fossil fuel companies are trying to transition out of the fossil fuels, from my observation. I'm no scientist, and I'm no economist on this. But one of our largest gas companies is either the largest polluter or the largest renewable energy generator.

I totally believe in climate change, and I'm totally believing of renewable energy, because I put money where my mouth is. There are broader consequences of not only fossil fuels in this. Does the Bank turn around and says, okay, if Santos, or whoever, whatever company, I don't care, that you're lending money for, are you people then going to turn around and then reassess their employees when they go for a bank loan or a credit card, because they're working for these companies?

We have got the insurance industry going through massive dilemmas, because they're either going to charge their customers a fortune for flood insurance, or for being in a bushfire prone area here in Australia. And I totally believe that the Government should be taking the responsibility for those sort of insurance risks, not the general industry, take responsibility for that.

I'm from New South Wales, and it was very hard, and our Government reneged on making everyone responsible for, say, a fire levy going into, what is it, local council rates, instead of on the insurance premiums. It is very, very difficult. And also we have got broader questions. Do you turn around, say to packaging companies that use fossil fuel related products like plastics?

Now, I want to know the Bank's position on the broader range of the economy in this, and *basically the Government needs to make a common position, because every corporation has got to meet these challenges. So I would like the Bank's view on will it lobby Government, will it use its influence via Anna Bligh and the Bankers Association, because she would have very good contacts now with the present Government, and get something happening? These young people are crying out. Okay, these people are using the 'blah blah' term. Well, yeah, it is a lot of blah, blah, but nothing's happening, and decisions have got to be made at the base level, because we put in say 50 or 60 years ago, a lot of fossil fuel electricity generators, so that people could turn on their televisions to get information, kids could get an education so they can do their homework of a night-time. And the lights have still got to be turned on.*

Now, I'm a believer in renewable energy and the governments need to really, you know, the present government has put in a lot of piecemeal in the next 12 months, but we don't know what's going to happen after that. I'd like the Bank's views on those questions, apart from these nebulous resolutions that I may not be alive, and with respect, none of the people on the Board may not be alive in 2050 to see the outcomes of these Resolutions. Thank you.

John MCFARLANE: Thank you, Mr Caterson. I think progress has been made, you know. There is no debate about whether climate change is real, and yet, if you go back in time, that was part of the debate. It is accepted it is real. Therefore we have got a chicken and egg problem now about how do we get to a situation where we are not emitting and we are all struggling with that. It is a really difficult, difficult problem. I mean, the easy decision for a bank, is just to shut up shop on the things that we know are emitting and just stop it right now, sell the assets.

The problem with that is, unfortunately, baseload power is still needed and renewables are not available to the extent required. And so we have got this dilemma about, how do we help, in getting from where we are now to somewhere more intelligent, which we call transitioning and so, we are honestly doing our best here, because it does not matter what we do here, we cannot win. We are going to be wrong either way here.

I genuinely think we debate this really, really strongly, we are putting a lot of investment in this, spending a lot of money on trying to work out how we go forward here. I actually think we are doing our best, but I do not know if Peter wants to say anything.

Peter KING: Fantastic question. If I look at – we are hearing about the need to go, the trend is clear. The speed is the question, is sort of the way I would frame the issue. And we now have a government that says emissions have got to go down, so tick. It is expressed through a target. But to me, what we need now is a plan which will unlock investment. We need a plan for where will we build electricity generation? How will we move it? And then how do we store it?

If you look at the numbers, the rough numbers, we need three times the generation capacity of electricity of what we have today, and that solves a lot of our pathways. It solves how we move people. It solves how we heat people, how we keep the lights on. But it has got to be a country priority. It has got to be a priority. We have got to get the materials. We have got to get the labour to build it. We have got to get the planning approvals done. So the thing that worries me is we do not spend enough time on the logistics, the plans, where do you put it? How do you move it? Because unless we solve those, the transition period will be longer.

So to your question are we engaging with government and the opposition on these matters? We are. And for us, it is about the logistics where, how, that will unlock investment, that will increase the speed, development approval times worry me, if I am frank. But we need to move from a target to a plan now as a country and that will bring transition periods down. It also means that our electricity becomes green. We have not solved the firming issue completely, so we probably need to rely on gas more than what we like. But that is where we are at.

So hopefully you get a sense from that answer. I am a bit passionate about it. We are engaging at a level other than targets about how you get it done. But this is a logistics issue. It needs to be a top priority for the country in terms of labour, materials, planning and that will unlock investment.

John MCFARLANE: And remember, Peter is also Chairman of the Bankers Association in Australia. So he and Anna Bligh, do pick this up. I am, as you know, I am a former Chairman of one of the largest insurance companies in the world, so I am very familiar with the comments you have made.

QUESTION: [Robert Caterson] Okay, just a final comment, I think, yeah, we're all passionate about it, but let's sort of be human beings and these people that protested earlier on when you made comments really don't get the essence of why we're here today, is that you people up there are the guardians of making us money, protecting our money and *making us more money. Right? But we've got to do it in a common sense and a human manner. Thank you.*

John MCFARLANE: Indeed. And not losing it, as well is the big priority as well. Thank you. Can I have the next question, please?

MODERATOR: Mr Chairman, I would like to introduce Audrey van Orden.

QUESTION: [Audrey van Herwaarden] Thank you, Mr Chairman and Board. My question is again in relation to nature risk. So it's been found that nearly half of Australia's economy has a moderate or high dependence on nature. Yet a report last year from 38 scientists from 29 universities and government agencies found that 19 of the 20 Australian ecosystems studied, including the Murray-Darling Basin and the Great Barrier Reef, are experiencing potentially irreversible changes that could lead to ecosystem collapse.

Now, Mr King, you've indicated that the Bank is doing work in regards to nature-related risk. But I would like to know specifically when the Bank plans to conduct a sector or location based materiality assessment of its exposures to nature-related risks through its lending investments. And when does the Bank plan to set and report on nature-related targets?

Peter KING: I understand you want that, but as I said, we are doing the work and we have got to do the work properly is my priority. As soon as we believe that we have done it to the standard we need, we are happy to share. But I want the team to do the work and do it well. I agree with the intent of your question, that it has got to be a priority for us and it is a priority and work is underway.

QUESTION: [Audrey van Herwaarden] Okay, thank you. I urge the Bank to take this seriously in 2023.

Peter KING: Thank you.

John MCFARLANE: Thank you. Now, can I just make a procedural point here? Can people on this subject, ask questions that have not been asked before? I will tell you why, a number of our shareholders are leaving the meeting and we have got the business of the meeting to be conducted here, which is really important for our shareholders. And I wanted to give them a chance to hear the items that are following this. So can we draw a line at some point on this subject, because the messages have been made? The answers have been given. And at some point soon, I would really like to draw a line on it, for the benefit of other shareholders. But let me take the next question on this subject.

MODERATOR: Mr Chairman, I would like to reintroduce Joanna Richardson.

QUESTION: [Joanna Richardson] Thank you, Chair, Board and fellow shareholders. The reason I'm coming back, is that there's this assumption that electricity use will have to continue, and the Bank said that with doing – the Bank is doing a lot of work on computer things, apps, internet banking and these of course, require more electricity. So it's not as though these things are off in one corner. They all interact. So it's not houses, air conditioning, we need to, as well looking at how we generate electricity. Look at using it more efficiently, at a time when there are greater and greater demands to use electricity for this, that and the other.

So it's just sort of a please comment question.

John MCFARLANE: Look, I will take it as a comment, Ms Richardson, thank you very much. Can I take the next question, please?

MODERATOR: Mr Chairman, I would like to introduce Howard Pascoe.

QUESTION: [Howard Pascoe] Howard Pascoe, Chairman, and the Board CEO, congratulations having your Annual General Meeting in Victoria. I warmly welcome you, and to this wonderful capital city of Melbourne. It's wonderful that such an historic Bank, I think you're the oldest bank by far, you've got beautiful, historic Bank of New South Wales buildings in a lot of towns and also in New Zealand. Wonderful to see you here. We love you dearly. And what's important, three of our big four banks are having their Annual General Meetings in Melbourne, including your fellow head office in Sydney, the Commonwealth Bank, had their AGM at the MCG. Wonderful to see. I have shareholder friends of mine in New South Wales, in Sydney, and they're depressed because not one major bank has had their AGM in Sydney this year. So once again, welcome to Melbourne. Welcome to Victoria.

John McFARLANE: Thank you. We came for the weather, actually. Next question, please.

Peter KING: On the phone.

John McFARLANE: So questions from online.

MODERATOR: *Mr Chairman, we have a question online from Ben Gallen; "Westpac Group employees are required to work an unreasonable number of unpaid additional hours to complete workloads. The Fair Work Ombudsman identified underpayments across the Group, resulting in compensation to employees. The FSU requested data from Westpac on the number of weekly hours worked by employees over the prior 12 months. Westpac said that it does not have this information.*

As unreasonable additional hours pose a significant compliance risk to Westpac employees and the institution, can you confirm that Westpac does not record the number of hours your employees work? In the absence of these records, how has Westpac met its obligations to complete regular assessments as to whether your employees are paid more than their award through their enterprise agreement, and therefore mitigated the risk of past and future underpayments? And similarly, how does Westpac ensure it has addressed workplace health and safety risks, when it comes to additional hours of work?

John McFARLANE: Well, this is a question related to future items, but we will answer it. I actually personally do not know the answer to that, so I will ask Peter if he has got any observations. I will make the point, though, that the morale inside the company is incredibly high and is rising. As I said earlier, we are now at nearly the upper quarter globally for the positivity of the culture inside the organisation. So I cannot imagine this is a big issue. But Peter?

Peter KING: Well, firstly, thank you for the question. The principle is we are committed to paying people fairly. So that is how we think about it. And what I would say is that we do not ask people to do unreasonable hours. But if there are specifics, I would encourage you to write to me, or write to the team leaders.

But I would just make one other contextual point. It has been a hard year with COVID. We have had a lot of absenteeism. We have had challenges in recruiting people because of the demand in the workforce. And that is why I thanked our teams upfront in my speech, because I think it just has been an amazing year. But we want to pay people. If there is a specific case, then I am very happy to get the right people to look at it, and please write to me.

John McFARLANE: Thank you. And a lot of our colleagues are still working from home because of the COVID situation, so again, not everybody is in. Now, can I please take the next question on this subject, and hopefully a new question. We are still on climate change.

MODERATOR: *Mr Chairman, we have a question from Christopher Ball. "Whilst that laughter was over the top, John McFarlane, do you really think it was appropriate to speak to a shareholder in the manner you did? Do you think you were disrespectful? As the Chairman, you should have applied the 'should we' test. Do better.*

John McFARLANE: Well, thank you, I will take that as a comment. Thanks. Next question, please.

MODERATOR: *Mr Chairman, we have a question from Elizabeth Ann O'Hara. "[Quest precis: Westpac says it takes into account environmental and social risks when lending to a company. For 10 years now, my small, rural community has struggled with the mining company that has an appalling track record of non-compliance, incurring fines of over $1.49 million. The most serious offence was surely stealing one billion litres of water without a licence during the worst drought on record. Others include polluting waterways, breaching noise constraints, clearing illegally, and serious workplace health and safety failures.*

The community is totally exhausted by their loss of amenity, the noise and light 24/7, and by the need for continual vigilance, monitoring and reporting. The company is trying to refinance its syndicated loan, which matures next year, and of which your Bank is a part. Before Westpac makes the decision to refinance its loan to a company that carries such clear environmental and social risks, will the Bank commit to listening to my community's concerns about Whitehaven?

John McFARLANE: Well, thank you for your advice, and we will take that as advice, because we cannot comment on individual companies. Can I have the next question, please.

MODERATOR: *Mr Chairman, we have a question from Margaret McArthur. "Is the company aware that EU nations are withdrawing from the energy charter; France, Netherlands, Sweden and Germany? The recent floods are similar to those of us who were growing up in the 1950s. My husband and myself attended a lecture in NZ in 2006 at the Franz Josef Glacier, which we were told that although the glacier was receding at that point, we were actually heading for another Ice Age. This has been supported by recent core samples on Greenland going back 10,000 by scientists from Denmark. It included the Ice Age 500 years* *ago. Thank you.*

John McFARLANE: Well, again, thank you very much for your input here. I personally was not aware of it. I do not know if Peter…

Peter KING: It is a comment.

John McFARLANE: Okay, can I have the next question, please?

MODERATOR: *Mr Chairman, we have a question from Elizabeth Ann O'Hara. "Whitehaven Coal is looking to refinance its syndicate loan, of which your Bank is part when it matures next year. Whitehaven Coal consistently overestimates the quality of coal it expects to produce. It has an appalling track record of non-compliance. It is destroying yet more of the Leard State Forest. Vickery extension coal mine poses an appalling threat to climate and groundwater. Can Westpac assure us that it will not contribute to refinancing Whitehaven Coal?*

John McFARLANE: Well, we have answered that question a number of times now, and therefore I am not going to say any more. And I am not going to take any more questions on Whitehaven Coal. Questions on the telephone, please?

MODERATOR: Mr Chairman, we have a question on the phone from Bishard Sharma. Please go ahead, Bishard.

QUESTION: *[Bishard Sharma]* Hi, Mr Chairman.

John McFARLANE: Hi.

QUESTION: *[Bishard Sharma]* Good to speak to you. I have two questions. My first one...

Peter KING: Bishard, we cannot hear you.

QUESTION: *[Bishard Sharma]* My first question is, can Westpac confirm [inaudible]

John McFARLANE: Do you want to dial in again?

QUESTION: *[Bishard Sharma]* …in order to enable global infrastructure partners 49% acquisition of the [inaudible].

John McFARLANE: I am afraid we cannot hear.

QUESTION: *[Bishard Sharma]* … conducted an assessment of this project timing is to be compatible with the [inaudible] scenario.

John McFARLANE: I am afraid we could not hear that, but I think it was a specific question on an individual situation, which of course I have said we cannot answer. But if you want to dial in again, because there was so much distortion on your line. I will take the next question in the meantime, thanks.

MODERATOR: Mr Chairman, we have a question on the phone from Stuart William Palmer. Please go ahead, Stuart.

QUESTION: [Stuart Palmer] I'm the Head of Ethics Research at Australian Ethical Investment. We hold over four million shares in Westpac.

John McFARLANE: Yes. Go ahead.

[Pause]

John McFARLANE: I think we are having technical problems on the telephone.

QUESTION: [Stuart Palmer] …high emitting sectors. I want to clarify that the resolution we're discussing just does not ask Westpac to immediately exit high emitting sectors. We do recognise the constructive role that banks have the potential to play in supporting the transition of those important sectors. Our concern is the expansion that we are seeing in some high emitting sectors, without regard for the just transition needed to a renewable and a net-zero future.

And we have profiled the shareholder resolutions, because companies being financed by Westpac, are proceeding today with fossil fuel expansion projects. These are projects which aren't going to do anything to address the energy price challenges the world is currently dealing with, because of the war in Ukraine. They're not going to help workers and communities through a transition to a renewable energy system. Unfortunately, what these projects will do, is obstruct the energy transition that we need to limit warming to 2 and to 1.5 degrees.

I think the CEO has referenced some restrictions that the Bank does have today on project finance to new fossil fuel projects. But our concern is that the latest fossil fuel lending criteria which the Bank has published, still do allow the Bank until 2025 to continue to renew loans, to make new loans to expansionary fossil fuel companies, companies who are actively planning and developing new fossil fuel projects.

So my question is, how this can be consistent with Westpac's commitment to align its lending portfolio with net-zero emissions by 2050, consistent with the 1.5 degree pathway, with local and global regulators looking very closely at net-zero claims and commitments, is Westpac exposing itself to liability for climate greenwash?

John McFARLANE: Well, thank you. We are well aware of your support for this, both these resolutions.

We have not said we will finance new projects, we have said that we reserve the right to, as a contingency. Part of the issue that we have seen in other countries, and I have spent, I have just come back from the United Kingdom, where the United Kingdom is in danger of every day having electricity switched off for three hours, because of lack of contingency on electricity production. Now, I do not think Australia is going to get to that point, but we just cannot predict the future and we cannot get to renewable electricity for the full base load power in Australia. So we think we have done the right thing here to reserve that capacity but I know that you disagree with it but it is what we think we should do. Peter?

Peter KING: I would just say Stuart, I think you are also referring to corporate, lending to the top of the companies not to particular expansions. And yes you are right we have said that we want companies to have a transition plan by 2025 and that gives some time to do that. We will be actively engaging with customers in those two years, and of course we would want a transition plan. Also public have targets aligned to net-zero and that is some of the criteria that we will be looking at. But you are right, this is an area that needs to be watched closely and we will watch it closely.

John McFARLANE: The good news, there are two more questions on the phone, can we have them please?

MODERATOR: Mr Chairman we have a question from Sue Pratton. Please go ahead Sue.

QUESTION: *[Sue Pratton] Hi, thank you. I'm a Music Teacher and a flood survivor from the Hawkesbury region in New South Wales, and this year on 6 March four foot of water just smashed through our home like a wrecking ball. It was an unprecedent set of circumstances for us and others living in our area. I can't begin to tell you today the levels of emotion and grief that I felt as I walked into what was once my home. My mum had died only six months earlier and I had kept a lock of her hair in a small box. Of course this was gone along with just about everything else I owned. And my partner and I frantically searched around in the mud hoping that little box would somehow magically turn up. I was just numb with the grief of it all and through the tears I saw the wreckage of our home. I did feel my mum with me. I had lost both of my pianos that morning and countless other things, but nothing meant as much as that lock of my mum's hair. We still haven't been able to move back into our home. It's just too dangerous.*

So I am aware that Westpac recently established a $2 million fund to help small businesses impacted by floods in Queensland and New South Wales and this is of course a good thing. But $2 million is about what Westpac would have collected in fees alone from just two fossil fuel loans from Woodside Energy and the Pluto 2 LNG Project. And we all know that these projects will only exacerbate climate change and its impact, like the devasting floods that my community and so many others have suffered and are still suffering.

I was really heartened in 2017 when Westpac stopped funding the Adani Coal Mine. That was a line in the sand that was drawn. And the only decent thing now for you guys to do is to draw another line and say you'll stop financing fossil fuel companies and projects altogether. But my question to the Board today is this, 'If you won't support resolution 1 and if you are going to persist with funding fossil fuels, will you at least commit to donating every single dollar earned from fossil fuels to communities like mine, which are impacted by climate change?" Thank you.

John McFARLANE: Firstly, I am terribly sorry to hear of your circumstances. You will be surprised to know that is not a big amount of money. Our exposure to fossil fuels is very, very small and a tiny percentage of the company, but Peter I do not know if there is anything specific.

Peter KING: No, I just think it is an interesting suggestion. Do I want to make a call right now no, but I will take it away and think about it.

John McFARLANE: It is a surprisingly small amount of money here that we are talking about, so again, I really am sorry to hear of your grief. Can I have the next question please?

MODERATOR: Please go ahead Peter.

QUESTION: *[Peter Starr] Good morning John, Peter Starr how are you?*

John McFARLANE: I am good.

QUESTION: *[Peter Starr] And good morning to Peter King. Now I also met with Mr King, but when I met Mr King back in March it was to do with serious and systemic issues in the Bank. We have spent nearly two hours debarking about this coal and what's going on. I'm surprised Tim Flannery is not there to tell us that we will never have any more rain and everything else. Please Mr Chairman, we need to move on, there is a lot of other issues that need to be discussed and they are serious and systemic issues to do with the Bank and to do with financing customers and everything else. Thank you.*

John McFARLANE: I think we are pretty much there to be honest, so can I see if there are any final question on this subject because we have answered it comprehensively.

MODERATOR: Mr Chairman we have a question from Stuart William Palmer. Please go ahead Stuart.

QUESTION: *[Stuart Palmer] Yes, thank you for this opportunity. I just, quickly, on a couple of comments just to clarify in your and Peter's responses to my earlier questions and indeed the most recent question. So, you say a tiny amount of funding, I guess tiny is relative. You have reported over $8 billion of exposure to the fossil fuel value chain and obviously taken together with other banks who proportionately have low levels of exposure for the fossil fuel sector, taken together it's the aggregate capital that they're providing that will or will not fund new projects which will obstruct the transition.*

So your earlier comment that energy security is important is obviously something I agree with. The crossroads we're at is that we can go two ways in terms of spending capital to deliver that energy security decades long fossil fuel projects are not the way, the IEA has made that clear.

The IEA, the International Energy Agency, is deeply concerned about energy security alongside greenhouse gas emissions. So I think that's the concern we have with your current lending criteria, that they continue to allow lending for the next three years to companies who are expanding their fossil fuel activities, who are getting a signal from you and the other banks that that's okay so long as they in 2025 say here's our plan to reduce our emission. So they can spend the next few years building up their emissions and then give you a plan. We think that timeframe is not appropriate given the conversations we and others and the world and scientists have been having about the urgent action needed to reduce emissions.

John McFARLANE: Thank you. I will leave you with the final word there. Thank you very much. Now I am actually going to move on to another item of business if that is okay. So that concludes the discussion on this item of business.

The direct votes cast and the position of proxy votes received on Item 1(a) prior to this meeting will now appear on the screen. These votes do not include those already submitted on the platform today, and I will now formally propose Resolution 1(a) as a Special Resolution. The text of the Resolution is now displayed on the screen. If you have not completed your voting card for this Resolution or voted on the online platform, please do so now. And as the direct votes cast and the position of the proxy votes received on the proposed amendment to the Westpac Constitution has shown an against vote of significantly more than 25% and this will not be materially impacted by votes received today, it means that shareholders have voted against the proposed amendments to the Constitution.

As Item 1(a) will not be passed, Resolution 1(b) will not be put to the meeting for a vote. While this vote is not required the direct votes cast and the position of proxy votes received on Item 1(b) prior to the meeting will now appear on the screen.

<u>Item 2</u>

Now the next item concerns the receipt and consideration of the Financial Report, the Directors' Report, the Auditor's Report of Westpac Banking Corporation for the year ended 30 September 2022. If you would like to ask a question please move to one of the microphones or request a roving microphone. And for those on the online platform please submit your questions now or by pressing *1 on your keypad if on the phone. And so we will now move to questions on the Financial Reports.

Can I have a next question please.

QUESTION: *[Mike Robey] Good afternoon, Mr Chairman. My name is Mike Robey and I'm a volunteer company monitor for the not-for-profit Australian Shareholders Association. Firstly, may I thank you for taking the time in advance of this meeting to discuss matters with my colleagues which we did recently. Today, I hold about 7.5 million proxies, which is about $175 million and makes us the 13th largest direct shareholder of Westpac. When you consider that most of our members would probably also have equity in funds which also contain – then we are a significant interest in Westpac.*

Now I have a few questions and I appreciate you have a two question limit. Would you like me to…

John MCFARLANE: No, no, just keep going.

QUESTION: *[Mike Robey] First of all, we are very pleased about the consolidation and cost reduction in the board committees. Not because we're mean and like to see you poorer, but because it reflects on a fair process of evaluation. We actually usually see the opposite. People put their prices up after review. So well done on that. However, you've got significant other major cost reductions going on in the business, and you did mention divestments. But apart from those, I'd be interested to hear what the key ones are, the non-divestment cost reductions. That's the first question.*

John MCFARLANE: Why don't we take that?

QUESTION: *[Mike Robey] All right, sure.*

John MCFARLANE: Because I am going to pass it to the Chief Executive. But one of the issues with Westpac, if you go back in time and you let's start around 2014, Westpac's costs have gone up, and the cost to income ratio has correspondingly gone up, because the revenues actually did not keep pace with that. And so we ended up in a pretty inefficient position in the high 60s.

We are sitting, officially, at the mid-50s now. It is still relative to an efficient bank, still high and therefore cost reduction, well to take cost to income ratio, you have to either grow revenues or reduce costs of both. And so given that, the cost reduction has to play a part in the future because of our efficiency levels. But Peter, I don't know if you want to say anything?

Peter KING: I would just add a couple of points. So firstly, we are investing heavily in lifting our risk management capability and resolving past issues. So we heard about the financial crime issues. So we have got a project to lift that capability, as well as the CORE program under the APRA EU. So there is still elevated investment in some of those projects, so that will come down over time. A flipside is also that we have been sorting out historical issues and that has seen provisions and payments again, as risk management capability lifts, there will be less of those. Then being more efficient in the Bank, including a lot more use of technology and digital capabilities to digitise our processes. They are the three big ones.

QUESTION: [Mike Robey] Thank you both. We look forward to that having a reflection on the share price.

John MCFARLANE: But we are still investing though in the future.

QUESTION: [Mike Robey] So, two of my other questions are related to that, actually. So, perhaps we could jump to those, and they are that you're in a University of New South Wales consortium looking at ethical AI in some of your business processes, and we'd be quite interested as shareholders in what particular areas of operation that might be the first to actually see AI or the automation process. And in particular, how do you test the ethical component of these and how do you ensure against Robodebt-like failures which, very topical at the moment, remembering that these encountered $1.8 billion of cost and significant political fallout?

So, the question really is, what are the first areas of operation that the Bank is going to use AI for? And what are the protections that you've got to make sure that customers and so on don't suffer from them?

John MCFARLANE: Funnily enough, we did have a very comprehensive discussion at the Board and a presentation on responsible AI, and we actually visited the centres where AI is used ourselves. Now with the digitisation of banking, there is no choice actually. We actually have to use AI, but we are committed to that being responsible. All AI within the company has human oversight, it is not just automatic. We are extending our frameworks in this respect to make sure that that is the case and we have got no real intent to use Robodebt.

QUESTION: [Mike Robey] Excellent. The second one is also about future opportunities, I think, for revenue increase and cost reduction, and that's that you have a venture capital arm called Reinventure. I did check your background track record, and I'd have to say that your timing is excellent. You had investments in Zip company, which is a buy now, pay later company, and you also had investments in a coin-based Crypto exchange, both of which you sold out at the peak before the crunch happened in both of them. So, whoever is running that business, they need a bonus, I suspect, and we'll be watching what their future selections will be. But that's my question. What are the other things in that portfolio that we can look forward to getting some money out of the till?

John MCFARLANE: Peter will make a comment. It is not a big fund. It is about $150 million, our exposure to it. We are not really in those businesses sometimes. What we would prefer to do is have activities in there that are congruent with the business we are actually in. So they are synergistic, so that we can use the services provided by these enterprises rather than them being simple investments at arm's length because I cannot make any sense of that. It has got to be related to the business we are in.

So, Peter, I don't know if there is anything…

Peter KING: I would just add, we use it to get exposure to new businesses and new technology, and if it works, hopefully it would introduce a new capability into the Bank for customers. That is the strategy, and it is hit and miss. We have had a couple of good ones there, but we had some others that have not worked as well, and that is why we keep it at a small level in terms of the size of the funds.

QUESTION: [Mike Robey] Okay, thank you. Two, very quick. One, you have an accounting provision of about, I think, as I understand it, $82 million for litigation impact, some of which might be class actions and other forms of litigation. Given the sort of pain that shareholders have suffered over the last few years, is that enough? Have you got enough in your books or are there more class actions sort of waiting behind the curtains?

John MCFARLANE: You are right, it is not a big number, but there are two class actions that we have settled, subject to court approval, but we have already provided for those. So that is good news there.

We are currently defending two class actions. Now, there is one AUSTRAC related, relating to market disclosure, which commenced in 2019. The payment reflects commissions to auto dealers commenced in 2020. But we have not raised any provisions for those because we are still defending those there.

We have not received any new class actions in 2022. We are aware from public material that at least one other class action is being considered. But again, I think because of the history of the organisation, these things arose, but we are not getting those issues arising to the extent we have had them before, and therefore the probability of this hopefully is reducing. So, I think we are broadly okay here and hopefully not a lot to worry about.

QUESTION: *[Mike Robey] We'll watch the number.*

John MCFARLANE: Indeed.

QUESTION: *[Mike Robey] Look, my last question and I don't want to incur the wrath of other shareholders that I'm sure have lots of interesting questions for you.*

John MCFARLANE: These are real questions, thank you.

QUESTION: *[Mike Robey] You're very welcome. Are you seeing any signs of mortgage stress? The Reserve Bank's been ratcheting up the bank rate.*

John MCFARLANE: Unbelievably, no, but Peter?

Peter KING: Right now the answer is no. And the reason for that is not all interest rates have been reflected in changes to mortgage repayments. I spoke in my speech about post-Christmas being very important. It will be post-Christmas, I think. And so we will deal with it then.

John MCFARLANE: And personally it is suffering a little stress because we have cut my fees and my wife is not reducing her spending. So can I have the next question, please?

MODERATOR: Mr Chairman, I would like to reintroduce Mr Chris Schacht.

QUESTION: *[Chris Schacht] Thank you, Mr Chairman, Board members. I think some of the issues we now have in the financial report are much more germane to the future of the Bank and for shareholders. I accept your report from you and the CEO that there* *has been significant improvement, not dramatic improvement in percentage increases of 4%, inflation this year will be 5 or 6%. So it's just teetering on the edge of kicking a point rather than a goal. But one of the things that struck me in the financial report that I wanted to raise, was the impact of the share buyback earlier this year. In the report, it says that we completed a $3.5 billion off market share buyback in February of this year, with approximately 167 million shares, equating to approximately 4.6% of the total shares held in the company. I looked at that, and thought only 4% of the total shareholders took advantage, 95% of us didn't take advantage of the buyback.*

Now one of the figures I'd like to see published, is how many of those shareholders are actually in the 160 million? Are they big institutional other shareholders who for a tax purpose or whatever reason, might have taken it up? How many of us small shareholders, retail shareholders took it up in some way? Now I don't expect you to have the figure on your fingertips, Mr Chairman or Mr King, but I do think it should be published, because this leads me to the next thing. In the report, you said last year we paid a dividend for 12 months of $1.25 per share, and that cost the company $3.2 billion. What I've worked out, we spent more money on the buyback than we spent as dividends to all of us, and that went only to 5% of the shareholders of the shares. I just think, I would have much rather as a small shareholder and I emphasise very small, have had, we could have almost doubled the dividend if we'd spent the $3.2 billion added into the dividend payment, we would have gone to $2.50 a share to all of us, the 100%.

I think these buybacks are a rort. I didn't really understand them many years ago when I was even in parliament, and I didn't understand for quite a while. Now I am strongly opposed to them as a policy, because all they do is benefit a small number of very big shareholders who do it for a tax purpose at the expense of overwhelmingly us in the room, the small retail shareholders. So, I want the Board to take on board; I don't want to see another one of these happening because it's an inequitable distribution of the Bank's assets. Up to 4%, and I bet you of the 4% there are probably half a dozen big investors got most of it at the expense of all of us. This is something I think is really important about the governance of the company.

Now I might have got these figures wrong, but I'd like you to explain to me why you went ahead with this buyback and what advantage does it to the Bank? It certainly wasn't advantaged to me as a shareholder. I kept my shares. I didn't want to, even though they got at a cheaper price on the market. Now you might say, Mr Chairman the buyback reduces the number of shares in the *market. Therefore, the price of the remaining shares will go up. But we didn't. We didn't buyback 50%. We bought back 4%. It's a negligible figure. Whereas if you are double, nearly double the dividend, I bet you the share price would have gone up a lot more than what the buyback did. So, I think, we're being, I think on this, this is something I would expect if not now, a better explanation of why we fell for this buyback.*

While I'm on my feet because on the buyback, I was going to raise this on the Remuneration Report. Trying to read the 20 pages of the Remuneration Report, not even bloody Einstein could get through it backwards, upside down of how you justify the bonuses to the Senior Executives. It's the same in all major companies. It is written in arcane, obtuse language. But one of the things I want to find? Do we give a measure to the bonus to the Senior Executives based on the value of the shares going up because of the buyback? The buyback should not be included in any equation to put up the bonuses to any of the senior staff of the bank. They should only get a bonus if we created new business, new business, not a device to sell some tax arrangement for a very few big companies who are investors. So, I want an answer later on. You know, and I may unfortunately have to go before you get to it, but I'd like an answer. Do we include in the calculation of the bonuses to the Senior Executives, the impact on the price, whatever it is of the buyback? It shouldn't be included ever because it's a simple thing to do, meet the Board, we're going to buyback a number of shares put aside a few billion dollars, and that's not hard work, in my view. It's not like creating new business.

So, Mr Chairman, when in other places, I'm starting to argue that buybacks should be banned as it is in many other western democracy, not in America, not in America, but in other western European countries, it is banned. I think we should move that in Australia.

Finally, I want to ask a question on finance, about short selling. It took me a while to work out how these characters run short selling to destroy companies to make an advantage. I want to know that we I hope we do not lend money to people who short sell who go. We give them, we lend them $50 million or $10 million. They then go and buy the shares for three months or lease them, borrow them for three months. At that price, immediately, sell them at that price, then spend three months publicly leaking against the company to reduce the price of the shares, so when they have to return them to the person they borrowed them from, instead of having to pay $10.00, they've only got to pay $8.00. They make a $2.00 profit. I hope we do not lend money to those people, because one day they may do it to short sell Westpac. It'd be ironic, wouldn't *it. If we leant them money to go and borrow the shares off somebody, a lot of shares then immediately sold them, then spent three months leaking stuff to the press, going public about how bad the Board is and how bad the performance, forced the share price down. We all suffer because the share price has gone down and then they make their profit and walk away. We might get out, we'd get our money back, that's true. But in the meantime, the share price has gone down and us mug shareholders, if this had happened, we pay the price. I think short selling like that ought to be much more restricted and in particular, protect ourselves, by not lending these characters the money, and I'll finish on that Remuneration Report, et cetera.*

Mr Chairman, on the matter of the Board, you indicated very well that you're leaving. I congratulate you on the three years you've got the shortest straw in history, to become Chairman of this Bank after the scandals of 2018/19 and you're leaving, etcetera. But you did say your discussion about your successor and other changes on the Board. I'm pleased to hear that. I have to say without any way I looked at the Board, who's been on the Board. I think overwhelmingly now the Board is made up of people who weren't here when those terrible scandals took place that we got, when we got hit for $1.3 billion for $23 million breaches of the law. As I understand it, if somebody is still here responsible for that, you should ask them to quietly leave and do something else in their life, because we've all been stained by it.

Thank you very much, Mr Chairman. Next year, have a good retirement.

John McFARLANE: Well, thank you. You do not often get thanked as the Chairman of a bank. I was thinking about that the other day, and the last time... Thank you for thanking me because you know, I am not sure how to handle it, but the last time I was thinking about when was I ever thanked? And actually, I will tell you, I was thanked by Frank Lowy.

QUESTION: *[Chris Schacht] Suspicious, isn't it?*

John McFARLANE: Yeah. About 15 years ago, who thanked me for joining his Board, and the time before I was thanked was 1988, where I was thanked, and again, it has not been a common experience and I really do not know how to handle it. But thank you for doing it.

QUESTION: *[Chris Schacht] Do you want me to withdraw the compliment?*

John McFARLANE: No, no, it's done now. Now, I will answer your question quickly, that we did not specifically reward management because of the buyback. So just in case you are leaving, I will give you the answers. And remember, you have got to take all of this in the rounds as well.

Now the short selling, what happens with short selling is they effectively borrow the shares from another investor, you know, so it is the shares they are borrowing, you know, rather than the money. So, so again, that is not an issue principally for us.

Now, but you did ask a very serious question about the dividend, the buyback, et cetera. And believe it or not, I am going to disagree with you, funnily enough, in that in that, yes, you got the 4% increase, but you got a 6% dividend yield plus franking. So, if you add that up, it is not too bad, okay, a return.

Secondly, the buyback increases the earnings per share for the future. So, in other words, that baseline goes up, so you should be benefiting in terms of earnings per share going forward because of the buyback.

Now, I realise that ideally you want to buy back the shares when they are really cheap, you know, and therefore that is a function of the excess capital they are holding. We took the view that the dividend was a one off, whereas the buyback did significantly reduce the share count. Now we do not have excess capital on an ongoing basis, so the probabilities is not necessarily as high. So we took the view that in the round it was better to pay the dividend because the dividend yield is pretty high and it is fully franked. We took it was better, the sum of the two was better than just the one off, an increase in the dividend.

QUESTION: *[Chris Schacht] I understand your explanation about share value. I understand your comment about share value, about the baseline and all of that a bit arcane for most of us, simple people, but I understand the argument you're putting. But it doesn't overcome the fact that you spent more money in the last 12 months on the buyback for 4% of our shareholders than you did on the dividend for the 100% of us.*

John MCFARLANE: No, no. I have got that. And look, we are dealing with a historical issue here, which we did not create, that because of share issues in the past by our predecessors and because of acquisitions where shares were issued for those acquisitions, we have ended up with the four banks with the highest shares on issue of the four banks. In fact, one of our competitors has half the number of shares in issue than we have. And against one of our competitors, we have got 500 million extra shares and against the other we have got 300 million extra shares. So, we have actually got a legacy of a problem that is an issue for us that ideally over time, we need to fix. So, so, you know, it is unfortunate, but we have got that problem.

QUESTION: [Chris Schacht] Well, Mr Chairman, there are 3.5 billion shares issued in the bank.

John McFARLANE: Correct. Yeah, right.

QUESTION: [Chris Schacht] About three and a half billion. If you think we've got too many shares issued without having the buyback to 5% of the shareholders, why don't you just reduce the number of shares? So instead of having 3.5 billion, you've got 1500 million shares, and that will certainly put the share price up and it will make it, and I think over a period of time, we will get value from that. I just can't see how you can justify giving more money to 4% of the shareholders than you have given to 95% of us.

John McFARLANE: I am going to pass it to Peter, but meet me outside and I will explain to you why that does not work. Okay?

Peter KING: So just 4.6% was the number of shares we bought back.

QUESTION: [Chris Schacht] Yes.

Peter KING: Yep. And the offer was made to all shareholders, and a lot of small shareholders took part.

QUESTION: [Chris Schacht] Well, can you please take on notice, as we say in another forum, actually without naming people, of course, sometimes there'll be companies and sometimes they'll be trust funds. But just list the 4%. How much of the 160 million was 100 million by 10 biggest shareholders by number? Or how many of the millions of small shareholders, how many did we take up? And I think that's a very useful piece of information that you should keep in mind for any particular proposal. Mr Chairman, you're saying you're leaving before we look at another buyback. But I think the Board has got to have that balance, otherwise, it looks quite inequitable in my narrow, simple mind.

John McFARLANE: Yeah. Now we got it, okay.

QUESTION: [Chris Schacht] And Mr Chairman and in short selling I was pleased to hear about that. As far as when I've mentioned about the Board, I hope that in the next 12 months, looking at the range of the skill on the Board, I agree with you, you've reduced the size of the Board. We looked like bigger than a couple of rugby sides a couple of years ago. But I do think you've got to make a real effort that the Board does not look like white Anglo-Saxon Australia sitting in the 1950s. You're not the only one facing this problem, many other public listed companies. And just remember in politics, if someone had told me even five years ago that electorates that used to elect the Prime Minister of Australia like Bob Menzies, John Gorton and several others, would now be held by the Labor Party, the Greens or Independents, I would have said quote somebody else, "tell them they're dreaming". The change is going on. Are going to soon be reflected of how companies respond by electing appropriate boards.

John McFARLANE: Well, thank you noted. And you will note that in the UK, the Prime Minister actually has changed. The Prime Minister of the United Kingdom was born in India.

QUESTION: [Chris Schacht] Yes, I know he was born in India. His big advantage was he's worth $3 billion, so the local Tory party and the local constituency, Labor said "he's the bloke we want, he's got plenty of money".

John McFARLANE: Actually, it his wife just as a matter of interest. But now, one point on your buyback, roughly half the value of the shares are held by individuals. So, so. Okay, next question, please.

MODERATOR: Mr Chairman, I would like to reintroduce Michael Sanderson.

John McFARLANE: Hello again.

QUESTION: [Michael Sanderson] G'day Board. And now for something completely different. Two and a half hours in, it's incredible.

This goes to branch closures. I make the statement it's not possible to digitise or a personal interaction reflected in a file or do it remotely. Since the peak in 1975, Westpac has slashed 75% of non-metropolitan branches, leaving it with 194 from its original 777. Since the start of

2021, Westpac has closed 47 Westpac branches. From these closures, Westpac has left 13 towns with no banking services. They are Yankalilla, Mannum, Tailem Bend, Kapunda, Peterborough, Hamilton Island, Jabiru, Terrigal, Leura, Tom Price, Wongan Hills, Coober Pedy and Carnamah.

My question is: Do you claim that the branches Westpac has closed are unprofitable? If so, will you submit this claim to an independent audit? And how do Westpac branch closures comply with the mandatory and contractual warranty of the Banking Code of Practice that states: "We are committed to providing banking services which are inclusive of all people, including (a) older people, (b) people with disability, (c) indigenous Australians, including in remote locations and (d) people with limited English?

John McFARLANE: Thank you. That is a question for Management thank you.

Peter KING: Thank you, Mr Sanderson. So in relation to branches, yes, the numbers are going down, and as I said in my remarks up front, 7% of transactions are now handled through branches. And our approach there is that where we are closing a branch, there will be an Australia Post operation there. And so we will be working with Australia Post to lift that service in relation to those. And we will also be introducing more virtual capabilities. So, we have got the digital capability on the phone and virtual bankers.

In relation to your specific question on why? Because we are seeing the foot traffic go down. We are also seeing the ability to staff them be difficult. A couple of the other things that we are doing, is co-locating branches, so multiple brands being under one roof and we are working towards Westpac branches being able to serve all brands as well.

QUESTION: [Michael Sanderson] Just a question that relates to that. Between 1991 and 1996, the Keating Labor Government sold out working Australians by fully privatising the Commonwealth Bank. My questions are: Would Westpac support the re-establishment of a publicly owned bank to offer all Australians bread and butter banking, irrespective of location and circumstances? And would Westpac support the reintroduction of modern Glass-Steagall regulation that separates bread and butter banking from risky, speculative banking?

John McFARLANE: I will answer the second one that we are not in the Glass-

Steagall issue because on securities materially. We do issue debts securities but we are not in equities and we are not a big investment bank and so, I think that is the case for all the Australian banks. So I do not think a Glass-Steagall Rule will achieve very much in Australia because the banks tend to be commercial banks, but Peter.

Peter KING: On the other point about a government bank, I think that is for the government, we support it, we are doing everything we can to provide services around Australia. For us, what is happening is the economy is becoming digital and things are moving online and we need to help position customers, not only for banking services, but all services to be online.

John McFARLANE: It was interesting in New Zealand the Kiwi Bank was formed you know, to your other point. So it was an interesting idea.

QUESTION: [Michael Sanderson] Yes, it is working in New Zealand and I lived there for 10 years. But to my original point, if you withdraw a service and force people to go digital, they are going to have to go there. It doesn't answer the question of removing a physical bank. I look at my personal situation. I bank with NAB, I have never banked with Westpac, but I put my success down to my personal interaction with my Banking Manager. Without that, what happens is you deal with somebody remotely.

Another situation was with the Bank of Queensland I ended up dealing with a wet behind the ears bank Johnny, didn't know who I was, didn't know my business, never visited me and he was making fundamental decisions from a distance. Now on the one hand, I have got NAB one business supporting me because he knew me, on the other hand I have got the Bank of Queensland with a wet behind the ears bank Johnny who does not know me, but eventually sold my farm despite never missing a payment. So as I said, if you withdraw a service people are forced to go down that track. You are suggesting that they are doing it voluntarily.

Peter KING: No I am suggesting that we are replacing the service with Australia Post when we talk about branches, and in relation to business bankers a lot of our bankers are based in regional areas and they get in the road, they get into their cars and they get out and meet customers. So, it is not a one size fits all approach to service, but a lot of the transaction services are going online in the sense of moving money, paying money, receiving money and changing details has actually been happening through the app now. That is where we see people going.

QUESTION: *[Michael Sanderson] Where does a business in Coober Pedy bank?*

Peter KING: In Australia Post. Australia Post provides a service there to, I think it is 80 available banks.

QUESTION: *[Michael Sanderson] So you wouldn't be impartial to Australia Post becoming a similar model to Kiwi land?*

Peter KING: Well, that is their choice. They might, they may or may not choose to go there but we have an important ten year relationship with Australia Post which provides access to 3,500 points of presence in Australia.

QUESTION: *[Michael Sanderson] Okay I will leave it at that. Actually, I have got another questions but I will leave it for later.*

John McFARLANE: New competition is healthy okay. Another question please.

MODERATOR: Mr Chairman I would like to introduce Mr Craig Caulfield.

John McFARLANE: Good to see you again.

QUESTION: *[Craig Caulfield] Good afternoon Mr McFarlane and to the Board and to all the shareholders.*

The Reserve Bank's eight consecutive rate increases is going to impact Westpac's borrowers and Mr King referred to that in his opening remarks. Combined rising food prices, rising fuel prices, energy costs and we have got $200 billion of loans from the Reserve Bank. A lot of it was fixed to 2% and that's coming off now and those people, those borrowers are facing into a variable rate perhaps around 6%. We are talking about a tripling of the interest rate fee on billions of dollars of loans. This is tidal wave of 200% rate increases. Many customers Westpac and other banks, they're worried and they're anxious of how they are going to cope with financial hardship. Combine that with the uncertainty of COVID, we are going to see some severe mental health impacts and this is going to extend, you know, to depression and potentially suicide.

These tragic impacts go beyond the industry's moniker of financial hardship. I would say that it *morphs into psychological hardship. Some customers can draw on lines of credit or credit cards, they can sell off household effects. Mr King mentioned that, you know, you are not seeing signs of stress yet. But I would say that, you know, a lot of the loans are set up whether we want it or not with credit cards and lines of credit and people have had greater rates of savings during COVID, so the savings will be used, the credit cards might be used or sell off the boat in the backyard before we default on a loan. So I think that is ahead of us.*

Drawing on my own experiences of CBA's behaviour when my request for financial hardship were refused, I know how deep the emotional and psychological impacts cut. Confidence I think and post the Christmas spending, I think it will subside and these rising costs will take their toll.

My two questions are "What systems, policies and processes does Westpac now have in place specifically to address emotional and psychological hardship above and beyond financial hardship? And do you or should you have behavioural scientists and psychologists addressing this?" Thank you.

John McFARLANE: How interesting. I will ask Peter to deal with that, but I might just step back a little bit. It has been unfortunate in one sense that we have had zero or negative interest rates globally for a very, very long time, it is a situation that is hard to come out of. And at the same time of course we were lulled in to a false set of satisfaction in Australia where we have had over 30 years without a cyclical recession. And so people have gotten used to those very low interest rates and it has affected their behaviour. You can see the debt levels that have arisen as a consequence of.

So I think it is fortunate that we have had over 30 years, but it is unfortunate that that was accompanied by these artificially low interest rates that at some point in time have got to normalise and that is what is happening. So Peter.

Peter KING: A couple of points. Firstly, one of the points I have been making wherever I can is, encouraging customers to call us early. And they or may not do that but I think there is a sense that a call to the bank is not the right thing to do. We need to change that view. So that is the first thing we are seeking to do.

And then there is all the standard options that we have financially, and I will not go through those, but we do train our people in the teams on how to identify and work with customers.

Christine Parker has introduced the Chief Medical Officer role, I do not know the exact term of it, but we actually have someone employed by the Bank who helps us as management with our own team, the colleagues that work with us, but is available also to work on customer matters. So that will be the expertise that we have had now for a couple of years I think. Yeah, we have had it for a couple of years internally and we are building that capability. But I think you are right, it is going to be a hard year next year. I do encourage customers if they are worried to call us early and we are thinking about the, not just the financial side of what goes on but also the human side and how we can help our people deal better with customers.

John McFARLANE: We have got to be careful not to stray into the medical territory at all because we are just not qualified, but there are things that we can do.

QUESTION: [Craig Caulfield] Well thank you for at least having that in consideration. Just in terms of the channels of people calling in. You are right some people will call, some people will email, some people will use an App, just keep as many different channels open as possible. You know, I can recall receiving letters from two different banks and a letter from, it was ANZ at the time, was you know, I am in default but we are here to help and the letter from CBA was, you are in default and our rights under the law are, and we can repossess your property. Well I avoided contacting CBA, I contacted ANZ and CBA took action in the Courts to repossess and ANZ despite my loan being in default, I have caught up, I caught up all the arrears and, you know, it is in good standing now. And I go back and reflect upon the letters that I had at the time, so I would like you to look, you know, things just like the letters going out, how they are worded and all the different channels. Thank you.

John McFARLANE: Well as former CEO of ANZ I am glad to hear of that story, thank you. Next question please.

MODERATOR: Yes, Mr Chairman I would like to introduce Rita Mazalevskis.

John McFARLANE: Hello again Rita.

QUESTION: [Rita Mazalevskis] Hello Chair and Board it is nice to be here in person. Firstly, I would just like to thank you for having a hybrid meeting and making it available to people that can't get here for whatever reason because of COVID, they don't have a job, can't afford it and it just allows a lot more people to attend remotely, so thank you for that.

John McFARLANE: Indeed.

QUESTION: [Rita Mazalevskis] Something that has come up I just want to mention whilst listening to everyone. In 2018, in June, I walked into my local Bank and asked for a meeting. And the person over the counter wouldn't meet with me, so I asked to meet with the Bank Manager, and I was refused a meeting. And I continued to contact Westpac and was refused a meeting, so I started contacting Mr Hartzer. I was also refused meetings, and I've been refused meetings ever since.

But this morning I am hearing all these people have met with Mr King, or you, and I would like to raise this again, and request if I can have a meeting with yourself and Mr King, or either/either, whether it is after this event or in Sydney. So I would just like to put that on the table please.

John McFARLANE: Do you live here?

QUESTION: [Rita Mazalevskis] No, I live in Perth.

John McFARLANE: You live in Perth. Okay.

QUESTION: [Rita Mazalevskis] Yes. So I've come over just for the AGM, yes.

John McFARLANE: You are more likely to be in Perth than I am.

Peter KING: I am happy to meet, I am happy to meet, yes.

QUESTION: [Rita Mazalevskis] Awesome, thank you.

John McFARLANE: Okay, done, yes.

QUESTION: [Rita Mazalevskis] Thank you. Now in your Annual Report under 'Risks Relating to our Business', it says "We have suffered and could in the future suffer information security risks, including cyber attacks. Cyber attacks, espionage and other errors are happening at an unprecedented pace, scale and reach. While we have systems in place to protect against, detect, contain and respond to cyber attacks and information security threats, these systems have not always been, and may not always be effective".

It also states "Our operations rely on the secure processing, storage and transmission of *information on our computer systems and networks, and the systems and networks of external suppliers. Although we implement measures to protect the confidentiality, availability and integrity of our information, there is a risk that our information assets, including the computer system, software and networks on which we, or our customers, shareholders, employees, suppliers, counterparties or others rely, may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on our and their confidential information".*

And then it also says "A range of potential consequences could arise from a successful cyber attack, or information security breach, whether targeting Westpac or third parties, such as fraud". So given that the Board has assumed responsibility for technology, and as the Board considers technology to be core to strategy, how does the Board handle fraud matters and cyber crimes on the business against their customers? Do these get reported within Board reports, and are they discussed at Board meetings?

John McFARLANE: Thank you for the opportunity of having Mr Marriott talk before he finally retires at the end of the meeting. So, Peter?

Peter MARRIOTT: Yes, thank you, and thank you Rita, for your question. Can I assure you that cyber matters receive considerable attention at the Board and at the Board Risk Committee. We all read in the media the various stories around cyber. It is a major risk for the economy globally, and it is a bit of an arms battle. You are constantly having to improve your controls, and we are constantly reviewing our control practices, strengthening our control practices, having external reviews done, regularly reassessing our controls to make sure that they provide protection. But as set out in that note, you can never provide absolute assurance. But we are constantly striving to improve the controls, and it is a matter that received considerable attention at both Board and within management.

QUESTION: [Rita Mazalevskis] Just in relation to that, I have a second question I'll ask later, but there was something else I was going to raise which ties in here, if you do not mind me just bringing it up.

John McFARLANE: Why don't you just ask it and we will deal with it?

QUESTION: [Rita Mazalevskis] Under the risk identification, there are 11 *major risk categories, including financial crime and cyber risk, and that the Board establishes a risk appetite for each major risk category, which is included in the Board risk appetite statement, which lists the measures and tolerances used to monitor these risks. Then under the Board skills – sorry, within the Annual Report, there is a table with 10 categories for skills and experience, which one is technology, digital and data. These are rated as red, being an expert, or grey, having a general working experience and knowledge, and white, being limited working experience and knowledge. This table shows a Board member being an expert, one Board member being an expert, and nine in grey, having general working experience and knowledge.*

And then under the committee structures, It mentions that the Board is assisted by four Board committees, and that in financial year 2022, we made two changes in our committees; that the Board Legal, Regulatory and Compliance Committee was re-combined with the Board Risk Committee, and the Board Technology Committee was dissolved, with its responsibilities assumed by the Board and/or the Board Risk Committee.

So my question is given that cyber crimes and technology are very big hitters in your Annual Report and mentioned within a lot of the content, and there isn't much strength on the Board in regards to these issues, and this has actually been the case for a couple of years, and I am assuming maybe, or actually, maybe not – are you the expert, Peter, on the Board, for technology?

John McFARLANE: No, but Peter will answer this question, but I would make a couple of comments. One is that we were pretty black and white about that colour, and I think there are two or three people on the Board who have got really good technology skills. Remember, I have been in banking for 47 years, and the Bank is fundamentally a technology company that has money. So I think it is a bit stark that there.

Now the other point I would make is the best experts are not necessarily directors. We have got superb people in management and technology that have come from the best in the world to the Bank.

Plus, we have access to the best advisors in technology globally. And therefore that is probably as better in a sense than having a Director on the Board. But we need adequate oversight on the Board for technology. But it does not actually equate to getting the best possible global advice, and that is really important. Peter, I do not know if there is anything you want to say?

Peter KING: Oh, this is a Board skills one. So I think that is the right way. We rely on management, but we also get expertise in, global expertise in. So yes, you are right to highlight that we have not got global expertise on the Board. But the good thing is we have recognised it, and we supplement it by getting it in, in other ways.

John McFARLANE: Yes, but it is also we have escalated it as a more important item for the Board. We have not reduced our focus on it. We have increased our focus on technology.

QUESTION: [Rita Mazalevskis] So does that mean the Technology Committee that has been dissolved and now sits with the Board, you rely more on external consultants?

John McFARLANE: No. The Board has that item as if it were in that committee. So nothing has changed.

QUESTION: [Rita Mazalevskis] Okay, all right, thank you.

John McFARLANE: Welcome. Next question, please.

Peter KING: Microphone 3.

John McFARLANE: Number 3.

MODERATOR: Mr Chairman, I would like to reintroduce Robert Caterson.

QUESTION: [Robert Caterson] Thank you for listening to me again.

John McFARLANE: That is okay.

QUESTION: [Robert Caterson] I'm just a bit confused with your mathematics when you tell me that the dividend has increased. I remember the dividend within the last five years was 94 cents. I do not think you can say that 94 cents versus 63 is an increase. In saying that, also, I go back to year 2020, when you announced a deferred dividend that year. Your other peer bank did the same thing, and paid that dividend in October of that year of 31 cents.

Part of this question is, I am one of the retail shareholders, like a lot of other people in this room. And when you talk to the institutions, they have a lot of other retail people, like people who have superannuation accounts, and they rely on the wisdom and judgement of the Board and senior *management in this Bank to make them money, not lose them money.*

Now, in conjunction with this, you had the money laundering fine that was imposed by the Government, or an informal pay off of another form of tax. Now, other people that get involved in these sort of crimes, and also the crimes that this money laundering helped to propagate, those people do not pay a fine, they go to jaill, right. Now, we as mere mortal shareholders should not have paid a fine. Customers should not have been suffering as well by the effects of that fine, and the staff.

And also, I saw in your presentation that you make generous sponsorships to sport. And those sports are also interconnected with gambling houses, and the effects of these gambling houses have on household budgets and the fraud that is committed every day with families misappropriating their money in furthering gambling.

Now, my questions are, in terms of the money laundering and the deferred dividend, how much was that deferred dividend worth? Because I was not advised of it. And why has that deferred dividend not been paid? And with the money laundering, how many cents would that dividend be worth?

John McFARLANE: Okay, I'm going to pass…

QUESTION: [Robert Caterson] And also the effects of teaming up with sports that further gambling addiction.

John McFARLANE: Now I am going to pass the Chief Executive, but to your first point on the size of the dividend, the company was performing better if you go back to 2013, 2014 and therefore was able to pay higher dividends, because it had higher returns in those days, and from 2014 onwards, the performance of the firm declined, and therefore it was less able to pay dividends. More recently, though, it has been better. I mean, not that we want to claim any credit, but if you just look at the period that we can control, because I was not here then.

QUESTION: [Robert Caterson] I respect that too sir.

John McFARLANE: But since Peter and I were appointed, your share price has gone up just about 50%. And you have also had a very significant dividend that would have put the total return of that period well over 60%. If you just take the last time I spoke to you, last year, and look at that number, including dividends, you are talking about in the mid 20% returns.

So I think with what we have been able to do, we have done our best. But of course, we cannot wind the clock back to the days that were much better, but hopefully they will arise again, and therefore, if we make the money, we will pay a very significant portion out in dividend, because we have got massive amounts of franking credits that ideally we want to max up the dividend to the extent possible. But Peter, can you answer the technical question which I do not know the answer to?

Peter KING: It is about, depending on the share count, it would have been 35 to 40 cents a share, the fine. So that gives you the percent.

QUESTION: *[Robert Caterson] That's a lot of money sir*.

Peter KING: It is. No, $1.3 billion is a lot of money.

QUESTION: *[Robert Caterson] Yes. I'd like it in my pocket and everyone else's pocket too.*

Peter KING: It went to the Government's pocket. So that is the answer to the question. In relation to dividend, as the Chairman said, it is about profit. At the moment we are paying out 77% of our cash earnings as dividends. And so we will seek to grow that over time. Obviously, you have got to earn money, and as I said before, we have got elevated investment in risk management at the moment, so we want to get that down over time.

Your question on gambling is an interesting one. It is a sector that we are cautious on. We have a policy on gambling, and watch it very closely. In relation to the sponsorship of sport, we think about that as how do we get customers in to bank with us? Obviously, your point is well made about you cannot have other societal issues in those type of arrangements, but we focus more on gambling within the Bank. We have gambling blocks in our apps to stop people. It is a complex issue.

QUESTION: *[Robert Caterson] Okay. The question wasn't really answered about the 2020 interim dividend.*

Peter KING: Sorry; that was COVID related, so the banking regulator would not allow us to pay the dividend. Effectively through the dividends we paid and the buyback we have returned the capital to shareholders.

QUESTION: [Robert Caterson] Well, I would just like to mirror one of the other speakers, that buybacks, I would rather get a better dividend, a special dividend, than go for a buyback, because I want to keep my shares. I want to keep my skin in the game, right? I don't want to sell the shares back and have less shares. And with the vagaries of the market that you're dealing with, maybe have less dividend into the future.

Peter KING: We did not get to this point before, but the Government has made changes to buyback laws that probably incent dividends more than buybacks in the future

John McFARLANE: Yes, going forward. And on your AUSTRAC point, look, and this is not an excuse, but it was not deliberate malfeasance by individuals. There is an unusual thing in Australia, which is that all international transactions are required to be reported to the regulator, whereas in a lot of other places, only suspicious transactions are required to be reported. And the reason they were not reported was actually a software coding issue that was done badly, such that these transactions, which should have been reported, were not reported.

So it was actually fundamentally a technology issue. There is no excuse for that, it should have been reported, et cetera. But it was not deliberate malfeasance by individuals. The millions of transactions were just an accumulation of things that should have been reported and were not reported, because of a technical issue, largely. Now, there were other parts that were more severe, like money going to the Philippines, et cetera, which I do take on the chin. But I do think that because it was highly technical, it just was not noticed for a long period of time.

QUESTION: [Robert Caterson] So we've got the safeguards in place, because…

John McFARLANE: We do have.

QUESTION: [Robert Caterson] I spoke at another Annual General Meeting like the Commonwealth, where say in their case, people were just filling up ATM machines, but there was no human involved in monitoring transactions like that. And I'd like to know that we take surveillance of those sort of issues seriously.

John McFARLANE: We do, and in fact, we constrain the amount of money you can take out of ATMs for that reason. But on the international transactions, we actually have stopped sending amounts of money below a certain level to a number of Asian countries because of these issues, so that we can guarantee not to control it. The problem, of course, is that we are no longer making those payments for our customers. So we have taken that trade-off, and we think we have done the right thing, and therefore the probability of it arising going forward is less likely.

QUESTION: *[Robert Caterson] Okay, thank you.*

John McFARLANE: Welcome. Next question, please.

MODERATOR: Mr Chairman, I would like to introduce Mr Alan Jane.

QUESTION: *[Alan Jane] Mr McFarlane and the Board, thank you for the opportunity.*

John McFARLANE: Thank you.

QUESTION: *[Alan Jane] I noticed that Mr King, in his speech, was talking about strengthening the franchise, and I am particularly concerned with the reduction in branches. We are down 21.5% since 2020 of branches in Australia, 23.5% from 1,399 to 1,071 ATMs in Australia. And my question was also, this week we are losing three more branches, and last week we lost four branches. So I've got a list of seven branches here that I can read, but I won't, I shan't do that, it's just a fact.*

My question is we talk about climate change and net- zero. I'm curious as to when we're going to be hitting net-zero in branches. This I see as an existential threat to this organisation. That's question one.

And question two is, I agree with the previous speaker regarding the Annual Report. I note that CBA has four experts in regard to IT, and I think we may need to make sure that that is well looked after. And final thing is on page 73 of the Annual Report, 'Restructuring the Risk Division', Mr Ryan Zanin has a package of around about $5 million, a fixed pay of 1.68. But the thing that concerned me was that he got relocation benefits of $250,000. I did a little bit of research and to go from the UK, an average house is $50,000, from the US, it's less. So I'm curious as to *where he came from, and what he had to move.*

John McFARLANE: Okay, Peter, do you want to pick up the branch?

Peter KING: Yeah, so branches will not go to zero, we will always have branches. As I said before, it will be a blend of the branches we own and Australia Post, and we still have the second largest branch network in Australia. And so the challenge I think you are rightly pointing to is digital, and the different cohorts of customers. So certainly, and I apologise for a generalisation, but a lot of customers do not go into branches. They tend to just use digital. There are a lot of people that prefer branches, and we have got to manage that well. But as I also said, every company I talk to is going digital, so we have got to get people into the digital economy as well. So branches will not go to zero. They will have a role. The role will change, it will be less service transactions, cash, changing your details, more about advice, and there will be a bigger role for video as well in the future.

QUESTION: [Alan Jane] Okay. Please don't think that the Australia Post branches are a branch, I mean, it's sort of a Clayton's branch, isn't it?

Peter KING: It does service. Yeah, it does the cash.

QUESTION: [Alan Jane] Well, there's service and service.

John McFARLANE: Okay. I am going to pass to the Chair of the Remuneration Committee, Nora. Just a general question about remuneration. Mr Zanin came from the US. Just to make the general point that the head of risk in a bank is often the highest paid individual, and in some cases, as much as the Chief Executive. So it is a scarce and very highly paid thing, and remuneration in the US is significantly higher than it is in Australia. But Nora?

Nora SCHEINKESTEL: So really just endorsing those comments, the CRO position is vital in banking today. So when we did bring, in fact, the financial crime back into the risk function, it was very important for us to get the best person available globally. And we identified Mr Zanin. He was working in the US. He was prepared to come out to take on the role. We thought that his talent and the experience that he brought was valuable to the Bank. He has come on at a package that is lower than the prior incumbent, but it is a very competitive market, and we considered ourselves fortunate being able to secure his services.

John McFARLANE: And given our history, we expect a lot of him for that money. So thank you.

QUESTION: [Alan Jane] Thank you. It doesn't explain the 250k to move him over here, though it seems a bit excessive.

John McFARLANE: Indeed, well, it is what it is.

QUESTION: [Alan Jane] It is what it is, okay, thank you.

John McFARLANE: Thank you. Next question, please.

MODERATOR: Mr Chairman, I would like to introduce Ron Gawthorne.

QUESTION: [Ron Gawthorne] John, and Peter King, I have got a newfound respect for you after listening to everything you've gone through this morning. My concern, and I've flown in from Brisbane to voice these concerns, is that the Bank's margin of lending has been dropping. I looked at the ANZ, which has been capitalised at $74 billion, compared to Westpac at $83 billion, and the dividend that we receive is 20 cents less than what the ANZ is doing. Now, the ANZ has sacrificed its volume in order to maintain its profitability. We have gone the other way; we have gone for the lowest bottom price on the market. And our profits have been reflected because of that.

Also looking at the fact that what used to take two days to get an approval from the Bank is now taking two weeks. And I am wondering whether too much emphasis has been placed on computerisation. Because I've been in to the Commonwealth Bank, and I applied there for a loan at one stage, and I got declined because they assessed my income at $50,000. And I said to the Commonwealth Bank at the time, "But my dividend from your loan is $67,000, and that excludes what I get from the ANZ, Westpac, NAB and My State Financial". So it turns out that the Bank are assessing income not on actual returns, but as a percentage of your shareholding. And I would hope that this Bank isn't doing the same.

I have grave concerns, because I own my own home. I have over $2 million in super. We have two investment properties. And I went into the Westpac branch and I applied to refinance one of those investment properties that pays its own way, and I was refused. Now you've got to wonder why, when I had $900,000 sitting in Westpac and the NAB, how can this happen?

So I have grave concerns for the fundamentals of what this Bank is doing. And I know that you are being caught up in all the other waffle that is gone on this morning, but we are in the business of making money, and it is important that we get back to the basics. And it is not rocket science lending. It's ability to pay, stability, previous credit, and equity. Now those are the four main fundamentals of every loan, no matter how big or small they are. A person has going to have the ability to repay. They have got to be stable. Their previous credit has got to be good. And what's the hurt money, how much are they putting into it? And this Bank failed me at that stage, and I am hoping that by coming down here and taking the time, that the Bank will take into consideration the lending processes.

Now we're not just out of it. One of the fundamentals when you look, if you are doing an online application in this Bank, it asks you what your gross income is. It is irrelevant to somebody whose income comes from superannuation. You should be asking me what my net income is. Because if you look at the gross income, and then somebody up there who's a computer expert starts calculating the tax on that, you're going to get it all wrong.

So there are lessons to be learned, and I hope that by coming down here and voicing my concerns, that the Bank will take this into consideration. But, oh, crikey, after this morning listening to the waffle that you guys have got to go through, I really have a newfound appreciation for what you are doing, and I hope that you have a look at the fundamentals within the Bank, restore our margins, and look for the profitable business, not just trying to get to the bottom of the pile. Thank you.

John McFARLANE: Okay, I will ask Peter to talk to that. I will make a couple of general points. If you adjust the shares on issue and that dividend, it washes out. The second point is, I am in the same position as you, because my income is not so high. So I fully appreciate what you have said. Now, Peter, there will be a number of questions there.

Peter KING: There is a bit in that one, but I am going to do a simple thing. Mr de Bruin's down the front here, who runs our Consumer and Business Bank. If you are around after the meeting, we would love to have a chat. And we will go through that. We would love you to join us actually, and bring your business here.

On the technicalities of mortgage borrowing capacity, they are more complex now post court cases and regulatory changes. They do not always make sense. But we are balancing meeting the law with banking common sense, and we will see whether we have got that balance right after the meeting.

On the margin, you are right, our margin did go down over the year, and that reflected the ultra-low interest rates. So fixed rate, we heard about the fixed rate mortgages at 2%, that really pulled our margins down. The impact on some of what we call free funds from low interest rates was rather large, but it has reversed. So in the second half, our margin went up quite materially, and has continued to go up post the end of the year. So that is a positive thing for us.

But let's see if we can catch you after the meeting, we would love to speak to you.

QUESTION: *[Ron Gawthorne]* I just want to see our shares go back to $39.00.

Peter KING: So do I.

John McFARLANE: Yes, me too. Rita.

MODERATOR: Mr Chairman, I would like to reintroduce Rita *Mazalevskis*.

John McFARLANE: Thank you.

QUESTION: [Rita Mazalevskis] So the other question that I had was about risk to the Bank. This one is risk and risk management within the Bank, and it is included in the Annual Report. The report discusses "Conduct risk could occur through the provision of products and services to customers that do not meet their needs or do not meet the expectations of the market, as well as the poor conduct of our employees, contractors, agents, authorised representatives, and external service providers.

This could occur through A failure to meet professional obligations to specific clients, including fiduciary and suitability requirements, weakness in risk culture, corporate governance or organisational culture, poor product design and implementation, failure to adequately consider customer needs, or selling products and services outside of customer target markets. This could include deliberate, reckless or negligent actions by such individuals that could result in the circumvention of our controls, processes and procedures, and we depend on our people to do the right thing, to meet our compliance obligations and abide by our Code of Conduct". And it says "Inappropriate or poor conduct by individuals such as not following a policy or engaging in *misconduct has resulted, and could result in poor customer outcomes and a failure by the Group to meet our compliance obligations". Then within the strengthening risk under management, it says "The focus of our fixed strategic priority is improving the Group's risk management and culture. This involves avoiding mistakes, minimising customer remediation, and improving the way we address issues and manage complaints. And that changes are being driven through our Customer Outcomes Risk Excellence program".*

So just quickly, thinking about the new CRO, Ryan Zanin. The report does say that his role has combined the CRO and Group Executive Financial Crime Compliance and Conduct. So he covers the whole lot. You might recall last year I asked about a question where what happens when Westpac gives a client, or a customer, an unsuitable or incorrect loan, and the significance it has to borrowers and the losses and harm that it causes them. And Peter, Mr King actually mentioned that it sounds like an issue in the past.

Well, it's not an issue of mine, but I am aware of some customers who have this issue, it is not an issue of the past, and I am just concerned about Mr Zanin's role, if he's the CRO, which incorporates the compliance and crime issues, is that not a conflict to, given that these issues for your current customers haven't been addressed, and the Bank is not helping these customers where they have been given wrong products, and the products that are put in place, they cannot do anything about it, it is up to the Bank to rectify what they have done? Doesn't it cause a severe conflict of interest to have someone in a role that combines those two significant positions together, when there are outstanding known issues within the Bank?

John MCFARLANE: I am going to pass this to the Chairman of the Risk Committee and to the Chief Executive, but I will make two points. One, is the primary responsibility for handling those matters are the executives in the front line. Mr Zanin is the head of the second line to make sure these things are controlled and therefore there is not a conflict of interest there.

Secondly, those roles are normally combined if you look at the banks globally. So, there is nothing unusual about the way we have structured it, but let me pass it to my colleagues.

Peter KING: I would just say on the two customers or a couple of customers, Rita, you have my email address, so send me the details and I will get someone to review the cases. And the only other point I would add to the Chairman's point, is that it is not unusual for the CROs in large financial institutions to look across those roles, given the second line nature of the role, not independent, but separate to the businesses.

John MCFARLANE: The conflict of interest would arise if he was the first and the second line that would be a serious problem, which we don't have.

QUESTION: *[Rita Mazalevskis] Well maybe he doesn't know about the issue because the people the next level down haven't passed it through to him.*

John MCFARLANE: He is pretty smart. He has got lots of information.

QUESTION: *[Rita Mazalevskis] Well you would hope so.*

John MCFARLANE: Peter Marriott.

QUESTION: *[Rita Mazalevskis] If we have paid that relocation and he is on a good salary.*

John MCFARLANE: He is worth it. Peter Marriott?

Peter MARRIOTT: Thank you, Chair. I do not think there is much more I need to add. But this Bank did have instances in the years gone past, and we have paid over $2 billion of remediation to customers where the product governance processes did not work. And so that is why we have been putting a big focus on making sure the controls are stronger. And for a while there, we had two executives running risk because of the major problems we had to sort out and now we have combined because we have got back to a more stable platform where we have more confidence in the controls we have in place. But it remains a key focus because making sure we deliver for our customers what we promise to our customers, is very critical.

QUESTION: *[Rita Mazalevskis] Okay, thank you.*

John MCFARLANE: Thank you. I mean, I have now lost my bet because it is over three hours. But can I take the next question if there is one, please?

MODERATOR: Mr Chairman, I would like to introduce Mr Don Walker.

QUESTION: *[Don Walker] Mr Chairman. Ninety-four cents. Yes, someone said that before.*

John MCFARLANE: Correct.

QUESTION: [Don Walker] It was ninety-four cents a share, and now it's gone backwards. You make enough profit and charge the banks, on savings accounts, about 1.2% on the savings accounts, you pay. 5 to 6% on loans and the next few months, it's going to go up further. So you're going to increase the profit. I'd like to see that go back to ninety-four cents please, and not keep it. The more you're going to get on the loans, the more profit the banks are going to make, and the more profit you're going to make. And please, get that profit and give it to us because we're investing the money. We all are. And some people are investing millions, and I've invested a lot of money too, so please can the Board give that some thought.

$23.40 is the share price today, $23.40, we need it at $30.00. We want it at $30.00 and why isn't it at $30.00, a previous speaker said, there's too many shares. Too many shares. Reduce the number of shares and don't have buybacks. You have buybacks, well it's not going to do us any good. I'd like the Board to consider that please because we're shareholders. We pay you out of our money and we have to go to work. And we pay you the money from our savings accounts and how we got it, and I'd like to see the Board get the share price to $30.00 and get the dividend up to ninety-four cents, thank you.

John MCFARLANE: I agree with you. Look, we can get it to $30.00 if we make enough money where it is valued at $30.00, until we do that it is not going to happen. Hopefully it will happen, and hopefully we are not restricted to ninety-four cents a half either. But the trouble is, we have got to do a lot of things right, before we can get that done.

Now, we can double the share price, by halving the number of shares, but you are still on the same percentage of the Bank, so it will not make any difference. So, we have got to earn the money in order to get the earnings up, get the dividend up, get return up and then the share price will go up and the dividend will go up. So it is an upward spiral, and that is what we are working on. So we are doing our best to try and do that, and it is what it is at the moment, unfortunately. We are where we are. Fortunately, we have made a bit of money recently, which is good, hopefully we can make more.

The other problem that you are not aware of, maybe, is the required capital that we need to hold from a regulatory standpoint has gone up. It has actually gone up more than double since I was an executive in a Bank, as a percentage. And so as a consequence, we have got to hold much more capital so that when we earn the excess return, part of that is retained as capital because of the regulatory requirement.

So, when we are considering dividends, we have got to meet that capital requirement and in order to make sure that that is there before we pay the dividend. So there are a couple of constraints here. One is we have got to make more money, and the second is we have got to hold more, because the capital requirements have gone up.

But you know, it is what it is, and we are doing our best, seriously, and hopefully we get to what you want. I might not be here, but we will hopefully get to what you want. Next question?

MODERATOR Mr Chairman, I would like to reintroduce Michael Sanderson.

John MCFARLANE: Hi.

QUESTION: [Michael Sanderson] Hello again. This goes to interest rate increases. Matt Comyn, CEO of the CBA at the recent AGM, confirmed and I quote, "We also create deposits in the system. We expand money supply when we lend money". End of quote.

John MCFARLANE: It is true.

QUESTION: [Michael Sanderson] Banks effectively have got a magic money tree.

John MCFARLANE: That is true.

QUESTION: [Michael Sanderson] Please consider the following scenario. Fred Nirks purchased a house from Joe Bloggs. Both bank with Westpac, it was an in-house transaction, there was no overnight money market involved. Westpac extended a mortgage secured by the house and Fred Nirks' personal guarantee. Westpac created a deposit, and in doing so, expanded money supply in order to facilitate the loan to Fred Nirks. Ceteris paribus, that is all other things being equal, my questions are, how does Westpac, and by extension other banks justify increasing the interest rate on Fred Nirks and other mortgage or loans in line with the cash rate when the cost of funds was zero? Is this profit gouging? Perhaps it's subsidising other products where the magic money tree can't be used or both.

John MCFARLANE: I am not sure technically you are correct, but I am going to ask

Peter to answer the question.

Peter KING: It is a hypothetical, Mr Sanderson. It is interesting, but from our perspective, what we are doing at the moment is reflecting the cost of the RBA increases in rates in mortgage rates.

QUESTION: [Michael Sanderson] Well that's exactly right, but the cost of funds is zero. The public perception is that you lend depositors funds or you borrow on the money market.

John MCFARLANE: Correct.

QUESTION: [Michael Sanderson] In this scenario, which is common with lending, you are increasing the money supply to facilitate the loan. How can a bank justify increasing the interest rate on that loan where the costs of funds are zero, in line with the cash rate?

Peter KING: The cost of funds at the moment is not zero, on a deposit rate at the moment, we are paying 3.5% for the Westpac Live, including the behaviour benefit, so it is not zero.

QUESTION: [Michael Sanderson] But you're not lending those funds, you've created…

Peter KING: Yes, we are. That is what I am saying, it is a hypothetical. If I look at the Bank, the cost of funds are not zero at the moment.

QUESTION: [Michael Sanderson] So you're saying that Matt Comyn is wrong?

Peter KING: No, I do not know what Matt was referring to, and I am not going to comment on…

QUESTION: [Michael Sanderson] Matt was referring to increasing the money supply to facilitate lending. This is horizontal money, banks create horizontal money, the government produces vertical money.

John MCFARLANE: It is not technically correct. I mean, the business we are in, is taking deposits and our money from the market and lending it at a higher rate, and the difference minus our costs, minus the losses, gives us the return on the capital that is invested. And we have got to generate a minimum return of 9%. So, that number has to be higher than this number for that equation to work. And that is the nature of banking, as well as providing other services that produce the returns. I am sure you want us to make the money in order to produce the return, in order to pay the dividends, and that is the nature of the business.

QUESTION: [Michael Sanderson] I'm merely trying to understand how a loan works. As I say, you get a lot of sidestepping and what have you. But as I said, I have attempted to produce a scenario that's simple, to take out the complexity, based on what another CEO has said. But anyway, we will leave it at that.

John McFARLANE: The only way we create money is to borrow it from somewhere and leverage it up. But a deposit funds a loan, and an asset and liability, that's it.

QUESTION: [Michael Sanderson] Let me put it another way. So what you are saying is everything that Westpac lends comes from depositors' deposits, or money that is borrowed on the market?

John McFARLANE: No, it comes from capital, plus deposits, plus borrowings.

QUESTION: [Michael Sanderson] So Westpac does not create or increase the money supply in the process of lending under any circumstances, is that correct?

John McFARLANE: Well, start with an asset, and then the question is, you have got to finance it, okay. We finance it by raising equity from you.

QUESTION: [Michael Sanderson] No, no. You're missing the point. All I am asking you – and the answer may be yes, that is what we do.

John McFARLANE: No.

QUESTION: [Michael Sanderson] Does Westpac increase the money supply in the process of lending? Is there any scenario, or...

Peter KING: Well, it is the multiplier effect where you do. As house prices go up and we lend against the house prices, effectively, the value of money, if you want to call it that, goes up in the economy. So that is one way. But I just think a hypothetical example like that is so, is not as complex as the Bank.

John McFARLANE: But credit increases the money supply, if you are looking for that answer, of course it does.

*QUESTION**:*** *[Michael Sanderson] So what's the cost of that credit?*

John McFARLANE: Well, M3 includes credit.

*QUESTION**:*** *[Michael Sanderson] All right, we are not getting it. I'll analyse the answer. I have a request; this is this is a bit odd, but it was as reported by the ABC, and the heading, it was 'Power Prices Surge by 18.3% as the Energy Market Turmoil Flows on Through to Households', which is equivalent to about $250.00 per year for the average residential electricity bill. Now, tomorrow Parliament has been recalled to address that issue.*

In a vain attempt to control cost push inflation, the Federal Government's bank, the not independent RBA, increases the cash rate by 3%, which is equivalent to $15,000 a year, or $300 a week, on the average half million dollar residential mortgage or business loan. This is a 6,000% increase. But there has been no parliamentary recall on this issue. I just find it a little bit perverse.

The RBA was established by the Reserve Bank Act 1959, therefore, any independence or autonomy is, and has always been, at the pleasure of the Federal Government. It has the power to reverse the recent interest rate increases. For contrast, Japan's cash rate is minus 0.1%, inflation is only 3%, and total fiscal spending is 266% of GDP. Australia's cash rate currently is 3.1% with inflation in excess of 7%. Total, fiscal spending is a mere 36% of GDP. This inept and pointless interest rate austerity transfers real assets from real workers that Labor claims to represent to the already wealthy.

My request is, based on the recent 24 hour backflip on million dollar fines for bankers, it would seem the Federal Government will bend the knee instantly to instructions from the Australian Bankers Association, and, for that matter, its predecessor, by establishing a Clayton's Banking Royal Commission when instructed by the big four.

I ask that Westpac, in conjunction with the other big four, request that Anna Bligh, on behalf of *all mortgage holders, instruct the Federal Treasurer to stop and reverse the not independent RBA's net interest rate austerity, and be more like Japan. Thank you.*

John McFARLANE: I will ask the Chairman of the Bankers Association to answer that question.

Peter KING: Well, it is a big question. In the end, the Reserve Bank is responsible for inflation and interest rates and keeping them together, and is independent, I know you do not agree with that, of the Government. Certainly, I think if you think that is the right policy, I would write to the Treasurer. I do not think it is appropriate that the banks would be doing that.

QUESTION: *[Michael Sanderson] Oh, rest assured I have, and well, as I say, I have given you an example of how the banks; they can influence Government like that, as I say. I have got two other questions…*

John McFARLANE: I have got somebody waiting on the phone.

QUESTION: *[Michael Sanderson] Sure, no, go for it, go for it.*

John McFARLANE: If I can take that. Can I take a telephone question, please?

MODERATOR: Mr Chairman, we have a question on the phone from Geoff Wilson representing WAM Leaders. Please go ahead, Geoff.

QUESTION: *[Geoff Wilson] Hi John.*

John McFARLANE: Hi.

QUESTION: *[Geoff Wilson] You said earlier that the company's got massive franking credits. On my calculations, you've got about seven point – you can pay about $7.7 billion fully franked dividends, at $2.20 a share. Under the Government's two proposed legislative changes re franking distributions and off-market buybacks, how will you pay that out? That is the first part of my question.*

And the second part is probably more important. It is, APRA's Chairman Wayne Byres said at the start of COVID in early 2020, that the banks can pay dividends, but it should be offset by capital raising. Now under the proposed Government legislation, and that is the one that is *proposed, which is franking dividends and capital raisings, these dividends will not be franked. And that obviously will significantly increase the cost of capital for you and for all banks. How will this proposed legislation affect Westpac, and also affect Westpac's profitability?*

John McFARLANE: Yes, indeed, it is a general question for banking, so I will pass it to Peter.

Peter KING: Geoff, thank you. So, we generate about 90% of our earnings in Australia, and we are paying out less than that in dividends. So we will have excess franking credits. And to distribute those, we need to have excess capital. We do not at the moment. Hopefully, we will in the future. So it is more a structural issue for this Bank in the way that we earn most of our income in Australia.

I think you have raised a good point on what happens in a stressed event. APRA did ask that if we paid a dividend, we raised the capital. That may not be possible under the rules that the Government have proposed. So I think that is something we will have to work through and clarify with the Government.

John McFARLANE: But if we do have excess capital, we can do on-market buybacks going forward. Of course, that is a bit slower process. But nevertheless, we do not want to hold too much excess capital, because the returns fall as a consequence. Next question from the room.

MODERATOR: Mr Chairman, I would like to reintroduce Mr Craig Caulfield.

QUESTION: [Craig Caulfield] Thank you, Mr Chairman. Let me be the second person at this meeting to thank you, that you can go home and tell your wife you've been thanked twice within hours after waiting how many years?

John McFARLANE: Thank you very much.

QUESTION: *[Craig Caulfield]* I appreciate the way that you are very open to a whole range of questions and debating them. This is only once a year, so it is a good time to do that.

John McFARLANE: Yes. It is very interesting, actually. Thank you.

QUESTION: [Craig Caulfield] Yes, I can see that you are. Thank you. Two items; APRA has the enforceable undertaking with several banks, but including Westpac. Of course, you have your own core programs that you are progressing through. But what's your communication with APRA regarding that? Do you have regular interventions with APRA and discussions, or are you simply waiting until it is all complete before APRA assesses it?

John McFARLANE: I am going to pass it to the Chairman of the Risk Committee, Peter Marriott. We all have interactions with APRA, including myself, the Chief Executive, Head of Risk, and the Chairman of the Risk Committee, the Chairman of the Audit Committee. Peter.

Peter MARRIOTT: Thank you Mr Caulfield. Yes, in addition to that, APRA has appointed a consulting firm known as Promontory to do quarterly reports on the progress of the CORE program. So they are constantly monitoring how we are going in that program, and how we are progressing toward satisfying the requirements under the EU, and we regularly meet both for management and the Board level, on how that and other aspects of the program are going. So there was a lot of interaction whether APRA, as is appropriate, because they are our principal banking regulator.

QUESTION: [Craig Caulfield] And when do you think that money's coming back?

Peter MARRIOTT: Well, that is a decision for APRA. We have to complete the program, and then they need to satisfy themselves that the program has been satisfactorily completed, and then we would expect to see return of capital. But that is their decision. Sorry Peter.

Peter KING: I was just going to say that the Promontory reports are available on our website, so shareholders can see those. And in relation to the billion dollar capital overlay that you are referring to, we need to successfully complete that program. Hopefully it will be in the next 18 months, but it has got to stick, so we will do it well.

John McFARLANE: My experience with regulators is look at your calendar, not your watch.

QUESTION: [Craig Caulfield] I'll take that on board. And a further question. National farm debt mediation, Commissioner Hayne recommended that out of the Royal

Commission, I note that the Australian Bankers Association and Westpac advocated for national farm debt mediation prior to the Royal Commission. Nothing's happened. I've watched it across all of the banks. Is Westpac and can Westpac advocate for a national standard farm debt mediation? And let's get it in soon. It's just dragged on year after year after year.

John McFARLANE: Okay, Peter.

Peter KING: We will pick it up. Can we advocate? Yes. Will that make a difference? I do not know, but we will give it a go again.

QUESTION: [Craig Caulfield] It's worth trying. Thank you. And just a question on valuations. Can you confirm that, and I'm mindful of a year from now, if there is more people in trouble, if there are properties being sold and you engage valuers, if the valuation is charged to the client, will you proactively provide a copy of that valuation and the instructions to the client?

Peter KING: I think, I might need to check this answer, but I am fairly sure we do that now. But I want to check that.

QUESTION: [Craig Caulfield] Okay, thank you.

Peter KING: But I will pick that up.

John McFARLANE: Now I am advised there are no more questions on this item. So thank you, that concludes discussion on this item of business.

<u>Item 3</u>

John McFARLANE: The third item of business is the re-election of Peter Nash. If you would like to ask a question in the room, online or on the phone, please proceed to do so now.

Peter Nash is retiring and seeking re-election in accordance with the Constitution. Peter was first appointed in March 2018, and his election was supported by shareholders at both the 2018 and the 2020 Annual General Meetings. I would like to advise that the Board has considered the performance of Peter under this item, and with Peter abstaining, unanimously recommends that he is re-elected. Now, as is traditional in Australia, I will now ask Peter to address the meeting.

Peter NASH: Thank you Chair, and good morning shareholders. I appreciate the opportunity to speak to my re-election to Westpac's Board. I was appointed to the Board as a Non-Executive Director in March 2018, not long before the company reached a significant inflection point following the emergence of the AUSTRAC matter. It was a major reckoning for the company. I joined the Board on the understanding that change was needed to help restore the value and reputation of Australia's oldest company.

Since then, Westpac has undergone important and significant transformation. The Board has overseen a complex and significant program of change, and helped to steer the company through difficult waters. As a member of the Board and in my role as Chair of the Board Audit Committee, and the initial Chair of the Board Legal, Regulatory and Compliance Committee, which is now recombined with the Risk Committee, we oversaw changes that have significantly lifted culture, governance and accountability.

While there is still work ahead, I am proud of the Westpac today. Your company has emerged simpler and stronger, with a clearer focus on strategy, and a stronger culture and approach to risk management. It is a privilege to be a part of Westpac's Board to work alongside fellow Directors, and an outstanding management team who bring the highest level of expertise, passion and dedication to your company.

I believe my professional experience and knowledge equips me to continue to effectively contribute to the Board. In my executive career, I focused predominantly on financial services as an auditor and advisor at KPMG Australia, including as Chairman of the Australian partnership from 2011 to late 2017. With this experience, I understand banking, appreciate the sector's economic drivers, and have a deep knowledge of what underpins a bank's financial statements, systems of internal control, and risk management.

I currently serve as a Non-Executive Director of ASX Limited and Mirvac and is the chair of the Johns Lyng Group. I also serve on the Boards of two not-for-profits that are close to my heart, the General Sir John Monash Foundation, and the Koorie Heritage Trust. While my workload is full, these roles are complementary, and I have always ensured that I have the capacity and the drive to work in your best interests.

The groundwork to renew Westpac is well progressed, and we are focused on embedding the changes that have been made, as well as shifting the dial on growth and performance. I am committed to seeing this change through to help drive long term shareholder value. It has been a privilege to serve on the Westpac Board, and I will greatly appreciate your support to continue our work. Thank you.

John McFARLANE: Thank you, Peter. I can vouch for the fact that Peter has had full attendance of anything we have asked of him. And I will now take any questions in relationship to that resolution.

MODERATOR: Mr Chairman, I would now like to introduce Rod McKenzie.

QUESTION: *[Rod McKenzie] Thank you Chairman.*

John McFARLANE: You are welcome.

QUESTION: *[Rod McKenzie] My wife and I have been shareholders in Westpac for approximately 20 years now. During that time, but particularly in the last several years, we've seen multiple cases of mismanagement in this Bank. There's been issues of poor financial advice relating to superannuation products and services offered by Westpac; dodgy insurance products, and in some cases, policyholders could never make a claim, and Westpac recently paid a $1.3 billion fine imposed by the courts relating to AUSTRAC and associated penalties with that.*

The Westpac share price has slumped from something almost $40.00 there at one stage, now it's hovering closer to $20.00. Dividends, as we've already heard today, were 94 cents for one of those six month periods, now it's closer to 60 cents for the current six month period.

My question to Mr Nash, a Westpac Director since March 2018; I know a lot of these things were before your time, but now you're also Chair of Audit, member of Board Risk, and member of Nominations and Governance. What is going on? Where is the problem back in behind all that, or have all those people since left? I don't know. I'd like to hear from you, because looking through the Annual Report, there's no blame. It's just we've done all of these wonderful things.

Further, can you demonstrate that you've actually got the time to hold this role? And a reminder to the audience that you are also a Director of ASX Limited. They've had a few problems *recently; a Director of Mirvac and Chairman of Johns Lyng Group. Why should we vote in favour of your election?*

And an additional question to the Chairman. How can you ensure that your Directors are not becoming overloaded with other company, Board and committee responsibilities? And a quick count of the Board roles held by the Westpac Non-Executive Directors, there's something like 18 to 20 jobs, or roles, that these people are holding down. I think many of them are actually overloaded. Thank you.

John McFARLANE: Thank you. All the questions are for me, actually. As Chairman of the Audit Committee, I will ask Peter to talk about the technical issues you have raised, but I will not ask him to talk about his own candidacy, if that is all right. I will talk to that.

Look, we have an annual routine where we look at the responsibilities of Directors, and satisfy ourselves as to whether people are too busy as we are for our needs. It is discussed at the Board, and at the Nominations Committee of the Board, where we satisfy ourselves that we are satisfied with the capacity of the Director to operate. We have done that with respect to all of the Directors on the Board, and specifically with respect to Peter, and are satisfied.

We have criteria that we use, and they are standard criteria you would use in Australia, and Peter meets those criteria. So he is not overboarded, and we are comfortable with it. And he has given me personal assurance that if I ever felt, or the Board ever felt that he did not have the capacity because of that, he would actually relinquish other activities rather than the Westpac role in order to bring that in line, which is not the case at the present time. And therefore, I am satisfied by that. But if you want to talk about the technical issues, Peter, on the audit matter.

Peter NASH: I am not quite sure what that the particular matter was, but in relation to the challenges that…

John McFARLANE: It is what happened to the people.

Peter NASH: So in relation to what has happened, let's say since 2018, there has been very substantial change in systems and processes, and myself and this Board have spent a lot of time observing, promoting, being engaged in that change. I think that it has been very effective. There has been significant change in management across that period of time.

And I think that accountability has been appropriately reflected at that point in time. So if you look back at 2018 and 2019, into the Remuneration Reports, you will find that the Board, in particular, the Remuneration Committee oversaw appropriate levels of accountability.

John McFARLANE: Thank you. I am advised there are no more questions on this item, and therefore that concludes the discussion on this item of business. The direct votes cast, and the position of proxy votes received on Item 3 prior to the meeting will now appear on the screen.

And so I know formally propose Resolution 3. The text of the resolution is now displayed on the screen. If you have not completed your voting card for this resolution, or voted on the online platform, please do so now.

Item 4

Now, the next item of business is Item 4, seeking shareholder approval for the grant of performance share rights under the long term variable reward plan for the 2023 financial year to the Managing Director and Chief Executive. If you would like to ask a question in the room, online or on the phone, please do so now. A summary of the terms of the Chief Executive's LTVR plan is in the Notice of Meeting, with further detail in the 2022 Remuneration Report.

The Board believes it is important for executives to receive a high portion of the remuneration as performance hurdled equity, rather than cash, and believe that aligns them with shareholders. It encourages long term performance as well. The Board recommends you vote in favour of this resolution, and I will now take any questions on Resolution 4.

Well, there appears to be no more questions on that, so thank you. That concludes the discussion on this item of business. The direct votes cast and the position of the proxy votes received on Item 4 prior to this meeting will now appear on the screen.

So I know formally propose Resolution 4. The text of the resolution is now displayed on the screen. And if you have not completed your voting card for this resolution, or voted on the online platform, please do so now.

Item 5

The fifth item of business is to adopt the Remuneration Report for the year ended 30 September

2022. If you would like to ask the question in the room, online or on the phone, please proceed to do so now.

The strike against the adoption of the 2021 Remuneration Report was a serious message for the Board from shareholders. The Chair of the Remuneration Committee and I have spoken to many shareholders and their advisors to understand their concerns, and spent significant time addressing that feedback this year. This included further enhancing our disclosures, reducing Board fees by over 10%, and by strengthening our minimum shareholding requirements.

While voting on this resolution is advisory, we take shareholder feedback very seriously, and will continue to engage with shareholders, particularly as we seek to meet new regulatory requirements in the period ahead. And I will now take questions on the 2022 Remuneration Report in the room, first, please. Rita.

MODERATOR: Mr Chairman, I would like to reintroduce Rita again.

QUESTION: [Rita Mazalevskis] In the Directors' Report under 'Reinforcing Risk Behaviours', it reports that there were 1,026 referable Code of Conduct breaches for employees based in Australia in 2022, in which 158 employees exited the business. Were any executive remuneration adjusted to reflect these breaches?

John McFARLANE: Thank you. I am going to pass that to the Chair of the Remuneration Committee, but remember in the scale of this enterprise, these are very, very small numbers.

Nora SCHEINKESTEL: So all of those issues are looked at in detail, and are either subject to normal performance management, and they would be reflected in the short term variable component of people's remunerations, and there would be adjustments as to whether they had met the objectives that they were required to meet. That is right throughout the organisation.

At senior levels, again, each of our executives, starting with the CEO, has a short term variable component of their package. So performance against those issues, so if there were failure to meet certain requirements et cetera of targets, that would be reflected.

There were no serious material issues that needed to be dealt with, with the Bank as a whole.

With individual executives, there was one issue where there was a risk modifier. There was a sort of a captain of the ship type adjustment downwards, because at the end there was – the buck stops with the top of a function. And so while there were issues somewhere within the function, it was decided there was some accountability that had to be reflected there.

John McFARLANE: Thank you. And there is a question online. Can I take that, please?

MODERATOR: Mr Chairman, we have a question online from Tracy Piltz. *[Tracy Piltz] "I have only just joined the live stream and would like to inquire, if not already been asked, how can the exorbitant remuneration for CEO and upper levels of management be justified, when the face-to-face staff in retail be denied a decent pay rise by only being paid 4%, which is half of the current CPI, and the cost of living is escalating each week, particularly in rural and regional?".*

John McFARLANE: Thank you for your question. Again, I will pass that to the Chairman of the Remuneration Committee.

Nora SCHEINKESTEL: So I think there are two separate questions there. So the first is on our staff. As you probably know, we took a vote to our people directly on the recent enterprise bargaining agreement. We were pleased that we had quite a high level of participation, and our employees voted in favour of that. And it was a total package. Part of it was financial, and there is a 4% increase in the first year, and then staged increases for the years after. And in addition, a $1,000 amount in recognition of cost of living increases.

But also our employees valued, I think, the flexibility that we offer at Westpac, and there are a number of initiatives that we have taken throughout the year that we are very proud to have initiated, including things like special leave for people who are on fertility treatments, for loss of a child through miscarriage, and a number of other aspects of the total package. So we think that for the past few years, we have paid consistently our people over and above inflation. And I think the vote that we had on the EBA was an indication that our people in fact supported the packages that we are offering.

On the CEO's package, there are three components of that. There is a fixed remuneration component, which we benchmark against the market. Our CEO is paid absolutely in line with the other CEOs of the other major banks who are our peers. The short term variable reward is against a scorecard which has both financial and non-financial metrics, and we paid at the bottom end of the target range for that. And then there is a long term component, which for the seventh year did not vest. So the CEO got a zero outcome on the long term component, which can represent up to 40% of his package. So it is a very competitive market. We ensure that our executives are paid in accordance with market rates, but also reflecting their performance.

John MCFARLANE: And there are two general points I would make. One is there is a marketplace for chief executives, just like there is for anything else. And Peter has given the relative performance, been paid below that of the other banks, which is perfectly appropriate. Then hopefully, that will not be the case going forward, assuming our performance can come good.

The second point is if this was in another country, the numbers would be much bigger. So can I have a question online, please?

MODERATOR: Mr Chairman, we have a question from Stefan Walker. *[Stefan Walker] In the financial reports, CEO, Peter King, in the Annual CEO's Report to Shareholders states, "Digital is the main way customers and bankers access services, with over 90% of transactions conducted online or over the phone". Given this statement, could the Chairman, Board members and Executive Team explain what measures Westpac has taken to increase the protections of customers' personal data and privacy while using Westpac banking services and give personal assurances to both investors and customers alike to its continual commitment to ensuring the safety and protection of customers' personal data and privacy*.

John MCFARLANE: Well, thank you. It is not a question for the Remuneration Report, but I will take it and ask Peter to comment.

Peter KING: I think that we covered that before, including with the Chair of the Risk Committee's comments, but just to recap, it is one of our top risks. We do spend a lot of time on it and take it very seriously, and we have a detailed framework that looks through our cyber, our data protection and projects to uplift that piece. But I think, as John said, you can never be 100% guaranteed, but we are doing everything we can to protect that risk.

John MCFARLANE: Got a question on the telephone?

MODERATOR: Mr Chairman, we have a question on the phone from Peter Starr. Please go ahead, Peter.

QUESTION: [Peter Starr] G'day John, back again, and Peter. It's always a difficult issue when we're talking about remuneration to executives and things like that, I think that if you look at the four majors and what they did and where Peter's package sits, I think it's a pretty fair thing. One thing I do want to say to you, John, and direct to Peter, is that I want to commend you, Peter, when we had the meeting in March, I did raise a lot of serious and systemic issues that the Bank was confronting and had to work through. And I'm pleased to hear that you're finally going to meet with Rita. So I think that's a good thing. Thank you.

John MCFARLANE: Well, thank you very much. And one thing about your fairness, it is actually well below the historical levels in Australia, the pay for the chief executives of the major banks. And so that has been realigned. But that concludes the discussion on this item of business. Direct votes are already cast and the position of proxy votes received on Item 5 prior to the meeting will now appear on the screen.

Resolution 5

So I now formally propose Resolution 5, the text of the resolution is now displayed on the screen. And if you have completed your voting card for this resolution or not voted on the online platform, please do so now.

So as the direct votes and position of the proxy votes on the Remuneration Report has shown, an against vote of less than 25%. And this will not be materially impacted by votes received today, the conditional spill resolution, noted in Item 6 in the notice of meeting, will not be put to the AGM.

Before I formally close the meeting, I wanted to check if there were any further questions or comments that we have not yet had the opportunity to consider. One in the room?

MODERATOR: Mr Chairman, I would like to reintroduce Michael Sanderson.

John MCFARLANE: Thank you.

QUESTION: [Michael Sanderson] Hello again. This goes to dispute resolution, I didn't know where this fitted in. Is Westpac, as a member of the company limited *by guarantee, the Australian Financial Complaints Authority, AFCA, aware that ASIC information sheet info 215 states, one of the characteristics of a company limited by guarantee is, and I quote, "each member of the company has a single vote". Section three of the AFCA Constitution breaches this by having non-voting members. What is worse, section 10.7 states, and again I quote. "On a poll, each voting member has one vote for each dollar paid by the member in respect to levies and case costs to the company", end of quote. This effectively gives control of AFCA to the worst offenders, the criminals metaphorically have a controlling interest to the court.*

This is also a breach of information sheet info 215. My question is, as a member of the big four who collectively are the worst offenders, can Westpac justify to consumers and non-voting AFCA members how this is justifiable or fair?

John MCFARLANE: Well, thank you. I mean, it is actually not a matter for Westpac at all. It is a matter for AFCA, and therefore we will let them answer the question. Thank you.

QUESTION: [Michael Sanderson] You're a member of, as I said, and you have a disproportionate voting power in there. I just want one more, and this is me, AFCA is perceived by bank consumers to be biased in favour of its members, yet banks claim that AFCA is independent and impartial. Just some examples, a former AFCA case member, we'll call RC, worked for NAB for over 29 years before working for AFCA for just two years, and then took up a position with Bankwest. Just prior to leaving AFCA, RC found in favour of Bankwest as a case manager.

Also, Gerard Brody of the Consumer Action Law Centre, CAL, found that of all home lending complaints made to AFCA in 2020, there were no determinations in favour of the consumer. Also, in March this year, an AFCA ruling was overturned by the New South Wales Supreme Court due to and I quote, "the absence of impartiality and independence". I personally know as a complainant and an ex-AFCA member that AFCA is biased to the point of corruption. My question is, because there is no meaningful AFCA merits review of Westpac cases outside the courts, is Westpac prepared to fund merits review of AFCA Westpac cases in the Federal Court?

Peter KING: Well, I think there is a lot in that question. We need an independent, it used to be the Banking Ombudsman, it is now AFCA, we have got to get AFCA working. In terms of funding cases, we would do it on a very select basis, very select, not on a wholesale way. We have got to get AFCA working is what we need to do. And I understand, you do not think it is working.

QUESTION: *[Michael Sanderson] I don't think, I know it.*

Peter KING: Fair enough, and so we need to solve that issue.

QUESTION: *[Michael Sanderson] Well, again, I'll just push on that. I spent the last week in parliament, last week of sittings, and I've been pushing the – the issue as I see it, is there is no equality of arms within the legal system for consumers, be they right or be they wrong. I'm not suggesting that banks don't have a legitimate case in relation to some consumers. But when an impecunious consumer is faced with the court system, most have no idea what the real issues of their case are.*

I know when I first entered that forum some nine years ago, I didn't know what an affidavit was. I do now. We've been pushing the concept of a financial services law force where, when a bank takes a consumer to court, they're required to make a contribution to a central body, which is the law force, equivalent to their internal and external legal costs. And that force will use community legal aid centres as their people on the ground, to represent and do the, I suppose, the donkey work in relation to that case.

We're of the opinion that that sort of scenario would change internal dispute resolution, external dispute resolution, mediation, farm debt mediation and AFCA materially. And it will also change the attitude within the Bank, because they would no longer have the ability to act with impunity. They know at the end of the journey there is this organisation that will foot it with their corporate legal counsel. And represent a consumer equitably. That is the way to fix AFCA, that is the way to fix the IDR and the beauty of the system is the banks always remain in control because they are the ones that decide to take legal action. They could choose to deal with consumers more equitably further down the path. So that's my suggestion.

John McFARLANE: Well, thank you for your suggestion. It is always the last resort for us to take legal action. So we do try and settle things out of Court to the extent possible.

QUESTION: *[Michael Sanderson] I respectfully disagree with that. I think the power imbalance makes that impossible.*

John McFARLANE: Okay.

QUESTION: *[Michael Sanderson] Thank you.*

John McFARLANE: And the final question I think is from Mr Starr on the telephone.

MODERATOR: Yes, Mr Chairman we have a question on the phone from Peter Starr. Please go ahead Peter.

QUESTION: *[Peter Starr] Thanks again John. I should offer my apologies John, because I planned to be there to both see you and Peter and again. Congratulations on you, John, and well done. Just the only the question I have for you is that, the question I have, when Westpac sold its life business to TAL, and there was some remuneration and rectification to clients, didn't the Bank do that and complete that before the selling process or not?*

Peter KING: I will answer that. No, not all of it was done, so part of that would have gone to TAL, and there would be an indemnity in place between the bank and TAL on that matter as well.

John McFARLANE: Thank you. As there are no further questions, that completes the business of the meeting. The polls will close in 15 minutes on all resolutions. For your convenience, please remain seated until you are directed to vacate your seats. Not that there is a lot of people in the room now, so. Returning Officers staff will collect completed voting cards, so if you have not already done so, please place these in one of the ballot boxes. If you have not completed and submitted your voting card on the online platform please do so now.

I now declare the meeting closed subject to the finalisation of the poll, and if you would like to stay for refreshments with the Directors and the Senior Executives, please follow the directions of our staff in that direction there. So thank you for your attendance and we wish you all very safe and happy holiday period.