

ASX Release

Level 18, 275 Kent Street
Sydney, NSW, 2000

11 DECEMBER 2020

2020 Annual General Meeting - Chairman's Address

In accordance with ASX Listing Rule 3.13.3, Westpac Banking Corporation ("Westpac") attaches the Chairman's address to be delivered at Westpac's 2020 Annual General Meeting.

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

Westpac Banking Corporation
2020 Annual General Meeting

Sydney, Australia

Friday, 11 December 2020

Chairman's Address

John McFarlane

2020 has been like no other year in my lifetime, with natural disasters and a global pandemic.

Westpac itself has also faced tough realities, particularly the shortcomings in our management of risk and compliance.

Australia's oldest company now needs to change, and fortunately, we have acted quickly. We have reset our strategy, made a number of changes to senior management, including the CEO, and launched a program to reform the way we do things at Westpac. We are also in the process of renewing the Board, its Committees and its approach to oversight. However, I know from past experience, implementing meaningful change takes time and persistence, and I ask for your patience as we work through it.

This is an enormously important time for Westpac, and I am honoured to be Chairman at this juncture. I would however like to use this AGM to draw a line on the past and move to a better future.

As I seek formal election to the Board, today I am seeking your support, and I will now express my commitment to you.

I come with 45 years of banking experience as a CEO, a director, and chairman, in Australia, the UK and Hong Kong. I have been a director of publicly listed companies for 27 years and have led financial services companies as CEO or chairman for 23 years.

Prior to joining Westpac, I was Chairman of Barclays and Aviva in the UK and was ANZ's CEO for 10 years. Throughout my career I have helped companies navigate crises, including the early 90s recession, the Asian Crisis, and the Global Financial Crisis. I have also led turnarounds in companies that have experienced similar issues to Westpac's.

So, I come with relevant experience and a track record of fixing banks and making them successful.

For 30 years, Australian banks and Westpac in particular, experienced a favourable and relatively benign environment. However, with COVID, the AUSTRAC penalty, a weaker economic situation, and an accelerating digital economy, it's clear we need to change substantially the way Westpac operates.

While I know very well these roles aren't for the faint-hearted, I am fully committed to the company, and to its recovery.

With this, I ask for your endorsement to continue this progress.

It can be said no other way: 2020 was a disappointing year for shareholders. Many of the issues we faced were of our own doing, particularly the AUSTRAC matter. This simply should not have occurred, and I apologise genuinely on the company's behalf.

Our 2020 results were depressed by higher COVID-19 related provisions as well as the AUSTRAC penalty of \$1.3 billion - in the Board's view, the best course of action was to reach a settlement and to draw a line on this matter.

We have improved non-financial risk management but still have more to do to ensure issues of this kind do not happen again. That said, we must be firmer in our approach and more urgent in our actions and this has been captured in the Enforceable Undertaking we agreed with APRA. Your Board will closely oversee this process.

Remuneration outcomes across the Group reflected our weaker financial performance and the AUSTRAC matter, with no short-term variable reward paid to our Executive Team or the General Management group.

However, it was not all bad news. We supported customers through bushfires and storms and through the pandemic, and it's been encouraging to watch most of these customers recover.

Now, I am conscious how important dividends are to individual shareholders and know how unhappy you have been about the decision not to pay a first-half dividend as well as the lower dividend for the year. We

did seek to pay a higher final dividend by having a fully underwritten dividend reinvestment program which avoided impacting our already strong capital but were constrained by the regulatory cap of 50% of statutory profits.

Going forward, I'm hopeful we will return to a more consistent dividend each half.

The past seven months has seen a great deal of change inside the Company that will provide a stronger foundation. Peter King's appointment as Chief Executive Officer has been important. Peter's banking experience is extensive. He has spent 25 years at Westpac and understands the bank like no one else and I am pleased to work alongside him.

Immediately I commenced as Chair and Peter as CEO, we announced a new strategy to return to core banking and focus on our home markets of Australia and New Zealand and we transferred several businesses into a new Specialist Businesses division to prepare them for exit – some of which have already been announced.

We also put in place plans to make the company more streamlined, more efficient, and more digitally capable, with lower costs and a lower cost-income ratio while maintaining strong capital levels. These plans should enable us to improve performance significantly and enable us to return to more appropriate dividend levels.

We also commenced the process of Board renewal, to bring together the right mix of directors for Westpac. This includes committing to having the Board comprise at least 40 per cent female directors. While we are not at our target, we are well advanced in bringing this to reality and build a strong, seasoned and diverse Board.

During the year, Chris Lynch and Michael Hawker joined the Board – and both are seeking your support for election today.

Chris brings strong management and finance experience, having held the roles of Chief Financial Officer at both Rio Tinto and BHP in addition to being the CEO at Transurban.

Mike is a highly experienced non-executive director and has extensive financial services experience, including as former CEO of Insurance Australia Group and, prior to that, as one of the most senior executives at Westpac. I was fortunate to work with Mike on the board at Aviva and am well aware of his capabilities as a director.

Alison Deans has decided to stand down today as non-executive director after two three-year terms. I take this opportunity to thank Alison for her contribution, particularly on technology matters. In addition, former Chairman, Lindsay Maxsted, former CEO Brian Hartzler, and former non-executive directors, Ewen Crouch and Anita Fung, stepped down during the year. I thank them all for their service to the company.

I would like to thank the Board, the Executive Team and all our people, who have shown immense resilience over the year and embraced change internally. With their support, our commitment to customers has remained constant.

Most of all, I thank shareholders for your support and understanding during this challenging time, and for your patience.

In closing my address, while our environment remains somewhat uncertain in the near-term with the continuing economic impacts of COVID, I do feel there is cause to be optimistic about the future and assure you the board and I are fully committed to delivering a better future for your company.

Now, let me hand over to Peter King, our CEO.