

THE HON WAYNE SWAN MP

TREASURER

***** MEDIA RELEASE *****

PROPOSED ACQUISITION OF ST GEORGE BANK LIMITED BY WESTPAC BANKING CORPORATION

After careful consideration, today I am announcing approval, with conditions, of the proposed acquisition of St George Bank Limited by the Westpac Banking Corporation under the *Financial Sector (Shareholdings) Act 1998*.

This decision follows a thorough assessment of its impact on the national interest, including factors such as competition, economic efficiency, prudential requirements, financial system stability, community banking needs and the impact on Westpac and St George customers and employees.

With the conditions I am imposing, this decision strikes the right balance between enhancing the competitiveness and the strength of our banking system.

This decision takes careful account of the detailed assessments of the Australian Competition and Consumer Commission (ACCC), the Australian Prudential Regulation Authority (APRA) and the Department of the Treasury.

The merged entity will have a larger balance sheet and capital base, as well as broader access to funding markets, making it better placed to withstand systemic shocks. The St George banking brand will also benefit from Westpac's lower funding costs, helping it to offer lower interest rates on loans.

As part of the approval, I am imposing strict conditions on the acquisition to ensure the best possible outcome for both Westpac and St George customers and employees.

Under the conditions, Westpac is required to maintain the existing number of Westpac and St George branches and ATMs, including in non-urban areas; retain all Westpac and St George retail banking brands including Bank SA, maintain dedicated management teams for St George and Westpac retail banking distribution and retain a corporate presence in Kogarah. The conditions will also require the removal of foreign ATM fees for Westpac customers using St George ATMs and vice-versa.

Approval of the proposed acquisition under the *Financial Sector (Shareholdings) Act 1998* will also be conditional upon the agreement of the shareholders of St George Bank to the proposal and the endorsement of the relevant scheme of arrangement.

I am also providing my approval under the *Banking Act 1959* for St George to enter into an arrangement for the disposal of its business to Westpac.

ATTACHMENT A

CONDITIONS ATTACHED TO APPROVAL UNDER THE *FINANCIAL SECTOR (SHAREHOLDINGS) ACT 1998* OF PROPOSED ACQUISITION OF ST GEORGE BANK BY WESTPAC BANKING CORPORATION

The conditions to which this approval is subject are that, for a period of three years after the implementation of the proposed merger, the merged entity is required to:

1. maintain (in net terms) branches and ATMs at the respective numbers existing as at the Share Scheme Implementation Date, including by maintaining (in net terms) branch and ATM numbers in areas outside of major urban centres;
2. remove foreign ATM fees for Westpac customers using St George ATMs and vice-versa;
3. continue to provide a comprehensive range of affordable banking products to low-income consumers and other members of the community with special needs;
4. retain all Westpac and St George retail banking brands including Bank SA;
5. maintain dedicated management teams for St George and Westpac retail banking distribution; and
6. retain a corporate presence in Kogarah.

In addition, for the period of integration under the merger process (the period between the Share Scheme Implementation Date and the merger of the ADIs), the merged entity is required to:

7. maximise internal redeployment opportunities available for affected staff, support external job placement where employee redundancies occur, and ensure that staff affected by the merger have timely access to their full entitlements under Westpac and St George retrenchment arrangements;
8. work with consumer advocates and community stakeholders to minimise community concerns about the merger and its impact on customers and the community, and address any concerns as sensitively and quickly as possible;
9. work through the implications for employees as quickly and sensitively as possible, in consultation with employees, the Finance Sector Union and other affected stakeholders; and
10. provide specialist resources to assist staff affected by the merger.

Force Majeure

Westpac Banking Corporation will not be liable for any failure to perform any obligation imposed by these conditions if the failure is due to Force Majeure.

If Westpac Banking Corporation is by reason of Force Majeure unable to perform an obligation under these conditions, Westpac Banking Corporation will as soon as practicable and in any event within 30 days notify the Treasurer specifying:

- (a) the cause and extent of non-performance;
- (b) the date of commencement of Force Majeure;
- (c) the means proposed to be adopted to remedy or abate the Force Majeure;

and will use all reasonable diligence and employ all reasonable means to remedy or abate the Force Majeure as expeditiously as possible.

Force Majeure means:

- (a) any act of God;
- (b) war, revolution, or any other unlawful act against public order or authority;
- (c) an industrial dispute; or
- (d) a governmental restraint.

Westpac Banking Corporation will give written notice to the Treasurer of the following matters as soon as practicable and in any event within 30 days after the relevant occurrence:

- (a) the effective date; and
- (b) the commencement and termination or abatement of the Force Majeure.

This approval remains in force indefinitely.