

## Westpac Banking Corporation 2023 Annual General Meeting

14 December 2023

### Chairman's address

Good morning. I'm delighted that we are holding this year's meeting in Brisbane. The hybrid format will allow shareholders to participate either in person or online.

When I joined Westpac just under four years ago, in what was a difficult period for the company, we set up an agenda that would transform the company during my timeframe and well-beyond. Fortunately, we have made good progress and are now set up for the journey beyond.

Initially, we set about radically simplifying the business portfolio of the group, to focus on our main franchises in Australia and New Zealand, where we have natural strengths. We have sold ten businesses.

Also, following some years of erosion of our market position, we made it a priority for the company to maintain or grow its position in key markets. As a result, our position has now stabilised, and we have the potential to maintain or enhance this.

Turning to the year just gone, we have seen our best financial and operating performance in the last five years. Profit after tax in 2023 was \$7.2 billion, up 26% on a statutory basis. Return on tangible equity was solid at 11.4%, well above our cost of equity. Income was strong, up 10%. Credit impairment charges almost doubled off a very low base, reflecting the effects of interest rate rises and inflation on customers. While costs were down 1%, excluding Notable Items and businesses sold, they were up 2%. This is the area where we expect to derive the greatest benefit from systems rationalisation in the future.

Our capital position remains strong with a core equity tier 1 ratio of 12.4%, well ahead of our target operating range of 11% - 11.5%. This excess capital position provided us with the flexibility to reward shareholders with an increased final dividend of 72 cents and a \$1.5 billion buyback.

These are important beginnings for the Group, but by no means, the end. Following several historical acquisitions that were not fully integrated, Westpac remains operationally and technologically complex compared to peers. For us to achieve best practice, this couldn't continue. During my tenure as Chair, the Group has had limited investment capacity to address this issue due to more pressing priorities. We have had to prioritise our investment capacity primarily to reducing operational and non-financial risks.

Our annual total investment spend has been an average of some \$2 billion over recent years, however more than 60% of this has been directed towards necessary risk and regulatory matters and operational risk improvement, including the delivery of the Customer Outcomes and Risk Excellence Program, or CORE program. The program has been integral to improving risk management following the deficiencies identified by both internal and regulatory assessments. The Board has oversight of the program, and accountability is reflected in executive remuneration outcomes.

I'm pleased to report we are on track to complete all activities under the integrated plan by the end of this calendar year. Given we remain committed to ongoing improvement in risk management and culture, work will continue this financial year to ensure change is

sustainable and effective. Beyond this current year, we intend to direct investment to other strategic priorities.

Fortunately, the Group now has the capacity to carry out its forward program. Over the next four years, we will now finally integrate our diverse systems, and move to a single origination, processing, and technology platform. When completed, we expect this will have considerable benefit for: customers through better service; people, through simpler and more efficient processes; and for shareholders through lower costs and revenue upside.

I know shareholders are concerned about climate change and believe our support for a just transition to a net-zero future is appropriate for our customers and the country. We look forward to continuing our dialogue with shareholders on this important matter, later in the meeting and beyond. To this effect, we are today putting to shareholders our own advisory resolution on climate change which we hope shareholders will support.

This is my final year as your chairman. Reflecting on my time here, we have radically simplified the Group and set it on a path for further simplification. More recently, we have improved performance and capital strength with higher returns for shareholders. We sold ten non-strategic businesses to focus on our natural strength in consumer, business and institutional banking in Australia and New Zealand. As a result, we consolidated our institutional banking in international locations.

Notwithstanding this, I am conscious the past few years have taken their toll on our share value, which I regret. As I've outlined, we have taken, and are taking further action to correct this, and believe it will achieve the desired outcome.

Turning to the Board, I'm pleased that Steven Gregg has joined as Chairman-Elect to replace me. He is a seasoned Chairman with strong banking credentials. Steven has aligned his current directorships to ensure he has the capacity to allocate the time necessary for a major regulated bank.

In the year, there have been a few additional changes. Tim Burroughs and Michael Ullmer, with strong banking and investment banking credentials respectively, joined the Board as non-executive directors, and are already making a strong contribution.

All three are standing for election at this year's AGM.

Mike Hawker retired from the Board during the year, and Chris Lynch as well as me, are retiring today following the AGM. On behalf of the Board and shareholders, I would like to thank Mike and Chris for their contribution to Westpac during their time here.

I would particularly like to thank our customers for their support. They can be assured of our continued support as we go forward.

I would also extend my appreciation to you, our shareholders for staying with us through what has been an incredibly difficult and turbulent time for the Group, but I believe it will pay off.

To the Board, the management team and employees, thank you for your hard work and dedication during the year. I wish you well for the future.

In closing, I genuinely believe we have made progress as a Group, that we have seen the worst, but still require further improvement. Notwithstanding near-term uncertainties on the economic front, and the scale of investment required to undertake a major program, looking beyond these, I am confident that for Westpac, the best is yet to come.

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