

# CEO'S REPORT

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## Dear fellow shareholders,

It has been a privilege to serve my first year as CEO, after joining Westpac in 2020.

As Australia's first bank, our company has a proud and vibrant history of supporting customers and communities for more than two centuries.

With renewed energy, clarity and purpose, we are taking action to make Westpac easier to bank with, a better place to work and simpler to operate to benefit our stakeholders. This direction, shaped by feedback from shareholders, customers, employees and regulators, is designed to further strengthen our foundations and address legacy challenges to become a more resilient, customer-focused bank.

We began from a position of strength, with a robust balance sheet and capital position that provide capacity and flexibility to invest for growth. This is underpinned by a diverse portfolio of trusted businesses serving 13 million customers.

Our areas of focus centre on five clear strategic priorities: customer, people, transformation, risk and performance, as outlined on page 10. We're focused on executing these with excellence, knowing that how we deliver is just as important as what we deliver.

### Customer: Improving service for deeper relationships

We're determined to become the market leader by consistently delivering excellent customer service that builds trust, loyalty and stronger relationships to support our growth.

Across our digital channels, branches, virtual teams and Customer Care, we're working as one team to deliver the full breadth of our products with more timely and personalised service. Our refreshed brand along with our superior banking app, is helping us attract and retain customers. With this whole-of-bank approach and continued focus on the customer journey, we're improving our products, service and support. (Refer to page 24)

We track progress using two connected metrics: Net Promoter Score (NPS®) and Main Financial Institution (MFI). Improvements in NPS reflect growing customer

trust, which leads to greater engagement and more customers choosing us as their MFI.

Transaction banking sits at the heart of customer relationships and is the key driver of MFI. We've elevated onboarding, loyalty rewards and everyday banking to deepen engagement and support long-term growth.

We're expanding in growth regions through new service centres that combine retail and business banking, building on our co-location strategy to improve efficiency. More bankers with specialised expertise are helping lift NPS and deepen relationships in priority segments.

Financial crime remains a national challenge and our market-leading scam and fraud prevention tools are helping to build trust by protecting customers in real time. They helped to prevent \$360 million in potential losses over the past year.

These are some of the key initiatives we're working on to support customer and brand advocacy. I was pleased to see Consumer NPS improve to equal second place and in Business, we lead in SME and Commercial however must improve service to small businesses. While progress in MFI was encouraging, particularly in Business & Wealth, it remains below our aspirations.

### People: Creating the best workplace

For our 35,000 people, we want to be the best workplace. Diversity, equity and inclusion are essential to who we are and how we operate. We're committed to reflecting the communities we serve and fostering a workplace where everyone feels valued and respected.

We're fostering a culture where service excellence and customer obsession are central to everything we do. To support this, we're investing in our people's professional development while building skills in critical areas such as generative AI, cyber awareness and data protection. We have relaunched the Business Performance Academy, with approximately 2,000 employees completing courses so far.

Meanwhile, the delivery of UNITE, which forms part of our broader transformation, aims to streamline how our people work and serve customers, helping to create a more unified workplace.

## Risk: Excellence in execution

We see risk management not just as a form of protection, but as a differentiator for Westpac. I am grateful to our people who have embraced the effort to strengthen our risk culture, governance and accountability. With the CORE transition phase complete, APRA released the remaining \$500 million operational risk capital overlay in October. Strengthening our risk practices remains an ongoing priority.

Risk touches every part of our business and we're seeing tangible benefits. For example, 77% of simple business credit deals are auto-decisioned, freeing credit officers to focus on more complex needs. Banker-led credit approvals have risen from 8% to 28% over two years, reflecting clearer credit settings, a stronger risk culture and improved training. This has supported growth in key segments.

## Transformation: Investing for the future

While we have scale, unlocking its full potential requires us to create an efficient operating environment by addressing structural legacy issues that have persisted for more than a decade.

UNITE aims to address these challenges. It is focused on simplifying and removing duplication across the bank by identifying the products, processes and systems that represent our 'One Best Way' and consolidating these onto a single technology stack. This transformation aims to deliver better experiences for customers and employees, reduce operating costs and enhance our ability to compete and deliver sustainable shareholder returns.

A newly formed Chief Transformation Office is overseeing UNITE. We are also undertaking other strategic initiatives such as Westpac One and BizEdge. These will deliver market-leading capabilities that support our competitive position. (Refer to page 40 for more information).

## Performance: Balancing growth with returns

Financial performance reflected our strategy of balancing growth with returns, while making the necessary investments to support our future. We strengthened our position in Business and Institutional banking while improving performance in Consumer and New Zealand.

Business lending grew by 15%, with strong momentum across priority sectors including health, professional services and agriculture. Transaction deposits rose 8%.

In Institutional, deeper client relationships drove loan growth of 17%. Progress was reflected in stronger rankings across key Financial Market industry surveys and a higher Markets income.

Consumer deposits increased 10%, underscoring the strength of our business. While this is encouraging, we recognise there's more to do and are allocating resources to improve our proprietary mortgage offering.

The transformation agenda has necessitated a period of elevated expense growth, contributing to a rise in our cost-to-income ratio to 53.1%. To address this, we're taking action to structurally lower costs through our Fit

for Growth program, which will help to offset expense growth in FY26. Our medium-term objective is to deliver an improved financial performance, culminating in a below peer average cost-to-income ratio and an above peer average ROTE.

## Building stronger, more resilient communities

Beyond our five priorities, we're proud to play an active role in advancing social and economic prosperity in Australia and New Zealand through our corporate giving programs, targeted lending, supplier partnerships and the independent charitable Foundations<sup>1</sup>.

Supporting customers in financial difficulty is another way we help. We provided 46,485 hardship and disaster support packages, helping three-quarters of these customers get back on track by year-end.

For businesses, we extended \$1 billion in working capital solutions to help manage cash flow. We also doubled our support for female entrepreneurs to \$1 billion, which has helped more than 1,800 women start or grow their businesses since 2023.

In regional areas, we're improving banking access and investing in sponsorships, scholarships and ag-tech to help farmers tackle industry challenges.

## Creating a better future

Australia's strong governance and regulation have historically made it attractive for global capital and talent but this is not guaranteed. Weak productivity and over-reliance on government risk undermining our success. A smarter balance calls for bold, coordinated action across government, regulators and the private sector.

From next year, our sustainability efforts will focus on how we can further support three national priorities. These reflect areas where we believe targeted action can support the country's long-term prosperity and resilience.

- **Accelerate Australia's energy transition:** Speeding up the shift to renewable energy is essential to meet climate goals and create economic opportunities;
- **Build more homes for Australians:** Addressing the structural under-supply of housing in the \$500K price range; and
- **Grow Australia's regional cities:** Investment is vital for population growth, economic diversification and national resilience.

Looking ahead, I'm pleased with our direction and energised by the opportunities ahead. With a clear strategy driving our momentum, Westpac is well placed to deliver long-term value for shareholders and help build a better future.

Yours sincerely,



**Anthony Miller**  
CEO

1. Refer to *Creating value for the community* (pages 32-35).