CHAIRMAN'S REPORT



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Dear fellow shareholders,

The operating environment across Australia and New Zealand remained complex this year, shaped by economic uncertainty, geopolitical tensions and rapid technological change. Trade disruption, supply chain pressures and changing policy settings also weighed on confidence in many sectors. Despite these challenges, domestic conditions improved over the course of the year, supported by increased housing activity and the acceleration of private investment.

The strength of our balance sheet positions us well for the opportunities ahead, giving us the capacity to invest in growth, respond to changing conditions and deliver sustainable returns for shareholders. We maintain a robust balance sheet, with capital, funding and liquidity comfortably above regulatory requirements. Our Common Equity Tier 1 capital ratio was 12.5%, above both our target ratio and the major peer average.

Performance

We achieved a solid financial result, supported by disciplined execution, balance sheet growth and sound credit quality. Net profit excluding Notable Items was broadly unchanged at $7.0 billion. This resulted in a slight increase in return on tangible equity to 11.1% which remains above our cost of capital. Growth in both deposits and lending reflected a robust customer franchise and continued demand across key segments of the economy. Credit quality remained sound, reflecting the resilience of customers despite ongoing inflationary pressures and a higher interest rate environment.

The Board determined a final ordinary dividend of 77 cents per share, taking full-year fully franked ordinary dividends to $1.54 per share. This represents a payout ratio of 75% of profit after tax, excluding Notable Items.

Given the ongoing uncertainty in the operating environment, the Board considers it important to retain surplus capital. This provides capacity to continue investing in transformation and growth opportunities, while maintaining the flexibility to return capital to shareholders. In considering future capital returns, the Board remains mindful of the Group's significant franking credit balance and approximately $1.0 billion remaining under the existing share buyback.

Strategic execution

Anthony Miller has continued to bring focus and momentum to the business in his second year as CEO, with the support of an experienced leadership team. He has focused on delivering on our commitments, doing the important things well and translating strategy into tangible outcomes.

Our medium-term objective is to achieve a cost-to-income ratio below the peer average and a return on tangible equity above the peer average. While this will take time and sustained effort, the Board is confident that consistent execution of the strategy, together with the benefits of productivity and transformation, will help deliver these outcomes.

With our scale comes a significant opportunity to deepen customer relationships. In this competitive market, where many customers bank with more than one institution, our people are focused on earning trust through providing consistent service, competitive pricing and more personalised experiences. This is important to improving financial performance.

Building a stronger bank

Alongside performance, the Board also devoted attention to technology, transformation, operational resilience, cyber security and AI. We see opportunities to use data and AI to improve and personalise customer experiences, supporting our people's productivity, decision making and risk management. At the same time, we recognise it is critical to maintain appropriate human oversight, governance and accountability for this transformational technology.

The Board continued to oversee Westpac's transformation agenda, including UNITE, Catalyst and related investments. UNITE is a significant strategic priority, and we are making good progress, with nine of 56 initiatives now complete. Transformation at this scale takes time, but we are starting to see the benefits and remain confident in UNITE's objectives to create a simpler, more productive and sustainable bank.

We completed the sale of the RAMS loan portfolio, reducing complexity and run costs across our home loan operations while providing further strategic flexibility.

Governance and accountability

The Board continued to oversee Westpac's governance framework, with particular attention given to risk management, regulatory obligations, customer outcomes, culture and executive accountability. We believe the executive remuneration framework remains aligned to shareholder interests and supports measured risk taking, positive customer outcomes and sustainable financial performance. The Board also continued to engage constructively with regulators and government on matters affecting the sector and the broader financial system.

The improvements made through the CORE program, completed in mid 2024, have helped to strengthen risk management, governance and accountability. We remain focused on further strengthening risk management, controls, operational resilience and culture across the organisation.

Sustainability

This year marked our first year reporting under Australia's mandatory climate reporting regime, with additional disclosure of climate-related risks, opportunities, metrics and targets included in the Sustainability Report.

The Board continues to oversee the Sustainability Strategy, including the bank's approach to material sustainability matters. Operational scope 1 and 2 emissions were 86% below our 2021 baseline. We are also progressing work towards our financed emissions sector targets. Sustainable finance lending reached $46.5 billion TCE and sustainable bond facilitation reached $32 billion[1].

We continue to be Australia's largest lender to greenfield renewable projects and are scaling our support for activities that accelerate decarbonisation. As Australia's energy needs rise, we recognise there is an ongoing role for gas in keeping energy reliable and affordable as the transition evolves.

Through our engagement with shareholders and the broader community, we continue to hear a range of perspectives on emerging issues. Discussions this year have included the responsible use of AI and growth of data centres. As these areas evolve, we continue to consider their implications for our customers, communities and the bank through our established governance and risk frameworks.

Community and Foundations

Westpac's commitment to the community stretches back to 1879, when Australia's first corporate charity was established. This legacy continues through the Westpac Scholars Trust[2] and Westpac Foundation[2].

Since 2015, the Scholars Trust has awarded more than 1,000 scholarships, investing in bright young leaders who will help shape Australia's future. Westpac and the Foundations came together during the year behind a single objective: improving literacy and numeracy outcomes for children facing disadvantage. Education opens doors to opportunity and supports greater participation in our economy and society. Through this investment, we aim to make a meaningful difference for future generations. I would like to thank Margie Seale, the new Chair of Westpac Scholars Trust and Tim Burroughs, who joined the Westpac Foundation Board, for their support and contribution this year.

Board renewal and capability

Maintaining a Board with the appropriate skills, experience and diversity of perspectives remains a priority. This year, Michael Ullmer assumed the role of Chair of the Audit Committee, David Cohen became Chair of the Risk Committee and Tim Burroughs joined the Nominations & Governance Committee. This has ensured continuity of oversight across the Board's key responsibilities. Additionally, Debra Hazelton became Chair of the Board Remuneration Committee at the conclusion of last year's Annual General Meeting.

During the year, Peter Nash retired from the Board following seven years of service. Peter made a significant contribution to Westpac and I thank him for his dedication and commitment.

Outlook

The external environment remains uncertain. Geopolitical tensions, economic volatility, technological disruption and evolving regulatory expectations will continue to present both risks and opportunities. The Board's focus remains on ensuring Westpac is resilient, disciplined and positioned to deliver sustainable value through changing conditions.

Westpac has a clear direction and significant opportunity ahead. I thank Anthony Miller and the Executive Team for their steadfast leadership and commitment to delivering our strategy. On behalf of the Board, I also thank our customers and shareholders for their trust and continued support of Westpac.



Steven Gregg

CHAIRMAN,
WESTPAC

1. Cumulative total since 1 October 2021. Refer to the 2026 Sustainability Report for information about our climate targets and progress.
2. Westpac Scholars Trust and Westpac Foundation are supported by Westpac but operate independently as non-profit organisations.