

CHAIRMAN'S REPORT

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Dear fellow shareholders,

Following a year of global uncertainty, Westpac maintained its resilience and balance sheet strength to support customers, communities and the economic stability of Australia and New Zealand.

It was a defining year for the company, with renewed leadership, a clear growth strategy and the delivery of UNITE's first initiatives as part of our major transformation agenda.

Our financial position is unquestionably strong, supported by disciplined financial management and a robust balance sheet. Capital, funding and liquidity remain well above regulatory minimums, including a Common Equity Tier 1 (CET1) capital ratio of 12.5%. This capital strength places Westpac in the top quartile of banks globally.

We completed the Customer Outcomes and Risk Excellence (CORE) program, designed to strengthen Westpac's risk practices and culture.

In response, APRA released the remaining \$500 million operational risk capital overlay in October. This milestone reflects five years of meaningful change to strengthen Westpac's risk management, governance and culture. While embedding these changes has been demonstrated, ongoing improvements in risk will be prioritised.

Financial performance

The financial performance reflected our strategy of balancing growth and return while investing for the future. Profit after tax was down 1% to \$6.9 billion. This resulted in a modest decline in return on tangible equity (ROTE) to 11%, which remains well above our cost of capital. Earnings per ordinary share were stable at 201.9 cents, with the execution of the share buyback adding three cents to earnings per share.

The steady financial performance and strong capital position allowed the Board to declare a final ordinary dividend of 77 cents per share, taking full year dividends, fully franked, to \$1.53 per share. This equates to a payout ratio of 75% of Profit after tax, excluding Notable Items.

Total shareholder return for the year was 29%. That places Westpac first among its major bank peers for



total shareholder return over one, two and three year time horizons.

While it is pleasing to see investors acknowledge the progress made in recent years, the return on tangible equity remains below the market leader. Improving return is a priority as we aim to improve our market position and cost base relative to peers.

The Board determined it is prudent to carry surplus capital in an uncertain operating environment. This enables us to balance the investment required for ongoing transformation and business growth, while maintaining the flexibility to return surplus capital to shareholders.

In this regard, we are conscious of the company's significant franking credit balance and in addition, there is approximately \$1.0 billion remaining of the previously announced on market share buyback.

Renewed leadership and strategic clarity

Anthony Miller stepped into the role of CEO on 16 December following Peter King's retirement.

In his first nine months, Anthony has brought renewed focus and momentum to Westpac's strategy. He is driving execution and strengthening employee engagement with a whole-of-bank to customer approach, while setting a clear path for growth.

Our ambition *to be our customers' number one bank and partner through life* continues to guide how we improve and invest in products and services to reflect their needs. Progress is reflected in a more visible banker and regional branch presence, enhanced digital capabilities, faster loan approvals and stronger scams and fraud protection.

We've begun leveraging data analytics and AI to help our people anticipate customer needs and deliver safer, more personalised banking experiences.

With a capable leadership team in place focused on executing our strategy, supported by an engaged workforce, we are well-positioned to deliver sustainable returns for shareholders.

Delivering the transformation agenda

The UNITE program is central to Westpac's long-term growth and competitiveness. It will help address legacy complexity by simplifying products, processes and systems for better customer and employee experiences, while reducing operating costs.

The completion of extensive planning allowed us to shift focus this year to execution, with eight initiatives completed and 51 underway across the four businesses.

In 2024, the Board established a UNITE Oversight Group, drawing on its relevant expertise and experience. A dedicated transformation office is driving the program's implementation, supported by independent advice and assurance.

UNITE is a strategic priority and we will keep shareholders informed throughout its journey. While completion and financial benefits will deliver over the term of the program, UNITE represents a critical investment in Westpac's future.

Attracting and retaining the best people

Our people remain our greatest asset and pleasingly, despite a year of change, our employee engagement remains in the top quartile globally. The Board continues to support inclusion and diversity alongside professional development, advancing female careers and programs to help our people to reach their full potential.

Regular engagement with teams across the bank has deepened the Board's insights, to strengthen our risk culture and operational excellence. We also remain focused on Executive and employee remuneration, ensuring alignment with performance and shareholder outcomes.

Sustainability and community impact

The Board oversees Westpac's [sustainability strategy](#), which is aligned to the broader corporate strategy. It focuses on three areas: climate transition, housing affordability and regional prosperity.

As Australia's largest lender to greenfield renewable projects, we're scaling support for activities that accelerate decarbonisation while helping to maintain energy security and affordability.

We have continued to reduce our operational emissions in line with our 2030 targets. We're also realigning our lending, reducing our thermal coal exposure to zero while identifying growth opportunities in sustainable finance. This year, sustainable finance lending rose 37% while our share of sustainable bond facilitation increased by 40%.

It is important we continue to engage with customers to understand their decarbonisation plans and provide tailored solutions to support their journey. In May, we published updated lending requirements for carbon-intensive sectors. We have since released a [Sustainability Report](#) in readiness for mandatory climate reporting from next year and a new [Climate Transition Plan](#).

To support the community more broadly, the independent charitable Foundations¹ will align with national education

goals next year to improve literacy and numeracy for disadvantaged children.

Westpac Scholars has awarded 1,000 scholarships in the past decade, supporting the growth of young Australian talent. We thank David Curran for his leadership of Westpac Scholars as he steps down after many years of service and welcome Margie Seale as she takes up the role of Chair.

Governance and oversight

With a stronger risk culture, operating structure and balance sheet, we are positioning the company for the future while remaining mindful of the lessons of the past.

The Board continues to focus on managing current and emerging non-financial risks. This includes reviewing the company's preparedness for issues that are particularly relevant in today's environment, such as cyber incidents and data breaches. With the CORE program complete, our focus on risk remains central as we deliver UNITE.

Consideration also extends to fostering strong relationships with government and regulators to support our shared interest in upholding the integrity of the financial system.

This year, we transitioned to a new external auditor KPMG, following an independent selection process to appoint a new auditor after 55-years with former auditor PricewaterhouseCoopers.

Board renewal and capability

Westpac's Board continues to evolve, strengthening its collective skills, diversity and experience. This year, we welcomed Debra Hazelton, David Cohen and Pip Greenwood, who bring deep expertise across financial services, governance and transformation.

Margie Seale, who has made a significant contribution to the Board for many years, will retire as Chair of the Board Remuneration Committee. Debra Hazelton will assume this role with effect at the conclusion of the 2025 Annual General Meeting.

Outlook

The rise of private and non-regulated credit, elevated global debt levels and ongoing geopolitical tensions present ongoing economic challenges. While the global outlook remains uncertain, Westpac is well-positioned to navigate this environment while executing its strategy and supporting customers.

On behalf of the Board, I extend our gratitude to shareholders, customers and the community for their continued support as we focus on investing for growth and delivering sustainable returns.

Yours sincerely,



Steven Gregg

CHAIRMAN,
WESTPAC

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