

# CEO'S REPORT

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## Dear shareholders,

This year our disciplined performance has positioned us well for continued growth and success. We delivered a sound financial result while navigating a competitive market, along with high inflation and below trend real GDP growth.

Our focus was on supporting customers, growing in all our key markets and disciplined margin management. While we reported a modest increase in stress, credit quality outcomes were better than expected. We delivered a return on tangible equity above 11%.

### Solid performance in a competitive market

Net profit of \$6,990 million for full year 2024 was down 3% on the prior year. Operating income was little changed with solid loan growth constrained by a modest decline in margins and lower non-interest income, mostly reflecting the impact of businesses we sold in 2023. The rise in operating expenses reflected higher technology costs and inflationary pressures, while the low level of impairment charges reflected our prudent lending practices and customer resilience across both households and businesses.

Our balance sheet and capital position remained strong with a Common Equity Tier 1 (CET1) capital ratio of 12.5%, putting us in the top quartile of banks globally.

With \$2.7 billion in capital above our target range after announced buybacks, we balanced the reinvestment of capital across simplification initiatives and lending growth, while returning some of the surplus capital to shareholders. The Chairman's report outlines our capital management decisions in more detail.

Our strategic focus on growth and generating sustainable shareholder returns is measured by our market position and the improvement in return on tangible equity. Improvements in the customer experience and productivity initiatives are aimed at improving our market position. The simplicity and consistency of everyday banking offers has supported above system household deposit growth. Improvements in mortgage servicing capabilities have been critical in stabilising our share

in home lending. In Business & Wealth, innovations in merchant and other payments capabilities, along with investments in people and simplification, have driven momentum. In WIB, we are focused on deepening client relationships and enhancing products and services.

Improving return is a medium-term proposition as our market position strengthens and we aim to reduce our cost base relative to peers. Further simplification is required to improve efficiency. UNITE, our business-led technology simplification program, which is expected to run through to 2028, is critical to achieving this goal in the medium term. While most of the year was dedicated to planning, many UNITE initiatives were underway by the end of FY24. Further detail is in [Technology](#) on page 38.

### Delivering for customers

Our ambition is to be our customers' #1 bank and partner through life, helping them to navigate life's challenges and achieve their financial goals. To support this, we are innovating and investing in technology to make banking simpler, more personalised and secure for customers.

Our Westpac banking app, which was named #1 in Australia by Forrester for the second year in a row, is helping customers manage their finances through money management tools. More than 1.2 million customers used these tools in the last quarter.

Westpac Rewards was recognised as the best overall loyalty program<sup>1</sup>, with ShopBack helping customers earn \$24 million in cashback from 4,000 retailers. We launched Pay with Points, an Australian-first that allows credit card holders to use their reward points for purchases.

By streamlining our home loan operations through technology, we've seen substantive improvements in processing. Our average loan decision times have improved to less than five days and we have increased on-day settlements by four percentage points.

Reliable and flexible payments technology is crucial for businesses to drive customer satisfaction and growth. Last year, we introduced EFTPOS Air and have since extended it to more businesses. Building on this, we launched

1. Westpac Rewards was named Best Overall Loyalty Program in Financial Services at the 2023/2024 Asia Pacific Loyalty Awards.

EFTPOS Flex, a high-speed, cost-effective terminal that integrates with more than 500 point-of-sale systems.

Our WIB team expanded as we brought on more relationship managers to provide deeper support and expertise to large businesses. This strategic growth enhances our ability to continue offering tailored solutions and proactive service, helping to restore our leadership position.

Most customers prefer digital banking, but branches and cash remain important. We have 626 branches in Australia and will keep regional branches open until at least 2027. We play a crucial role in cash circulation in Australia, with an annual supply cost of \$330 million. We're working with industry and government on a sustainable cash solution.

### Risk transformation

Over the past four years, we have significantly improved our risk culture and governance through the CORE program. The Group is currently in the transition phase to demonstrate the sustainability and effectiveness of changes made following the completion of the Integrated Plan in December 2023. CORE has helped our people to build a focus on identifying and addressing risks early, which is becoming part of our culture. In recognition of our progress, the Australian Prudential Regulation Authority (APRA) reduced the total operational risk capital overlay from \$1 billion to \$500 million.

### New scams protection

We're using our scale, technology and data to both protect customers and help them avoid scams. Over the past two years, we've invested more than \$100 million in scam prevention initiatives, contributing to a 29% reduction in reported customer scam losses this year.

With most customers opting to bank online, we have focused on enhancing safety by developing and implementing industry-leading scam detection and prevention measures. Westpac Safepay helped customers by challenging 200,000 payments, preventing \$150 million from being transferred to potential scammers.

Westpac Verify prevented more than 400 payments from being made to incorrect accounts each day. Additionally, we partnered with Optus to develop Westpac SafeCall. This feature, set to be operational by the end of the year, seeks to provide customers with peace of mind by allowing secure calls through their banking app.

Despite our efforts, preventing scams remains a challenge. We will continue to advocate for our customers by working with industry and government to make Australia a harder target.

### Workplace of choice

Our people are energised and focused on delivering for customers. Our OHI<sup>1</sup> improved five points this year to 80, placing us in the global top quartile. Our leaders are encouraging behaviours that lead to great customer outcomes and proactive risk management.

We are attracting and retaining talent by investing in our people's careers, whether it be new capabilities, leadership

skills or rewarding excellence. A flexible, safe and healthy workplace is central to our people strategy with tailored solutions for mental health and wellbeing developed from this year's wellbeing review.

We continue to strengthen diversity, equity and inclusion. Women make up 49% of senior leadership roles<sup>2</sup> and 50% of the Executive team. Our Illuminate program is supporting more than 80 aspiring female leaders.

### Progressing sustainability

We have a role to play in creating positive change in communities and acting on climate change.

Supporting customers facing hardship is a key focus of our sustainability strategy. We provided 47,500 hardship and disaster support packages to our customers and businesses during the year to help them get back on track. Approximately 19,000 accounts remained in hardship as we entered the new financial year.

We are advancing our climate strategy on our journey towards becoming a net-zero, climate resilient bank. With more than 99% of our carbon footprint coming from financed emissions associated with our lending, it is important to support customers on their transition plans. We have 13 targets across all nine sectors under our Net Zero Banking Alliance (NZBA) commitment to guide our emission reduction efforts.

Highlights this year included achieving our 2030 emission reduction target for scope 1 and 2 emissions six years ahead of target and sourcing the equivalent of 100% of our electricity demand from renewables.

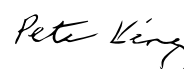
### Thank you

On behalf of the executive team, I extend my heartfelt thanks to our people. In my five years as CEO, they have embraced change, making us a stronger and simpler bank. Our approach to risk culture and risk management has been transformed, although there is still more to do. Simplification has been extensive. We've exited 10 businesses and reduced our geographic footprint. The benefits of this are reflected in our balance sheet, which is the strongest it has been in my 30 years at the bank, as well as improved customer advocacy and market position.

I also extend my gratitude to Chairman Steven Gregg, along with current and former Board Members and Executives, for their unwavering support. I am delighted to hand the reins to Anthony Miller, who I am confident will be an outstanding leader and will achieve progress towards our ambition to be our customers' #1 bank and partner through life.

The cornerstone of Westpac's 207 year success has been the support of our customers and shareholders. It has been my pleasure to spend time with many of you and a privilege to serve you as CEO.

Yours sincerely,



**Peter King**  
CEO

1. OHI refers to Organisational Health Index.

2. Senior Leadership includes Executive Team, General Managers and their direct reports (excluding administrative or support roles).