

CHAIRMAN'S REPORT

The Board is building on Westpac's strong financial and risk foundations, guiding the organisation through its next strategic growth phase to achieve sustainable shareholder returns.

Dear fellow shareholders,

In my first year as Chairman, I am proud of the progress we have made in supporting our customers and shareholders. We are beginning to see the benefits of several crucial years spent simplifying the bank and strengthening our risk practices and culture.

Performance

By focusing on our core banking markets, we grew the business while navigating a year of below trend economic growth in Australia and New Zealand. The economy was impacted by higher interest rates, elevated cost of living and inflationary pressures along with geopolitical uncertainty.

Our balance sheet remained strong and the financial performance was steady. Profit after tax was \$7.0 billion, a decline of 3% on a statutory basis. This resulted in a modest decline in return on tangible equity (ROTE) to 11%, which remains well above our cost of capital.

Importantly, our capital position, funding and liquidity all remain above regulatory minimums.

This strong capital position allowed us to announce additional capital returns through a combination of \$2.0 billion of share buybacks, following the \$1.5 billion previously announced buyback and a \$500 million special dividend. The special dividend declared for the first time since 2013 was 15 cents per share in the First Half of 2024.

In addition, ordinary dividends were increased by 6% to \$1.51 in fully franked dividends per share for the year, including a final ordinary dividend of 76 cents per share. This equates to a payout ratio of 73% of Profit after Tax, excluding Notable Items. The combination of dividends, both ordinary and special, and share price accretion has led a total shareholder return for the year of 58%.

Our elevated cost-to-income ratio to peers is intended to be addressed through the UNITE program to create a sustainable, cost efficient technology environment to support long term value. The program requires significant investment with benefits expected over the medium term. Please see [Technology](#) on page 38 for more information.



The Board recognises the critical importance of open and constructive dialogue with government and regulators. We are dedicated to maintaining strong relationships to not only meet our obligations but to support our shared goal of maintaining the resilience and stability of the Australian financial system. This commitment is reflected in the positive risk outcomes and progress achieved through Westpac's Integrated Plan delivered under the Customer Outcomes and Risk Excellence (CORE) program. We believe this has been pivotal in restoring trust and facilitating the reduction in the operational risk capital overlay.

CEO appointment

In September, I was delighted to announce that the Board appointed Anthony Miller as Managing Director and CEO of Westpac, effective 16 December 2024. Anthony is an experienced banking executive who possesses a strong customer mindset, proven record of performance and deep understanding of the Australian market.

Since joining Westpac in 2020, Anthony has held two leadership positions, including leading the Westpac Institutional Bank (WIB) and Business & Wealth segments which he restored to growth. Prior to Westpac, he spent four years as CEO of Australia/New Zealand at Deutsche Bank and 16 years at Goldman Sachs in Australia and Asia.

His knowledge of Westpac and the industry, combined with his strong performance, gives the Board confidence in his ability to deliver our strategy. Internal succession also supports a smooth transition to build on our operating momentum.

I would like to thank Peter King for his significant contribution to Westpac over the past 30 years. During his five years as CEO, Peter has steered the organisation through the impacts of COVID-19 and led a comprehensive overhaul of its risk management and governance. This is a key part of Peter's legacy.

Peter also dramatically simplified Westpac by divesting 10 businesses to set a clear focus on growing our core banking segments. He led important advocacy work to protect customers from scams and made significant improvements in our digital technology for customers and our people. He also led the commencement of UNITE, an

important milestone aimed at delivering better outcomes for customers, our people and shareholders. In addition to these achievements, Peter's leadership has positioned the business for future success by attracting a talented team and fostering an engaged workforce.

Strategic progress

The Board is building on Westpac's strong financial and risk foundations, guiding the organisation through its next strategic growth phase to achieve sustainable shareholder returns.

Our ambition is to be our customers' number one bank and partner through life. To achieve this, we are enhancing our products and services through digital transformation, introducing new tools that make banking more convenient and accessible. As scams become more prevalent, we are protecting and advocating for our customers by developing industry-leading innovations in digital banking and increasing collaboration with industry, government and the community.

We have also significantly invested in Business & Wealth and WIB by improving products, enhancing digital transaction services and increasing our operational resilience. To help improve our market position, we are attracting top talent and fostering a strong risk culture to provide better service to businesses.

The advent of Artificial Intelligence (AI) technologies introduces both opportunities and challenges. We are actively piloting several test use cases safely and responsibly to improve our operations and service to customers.

Engaging with our people

Board engagement with our people is essential for effective leadership. This helps us to understand our people's views, address risks early and align goals to maintain performance. One way we achieve this is by having employees present an 'Operational Excellence Moment' at the start of each Board meeting. During these moments, employees from all areas of the organisation share their progress on various customer initiatives, allowing us to recognise their achievements.

The dedication, skills and perspectives of our people are critical to delivering on our ambition. We are making significant investments in their development and wellbeing to ensure our people feel engaged and have opportunities to grow. This includes several award-winning programs to enhance workforce diversity and inclusion.

Sustainability priorities

We are deeply committed to our environmental, social and governance (ESG) initiatives. Our sustainability strategy is designed to create better futures for our people, customers, communities and the environment. This includes enhancing our hardship processes to support customers while also improving financial literacy and education.

Climate change is an increasingly important issue. We are committed to supporting global efforts towards net-zero by 2050. We are dedicated to reducing greenhouse gas emissions and building resilience against climate change.

A key focus of our climate strategy, which is overseen by the Board, involves supporting our customers as they transition on this journey.

Our purpose is clearly reflected in our community involvement through workplace giving, volunteering and support of inspiring individuals, community organisations and social enterprises. The Westpac Scholars Trust exemplifies this commitment by awarding 100 new scholarships annually to exceptional undergraduate and postgraduate students who are passionate about driving positive change.

Board renewal

In recent years, the Board has undergone substantial renewal, bringing together a diverse mix of skills and experience. We welcomed Andy Maguire in July. With extensive global banking experience, Andy brings valuable and timely expertise in digital transformation and technology infrastructure as we deliver on our UNITE program. He will stand for election at the Annual General Meeting (AGM) with the support of the Board.

Additionally, current Non-executive Directors Nerida Caesar, Audette Exel, Nora Scheinkestel and Margie Seale, who have all made commendable contributions, will stand for re-election with the Board's support.

Looking ahead

While growth is expected to remain below trend, there are signs of a modest economic recovery. With our strong balance sheet and capital position, we are well-placed to navigate the environment and deliver on our priorities.

Our people are aligned on the critical importance of our business-led technology program, UNITE. As one of Westpac's largest transformation projects to date, the Board appreciates the dedication and investment required to complete it over the next four years. We will seek to strike the right balance between prioritising its completion and investing in our core operating segments to support sustainable growth and shareholder returns.

The completion of the Integrated Plan under CORE has set a foundation for continuous improvement in culture, governance and risk management. As we continue to embed these improvements, we will address other priorities including our cost structure and investing in our people and sustainability initiatives to ensure Westpac remains an industry leader.

This year has brought significant achievements and progress for Westpac. I thank our people for their dedication, our customers for their trust and loyalty and our shareholders for their continued support.

Yours sincerely,



Steven Gregg

CHAIRMAN,
WESTPAC