

# ASX Release

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Level 18, 275 Kent Street  
Sydney, NSW, 2000

**14 September 2023**

## **Strategy Update – Westpac Institutional Bank**

Westpac Banking Corporation (“Westpac”) today provides the attached 2023 Strategy Update – Westpac Institutional Bank

### **For further information:**

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This document has been authorised for release by Tim Hartin, Company Secretary.



# Strategy Update Westpac Institutional Bank

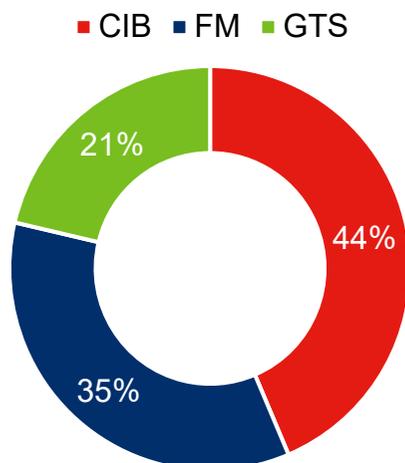
September 2023

# Anthony Miller

Group Executive WIB, Business & Wealth

# Gaining momentum in our institutional bank

## WIB Revenue split 1H23

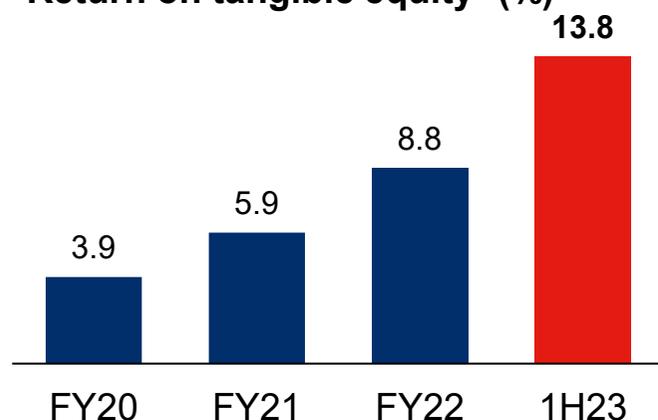


## Our ambition: To be the banking partner of choice

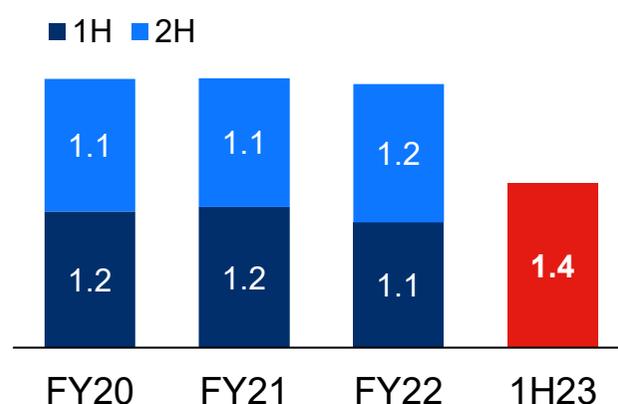
- Our clients' key partner for transactional banking, financing and risk management
- Simplified product and service offering
- Significantly improved risk culture
- Industry expertise and thought leadership
- Attracting and retaining talent

## Improved financial performance

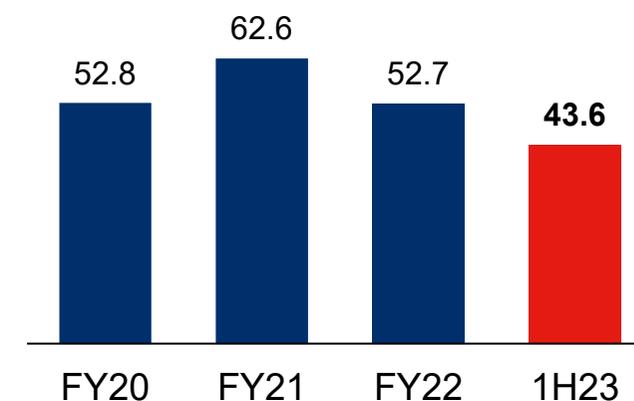
### Return on tangible equity<sup>1</sup> (%)



### Operating income<sup>1,2</sup> (\$bn)



### Cost to income ratio<sup>1</sup> (%)



<sup>1</sup> Excluding Notable Items. <sup>2</sup> Operating income includes net interest income and non-interest income.

# Nell Hutton

Group Executive WIB from 1 October 2023

# Westpac Institutional Bank overview



## Global Transaction Services

### Jeff Byrne

Transactional banking  
Liquidity management  
Payments services for Westpac



## Corporate & Institutional Banking

### Alastair Welsh

Lending solutions  
Relationship management  
Deep industry understanding and expertise



## Financial Markets

### Max Bulloch

Risk management across fixed income, currencies and commodities  
Debt capital markets

Global capabilities

Economics & Research

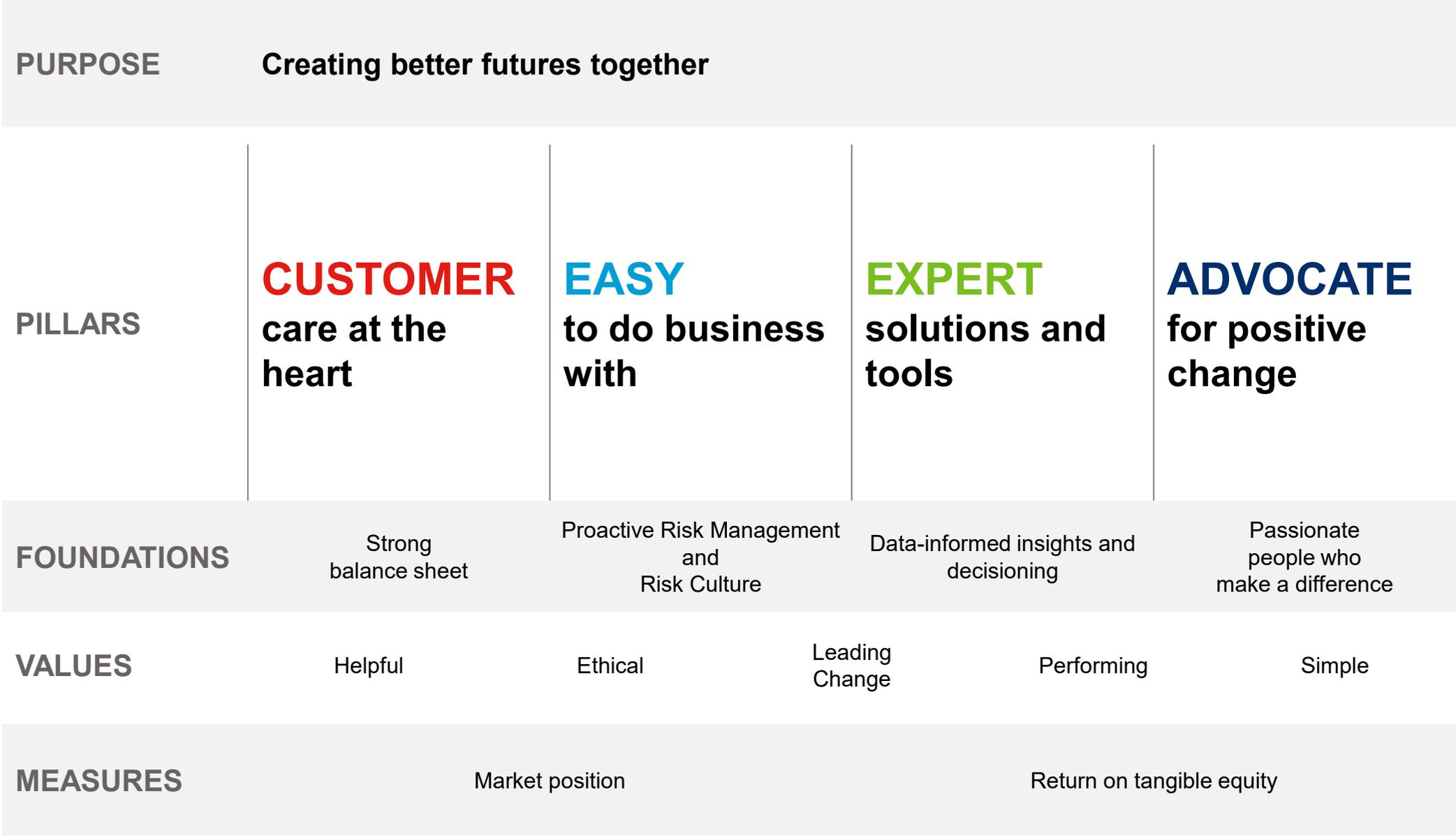
Sustainability

Technology

Digital

Data-driven insights

# A strategy for growth and return

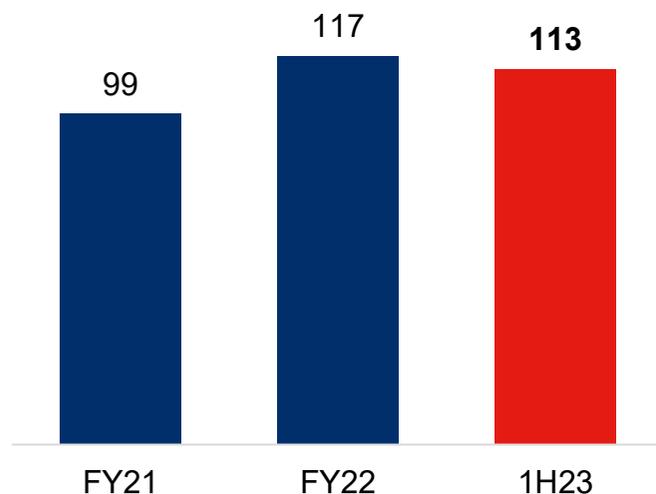


# Jeff Byrne

Managing Director, Global Transaction Services

# Global Transaction Services (GTS)

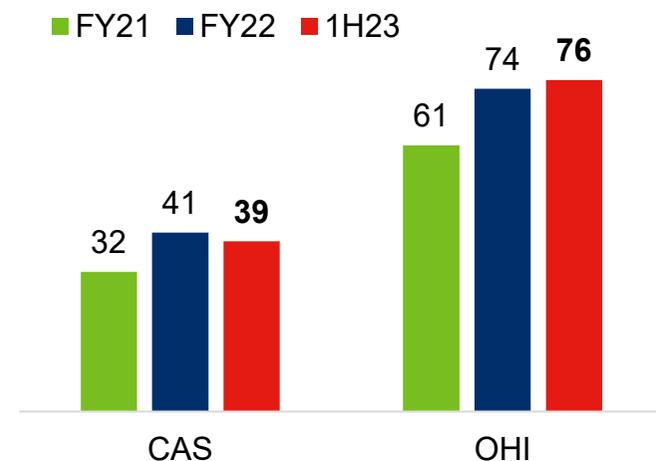
## Deposits (\$bn)



## Reset the business

- Strengthened AML<sup>3</sup> systems and processes
- Selected correspondent banking and agency services relationships
- Simplified client, product and service offering (exited ~1,000 low value clients; reduced product suite by ~50%)

## OHI<sup>1</sup> and CAS<sup>2</sup>



## Gaining momentum

- Efficiency delivered from portfolio simplification
- Sustained deposit growth
- Improving customer advocacy
- Stronger employee engagement

<sup>1</sup> Organisational Health Index (OHI). <sup>2</sup> Customer Advocacy Score (CAS). CAS is provided by Fifth Dimension and calculated as a 6-month rolling average. <sup>3</sup> Anti-money laundering (AML).

# GTS: Meeting clients' needs today



PayTo for payers delivered; PayTo for Billers on schedule



Global SWIFT ISO upgrade: Phase-1 delivered; Phase-2 on schedule



Westpac Live FX upgrades



Introduced dynamic virtual cards

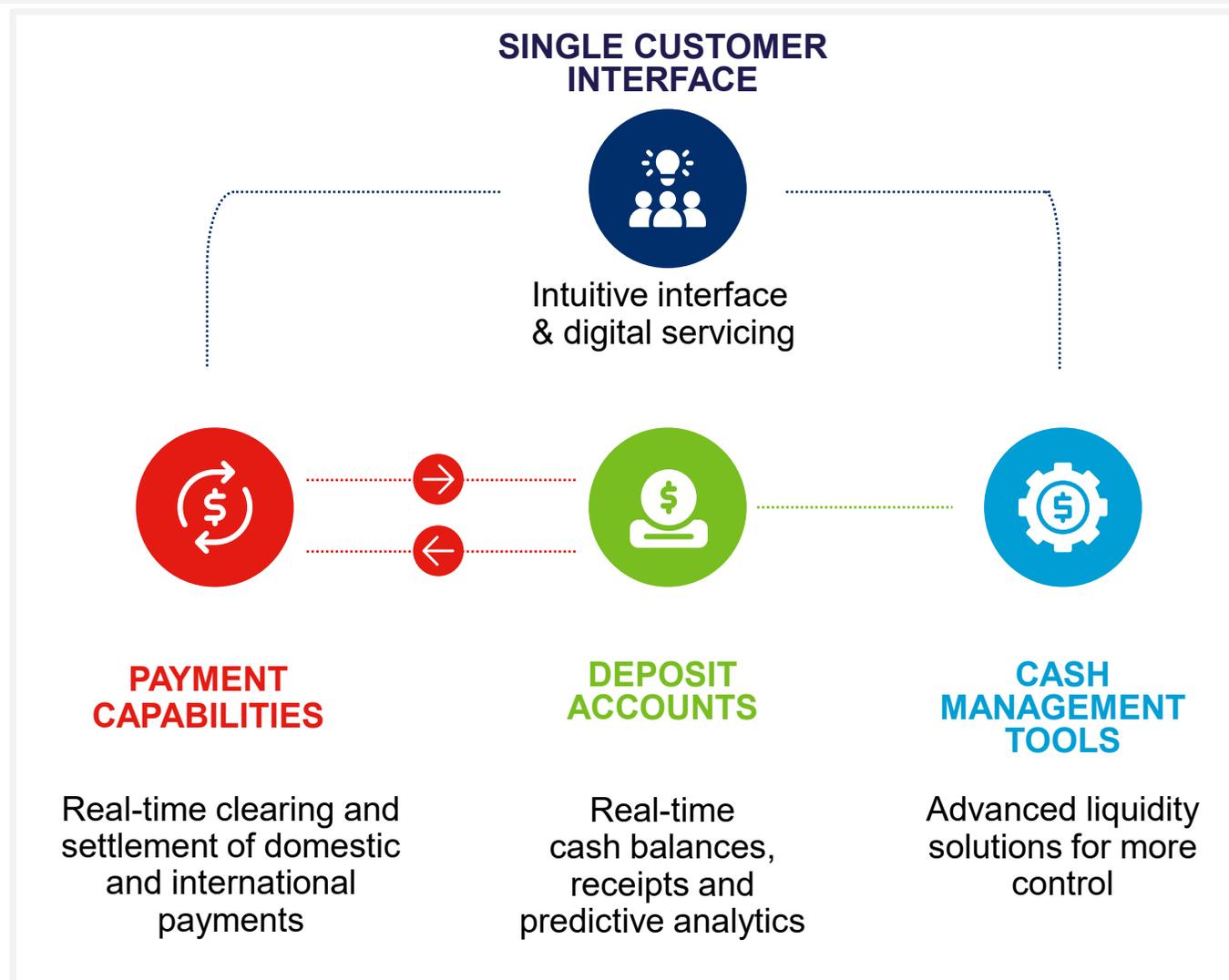


Launched new deposit product for Superannuation funds

# GTS: Ambition to be a leading digital transaction bank

## Transformational investment

- Transforming GTS into a leading, modern, digital transaction bank
- Radically simplifying the transaction banking user experience
- Delivering sophisticated, real time treasury management capabilities

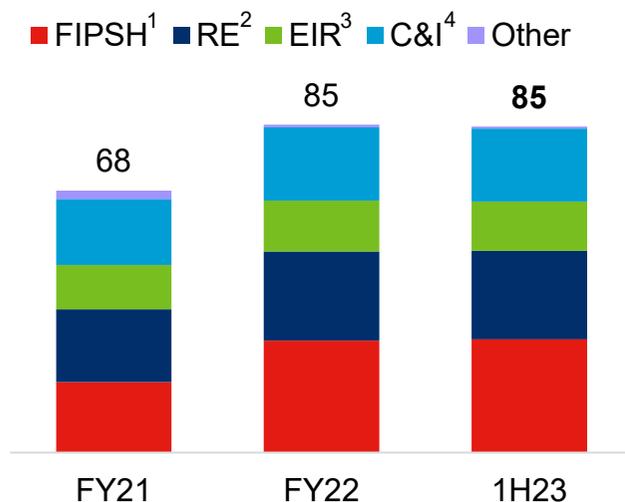


# Alastair Welsh

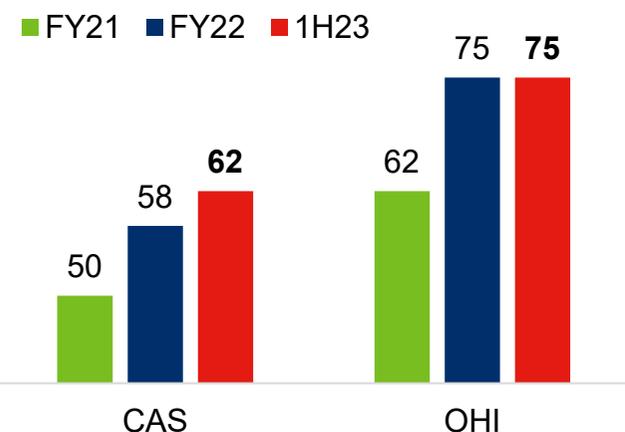
Managing Director, Corporate & Institutional Banking

# Corporate & Institutional Banking (CIB)

## Loans (\$bn)



## CAS and OHI



## Client driven business

- Client focus through industry specialisation
- Improving banker productivity
- Managing business end to end
- ESG capability uplift to support clients' transition journey
- Data insights and research to support clients' growth aspirations

## Stronger foundations

- #1 greenfield renewable energy financier in Australia<sup>5</sup>
- Customer advocacy score increased
- Loan CAGR of 16% while maintaining risk settings<sup>6</sup>
- Uplift in banker engagement since FY21 - OHI moved from 4th to 2nd quartile
- ~3,000 employees completed ESG fundamentals training

1 Financial Institutions, Public Sector & Health (FIPSH). 2 Real Estate (RE). 3 Energy, Infrastructure & Resources (EIR). 4 Consumer & Industrial (C&I). 5 Source: Westpac research, project websites and IJ Global League Tables at 30 May 2023. 6 Over two years Mar-21 to Mar-23.

# CIB: Ambition to be the lead relationship bank



**Existing clients**

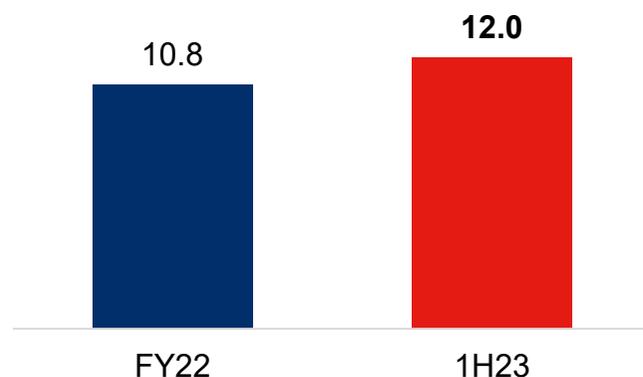


**Infrastructure and renewables**



**To lead in ESG**

## Exposure to climate change solutions<sup>1</sup> (\$bn, TCE<sup>2</sup>)



## Future state

- Simplified & digitised processes making client interactions easier
- Deeper relationships through enhanced WIB product offering
- Supporting our bankers to facilitate more time with clients
- ESG fully integrated into banking operations
- Portfolio diversification balancing risk and returns

## Performance measures of future state

- Enhancing client experience through simplification and digitisation
- Aiming to be within top 2 lending market share while maintaining risk settings
- Growth aligned with soon to be launched Sustainable Finance Taxonomy
- Expanding NZBA targets
- Achieve top quartile employee engagement

<sup>1</sup> Climate change solutions activities are defined in the Glossary section in our 2022 Sustainability Index and Datasheet. <sup>2</sup> TCE is total committed exposure.

# Max Bulloch

Managing Director, Financial Markets

# Financial Markets (FM)

**Leading position**  
across a range of fixed income  
markets<sup>1</sup>

**#1**  
Australian sustainable bond  
league table

**#2**  
\$A bond league table  
(excluding self-led)

**Most useful analysis of the  
economy**  
17 years in a row<sup>2</sup>

## Client focused business

- Deeper client relationships through greater external focus
- Alignment across all teams delivering a consistent, competitive and easy client experience
- Embarked on a technology and data simplification

## Demonstrated capabilities

- JLM<sup>3</sup> on all semi-government green/sustainability bond issuance in past 2 years
- JLM<sup>3</sup> on 16 of 24 semi-government deals, covering 75% of supply<sup>4</sup>
- Ranked #1 in five out of six fixed income secondary trading categories<sup>5</sup>
- #2 FX market share with Institutional clients and #1 with funds<sup>6</sup>
- Technology uplift to streamline the deal process and enhance risk management

1 #1 market share in bonds and semis, #1 market share in OIS, #1 market share in asset-backed bonds, #2 market share in investment grade corporate bonds, #3 market share in interest rate swaps – 2022 Peter Lee Associates Fixed Income Survey, ranking against all banks. 2 Peter Lee Associates Interest Rate Derivatives Survey 2006 to 2022. Ranking against four major domestic banks. 3 Joint lead manager (JLM). 4 Semi-government financial year runs from July 2022 to June 2023. 5 KangaNews Fixed Income Trading and Research Poll 2023. 6 2022 Peter Lee Associates Foreign Exchange – Financial Institutions Survey, ranking against all banks.

# FM: Ambition to be #1 FM business in Australia and NZ



**Business & Consumer**



**Cross border flows**



**Carbon & Commodities**

## A blueprint for moving forward

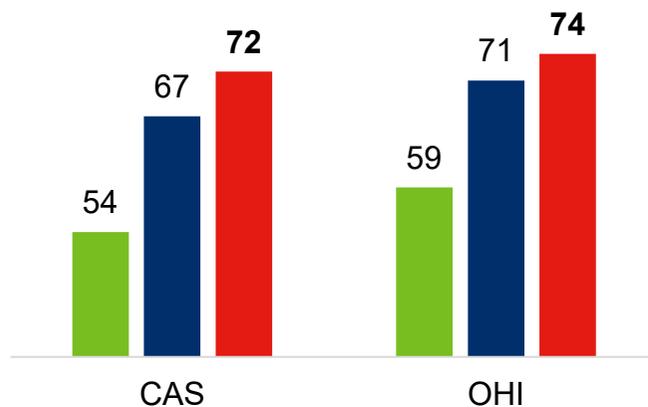
- Deepening existing client relationships
- Leveraging market leading systematic pricing capability
- Increasing cross border business
- Using data, technology and insights to enhance the client experience
- Partnering with clients on their climate transition journey

## Performance measures for the future

- Top 2 market share in core products<sup>1</sup>
- Top 2 in league tables for A\$ and NZ\$ bonds
- Improving growth and return
- Strong employee engagement

## CAS and OHI

■ FY21 ■ FY22 ■ 1H23



<sup>1</sup> As measured by Peter Lee and East & Partners surveys – Corporate Foreign Exchange, Corporate Interest Rate Derivatives, Foreign Exchange – Financial Institutions, Fixed Income.

# Nell Hutton

Group Executive WIB from 1 October 2023

# Focus on becoming the leading institutional bank



# Appendix and Disclaimer

# Business structure: GTS

**Managing Director  
Global Transaction Services**

**International  
Payments**

**Qvalent Pty  
Ltd**

**Digital  
Solutions &  
Channels**

**Domestic  
Payments**

**Liquidity  
Management**

**Corporate  
Cards**

Institutional

Business and Consumer

New Zealand

## **Client Engagement**

Transactional Banking Sales, Implementation and Client Service

## **Chief Operating Office**

Global Operations Management, Strategic Business Transformation, Business Controls and Monitoring

# Business structure: CIB

**Managing Director  
Corporate & Institutional Bank**

**Relationship Management and analytical expertise**

**Consumer &  
Industrial**

**Energy,  
Infrastructure &  
Resources**

**Financial  
Institutions, Public  
Sector & Health**

**Real Estate**

**Debt Products**

Highly experienced specialist teams delivering market-leading capabilities

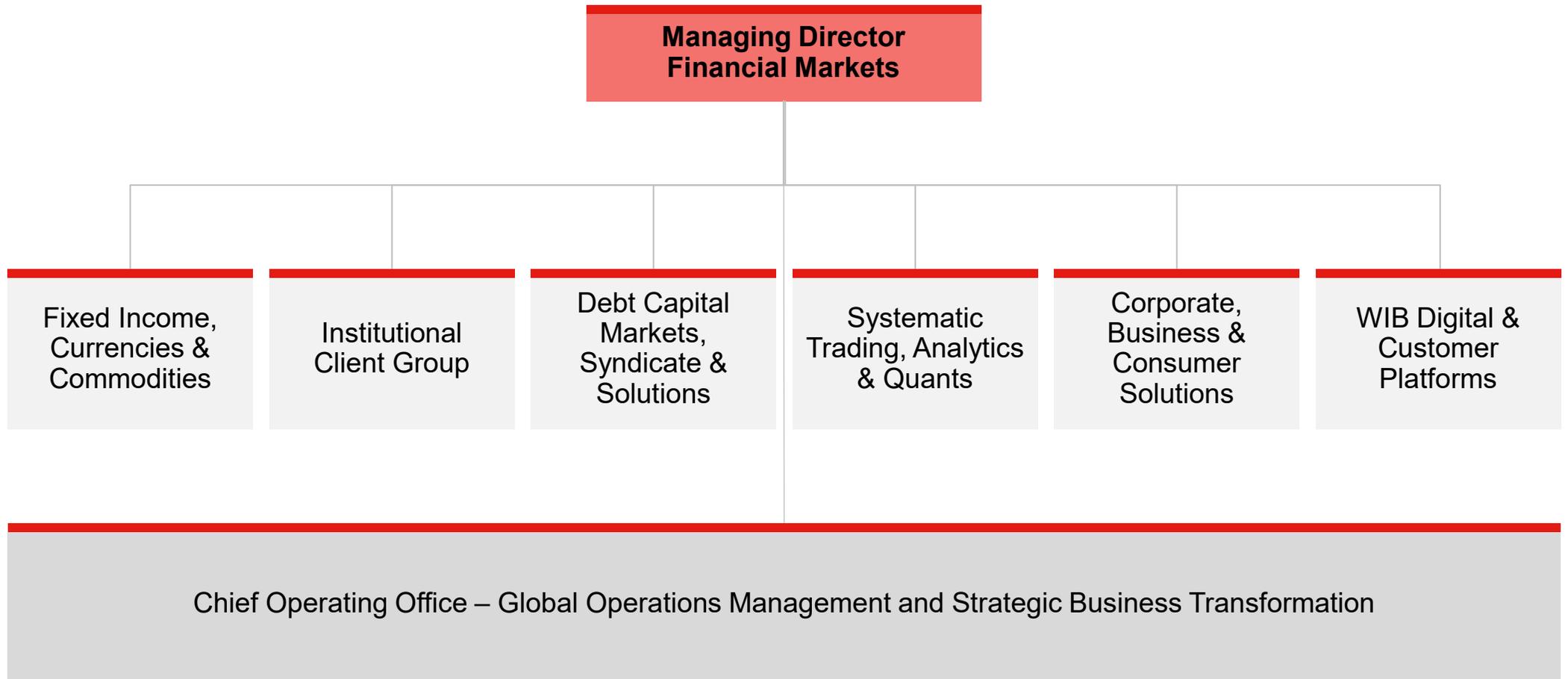
**Chief Operating Office**

Global Operations Management and Strategic Business Transformation

**Business Controls & Monitoring**

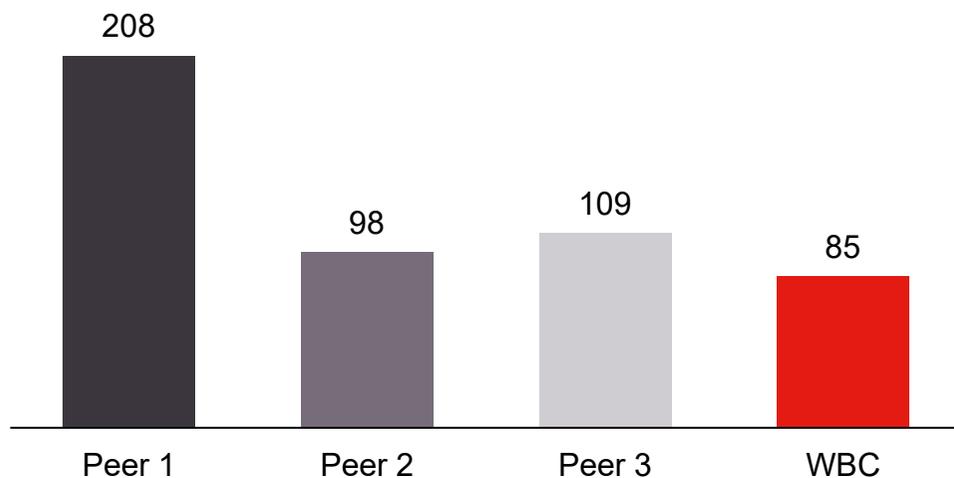
Support and guide the business in driving risk and compliance priorities

# Business structure: FM

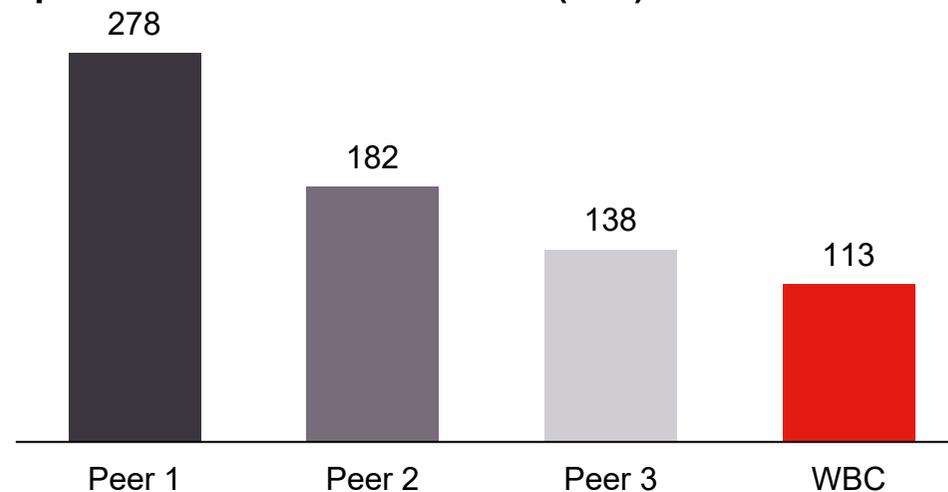


# Peer comparison: institutional banking divisions<sup>1</sup>

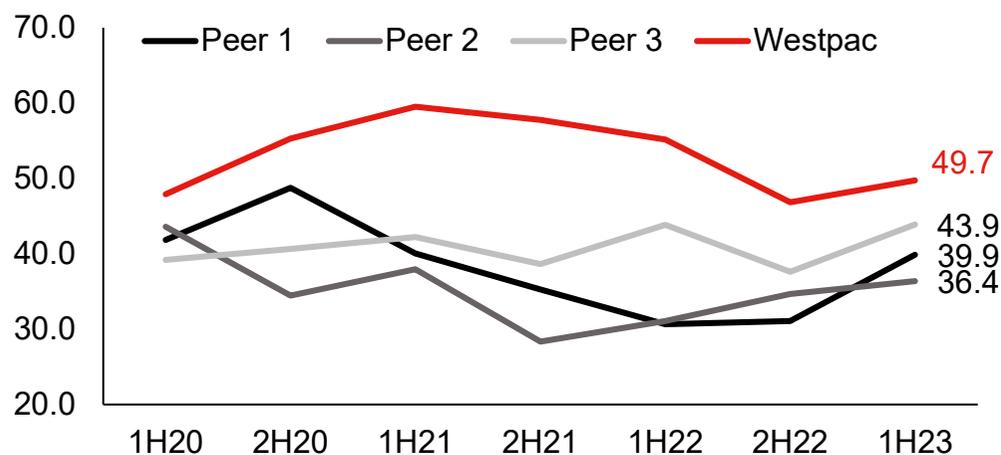
Loans: balances at end-1H23 (\$bn)



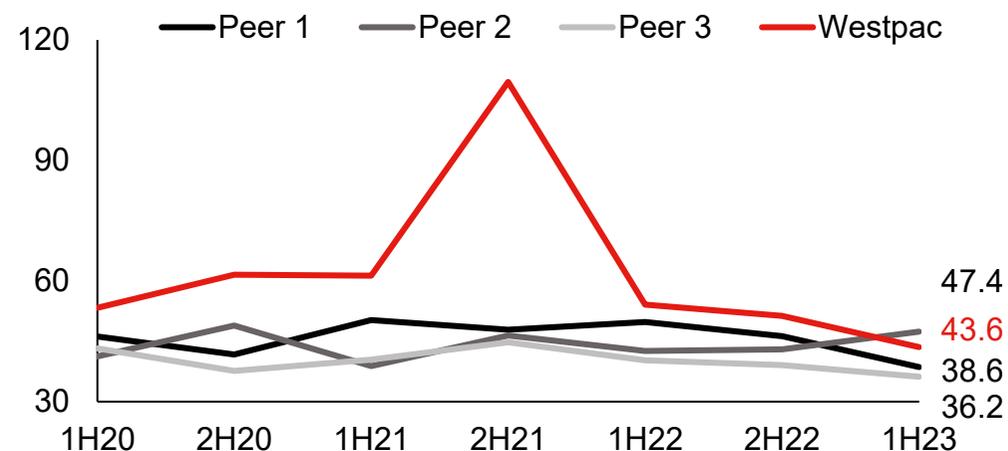
Deposits: balances at end-1H23 (\$bn)



Non-interest income/ operating income (%)



Expense to income ratio (%)



<sup>1</sup> Based on segment disclosure of each bank. The segments are not comparable on a like for like basis. The peer comparison provides an overview of relative size.

# League tables<sup>1,2</sup>

Manager, ranking according to market share

	2020	2021	2022	2023 YTD
A\$ bonds	4	3	2	2
NZ\$ bonds	3	3	3	3
A\$ securitisation	2	2	2	2
Australian sustainable bonds <sup>3</sup>	3	6	1	1

<sup>1</sup> Excluding self-led. <sup>2</sup> Source: Bloomberg, KangaNews. <sup>3</sup> Local issuers.

# Investor Relations Team

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General Manager, Investor Relations

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Head of Investor Relations,  
Ratings Agencies and Analysis

## Rebecca Plackett

Head of Corporate Reporting and ESG

## Arthur Petratos

Manager, Shareholder Services

## Jacqueline Boddy

Head of Debt Investor Relations

## Catherine Garcia

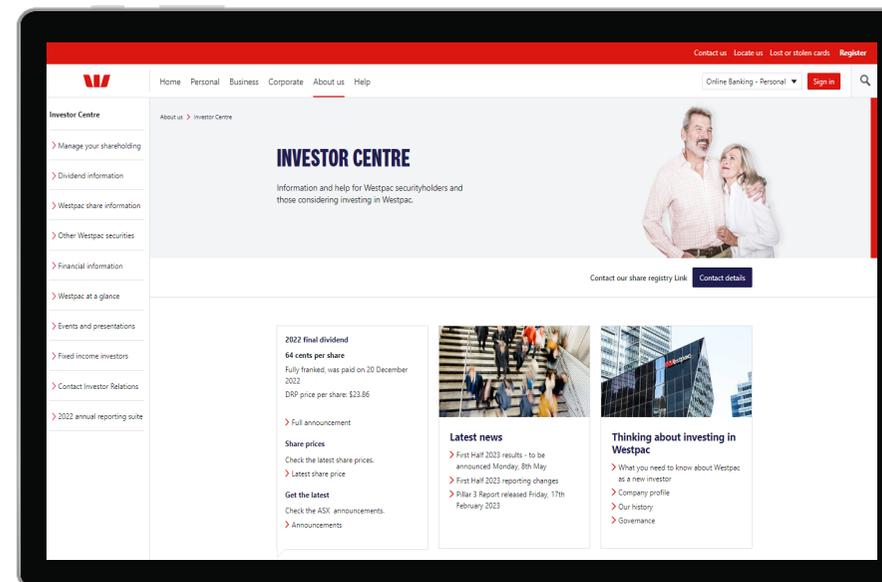
Head of Investor Relations,  
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Manager, Investor Relations

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We use words such as 'will', 'may', 'expect', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'estimate', 'anticipate', 'believe', 'probability', 'indicative', 'risk', 'aim', 'outlook', 'forecast', 'f'cast', 'f', 'assumption', 'projection', 'target', 'goal', 'guidance', 'ambition', or other similar words to identify forward-looking statements, or otherwise identify forward-looking statements. These forward-looking statements reflect our current views on future events and are subject to change, certain known and unknown risks, uncertainties and assumptions and other factors which are, in many instances, beyond our control (and the control of our officers, employees, agents and advisors), and have been made based on management's expectations or beliefs concerning future developments and their potential effect upon Westpac. Forward-looking statements may also be made, verbally or in writing, by members of Westpac's management or Board in connection with this presentation. Such statements are subject to the same limitations, uncertainties, assumptions and disclaimers set out in this presentation. There can be no assurance that future developments or performance will align with our expectations or that the effect of future developments on us will be those anticipated. Actual results could differ materially from those we expect or which are expressed or implied in forward-looking statements, depending on various factors including, but not limited to, those described in the section titled 'Risk factors' in our 2023 Interim Financial Results (incorporating the requirements of Appendix 4D) for the six months ended 31 March 2023 available at [www.westpac.com.au](http://www.westpac.com.au). When relying on forward-looking statements to make decisions with respect to Westpac, investors and others should carefully consider such factors and other uncertainties and events. Except as required by law, we assume no obligation to revise or update any forward-looking statements contained in this presentation, whether from new information, future events, conditions or otherwise, after the date of this presentation.