

ASX Release

Level 18, 275 Kent Street
Sydney, NSW, 2000

26 September 2024

Westpac Business Spotlight

Westpac Banking Corporation ("Westpac") today provides the attached Business Spotlight Pack which includes information relating to:

- Mortgages – from application to settlement;
- Business Lending;
- Cyber and Scams; and
- Artificial Intelligence.

For further information:

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



BUSINESS SPOTLIGHT

26 SEPTEMBER 2024

Westpac Banking Corporation ABN 33 007 457 141

MORTGAGES – FROM APPLICATION TO SETTLEMENT

Damien MacRae, Managing Director Mortgages

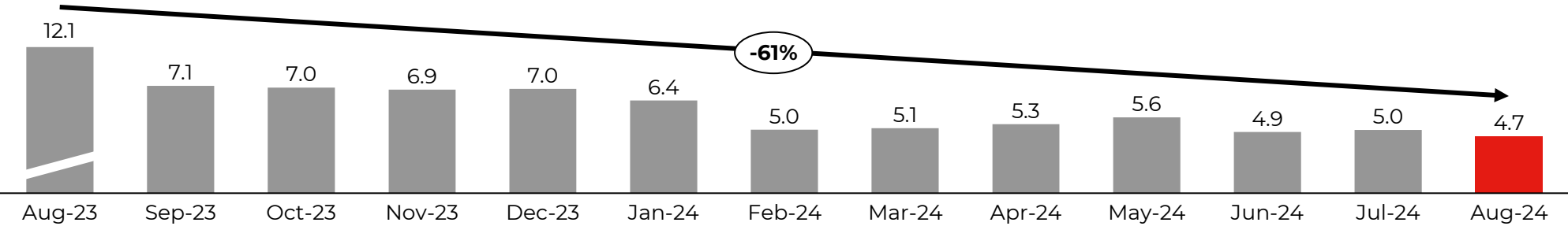
Bhaskar Katta, General Manager Group Operations

Peta Brown, Head of Operations, Mortgages



MORTGAGES: SERVICE EXCELLENCE HAS IMPROVED CUSTOMER EXPERIENCE

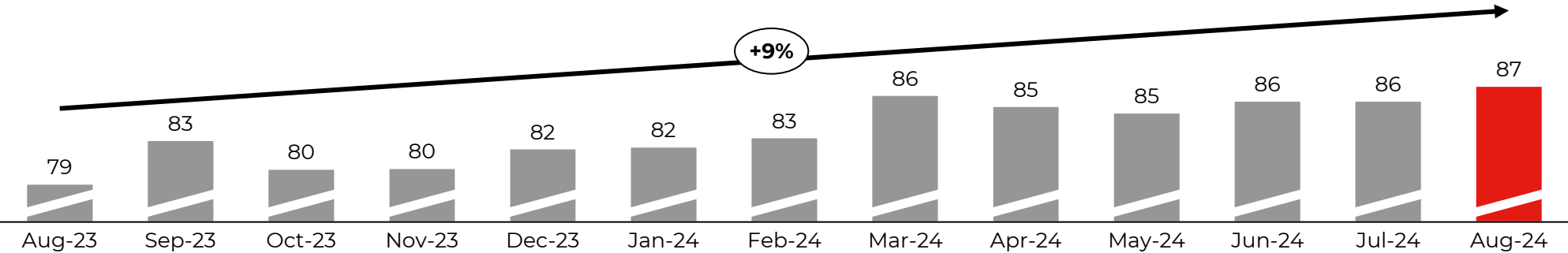
**BROKER TTD
(DAYS)¹**



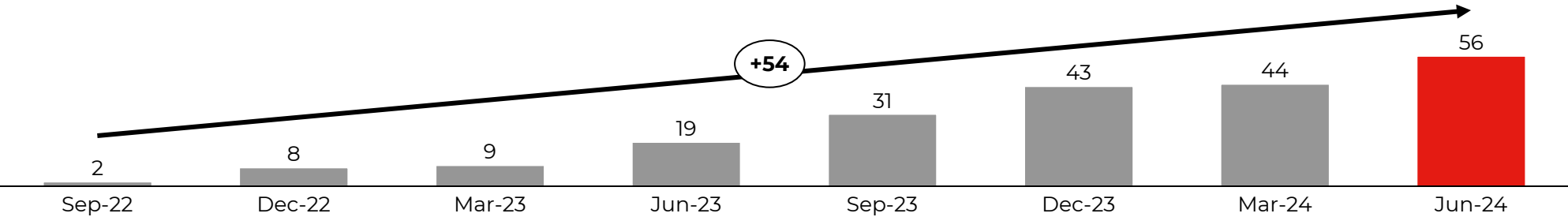
1ST PARTY TTD

Sustainably c.5 days² from Aug-23 to Aug-24

**TOTAL
ODS (%)³**



BROKER NPS⁴



1 Time to decision median days for Third Party mortgages. 1 Time to decision median days for First Party mortgages. 3 On day settlement percentage of total purchase settlements. 4 Internal Broker NPS Quarterly Pulse Survey Jun24 (Westpac Brand).



BUSINESS LENDING

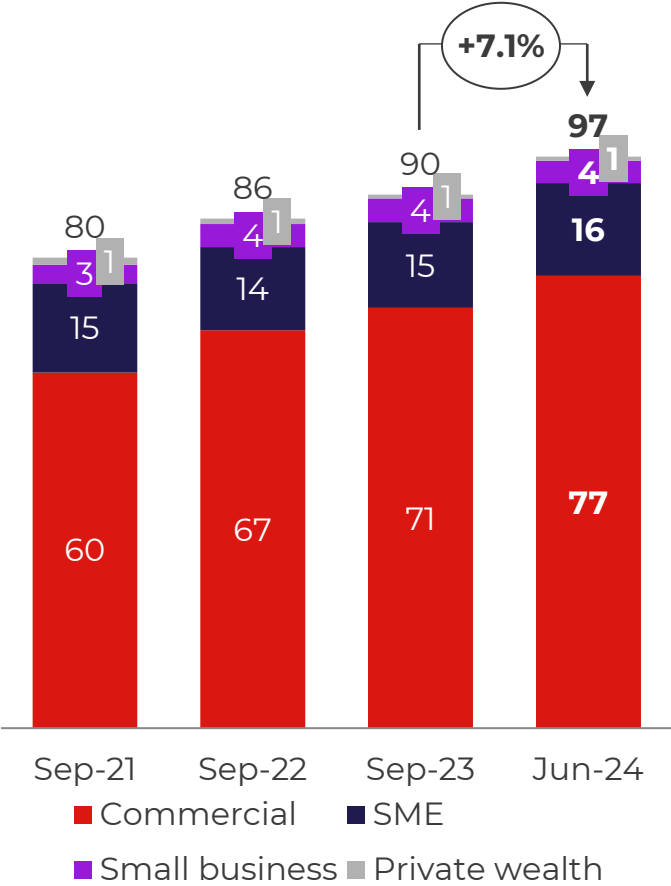
Tamara Bryden, MD Business Lending

Ross McNaughton, CRO Business & Wealth

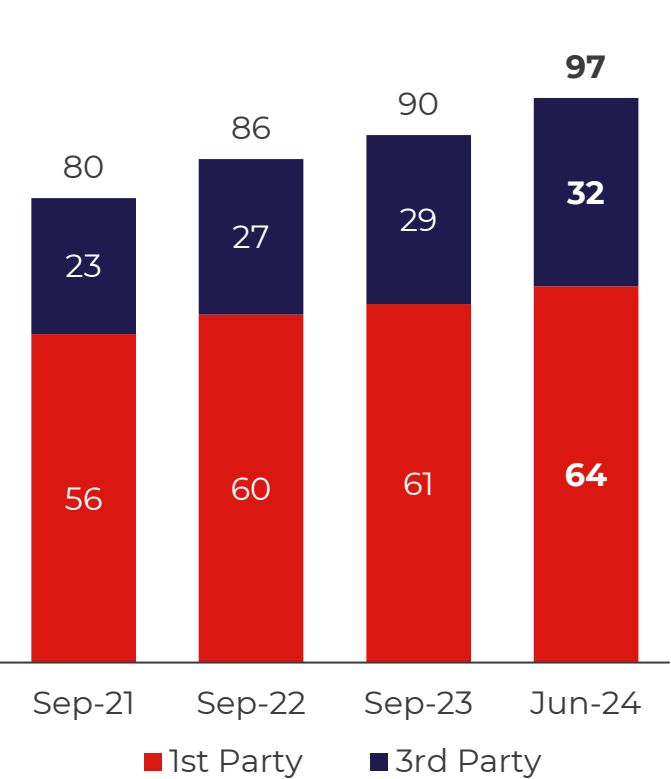


SOLID BUSINESS LENDING GROWTH, MARKET SHARE STABILISED

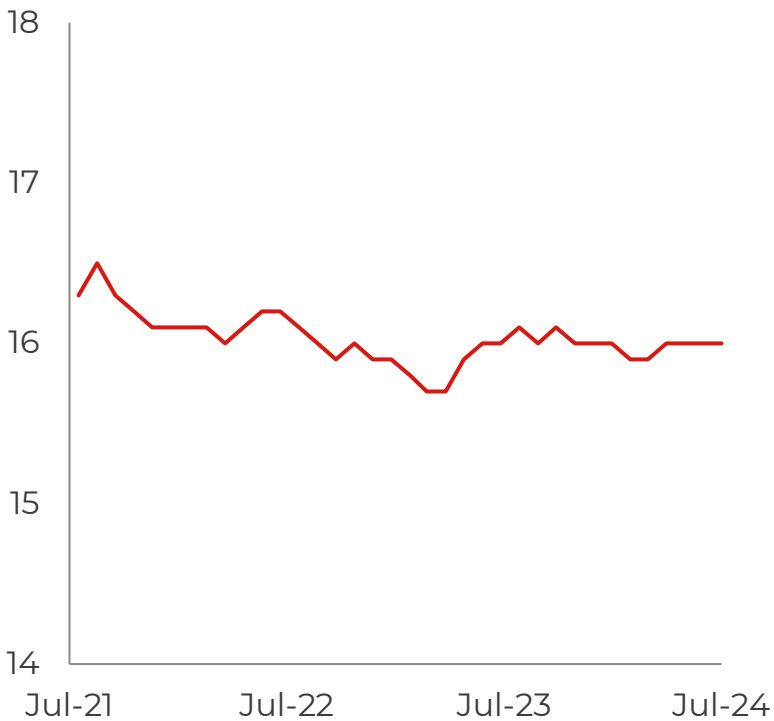
BALANCES BY SEGMENT¹ (\$B)



BALANCES BY CHANNEL (\$B)



MARKET SHARE²



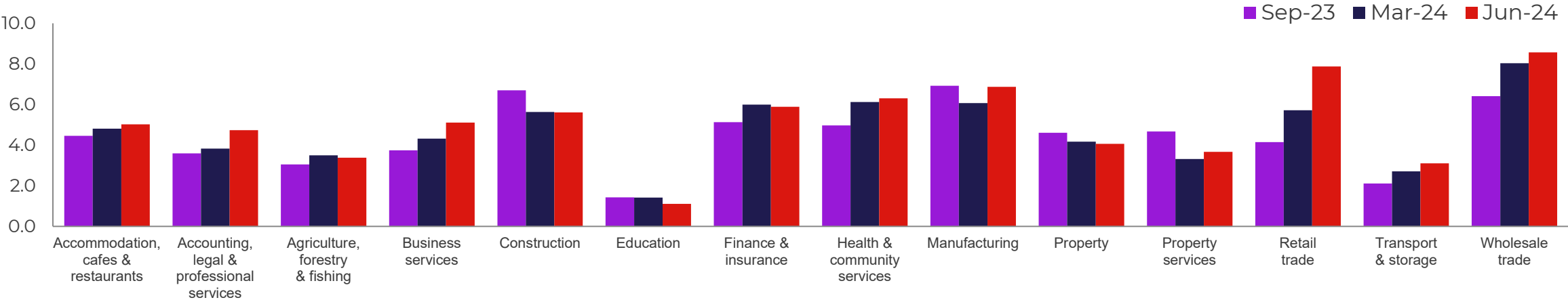
¹ Segmentation is based on the amount of Total Committed Exposure (TCE) – Commercial TCE > \$3m and < \$100m, SME TCE > \$0.5m and < \$3m; and Small business TCE < \$0.5m. There are exceptions for certain industries and specific customer. ² Business Lending ADI System market share from APRA Monthly Authorised Deposit-taking Institution Statistics.



BUSINESS & WEALTH CREDIT QUALITY REMAINS RESILIENT

STRESSED EXPOSURES BY INDUSTRY SECTOR (% OF TCE)

- Drivers of the observed increase in stress:
- Higher for longer interest rates and inflation is impacting certain SME businesses
 - Retail trade and hospitality sector customers have been adversely impacted by low growth in discretionary spending from cost of living pressures on households
 - Wholesale trade and manufacturing sector customers continue to experience adverse impacts from inflation and supply chain constraints



EXPOSURE BY SECTOR

Sector:		Accommodation, cafes and restaurants	Accounting, legal & professional services	Agriculture, forestry & fishing	Business services	Construction	Education	Finance & insurance	Health & community services	Manufacturing	Property	Property services	Retail trade	Transport & storage	Wholesale trade
TCE (\$b)	Jun-24	8.0	3.7	15.2	5.4	9.8	3.1	2.5	4.3	7.8	38.2	3.6	6.7	5.1	6.3
	Mar-24	7.9	3.6	14.4	5.2	9.4	3.0	2.5	4.2	7.8	37.7	3.5	6.5	4.8	6.2



TRANSFORMATION PROGRAM IS RUNNING AT PACE

WHAT WE ARE DOING

Simplifying our products, policies and processes

Harnessing the power of technology and generative AI to drive productivity and efficiencies

Automating workflow and increasing straight through processing to drive efficiencies

Tilting our portfolio to higher return segments

UNITE is our technology simplification program. It is business led and tech enabled with three objectives: better customer experience; improved employee experience; and increased shareholder return

AMBITION OVER THE MEDIUM TERM¹

Increase NPS to reflect that we are the first choice for customers

Improve return on tangible equity delivering value to our shareholders

Single platform for lending providing a better experience for customers

Improve Time to decision to respond to customer needs

10 minutes for digital deals

Same day for simple deals²

3 days for complex deals³

¹ This ambition contains 'forward-looking statements' and are subject to assumptions, risks and other important information in the Disclaimer on page 24. ² Credit auto-decision or conditional loan offer. ³ Banker and credit expertise pathway requiring full credit assessment.

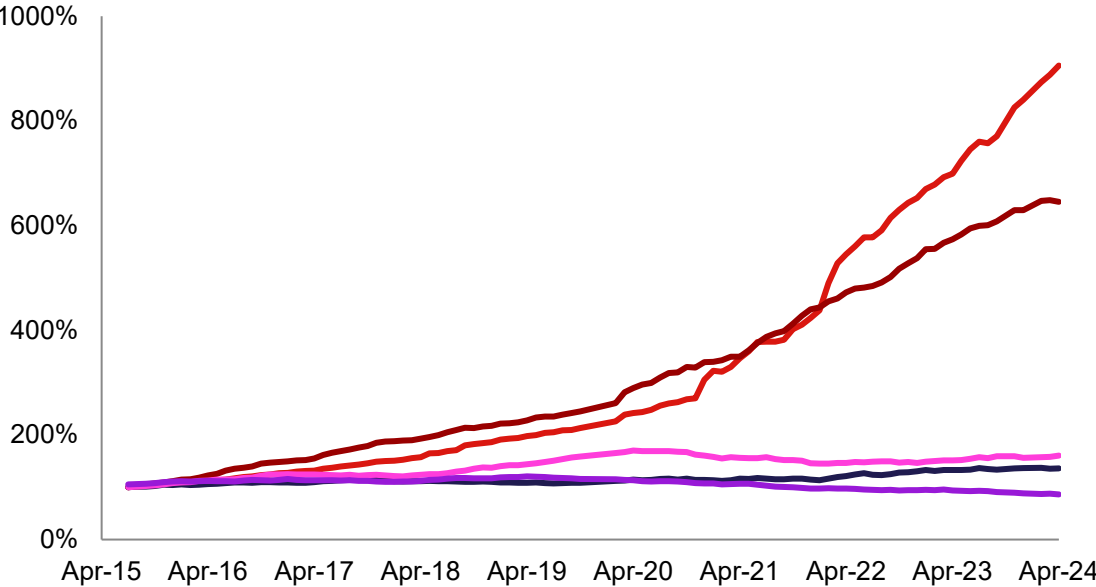
CYBER AND SCAMS

Richard Johnson, Group Chief Information Security Officer
Ben Young, Head of Fraud Prevention



GLOBAL THREAT ENVIRONMENT CONTINUES TO ESCALATE

EXTERNALLY-PERCEIVED INCREASE IN THREAT



● Nation States	1
● Criminals	2
● Insider Threat	3
● Activist/Hackivist	4
● Strategic Rivals	5

Source: New York University, *Index of Cyber Security*. Index values have been normalised to their baseline, 2015 values.

TRENDS IN SIGNIFICANT INCIDENTS



Targeted ransomware

The last few years have seen a significant increase in criminal groups using advanced techniques for extortion, combining business disruption and reputational risk.



Espionage & critical infrastructure attacks

Nation state attacks, either to acquire data or establish persistent access, increasingly affect private sector.



Collateral Damage from 3rd party incidents

Increased volumes of successful attacks on companies sees business disruption impacts flow through supply chains.

COLLABORATION ACROSS INDUSTRY AND GOVERNMENT

Australian Industry (Peer Banks)

- Interbank Forum – Cybercrime
- Interbank Forum – Security Testing
- Interbank Forum – Application Security
- Banking, telco peer discussions
- CISO Lens¹

International Industry (Peers)

- Financial Services Information Sharing and Analysis Center (FS-ISAC)
- Information Security Forum (ISF)
- New Zealand Internet Task Force

Australian Government & Law Enforcement Agencies (LEAs)

- Australian Cyber Defence's Australian Cyber Security Centre, including Joint Cyber Security Centres and National Information Exchange
- Department of Home Affairs Cyber and Infrastructure Security Centre & Trusted Information Sharing Network (TISN)
- Australian Security Intelligence Organisation
- LEAs across state and federal police

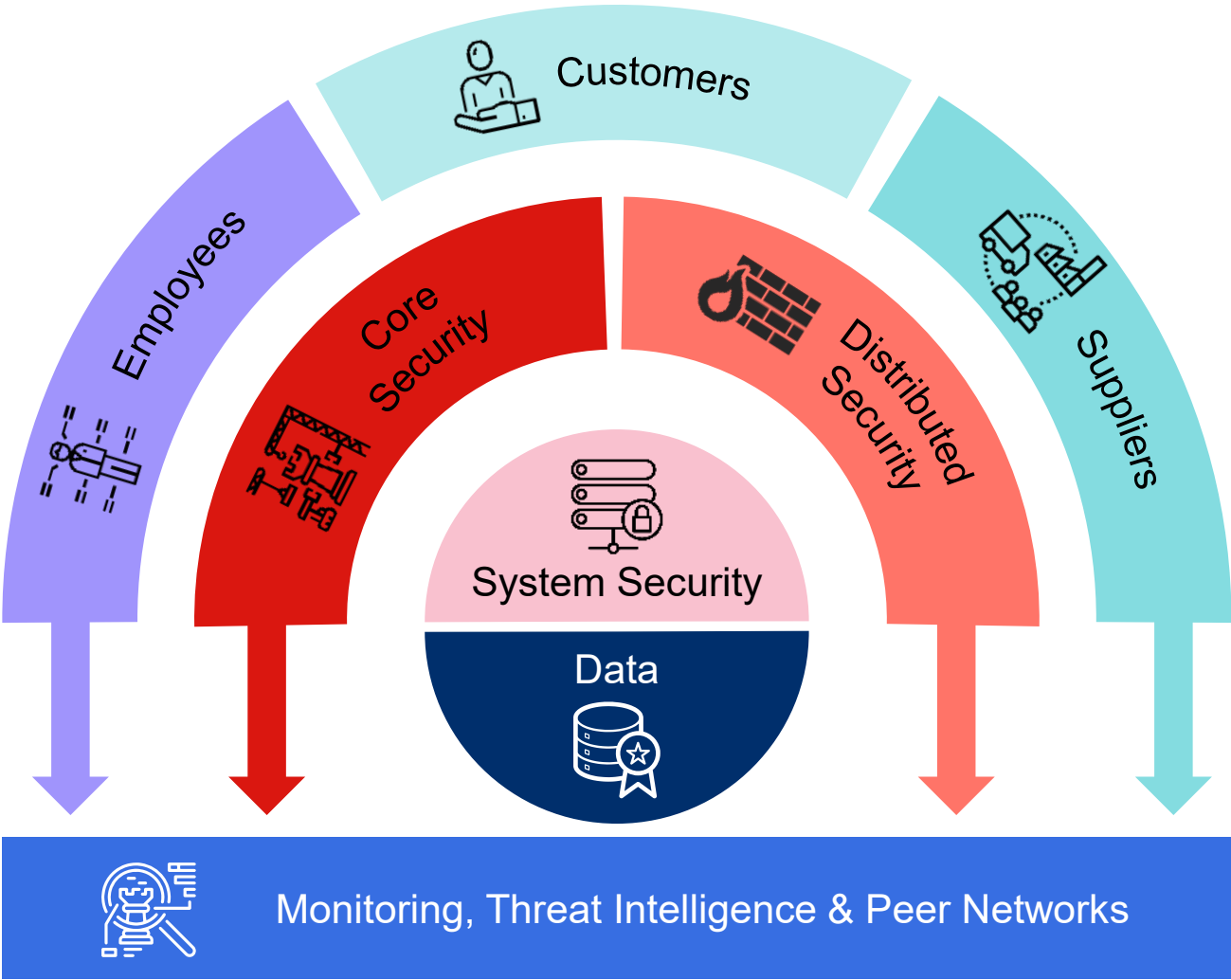
International Government, Regulators and LEAs








- New Zealand Financial Services Information Exchange
- UK National Cyber Security Centre (GCHQ NCSC)
- Monetary Authority of Singapore (MAS)
- US Federal Bureau of Investigation (FBI), Secret Service

¹ Information sharing and analysis community for cyber security executives - <https://www.cisolens.com/>.



WESTPAC: A LAYERED DEFENCE¹

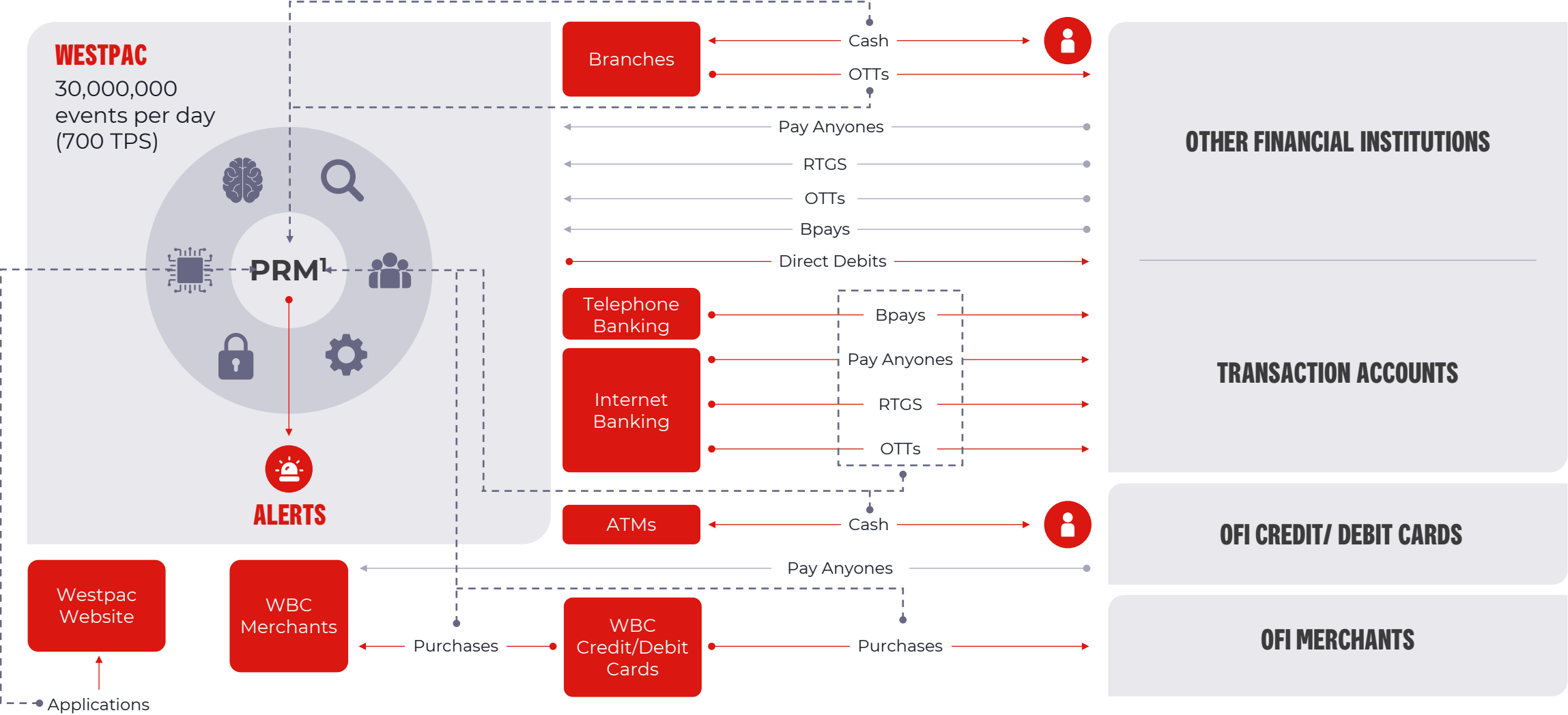


-  For **employees**, we have controls around who we hire; how their access is granted; and monitoring of system use.
-  We operate dedicated controls to protect **customers** from fraud, including multi-factor authentication for sensitive transactions.
-  **Suppliers** are subject to security reviews, limited access to our systems and data, and ongoing performance monitoring.
-  **Core security** capabilities are operated by our security team, and protect all systems, e.g., malware prevention.
-  **Distributed security** represents security embedded in technology services, e.g., firewalls in our networks and access reviews.
-  Our security and application teams work together on the **security of our systems**, e.g., through design reviews, patching and secure development.
-  We **monitor our systems** for indications of attacks and control weaknesses. We support this with **cyber threat intelligence** and **information sharing partnerships**.

¹ No system can be 100% effective, systems are susceptible to human error and significant third-party risks. Cyber threats are continually evolving. Information should be read in conjunction with the 2023 Annual Report pages 27 and 47.



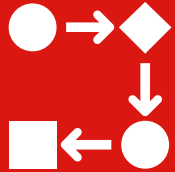
FRAUD SYSTEM FLOWS



1 Proactive Risk Manager.



SAMPLE OF WESTPAC FRAUD AND SCAM DETECTION TECHNIQUES



Sequence of Events

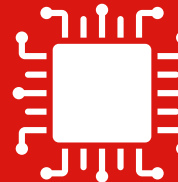


Machine Learning Models



Coincidence

- Closed Loops
- Convergence
- Velocity



Artificial intelligence



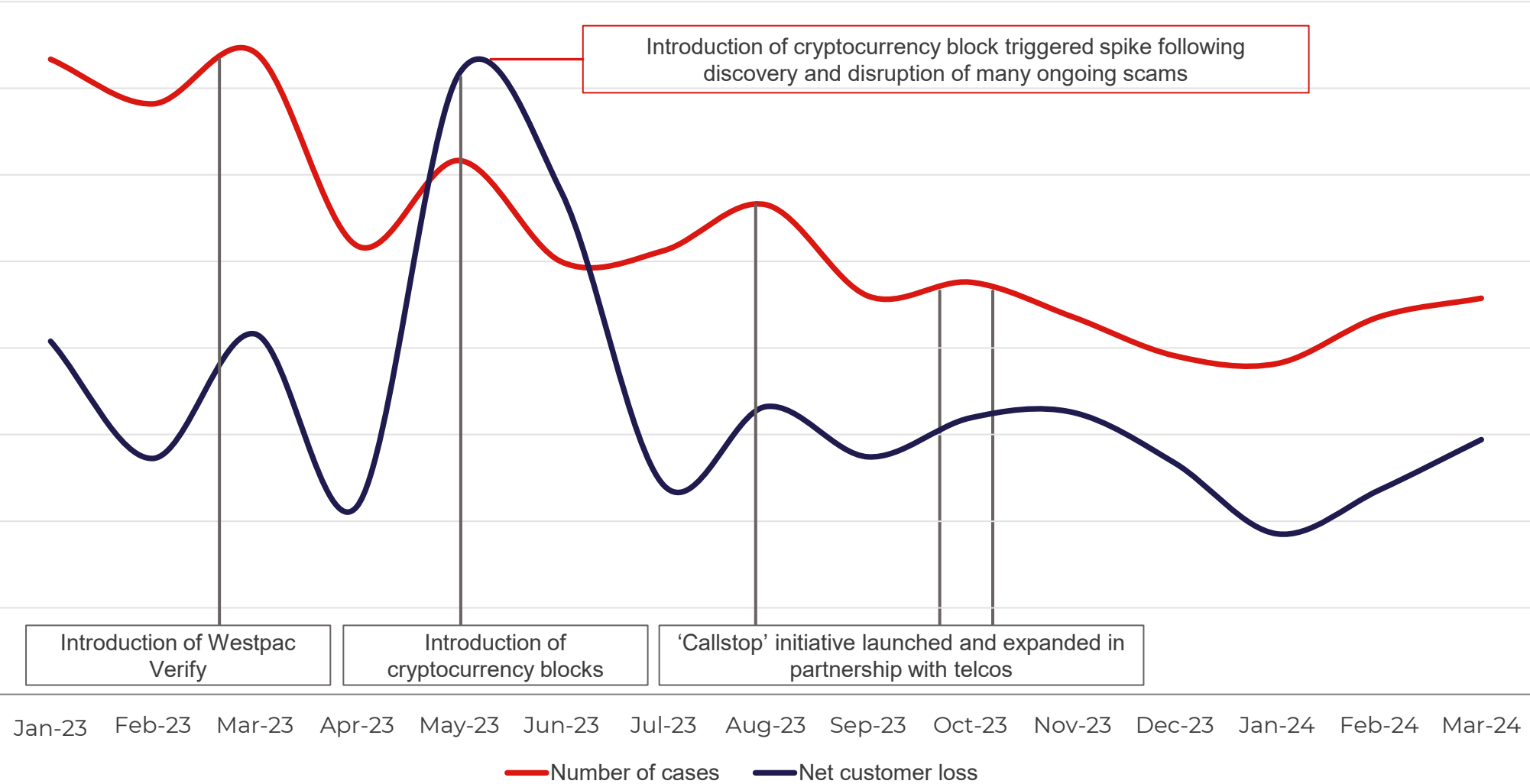
Blacklists

- Internal
- External (eg AFCX / Equifax)



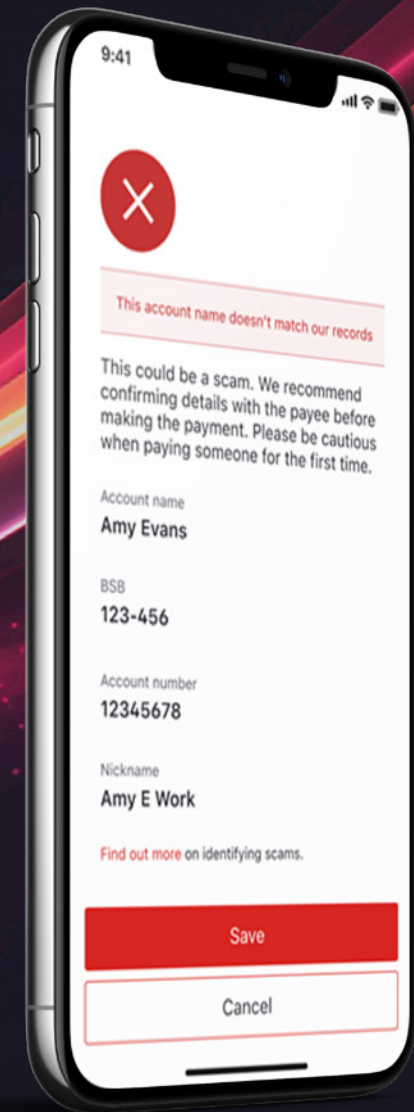
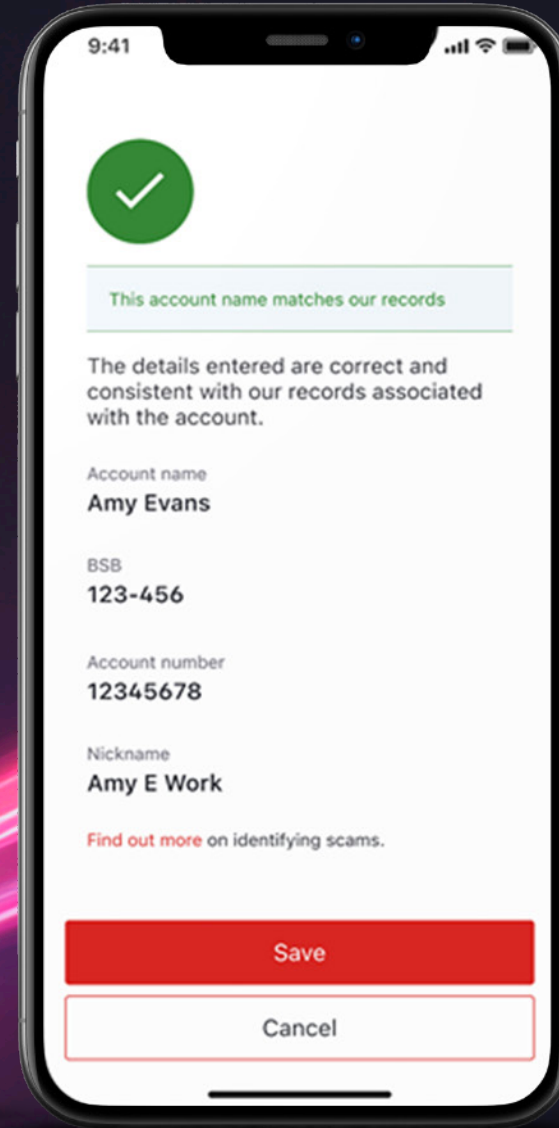
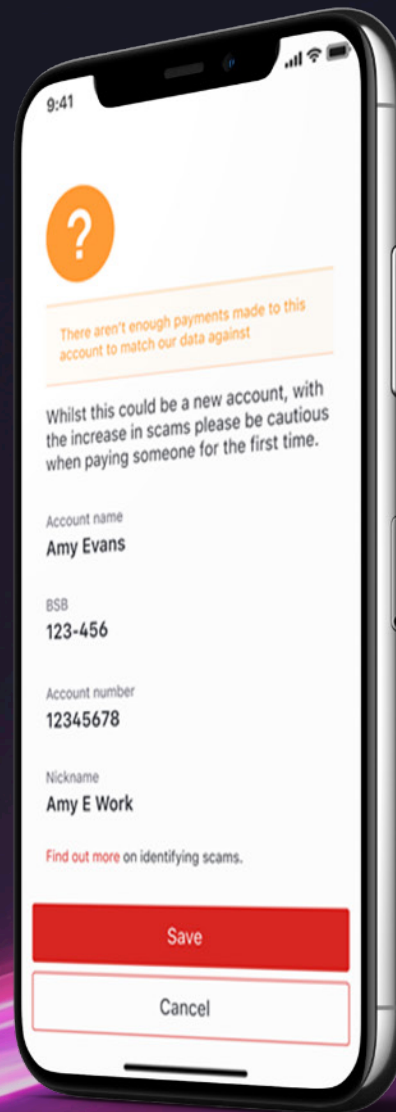
Profiling

PREVENTION MEASURES DRIVING DOWN CUSTOMER LOSSES



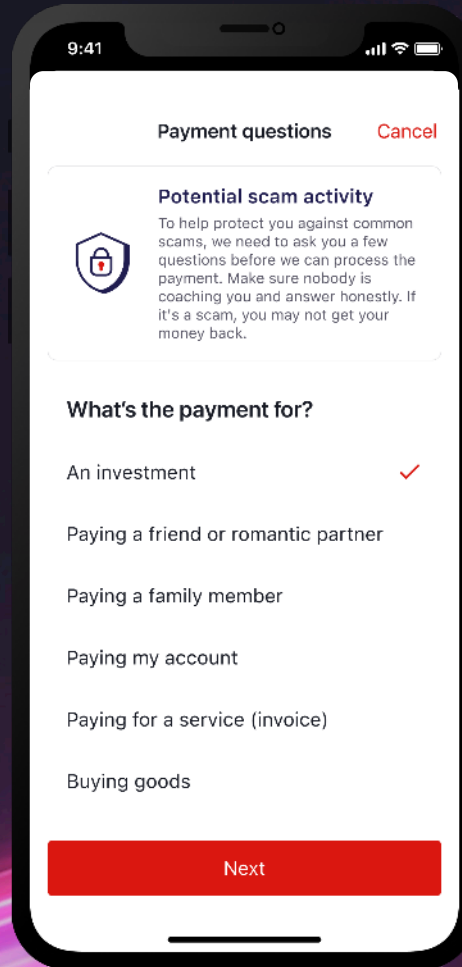
VERIFY

Alerts customers when there is a potential account name mismatch when they're adding a new payee using a BSB and account number



SAFERPAY

Presents customers with a series of questions in instances where a payment is considered a high risk of being a scam



9:41

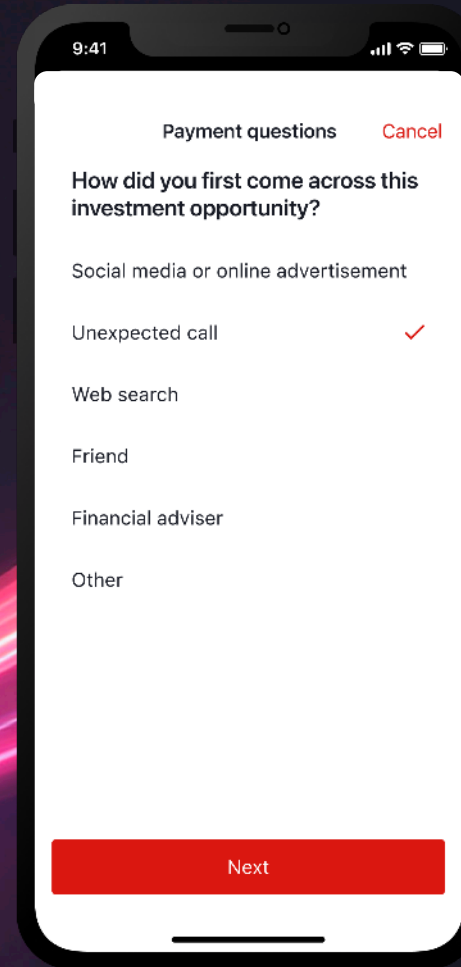
Payment questions Cancel

Potential scam activity
To help protect you against common scams, we need to ask you a few questions before we can process the payment. Make sure nobody is coaching you and answer honestly. If it's a scam, you may not get your money back.

What's the payment for?

- An investment ✓
- Paying a friend or romantic partner
- Paying a family member
- Paying my account
- Paying for a service (invoice)
- Buying goods

Next



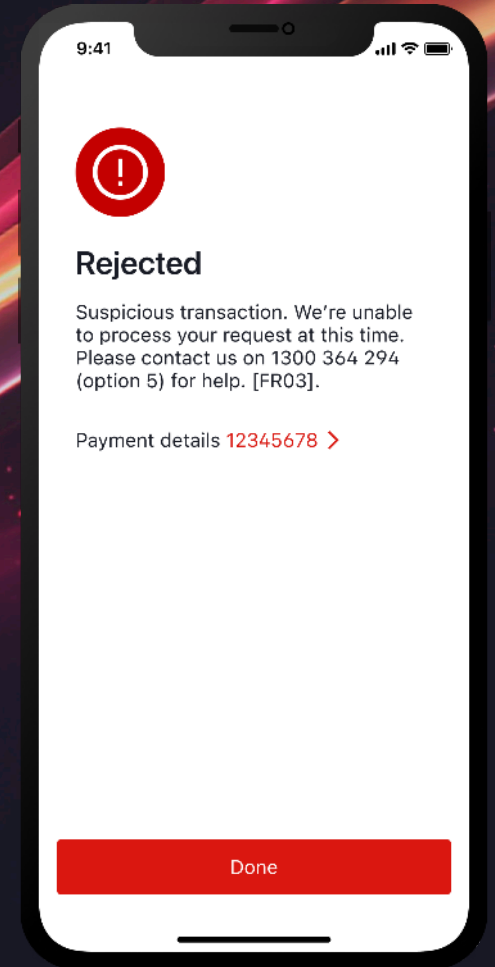
9:41

Payment questions Cancel

How did you first come across this investment opportunity?

- Social media or online advertisement
- Unexpected call ✓
- Web search
- Friend
- Financial adviser
- Other

Next



9:41

Rejected

Suspicious transaction. We're unable to process your request at this time. Please contact us on 1300 364 294 (option 5) for help. [FR03].

Payment details [12345678](#) >

Done

SAFECALL

Provides customers with calls via the app that are Westpac branded, verified by Optus and displays a reason for the call



ARTIFICIAL INTELLIGENCE

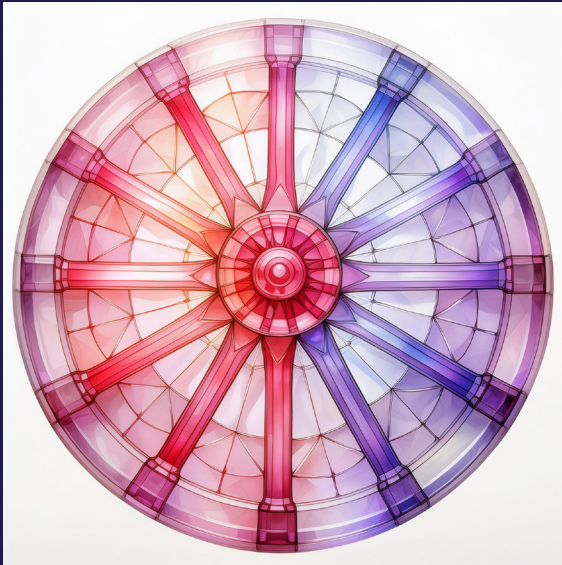
David Walker, Group Chief Technology Officer



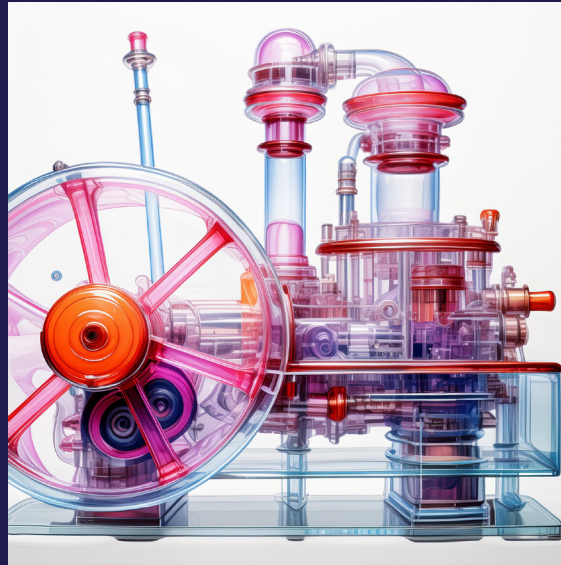
TWENTY-FIVE GENERAL PURPOSE TECHNOLOGIES



IMAGES GENERATED WITH AI



#5: THE WHEEL
4000-3000 BCE



#13: THE STEAM ENGINE
18th century



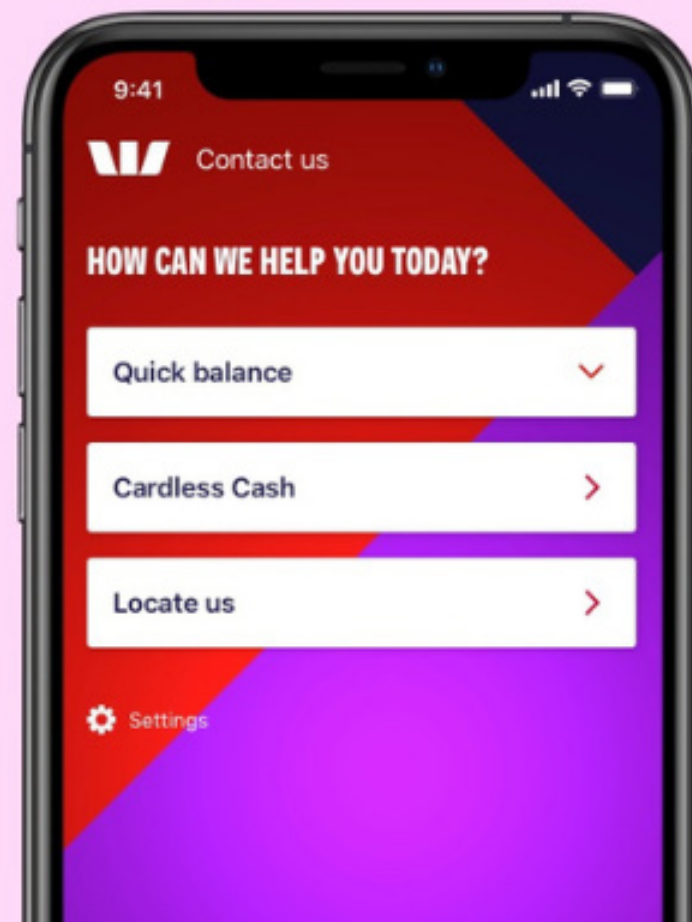
#21: THE COMPUTER
20th century



#23: THE INTERNET
20th century

... and Artificial Intelligence is likely to be #26

**TO BE OUR CUSTOMERS'
#1 BANK AND PARTNER
THROUGH LIFE
WE NEED TO ADAPT TO
THE CHANGING WORLD**



THREE MAIN BENEFITS, ACROSS DIFFERENT TIMEFRAMES

SHORT-TERM BENEFITS: PRODUCTIVITY

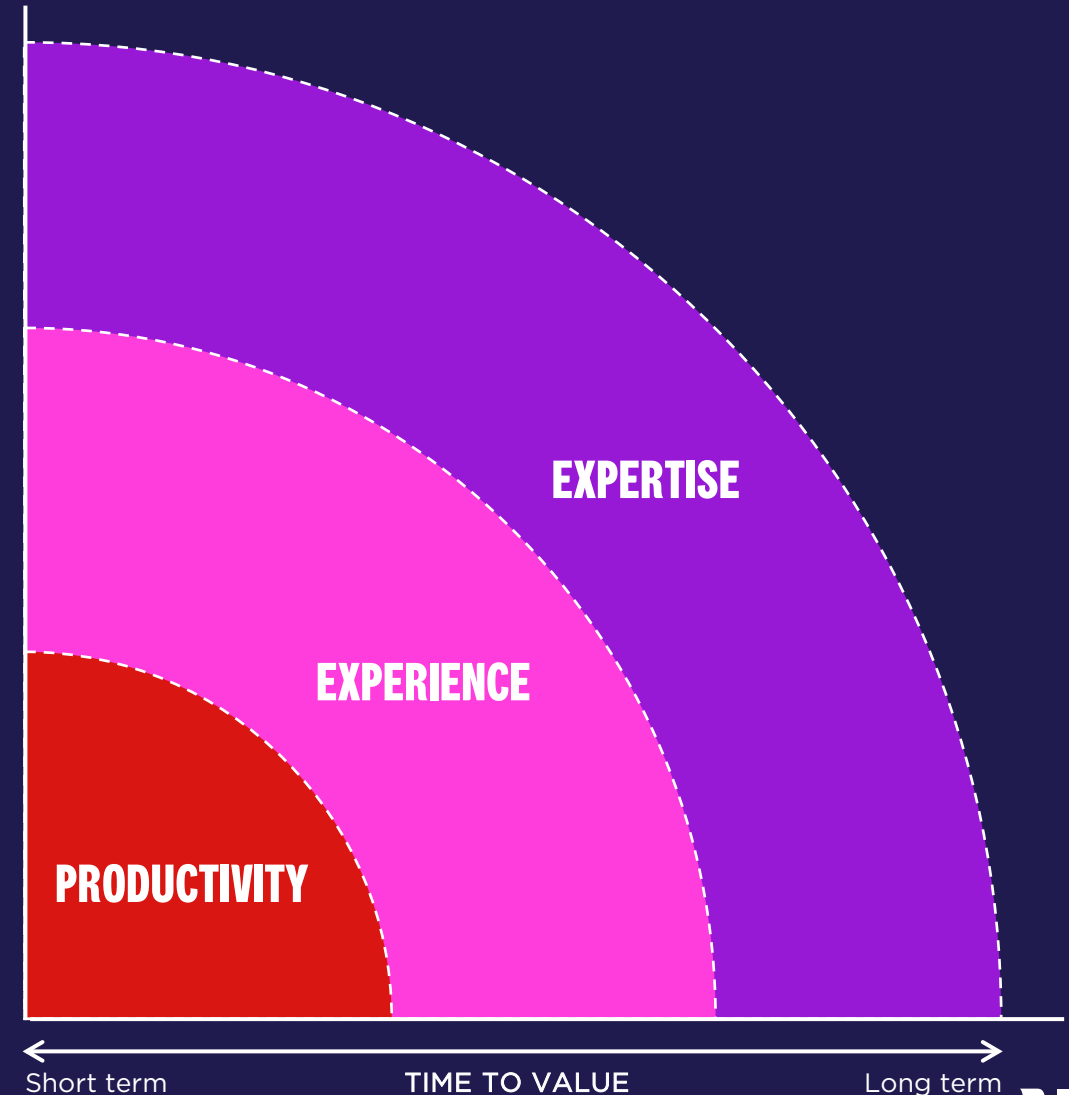
‘AI removed hours of toil with simpler processes ...’

MID-TERM BENEFIT: IMPROVED CUSTOMER EXPERIENCE

‘I now do my banking through chat ...’

LONG-TERM OPPORTUNITY AREA: EXPERTISE

‘My Westpac Copilot helped me with my payments ...’



This page contains 'forward-looking statements' and statements of expectation. Please refer to the disclaimer on page 24.

AI IN MORTGAGES

CAPABILITIES:

Live/Piloting ¹		In Development ²	Potential application ³
Validate & verify submitted documents against policy	Virtual Agent to intelligently guide employees	Reads and summarises submitted documents	Recommends optimisation for customer application & drafts response messages with options and actions

OUTCOMES:

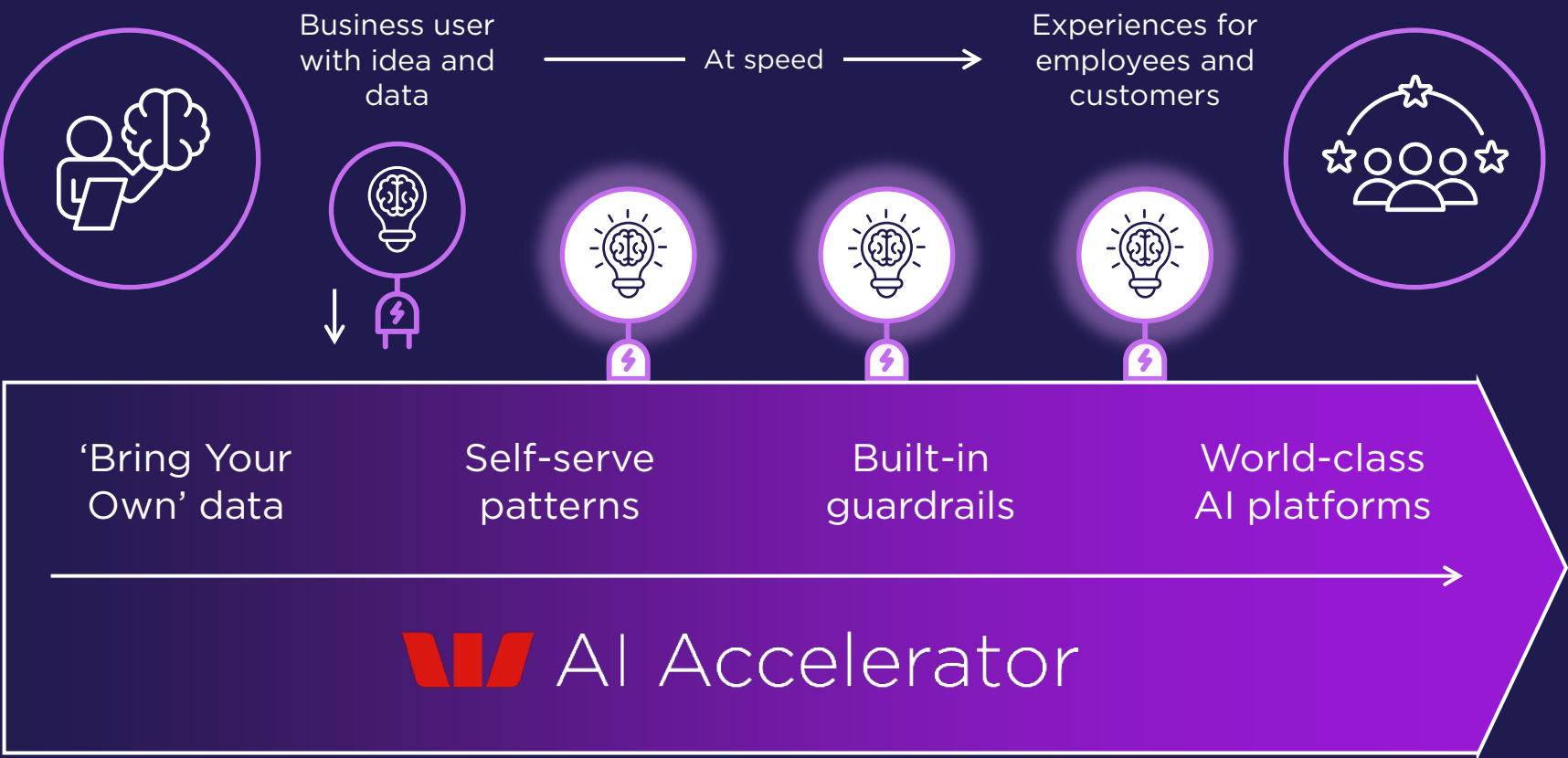
Faster for customers with quicker decisions	Consistency of credit decisions	Reduction to handling time with less work	Better experience for employees, brokers, and customers
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The capabilities and outcomes on this page are ‘forward-looking statements’ and statements of expectation. Please refer to the disclaimer on page 24.


1. Progressively launching Sept-Nov 2024 2. Pilot expected to commence in Nov 2024. 3. Subject to successful pilot.



SCALING AI PLATFORMS TO INCREASE SPEED TO MARKET



Forward benefits of implementing the AI Accelerator:

-  Rapid speed to market of AI use cases
-  Lower cost of AI use cases
-  Exceptional customer and staff experiences
-  Embedded AI guardrails
-  Safe and easy AI experimentation

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All amounts are in Australian dollars unless otherwise indicated.

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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’, ‘fcast’, ‘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 us.

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