2018 TAILORED U.S. RESOLUTION PLAN

PUBLIC SECTION
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Disclosure regarding forward-looking statements

This document contains statements that constitute ‘forward-looking statements’ within the meaning of Section 21E of the US Securities Exchange Act of 1934.

Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this document and include statements regarding Westpac’s intent, belief or current expectations with respect to its business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions and financial support to certain borrowers. Words such as ‘will’, ‘may’, ‘expect’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘estimate’, ‘anticipate’, ‘believe’, ‘probability’, ‘risk’, ‘aim’ or other similar words are used to identify forward-looking statements. These forward-looking statements reflect Westpac’s current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond Westpac’s control, and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon Westpac. There can be no assurance that future developments will be in accordance with Westpac’s expectations or that the effect of future developments on Westpac will be those anticipated. Actual results could differ materially from those expected, depending on the outcome of various factors, including, but not limited to:

- the effect of, and changes in, laws, regulations, taxation or accounting standards or practices and government policy, particularly changes to liquidity, leverage and capital requirements;
- regulatory investigations, and other actions, inquiries, litigation, fines, penalties, restrictions or other regulator imposed conditions, including as a result of our actual or alleged failure to comply with laws (such as financial crime laws), regulations or regulatory policy;
- internal and external events which may adversely impact Westpac’s reputation;
- information security breaches, including cyberattacks;
- reliability and security of Westpac’s technology and risks associated with changes to technology systems;
- the stability of Australian and international financial systems and disruptions to financial markets and any losses or business impacts Westpac or its customers or counterparties may experience as a result;
- market volatility, including uncertain conditions in funding, equity and asset markets;
- adverse asset, credit or capital market conditions;
- an increase in defaults in credit exposures because of a deterioration in economic conditions;
- the conduct, behaviour or practices of Westpac or its staff;
- changes to Westpac’s credit ratings or to the methodology used by credit rating agencies;
- levels of inflation, interest rates, exchange rates and market and monetary fluctuations;
- market liquidity and investor confidence;
- changes in economic conditions, consumer spending, saving and borrowing habits in Australia, New Zealand and in other countries in which Westpac or its customers or counterparties conduct their operations and Westpac’s ability to maintain or to increase market share, margins and fees, and control expenses;
- the effects of competition, including from established providers of financial services and from non-financial service entities in the geographic and business areas in which Westpac conducts its operations;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by customers;
• the effectiveness of Westpac's risk management policies, including internal processes, systems and employees;
• the incidence or severity of Westpac insured events;
• the occurrence of environmental change (including as a result of climate change) or external events in countries in which Westpac or its customers or counterparties conduct their operations;
• changes to the value of Westpac's intangible assets;
• changes in political, social or economic conditions in any of the major markets in which Westpac or its customers or counterparties operate;
• the success of strategic decisions involving diversification or innovation, in addition to business expansion activity, business acquisitions and the integration of new businesses; and
• various other factors beyond Westpac's control.

The above list is not exhaustive. For certain other factors that may impact on forward-looking statements made by Westpac refer to 'Risk factors' in Westpac's 2018 Annual Report. When relying on forward-looking statements to make decisions with respect to Westpac, investors and others should carefully consider the foregoing factors and other uncertainties and events.

Westpac is under no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, after the date of this document.
1 Introduction

Westpac’s resolution plan (the ‘U.S. Plan’) is being filed pursuant to section 165(d) of the Dodd Frank Act (‘the Act’) and its implementing rules1 (together, the ‘Regulations’). The Regulations require any foreign bank or company that is a Bank Holding Company (‘BHC’) with total consolidated assets of $50 billion or more (each a ‘Covered Company’) to periodically submit to the Board of Governors of the Federal Reserve System (‘FRB’) and the Federal Deposit Insurance Corporation (‘FDIC’) a plan for the covered company’s rapid and orderly resolution in the event of material financial distress or failure. Since Westpac Banking Corporation (‘Westpac’ or ‘the Bank’) is treated as a BHC in the United States, and has greater than $50 billion in total consolidated assets globally, it is a Covered Company and is therefore required to submit a U.S. Plan under the Regulations.

For a foreign-based Covered Company, like Westpac, the Regulations require the U.S. Plan to include information only with respect to Westpac’s subsidiaries, branches and agencies, and critical operations and core business lines, as applicable, that are domiciled in the United States or conducted in whole or material part in the United States, together with information about any interconnections or interdependencies between Westpac’s U.S. and non-U.S. operations and a description of how the U.S. Plan is integrated into Westpac’s overall resolution or other contingency planning process.

Westpac was notified by the FRB and FDIC on March 8, 2018 that it was required to submit a Plan with reduced content subject to total U.S. assets remaining below $50 billion and there being no material events during the calendar year. These conditions continue to be satisfied and as a result, Westpac is filing a ‘Reduced Plan’ in 2018.

Westpac was founded in 1817 and was the first bank established in Australia. In 1850, Westpac was incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982, Westpac changed its name to Westpac Banking Corporation following the merger with the Commercial Bank of Australia. On August 23, 2002, Westpac was registered as a public company limited by shares under the Australian Corporations Act (2001) (Cth) (Corporations Act).

Westpac is one of the four major banking organizations in Australia and one of the largest banking organizations in New Zealand2. Westpac provides a broad range of banking and financial services in these markets, including consumer3, business and institutional banking and wealth management services. Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand, Asia and in the Pacific region, and maintains branches and offices in some of the key financial centers around the world. As at September 30, 2018, Westpac’s market capitalization was A$96 billion4 and Westpac had total assets of A$880 billion.

In the United States, the Westpac Group operates a federally licensed branch in New York (the ‘New York Branch’ or the ‘Branch’). The New York Branch is a legal and operational extension of Westpac and conducts a number of Westpac’s U.S. operations. Aside from the

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1 Implementing rules for section 165(d) were jointly issued by the Federal Reserve Board (‘FRB’), codified at 12 C.F.R. Part 243 (the ‘FRB Rule’), and the Federal Deposit Insurance Corporation (‘FDIC’), codified at 12 C.F.R. Part 381 (the ‘FDIC Rule’).
2 In this document a reference to ‘Westpac’, ‘Group’, ‘Westpac Group’, ‘we’, ‘us’ and ‘our’ is to Westpac Banking Corporation ABN 33 007 457 141 and its subsidiaries unless it clearly means just Westpac Banking Corporation
3 A consumer is defined as a person who uses our products and services. It does not include business entities.
4 Based on the closing share price of Westpac’s ordinary shares on the ASX as at September 30, 2018.
New York Branch, Westpac maintains several U.S. subsidiaries that are associated directly with Westpac or via subsidiaries. A list of Westpac’s material controlled entities can be found in Note 35 to the Group’s financial statements, available in the 2018 Westpac Group Annual Report on Form 20-F (the ‘2018 Annual Report’).

2 Core Business Lines and Critical Operations

The Regulations define ‘Critical Operations’ as ‘those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the FRB and the FDIC, would pose a threat to the financial stability of the United States’.

‘Core Business Lines’ are defined in the Regulations as ‘those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value’.

While Westpac considers all its present business lines and operations of importance to the Group’s current and future success and profitability, in light of the definitions set forth in the Regulations, the U.S. Plan does not identify any Critical Operations or Core Business Lines that were either domiciled in the United States, or conducted in whole or material part in the United States as at December 31, 2017.

3 Material Entities

A ‘Material Entity’ is defined in the Regulations as ‘a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line’.

On the basis that Westpac had no Core Business Lines or Critical Operations for U.S. resolution planning purposes, the U.S. Plan does not identify any Material Entities.

Therefore, the scope of Westpac’s U.S. Plan is on Westpac’s New York Branch as a legal and operational extension of the Covered Company, Westpac.

4 Financial Information

Table 1 summarizes the consolidated balance sheet of the Westpac Group as at September 30, 2018, as reported in the 2018 Annual Report.

Table 1: Consolidated Balance Sheet Data for the Westpac Group

<table>
<thead>
<tr>
<th>As at 30 September 2018</th>
<th>As at 30 September 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$m</strong></td>
<td><strong>A$m</strong></td>
</tr>
<tr>
<td><strong>Cash and balances with central banks</strong></td>
<td>19,131</td>
</tr>
<tr>
<td><strong>Receivables due from other financial institutions</strong></td>
<td>4,191</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td>17,444</td>
</tr>
<tr>
<td><strong>Trading securities and financial assets designated at fair value and available-for-sale securities</strong></td>
<td>60,259</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>513,674</td>
</tr>
<tr>
<td><strong>Life insurance assets</strong></td>
<td>6,840</td>
</tr>
<tr>
<td><strong>All other assets</strong></td>
<td>15,110</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>636,649</strong></td>
</tr>
<tr>
<td><strong>Payables due to other financial institutions</strong></td>
<td>13,128</td>
</tr>
<tr>
<td><strong>Deposits and other borrowings</strong></td>
<td>404,810</td>
</tr>
<tr>
<td><strong>Other financial liabilities at fair value through income statement</strong></td>
<td>3,110</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td>17,666</td>
</tr>
<tr>
<td><strong>Debt issues</strong></td>
<td>124,925</td>
</tr>
<tr>
<td><strong>Life insurance liabilities</strong></td>
<td>5,499</td>
</tr>
<tr>
<td><strong>All other liabilities</strong></td>
<td>8,277</td>
</tr>
<tr>
<td><strong>Total liabilities excluding loan capital</strong></td>
<td>577,415</td>
</tr>
<tr>
<td><strong>Loan capital</strong></td>
<td>12,496</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>589,911</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>46,738</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of Westpac Banking Corporation</strong></td>
<td>46,700</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>38</td>
</tr>
<tr>
<td><strong>Total shareholders' equity and non-controlling interests</strong></td>
<td><strong>46,738</strong></td>
</tr>
</tbody>
</table>

For notes relating to the table above, please refer to the 2018 Annual Report.

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6 Westpac’s financial year ends September 30. Unless otherwise stated, information in this report is current as at September 30, 2018.

7 This financial report is a general purpose financial report prepared in accordance with the requirements for an authorised deposit-taking institution under the Banking Act 1959 (as amended), Australian Accounting Standards (‘AAS’) and Interpretations as issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (‘IASB’) and Interpretations as issued by the IFRS Interpretations Committee (‘IFRIC’).

8 Unless otherwise stated, the translation of Australian dollars into U.S. dollars has been made at the rate of A$1.00 = US$0.7238, the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York as of Friday September 28, 2018.
5 Capital Resources

The Australian Prudential Regulation Authority (‘APRA’) measures an Authorised Deposit-taking Institution’s (‘ADIs’) regulatory capital using three measures:

- **Common Equity Tier 1 Capital (CET1)** comprises the highest quality components of capital that consists of paid-up share capital, retained profits and certain reserves, less certain intangible assets, capitalized expenses and software, and investments and retained profits in insurance and funds management subsidiaries that are not consolidated for capital adequacy purposes;
- **Tier 1 Capital** being the sum of CET1 and Additional Tier 1 Capital. Additional Tier 1 Capital comprises high quality components of capital that consists of certain securities not included in CET1, but which include loss absorbing characteristics; and
- **Total Capital** being the sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes subordinated instruments and other components of capital that, to varying degrees, do not meet the criteria for Tier 1 Capital, but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

Under APRA’s Prudential Standards, Australian ADIs, including Westpac, are required to maintain a minimum CET1 ratio of at least 4.5%, Tier 1 ratio of at least 6.0% and Total Regulatory Capital of at least 8.0%. APRA may also require ADIs, including Westpac, to meet Prudential Capital Requirements (PCRs) above the minimum capital ratios. APRA does not allow the PCRs for individual ADIs to be disclosed.

APRA also requires ADIs to hold additional CET1 buffers comprising of:

- a capital conservation buffer (‘CCB’) of 3.5% for ADI’s designated by APRA as domestic systemically important banks (‘D-SIBs’) (unless otherwise determined by APRA), which includes a 1.0% surcharge for D-SIBs. APRA has determined that Westpac is a D-SIB; and
- a countercyclical buffer. The countercyclical buffer is set on a jurisdictional basis and APRA is responsible for setting the requirement in Australia. The countercyclical buffer requirement is currently set to zero for Australia and New Zealand.

Collectively, the above buffers are referred to as the ‘Capital Buffer’. Should the CET1 capital ratio fall within the capital buffer range, restrictions on the distributions of earnings will apply. This includes restrictions on the amount of earnings that can be distributed through dividends, Additional Tier 1 Capital distributions and discretionary staff bonuses.

5.1 Capital Management Strategy

Westpac’s approach to capital management seeks to balance the fact that capital is an expensive form of funding with the need to be adequately capitalized. Westpac considers the need to balance efficiency, flexibility and adequacy when determining sufficiency of capital and when developing capital management plans.

Westpac evaluates these considerations through an Internal Capital Adequacy Assessment Process (‘ICAAP’), the key features of which include:

- the development of a capital management strategy, including consideration of regulatory minimums, capital buffers and contingency plans;
- consideration of both economic and regulatory capital requirements;
- a stress testing framework that challenges the capital measures, coverage and requirements including the impact of adverse economic scenarios; and
• consideration of the perspectives of external stakeholders including rating agencies and equity and debt investors.

In light of APRA's announcement on 'unquestionably strong' capital benchmarks on 19 July 2017, Westpac will seek to operate with a CET1 capital ratio of at least 10.5% in March and September as measured under the existing capital framework. This also takes into consideration:
• current regulatory capital minimums and the CCB, which together are the total CET1 requirement;
• stress testing to calibrate an appropriate buffer against a downturn; and
• quarterly volatility of capital ratios due to the half yearly cycle of ordinary dividend payments.

Westpac will revise its target capital level once APRA finalizes its review of the capital adequacy framework.

5.2 Basel Capital Accord

APRA’s Prudential Standards are generally consistent with the International Regulatory Framework for Banks, also known as Basel III, issued by the Basel Committee on Banking Supervision (‘BCBS’), except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce capital ratios reported under APRA’s Prudential Standards relative to the BCBS approach and to those reported in some other jurisdictions.

Westpac is accredited by APRA to apply advanced models permitted by the Basel III global capital adequacy regime to the measurement of its regulatory capital requirements. Westpac uses the Advanced Internal Ratings-Based approach for credit risk, the Advanced Measurement Approach (‘AMA’) for operational risk and the internal model approach for Interest Rate Risk in the Banking Book (‘IRRBB’).

Westpac’s Level 2 regulatory capital ratios as at September 30, 2018 are summarized in Table 2.

<table>
<thead>
<tr>
<th>Table 2: Westpac Group Level 2 Capital Ratios.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at September 30, 2018</strong></td>
</tr>
<tr>
<td>Common Equity Tier 1 capital ratio</td>
</tr>
<tr>
<td>Additional Tier 1 capital ratio</td>
</tr>
<tr>
<td>Tier 1 capital ratio</td>
</tr>
<tr>
<td>Tier 2 capital ratio</td>
</tr>
<tr>
<td>Total regulatory capital ratio</td>
</tr>
</tbody>
</table>
6 Funding and Liquidity

6.1 Liquidity Risk Management

Liquidity risk is the risk that the Group will be unable to fund assets and meet obligations as they become due. This risk could potentially arise as a result of:

- an inability to meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or the financial condition of the bank; and/or
- inadequate market depth or market disruption impacting the ability to offset or eliminate a market risk position at the market price.

The Westpac Group has a liquidity risk management framework which seeks to meet cash flow obligations under a wide range of market conditions, including name specific and market-wide scenarios as well as meeting the requirements of the Liquidity Coverage Ratio (‘LCR’) and Net Stable Funding Ratio (‘NSFR’).

The Liquidity Risk Management Framework sets out the Group’s approach to managing liquidity risk. It is part of the Group’s board-approved Risk Management Strategy and sets out the Group’s liquidity risk appetite, roles and responsibilities of key people managing liquidity risk within the Group, risk reporting and control processes, limits and targets for minimum liquid asset holdings and the wholesale funding and ratios used to manage the Group’s balance sheet.

The Group’s Treasury function is responsible for managing funding and liquidity including managing the balance sheet against approved limits and targets and managing the Group’s funding base so that it is appropriately maintained, stable and diversified. Group Treasury manages a portfolio of liquid assets held by the Group for several purposes, including as a buffer against unforeseen funding requirements. The level of liquid assets held takes into account the liquidity requirements of Westpac’s balance sheet under normal and stress conditions.

Daily liquidity risk reports are reviewed by Treasury and the Group’s Liquidity risk teams. Liquidity reports are presented to the Westpac Asset and Liability Committee (‘ALCO’) monthly and to the Board Risk and Compliance Committee (‘BRCC’) quarterly.

Group Treasury undertakes an annual funding review that outlines the Group’s balance sheet funding strategy over a three year period. This review encompasses trends in global markets, peer analysis, wholesale funding capacity, expected funding requirements and a funding risk analysis. This strategy is continuously reviewed to take account of changing market conditions, investor sentiment and estimations of asset and liability growth rates.

Group Treasury also maintains a contingent funding plan that outlines the steps that should be taken by the Group in the event of an emerging ‘funding crisis’. The plan is aligned with Westpac’s broader Liquidity Crisis Management Policy which is approved annually by the board.

6.2 Liquidity Modelling

In managing liquidity for the Group, Treasury utilizes balance sheet forecasts and the maturity profile of the Group’s wholesale funding portfolio to project liquidity outcomes. Regional liquidity limits are also used by the Group to ensure liquidity is managed efficiently and prudently in other geographies.
In addition, the Group conducts regular stress testing to assess Westpac’s ability to meet cash flow obligations under a range of market conditions and scenarios. These scenarios inform liquidity limits and strategic planning.

The forecasting, planning and stress testing outcomes are used by the Group to inform liquidity modelling to assist the Group in meeting its regulatory requirements as required under APRA’s liquidity prudential standard, being the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Westpac’s LCR and NSFR are above the regulatory requirement of 100%.

### 6.3 Sources of Liquidity

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, product and term. Sources include, but are not limited to:

- deposits;
- debt issues;
- proceeds from sale of marketable securities;
- repurchase agreements with central banks;
- principal repayments on loans;
- interest income; and
- fee income.

For further information, refer to Note 22 of the 2018 Annual Report.

### 7 Derivative financial instruments

Derivative financial instruments are instruments whose values derive from the value of an underlying asset, reference rate or index and include forwards, futures, swaps and options.

All derivatives are held at fair value. Changes in fair value are recognized in the income statement, unless designated in a cash flow or net investment hedge relationship. Derivatives are presented as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

The Group uses derivative instruments for trading and also as part of its asset and liability risk management activities, which are discussed in Note 22 of the 2018 Annual Report. Derivatives used for risk management activities include designating derivatives into one of three hedge accounting relationships: fair value hedge; cash flow hedge; or hedge of a net investment in a foreign operation, where permitted under Australian Accounting Standards Board (‘AASB’) 139 Financial Instruments: Recognition and Measurement.

#### a. Fair value hedges

The Group hedges its interest rate risk from fixed debt issuances and fixed rate assets with single currency interest rate derivatives.

#### b. Cash flow hedges

Exposure to the volatility of interest cash flows from customer deposits and loans is hedged with interest rate derivatives. Exposure to foreign currency principal and interest cash flows from floating rate debt issuances is hedged through the use of cross-currency derivatives.
c. Dual fair value and cash flow hedges
Fixed rate foreign currency denominated debt is hedged using cross currency interest rate derivatives, designated as fair value hedges of foreign interest rates and cash flow hedges of foreign exchange rates.

d. Net investment hedges
The Group uses foreign exchange forward contracts when hedging the currency translation risk of net investments in foreign operations.

For further information, refer to Note 21 of the 2018 Annual Report.

8 Memberships in Material Payments, Clearing and Settlement Systems

In order to facilitate its business and support customer relationships, Westpac maintains memberships with, and participates in, certain payments, clearing and settlement systems. Westpac’s material relationships are concentrated in the Australian and New Zealand financial markets, none of which are considered critical for the purposes of the U.S. Plan. In the United States, Westpac typically accesses payment, clearing and settlement systems through its agent banks.

9 Foreign Operations

Westpac’s core markets are Australia, New Zealand and the near Pacific. In these markets, the Group maintains branches and controlled entities and provides a comprehensive range of banking and financial services, including retail, business and institutional banking and wealth management services.

The Group also maintains branches and offices in some of the key financial centers around the world, including branches in London, New York, Singapore, Hong Kong, Shanghai, Beijing, and Mumbai and a representative office in Jakarta.

A breakdown of revenues and assets by geography is provided in Table 3.

<table>
<thead>
<tr>
<th>Table 3: Revenue and Non-current Assets by Geographic Segments.</th>
<th>September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$m^1</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>23,665</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3,189</td>
</tr>
<tr>
<td>Other overseas</td>
<td>794</td>
</tr>
<tr>
<td>Total</td>
<td>27,648</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>8,882</td>
</tr>
<tr>
<td>New Zealand</td>
<td>547</td>
</tr>
<tr>
<td>Other</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>9,476</td>
</tr>
</tbody>
</table>

1 Other includes Pacific Islands, Asia, the Americas and Europe
2 Non-current assets represent property and equipment and intangible assets
3 The translation of Australian dollars into U.S. dollars has been made at the rate of A$1.00 = US$0.7238
10 Supervisory Authorities

The primary regulatory and supervisory authorities of Westpac are listed below.

10.1 Australia

Within Australia Westpac is subject to supervision and regulation by six principal agencies: APRA; the Reserve Bank of Australia (‘RBA’); the Australian Securities and Investments Commission (‘ASIC’); the Australian Securities Exchange (‘ASX’); the Australian Competition and Consumer Commission (‘ACCC’); and the Australian Transaction Reports and Analysis Centre (‘AUSTRAC’).

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance, re-insurance, life insurance and private health insurance companies, friendly societies and most of the superannuation (pension) industry. APRA’s role includes establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises are met within a stable, efficient and competitive financial system.

The RBA is responsible for monetary policy, maintaining financial system stability and promoting the safety and efficiency of the payments system. The RBA is an active participant in the financial markets, manages Australia’s foreign reserves, issues Australian currency notes and serves as banker to the Australian Government.

ASIC is the national regulator of Australian companies and consumer protection within the financial sector. Its primary responsibility is to regulate and enforce company, consumer credit, financial markets and financial products and services laws that protect consumers, investors and creditors.

The ACCC is the regulator responsible for the regulation and prohibition of anti-competitive and unfair market practices and mergers and acquisitions in Australia. Its broad objective is to administer the Competition and Consumer Act 2010 (Cth) and related legislation to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy.

AUSTRAC oversees the compliance of Australian reporting entities (including Westpac) with the requirements under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and the Financial Transaction Reports Act 1988 (Cth).

10.2 New Zealand

The Reserve bank of New Zealand (‘RBNZ’) is responsible for supervising New Zealand registered banks and protects the financial stability of New Zealand through the application of minimum prudential obligations. The New Zealand prudential supervision regime requires that registered banks publish disclosure statements, which contain information on financial performance and risk positions as well as attestations by the directors about the bank’s compliance with its conditions of registration and certain other matters.

The Financial Markets Authority (‘FMA’) and the New Zealand Commerce Commission (‘NZCC’) are the two primary conduct and enforcement regulators. The FMA and NZCC are responsible for ensuring that markets are fair and transparent and are supported by confident and informed investors and consumers. Regulation of markets and their
participants is undertaken through a combination of market supervision, corporate governance and licensing approvals.

In New Zealand, other relevant regulator mandates include those relating to taxation, privacy and foreign affairs and trade. Banks in New Zealand are also subject to a number of self-regulatory regimes. Examples include NZ Payments, the New Zealand Bankers’ Association and the Financial Services Council (FSC). Examples of industry agreed codes include the New Zealand Bankers’ Association’s Code of Banking Practice and FSC’s Code of Conduct.

10.3 United States

Westpac’s New York Branch is a U.S. federally licensed branch and therefore is subject to supervision, examination and regulation by the U.S. Office of the Comptroller of the Currency (‘OCC’), and the Board of Governors of the Federal Reserve System (the U.S. Federal Reserve) under the U.S. International Banking Act of 1978 (‘IBA’) and related regulations.

A U.S. federal branch must maintain, with a U.S. Federal Reserve member bank, a capital equivalency deposit as prescribed by the U.S. Comptroller of the Currency, which is at least equal to 5% of its total liabilities (including acceptances, but excluding accrued expenses, and amounts due and other liabilities to other branches, agencies, and subsidiaries of the foreign bank).

In addition, a U.S. federal branch is subject to periodic onsite examination by the U.S. Comptroller of the Currency. Such examination may address risk management, operations, asset quality, compliance with the record-keeping and reporting, and any additional requirements prescribed by the U.S. Comptroller of the Currency from time to time.

A U.S. federal branch of a foreign bank is, by virtue of the IBA, subject to the receivership powers exercisable by the U.S. Comptroller of the Currency.

As of 22 June 2016, Westpac elected to be treated as a financial holding company in the US pursuant to the Bank Holding Company Act of 1956 and Federal Reserve Board Regulation Y. Our election will remain effective so long as we meet certain capital and management standards prescribed by the U.S. Federal Reserve.

Westpac and some of its affiliates are engaged in various activities that are subject to regulation by other U.S. federal regulatory agencies including the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission and the National Futures Association.
# 11 Board of Directors

Westpac’s Board of Directors (the ‘Board’) and their respective membership on standing Committees of the Board are listed in Table 4.

<table>
<thead>
<tr>
<th>Status</th>
<th>Board Audit Committee</th>
<th>Board Risk &amp; Compliance Committee</th>
<th>Board Nominations Committee</th>
<th>Board Remuneration Committee</th>
<th>Board Technology Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lindsay Maxsted</td>
<td>Chairman,</td>
<td>✓</td>
<td>✓</td>
<td>Chair</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Non-executive, Independent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brian Hartzer</td>
<td>CEO, Executive</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Nerida Caesar</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ewen Crouch</td>
<td>Non-executive, Independent</td>
<td>Chair</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alison Deans</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>Chair</td>
</tr>
<tr>
<td>Craig Dunn</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>Chair</td>
</tr>
<tr>
<td>Anita Fung</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Hawkins</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Peter Marriott</td>
<td>Non-executive, Independent</td>
<td>Chair</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Peter Nash</td>
<td>Non-executive, Independent</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
12 Resolution Planning Corporate Governance

The development of the U.S. Plan leverages Westpac's existing risk management frameworks. Under these frameworks, the Board is responsible for approving the Westpac Group Risk Management Strategy and Westpac Group Risk Appetite Statement and for monitoring the effectiveness of risk management by the Westpac Group. The Board has delegated to the BRCC responsibility to:

- review and recommend the Westpac Group Risk Management Strategy and Westpac Group Risk Appetite Statement to the Board for approval;
- set risk appetite consistent with the Group Risk Appetite Statement;
- approve frameworks, policies and processes for managing risk (consistent with the Westpac Group Risk Management Strategy and Westpac Group Risk Appetite Statement); and
- review and, where appropriate, approve risks beyond the approval discretion provided to management.

For each of its primary financial risks, the Group maintains risk management frameworks and a number of supporting policies that define roles and responsibilities, acceptable practices, limits and key controls.

The Group Chief Risk Officer (‘CRO’) is the responsible Group Executive for recovery and resolution planning, including the Group’s resolution planning requirements in the United States. The development and maintenance of the U.S. Plan is managed by the Liquidity Risk, Risk Analytics and Insights team. The U.S. Plan is subject to an annual review and approval process, with each update incorporating any changes to the Group’s U.S. material operations and/or developments in regulations. Oversight of the U.S. Plan leverages Westpac’s existing risk governance model and committee structure and has been embedded into existing processes to ensure sustainability.

Consistent with the CRO’s responsibility for recovery and resolution planning, the BRCC delegated authority to the CRO to approve the U.S. Plan, subject to no material change in the regulations and/or the Group’s U.S. operations. Following an internal review process, the CRO [approved the update to this 20186 U.S. Plan].
13 Management Information Systems

Westpac uses Management Information Systems (‘MIS’) globally to collect, maintain, aggregate and report information for the purposes of informing decisions regarding day-to-day operations and overall management across the organization in a timely manner. Westpac MIS depends on a combination of internally developed and third party vendor-developed systems and applications.

Westpac’s systems and applications are capable of producing reports both at defined frequencies (e.g., daily, weekly, monthly), as well as on an ad hoc basis. Such reports provide both senior management and regulators with the information necessary to monitor the financial health, risks and operations of Westpac.

Westpac’s systems and applications are essential to smooth and effective operations of the Group. A core component of Westpac’s risk management framework is its Business Continuity Management (‘BCM’) program, which includes business continuity and disaster recovery planning as core components. Westpac has established formal policies, procedures, and programs for analyzing, developing, maintaining, and testing business continuity and disaster recovery plans with the goal of maintaining shareholder value, minimizing the impact on employees, brand and reputation and ensuring the ongoing provision of banking and financial services to Westpac’s customers in the event of a business disruption to the Westpac Group. The BCM program applies to the entire Westpac Group, whether or not activities are outsourced to related bodies or third-party service providers, and regardless of where they are located.

14 Resolution Strategy

Westpac’s U.S. Plan is intended to provide a guide for the orderly resolution of Westpac’s New York Branch in a manner that avoids systemic risk to the U.S. financial system and the U.S. economy. The resolution strategy for the New York Branch is premised on the assumption that Westpac has failed. Since the New York Branch is a legal extension of Westpac, failure of Westpac will in turn result in failure of the New York Branch.

As a U.S. federally licensed branch, the relevant resolution regime for the New York Branch is contained within the IBA. The IBA empowers the OCC to appoint a receiver to take possession of all U.S. assets of Westpac, where the OCC determines that Westpac is insolvent. The appointed receiver would then liquidate the assets of the New York Branch, with the proceeds from such liquidation being used to pay the claims of all third-party creditors against the New York Branch.\(^9\)

\(^9\) 12 U.S.C. 3102(j)