



Section 165(d) Dodd-Frank Act: 2024 U.S. Resolution Plan

Public Section



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1. Executive Summary

This U.S. resolution plan (the ‘U.S. Plan’) is the guide for the rapid and orderly resolution of the Westpac Banking Corporation’s (“Westpac’s” or the ‘Group’s’) material U.S. operations, in the event of material financial distress or failure of the Group. Except as otherwise specifically required by the Regulations (as defined below), the information contained in this U.S. Plan relates to Westpac’s operations that are domiciled in the United States or conducted in whole or material part in the United States. In accordance with the Regulations, information within the U.S. Plan is current as at September 30, 2024, unless otherwise stated.

This U.S. Plan is not a resolution plan for the Group or for Westpac Banking Corporation more broadly, and all references to resolution planning in this document refer to this U.S. Plan.

Westpac Banking Corporation’s (‘Westpac’) resolution plan (the ‘U.S. Plan’) is being filed pursuant to section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (‘the Dodd-Frank Act’) and the jointly issued Resolution Plan rules¹ (together, the ‘Regulations’). The Regulations require any foreign bank or company that is a Bank Holding Company (‘BHC’) 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.

For a foreign-based covered company, like Westpac, the Regulations require the U.S. Plan to include information 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.

The FRB and the FDIC (together, the ‘Agencies’) jointly adopted the final Regulations that came into effect December 31, 2019. Under the Regulations, Westpac qualifies as a Triennial Reduced Filer under the “Other FBO” category for Foreign Banking Organizations with global consolidated assets greater than \$250 billion that are not subject to category II or category III standards.²

About Westpac

Founded in 1817, Westpac is Australia’s first bank and was established as the Bank of New South Wales in Sydney before expanding across Australia, New Zealand and the Pacific over the following century. During this time, several banks were acquired and the network expanded across the region and globally. In 1982 the company formally changed its name to Westpac.

Today, Westpac is one of the four major banks in Australia and one of the five major banks in New Zealand – supporting over 13 million customers. The bank has branches, affiliates and controlled entities throughout its home and host countries, and maintains branches and offices in key financial centers around the world, including London, New York and Singapore as well as a subsidiary in Frankfurt.

¹ Resolution Plan rules 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 Firms subject to Category II standards will be: (1) U.S. firms with (a) ≥\$700b average total consolidated assets; or (b) ≥\$100b average total consolidated assets with ≥\$75b in average cross-jurisdictional activity and (2) foreign banking organizations (FBOs) with (a) ≥\$700b average combined U.S. assets; or (b) ≥\$100b average combined U.S. assets with ≥\$75b in average cross-jurisdictional activity.

A list of Westpac's material-controlled entities can be found in Note 29 of the Group's financial statements, available in the 2024 Westpac Group Annual Report.³ As at September 30, 2024, Westpac's global consolidated assets were A\$1,078 billion (US\$747 billion).

About New York Branch

In the United States, Westpac operates a federally licensed branch in New York (the 'NY Branch'). The NY Branch is a legal and operational branch of Westpac and conducts Westpac's U.S. operations. The NY Branch is primarily a sales, marketing, and funding centre. Corporate and Institutional Banking ('CIB') is the primary business line, performing the relationship management function for the NY Branch's institutional and corporate clients, supporting their borrowing needs mainly via the extension of bilateral and syndicated loan facilities. The other customer-facing business is Financial Markets, providing cash management and transaction banking solutions as well as wholesale vanilla FX, bonds, and derivatives product solutions.

To facilitate business and support client needs, 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.

Aside from the NY Branch, Westpac maintains several U.S. subsidiaries.

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.'

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 September 30, 2024.

³ A copy of the 2024 Annual Report is available: westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/wbc-annual-report-2024.pdf

3. Material Entities

A Material Entity ('ME') is defined in the Regulations as 'any subsidiary or foreign office that is significant to the activities of a CO or CBL.'⁴ On the basis that the New York Branch has no COs or CBLs for U.S. resolution planning purposes, it was concluded that Westpac has no MEs for purposes of the U.S. Plan. Therefore, the scope of the U.S. Plan is limited to Westpac's NY Branch as a legal and operational extension of the covered company, Westpac.

4. Capital Adequacy⁵

The Australian Prudential Regulation Authority ('APRA') measures an Authorized Deposit-taking Institution's ('ADI') regulatory capital using three measures:

Under APRA's Prudential Standards, Australia ADIs, including Westpac, are required to maintain minimum Prudential Capital Requirements (PCRs) being:

- CET1 Ratio of at least 4.5%;
- Tier 1 Capital Ratio of at least 6.0%; and
- Total Regulatory Capital Ratio of at least 8.0%

APRA may also require ADIs, including Westpac, to meet PCRs above the industry PCRs. APRA also requires ADIs to hold additional CET1 buffers comprising of:

- A capital conservation buffer of 4.75% that includes a 1% surcharge for ADIs designated by APRA as D-SIBs. APRA has determined that Westpac is a D-SIB; and
- Countercyclical capital buffer of 1.0%. 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 the default of 1.0% for Australia exposures; however, this may be varied by APRA in the range of 0% to 3.5%.

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 distribution of earnings will apply. This includes restrictions on the amount of earnings that can be distributed through dividends, ATI Capital Distributions and discretionary staff bonuses.

The minimum Total CET1 Requirement for Westpac is at least 10.25%, (based on an industry minimum CET1 requirement of 4.5% plus a Capital Buffer of at least 5.75% applicable to D-SIBs), the Tier 1 Capital Ratio requirement is at least 11.75% and the Total Regulatory Capital Ratio requirement is at least 13.75%.

In addition, APRA's capital framework also requires an ADI to maintain a minimum leverage ratio of 3.5%. APRA may also vary the minimum leverage ratio for an individual ADI.

Capital Management Strategy

The capital management strategy is reviewed on an ongoing basis, including through an annual internal Capital Adequacy Assessment Process. Key considerations include:

¹² C.F.R. 243.2(1).

⁵ westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/wbc-annual-report-2024.pdf

- Regulatory capital minimums together with the capital conservation buffer and countercyclical capital buffer comprise the Total CET1 Requirement. The Total CET1 Requirement for domestic systemically important banks ('D-SIBs') including Westpac, is at least 10.25%;⁶
- Strategy, business mix and operations and contingency plans;
- Perspectives of external stakeholders including rating agencies as well as equity and debt investors; and
- A stress testing framework that tests our resilience under a range of adverse economic scenarios.

As at September 30, 2024, Westpac's CET1 capital ratio was 12.5%, which was comfortably above APRA's equivalent 10.25% CET1 requirement. The internationally comparable CET1 capital ratio was 18.3% as at September 30, 2024.

5. Funding and Liquidity Risk

Funding & Liquidity Risk Management

Funding and liquidity risk is measured and managed in accordance with the policies and processes defined in the Board-approved Liquidity Risk Management Framework, which is part of the Westpac Board-approved Risk Management Strategy.

Responsibility for managing Westpac's liquidity and funding positions in accordance with the Liquidity Risk Management Framework is delegated to the Group Treasurer, for execution by Group Treasury under the oversight of the Group Asset and Liability Committee ('ALCO') and Treasury Risk.

Westpac's Liquidity Risk Management Framework sets out Westpac's funding and liquidity risk appetite, roles, and responsibilities of key people managing funding and liquidity risk within Westpac.

Treasury undertakes an annual funding review, which outlines Westpac'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.

Westpac monitors the composition and stability of its funding so that it remains within Westpac's funding risk appetite. This includes compliance with both the Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR').

Westpac holds a portfolio of liquid assets for several purposes, including as a buffer against unforeseen funding requirements. The level of liquid assets held considers the liquidity requirements of Westpac's balance sheet under normal and stress conditions.

Treasury maintains a contingent funding plan that outlines the steps that should be taken by Westpac 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. Daily liquidity risk reports are reviewed by the Group's Treasury and Treasury Risk teams. Liquidity reports are presented to Group ALCO monthly and to the Board quarterly.

⁶ Noting that APRA may apply higher CET1 requirements for an individual ADI.

Sources of Funding

Sources of funding 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.

6. Primary Regulatory and Supervisory authorities of Westpac

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').

United States

Westpac's NY 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 (the 'OCC'), and the Board of Governors of the Federal Reserve System (the 'Federal Reserve') under the U.S. International Banking Act of 1978 ('IBA') and related regulations.

A U.S. federal branch must maintain, with a Federal Reserve member bank, a capital equivalency deposit as prescribed by the OCC that 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 OCC. Such examination may address risk management, operations, asset quality, compliance with the record-keeping and reporting, and any additional requirements prescribed by the OCC from time to time.

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

As of 22 June 2016, Westpac elected to be treated as a financial holding company in the U.S. pursuant to sections 4(h) and 4(l) of the Bank Holding Company Act of 1956 and sections 225.82 and 225.91 of the Federal Reserve Board's Regulation Y. This election will remain effective while certain capital and management standards prescribed by the U.S. Federal Reserve Board are met.

Westpac and some of its affiliates are engaged in various activities which are subject to regulation by other U.S. federal regulatory agencies including the U.S. Securities and Exchange Commission, the

Financial Industry Regulatory Authority, the U.S. Commodity Futures Trading Commission, and the National Futures Association.

7. Identities of Principal Officers

Leadership Team for the NY Branch

The leadership team is responsible for risk oversight, escalation and supporting the execution of the resolution strategy outlined in the U.S. Plan.

| Role/ Title | Name |
|--|-------------------|
| Regional Head, Americas | Stuart Brown |
| General Manager, International | Jacqui Powell |
| Chief Risk Officer, Europe & Americas | Anthony Velevitch |
| Chief Operating Officer, Americas | Catherine Abrigo |
| Head of Compliance, Americas | Susan Portes |
| Head of Legal, Europe & Americas | Jane Hogan |
| Head of Financial Markets & Treasury Risk, Europe & Americas | Yuriy Spektor |
| Head of International Treasury | Jian Xiao |
| Head of Europe & Americas Treasury | William Trembath |

8. US Resolution Planning Corporate Governance

The U.S. Plan leverages Westpac's risk management frameworks. Under these frameworks, the Board is responsible for approving Westpac's Group Risk Management Framework, Westpac's Group Risk Management Strategy and Westpac's Group Risk Appetite Statement, and for monitoring the effectiveness of risk management by the Westpac Group.

The U.S. Plan is a living document and is subject to triennial review and approval by the Board or a delegate. Each triennial review includes updates to changes to the Group's U.S. business, operations and entities. The U.S. Plan is then subject to review and challenge by senior management and subject matter experts both within the NY Branch and the Group and with assistance from external providers if required. Any new developments in regulations will be incorporated into the U.S. Plan with each iteration.

9. Resolution Strategy

The U.S. Plan is approved by the Board or a delegated authority, in Westpac's case, the Board Risk Committee, which also serves as Westpac's U.S. Risk Committee. In 2025, the [Board] delegated approval for the U.S. Plan to [the GCFO, subject to no material change in the regulations and/or the Group's U.S. operations].

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

As a U.S. federally licensed branch, the relevant resolution regime for the NY 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 NY Branch, with the proceeds from such liquidation being used to pay the claims of all third-party creditors against the NY Branch, with any excess proceeds then able to be returned to Westpac's head office in Australia or, as the case may be, its duly appointed liquidator or receiver.

