

# 2015 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 our 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’ or other similar words are intended 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 the company. There can be no assurance that future developments will be in accordance with Westpac’s expectations or that the effect of future developments will be those anticipated. Actual results could differ materially from those expected, depending on the outcome of various factors.

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 rules<sup>1</sup> (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 is filing a "tailored plan" in 2015. A tailored plan is generally available for foreign-based Covered Companies that have less than \$100 billion in total U.S. non-bank assets and whose assets with respect to U.S. depository institution operations, branches, and agencies comprise 85% or more of the company's U.S. total consolidated assets. Westpac provided written notice of its intent and eligibility to file a "tailored plan" in March 2015 and was notified by the FRB and FDIC on June 4, 2015 that it is eligible to file such a plan.

Westpac was founded in 1817 and was the first bank established in Australia. Westpac began trading on April 8, 1817 as the Bank of New South Wales. In 1982, following the merger with the Commercial Bank of Australia, Westpac changed its name to Westpac Banking Corporation. On August 23, 2002, Westpac was registered as a public company limited by shares under the Australian *Corporations Act (2001)*.

Westpac is one of the four major banking organizations in Australia and one of the largest banking organizations in New Zealand. The Group provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services. Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region, and maintains branches and offices in some of the key financial centers around the world. As at September 30, 2015, the Group is one of the largest listed companies by market capitalization on the Australian Securities Exchange Limited ("ASX"), with market capitalization of A\$95 billion<sup>2</sup> and total assets of A\$812 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

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<sup>1</sup> 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").

<sup>2</sup> Based on the closing share price of Westpac's ordinary shares on the ASX as at September 30, 2015.

and conducts a number of Westpac's U.S. operations. Aside from the 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 2015 Westpac Group Annual Report on Form 20-F (the "2015 Annual Report")<sup>3</sup>.

## 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, 2014.

## 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.

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<sup>3</sup> A copy of the 2015 Annual Report is available here - [http://www.westpac.com.au/about-westpac/investor-centre/annual\\_reports/](http://www.westpac.com.au/about-westpac/investor-centre/annual_reports/)

## 4 Financial Information

Table 1 summarizes the consolidated balance sheet of the Westpac Group as at September 30, 2015<sup>4</sup>, as reported in the 2015 Annual Report.

**Table 1: Consolidated Balance Sheet Data for the Westpac Group<sup>5</sup>**

	As at 30 September	
	2015 US\$m	2015 A\$m
Cash and balances with central banks	10,369	14,770
Receivables due from other financial institutions	6,727	9,583
Derivative financial instruments	33,817	48,173
Trading securities and other financial assets designated at fair value and available-for-sale securities	57,765	82,287
Loans	437,568	623,316
Life insurance assets	9,214	13,125
All other assets	14,673	20,902
<b>Total assets</b>	<b>570,133</b>	<b>812,156</b>
Payables due to other financial institutions	13,149	18,731
Deposits and other borrowings	333,680	475,328
Other financial liabilities at fair value through income statement	6,477	9,226
Derivative financial instruments	33,909	48,304
Debt issues	120,080	171,054
Life insurance liabilities	8,114	11,559
All other liabilities	7,160	10,199
Total liabilities excluding loan capital	522,569	744,401
Total loan capital	9,716	13,840
<b>Total liabilities</b>	<b>532,285</b>	<b>758,241</b>
<b>Net assets</b>	<b>37,848</b>	<b>53,915</b>
Total equity attributable to owners of Westpac Banking Corporation	37,274	53,098
Non-controlling interests	574	817
<b>Total shareholders' equity and non-controlling interests</b>	<b>37,848</b>	<b>53,915</b>

For notes relating to the table above, please refer to the 2015 Annual Report.

<sup>4</sup> Westpac's financial year ends September 30. Unless otherwise stated, information in this report is current as at September 30, 2015.

<sup>5</sup> Unless otherwise stated, the translation of Australian dollars into U.S. dollars has been made at the rate of A\$1.00 = US\$0.7020, the noon buying rate in New York City on September 30, 2015. 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). 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).

## 5 Capital Resources

### 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 preferred capital range, capital buffers and contingency plans;
- consideration of both economic and regulatory capital requirements;
- a process that challenges the capital measures, coverage and requirements which incorporates, amongst other things, the impact of adverse economic scenarios; and
- consideration of the perspectives of external stakeholders including rating agencies and equity and debt investors.

### 5.2 Basel Capital Accord

The regulatory limits applied to Westpac's capital ratios are consistent with *A global regulatory framework for more resilient banks and banking systems*, also known as Basel III, issued by the Bank for International Settlements. This framework reflects the advanced risk management practices that underpin the calculation of regulatory capital through a broad array of risk classes and advanced measurement processes.

As provided for in the Basel III Accord, the Australian Prudential Regulation Authority ("APRA") has exercised discretions to make the framework applicable in the Australian market, and in particular has required that Australian banks, like Westpac, use sophisticated models for credit risk, operational risk and interest rate risk taken in the banking book. In addition, APRA has applied discretion in the calculation of the components of regulatory capital. The new Basel III prudential standards became effective on 1 January 2013.

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). Effective risk management is regarded as a key activity performed at all levels of the Group. Achieving advanced accreditation from APRA has resulted in a broad array of changes to risk management practices that have been implemented across all risk classes. Westpac recognizes that embedding these principles and practices into day-to-day activities of the divisions to achieve the full benefits of these changes is an ongoing facet of risk management.

Australia's risk-based capital adequacy guidelines are generally consistent but not completely aligned with the approach agreed upon by the Basel Committee on Banking Supervision ("BCBS"). APRA has exercised its discretion in applying the Basel framework to Australian Deposit-taking Institutions ("ADIs"), resulting in a more conservative approach than the minimum standards published by the BCBS. APRA also introduced the new standards from January 1, 2013 with no

phasing in of higher capital requirements as allowed by the BCBS. The application of these discretions act to reduce reported capital ratios relative to those reported in other jurisdictions.

Under APRA’s implementation of Basel III, Australian banks are required to maintain a minimum Common Equity Tier 1 ratio of at least 4.5%, Tier 1 ratio of 6.0% and Total Regulatory Capital of 8.0%. Subject to certain limitations, Common Equity Tier 1 capital consists of paid-up share capital, retained profits and certain reserves, less the deduction of certain intangible assets, capitalized expenses and software, and investments and retained earnings in insurance and funds management subsidiaries that are not consolidated for capital adequacy purposes. The balance of eligible capital is defined as Additional Tier 1 or Tier 2 capital which includes, subject to limitations, mandatory convertible notes, perpetual floating rate notes and like instruments, and term subordinated debt less a deduction for holdings of Westpac’s own subordinated debt and that of other financial institutions.

Westpac’s capital ratios are significantly above APRA minimum capital adequacy requirements. Westpac’s regulatory capital ratios reported under Basel III as at September 30, 2015 are summarized in Table 2.

**Table 2: Westpac Group Capital Ratios.**

	<b>As at September 30, 2015</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>9.5%</b>
Additional Tier 1 capital ratio	1.9%
<b>Tier 1 capital ratio</b>	<b>11.4%</b>
Tier 2 capital ratio	1.9%
<b>Total regulatory capital ratio</b>	<b>13.3%</b>



## 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 position at the market price.

Westpac has a liquidity risk management framework designed with the objective of meeting cash flow obligations under a wide range of market conditions, including name specific and market-wide stress scenarios as well as meeting the regulatory requirements of the Liquidity Coverage Ratio ("LCR")

The annual review of the liquidity risk management framework encompasses the funding scenarios modelled, the modelling approach, wholesale funding capacity, limit determination and minimum holdings of liquid assets. The liquidity risk management framework is reviewed by Group Asset and Liability Committee ("ALCO") prior to approval by the Group's Board Risk and Compliance Committee ("BRCC").

Responsibility for managing the Group's liquidity and funding positions in accordance with the Group's liquidity risk management framework is delegated to Treasury, under the oversight ALCO. Daily liquidity risk reports are circulated to, and reviewed by, local senior staff in both Treasury and the Liquidity Risk team. Liquidity reports are presented to ALCO monthly and to the BRCC quarterly.

Treasury is responsible for monitoring and managing our funding base so that it is prudently maintained, stable and adequately diversified. Treasury undertakes an annual funding review that outlines the funding strategy for the coming year. 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. The annual funding strategy is reviewed and supported by ALCO prior to approval by the BRCC.

Treasury maintains a contingency funding plan that details the broad actions to be taken in response to severe disruptions in our ability to fund some or all of our activities in a timely manner and at a reasonable cost. This document defines a committee of senior executives to manage a crisis and allocates responsibility to individuals for key tasks. This plan is reviewed and approved by ALCO and is aligned with Westpac's broader Liquidity Crisis Management Policy which is approved annually by the BRCC.

## 6.2 Liquidity Modelling

Westpac maintains a 'going concern' model with reports issued and reviewed on a daily basis. Under the 'going concern' model wholesale debt maturities are added to planned net asset growth to provide an estimate of the wholesale funding task across a range of time horizons. Maturity concentrations are measured against a Board approved limit structure; with limits, set at intervals from one week to 15 months.

Stress testing is carried out to assess Westpac's ability to meet cash flow obligations under a range of market conditions, including name specific and market wide stress scenarios. These scenarios inform liquidity limits and strategic planning.

The LCR requires banks to hold sufficient high-quality liquid assets, as defined, to withstand 30 days under a regulator-defined acute stress scenario. The LCR came into effect on 1 January 2015. Westpac maintains a buffer over the regulatory minimum 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 2015 Annual Report.

## 7 Derivative and Hedging Activities

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.

Derivatives are recognized initially and subsequently measured at fair value with gains or losses recognized through the income statement in the period in which they arise, unless the derivative is designated into a cashflow 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 both trading (primarily customer related activity) and hedging purposes. As a trader, the Group's primary objective is to derive income as a market maker from the sale of derivatives to meet Westpac's customers' needs. The market making process provides liquidity in key markets in which the Group operates. The Group also trades on its own account to take advantage of market opportunities, which represent a limited part of the Group's derivative activities.

Derivatives are also used by the Group as part of its asset and liability management activities, mainly to hedge its exposures to interest rates, foreign currency and credit risk, including exposures arising from forecast transactions. The Group uses hedge accounting techniques where possible to eliminate the volatility which would otherwise arise due to accounting mismatches.

This activity is principally carried out by Treasury within the risk management framework of limits, practices and procedures set and overseen by the Westpac Group Executive Risk Committee ("RISKCO").

### a. Fair Value Hedges

The Group hedges a proportion of its interest rate risk and foreign exchange risk from debt issuances using single currency and cross-currency interest rate derivatives. The Group also hedges part of its interest rate risk from fixed rate assets denominated both in local and foreign currencies using interest rate derivatives designated as fair value hedges.

### b. Cash Flow Hedges

Exposure to the volatility of interest cash flows from floating rate customer deposits, at call balances and loans is hedged through the use of 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 hedges the majority of the currency translation risk of net investments in foreign operations through foreign exchange forward contracts.

For further information, refer to Note 21 of the 2015 Annual Report.

## 8 Memberships in Material Payments, Clearing and Settlement Systems

In order to facilitate its 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.

## 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 3: Revenue and Non-current Assets by Geographic Segment.**

	September 30, 2015		
	US\$m <sup>3</sup>	A\$m	%
<b>Revenue</b>			
Australia	23,862	33,991	85.7
New Zealand	3,466	4,937	12.4
Other <sup>1</sup>	520	742	1.9
<b>Total</b>	<b>27,848</b>	<b>39,670</b>	<b>100.0</b>
<b>Non-current assets<sup>2</sup></b>			
Australia	8,388	11,949	90.8
New Zealand	527	751	5.7
Other <sup>1</sup>	328	466	3.5
<b>Total</b>	<b>9,243</b>	<b>13,166</b>	<b>100.0</b>

<sup>1</sup> Other includes Pacific Islands, Asia, the Americas and Europe

<sup>2</sup> Non-current assets includes property, plant and equipment, goodwill and other intangible assets

<sup>3</sup> The translation of Australian dollars into U.S. dollars has been made at the rate of A\$1.00 = US\$0.7020

## 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”).

### 10.2 New Zealand

The Reserve bank of New Zealand is responsible for supervising New Zealand registered banks. The New Zealand prudential supervision regime requires that registered banks publish quarterly 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”) is New Zealand's financial conduct regulator. Its main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets. Its functions include promoting the confident and informed participation of businesses, investors, and consumers in those markets. The Financial Markets Conduct Act, which was passed in 2013, resulted in the FMA having extensive new responsibilities in the licensing and supervision of various market participants as well as new enforcement powers.

### 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 FRB 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 recordkeeping 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. Westpac is not a Financial Holding Company as defined in the *Gramm- Leach-Bliley Act of 1999*.

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 & Exchange Commission and the U.S. Commodity Futures Trading Commission.

## 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 4: Westpac Board of Directors and Board Committee Memberships, as at September 30, 2015.**

	Status	Board Audit Committee	Board Risk & Compliance Committee	Board Nominations Committee	Board Remuneration Committee	Board Technology Committee
<b>Lindsay Maxsted</b>	Chairman, Non-executive, Independent	✓	✓	Chair ✓		
<b>Brian Hartzler</b>	CEO, Executive					✓
<b>Elizabeth Bryan</b>	Non-executive, Independent		Chair ✓	✓	✓	
<b>Ewen Crouch</b>	Non-executive, Independent		✓	✓	Chair ✓	
<b>Alison Deans</b>	Non-executive, Independent		✓			✓
<b>Craig Dunn</b>	Non-executive, Independent		✓		✓	
<b>Robert Elstone</b>	Non-executive, Independent	✓	✓		✓	
<b>Peter Hawkins</b>	Non-executive, Independent	✓	✓	✓		Chair ✓
<b>Peter Marriott</b>	Non-executive, Independent	Chair ✓	✓	✓		✓

## 12 Resolution Planning Corporate Governance

The development of the U.S. Plan leverages Westpac's existing risk management framework. Under this framework, the Board is responsible for reviewing and approving Westpac's overall risk management strategy, including determining Westpac's appetite for risk. The Board has delegated to the Board Risk and Compliance Committee ("BRCC") responsibility for providing recommendations to the Board on Westpac Group's risk-reward strategy, setting risk appetite, approving frameworks, policies and processes for managing risk, and determining whether to accept risks beyond management's approval discretion.

The Chief Executive Officer ("CEO") and executive management team are responsible for implementing the risk management strategy and frameworks and for developing policies, controls, processes and procedures for identifying and managing risk in all of Westpac's activities.

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 Group's Liquidity Risk 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. Following an internal review process, the CRO approved the update to this 2015 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<sup>6</sup>.

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<sup>6</sup> 12 U.S.C. 3102(j)