

WESTPAC BANKING CORP

FORM 6-K (Report of Foreign Issuer)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES
EXCHANGE ACT OF 1934**

October 15, 2019

Commission File Number 1-10167

WESTPAC BANKING CORPORATION

(Translation of registrant's name into English)

275 KENT STREET, SYDNEY, NEW SOUTH WALES 2000, AUSTRALIA

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Incorporation by Reference

The information contained in this Report on Form 6-K, excluding the information set forth in Exhibit No. 1, shall be incorporated by reference in the prospectuses relating to the Registrant's securities contained in the Registrant's Registration Statements on Form F-3 (File Nos. [333-228295](#), [333-228294](#) and [333-220373](#)), as such prospectuses may be amended or supplemented from time to time.

Australian Prudential Regulatory Authority (APRA) has today released a discussion paper on proposed changes to APS 111 Capital Adequacy: Measurement of Capital. APRA has indicated that the proposed changes aim to ensure Australian deposit holders continue to be protected when the major banks hold significant investments in subsidiaries.

The most significant proposal is in relation to the parent ADI's treatment of equity investments in banking and insurance subsidiaries (Level 1) and was prompted in part by recent proposals by the Reserve Bank of New Zealand (RBNZ) to materially increase capital requirements in New Zealand. In particular, APRA are proposing that:

- equity investments in subsidiaries (including any Additional Tier 1 and Tier 2 capital investments in subsidiaries) will be risk weighted at 250%, up to a limit of 10% of Level 1 Common Equity Tier 1 (CET1) capital; and
- Equity investments in excess of the 10% limit will be fully deducted from Level 1 CET1 capital in determining Level 1 capital ratios.

Equity investments in banking and insurance subsidiaries are currently risk weighted at 400% at Level 1. APRA intends the updated standard to come into force from 1 January 2021. Consultation closes on January 31, 2020 and APRA has indicated the changes will be finalized in early 2020.

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
1	ASX Release — Westpac acknowledges the release of a discussion paper by the Australia Prudential Regulatory Authority (APRA) — Revisions to APS 111 Capital Adequacy: Measurement of Capital

Disclosure regarding forward-looking statements

The information contained in this Report on Form 6-K contains statements that constitute "forward-looking statements" within the meaning of section 21E of the U.S. 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 Report and include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition.

We use words such as ‘will’, ‘may’, ‘expect’, ‘indicative’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘aim’, ‘probability’, ‘risk’, ‘forecast’, ‘likely’, ‘estimate’, ‘anticipate’, ‘believe’ or other similar words to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with our expectations or that the effect of future developments on us will be those anticipated. Should one or more of the risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results could differ materially from the expectations described in this Report. Factors that may impact on the forward-looking statements made include, but are not limited to, those described in the section entitled ‘Risk factors’ in Westpac’s 2019 Interim Financial Results on Form 6-K filed with the U.S. Securities and Exchange Commission. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider such factors and other uncertainties and events. We are under no obligation, and do not intend, to update any forward-looking statements contained in this Report, whether as a result of new information, future events or otherwise, after the date of this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTPAC BANKING CORPORATION

(Registrant)

Date: October 15, 2019

By: /s/ Yvette Adiguzel

Yvette Adiguzel

Associate Director

ASX ANNOUNCEMENT

15 October 2019

Westpac acknowledges the release of a discussion paper by the Australian Prudential Regulatory Authority (APRA) – Revisions to APS 111 Capital Adequacy: Measurement of Capital

APRA has today released a discussion paper on proposed changes to APS 111 Capital Adequacy: Measurement of Capital. APRA has indicated that the proposed changes aim to ensure Australian deposit holders continue to be protected when the major banks hold significant investments in subsidiaries.

The most significant proposal is in relation to the parent ADI's treatment of equity investments in banking and insurance subsidiaries (Level 1) and was prompted in part by recent proposals by the Reserve Bank of New Zealand (RBNZ) to materially increase capital requirements in New Zealand. In particular, APRA are proposing that:

- equity investments in subsidiaries (including any Additional Tier 1 and Tier 2 capital investments in subsidiaries) will be risk weighted at 250%, up to a limit of 10% of Level 1 Common Equity Tier 1 (CET1) capital; and
- Equity investments in excess of the 10% limit will be fully deducted from Level 1 CET1 capital in determining Level 1 capital ratios.

Equity investments in banking and insurance subsidiaries are currently risk weighted at 400% at Level 1. APRA intends the updated standard to come into force from 1 January 2021. Consultation closes on 31 January 2020 and APRA has indicated the changes will be finalised in early 2020.

As previously noted, the RBNZ has consulted on a proposal to significantly increase the level of regulatory capital in the New Zealand banking system and is expected to announce the result of that consultation in early December 2019. The RBNZ has also proposed that a five year transition period will apply for any change in requirements. The implications for Westpac of the APRA proposals for Westpac's Level 1 regulatory capital position will depend on the final outcomes of the RBNZ's review.

Impact on Level 1 capital ratios

Westpac's largest equity investment in a subsidiary is in Westpac's New Zealand banking subsidiary, Westpac New Zealand Limited (WNZL). Westpac also has equity investments in several other banking and insurance subsidiaries which are each below the 10% limit.

There is no impact from this proposal on the calculation of the Group's reported regulatory capital ratios on a Level 2 basis, which are the key ratios commonly reported. Nevertheless,

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Westpac must continue to meet prudential requirements for Level 1 capital which may ultimately impact capital ratios on a Level 2 basis.

At 30 June 2019, Westpac's Level 1 CET1 capital ratio was 10.5%. On a proforma basis at 30 June 2019, it is estimated that applying APRA's proposed approach would reduce Westpac's Level 1 CET1 capital ratio by approximately 40bps (\$1.6bn). Since June 2019 Westpac has taken actions to lift its Level 1 CET1 capital ratio by around 25-30 basis points through intra-group transactions. These changes will be reflected in the Group's Full Year 2019 results disclosures. Westpac's Level 2 CET1 ratio at 30 June 2019 was 10.5% and would not be affected by this change.

APRA expects to finalise the review announced today along with its broader review of the capital adequacy framework in 2020. Given the changes likely to emerge it is too early to determine the full impacts of APRA's consultation papers or to determine how Westpac might respond.

Westpac intends to provide a submission to APRA.

For further enquiries, please contact:

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