

Not for release in the United States or to U.S. Persons

This release does not constitute an offer of any securities for sale in the United States, or in any other jurisdiction in which such offer would not be permitted, and is not for distribution in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons, as such terms are defined in Regulation S under the Securities Act, except in accordance with an applicable exemption from registration. There will be no public offering of the securities in the United States.

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5 July 2019

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Pursuant to ASX Listing Rules 2.1 (Condition 5) and 15.2, I attach the Information Memorandum dated 4 July 2019 for Westpac Banking Corporation's US \$70,000,000,000 Programme for the Issuance of Debt Instruments (the "Programme"). Westpac may, from time to time, offer debt securities on the terms and conditions described in the Information Memorandum.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Hartin'.

Tim Hartin
Company Secretary

Westpac Banking Corporation

(A.B.N. 33 007 457 141)

(AFSL 233714)

(incorporated with limited liability in Australia and registered in the State of New South Wales)

U.S. \$70,000,000,000 Programme for the Issuance of Debt Instruments

This Information Memorandum has been prepared on the basis that application will be made to the Australian Securities Exchange (the "ASX") for subordinated instruments (the "**Subordinated Instruments**") issued pursuant to this Information Memorandum to be admitted to listing and/or trading on the ASX's wholesale Interest Rate Securities Market. This Information Memorandum has also been prepared on the basis that Subordinated Instruments issued under the Programme may be unlisted or admitted to listing and/or trading on such other or further listing authority and/or stock exchange as may be agreed between Westpac Banking Corporation (the "**Issuer**" or "**Westpac**") and the relevant Dealer(s).

This Information Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended or superseded) (the "Prospectus Directive"). This Information Memorandum has been prepared solely with regard to Subordinated Instruments that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2014/65/EU, as amended ("MiFID II") and (ii) not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

Instruments issued on a senior, unsubordinated basis may be issued under the Programme on the basis that they will be admitted to trading on the London Stock Exchange's Regulated Market, being a regulated market for the purposes of MiFID II (the "**Senior Instruments**"). The Issuer has published a prospectus (approved by the United Kingdom Financial Conduct Authority, being the United Kingdom competent authority for the purposes of the Prospectus Directive) pursuant to which Senior Instruments may be issued under the Programme.

This Information Memorandum supersedes any previous base prospectus, listing particulars, information memorandum or information memorandum addendum describing the Programme in respect of Subordinated Instruments. Any Subordinated Instruments issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein. This does not affect any Subordinated Instruments issued before the date of this Information Memorandum.

Factors which could be material for the purpose of assessing the risks associated with an investment in the Subordinated Instruments issued under the Programme are set out on pages 13 to 58 of this Information Memorandum.

The Subordinated Instruments have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended (the "**Securities Act**"), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Arranger for the Programme

UBS Investment Bank

Dealers

Barclays
BNP PARIBAS
BofA Merrill Lynch
Citigroup
Deutsche Bank

Goldman Sachs International
HSBC
J.P. Morgan
Morgan Stanley
Nomura

RBC Capital Markets
Standard Chartered Bank
UBS Investment Bank
Westpac Banking Corporation
Westpac Europe Limited

4 July 2019

S&P Global Ratings Australia Pty Ltd has assigned Westpac a senior unsecured credit rating of AA-. The outlook for the rating is negative. The short-term credit rating assigned by S&P Global Ratings Australia Pty Ltd to Westpac is A-1+. Moody's Investors Service Pty Limited has assigned Westpac a senior unsecured credit rating of Aa3. The outlook for the rating is stable. The short-term credit rating assigned by Moody's Investors Service Pty Limited to Westpac is P-1.

Neither S&P Global Ratings Australia Pty Ltd nor Moody's Investors Service Pty Limited is established in the European Union or has applied for registration under *Regulation (EU) No. 1060/2009, as amended* (the "**CRA Regulation**"). However, S&P Global Ratings Australia Pty Ltd is endorsed by S&P Global Ratings Europe Limited and Moody's Investors Service Pty Limited is endorsed by Moody's Investors Service Ltd, each of which is established in the European Union and registered under the CRA Regulation.

The Issuer accepts responsibility for the information contained in this Information Memorandum and each Pricing Supplement. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum should be read and construed together with any amendment or supplement thereto and, unless the context otherwise requires, be deemed to include any other documents incorporated by reference herein and, in relation to any Series (as defined herein) of Subordinated Instruments, should be read and construed together with the relevant Pricing Supplement (as defined herein).

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other document entered into in relation to the Programme or any additional written information supplied by the Issuer or such other information as has been published in the public domain by the Issuer and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer (as defined in "**Subscription and Sale**").

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in this Information Memorandum. Neither the delivery of this Information Memorandum nor any Pricing Supplement nor the offering, sale or delivery of any Subordinated Instrument shall, in any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date thereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with this Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Information Memorandum and any Pricing Supplement and the offering, sale and delivery of the Subordinated Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Subordinated Instruments and on

the distribution of this Information Memorandum or any Pricing Supplement and other offering material relating to the Subordinated Instruments, see the “**Subscription and Sale**” section in this Information Memorandum. In particular, the Subordinated Instruments have not been and will not be registered under the Securities Act and Subordinated Instruments will be in bearer form and will be subject to U.S. tax law requirements. Subject to certain exceptions, Subordinated Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons. Neither this Information Memorandum nor any Pricing Supplement may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Subordinated Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance/ target market – The Pricing Supplement in respect of any Subordinated Instruments may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Subordinated Instruments and which channels for distribution of the Subordinated Instruments are appropriate. Any person subsequently offering, selling or recommending the Subordinated Instruments (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Instruments (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Subordinated Instruments is a manufacturer in respect of such Subordinated Instruments, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Neither this Information Memorandum nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Subordinated Instruments and should not be considered as a recommendation by the Issuer or the Dealers or any of them that any recipient of this Information Memorandum or any Pricing Supplement should subscribe for or purchase any Subordinated Instruments. Each recipient of this Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

All references in this Information Memorandum to a “**Member State**” are references to a Member State of the EEA, references to “**U.S.\$**”, “**U.S. dollars**” or “**U.S. cents**” are to the lawful currency of the United States of America, all references to “**A\$**”, “**AUD**”, “**Australian dollar**” and “**Australian cents**” are to

the lawful currency of Australia, all references to “**NZ\$**” and “**NZ cents**” are to the lawful currency of New Zealand, all references to “**£**”, “**Sterling**” and “**GBP**” are to the lawful currency of the United Kingdom (the “**UK**”), and all references to “**Renminbi**” and “**CNY**” are to the lawful currency of the People’s Republic of China. References to “**€**”, “**Eur**”, “**euro**” or, as the context may require, “**euro cents**” are to the currency, introduced at the third stage of European Economic and Monetary Union pursuant to the Treaty on European Union of those member states of the European Union which are participating in the European economic and monetary union (the “**Eurozone**”). References to “**Australia**” are to the Commonwealth of Australia, its territories and possessions.

In connection with the issue of any Tranche (as defined herein) of Subordinated Instruments under the Programme, the Dealer or Dealers (if any) specified as the stabilising dealers (the “**Stabilising Dealer(s)**”) (or persons acting on behalf of any Stabilising Dealer(s)) may, outside Australia and on a market operated outside Australia and otherwise to the extent permitted by applicable laws and rules, over-allot Subordinated Instruments or effect transactions with a view to supporting the market price of the Subordinated Instruments at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Subordinated Instruments is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Subordinated Instruments and 60 days after the date of the allotment of the relevant Tranche of Subordinated Instruments. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Dealer(s) (or person(s) acting on behalf of any Stabilising Dealer(s)) in accordance with all applicable laws and rules.

The Subordinated Instruments are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Subordinated Instruments to retail investors. By purchasing, or making or accepting an offer to purchase, any Subordinated Instruments from the Issuer and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each Dealer that it has and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Subordinated Instruments (including without limitation MiFID II as implemented in each Member State of the EEA) and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Subordinated Instruments by investors in any relevant jurisdiction. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Subordinated Instruments from the Issuer and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

TABLE OF CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	6
RISK FACTORS	13
DOCUMENTS INCORPORATED BY REFERENCE	59
TERMS AND CONDITIONS OF THE SUBORDINATED INSTRUMENTS	61
PRO FORMA PRICING SUPPLEMENT	133
USE OF PROCEEDS	144
WESTPAC BANKING CORPORATION	145
INFORMATION CONCERNING THE UNDERLYING SECURITIES	180
TAXATION	184
SUBSCRIPTION AND SALE	189
GENERAL INFORMATION	199

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Information Memorandum and any decision to invest in the Subordinated Instruments should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference.

Words and expressions defined elsewhere in this Information Memorandum have the same meanings in this overview.

This Programme has been established by the Issuer to allow for the issue of instruments from time to time to investors. Details of the types of Subordinated Instruments that may be issued and the terms and conditions which may apply to them are set out below.

Issuer:	Westpac Banking Corporation, acting through its head office. Issuer Legal Entity Identifier (" LEI "): EN5TNI6CI43VEPAMHL14.
Dealers:	Barclays Capital Asia Limited, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, RBC Europe Limited, Standard Chartered Bank, UBS AG London Branch, Westpac Banking Corporation, Westpac Europe Limited and any other dealer appointed from time to time by the Issuer generally in relation to the Programme or a particular Tranche.
Fiscal Agent:	The Bank of New York Mellon.
Programme Amount:	The maximum aggregate principal amount of Senior Instruments and Subordinated Instruments permitted to be outstanding under the Programme is U.S.\$70,000,000,000 (for this purpose, any instruments denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such instruments using the spot rate of exchange for the purchase of such currency against payment of U.S. dollars being quoted by the Fiscal Agent on the date on which the relevant agreement in respect of the relevant Tranche was made or such other rate as the Issuer and the relevant Dealer may agree). The maximum aggregate principal amount of instruments which may be outstanding under the Programme may be increased subject to compliance with the relevant provisions of the Dealership Agreement.
Essential Characteristics of the Issuer:	The Issuer is domiciled and incorporated in Australia. The Issuer was registered on 23 August 2002 as a public company limited by shares under the <i>Corporations Act 2001 of Australia</i> (the " Corporations Act 2001 "). The Issuer is the ultimate parent of the Westpac Group (as defined below). The Westpac Group is one of four major banking organisations

in Australia and is one of the largest banking organisations in New Zealand. The Westpac Group provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services.

Westpac's operations comprise the following key customer-facing business divisions operating under multiple brands:

Consumer ("**CD**") is responsible for sales and service to consumer customers of banking and insurance products. CD also works in an integrated way with BD and WIB (each as defined below) in the sales and service of select financial services and products including in wealth and foreign exchange. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne and RAMS brands.

Business ("**BD**") is responsible for sales and service to micro, small to medium enterprises ("**SME**") and commercial business customers in Australia for facilities up to approximately A\$150 million. The division is also responsible for the Westpac Group's private wealth investment platforms and superannuation operations. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne and BT brands.

Westpac Institutional Bank ("**WIB**") delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets.

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand:

- Westpac New Zealand Limited ("**WNZL**"), which is incorporated in New Zealand; and
- Westpac Banking Corporation (New Zealand Branch).

Westpac New Zealand operates via an extensive network of branches and automated teller machines ("**ATMs**") across both the North and South Islands.

The Westpac Group businesses include:

- Treasury which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between the Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk,

(excluding Westpac New Zealand which is separately managed in New Zealand) within set risk limits;

- Group Technology, which comprises functions for the Australian businesses, is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration; and
- Core Support, which comprises functions performed centrally, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.

Issuance in Series: Subordinated Instruments will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (“**Tranches**”) issued on different issue dates. The Subordinated Instruments of each Series will all be subject to identical terms except that the issue date and/or the amount of the first payment of interest and/or the issue price may be different in respect of different Tranches and a Series may comprise Subordinated Instruments in more than one denomination. The Subordinated Instruments of each Tranche will all be subject to identical terms save that a Tranche may comprise Subordinated Instruments of different denominations.

Form of Subordinated Instruments: Subordinated Instruments shall be issued in bearer form. In respect of each Tranche of Subordinated Instruments issued in bearer form, the Issuer will deliver a temporary global instrument (a “**Temporary Global Instrument**”) or (if so specified in the relevant Pricing Supplement in respect of Subordinated Instruments to which *U.S. Treasury Regulation §1.163-5(c)(2)(i)(C)* (the “**TEFRA C Rules**”) applies (as so specified in such Pricing Supplement)) a permanent global instrument (a “**Permanent Global Instrument**”). Such global instruments will be either (i) deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date thereof with a sub-custodian in Hong Kong for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (“**CMU Service**”). Each Temporary Global Instrument will be exchangeable for a Permanent Global Instrument or, if so specified in the relevant Pricing Supplement, for Subordinated Instruments in definitive bearer form. Each Permanent Global Instrument will be exchangeable for Subordinated Instruments in definitive bearer form. Subordinated Instruments in definitive bearer form will either have interest coupons (“**Coupons**”) attached and, if appropriate, a talon (“**Talon**”) for further Coupons.

Currencies: Subordinated Instruments may be denominated in any currency or currencies subject to compliance with all applicable legal and/or

regulatory and/or central bank requirements. Payments in respect of Subordinated Instruments may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Subordinated Instruments are denominated.

Status: The Subordinated Instruments will be issued on a subordinated basis and, subject to the approval of the Australian Prudential Regulation Authority (“**APRA**”), are expected to qualify as Tier 2 Capital for the purposes of the Prudential Standards (as defined in the Terms and Conditions). The rights and claims of Holders of Subordinated Instruments against the Issuer will be subordinated on a winding-up of the Issuer.

Set-off: Neither the Issuer nor any Holder of Subordinated Instruments is entitled to set-off any amounts due in respect of Subordinated Instruments held by the Holder against any amount of any nature owed by the Issuer to the Holder or by the Holder to the Issuer.

Issue Price: Subordinated Instruments may be issued at any price, as specified in the relevant Pricing Supplement.

Maturities: Any maturity of not less than five years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption: Subordinated Instruments may be redeemable at par or such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement.

Early Redemption: Early redemption will be permitted (if specified as “Applicable” in the relevant Pricing Supplement): (i) as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Early redemption at the option of the Issuer” following notice by the Issuer; (ii) for taxation reasons as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Early redemption for adverse tax events”; or (iii) for regulatory reasons as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Early redemption for regulatory events”, but will otherwise be permitted only to the extent specified in the relevant Pricing Supplement.

The Issuer’s right to exercise any option to repay, purchase or otherwise redeem Subordinated Instruments (prior to the stated maturity thereof, if any) is subject to the prior written approval of APRA, and investors should not assume that such approval will be given.

Interest: Subordinated Instruments are interest-bearing. Interest may accrue at a fixed or floating rate and may vary during the lifetime of the relevant

Series.

Denominations: Subordinated Instruments will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Subordinated Instruments which have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, so long as the Subordinated Instruments are represented by a Temporary Global Instrument or Permanent Global Instrument and the relevant clearing system(s) so permit, the Subordinated Instruments will be tradeable only in the minimum denomination and higher integral multiples of another smaller amount, notwithstanding that no definitive Subordinated Instruments will be issued over a certain denomination (as specified in the Pricing Supplement).

Conversion: If the Subordinated Instruments are required to be converted on account of a Non-Viability Trigger Event in accordance with the “Terms and Conditions of the Subordinated Instruments – Non-viability, Conversion and Write-off and – Procedures for Conversion”, depending on the circumstances, Holders of Subordinated Instruments may receive Ordinary Shares (as defined in the section entitled “Information Concerning the Underlying Securities”) in the Issuer or the proceeds from the sale thereof. If conversion into Ordinary Shares does not occur for any reason within 5 ASX Business Days after the Non-Viability Trigger Event Date, the Subordinated Instruments (or a percentage of the Outstanding Principal Amount of the Subordinated Instruments) will be written-off. This means that Holders’ rights in relation to Subordinated Instruments (including to payments of interest and accrued interest, and the repayment of the Outstanding Principal Amount and, where conversion is the primary method of loss absorption, to be issued with Ordinary Shares in respect of such Subordinated Instruments) are immediately and irrevocably written-off and terminated with effect on and from the Non-Viability Trigger Event Date.

If any Subordinated Instruments are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Ordinary Shares to be issued. In this case, the value of the Ordinary Shares received is likely to be significantly less than the Outstanding Principal Amount of the Subordinated Instruments. The Australian dollar may depreciate in value against the relevant currency by the time of Conversion. In that case, the Maximum Conversion Number is more likely to apply.

Information on the The Ordinary Shares are admitted to listing and trading on the ASX (for further information see the section entitled “Information

- underlying securities: Concerning the Underlying Securities”).
- Taxation: Payments in respect of Subordinated Instruments or Coupons, or upon or with respect to the issuance of any Ordinary Shares upon any Conversion of Subordinated Instruments, will be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Australia or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, unless specified otherwise in the relevant Pricing Supplement, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the Holders receiving such amounts as they would have received had no such withholding or deduction been required. Holders should be aware that the Pricing Supplement prepared in respect of a Tranche of Subordinated Instruments may modify the terms and conditions set out herein for that Tranche. This can include, for example, specifying that the call right of the Issuer, which would ordinarily apply in the event that the Issuer is required to gross up payments on that tranche of Subordinated Instruments, will not apply.
- Governing Law: Save as provided below, the Subordinated Instruments and all related contractual documentation will be governed by, and construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Subordinated Instruments and all related contractual documentation, whether contractual or non-contractual, will be governed by, and determined in accordance with, English law. The provisions of Conditions 4, 5 and 6 (and the defined terms when used in those Conditions) which relate to subordination, non-viability, conversion and write-off will be governed by, and construed in accordance with, the laws of New South Wales, Australia.
- Listing: Each Series may be admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the ASX. Subordinated Instruments may also be admitted to the Official List of the Irish Stock Exchange and admitted to trading by the Irish Stock Exchange's Global Exchange Market and/or to listing and/or trading by any other competent listing authority and/or stock exchange as agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Pricing Supplement or may be issued on the basis that they will not be admitted to listing and/or trading by any listing authority and/or stock exchange.
- Terms and Conditions: A Pricing Supplement will be prepared in respect of each Tranche of Subordinated Instruments a copy of which will:
- (a) in the case of Subordinated Instruments admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the

ASX or by any other competent listing authority and/or stock exchange, be lodged on or with the relevant competent listing authority and/or stock exchange by the time required by the relevant competent listing authority and/or stock exchange; and

- (b) in the case of Subordinated Instruments to be listed on the Official List and admitted to trading on the Irish Stock Exchange's Global Exchange Market, be delivered to the Irish Stock Exchange and to the Irish Stock Exchange's Global Exchange Market as soon as practicable and, in any event, on or before the closing date for such Subordinated Instruments.

The terms and conditions applicable to each Tranche will be those set out herein under "Terms and Conditions of the Subordinated Instruments" as supplemented, modified or replaced by the relevant Pricing Supplement.

Enforcement of Subordinated Instruments in Global Form	In the case of Subordinated Instruments in global form, individual investors' rights will be governed by a Deed of Covenant dated 7 November 2008, a copy of which will be available for inspection at the office of the Fiscal Agent specified on page 204.
Clearing Systems:	Euroclear, Clearstream, Luxembourg, the CMU Service and/or, in relation to any Subordinated Instruments, any other clearing system as may be specified in the relevant Pricing Supplement.
Selling Restrictions:	For certain restrictions on offers, invitations, purchases, sales and deliveries of Subordinated Instruments and on the distribution of offering material in the USA, the EEA, the UK, Australia, Hong Kong, Japan, France, the Republic of Ireland, Italy, The Netherlands, New Zealand, Singapore, Spain, Switzerland and Taiwan, see the "Subscription and Sale" section.
Cross default:	None.

RISK FACTORS

Westpac believes that the following material factors may adversely affect its ability to fulfil its obligations under Subordinated Instruments issued under the Programme. These factors are contingencies that may or may not occur and Westpac is not in a position to express a view on the likelihood of any such contingency occurring. In addition, the inability of Westpac to pay interest, principal or other amounts on or in connection with any Subordinated Instruments may occur for other reasons.

Prospective investors should consult their own financial and legal advisers about risks associated with an investment in such Subordinated Instruments and the suitability of investing in such Subordinated Instruments in light of their particular circumstances.

Factors which could be material for the purpose of assessing the market risks associated with Subordinated Instruments issued under the Programme are described below.

Words and expressions defined in the “Terms and Conditions of the Subordinated Instruments” below or elsewhere in this Information Memorandum have the same meanings in this section, unless otherwise stated.

Risks relating to Westpac’s business

Westpac’s businesses are highly regulated and could be adversely affected by changes in laws, regulations or regulatory policy

As a financial institution, Westpac is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand, the United Kingdom, the United States and various jurisdictions in Asia and the Pacific. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative powers over its businesses.

The Westpac Group’s business, prospects, reputation, financial performance and financial condition could all be affected by changes to law and regulation, changes to policies and changes in the supervisory activities and expectations of Westpac’s regulators. The Westpac Group is currently operating in an environment where there is increased scrutiny of the financial services sector. This has, in turn, led to increased scrutiny of financial services providers by regulators. In this environment, the Westpac Group faces increasing supervision and regulation in the jurisdictions in which it operates or obtains funding. This environment has also served to increase the pace and scope of regulatory change.

Regulatory change could directly and adversely affect the Westpac Group’s financial condition and financial position. In recent years, new laws have required Westpac to maintain increased levels of liquidity and hold higher levels of, and better quality, capital and funding. Regulatory change may continue in this area. Regulation also affects the way Westpac operates its business. New regulation could require Westpac to change its existing business models (including by imposing restrictions on the types of businesses it can conduct) or amend its corporate structure. The competitive landscape may also be altered by new laws. For example, the phasing in of the open banking regime could change the competitive landscape for banks and financial services providers in Australia.

Recently, policy makers and regulators have developed and implemented a range of regulations that

affect how Westpac provides products and services to its customers. New laws have been introduced that further regulate Westpac's ability to provide products and services to certain customers and that require Westpac to alter its product and service offerings. Westpac's ability to set prices for certain products and services may also be impacted by future regulation.

Regulatory change of this type could adversely affect one or more of Westpac's businesses, restrict its flexibility, require it to incur substantial costs and could impact the profitability of one or more of its business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

There are numerous sources of regulatory change that could affect Westpac's business. In some cases, changes to regulation are driven by international bodies, such as the Basel Committee on Banking Supervision ("**BCBS**"). Regulatory change may also flow from reviews and inquiries commissioned by Governments or regulators.

These reviews and commissions of inquiry may lead to, and in some cases already have led to, substantial regulatory change or investigations, which could have a material impact on Westpac's business, prospects, reputation, financial performance or financial condition.

It is also possible that governments or regulators in jurisdictions in which Westpac operates or obtains funding might revise their application of existing regulatory policies that apply to, or impact, its business (including by instituting macro-prudential limits on lending). Regulators or governments may take this action for a variety of reasons, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Westpac manages its businesses in the context of regulatory uncertainty and complexity. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change are an important part of Westpac's planning processes. Westpac expects that it will continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing, or implement new, processes to comply with new regulations (such as obligations to provide certain data and information to regulators) or new interpretations of existing laws or regulations. The failure of the Westpac Group to appropriately manage and implement regulatory change, including by failing to implement effective processes to comply with new regulations, could result in the Westpac Group failing to meet a compliance obligation. Further information about the consequences of failing to meet a compliance obligation is set out in the risk factor titled '*Westpac's businesses are highly regulated and have been or could be adversely affected by failing to comply with laws, regulations or regulatory policy*' below.

Another consideration in managing regulatory change arises when regulation is introduced in one jurisdiction that conflicts with the way it is introduced in other jurisdictions in which Westpac operates.

Westpac's businesses are highly regulated and have been or could be adversely affected by failing to comply with laws, regulations or regulatory policy

Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

The Westpac Group is subject to compliance risk, which is the risk of legal or regulatory sanction or financial or reputational loss, arising from its failure to abide by the compliance obligations required of it. This risk is exacerbated by the increasing complexity and volume of domestic and global regulation. Compliance risk can also arise where Westpac interprets its regulatory obligations, compliance requirements and rights differently to its regulators or a court. The potential for this to occur may be heightened in the period that follows the introduction of significant changes to regulation, particularly where that new regulation is untested and/or not subject to extensive regulatory guidance.

The Westpac Group employs a compliance management system which is designed to identify, assess and manage compliance risk. This system includes (amongst other things) frameworks, policies, procedures, controls and assurance oversight. While this system is currently in place, it may not always have been or continue to be effective. Breakdowns may occur in this compliance management system due, for example, to flaws in the design of controls or underlying processes. This has resulted in, and may in the future result in, potential breaches of Westpac's compliance obligations, as well as poor customer outcomes.

The Westpac Group also depends on its employees, contractors, agents, authorised representatives and external service providers to 'do the right thing' for it to meet its compliance obligations. If an employee, contractor or external service provider fails to act in an appropriate manner, such as by neglecting to follow a policy or by engaging in misconduct, these actions could result in poor customer outcomes and a failure by the Westpac Group to comply with its compliance obligations.

The Westpac Group's failure, or suspected failure, to comply with a compliance obligation could lead to a regulator commencing surveillance or an investigation into the Westpac Group, which may, depending on the circumstances, result in the regulator taking administrative or enforcement action against it (including seeking fines or other monetary penalties). In addition, the failure or alleged failure of Westpac's competitors to comply with their compliance obligations could lead to increased regulatory scrutiny across the financial services sector.

In many cases, Westpac's regulators have broad administrative and enforcement powers. For example, under the *Banking Act 1959* (Cth) (the "**Banking Act**"), APRA can, in certain circumstances, investigate Westpac's affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a Director, executive officer or employee, or not to undertake transactions), disqualify an 'Accountable Person' under the Banking and Executive Accountability Regime ("**BEAR**") or require Westpac to hold additional capital. Other regulators also have the power to investigate, including looking into past conduct.

The current political and regulatory environment that the Westpac Group is operating in has also seen (and may in the future see) its regulators receive new powers. Recently, legislation has been passed by the Australian Parliament that provides ASIC with a product intervention power. Under this power, ASIC can make product intervention orders that prevent issuers of financial products from engaging in certain conduct. In addition, new legislation has been passed that considerably strengthens the penalties that can be imposed for corporate and financial sector misconduct. In particular, ASIC can now commence civil penalty proceedings (and seek significant civil penalties) against an Australian Financial Services licensee (such as Westpac) for failing to do all things necessary to ensure that financial services provided under the licence are provided efficiently, honestly and fairly.

Changes may also occur in the oversight approach of regulators, which could result in a regulator preferring its enforcement powers over a more consultative approach. This dynamic is already

apparent, with ASIC committing to accelerating enforcement activities, conducting more civil and criminal enforcement actions against large financial institutions and adopting a 'why not litigate?' enforcement stance. ASIC has also introduced its 'Close and Continuous Monitoring' supervisory approach, which has seen ASIC staff being embedded within the institutions they supervise, including Westpac. APRA has publicly committed to a revised approach to enforcement as well, indicating that it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account. As part of this approach, APRA has indicated that it will consider taking public enforcement action (such as issuing directions, imposing licence conditions or commencing Court proceedings) for wider deterrence purposes. In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators.

The provision of new powers to regulators, coupled with the increasingly active supervisory and enforcement approaches adopted by them, increases the prospect of adverse regulatory action being brought against the Westpac Group. Further, the severity and consequences of that action are now greater, given the recent expansion of penalties for corporate and financial sector misconduct.

Regulatory action brought against the Westpac Group may expose the Westpac Group to an increased risk of litigation brought by third parties (including through class action proceedings). The outcome of such litigation (including class action proceedings) may be payment of compensation to third parties and/or further remediation activities. In addition, action taken in one jurisdiction may prompt similar action to be taken in another jurisdiction.

Regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) could, either individually or in aggregate with other regulatory action, adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

The failure to comply with financial crime obligations could have an adverse effect on Westpac's business and reputation

The Westpac Group is subject to anti-money laundering and counter-terrorism financing ("**AML/CTF**") laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates. These laws can be complex and in some circumstances, impose a diverse range of obligations. For example, AML/CTF laws require Westpac and other regulated institutions to (amongst other things) undertake customer identification and verification, conduct ongoing due diligence on customers, maintain and comply with an AML/CTF program and undertake ongoing risk assessments. AML/CTF laws also require Westpac to report certain matters and transactions to regulators (including in relation to International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the 'tipping off' provisions in AML/CTF legislation. Furthermore, financial crime laws are also undergoing change in a number of jurisdictions.

In recent years there has been increased focus on compliance with financial crime obligations, with regulators around the globe commencing large-scale investigations and taking enforcement action where they have identified non-compliance (often seeking significant monetary penalties). Further, due to the large volume of transactions that the Westpac Group processes, the undetected failure or the ineffective implementation or remediation of a system, policy, process or control (including in relation

to a regulatory reporting obligation) could result in a significant number of breaches of AML/CTF obligations and significant monetary penalties.

While the Westpac Group has systems, policies, processes and controls in place that are designed to manage its financial crime obligations (including its reporting obligations), these may not always have been or continue to be effective. The Westpac Group is currently working to address areas of control weaknesses in its financial crime management framework. If the Westpac Group fails to comply with these obligations, it could impact the ability of financial crime regulators and law enforcement bodies to deal with and minimise financial crime, and the Westpac Group could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of licence conditions. Non-compliance could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage. These actions could, either individually or in aggregate, adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

Reputational damage could harm Westpac's business and prospects

Westpac's ability to attract and retain customers and its prospects could be adversely affected if its reputation is damaged.

Reputation risk is the risk of loss of reputation, stakeholder confidence or public trust and standing. It arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and Westpac's current and planned activities, processes, performance and behaviours.

There are various potential sources of reputational damage. Westpac's reputation may be damaged where any of its policies, processes, practices or behaviours result in a negative outcome for a customer or a class of customers. Other potential sources of reputational damage include the failure to effectively manage risks in accordance with Westpac's risk management frameworks, failure to comply with legal and regulatory requirements, adverse findings from regulatory reviews (including Westpac-specific and industry-wide reviews), environmental, social and ethical issues, failure of information security systems, technology failures, security breaches and inadequate record keeping which may prevent Westpac from demonstrating that a past decision was appropriate at the time it was made.

Westpac may suffer reputational damage where its conduct, practices, behaviours or business activities do not align with the evolving standards and expectations of the community, Westpac's regulators and other stakeholders and Westpac may need to undertake ongoing work in an effort to remain aligned with these standards and expectations. As these expectations may exceed the standard required in order to comply with the law, Westpac may incur reputational damage even where it has met its legal obligations. Westpac's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of its competitors, customers, suppliers, joint-venture partners, strategic partners and other counterparties.

Furthermore, the risk of reputational damage may be heightened by factors such as the increasing use of social media or the increasing prevalence of groups which seek to publicly challenge the Westpac Group's strategy or approach to aspects of its business.

Failure, or perceived failure, to appropriately address issues that could or do give rise to reputational

risk could also impact the regulatory change agenda, give rise to additional legal risk, subject Westpac to regulatory investigations, regulatory enforcement actions, fines and penalties or litigation brought by third parties (including class actions), require Westpac to remediate and compensate customers and incur remediation costs or harm Westpac's reputation among customers, investors and the marketplace. This could lead to loss of business which could adversely affect Westpac's business, prospects, financial performance or financial condition.

The Royal Commission has led to, and may continue to lead to, regulatory enforcement activity, litigation and changes in laws, regulations or regulatory policy, and has resulted in, and may continue to result in, ongoing reputational damage to the Westpac Group, all of which has and may continue to have an adverse effect on its business and prospects.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry investigated (amongst other things) whether any conduct, practices, behaviours or business activities engaged in by financial services entities amounted to potential misconduct, or fell below community standards and expectations.

These investigations (including the public hearings, submissions, evidence and findings of the Royal Commission) had, and may continue to have, an adverse impact on the Westpac Group's reputation and potentially the financial performance of the Westpac Group's businesses. In addition, the Royal Commission's findings have led to, and may continue to lead in the future to, regulators commencing investigations and/or enforcement action against financial institutions (including the Westpac Group). In this environment, there is also an increased risk of class actions or other litigation being commenced by the Westpac Group's customers, including in relation to matters raised at the Royal Commission. For further information about this risk, refer to the risk factor titled '***Westpac has and could suffer losses due to litigation (including class action proceedings)***' below.

In addition, the recommendations made in the final report of the Royal Commission (which was publicly released on 4 February 2019) (the "***Final Report***") has resulted and will, depending on how its recommendations are implemented, result in further changes to legislation, and further influence the policies and practices of Westpac's regulators. In some instances, this has already had, and may continue to have in the future, an adverse effect on Westpac's business, prospects, financial performance or financial condition.

The Royal Commission has also led to increased political or regulatory scrutiny of the financial industry in New Zealand, and may continue to do so.

Westpac has and could suffer losses due to litigation (including class action proceedings)

The Westpac Group (and individual entities within the Westpac Group) may, from time to time, be involved in legal proceedings, regulatory actions or arbitration arising from the conduct of their business and the performance of their legal and regulatory obligations.

Proceedings could be commenced against the Westpac Group by a range of potential plaintiffs, such as its customers, shareholders, suppliers and counterparties. These plaintiffs may commence proceedings individually or they may commence class action proceedings.

In recent years, there has been an increase in the number of class action proceedings brought against financial services companies (and other organisations more broadly), many of which have resulted in

significant monetary settlements. The risk of class action proceedings being commenced is heightened by findings from regulatory investigations or inquiries (such as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry), adverse media, an adverse judgment or the settlement of proceedings brought by a regulator. Furthermore, there is a risk that class action proceedings commenced against a competitor could lead to similar class action proceedings being commenced against the Westpac Group.

The growth in third party litigation funding in Australia has also contributed to a recent increase in the number of class actions being commenced in Australia.

From time to time, class action proceedings are commenced against the Westpac Group. For further information about class actions proceedings that the Westpac Group is currently involved in, refer to Note 14 in Westpac's 2019 Interim Financial Report, which is incorporated by reference into this Information Memorandum.

Litigation (including class action proceedings) may, either individually or in aggregate, adversely affect the Westpac Group's business, operations, prospects, reputation or financial condition. This risk is heightened by the recent increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties (for example, the outcome may not be able to be predicted accurately). Furthermore, the Westpac Group's ability to respond to and defend litigation may be adversely affected by inadequate record keeping.

Depending on the outcome of any litigation, the Westpac Group may be required to comply with broad Court orders, including enforcement orders or otherwise pay money such as damages, fines, penalties or legal costs.

The Westpac Group's material contingent liabilities are described in Note 14 in its 2019 Interim Financial Report. There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise, which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

Westpac could suffer information security risks, including cyberattacks

The proliferation of new technologies, the increasing use of the internet and telecommunications to conduct financial transactions and the growing sophistication and activities of attackers (including organised crime and state-sponsored actors) have resulted in increased information security risks for major financial institutions such as Westpac and its external service providers.

While Westpac has systems in place to protect against, detect and respond to cyberattacks, these systems may not always be effective and there can be no assurance that Westpac will not suffer losses from cyberattacks or other information security breaches in the future. If a cyberattack is successful, technology systems might fail to operate properly or become disabled and could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Westpac Group, its employees, customers or third parties or otherwise adversely impact network access, business operations or availability of services.

In addition, as cyber threats continue to evolve, Westpac may be required to expend significant additional resources to modify or enhance Westpac's systems or to investigate and remediate any vulnerabilities or incidents.

Westpac's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which it relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on Westpac's confidential information or that of its customers and counterparties.

Major banks in other jurisdictions have suffered security breaches from sophisticated cyberattacks. Westpac's external service providers or other parties that facilitate its business activities are also subject to the risk of cyberattacks. Any such security breach could result in the loss of customers and business opportunities, significant disruption to Westpac's operations, misappropriation of Westpac's confidential information and/or that of its customers and damage to Westpac's computers or systems and/or those of its customers. Such a security breach could also result in reputational damage, claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac's risk and exposure to such threats remains heightened because of the evolving nature of technology, Westpac's prominence within the financial services industry, the prominence of its customers (including government, mining and health) and increasing obligations to make data and information available to external third parties and Westpac's plans to continue to improve and expand its internet and mobile banking infrastructure.

Westpac could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology

The reliability, integrity and security of Westpac's information and technology is crucial in supporting its customers' banking requirements and meeting its compliance obligations and its regulators' expectations.

While the Westpac Group has a number of processes in place to provide for and monitor the availability and recovery of its systems, there is a risk that Westpac's information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control. If Westpac incurs a technology failure it may fail to meet a compliance obligation (such as the obligation to retain records and data for requisite periods of time), or Westpac's customers may be adversely affected. This could potentially result in reputational damage, remediation costs and a regulator commencing an investigation and/or taking administrative or enforcement action against Westpac.

Further, in order to continue to deliver new products and services to customers, comply with Westpac's regulatory obligations (such as obligations to report certain data and information to regulators) and meet the ongoing expectations of Westpac's regulators, Westpac needs to regularly renew and enhance its technology. Westpac is constantly managing technology projects including projects to consolidate technology platforms, simplify and enhance its technology and operations environment, assist Westpac with complying with legal obligations, improve productivity and provide for a better customer experience. Failure to implement these projects or manage associated change effectively could result in cost overruns, unrealised productivity, operational instability, failure to meet compliance obligations and/or reputational damage. In turn, this could place Westpac at a competitive disadvantage and adversely affect its financial performance.

Adverse credit and capital market conditions or depositor preferences may significantly affect Westpac's ability to meet funding and liquidity needs and may increase its cost of funding

Westpac relies on deposits, and credit and capital markets, to fund its business and as a source of liquidity. Westpac's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity as was demonstrated during the Global Financial Crisis. While there have now been extended periods of stability in these markets, the environment remains unpredictable. The main risks Westpac faces are damage to market confidence, changes to the access and cost of funding and a slowing in global activity or other impacts on entities with whom it does business. Capital markets may also be affected by proposed changes to U.S. repatriation tax rules.

As of 31 March 2019, approximately 31 per cent. of Westpac's total funding originated from domestic and international wholesale markets. Of this, around 65 per cent. was sourced outside Australia and New Zealand. Customer deposits provide around 62 per cent. of total funding. Customer deposits held by Westpac are comprised of both term deposits which can be withdrawn after a certain period of time and at call deposits which can be withdrawn at any time.

A shift in investment preferences could result in deposit withdrawals by customers which could increase Westpac's need for funding from other, potentially less stable, or more expensive, forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, there may also be a loss of confidence in bank deposits and Westpac could experience unexpected deposit withdrawals. In this situation Westpac's funding costs may be adversely affected and its liquidity and its funding and lending activities may be constrained.

If Westpac's current sources of funding prove to be insufficient, it may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Westpac's credit ratings and credit market capacity. Even if available, these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's financial performance, liquidity, capital resources or financial condition. There is no assurance that Westpac will be able to obtain adequate funding, do so at acceptable prices, or that it will be able to recover any additional costs.

If Westpac is unable to source appropriate funding, it may also be forced to reduce its lending or begin selling liquid securities. Such actions may adversely impact Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition. If Westpac is unable to source appropriate funding for an extended period, or if it can no longer sell liquid securities, there is a risk that Westpac will be unable to pay its debts as and when they become due and payable.

Westpac enters into collateralised derivative obligations, which may require Westpac to post additional collateral based on movements in market rates, which has the potential to adversely affect Westpac's liquidity or ability to use derivative obligations to hedge its interest rate, currency and other financial instrument risks.

Sovereign risk may destabilise financial markets adversely

Sovereign risk is the risk that governments will default on their debt obligations, will be unable to refinance their debts as they fall due or will nationalise parts of their economy including assets of financial institutions such as Westpac. Sovereign defaults could negatively impact the value of Westpac's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets, adversely affecting Westpac's liquidity, financial performance or financial condition.

Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are independent opinions on Westpac's creditworthiness. Westpac's credit ratings can affect the cost and availability of Westpac's funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating Westpac's products and services. Therefore, maintaining high credit ratings is important.

The credit ratings assigned to Westpac by rating agencies are based on an evaluation of a number of factors, including Westpac's financial strength, the quality of Westpac's governance, structural considerations regarding the Australian financial system and the credit rating of the Australian Government. A credit rating downgrade could be driven by a downgrade of the Australian Government, the occurrence of one or more of the other risks identified in this section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

A downgrade or series of downgrades to Westpac's credit ratings could have an adverse effect on Westpac's cost of funds and related margins, collateral requirements, liquidity, competitive position and Westpac's access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether Westpac's ratings differ among agencies (split ratings) and whether any ratings changes also impact Westpac's competitors or the sector.

A systemic shock in relation to the Australian, New Zealand or other financial systems could have adverse consequences for Westpac or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian, New Zealand or other financial systems.

As outlined above, during the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility, global economic conditions, geopolitical instability (such as threats of or actual conflict occurring around the world) and political developments. In particular, there have been significant global political developments in recent times, including Brexit and the introduction of tariffs and other protectionist measures by various countries, such as the U.S. and China. A shock to one of the major global economies could again result in currency and interest rate fluctuations and operational disruptions that negatively impact the Westpac Group.

Any such market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for the products and services it provides may decline, thereby reducing Westpac's earnings. These conditions may also affect the ability of Westpac's borrowers to repay their loans or Westpac's

counterparties to meet their obligations, causing Westpac to incur higher credit losses and affect investors' willingness to invest in the Westpac Group. These events could also result in the undermining of confidence in the financial system, reducing liquidity, impairing Westpac's access to funding and impairing Westpac's customers and counterparties and their businesses. If this were to occur, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that Westpac could respond effectively to any such event.

Declines in asset markets could adversely affect Westpac's operations or profitability

Declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property and other asset markets, could adversely affect Westpac's operations and profitability.

Declining asset prices also impact Westpac's wealth management business. Earnings in Westpac's wealth management business are, in part, dependent on asset values because Westpac typically receives fees based on the value of securities and/or assets held or managed. A decline in asset prices could negatively impact the earnings of this business.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) Westpac holds against loans and derivatives. This may impact its ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Westpac's level of provisioning which in turn impacts Westpac's profitability and financial condition.

Westpac's business is substantially dependent on the Australian and New Zealand economies

Westpac's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on various factors including economic growth, business investment, business and consumer sentiment, levels of employment, interest rates, asset prices and trade flows in the countries in which Westpac operates.

Westpac conducts the majority of its business in Australia and New Zealand and, consequently, its performance is influenced by the level and cyclical nature of lending in these countries. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in Australian and New Zealand housing valuations could adversely impact Westpac's home lending activities because borrowers with loans in excess of their property value show a higher propensity to default. In the event of defaults Westpac's security may be eroded, causing Westpac to incur higher credit losses. The demand for Westpac's home lending products may also decline due to adverse changes in tax legislation (such as changes to tax rates, concessions or deductions), regulatory requirements or other buyer concerns about decreases in values.

Adverse changes to economic and business conditions in Australia and New Zealand and other countries such as China, India and Japan, could also adversely affect the Australian economy and Westpac's customers. In particular, due to the current economic relationship between Australia and China, particularly in the mining and resources sectors, a slowdown in China's economic growth,

including as a result of the implementation of tariffs or other protectionist trade measures, could negatively impact the Australian economy. Changes in commodity prices, Chinese government policies and broader economic conditions could, in turn, result in reduced demand for Westpac's products and services and affect the ability of its borrowers to repay their loans. If this were to occur, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

An increase in defaults in credit exposures could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac. It is a significant risk and arises primarily from Westpac's lending activities.

Westpac establishes provisions for credit impairment based on current information and its expectations. If economic conditions deteriorate outside of Westpac's expectations, some customers and/or counterparties could experience higher levels of financial stress and Westpac may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

Credit risk also arises from certain derivative, clearing and settlement contracts Westpac enters into, and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, clearing houses, governments and government bodies, the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

Westpac faces intense competition in all aspects of its business

The financial services industry is highly competitive. Westpac competes, both domestically and internationally, with retail and commercial banks, asset managers, investment banking firms, brokerage firms, other financial service firms and businesses in other industries with emerging financial services aspirations. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. Digital technologies are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services. The Westpac Group faces competition from established providers of financial services as well as from banking businesses developed by non-financial services companies.

The competitive environment may also change as a result of legislative reforms.

If Westpac is unable to compete effectively in its various businesses and markets, Westpac's market share may decline. Increased competition may also adversely affect Westpac by diverting business to its competitors or creating pressure to lower margins and fees.

Increased competition for deposits could also increase Westpac's cost of funding and lead it to seek access to other types of funding or reduce lending. Westpac relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. Westpac competes with banks and other financial services firms for such deposits. To the extent that Westpac is not able to successfully compete for deposits, it would be forced to rely more heavily on other, potentially less stable or more expensive forms of funding, or reduce lending.

Westpac is also dependent on its ability to offer products and services that match evolving customer preferences. If Westpac is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, Westpac may lose customers to its competitors. This could adversely affect its business, prospects, financial performance or financial condition.

Westpac could suffer losses due to market volatility

Westpac is exposed to market risk as a consequence of its trading activities in financial markets, its defined benefit plan and through the asset and liability management of its financial position. This is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, commodity prices, equity prices, and interest rates including the potential for negative interest rates. This includes interest rate risk in the banking book, such as the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities.

Changes in market factors could be driven by a number of developments. As an example, in July 2017, the Financial Conduct Authority (“**FCA**”), which regulates the London inter-bank offered rate (“**LIBOR**”), announced that it would not require panel banks to continue to submit rates for the calculation of the LIBOR benchmark after 2021. Accordingly, the continuation of LIBOR in its current form will not be guaranteed after 2021, and it appears likely that LIBOR will be discontinued or modified by 2021. Any such developments or future changes in the administration of LIBOR or any other benchmarks could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by the Westpac Group.

If Westpac were to suffer substantial losses due to any market volatility (including changes in the return on, value of or market for, securities or other instruments) it may adversely affect its business, prospects, liquidity, capital resources, financial performance or financial condition. For a discussion of Westpac’s risk management procedures, including the management of market risk, refer to the ‘*Risk management*’ section in Westpac’s 2018 Annual Report, which is incorporated by reference into this Information Memorandum.

Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes, among other things, reputational risk, technology risk, model risk and outsourcing risk, as well as the risk of business disruption due to external events such as natural disasters, environmental hazard, damage to critical utilities, and targeted activism and protest activity. While Westpac has policies, processes and controls in place to manage these risks, these may not always have been, or continue to be, effective.

Ineffective processes and controls have resulted in, and could in the future result in, an adverse outcome for Westpac’s customers. For example, a process breakdown could result in a customer not receiving a product on the terms and conditions, or at the pricing, they agreed to. In addition, inadequate record keeping may prevent Westpac from demonstrating that a past decision was appropriate at the time it was made or that a particular action or activity was undertaken. If this was to occur, Westpac may incur significant costs in paying refunds and compensation to customers, as well as remediating any underlying process breakdown. These types of failure may also result in increased

regulatory scrutiny, with a regulator potentially commencing an investigation and/or taking other enforcement, administrative or supervisory action.

Westpac could incur losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements, particularly real-time payments. Fraudulent conduct can also emerge from external parties seeking to access Westpac's systems and customers' accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to losses which could adversely affect Westpac's customers, as well as Westpac's business, prospects, reputation, financial performance or financial condition.

Accurate and complete data is critical to ensure that Westpac's systems (both customer facing and back-office), risk management frameworks, and financial reporting processes operate effectively. Poor data quality could arise in a number of ways, including through inadequacies in systems, processes and policies, which could lead to deficiencies or failings in customer service, risk management, financial reporting (including in the calculation of risk weighted assets), compliance with legal obligations (including obligations to provide data to regulators) and also result in poor decision making. Poor data quality, including as a result of data that is fragmented across multiple systems, could affect the ability of Westpac to improve systems and processes. Westpac is also exposed to model risk, being the risk of loss arising from errors or inadequacies in data or a model, or in the control and use of a model.

Westpac is required to retain and access data and documentation for specific retention periods in order to satisfy its compliance obligations. In some cases, Westpac also retains data to enable it to demonstrate that a past decision was appropriate at the time it was made. Failings in systems, processes and policies could all adversely affect Westpac's ability to retain and access data.

In recent times, financial services entities have been increasingly sharing data with third parties, such as suppliers and regulators (both domestic and offshore), in order to conduct their business activities and meet regulatory obligations. A breakdown in a process or control related to the transfer, storage or protection of data transferred to a third party, or the failure of a third party to use and handle this data correctly, could result in the Westpac Group failing to meet a compliance obligation and/or have an adverse impact on Westpac's customers and the Westpac Group.

Westpac also relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact Westpac's operations, profitability or reputation.

Operational risks can directly impact Westpac's reputation and result in financial losses (including through decreased demand for Westpac's products and services) which would adversely affect its financial performance or financial condition.

Operational risk, technology risk, conduct risk or compliance risk events have required, and could in the future require, Westpac to undertake customer remediation activity

Westpac relies on a large number of policies, processes, procedures, systems and people to conduct its business. Breakdowns or deficiencies in one of these areas (arising from one or more operational risk, technology risk, conduct risk or compliance risk events) have resulted, and could in the future result in, adverse outcomes for customers which Westpac is required to remediate.

These events would require the Westpac Group to incur significant remediation costs (which may include compensation payments to customers and costs associated with correcting the underlying issue) and result in reputational damage.

There are significant challenges and risks involved in executing a customer remediation activity. Westpac's ability to investigate an adverse customer outcome that may require remediation could be impeded if the issue is a legacy matter spanning beyond Westpac's record retention period, or if Westpac's record keeping is otherwise inadequate. Depending on the nature of the issue, it may be difficult to quantify and scope the remediation activity. Determining how to properly and fairly compensate customers can also be a complicated exercise involving numerous stakeholders, such as the affected customers, regulators and industry bodies. The Westpac Group's proposed approach to a remediation may be affected by a number of events, such as a group of affected customers commencing class action proceedings on behalf of the broader population of affected customers, or a regulator exercising their powers to require that a particular approach to remediation be taken. These factors could impact the timeframe for completing the remediation activity, potentially resulting in Westpac failing to execute the remediation in a timely manner. A failure of this type could lead to a regulator commencing enforcement action against the Westpac Group. The ineffective or slow completion of a remediation also exposes the Westpac Group to reputational damage, with the Westpac Group potentially being criticised by regulators, affected customers, the media and other stakeholders, resulting in reputational damage. The significant challenges and risks involved in scoping and executing remediations in a timely way also create the potential for remediation costs actually incurred to be higher than those initially estimated by the Westpac Group.

If the Westpac Group cannot effectively scope, quantify or implement a remediation activity in a timely way, there could be a negative impact on Westpac's business, prospects, reputation, financial performance or financial condition.

Westpac has and could suffer losses due to conduct risk

Conduct risk is the risk that Westpac's provision of services and products results in unsuitable or unfair outcomes for its stakeholders or undermines market integrity. Conduct risk could occur through the provision of products and services to Westpac's customers that do not meet their needs or do not support market integrity, as well as the poor conduct of Westpac's employees, contractors, agents, authorised representatives and external service providers. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), poor product design and implementation, failure to adequately consider customer needs or selling products and services outside of customer target markets. Conduct risk may also arise where there has been a failure to adequately provide a product or services that Westpac had agreed to provide a customer.

While Westpac has frameworks, policies, processes and controls that are designed to manage poor conduct outcomes, these policies and processes may not always have been or continue to be effective. The failure of these policies and processes could result in financial losses and reputational damage and this could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses and its business could be adversely affected by the failure to adopt and implement appropriate risk management strategies

Westpac has implemented risk management strategies, frameworks and internal controls involving

processes and procedures intended to identify, monitor and manage risks facing the Westpac Group.

However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that Westpac has not anticipated or identified and controls may not be effective.

As part of the Westpac Group's risk management framework, the Westpac Group measures and monitors risks against its risk appetite. Where the Westpac Group identifies a risk as being out-of-appetite, the Westpac Group needs to take steps to bring this risk back into appetite in a timely way. However, there may be circumstances where the Westpac Group fails to achieve this. This could be because, for example, the Westpac Group is unable to enhance its information technology systems to better manage the out-of-appetite risk, is unable to recruit appropriately trained risk management staff or because the relevant risk class is, due to external factors beyond the Westpac Group's control, inherently outside of appetite. The Westpac Group is also required to periodically review its risk management framework to determine whether it remains appropriate.

If the Westpac Group is unable to bring risks back into appetite, or if it is determined that the Westpac Group's risk management framework is no longer appropriate, the Westpac Group may incur unexpected losses and be required to undertake considerable remedial work. The failure to remedy this situation could potentially result in increased scrutiny from regulators, who could take supervisory action such as requiring the Westpac Group to hold additional capital or directing the Westpac Group to spend money to enhance its risk management systems and controls. Inadequacies in addressing risks or in the Westpac Group's risk management framework could also result in the Westpac Group failing to meet a compliance obligation and/or financial losses.

The effectiveness of risk management frameworks is also connected to the establishment and maintenance of a sound risk management culture. The development of appropriate remuneration structures can play an important role in supporting the establishment of, and contributing to the maintenance of, a sound risk culture. However, if there is a deficiency in the design or operation of Westpac's remuneration structures, this could have a negative effect on Westpac's risk culture. This could occur in circumstances where variable reward structures encourage excessive risk taking or other conduct inconsistent with a sound risk culture. This, in turn, may have an adverse impact on the effectiveness of Westpac's risk management frameworks.

If any of Westpac's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

The Westpac Group's failure to recruit and retain key executives, employees and Directors may have adverse effects on Westpac's business

Key executives, employees and Directors play an integral role in the operation of Westpac's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or the Westpac Group's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse effect on Westpac's business, prospects, reputation, financial performance or financial condition.

Climate change may have adverse effects on Westpac's business

Westpac, its customers and external suppliers may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact Westpac and its customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures).

Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

Westpac could suffer losses due to environmental factors

Westpac and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, pandemic, civil unrest or terrorism) in any of these locations has the potential to disrupt business activities, impact on Westpac's operations, damage property and otherwise affect the value of assets held in the affected locations and Westpac's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, all of which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses due to insurance risk

Westpac has exposure to insurance risk in its life insurance, general insurance and lenders mortgage insurance businesses, which may adversely affect its business, operations or financial condition.

Insurance risk is the risk in Westpac's licensed regulated insurance entities of the costs of claims being greater than expected due to a failure in product design, underwriting, reinsurance arrangements or an increase in the severity and/or frequency of insured events.

In the life insurance business, risk arises primarily through mortality (death) and morbidity (illness and injury) risks, the costs of claims relating to those risks being greater than was anticipated when pricing those risks and policy lapses.

In the general insurance business, insurance risk arises mainly through environmental factors (including storms, floods and bushfires) and other calamities, such as earthquakes, tsunamis and volcanic activity, as well as general variability in home and contents insurance claim amounts. The frequency and severity of external events such as natural disasters is difficult to predict and it is possible that the amounts Westpac reserves for potential losses from existing events, such as those arising from natural disaster events, may not be adequate to cover actual claims that may arise.

In the lenders mortgage insurance business, insurance risk arises primarily from unexpected downturns in economic conditions leading to higher levels of mortgage defaults from unemployment or other economic factors.

If Westpac's reinsurance arrangements are ineffective, this could lead to greater risk, and more losses

than anticipated. There is also a risk that Westpac will not be able to renew an expiring reinsurance arrangement on similar terms, including in relation to the cost, duration and amount of reinsurance cover provided under that arrangement.

Changes in critical accounting estimates and judgements could expose the Westpac Group to losses

The Westpac Group is required to make estimates, assumptions and judgements when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions (including those related to remediations or credit losses) and the determination of the fair value of financial instruments. A change in a critical accounting estimate, assumption and/or judgement resulting from new information or from changes in circumstances or experience could result in the Westpac Group incurring losses greater than those anticipated or provided for. This may have an adverse effect on the Westpac Group's financial performance, financial condition and reputation. The Westpac Group's financial performance and financial condition may also be impacted by changes to accounting standards or to generally accepted accounting principles.

Westpac could suffer losses due to impairment of capitalised software, goodwill and other intangible assets that may adversely affect Westpac's business, operations or financial condition

In certain circumstances Westpac may be exposed to a reduction in the value of intangible assets. As at 31 March 2019, Westpac carried goodwill principally related to its investments in Australia, other intangible assets principally relating to assets recognised on acquisition of subsidiaries and capitalised software balances.

Westpac is required to assess the recoverability of the goodwill and other intangible asset balances on at least an annual basis or wherever an indicator of impairment exists. For this purpose, Westpac uses a discounted cash flow calculation. Changes in the methodology or assumptions upon which the calculation is based, together with expected changes in future cash flows, could materially impact this assessment, resulting in the potential write-off of part or all of the intangible assets.

In the event that an asset is no longer in use, or its value has been reduced or that its estimated useful life has declined, an impairment will be recorded, adversely impacting the Westpac Group's financial condition. The estimates and assumptions used in assessing the useful life of an asset can be affected by a range of factors including changes in strategy and the rate of external changes in technology and regulatory requirements.

Westpac could suffer losses if it fails to syndicate or sell down underwritten securities

As a financial intermediary, Westpac underwrites listed and unlisted debt and equity securities. Underwriting activities include the development of solutions for corporate and institutional customers who need capital and investor customers who have an appetite for certain investment products. Westpac may guarantee the pricing and placement of these facilities. Westpac could suffer losses if it fails to syndicate or sell down its risk to other market participants. This risk is more pronounced in times of heightened market volatility.

Certain strategic decisions may have adverse effects on Westpac's business

Westpac, at times, evaluates and may implement strategic decisions and objectives including diversification, innovation, divestment or business expansion initiatives.

The expansion or integration of a new business, or entry into a new business, can be complex and costly and may require Westpac to comply with additional local or foreign regulatory requirements which may carry additional risks.

Westpac also acquires and invests in businesses owned and operated by external parties. These transactions involve a number of risks for the Westpac Group. For example, Westpac may incur financial losses if a business it invests in does not perform as anticipated or subsequently proves to be overvalued at the time that the transaction was entered into.

In addition, Westpac may be unable to successfully divest businesses or assets. These activities may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on Westpac's business, prospects, reputation, engagement with regulators, financial performance or financial condition.

Limitation on Independent Registered Public Accounting Firm's Liability

The liability of PricewaterhouseCoopers Australia (an Australian partnership which Westpac refers to as "***PwC Australia***"), with respect to claims arising out of its audit report in Westpac's 2018 Annual Report, is subject to the limitations set forth in the *Professional Standards Act 1994* of New South Wales, Australia, as amended (the "***Professional Standards Act***") and Chartered Accountants Australia and New Zealand (NSW) scheme adopted by Chartered Accountants Australia and New Zealand on 8 October 2014 and approved by the New South Wales Professional Standards Council pursuant to the *Professional Standards Act* (the "***NSW Accountants Scheme***"). For matters occurring on or prior to 7 October 2014, the liability of PwC Australia may be subject to the limitations set forth in predecessor schemes. The current NSW Accountants Scheme expires on 7 October 2019 unless further extended or replaced.

The *Professional Standards Act* and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted to be done in the performance of its professional services for Westpac, including, without limitation, its audits of Westpac's financial statements. The extent of the limitation depends on the timing of the relevant matter and is:

- in relation to matters occurring on or after 8 October 2013, a maximum liability for audit work of A\$75 million; or
- in relation to matters occurring on or prior to 7 October 2013, the lesser of (in the case of audit services) ten times the reasonable charge for the service provided and a maximum liability for audit work of A\$75 million.

The limitations do not apply to claims for breach of trust, fraud or dishonesty.

In addition, there is equivalent professional standards legislation in place in other states and territories in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation. Accordingly, liability for acts or omissions by PwC Australia in

Australian states or territories other than New South Wales may be limited in a manner similar to that in New South Wales. These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgement under English or other foreign laws rendered against PwC Australia based on or related to its audit report on Westpac's financial statements. Substantially all of PwC Australia's assets are located in Australia. However, the *Professional Standards Act* and the NSW Accountants Scheme have not been subject to extensive judicial consideration and therefore how the limitation might be applied by the courts and the effect of the limitation remain untested in a number of respects, including its effect in respect of the enforcement of foreign judgments.

Risks related to the market generally

The secondary market generally

Subordinated Instruments may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Subordinated Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Subordinated Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Subordinated Instruments would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Subordinated Instruments.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Subordinated Instruments in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "***Investor's Currency***") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Subordinated Instruments, (ii) the Investor's Currency-equivalent value of the principal payable on the Subordinated Instruments and (iii) the Investor's Currency-equivalent market value of the Subordinated Instruments.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit or corporate ratings may not reflect all risks

One or more independent rating agencies may assign ratings to the Subordinated Instruments and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Subordinated Instruments or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks related to Subordinated Instruments generally

The Subordinated Instruments are loss absorption instruments that involve risk and may not be a suitable investment for all investors

The Subordinated Instruments are loss absorption instruments designed to comply with applicable Australian banking regulations and involve certain risks. Each potential investor in the Subordinated Instruments must determine the suitability (either alone or with the help of a financial advisor) of an investment in the Subordinated Instruments in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Subordinated Instruments, such as the provisions governing the Conversion or Write-off, including under what circumstances a Non-Viability Trigger Event could occur.

A potential investor should not invest in the Subordinated Instruments unless it has the knowledge and expertise (either alone or with the help of a financial advisor) to evaluate how the Subordinated Instruments will perform, subject to the risks set forth herein, the resulting effects on the likelihood of the Conversion or Write-off and the value of the Subordinated Instruments, and the resultant impact on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in or incorporated by reference into this Information Memorandum.

Investments in Subordinated Instruments are not deposit liabilities or protected accounts under Australian legislation

The Subordinated Instruments are not deposit liabilities or protected accounts of the Issuer for the purposes of the Banking Act or Financial Claims Scheme and will not be subject to the depositor protection provisions of Australian banking legislation. The Subordinated Instruments will not be guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

Payments are subject to satisfaction of the Solvency Condition

All of the Issuer's obligations to make payments in respect of the Subordinated Instruments are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied (that is, if the Issuer is not able to pay its debts as they fall due, or the Issuer's Assets do not exceed its Liabilities, both at the time the payment is due or immediately after making the payment) no payment will be made in respect of the Subordinated Instruments. The Issuer's failure to pay in such circumstances will not be an Event of Default and any unpaid principal will accrue interest and interest not paid will accrue with compounding until it is paid and will be payable on the first Business Day on which the Issuer meets the Solvency Condition. However, if a Non-Viability Trigger Event occurs, all of the Issuer's obligations to make payments in respect of the Subordinated Instruments (to the extent Converted or Written-off) (including in respect of accrued but unpaid interest) will cease and Holders will have no rights to recover any unpaid amounts (although if Conversion is the primary method of loss absorption as specified in the Pricing Supplement, Holders will receive Ordinary Shares upon Conversion, assuming Westpac is able to Convert the Subordinated Instruments).

A Non-Viability Trigger Event may occur

If a Non-Viability Trigger Event occurs, the Issuer must Convert the Subordinated Instruments to Ordinary Shares or, if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, Write-off the Subordinated Instruments. Even if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See “Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption” below.

A Non-Viability Trigger Event occurs when APRA notifies the Issuer in writing that it believes:

- Conversion or Write-Off of all or some Subordinated Instruments (or conversion, write-off or write-down of all or some Relevant Securities) is necessary because, without it, the Issuer would become non-viable; or
- a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.

APRA has indicated that at this time it will not provide guidance as to how it will determine non-viability. Non-viability could be expected to include serious impairment of the Issuer’s financial position, concerns about its capital, funding or liquidity levels and/or insolvency. However, it is possible that APRA’s definition of non-viability may not necessarily be confined to these matters and APRA’s position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to such an event. A Non-Viability Trigger Event could occur at any time. It could occur on dates not previously contemplated by investors or which may be unfavourable in light of then-prevailing market conditions or investors’ individual circumstances or timing preferences.

The Issuer has frameworks in place to manage capital, funding and liquidity risk to lower the risk of experiencing financial difficulty.

The section entitled “Risks relating to Westpac’s business” sets out a number of general risks associated with the Issuer’s businesses. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, the Issuer believes this may be the type of situation in which APRA would become concerned and notify the Issuer that it has become non-viable. It should be noted that these are examples. The risks outlined in the section entitled “Risks relating to Westpac’s business” are not exhaustive and there may be other risks which affect the financial performance and condition of the Issuer and consequently, the likelihood of the occurrence of a Non-Viability Trigger Event.

Conversion following a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, if Conversion is the primary method of loss absorption and if Subordinated Instruments are required to be Converted (see “*Order of Conversion of Relevant Securities*”, below), all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) will Convert into the applicable Conversion Number of Ordinary Shares, subject to the Maximum Conversion Number. In these circumstances, it is likely that the Maximum Conversion Number will apply and limit the number of Ordinary Shares to be issued. Upon Conversion, the value of Ordinary Shares received is likely to be

significantly less than the Outstanding Principal Amount of the Subordinated Instruments because:

- the VWAP during the 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date may differ from the Ordinary Share price on or after that date;
- the number of Ordinary Shares holders receive for each Subordinated Instrument on Conversion is limited by the Maximum Conversion Number, which is based on 20 per cent. of the Issue Date VWAP. It is likely that the Maximum Conversion Number will apply if a Non-Viability Trigger Event has occurred and limit the number of Ordinary Shares to be issued; and
- where the Specified Currency is other than the Australian dollar, the Australian dollar may depreciate in value against the Specified Currency by the time of Conversion. Any depreciation of the Australian dollar against the Specified Currency by the time of Conversion will increase the likelihood of the Maximum Conversion Number applying on Conversion and will likely also reduce the Specified Currency equivalent of Ordinary Shares received, particularly if such depreciation is significant. This is because:
 - the Maximum Conversion Number is based on an Issue Date VWAP in Australian dollars and the Specified Currency Outstanding Principal Amount of each Subordinated Instrument converted to Australian dollars is based on the spot rate of exchange at the time of issue; and
 - the Conversion Number is based on the VWAP in Australian dollars at the time of Conversion and the Specified Currency Outstanding Principal Amount of each Subordinated Instrument converted to Australian dollars is based on the spot rate of exchange at the time of Conversion.

The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issue, of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example, rights issues, returns of capital, buy-backs or special dividends. The transactions that Westpac may undertake with respect to its share capital are not limited and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so adversely affect the position of Holders.

However, even if Conversion is the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See "Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption" below.

Ordinary Shares

While the Issuer currently has Ordinary Shares listed on the ASX, the Ordinary Shares issued on Conversion may not be listed, for example, if the Issuer is acquired by another entity and delisted. The Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, the VWAP will be based on trading days which occurred immediately before the occurrence of the Non-Viability Trigger Event.

Ordinary Shares are a different type of investment to the Subordinated Instruments. Dividends are

payable at the absolute discretion of the Issuer and the amount of each dividend is also discretionary. In a Winding-Up, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of the Issuer. The market price of Ordinary Shares may be more sensitive than that of Subordinated Instruments to changes in the Issuer's performance, operational issues and other business issues.

Potential investors in Subordinated Instruments should understand that if a Non-Viability Trigger Event occurs and Subordinated Instruments are Converted, investors are obliged to accept Ordinary Shares or have such Ordinary Shares issued to a Sale and Transfer Agent to be delivered or sold on their behalf.

Order of Conversion of Relevant Securities

If the Issuer is only required to convert a certain amount of Relevant Securities, the Issuer will determine the amount of Subordinated Instruments which will be Converted or Written-off and other Relevant Securities which will be converted, written-off or written-down as follows:

- first, the Issuer will convert, write-off or write-down an amount of the face value or outstanding principal amount of all outstanding Relevant Tier 1 Securities before Conversion or Write-off of the Subordinated Instruments; and
- second, if conversion, write-off or write-down of those Relevant Tier 1 Securities is not sufficient, the Issuer will Convert or Write-off the Subordinated Instruments and convert, write-off or write-down other Relevant Tier 2 Securities, on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and the need to round to whole numbers of Ordinary Shares and the authorised denominations of any Relevant Tier 2 Securities remaining on issue, and the need to effect the conversion, write-off or write-down immediately),

but such determination will not impede the immediate Conversion or Write-Off of the relevant Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument or, if applicable, termination of the relevant Holders' rights and claims.

However, the Issuer has no obligation to have or maintain on issue Relevant Tier 1 Securities which are required to be converted, written-off or written-down ahead of Subordinated Instruments and other Relevant Tier 2 Securities and gives no assurance that there will be any such instruments on issue at the time at which the Subordinated Instruments may be required to be Converted or Written-off.

Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption

If Conversion of a Subordinated Instrument (or a percentage of the Outstanding Principal Amount of the Subordinated Instrument) does not occur for any reason within 5 ASX Business Days after the Non-Viability Trigger Event Date (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding-Up or other external administration of the Issuer or as a result of the Issuer's inability or failure to comply with its obligations under the Terms and Conditions of the Subordinated Instrument in relation to Conversion), or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the

Subordinated Instrument (or a percentage of the Outstanding Principal Amount of the Subordinated Instrument to be Converted or Written-off) will be Written-off and the rights of Holders in relation to such Subordinated Instrument (including to payments of interest and accrued interest, and the repayment of the Outstanding Principal Amount and, where Conversion is the primary method of loss absorption, to be issued with Ordinary Shares in respect of such Subordinated Instruments) will be immediately and irrevocably written-off and terminated with effect on and from the Non-Viability Trigger Event Date and investors will lose all or some of their investment and will not receive any compensation.

In certain circumstances, an investor holding Subordinated Instruments subject to Conversion may not receive Ordinary Shares, only the proceeds thereof, as the Ordinary Shares would be issued upon Conversion to a Sale and Transfer Agent for immediate sale, which sale is likely to occur when market conditions are not favourable

If Subordinated Instruments are held by the operator of a Clearing System, then in respect of a Non-Viability Trigger Event Date:

- (a) provided a Clearing System Participant has provided the Issuer and, if appointed, the relevant Sale and Transfer Agent with certain details relating to its holding of Ordinary Shares (such as name, address and security account details) by the Clearing System Cut-Off Date (which will be specified in the Pricing Supplement) the Clearing System Participant will be entitled to receive the Ordinary Shares; or
- (b) the Clearing System Participant will receive the proceeds of the sale of the Ordinary Shares from one or more Sale and Transfer Agents,

in accordance with the Terms and Conditions of the Subordinated Instruments. If a Clearing System Participant fails to provide the required information, notifies the Issuer that it does not wish to receive Ordinary Shares on or prior to the Clearing System Cut-off Date, or would be an Ineligible Holder, the Clearing System Participant will not be entitled to receive Ordinary Shares and will instead receive the proceeds of their sale (after deducting any applicable brokerage fees, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges) by a Sale and Transfer Agent.

It is expected that all Subordinated Instruments will be held by one or more Clearing System Participants (and will be held for so long as the Subordinated Instruments are represented by a Temporary Global Instrument or Permanent Global Instrument).

In certain circumstances including, for example, where Subordinated Instruments are held by an Ineligible Holder or a Holder has notified the Issuer that it does not wish to receive Ordinary Shares on Conversion, then, on a Non-Viability Trigger Event Date, such Holder's rights (including to payments of interest and accrued interest and the repayment of the Outstanding Principal Amount and, where Conversion is the primary method of loss absorption, to be issued with Ordinary Shares in respect of such Subordinated Instruments) in relation to each Subordinated Instrument will be immediately and irrevocably written off and terminated. The Issuer will in these circumstances issue the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents to hold on trust for sale for the benefit of the Holder.

An "Ineligible Holder" is:

- a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia

from being offered, holding or acquiring Ordinary Shares. This would include, but is not limited to, restrictions under Chapter 6 of the *Corporations Act 2001*, the *Foreign Acquisitions and Takeovers Act 1975 of Australia*, the *Financial Sector (Shareholdings) Act 1998 of Australia* and Part IV of the *Competition and Consumer Act 2010 of Australia*; or

- a Foreign Holder. A “Foreign Holder” is a Holder (a) whose place of residence is outside Australia or (b) who the Issuer otherwise believes may not be a resident of Australia and, in either case, the Issuer is not satisfied that the laws of both the Commonwealth of Australia and the Holder’s country of residence would permit the unconditional offer to, or the unconditional holding or acquisition of Ordinary Shares by, the Holder (although the Issuer is not bound to enquire and any decision is in its sole discretion).

Where the Ordinary Shares are issued to one or more Sale and Transfer Agents, the Sale and Transfer Agent will have no duty to seek a fair market price, or to engage in an arm’s length transaction in such sale, and may not be able to sell the Ordinary Shares at all. In addition, market conditions are likely to have deteriorated following the Non-Viability Trigger Event that caused the Conversion and their market value may be significantly less than the value of the Subordinated Instruments.

To enable the Issuer to issue Ordinary Shares to a Holder on Conversion, Holders need to have appropriate securities accounts in Australia for the receipt of Ordinary Shares and to provide to the Issuer or, if appointed, the Sale and Transfer Agent, prior to the Clearing System Cut-Off Date specified in the Pricing Supplement, their name and address and certain security holder account and other details. Holders should understand that a failure to provide this information to the Issuer or, if appointed, the Sale and Transfer Agent, by the Clearing System Cut-Off Date may result in the Issuer issuing the Ordinary Shares to the Sale and Transfer Agent who will sell the Ordinary Shares and pay the net proceeds to the Holders. In this situation, Holders will have no rights against the Issuer in relation to the Conversion and will not be able to trade in any Ordinary Shares issued to the Sale and Transfer Agent.

The Issuer may fail to pay principal, interest or other amounts and there are limited remedies available for an Event of Default

There is a risk that the Issuer may default on payment of some or all of the principal, interest or other amounts payable on the Subordinated Instruments. If the Issuer does not pay some or all of the principal, interest or other amounts payable on the Subordinated Instruments, Holders may lose some or all of the money invested in Subordinated Instruments.

The remedies available to Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid in circumstances where the Solvency Condition has been satisfied, that is an Event of Default and the Holder may institute proceedings:

- to recover any amount then due and payable but unpaid on its Subordinated Instrument (subject to the Issuer being able to make the payment and remain Solvent);
- to obtain an order for specific performance of any other obligation in respect of its Subordinated Instrument; or

- for a winding-up of the Issuer in Australia.

There is a risk that the entire amount owed may not be recovered even if the Holder institutes proceedings against the Issuer. Further, although the Terms and Conditions may specify certain remedies (for example, seeking an order for the winding-up of the Issuer in Australia), the grant of those remedies may be in the discretion of a court and, as such, may not be granted.

A Holder will have no right to accelerate payment or exercise any other remedies (including any right to sue for damages) as a consequence of any default other than as specifically described above. In the event of a Winding-Up in Australia (but not in any other jurisdiction), the Subordinated Instruments of the relevant series will become immediately due and payable (unless they have already been Converted or Written-off). This will be the only circumstance in which payment of principal on the Subordinated Instruments of the relevant series may be accelerated.

Ranking of the Subordinated Instruments

The Subordinated Instruments are unsecured, subordinated obligations of the Issuer.

In the event of a Winding-Up, if the Subordinated Instruments are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, they rank for payment:

- ahead of Ordinary Shares and other Junior Ranking Capital Instruments;
- equally among themselves and with other Equal Ranking Instruments; and
- behind Senior Creditors (including depositors and all holders of the Issuer's senior or less subordinated debt).

As the Subordinated Instruments rank after Senior Creditors, there is a risk that in a Winding-Up, there will be insufficient funds to provide any return to Holders.

If, in a Winding-Up, the Subordinated Instruments of any series are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, Holders will only be entitled to prove for any sums payable in respect of their Subordinated Instruments as a debt which is subject to prior payment in full of Senior Creditors. However, it is unlikely a Winding-Up will occur without a Non-Viability Trigger Event having occurred first and the Subordinated Instruments being Converted or Written-off. In that event:

- if the Subordinated Instruments have been Converted, Holders will hold Ordinary Shares and rank equally with existing holders of Ordinary Shares in a Winding-Up; and
- if, following a Non-Viability Trigger Event, Conversion does not occur for any reason (for example, due to applicable laws, order of a court or action of any government authority) within 5 ASX Business Days following the Non-Viability Trigger Event Date, or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the Subordinated Instruments (or a percentage of the Outstanding Principal Amount) will be Written-off and the Holders' rights and claims in relation to such Subordinated Instruments (including to payments of interest and accrued interest, and the repayment of the Outstanding

Principal Amount and, where Conversion is the primary method of loss absorption, to be issued with the Conversion Number of Ordinary Shares in respect of such Subordinated Instruments), are immediately and irrevocably written-off and terminated with effect on and from the Non-Viability Trigger Event Date.

In such an event, a Holder's investment in the Subordinated Instruments will lose all or some of its value and such Holder will not receive any compensation.

Exposure to the Issuer's financial performance and position and changes to the Issuer's ratings

An investment in Subordinated Instruments is an investment in the Issuer and may be affected by the ongoing performance and financial position of the Issuer, or changes to the credit ratings assigned to the Issuer by rating agencies.

As a result, if the Issuer's financial performance or position declines or the credit ratings assigned to it change, or if market participants anticipate such a decline or change, an investment in the Subordinated Instruments could decline in value even if the Subordinated Instruments have not been Converted.

See the section entitled "Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets" for further information regarding the potential impact of failing to maintain credit ratings assigned to the Issuer by rating agencies.

The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion

The number of Ordinary Shares issued to Holders upon Conversion will generally depend on the VWAP of Ordinary Shares over the 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date, and is subject to the Maximum Conversion Number. Accordingly, the Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion so that the value of Ordinary Shares received may be less than the value of those Ordinary Shares based on the Ordinary Share price on the Non-Viability Trigger Event Date.

Holdings cannot request redemption or Conversion of Subordinated Instruments

Holdings have no right to request redemption or Conversion of the Subordinated Instruments at any time. Therefore, prior to the Maturity Date, unless the Issuer has the right to and elects to redeem the Subordinated Instruments early (redemption is subject to APRA's prior written approval, which may or may not be given), in order to realise an investment, a Holder would need to sell its Subordinated Instruments at the prevailing market price. Depending on market conditions at the time, the Subordinated Instruments may be trading at a market price below the issue price and/or the market for the Subordinated Instruments may not be liquid. The Issuer does not guarantee that Holders will be able to sell each Subordinated Instrument at an acceptable price or at all.

Redemption at the Issuer's option or for tax or regulatory reasons

Where the Pricing Supplement specifies "Early redemption at the option of the Issuer" as being applicable, the Subordinated Instruments may (subject to APRA's prior written approval, which may or

may not be given) be redeemed at the Issuer's option in certain circumstances (but not earlier than the fifth anniversary of the Issue Date). Where the Pricing Supplement specifies "Early redemption for adverse tax events" or "Early redemption for regulatory events" as being applicable, the Issuer may (subject to APRA's prior written approval, which may or may not be given) redeem the Subordinated Instruments following the occurrence of an Adverse Tax Event or Regulatory Event, provided that the Issuer has obtained, in the case of an Adverse Tax Event, a supporting opinion of legal or tax advisers of recognised standing in Australia or, in the case of a Regulatory Event, a supporting opinion of advisers of recognised standing in Australia or confirmation from APRA that a Regulatory Event has occurred.

An Adverse Tax Event will occur if the Issuer determines that as a result of any amendment to, clarification of or change in Tax Legislation which has been or will be effected or any Administrative Action under or in connection with Tax Legislation or any amendment to, clarification of, or change in, any such Administrative Action, being in each case by a legislative body, court, government authority or regulatory body on or after the relevant Issue Date (but which the Issuer did not expect at the Issue Date):

- there is a material risk that the Issuer would be exposed to a more than de minimis adverse tax consequence in relation to the Subordinated Instruments;
- the Issuer determines that any interest payable on the Subordinated Instruments is not, or may not be, allowed as a deduction for the purposes of Australian income tax; or
- the Issuer has or will become obliged to pay Additional Amounts in accordance with the Terms and Conditions of the Subordinated Instruments.

A Regulatory Event will occur if:

- as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in any law or regulation of the Commonwealth of Australia or the Prudential Standards or any official administrative pronouncement or action or judicial decision interpreting or applying such law, regulation or Prudential Standards, which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date; or
- written confirmation is received from APRA after the Issue Date that,

the Issuer is not or will not be entitled to treat all of the Subordinated Instruments of a Series as Tier 2 Capital in whole, provided that, in each case, the Issuer did not expect at the Issue Date that the matter giving rise to the Regulatory Event would occur.

There can be no certainty that APRA will provide its prior written approval for any redemption prior to the Maturity Date. Redemption is also subject to the Solvency Condition having been satisfied and to the Issuer having replaced, or concurrently with redemption replacing, the Subordinated Instruments with a capital instrument which is of the same or better quality than the Subordinated Instruments and the replacement is done under conditions that are sustainable for the Issuer's income capacity (or confirmation from APRA that it does not have to replace the Subordinated Instruments).

If redemption occurs on a date not previously contemplated, it may be disadvantageous in light of

market conditions or Holders' individual circumstances. The possibility of redemption means that the period for which Holders will be entitled to the benefit of the rights attaching to the Subordinated Instruments is unknown.

Where cash is received on redemption, the rate of return at which a Holder could re-invest such funds may be lower than the return received on the Subordinated Instruments. Further, upon redemption a Holder will receive the Outstanding Principal Amount of the Subordinated Instruments which may be less than their market value immediately prior to redemption.

Changes to the capital adequacy framework in Australia

Any fall in the Issuer's Common Equity Tier 1 Capital Ratio as a result of changes to APRA's capital adequacy framework may adversely impact the market price of the Subordinated Instruments or potentially increase the chance at a later date that Conversion of Subordinated Instruments takes place due to the occurrence of a Non-Viability Trigger Event (a Non-Viability Trigger Event will occur where APRA notifies the Issuer in writing that it believes Conversion or Write-off of some or all of the Subordinated Instruments (or conversion, write-off or write-down of some or all Relevant Securities) or a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable).

U.S. Foreign Account Tax Compliance Act ("FATCA")

Legislation incorporating provisions referred to as FATCA was passed in the United States on 18 March 2010. This description is based on guidance issued to date by the U.S. Department of Treasury, including final regulations. Future guidance may affect the application of FATCA to the Subordinated Instruments and the Ordinary Shares.

It is possible that, in order to comply with FATCA, the Issuer (or, if the Subordinated Instruments or the Ordinary Shares are held through another financial institution, such other financial institution) may be required (pursuant to an agreement entered into with the United States or under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)) (i) to request certain information from the Holders or beneficial owners of the Subordinated Instruments or the Ordinary Shares, which information may be provided to the U.S. Internal Revenue Service ("*IRS*"), and (ii) to withhold U.S. tax on any portion of any payment with respect to the Subordinated Instruments or with respect to the Ordinary Shares upon any Conversion treated as a foreign passthru payment made two years or more after the date on which the final regulations that define "foreign passthru payments" are published if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)).

If the Issuer or any other person is required to withhold or deduct amounts arising under or in connection with FATCA from any payments made with respect to the Subordinated Instruments, with respect to the issuance of any Ordinary Shares upon any Conversion or with respect to the Ordinary Shares, the Holders and beneficial owners of the Subordinated Instruments, and holders and beneficial owners of Ordinary Shares issued upon any Conversion, will not be entitled to receive any gross up or other additional amounts under Condition 10 (*Taxation*) of the Subordinated Instruments, or otherwise, on account of any such withholding or deduction. FATCA is complex and its application to the

Subordinated Instruments, any Conversion and the Ordinary Shares remains uncertain. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to the Subordinated Instruments, any Conversion and the Ordinary Shares.

Future issues of securities by the Issuer

The Issuer and members of the Westpac Group may, at their absolute discretion, issue securities in the future that:

- rank for payment of principal or interest (including in the Winding-Up of the Issuer or another member of the Westpac Group) equally with, behind or ahead of the Subordinated Instruments;
- have the same or different maturities as the Subordinated Instruments;
- have the same or different dividend, interest or distribution rates as the Subordinated Instruments; or
- have the same or different terms and conditions as the Subordinated Instruments.

The Issuer may incur further indebtedness and may issue further securities including further Tier 2 Capital securities. The Terms and Conditions do not require the Issuer to refrain from certain business changes or require the Issuer to operate within certain ratio limits.

An investment in Subordinated Instruments carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Westpac Group.

No prediction can be made as to the effect, if any, such future issues of securities by an entity in the Westpac Group may have on the market price or liquidity of Subordinated Instruments.

The Terms and Conditions provide only limited protection against significant events that could adversely impact your investment in the Subordinated Instruments

The Terms and Conditions do not:

- require the Westpac Group to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;
- restrict the Westpac Group's subsidiaries' ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to the Issuer's equity interests in its subsidiaries and therefore rank effectively senior to the Subordinated Instruments with respect to the assets of the Issuer's subsidiaries;
- restrict the Westpac Group's ability to repurchase or prepay any other of its securities or other indebtedness; or
- restrict the Westpac Group's ability to make investments or to repurchase, or pay dividends or make other payments in respect of Ordinary Shares or other securities ranking junior to the Subordinated Instruments.

As a result of the foregoing, when evaluating the terms of the Subordinated Instruments, potential investors should be aware that the Terms and Conditions do not restrict the Issuer or the Westpac Group's ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on an investment in the Subordinated Instruments.

Amendment of the Terms and Conditions of Subordinated Instruments

The Issuer may, with the consent of the Fiscal Agent and provided it obtains APRA's prior written approval where the amendment may affect the eligibility of any Subordinated Instrument as Tier 2 Capital, amend the Terms and Conditions for any Subordinated Instrument, the relevant Pricing Supplement and the Deed of Covenant (each insofar as they may apply to such Subordinated Instruments) without the approval of Holders, provided the Issuer is of the opinion that the amendment is for the purposes of correcting a manifest or proven error. Except for the amendments necessary to effect the substitution of an Approved Successor (see below), no other amendments are permitted without the sanction of an Extraordinary Resolution.

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

APRA's prior written approval to amend the Terms and Conditions is always required where the amendment may affect the eligibility of the Subordinated Instruments as Tier 2 Capital.

Successor holding company

Where the Issuer is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, the Issuer may be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Subordinated Instruments and the issuer of the ordinary shares issued on Conversion and to make certain other amendments to the Terms and Conditions. Accordingly, potential investors should be aware that, if:

- the Issuer is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and
- a substitution of the Approved Successor as the debtor in respect of the Subordinated Instruments and the issuer of the ordinary shares on Conversion is effected under the Terms and Conditions,

Holders will be obliged to accept Approved Successor Shares and will not receive Ordinary Shares if Conversion occurs after the replacement of the Issuer with an Approved Successor.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to the establishment of an Approved Successor.

The Issuer has not made a decision to substitute an Approved Successor as the ultimate holding company of the Westpac Group.

Where the Issuer transfers its assets to an Approved Successor, the Issuer may as a result have

reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full in a Winding-Up.

No rights if control of the Issuer is acquired

If a person other than an Approved Successor acquires control of the Issuer, the Terms and Conditions do not provide any right or remedy for the Holders on account of such an acquisition occurring. Further, such an acquisition of the Issuer may result in the Issuer's Ordinary Shares no longer being quoted on ASX.

If, after such an acquisition has occurred, a Non-Viability Trigger Event occurs, the number of Ordinary Shares issued on Conversion will reflect the VWAP for the period of 5 ASX Business Days on which the Ordinary Shares were last traded on ASX. The period of 5 ASX Business Days may be well before the Non-Viability Trigger Event and, accordingly, the value of the Conversion Number of Ordinary Shares when issued may be very different from the value based on that VWAP. This may adversely affect the value of the Ordinary Shares which are issued to Holders upon Conversion and such Ordinary Shares may not be freely tradeable.

The exercise of administrative powers by APRA or other regulatory authorities that supervise the Issuer may result in adverse consequences to the Holders

The exercise of administrative powers by APRA or other regulatory authorities that supervise the Issuer may result in adverse consequences to the Holders. In particular, under the Banking Act, for the purpose of protecting depositors and maintaining the stability of the Australian financial system, APRA has administrative power, among other things, to issue a direction to the Westpac Group regarding the conduct of its business, including prohibiting making payments with respect to its debt obligations (including the Subordinated Instruments), and, if it becomes unable to meet its obligations or suspends payment (and in certain other limited circumstances), to appoint a 'Banking Act statutory manager' to take control of its business.

The Banking Act was recently amended to enhance APRA's powers to facilitate resolution of the entities it regulates (and their subsidiaries). Additional powers which have been given to APRA and which impact Westpac include greater oversight, management and directions powers in relation to Westpac Group entities which were previously not regulated by APRA, increased statutory management powers over certain other entities within the Westpac Group and changes which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments.

Insolvency and similar proceedings are likely to be governed by Australian law

In the event that the Issuer becomes insolvent, insolvency proceedings are likely to be governed by Australian law. Australian insolvency laws are different from the insolvency laws of certain other jurisdictions, including the United States and the United Kingdom. In particular, the voluntary administration procedure under the *Corporations Act 2001*, which provides for the potential re-organisation of an insolvent company, is different from Chapter 11 under the *U.S. Bankruptcy Code*, the voluntarily administration procedure under the United Kingdom Insolvency Act 1986 and may differ from similar provisions under the insolvency laws of other non-Australian jurisdictions.

In addition, to the extent that the Holders of the Subordinated Instruments are entitled to any recovery with respect to the Subordinated Instruments in any bankruptcy or certain other events in bankruptcy,

insolvency, dissolution or reorganization relating to the Issuer, those Holders might not be entitled in such proceedings to a recovery in a currency other than Australian dollars.

Benchmarks, such as LIBOR, may be terminated or altered

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA's intention to cease sustaining the LIBOR from the end of 2021. The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. However, the FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date. It is possible that the LIBOR administrator, ICE Benchmark Administration, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. The potential elimination of LIBOR or changes to the manner in which LIBOR is administered could lead to unanticipated consequences in respect of any Subordinated Instruments bearing an Interest Rate (as defined in the Terms and Conditions) which is, or contains a component which is, linked to LIBOR.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of interest rates and indices which are deemed to be "benchmarks" (including the application of Regulation (EU) 2016/1011, which has applied from 1 January 2018), could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations. This may have the effect of discouraging market participants from continuing to administer or contribute to the benchmark, trigger changes in the rules or methodologies used to calculate or determine the benchmark, or lead to the disappearance of the benchmark. Any such events could adversely affect the value of or return on such Subordinated Instruments.

In particular, investors should be aware that if LIBOR, or any other benchmark, were discontinued or otherwise unavailable, the interest rate on Floating Rate Subordinated Instruments which are linked to such benchmarks or the interest rate on Fixed Rate Subordinated Notes which are reset by reference to a mid-swap rate linked to such benchmarks will be determined for the relevant period by the fallback provisions under Condition 7 (*Interest*) of the Terms and Conditions of the Subordinated Instruments. These fallback arrangements may require or result in adjustments to the interest calculation provisions of the Terms and Conditions of the Subordinated Instruments.

In certain situations, including the relevant benchmark ceasing to be administered or being discontinued or otherwise unavailable, the fallback arrangements referenced in the preceding paragraph will include the possibility that:

- (A) the relevant interest rate (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser (as defined in the Terms and Conditions of the Subordinated Instruments) or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to

the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors as a result of the replacement of the relevant benchmark, with the Independent Adviser or Issuer (as applicable) acting in good faith and in a commercially reasonable manner, as more fully described in the Terms and Conditions of the Subordinated Instruments.

No consent of the Holders shall be required in connection with effecting any successor rate or alternative rate (as applicable). In addition, no consent of the Holders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of the Subordinated Instruments (or any other document) which are made in order to effect any successor rate or alternative rate (as applicable).

The Issuer will need to obtain the prior written approval of APRA, which may or may not be given, before any successor rate or alternative rate (as applicable), or any adjustment spread, may be effected.

In certain circumstances, the ultimate fallback for a particular Interest Accrual Period (as defined in the Terms and Conditions of the Subordinated Instruments), including where no successor rate or alternative rate (as applicable) is determined or where a successor rate or alternative rate (or the application of any adjustment spread) has been determined but has not been approved by APRA, may be that the interest rate for the last preceding Interest Accrual Period is used for the following Interest Accrual Period. This may result in the effective application of a fixed rate for any Floating Rate Subordinated Instruments, and any Fixed Rate Subordinated Instruments for which the interest rate was due to be reset, being the Interest Rate which was applicable as at the last preceding Interest Determination Date or as at the last preceding reset date (as applicable), or, if none, at the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, as well as the requirement for prior written approval of APRA, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any affected Subordinated Instruments. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the relevant Subordinated Instruments or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Subordinated Instruments. Prospective investors should note that, in the case of affected Subordinated Instruments, the relevant Independent Adviser or the Issuer (as applicable) will, subject to the prior written approval of APRA, have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such adjustment will be favourable to each Holder.

The market continues to develop in relation to SONIA as a reference rate for Floating Rate Subordinated Instruments

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an

average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the terms and conditions of the Subordinated Instruments and used in relation to Floating Rate Subordinated Instruments that reference a SONIA rate issued under this Information Memorandum. Furthermore, the Issuer may in future issue Floating Rate Subordinated Instruments referencing a SONIA rate but that differ in terms of interest determination when compared with any previous SONIA-referenced Floating Rate Subordinated Instruments, due to the continued development of SONIA rates and market terms over time. This could result in reduced liquidity or could otherwise affect the market price of any Floating Rate Subordinated Instruments referencing a SONIA rate which are issued by the Issuer from time to time.

Further, interest on Floating Rate Subordinated Instruments which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period (as defined in the Terms and Conditions of the Subordinated Instruments) and immediately prior to the relevant Interest Payment Date (as defined in the Terms and Conditions of the Subordinated Instruments). It may be difficult for investors in Floating Rate Subordinated Instruments that reference a SONIA rate to reliably estimate the amount of interest that will be payable on such Floating Rate Subordinated Instruments, and some investors may be unable or unwilling to trade such Floating Rate Subordinated Instruments without changes to their IT systems, both of which are factors which could adversely impact the liquidity of such Floating Rate Subordinated Instruments. Further, if the Floating Rate Subordinated Instruments become due and payable under Condition 11 of the Terms and Conditions of the Subordinated Instruments, the rate of interest payable shall be determined on the date the Floating Rate Subordinated Instruments become due and payable and shall not be reset after.

The manner of adoption or application of SONIA reference rates in the capital markets may differ materially compared with that in other markets, such as the derivatives and loan markets. Investors should consider how any such mismatch between the manner of adoption of SONIA reference rates across these markets could impact any hedging or other financial arrangements which they may put in place in connection with any purchase, holding or disposal of Floating Rate Subordinated Instruments which reference a SONIA rate.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Subordinated Instruments.

Risks related to CNY Subordinated Instruments

There are certain special risks associated with investing in any CNY Subordinated Instruments. The Issuer believes that the factors described below represent the principal risks inherent in investing in CNY Subordinated Instruments issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with CNY Subordinated Instruments may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding CNY Subordinated Instruments are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China (the "PRC")

The Renminbi is not freely convertible at present. The PRC government continues to regulate

conversion between the Renminbi and foreign currencies, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other routine foreign exchange transactions under current accounts. Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and designated foreign exchange banks on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 25 February 2011, the Ministry of Commerce of the PRC (the “**MOFCOM**”) promulgated the Circular on Issues concerning Foreign Investment Management (the “**MOFCOM Circular**”). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with Renminbi that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM’s prior written consent is required. In April 2011, the State Administration of Foreign Exchange (“**SAFE**”) promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi, which provides that borrowing by an onshore entity of Renminbi loans from an offshore entity shall in principle follow the current regulations on borrowing foreign debts. On 3 June 2011, the People’s Bank of China (the “**PBOC**”) issued the Notice on Clarification of Issues regarding Cross-border Renminbi Activities (the “**PBOC Notice**”), which provides that the pilot programme of foreign direct investment in Renminbi will be launched on a case by case basis, and approval by the PBOC is required for foreign direct investment in Renminbi. For industries under restrictions or strictly regulated by the PRC government, foreign direct investment in Renminbi is prohibited.

On 13 October 2011, the PBOC issued the Measures on Administration of the Renminbi Settlement in relation to Foreign Direct Investment (the “**PBOC Renminbi FDI Measures**”), to implement the PBOC’s detailed Renminbi foreign direct investments (“**Renminbi FDI**”) administration system, which covers almost all aspects of Renminbi FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans.

On 14 June 2012, the PBOC issued a circular setting out the operational guidelines for Renminbi FDI. Under the PBOC Renminbi FDI Measures, special approval from the PBOC for Renminbi FDI and shareholder loans which was previously required by the PBOC Notice is no longer necessary. In some cases, however, post-event filing with the PBOC is still necessary. The PBOC Renminbi FDI Measures also provide, among other matters, that (i) foreign invested enterprises are required to register with the local branch of the PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement, and (ii) a foreign investor is allowed to open Renminbi special accounts for designated uses in relation to making equity investments in a PRC enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBOC Renminbi FDI Measures further state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions. In addition, a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the loan contract denominated in Renminbi to its relevant commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain required documents to that commercial bank.

On 19 November 2012, the SAFE promulgated the Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment (the “**SAFE Circular on DI**”), which became effective on 17 December 2012. According to the SAFE Circular on DI, in order to promote investment, the SAFE removes or amends certain administrative licensing items with regard to foreign exchange administration over direct investments, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment of legal income of foreign investors generated within the PRC, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

On 10 May 2013, the SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (the “**SAFE Provisions**”), which became effective on 13 May 2013. The SAFE Provisions removed previous approval requirements for foreign investors and foreign invested enterprises in opening of, and capital injections into, foreign exchange accounts, although registration for foreign exchange (including cross-border Renminbi) administration is still required.

On 5 July 2013, PBOC promulgated the Notice on Simplifying the Procedures of Cross-border Renminbi Business and Improving Relevant Policies (the “**PBOC 2013 Notice**”), which simplifies the operating procedures on current account cross-border Renminbi settlement and sets out policies with respect to issuance of offshore Renminbi bonds by onshore non-financial institutions. The intention behind the PBOC 2013 Notice is to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

On 23 September 2013, the PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign Investors (the “**PBOC 2013 Circular**”), which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (“**MOFCOM Renminbi FDI Circular**”), which became effective on 1 January 2014, to further facilitate Renminbi FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Renminbi FDI Circular provides that if a foreign investor intends to make Renminbi FDI in the PRC with Renminbi that it has generated from legal activities, including setting up new enterprises, increase of capital contribution, acquisition of domestic enterprises, such Renminbi FDI shall be approved by competent authorities in accordance with relevant regulations on foreign investment. However, pursuant to the MOFCOM Renminbi FDI Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each Renminbi FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on Renminbi FDI, the MOFCOM Renminbi FDI Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Renminbi FDI Circular also clearly prohibits the Renminbi FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy of Direct Investment (Hui Fa (2015) No. 13) (the “**2015 SAFE Notice**”),

which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (internal and external) to designated foreign exchange banks.

On 30 March 2015, the SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the "**2015 SAFE Circular**"), which became effective on and from 1 June 2015. The 2015 SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE's equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs, although SAFE reserves its authority to reduce the proportion of foreign currency capital that can be settled in such manner in the future. The 2015 SAFE Circular continues to require that capital contributions should be applied within the business scope of a foreign-invested enterprise for purposes that are legitimate and for that foreign-invested enterprise's own operations; with respect to the Renminbi proceeds obtained through the aforementioned settlement procedure, the 2015 SAFE Circular prohibits such proceeds from being applied outside the business scope of the foreign-invested enterprise or for any purposes prohibited by law, or applied (i) directly or indirectly to securities investments (unless otherwise permitted in law), (ii) directly or indirectly to granting entrusted loans or repaying inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or (iii) purchasing non-self-use real estate (unless it is a real estate company). In addition, the 2015 SAFE Circular allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 5 June 2015, the PBOC promulgated an order to revise certain existing PBOC regulations, to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the "**PBOC Order**"). Among other things, the PBOC confirmed in the PBOC Order that capital verification of a foreign-invested enterprise under article 10 of the PBOC Renminbi FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBOC Renminbi FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

On 26 April 2016, the SAFE promulgated the Notice on Further Promoting Trade and Investment Facilitation and Improving Authenticity Review (the "**2016 SAFE Notice**") to streamline the reviewing process of the foreign exchange administration to prevent the risks of cross-border capital flows. First, the 2016 SAFE Notice stretches the lower limit of the composite foreign exchange settlement and sale position of banks. Second, the 2016 SAFE Notice makes more delivery methods available for forward foreign exchange settlement, where banks may select the method of gross settlement or balance settlement for delivery upon maturity when handling forward foreign exchange settlement for institutional clients. Furthermore, the policies on the administration over foreign exchange settlement of foreign debts applicable to Chinese-funded and foreign-invested enterprises are unified under the 2016 SAFE Notice; the foreign debts borrowed by Chinese-funded non-financial enterprises may be settled for use pursuant to the prevailing regulations on foreign debt applicable to foreign-invested enterprises. The 2016 SAFE Notice also emphasises standardisation of the administration over the outbound remittance of profits in foreign currency from direct investment, and banks, when handling the remittance of profits exceeding the equivalent of USD 50,000 abroad for a domestic institution, are

required to examine the profit distribution resolution of the board of directors (or the profit distribution resolution of all investors) that is related to this remittance of profits abroad, the original of its tax record-filing form and the financial statements as proof of the profits involved in this remittance according to the principle of transaction authenticity.

On 9 June 2016, the SAFE promulgated another Circular on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (the “**2016 SAFE Circular**”), which became effective on the date of issuance. The 2016 SAFE Circular summarises the experience in settlement of capital account items gained from the earlier pilot programmes in a number of free trade zones, and intends to uniform the management rules on voluntary settlement and payment of foreign exchange earnings under capital account nationwide. Among other things, the 2016 SAFE Circular allows (i) domestic enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) to settle their foreign debts in foreign currencies according to the method of voluntary foreign exchange settlement, and (ii) all the domestic institutions to voluntarily settle 100 per cent. (tentative) of the foreign exchange earnings under capital account (including capital in foreign currencies, foreign debts, funds repatriated from overseas listing, etc.) into Renminbi based on their actual operating needs, although SAFE reserves its authority to reduce the proportion of the foreign currency gains under the capital account that can be settled in such manner in the future. With respect to the Renminbi proceeds obtained through the aforementioned settlement procedure, the 2016 SAFE Circular reiterates that such proceeds are prohibited from being applied outside the business scope of the enterprise or for any purposes prohibited by law, or applied (x) directly or indirectly to securities investment or investment and wealth management products other than principal-protected products issued by banks, (y) directly or indirectly to granting entrusted loans, unless otherwise permitted by business scope, or (z) purchasing or constructing non-self-use real estate (unless it is a real estate company). Finally, the 2016 SAFE Circular expressly indicates that in the event of any discrepancy between the 2016 SAFE Circular and the 2015 SAFE Circular, the 2016 SAFE Circular shall prevail.

On 11 January 2017, the PBOC issued the Notice on Full-coverage Macro-prudent Management of Cross-border Financing (the “**2017 PBOC Notice**”), according to which, the non-financial enterprises and financial institutions (excluding government financing platforms and real estate enterprises) in China may independently carry out cross-border financing in Renminbi and foreign currencies pursuant to applicable provisions, subject to the cross-border financing restraint mechanism under the framework of macro-prudent rules imposed by the PBOC. Among other things, the 2017 PBOC Notice provides that the upper limit of the risk-weighted balance of cross-border financing of an enterprise is increased from 100 per cent. to 200 per cent. of the net assets of such enterprise, and the new method to calculate the risk-weighted balance of cross-border financing grants the financial institutions a larger quota for cross-border financing.

On 26 January 2017, SAFE promulgated a Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (the “**2017 SAFE Notice**”) to establish a capital flow management system under the macro-prudent management framework. Pursuant to the 2017 SAFE Notice, (i) the scope of settlement of domestic foreign exchange loans is expanded, where the settlement is allowed for domestic foreign exchange loans with a background of export trade in goods, and domestic institutions shall repay such loans with the foreign currency earned from export trade in goods rather than by purchasing foreign exchange; (ii) funds under foreign debts (including those denominated in offshore Renminbi) secured by domestic guarantees (Nei Bao Wai Dai) are allowed to be repatriated to China and therefore a debtor may directly or indirectly repatriate such funds to China by way of extending loans or making equity

investments in China; (iii) centralised operation and management of the foreign exchange funds of multinational companies is further facilitated, and the percentage of the deposits drawn by a domestic bank via a main account for international foreign exchange funds that may be used in China is adjusted to no more than 100 per cent. (as opposed to 50 per cent., previously) of the average daily deposit balance of the preceding six months; and (iv) foreign exchange settlement is allowed for the domestic foreign exchange accounts of overseas institutions within pilot free trade zones. The 2017 SAFE Notice also emphasised the importance of the foreign exchange administration over trade in goods, and the management of the outbound remittance of the foreign exchange profits of foreign direct investment in China, as well as the authenticity and compliance review of the outbound direct investment by PRC domestic institutions.

On 27 May 2017, PBOC promulgated the Administrative Measures for the RMB Cross-border Receipt and Payment Information Management System (the “**2017 PBOC Measures**”) to regulate the operations and use of the RMB cross-border receipt and payment information management system by the banking financial institutions and relevant access agencies. The 2017 PBOC Measures require the banks and relevant access agencies that carry out cross-border RMB business to connect to the system, and submit RMB cross-border receipts and payments as well as related business information to the system in a timely, accurate and complete manner. The banks shall make use of the system to review the authenticity and consistency of transactions, and may inquire about the transaction information via the system; where relevant business information is found missing in the system, the bank may suspend the receipt and payment of funds.

On 5 January 2018, the PBOC promulgated the Notice on Further Fine-tuning the Policies on Cross-border Renminbi Business to Promote Trade and Investment Facilitation (the “**2018 PBOC Notice**”). Accordingly, an enterprise shall be allowed to use Renminbi to settle all cross-border transactions that may be settled by foreign currencies pursuant to PRC laws.

As relatively new regulations, the above MOFCOM, PBOC and SAFE circulars, rules, orders, notices, measures and provisions will be subject to interpretation and application by the relevant PRC authorities.

Although since 1 October 2016 the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the PBOC in 2018, there is no assurance that the PRC government will liberalise the control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which would have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. The Issuer may need to source Renminbi offshore to finance its obligations under the CNY Subordinated Instruments, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE, MOFCOM and PBOC rules.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the CNY Subordinated Instruments and the Issuer’s ability to source Renminbi outside China to service the CNY Subordinated Instruments

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited.

While the PBOC has entered into agreements on the clearing of renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside China is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant Renminbi Clearing Bank will only have access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the CNY Subordinated Instruments. To the extent that the Issuer is required to source Renminbi in the offshore market to service the CNY Subordinated Instruments, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described under “Terms and Conditions – Payments Inconvertibility, Non-transferability or Illiquidity”, the Issuer can make payments under the CNY Subordinated Instruments in a currency other than Renminbi.

Investment in the CNY Subordinated Instruments is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable interest rate. Subject to the Terms and Conditions of the CNY Subordinated Instruments, and, in particular, the Issuer’s right to make payments in certain circumstances in other currencies, the Issuer will make all payments of interest and principal with respect to the CNY Subordinated Instruments in Renminbi. As a result, the value of these Renminbi payments in foreign currency may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys CNY Subordinated Instruments, such investor may need to convert foreign currency to Renminbi at the exchange rate available at that time. If the value of Renminbi depreciates against the relevant foreign currency between then and the time that the Issuer pays back the principal of the CNY Subordinated Instruments in Renminbi at maturity, the value of the investment in the relevant foreign currency will have declined.

Payments in respect of the CNY Subordinated Instruments will only be made to investors in the manner specified in the CNY Subordinated Instruments

All payments to investors in respect of the CNY Subordinated Instruments will be made solely by (i) when the CNY Subordinated Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of Euroclear, Clearstream, Luxembourg or CMU as applicable, or (ii) when the CNY Subordinated Instruments are in definitive form, transfer to a Renminbi

bank account maintained in Hong Kong in accordance with prevailing rules and regulations.

The Issuer cannot be required to make payment by any other means (including in any other currency (unless this is specified in the Pricing Supplement of the CNY Subordinated Instruments) or by transfer to a bank account in the PRC).

Risks in relation to PRC currency controls

Remittance of Renminbi into and outside the PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated pilot cities in the PRC, being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces and cities including Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Jiangsu, Zhejiang, Liaoning, Shandong and Sichuan, and (iii) the restriction on designated offshore jurisdictions was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle any current account items between them (except in the case of payments for exports of goods from the PRC, such Renminbi remittance may only be effected by approved pilot enterprises in designated pilot districts in the PRC). In particular, any foreign invested enterprises located in the designated pilot districts may remit all lawful dividends and distribution payments in Renminbi to its foreign investors outside the PRC. The pilot scheme was further extended in August 2011 under the Circular in Expanding the Regions of Cross-border Trades to cover all provinces in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide.

In February 2012, the PRC government promulgated the Notice on Matters Relevant to the Administration of Enterprises Engaged in RMB Settlement of Export Trade in Goods under which any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**"). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

In addition to the PBOC 2013 Notice (discussed in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China*'), on 1 November 2014, the PBOC promulgated the Circular on Matters concerning Centralized Cross-Border Renminbi Fund Operation Conducted by Multinational Enterprise Groups (the "**2014 Circular**"). The 2014 Circular introduces a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group.

On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups which, among others, lowers the eligibility requirements for multinational enterprise groups and increases the cap for net cash inflow. The PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone ("**Shanghai FTZ**") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

On 27 May 2017, the PBOC promulgated the 2017 PBOC Measures to regulate the operations and use of the RMB cross-border receipt and payment information management system by the banking financial institutions and relevant access agencies, as described in further detail in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China*'.

On 5 January 2018, the PBOC promulgated the 2018 PBOC Notice. Accordingly, an enterprise shall be allowed to use Renminbi to settle all cross-border transactions that may be settled by foreign currencies pursuant to PRC laws.

As relatively new regulations, the above circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying such circulars, notices and measures and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments have generally been subject to the approval of the relevant PRC authorities. However, as described in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China*', it has been announced that as of 1 June 2015, the capital account regulation in relation to direct investment has been delegated by the governmental authority (i.e. the local branches of the SAFE) to designated foreign exchange banks.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association

as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. The relevant PRC authorities may, however, have granted approvals for a foreign entity to make a capital contribution or shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to remit interest and principal repayment to its foreign investors outside the PRC in Renminbi. The foreign invested enterprise may, however, have been required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

As described in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China*', on 13 October 2011, the PBOC issued the PBOC Renminbi FDI Measures, which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC Renminbi FDI Measures, cross-border Renminbi settlement for Renminbi FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post event registration and filing requirements. The PBOC Renminbi FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of the PBOC within ten working days after obtaining business licenses for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries to reinvest onshore or increase the registered capital of the PRC subsidiaries, the foreign investor may open a Renminbi reinvestment account to receive such Renminbi proceeds; and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors by submitting certain documents as required by the guidelines of the PBOC to the commercial banks. The PBOC Renminbi FDI Measures also state that the foreign debt quota of a foreign invested enterprise applies to both its Renminbi debt and foreign currency debt owed to its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract and the letter of payment order to the commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain documents as required by the guidelines of the PBOC to the commercial bank.

Developments in PRC foreign exchange control regulations in relation to treatment of capital account items since October 2011 are set out in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China*' (see the descriptions of the SAFE Circular on DI, the SAFE Provisions, the PBOC 2013 Notice, the PBOC 2013 Circular, the MOFCOM Renminbi FDI Circular, the 2015 SAFE Notice, the 2015 SAFE Circular, the PBOC Order, the 2016 SAFE Notice, the 2016 SAFE Circular, the 2017 PBOC Notice, the 2017 SAFE Notice and the 2018 PBOC Notice).

As relatively new regulations, the above MOFCOM, PBOC and SAFE circulars, rules, orders, notices, measures and provisions will be subject to interpretation and application by the relevant PRC

authorities. Although since 1 October 2016 the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance any existing approvals of remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant MOFCOM, PBOC and SAFE rules.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

DOCUMENTS INCORPORATED BY REFERENCE

Each of:

- the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 40 to 65 (inclusive), pages 121 to 241 (inclusive) and pages 243 to 250 (inclusive) of the Issuer's 2017 Annual Report in respect of the year ended 30 September 2017;
- the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 48 to 75 (inclusive), pages 141 to 265 (inclusive) and pages 267 to 275 (inclusive) of the Issuer's 2018 Annual Report in respect of the year ended 30 September 2018; and
- the unaudited consolidated interim financial statements (including the auditors' review report thereon and the notes thereto) appearing on pages 105 to 155 (inclusive) of the Issuer's 2019 Interim Results in respect of the six months ended 31 March 2019,

shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Each of the:

- "Terms and Conditions of the Subordinated Instruments" section on pages 42 to 107 (inclusive) of the Information Memorandum dated 14 November 2014 with Westpac Banking Corporation as issuer;
- "Terms and Conditions of the Subordinated Instruments" section on pages 43 to 104 (inclusive) of the Information Memorandum dated 25 January 2016 with Westpac Banking Corporation as issuer; and
- "Terms and Conditions of the Subordinated Instruments" section on pages 47 to 109 (inclusive) of the Information Memorandum dated 23 June 2017 with Westpac Banking Corporation as issuer,

shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Any information contained in a document incorporated by reference herein which is not incorporated in, and does not form part of, this Information Memorandum is either not relevant for investors or is contained elsewhere in this Information Memorandum.

Following the publication of this Information Memorandum a supplementary Information Memorandum may be prepared by the Issuer and approved by any relevant listing authority or stock exchange. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

For as long as the Programme remains in effect or any Subordinated Instruments are outstanding,

copies of the documents incorporated by reference herein may be inspected during the normal business hours at the office of the Fiscal Agent (or the other office(s) of the Paying Agent(s) in the United Kingdom) specified on page 204 of this Information Memorandum and from the registered head office of Westpac Banking Corporation.

TERMS AND CONDITIONS OF THE SUBORDINATED INSTRUMENTS

The following are the Terms and Conditions of the Subordinated Instruments which, as supplemented in relation to any Subordinated Instruments by the relevant Pricing Supplement, will be applicable to each Series of Subordinated Instruments:

The subordinated debt instruments (the "**Subordinated Instruments**") are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement (as amended, supplemented or replaced, the "**Issue and Paying Agency Agreement**") dated 15 November 2013, as supplemented by way of a supplemental issue and paying agency agreement on 14 November 2014 and made between Westpac Banking Corporation (the "**Issuer**"), The Bank of New York Mellon in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to The Bank of New York Mellon in its capacity as Fiscal Agent), The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as Luxembourg paying agent (the "**Luxembourg Paying Agent**", which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as Luxembourg Paying Agent), The Bank of New York Mellon, Hong Kong Branch in its capacities as Hong Kong paying agent and as lodging agent (the "**Hong Kong Paying Agent**" and the "**Lodging Agent**", which expressions shall include any successors to The Bank of New York Mellon, Hong Kong Branch in its capacities as such) and the other paying agents named therein (together with the Hong Kong Paying Agent, the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement).

The Subordinated Instruments have the benefit of a deed of covenant (as amended, supplemented or replaced, the "**Deed of Covenant**") dated 7 November 2008 executed by the Issuer in relation to the Subordinated Instruments. Copies of the Issue and Paying Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Office of each of the Paying Agents. All persons from time to time entitled to the benefit of obligations under any Subordinated Instruments shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Subordinated Instruments.

The Subordinated Instruments are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Subordinated Instruments. Each Tranche will be the subject of an applicable pricing supplement (each, the "**Pricing Supplement**"), a copy of which will be available for inspection during normal business hours at the Specified Office of the Fiscal Agent. In the case of a Tranche of Subordinated Instruments in relation to which application has not been made for listing and/or trading on or by any competent listing authority and/or stock exchange, copies of the Pricing Supplement will only be available for inspection by a Holder (as defined in Condition 3.1) of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Subordinated Instruments.

References in these Terms and Conditions to Subordinated Instruments are to Subordinated Instruments of the relevant Series only and any references to Coupons (as defined in Condition 2.6) are to Coupons relating to Subordinated Instruments of the relevant Series.

References in these Terms and Conditions to the Pricing Supplement are to the Pricing Supplement prepared in relation to the Subordinated Instruments of the relevant Tranche or Series and endorsed on or attached to such Subordinated Instruments.

In respect of any Subordinated Instruments, references herein to these Terms and Conditions are to these terms and conditions as supplemented by the Pricing Supplement.

1. Interpretation

Definitions

1.1 In these Terms and Conditions, the following expressions have the following meanings:

“**Additional Amount**” has the meaning given to it in Condition 10.1;

“**Additional Business Centre(s)**” means the city or cities specified as such in the Pricing Supplement;

“**Additional Tier 1 Capital**” has the meaning given to it in the Prudential Standards;

“**ADI**” means Authorised Deposit-taking Institution;

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Holders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (c) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“**Alternative Reference Rate**” means the rate which has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) that there is no such rate, such other rate as such

Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the Reference Rate;

“Approved Replacement Notice” has the meaning given to it in Condition 6.14(a);

“Approved Successor” means a holding company that replaces, or is proposed to replace, the Issuer as the ultimate holding company of the Westpac Group and that satisfies the following requirements:

- (a) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including, to the extent required, APRA’s prior written approval);
- (b) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms and Conditions as contemplated in Condition 6.14;
- (c) the ordinary shares of the proposed successor holding company are to be listed on the ASX or any internationally recognised stock exchange;
- (d) the proposed successor holding company has a place of business in New South Wales, Australia or has appointed a process agent in New South Wales, Australia to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Subordinated Instruments;
- (e) the proposed successor holding company has, in the reasonable opinion of an independent expert, the financial capacity to perform the Issuer’s obligations under these Terms and Conditions and the Deed of Covenant in respect of the Subordinated Instruments; and
- (f) the proposed replacement of the Issuer and the requirements described in paragraphs (a) to (c) would not, in the reasonable opinion of an independent expert, otherwise adversely affect the interests of Holders,

and for the purposes of this definition, “independent expert” means a reputable investment bank, accounting firm or other suitably qualified body operating in Australia or an investment bank, accounting firm or other suitably qualified body of international repute acting independently of the Issuer and appointed by the Issuer to provide the opinions referred to in paragraphs (e) or (f) of this definition;

“APRA” means the Australian Prudential Regulation Authority;

“Assets” means, in respect of the Issuer, its total non-consolidated gross assets as shown by the latest published full-year audited or half-year reviewed accounts, as the case may be, of the Issuer, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator may determine to be appropriate;

“ASX” means the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624

691);

“ASX Business Day” means a business day as defined in the ASX Listing Rules;

“ASX Listing Rules” means the listing rules of ASX from time to time with any modifications or waivers in their application to the Issuer which ASX may grant;

“Australian dollars” and **“A\$”** mean the lawful currency of Australia;

“Benchmark Event” means, in respect of any Reference Rate:

- (i) the relevant Reference Rate ceasing to exist or be published for a period of at least five Business Days; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months (or, if later, the next Interest Determination Date), cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that the relevant Reference Rate has been or will, by a specified date within the following six months (or, if later, the next Interest Determination Date), be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means the relevant Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months (or, if later, the next Interest Determination Date); or
- (v) it has become unlawful for any Paying Agent, the Issuer or any other party to calculate any payments due to be made to any holder of the Subordinated Instruments using the relevant Reference Rate.

“Broken Amount” has the meaning given in the Pricing Supplement;

“Business Day” means:

- (i) for the purposes of Condition 9A.6 only, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; or
- (ii) in relation to any sum payable, either:
 - (a) where such sum is payable in a currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre which, if the relevant currency is Australian dollars or New Zealand dollars, shall be

Sydney and Auckland, respectively, and any Additional Business Centre(s) specified in the Pricing Supplement; or

- (b) where such sum is payable in euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre, each (if any) Additional Business Centre(s) specified in the Pricing Supplement and a TARGET Settlement Day; or
 - (c) where such sum is payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong;
- (iii) for all other purposes, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre and any Additional Business Centre(s) specified in the Pricing Supplement;

“Business Day Convention”, means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day, and in relation to any particular date, has the meaning given in the Pricing Supplement and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **“Modified Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention”, “Floating Rate Convention” or “Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first

preceding day which is a Business Day; and

- (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Fiscal Agent or such other Person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the Pricing Supplement;

“Calculation Amount” has the meaning given in the applicable Pricing Supplement or, where no such amount is specified, means (i) if there is only one Denomination, the Denomination of the relevant Subordinated Instruments, and (ii) if there are several Denominations, the highest common factor of these Denominations. Note there must be a common factor in the case of two or more Denominations;

“Chi-X” means Chi-X Australia Pty Ltd (ABN 47 129 584 667);

“Clearing System” means Euroclear, Clearstream, Luxembourg or any other clearing system specified in the Pricing Supplement;

“Clearstream, Luxembourg” means Clearstream Banking S.A.;

“CMU Service” means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority;

“Common Equity Tier 1 Capital” has the meaning given to it in the Prudential Standards;

“Compounded Daily SONIA” means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified in the applicable Pricing Supplement) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d” is the number of calendar days in the relevant Interest Accrual Period;

“***do***” is the number of London Banking Days in the relevant Interest Accrual Period;

“***i***” is a series of whole numbers from one to d_0 , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Accrual Period;

“***London Banking Day***” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“***n_i***”, for any day ***i***, means the number of calendar days from and including such day “***i***” up to but excluding the following London Banking Day;

“***Observation Period***” means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling five London Banking Days prior to such earlier date, if any, on which the Subordinated Instruments become due and payable);

the “***SONIA reference rate***”, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“***SONIA***”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and

“***SONIA_{i-5LBD}***” means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling five London Banking Days prior to the relevant London Banking Day “***i***”;

“***Conversion***” means, upon the occurrence of a Non-Viability Trigger Event, the conversion of all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) into Ordinary Shares of the Issuer in accordance with these Terms and Conditions. “***Convert***” and “***Converted***” shall have corresponding meanings;

“***Conversion Number***” has the meaning given in Condition 6.1;

“***Cum Value***” has the meaning given in Condition 6.2(a);

“***Coupon Sheet***” means, in respect of a Subordinated Instrument, a coupon sheet relating to such Subordinated Instrument;

“***Day Count Fraction***” means, in respect of the calculation of an amount for any period of time (the “***Calculation Period***”), such day count fraction as may be specified in these Terms and Conditions or the Pricing Supplement and:

- (i) if “Actual/Actual (ICMA)” is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if “Actual/365” or “Actual/Actual (ISDA)” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “Actual/360” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “30E/360 (ISDA)” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the

last day of the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

“**Denomination**” has the meaning given in the Pricing Supplement;

“**Early Redemption Amount (Adverse Tax Event)**” has the meaning given in Condition 8.4(b);

“**Early Redemption Amount (Call)**” has the meaning given in Condition 8.3(b);

“**Early Redemption Amount (Regulatory Event)**” has the meaning given in Condition 8.5(b);

“**Equal Ranking Instruments**” means instruments which satisfy the requirements set out in one of the following paragraphs (a), (b) or (c):

- (a) any instruments, present and future, issued by the Issuer after 1 January 2013 which:
 - (i) by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of Senior Creditors;
 - (ii) qualify as Tier 2 Capital of the Issuer; and
 - (iii) in a Winding-Up rank, or are expressed to rank, prior to, and senior in right of payment to, instruments which constitute Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer;
- (b) the Perpetual Capital Notes (irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA); or
- (c) any other instruments, present and future, issued by the Issuer where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of Holders (irrespective of whether or not such instruments qualify as Tier 2 Capital of the Issuer);

“**Early Termination Amount**” has the meaning given in Condition 11.3;

“**Euroclear**” means Euroclear Bank S.A./N.V.;

“**Extraordinary Resolution**” has the meaning given in the Issue and Paying Agency Agreement;

“**FATCA**” means sections 1471 to 1474 of the *United States Internal Revenue Code of 1986*, as amended, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted with respect thereto;

“**FATCA Withholding**” means any deduction or withholding made for or on account of FATCA;

“**Final Redemption Amount**” means, in respect of any Subordinated Instrument, its Outstanding Principal Amount or such other amount as may be specified in the Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the Pricing Supplement;

“**Foreign Holder**” means a Holder (a) whose place of residence is outside Australia or (b) who the Issuer otherwise believes may not be a resident of Australia and, in either case, the Issuer is not satisfied that the laws of both the Commonwealth of Australia and the Holder’s country of residence would permit the offer to, or the unconditional holding or acquisition of Ordinary Shares by, the Holder (but the Issuer will not be bound to enquire and any decision is in its sole discretion);

“**Holder**” has the meaning given in Condition 3.1;

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

“**Ineligible Holder**” means:

- (a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including, but not limited to, Chapter 6 of the *Corporations Act 2001*, the *Foreign Acquisitions and Takeovers Act 1975 of Australia*, the *Financial Sector (Shareholdings) Act 1998 of Australia* and Part IV of the *Competition and Consumer Act 2010 of Australia*) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Subordinated Instruments, it shall only be treated as an Ineligible Holder in respect of those Subordinated Instruments and not in respect of the balance of its Subordinated Instruments). The Issuer will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Non-Viability Trigger Event Date; or
- (b) a Foreign Holder;

“**Interest Accrual Period**” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first

Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the Maturity Date or such other date of redemption of the Subordinated Instruments;

“Interest Amount” means, in relation to a Subordinated Instrument and an Interest Period, the amount of interest payable per Calculation Amount in respect of that Subordinated Instrument for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Subordinated Instruments or such other date as may be specified as the Interest Commencement Date in the Pricing Supplement;

“Interest Determination Date” has the meaning given in the Pricing Supplement;

“Interest Payment Date” means the date or dates specified as such in the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date with the final Interest Period ending on (but excluding) the maturity date or such other date of redemption of the Subordinated Instruments;

“Interest Period End Date” means the date or dates specified as such in the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the relevant Business Day Convention or, if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Subordinated Instruments;

“Interest Rate” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Outstanding Principal Amount of the Subordinated Instruments specified in Pricing Supplement or calculated or determined in accordance with the provisions of these Terms and Conditions and/or the Pricing Supplement;

“ISDA Definitions” means the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Subordinated Instruments of the relevant Series (as specified in the Pricing Supplement) and as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” has the meaning given in the Pricing Supplement;

“Issue Date VWAP” means, in respect of Subordinated Instruments of a Series, the VWAP during the period of 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any Subordinated Instruments of that Series were issued, as adjusted in accordance with Condition 6;

“Junior Ranking Capital Instruments” means instruments, present and future, issued by the Issuer which:

- (a) by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of Holders and other Equal Ranking Instruments; and
- (b) qualify as Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer;

“Liabilities” means, in respect of the Issuer, its total non-consolidated gross liabilities as shown by its latest published full-year audited or half-year reviewed accounts, as the case may be, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator may determine to be appropriate;

“Liquidator” means the liquidator or other official responsible for the conduct and administration of a Winding-Up;

“local banking day” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Subordinated Instrument or, as the case may be, Coupon;

“Margin” has the meaning given in the Pricing Supplement;

“Maturity Date” means the date specified as such in the provisions of the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the relevant Business Day Convention;

“Maximum Conversion Number” has the meaning given in Condition 6.1;

“Maximum Redemption Amount” has the meaning given in the Pricing Supplement;

“Member State” means a Member State of the European Union;

“Minimum Redemption Amount” has the meaning given in the Pricing Supplement;

a **“Non-Viability Trigger Event”** occurs when APRA notifies the Issuer in writing that it

believes:

- (a) Conversion or Write-off of all or some Subordinated Instruments, or conversion, write-off or write-down of all or some Relevant Securities is necessary because, without it, the Issuer would become non-viable; or
- (b) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable;

“Non-Viability Trigger Event Date” has the meaning given to it in Condition 5.1(c)(iii);

“Ordinary Resolution” has the meaning given in the Issue and Paying Agency Agreement;

“Ordinary Share” means a fully paid ordinary share in the capital of the Issuer;

“Outstanding” means, on any day, all Subordinated Instruments issued, less such Subordinated Instruments:

- (a) which have been redeemed, Converted, Written-off or satisfied in full by the Issuer in accordance with the Terms and Conditions;
- (b) for the payment of which funds equal to their aggregate Outstanding Principal Amount are on deposit with the relevant Paying Agent on terms which prohibit the return of the deposit or the use of the deposit for any purpose other than the payment of such Subordinated Instruments or in respect of which the relevant Paying Agent holds an irrevocable direction to apply funds in repayment of Subordinated Instruments to be redeemed on that day;
- (c) in respect of which a Holder is unable to make a claim as a result of the operation of Condition 12; or
- (d) those which have been purchased and cancelled as provided in the Terms and Conditions,

provided that for the purposes of:

- (i) ascertaining the right to attend and vote at any meeting of the Holders; and
- (ii) the determination of how many Subordinated Instruments are outstanding for the purposes of the definition of the Outstanding Principal Amount,

such Subordinated Instruments which are beneficially held by, or are held on behalf of, the Issuer and not cancelled shall be deemed not to remain outstanding;

“Outstanding Principal Amount” means in respect of any Subordinated Instrument which is Outstanding at any time, the outstanding principal amount of the Subordinated Instrument, and for such purposes:

- (a) the principal amount of a Subordinated Instrument issued at a discount or at par, but

which has not been Converted or Written-off, is at any time to be taken to be equal to its Denomination;

- (b) if an amount is required to be determined in Australian dollars, the Australian dollar equivalent of a Subordinated Instrument denominated in a Specified Currency is to be determined on the basis of the spot rate of exchange for the sale of Australian dollars against the purchase of such relevant Specified Currency in the Sydney foreign exchange market quoted by any leading bank selected by the Issuer on the relevant calculation date. The calculation date is, at the discretion of the Issuer, either the date specified in the relevant formula in Condition 6.1(a) or the preceding day on which commercial banks and foreign exchange markets are open for business in Sydney or such other date as may be specified by the Issuer in the Pricing Supplement; and
- (c) if the principal amount of a Subordinated Instrument has from time to time been Converted or Written-off as described in, and in accordance with, Conditions 5 and 6, the principal amount of the Subordinated Instrument will be reduced by the principal amount so Converted or Written-off;

“Perpetual Capital Notes” means the Perpetual Capital Floating Rate Notes issued by the Issuer on 30 September 1986 (as may be varied or amended from time to time);

“Person” means any individual, company, corporation, firm, partnership, joint venture, trust, estate, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Prudential Standards” means the prudential standards and guidelines published by APRA and as applicable to the Issuer from time to time;

“Reclassification” has the meaning given in Condition 6.3;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Call), the Early Redemption Amount (Adverse Tax Event) or the Early Redemption Amount (Regulatory Event);

“Reference Banks” has the meaning given in the Pricing Supplement or, if none is specified, four major banks selected by the Issuer or the Independent Adviser appointed by the Issuer in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the Pricing Supplement;

“Reference Rate” means either “USD LIBOR”, “GBP LIBOR”, “CAD LIBOR”, “EURIBOR”, “CHF LIBOR”, “JPY LIBOR” or “NZD LIBOR”, in each case for the relevant period, as may be specified in the Pricing Supplement;

“Regular Period” means:

- (i) in the case of Subordinated Instruments where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Subordinated Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Subordinated Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Related Entity” means an entity over which the Issuer or any parent of the Issuer exercises control or significant influence, as determined by APRA from time to time;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders in accordance with Condition 16;

“Relevant Financial Centre” has the meaning given in the Pricing Supplement;

“Relevant Nominating Body” means, in respect of any Reference Rate:

- (a) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or
- (b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each

case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Securities” means Relevant Tier 1 Securities and Relevant Tier 2 Securities;

“Relevant Tier 1 Security” means a security forming part of the Tier 1 Capital of the Issuer on a “Level 1 basis” or “Level 2 basis” in accordance with the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders in respect of the security shall be written-off or written-down);

“Relevant Tier 2 Security” means a security forming part of the Tier 2 Capital of the Issuer on a “Level 1 basis” or “Level 2 basis” in accordance with the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders in respect of the security shall be written-off or written-down),

and includes the Subordinated Instruments;

“Relevant Time” has the meaning given in the Pricing Supplement;

“Replacement” has the meaning given in Condition 6.14(a);

“Sale and Transfer Agent” means each nominee (who cannot be a member of the Westpac Group or a Related Entity) appointed by the Issuer under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

- (a) if the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), the participants in the relevant Clearing System or Clearing Systems;
- (b) Holders who do not wish to receive Ordinary Shares on Conversion; or
- (c) Holders who are Ineligible Holders,

in accordance with Condition 6.10. For the avoidance of doubt, the Issuer may appoint more than one Sale and Transfer Agent in respect of the Conversion of one or more Series of Subordinated Instruments;

“Senior Creditors” means all depositors and other creditors (present and future) of the Issuer, including all holders of the Issuer’s debt:

- (a) whose claims are admitted in a Winding-Up; and
- (b) whose claims are not made as holders of indebtedness arising under:
 - (i) an Equal Ranking Instrument; or
 - (ii) a Junior Ranking Capital Instrument;

The Issuer shall be considered “**Solvent**” if: (i) it is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities;

“**Solvency Condition**” means the conditions set out in Condition 4.3;

“**Solvent Reconstruction**” means a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of the Issuer in relation to the outstanding Subordinated Instruments are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

“**Specified Currency**” has the meaning given in the Pricing Supplement;

“**Specified Office**” has the meaning given in the Issue and Paying Agency Agreement;

“**Specified Period**” has the meaning given in the Pricing Supplement;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Successor Reference Rate**” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Reference Rate by any Relevant Nominating Body;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is operating credit or transfer instructions in respect of euro;

“**Tax Legislation**” means (a) the *Income Tax Assessment Act 1936 of Australia* or the *Income*

Tax Assessment Act 1997 of Australia (both as amended from time to time, as the case may be, and a reference to any section of the *Income Tax Assessment Act 1936* includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997*), (b) any other law setting the rate of income tax payable by the Issuer, and (c) any regulation made under such laws;

“Tier 1 Capital” has the meaning given to it in the Prudential Standards;

“Tier 2 Capital” has the meaning given to it in the Prudential Standards;

“VWAP” means, subject to any adjustments under Conditions 6.2 and 6.3, the average of the daily volume weighted average sale prices (such average and each such daily average sale price being expressed in Australian dollars and cents and rounded to the nearest full cent, with A\$0.005 being rounded upwards) of Ordinary Shares sold on ASX and Chi-X during the relevant period or on the relevant days but does not include any “crossing” transacted outside the “Open Session State” or any “special crossing” transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares;

“VWAP Period” means:

- (i) in the case of a Conversion resulting from the occurrence of a Non-Viability Trigger Event, the period of 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date; or
- (ii) otherwise, the period for which the VWAP is to be calculated in accordance with these Conditions;

“Westpac Group” means the Issuer and its controlled entities taken as a whole;

“Winding-Up” means the legal procedure for the liquidation of the Issuer commenced when:

- (i) a court order is made for the winding-up of the Issuer (and such order is not successfully appealed or set aside within 30 days); or
- (ii) an effective resolution is passed or deemed to have been passed by shareholders or members for the winding-up of the Issuer,

other than in connection with a Solvent Reconstruction.

A Winding-Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding-up of the Issuer (or any other procedure whereby the Issuer may be dissolved, liquidated, sequestered or cease to exist as a body corporate), nor (ii) the appointment of a receiver, administrator, administrative receiver, compulsory manager, Banking Act statutory manager or other similar officer (other than a Liquidator) in respect of the Issuer, constitutes a Winding-Up for the purposes of these Terms and Conditions; and

“**Write-off**” has the meaning given to it in Condition 5.3(c). “**Written-off**” shall have a corresponding meaning.

Interpretation

1.2 In these Terms and Conditions:

- (a) if Talons are specified in the Pricing Supplement as being attached to the Subordinated Instruments at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (b) if Talons are not specified in the Pricing Supplement as being attached to the Subordinated Instruments at the time of issue, references to Talons are not applicable;
- (c) any reference to principal shall be deemed to include the Redemption Amount, any Additional Amounts in respect of principal which may be payable under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable) and any other amount in the nature of principal payable pursuant to these Terms and Conditions;
- (d) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable), all amounts payable pursuant to Condition 7 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions;
- (e) if an expression is stated in Condition 1.1 to have the meaning given in the Pricing Supplement, but the Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Subordinated Instruments to which such Pricing Supplement relates;
- (f) a reference to a matter which is described in the Prudential Standard is a reference to that matter as it is updated, varied or replaced, and described in those Prudential Standards, from time to time;
- (g) a reference to an event occurring “after” the lapse of a period of time means the relevant period of time not including the day on which the relevant event which triggered the commencement of the period of time occurred;
- (h) except where the context otherwise requires, a reference to any thing (including, without limitation, any amount or Outstanding Principal Amount of any Subordinated Instrument) is a reference to the whole or each part of it (including, without limitation, the part or percentage of the Outstanding Principal Amount of a Subordinated Instrument required to be Converted or Written-off); and
- (i) if the provisions of these Terms and Conditions and/or the relevant Pricing Supplement specifies any Early Redemption Amount (Adverse Tax Event), Early Redemption Amount (Call), Early Redemption Amount (Regulatory Event), Early Termination Amount, Final Redemption Amount, Interest Amount, Maximum

Redemption Amount, Minimum Redemption Amount or Redemption Amount (as applicable) (each a “**Specified Amount**”) on a per Calculation Amount basis, the relevant Specified Amount in respect of a Subordinated Instrument shall be deemed to be the relevant Specified Amount per Calculation Amount divided by the Calculation Amount multiplied by the Outstanding Principal Amount of each such Subordinated Instrument - i.e. a Specified Amount shall be calculated as follows:

$$\text{Specified Amount} = \frac{\text{Specified Amount per Calculation Amount}}{\text{Calculation Amount}} \times \text{Outstanding Principal Amount}$$

2. Form and Denomination

- 2.1 Subordinated Instruments shall be issued in bearer form and shall be serially numbered.
- 2.2 Subject to the final sentence of this paragraph, the Pricing Supplement shall specify whether *U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)* (the “**TEFRA D Rules**”) or *U.S. Treasury Regulation §1.163-5(c)(2)(i)(C)* (the “**TEFRA C Rules**”) shall apply. Each Tranche of Subordinated Instruments is represented upon issue by a temporary global Subordinated Instrument (a “**Temporary Global Instrument**”), unless the Pricing Supplement specifies otherwise and the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Subordinated Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a permanent global Subordinated Instrument (a “**Permanent Global Instrument**”).

Interests in the Temporary Global Instrument may be exchanged for:

- (a) interests in a Permanent Global Instrument; or
- (b) if so specified in the Pricing Supplement, definitive instruments in bearer form (“**Definitive Subordinated Instruments**”).

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Subordinated Instruments) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received.

- 2.3 The bearer of any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Global Instrument for exchange (in whole but not in part only) for a Permanent Global Instrument or for delivery of Definitive Subordinated Instruments, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the

relevant payment date) be entitled to receive any payment in respect of the Subordinated Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

- 2.4 Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Subordinated Instruments and subject to Condition 2.3 above, if any date on which a payment of interest is due on the Subordinated Instruments of a Tranche occurs while any of the Subordinated Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by the Hong Kong Paying Agent (in the case of a Temporary Global Instrument lodged with a sub-custodian for the CMU Service or (in any other case) by Euroclear or Clearstream, Luxembourg or any other relevant clearing system. Payments of interest due in respect of a Permanent Global Instrument will be made through Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system without any requirement for certification.
- 2.5 Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Instrument, for Definitive Subordinated Instruments, (a) if an Event of Default (as defined below) occurs in respect of any Subordinated Instrument of the relevant Series; or (b) if Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so in both cases at the cost and expense of the Issuer. If the Issuer does not make the required delivery of Definitive Instruments by 6.00 p.m. (London time) on the thirtieth day after the day on which such Permanent Global Instrument becomes due to be exchanged and, in the case of (a) above, such Subordinated Instrument is not duly redeemed (or the funds required for such redemption are not available to the Fiscal Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (London time) on the thirtieth day after the day on which such Subordinated Instrument became immediately redeemable, such Permanent Global Instrument will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.
- 2.6 Definitive Subordinated Instruments have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Definitive Subordinated Instruments, if so specified in the Pricing Supplement, have attached thereto, at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.

Denomination

- 2.7 Subordinated Instruments will be in such denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Pricing Supplement or such other denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Subordinated Instrument will be

€100,000 (or the equivalent amount in another currency). Subordinated Instruments of one denomination may not be exchanged for Subordinated Instruments of any other denomination.

- 2.8 Where a Temporary Global Instrument, issued in bearer form, is to be cleared through Euroclear or Clearstream, Luxembourg or any other relevant clearing system and is to be exchangeable for Definitive Subordinated Instruments upon the Holder's request, the Subordinated Instruments may only be issued in such denominations as Euroclear or Clearstream, Luxembourg or such other relevant clearing system will permit at that time.
- 2.9 If the Temporary Global Instrument, issued in bearer form, is exchangeable for a Definitive Subordinated Instrument at the option of the Holders thereof, the Subordinated Instruments shall be tradeable only in principal amounts of at least the Denomination (or, if more than one Denomination, the lowest Denomination).

Currency of Subordinated Instruments

- 2.10 The Subordinated Instruments are denominated in such currency as may be specified in the Pricing Supplement (the "**Specified Currency**"). Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

3. Title and Transfer

- 3.1 Title to Subordinated Instruments and Coupons passes by delivery. References herein to the "**Holders**" of Subordinated Instruments or of Coupons are to the bearers of such Subordinated Instruments or such Coupons, as the case may be.
- 3.2 The Holder of any Subordinated Instrument, Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

4. Status of the Subordinated Instruments - General

The Issuer is an ADI as that term is defined under the Banking Act 1959 of Australia ("**Banking Act**"). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of Australia ("**Reserve Bank Act**"), certain debts of the Issuer are preferred by law, as described below.

Section 13A(3) of the Banking Act provides that, in the event that an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Subordinated Instruments). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia ("**RBA**") and certain other debts to APRA. A "protected account" is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation. Certain assets, such as the assets of the Issuer in a cover pool for

covered bonds issued by the Issuer, are excluded from constituting assets in Australia for the purposes of section 13(A) of the Banking Act, and those assets are subject to the prior claims of the covered bond holders and certain other secured creditors in respect of the covered bonds.

Under section 16(2) of the Banking Act, certain other debts of the ADI due to APRA shall in a winding-up of an ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of that ADI. Further, section 86 of the Reserve Bank Act provides that, in a winding-up of the ADI, debts due by the ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The Subordinated Instruments will not constitute protected accounts or deposit liabilities for the purposes of the Banking Act.

The liabilities which are preferred by law to the claim of a Holder in respect of a Subordinated Instrument will be substantial and these Terms and Conditions do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

In addition, the Subordinated Instruments are not guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.

Acknowledgements

4.1 Each Holder by its purchase or holding of a Subordinated Instrument is taken to acknowledge that:

- (a) the Issuer intends that Subordinated Instruments constitute Tier 2 Capital and be able to absorb losses at the point of non-viability as described in the Prudential Standards;
- (b) the Issuer's obligations in respect of Subordinated Instruments are subordinated in the manner provided in Condition 4.2; and
- (c) Subordinated Instruments are subject to Conversion or Write-off in accordance with Conditions 5 and 6. There are two methods of loss absorption:
 - (i) Conversion, subject to possible Write-off in accordance with Condition 5.3; or
 - (ii) Write-off without Conversion in accordance with Condition 5.3.

Unless the applicable Pricing Supplement specifies otherwise, the primary method of loss absorption will be Conversion, subject to possible Write-off in accordance with Condition 5.3.

Status and Subordination

4.2

- (a) Holders do not have any right to prove in a Winding-Up in respect of Subordinated Instruments, except as permitted under Condition 4.4.
- (b) Subordinated Instruments constitute direct and unsecured subordinated obligations of the Issuer and will rank for payment in a Winding-Up as set out in Condition 4.4.
- (c) Subordinated Instruments will not constitute protected accounts or deposit liabilities of the Issuer in Australia for the purposes of the Banking Act.

Solvency Condition

4.3 Prior to a Winding-Up:

- (a) the obligation of the Issuer to make any payment of principal or interest or Additional Amounts in respect of Subordinated Instruments shall be conditional upon the Issuer being Solvent at the time the payment or other amount owing becomes due; and
- (b) no payment of principal or interest or Additional Amounts shall be made in respect of Subordinated Instruments except to the extent that the Issuer may make such payment and still be Solvent immediately thereafter.

A certificate as to whether the Issuer is Solvent signed by two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator, shall, in the absence of fraud or manifest or proven error, be conclusive evidence of the information contained in that certificate. In the absence of such a certificate, a Holder shall be entitled to assume (unless the contrary is proved) that the Issuer is, and will after any payment as aforesaid, be Solvent.

Until Subordinated Instruments have been Converted or Written-off:

- (i) interest will continue to accrue on any principal not paid as a consequence of this Condition 4.3 at the Interest Rate; and
- (ii) any interest not paid to a Holder as a consequence of this Condition 4.3 remains due and payable and accumulates with compounding.

Any amount not paid as a consequence of this Condition 4.3: (x) remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first date on which paragraphs (a) and (b) of this Condition 4.3 would allow payment of such amount (whether or not such date is otherwise an Interest Payment Date or other date on which such amount becomes due); and (y) shall not constitute an Event of Default.

Winding-Up

4.4 In a Winding-Up:

- (a) Holders shall have no right or claim against the Issuer in respect of the principal of or interest or Additional Amounts on Subordinated Instruments, to the extent any such Subordinated Instruments have been Converted or Written-Off; and
- (b) the rights and claims of Holders against the Issuer to recover any principal or interest or Additional Amounts in respect of Subordinated Instruments that have not been Converted or Written-off:
 - (i) shall be subordinate to, and rank junior in right of payment to, the obligations of the Issuer to Senior Creditors and all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Subordinated Instruments;
 - (ii) shall rank equally with the obligations of the Issuer to the holders of other Subordinated Instruments that have not been Converted or Written-off (or that have been partially Converted or Written-off), and the obligations of the Issuer to holders of Equal Ranking Instruments; and
 - (iii) shall rank prior to, and senior in right of payment to, the obligations of the Issuer to holders of Ordinary Shares, and other Junior Ranking Capital Instruments.

Unless and until Senior Creditors have been paid in full, Holders will not be entitled to claim in the Winding-Up in competition with Senior Creditors so as to diminish any payment which, but for that claim, Senior Creditors would have been entitled to receive.

In a Winding-Up, Holders of Subordinated Instruments that have not been Converted or Written-off (or that have been partially Converted or Written-off) shall only be entitled to prove for any sums payable in respect of their Subordinated Instruments as a liability which is subject to prior payment in full of Senior Creditors. Holders of Subordinated Instruments waive in respect of any Subordinated Instrument or Coupon, to the fullest extent permitted by law, any right to prove in a Winding-Up as a creditor ranking for payment in any other manner. The Holders will have no further or other claim on the Issuer in a Winding-Up, other than the claim for the principal and interest and any Additional Amounts, as described above.

However, it is unlikely a Winding-Up will occur without a Non-Viability Trigger Event having occurred first and the Subordinated Instruments being Converted or Written-off. In that event:

- *if the Subordinated Instruments have Converted into Ordinary Shares, Holders will rank equally with existing holders of Ordinary Shares; and*
- *if the Subordinated Instruments are Written-off, all rights in relation to the Subordinated Instruments will be terminated, and Holders will not have their Outstanding Principal Amount repaid or receive any outstanding interest or accrued interest, or have the right to have the Subordinated Instruments Converted into*

Ordinary Shares. In such an event, a Holder's investment in the Subordinated Instruments will lose all of its value and such Holder will not receive any compensation.

No Set-Off

- 4.5 Neither the Issuer nor any Holder is entitled to set-off any amounts due in respect of Subordinated Instruments held by the Holder against any amount of any nature owed by the Issuer to the Holder or by the Holder to the Issuer.

Clawback

- 4.6 Each Holder by its purchase or holding of a Subordinated Instrument is taken to have irrevocably acknowledged and agreed that it shall pay or deliver to the Liquidator any payment or asset, whether voluntary or in any other circumstances, received by the Holder from or on account of the Issuer (including by way of credit, set-off or otherwise howsoever) or from any Liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of the Issuer) in breach of either Condition 4.2 or Condition 11.

Other provisions

- 4.7 Each Holder by its purchase or holding of a Subordinated Instrument is taken to have irrevocably acknowledged and agreed:
- (a) that each of Conditions 4.2 and 4.4 constitutes a debt subordination for the purposes of section 563C of the Corporations Act 2001;
 - (b) without limiting its rights existing otherwise than as a Holder of a Subordinated Instrument, that it must not exercise its voting or other rights as an unsecured creditor in the Winding-Up in any jurisdiction until after all Senior Creditors have been paid in full or otherwise to defeat, negate or in any way challenge the enforceability of the subordination provision described in Conditions 4.2 and 4.4; and
 - (c) that the debt subordination effected by Conditions 4.2 and 4.4 are not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity.

No consent of any Senior Creditor shall be required for any amendment of either Condition 4.2 or 4.4 in relation to any Outstanding Subordinated Instruments.

Amendments affecting regulatory treatment

- 4.8 No amendment to the Terms and Conditions of a Subordinated Instrument that at the time of such amendment qualifies as Tier 2 Capital is permitted without the prior written consent of APRA if such amendment may affect the eligibility of the Subordinated Instrument as Tier 2 Capital as described in the Prudential Standards.

5. Non-viability, Conversion and Write-off

Non-Viability Trigger Event

5.1

- (a) If a Non-Viability Trigger Event occurs, the Issuer must:
- (i) subject to the limitations described in Condition 5.3, Convert; or
 - (ii) if the applicable Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3, Write-off,

all Subordinated Instruments or, if paragraph (a) of the definition of “Non-Viability Trigger Event” applies, subject to the provisions described in Condition 5.1(b), all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument), such that the aggregate Outstanding Principal Amount of all Subordinated Instruments Converted or Written-off, together with the face value or outstanding principal amount of all other Relevant Securities converted, written-off or written-down as described in Condition 5.1(b), is equal to the aggregate face value or outstanding principal amount of Relevant Securities which APRA has notified the Issuer must be converted, written-off or written-down (or, if APRA has not so notified the Issuer, all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument), as is necessary to satisfy APRA that the Issuer will no longer be non-viable).

- (b) In determining the Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument which must be Converted or Written-Off in accordance with this Condition 5.1, the Issuer will:
- (i) first, convert, write-off or write-down an amount of the face value or outstanding principal amount of all outstanding Relevant Tier 1 Securities before Conversion or Write-off of the Subordinated Instruments; and
 - (ii) second, if conversion, write-off or write-down of those Relevant Tier 1 Securities is not sufficient to satisfy APRA that the Issuer would not become non-viable, Convert or Write-off (in the case of the Subordinated Instruments) and convert, write-off or write-down (in the case of any other Relevant Tier 2 Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, the Outstanding Principal Amount of each Subordinated Instrument and outstanding principal amount of all other Relevant Tier 2 Securities (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels, the need to round to whole numbers of Ordinary Shares and the authorised denominations of any Relevant Tier 2 Securities remaining on issue, and the need to effect the conversion, write-off or write-down immediately), and, for the purposes of this Condition 5.1(b)(ii), where the Specified Currency of the outstanding principal amount of the Relevant Tier 2 Securities is not

Australian dollars, the Issuer may for purposes of determining the outstanding principal amount to be converted, written-off or written-down, convert the outstanding principal amount to Australian dollars at such rate of exchange determined in accordance with the terms of such Relevant Tier 2 Securities or, if the conversion provisions in such terms do not specify a rate of exchange, at such rate of exchange as the Issuer in good faith considers reasonable,

but such determination will not impede the immediate Conversion or Write-off of the relevant Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument (as the case may be).

- (c) If a Non-Viability Trigger Event occurs:
- (i) the Subordinated Instruments or the percentage of the Outstanding Principal Amount of each Subordinated Instrument determined in accordance with Conditions 5.1(a) and (b), shall be Converted or Written-off immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.2 and 6. The Conversion or Write-off will be irrevocable;
 - (ii) the Issuer must give notice to Holders in accordance with Condition 16 and the ASX as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion or Write-off has occurred on the Non-Viability Trigger Event Date;
 - (iii) the notice must specify (A) the date on which Conversion or Write-off occurred (the “**Non-Viability Trigger Event Date**”) and the Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument which was Converted or, if Condition 5.3 is applicable, Written-off, and (B) details of the Relevant Securities converted, written-off or written down in accordance with Condition 5.1(b); and
 - (iv) in the case of Conversion, the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Subordinated Instruments remaining on issue.

Failure to undertake any of the steps in Conditions 5.1(c)(ii) to (iv) does not prevent, invalidate, delay or otherwise impede Conversion or Write-off.

Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event

5.2 If a Non-Viability Trigger Event has occurred and all or some Subordinated Instruments are (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument is) required to be Converted or Written-off in accordance with Condition 5.1, then:

- (a) Conversion or Write-off of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument will occur in accordance with Condition 5.1 and, if applicable Condition 5.3, immediately upon the

Non-Viability Trigger Event Date;

- (b) in the case of Conversion and subject to Condition 6.10, a Holder of a Subordinated Instrument that has been Converted in whole or in part in accordance with Condition 5.1 will be entitled to (i) the Conversion Number of Ordinary Shares in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument held by such Holder so Converted in accordance with Condition 6.1, and (ii) unless the Subordinated Instruments shall have been Converted or Written-off in full, to Subordinated Instruments with an Outstanding Principal Amount equal to the aggregate of the remaining percentage of the Outstanding Principal Amount of each Subordinated Instrument held by such Holder, and the Issuer will recognise the Holder as having been issued the Conversion Number of Ordinary Shares in respect of such portion of Converted Subordinated Instruments for all purposes, in each case without the need for any further act or step by the Issuer, the Holder or any other person (and the Issuer will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to effect such Conversion, including updating the Ordinary Share register); and
- (c) a Holder of Subordinated Instruments has no further right or claim under these Terms and Conditions in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument so Converted or Written-off (including to payments of interest, accrued but unpaid interest, any Additional Amounts and the repayment of the Outstanding Principal Amount), except the Holder's entitlement, if any, to Subordinated Instruments which have not been required to be Converted or Written-off or Subordinated Instruments representing the Outstanding Principal Amount of such Subordinated Instruments which have not been required to be Converted or Written-off and, in the case of Conversion, subject to Condition 6.10, to the Conversion Number of Ordinary Shares issuable in accordance with Condition 6.

No further rights

5.3 If:

- (a) for any reason, Conversion of a Subordinated Instrument (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) required to be Converted under Condition 5.1 does not occur within 5 ASX Business Days after the Non-Viability Trigger Event Date; or
- (b) the applicable Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3,

then:

- (c) the relevant Holders' rights and claims under these Terms and Conditions in relation to such Subordinated Instruments or the percentage of the Outstanding Principal Amount of such Subordinated Instruments to be Converted or Written-off (including to payments of interest, accrued but unpaid interest and any Additional Amounts, and the repayment of the Outstanding Principal Amount and, in the case of Conversion,

to be issued with the Conversion Number of Ordinary Shares in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument), are immediately and irrevocably written-off and terminated with effect on and from the Non-Viability Trigger Event Date (“**Write-off**”); and

- (d) the Outstanding Principal Amount of such Subordinated Instruments shall be reduced on the Non-Viability Trigger Event Date by the Outstanding Principal Amount of the Subordinated Instruments to be Converted or Written-off, as determined in accordance with Conditions 5.1(a) and (b) and any interest, accrued but unpaid interest and any Additional Amounts shall be correspondingly reduced.

Consent to receive Ordinary Shares and other acknowledgements

5.4 Subject to any Write-off required in accordance with Condition 5.3, each Holder by its purchase or holding of a Subordinated Instrument shall be taken to have irrevocably agreed that:

- (a) upon Conversion in accordance with Condition 5 and Condition 6, it consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;
- (b) unless (x) it has given notice in accordance with Condition 6.10 that it does not wish to receive Ordinary Shares as a result of Conversion, or (y) it is an Ineligible Holder, or (z) it has not satisfied the requirements of Condition 6.10 to receive Ordinary Shares, it is obliged to accept Ordinary Shares of the Issuer on Conversion notwithstanding anything that might otherwise affect a Conversion of Subordinated Instruments, including:
 - (i) any change in the financial position of the Issuer since the issue of the Subordinated Instruments;
 - (ii) any disruption to the market or potential market for Ordinary Shares or capital markets generally; or
 - (iii) any breach by the Issuer of any obligation in connection with the Subordinated Instruments;
- (c)
 - (i) Conversion is not subject to any conditions other than those expressly provided for in Condition 5 and Condition 6;
 - (ii) Conversion must occur immediately on the Non-Viability Trigger Event Date and that may result in disruption or failures in trading or dealings in the Subordinated Instruments;
 - (iii) it will not have any rights to vote in respect of any Conversion (whether as a Holder of a Subordinated Instrument or as a prospective holder of an Ordinary Share); and

- (iv) notwithstanding Condition 6.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- (d) where Condition 5.3 applies, no other conditions or events will affect the operation of that Condition and it will not have any rights to vote in respect of any Write-off under that Condition; and
- (e) it has no remedies on account of the failure of the Issuer to issue Ordinary Shares in accordance with Condition 6 other than, subject to Condition 5.3, to seek specific performance of the Issuer's obligation to issue Ordinary Shares.

Issue of ordinary shares of successor holding company

- 5.5 Where there is a replacement of the Issuer as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, the Terms and Conditions may be amended in accordance with Condition 6.14.

No Conversion at the option of the Holders

- 5.6 Holders do not have a right to request Conversion of their Subordinated Instruments at any time.

Priority of early Conversion obligations

- 5.7 A Conversion or Write-off required because of a Non-Viability Trigger Event shall take place on the date, and in the manner, described herein or in the applicable Pricing Supplement, notwithstanding any redemption as described herein or in the applicable Pricing Supplement.

No rights before Conversion

- 5.8 Before Conversion, a Subordinated Instrument confers no rights on a Holder:
- (a) to vote at, or receive notices of, any meeting of shareholders or members of the Issuer;
 - (b) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or
 - (c) to otherwise participate in the profits or property of the Issuer,

except as expressly set out in these Terms and Conditions or in an applicable Pricing Supplement.

6. Procedures for Conversion

Conversion

- 6.1 On the Non-Viability Trigger Event Date, subject to Condition 5.3 and Condition 6.10, the following provisions will apply.

- (a) The Issuer will allot and issue the Conversion Number of Ordinary Shares for each Subordinated Instrument to each Holder. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified in, or determined in accordance with the relevant provisions in, the Pricing Supplement or, (y) if no Conversion Number and no such provisions are specified in the Pricing Supplement, calculated according to the following formula:

$$\text{Conversion Number for each Subordinated Instrument} = \frac{\text{Outstanding Principal Amount of the Subordinated Instrument (translated into Australian dollars in accordance with paragraph (b) of the definition of Outstanding Principal Amount where the calculation date shall be the Non-Viability Trigger Event Date)}}{P \times \text{VWAP}}$$

where:

Outstanding Principal Amount has the meaning given to it in Condition 1.1, as adjusted in accordance with Condition 6.13.

P means the number specified in the Pricing Supplement.

VWAP means the VWAP during the VWAP Period.

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number for each Subordinated Instrument} = \frac{\text{Outstanding Principal Amount of the Subordinated Instrument (translated into Australian dollars in accordance with paragraph (b) of the definition of Outstanding Principal Amount where the calculation date shall be the ASX Business Day prior to the Issue Date)}}{0.20 \times \text{Issue Date VWAP}}$$

where:

Outstanding Principal Amount has the meaning given to it in Condition 1.1, as adjusted in accordance with Condition 6.13.

If any Subordinated Instruments are Converted following a Non-Viability Trigger Event,

it is likely that the Maximum Conversion Number will apply and limit the number of Ordinary Shares to be issued. In this case, the value of the Ordinary Shares received is likely to be significantly less than the Outstanding Principal Amount of those Subordinated Instruments. Where the Specified Currency is other than the Australian dollar, the Australian dollar may depreciate in value against the Specified Currency by the time of Conversion. In that case, the Maximum Conversion Number is more likely to apply.

- (b) Subject to Condition 6.10, each Holder's rights in relation to each Subordinated Instrument (including to payment of interest, if any, with respect to such Outstanding Principal Amount) that is being Converted as determined in accordance with Conditions 5.1(a) and (b) will be immediately and irrevocably written-off and terminated for an amount equal to the Outstanding Principal Amount of such Subordinated Instruments to be Converted as determined in accordance with Condition 5.1, and the Issuer will apply such Outstanding Principal Amount of each such Subordinated Instrument to be so Converted to subscribe for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 without delay (notwithstanding any other provisions in these Terms and Conditions providing for payments to be delayed) and Holders do not have any right to payment in any other way.
- (c) Any calculation under Condition 6.1(a) shall, unless the context requires otherwise, be rounded to four decimal places provided that if the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Subordinated Instruments includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.
- (d) Subject to Condition 6.10, where Subordinated Instruments are to be Converted, the Issuer will allot and issue the Ordinary Shares to the Holder on the basis of the Holder's name and address provided to the Issuer for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion unless a Holder has:
 - (i) notified the Issuer of a different name and address; and
 - (ii) provided such other information as is reasonably requested by the Issuer (including, without limitation, details of the Holder's account to which the Ordinary Shares issued on Conversion are to be credited),

which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Trigger Event Date.

Adjustments to VWAP generally

6.2 For the purposes of calculating VWAP under Condition 6.1:

- (a) where, on some or all of the ASX Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other

distribution or entitlement and Subordinated Instruments will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount ("**Cum Value**") equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;
 - (ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under Condition 6.2(a)(i) which is traded on ASX on any of those ASX Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the ASX Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of other entitlements for which adjustment is not made under Conditions 6.2(a)(i) or (ii), the value of the entitlement as reasonably determined by the Issuer; and
- (b) where, on some or all of the ASX Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Subordinated Instruments will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

Adjustments to VWAP for capital reconstruction

6.3

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) ("**Reclassification**") into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying such daily VWAP by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment made by the Issuer in accordance with Condition 6.3(a) will be effective and binding on Holders under these Terms and Conditions and these Terms and Conditions will be construed accordingly.

Adjustments to Issue Date VWAP generally

6.4 For the purposes of determining the Issue Date VWAP under Condition 6.1, adjustments will be made in accordance with Conditions 6.2 and 6.3 during the period in which the Issue Date VWAP is determined. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by the Issuer in accordance with Conditions 6.5, 6.6 and 6.7; and
- (b) if so made, will be effective and binding on Holders under these Terms and Conditions and these Terms and Conditions will be construed accordingly.

Adjustments to Issue Date VWAP for bonus issues

6.5

- (a) Subject to Conditions 6.5(b) and 6.5(c), if at any time after the Issue Date of the Subordinated Instruments, the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times RD / (RD + RN)$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V₀ means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan,

share purchase plan or a dividend reinvestment plan.

- (c) For the purposes of this Condition 6.5, an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this Condition 6.5 for any offer of Ordinary Shares not covered by Condition 6.5(a) above, including a rights issue or other essentially pro rata issues.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by Condition 6.5(a) above shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor require any consent or concurrence of Holders.
- (f) Any adjustment made by the Issuer in accordance with Condition 6.5(a) above will be effective and binding on Holders.

Adjustments to Issue Date VWAP for capital reconstruction

6.6

- (a) If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the ASX Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

- (b) Any adjustment made by the Issuer in accordance with Condition 6.6(a) above will be effective and binding on Holders.
- (c) Each Holder acknowledges that the Issuer may consolidate, divide, or reclassify Ordinary Shares so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of Holders.

No adjustment to Issue Date VWAP in certain circumstances

- 6.7 Notwithstanding the provisions of Conditions 6.4, 6.5 and 6.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (expressed in Australian dollars and cents and rounded to the nearest whole cent with A\$0.005 being rounded upwards) would be less than one per cent of the Issue Date VWAP then in effect.

Announcement of adjustments to Issue Date VWAP

- 6.8 The Issuer will notify any adjustment to the Issue Date VWAP under this Condition 6 to ASX and to the Holders in accordance with Condition 16 within 10 ASX Business Days of the Issuer determining the adjustment and the adjustment will be final and binding.

Status and listing of Ordinary Shares

6.9

- (a) Ordinary Shares issued or arising from Conversion will rank equally with, and will have the same rights as, all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Non-Viability Trigger Event Date (or such other time required by APRA). The Holders agree not to trade Ordinary Shares issued upon Conversion (except as permitted by the Australian Corporations Act, other applicable laws, the ASX Listing Rules or any listing rules of any stock exchange and/or competent listing authority on or by which the Subordinated Instruments are listed and/or traded) until the Issuer has taken such steps as are required by the Australian Corporations Act, other applicable laws, the ASX Listing Rules or any listing rules of any stock exchange and/or competent listing authority on or by which the Subordinated Instruments are listed and/or traded, as applicable, for the Ordinary Shares to be freely tradable without further disclosure or other action and agree to allow the Issuer to impose a holding lock or to refuse to register a transfer in respect of Ordinary Shares until such time.
- (b) The Issuer will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Subordinated Instruments on ASX and to take all such actions necessary for the Ordinary Shares so issued to become freely tradable without further disclosure or other action as referred to in Condition 6.9(a) above.

Conversion: Clearing Systems; where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

6.10

- (a) If Subordinated Instruments are required to be Converted and the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), then, with effect from the Non-Viability Trigger Event Date, the Holder's rights in relation to each such Subordinated Instrument being

Converted shall be immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder in uncertificated form through the Issuer's share registry provider to one or more Sale and Transfer Agents for no additional consideration to hold on trust for the transfer or for sale for the benefit of the participants in, or members of, the relevant Clearing System or Clearing Systems who held the corresponding Subordinated Instruments through the relevant Clearing System or Clearing Systems immediately prior to Conversion ("**Clearing System Participants**"). A Clearing System Participant will be entitled to receive Ordinary Shares (or the proceeds of the sale of Ordinary Shares) in accordance with this Condition 6.10.

(b) Where Ordinary Shares are issued to one or more Sale and Transfer Agents in accordance with Condition 6.10(a), a Clearing System Participant may, no later than the date specified in the Pricing Supplement ("**Clearing System Cut-off Date**"), provide to the Issuer, or, if appointed, the relevant Sale and Transfer Agent:

- (i) its name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion;
- (ii) the security account details of the Holder of Subordinated Instruments in the Clearing House Electronic Subregister System of Australia operated by the ASX or its affiliates or successors ("**CHESS**"), or such other account to which the Ordinary Shares issued on Conversion are to be credited; and
- (iii) such other information as is reasonably requested by the Issuer,

and, if it does so, the Clearing System Participant must make arrangements to transfer the relevant Subordinated Instruments held by it through the relevant Clearing System or Clearing Systems immediately prior to Conversion to the Issuer (or the Issuer's nominee) in accordance with accepted market practice, and the rules and regulations of the relevant Clearing System or Clearing Systems or in such other manner that is, in the opinion of the Issuer, fair and reasonable. The Issuer and the relevant Sale and Transfer Agent will, as soon as possible thereafter and without delay on the part of the Issuer or the relevant Sale and Transfer Agent, take any appropriate procedural steps to record the transfer of the relevant Ordinary Shares to the Clearing System Participant, including updating the Ordinary Share register.

(c) If a Clearing System Participant:

- (i) fails to provide the information required by Condition 6.10(b) by the Clearing System Cut-off Date;
- (ii) notifies the Issuer that it does not wish to receive Ordinary Shares on or prior to the Clearing System Cut-off Date; or
- (iii) would be an Ineligible Holder,

then, with effect from the Clearing System Cut-off Date, the Clearing System

Participant will cease to be entitled to receive Ordinary Shares in relation to each corresponding Subordinated Instrument which was Converted and at the first opportunity to sell the Ordinary Shares after the Non-Viability Trigger Event Date, the Sale and Transfer Agent will arrange for their sale and pay the net proceeds received after deducting any applicable brokerage, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges to the Clearing System Participant.

- (d) If Subordinated Instruments are required to be Converted and:
- (i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of the Conversion (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Trigger Event Date;
 - (ii) the Holder is an Ineligible Holder;
 - (iii) for any reason (whether or not due to the fault of the Holder), the Issuer has not received the information required by Condition 6.1(d) prior to the Non-Viability Trigger Event Date and the lack of such information would prevent the Issuer from issuing the Ordinary Shares to the Holder on the Non-Viability Trigger Event Date; or
 - (iv) FATCA Withholding is required to be made in respect of the Ordinary Shares issued upon Conversion,

then, on the Non-Viability Trigger Event Date, the Holder's rights (including to payments of interest and accrued interest, and the repayment of the Outstanding Principal Amount) in relation to each such Subordinated Instrument being Converted are immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder to one or more Sale and Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, each Sale and Transfer Agent will arrange for their sale and pay the proceeds less any brokerage fees, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges to the relevant Holder, in each case arising in connection with the issuance or sale of such Ordinary Shares, and each Sale and Transfer Agent shall use the proceeds from such sale to pay any such fees, duties, taxes, charges and any FATCA Withholding arising in connection with such issuance or sale.

- (e) If Conversion under this Condition 6.10 does not occur within 5 ASX Business Days, then the Holder's rights will be immediately and irrevocably written-off and terminated in accordance with Condition 5.3.
- (f) The provisions of this Condition 6.10 will not impede the immediate Conversion or Write-off of the relevant number of Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument (as the case may be).

Conversion or Write-off if amounts not paid

6.11 For the avoidance of doubt, Conversion or Write-off may occur even if an amount is not paid to a Holder of Subordinated Instruments as a consequence of Condition 4.3.

Conversion or Write-off after Winding-Up commences

6.12 If an order is made by a court, or an effective resolution is passed, for a Winding-Up, and a Non-Viability Trigger Event occurs, then Conversion or Write-off shall occur (subject to Condition 5.3) in accordance with Conditions 5.1 and 5.2.

Conversion or Write-off of a percentage of Outstanding Principal Amount

6.13 If under these Terms and Conditions it is necessary to Convert or Write-off a percentage only of the Outstanding Principal Amount of each Subordinated Instrument upon the occurrence of a Non-Viability Trigger Event then Condition 6 will apply to the Conversion or Write-off as if references to the Outstanding Principal Amount of each Subordinated Instrument were references to the relevant percentage of the Outstanding Principal Amount of each Subordinated Instrument to be Converted or Written-off.

Amendment of Terms and Conditions relating to Conversion for Approved Successor

6.14

- (a) If:
- (i) it is proposed that the Issuer be replaced as the ultimate holding company of the Westpac Group by an Approved Successor ("**Replacement**"); and
 - (ii) the Approved Successor agrees to expressly assume the Issuer's obligations in respect of the Subordinated Instruments by entering into a deed of covenant for the benefit of Holders under which it agrees (among other things):
 - (a) to deliver fully paid ordinary shares in the capital of the Approved Successor ("**Approved Successor Shares**") under all circumstances when the Issuer would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these Terms and Conditions as amended by this Condition 6.14; and
 - (b) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Terms and Conditions on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

the Issuer may, with APRA's prior written approval, but without the authority, assent

or approval of Holders, give a notice (an “**Approved Replacement Notice**”) to Holders in accordance with Condition 16 (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 ASX Business Days before the Replacement occurs).

- (b) An Approved Replacement Notice must specify the amendments to these Terms and Conditions in respect of the Subordinated Instruments which will be made in accordance with this Condition 6.14, being those amendments which in Westpac’s reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of Subordinated Instruments and the issuer of ordinary shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with the provisions of Chapter 2L of the Corporations Act 2001 where the Approved Successor is not an authorised deposit-taking institution under the Banking Act) or which are necessary, expedient or convenient in relation to taxes where the Approved Successor is incorporated outside Australia.
- (c) An Approved Replacement Notice, once given, is irrevocable.
- (d) If the Issuer gives an Approved Replacement Notice to Holders in accordance with Condition 6.14(a), then with effect on and from the date specified in the Approved Replacement Notice:
 - (i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, the Issuer in respect of the Subordinated Instruments with the same effect as if the Approved Successor had been the original Issuer of the Subordinated Instruments;
 - (ii) the Issuer (or any corporation which has previously assumed the obligations of the Issuer) will be released from its liability under these Terms and Conditions in respect of the Subordinated Instruments; and
 - (iii) references to the Issuer in these Terms and Conditions (and in any Pricing Supplement) will be taken to be references to the Approved Successor and references to Ordinary Shares in these Terms and Conditions (and in any Pricing Supplement) will be taken to be references to Approved Successor Shares.
- (e) If the Issuer gives an Approved Replacement Notice in accordance with Condition 6.14(a), then each Holder by its purchase and holding of a Subordinated Instrument shall be taken to have irrevocably consented to becoming a member of the Approved Successor in respect of Approved Successor Shares issued on Conversion and to have agreed to be bound by the constitution or other organisational documents of the Approved Successor.
- (f) The Issuer must not issue an Approved Replacement Notice unless:
 - (i) APRA is satisfied that the capital position of the Issuer on a “Level 1 basis”

and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement; or

- (ii) the Approved Successor or another entity which is not a Related Entity of the Issuer (other than an entity which is a direct or indirect parent entity of the Issuer) and is approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of the Issuer on a “Level 1 basis” and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to the Issuer to replace the Subordinated Instruments.

Any capital injection carried out pursuant to Condition 6.14(f)(ii) must:

- (a) be unconditional;
- (b) occur simultaneously with the substitution of the Approved Successor; and
- (c) be of equal or better quality capital and at least the same amount as the Subordinated Instruments, unless otherwise approved by APRA in writing.

Nothing in this Condition 6.14 prevents the Issuer from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders of Subordinated Instruments or shareholders or members of the Issuer.

Power of attorney

- 6.15 By holding a Subordinated Instrument each Holder irrevocably appoints each of the Issuer, its directors or authorised signatories and any Liquidator or administrator of the Issuer (each an Attorney) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney’s opinion be necessary or desirable to be done in order to give effect to, or for the Holder to observe or perform the Holder’s obligations under, Conditions 5 and 6.

The power of attorney given in this Condition 6.15 is given for valuable consideration and to secure the performance by the Holder of the Holder’s obligations under Conditions 5 and 6 and is irrevocable.

Cancellation

- 6.16 All Subordinated Instruments so Converted (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of Conversion) will forthwith be cancelled and may not be re-issued or resold.

7. Interest

Interest

- 7.1 Subordinated Instruments are interest-bearing. Words and expressions appearing in this Condition 7 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 1.1.

Fixed Rate Subordinated Instrument Provisions

7.2 *This Condition 7.2 applies to Fixed Rate Subordinated Instruments only. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 7.2 for full information on the manner in which interest is calculated on Fixed Rate Subordinated Instruments. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Interest Rate, the Interest Payment Date(s), the Interest Period End Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Business Day Convention and the Day Count Fraction.*

- (a) Application: This Condition 7.2 is applicable to the Subordinated Instruments only if the Fixed Rate Subordinated Instrument Provisions are specified in the Pricing Supplement as being applicable.
- (b) Accrual of interest: The Subordinated Instruments bear interest from the Interest Commencement Date at the Interest Rate and such interest is payable in arrear on each Interest Payment Date, as provided in Condition 9, subject to Conditions 5 and 6. Each Subordinated Instrument which remains Outstanding will cease to bear interest from the date of final redemption unless, upon due presentation, payment in full of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Instrument up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Subordinated Instruments up to such seventh day (except to the extent that there is any subsequent default in payment). Subordinated Instruments which remain Outstanding will not cease to bear interest on the date of redemption if payment is not made on that date because of Condition 4.3.
- (c) Fixed Coupon Amount: Except where the Outstanding Principal Amount has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount, the amount of interest payable in respect of each Subordinated Instrument for any Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Pricing Supplement).
- (d) Calculation of Interest Amount: The amount of interest payable in respect of each Subordinated Instrument for any Interest Accrual Period for which (x) a Fixed Coupon

Amount is not specified or (y) a Fixed Coupon Amount and/or Broken Amount is specified but the Outstanding Principal Amount of each Subordinated Instrument has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount, shall be calculated by applying the Interest Rate to the Calculation Amount of such Subordinated Instrument and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

Floating Rate Subordinated Instrument Provisions

7.3 *This Condition 7.3 applies to Floating Rate Subordinated Instruments only. The applicable Pricing Supplement contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 7.3 for full information on the manner in which interest is calculated on Floating Rate Subordinated Instruments. In particular, the applicable Pricing Supplement will identify Interest Payment Date(s), the Interest Period End Date(s), the Maturity Date, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centre(s), whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.*

- (a) Application: This Condition 7.3 is applicable to the Subordinated Instruments only if the Floating Rate Subordinated Instrument Provisions are specified in the Pricing Supplement as being applicable.
- (b) Accrual of interest: The Subordinated Instruments bear interest from the Interest Commencement Date at the Interest Rate and such interest is payable in arrear on each Interest Payment Date, as provided in Condition 9, subject to Conditions 5 and 6. Each Subordinated Instrument which remains Outstanding will cease to bear interest from the date of final redemption unless, upon due presentation, payment in full of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Instrument up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Subordinated Instruments up to such seventh day (except to the extent that there is any subsequent default in payment). Subordinated Instruments which remain Outstanding will not cease to bear interest on the date of redemption if payment is not made on that date because of Condition 4.3.
- (c) Screen Rate Determination: If Screen Rate Determination is specified in the Pricing

Supplement as the manner in which the Interest Rate(s) is/are to be determined, save where the Reference Rate is SONIA (in which case Condition 7.3(c)(v) shall apply), the Interest Rate applicable to the Subordinated Instruments for each Interest Accrual Period will be the sum of the Margin and the rate determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such Reference Rate does not appear on that page or, in the case of (ii) above, fewer than two such Reference Rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, except as provided in Condition 7.4 below, the Calculation Agent will:
 - (a) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean of such quotations;
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (rounded, if necessary, to the nearest one-hundred-thousandth of a percentage point, 0.000005 per cent. being rounded up to 0.00001 per cent.) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Accrual Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time, and the Interest Rate for such Interest Accrual Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to the Subordinated Instruments during such Interest Accrual Period will be the sum of the Margin and the rate (or as the case may be the arithmetic mean of the rates) last determined in relation to the Subordinated Instruments in respect of the last preceding Interest

Accrual Period;

- (v) Where the Reference Rate is specified in the applicable Pricing Supplement as being SONIA, the Interest Rate applicable to the Subordinated Instruments for each Interest Accrual Period will be the sum of the Compounded Daily SONIA and the Margin.

If, in respect of any London Banking Day in the relevant Observation Period, the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event that the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified in the applicable Pricing Supplement) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA, for purposes of the Floating Rate Subordinated Instruments for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Interest Rate cannot be determined in accordance with the foregoing provisions, the Interest Rate shall be (i) that determined as at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to such Floating Rate Subordinated Instruments for the first Interest Accrual Period had the Floating Rate Subordinated Instruments been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin to the first Interest Accrual Period).

If the Floating Rate Subordinated Instruments become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Floating Rate Subordinated Instruments became due and payable and the Interest Rate on such Floating Rate Subordinated Instruments shall, for so long as any such Subordinated Instrument remains outstanding, be that determined on such date.

- (d) ISDA Determination: If ISDA Determination is specified in the Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Subordinated Instruments for each Interest Accrual Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") for a currency, the first day of that Interest Accrual Period or (B) in any other case, as specified in the Pricing Supplement.
- (e) Calculation of Interest Amount: The Calculation Agent will, as soon as practicable after the time at which the Interest Rate is to be determined in relation to each Interest Accrual Period, calculate the Interest Amount payable in respect of each Subordinated Instrument for such Interest Accrual Period. The Interest Amount will be calculated by applying the Interest Rate for such Interest Accrual Period to the Calculation Amount of such Subordinated Instrument during such Interest Accrual Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (f) Calculation of other amounts: If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent (including, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Pricing Supplement), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Pricing Supplement.
- (g) Publication: The Calculation Agent will cause each Interest Rate and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority and/or stock exchange

(if any) by which the Subordinated Instruments are then listed and/or traded as soon as practicable after such determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

- (h) Notifications etc.: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Holders (subject as aforesaid) and no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers and duties for such purposes.

Benchmark replacement

No Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread may be used by the Issuer pursuant to this Condition 7.4 without the prior written approval of APRA. Such approval is at the discretion of APRA and may or may not be given.

7.4 Notwithstanding the provisions above in this Condition 7, if the Issuer determines that a Benchmark Event has occurred in respect of a Reference Rate where any Interest Rate (or any component thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Subordinated Instruments:

- (a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4);
- (b) subject to paragraph (c) of this Condition 7.4, if
- (1) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Accrual Period (the "**IA Determination Cut-off Date**") determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4 during any other future Interest Accrual Period(s)); or

- (2) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 7.4 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Accrual Period (the “**Issuer Determination Cut-off Date**”), determines a Successor Reference Rate or, if the Issuer fails to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4 during any other future Interest Accrual Period(s));

then:

- (3) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4 during any other future Interest Accrual Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, acting in good faith and in a commercially reasonable manner, considers appropriate; and

- (4) If the relevant Independent Adviser or the Issuer (as applicable), acting in good faith and in a commercially reasonable manner:
- I. determines that an Adjustment Spread is required to be applied to the Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4); or
 - II. is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.4).

Without prejudice to the definition thereof, for the purposes of determining an Adjustment Spread (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, acting in good faith and in a commercially reasonable manner, considers appropriate.

- (c) Notwithstanding paragraph (b) above, if
- (1) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 7.4 notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists;
 - (2) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 7.4 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(1) of this Condition 7.4, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the IA Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists; or
 - (3) neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined in accordance with paragraph (2) above prior to the Issuer Determination Cut-off Date,

the Interest Rate applicable to the Subordinated Instruments shall be (in respect of Floating Rate Subordinated Notes) the Interest Rate as at the last preceding Interest Determination Date or (in respect of a reset of the Interest Rate for Fixed Rate Subordinated Instruments) the Interest Rate as at the last preceding reset date or, if none, as at the Interest Commencement Date.

This paragraph (c) shall apply to the relevant Interest Accrual Period or reset date only. Any subsequent Interest Accrual Period(s) or reset date(s) shall be subject to the operation of this Condition 7.4.

- (d) An Independent Adviser appointed pursuant to this Condition 7.4 will act in good faith and in a commercially reasonable manner, and (in the absence of bad faith, gross negligence or wilful misconduct) shall have no liability whatsoever to the Issuer, the Calculation Agent, any Paying Agent or the holders of a Series of Subordinated Instruments for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 7.4.
- (e) The Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Issue and Paying Agency Agreement,

these Terms and Conditions and any other document as may be required to give effect to any application of this Condition 7.4, including, but not limited to:

- (1) changes to these Terms and Conditions which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Subordinated Instruments and (2) the method for determining the fallback to the Interest Rate in relation to the Subordinated Instruments if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
 - (2) any other changes which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).
- (f) The Issuer may only use a Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread pursuant to this Condition 7.4 for the purposes of determining the Interest Rate applicable to any Subordinated Instrument if it has received the prior written approval of APRA (such approval being at the discretion of APRA and may or may not be given).

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 7.4 or such other relevant adjustments pursuant to this Condition 7.4, or any Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Issue and Paying Agency Agreement (if required).

8. Redemption and Purchase

No redemption prior to the Maturity Date or purchase of any Subordinated Instrument pursuant to this Condition 8 may be made without the prior written approval of APRA. As set out in greater detail below approval is at the discretion of APRA and may or may not be given.

Scheduled redemption

- 8.1 Unless previously redeemed, purchased and cancelled, Converted or Written-off and subject to Condition 4.3, the Subordinated Instruments will be redeemed at their Final Redemption

Amount, together with interest accrued (if any) on the Maturity Date, as provided in Condition 9.

Purchase of Subordinated Instruments

8.2 The Issuer or any of its Related Entities may, subject to prior written approval having been obtained from APRA, at any time purchase Subordinated Instruments in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith and such Subordinated Instruments are not acquired by a controlled entity that is not a tax resident of Australia unless such Subordinated Instruments are acquired by it as part of a business carried on by it through a permanent establishment located within Australia. All unmatured Subordinated Instruments purchased in accordance with this Condition may be held, resold or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements. For the purposes of the meetings provisions set out in the Issue and Paying Agency Agreement, in determining whether the provisions relating to quorum are complied with, any Subordinated Instruments which are beneficially held by or on behalf of the Issuer or any of its Related Entities will be disregarded.

Early redemption at the option of the Issuer

8.3

- (a) If this Condition 8.3 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series, and:
- (i) subject to Condition 4.3 and 8.3(c), and satisfaction of any relevant conditions specified in the Pricing Supplement; and
 - (ii) unless previously redeemed, purchased and cancelled, Converted or Written-off,

then the Issuer having given notice in accordance with Condition 8.7 may redeem in whole (but not, unless and to the extent that the Pricing Supplement specifies otherwise, in part) the Subordinated Instruments on the Early Redemption Date (Call) at the relevant Early Redemption Amount (Call).

- (b) In this Condition 8:

“Early Redemption Amount (Call)” means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Call) as is specified in, or determined in accordance with, the Pricing Supplement, together with (unless otherwise specified in the Pricing Supplement) accrued but unpaid interest (if any) thereon to, but excluding, the Early Redemption Date (Call); and

“Early Redemption Date (Call)” means an Interest Payment Date(s) or such other date(s) specified in the Pricing Supplement.

- (c) The Issuer may give a notice under this Condition 8.3 only if:

- (i) the Early Redemption Date (Call) occurs on, or after, the fifth anniversary of the Issue Date;
- (ii) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and
- (iii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Instruments and the replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Early redemption for adverse tax events

8.4

- (a) If this Condition 8.4 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series and if, in respect of the Subordinated Instruments of any Series and subject to Conditions 4.3 and 8.4(c), the Issuer determines (supported by an opinion, as to such determination, from legal or tax advisers of recognised standing in Australia) that an Adverse Tax Event has occurred, then the Issuer having given notice in accordance with Condition 8.7 may redeem in whole (but not, unless and to the extent that the Pricing Supplement specifies otherwise, in part) the Subordinated Instruments on the Early Redemption Date (Adverse Tax Event) at the Early Redemption Amount (Adverse Tax Event).

- (b) In this Condition 8:

“Administrative Action” means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application or a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things);

“Adverse Tax Event” means the Issuer determines that as a result of:

- (A) any amendment to, clarification of, or change in, the Tax Legislation which has been or will be effected; or
- (B) any Administrative Action under or in connection with the Tax Legislation or any amendment to, clarification of, or change in, any

such Administrative Action,

being in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) on or after the Issue Date (but which the Issuer did not expect at the Issue Date); and

- (i) there is a material risk that the Issuer would be exposed to a more than de minimis adverse tax consequence in relation to the Subordinated Instruments; or
- (ii) the Issuer determines that any interest payable on the Subordinated Instruments is not, or may not be, allowed as a deduction for the purposes of Australian income tax; or
- (iii) the Issuer has or will become obliged to pay Additional Amounts in accordance with Condition 10.1;

“Early Redemption Amount (Adverse Tax Event)” means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Adverse Tax Event) specified in, or determined in accordance with, the Pricing Supplement, together with (unless otherwise specified in the Pricing Supplement) accrued but unpaid interest (if any) thereon, to, but excluding, the Early Redemption Date (Adverse Tax Event); and

“Early Redemption Date (Adverse Tax Event)” means the next Interest Payment Date following an Adverse Tax Event or such other date as is specified in the Pricing Supplement.

- (c) The Issuer may give a notice under Condition 8.4(a) only if:
 - (i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and
 - (ii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than Subordinated Instruments and the replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Early redemption for regulatory events

8.5

- (a) If this Condition 8.5 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series and if, in respect of the Subordinated Instruments of any Series and subject to Conditions 4.3 and 8.5(c), the Issuer determines (supported, in the case of an event described in paragraph (i) of the definition of “Regulatory Event” below, by an opinion as to such determination from advisers of recognised standing in Australia) that a Regulatory Event has occurred, then the Issuer having given notice in accordance with Condition 8.7 may redeem in whole (but not, unless and to the extent that the Pricing Supplement specifies otherwise, in part) the Subordinated Instruments of such Series on the Early Redemption Date (Regulatory Event) at the Early Redemption Amount (Regulatory Event).

- (b) In this Condition 8:

“**Early Redemption Amount (Regulatory Event)**” means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Regulatory Event) as is specified in, or determined in accordance with, the Pricing Supplement), together with (unless otherwise specified in the Pricing Supplement) accrued but unpaid interest (if any) thereon to, but excluding, the Early Redemption Date (Regulatory Event);

“**Early Redemption Date (Regulatory Event)**” means the next Interest Payment Date following a Regulatory Event or such other date as is specified in the Pricing Supplement; and

“**Regulatory Event**” means that either:

- (i) as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in, any law or regulation of the Commonwealth of Australia or the Prudential Standards, or any official administrative pronouncement or action or judicial decision interpreting or applying such law, regulation or Prudential Standards, which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date; or

- (ii) written confirmation is received from APRA after the Issue Date that,

the Issuer is not or will not be entitled to treat all of the Subordinated Instruments of a Series as Tier 2 Capital in whole, provided that, in each case, the Issuer did not expect at the Issue Date that the matter giving rise to the Regulatory Event would occur.

- (c) The Issuer may give a notice under Condition 8.5(a) only if:

- (i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and

- (ii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Instruments and the replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Partial redemption

8.6 If the Subordinated Instruments are to be redeemed in part only on any date in accordance with Conditions 8.3, 8.4 or 8.5:

- (a) in the case of Subordinated Instruments (other than a Temporary Global Instrument or a Permanent Global Instrument) the Subordinated Instruments to be redeemed shall be selected by the drawing of lots in such European city as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate; and
- (b) in the case of a Temporary Global Instrument or a Permanent Global Instrument, the Subordinated Instruments to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system.

subject always to compliance with applicable law and the rules of each listing authority and/or stock exchange on or by which the Subordinated Instruments are then listed and/or traded and the notice to Holders referred to in Conditions 8.3, 8.4 or 8.5 (as applicable) shall specify the serial numbers of the Subordinated Instruments so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the Pricing Supplement, then the Early Redemption Amount (Call) shall in no event be greater than the Maximum Redemption Amount or be less than the Minimum Redemption Amount so specified.

Notice of redemption

8.7 Any notice of redemption given by the Issuer under this Condition 8 must be given in accordance with Condition 16 not more than 45 or less than 15 days before the relevant redemption date, and shall specify:

- (a) the Series of Subordinated Instruments subject to redemption;
- (b) the Early Redemption Date (Call), Early Redemption Date (Adverse Tax Event) or Early Redemption Date (Regulatory Event), as the case may be;
- (c) the Early Redemption Amount (Call), Early Redemption Amount (Adverse Tax Event)

or Early Redemption Amount (Regulatory Event), as the case may be, at which such Subordinated Instruments are to be redeemed;

- (d) whether or not accrued interest is to be paid upon redemption and, if so, the amount thereof or the basis or method of calculation thereof, all as provided in the Pricing Supplement; and
- (e) subject to the Pricing Supplement specifying that a partial redemption is permissible, whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Subordinated Instruments of the relevant Series which are to be redeemed. In the case of a partial redemption, the Subordinated Instruments to be redeemed will be selected in accordance with the provisions of Condition 8.6, and the notice will also specify the Subordinated Instruments selected for redemption.

Except where Subordinated Instruments the subject of a notice of redemption are required to be Converted or Written-off pursuant to Condition 5.1(c), a notice of redemption is irrevocable and subject to Condition 4.3, obliges the Issuer to redeem the Subordinated Instruments at the time and in the manner specified in the notice.

Cancellation

- 8.8 All Subordinated Instruments so redeemed, and all unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold, and all Subordinated Instruments so purchased by the Issuer or any of its Related Entities and all unmatured Coupons attached to or surrendered with them may, at the option of the Issuer, be cancelled, held, reissued or resold.

9. Payments

9A. Payments — Subordinated Instruments

- 9A.1 This Condition 9A is applicable in relation to Subordinated Instruments in bearer form.

Principal

- 9A.2 Payments of principal and any applicable Additional Amounts due in respect of Subordinated Instruments shall be made in cash only against presentation and (provided that payment is made in full) surrender of the relevant Subordinated Instruments at the Specified Office of any Paying Agent outside the United States, by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency or to which such currency may be transferred and maintained by the payee with, a bank in the Principal Financial Centre of that currency. Notwithstanding the above, in the case of any payment in Renminbi, payment shall be made by transfer to a Renminbi account maintained by or on behalf of the Holder with a bank in Hong Kong.

Interest

- 9A.3 Payment of amounts in respect of interest on Subordinated Instruments will be made:

- (a) in the case of a Temporary Global Instrument or Permanent Global Instrument, in cash against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein, by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency;
- (b) in the case of Definitive Subordinated Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Subordinated Instruments at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and
- (c) in the case of Definitive Subordinated Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Subordinated Instruments, in either case at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

Payments in New York City

9A.4 Payments of principal and interest and any Additional Amounts on the Subordinated Instruments and exchanges of Talons for Coupon Sheets in accordance with Condition 9A.8 may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Subordinated Instruments in United States dollars, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of interest in United States dollars and (iii) payment is permitted by applicable United States law.

Payments on business days

9A.5 If the due date for payment of any amount in respect of any Subordinated Instrument or Coupon is not a Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. This Condition 9A.5 does not apply to the payment referred to in Condition 6.1(b).

9A.6 Each Definitive Subordinated Instrument initially delivered with Coupons or Talons attached thereto shall be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

- (a) if the Pricing Supplement specifies that this paragraph (a) of Condition 9A.6 is applicable (and, in the absence of specification this paragraph (a) shall apply to Definitive Subordinated Instruments which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (c) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the Specified Office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
- (b) if the Pricing Supplement specifies that this paragraph (b) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (b) shall apply to Subordinated Instruments which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (c) below, Talons) relating to such Definitive Subordinated Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (c) in the case of Definitive Subordinated Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (a) of this Condition 9A.6 notwithstanding, if any Definitive Subordinated Instruments are issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Subordinated Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (a) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Subordinated Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof as shall be required so that, upon application of the provisions of paragraph (a) in respect of such Coupons as have not so become void, the amount required by paragraph (a) to be deducted would not be greater than the Redemption Amount otherwise due for payment). Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Subordinated Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Exchange of Talons

9A.7 In relation to Definitive Subordinated Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon Sheet matures, the Talon comprised in the Coupon Sheet may be surrendered at the Specified Office of any Paying Agent outside (unless Condition 9A.4 applies) the United States in exchange for a further Coupon Sheet (including any appropriate further Talon), subject to the provisions of Condition 12 below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon Sheet matures.

Payments other than in respect of matured Coupons

9A.8 Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Subordinated Instruments at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 9A.4).

Partial payments

9A.9 If a Paying Agent makes a partial payment in respect of any Subordinated Instrument or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9B. Payments — General Provisions

Payments will, without prejudice to the provisions of Condition 10.1 (*Taxation*) (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable), be subject in all cases to any applicable fiscal or other laws and any other directives, agreements and administrative practices and procedures of fiscal and other authorities in relation to tax, anti-money laundering and other requirements which may apply to the payment of amounts due (whether in respect of principal, Redemption Amount, Interest Amount or otherwise or upon or with respect to the issuance of any Ordinary Shares upon any Conversion in respect of the Subordinated Instruments (including, without limitation, any withholding or deduction arising under or in connection with FATCA)). No Commissions or expense shall be charged to the Holder(s) of the Subordinated Instruments or the Coupons in respect of such payments.

If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any Additional Amount under Condition 10.1, on account of such withholding or deduction and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the Holder(s) of the Subordinated Instruments or the Coupons.

Except to the extent that the Issuer is required to pay any Additional Amount under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable) on account of a withholding or deduction, the Issuer will not be required to pay any Additional Amount to Holders on account of a withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature required by law. If any such withholding or deduction is required, then the Issuer shall pay the amounts payable net of, and after deducting the applicable amount of, such withholding or deduction and shall account to

the appropriate tax authority for the amount required to be withheld or deducted and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the Holder(s) of the Subordinated Instruments or the Coupons.

9C. Payments – Inconvertibility, Non-transferability or Illiquidity

Notwithstanding any other provision in these Terms and Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity (each a “**Renminbi Disruption Event**”) as determined by the Issuer acting in good faith and in a commercially reasonable manner, the Issuer is not able, or it would be impracticable for it, to satisfy (in whole or in part) any payment due under the Subordinated Instruments or the Coupons in Renminbi in Hong Kong, the Issuer may, in its sole and absolute discretion:

- a) postpone payment of such amounts to two Business Days after the date on which the Renminbi Disruption Event ceases to exist or, if such payment would not be possible or it would be impracticable (as determined by the Issuer acting in good faith and in a commercially reasonable manner), as soon as reasonably practicable thereafter, unless the Renminbi Disruption Event continues to exist for 14 consecutive calendar days from the original date that, but for the occurrence of the Renminbi Disruption Event, would have been the date of such payments;
- b) (if the Renminbi Disruption Event continues to exist for 14 consecutive calendar days from the original date that, but for the occurrence of the Renminbi Disruption Event, would have been the date of such payments) on giving not less than five days’ irrevocable notice to the Holders, settle any such payment (in whole or in part) in U.S. dollars on the date that is three Business Days after the expiration of the aforementioned 14 calendar day period at the U.S. Dollar Equivalent of any such Renminbi denominated amount or, if such payment would not be possible or it would be impracticable (as determined by the Issuer acting in good faith and in a commercially reasonable manner), as soon as reasonably practicable thereafter; and/or
- c) on giving not less than five and not more than 30 days’ irrevocable notice to the Holders prior to the due date for the relevant payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of the relevant Renminbi denominated amount.

Upon the occurrence of a Renminbi Disruption Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 16 (*Notices*) stating the occurrence of the Renminbi Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

Holders will not be entitled to further interest or other payment in respect of any such postponement of the payment of any such amounts.

Any such payment of the U.S. Dollar Equivalent of the relevant amounts due under the Subordinated Instruments, the Receipts or the Coupons shall be made in accordance with Condition 9A (*Payments – Subordinated Instruments*).

Any payment made under such circumstances in U.S. dollars will constitute valid payment and will not constitute a default in respect of the Subordinated Instruments.

In this Condition 9C:

“Governmental Authority” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the PRC or Hong Kong (including the HKMA);

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy (in whole or in part) its obligation to make any payment due under the Subordinated Instruments or the Coupons, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

“Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Subordinated Instruments or the Coupons in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of Subordinated Instruments and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of Subordinated Instruments and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“Rate Calculation Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange) in Hong Kong, Sydney, London, Beijing and New York City;

“Rate Calculation Date” means the day which is two Rate Calculation Business Days before the due date for any payment of the relevant amount under these Terms and Conditions;

“Renminbi” means the lawful currency of the PRC;

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

“**U.S. Dollar Equivalent**” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date; and

“**Spot Rate**”, for a Rate Calculation Date, means the spot rate between Renminbi and U.S. dollars as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Issuer or Independent Adviser appointed by the Issuer may determine the rate taking into consideration all available information which the Issuer or Independent Adviser appointed by the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the PRC domestic foreign exchange market.

10. Taxation

Gross up

- 10.1 All payments of principal and interest in respect of the Subordinated Instruments and the Coupons or upon or with respect to the issuance of any Ordinary Shares upon any Conversion of Subordinated Instruments by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of Australia or any political subdivision or any authority thereof or therein having power to tax (“**Withholding Taxes**”), unless such withholding or deduction is required by law. In that event, unless Condition 10.1 is specified in the Pricing Supplement as being not applicable, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the Holders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such Additional Amounts shall be payable:
- (a) in respect of any Subordinated Instrument or Coupon presented for payment or held by, or by a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instrument or Coupon held by a Holder, who is liable to Withholding Taxes in respect of such Subordinated Instrument or Coupon by reason of the Holder or beneficial owner having some connection (whether past or present) with Australia other than (a) the mere holding of such Subordinated Instrument or Coupon or (b) the receipt of principal, interest or other amount in respect of such Subordinated Instrument or Coupon; or
 - (b) in respect of any Subordinated Instrument or Coupon presented for payment or held by, or by a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instrument or Coupon held by a Holder, who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption; or
 - (c) in respect of any Subordinated Instrument or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the relevant Holder

would have been entitled to such Additional Amounts if it had presented such Subordinated Instrument or Coupon on the last day of such period of 30 days; or

- (d) in respect of any Subordinated Instrument or Coupon on account of taxes which are payable by reason of the Holder of such Subordinated Instrument or Coupon or beneficial owner of any interest therein or rights in respect thereof being an associate of the Issuer for the purposes of Section 128F(9) of the Tax Legislation; or
- (e) on account of taxes which are payable by reason of the Holder of such Subordinated Instrument or Coupon or beneficial owner or any interest therein or rights in respect thereof being party to or participating in a scheme to avoid tax; or
- (f) to, or to a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instruments, upon, with respect to, or by reason of, such person being issued Ordinary Shares; or
- (g) in respect of any Subordinated Instrument or Coupon presented for payment or held by, or by a third party on behalf of, a Holder who is a resident of Australia or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia (the expressions “resident of Australia”, “non-resident” and “permanent establishment” having the meanings given to them by the Tax Legislation) if, and to the extent that, Section 126 of the Tax Legislation (or any equivalent provision) requires the Issuer to pay income tax in respect of interest payable on such Subordinated Instrument or Coupon and the income tax would not be payable were the Holder not a “resident of Australia” or a “non-resident” so engaged in carrying on business; or
- (h) in respect of any Subordinated Instrument or Coupon on account of Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation of the Commonwealth of Australia that such tax is payable under the Tax Legislation in circumstances where the Holder, or a third person on behalf of the Holder, is party to or participated in a scheme to avoid such tax which the Issuer was neither a party to nor participated in; or
- (i) in respect of any Subordinated Instrument or Coupon presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Instrument or Coupon to another Paying Agent; or
- (j) for or on account of any withholding or deduction arising under or in connection with FATCA.

Taxing jurisdiction

- 10.2 If at any time the home jurisdiction for tax purposes of the Issuer is not Australia, references to Australia in Condition 8.4 and Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable) shall be read and construed as including references to such other home jurisdiction for tax purposes of the Issuer.

11. Events of Default

11.1 The following events or circumstances as modified by, and/or such other events as may be specified in, the Pricing Supplement (each an “**Event of Default**”) shall be events giving rise to the limited remedies set out in Condition 11.2 below:

- (a) (i) the Issuer fails to pay any Outstanding Principal Amount in respect of the Subordinated Instruments of the relevant Series or any of them due within seven days of the Maturity Date; or
- (ii) the Issuer fails to pay any amount of interest in respect of the Subordinated Instruments of the relevant Series or any of them within 14 days of the due date for payment thereof,

unless, prior to the commencement of a Winding-Up, the failure to pay is as a consequence of the Solvency Condition not being satisfied; or

- (b) a Winding-Up in Australia.

11.2 (a) In the event of the occurrence of either of the Events of Default set out above at Condition 11.1(a), the Holder of any Subordinated Instruments of the relevant Series may bring proceedings:

- (i) to recover any amount then due and payable but unpaid on its Subordinated Instruments (subject to the Issuer being able to make the payment and remain Solvent);
- (ii) to obtain an order for specific performance of any other obligation in respect of its Subordinated Instrument; or
- (iii) for a winding-up of the Issuer in Australia.

(b) In the event of the occurrence of the Event of Default set out above at Condition 11.1(b):

- (i) the Subordinated Instruments of the relevant Series will, subject to Condition 11.2(b)(ii), without further action, become immediately due and payable, unless they have been Converted or Written-off and the Holder of any Subordinated Instruments of the relevant Series may, subject to Condition 4.2, prove or claim in the Winding-Up for the Outstanding Principal Amount of each Subordinated Note it holds (together with all interest accrued but unpaid to the date of payment); and
- (ii) no remedy against the Issuer (including, without limitation, any right to sue for a sum of damages which has the same economic effect as an acceleration of the Issuer’s payment obligations), other than the institution of proceedings for a winding-up of the Issuer or, subject to Condition 4.2, for proving or claiming in any Winding-Up, shall be available to the Holders of any Subordinated Instruments for the recovery of amounts owing in respect of the Subordinated Instruments or in respect of any breach by the Issuer of

any obligation, condition or provision binding on it under the terms of the Subordinated Instruments.

A Holder will have no right to accelerate payment or exercise any other remedies (including any right to sue for damages) as a consequence of any default other than as specifically described herein. In the event of a Winding-Up in Australia (but not in any other jurisdiction), the Subordinated Instruments will become immediately due and payable, unless they have been Converted or Written-off. This will be the only circumstance in which the payment of principal on the Subordinated Instruments may be accelerated.

However, it is unlikely a Winding-Up will occur without a Non-Viability Trigger Event having occurred first and the Subordinated Instruments being Converted or Written-off. In that event:

- *if the Subordinated Instruments have Converted into Ordinary Shares, Holders will rank equally with existing holders of Ordinary Shares; and*
- *if the Subordinated Instruments are Written-off, all rights in relation to the Subordinated Instruments will be terminated, and Holders will not have their Outstanding Principal Amount repaid or receive any outstanding interest or accrued interest, or have the right to have the Subordinated Instruments Converted into Ordinary Shares. In such an event, a Holder's investment in the Subordinated Instruments will lose all of its value and such Holder will not receive any compensation.*

- 11.3 If any Subordinated Instrument becomes due and payable pursuant to this Condition 11, it shall be paid at its early termination amount (the "**Early Termination Amount**") (which shall be its Outstanding Principal Amount or such other Early Termination Amount as may be specified in or determined in accordance with the Pricing Supplement) together with all interest (if any) accrued but unpaid thereon.

12. Prescription

- 12.1 Claims against the Issuer for payment of principal and interest in respect of Subordinated Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 12.2 In relation to Definitive Subordinated Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon Sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.7 or the due date for the payment of which would fall after the due date for the redemption of the relevant Subordinated Instrument or which would be void pursuant to this Condition 12 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Subordinated Instrument.

13. The Paying Agents and the Calculation Agent

- 13.1 The initial Paying Agents and their respective initial Specified Offices are specified below. The Calculation Agent in respect of any Subordinated Instruments shall be specified in the Pricing

Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a continental European city, (iii) so long as the Subordinated Instruments are listed on or admitted to trading by a competent listing authority and/or stock exchange, a Paying Agent (which may be the Fiscal Agent) with a Specified Office in such place as may be required by such competent listing authority and/or stock exchange, (iv) in the circumstances described in Condition 9A.4, a Paying Agent with a Specified Office in New York City, (v) a Calculation Agent where required by these Terms and Conditions applicable to any Subordinated Instruments (in the case of (i), (ii) and (iii) with a Specified Office located in such place (if any) as may be required by these Terms and Conditions), (vi) so long as any Subordinated Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument which is held in the CMU Service, a Paying Agent with a Specified Office in Hong Kong, and (vii) so long as any Subordinated Instruments are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, a Paying Agent in Singapore. The Paying Agents and the Calculation Agent reserve the right at any time to change their respective Specified Offices to some other specified office in the same city. Notice of all changes in the identities or Specified Offices of any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 16.

- 13.2 The Paying Agents and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Subordinated Instrument or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

14. Replacement of Subordinated Instruments

If any Subordinated Instrument or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement (“**Replacement Agent**”) subject to all applicable laws and the requirements of any stock exchange and/or competent listing authority on or by which the Subordinated Instruments are listed and/or traded upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Subordinated Instruments and Coupons must be surrendered before replacements will be delivered therefor.

15. Meetings of Holders and Modification

The Issue and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Subordinated Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Subordinated Instruments. Such a meeting may be convened by the Issuer and shall be convened upon a request in writing by Holders

of Subordinated Instruments holding not less than one-tenth of the Outstanding Principal Amount of the Subordinated Instruments for the time being outstanding of any Series. An Extraordinary Resolution passed at any meeting of the Holders of Subordinated Instruments of any Series will be binding on all Holders of the Subordinated Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Subordinated Instruments of such Series.

Alternatively, Holders of any particular Series of Subordinated Instruments may duly pass in writing either an Ordinary Resolution or an Extraordinary Resolution provided that such written resolution is signed by or on behalf of such Holders holding, in the case of an Ordinary Resolution, not less than a simple majority or, in the case of an Extraordinary Resolution, not less than three-fourths of the aggregate Outstanding Principal Amount of the relevant Subordinated Instruments.

The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Subordinated Instruments of any Series or Coupons, amend these Terms and Conditions, the Pricing Supplement and the Deed of Covenant insofar as they may apply to such Subordinated Instruments to correct a manifest or a proven error as determined by the Issuer (acting reasonably). Subject as aforesaid and to Condition 6.14, no other modification may be made to these Terms and Conditions, or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

The prior written approval of APRA is required:

- (a) to modify the terms of any series of Subordinated Instruments; and
- (b) for the exercise by Holders of the rights or powers given to them under the Agency Agreement,

where such modification or exercise of rights or powers may affect the eligibility of such Subordinated Instruments as Tier 2 Capital. See also Condition 4.8.

16. Notices

Notices to Holders will, save where another means of effective communication has been specified herein or in the Pricing Supplement, be deemed to be validly given if:

- (a) published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times); or
- (b) if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe; or
- (c) if permitted by the rules of the relevant competent listing authority and/or stock exchange, in the case of Subordinated Instruments represented by a Temporary Global Instrument or Permanent Global Instrument, delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein; or

- (d) in the case of Subordinated Instruments represented by a Temporary Global Instrument or a Permanent Global Instrument which is held in the CMU Service, given to the persons shown in a “CMU Subordinated Instrument Position Report” issued by the CMU Service on the Business Day immediately before the preceding Interest Payment Date, or (in the case of notices given pursuant to Condition 8.3) on the Business Day immediately before the date on which such notices are given, or any other date as agreed between the Hong Kong Paying Agent or Lodging Agent and the CMU Service holding interests in the relevant Temporary Global Instrument or Permanent Global Instrument, as the case may be.

The Issuer shall also ensure that notices are duly published in compliance with the requirements of each competent listing authority and/or stock exchange on or by which the Subordinated Instruments are listed and/or traded. Any notice so given will be deemed to have been validly given: (a) on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or (b) unless it has been specified otherwise in the Pricing Supplement on the date of such delivery to Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or the persons shown in the “CMU Subordinated Instrument Position Report”. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Subordinated Instruments in accordance with this Condition 16.1. A copy of each notice given pursuant to this Condition will in any event be delivered to Euroclear, Clearstream, Luxembourg, the CMU Service and/or any other relevant clearing system.

17. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Subordinated Instruments or Coupons, create and issue (x) further instruments, bonds or debentures having the same terms and conditions as such Subordinated Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination or the issue price thereof) so as to be consolidated to form a single series with the Subordinated Instruments of any particular Series, or (y) any securities ranking equally with Subordinated Instruments (on the same terms or otherwise) or ranking in priority or junior to Subordinated Instruments.

18. Currency Indemnity

The currency or currencies in which the Subordinated Instruments are payable from time to time, as specified in these Terms and Conditions or the Pricing Supplement (each a “**Contractual Currency**” and together the “**Contractual Currencies**”), is the only currency or are the only currencies of account and payment for applicable sums payable by the Issuer in respect of the Subordinated Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency applicable to the payment to which such amount is referable (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Subordinated Instrument or Coupon in respect of any sum expressed to be due to it from the Issuer in such Contractual Currency shall only constitute a discharge to the Issuer to the extent of the amount in such Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable

to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the applicable Contractual Currency expressed to be due to any Holder of a Subordinated Instrument or Coupon in respect of such Subordinated Instrument or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute separate and independent obligations from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Subordinated Instrument or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Subordinated Instruments or Coupons or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Subordinated Instrument or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

19. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Subordinated Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

20. **Law and Jurisdiction**

- 20.1 Subject as provided in Condition 20.2, the Subordinated Instruments, the Issue and Paying Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Subordinated Instruments, the Issue and Paying Agency Agreement and the Deed of Covenant, whether contractual or non-contractual, is governed by, and shall be determined in accordance with, English law.
- 20.2 The provisions of Conditions 4, 5 and 6 (and the defined terms when used in those Conditions) shall be governed by and construed in accordance with the laws of New South Wales, Australia.
- 20.3 Subject as provided in Condition 20.5, the courts of England and Wales have jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Subordinated Instruments.
- 20.4 The Issuer agrees that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 20.5 Condition 20.3 is for the benefit of the Holders of the Subordinated Instruments only. As a result, nothing in this Condition 20 shall prevent any Holder of the Subordinated Instruments from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders of the Subordinated Instruments may take concurrent Proceedings in any number of jurisdictions.
- 20.6 The Issuer agrees that if at any time it ceases to be registered under Part 34 of the *Companies*

Act 2006 it will appoint a person with a registered office in London as its agent to accept service of process in the United Kingdom on its behalf in respect of any Proceedings.

21. Third Parties

No person shall have any right to enforce any term or condition of any Subordinated Instrument under the *Contracts (Rights of Third Parties) Act 1999* but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Subordinated Instruments issued under the Programme, amended (if necessary) and completed to reflect the particular terms of the relevant Subordinated Instruments and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but is included as directions for completing the Pricing Supplement.

PRICING SUPPLEMENT

Series No.: []

Tranche No.: []

WESTPAC BANKING CORPORATION ABN 33 007 457 141

Programme for the Issuance of Debt Instruments

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Subordinated Instruments]

by Westpac Banking Corporation

Legal Entity Identifier (LEI): EN5TNI6CI43VEPAMHL14

This document constitutes the Pricing Supplement relating to the issue of Subordinated Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Terms and Conditions**”) set forth in the Information Memorandum dated 4 July 2019 [and the supplement to the Information Memorandum dated [●]] ([together,] the “**Information Memorandum**”). This Pricing Supplement must be read in conjunction with the Information Memorandum [as so supplemented].

Full information on the Issuer and the Subordinated Instruments described herein is only available on the basis of a combination of this Pricing Supplement and the Information Memorandum dated 4 July 2019 [as so supplemented]. The Information Memorandum is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and copies may be obtained from the Specified Offices of the Paying Agents.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Subordinated Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional

client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Subordinated Instruments has led to the conclusion that: (i) the target market for the Subordinated Instruments is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Subordinated Instruments to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Subordinated Instruments (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Instruments (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]¹

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA – Unless otherwise stated in the Information Memorandum in respect of the Subordinated Instruments, all Subordinated Instruments shall be “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

¹ Legend to be included where the Issuer and/or the Dealer(s) are Manufacturers for MiFID II purposes.

Part A: Contractual Terms

The Subordinated Instruments being purchased have the following terms:

- | | | | |
|---|--------------------------------------|---|---|
| 1 | Issuer | : | Westpac Banking Corporation
acting through its head office |
| 2 | Date of Board Approval of the Issuer | : | [Specify] |
| 3 | Status | : | Subordinated |

[The primary method of loss absorption is [Conversion, subject to possible Write-off in accordance with Condition [5.3] / Write-off without Conversion in accordance with Condition [5.3]]

[Insert where the primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition [5.3]] [For the purposes of:

- Condition 6.1, the formula to be used for calculating the Conversion Number, P is [insert number, which will usually be 0.99 but may be another number which is greater than or less than 1.00]; and
- Condition 6.10(b), the Clearing System Cut-off Date is [10] Business Days prior to the Non-Viability Trigger Event Date.]

[Insert where the Conversion Number, or provisions for determining the Conversion Number, is to be specified.]
[For the purposes of Condition [6.1], the Conversion Number is [insert number] / [determined by reference to *[insert provisions for determining Conversion Number]*].

- | | | | |
|---|---------------------|---|-----------|
| 4 | Specified Currency: | | |
| | (i) of denomination | : | [Specify] |
| | (ii) of payment | : | [Specify] |

- 5 Aggregate Principal Amount of Tranche : [Specify]
- 6 If interchangeable with existing Series, Series No. : [Specify]
- 7 Issue Date : [Specify]
- 8 Interest Commencement Date : [Specify]
- 9 Issue Price : [Specify]
- 10 Maturity Date : [Specify]²
- 11 Total Expenses [related to admission to trading] : [Specify]
- 12 Form of Subordinated Instruments: : Bearer
- (i) Initially represented by a Temporary Global Instrument or Permanent Global Instrument : [Temporary Global Instrument]/[Permanent Global Instrument]
- (ii) Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments : [Yes/No]
[The Exchange Date shall be [•]]
- (iii) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments : [No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Conditions [•] and [•]]
- (iv) Talons for future Coupons to be attached to Definitive Instruments : [Yes/No] [As the Subordinated Instruments have more than 27 Coupons, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made]

² The Maturity Date must be at least five years from the Issue Date

- 13 Denomination : [Specify amount and currency]
 [[•] and integral multiples of [•] in excess thereof up to and including [•]. [No Definitive Subordinated Instruments will be issued with a denomination above [•]]
- 14 Calculation Amount : [•]
- 15 Type of Subordinated Instrument(s) : [Fixed Rate / Floating Rate / *Specify other*]
- 16 Interest : [[•] per cent. Fixed Rate]
 [[•] month
 [LIBOR/EURIBOR/SONIA[•]]+/- [•]per cent. Floating Rate]
 [*Specify other*]
- 17 Fixed Rate Subordinated Instruments : [Applicable / Not Applicable]
- (i) Fixed Coupon Amount : [[•] per Calculation Amount/Not Applicable]
(N.B. The Fixed Coupon Amount will not apply if the Outstanding Principal Amount of each Subordinated Instrument has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount and the amount of interest payable in respect of each Subordinated Instrument for such Interest Accrual Period shall be calculated in accordance with Condition 7.2(d))
- (ii) Interest Rate : [Specify]
- (iii) Interest Commencement Date (if not Issue Date) : [Specify]
- (iv) Interest Payment Date(s) : [Specify]
- (v) Interest Period End Date(s) : [Specify]
- (vi) Day Count Fraction : [Specify] *[if none specified, the Day Count Fraction will be Actual/365]*

- (Fixed) (as defined in the Terms and Conditions)].
- (vii) Broken Amount : [[•] per Calculation Amount/Not Applicable]
- (N.B. The Broken Amount will not apply if the Outstanding Principal Amount of each Subordinated Instrument has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount and the amount of interest payable in respect of each Subordinated Instrument for such Interest Accrual Period shall be calculated in accordance with Condition 7.2(d))*
- (viii) Applicable Business Day Convention : [Specify]
- for Interest Payment Dates:
 - for Interest Period End Dates:
 - for Maturity Date:
 - any other date:
- (ix) Additional Business Centre(s) : [Specify]
- 18 Floating Rate Subordinated Instruments : [Applicable / Not Applicable]
- (i) Interest Commencement Date (if not Issue Date) : [Specify]
- (ii) Specified Period : [Specify]
- (iii) Interest Rate : [Screen Rate Determination / ISDA Determination]
- (iv) Interest Payment Date(s) : [Specify]
- (v) Interest Period End Date(s) : [Specify]
- (vi) Applicable Business Day Convention : [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Specify other]
- [- for Interest Payment Dates:]
 - [- for Interest Period End Dates:]
 - [- for Maturity Date:]

- [- any other date:]
- (vii) Additional Business Centre(s) : [Specify]
- (viii) ISDA Determination : [Applicable / Not Applicable]
- (a) Floating Rate Option : [Specify]
- (b) Designated Maturity : [Specify]
- (c) Reset Date : [Specify]
- (ix) Screen Rate Determination : [Applicable / Not Applicable]
- (a) Relevant Screen Page : [Specify]
- (b) Relevant Time : [Specify] [Not Applicable]
- (c) Reference Rate : [Specify]
- (d) Reference Banks : [Specify]
- (e) Relevant Financial Centre : [Specify]
- (f) Interest Determination Date : [Specify] [[●] London Banking Days prior to the end of each Interest Accrual Period]
- (g) Additional Business Centre(s) : [Specify]
- (x) Margin(s) : [Specify]
- (xi) Day Count Fraction : [Specify]
- 19 Final Redemption Amount of each Subordinated Instrument : [[●] per Calculation Amount]
- 20 Early Redemption at the option of the Issuer (Call) : [Applicable, but only in respect of the Interest Payment Date scheduled to fall on *[date which is no earlier than fifth anniversary of Issue Date]* and each Interest Payment Date thereafter./Not Applicable]³
- (i) Early Redemption Date (Call) : [Specify]

³ First possible Early Redemption Date (Call) must be a minimum of five years from the Issue Date

- (ii) Early Redemption Amount (Call) of each Subordinated Instrument : [[●] per Calculation Amount]
 - (iii) Series redeemable in part : [Specify]
 - (iv) Notice period(s) : [Specify if other than as set out in Condition [8.7]]
 - (v) Specify any additional conditions to exercise of the call option : [Specify]
- 21 Early Redemption (Adverse Tax Event) [Applicable / Not Applicable]
- (i) Early Redemption Amount (Adverse Tax Event) of each Subordinated Instrument : [[●] per Calculation Amount]
 - (ii) Series redeemable in part : [Specify]
 - (iii) Notice period(s) : [Specify if other than as set out in Condition [8.7]]
 - (iv) Specify any additional conditions to exercise of option : [Specify]
- 22 Early Redemption (Regulatory Event) [Applicable / Not Applicable]
- (i) Early Redemption Amount (Regulatory Event) of each Subordinated Instrument : [[●] per Calculation Amount]
 - (ii) Series redeemable in part : [Specify]
 - (iii) Notice period(s) : [Specify if other than as set out in Condition [8.7]]
 - (iv) Specify any additional conditions to exercise of option : [Specify]
- 23 Early Termination (Event of Default) : [Applicable / Not Applicable]
- Early Termination Amount : [Specify]
- 24 Taxation : [Condition 10.1 is applicable / not applicable]
- 25 Other terms and conditions : [Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]

- 26 Lead Manager[s] : [Name(s)]
- 27 Relevant Dealer[s] : [Name(s)]
- 28 Paying Agent(s) : [Name(s)]
- 29 Calculation Agent : [Name(s)]
- 30 Notices : [Condition 16 applies]
- 31 U.S. selling restrictions : [No sales to U.S. persons permitted and the Subordinated Instruments may not be offered, sold or delivered to a person in the U.S.]

[[TEFRA C/TEFRA D] Rules apply to the Subordinated Instruments]/[TEFRA Not Applicable]

[•]

Part B: Other Information

1. **Listing** : [Australian Securities Exchange's wholesale Interest Rate Securities Market/ Irish Stock Exchange's Global Exchange Market/ Specify other]
2. **Ratings** : [Specify]
3. **Interests of natural and legal persons involved in the issue** : [•]/[Save as discussed in the [**"Subscription and Sale"**] section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Subordinated Instruments has an interest material to the offer.]
4. **Reasons for the offer**

Reasons for the offer and use of proceeds : [Specify]
5. **Operational Information**
 - (i) ISIN : [Specify]
 - (ii) Common Code : [Specify]
 - (iii) CFI : [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]
 - (iv) FISN : [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")
 - (v) Common Depository/Lodging Agent : [Specify]
 - (vi) Any Clearing System other than Euroclear and Clearstream, Luxembourg : [Specify]
 - (vii) CMU Service Instrument Number: [Specify]

(viii) Settlement procedures [Specify whether customary medium term note / other settlement and payment procedures apply]

6. Other

(i) Distribution of Information Memorandum : [Specify and restrictions on the distribution of the Information Memorandum]

(ii) Other selling restrictions : [Specify any variation to the dealer's restrictions]

(iii) Stabilisation Manager : [Specify if applicable]

(iv) Other amendments : [Specify]

(v) Additional disclosure : [Specify]

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Subordinated Instruments will be used by the Issuer for general corporate purposes or such other purposes as may be specified in the relevant Pricing Supplement.

WESTPAC BANKING CORPORATION

Overview

Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. Westpac provides a broad range of banking and financial services in these markets, including consumer¹, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities² (the “**Westpac Group**”) throughout Australia, New Zealand and in the Pacific region, and maintains branches and offices in some of the key financial centres around the world.

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 its merger with the Commercial Bank of Australia. On 23 August 2002, Westpac was registered as a public company limited by shares under the *Corporations Act 2001 of Australia* (the “**Corporations Act 2001**”).

Westpac’s principal office is located at 275 Kent Street, Sydney, New South Wales 2000, Australia and its telephone number is (+61) (2) 9293 9270.

The registered business number of Westpac is A.B.N. 33 007 457 141.

As at 29 March 2019, Westpac’s market capitalisation was A\$89 billion³ and it had total assets of A\$891 billion.

Westpac’s operations comprise the following key customer-facing business divisions operating under multiple brands:

CD is responsible for sales and service of banking and insurance products to consumer customers in Australia under the Westpac, St.George, BankSA, Bank of Melbourne and RAMS brands. Activities are conducted through a dedicated team of specialist consumer relationship managers along with an extensive network of branches, call centres and ATMs. Customers are also supported by a range of internet and mobile banking solutions. CD also works in an integrated way with BD and WIB in the sales and service of select financial services and products including in wealth and foreign exchange. The revenue from these products is mostly retained by the product originators.

BD is responsible for sales and service to micro, SME and commercial business customers in Australia for facilities up to approximately A\$150 million. The division is also responsible for the Westpac Group’s private wealth, investment platforms and superannuation operations. The division operates under the

¹ A consumer is defined as a person who uses products and services. It does not include business entities.

² Refer to note 35 of Westpac’s 2018 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum) for a list of Westpac’s material controlled entities as at 30 September 2018.

³ Market capitalisation is based on the closing share price of Westpac’s ordinary shares on the ASX as at 29 March 2019.

Westpac, St.George, BankSA, Bank of Melbourne and BT brands. Customers are provided with a wide range of banking and financial products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, automotive and equipment finance, and property finance. The division is also responsible for consumer customers with auto finance loans. BD works in an integrated way with WIB in the sales, referral and service of select financial services and products including corporate superannuation, foreign exchange and interest rate hedging. The revenue from these products is mostly retained by the product originator.

WIB delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets. Customers are supported throughout Australia as well as via branches and subsidiaries located in New Zealand, the United States, the United Kingdom and Asia. WIB is also responsible for Westpac Pacific, currently providing a range of banking services in Fiji and Papua New Guinea. WIB works in an integrated way with all of the Westpac Group's divisions in the provision of more complex financial needs including across foreign exchange and fixed interest solutions.

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: WNZL, which is incorporated in New Zealand and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. Westpac New Zealand also maintains its own infrastructure, including technology, operations and treasury.

The Westpac Group businesses include:

- Treasury which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between the Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk, (excluding Westpac New Zealand which is separately managed in New Zealand) within set risk limits;
- Group Technology, which comprises functions for the Australian businesses, is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration; and
- Core Support, which comprises functions performed centrally, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.

Group Technology costs are fully allocated to other divisions in the Westpac Group. Core Support costs are partially allocated to other divisions in the Westpac Group, with costs attributed to enterprise activity retained in the Westpac Group businesses.

The Westpac Group businesses also include earnings on capital not allocated to divisions, certain intra-group transactions that facilitate the presentation of the performance of the Westpac Group's operating segments, earnings from non-core asset sales and certain other head office items such as centrally raised provisions.

Trends

The Australian economy has seen a significant slowdown since mid 2018. GDP increased by 1.8 per cent. for the year to March 2019, the slowest growth rate since 2009.

The main drivers of the slowdown have been a decline in new dwelling construction and a moderation in growth in consumer spending. Household budgets have been impacted by persistent low income growth, falling house prices, high debt levels and high energy prices.

Despite the weakening, GDP growth has been supported by continued strong population growth, and rising government spending, particularly on public infrastructure. Rising exports have also been a positive, with the prices for Australia's key commodities, iron ore and coking coal, holding at relatively high levels.

Other aspects of the economy are mixed. The labour market continues to see robust employment gains but at a slower pace than in 2017. That in turn has seen the unemployment rate level out at just over 5.2 per cent. after steady declines in previous years. Inflation is subdued at 1.3 per cent., well below the RBA's 2 to 3 per cent. target range.

Policy is providing significant additional stimulus to growth. The RBA lowered the cash rate by 0.50 per cent. to 1.00 per cent. in July 2019 and is expected to lower it further to 0.75 per cent. by the end of 2019. The Federal Government also tabled a tax package in the April budget that is expected to come into effect over the second half of 2019. The combined boost to household disposable incomes should cushion some of the pressures weighing on consumer spending growth.

Housing markets should also start to stabilise with lower interest rates combining with reduced uncertainty around tax policy affecting residential property investment following the Federal election result and some relaxation in regulatory guidelines for loan serviceability assessments.

Within Australia, the 2019 outlook is for real GDP growth to remain soft at 2.5 per cent. before firming to around 2.5 per cent. in 2020.

In New Zealand, the economy has also slowed but has been sound with solid growth in agriculture, retail and recreational services. New Zealand GDP growth has held at around 2.7 per cent., with unemployment around 4.2 per cent. and inflation near 1.5 per cent.

In Australia, financial system credit grew by around 4.6 per cent. in the year to September 2018. Credit growth is expected to slow to 3.0 per cent. over the year to September 2019, holding at this subdued pace in the following year – system housing credit rising 3.0 per cent in both years and system business credit expanding by 3.5 per cent. and 4 per cent. respectively. Other consumer credit declined by 1.4 per cent. over the year to September 2018 and is expected to see a 2 per cent. decline over the year

to September 2019.

The Westpac Group remains focused on executing its vision of being one of the world's great service companies with its five strategic priorities assisting this transformation. These include:

- maintaining the Westpac Group's performance discipline by continuing to be prudent in the management of capital, funding and liquidity; managing returns effectively seeking to achieve a return on equity between 13 per cent. and 14 per cent. and remaining disciplined on asset growth;
- continuing to build the Westpac Group's customer base while also increasing the depth of customer relationships;
- utilising technology as part of the Westpac Group's digital transformation to materially improve efficiency and reduce its cost to income ratio to below 40 per cent.;
- wealth and small to medium business enterprises will continue to be the Westpac Group's areas of targeted growth and will include focusing on growing funds on the Westpac Group's wealth management system, called Panorama, and using new technologies to make business banking even easier to access for customers; and
- seeking to further build a stronger and more diverse workforce where the best people want to work.

Over recent years Westpac has commenced a number of initiatives to improve its reputation. As part of these initiatives Westpac has already provided for customer payments and refunds where it may not have done the right thing for customers, or have not been able to sufficiently demonstrate that Westpac has done the right thing for customers. The Westpac Group's review of products, related systems and processes will continue and further provisions may be required in the future.

Following announcements from Westpac's regulator, APRA, Westpac has greater clarity on what sort of capital levels Westpac needs to be considered 'unquestionably strong'. APRA have indicated a common equity Tier 1 capital ratio of 10.5 per cent. under the current APRA framework would be considered consistent with having an unquestionably strong balance sheet. At the same time APRA is currently conducting a number of reviews into the calculation of Australia's capital ratios including changes to risk weighted assets and how Australia's ratios should be presented against international peers. Further clarity on these changes is expected in 2019. APRA has indicated that they believe banks will be able to meet any changes organically. Banks are expected to be required to meet these new standards by 1 January 2020.

Given the strength of Westpac's business, and its balance sheet, in both absolute terms and relative to peers, Westpac believes it is well placed to respond to any additional regulatory requirements.

Looking ahead, with Westpac's strong positioning, disciplined growth, solid portfolio of businesses, and good progress on its strategic priorities, Westpac believes it is well positioned to continue delivering sustainable outcomes for shareholders and customers.

Significant developments

Westpac significant developments

Customer remediation

In the first half of 2019, the Westpac Group booked an after tax cost of A\$617 million of provisions for estimated customer refunds, payments and associated costs. This half, the Westpac Group has undertaken steps designed to accelerate the processing of customer refunds and centralise oversight of certain remediation under the Chief Operating Officer.

In the first half of 2019 the major items included in the provisions were related to:

- customer refunds of ongoing advice service fees associated with the Westpac Group's salaried financial planners. These provisions add to those in prior periods and reflect an increase in the estimated proportion of instances where records of financial advice are insufficient for the purposes of the remediation;
- estimated customer refunds of ongoing advice service fees charged by the Westpac Group's authorised representatives that provided financial planning services under the Magnitude and Securitor brands. The provisions have been based on an estimate of the proportion of instances where records of financial advice are insufficient for the purposes of remediation. The provision is an estimate of fees and interest that may be paid to customers along with costs of implementing the remediation;
- refunds for certain consumer and business customers that had interest only loans that did not automatically switch, when required, to principal and interest home loans; and
- refunds to certain business customers who were provided with business loans where they should have been provided with loans covered by the *National Consumer Credit Protection Act 2009* (Cth).

Changes to wealth strategy

On 19 March 2019, Westpac announced that it had reset its wealth strategy and would make a number of changes to its wealth business. Key changes announced by Westpac include:

- realigning its major BT Financial Group businesses into the Consumer and Business divisions, with the changes to take effect from 1 April 2019;
- exiting the provision of personal financial advice by Westpac Group salaried financial advisers and authorised representatives; and
- moving to a referral model for financial advice by utilising a panel of advisers or adviser firms.

As part of the exit of financial advice, Westpac also announced that it had entered into a sale agreement with Viridian Advisory ("**Viridian**"), which will see many BT Financial Advice ongoing advice customers offered an opportunity to transfer to Viridian subject to their consent. A number of the Westpac Group's salaried financial advisers and support staff will transition to Viridian. Some authorised representatives may also move to Viridian by 30 September 2019.

First strike against remuneration report

On 12 December 2018 at Westpac's Annual General Meeting of shareholders, Westpac incurred a first strike against its remuneration report. A strike occurs where a company's remuneration report receives a 'no' vote of 25 per cent. or more. If Westpac receives a second strike at its 2019 Annual General Meeting, a spill resolution will be put to shareholders. If 50 per cent. or more of votes cast are in favour of that spill resolution, a spill meeting is required to be held within 90 days. At that spill meeting, certain directors will be required to stand for re-election.

Financial crime

In an environment of ongoing legislative reform, regulatory change and increased industry focus, Westpac continues to progress a program of work to improve its management of financial crime risks (including AML/CTF, sanctions and anti-bribery and corruption). This work has included a review of its AML/CTF policies, the completeness of data feeding into its AML/CTF systems and its AML/CTF processes and controls. Westpac has been regularly updating the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") on progress and has commenced implementing a number of improvements to its AML/CTF Program, governance, policies, systems and controls together with related remediation work in respect of certain reporting practices. These efforts have related to matters such as customer on-boarding, ongoing customer due diligence, transaction monitoring and regulatory reporting (including in relation to International Funds Transfer Instructions ("**IFTIs**"), Suspicious Matter Reports and Threshold Transaction Reports).

Under Australia's AML/CTF Act, the 'sender' financial institution of an IFTI transmitted out of Australia, or the 'recipient' financial institution of an IFTI transmitted into Australia, is required to report the IFTI to AUSTRAC within ten business days of the instruction being sent or received. The Westpac Group has self-reported to AUSTRAC a failure to report a large number of IFTIs (as required under Australia's AML/CTF Act). The majority of these IFTIs concern batch instructions received by Westpac through one WIB product between 2009 and 2018 from a small number of correspondent banks for payments made predominantly to beneficiaries living in Australia in Australian dollars. Through the product, Westpac facilitates payments on behalf of clients of certain of its correspondent banks. The majority of the payments are low value, recurring and made by Government pension funds and corporates. As reported in the Westpac Group's 2018 Annual Report, the Westpac Group is continuing to work with AUSTRAC to remediate the failure to report IFTIs. AUSTRAC is investigating this matter and, over the last six months, has issued a number of detailed notices requiring the production of documents and information.

Further details regarding the consequences of the failure to comply with financial crime obligations, which could include regulatory enforcement action by AUSTRAC or other regulators, including litigation resulting in fines and/or penalties, is set out in the Risk Factors section.

Regulatory and political focus*Royal Commission into the banking, superannuation and financial services industries*

On 14 December 2017, the Australian Government established a Royal Commission into potential misconduct in Australia's banks and other financial services entities. The terms of reference for the Royal Commission require it to consider (amongst other things) the conduct of banks, insurers, financial service providers, superannuation funds (not including self-managed superannuation funds)

and intermediaries between borrowers and lenders, and the effectiveness of Australian regulators in addressing misconduct in financial institutions. The Royal Commission was not required to inquire into matters such as the financial stability of Australia's banks.

The Royal Commission's inquiries made public instances where the Westpac Group or entities or persons associated with the Westpac Group engaged in potential misconduct or failed to meet community standards and expectations. The Royal Commission's terms of reference were broad and enabled the Royal Commission to investigate potential misconduct in a wide range of areas. The public hearings of the Royal Commission examined consumer lending practices, the provision of financial advice, business lending to small and medium enterprises, experiences with financial entities in regional and remote communities, superannuation and insurance as well as policy issues related to these matters. Westpac provided the Royal Commission with documents and witness statements and made submissions in all rounds of the Royal Commission and participated in certain rounds of public hearings.

The Royal Commission's Final Report was released on 4 February 2019 and contained 76 express recommendations, 51 of which will likely require action by Westpac. The recommendations are broadly aimed at protecting consumers against misconduct, providing adequate redress and addressing asymmetries of power and information between financial services entities and their customers. Implementation of the recommendations is likely to have a significant impact on banking and financial services entities and their regulators. Some of the most significant recommendations include those concerning the regulation of mortgage brokers, introducing a broader definition of 'small business' in the Banking Code of Practice so that the code will apply to more small businesses, the prohibition of unsolicited sales of insurance and superannuation products and removal of grandfathered commissions for financial advisers. Westpac has implemented or is currently in the process of implementing a number of those recommendations which require action by financial services participants. The remainder will require legislated reform or further consideration, action or guidance from the Government or regulators.

Since the release of the Final Report the Government stated it will take action on all of the recommendations contained within it. It has to date acted on a number of those recommendations including passing legislation concerning penalties applicable to superannuation fund trustees and directors for breach of their duties and has announced policy and legislative change proposals. The Government is expected to have a significant program of work to complete in order to implement the Final Report recommendations.

In addition, civil claims have been brought against financial institutions in relation to certain matters considered during the Royal Commission, and Commissioner Hayne has referred several cases of misconduct to the financial regulators.

APRA self-assessment

On 1 May 2018, in the context of the publication of the final report in relation to the prudential inquiry into the Commonwealth Bank of Australia, APRA indicated that all regulated financial institutions would benefit from conducting a self-assessment into their frameworks and practices in relation to governance, culture and accountability. For large financial institutions such as Westpac, APRA noted it would be seeking written assessments in relation to these matters that have been reviewed and endorsed by their Board. Westpac completed its self-assessment and submitted the report to APRA on 29 November 2018. Westpac has developed its action plan and is having ongoing discussions with

APRA in relation to implementation of the recommendation from the assessment.

On 22 May 2019, APRA released a report analysing the self-assessments carried out by 36 banks, insurers and superannuation licensees. APRA noted a wide variation in the quality of the self-assessments, however consistent findings in the self-assessments included:

- non-financial risk management requires improvement;
- accountabilities are not always clear, cascaded and effectively enforced;
- acknowledged weaknesses are well-known and some have been long-standing; and
- risk culture is not well understood, and therefore may not be reinforcing the desired behaviours.

APRA stated that it is considering applying additional capital requirements to several regulated institutions after an analysis of self-assessments found material weaknesses in the governance and management of non-financial risks. APRA will also be seeking assurances from all boards that the weaknesses identified in the self-assessments will be addressed as a matter of priority in an effective and sustainable manner.

Review into corporate criminal responsibility regime

On 10 April 2019, the Australian Government commissioned the Australian Law Reform Commission (“**ALRC**”) to undertake a comprehensive review of the corporate criminal responsibility regime. The review is to consider reforms to the Criminal Code and other relevant legislation to provide a simpler, stronger and more cohesive regime for corporate criminal responsibility. This includes consideration of any practical challenges to investigating and prosecuting these crimes. The ALRC’s report is to be provided to the Australian Government by 30 April 2020.

Regulatory reviews and inquiries

Westpac is periodically involved in regulatory reviews and inquiries, both in Australia and in the other markets in which it operates. The most relevant reviews and inquiries that are ongoing or otherwise material are discussed below.

Residential mortgage lending - reviews by and engagement with regulators

In recent years, regulators have focused on aspects of residential mortgage lending standards across the industry.

APRA has been looking at, and speaking publicly about, the broader issue of bank serviceability standards pertaining to residential mortgage lending.

Westpac has continued to engage APRA on its progress in strengthening controls in residential mortgage lending and enhancements to its residential mortgage risk management framework, including oversight, operating systems and controls, and assurance.

ASIC continues to focus on interest-only mortgage origination and high risk customer groups (such as customers with reverse mortgages). On 14 February 2019 ASIC released a consultation paper to update its guidance on responsible lending. The paper seeks to review and update the guidance

contained in 'Regulatory Guide RG 209 Credit licensing: Responsible lending conduct', and will consider whether the guidance remains effective and identify changes and additions to the guidance that may assist holders of Australian credit licences to better understand ASIC's expectations.

ASIC has also reviewed public statements by some banks (including Westpac) about interest rate changes, following the introduction of APRA's macro-prudential limits for ADIs in respect of interest only lending flows. Westpac is working with ASIC on its reviews in these areas.

Australian Competition and Consumer Commission ("ACCC") residential mortgage products price inquiry

The ACCC undertook a specific inquiry into the pricing of residential mortgages by those banks affected by the levy on ADIs with liabilities of at least A\$100 billion ("**Bank Levy**") (including Westpac), which included monitoring the extent to which the Bank Levy was passed on to customers. The final report was published in December 2018, and made a number of findings about the pricing of residential mortgages, including that:

- the banks the subject of the inquiry did not change residential mortgage prices specifically to recover the costs of the Bank Levy;
- the current nature of discretionary mortgage pricing causes inefficiency and stifles price competition;
- on average, new borrowers pay lower interest rates than existing borrowers; and
- a borrower's willingness to negotiate with lenders is an important factor in the pricing of their residential mortgages.

Australian Financial Complaints Authority ("AFCA") look back review

On 4 February 2019, the Australian Government announced that, in response to the recommendations contained in the Royal Commission's Final Report, it will expand the remit of AFCA for 12 months so that it can consider customer claims dating back to 1 January 2008 and award compensation where appropriate. AFCA has a broader jurisdiction than previous dispute resolution bodies which it has replaced and the current impact of this reform on Westpac, if any, is currently uncertain.

Increased regulatory powers and oversight

BEAR

On 1 July 2018 the BEAR, which applies to large authorised deposit-taking institutions ("**ADIs**") such as Westpac, came into effect. The Government's stated intention of BEAR was to introduce a strengthened responsibility and accountability framework for the most senior and influential directors and executives in ADI groups (referred to as 'accountable persons' under BEAR).

Westpac implemented BEAR, including filing all required documents with APRA, by the required date of 1 July 2018. The Royal Commission's Final Report included some key recommendations in relation to BEAR, including the joint administration of BEAR by ASIC and APRA and the extension of BEAR to all APRA regulated financial services institutions. These recommendations have not required any

action from Westpac at this stage, however Westpac will continue to monitor the government and regulatory response to these recommendations.

ASIC Enforcement Review Taskforce

On 19 October 2016, the Australian Government announced that the ASIC Enforcement Review Taskforce ("**Taskforce**") would conduct a review into the suitability of ASIC's existing regulatory tools (including the penalties available) and whether they need to be strengthened.

The Taskforce completed its report in December 2017 and made 50 recommendations to the Australian Government.

Progress has been made in implementing these recommendations, including:

- ASIC releasing a report on 25 September 2018 on the breach reporting processes of 12 financial services groups, including Westpac;
- the Australian Parliament passing the *Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Act 2019* (Cth), expanding ASIC's powers in respect of corporate and financial services misconduct, including the criminal and civil penalties which apply. The legislation is further discussed below; and
- the Australian Government announcing an increase in ASIC's funding to introduce a close and continuous monitoring program, in which ASIC embeds staff within the institutions which it supervises, which is further discussed below.

Enhanced penalties for corporate and financial sector misconduct

On 12 March 2019, the *Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Act 2019* (Cth) (the "**Act**") received royal assent. The Act strengthens penalties for corporate and financial sector misconduct consistent with the ASIC Enforcement Review Taskforce recommendations. The Government's previous draft bill was amended by the Senate when passing the legislation to increase the maximum criminal penalties for individuals from the originally proposed 10 years to 15 years, and to increase the cap on certain civil penalties for corporations from the originally proposed A\$210 million to A\$525 million.

Key aspects of the Act are to:

- update the penalties for certain criminal offences in legislation administered by ASIC, including tripling the maximum imprisonment penalties for certain criminal offences (from five to 15 years), introducing a formula to calculate financial penalties for contraventions of civil penalty provisions by individuals and companies, and removing imprisonment as a penalty but increasing the financial penalties for all strict and absolute liability offences;
- introduce ordinary criminal offences that sit alongside strict and absolute liability offences;
- introduce the ability for Courts to make relinquishment orders for civil penalty provision contraventions;

- expand the civil penalty regime by making a wider range of offences subject to civil penalties, such as failures by Australian financial services licensees to act efficiently, fairly and honestly, and failures to report significant breaches within 10 days of becoming aware of the breach or likely breach;
- expand the infringement notice regime;
- introduce a new test that applies to all dishonesty offences under the *Corporations Act 2001 (Cth)*; and
- ensure the Courts prioritise compensating victims over ordering the payment of financial penalties.

ASIC's close and continuous monitoring program

On 4 September 2018, ASIC announced a new supervisory approach in which ASIC officers will be embedded in major financial institutions, including Westpac. The stated goal of the program is to actively limit future financial harm to consumers, investors and markets and to catalyse positive, consumer oriented, behavioural change.

To date, the model adopted by ASIC is for officers to make extended onsite visits to major financial institutions. ASIC's program is examining culture and processes in major financial institutions through three streams: Breach Reporting, Corporate Governance and Internal Dispute Resolution ("*IDR*"). Westpac has responded to a number of notices from ASIC in connection with the program and ASIC's onsite review on Breach Reporting and engagement on Corporate Governance is now complete. The IDR onsite review will not commence before July 2019.

Product design and distribution obligations and product intervention power

On 5 April 2019, the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 (Cth)* received royal assent. This Act amends the *Corporations Act 2001 (Cth)* and the *National Consumer Credit Protection Act 2009 (Cth)* and grants ASIC a product intervention power and introduces a new 'principles-based' product design and distribution obligation on issuers and distributors.

Regulatory enforcement approach

On 16 April 2019, APRA released its Enforcement Approach with immediate effect. The new Enforcement Approach follows the results of its Enforcement Review, released on the same day. The Enforcement Review made seven recommendations which were designed to help APRA better leverage its enforcement powers to achieve prudential outcomes.

In response to the Enforcement Review, APRA stated it would implement all recommendations including increasing APRA's enforcement appetite from a "last resort" to a "constructively tough" approach. The new enforcement approach is endorsed by the APRA Board and sets out how it will use its enforcement powers to prevent and address serious prudential risks, and to hold entities and individuals to account. APRA's approach states that it may do this well before the risks (whether financial, operational or behavioural) present an immediate threat to financial viability. Further, where entities or individuals are failing to meet prudential obligations, APRA will act quickly and forcefully, and

will be willing to set public examples to deter unacceptable practices from occurring in the future.

On 26 February 2019, the ACCC signalled a stronger enforcement stance in its annual Compliance and Enforcement Policy refresh. The ACCC's competition enforcement approach and objectives are supported by increased budget support from the Government announced at the end of 2018.

In October 2018, ASIC committed to accelerating enforcement activities, conducting more civil and criminal enforcement actions against large financial institutions and adopting a 'why not litigate?' enforcement stance. Following the release of the Royal Commission's Final Report, ASIC also determined to establish a separate Office of Enforcement within ASIC, which is expected to be completed in 2019.

General regulatory changes affecting Westpac's business

Banking Code of Practice

On 31 July 2018, ASIC approved the Banking Code of Practice (the "**Code**") with an implementation date of 1 July 2019 for each bank that has adopted the Code (including Westpac). The new Code replaces the previous version, the Code of Banking Practice 2013, and introduces a range of new measures to make banking products easier to understand and more customer focused. The Code sets out the standards of practice and service in the Australian banking industry for individual and small business customers, and their guarantors. The new Code introduces a range of new measures including abolishment of fees and commission on lenders mortgage insurance, a commitment to take extra care with vulnerable customers and train staff to help, simplified loan contracts for small business written in plain English and that are easier to understand, better protection for guarantors and stronger enforcement of the Code.

The Code will be further updated with key amendments in response to the recommendations contained in the Royal Commission's Final Report, which recommended changes in relation to the protection of small businesses and having a greater focus on customers in remote areas and those with limited English. These changes include banning informal overdrafts on basic accounts without prior express agreement with the customer, abolishing dishonour fees on basic bank accounts and following AUSTRAC's guidance on the identification and verification of persons of Aboriginal or Torres Strait Islander heritage.

Open banking regime

On 21 December 2018, the Australian Treasury released a revised timetable for the introduction of open banking. The timetable for the big four Australian banks (including Westpac) is now as follows:

- from 1 July 2019, product data for credit cards, debit cards, deposit accounts and transaction accounts will be made available;
- from 1 July 2019, the ACCC and the Commonwealth Scientific and Industrial Research Organisation ("**CSIRO**") Data 61 will launch a pilot program with the big four Australian banks to test the performance, reliability and security of the open banking system;
- by no later than February 2020, consumer, account and transaction data for credit and debit cards, deposit accounts and transaction accounts will be made available;

- from February 2020, product data for mortgages, and consumer, account and transaction data for mortgage accounts will be made available; and
- from July 2020, product data for personal loan and other accounts, and consumer, account and transaction data for personal loan and other accounts will be made available.

Also on 21 December 2018, the Australian Treasury released a Privacy Impact Assessment on the privacy risks associated with implementing a consumer data right together with risk mitigation strategies. On the same date the ACCC released the Consumer Data Right Rules Outline setting out proposed draft rules for the regime. On 13 February 2019, the Treasury Laws Amendment (Consumer Data Right) Bill 2019 was introduced into the House of Representatives that will amend the *Competition and Consumer Act 2010* (Cth), the *Privacy Act 1988* (Cth) and the *Australian Information Commissioner Act 2010* (Cth) to introduce a consumer data right. The bill was referred to the Senate Economics Legislation Committee which reported on it on 21 March 2019, and recommended the passage of the bill without amendment. Given the bill was not passed prior to the Federal Election being called, there is a possibility that amendments will be made to it in the future. On 29 March 2019, the ACCC published an exposure draft of the Competition and Consumer (Consumer Data) Rules 2019 for consultation.

Comprehensive Credit Reporting (“CCR”)

On 28 March 2018, the *National Consumer Credit Protection Amendment (Mandatory Comprehensive Credit Reporting) Bill 2018* (Cth) was introduced into Parliament. Whilst the bill remains in the Senate, if passed in its current form, the bill will mandate the provision of CCR data to credit reporting bodies. Westpac is committed to the use of CCR to support its principles of responsible lending, and as such Westpac voluntarily supplied 55 per cent. of its consumer credit accounts on 17 September 2018.

Westpac will supply the residual 45 per cent. of consumer credit accounts following completion of successful data testing protocols by 17 September 2019. To support its implementation, Westpac is now a signatory of the Principles of Reciprocity and Data Exchange, which provides governance and most importantly key consumer data protection protocols within the CCR data sharing environment.

Litigation

ASIC's responsible lending litigation against Westpac

On 1 March 2017, ASIC commenced Federal Court proceedings against Westpac in relation to certain home loans entered into between December 2011 and March 2015, which were automatically approved by Westpac's systems as part of broader processes. On 4 September 2018 Westpac and ASIC agreed to settle the proceedings on the basis of a proposed A\$35 million penalty and declarations that Westpac contravened the *National Consumer Credit Protection Act 2009* (Cth) (“**NCCPA**”). The proposed settlement was subject to Court approval. However, on 13 November 2018, the Court did not approve the proposed settlement. Accordingly, the proceedings remain on foot. The proceedings were heard in May 2019. Judgment is pending.

Responsible lending class action

On 21 February 2019, a class action against Westpac was filed in the Federal Court of Australia. As directed by the Court, the plaintiffs filed a Statement of Claim on 22 May 2019. The Court documents provide limited details, however, the claims appear to allege that Westpac did not comply with its

responsible lending obligations and entered into certain home loans that it should otherwise have assessed as unsuitable. The allegations include that Westpac failed to properly verify customer expenses for the period from 1 January 2011 onwards, and did not properly assess repayments for interest only loans for the period from 1 January 2011 to August 2015. Westpac is defending the proceedings.

Outbound scaled advice division proceedings

On 22 December 2016, ASIC commenced Federal Court proceedings against BT Funds Management Limited ("**BTFM**") and Westpac Securities Administration Limited ("**WSAL**") in relation to a number of superannuation account consolidation campaigns conducted between 2013 and 2016. ASIC has alleged that in the course of some of these campaigns, customers were provided with personal advice in contravention of a number of *Corporations Act 2001* (Cth) provisions. ASIC has selected 15 specific customers as the focus of their claim. Judgment was handed down on 21 December 2018. The Court found that no personal advice had been provided and that BTFM and WSAL did not contravene the relevant personal advice provisions. The Court also found that BTFM and WSAL had each contravened section 912A(1)(a) of the *Corporations Act* insofar as they had failed to do all things necessary to ensure that financial services were provided efficiently, honestly and fairly through the adoption of the relevant training and coaching frameworks used in certain superannuation consolidation campaigns. In February 2019, ASIC filed an appeal. Westpac has cross-appealed the section 912A(1)(a) finding. The appeal is expected to be heard in August 2019.

ASIC's proceedings against Westpac for poor financial advice by a financial planner

On 14 June 2018, ASIC commenced proceedings in the Federal Court against Westpac in relation to alleged poor financial advice provided by a former financial planner, Mr Sudhir Sinha. Mr Sinha was dismissed by Westpac in November 2014 and subsequently banned by ASIC. Westpac has proactively initiated remediation to identify and compensate affected customers and has completed remediation activities. ASIC's proceedings relate to advice provided by Mr Sinha in respect of four specific customer files. The matter was heard by the Court on 15 April 2019 and judgment has been reserved.

Class action against Westpac and Westpac Life Insurance Services Limited

On 12 October 2017, a class action was filed in the Federal Court of Australia on behalf of customers who, since February 2011, obtained insurance issued by WLIS on the recommendation of financial advisers employed within the Westpac Group. The plaintiffs have alleged that aspects of the financial advice provided by those advisers breached fiduciary and statutory duties owed to the advisers' clients, including the duty to act in the best interests of the client, and that WLIS was knowingly involved in those alleged breaches. Westpac and WLIS are defending the proceedings. These proceedings are currently stayed by order of the Court, pending the outcome of an appeal concerning a procedural issue unrelated to the substantive claims made in the class action.

BBSW proceedings

Following ASIC's investigations into the interbank short-term money market and its impact on the setting of the BBSW, on 5 April 2016, ASIC commenced civil proceedings against Westpac in the Federal Court of Australia, alleging certain misconduct, including market manipulation and unconscionable conduct. The conduct that was the subject of the proceedings was alleged to have occurred between 6 April 2010 and 6 June 2012. ASIC sought declarations from the Court that Westpac

breached various provisions of the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth), pecuniary penalties of unspecified amounts and orders requiring Westpac to implement a comprehensive compliance program for persons involved in Westpac's trading in the relevant market. The proceedings were heard in late 2017. On 24 May 2018, Justice Beach found that Westpac had not engaged in market manipulation or misleading or deceptive conduct under the *Corporations Act 2001* (Cth). His Honour also found that there was no 'trading practice' of manipulating the BBSW rate. However, the Court found that Westpac engaged in unconscionable conduct on 4 occasions and that Westpac breached its supervisory duty. On 9 November 2018, the Court ordered Westpac to pay a penalty of A\$3.3 million, and have an independent expert review particular aspects of Westpac's compliance arrangements. Westpac's liability for a proportion of ASIC's costs will be determined in the coming months.

In August 2016, a class action was filed in the United States District Court for the Southern District of New York against Westpac and a large number of Australian and international banks alleging misconduct in relation to BBSW. In April 2019, an amended claim was filed by the plaintiffs. Westpac is defending the proceedings with a Motion to Dismiss filed in May 2019.

Regulatory capital transactions

Issue of Westpac Capital Notes 6

On 18 December 2018, Westpac issued approximately A\$1.42 billion of securities known as Westpac Capital Notes 6 which qualify as Additional Tier 1 capital under APRA's capital adequacy framework.

Transfer and redemption of Westpac Capital Notes

On 18 December 2018, approximately A\$722 million of Westpac Capital Notes were transferred to the Westpac Capital Notes nominated party for A\$100 each pursuant to the Westpac Capital Notes 6 reinvestment offer. Those Westpac Capital Notes were subsequently redeemed by Westpac.

On 8 March 2019, being the optional redemption/transfer date of the Westpac Capital Notes, the remaining A\$662 million of Westpac Capital Notes were transferred to the Westpac Capital Notes nominated party for A\$100 each. Those Westpac Capital Notes were subsequently redeemed by Westpac.

Adoption of new accounting standards

Adoption of AASB 9 and AASB 15

The Westpac Group adopted the classification and measurement, and impairment requirements of AASB 9: Financial Instruments ("**AASB 9**") on 1 October 2018. AASB 9 includes a forward looking 'expected credit loss' impairment model, revised classification and measurement model and modifies the approach to hedge accounting.

The adoption of AASB 9 reduced retained earnings at 1 October 2018 by A\$722 million (net of tax) primarily due to the increase in impairment provisions under the new standard.

The Westpac Group adopted AASB 15: Revenue from Contracts with Customers ("**AASB 15**") on 1 October 2018. AASB 15 provides a systematic approach to revenue recognition by introducing a five-

step model governing revenue measurement and recognition. The adoption of AASB 15 reduced retained earnings at 1 October 2018 by A\$5 million (net of tax).

Further details of the changes from the adoption of AASB 9 and AASB 15 as well as details of accounting standards that have been issued but are not yet effective for the Westpac Group are included in Note 1 in the 2019 Interim Financial Report, which is incorporated by reference into this Information Memorandum.

APRA regulatory changes and other changes affecting capital

APRA's proposed changes to capital standards

On 19 July 2017, APRA released an Information Paper titled 'Strengthening Banking System Resilience - Establishing Unquestionably Strong Capital Ratios'. In its release, APRA concluded that the four major Australian banks, including Westpac, need to have a CET1 ratio of at least 10.5 per cent., as measured under the existing capital framework, to be considered "unquestionably strong". Banks are expected to meet this new benchmark by 1 January 2020. APRA has indicated that it expects to finalise the suite of prudential standards to give effect to "unquestionably strong" in 2020-21, with the revised prudential standards likely to come into effect from 2022, consistent with the international timetable.

APRA has commenced consultation and has issued the following discussion papers:

- 'Revision to the Capital Framework for Authorised Deposit-Taking Institutions'. The discussion paper included proposed revisions to the capital framework as well as other changes to better align the framework to risks, including in relation to home lending. On 12 June 2019, APRA published its response to the first round of consultation on proposed changes to the capital framework. The response paper details revised capital requirements for residential mortgages, and credit risk and operational risk under the standardised approaches.
- 'Leverage Ratio Requirements for Authorised Deposit-Taking Institutions'. APRA has released draft prudential and reporting standards. These papers propose to impose a minimum leverage ratio requirement of 3.5% for ADIs that use the internal ratings-based approach to determine capital adequacy. APRA is proposing that the minimum leverage ratio requirement will come into effect from 1 January 2022, compared to the original proposed implementation date of 1 July 2019.
- 'Improving the transparency, comparability and flexibility of the ADI capital framework'. The discussion paper outlines the options APRA is considering for the presentation of capital ratios, minimum capital requirements and capital instrument triggers.

APRA has announced that its revisions to the capital framework are not intended to necessitate further capital increases for the industry above the 10.5 per cent. benchmark. However, given the proposals include higher risk weights for certain mortgage products, such as interest-only loans and loans for investment purposes, the impact on individual banks may vary. Given the proposals are currently under consultation and final details remain unclear, it is too soon to determine the impact on Westpac.

Further details of Westpac's other regulatory disclosures required in accordance with prudential standard APS 330 can be accessed at <https://www.westpac.com.au/about-westpac/investor->

centre/financial-information/regulatory-disclosures/.

Resolution planning including additional loss-absorbing capacity and APRA's crisis management powers

In response to the Financial System Inquiry recommendations, the Australian Government agreed to further reforms regarding crisis management and establishing a framework for minimum loss-absorbing and recapitalisation capacity.

On 8 November 2018, APRA commenced consultation on a requirement for ADIs to maintain additional loss absorbency for resolution and released a discussion paper entitled "Increasing the loss-absorbing capacity of ADIs to support orderly resolution". The discussion paper proposed that the four Australian major banks (including Westpac) increase their Total Capital requirements by four to five percentage points of risk weighted assets under the current capital adequacy framework by 2023. Under this proposal, APRA noted that it anticipates that the bulk of additional capital raised would be in the form of Tier 2 Capital. In a speech given by Pat Brennan, Executive General Manager, Policy and Advice Division, on 19 March 2019, APRA acknowledged that its proposals remain under consultation and that APRA is "thinking through options and gathering additional information." Given that the proposals are not expected to be finalised until later in 2019, the final outcome for Westpac remains unclear.

APRA also intends to consult on a framework for recovery and resolution later in 2019, which will include further details on resolution planning.

APRA's proposed amendment to guidance on mortgage lending

On 21 May 2019, APRA announced that it had begun consulting on possible revisions to its guidance on the serviceability assessments that ADIs perform on residential mortgage applications. APRA proposed removing its guidance that ADIs should assess whether borrowers can afford their repayment obligations using a minimum interest rate of at least 7 per cent. Instead, ADIs would be permitted to review and set their own minimum interest rate floor for use in serviceability assessments. APRA also proposed that ADIs' serviceability assessments incorporate an interest rate buffer of 2.5 per cent.

Consultation will close on 18 June 2019, ahead of APRA releasing a final version of an updated Prudential Practice Guide APG 223 – Residential Mortgage Lending, shortly afterwards.

APRA Prudential Standard APS 222: Associations with Related Entities

On 2 July 2018, APRA released a Discussion Paper and consultation draft in relation to prudential standard APS 222: Associations with Related Entities. The Discussion Paper proposes changes to the requirements for ADIs in managing their risks from associations with related parties. The proposals are at consultation stage and final details remain unclear. It is expected that once finalised, the framework will be implemented from 1 January 2020.

APRA Prudential Standard CPS 234: Information Security Management

On 7 November 2018, APRA released the new cross-industry prudential standard CPS 234: Information Security Management. The compliance date for this standard is 1 July 2019. APRA announced that the proposed standard is aimed at improving the ability of APRA-regulated entities to detect cyber adversaries and respond swiftly and effectively in the event of a breach.

Westpac continues to enhance its systems and processes to further mitigate cybersecurity risks.

International developments affecting Westpac

Brexit

On 29 March 2017, the Prime Minister of the United Kingdom notified the European Council in accordance with Article 50 of the Treaty on European Union of the UK's intention to withdraw from the EU, triggering a two year period for the negotiation of the UK's withdrawal from the EU. While the negotiation period has been extended, there continues to be uncertainty on the timing and process for the UK's withdrawal.

As Westpac's business and operations are based predominantly in Australia and New Zealand, the direct impact of the UK's departure from the EU is unlikely to be material to Westpac. However, it remains difficult to predict the impact that Brexit may have on financial markets, the global economy and the global financial services industry. Westpac has contingency planning in place and has been active in dialogue with affected customers.

OTC derivatives reform

International regulatory reforms relating to over-the-counter ("**OTC**") derivatives continue to be implemented across the globe, with a current focus on initial margin and risk mitigation practices for non-centrally cleared derivatives.

Global initial margin requirements commenced on 1 September 2016. These requirements are being introduced in phases until 1 September 2020 and work is underway within Westpac to meet a proposed September 2019 compliance date.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

*The Reserve Bank of New Zealand ("**RBNZ**") - Revised Outsourcing Policy*

On 19 September 2017, the RBNZ advised WNZL of changes to its conditions of registration that will give effect to the RBNZ's revised Outsourcing Policy (BS11) ("**Revised Outsourcing Policy**"). Both the changes to the conditions of registration and the Revised Outsourcing Policy came into effect on 1 October 2017 for all new outsourcing arrangements. The Revised Outsourcing Policy sets out requirements that banks need to meet when outsourcing particular functions and services, especially if the service provider is a related party of the bank.

WNZL must fully comply with the requirement to maintain a compendium of outsourcing arrangements by 30 September 2019 and must fully comply with the other aspects of the Revised Outsourcing Policy by 30 September 2022 including remediation of all outsourcing arrangements existing as at 1 October 2017. Work is underway to comply with those requirements. As a result of complying with the Revised Outsourcing Policy, the ongoing cost of operating the WNZL business will increase, in addition to the costs of implementing the changes.

RBNZ Capital Review

The RBNZ is undertaking a Bank Capital Adequacy Framework review on the quantum and makeup of bank capital. The RBNZ has now made “in principle” decisions on the risk weighted assets framework, including the introduction of dual reporting, a standardised methodology for operational risk, and capital floors to internal rating models.

On 14 December 2018, the RBNZ released a consultation paper to seek the public's view on a proposal to significantly increase the level of regulatory capital in the New Zealand system. In the paper, the RBNZ proposed to set a Tier 1 capital requirement equal to 16 per cent. of risk weighted assets for banks deemed systemically important, such as WNZL. The proposal of a Tier 1 ratio of 6 per cent. of risk weighted assets as a regulatory minimum is unchanged, and of this no more than 1.5 per cent. of risk weighted assets can be contributed by Additional Tier 1 capital or redeemable preference shares. The RBNZ have proposed a five year transition period.

The proposed changes aim to further strengthen the NZ banking system to protect the economy and depositors from bank failure. Meeting the RBNZ's proposed minimum 16 per cent. Tier 1 capital ratio would require a further estimated NZ\$3.5 - 4 billion of Tier 1 capital if applied at 31 March 2019 (assuming that its existing NZ\$1.5 billion Additional Tier 1 capital instrument is not eligible to meet future Tier 1 capital requirements). WNZL is already strongly capitalised with a Tier 1 capital ratio of 14.5% at 31 March 2019. The consultation closed on 17 May 2019.

A panel of experts has been appointed by the RBNZ to review the analysis and advice underpinning the proposals. Announcement of the policy decisions is expected by the end of November 2019, with implementation of any new rules starting from April 2020.

Reform of the regulation of financial advice

In July 2016, the New Zealand Government announced plans for changes to the regime regulating financial advice. The new regime is set out in the *Financial Services Legislation Amendment Act 2019* which received Royal Assent on 9 April 2019.

A Code of Conduct has also been approved but is not yet in force. The Act, Code of Conduct and accompanying regulations are expected to come into force in June 2020, after which a 2-year safe harbour for competency requirements will apply. Full implementation of the regime is expected in the first or second quarter of 2022.

RBNZ - Review under section 95 of the Reserve Bank of New Zealand Act 1989

On 15 November 2017, the RBNZ advised WNZL of changes to its conditions of registration resulting from a review of its compliance with advanced internal rating based aspects of the RBNZ's 'Capital Adequacy Framework (Internal Models Based Approach)'. The changes to WNZL's conditions of registration came into effect on 31 December 2017 and increase the minimum Total Capital ratio, Tier 1 Capital ratio and Common Equity Tier 1 Capital ratio of WNZL and its controlled entities by 2 per cent. WNZL has also undertaken to the RBNZ to maintain the Total Capital ratio of WNZL and its controlled entities above 15.1 per cent. WNZL and its controlled entities retain an appropriate amount of capital to comply with the increased minimum ratios. WNZL has taken steps to address the issues of non-compliance in accordance with the RBNZ timelines, and is expecting the RBNZ to complete its assessment of WNZL's work by the end of September 2019.

Review of the Reserve Bank of New Zealand Act

In November 2017, the New Zealand Government announced it will undertake a review of the Reserve Bank of New Zealand Act 1989 (Act) ("**RBNZ Review**"). The RBNZ Review aims to ensure the RBNZ's monetary and financial policy framework still provides the most efficient and effective model for New Zealand. The RBNZ Review will consist of two phases. Phase 1 focuses on whether the RBNZ's decision-making process for monetary policy is robust, and the legislation for the recommended Phase 1 related changes to New Zealand's monetary policy framework received royal assent on 20 December 2018, and came into force on 1 April 2019.

The terms of reference for Phase 2 were released in June 2018 and will consider the overarching objectives of the RBNZ's institutional governance and decision-making, the macro-prudential framework, the current prudential supervision model, trans-Tasman coordination, supervision and enforcement and resolution and crisis management. The first consultation on Phase 2 closed in January 2019 and considered the overarching objectives of the RBNZ, the RBNZ's governance and decision-making arrangements, prudential supervision and crisis management. On 24 June 2019 the RBNZ released two further consultation papers as part of Phase 2. The first paper sets out a number of in principle decisions made by the Minister of Finance on issues covered in the first consultation and seeks feedback on follow-up questions in relation to those decisions; and the second paper seeks views on the Reserve Bank's role in overseeing New Zealand's financial sector. The consultation closes on 16 August 2019.

The final consultation is expected later in 2019. Final policy decisions on all components of the review are expected to be made in early 2020.

Residential Mortgage Bond Collateral Standard Review

On 17 December 2017, the RBNZ published an issues paper proposing an enhanced mortgage bond standard aimed at supporting confidence and liquidity in the financial system. Following industry engagement to develop a new mortgage bond standard, the RBNZ released a consultation paper on the policy standard in November 2018. The consultation closed in March 2019 and final decisions on the new mortgage bond standard are awaited. A five-year transition to full implementation is proposed.

*RBNZ/Financial Markets Authority ("**FMA**") – Financial Services Conduct and Culture Review*

In May 2018, the RBNZ and FMA commenced a review in respect of New Zealand's 10 major banks and 15 life insurers, including WNZL and Westpac Life-NZ-Limited, to explain why conduct issues highlighted by the Australian Royal Commission are not present in New Zealand. WNZL and Westpac Life provided the regulators with information in relation to this review. An industry thematic review report for the banks was released on 5 November 2018. The report identified no widespread instances of misconduct and notes that each bank will be required to provide regulators with a plan by the end of March 2019 to address the issues identified in the report and in the individualised letters that were received by the banks in November 2018. WNZL provided its plan to the FMA and RBNZ on 29 March 2019. Feedback from the FMA and RBNZ on that plan is expected in mid-2019. On 24 June 2019, the FMA and RBNZ announced that all banks had committed to removing sales incentives from frontline staff and their managers.

The industry thematic review report into life insurers, including Westpac Life-NZ-Limited, was released on 29 January 2019. The report identified extensive weaknesses in life insurers' systems and controls, governance and management of conduct risks. Each insurer is required to provide regulators with a plan by the end of June 2019 to address the issues identified in the report and in individualised letters

that were received by the insurers in February 2019. Westpac Life-NZ-Limited received its individual feedback letter in February 2019. On 28 June 2019, Westpac Life-NZ-Limited provided its response to the FMA and RBNZ. This included a plan to address the issues identified in the review report and the individual feedback letter.

Supervision and regulation

Australia

Within Australia, Westpac is subject to supervision and regulation by six principal agencies: APRA; the RBA; ASIC; the ASX; the ACCC; and 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. APRA is expected to have new and strengthened powers under the proposed new BEAR.

As an ADI, Westpac reports prudential information to APRA, including information in relation to capital adequacy, large exposures, credit quality and liquidity. Westpac's controlled entities in Australia that are authorised insurers and trustees of superannuation funds are also subject to the APRA regulatory regime. Reporting is supplemented by consultations, on-site inspections and targeted reviews. Westpac's external auditor also has an obligation to report on compliance with certain statutory and regulatory banking requirements and on any matters that in their opinion may have the potential to materially prejudice the interests of depositors and other stakeholders.

Australia's risk-based capital adequacy guidelines are based on the approach agreed upon by the BCBS. National discretion is then applied to that approach, which results in Australia's capital requirements being more stringent.

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. With respect to financial services, it promotes fairness and transparency by providing consumer protection, using regulatory powers to enforce laws relating to deposit-taking activities, general insurance, life insurance, superannuation, retirement savings accounts, securities (such as shares, debentures and managed investments) and futures contracts and financial advice. ASIC has responsibility for supervising trading on Australia's domestic licensed markets and of trading participants. There are currently proposals to strengthen ASIC's existing powers and to provide ASIC with a product intervention power.

The ASX operates Australia's primary national market for trading of securities issued by listed companies. Some of Westpac's securities (including Westpac's ordinary shares) are listed on the ASX

and Westpac therefore has obligations to comply with the ASX Listing Rules, which have statutory backing under the *Corporations Act 2001*. The ASX has responsibility for the oversight of listed entities under the ASX Listing Rules and for monitoring and enforcing compliance with the ASX Operating Rules by its market, clearing and settlement participants. ASX is also now the benchmark administrator of BBSW.

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. The ACCC's role in consumer protection complements that of ASIC (for financial services) and Australian state and territory consumer affairs agencies that administer the unfair trading legislation of their jurisdictions.

The Australian Government's present policy, known as the 'four pillars policy', is that there should be no fewer than four major banks to maintain appropriate levels of competition in the banking sector. Under the *Financial Sector (Shareholdings) Act 1998* (Cth), the Australian Government's Treasurer must approve an entity acquiring a stake of more than 15 per cent. in a particular financial sector company.

Proposals for foreign acquisitions of a stake in Australian banks are subject to the Australian Government's foreign investment policy and, where required, approval by the Australian Government under the *Australian Foreign Acquisitions and Takeovers Act 1975* (Cth).

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). These requirements include:

- implementing programs for identifying and monitoring customers, and for managing the risks of money laundering and terrorism financing;
- reporting suspicious matters, threshold transactions and international funds transfer instructions; and
- submitting an annual compliance report.

AUSTRAC provides financial information to Australian federal law enforcement, national security, human services and revenue agencies, and certain international counterparts.

New Zealand

The RBNZ is responsible for supervising New Zealand registered banks. The New Zealand prudential supervision regime requires that registered banks publish semi-annual 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. This has replaced the requirement to produce off quarter disclosure statements with a 'Dashboard' of key information about each locally incorporated bank that is published on the RBNZ's website.

The FMA is a financial conduct regulator whose 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.

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 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 per cent. 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 U.S. pursuant to the *Bank Holding Company Act of 1956* and Federal Reserve Board Regulation Y. Westpac's election will remain effective so long as it meets 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 and the U.S. Commodity Futures Trading Commission.

Anti-money laundering regulation and related requirements

Australia

Westpac has a group-wide program to manage its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth). Westpac engages actively with the regulator, AUSTRAC, on its activities and strives to maintain constructive working relationships at all times.

Westpac's AML/CTF Policy sets out how the Westpac Group complies with its legislative obligations.

The AML/CTF Policy applies to all business divisions and employees (permanent, temporary and third party providers) working in Australia, New Zealand and overseas.

United States

The *USA PATRIOT Act of 2001* requires U.S. financial institutions, including the U.S. branches of foreign banks, to take certain steps to prevent, detect and report individuals and entities involved in international money laundering and the financing of terrorism. The required actions include verifying the identity of financial institutions and other customers and counterparties, terminating correspondent accounts for foreign 'shell banks' and obtaining information about the owners of foreign bank clients and the identity of the foreign bank's agent for service of process in the U.S. The anti-money laundering compliance requirements of the *USA PATRIOT Act of 2001* include requirements to adopt and implement an effective anti-money laundering programme, report suspicious transactions or activities, and implement due diligence procedures for correspondent and other customer accounts. Westpac's New York branch and Westpac Capital Markets LLC maintain an anti-money laundering compliance programme designed to address U.S. legal requirements.

U.S. economic and trade sanctions, as administered by the Office of Foreign Assets Control ("**OFAC**"), prohibit or significantly restrict U.S. financial institutions, including the U.S. branches and operations of foreign banks, and other U.S. persons from doing business with certain persons, entities and jurisdictions. Westpac's New York branch and Westpac Capital Markets LLC maintain compliance programmes designed to comply with OFAC sanctions programmes, and Westpac has a group-wide programme to ensure adequate compliance.

Legal proceedings

Westpac entities are defendants from time to time in legal proceedings arising from the conduct of its business. Material legal proceedings, if any, are described in Note 31 to the financial statements and under '*Significant developments*' above. Where appropriate, as required by the accounting standards, a provision has been raised in respect of these proceedings and disclosed in the financial statements.

Competition

The Westpac Group operates in a highly competitive environment.

The Westpac Group serves the banking, wealth and risk management needs of customer segments from consumers and small businesses through to large corporate and institutional clients. The Westpac Group competes with other financial services providers in every segment and every product or service. Its competitors include financial services and advisory companies such as banks, (both domestic and global), investment banks, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies, online financial services providers and technology companies, large and small.

Like other financial services providers, the Westpac Group's competitive position across customer segments, products and geographies is determined by a variety of factors. These include:

- the quality, range, innovation and pricing of products and services offered;
- digital and technology solutions;
- customer service quality and convenience;

- the effectiveness of, and access to, distribution channels;
- brand reputation and preference;
- the types of customer served; and
- the talent and experience of the Westpac Group's employees.

The Westpac Group operates in an environment where digital innovation is changing the competitive landscape and competes on its ability to offer new products and services that align to evolving customer preferences. The competitive nature of the industry means that if Westpac is not successful in developing or introducing new products and services, or in responding or adapting to changes in customer preferences and habits, the Westpac Group will lose customers to its competitors.

Competition within Australia's financial system is evidenced by both the significant number of providers and the range of products and services available to customers. In Australia, competition for both deposits and lending continues to be fierce, both from established banks as well as new entrants, including technology firms. Slowing growth in some sectors such as housing has heightened competitive intensity as financial institutions work to win new customers and retain existing ones.

In its wealth business, Westpac expects the broader competitive landscape to continue to undergo significant change with ongoing consolidation in life insurance, continued regulatory and structural change in financial advice and increased overseas interest and participation in superannuation.

In New Zealand the Westpac Group is experiencing strong competition as banks vie for new customers and seek to retain existing ones. Competition for deposits and lending remains intense.

Majority Shareholders and Share Capital

As at 31 March 2019, the number of Westpac ordinary shares in issue was 3,447,571,023. Westpac has no partly paid share capital.

Westpac is not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government.

There is no provision in Westpac's constitution that requires a shareholder to disclose the extent of their ownership of Westpac's ordinary shares.

Under the *Corporations Act 2001*, any person who begins or ceases to have a substantial holding of Westpac's shares must notify ASX and Westpac and relevant persons within two business days after they become aware of that information. A further notice must be given to ASX and Westpac if there is an increase or decrease of 1 per cent. in a person's substantial holding. Formal notices must be lodged with the ASX within 2 business days. A person has a substantial holding of Westpac's shares if the total votes attached to Westpac's voting shares in which they or their associates have relevant interests is 5 per cent. or more of the total number of votes attached to all of Westpac's voting shares.

Westpac has a statutory right under the *Corporations Act 2001* to trace the beneficial ownership of Westpac's shares, by giving a direction to a shareholder or certain other persons, requiring disclosure to Westpac of, among other things, their own relevant interest in Westpac's shares, the nature and

extent of that interest and the circumstances that gave rise to that other person's interest. Such disclosure must, except in certain limited circumstances, be provided within two business days after the direction is received.

The Board of Directors

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities are:

- overseeing the sound and prudent management of the Westpac Group;
- approving, and overseeing management's implementation of, the strategic direction of the Westpac Group, its business plan and significant corporate strategic initiatives;
- evaluating Board performance and determining Board size and composition;
- approving the Westpac Board Renewal Policy and the Westpac Group Remuneration Policy;
- selecting, appointing and determining the duration, remuneration and other terms of appointment of the CEO and Chief Financial Officer ("**CFO**");
- approving individual remuneration levels for Group Executives, other executives who report directly to the CEO, any other accountable persons under the BEAR, and any other person the Board determines;
- evaluating the performance of the CEO;
- succession planning for the CEO and Group Executives;
- approving the appointment of Group Executives and the General Manager Group Audit and monitoring the performance of Group Executives;
- approving the annual targets and financial statements and monitoring performance against forecast and prior periods;
- determining Westpac's dividend policy;
- considering and approving Westpac's overall risk management framework, approving Westpac's Group Risk Management Strategy and Group Risk Appetite Statement and monitoring the effectiveness of risk management by the Westpac Group;
- forming a view of Westpac's risk culture and identifying any desirable changes;
- considering the social, ethical and environmental impact of Westpac's activities and monitoring compliance with Westpac's sustainability policies and practices;
- overseeing and monitoring Workplace Health and Safety ("**WHS**") issues in the Westpac Group and considering appropriate WHS reports and information;

- maintaining an ongoing dialogue with Westpac's external auditor and, where appropriate, principal regulators;
- overseeing internal governance, including delegated authorities and approving policies for appointments to Westpac's controlled entity boards; and
- overseeing and monitoring customer complaints.

Directors

The Directors of Westpac, the business address of each of whom should be regarded for the purposes of this Information Memorandum as Level 18, 275 Kent Street, Sydney, New South Wales 2000, Australia, and their respective principal outside activities, where significant, are at the date of this Information Memorandum as follows:

XI.9.1.

Lindsay Maxsted, DipBus (Gordon), FCA, FAICD. Age 65. Director since March 2008 and Chairman since December 2011. Lindsay was formerly a partner at KPMG and was the CEO of that firm from 2001 to 2007. His principal area of practice prior to his becoming CEO was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements including Linter Textiles (companies associated with Abraham Goldberg), Bell Publishing Group, Bond Brewing, McEwans Hardware and Brashes. He is also a former Director and Chairman of the Victorian Public Transport Corporation. He is Chairman of Transurban Group, Managing Director of Align Capital Pty Ltd and a director of BHP Group Limited, BHP Group plc and Baker Heart and Diabetes Institute.

Brian Hartzler, BA, CFA. Age 52. Brian was appointed Managing Director & Chief Executive Officer in February 2015. Brian joined Westpac as Chief Executive, Australian Financial Services in June 2012 encompassing Westpac Retail & Business Banking, St. George Banking Group and BT Financial Group. Prior to joining Westpac, Brian spent three years in the UK as CEO for Retail, Wealth and Ulster Bank at the Royal Bank of Scotland Group. Prior to that, he spent ten years with Australia and New Zealand Banking Group Limited (ANZ) in Australia in a variety of roles, including his final role as CEO, Australia and Global Segment Lead for Retail and Wealth. Before joining ANZ, Brian spent ten years as a financial services consultant in New York, San Francisco and Melbourne. He is Chairman of The Australian National University Business and Industry Advisory Board and a director of the Financial Markets Foundation for Children and the Australian Bankers' Association.

Nerida Ceasar, BCom, MBA, GAICD. Age 54. Director since September 2017. Nerida has 32 years of broad-ranging commercial and business management experience. Most recently Nerida was Group Managing Director and Chief Executive Officer, Australia and New Zealand of Equifax (formerly Veda Group Limited) from February 2011 to June 2017. Nerida was formerly Group Managing Director, Telstra Enterprise and Government. She also worked as Group Managing Director Telstra Wholesale, and prior to that held the position of Executive Director National Sales. Prior to joining Telstra, Nerida held several senior management and sales positions with IBM within Australia and internationally over a 20 year period, including as Vice President of IBM's Intel Server Division for the Asia Pacific region. Nerida was previously a director of Stone and Chalk Limited and Genome One Pty Ltd. She is Chairman of Workplace Giving Australia Limited and a director of Spark Investments Holdco Pty Ltd. She is also an Advisory Board member of IXUP Limited and is also a member of the Federal Government's FinTech Advisory Group.

Ewen Crouch AM, BEc (Hons.), LLB, FAICD. Age 63. Director since February 2013. Ewen was a

partner at Allens from 1988 to 2013 where he was one of Australia's most accomplished mergers and acquisitions lawyers. He served as a member of the firm's board for 11 years including four years as Chairman of Partners. His other roles at Allens included: Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner, Asian offices and Deputy Managing Partner. He is now a Consultant to Allens. Ewen served as a director of Mission Australia from 1995 and as Chairman from 2009, before retiring in November 2016. From 2010 to 2015 Ewen was a member of the Takeovers Panel. In 2013, Ewen was awarded an Order of Australia in recognition of his significant service to the law as a contributor to legal professional organisations and to the community. Ewen is Chairman of Corporate Travel Management Limited. He is also a director of BlueScope Steel Limited, Sydney Symphony Orchestra Holdings Pty Limited and Jawun. He is also a member of the Commonwealth Remuneration Tribunal, the Law Committee of the Australian Institute of Company Directors and Corporations Committee of the Law Council of Australia and ASIC's Director Advisory Panel.

Alison Deans, BA, MBA, GAICD. Age 51. Director since April 2014. Alison has more than 20 years' experience in senior executive roles focused on building digital businesses and digital transformation across e-commerce, media and financial services. During this time, Alison served as CEO of eCorp Limited, CEO of Hoyts Cinemas and CEO of eBay, Australia and New Zealand. Alison was the CEO of a technology-based investment company netus Pty Ltd. Alison was an Independent Director of Social Ventures Australia from September 2007 to April 2013, and is also a former director of kikki.K Holdings Pty Ltd. Alison is a director of Cochlear Limited, Ramsay Health Care Limited, The Observership Program Limited, SCEGGS Darlinghurst Limited and Deputy Group Pty Ltd. Alison is also a Senior Advisor at McKinsey & Company and an Investment Committee Member of the CSIRO Innovation Fund (Main Sequence Ventures).

Craig Dunn, BCom, FCA. Age 55. Director since June 2015. Craig has more than 20 years' experience in financial services, including as CEO of AMP Limited from 2008 to 2013. Craig was previously a director of Financial Literacy Australia Limited, a Board member of the Australian Japanese Business Cooperation Committee, the New South Wales Government's Financial Knowledge Services Hub and Jobs for New South Wales. He is also a former Chairman of the Investment and Financial Services Association (now the Financial Services Council), and Stone and Chalk Limited. He was also a member of the Financial Services Advisory Committee, the Australian Financial Centre Forum, the Consumer and Financial Literacy Taskforce and a Panel member of the Australian Government's Financial System Inquiry. Craig is currently Co-Chair of the Australian Government's Fintech Advisory Group and Chairman of the International Standards Technical Committee on Blockchain and Distributed Ledger Technologies (ISO/TC 307). He is also a member of the ASIC External Advisory Panel and the New South Wales Government's Quantum Computing Fund Advisory Panel and Consultant to King & Wood Mallesons. Craig is currently the Chairman of The Australian Ballet and a director of Telstra Corporation Limited.

Anita Fung, BSocSc, MAppFin. Age 58. Director since October 2018. Anita's career in the banking industry spans over 30 years, including 19 years at HSBC. During her time at HSBC, Anita held a number of senior management roles including Group General Manager, HSBC Group and most recently as Chief Executive Officer, Hong Kong from 2011 to 2015. Prior to joining HSBC, Anita held various positions at Standard Chartered Bank in its Treasury and Capital markets business. Anita is a former Chairman of HSBC Global Asset Management (Hong Kong) Limited and a former director at HSBC Bank (China) Company Limited, Hang Seng Bank Limited and Bank of Communications Co., Ltd. Anita is a former Chairman of the Hong Kong Association of Banks. Anita is currently a director of Hong Kong Exchanges and Clearing Limited, China Construction Bank Corporation and Hang Lung Properties Limited. Anita is also a board member of the Airport Authority Hong Kong and a member of

Westpac's Asia Advisory Board. Anita is a member of the Hong Kong Museum Advisory Committee.

Steven Harker, BEc (Hons.), LLB. Age 62. Director since March 2019. Steve has over 35 years of experience in investment banking. Steve was formerly Managing Director and Chief Executive Officer of Morgan Stanley Australia from 1998 to 2016 and then Vice Chairman until February 2019. Prior to joining Morgan Stanley, he spent fifteen years with Barclays de Zoete Wedd (BZW, now Barclays Investment Bank). Steve is a former Chairman of Australian Financial Markets Association Limited and a former director of Investa Property Group. He previously served on the board of the Centre for International Trade and Regulations. He is also a former Guardian of the Future Fund of Australia. Steve is currently director of The Banking and Finance Oath Limited, The Hunger Project Australia, ASX Refinitiv Charity Foundation, New South Wales Golf Club Foundation Limited and Ascham School Ltd. He is also Honorary Treasurer of Ascham School.

Peter Marriott, BEc (Hons.), FCA. Age 62. Director since June 2013. Peter has over 30 years' experience in senior management roles in the finance industry encompassing international banking, finance and auditing. Peter joined Australia and New Zealand Banking Group Limited (ANZ) in 1993 and held the role of Chief Financial Officer from July 1997 to May 2012. Prior to his career at ANZ, Peter was a banking and finance, audit and consulting partner at KPMG Peat Marwick. Peter was formerly a Director of ANZ National Bank Limited in New Zealand and various ANZ subsidiaries. Peter is currently a director of ASX Limited. He is also a director of Austraclear Limited, ASX Clearing Corporation Limited and ASX Settlement Corporation Limited. He is also a member of the Review Panel & Policy Council of the Banking & Finance Oath, and a member of the Monash University Council. He is also Chairman of the Monash University Council Resources and Finance Committee.

Peter Nash, BCom, FCA, F Fin. Age 57. Director since March 2018. Peter was formerly a Senior Partner with KPMG until September 2017, having been admitted to the partnership of KPMG Australia in 1993. He most recently served as the National Chairman of KPMG Australia from 2011 until August 2017, where he was responsible for the overall governance and strategic positioning of KPMG in Australia. In this role, Peter also served as a member of KPMG's Global and Regional Boards. Peter has experience providing advice on a range of topics including business strategy, risk management, internal controls, business processes and regulatory change. He has also provided both financial and commercial advice to many Government businesses at both a Federal and State level. Peter is a former member of the Business Council of Australia and its Economic and Regulatory Committee. Peter is Chairman of Johns Lyng Group Limited, and is also director of Mirvac Group, Reconciliation Australia Limited and Golf Victoria Limited. Peter is a Board member of the Koorie Heritage Trust and Migration Council Australia. He is an Advisory Board member of the University of Melbourne Centre for Contemporary Chinese Studies.

Margaret Seale, BA, FAICD. Age 58. Director since March 2019. Margie has more than 25 years' experience in senior executive roles in Australia and overseas, including in consumer goods, global publishing, sales and marketing, and the successful transition of traditional business models to digital environments. Prior to her non-executive career, Margie was Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House Inc. Margie is a former director and then Chair of Penguin Random House Australia Pty Limited and a former director of Ramsay Health Care Limited, Bank of Queensland and the Australian Publishers' Association. She also previously served on the Boards of Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum and the Sydney Writers' Festival. She is currently director of Scentre Group Limited, Telstra Corporation Limited and Australian Pacific (Holdings) Pty Limited.

Independence

Together, the Board members have a broad range of relevant financial and other skills and knowledge, combined with the extensive experience necessary to guide Westpac's business.

All of Westpac's Non-executive Directors satisfy its criteria for independence, which align with the guidance provided in the ASXCGC Recommendations and the criteria applied by the New York Stock Exchange ("**NYSE**") and the U.S. Securities and Exchange Commission ("**SEC**").

The Board assesses the independence of its Directors on appointment and annually. Each Director provides an annual attestation of his or her interests and independence.

Directors are considered independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case by case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

Each Director is expected to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity that has an interest in Westpac or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board determines otherwise, they may not be present in boardroom discussions or vote on matters on which they face a conflict.

As at the date of this Information Memorandum, taking into account the above criteria and relationships, there are no existing or potential conflicts of interest between any duties owed to Westpac by its directors and the private interests or duties of those directors. In respect of potential conflicts of interest that may arise in the future, Westpac will manage such conflicts in accordance with the requirements of the *Corporations Act 2001* and other principles referred to above such that it does not expect that any actual conflicts of interest would arise.

Westpac's Corporate Governance

Framework and approach

Westpac's approach to corporate governance is based on a set of values and behaviours that underpin day to day activities, provide transparency and fair dealing and seek to protect stakeholder interests.

This approach includes a commitment to excellence in governance standards, which Westpac sees as fundamental to the sustainability of its business and performance. It includes monitoring local and global developments in corporate governance and assessing their implications.

Westpac has equity securities quoted on securities exchanges in Australia, New Zealand and the United States.

Australia

The principal listing of Westpac ordinary shares is on the ASX, trading under the code WBC. Westpac also has hybrid securities, capital notes, senior notes and subordinated notes listed on the ASX.

Westpac complies with the ASX Corporate Governance Principles and Recommendations (third edition) ("**ASXCGC Recommendations**") published by the ASX Limited's Corporate Governance Council ("**ASXCGC**"). Westpac must also comply with the *Corporations Act 2001*, *The Banking Act*, including Part IIAA – The Banking Executive Accountability Regime amongst other laws, and as an ADI, with governance requirements prescribed by APRA under *Prudential Standard CPS 510 (Governance)*.

Westpac's Corporate Governance Statement addresses each of the ASXCGC Recommendations with an explanation of Westpac's corporate governance practices, demonstrating its compliance with each Recommendation.

Further details about the ASXCGC Recommendations can be found on the ASX website www.asx.com.au.

New Zealand

Westpac's ordinary shares are also quoted on the NZX, which is the main board equity security market operated by NZX Limited. Westpac also has subordinated notes quoted on the NZX Debt Market. As an overseas listed issuer in New Zealand, Westpac is deemed to satisfy and comply with the NZX Listing Rules, provided that it remains listed on the ASX and complies with the ASX Listing Rules.

The ASX, through the ASXCGC Recommendations and the NZX, through the NZX Corporate Governance Code, have adopted similar 'comply or explain' approaches to corporate governance. The ASXCGC Recommendations may, however, materially differ from the corporate governance rules and the principles of NZX's Corporate Governance Code.

United States

Westpac has American Depositary Shares representing its ordinary shares quoted on the NYSE, trading under the symbol WBK. Under the NYSE Listing Rules, foreign private issuers (like Westpac) are permitted to follow home country practice in respect of corporate governance in lieu of the NYSE Listing Rules. However, Westpac is still required to comply with certain audit committee and additional notification requirements.

Westpac complies in all material respects with all NYSE Listing Rules applicable to it.

Under the NYSE Listing Rules, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic U.S. companies. Westpac has compared its corporate governance practices to the corporate governance requirements of the NYSE Listing Rules and note the significant differences below.

The NYSE Listing Rules require that, subject to limited exceptions, shareholders be given the opportunity to vote on equity compensation plans and material revisions to those plans. In Australia, there are no laws or ASX Listing Rules that require shareholder approval of equity based incentive

plans or individual grants under those plans (other than for Directors, including the Chief Executive Officer (“**CEO**”).

The NYSE Listing Rules set out specific requirements for determining whether a director will be regarded as independent. While these requirements are broadly consistent with Westpac’s criteria for independence, under Australian independence requirements, the Board is able to apply discretion in its determination of a director’s independence that differs from the NYSE Listing Rules.

The NYSE Listing Rules provide that the Board Nominations Committee’s responsibilities should include selecting, or recommending that the Board select, the Director nominees for the next annual meeting for shareholders, and overseeing the evaluation of the Board. The Board, rather than the Board Nominations Committee, reviews and recommends the Director nominees for election at the AGM and undertakes an annual review of its performance.

Westpac’s Board Audit Committee

Role of the Board Audit Committee

As detailed in its charter, the Board Audit Committee has oversight of:

- the integrity of the financial statements and financial reporting systems and matters relating to taxation risks;
- the external audit engagement, including the external auditor’s qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters and the confidential reporting by employees of concerns regarding accounting or auditing matters.

The Board Audit Committee reviews, discusses with management and the external auditor, and assesses:

- any significant financial reporting issues and judgements made in connection with the preparation of the financial reports;
- the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.

In addition, the Board Audit Committee maintains an ongoing dialogue with the external auditor,

including regarding those matters that are likely to be designated as Key Audit Matters in the external auditors report. Key Audit Matters are those matters which, in the opinion of the external auditor, are of the most significance in their audit of the financial report.

As part of its oversight responsibilities, the Board Audit Committee also conducts discussions with a wide range of internal and external stakeholders, including:

- the external auditor, about Westpac's major financial reporting risk exposures and the steps management has taken to monitor and control such exposures;
- the General Manager Group Audit and external auditor concerning their audits and any significant findings and the adequacy of management's responses;
- management and the external auditor concerning the half-year and annual financial statements;
- management and the external auditor regarding any correspondence with regulators or government agencies, and reports which raise material issues or could impact on matters regarding the Westpac Group's financial statements or accounting policies; and
- the Group Executive, Compliance, Legal & Secretariat regarding any legal matters that may have a material impact on, or require disclosure in, the financial statements.

Periodically, the Board Audit Committee consults with the external auditor without the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of Westpac's financial statements. The Board Audit Committee also meets with the General Manager, Group Audit without management being present.

Financial knowledge

The Board Audit Committee comprises four independent, Non-executive Directors and is chaired by Peter Marriott.

All Board Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASXCGC Recommendations, the *United States Securities Exchange Act of 1934* (as amended) and its related rules and the NYSE Listing Rules.

The Board has determined that Mr Marriott, who is a member of the Board Audit Committee, is an 'audit committee financial expert' and independent in accordance with U.S. securities law.

The designation of Mr Marriott as an audit committee financial expert does not impose duties, obligations or liability on him that are greater than those imposed on him as a Board Audit Committee member, and does not affect the duties, obligations or liability of any other Board Audit Committee member or Board member. Audit committee financial experts are not deemed as an 'expert' for any other purpose.

The Board Audit Committee also refers to the Board or any other Board Committees any matters that come to the attention of the Board Audit Committee that are relevant for the Board or the respective

Board Committees.

CEO and CFO assurance

The Board receives regular reports from management about Westpac's financial condition and operational results, as well as that of its controlled entities. Before the Board approves the financial statements for a financial period, the CEO and the CFO provide formal statements to the Board, and have done so for the six months ended 31 March 2019, that state that in all material respects:

- Westpac's financial records have been properly maintained in that they:
 1. correctly record and explain its transactions, and financial position and performance;
 2. enable true and fair financial statements to be prepared and audited; and
 3. are retained for seven years after the transactions covered by the records are completed;
- the financial statements and notes comply with the appropriate accounting standards;
- the financial statements and notes give a true and fair view of Westpac's and its consolidated entities' financial position and of their performance;
- any other matters that are prescribed by the *Corporations Act 2001* and regulations as they relate to the financial statements and notes are satisfied; and
- the declarations provided in accordance with section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

External auditor

The role of the external auditor is to provide an independent opinion that Westpac's financial reports are true and fair and comply with applicable regulations.

Westpac's external auditor is PricewaterhouseCoopers ("**PwC**"), appointed by shareholders at the 2002 Annual General Meeting ("**AGM**"). Prior to 2002, individuals who were partners of PwC or its antecedent firms were Westpac's external auditors from 1968. Westpac's present PwC lead audit partner is Lona Mathis and the quality review partner is Wayne Andrews. Ms Mathis and Mr Andrews assumed responsibility for these roles in June 2017 and January 2015 respectively.

The external auditor receives all Board Audit Committee, Board Risk & Compliance Committee and Board Technology Committee papers, attends all meetings of these committees and is available to Committee members at any time. The external auditor also attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report and financial statements and its independence.

As Westpac's external auditor, PwC confirms its independence and compliance with specified independence standards on a quarterly basis.

Westpac strictly governs its relationship with the external auditor, including restrictions on employment, business relationships, financial interests and use of its financial products by the external auditor.

Engagement of the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac and may be limited as to the extent to which it can perform other non-audit services, as specified in Westpac's 'Pre-approval of engagement of PwC for audit and non-audit services' ("**Guidelines**"). Use of the external audit firm for any non-audit services must be assessed and approved in accordance with the pre-approval process determined by the Board Audit Committee and set out in the Guidelines.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in Note 39 to the financial statements for the year ended 30 September 2018.

Group Audit (internal audit)

Group Audit is Westpac's internal third line assurance function that provides the Board and Senior Executive with independent and objective evaluation of the adequacy and effectiveness of the Westpac Group's governance, risk management and internal controls for the Westpac consolidated group.

Group Audit is governed by a Charter approved by the Board Audit Committee that sets out the purpose, role, scope and high level standards for the function. The General Manager Group Audit has a direct reporting line to the Chairman of the Board Audit Committee and an administrative line to the Chief Financial Officer. Group Audit also has unrestricted and private access to the Chief Executive Officer.

Group Audit's responsibilities include regularly reporting to the Board Audit Committee and Senior Executive.

Other matters

Litigation

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Westpac Group's likely loss has been made on a case-by-case basis for the purpose of the financial statements and specific provisions have been made where appropriate.

Organisational Structure

Westpac's material controlled entities are set out in Note 35 to the 2018 audited annual financial statements, which are incorporated by reference and form part of this Information Memorandum. Westpac Banking Corporation is the ultimate parent of the Westpac Group.

INFORMATION CONCERNING THE UNDERLYING SECURITIES

1. Share Capital

As at 31 March 2019, Westpac had 3,447,571,023 ordinary shares in issue (the “**Ordinary Shares**”).

2. Description of the type and class of securities admitted

The Ordinary Shares were created under Australian legislation and are admitted to trading on the ASX.

Information concerning the movements in the prices of the Ordinary Shares may be obtained from:

<http://www.asx.com.au/asx/share-price-research/company/WBC>

3. Form and currency of the Ordinary Shares

The Ordinary Shares are denominated in A\$. The Ordinary Shares are in uncertified, registered form.

4. Rights attaching to the Ordinary Shares

Westpac was registered on 23 August 2002 as a public company limited by shares under the *Corporations Act 2001*. Westpac’s constitution was most recently amended at the general meeting held on 13 December 2012 (the “**Constitution**”, as amended from time to time). The rights attaching to Westpac’s Ordinary Shares are set out in the *Corporations Act 2001* and its Constitution, and include:

(a) Profits and dividends

Holders of Ordinary Shares are entitled to receive such dividends on those shares as may be determined by Westpac’s Directors from time to time. Dividends that are paid but not claimed may be invested by Westpac’s Directors for the benefit of Westpac until required to be dealt with in accordance with any law relating to unclaimed monies.

Westpac’s constitution requires that dividends be paid out of Westpac’s profits. In addition, under the *Corporations Act 2001*, Westpac must not pay a dividend unless its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for payment of the dividend. In addition, the payment must be fair and reasonable to the Westpac’s shareholders and must not materially prejudice Westpac’s ability to pay its creditors.

Subject to the *Corporations Act 2001*, the constitution, the rights of persons (if any) entitled to shares with special rights to dividend and any contrary terms of issue of or applying to any shares, Westpac’s Directors may determine that a dividend is payable, fix the amount and the time for payment and authorize the payment or crediting by Westpac to, or at the direction of, each shareholder entitled to that dividend.

If any dividends are returned unclaimed, Westpac is generally obliged, under the *Banking Act*, to hold those amounts as unclaimed monies for a period of three years. If at the end of that period the monies remain unclaimed by the shareholder concerned, Westpac must submit an annual unclaimed money return to the Australian Securities and Investment Commission by 31 March each year containing the unclaimed money as at 31 December of the previous year.

Upon such payment being made, Westpac is discharged from further liability in respect of that amount.

Westpac's Directors may, before paying any dividend, set aside out of Westpac's profits such sums as they think proper as reserves, to be applied, at the discretion of Westpac's Directors, for any purpose for which the profits may be properly applied. Westpac's Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

The following restrictions apply to Westpac's ability to declare and/or pay dividends:

- if the payment of the dividend would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA. Currently, one such requirement is that a dividend should not be paid without APRA's prior consent if payment of that dividend, after taking into account all other dividends (if any) paid on our shares and on more senior capital instruments, in the preceding 12 consecutive months to which they relate, would cause the aggregate of such dividend payments to exceed Westpac's after tax earnings for the preceding 12 consecutive months, as reflected in Westpac's relevant audited consolidated financial statements. Restrictions on the distribution of earnings, including payment of dividends, discretionary bonuses and Additional Tier 1 capital distributions, also apply when capital ratios fall within APRA's capital conservation buffer range;
- if, under the Banking Act, Westpac is directed by APRA not to pay a dividend;
- if the declaration or payment of the dividend would result in Westpac becoming insolvent; and
- if any interest payment, dividend, redemption payment or other distribution on certain Additional Tier 1 securities issued by the Westpac Group is not paid in accordance with the terms of those securities, Westpac may be restricted from declaring and/or paying dividends on Ordinary Shares (and certain Additional Tier 1 securities). This restriction is subject to a number of exceptions.

(b) Voting rights

Holders of Westpac's fully paid Ordinary Shares have, at general meetings (including special general meetings), one vote on a show of hands and, upon a poll, one vote for each fully paid Ordinary Share held by them.

(c) Winding up

Subject to any preferential entitlement of holders of Westpac preference shares on issue at the relevant time, holders of Westpac Ordinary Shares are entitled to share equally in any surplus assets if Westpac is wound up.

Under the Corporations Act 2001, unless otherwise provided by the terms of issue of a class of shares, the terms of issue of a class of shares in Westpac can only be varied or cancelled in any way by a special resolution of Westpac and with either the written consent of Westpac's shareholders holding at least three quarters of the votes in that class of shares or with the sanction of a special resolution passed at a separate meeting of the holders of that class of

shares.

5. Change of control restrictions

Restrictions apply under the Corporations Act 2001, the *Financial Sector (Shareholdings) Act 1998 of Australia* and the *Foreign Acquisitions and Takeovers Act 1975 of Australia*.

6. Listing

(a) Ordinary Shares

The Ordinary Shares are admitted to trading on the ASX, which handles the primary, secondary and derivative market services of the ASX Group. ASX operates Australia's primary national market for trading of securities issued by listed companies.

ASX functions as a market operator, clearing house and payments system facilitator. It also oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps to educate retail investors.

ASX has over 2,100 listed companies, spread across all industry sectors and a range of geographical regions. It is the world's eighth largest equity market by free-float market capitalisation, the seventh largest exchange organisation and is consistently ranked in the top five exchanges for equity capital raising.

Price information is published on the ASX's website with a 20 minute delay. The volume of equity trades on the ASX on 28 June 2019 was 1,478,687 and for the month of June 2019 was 31,532,875. Daily trading volumes are calculated as at 5 p.m. on each trading day and do not include off-market trades occurring after 5 p.m. Monthly trading volumes include all trades occurring within a particular month, including those conducted off market, so the sum of the figures for the daily trading volumes for any given month may not equal the monthly trading volume figure.

Confidence in the operations of ASX is reinforced by the market supervision and regulatory role undertaken by the Australian Securities and Investments Commission ("**ASIC**") across all trading venues and clearing and settlement facilities, as well as through the Reserve Bank of Australia's oversight of financial system stability. ASIC also supervises ASX's own compliance as a listed public company.

Further information on the ASX is available on the ASX's website.

(b) The Subordinated Instruments

The Subordinated Instruments may be listed and admitted to trading on the wholesale Interest Rate Securities Market of the ASX. The Subordinated Instruments may also be issued under the Programme on the basis that they will be admitted to the official list of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Global Exchange Market.

7. Conversion

Where the primary method of loss absorption is conversion in accordance with Condition 5.1(a) the Subordinated Instruments are subject to conversion into Ordinary Shares as described more fully in Conditions 5 and 6 of the Terms and Conditions of the Subordinated Instruments, as set out on pages 88 to 103 of this Information Memorandum.

TAXATION

The information provided below does not purport to be a complete summary of Australian tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisers.

Australia

THE FOLLOWING IS A SUMMARY OF THE AUSTRALIAN WITHHOLDING TAX TREATMENT UNDER THE *INCOME TAX ASSESSMENT ACTS OF 1936 AND 1997 OF AUSTRALIA* (TOGETHER, THE "**AUSTRALIAN TAX ACT**") AND THE *TAXATION ADMINISTRATION ACT 1953 OF AUSTRALIA* ("**TAA**") AT THE DATE OF THIS INFORMATION MEMORANDUM OF PAYMENTS OF INTEREST BY THE ISSUER ON THE SUBORDINATED INSTRUMENTS AND CERTAIN OTHER MATTERS.

IT IS NOT EXHAUSTIVE AND, IN PARTICULAR, DOES NOT DEAL WITH THE POSITION OF CERTAIN CLASSES OF HOLDERS OF SUBORDINATED INSTRUMENTS (INCLUDING, WITHOUT LIMITATION, AUSTRALIAN RESIDENTS, NON-RESIDENTS THAT HOLD THE SUBORDINATED INSTRUMENTS THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA, DEALERS IN SECURITIES, OR CUSTODIANS OR THIRD PARTIES THAT HOLD THE SUBORDINATED INSTRUMENTS ON BEHALF OF ANY PERSON). NOR DOES IT DEAL WITH SUBORDINATED INSTRUMENTS ISSUED BY THE ISSUER FROM A BRANCH OUTSIDE AUSTRALIA, OR WITH DUAL CURRENCY SUBORDINATED INSTRUMENTS OR PARTLY PAID SUBORDINATED INSTRUMENTS. IF SUCH SUBORDINATED INSTRUMENTS ARE ISSUED, THEIR AUSTRALIAN TAXATION TREATMENT WILL BE SUMMARISED IN THE RELEVANT PRICING SUPPLEMENT.

THE FOLLOWING SUMMARY IS A GENERAL GUIDE AND SHOULD BE TREATED WITH APPROPRIATE CAUTION. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED AS, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. PROSPECTIVE HOLDERS SHOULD BE AWARE THAT THE PARTICULAR TERMS OF ISSUE OF ANY SERIES OF SUBORDINATED INSTRUMENTS MAY AFFECT THE TAX TREATMENT OF THAT AND OTHER SERIES OF SUBORDINATED INSTRUMENTS. HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

Australian interest withholding tax ("*IWT*")

Generally, payments of principal and interest on the Subordinated Instruments made by the Issuer to a Holder that is not a resident of Australia for Australian tax purposes ("**a Non-Resident**") (other than one deriving the interest in carrying on business in Australia at or through a permanent establishment in Australia) will not be subject to Australian taxes or duties other than IWT at a rate of 10 per cent. of the amount of an interest payment. However, IWT will not be payable if an exemption applies.

For IWT purposes, "interest" is defined to include amounts in the nature of, or paid in substitution for, interest and certain other amounts. Any premium or issue discount would be interest for these purposes.

There are also specific rules that can apply to treat a portion of the purchase price of the Subordinated Instruments as interest for IWT purposes when Subordinated Instruments that are originally issued at a discount, or with a maturity premium, or which do not pay interest at least annually, are sold by a Non-Resident (other than one holding the Subordinated Instruments as part of a business carried on by it at or through a permanent establishment in Australia) to:

- a resident of Australia for Australian tax purposes ("**a Resident**") that does not acquire them in carrying on business at or through a permanent establishment in a country outside Australia; or
- a Non-Resident that acquires them in carrying on business in Australia at or through a permanent establishment in Australia.

Exemption from IWT under section 128F of the Australian Tax Act

Interest on the Subordinated Instruments will be exempt from IWT if the requirements of section 128F of the Australian Tax Act ("**section 128F**") are satisfied in relation to the Subordinated Instruments.

The Issuer proposes to issue the Subordinated Instruments in a manner which will satisfy the requirements of section 128F.

The exemption from IWT available under section 128F is not intended to apply to related party loans. In particular, in order for that exemption to apply, the Issuer must not have known or had reasonable grounds to suspect, at the time of their issue, that any of the Subordinated Instruments, or an interest in the Subordinated Instruments, were being or would later be acquired either directly or indirectly by an Offshore Associate of the Issuer (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Subordinated Instruments or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (as defined in the *Corporations Act 2001*)).

In addition, the exemption from IWT available under section 128F will not apply if, at the time of an interest payment in respect of a Subordinated Instrument, the Issuer knew or had reasonable grounds to suspect that the recipient of the payment was an Offshore Associate of the Issuer (other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as defined in the *Corporations Act 2001*)).

For these purposes, an "**Offshore Associate**" means an associate (as defined in section 128F) of the Issuer that is either:

- a Non-Resident that does not acquire the Subordinated Instruments or an interest in the Subordinated Instruments and does not receive any payments under them in carrying on business in Australia at or through a permanent establishment in Australia; or
- a Resident that acquires the Subordinated Instruments or an interest in the Subordinated Instruments and receives payments under them in carrying on business at or through a permanent establishment in a country outside Australia.

Accordingly, if you are an Offshore Associate of the Issuer, you should not acquire any of the Subordinated Instruments.

Payment of additional amounts because of a deduction or withholding in respect of IWT

If the Issuer is, at any time, compelled by law to deduct or withhold an amount in respect of IWT, then it must, subject to certain exceptions set out in Condition 10 (*Taxation*), pay such additional amounts as will result in the receipt by the Holders of such Subordinated Instruments of such amounts as would

have been received by them had no such deduction or withholding been required.

However, it is noted that Condition 10 (*Taxation*) provides that the Issuer will not be obliged to pay such additional amounts on account of IWT which is payable by reason of the Holder being an associate (as defined in section 128F) of the Issuer.

Withholding under section 126 of the Australian Tax Act (“*section 126*”) on certain Subordinated Instruments in bearer form

Section 126 imposes a withholding tax, currently at a rate of 45 per cent., on the payment of interest on bearer debentures if the issuer fails to disclose the names and addresses of certain holders of those debentures to the Australian Taxation Office (“*ATO*”). Section 126 does not apply to the payment of interest on debentures held by Non-Residents that do not carry on business at or through a permanent establishment in Australia where the issue of the debentures satisfied the requirements of section 128F. However, the operation of section 126 in relation to debentures held in some circumstances can be complex. Section 126 will not apply in any circumstances if the name and address of the holder of the bearer debentures is disclosed to the ATO. The ATO has issued a Taxation Determination stating that where interests in debentures are held by persons through a clearing house which lodges the bearer debentures with a common depository, the disclosure of the name and address of the clearing house will be sufficient for section 126 purposes.

Condition 10 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes which it is required to deduct and withhold under section 126 (or any equivalent provision) in respect of interest payable on such bearer Subordinated Instruments where the tax would not be payable were the Holder not a "Resident of Australia" or a "Non-Resident" engaged in carrying on business in Australia at or through a permanent establishment of that "Non-Resident" in Australia.

Withholding for failure to provide Tax File Number (“*TFN*”) / Australian Business Number (“*ABN*”)

The Issuer is required to deduct and withhold tax from payments of interest at a rate that is currently 47 per cent. on the Subordinated Instruments unless a TFN or, in certain circumstances, an ABN has been provided to the Issuer by the Holder, or the Holder has supplied the Issuer with proof of some other relevant exemption.

Provided that the requirements of section 128F have been satisfied with respect to the Subordinated Instruments, the TFN / ABN withholding rules will not apply to payments to Holders that are Non-Residents and do not hold the Subordinated Instruments in carrying on business in Australia at or through a permanent establishment in Australia.

Condition 10 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes deducted or withheld on payments made in respect of Subordinated Instruments in certain circumstances including payments made to a Holder that could lawfully avoid (but has not so avoided) such deduction or withholding by (i) providing (or procuring that a third party provides) the Holder’s TFN and/or ABN to the Issuer, or evidence that the Holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority and/or (ii) complying (or procuring that a third party complies) with any statutory requirements or making a declaration of non-residence or other claim or filing for exemption.

Other Australian withholding taxes

Non-resident withholding tax

Under section 12-315 of Schedule 1 to the TAA, regulations may be made that require amounts to be withheld on account of tax liabilities of Non-Residents from certain payments that are made by an Australian entity to such Non-Residents.

These rules do not currently apply to payments in relation to the Subordinated Instruments by the Issuer. However, the possible application of any future regulations to payments received by Non-Residents in respect of the Subordinated Instruments will need to be monitored.

Supply withholding tax

Payments in respect of the Subordinated Instruments will be able to be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the TAA.

Other Australian tax matters

Gains on disposal of Subordinated Instruments by Non-Residents

Non-Residents that have never held their Subordinated Instruments in the course of carrying on business at or through a permanent establishment within Australia will not be subject to Australian income tax on gains realised by them on the sale or redemption of the Subordinated Instruments provided that such gains do not have an Australian source. A gain arising on the sale of Subordinated Instruments by a Non-Resident Holder to another Non-Resident where the Subordinated Instruments are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not generally be regarded as having an Australian source.

Garnishee directions

The Commissioner of Taxation for Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the TAA or any similar provision requiring the Issuer to deduct or withhold from any payment to any other party (including any Holder) any amount in respect of tax payable by that other party. If the Issuer is served with such a direction, the Issuer intends to comply with that direction and make any deduction or withholding required by that direction.

Goods and services tax (“GST”)

Neither the issue, nor the receipt, of the Subordinated Instruments will give rise to a liability for GST in Australia on the basis that the supply of the Subordinated Instruments will comprise either an “input taxed financial supply” or (in the case of a supply to a Non-Resident Holder outside Australia and certain areas offshore of Australia, which together comprise the “indirect tax zone”) a “GST-free supply”. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal or redemption of the Subordinated Instruments, would give rise to any GST liability in Australia.

Estate duties

No Subordinated Instruments will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

Stamp duties

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Subordinated Instruments.

SUBSCRIPTION AND SALE

Subordinated Instruments may be issued from time to time by the Issuer to any one or more of Barclays Capital Asia Limited, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, RBC Europe Limited, Standard Chartered Bank, UBS AG London Branch, Westpac Banking Corporation and Westpac Europe Limited (the “**Dealers**”). Subordinated Instruments may also be issued by the Issuer direct to institutions who are not Dealers. The arrangements under which Subordinated Instruments may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in an amended and restated dealership agreement dated 8 November 2018 (as amended or supplemented from time to time, the “**Dealership Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Subordinated Instruments, the price at which such Subordinated Instruments will be subscribed for by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Subordinated Instruments.

Certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates. Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which would consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Subordinated Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of any Subordinated Instruments issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States of America:

Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement.

Neither Subordinated Instruments nor, if applicable, any Ordinary Shares issuable upon Conversion have been or will be registered under the *United States Securities Act of 1933*, as amended (the “**Securities Act**”), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Subordinated Instruments in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Subordinated Instruments comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Subordinated Instruments to or through more than one Dealer, by each of such Dealers as to Subordinated Instruments of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to or for the account or benefit of U.S. persons, and such Dealer will have sent to each dealer to which it sells Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion during the restricted period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after the commencement of the offering of Subordinated Instruments comprising any Tranche or, if applicable, any Ordinary Shares issuable upon Conversion, any offer or sale of Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (1) General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Subordinated Instruments in, from or otherwise involving the United Kingdom; and
- (2) Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Subordinated Instruments in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer.

Australia:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that in connection with the distribution of the Subordinated Instruments, it:

- will not make any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Subordinated Instruments unless the

offeree is required to pay at least A\$500,000 in aggregate for the Subordinated Instruments or its foreign currency equivalent (in either case disregarding amounts, if any, lent by the Issuer or other person offering the Subordinated Instruments or its associates (within the meaning of that expression in Part 6D.2 of the *Corporations Act 2001*)), or it is otherwise an offer or invitation for which by virtue of section 708 of the *Corporations Act 2001* no disclosure is required to be made under Part 6D.2 of the *Corporations Act 2001* or is otherwise required under Part 7 of the *Corporations Act 2001* and is not made to a retail client (as defined in section 761G of the *Corporations Act 2001*); and

- has not circulated or issued and will not circulate or issue a disclosure document relating to the Subordinated Instruments in Australia or received in Australia which requires lodging under Part 6D.2 or Part 7 of the *Corporations Act 2001*.

Hong Kong:

In relation to each Tranche of Subordinated Instruments, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (A) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") by means of any document, any Subordinated Instruments other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the *Laws of Hong Kong*, the "**SFO**") and any rules made under the SFO; (b) in other circumstances which do not result in the document being a prospectus as defined in the *Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)* or which do not constitute an offer to the public within the meaning of that Ordinance; or (c) Subordinated Instruments which are a "structured product" as defined in the SFO; and
- (B) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subordinated Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Subordinated Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan:

The Subordinated Instruments have not been and will not be registered under the *Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended (the "FIEL"))* and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Subordinated Instruments, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

France:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Subordinated Instruments to the public in France, and that offers and sales of Subordinated Instruments in France will be made only to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in Articles L.411-1, L.411-2 and D.411-1 of the *French Code monétaire et financier*, but excluding individuals.

No re-transfer, directly or indirectly, of the Subordinated Instruments in France, other than in compliance with applicable laws and regulations shall be made.

In addition, each of the Dealers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, this Information Memorandum or any other offering material relating to the Subordinated Instruments other than to investors to whom offers and sales of Subordinated Instruments in France may be made as described above.

The Republic of Ireland:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (A) it will not underwrite the issue of, or place the Subordinated Instruments, otherwise than in conformity with the provisions of the *European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended)*, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the *Investor Compensation Act 1998*;
- (B) it will not underwrite the issue of, or place, the Subordinated Instruments, otherwise than in conformity with the provisions of the *Companies Acts 1963 - 2013 (as amended) of Ireland (as amended)*, the *Central Bank Acts 1942 - 2013 (as amended)* and any codes of conduct rules made under Section 117(1) of the *Central Bank Act 1989*; and
- (C) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Subordinated Instruments, otherwise than in conformity with the provisions of the *European Union (Market Abuse) Regulations 2016* and any rules issued under Section 1370 of the *Companies Act 2014* by the Central Bank of Ireland.

Italy:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Subordinated Instruments has not been registered pursuant to Italian securities legislation and, accordingly, the Subordinated Instruments may not be offered, sold or delivered, nor may copies of this Information Memorandum or any other document relating to the Subordinated Instruments be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree

No. 58 of 24 February 1998, as amended (“**Decree No. 58**”) and Article 34-ter, first paragraph, letter b, of the Italian Securities Exchange Commission (“**CONSOB**”) Regulation No. 11971 of 14 May 1999, as amended (the “**11971 Regulation**”) provided that such qualified investors will act in that capacity and not as depositaries or nominees for other holders; or

- (b) in any other circumstances which are exempted from the rules on offers to the public pursuant to Article 100 of Decree No. 58 and 34-ter of the 11971 Regulation.

Furthermore, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Subordinated Instruments or distribution of copies of this Information Memorandum or any other document relating to the Subordinated Instruments in the Republic of Italy under (a) or (b) above must be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with *Decree No. 58, Legislative Decree No. 385 of 1 September 1993, as amended (“Decree No. 385”)*, CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- in compliance with Article 129 of Decree No. 385 and the implementing guidelines of the Bank of Italy, as amended from time to time (*Istruzioni di Vigilanza della Banca d’Italia*), pursuant to which the issue, offer, sale, trading, or placement of securities in Italy may need to be followed by appropriate notice to be filed with the Bank of Italy; and
- in accordance with any other applicable notification requirements, limitations, laws and regulations, including (but not limited to) those imposed by CONSOB or by the Bank of Italy.

Each Dealer has acknowledged that, and agreed that it is aware of the fact that, pursuant to Italian laws, including Article 100-bis of Decree No. 58:

- (a) any subsequent resale of the Subordinated Instruments - which have been previously the subject of an exempted offer - shall be subject to registration and shall be accompanied by a prospectus to the extent that such a resale qualifies as an offer to the public and it is not exempted from the registration and prospectus requirements;
- (b) any subsequent and systematic resale of the Subordinated Instruments – which have been previously allotted in Italy or abroad to Qualified Investors (as defined above) – to individuals (or entities) other than Qualified Investors over the 12 months following the original allotment qualifies as an offer to the public (subject to registration and to the publication of a prospectus) to the extent that it is not exempted from the registration and prospectus requirements;
- (c) if the resale under letter (b) above occurs in the absence of a properly published prospectus, the purchaser of the Subordinated Instruments – who has acted outside its professional or business purposes – may obtain a court order declaring the agreement for the purchase of the Subordinated Instruments null and void and obliging the authorised dealer who sold the Subordinated Instruments to pay damages incurred by the purchaser. Furthermore, the seller of the Subordinated Instruments:
 - (i) shall ensure the repayment of the Subordinated Instruments’ nominal value to the purchaser;

- (ii) will be fined not less than one fourth of the overall counter value of the offer and not more than the double of that amount (unless such a counter value cannot be determined, in which case the fine would be not lower than EUR 100,000 and not higher than EUR 2,000,000);

and as a result of the levy of the financial sanctions referred to above, directors and officers of the seller are temporarily suspended from their office and are prevented from taking up or, as the case may be, are suspended from management and control positions in listed companies for a period of not less than two months and not more than three years.

The Netherlands:

The Subordinated Instruments may not be offered or sold, directly or indirectly, as part of any initial distribution or at any time thereafter, directly or indirectly, to any person other than to professional market parties (professionele marktpartijen) as defined in *1:107 paragraph 2 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht)*, as amended, restated or re-enacted at any time, in The Netherlands.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer has represented, warranted and agreed, and each further Dealer appointed will be required to represent, warrant and agree, that as of 1 January 2012 it shall include in:

- (a) any offer of Subordinated Instruments to the public in The Netherlands other than an offer:
- in respect of which a prospectus (and, as the case may be, any supplement or supplements if required) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the “**AFM**”) (or, where appropriate, by the competent authority in another Member State of the EEA which has implemented the Prospectus Directive and notified to the AFM in accordance with the Prospectus Directive) has been made generally available; or
 - only to qualified investors as defined in the Prospectus Directive; and
- (b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out, that:
- (A) no prospectus approved by the AFM has been or will be made generally available; and
- (B) such offer is not supervised by the AFM,

in such manner as prescribed by the AFM from time to time.

New Zealand:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and agrees it will not, directly or indirectly, offer, sell or deliver any Subordinated Instruments, Coupons and Talons in New Zealand or

distribute any information memorandum (including this Information Memorandum), any Pricing Supplement or other offering memorandum or any advertisement in relation to any offer of Subordinated Instruments, Coupons and Talons in New Zealand other than to a “wholesale investor” as that term is defined in clause 3(2) of Schedule 1 to the *Financial Markets Conduct Act 2013 of New Zealand*, being:

- (a) a person who is:
- an “investment business”;
 - “large”; or
 - a “government agency”,

in each case as defined in Schedule 1 to the *Financial Markets Conduct Act 2013 of New Zealand*; or

- (b) a person who meets the “investment criteria” specified in clause 38 of *Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand*.

Where Subordinated Instruments are issued by the Issuer acting through its New Zealand branch or amounts payable in relation to any Subordinated Instruments are payable in New Zealand Dollars, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Subordinated Instruments, Coupons and Talons to persons whom it reasonably believes to be persons to whom any amounts payable on the Subordinated Instruments, Coupons and Talons are or would be subject to New Zealand resident withholding tax, unless such persons:

- (a) certify they hold a valid RWT exemption certificate for New Zealand resident withholding tax purposes or otherwise have exempt status for New Zealand resident withholding tax purposes, and
- (b) provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer, the Registrar or any Paying Agent pursuant to the Issue and Paying Agency Agreement).

Singapore:

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Subordinated Instruments may not be circulated or distributed, nor may Subordinated Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act) under Section 274 of the Securities and Futures Act (the “SFA”), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Subordinated Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person (as defined in Section 275(2) of the SFA) which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Subordinated Instruments pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law; or
- 4. as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Information Memorandum in respect of the Subordinated Instruments, all Subordinated Instruments shall be “prescribed capital markets products” (as defined in the *Securities and Futures (Capital Markets Products) Regulations 2018*).

Spain:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent or agree, that the Subordinated Instruments may not be offered, sold or distributed, nor may any subsequent resale of Subordinated Instrument be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the *Spanish Securities Market Law, of 28 July 1988 (Ley 24/1988, de 28 de julio, del Mercado de Valores)*, as amended and restated, and further developing legislation or without complying with all legal and regulatory requirements under Spanish securities laws.

Switzerland

Each Dealer has represented and agreed that this Information Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Subordinated Instruments described herein. The Subordinated Instruments may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Information Memorandum nor any other offering or marketing material relating to the Subordinated Instruments constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing

prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Information Memorandum nor any other offering or marketing material relating to the Subordinated Instruments may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Information Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Subordinated Instruments have been or will be filed with or approved by any Swiss regulatory authority. The Subordinated Instruments are not subject to the supervision by any Swiss regulatory authority, for example, the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Subordinated Instruments will not benefit from protection or supervision by such authority.

Taiwan:

The Subordinated Instruments may not be sold, offered or issued to Taiwan resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Subordinated Instruments which are a “structured product” as defined in the *Regulation Governing Offshore Structured Products of the Republic of China (“OSP Regulation”)* through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the OSP Regulation or (B) in the case of Subordinated Instruments which are not “structured products” under the OSP Regulation, through properly licensed Taiwan intermediaries (including the non-discretionary monetary trust of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted in accordance with applicable laws and regulations of Taiwan.

Prohibition of Sales to EEA Retail Investors:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Subordinated Instruments which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Subordinated Instruments or possesses, distributes or publishes this Information Memorandum or any Pricing Supplement or any related offering material. Other persons into whose hands this Information

Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Subordinated Instruments or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in official interpretation, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this section.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Subordinated Instruments) or (in any other case) in a supplement to this document.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in connection with the distribution of the Subordinated Instruments, it has not sold Subordinated Instruments nor will it sell any Subordinated Instrument to a person if, at the time of the sale, the Dealer knew or had reasonable grounds to suspect that, as a result of the sale, the Subordinated Instrument, or an interest in the Subordinated Instrument, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Issuer other than one acting in the capacity of dealer, manager or underwriter in relation to the placement of the Subordinated Instruments or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the *Corporations Act 2001*.

GENERAL INFORMATION

1. Subordinated Instruments may be admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the ASX. Subordinated Instruments may be issued pursuant to the Programme which will not be admitted to listing and/or trading on the ASX or any other listing authority and/or stock exchange or which will be admitted to listing and/or trading on such listing authority and/or stock exchange as the Issuer and the relevant Dealer(s) may agree.
2. The update of the Programme was authorised pursuant to a resolution of Westpac Banking Corporation's Directors passed on 31 October 2006, by an approval given on 29 April 2014 by Westpac Banking Corporation's Managing Director and Chief Executive Officer and by an approval given on 18 October 2018 by Alexander Bischoff, Executive Director, Group Treasury, Westpac Banking Corporation. The issuance of Subordinated Instruments under the Programme was authorised pursuant to a resolution of Westpac Banking Corporation's Directors passed on 5 March 2014. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Subordinated Instruments.
3. The Subordinated Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Subordinated Instruments of each Series will be specified in the Pricing Supplement relating thereto. The Subordinated Instruments have been accepted for clearance through the CMU Service. The CMU Service Subordinated Instrument Number for each Series of Subordinated Instruments intended to be cleared through the CMU Service will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Subordinated Instruments for clearance together with any further appropriate information.
4. Subordinated Instruments (other than where such Subordinated Instruments are Temporary Global Instruments) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a Subordinated Instrument or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Subordinated Instrument or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
5. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent in relation to each Tranche of Subordinated Instruments.
6. The Australian Autonomous Sanctions Act 2011 and the Autonomous Sanctions Regulations 2011, the Charter of the United Nations Act 1945 of Australia and the Charter of the United Nations (Dealing with Assets) Regulations 2008, and other laws and regulations in Australia, restrict or prohibit payments, transactions and dealings with assets having a proscribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism or money laundering.

The Australian Department of Foreign Affairs and Trade maintains a list of all persons and entities having a proscribed connection with terrorism and a list of all persons and entities that

are subject to sanctions (which include economic sanctions) which is available to the public at the Department's website at <http://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>.

7. There are no, nor during the 12 months before the date of this Information Memorandum have there been any, legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened) of which the Issuer or its controlled entities are aware involving the Issuer or any of its controlled entities which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its controlled entities taken as a whole.
8. Since 30 September 2018, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no material adverse change in the prospects of the Issuer and its controlled entities taken as a whole.
9. Since 31 March 2019, the last day of the financial period in respect of which the most recent published unaudited consolidated financial statements of the Issuer have been prepared, there has been no significant change in the financial position of the Issuer and its controlled entities taken as a whole.
10. The Issuer's consolidated financial statements for the periods ended 30 September 2018 and 30 September 2017 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board as well as the *Corporations Act 2001* and comply with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and Interpretations as issued by the IFRS Interpretations Committee. PwC Australia, Chartered Accountants, audited the Issuer's consolidated financial statements for the periods ended 30 September 2018 and 30 September 2017 in accordance with Australian Auditing Standards. PwC Australia partners are members or affiliate members of Chartered Accountants Australia and New Zealand.
11. The liability of PwC Australia, with respect to claims arising out of its audit reports, is subject to the limitations set forth in the *Professional Standards Act 1994 of New South Wales*, Australia (the "**Professional Standards Act**") and Chartered Accountants Australia and New Zealand (NSW) Scheme adopted by Chartered Accountants Australia and New Zealand and approved by the New South Wales Professional Standards Council pursuant to the *Professional Standards Act* (the "**NSW Accountants Scheme**" or, in relation to matters occurring on or prior to 7 October 2014, the predecessor scheme).
12. The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services for the Issuer, including, without limitation, its audits of the Issuer's financial statements. The extent of the limitation depends on the timing of the relevant matter and is:
 - (a) in relation to matters occurring on or after 8 October 2013, a maximum liability for audit work of A\$75 million; or
 - (b) in relation to matters occurring on or prior to 7 October 2013, to the lesser of (in the case of audit services) ten times the reasonable charge for the service provided and

a maximum liability for audit work of A\$75 million.

The limitations do not apply to claims for breach of trust, fraud or dishonesty.

In addition, there is equivalent professional standards legislation in place in other states and territories in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation.

These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgment under English or other foreign laws rendered against PwC Australia based on or related to its audit report on the Issuer's financial statements. Substantially all of PwC Australia's assets are located in Australia. However, the Professional Standards Act and the NSW Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation remain untested in a number of respects, including its effect in respect of the enforcement of foreign judgments.

13. For so long as the Programme remains in effect or any Subordinated Instruments are outstanding, copies of the following documents may be inspected in physical form during normal business hours at the office of the Fiscal Agent (or the other specified office(s) of the Paying Agent(s) in the United Kingdom) specified on page 204 of this Information Memorandum and at the registered head office of the Issuer, namely:
- (a) the constitutional documents of the Issuer;
 - (b) the Information Memorandum in relation to the Programme, together with any supplements thereto;
 - (c) the Issue and Paying Agency Agreement;
 - (d) the Deed of Covenant;
 - (e) the most recently publicly available audited financial statements of the Issuer beginning with such financial statements (including the auditors' report thereon and notes thereto) for the years ended 30 September 2018 and 30 September 2017;
 - (f) the most recently publicly available unaudited consolidated interim results of the Issuer (including the auditors' report thereon and notes thereto) for the six months ended 31 March 2019; and
 - (g) any Pricing Supplement relating to Subordinated Instruments which are listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system. (In the case of any Subordinated Instruments which are not listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system, copies of the relevant Pricing Supplement will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Subordinated Instruments).
14. The price at which any Series of Subordinated Instruments will be offered will be established by the Issuer and relevant Dealer(s) on or before the applicable Issue Date of the relevant Series of Subordinated Instruments in accordance with prevailing market conditions and will

be disclosed in the applicable Pricing Supplement. The Issue Price of the Subordinated Instruments of any Series may be less than, equal to or greater than the par value of the relevant Series of Subordinated Instruments.

The amount of any expenses and/or taxes (if any) specifically charged to any subscriber or purchaser of the Subordinated Instruments of any Series will be disclosed in the applicable Pricing Supplement.

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