

**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.*

12 November 2020

Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Level 18, 275 Kent Street  
Sydney NSW 2000

Dear Sir/Madam,

Pursuant to ASX Listing Rules 2.1 (Condition 5) and 15.2, attached is the Information Memorandum dated 11 November 2020 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.

This document has been authorised for release by Tim Hartin, General Manager & Company Secretary.

INFORMATION MEMORANDUM

# 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 issued pursuant to this Information Memorandum (the “**Subordinated Instruments**”) 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 *Regulation (EU) 2017/1129 (as amended)* (the “**Prospectus Regulation**”). 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 or the United Kingdom (other than pursuant to one or more of the exemptions set out in Article 1(4) and/or 3(2) of the Prospectus Regulation).

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 (the “**FCA**”), being the United Kingdom competent authority for the purposes of the Prospectus Regulation) 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 15 to 57 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 Securities  
Citigroup  
Credit Suisse  
Daiwa Capital Markets Singapore Limited  
Deutsche Bank

Goldman Sachs International  
HSBC  
J.P. Morgan  
Mizuho Securities  
Morgan Stanley  
MUFG  
Nomura

RBC Capital Markets  
SMBC Nikko  
Standard Chartered Bank  
TD Securities  
UBS Investment Bank  
Westpac Banking Corporation  
Westpac Europe Limited

11 November 2020

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 or superseded* (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 this Information Memorandum 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**").

The Dealers have not independently verified the information contained herein. Accordingly, 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. The Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement of responsibility. 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 AND UNITED KINGDOM 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**”) or the United Kingdom. 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 (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 or the United Kingdom has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA or the United Kingdom 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.

**Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time** – Unless otherwise stated in the Pricing Supplement in respect of any Subordinated Instrument, all Subordinated Instruments issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 in the United Kingdom) 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.**

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## 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 (“ <b>LEI</b> ”): EN5TNI6CI43VEPAMHL14.
Dealers:	Barclays Capital Asia Limited, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Daiwa Capital Markets Singapore Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Nomura International plc, RBC Europe Limited, SMBC Nikko Capital Markets Limited, Standard Chartered Bank, The Toronto-Dominion 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, London Branch.
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 “ <b>Corporations Act</b> ”).



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 business is focused in Australia and New Zealand, operating under multiple brands. The Westpac Group operates through an extensive branch and automated teller machines (“**ATMs**”) network, significant online capability, and call centres supported by specialist relationship and product managers. Westpac’s operations comprise the following key divisions:

Consumer is responsible for sales and service of banking products, including mortgages, credit cards, personal loans, and savings and deposit products to consumer customers in Australia. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands. Consumer works with Business, WIB and Specialist Businesses (each as described below) in the sales, service, and referral of certain financial services and products including general and life insurance, superannuation, platforms, auto lending and foreign exchange.

Business provides business banking products and services for Australian small to medium sized enterprises (“**SME**”) and Commercial customers (including Agribusiness) generally up to A\$200 million in exposure. The division also serves Private Wealth. SME includes relationship managed and non-relationship managed SME customers. The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, equipment finance and property finance. Business operates under the Westpac, St.George, BankSA, and Bank of Melbourne brands. Business works with Consumer, WIB, and Specialist Businesses in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign exchange and interest rate hedging).

Westpac Institutional Bank (“**WIB**”) delivers a broad range of financial products and services to corporate, institutional and government customers operating in, or 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 and via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB works with all of Westpac Group’s divisions in the provision of markets’ related financial needs including foreign exchange and fixed interest

solutions.

Westpac New Zealand provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks: Westpac New Zealand Limited (“**WNZL**”), which is incorporated in New Zealand, and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates through a network of branches and ATMs in both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products and services are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. New Zealand maintains its own infrastructure, including technology, operations and treasury in accordance with regulatory requirements.

Specialist Businesses provides automobile finance, Australian life, general and lenders mortgage insurance, investment product and services (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. It also manages Westpac Pacific which provides a full range of banking services in Fiji and Papua New Guinea. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Specialist Businesses works with Consumer, Business and WIB in the provision of select financial services and products.

Group Businesses include:

- Treasury, which is responsible for the management of Westpac Group’s balance sheet including wholesale funding, capital and the management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between Westpac Group’s assets and liabilities. Treasury’s earnings are primarily sourced from managing Westpac Group’s balance sheet and interest rate risk, (excluding Westpac New Zealand) within set risk limits;
- Group Technology, which is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration in Australia; and
- Core Support, which comprises Westpac Group support functions, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.

Group Businesses also includes earnings on capital not allocated to divisions, certain intra-group transactions that facilitate the presentation of the performance of Westpac Group’s divisions,

gains/losses from most asset sales, earnings and costs associated with Westpac Group's Fintech investments, and certain other head office items such as centrally raised provisions.

**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 or registered 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 either 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 or, if appropriate, a talon ("**Talon**") for further Coupons. Subordinated Instruments in bearer form may in certain circumstances be exchangeable in accordance with the terms thereof for Subordinated Instruments in registered form. Subordinated Instruments in registered form may not be exchanged for Subordinated Instruments in bearer form.

**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 (“ <b>APRA</b> ”), 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. Subordinated Instruments may only be redeemed prior to their stated maturity in the limited circumstances provided for in Condition 8 ( <i>Redemption and Purchase</i> ) of the Subordinated Instruments and subject to certain conditions, including that Westpac has obtained the prior written approval of APRA. Any such approval is at the discretion of APRA and may or may not be given.
Early Redemption:	<p>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.</p> <p>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.</p>
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 underlying securities:** The Ordinary Shares are admitted to listing and trading on the ASX (for further information see the section entitled “Information Concerning the Underlying Securities”).

Taxation:	<p>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.</p>
Governing Law:	<p>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 (<i>Status of the Subordinated Instruments - General</i>), 5 (<i>Non-Viability, Conversion and Write-off</i>) and 6 (<i>Procedures for Conversion</i>) (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.</p>
Listing:	<p>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.</p>
Terms and Conditions:	<p>A Pricing Supplement will be prepared in respect of each Tranche of Subordinated Instruments a copy of which will:</p> <p>(a) in the case of Subordinated Instruments admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the</p>

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 11 November 2020 (as amended, supplemented or replaced from time to time), a copy of which will be available for inspection at the office of the Fiscal Agent specified on page 219.
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**

#### **COVID-19**

***COVID-19 has had, and COVID-19 and a pandemic like COVID-19 could in the future have, an adverse effect on the Westpac Group***

The Westpac Group is vulnerable to the impacts of a communicable disease outbreak or a pandemic. The COVID-19 pandemic has had, and Westpac expects will continue to have, a negative impact on Westpac’s customers, shareholders, employees and financial performance, among other adverse effects.

The pandemic has disrupted, and will continue to disrupt, numerous industries and global supply chains, while important measures to mitigate its impact (such as restrictions on businesses, movement and public gatherings) have had, and Westpac expects will continue to have, a negative effect on economic activity.

This decrease in economic activity has affected, and will continue to affect, demand for Westpac’s products and services for an unknown time and by an unknown amount. The associated financial stress on Westpac’s customers has increased impairments, defaults and write-offs. Westpac has increased its provisions for expected credit losses, however, further increases may be required.

Westpac has supported customers impacted by the pandemic by lowering interest rates on certain products, waiving certain fees and granting deferrals of certain loan repayments. These initiatives have had and may continue to have a negative impact on the Westpac Group’s financial performance and may see the Westpac Group assume greater risk than it would have under ordinary circumstances. There is also a possibility that governments or regulators will require banks (including Westpac) to provide further support to customers impacted by the COVID-19 pandemic.



Actions taken by regulators in response to the COVID-19 pandemic have impacted and could in the future impact the Westpac Group. As an example, regulators in some overseas jurisdictions have exercised their powers to prevent banks from declaring dividends or undertaking share buybacks. In New Zealand, the Reserve Bank of New Zealand ("**RBNZ**") made the decision to freeze the distribution of dividends on ordinary shares by all banks in New Zealand during the period of economic uncertainty caused by COVID-19. This prevents Westpac's subsidiary WNZL from paying dividends and has a negative impact on Westpac's Level 1 common equity tier 1 ("**CET1**") capital ratio.

It is possible that APRA will take a similar approach in the future and prevent Westpac from declaring dividends to its investors. While APRA has not yet taken such action, it has written to Australian banks (including Westpac) and outlined its expectation that they limit any dividends and discretionary capital distributions in the coming months.

Westpac's business activities and operations have been, and will likely in the future be, disrupted by disease outbreaks or pandemics. For example, the COVID-19 pandemic has resulted in Westpac closing workplaces and suspending the provision of services through certain channels.

When such outbreaks or pandemics occur, Westpac may need to adjust its risk appetite, policies or controls so it can respond to the outbreak or pandemic and protect the well-being of staff and customers who visit its premises. These changes could have unforeseen consequences and expose the Westpac Group to increased regulatory oversight and/or regulatory action.

Further, to respond to the COVID-19 pandemic, Westpac has implemented (and may implement in the future) new measures in very short periods of time. Taking this type of action may increase the risk that an operational or compliance breakdown occurs, potentially leading to financial losses, impacts on customer service or regulatory and/or legal action.

The COVID-19 pandemic has also impacted the Westpac Group's ability to pay dividends, with the Westpac Group electing not to pay an interim dividend this financial year given the desire to retain a strong balance sheet and the ongoing uncertainty in the operating environment. It is possible that the pandemic will negatively impact the Westpac Group's ability to pay future dividends or make capital distributions.

There continues to be significant uncertainty associated with the COVID-19 pandemic, including the severity of the disease, its duration and actions that may be taken by governments and businesses to attempt to contain the virus or mitigate its impact. In turn, this has the potential for longer term impacts on Westpac's customers, business and operations. The COVID-19 pandemic may also heighten other risks described below.

## **Legal and regulatory risk**

### ***Westpac could be adversely affected by legal or regulatory change***

The Westpac Group's business, prospects, reputation, financial performance and financial condition have been, and could in the future be, adversely affected by changes to law, regulation, policies, supervisory activities and the expectations of its regulators. The Westpac Group operates in an environment where there is increased regulation on and scrutiny of financial services providers.

Regulatory change has directly and adversely affected the Westpac Group's financial condition and financial position, and could do so in the future. In recent years, laws and regulations have been introduced requiring Westpac to hold more liquidity and higher capital, and a bank levy (based on liabilities) has been imposed on Australia's largest banks. Laws and regulations that have a similar effect could be passed in the future, including as a result of APRA's proposed capital policy reforms.

Regulatory changes may also affect how Westpac operates. For example, recent regulation has altered the way Westpac provides its products and services, in some cases requiring Westpac to change or discontinue its offerings. Regulation could also limit its flexibility, require it to incur substantial costs, impact the profitability of its businesses, result in the Westpac Group being unable to increase or maintain market share and/or create pressure on margins and fees.

There are many sources of regulatory change that could affect Westpac's business. Such change could stem from international bodies, such as the Basel Committee on Banking Supervision or from reviews and inquiries commissioned by governments (including the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the "**Royal Commission**")) or regulators. Reviews and commissions of inquiry may lead to, and in some cases already have led to, substantial regulatory change, which could have a material impact on the Westpac Group.

Regulation impacting Westpac's business may not always be released in a timely manner before its date of implementation. Similarly, early announcements of regulatory change may not be specific and significantly differ from the final regulation. In those cases, the Westpac Group may not be able to effectively manage its compliance design in the timeframes available.

Relevant governments or regulators could also revise their application of regulatory policies, thereby impacting Westpac's business (such as macro-prudential limits on lending).

It is critical the Westpac Group manages regulatory change effectively. The failure to do so has, and could in the future, result in the Westpac Group not meeting its compliance obligations, the potential consequences of which are set out below in the Risk Factor entitled '*Westpac has been or could be adversely affected by failing to comply with laws, regulations or regulatory policy*'. Westpac expects that it will continue to invest significantly in compliance and the management and implementation of regulatory change, and significant management attention and resources may be required to update existing, or implement new, processes to comply with such new regulations.

The Westpac Group's ability to manage regulatory change has been, and will in the future be, impacted by the COVID-19 pandemic or similar pandemics. The COVID-19 pandemic has caused significant disruptions and delays to regulatory change projects, increasing the risk that the Westpac Group may not comply with new regulations when they come into effect. The governmental response to COVID-19 has also seen new legislation and regulation, which may increase compliance risks. The Westpac Group may also incur significant costs responding to this new legislation and regulation.

***Westpac has been and 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 conduct and compliance risk. These risks are exacerbated by the increasing complexity and volume of regulation, including where Westpac interprets its obligations and rights differently to regulators or a court, tribunal or other body. The potential for this is heightened when regulation is new, untested or is not accompanied by extensive regulatory guidance.

The Westpac Group's compliance management system is designed to identify, assess and manage compliance risk. However, this system has not always been, and may not always be, effective. Breakdowns have, and may in the future, occur due to flaws in the design of controls or processes. This has resulted in, and may in the future result in, potential breaches of compliance obligations as well as poor customer outcomes.

Conduct risk could occur through the provision of products and services to customers that do not meet their needs or do not meet the expectations of the market, as well as the poor conduct of the Westpac Group's employees, contractors, agents, authorised representatives and external services providers. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), weakness in risk culture, poor product design and implementation, failure to adequately consider customer needs or selling products and services outside of customer target markets. This could include deliberate attempts by such individuals to circumvent Westpac's controls, processes and procedures or negligent actions that could result in the circumvention of Westpac's controls, processes and procedures. The Westpac Group depends on its people to 'do the right thing' to meet its compliance obligations. Inappropriate or poor conduct by these individuals such as not following a policy or engaging in misconduct has and could result in poor customer outcomes and a failure by the Westpac Group to meet its compliance obligations. The large number of employees and the staff of the Westpac Group's third-party contractors working remotely due to the COVID-19 pandemic may negatively affect the Westpac Group's compliance controls and monitoring processes and there may be an increased risk that staff fail to follow internal policies or that customers may be adversely affected through privacy breaches.

While Westpac has frameworks, policies, processes and controls that are designed to manage poor conduct outcomes, these policies and processes have been, and may be, ineffective. The failure of these policies and processes could result in financial losses (including incurring substantial remediation costs and as a result of litigation by regulators and customers) and reputational damage, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

The Westpac Group's failure, or suspected failure, to comply with a compliance obligation could lead to a regulator commencing surveillance or an investigation. The Westpac Group is currently subject to investigations and reviews by regulators, with the intensity of these increasing. The Westpac Group has devoted (and will need to continue to devote) significant resources and has incurred (and will continue to incur) costs for these reviews and investigations, which may adversely affect Westpac's business, operations, reputation, financial performance and ability to pay dividends.

Depending on the circumstances, regulatory reviews and investigations have in the past and may in the future result in a regulator taking administrative or enforcement action against the Westpac Group and/or its representatives. Regulators could pursue civil or criminal proceedings, seeking substantial fines, civil penalties or other enforcement outcomes. In addition, regulatory investigations may lead to adverse findings against directors and management, including potential disqualification.

In many cases, Westpac's regulators have broad powers. For example, APRA can, in certain circumstances, issue directions to Westpac (such as a direction to comply with a prudential

requirement, conduct an audit or take remedial action) or disqualify an 'Accountable Person' under the Banking Executive Accountability Regime (the "**BEAR**").

APRA can also require the Westpac Group to hold additional capital either through a capital overlay or higher risk weighted assets ("**RWAs**"). APRA imposed a A\$500 million overlay to the Westpac Group's operational risk capital requirement following the completion of its self-assessment into its frameworks and practices in relation to governance, culture and accountability and a further A\$500 million overlay following the commencement of civil penalty proceedings by the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") (both overlays were applied through an increase in RWAs). If the Westpac Group incurs additional capital overlays it may need to raise additional capital which could have an adverse impact on the Westpac Group's financial performance and financial condition.

The political and regulatory environment that the Westpac Group operates in has seen (and may in the future see) its regulators (including any new regulator) receive new powers along with materially increased penalties for corporate and financial sector misconduct. In particular, the Australian Securities and Investments Commission ("**ASIC**") can commence civil penalty proceedings and seek civil penalties (currently up to A\$525 million per offence) 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. The Westpac Group may also face significant penalties for failing to comply with other obligations, and a failure by the Westpac Group may result in multiple contraventions leading to large penalties.

Westpac's regulators have adjusted and may in the future continue to adjust the way they approach oversight, potentially preferring their enforcement powers over a more consultative approach. For example ASIC has committed to continue to use a 'Why not litigate?' approach and indicated that it will (among other things) prioritise case studies and referrals arising from the Royal Commission and significant market misconduct. APRA has also committed to a revised enforcement approach (including a new Supervision Risk and Intensity Model), indicating it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account.

There may also be a shift in the type and focus of enforcement proceedings commenced by regulators in the future. Regulators may increasingly seek to bring criminal proceedings against institutions and/or their employees or representatives by referring potential criminal matters to the Commonwealth Department of Public Prosecutions or other prosecutorial bodies.

The way regulators supervise and monitor institutions has also changed and may continue to change in the future. An example is ASIC's 'Close and Continuous Monitoring' programme involving onsite reviews of financial services entities, including Westpac.

While ASIC, APRA and other regulators have indicated their immediate focus is on responding to the COVID-19 pandemic and they may delay certain enforcement, supervisory activities or monitoring activities, the long term trend to enhanced supervision and monitoring and greater enforcement activity remains.

Disruptions to Westpac's business, operations, third party contractors and suppliers resulting from the COVID-19 pandemic have also increased and may continue to increase the risk that Westpac will not be able to satisfy commitments made to regulators about improving processes and/or resolving outstanding issues, potentially increasing the prospect of a regulator taking action against the Westpac Group.

Regulatory action commenced against the Westpac Group has exposed and may in the future expose the Westpac Group to an increased risk of litigation brought by third parties (including through class action proceedings), which may require the Westpac Group to pay compensation to third parties and/or undertake further remediation activities.

Regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of 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 has had and could have further adverse effects 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. As a result, regulatory, operational and compliance risks are heightened. For example, AML/CTF laws require Westpac and other regulated institutions to (amongst other things) undertake the applicable customer identification procedures, conduct ongoing and enhanced due diligence on customers, maintain and comply with an AML/CTF programme and undertake ongoing risk assessments.

AML/CTF laws also require Westpac to report certain matters and transactions to regulators (including international funds transfer instructions ("**IFTIs**"), threshold transaction reports ("**TTRs**") and suspicious matter reports ("**SMRs**")) 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. The failure to comply with these laws has had, and in the future may have, adverse impacts for the Westpac Group.

In recent years there has been, and there continues to be, increased focus on compliance with financial crime obligations, with regulators globally commencing large-scale investigations and taking enforcement action for identified non-compliance (often seeking significant penalties). Further, due to the Westpac Group's large number of customers and transaction volumes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including a regulatory reporting obligation) has, and could in the future result in, a significant number of breaches of AML/CTF obligations. This in turn could lead to significant penalties and other adverse impacts for the Westpac Group, such as reputational damage.

While the Westpac Group has systems, policies, processes and controls in place designed to manage its financial crime obligations (including reporting obligations), these have not always been, and may not in the future always be effective. This could be for a range of reasons, including, for example, a deficiency in the design of a control or a technology failure. Westpac's analysis and reviews, in addition to regulator feedback, have highlighted that its systems, policies, processes and controls are not operating satisfactorily in a number of respects and require improvement.

The Westpac Group is currently undertaking a significant multi-year programme of work to strengthen areas of control weakness in its financial crime risk management framework (including important aspects of its money laundering and terrorism financing risk assessments and governance) and rectify the management of this risk. The Westpac Group has increased dedicated financial crime risk expertise

and resources to deliver the financial crime programme of work. With increased focus on financial crime, further issues requiring attention have been identified and may continue to be identified.

Although the Westpac Group provides updates to AUSTRAC and other regulators on its remediation and other programme activities, there is no assurance that AUSTRAC or other regulators will agree that its remediation and programme update activities will be adequate or effectively enhance the Westpac Group's compliance programs.

If Westpac fails, or where Westpac has failed, to comply with these financial crime obligations, Westpac has and could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of licence conditions, such as the civil penalty proceedings brought by AUSTRAC against Westpac on 20 November 2019 for alleged contraventions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (the "**AML/CTF Act**").

Non-compliance or alleged non-compliance with Westpac's financial crime related obligations and public disclosure have also resulted in, and could lead to regulatory investigations, reviews, inquiries, proceedings or other litigation commenced by third parties (including Australian, US or other class actions), and regulatory action in non-Australian jurisdictions where Westpac operates. Any such litigation or proceeding could cause significant financial and reputational damage to Westpac. Reputational damage could result in the loss of customers or restrict the Westpac Group's ability to efficiently access capital markets, which could have a material adverse effect on the Westpac Group's business, reputation, prospects, financial performance and financial condition. Furthermore, any such effect could harm the Westpac Group's credit ratings. Previous enforcement action by AUSTRAC has resulted in a range of outcomes, depending on the nature and severity of the relevant conduct and its consequences, including substantial financial penalties, restrictions and other regulator imposed conditions.

***Westpac has and could suffer losses due to litigation***

Westpac and its subsidiaries may, from time to time, be involved in legal proceedings (including class actions), regulatory actions or arbitration. Such litigation could be commenced by a range of plaintiffs, such as customers, shareholders, suppliers, counterparties and regulators.

In recent years there has been an increase in class action proceedings, many of which have resulted in significant monetary settlements. The risk of class actions has been heightened by a number of factors, including regulatory enforcement actions (such as the civil penalty proceedings brought by AUSTRAC), an increase in the number of regulatory investigations and inquiries (such as the Royal Commission), a greater willingness on the part of regulators to commence court proceedings, more intense media scrutiny and the growth of third party litigation funding. Class actions commenced against a competitor could also lead to similar proceedings against Westpac.

Litigation (including class actions) may, either individually or in aggregate, adversely affect the Westpac Group's business, operations, prospects, reputation or financial condition. This risk is heightened by increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties and the outcome may not 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 compliance orders, enforcement orders or otherwise pay significant damages, fines, penalties or legal costs.

In addition, the case studies considered by the Royal Commission, and the Royal Commission's findings, have led, and may in the future lead to, regulators commencing investigations and/or enforcement action against the Westpac Group.

There is a risk that the actual penalty paid following a settlement or determination by a court for any legal proceedings may be materially higher or lower than the provision or that any contingent liability may be larger than anticipated. This may occur in a range of situations, for example where the scope of litigation against the Westpac Group is expanded by further claims or causes of action. There is also a risk that additional litigation or contingent liabilities arise, all of which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

### **Risks relating to the core operations supporting Westpac's activities**

#### ***Reputational damage has harmed and could in the future harm Westpac's business and prospects***

Reputational risk arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and Westpac's past, current and planned activities, processes, performance and behaviours.

There are various potential sources of reputational damage. For example, where Westpac's actions cause, or are perceived to cause, a negative outcome for customers, shareholders, stakeholders or the community. Reputational damage could also arise from the failure to effectively manage risks, failure to comply with legal and regulatory requirements, enforcement or supervisory action by regulators (such as the civil penalty proceedings brought by AUSTRAC), adverse findings from regulatory reviews, failure or perceived failure to adequately respond to community, environmental, social and ethical issues, failure of information security systems, technology failures and security breaches and inadequate record keeping which may prevent Westpac from demonstrating that or determining if a past decision was appropriate at the time it was made.

Westpac's reputation could also be adversely affected by the actions of customers, suppliers, joint-venture partners, strategic partners, other counterparties and accredited data recipients that the Westpac Group provides customer data to under Australia's open banking regime.

Failure, or perceived failure, to address issues that could or do give rise to reputational risk has created, and could in the future create, 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 market. This could adversely affect Westpac's business, prospects, financial performance or financial condition.

#### ***Westpac has suffered, and could in the future suffer, information security risks, including cyberattacks***

The Westpac Group (and its external service providers) is subject to information security risks. These risks are heightened by:

- new technologies;
- the increased use of the internet and telecommunications to conduct financial transactions;
- the growing sophistication of attackers;
- increased regulatory focus on cyber security and oversight of cyber activities; and
- the COVID-19 pandemic, which has resulted in many Westpac employees (and staff of service providers) working remotely or from other sites, potentially providing increased opportunities for cyber threat actors to exploit.

While Westpac has systems in place to protect against, detect and respond to cyberattacks, these systems have not always been, and may not always be, effective. There is no assurance that Westpac will not suffer losses from cyberattacks or information security breaches. The Westpac Group may not be able to anticipate and prevent a cyberattack, effectively respond to a cyberattack and/or rectify or minimise damage resulting from a cyberattack. Westpac's external service providers, and other parties that facilitate its activities and financial platforms and infrastructure (such as payment systems and exchanges) are also subject to the risk of cyberattacks.

Westpac's operations rely on the secure processing, storage and transmission of information on Westpac's computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements measures to protect the confidentiality and integrity of its information, there is a risk that the computer systems, software and networks on which Westpac 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 Westpac's customers and counterparties.

A range of potential consequences could arise from a successful cyberattack, such as:

- the Westpac Group's systems not operating properly, disrupting operations;
- damage to technology infrastructure;
- adverse impacts to network access, operations or availability of services;
- loss of customers;
- loss of data/information;
- reputational damage;
- claims for compensation;
- adverse regulatory action including fines or penalties; and



- significant additional resources required to modify Westpac's systems or to investigate and remediate any vulnerabilities or incidents.

All these potential consequences could negatively affect Westpac's business, prospects, financial performance or financial condition.

As cyber threats evolve, Westpac may need to spend significant resources to modify or enhance its systems or investigate and remediate any vulnerabilities or incidents.

***Westpac could suffer losses due to technology failures***

Maintaining the reliability, integrity and security of Westpac's information and technology is crucial to Westpac's business.

While the Westpac Group has a number of processes in place to preserve and monitor the availability and recovery of Westpac's systems, there is a risk that Westpac's information and technology systems might fail to operate properly or become disabled, including from events wholly or partially beyond Westpac's control. For example, the COVID-19 pandemic has seen more employees and staff of Westpac's third-party contractors work remotely or from alternative sites, which may put additional stress on Westpac's technology infrastructure and systems. Similarly, the COVID-19 pandemic and the measures implemented by governments to mitigate its spread are likely to result in increased demand being placed on critical national technology and communications infrastructure which the Westpac Group relies on. This could adversely impact the reliability of such infrastructure and increase the risk that Westpac's technology systems will not be able to operate properly or will become disabled for a period of time.

If Westpac incurs a technology failure it may fail to meet a compliance obligation (such as retaining records and data for a certain period of time), or its customers may be adversely affected, including through privacy breaches or loss of personal data. This could result in reputational damage, remediation costs and a regulator commencing an investigation and/or taking action against Westpac. The over reliance on legacy systems may heighten the risk of a technology failure.

Westpac needs to regularly renew and enhance its technology to deliver new products and services, comply with regulatory obligations and meet its customers' and regulators' obligations. Consequently, Westpac is constantly managing new technology projects. Failure to effectively implement these projects could result in cost overruns, reduced productivity, operational instability, compliance failures, reputational damage and/or the loss of market share. This could place Westpac at a competitive disadvantage and adversely affect its business, prospects, financial performance or financial condition.

***Westpac's failure to recruit and retain key executives, employees and directors may have adverse effects on its 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.

**Risks related to Westpac's financial situation**

***Westpac is exposed to adverse credit and capital market conditions***

Westpac relies on deposits, and credit and capital markets to fund its business and source 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. Such disruption can be for extended periods and be unpredictable as experienced during the global financial crisis of 2007 to 2008. The main risks Westpac faces are damage to market confidence, changes to the access and cost of funding, a slowing in global economic activity or other impacts on customers or counterparties.

As of 30 September 2020, approximately 27 per cent. of Westpac's total funding originated from domestic and international wholesale markets. Of this, around 58 per cent. was sourced outside Australia and New Zealand. Customer deposits provide around 65 per cent. of total funding. Customer deposits held by Westpac comprise 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 which could increase Westpac's need for funding from other, potentially less stable, or more expensive sources.

If market conditions deteriorate due to economic, financial, political or other reasons (including the COVID-19 pandemic), there may also be a loss of confidence in bank deposits leading to unexpected withdrawals. This could increase funding costs and Westpac's liquidity, funding and lending activities may be constrained and its financial solvency threatened.

If Westpac's current sources of funding prove to be insufficient, Westpac may need to seek alternatives which will depend on factors such as market conditions, Westpac's credit ratings and 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.

If Westpac is unable to source appropriate funding, it may be forced to reduce lending or liquidity. This may adversely impact its 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 realise liquidity, Westpac may not be able to pay its debts as and when they fall due.

Westpac enters into collateralised derivative obligations, which may require Westpac to post additional collateral based on market movements, 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.

***Westpac could be adversely affected by the risk of inadequate capital levels under stressed conditions***

The economic impact of the COVID-19 pandemic has brought to the fore the risk of an inadequate level or composition of capital to support normal business activities and to meet regulatory capital requirements under normal operating environments or stressed conditions. Regulatory change will require banks to hold higher capital, specifically for the implementation of future capital and RWA regulations coming into effect from 2023. APRA requires banks to operate above the 10.5 per cent. 'unquestionably strong' benchmark to prepare for this change, although the impact on each bank will

be different due to different balance sheet and portfolio mix. Capital distribution constraints apply when an authorised deposit-taking institution's ("**ADI**") CET1 capital ratio is within the capital buffer range (consisting of the capital conservation buffer plus any counter-cyclical capital buffer). Capital constraints could have an impact on Westpac's ability to pay future dividends or make capital distributions. Adverse conditions and / or adverse regulatory change could impact Westpac's capital adequacy and / or trigger capital distribution constraints.

***Sovereign risk may destabilise financial markets adversely***

Sovereign risk is the risk that governments will default on their debt obligations or will be unable to refinance their debts as they fall due. Potential sovereign debt defaults and the risk that governments will nationalise parts of their economy including assets of financial institutions such as Westpac could negatively impact the value of Westpac's holdings of 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 of 2007 to 2008. Such an event could destabilise global financial markets, adversely affecting Westpac's liquidity, financial performance or financial condition.

***Westpac could be adversely affected by the failure to maintain its credit ratings***

Credit ratings are independent opinions on Westpac's creditworthiness. Westpac's credit ratings can affect the cost and availability of its funding and may be important to certain customers or counterparties when evaluating Westpac's products and services.

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 its governance, structural considerations regarding the Australian financial system and economy and Australia's sovereign credit rating. A rating downgrade could be driven by a downgrade of Australia's sovereign credit rating, or one or more of the risks identified in this section or by other events, including changes to the methodologies rating agencies use to determine ratings.

The economic impacts of the COVID-19 pandemic have affected Westpac's credit ratings and may do so in the future. In April 2020, Fitch Ratings ("**Fitch**") downgraded its short-term and long-term ratings for the major Australian banks (including Westpac) by one notch, to A+ (from AA-) and F1 (from F1+) respectively, citing the significant economic consequences for Westpac's core markets of Australia and New Zealand, caused by the actions taken by governments to slow the spread of COVID-19. Fitch has maintained the rating outlook for the major Australian banks as "negative", reflecting the major downside risk to Fitch's economic outlook in light of the evolving global situation. In April 2020, S&P Global Ratings revised its outlook for Westpac's long-term issuer credit rating to 'negative', mirroring a similar change to its outlook for the Australian Sovereign. As the economic impacts from the COVID-19 pandemic continue, there is a risk that there will be further negative movement in Westpac's credit ratings.

A downgrade to Westpac's credit ratings could have an adverse effect on its cost of funds, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any rating change, differences across agencies (split ratings) and whether competitors or the sector are also impacted.

***Westpac could be adversely affected by a shock to the Australian, New Zealand or other financial systems***

There is a risk that a major systemic shock could occur that adversely impacts the Australian, New Zealand or other financial systems.

In the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by volatility, global economic conditions, external events, geopolitical instability (such as global conflicts), and political developments. For example, the impacts from the COVID-19 pandemic have been, and could continue to be, significant for the global economy including Australia and New Zealand.

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 Westpac's products and services could decline, thereby reducing its earnings. These conditions may also affect the ability of Westpac's borrowers or counterparties to repay their loans or meet their obligations, causing Westpac higher credit losses and affecting investors' willingness to invest in the Westpac Group. These events could also undermine confidence in the financial system, reduce liquidity, impair access to funding and affect Westpac's customers and counterparties. If this occurred, 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 is a risk that Westpac's response may be ineffective.

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

Recent and future declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property markets have adversely affected, and could in the future adversely affect, Westpac's operations and profitability.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) Westpac holds. This may impact Westpac's ability to recover amounts owing to it if customers or counterparties default. It may also affect Westpac's impairment charges and provisions, in turn impacting its financial performance and financial condition.

Declining asset prices also impact Westpac's wealth management business as its earnings partly depend on fees based on the value of securities and/or assets held or managed.

***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.

The majority of Westpac's business is conducted in Australia and New Zealand so its performance is influenced by the level and cyclical nature of activity in these countries. These factors are in turn impacted by domestic and international economic conditions (including, at present, the COVID-19 pandemic).

A significant decrease in Australian and New Zealand housing valuations and commercial property valuations could adversely impact Westpac's lending activities because borrowers with loans in excess of their property value show a higher propensity to default. If defaults occur, Westpac's security may be eroded, causing higher credit losses. The demand for Westpac's home lending products may also decline due to changes in tax legislation (such as changes to tax rates, concessions or deductions), regulatory requirements or buyer concerns about decreases in values.

Adverse changes to economic and business conditions in Australia, New Zealand and other countries could also adversely affect Westpac's customers. In particular, due to the economic relationship between Australia and China, particularly in the mining, resources and agricultural sectors, a slowdown in China's economic growth (or the adoption of protectionist trade measures) could negatively impact the Australian economy. Changes in commodity prices, Chinese Government policies and economic conditions could reduce demand for Westpac's products and services and affect the ability of its borrowers to repay their loans. If this occurred, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

Monetary policy can also significantly affect the Westpac Group. Interest rate settings (including low or negative rates) and other actions taken by central banks (such as quantitative easing) may adversely affect Westpac's cost of funds, the value of its lending and investments and its margins. Monetary policies also impact economic conditions of the jurisdictions Westpac operates or obtains funding in. These policies could affect demand for Westpac's products and services and/or have a negative impact on the Westpac Group's customers and counterparties, potentially increasing the risk that they will default. All these factors could adversely affect Westpac's business, prospects, financial performance or financial condition.

### **Risks related to Westpac's business activities and industry**

#### ***An increase in defaults has adversely affected and could further adversely affect Westpac's financial performance or financial condition***

Westpac establishes provisions for credit impairment based on current information and Westpac's expectations. If economic conditions deteriorate beyond Westpac's expectations, some customers and/or counterparties could experience higher financial stress leading to an increase in defaults and write-offs, and higher provisioning. Such events could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

These risks are heightened by the COVID-19 pandemic which has negatively impacted economic activity and caused a range of customers to experience financial stress. The pandemic has seen many customers cease or substantially reduce their operations for an unknown period. In addition, individuals may have been laid off, been unable to work, or have fewer work hours. Westpac has received requests for assistance from affected businesses and consumers and has implemented, and will continue to implement, various initiatives to support them, including repayment deferrals and interest capitalisation. These initiatives, and any support that governments or regulators may in the future require banks to provide to customers impacted by the COVID-19 pandemic, may have a negative impact on the Westpac Group's financial performance and may see the Westpac Group assume greater risk than it would have under ordinary circumstances.

The long-term impact of the COVID-19 pandemic on customers and the magnitude of defaults or impairments is uncertain. For example, consumers may permanently decrease discretionary spending, which may increase the time it takes certain industries to recover.

Credit risk also arises from certain derivative, clearing and settlement contracts Westpac enters into, and from its dealings in, and holdings of, debt securities issued by other institutions, 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 with a range of firms, including retail and commercial banks, investment banks, other financial service companies, fintech companies and businesses in other industries with financial services aspirations. This includes those not subject to the same capital and regulatory requirements which may allow those competitors to operate more flexibly.

Emerging competitors are increasingly altering the competitive environment by adopting new business models or seeking to use new technologies to disrupt existing business models.

The competitive environment may also change as a result of increased scrutiny by regulators in the sector, and legislative reforms such as open banking, which will stimulate competition, improve customer choice and likely give rise to increased competition from new and existing firms.

A failure to compete effectively in the various markets in which Westpac operates has and may continue to lead to a decline in its margins or market share.

Deposits fund a significant portion of Westpac's balance sheet and have been a relatively stable source of funding. If Westpac is not able to successfully compete for deposits this could increase its cost of funding, lead Westpac to seek access to other types of funding or result in Westpac reducing its lending.

Westpac's ability to compete depends on its ability to offer products and services that meet evolving customer preferences. A failure to effectively respond to changes in customer preferences could see Westpac lose customers. This could adversely affect Westpac business, prospects, financial performance or financial condition.

***Westpac could suffer losses due to market volatility***

Westpac is exposed to market risk due to its financial markets businesses, its defined benefit plan and through asset and liability management. Market risk 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 low or negative interest rates and any resulting pressure placed on the Westpac Group's interest margins). This includes interest rate risk in the banking book due to a mismatch between the duration of assets and liabilities arising from the normal course of business activities.

Changes in markets could be driven by numerous developments. For example, the COVID-19 pandemic has resulted in significant market disruption and price volatility.

The July 2017 announcement by the FCA (which regulates the London Interbank Offered Rate (“**LIBOR**”)) that it would not require panel banks to continue to submit rates for the calculation of the LIBOR benchmark after 2021 may also impact market volatility. Accordingly, the continuation of LIBOR in its current form will not be guaranteed after 2021, and it appears that LIBOR will be discontinued or modified by 2021. Any such developments or future changes in the administration of LIBOR or other market benchmarks could have adverse consequences to the return on, value of and market for securities and other instruments linked to any such benchmark, including securities or other instruments issued by the Westpac Group.

If Westpac were to suffer substantial losses due to 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.

***Westpac has and could suffer losses due to operational risks***

Operational risk 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, or outbreaks of communicable diseases (such as the COVID-19 pandemic), 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 have not always been, or may not now be, effective.

Ineffective processes and controls have resulted in, and could 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, conditions, or pricing they agreed to, potentially leading to greater amounts of financial stress. Failed processes could also result in Westpac incurring losses because it cannot enforce its contractual rights. This could occur because Westpac did not correctly document its rights or failed to perfect a security interest. These types of operational failures may also result in customer remediation and/or increased regulatory scrutiny and, depending on the nature of the failure, result in class action proceedings or a regulator commencing an investigation and/or taking other action.

Westpac could incur losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements. Fraudulent conduct can also arise from external parties seeking to access the bank’s systems or customer 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, business, prospects, reputation, financial performance or financial condition.

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.

Financial services entities have been increasingly sharing data with third parties, such as suppliers and regulators, to conduct their business and meet regulatory obligations. A breakdown in a process or control related to the transfer, storage or protection of data sent 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 (including relevant privacy obligations) and/or have an adverse impact on its 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. The COVID-19 pandemic is disrupting some suppliers and third party contractors,

and these disruptions are likely to continue. Failures by these third-party contractors and suppliers to deliver services as required could disrupt Westpac's ability to provide its products and services and adversely impact its operations, financial performance or reputation.

Another possible source of disruption to the Westpac Group is central banks adopting negative interest rates. If this occurred, the technology systems used by the Westpac Group, its counterparties and/or financial infrastructure providers may not operate correctly and this may cause loss or damage to the Westpac Group and/or its counterparties.

***Breakdowns in processes and procedures have required, and could in the future require, Westpac to undertake remediation activity***

Breakdowns in Westpac's processes and procedures (such as those identified in the civil penalty proceedings brought by AUSTRAC) have led to, and could in the future lead to, adverse outcomes for customers, employees or other third parties which Westpac is required to remediate.

The Westpac Group has, on a number of occasions, incurred significant remediation costs (including compensation payments and costs of correcting the issue) and there is a risk that similar issues will arise in the future that will require remediation.

There are significant challenges and risks involved in customer remediation activities. Westpac's ability to investigate the underlying issue could be impeded if the issue is old and occurred beyond Westpac's record retention period, or its records are inadequate. It may also be difficult and take significant time to properly quantify and scope a remediation activity.

Determining how to compensate customers properly and fairly can also be complicated, involving numerous stakeholders. The Westpac Group's proposed approach to a remediation may be affected by a number of events, such as affected customers commencing a class action, or a regulator requiring a remediation to be done in a specific way. These factors could delay Westpac in completing the remediation and may lead to a regulator commencing enforcement action against the Westpac Group. It could result in increased reputational risk, and Westpac could be challenged by regulators, affected customers, the media and other stakeholders.

The significant challenges involved in scoping and executing remediations also create a risk that the remediation costs incurred will be higher than initially estimated. Further, delays in completing a remediation could result in Westpac incurring additional administration costs and making higher remediation payments to customers to reflect the time value of money.

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

***Poor data quality could adversely affect Westpac's business and operations***

Accurate, complete and reliable data, along with appropriate data control, retention and access frameworks and processes, is critical to Westpac's business. Data plays a key role in how Westpac provides products and services to customers, its systems, its risk management framework and its decision-making and strategic planning.



In some areas of its business, Westpac is affected by poor data quality. This has occurred and could arise in the future in a number of ways, including through inadequacies in systems, processes and policies, or the ineffective implementation of data management frameworks.

Poor data quality could lead to poor customer service, negative risk management outcomes, and deficiencies in credit systems and processes. Any deficiency in credit systems and processes could, in turn, have a negative impact on Westpac's decision making in the provision of credit and the terms on which it is provided.

Poor data or poor data retention can also affect Westpac's ability to meet its compliance obligations which could lead to a regulator taking action against it. Westpac also needs accurate data for financial and other reporting.

Due to the importance of data, the Westpac Group has and will likely continue to incur substantial costs and devote significant effort to improving the quality of data and data frameworks and processes and remediating deficiencies where necessary. Some of Westpac's efforts to remediate data issues have been disrupted by the COVID-19 pandemic and if these are not fixed in a timely way could result in increased regulatory scrutiny, and lead regulators to require the Westpac Group to remediate these issues within specific timeframes.

The consequences and effects arising from poor data quality or poor data retention could have an adverse impact on the Westpac Group's business, operations, prospects, financial performance and/or financial condition.

***Westpac has suffered, and in the future could suffer, losses and be adversely affected by the failure to implement effective risk management***

Westpac's risk management framework has not always been, or may not in the future prove to be, effective.

This could be because the design of the framework is inadequate or that key risk management policies, controls and processes may be ineffective, due to inadequacies in their design, technology failures or because of poor implementation. The potential for these types of failings is heightened if the Westpac Group does not have enough appropriately skilled, trained and qualified employees in key positions.

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

The risk management framework may also prove ineffective because of weaknesses in risk culture, which may result in risks and control weaknesses not being identified, escalated and acted upon. Recent analysis and reviews, in addition to regulatory feedback, have highlighted that the framework is not operating satisfactorily in a number of respects and needs to be improved. The Westpac Group has a number of risks which sit outside its risk appetite or do not meet the expectations of regulators. Further, a deficiency in the design or operation of Westpac's remuneration structures could have a negative effect, potentially resulting in staff engaging in excessive risk taking behaviours.

As part of the Westpac Group's risk management framework, the Westpac Group measures and monitors risks against its risk appetite. If a risk is out-of-appetite, the Westpac Group needs to take steps to bring this risk back into appetite in a timely way. However, the Westpac Group may not always

be able to achieve this within proposed timeframes. This may occur because, for example, the Westpac Group experiences delays in enhancing its information technology systems or in recruiting sufficient numbers of appropriately trained staff for required activities. It is also possible that due to external factors beyond Westpac's control, certain risks may be inherently outside of appetite for periods of time. The Westpac Group is required to periodically review its risk management framework to determine if 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, including incurring substantial costs. The failure to remedy this situation could result in increased scrutiny from regulators, who could require (amongst other things) that the Westpac Group hold additional capital or direct the Westpac Group to spend money to enhance its risk management systems and controls. Weaknesses in risk management systems and controls have recently led to adverse outcomes for the Westpac Group, with APRA requiring Westpac to hold additional capital following the completion of Westpac's Culture, Governance and Accountability self-assessment, as well as following the commencement of civil penalty proceedings by AUSTRAC. 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.

If, as has occurred, any of Westpac's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could be exposed to higher levels of risk than expected which may result in unexpected losses, breaches of compliance obligations and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

***Climate change may have adverse effects on Westpac's business***

Westpac, its customers, external suppliers and communities in which it operates, 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 disruptions to business and economic activity or impacts on income and asset values.

Initiatives to mitigate or respond to climate change (transition risks) may impact market and asset prices, economic activity, and customer behaviour, particularly in emissions intensive industry sectors and geographies affected by these changes. Further, the failure or perceived failure to manage climate change appropriately may increase the risk that third parties commence litigation against the Westpac Group, with this type of climate-related litigation becoming more common.

Failure to effectively manage and disclose these risks could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

***Westpac could suffer losses due to environmental factors or external events***

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, outbreaks or pandemics of communicable diseases such as the COVID-19 pandemic, civil unrest or terrorism) in any of these locations has the potential to disrupt business activities, damage

property and affect asset values 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***

Insurance risk is the risk in Westpac's licensed regulated insurance entities of lapses being greater than expected, or 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. The COVID-19 pandemic and its economic impacts may lead to increased insurance claims, as well as potentially impact new business, lapses, and capital coverage for the Westpac Group's insurance entities.

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

In general insurance, insurance risk arises mainly through environmental events (including storms, floods and bushfires) and other calamities, such as earthquakes and tsunamis. The frequency and severity of these external events is difficult to predict and it is possible that pricing and reserving may not be adequate to cover the cost of claims that may arise.

In lenders' mortgage insurance, insurance risk arises primarily from higher levels of mortgage defaults than expected, mostly from unemployment or other economic factors.

If Westpac's reinsurance arrangements are ineffective, this could lead to more retained losses than anticipated. The Westpac Group has been unable to, and may in the future be unable to, renew reinsurance arrangements on similar terms, including in relation to the cost, duration and amount of reinsurance cover provided. There is also a risk that Westpac will not be able to obtain and have not obtained appropriate reinsurance or insurance coverage for the risks that the Westpac Group may be exposed to.

***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 remediation and expected 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.

If the Westpac Group's actual and expected credit losses exceed those currently provided for, or if any of its other accounting judgements change in the future, there could be 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 its business, operations or financial condition***

In certain circumstances Westpac may incur a reduction in the value of intangible assets. At Westpac's balance date Westpac's intangible assets principally relate to goodwill recognised on acquisition, capitalised software and other capitalised expenses.

Westpac is required to assess the recoverability of goodwill and other intangible asset balances at least annually or wherever an indicator of impairment exists. For this purpose, Westpac uses a discounted cash flow calculation. Changes in the methodology or assumptions in calculations together with changes in expected cash flows, could materially impact this assessment. Estimates and assumptions used in assessing the useful life of an asset can also be affected by a range of factors including changes in strategy, changes in technology and regulatory requirements.

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 performance.

***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. Westpac could suffer losses if it fails to syndicate or sell down this risk to others. This risk is more pronounced in times of heightened market volatility, such as during the COVID-19 pandemic.

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

The Westpac Group routinely evaluates and implements 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.

Westpac also acquires and invests in businesses. These transactions involve a number of risks. For example, a business Westpac invests in may not perform as anticipated or ultimately prove to be overvalued when the transaction was entered into.

In addition, Westpac may be unable to successfully divest businesses or assets, or to do so in a timely manner. As a result Westpac may not receive the anticipated positive business results, and the Westpac Group could otherwise be adversely affected.

There are also risks involved in failing to appropriately respond to changes in the business environment (including changes related to economic, geopolitical, regulatory, technological, environmental, social and competitive factors). This could have a range of adverse effects on Westpac, such as being unable to increase or maintain market share and placing pressure on margins and fees.

Any of these risks could have a negative impact on the Westpac Group'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 2020 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 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 8 October 2019, 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 2024 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 judgements.

### **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 1959* of Australia (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 Subordinated Instruments (or conversion, write-off or write-down of 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.

***Holders cannot request redemption or Conversion of Subordinated Instruments***

Holders 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.

***LIBOR-linked Subordinated Instruments***

Interest rates and indices which are deemed “benchmarks” (including LIBOR and EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could adversely affect any Subordinated Instruments linked to or referencing such a benchmark. Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016, as amended (the “**Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Subordinated Instruments linked to

or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. In particular, the FCA has indicated that it will cease to use its influence to persuade, or use its legal powers to compel, panel banks to contribute to LIBOR from the end of 2021. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Subordinated Instruments linked to, referencing or otherwise dependent (in whole or in part) upon a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to the Subordinated Instruments.

In particular, investors should be aware that if a benchmark rate were discontinued or otherwise unavailable, the rate of interest on Floating Rate Subordinated Instruments which are linked to or which reference such benchmarks or the interest rate on Fixed Rate Subordinated Instruments 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 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); 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 although such adjustments to the Subordinated Instruments may not achieve this objective.

Any such changes may result in the Subordinated Instruments performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply.

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). Any such adjustment could have unexpected 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 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 and 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.

***The market continues to develop in relation to SONIA and SOFR as reference rates for Floating Rate Subordinated Instruments***

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

SOFR is published by the Federal Reserve Bank of New York (the "**Federal Reserve**") and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities and is a current preferred replacement rate to USD LIBOR. Publication of SOFR began on 3 April 2018 and it therefore has a very limited history. In addition, the future performance of SOFR cannot be predicted based on its historical performance. The level of SOFR over the term of Floating Rate Subordinated Instruments may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future.

While some pre-publication, hypothetical performance data has been published by the Federal Reserve, such data inherently involves assumptions, estimates and approximations. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as LIBOR, during corresponding periods. In addition, although changes in compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of Floating Rate Subordinated Instruments linked to or which reference a SOFR rate may fluctuate more than floating rate debt securities that are linked to less volatile rates.

SONIA is currently published by the Bank of England (“BoE”) and is intended to be a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit, liquidity and other risks are minimal. It is the current preferred replacement rate to GBP LIBOR. SONIA has been administered by the BoE since April 2016. On 23 April 2018, the methodology used to calculate the benchmark was reformed following several rounds of consultation. In this context, SONIA has a limited history. In addition, the future performance of SONIA cannot be predicted based on its historical performance. The level of SONIA over the term of Floating Rate Subordinated Instruments may bear little or no relation to the historical level of SONIA. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. Since the initial publication of SONIA, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as LIBOR, during corresponding periods. In addition, the return on and value of Floating Rate Subordinated Instruments linked to or which reference a SONIA rate may fluctuate more than floating rate debt securities that are linked to less volatile rates.

The market or a significant part thereof may adopt an application of SONIA and/or SOFR 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 or SOFR rate issued under this Information Memorandum. The Issuer may in the future also issue Floating Rate Subordinated Instruments referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous Floating Rate Subordinated Instruments referencing SONIA or SOFR under this Programme.

As each of SONIA and SOFR is published and calculated by third parties based on data received from other sources, the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that SONIA and/or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Subordinated Instruments linked to or which reference a SONIA rate or a SOFR rate (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions will provide a rate which is economically equivalent for Holders). Neither the Bank of England nor the Federal Reserve has an obligation to consider the interests of Holders in calculating, adjusting, converting, revising or discontinuing SONIA or SOFR, respectively. If the manner in which SONIA and/or SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Floating Rate Subordinated Instruments and the trading prices of such Floating Rate Subordinated Instruments. Furthermore, the Interest Rate payable on Floating Rate Subordinated Instruments which reference a SONIA rate or a SOFR 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 shortly prior to the relevant Interest Payment Date (as defined in the Terms and Conditions of the Subordinated Instruments). It may therefore be difficult for investors in Floating Rate Subordinated Instruments which reference a SONIA rate or a SOFR rate to reliably estimate the amount of interest which will be payable

on such Floating Rate Subordinated Instruments.

Further, in contrast to LIBOR-based Floating Rate Subordinated Instruments, if Floating Rate Subordinated Instruments referencing SONIA or SOFR become due and payable as a result of an Event of Default under Condition 11 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Floating Rate Subordinated Instruments shall only be determined on or immediately prior to the date on which the Floating Rate Subordinated Instruments become due and payable and shall not be reset thereafter.

Investors should also be aware that the manner of adoption or application of SONIA or SOFR as reference rates in the international debt capital markets may differ materially compared with the application and adoption of SONIA and SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR as reference rates across these markets may impact any hedging or other arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Subordinated Instruments linked to or which reference a SONIA rate or a SOFR rate.

Since SONIA and SOFR are relatively new market indices, Floating Rate Subordinated Instruments linked to or which reference a SONIA rate or a SOFR rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to or which reference a SONIA rate or a SOFR rate may evolve over time and trading prices of such Floating Rate Subordinated Instruments may be lower than those of the later issued Floating Rate Subordinated Instruments that are linked to or which reference a SONIA rate or a SOFR rate as a result. Further, if SONIA or SOFR do not prove to be widely used in securities like the Floating Rate Subordinated Instruments, the trading price of Floating Rate Subordinated Instruments linked to or which reference a SONIA rate or a SOFR rate may be lower than those of Floating Rate Subordinated Instruments linked to or which reference indices that are more widely used. Investors in such Floating Rate Subordinated Instruments may not be able to sell such Floating Rate Subordinated Instruments at all or may not be able to sell such Floating Rate Subordinated Instruments at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Subordinated Instruments linked to or which reference a SONIA rate or a SOFR rate.

***The Interest Payment Dates for any series of Floating Rate Subordinated Instruments for which Payment Delay is specified in the applicable Pricing Supplement as the Observation Method for SOFR will be a number of business days (as may be specified in the applicable Pricing Supplement) after the Interest Period End Date in respect of the relevant Interest Period***

The Interest Payment Dates for Floating Rate Subordinated Instruments for which Payment Delay is specified as the Observation Method for SOFR in the applicable Pricing Supplement ("**Payment Delay Subordinated Instruments**") will be a number of business days (as may be specified in the applicable Pricing Supplement) after the Interest Period End Date in respect of the relevant Interest Period. This convention differs from the convention that has been used historically for floating rate debt securities linked to other benchmark or market rates, such as LIBOR, where interest typically has been paid on the last day of an interest period. As a result, holders of Payment Delay Subordinated Instruments will receive payments of interest on a delayed basis as compared to other Floating Rate Subordinated

Instruments in which they may have previously invested.

***With respect to any Payment Delay Subordinated Instruments, in determining the Rate of Interest in the final Interest Period, the SOFR rate for any day from, and including, the Cut-off Date to, but excluding, the Maturity Date (or the relevant Early Redemption Date) will be the SOFR rate in respect of the relevant Cut-off Date***

For the final Interest Period with respect to any Payment Delay Subordinated Instruments, the SOFR rate for any day from, and including, the Cut-off Date to, but excluding, the Maturity Date (or the relevant Early Redemption Date) will be the SOFR rate in respect of the Cut-off Date. The Cut-off Date will be a date which is a number of business days prior to the Maturity Date (or the relevant Early Redemption Date) as specified in the applicable Pricing Supplement. Therefore holders of Payment Delay Subordinated Instruments will not receive the benefit of any increase in the level of SOFR on any date subsequent to the Cut-Off Date, which could reduce the amount of interest that may be payable.

#### ***Fixed Rate Reset Subordinated Instruments***

Fixed Rate Reset Subordinated Instruments will initially earn interest at the Initial Rate of Interest (as defined in the Terms and Conditions of the Subordinated Instruments) until (but excluding) the first Fixed Rate Reset Date (as defined in the applicable Pricing Supplement). On the first Fixed Rate Reset Date, however, and on each Fixed Rate Reset Date (if any) thereafter, the interest rate will be reset to (i) a different fixed rate of interest per annum or (ii) a rate per annum equal to the sum of the applicable Reset Reference Rate (as defined in the applicable Pricing Supplement) and the Reset Reference Rate Spread (as defined in the applicable Pricing Supplement) (each such rate a “**Subsequent Reset Rate**”). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Subordinated Instruments.

#### ***Fixed to Floating Rate Subordinated Instruments***

Fixed to Floating Rate Subordinated Instruments bear interest at a rate which shall be automatically converted from a fixed Interest Rate to a floating Interest Rate at the date specified in the applicable Pricing Supplement. The new floating Interest Rate may be lower than the initial fixed Interest Rate and any market volatility in interest rates could affect the market value of an investment in such Fixed to Floating Rate Subordinated Instruments. Investors should also note the risks set out above in relation to 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. However, 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.

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 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 State Administration of Foreign Exchange, Ministry of Commerce of the PRC and People's Bank of China ("**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 ("**Settlement Agreements**") on the clearing of Renminbi business with financial institutions in a number of financial centres and cities ("**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 a 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).

## 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 44 to 72 (inclusive), pages 135 to 279 (inclusive) and pages 281 to 287 (inclusive) of the Issuer's 2019 Annual Report in respect of the year ended 30 September 2019; and
- the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 70 to 98 (inclusive) and pages 167 to 318 (inclusive) of the Issuer's 2020 Annual Report in respect of the year ended 30 September 2020,

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;
- "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; and
- "Terms and Conditions of the Subordinated Instruments" section on pages 61 to 132 (inclusive) of the Information Memorandum dated 4 July 2019 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 219 of this Information Memorandum and from the registered head office of Westpac Banking Corporation.

When deciding whether or not to subscribe for, purchase or otherwise deal in any Subordinated Instruments or any rights in respect of any Subordinated Instruments, investors should:

- review, amongst other things, the documents which are deemed to be incorporated by reference in this Information Memorandum; and
- have regard to the information lodged by the Issuer with ASX including in compliance with its continuous and periodic disclosure obligations (made available at [www.asx.com.au](http://www.asx.com.au)), including announcements which may be made by Westpac after the date of publication of this Information Memorandum.

## 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 11 November 2020 and made between Westpac Banking Corporation (ABN 33 007 457 141) (the “**Issuer**”), The Bank of New York Mellon, London Branch in its capacity as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor to The Bank of New York Mellon, London Branch in its capacity as Fiscal Agent) and as principal registrar (the “**Principal Registrar**”, which expression shall include any successor to The Bank of New York Mellon, London Branch in its capacity as such), The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacities as first alternative registrar and Luxembourg paying agent (the “**First Alternative Registrar**” and the “**Luxembourg Paying Agent**”, which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacities as such), The Bank of New York Mellon in its capacity as second alternative registrar (the “**Second Alternative Registrar**”, which expression shall include any successor to The Bank of New York Mellon in its capacity as such), 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 11 November 2020 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, the Principal Registrar, the First Alternative Registrar and the Second Alternative Registrar. 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 and/or, as the case may be, the Registrar (as defined in Condition 3.2). 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 or Condition 3.2, as applicable) 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) 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) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as applicable);

or

- (d) if no such industry standard 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 the Independent Adviser or the Issuer determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining 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 relevant 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) of this definition 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) and (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;

**“Banking Act”** has the meaning given to such term in Condition 4;

**“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 has ceased, or 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, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the 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);



- (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; or
- (vi) a public statement or publication of information by the supervisor of the administrator of the relevant Reference Rate announcing that the Reference Rate is no longer representative.

**“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 the clearing and settlement system operated by 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;

**"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);

**“Early Redemption Date”** means, as appropriate, the Early Redemption Date (Call), the Early Redemption Date (Adverse Tax Event) or the Early Redemption Date (Regulatory Event), in each case, as specified in the applicable Pricing Supplement.

**“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 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 the clearing and settlement system operated by Euroclear Bank SA/NV;

**“EURIBOR”** means the Euro Interbank Offered Rate;

**“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;

**“Fixed Rate Reset Date”** has the meaning given in the relevant 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 of Australia* (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;

**“Initial Rate of Interest”** has the meaning given in the relevant Pricing Supplement;

**“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”** or **“Rate of Interest”** 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 (*Procedures for Conversion*);

**“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;

**“LIBOR”** means the London Interbank Offered Rate;

**“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 Subordinated Instruments, or conversion, write-off or write-down of 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 (*Prescription*); 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 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*), 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 the same 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;

**“Record Date”** has the meaning given in Condition 9B.4;

**“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 or Reset Reference Rate, as applicable;

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

**“Reference Rate”** means one of the following interbank lending rates, overnight rates, swap rates or bank bill rates: “BBSW”, “BKBM”, “LIBOR”, “EURIBOR”, “BA-CDOR”, “HIBOR”, “SIBOR”, “SOR”, “SORA”, “STIBOR”, “SOFR”, “SOFR Index”, “SONIA”, “NIBOR” or “CNH HIBOR”, in each case for the relevant currency and for the relevant period, as 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 (*Notices*);

**“Relevant Financial Centre”** means the city specified as such in the Pricing Supplement or, if none, the city most closely connected with the Reference Rate in the determination of the Calculation Agent;

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

- (i) 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
- (ii) 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 or the

Reset 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);

**“Reset Determination Date”** means for each Reset Period the date as specified in the applicable Pricing Supplement falling on or before the commencement of such Reset Period on which the Rate of Interest applying during such Reset Period will be determined;

**“Reset Period”** means the period from (and including) the Fixed Rate Reset Date to (but excluding) the Maturity Date if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Fixed Rate Reset Date (or the first Fixed Rate Reset Date) to (but excluding) the next Fixed Rate Reset Date (or the Maturity Date);

**“Reset Rate”** for any Reset Period means either (i) the rate per annum specified in the applicable Pricing Supplement or (ii), in the event (i) above does not apply, the sum of the applicable Reset Reference Rate and Reset Reference Rate Spread;

**“Reset Rate Time”** has the meaning given in the applicable Pricing Supplement;

**“Reset Reference Rate”** has the meaning given in the applicable Pricing Supplement;

**“Reset Reference Rate Spread”** has the meaning given in the applicable Pricing Supplement;

**“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 (*Interest*) 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 (“**Bearer Subordinated Instruments**”) or in registered form (“**Registered Subordinated Instruments**”), as specified in the Pricing Supplement, and shall be serially numbered. Registered Subordinated Instruments will not be exchangeable for Bearer Subordinated Instruments.
- 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 Subordinated 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. An exchange of interests in a Temporary Global Instrument for Registered Subordinated Instruments will be made at any time on or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

- 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 and/or Registered 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 Subordinated 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**

### *Denomination of Bearer Subordinated Instruments*

- 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).

### *Denomination of Registered Subordinated Instruments*

- 2.10 Registered Subordinated Instruments will be in the minimum denomination specified in the Pricing Supplement or integral multiples thereof.
- 2.11 Where a Temporary Global Instrument, issued in registered 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.

- 2.12 If the Temporary Global Instrument, issued in registered 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**

- 2.13 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 Title to Registered Subordinated Instruments passes by transfer and registration in the register which the Issuer shall procure to be kept by the Registrar. For the purposes of these Terms and Conditions, “**Registrar**” means, in relation to any Series comprising Registered Subordinated Instruments, the Principal Registrar, the First Alternative Registrar or, as the case may be, the Second Alternative Registrar, as specified in the Pricing Supplement. References herein to the “**Holders**” of Registered Subordinated Instruments are to the persons in whose names such Registered Subordinated Instruments are so registered in the relevant register.
- 3.3 The Holder of any Bearer Subordinated Instrument, Coupon or Registered Subordinated Instrument 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.

### ***Transfer of Registered Subordinated Instruments and exchange of Bearer Subordinated Instruments for Registered Subordinated Instruments***

- 3.4 A Registered Subordinated Instrument may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Pricing Supplement) upon the surrender of the Registered Subordinated Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Subordinated Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Subordinated Instrument, a new Registered Subordinated Instrument in respect of the balance not transferred will be issued to the transferor.
- 3.5 If so specified in the Pricing Supplement, the Holder of Bearer Subordinated Instruments may

exchange the same for the same Outstanding Principal Amount of Registered Subordinated Instruments upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement. In order to exchange a Bearer Subordinated Instrument for a Registered Subordinated Instrument, the Holder thereof shall surrender such Bearer Subordinated Instrument at the Specified Office outside the United States of the Fiscal Agent or of the Registrar together with a written request for the exchange. Each Bearer Subordinated Instrument so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 3.6) where the exchange date would, but for the provisions of Condition 3.6, occur between the Record Date (as defined in Condition 9B.4) for such payment of interest and the date on which such payment of interest falls due.

- 3.6 Each new Registered Subordinated Instrument to be issued upon the transfer of a Registered Subordinated Instrument or the exchange of a Bearer Subordinated Instrument for a Registered Subordinated Instrument will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the Specified Office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Subordinated Instruments shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

For the purposes of these Terms and Conditions:

- (i) “**Relevant Banking Day**” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the Specified Office of the Registrar is located and, in the case only of an exchange of a Bearer Subordinated Instrument for a Registered Subordinated Instrument where such request for exchange is made to the Fiscal Agent, in the place where the Specified Office of the Fiscal Agent is located;
- (ii) the “**exchange date**” shall be the Relevant Banking Day following the day on which the relevant Bearer Subordinated Instrument shall have been surrendered for exchange in accordance with Condition 3.5; and
- (iii) the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Subordinated Instrument shall have been surrendered for transfer in accordance with Condition 3.4.

- 3.7 The issue of new Registered Subordinated Instruments on transfer or on the exchange of Bearer Subordinated Instruments for Registered Subordinated Instruments will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

- 3.8 Upon the transfer, exchange or replacement of Registered Subordinated Instruments bearing

the restrictive legend (the “**Restrictive Legend**”) set forth in the form of Registered Subordinated Instrument scheduled to the Issue and Paying Agency Agreement, the Registrar shall deliver only Registered Subordinated Instruments that also bear such legend unless either (i) the transferor is not and has not been an affiliate of the Issuer during the preceding three months and such transfer, exchange or replacement occurs one or more years after the later of (1) the original issue date of such Subordinated Instruments or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer, as notified to the Registrar by the Issuer as provided in the following sentence, was the beneficial owner of such Registered Subordinated Instrument (or any predecessor of such Registered Subordinated Instrument) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its “affiliates” (as defined in paragraph (a)(1) of Rule 144 under the *Securities Act of 1933*, as amended (the “**Securities Act**”)) not to acquire any beneficial interest, in any Registered Subordinated Instrument bearing the Restrictive Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

- 3.9 For so long as any of the Registered Subordinated Instruments bearing the Restrictive Legend remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the *Securities Act*, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or Section 15(d) under the *United States Securities Exchange Act of 1934* nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Relevant Account Holder (as defined in the Deed of Covenant) in connection with any sale thereof and any prospective purchaser of such Subordinated Instruments from such Relevant Account Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the *Securities Act*.

#### 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, or covered financial product, that is kept under an agreement between the account-holder and the ADI requiring the ADI to pay the account-holder, on

demand or at an agreed time, the net credit balance of the account or covered financial product at the time of the demand or the agreed time (as appropriate); or

- (b) another account 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 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*). 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 in Australia:**

- (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 of Subordinated Instruments 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 (*Events of Default*).

#### **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 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 (*Procedures for Conversion*). The Conversion or Write-off will be irrevocable;
  - (ii) the Issuer must give notice to Holders in accordance with Condition 16 (*Notices*) 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.

*APRA will not approve partial conversion or partial write-off in those exceptional circumstances where a public sector injection of funds is deemed necessary.*

#### **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 (*Procedures for Conversion*).

#### **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 (*Non-Viability, Conversion and Write-off*) and Condition 6 (*Procedures for Conversion*), 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 (*Non-Viability, Conversion and Write-off*) and Condition 6 (*Procedures for Conversion*);
  - (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 (*Procedures for Conversion*) 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, 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 6.2(a)(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:

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

where:

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

**V<sub>o</sub>** 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 (*Notices*) 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 *Corporations Act 2001*, 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 *Corporations Act 2001*, 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 pending the transfer to or 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 (*Procedures for Conversion*) 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 (*Notices*) (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 the Issuer'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 (*Non-Viability, Conversion and*

*Write-off*) and 6 (*Procedures for Conversion*).

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 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*) 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 (*Payments*), subject to Conditions 5 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*). 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.

#### **Fixed Rate Reset Subordinated Instrument Provisions**

**7.3** *This Condition 7.3 applies to Fixed Rate Reset Subordinated Instruments only. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate reset interest and must be read in conjunction with this Condition 7.3 for full information on the manner in which interest is calculated on Fixed Rate Reset Subordinated Instruments. In particular, the applicable Pricing Supplement will identify the Interest Commencement Date, the Initial Rate of Interest, the Fixed Rate Reset Date(s), the Reset Rate(s), the Reset Reference Rate, the Interest Payment Dates, the Interest Period End Date(s), the Business Day Convention, the Day Count Fraction, the Reset Determination Date(s) and the Reset Rate Time.*

- (i) *Application:* This Condition 7.3 is applicable to the Subordinated Instruments only if the Fixed Rate Reset Subordinated Instrument Provisions are specified in the relevant Pricing Supplement as being applicable.
- (ii) *Accrual of interest:* The Subordinated Instruments bear interest:
  - (a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
  - (b) in respect of the Reset Period (or, if there is more than one Reset Period,

each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 7.3,

and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*), subject to Conditions 5 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*). 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.

- (iii) *Reset Reference Rate determination – Relevant Screen Page:* If a Reset Reference Rate is specified as applying in the applicable Pricing Supplement and on any Reset Determination Date the relevant Reset Reference Rate does not appear on the Relevant Screen Page at or around the Reset Rate Time, or, if the Relevant Screen Page is unavailable, except as provided in Condition 7.5 below, the Calculation Agent will request the principal Relevant Financial Centre office of the Reference Banks to provide a quotation of the relevant Reset Reference Rate at approximately the Reset Rate Time on the relevant Reset Determination Date.

If two or more of the Reference Banks provide quotations as requested by the Calculation Agent, the Reset Reference Rate will be the arithmetic mean of the provided quotations, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards).

If on any Reset Determination Date:

- (a) only one of the Reference Banks provides a quotation as requested by the Calculation Agent, the Reset Reference Rate shall be a rate equal to the quotation provided by such Reference Bank; or
  - (b) none of the Reference Banks provides a quotation as requested by the Calculation Agent, the Reset Reference Rate shall be a rate equal to the Initial Rate of Interest less the Reset Reference Rate Spread.
- (iv) *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 in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the

first Fixed Rate Reset Date occurring after the Interest Commencement Date) 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 Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), the Broken Amount, if so specified in the applicable Pricing Supplement) and, if the Subordinated Instruments are in more than one denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

- (v) *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.
- (vi) *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.
- (vii) *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, duties and discretions for such purposes.

#### **Floating Rate Subordinated Instrument Provisions**

- 7.4 *This Condition 7.4 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 7.4 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 7.4 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 (*Payments*), subject to Conditions 5 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*). 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 – Term Rate:* If Screen Rate Determination – Applicable (Term Rate) 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 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 7.5 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 (e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)) 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.

(d) *Screen Rate Determination – Overnight Rate*

(i) SONIA

If Screen Rate Determination – Applicable (Overnight Rate) is specified in the relevant Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined and the Reference Rate is specified in the relevant Pricing Supplement as being SONIA, the Rate of Interest applicable to the Subordinated Instruments for each Interest Accrual Period will be the rate of return of a daily compounded interest investment plus or minus (as indicated in the relevant Pricing Supplement) the Margin, as calculated by the Calculation Agent on the Interest Determination Date as follows, with the resulting percentage rounded if necessary to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):



$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where for the purposes of this Condition 7.4(d)(i):

“**d**” is the number of calendar days in (where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Interest Accrual Period or (where “Shift” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Observation Period;

“**d<sub>o</sub>**” is the number of London Banking Days in (where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Interest Accrual Period or (where “Shift” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Observation Period;

“**i**” is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, (where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement) the first London Banking Day in the relevant Interest Accrual Period to, but excluding, the last London Banking Day in the relevant Interest Accrual Period or (where “Shift” is specified as the Observation Method in the applicable Pricing Supplement) the first London Banking Day in the relevant Observation Period to, but excluding, the last London Banking Day in the relevant Observation Period;

“**Lock-out Period**” means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

“**London Banking Day**” or “**LBD**” means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business and to settle payments in London.

“**n<sub>i</sub>**”, for any London Banking Day “**i**”, means the number of calendar days from and including such London Banking Day “**i**” up to but excluding the following London Banking Day;

“**Observation Look-back Period**” means the number of days specified as such in the applicable Pricing Supplement;

“**Observation Method**” means the method specified as such in the applicable Pricing Supplement;

“**Observation Period**” means, in respect of an Interest Accrual Period, the period from and including the date falling “**p**” London Banking Days prior to the first day of the relevant Interest Accrual Period and ending on, but

excluding, the date which is “p” London Banking Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Subordinated Instruments become due and payable);

“**p**” means, for any Interest Accrual Period:

- (a) where “Lag” or “Shift” is specified as the Observation Method in the applicable Pricing Supplement, the number of London Banking Days specified as the Observation Look-Back Period in the applicable Pricing Supplement (or if no such number is specified, five London Banking Days); or
- (b) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement, zero;

“**SONIA**” means:

- (a) where in the applicable Pricing Supplement “Lag” or “Shift” is specified as the Observation Method, in respect of any London Banking Day, SONIA in respect of such London Banking Day;
- (b) where in the applicable Pricing Supplement “Lock-out” is specified as the Observation Method:
  - (1) in respect of any London Banking Day “i” that is a Reference Day, SONIA in respect of the London Banking Day immediately preceding such Reference Day; and
  - (2) in respect of any London Banking Day “i” that is not a Reference Day (being a London Banking Day in the Lock-out Period), SONIA in respect of the London Banking Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date),

where SONIA in respect of any London Banking Day is equal to the daily Sterling Overnight Index Average 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, provided that:

- (a) 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;

- (b) notwithstanding the paragraph above, and subject to Condition 7.5 below, 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 Rate of Interest, as specified in the applicable Pricing Supplement) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA or such other rate that is to replace 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; and
- (c) in the event that SONIA cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 7.5, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest 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 and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period),

and for the avoidance of doubt, the preceding paragraphs in this definition of SONIA will apply prior to the application of Condition 7.5 (if applicable);

**“SONIA<sub>t-pBD</sub>”** means:

- (a) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the applicable SONIA rate set out in the definition of “SONIA” above for the London Banking Day (being a London Banking Day falling in the relevant Observation Period)

falling “p” London Banking Days prior to the relevant London Banking Day “i”;

- (b) where “Shift” is specified as the Observation Method in the applicable Pricing Supplement,  $SONIA_i$ , where  $SONIA_i$  is, in respect of any London Banking Day i falling in the relevant Observation Period, the applicable SONIA rate set out in the definition of “SONIA” above; or
- (c) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement, the applicable SONIA rate set out in the definition of “SONIA” above for the relevant London Banking Day “i”; and

“**Reference Day**” means each London Banking Day in the relevant Interest Accrual Period, other than any London Banking Day in the Lock-out Period;

(ii) SOFR

If Screen Rate Determination – Applicable (Overnight Rate) is specified in the relevant Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined and:

- (a) the Reference Rate is specified in the relevant Pricing Supplement as being SOFR and the Averaging Method is specified in the relevant Pricing Supplement as being Compounded Daily, the Rate of Interest applicable to the Subordinated Instruments for each Interest Accrual Period will be Compounded Daily SOFR plus or minus (as indicated in the relevant Pricing Supplement) the Margin; or
- (b) the Reference Rate is specified in the relevant Pricing Supplement as being SOFR Index and the Averaging Method is specified in the relevant Pricing Supplement as being Compounded Index, the Rate of Interest applicable to the Subordinated Instruments for each Interest Accrual Period will be Compounded Index SOFR plus or minus (as indicated in the relevant Pricing Supplement) the Margin; or
- (c) the Reference Rate is specified in the relevant Pricing Supplement as being SOFR and the Averaging Method is specified in the relevant Pricing Supplement as being Weighted Average, the Rate of Interest applicable to the Subordinated Instruments for each Interest Accrual Period will be Weighted Average SOFR plus or minus (as indicated in the relevant Pricing Supplement) the Margin,

in each case as calculated by the Calculation Agent on the Interest Determination Date, with the resulting percentage rounded if necessary to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541%

(or .09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)), where for the purposes of this Condition 7.4(d)(ii):

“**Compounded Daily SOFR**” means the rate of return of a daily compound interest investment (with SOFR as the reference rate for the calculation of interest) as calculated by the Calculation Agent on the Interest Determination Date as follows, with the resulting percentage rounded if necessary to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_{i-pUSBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

“**Compounded Index SOFR**” means the rate of return of a daily compound interest investment as calculated by the Calculation Agent on the Interest Determination Date as follows, with the resulting percentage rounded if necessary to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):

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“**Weighted Average SOFR**” means:

- (a) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of “SOFR” in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period (and for these purposes, “SOFR” in respect of any calendar day which is not a Reference Day shall be deemed to be the rate in respect of the Reference Day immediately preceding such calendar day);
- (b) where “Shift” is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of “SOFR” in effect for each calendar day during the relevant Observation Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period (and for these purposes, “SOFR” in respect of any calendar day which is not a Reference Day shall be deemed to

be the rate in respect of the Reference Day immediately preceding such calendar day);

- (c) where “Lock-out” or “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of “SOFR” in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period (and for these purposes, “SOFR” in respect of any calendar day which is not a Reference Day shall be deemed to be the rate in respect of the Reference Day immediately preceding such calendar day), provided however that
- (x) where “Lock-out” is specified, for any calendar day of such Interest Accrual Period falling in the Lock-out Period, “SOFR” shall be deemed to be the rate in respect of the Reference Day immediately preceding the relevant Interest Determination Date, and
- (y) where “Payment Delay” is specified, for any calendar day of the final Interest Accrual Period falling in the Cut-off Period, “SOFR” shall be deemed to be the rate in respect of the Cut-off Date;

**“Averaging Method”** means the method specified as such in the applicable Pricing Supplement;

**“Cut-off Date”** has the meaning given in the applicable Pricing Supplement;

**“Cut-off Period”** means the period from, and including, the day following the Cut-off Date to, but excluding, the Maturity Date or the relevant Early Redemption Date, as applicable;

**“d”** is the number of calendar days in (where Compounded Daily is the Averaging Method and “Lag”, “Lock-out” or “Payment Delay” is specified as the Observation Method, in each case in the applicable Pricing Supplement) the relevant Interest Accrual Period or (where Compounded Daily is the Averaging Method and “Shift” is specified as the Observation Method, or Compounded Index is specified as the Averaging Method, in each case in the applicable Pricing Supplement) the relevant Observation Period;

**“do”** is the number of U.S. Government Securities Business Days in (where “Lag”, “Lock-out” or “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Interest Accrual Period or (where “Shift” is specified as the Observation Method in the applicable Pricing Supplement) the relevant Observation Period;

**“I”** is a series of whole numbers from one to do, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, (where “Lag”, “Lock-out” or “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement) the first U.S. Government Securities Business Day in the relevant Interest Accrual

Period to, but excluding, the last U.S. Government Securities Business Day in the relevant Interest Accrual Period or (where “Shift” is specified as the Observation Method in the applicable Pricing Supplement) the first U.S. Government Securities Business Day in the relevant Observation Period to, but excluding, the last U.S. Government Securities Business Day in the relevant Observation Period;

“**Lock-out Period**” means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

“ **$n_i$** ”, for any U.S. Government Securities Business Day “ **$i$** ”, means the number of calendar days from and including such U.S. Government Securities Business Day “ **$i$** ” up to but excluding the following U.S. Government Securities Business Day;

“**New York Fed’s Website**” means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org> or any successor website of the Federal Reserve Bank of New York;

“**Observation Look-back Period**” means the number of days specified as such in the applicable Pricing Supplement;

“**Observation Method**” means the method specified as such in the applicable Pricing Supplement;

“**Observation Period**” means, in respect of an Interest Accrual Period, the period from and including the date falling “ **$p$** ” U.S. Government Securities Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is “ **$p$** ” U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling “ **$p$** ” U.S. Government Securities Business Days prior to such earlier date, if any, on which the Subordinated Instruments become due and payable);

“ **$p$** ” means, for any Interest Accrual Period:

- (a) where “Lag” or “Shift” is specified as the Observation Method in the applicable Pricing Supplement, the number of U.S. Government Securities Business Days specified as the Observation Look-Back Period in the applicable Pricing Supplement (or if no such number is specified, five U.S. Government Securities Business Days);
- (b) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement, zero; or
- (c) where “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement, zero;

**“Reference Day”** means each U.S. Government Securities Business Day in the relevant Interest Accrual Period or Observation Period (as applicable), other than any U.S. Government Securities Business Day in the Lock-out Period (in respect of any Subordinated Instruments for which “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement) or the Cut-off Period (in respect of any Subordinated Instruments for which “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement);

**“SOFR”** means:

- (a) where “Lag” or “Shift” is specified as the Observation Method in the applicable Pricing Supplement, SOFR in respect of such U.S. Government Securities Business Day;
- (b) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement:
  - (1) in respect of any U.S. Government Securities Business Day “i” that is a Reference Day, SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; and
  - (2) in respect of any U.S. Government Securities Business Day “i” that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or
- (c) where “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement:
  - (1) in respect of any U.S. Government Securities Business Day “i” that is a Reference Day, SOFR in respect of such U.S. Government Securities Business Day; and
  - (2) in respect of any U.S. Government Securities Business Day “i” that is not a Reference Day (being a U.S. Government Securities Business Day in the Cut-off Period), SOFR in respect of the Cut-off Date,

where SOFR shall be a reference rate equal to:

- (I) the daily Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) (the **“daily Secured Overnight Financing Rate”**) on the



New York Fed's Website at or about 8:00 a.m. (New York City time) on the next succeeding U.S. Government Securities Business Day; or

(II) if the daily Secured Overnight Financing Rate is not published and the Issuer has not determined that a SOFR Index Cessation Event has occurred, the SOFR for the first preceding U.S. Government Securities Business Day on which the SOFR was published on the New York Fed's Website; or

(III) if the daily Secured Overnight Financing Rate is not published and the Issuer determines that a SOFR Index Cessation Event has occurred, the Reference Rate will be the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for the daily Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or by a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator), provided that:

(A) subject to sub-paragraph (B) below, if the Issuer determines that a SOFR Index Cessation Event has occurred and no such rate has been recommended within one U.S. Government Securities Business Day of the occurrence of the SOFR Index Cessation Event, then the Reference Rate will be determined as if, for each U.S. Government Securities Business Day occurring on or after the date of such SOFR Index Cessation Event, references to:

(x) "SOFR" were references to the daily Overnight Bank Funding Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate), on the New York Fed's Website on or about 9:00 a.m. (New York City time) on each day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City ("**New York City Banking Day**") in respect of the New York City Banking Day immediately

preceding such day ("**OBFR**"); and

- (y) "U.S. Government Securities Business Day" were references to "New York City Banking Day", and
- (B) if the rate specified in sub-paragraph (A) above is not provided and if the Issuer determines that a Benchmark Event has occurred with respect to OBFR (the "**OBFR Benchmark Event**"), then the Reference Rate will be determined as if, for each Business Day occurring on or after the date of such OBFR Benchmark Event, references in this definition to:
  - (x) "SOFR" were references to the short-term interest rate target set by the Federal Open Market Committee and published on the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website of the Board of Governors of the Federal Reserve System (the "**Federal Reserve's Website**") or, if the Federal Open Market Committee does not target a single rate, the midpoint of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's Website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place, 0.005 being rounded upwards);
  - (y) "U.S. Government Securities Business Day" were references to "New York City Banking Day"; and
  - (z) the "New York Fed's Website" were references to the "Federal Reserve's Website",

and for the avoidance of doubt, limb (c)(III) of this definition of SOFR will apply prior to the application of Condition 7.5 (if applicable);

"**SOFR<sub>i-pUSD</sub>**" means:

- (a) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the applicable SOFR rate set out in the definition of “SOFR” above for the U.S. Government Securities Business Day (being a U.S. Government Securities Business Day falling in the relevant Observation Period) falling “p” U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day “i”;
- (b) where “Shift” is specified as the Observation Method in the applicable Pricing Supplement,  $SOFR_i$ , where  $SOFR_i$  is, in respect of any U.S. Government Securities Business Day  $i$  falling in the relevant Observation Period, the applicable SOFR rate set out in the definition of “SOFR” above;
- (c) where “Lock-out” is specified as the Observation Method in the applicable Pricing Supplement, the applicable SOFR rate set out in the definition of “SOFR” above for the relevant U.S. Government Securities Business Day “i”; or
- (d) where “Payment Delay” is specified as the Observation Method in the applicable Pricing Supplement, the applicable SOFR rate set out in the definition of “SOFR” above for the relevant U.S. Government Securities Business Day “i”;

“**SOFR Index**” means, with respect to any U.S. Government Securities Business Day:

- (a) the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the Federal Reserve Bank of New York’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day; or
- (b) if the SOFR Index specified in (a) above does not so appear, the Reference Rate will be the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for the SOFR Index by the Federal Reserve Board and/or the Federal Reserve Bank of New York or by a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the index measuring the cumulative impact of compounding SOFR over time (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator),

and for the avoidance of doubt, paragraph (b) of this definition of SOFR Index will apply prior to the application of Condition 7.5 (if applicable);

“**SOFR Index<sub>End</sub>**” means the SOFR Index value on the U.S. Government Securities Business Day falling p U.S. Government Securities Business Days

before the last day of the relevant Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

**“SOFR Index<sub>Start</sub>”** means the SOFR Index value on the U.S. Government Securities Business Day falling p U.S. Government Securities Business Days before the first day of the relevant Interest Accrual Period;

**“SOFR Index Cessation Event”** means the occurrence of one or more of the following events:

- (a) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;
- (b) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or
- (c) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions; and

**“USBD”** or **“U.S. Government Securities Business Day”** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If the Floating Rate Subordinated Instruments become due and payable in accordance with Condition 9 (*Payments*), 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.

- (e) *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 LIBOR for a currency, the first day of that Interest Accrual Period or (B) in any other case, as specified in the Pricing Supplement.
- (f) *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.
- (g) *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.
- (h) *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.

- (i) *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 7.5 without the prior written approval of APRA. Such approval is at the discretion of APRA and may or may not be given.*

*Holders should note that APRA's approval may not be given for any Successor Reference Rate or Alternative Reference Rate together with any Adjustment Spread or any other adjustments to the Conditions to produce an industry-accepted replacement rate for Floating Rate Subordinated Instruments or Fixed Rate Reset Subordinated Instruments for which the Reset Rate is not a fixed rate of interest, for the purposes of this Condition 7.5 where it considers such modifications to have the effect of increasing the Interest Rate contrary to applicable Prudential Standards.*

7.5 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 (provided that paragraphs (a) to (c) of the definition of SONIA, limb (c)(III) of the definition of SOFR and/or paragraph (b) of the definition of SOFR Index, as applicable, shall apply prior to the provisions of this Condition 7.5):

- (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 or Reset Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.5).
- (b) Subject to paragraph (c) of this Condition 7.5, 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 or Reset Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.5 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 7.5 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 or Reset Rate applicable to the Subordinated Instruments for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 7.5 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 7.5 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 7.5); 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 7.5).

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 7.5 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 7.5 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 7.5, 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 Instruments or Fixed to Floating Rate Subordinated Instruments) the Interest Rate as at the last preceding Interest Determination Date or (in respect of a reset of the Interest Rate for Fixed Rate Reset 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 7.5.



- (d) An Independent Adviser appointed pursuant to this Condition 7.5 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 7.5.
- (e) The Principal Registrar, the First Alternative Registrar, the Second Alternative Registrar, each Paying Agent and any other agent appointed from time to time under the Issue and Paying Agency Agreement 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 necessary to give effect to any application of this Condition 7.5 (or any determination of SONIA, SOFR or SOFR Index in accordance with the definitions thereof), 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 necessary 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 SONIA, SOFR, SOFR Index, 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 SONIA (as determined in accordance with paragraphs (a) to (c) of the definition of "SONIA"), SOFR (as determined in accordance with limb (c)(III) of the definition of "SOFR"), SOFR Index (as determined in accordance with paragraph (b) of the definition of SOFR Index), 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 7.5 for the purposes of determining the Interest Rate or Reset 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 7.5 or such other relevant adjustments pursuant to this Condition 7.5, 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).

- (g) Notwithstanding any other provision in this Condition 7, in no event shall the Calculation Agent be required to exercise any discretion to determine, or be responsible for determining (i) any substitute rate for SOFR, Compounded Daily SOFR, SOFR Index, Compounded Index SOFR, or any Successor Reference Rate or Alternative Reference Rate, (ii) any Adjustment Spread to any Successor Reference Rate or Alternative Reference Rate, or (iii) any consequential amendments to the provisions of or definitions in the Issue and Paying Agency Agreement, these Terms and Conditions or any other agreements, the Business Day Convention, Interest Determination Date, Interest Accrual Period and/or Observation Period or any other methodology for calculating any Successor Reference Rate or Alternative Reference Rate. In connection with the foregoing, the Calculation Agent and the Fiscal Agent shall be entitled to conclusively rely on any determinations made by the Issuer or the Independent Adviser (as applicable) and shall have no liability for any determinations made by, or on behalf or at the direction of, or actions taken at the direction of, the Issuer or the Independent Adviser (as applicable).

#### **Change of interest basis**

- 7.6 If the Subordinated Instruments are specified as “***Fixed to Floating Rate Subordinated Instruments***” in the applicable Pricing Supplement, interest shall accrue and be payable on such Subordinated Instruments:

- (a) with respect to the first Interest Accrual Period and such subsequent Interest Accrual Periods as are specified for this purpose in the applicable Pricing Supplement, at a fixed Interest Rate in accordance with Condition 7.2 and the applicable Pricing Supplement; and
- (b) with respect to each Interest Accrual Period thereafter and as are specified for this purpose in the applicable Pricing Supplement, at a floating Interest Rate in accordance with Condition 7.4 and the applicable Pricing Supplement.

#### **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. Holders should not expect that APRA's approval will be given for any redemption or purchase of Subordinated Instruments.*

#### **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 (*Payments*).

### 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, together with 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, together with 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, together with 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;
- (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; and
- (c) in the case of Registered Subordinated Instruments, the Subordinated Instruments shall be redeemed (so far as may be practicable) pro rata to their Outstanding Principal Amount, provided always that the amount redeemed in respect of each Subordinated Instrument shall be equal to the minimum denomination thereof or an integral multiple thereof.

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.

In the case of the redemption of part only of a Registered Subordinated Instrument, a new Registered Subordinated Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 3.4 to 3.9 which shall apply as in the case of a transfer of Registered Subordinated Instruments as if such new Registered Subordinated Instrument were in respect of the untransferred balance.

### **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 (*Notices*) not more than 45 or less than 15 days (or such other period as may be specified in the Pricing Supplement) 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 — Bearer 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;
- (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 (*Prescription*) 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 – Registered Subordinated Instruments**

9B.1 This Condition 9B is applicable in relation to Registered Subordinated Instruments.

9B.2 Payment of the Redemption Amount and any applicable Additional Amounts due in respect of Registered Subordinated Instruments (together with accrued interest thereon (if any)) will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Subordinated Instruments at the Specified Office of the Registrar.

9B.3 If the due date for payment of the Redemption Amount of any Registered Subordinated Instrument is not a Business Day then the Holder thereof will not be entitled to payment thereof until the next Business Day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent

failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 7 (*Interest*) as appropriate. This Condition 9B.3 does not apply to the payment referred to in Condition 6.1(b).

- 9B.4 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Subordinated Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at the close of business (local time in the place of the Specified Office of the Registrar) on the clearing system business day immediately prior to the date for payment, where for the purposes of this Condition 9B.4 “clearing system business day” means Monday to Friday inclusive except 25 December and 1 January in the case of any payment made in a currency other than Renminbi or, in the case of any payment made in Renminbi, on the fifth Relevant Banking Day (as defined in Condition 3.6) before the due date for such payment (either such date being the “**Record Date**”).
- 9B.5 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Subordinated Instruments will be made in the currency (other than Renminbi) in which such amount is due by cheque to the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 3.6) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Subordinated Instruments to be made in Renminbi will be made by transfer to the registered account of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 3.6) not later than the relevant due date for payment. In the case of payment by transfer to an account, if the due date for any such payment is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 7 (*Interest*), as appropriate.

For the purposes of this Condition 9B.5, “registered account” means the Renminbi account maintained by or on behalf of the Holder with a bank in Hong Kong, details of which appear in the Register at the close of business on the Record Date (as defined in Condition 9B.4 above).

## **9C. Payments — General Provisions**

- 9C.1 Save as otherwise specified in these Terms and Conditions, this Condition 9C is applicable in relation to both Bearer Subordinated Instruments and Registered Subordinated Instruments.
- 9C.2 Payments will, without prejudice to the provisions of Condition 10.1 (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.

#### **9D. 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 – Bearer Subordinated Instruments*) or Condition 9B (*Payments – Registered 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 9D:

**“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 Hong Kong Monetary Authority);

**“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 or any political subdivision therein or thereof 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 in Australia, 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, the Registrars and the Calculation Agent**

- 13.1 The initial Paying Agents and Registrars 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 any Registrar 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) in the case of Registered Subordinated Instruments, a Registrar, (iii) a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a continental European city, (iv) 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) and a Registrar each with a Specified Office in such place as may be required by such competent listing authority and/or stock exchange, (v) in the circumstances described in Condition 9A.4, a Paying Agent with a Specified Office in New York City, (vi) a Calculation Agent where required by these Terms and Conditions applicable to any Subordinated Instruments (in the case of (i), (ii), (iii) and (iv) with a Specified Office located in such place (if any) as may be required by these Terms and Conditions) and (vii) 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. The Paying Agents, the Registrars 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, the Registrars or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 16 (*Notices*).
- 13.2 The Paying Agents, the Registrars 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 (in the case of Bearer Subordinated Instruments and Coupons) or of the Registrar (in the case of Registered Subordinated Instruments) ("**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**

16.1 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.

*To Holders of Registered Subordinated Instruments*

- 16.2 Notices to Holders of Registered Subordinated Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by airmail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

## 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 (provided that the requirements of APRA for the Subordinated Instruments to be eligible to be treated as Tier 2 Capital are met), 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 (*Status of the Subordinated Instruments - General*), 5 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*) (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.*

**PROHIBITION OF SALES TO EEA AND UNITED KINGDOM 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**”) or the United Kingdom. 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, 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 “**PRIPs Regulation**”) for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIPs 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.]<sup>1</sup>

**[NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME** – The Subordinated Instruments are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

THIS PRICING SUPPLEMENT HAS BEEN ISSUED IN RESPECT OF INSTRUMENTS WHICH ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE UK FINANCIAL CONDUCT AUTHORITY OR TO

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<sup>1</sup> Legend to be included where the Issuer and/or the Dealer(s) are Manufacturers for MiFID II purposes.

<sup>2</sup> Issuer to determine whether the Subordinated Instruments remain as prescribed capital markets products at each drawdown. Legend for prescribed capital markets products should be used unless Issuer determines otherwise.



ANY OTHER EUROPEAN ECONOMIC AREA REGULATED MARKET OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA FOR THE PURPOSES OF REGULATION (EU) 2017/1129 (AS AMENDED) (THE “**PROSPECTUS REGULATION**”). THIS PRICING SUPPLEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY AND DOES NOT CONSTITUTE A BASE PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

## 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 11 November 2020 [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 11 November 2020 [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.

### **Part A: Contractual Terms**

The Subordinated Instruments being purchased have the following terms:

1	Issuer	:	Westpac Banking Corporation, acting through its head office
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- 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.]

- 4 Specified Currency:
- (i) of denomination : [Specify]
- (ii) of payment : [Specify]
- 5 Aggregate Principal Amount of Tranche : [Specify]
- 6 Aggregate Principal Amount of Series : [Specify]
- 7 If interchangeable with existing Series, Series No. : [Specify]
- 8 Issue Date : [Specify]
- 9 Interest Commencement Date : [Specify]
- 10 Issue Price : [Specify]
- 11 Maturity Date : [Specify]<sup>3</sup>

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<sup>3</sup> The Maturity Date must be at least five years from the Issue Date

- 12 Total Expenses [related to admission to trading] : [Specify]
- 13 Form of Subordinated Instruments: : [Bearer/Registered]
- (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 Subordinated Instruments : [Yes/No]  
[The Exchange Date shall be [•]]
- (iii) Specify date (if any) from which exchanges for Registered Subordinated Instruments will be made : [•]/[Exchanges may be made at any time]
- (iv) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Subordinated Instruments : [No. Permanent Global Instruments are only exchangeable for Definitive Subordinated Instruments in the limited circumstances set out in Conditions 2.5(a) and (b)]
- (v) Talons for future Coupons to be attached to Definitive Subordinated 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]
- 14 If issued in registered form: [Regulation S Global Note (U.S.\$/€ nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority] / Not applicable]
- 15 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 [•]]]
- 16 Calculation Amount : [•]
- 17 Type of Subordinated Instrument(s) : [Fixed Rate / Floating Rate / Fixed Rate]

		Reset / Fixed to Floating / <i>Specify other</i> ]
18	Interest	: [[•] per cent. Fixed Rate]
		[[•] month [LIBOR/EURIBOR/SONIA/SOFR/ SOFR Index/[•]]+/- [•] per cent. Floating Rate]
		[[•] per cent. Fixed Rate to [•] month [LIBOR/EURIBOR/SONIA/SOFR/ SOFR Index/[•]]+/- [•] per cent. Floating Rate]
		[ <i>Specify other</i> ]
19	Change of interest basis	: [Applicable. The Subordinated Instruments are Fixed to Floating Rate Subordinated Instruments. Further details on the applicable Interest Rate are specified in paragraphs 20 and 22 of this Pricing Supplement below.] / [Not Applicable]
20	Fixed Rate Subordinated Instruments	: [Applicable / Not Applicable]
	(i) Fixed Coupon Amount	: [[•] per Calculation Amount/Not Applicable]
		<i>(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))</i>
	(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]
- (x) Interest Accrual Periods to which Fixed Rate Subordinated Instruments Provisions are applicable: : [All] / [The Subordinated Instruments are Fixed to Floating Rate Subordinated Instruments, and Fixed Rate Subordinated Instruments Provisions shall apply for the following Interest Accrual Periods: from and including [•] to but excluding [•]]
- 21 Fixed Rate Reset Subordinated Instruments Provisions : [Applicable / Not Applicable]
- (i) Initial Rate of Interest : [•] per cent. per annum payable [annually/semi-annually/quarterly/monthly/other] in arrear

- (ii) Fixed Rate Reset Date(s) : [•]
- (iii) Reset Rate(s) : [A fixed rate of [•] per cent. per annum payable [annually/semi-annually/quarterly/monthly/other] in arrear]/[A rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Reset Reference Rate Spread payable [annually/semi-annually/quarterly/monthly/other] in arrear]
- (iv) Reset Reference Rate : [Mid-Market Swap Rate]/[U.S. Treasury Rate]/[Sterling Reference Bond Rate]/[Specify other]/[Not Applicable]
- [- Mid-Market Swap Rate / U.S. Treasury Rate / Sterling Reference Bond Rate / [Specify other] : [•]/[Not Applicable]]
- [- Relevant Screen Page : [•]/[Not Applicable]
- [- Reset Reference Rate Spread : [•]/[Not Applicable]]
- (v) Interest Payment Dates : [•]
- (vi) Interest Period End Date(s) : [•]
- (vii) Applicable Business Day Convention : [Specify]
- for Interest Payment Dates :
  - for Interest Period End Dates :
  - for Maturity Date :
  - any other date :
- (viii) Additional Business Centre(s) : [Specify]
- (ix) Fixed Coupon Amount up to (but excluding) the [first] Fixed Rate Reset Date : [[•] 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 7.3(v))*

- (x) Broken Amount(s) : [[•] 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 7.3(v))*
- (xi) Day Count Fraction : [Specify] *[if none specified, the Day Count Fraction will be Actual/365 (Fixed) (as defined in the Terms and Conditions)].*
- (xii) Reset Determination Date(s) : [•]/[Not Applicable]
- (xiii) Reset Rate Time : [•]/[Not Applicable]
- 22 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 (*if SONIA*)/U.S. Government Securities Business Days (*if SOFR*) prior to the end of each Interest Accrual Period ☐ U.S. Government Securities Business Days following the end of each Interest Accrual Period, provided that in respect of the final Interest Accrual Period, the Interest Determination Date shall be ☐ U.S. Government Securities Business Days following the Cut-off Date]
- (g) [SOFR Averaging Method: : [Compounded Daily] [Compounded Index] [Weighted Average]]
- (h) [Observation Look-Back Period : ☐ London Banking Days (*if SONIA*)/U.S. Government Securities Business Days (*if SOFR*)]
- (i) [Observation Method : [Lag] [Lock-out] [Payment Delay] [Shift] [Not Applicable]]
- (j) [Cut-off Date : ☐ U.S. Government Securities Business Days prior to the Maturity Date [or Early Redemption Date (Call)]
- (k) Relevant Time : [Specify] [Not Applicable]



- (l) Additional Business Centre(s) : [Specify]
- (x) Margin(s) : [Specify]
- (xi) Day Count Fraction : [Specify]
- (xii) Interest Accrual Periods to which Floating Rate Subordinated Instrument Provisions are applicable : All] / [The Subordinated Instruments are Fixed to Floating Rate Subordinated Instruments, and Floating Rate Subordinated Instruments Provisions shall apply for the following Interest Accrual Periods: from and including [●] to but excluding [●]]
- 23 Final Redemption Amount of each Subordinated Instrument : [[●] per Calculation Amount]
- 24 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]<sup>4</sup>
- (i) Early Redemption Date (Call) : [Specify]
- (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]
- 25 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]

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<sup>4</sup> First possible Early Redemption Date (Call) must be a minimum of five years from the Issue Date

- (iv) Specify any additional conditions to exercise of option : [Specify]
- 26 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]
- 27 Early Termination (Event of Default) : [Applicable / Not Applicable]
- Early Termination Amount : [Specify]
- 28 Taxation : [Condition 10.1 is applicable / not applicable]
- 29 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]
- 30 Lead Manager[s] : [Name(s)]
- 31 Relevant Dealer[s] : [Name(s)]
- 32 Paying Agent(s) : [Name(s)]
- 33 Calculation Agent : [Name(s)]
- 34 Notices : [Condition 16 (*Notices*) applies]
- 35 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 consumer<sup>1</sup>, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities<sup>2</sup> (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*.

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 30 September 2020, Westpac’s market capitalisation was A\$61 billion<sup>3</sup> and it had total assets of A\$912 billion.

Westpac’s business is focused in Australia and New Zealand, operating under multiple brands. The Westpac Group operates through an extensive branch and ATMs network, significant online capability, and call centres supported by specialist relationship and product managers. Westpac’s operations comprise the following key divisions:

**Consumer** is responsible for sales and service of banking products, including mortgages, credit cards, personal loans, and savings and deposit products to consumer customers in Australia. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands. Consumer works with Business, WIB and Specialist Businesses (each as described below) in the sales, service, and referral of certain financial services and products including general and life insurance, superannuation, platforms, auto lending and foreign exchange.

**Business** provides business banking products and services for Australian SME and Commercial customers (including Agribusiness) generally up to A\$200 million in exposure. The division also serves

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<sup>1</sup> A consumer is defined as a person who uses products and services. It does not include business entities.

<sup>2</sup> Refer to Note 31 of the Issuer’s 2020 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 2020.

<sup>3</sup> Market capitalisation is based on the closing share price of Westpac’s ordinary shares on the ASX as at 30 September 2020.

Private Wealth. SME includes relationship managed and non-relationship managed SME customers. The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, equipment finance and property finance. Business operates under the Westpac, St.George, BankSA, and Bank of Melbourne brands. Business works with Consumer, WIB, and Specialist Businesses in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign exchange and interest rate hedging).

**WIB** delivers a broad range of financial products and services to corporate, institutional and government customers operating in, or 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 and via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB works with all of Westpac Group's divisions in the provision of markets' related financial needs including foreign exchange and fixed interest solutions.

**Westpac New Zealand** provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks: WNZL, which is incorporated in New Zealand, and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates through a network of branches and ATMs in both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products and services are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. New Zealand maintains its own infrastructure, including technology, operations and treasury in accordance with regulatory requirements.

**Specialist Businesses** provides automobile finance, Australian life, general and lenders mortgage insurance, investment product and services (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. It also manages Westpac Pacific which provides a full range of banking services in Fiji and Papua New Guinea. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Specialist Businesses works with Consumer, Business and WIB in the provision of select financial services and products.

**Group Businesses** include:

- Treasury, which is responsible for the management of Westpac Group's balance sheet including wholesale funding, capital and the management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing Westpac Group's balance sheet and interest rate risk, (excluding Westpac New Zealand) within set risk limits;
- Group Technology, which is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration in Australia; and
- Core Support, which comprises Westpac Group support functions, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.

Group Businesses also includes earnings on capital not allocated to divisions, certain intra-group transactions that facilitate the presentation of the performance of Westpac Group's divisions,

gains/losses from most asset sales, earnings and costs associated with Westpac Group's Fintech investments, and certain other head office items such as centrally raised provisions.

## Outlook

The outlook for 2021 is uncertain. COVID-19's path remains unpredictable and the risk of outbreaks is ever present. While government assistance has provided a buffer to the economic impacts, this initial support is scheduled to unwind and is likely to be replaced by other more targeted support. The Australian Federal Budget, which featured personal tax cuts and investment incentives, has been an important addition but further fiscal stimulus may be required.

Against this backdrop, Westpac expects GDP in Australia to increase by around 4 per cent. in the year to September 2021, a rebound from the significant decline of around 5 per cent. expected in the year to September quarter of 2020. The outlook remains challenging. In the near term, growth is already benefitting from the reopening of the economy. Westpac expects that to continue in 2021, albeit at a slower pace. Risks around the ongoing containment of the virus, the gradual unwinding of the extensive support measures, and prospects for the global economy emphasise the unusually high uncertainty Westpac will continue to experience.

While some government programs will be wound back, both fiscal and monetary policy are likely to remain highly stimulatory until unemployment falls below 6 per cent. – a key focus of the Australian Government. Unemployment is expected to increase in the latter months of 2020 to around 8 per cent.. While this is better than initial expectations, it is expected to remain between 7 to 8 per cent. in 2021. If the economy continues to reopen, jobs growth will lift but the pace of recovery will likely be slow due to the restructuring of businesses, sluggish demand, and the need to rebalance government support.

New Zealand's response to COVID-19 has proven effective, with activity bouncing back from the initial lockdowns and unemployment remaining closer to 4 per cent. Nevertheless, GDP growth in 2021 is expected to remain below levels recorded in 2019 due to a lack of international tourism and offshore students along with limited immigration; all these factors have been good contributors to GDP in recent years.

Australian house prices have already fallen by around 3 per cent. from the peak in April 2020. Low interest rates and a supportive financial system able to maintain activity will likely support the housing market. While the impact of the rundown of banks' deferred loans is uncertain, it is likely customers will be provided with significant time to get back on their feet. Once stressed loans reduce, a recovery in house prices is anticipated in 2022 and 2023.

Banking and financial services conditions will remain challenging with slower growth, margin pressure from low interest rates and the deterioration in asset quality as companies and individuals continue to experience reduced income.

Credit growth for the Australian financial system was 2 per cent. for the year to September 2020, down from 2.7 per cent. a year earlier. Total credit growth is expected to slow to around 0.5 per cent. to September 2021. Housing credit growth is likely to be little changed at 3.2 per cent., while business credit growth is expected to decline with subdued investment. Personal credit, which has been in decline for some years, is expected to fall further in 2021 as consumers remain cautious on debt and use alternative sources of financial credit.

Near zero interest rates will continue to weigh on banks and place pressure on net interest margins. The RBA has indicated that the cash rate will not be increased until progress is made towards full employment and inflation is sustained within the 2 to 3 per cent. target band. Very low interest rates



are therefore likely to remain for some time and with them, margin pressure.

The RBA has offered banks a term funding facility (the “**TFF**”) to support lending, particularly to businesses. The TFF is capped for each bank and allows them to borrow from the RBA for three years at 0.1 per cent. for drawdowns after 4 November 2020 and 0.25 per cent. for all drawdowns made prior to this date. The facility is expected to be in place until at least June 2021 and will support Westpac Group’s term wholesale funding needs for much of the coming year. At 30 September 2020, Westpac Group has drawn down A\$18 billion of the TFF.

The RBNZ has been similarly downbeat, committing to maintain its overnight cash rate at 0.25 per cent. until at least March 2021. The RBNZ has also flagged that it could take the rate below zero if further stimulus were required.

Fee income may reduce as fee waivers linked to the pandemic continue and overall growth remains low. Wealth and insurance income is also likely to fall, due to changes in life insurance markets (less cover and higher reinsurance costs), and strong competition in wealth platforms.

In the period ahead, the economic impacts of COVID-19 are expected to lead to higher defaults by consumers and increased business bankruptcies. To date, these impacts have been cushioned by the supportive industry measures to defer repayments and from government stimulus. The banking sector’s approach to the completion of deferrals and the potential for further government action may limit any shock to the economy as other support measures unwind.

In 2020, impairment provisions materially increased to account for higher expected losses and are likely to remain elevated into 2021.

Westpac has devoted significant time and effort to improving the management of risk over the year, including in non-financial risk and financial crime. This will continue in 2021 which will likely see costs remain high. While Westpac has resolved some legal cases through the year it is possible that regulators may take further legal action on matters currently under investigation or on new matters. This is discussed further under ‘*Risk Factors*’ and ‘*Risk Management*’.

Consistent with its focus on Australian and New Zealand banking, Westpac set up its Specialist Businesses division this year to manage activities not expected to be long-term strategic options. Westpac is looking at alternatives for these businesses, including sale. The timing of any sale and settlement will depend on a range of factors but some transactions may occur in 2021.

Westpac remains well capitalised with a CET1 capital ratio of 11.13 per cent.. This ratio may ease from a rise in risk weighted assets as customer stress increases. This will however be partially offset by efforts to improve capital efficiency and may include the sale of businesses. Regardless, Westpac expects to manage its capital position to keep its CET1 capital ratio comfortably above regulatory minimums.

Westpac remains committed to supporting customers and the economy through these challenging times. Westpac’s immediate priority is to fix its outstanding issues, including improving risk management, enhancing its culture, and completing remediation. Westpac has committed to simplify, focusing on its markets of Australia and New Zealand, exiting non-core businesses, and reducing its product set. Westpac also expects to complete the implementation of its Lines of Business operating model to clarify responsibilities and accountability. Finally, Westpac is focused on performance, restoring growth in its key products including mortgages and business loans, enhancing returns and resetting its cost base.

Importantly, Westpac’s strong balance sheet, committed team and solid customer franchise position

Westpac to see these plans through.

## **Significant Developments**

### **COVID-19 impacts on Westpac**

COVID-19 has had, and continues to have, a significant and adverse impact on the Australian economy, the banking sector, Westpac's customers, counterparties and third party suppliers, as well as Westpac's operations.

In response to the COVID-19 pandemic, the Australian Government has taken a number of actions to help reduce and mitigate the economic impact of the pandemic, including in relation to JobKeeper and JobSeeker payments. The Australian, State and Territory governments have also implemented a range of material restrictions on businesses, venues, travel, movement and gatherings of people. There have also been similar restrictions put in place in other jurisdictions in which the Westpac Group operates. Many of these new measures have adversely impacted Westpac.

Westpac's business activities and operations have been, and will likely in the future be, disrupted by the COVID-19 pandemic. For example, the COVID-19 pandemic has resulted in Westpac closing workplaces and suspending the provision of services through certain channels. The COVID-19 pandemic has also disrupted, and will continue to disrupt, numerous industries and global supply chains.

Banks continue to play an important role in supporting customers, continuing to lend to keep credit flowing and supporting the circulation of funds in the economy. Westpac has provided support to certain customers impacted by the COVID-19 pandemic by implementing a range of initiatives, such as lowering interest rates on certain products, waiving certain fees, providing special loans to support customers to manage their cash flow and granting deferrals of mortgage and business loan repayments. These initiatives, and any support that governments or regulators may in the future require banks to provide to customers impacted by the COVID-19 pandemic, may have a negative impact on Westpac Group's financial performance and may see the Westpac Group assume greater risk than it would have under ordinary circumstances.

Both APRA and ASIC have supported the provision of credit to customers in these circumstances and remain closely engaged to understand the impact of these measures on Westpac's customers, capital, credit risk profile and liquidity. On 1 September 2020, Westpac submitted a comprehensive plan to APRA and ASIC detailing the existing and planned processes in place to ensure appropriate ongoing borrower review, customer engagement, capabilities, resourcing and oversight across the borrower assessment process for COVID-19 impacted customers. Westpac is expected to identify, address and report to ASIC and APRA any material issues that arise in the implementation of these plans.

The COVID-19 pandemic has also led to increased regulatory focus in certain areas, including operational resilience, technology, cyber security, capital management and stress testing. Westpac continues to manage these risks.

In March 2020, the RBA established the TFF to lower funding costs for the entire banking system so that the cost of credit to households and businesses is low, and to provide an incentive for lenders to support credit to businesses. The TFF provides Westpac access to at least A\$29.8 billion of funds through three year repurchase transactions at a fixed interest rate of 25 basis points.

### **Corporate significant developments**

*Leadership changes, reset of strategy and launch of Lines of Business operating model*

Since November 2019, there have been significant changes to the Westpac Board and Group Executives. For more information, please see the section titled '*The Board of Directors*' below.

In addition, Westpac has adopted a new purpose, helping Australians and New Zealanders succeed, and reset its strategy which is focused on concentrating on banking in Westpac's core markets of Australia and New Zealand to support consumer, business, commercial and institutional customers.

Westpac has also launched its Lines of Business operating model to clarify responsibility and accountability for end-to-end performance.

#### *AUSTRAC civil proceedings*

On 20 November 2019, AUSTRAC commenced civil proceedings in the Federal Court of Australia against Westpac in relation to alleged contraventions of the *AML/CTF Act*. These proceedings related to non-reporting of a large number of IFTIs and a failure to include in a number of IFTIs required information about the payer, failings in relation to record keeping and the passing on of certain data required in IFTIs, failure to comply with correspondent banking obligations, AML/CTF programme failures and contraventions of ongoing customer due diligence obligations. AUSTRAC alleged over 23 million contraventions of the *AML/CTF Act*.

On 24 September 2020, Westpac announced that it had reached an agreement with AUSTRAC to resolve the proceedings, subject to court approval. Under the agreement, the parties agreed to file with the court a Statement of Agreed Facts and Admissions ("**SAFA**"), and to recommend to the court that Westpac pay a civil penalty of A\$1.3 billion in relation to in excess of 23 million admitted contraventions of the *AML/CTF Act*. Westpac also agreed to pay AUSTRAC's legal costs of A\$3.75 million. In light of the above developments, Westpac has increased the provision in respect of the penalty from A\$900 million to A\$1.3 billion. The settlement was approved by the court on 21 October 2020.

As part of the SAFA, Westpac admitted to additional contraventions of the *AML/CTF Act*, to those in its Defence of May 2020 and to the new allegations in the Amended Statement of Claim that AUSTRAC filed with the court on 24 September 2020. Those additional admitted contraventions relate to the reporting of 76,144 IFTIs that did not contain the required information about the payer, two additional failures to comply with correspondent banking due diligence obligations, a failure to conduct appropriate ongoing customer due diligence in relation to a number of additional customers, and aspects of Part A of Westpac's AML/CTF programme not fully complying with the requirements under the *AML/CTF Act* and the AML/CTF Rules.

#### *AUSTRAC response plan and external reviews*

Since the commencement of the AUSTRAC proceedings, Westpac has made significant progress in its AUSTRAC response plan. Westpac commissioned a number of external reviews in order to identify the causes of the compliance failings related to the AUSTRAC proceedings, determine appropriate consequences, and to identify key lessons learned. These reviews include a review by an advisory panel into Westpac's Board governance of AML/CTF obligations, an assurance review by Promontory Australia of Westpac's management accountability investigation, and a review, also by Promontory Australia, of Westpac's financial crime programme. On 4 June 2020 Westpac released a copy of the advisory panel report and a summary of the reviews' findings and recommendations.

#### *Financial Crime*

Following the AUSTRAC proceedings, Westpac has been progressing actions to improve its financial crime programme. This includes a significant multi-year programme of work to improve its management of financial crime risks (including AML/CTF, sanctions, anti-bribery and corruption,

FATCA and Common Reporting Standards (“**CRS**”). Through this work, Westpac has identified further weaknesses and areas for improvement, which it is addressing. Specific focus areas include uplifting its AML/CTF policies, reviewing the completeness of data feeding into its AML/CTF systems and considering the adequacy and appropriateness of its AML/CTF processes and controls. The work also involves addressing matters identified in AUSTRAC’s Statement of Claim and outlined in the SAFA.

Westpac is also undertaking remediation work in multiple areas, including applicable customer identification procedures, ongoing and enhanced customer due diligence, customer and payment screening, risk assessments, transaction monitoring and regulatory reporting including in relation to IFTIs, TTRs and SMRs (including “tipping off” controls).

With increased focus on financial crime, further issues requiring attention have been identified and may continue to be identified. As part of these efforts, Westpac identified deficiencies in certain systems and controls relevant to its obligation to file TTRs. This has resulted in instances where the Westpac Group has failed to report TTRs, as well as instances where the Westpac Group filed TTRs with incomplete or inaccurate information. The Westpac Group self-reported these TTR deficiencies to AUSTRAC and is keeping AUSTRAC apprised of the status of its remediation.

As part of the remediation work, the Westpac Group is also working to remediate gaps and enhance controls to support compliance with its FATCA and CRS obligations, and is keeping the ATO updated on its progress.

#### *APRA and ASIC investigations*

On 17 December 2019, APRA commenced an investigation examining potential contraventions by Westpac, its directors and/or senior managers of the *Banking Act* (including the BEAR) and/or APRA’s prudential standards by engaging in, and the way it responded to, the conduct which is the subject of the AUSTRAC proceedings.

On 17 June 2020, APRA delegated certain of its enforcement powers under the *Banking Act* to ASIC. Following that delegation, ASIC will examine potential contraventions under the *Banking Act* by Westpac, its directors and/or senior managers. APRA has retained its power to administratively disqualify certain individuals under the *Banking Act*.

ASIC has commenced an extensive investigation into matters related to the AUSTRAC allegations in the AUSTRAC proceedings. Westpac remains committed to cooperating and working constructively with ASIC during its investigation which is ongoing. Westpac has not received an indication from ASIC about the nature of any enforcement action it may take.

#### *Australian and US class actions*

Westpac is defending a class action proceeding which was commenced in December 2019 in the Federal Court of Australia by law firm Phi Finney McDonald, on behalf of certain investors in Westpac securities between 16 December 2013 and 19 November 2019. The proceeding involves allegations relating to market disclosure issues connected to Westpac’s monitoring of financial crime over the relevant period and matters which are the subject of the AUSTRAC proceedings. The claims do not identify the amount of any damages sought. However, given the time period in question and the nature of the claims it is likely that the damages which will be alleged will be significant. No provision has been taken in relation to the potential exposure.

A second class action in relation to similar issues was commenced by law firm Johnson Winter & Slattery in March 2020. The Phi Finney McDonald claim was subsequently amended to include the group members from the Johnson Winter & Slattery proceeding. The Johnson Winter & Slattery

proceeding was discontinued in May 2020 by agreement between Westpac, the applicant in that proceeding and the applicant in the Phi Finney McDonald proceeding.

In January 2020, a US class action was commenced by the Rosen Law Firm, naming Westpac, Westpac's current Chief Executive Officer (the "**CEO**") and Westpac's former CEO as defendants. It was brought on behalf of certain investors in Westpac securities between 11 November 2015 and 19 November 2019. That claim related to market disclosure issues connected to Westpac's monitoring of financial crime over the relevant period and matters which are the subject of the AUSTRAC proceedings. The parties have agreed to settle this proceeding on a wholly without admissions basis and on the basis that in return for full releases from the class members in the proceeding, Westpac will pay an amount of US\$3.1 million. The settlement remains subject to approval by the District Court of Oregon and a process to give class members an option to opt out. In light of the above developments, Westpac has taken a provision in respect of the settlement.

#### *APRA review into risk governance*

On 17 December 2019, following the commencement of the AUSTRAC proceedings and other significant prudential reviews, APRA announced that in addition to investigating possible breaches of the *Banking Act* by Westpac, it would conduct an extensive supervision programme focused on Westpac's risk governance, accountability and risk culture. This programme will assess Westpac's remediation actions, the effectiveness of Westpac's execution and the steps Westpac has been taking to strengthen risk governance, including through its self-assessment, which is referred to below. APRA's review will consider several governance focus areas in non-financial and financial risk management and case studies. This review is expected to take approximately 18 months and result in a report of APRA's observations and findings.

#### *Operational risk capital overlays*

The following additional capital overlays are currently applied by APRA to Westpac's operational risk capital requirement:

- A\$500 million in response to Westpac's Culture, Governance and Accountability self-assessment. The overlay applied from 30 September 2019 and will remain in place until APRA is satisfied that Westpac has completed its action plan.
- A\$500 million in response to the magnitude and nature of issues alleged by AUSTRAC in its Statement of Claim. The additional overlay applied from 31 December 2019.

Both of the overlays have been applied through an increase in RWAs. The impact on Westpac's Level 2 CET1 capital ratio at 30 September 2020 was 31 basis points.

#### *Outcome of Specialist Businesses strategic review*

On 4 May 2020, Westpac announced the creation of a new Specialist Businesses division consisting of the following businesses:

- Superannuation, Investments and Platforms;
- Insurance;
- Auto and vendor finance; and
- Westpac Pacific.

These businesses have since undergone a strategic review process which has now been completed. The outcome is that Westpac does not view itself as the long-term owner of these businesses and will seek to exit them over time as market conditions permit.

On 21 August 2020, Westpac announced that it had entered into an agreement for the sale of its Vendor Finance business to Angle Finance, a portfolio company of Cerberus Capital Management, L.P. Vendor Finance supports third parties to fund small ticket equipment finance loans to around 42,000 Australian businesses. Given the relatively modest size of the portfolio, the sale is expected to have an immaterial impact on Westpac's balance sheet and capital ratios. Completion is expected to occur at the end of April 2021.

#### *Consolidation of Westpac's international operations*

Following a comprehensive review of its Asia, Europe and US businesses, Westpac has decided to consolidate its international operations into three branches; Singapore, London and New York. This decision means the Westpac Group will exit operations in Beijing, Shanghai, Hong Kong, Mumbai and Jakarta. The changes are not expected to have a significant impact on cash earnings and, over time, are planned to improve Westpac Group's capital efficiency, including by reducing RWAs.

#### *Sale of shares in Pental Group Limited ("**Pental**")*

On 17 June 2020, Westpac announced the sale of approximately 31 million Pental shares at a price of A\$5.98 per share, pursuant to a fully underwritten institutional offer. This sale completed the divestment of Westpac's proprietary shareholding in Pental, following earlier share sales in 2007, 2015 and 2017.

#### *Sale of shares in Zip Co Limited*

On 21 October 2020, Westpac announced the sale of its 10.7 per cent. stake in Zip Co Limited by way of a fully underwritten institutional offer. The decision reflects Westpac's approach to simplifying its business and ensuring the efficient use of capital. The sale added approximately 8 basis points to Westpac's CET 1 capital ratio in the first half of the financial year ending 30 September 2021. Settlement of the transaction occurred on 26 October 2020.

#### *Culture, Governance and Accountability reassessment*

Following a reassessment of its existing CGA Remediation Plan (as defined below), which was undertaken in response to a request from APRA, Westpac has launched a group-wide programme to strengthen its management of non-financial risks.

Westpac first conducted a self-assessment into Culture, Governance and Accountability in November 2018 and developed a remediation plan in response (the "**CGA Remediation Plan**"). Following AUSTRAC's Statement of Claim in November 2019, Westpac reassessed its remediation plan at the request of APRA. A central conclusion from the reassessment was that Westpac's non-financial risk culture remains immature and reactive.

As a result, Westpac is embarking on a group-wide programme, Customer Outcomes and Risk Excellence ("**CORE**"), with a focus on Board and Executive oversight of non-financial risk, and strengthening risk culture, risk frameworks and risk management capability. Promontory Australia will provide ongoing assurance over the CORE programme.

#### *Risk management*

Westpac is upgrading its end to end risk management. Recent reviews have identified a wide range of shortcomings and areas for improvement in Westpac's policies, systems and data, as well as its risk capabilities and risk management framework. The Westpac Group has a number of risks which sit outside of its risk appetite or do not meet the expectations of regulators. The CORE programme is addressing some of these improvements. Key components of the CORE programme include embedding a more proactive risk culture, refining a three lines of defence model to define clearer risk management accountabilities and improving risk awareness, capability and capacity through organisational-wide training and additional risk resources in the business. Other areas of improvement are being addressed through significant investment in risk management expertise in areas such as operational risk, compliance, financial crime, stress testing, modelling and data management.

#### *Royal Commission into the banking, superannuation and financial services industry*

Implementation of the 76 express recommendations in the Final Report of the Royal Commission continues to have a significant impact on Australia's banking and financial services entities and their regulators. Depending on how and when the Australian Government legislates or regulates for the recommendations there may also be adverse impacts on Westpac's business.

To allow the industry to focus on its response to COVID-19 and support for customers on 8 May 2020 the Australian Government announced a six-month deferral in its implementation roadmap. A number of the legislative drafts are proposed to come into effect in early 2021 but the final form of these drafts have not yet been released by the Australian Government – posing a challenge to implementation.

Presently, 50 recommendations apply to Westpac. The Westpac Group has commenced programs of work in relation to all of the applicable recommendations that have been the subject of legislative activity and/or regulatory activity and, to date, has implemented 14 recommendations.

In anticipation of the removal of grandfathering of conflicted remuneration payable to financial advisers effective from 1 January 2021, Westpac is also currently reviewing third party remuneration arrangements.

Other impacts arising from the Royal Commission include a number of claims being brought against financial institutions in relation to certain matters considered during the Royal Commission, and the referral of several cases of misconduct to the financial regulators by Commissioner Hayne. The Royal Commission has also led to increased political and regulatory scrutiny of the financial industry in New Zealand and may continue to do so.

#### *Changes to responsible lending laws*

On 25 September 2020, the Australian Government announced a proposed simplification of Australia's consumer credit regulatory regime. The Australian Government's intended commencement date (subject to the passage of law) is 1 March 2021. Westpac is closely monitoring this and will make any changes to its systems and processes as appropriate.

In addition to the responsible lending obligations ("**RLOs**"), consumer credit is subject to regulatory oversight through a range of mechanisms, including APRA standards and guidance in relation to credit assessments by ADIs, the Australian Banking Association's Banking Code of Practice and the general conduct obligations under section 47 of the *National Consumer Credit Protection Act 2009*, including the obligation to do all things to ensure that credit activities are engaged in efficiently, honestly and fairly. Accordingly, without analogous changes to these regulatory requirements, removal of the RLOs may not necessarily have a significant impact on Westpac's overall consumer credit processes.

#### *Focus on superannuation*

On 6 October 2020, the Australian Government released a paper entitled 'Your Future, Your Super', setting out 'reforms to make your super work harder for you'.

The first key reform involves linking a person to their superannuation fund throughout their working life (although a person can choose to change their super fund at any time). Rather than contributing to the employer's default fund for its employees who do not choose their own superannuation fund, employers will be required to contribute to their employees' existing superannuation funds. This reform is intended to reduce the number of people with multiple superannuation accounts. This means employees do not have to select a superannuation fund each time they change jobs, and should therefore reduce individuals having unintended multiple superannuation accounts.

The second key reform relates to annual performance tests. An online Australian Tax Office ("**ATO**") 'YourSuper' comparison tool that compares funds by fees and performance will be introduced to assist people in selecting a superannuation fund. The tool will also expressly list under performing funds, based on the annual performance tests. These annual performance tests will apply by July 2021 for MySuper (default) products. If a MySuper product fails the performance 'test', the trustee will be required to notify members of the under performance by October 2021 and provide information about the YourSuper comparison tool. If a fund fails two consecutive performance 'tests', it will not be permitted to accept new members. Annual performance tests will also apply to certain types of superannuation choice options by July 2022.

Westpac is supportive of the changes given they are expected to drive increased competitiveness across the industry.

In addition, APRA is increasing its supervisory focus on superannuation providers, including Westpac, with an emphasis on member outcomes and governance. Westpac's superannuation entities are underway with an ongoing programme of work to strengthen their management of risk under the risk management framework and address feedback from APRA.

#### *Provision of credit - reviews by APRA*

Following APRA reviews assessing the adequacy of Westpac's credit risk management framework including its controls, end-to-end processes, policies and operating systems, long-standing weaknesses have been identified that require significant uplift. The Westpac Group is making changes to systems and controls to improve its end-to-end approach for mortgage, business and institutional lending portfolios, as well as other key processes. This includes enhancing portfolio management practices, data governance, systems upgrades (including data collection and rationalisation), strengthening collateral management processes and improving assurance and oversight over Westpac's credit management frameworks. This programme of work will also address issues identified by Westpac's internal assurance and audit teams.

#### *Open banking regime*

The *Competition and Consumer Act 2010*, as amended by the *Treasury Laws Amendment (Consumer Data Right) Act 2019*, contains a regime for a consumer data right that gives customers in Australia a right to direct that their data (starting with banking data) be shared with accredited third parties. Data sharing facilitates competition through easier product comparison and switching. This is expected to have significant implications for consumers and banks, including Westpac.

The *Competition and Consumer (Consumer Data Right) Rules 2020* (the "**CDR Rules**") commenced on 6 February 2020. The CDR Rules set out how the consumer data right regime will operate. Open banking commenced on 1 July 2020 with the four major banks required to share consumer data for credit and debit card, deposit account and transaction account data with accredited service providers.



Future phases will introduce additional products, joint accounts and business and corporate consumers. Other brands in the Westpac Group will be required to commence data sharing on 1 July 2021.

#### *Comprehensive Credit Reporting (“CCR”)*

The *National Consumer Credit Protection Amendment (Mandatory Credit Reporting and Other Measures) Bill 2019* is currently before the Senate. The Bill requires the four major Australian banks to supply CCR data to credit reporting bodies and outlines how financial hardship cases should be reported.

The Bill has not yet passed and there have been disruptions to the parliamentary schedule as a result of COVID-19. Nevertheless, Westpac is already participating in CCR on a voluntary basis.

#### *ASIC’s 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* provisions, and selected 15 specific customers as the focus of their claim. Following an appeal by ASIC in the proceedings, on 28 October 2019 the Full Federal Court handed down its decision in ASIC’s favour and made findings that BTFM and WSAL each provided personal advice on relevant calls made to 14 of the 15 customers and made declarations of consequential contraventions of the *Corporations Act 2001* (including section 912A(1)(a)). BTFM and WSAL were granted special leave to appeal by the High Court of Australia, which heard the appeal to the Full Federal Court’s decision on 7 and 8 October 2020. The High Court’s judgment in the matter is reserved. If this appeal is unsuccessful, the matter will be remitted to the Federal Court for a hearing on penalties and any other orders sought by ASIC.

#### *ASIC’s proceedings against BTFM and Asgard Capital Management*

On 20 August 2020, ASIC commenced proceedings in the Federal Court against BTFM and Asgard Capital Management Limited, in relation to an issue that was a case study in the Royal Commission. The allegations concern the inadvertent charging of financial adviser fees to 404 customers totalling A\$130,006 after a request had been made to remove the financial adviser from the customers’ accounts. The issue was self-reported to ASIC in 2017 and customers have been contacted and remediated. BTFM and Asgard Capital Management accept the allegations made by ASIC and do not intend to defend the proceedings. Westpac is now working through the relevant court procedural steps to try and bring the matter to a resolution.

#### *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 Westpac Life Insurance Services Limited (“**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. The matter has been set down for an initial trial in May 2021.

*Class action in the US relating to bank bill swap rate*

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 number of other Australian and international banks and brokers alleging misconduct in relation to the bank bill swap reference rate. Westpac has reached agreement with the Plaintiffs to settle this class action. The terms of the settlement are currently confidential and subject to negotiation and execution of settlement papers and court approval. Westpac holds a provision in relation to this matter.

*Class action relating to cash in super*

On 5 September 2019, a class action against BTFM and WLIS was commenced in the Federal Court of Australia in relation to aspects of BTFM's BT Super for Life cash investment option. The claim follows other industry class actions.

It is alleged that BTFM failed to adhere to a number of obligations under the general law, the relevant trust deed and the *Superannuation Industry (Supervision) Act 1993*, and that WLIS was knowingly concerned with BTFM's alleged contraventions. The damages sought by the claim are unspecified. BTFM and WLIS are defending the proceedings.

*Class action relating to consumer credit insurance*

On 28 February 2020, a class action was commenced against Westpac, Westpac General Insurance Limited and WLIS in the Federal Court of Australia in relation to Westpac's sale of consumer credit insurance ("**CCI**"). The claim follows other industry class actions.

It is alleged that the three entities failed to adhere to a number of obligations in selling CCI in conjunction with credit cards, personal loans and flexi loans. The damages sought by the claim are unspecified. The three entities are defending the proceedings. Westpac no longer sells CCI products.

*Class action relating to payment of flex commissions to auto dealers*

On 16 July 2020, a class action was commenced against Westpac and St George Finance Limited ("**SGF**") in the Supreme Court of Victoria in relation to flex commissions paid to auto dealers from 1 March 2013 to 31 October 2018. This proceeding is one of two class actions brought by Maurice Blackburn against a number of lenders in the auto finance industry.

It is alleged that Westpac and SGF are liable for the unfair conduct of dealers acting as credit representatives and engaged in misleading or deceptive conduct. The damages sought are unspecified. Westpac and SGF are defending the proceedings. Another law firm publicly announced in July 2020 that it is preparing to commence a class action against Westpac entities in relation to flex commissions paid to auto dealers. Westpac has not been served with a claim from that law firm on flex commissions. Westpac has not paid flex commissions since 1 November 2018 following an industry-wide ban issued by ASIC.

*Potential class actions*

Westpac is aware from media reports and other publicly available material that other class actions against Westpac entities are being investigated. In July 2020, one law firm publicly stated that it intends

to commence a class action against BTFM alleging that since 2014, BTFM did not act in the best interests of members of certain superannuation funds when obtaining group insurance policies. In August 2020, another law firm announced that it is investigating claims on behalf of persons who in the past 6 years acquired, renewed or continued to hold a financial product (including life insurance) on the advice or recommendation of a financial adviser from Magnitude Group Pty Ltd, Securitor Financial Group Limited or Westpac. Westpac has not been served with a claim in relation to either of these matters and has no information about the proposed claims beyond the public statements issued by the law firms involved.

#### *APRA announcements on capital*

As part of its response to the current economic environment following the COVID-19 pandemic, APRA has made the following announcements on capital:

- Updated guidance on capital management and dividends: For 2020, APRA expects ADIs to retain at least half of their earnings, actively use the dividend reinvestment plan and/or other capital management initiatives to at least partially offset the reduction in capital from distributions. Westpac took this guidance into consideration when determining the final dividend;
- Adjustment to expectations for bank capital: As announced in March 2020, APRA does not expect ADIs to meet the 'unquestionably strong' capital benchmarks in the period ahead (so long as they remain above the current regulatory requirement);
- Temporary amendments to the calculation of RWAs for COVID-19 support packages: Where a support package provides an option to defer repayments for a period of time, for RWA calculation purposes, a bank need not treat the period of the repayment holiday as a period of arrears (provided the borrower had previously been meeting their repayment obligations). In addition, the Australian Government's 'Coronavirus SME Guarantee Scheme' is to be regarded as an eligible guarantee by the Australian Government for RWA calculation purposes. The temporary capital treatment is available until the earlier of either a maximum period of ten months from when the initial repayment deferral was granted, or 31 March 2021;
- Deferral of APRA's implementation of the Basel III capital reforms by a year to January 2023; and
- Deferral of changes to APS 222: Associations with Related Entities standard by a year to 1 January 2022.

#### *APRA's proposed revisions to subsidiary capital investment treatment*

APRA has proposed changes to APS 111 Capital Adequacy Measurement of Capital, including changes to the existing approach for equity exposures in banking and insurance subsidiaries (Level 1). There is no impact to Westpac's reported capital ratios on a Level 2 basis. APRA has indicated that it intends to recommence consultation and a revised standard will come into effect from 1 January 2022 following the COVID-19 pandemic.

#### *Additional loss absorbing capacity*

On 9 July 2019, APRA announced a requirement for the Australian major banks (including Westpac) to increase their total capital requirements by three percentage points of RWAs as measured under the current capital adequacy framework. This increase in total capital will take full effect from 1 January 2024.

The additional capital is expected to be raised through Tier 2 capital and is likely to be offset by a decrease in other forms of long term wholesale funding. Westpac is continuing to make progress towards the new requirements. As at 30 September 2020, the Tier 2 ratio was 3.15 per cent..

APRA is still targeting an additional four to five percentage points of loss-absorbing capacity. Over the next four years, APRA has stated that it will consider feasible alternative methods for raising the remaining 1 to 2 percentage points.

#### *APRA Prudential Standard CPS 511: Remuneration*

On 23 July 2019, APRA released for consultation a new draft prudential standard and supporting discussion paper on remuneration. It is aimed at clarifying and strengthening remuneration arrangements in APRA-regulated entities. The new standard will replace existing remuneration requirements under CPS/SPS 510 Governance. In August 2020, APRA released its 2020-2024 Corporate Plan noting the revised APRA Prudential Standard CPS 511 is expected to be released from January to July 2021.

### **New Zealand**

Regulatory reforms and significant developments in New Zealand include:

#### *COVID-19 impacts*

In response to COVID-19, a number of laws have been enacted by the New Zealand Government to help reduce the economic impact and it has implemented a range of material restrictions on businesses, venues, travel and movement. Many of these new measures have impacted WNZL's operations.

Also in response to COVID-19, there have been a number of new guidance updates published and regulatory delays announced by New Zealand regulators, including the RBNZ, the Financial Markets Authority ("**FMA**") and the New Zealand Commerce Commission ("**NZCC**").

On 2 April 2020, a decision was made by the RBNZ to freeze the distribution of dividends on ordinary shares by all banks in New Zealand during the period of economic uncertainty caused by COVID-19. Nonpayment of dividends from WNZL only affects Westpac's Level 1 CET1 capital ratio.

Westpac is well-capitalised and at 30 September 2020 had a Level 1 CET1 capital ratio of 11.40 per cent..

#### *RBNZ Capital Review*

On 5 December 2019, the RBNZ announced changes to the capital adequacy framework in New Zealand. The new framework includes the following key components:

- Setting a Tier 1 capital requirement of 16 per cent. of RWA for systemically important banks (including WNZL) and 14 per cent. for all other banks;
- Additional Tier 1 capital ("**AT1**") can comprise no more than 2.5 per cent. of the 16 per cent. Tier 1 capital requirement;
- Eligible Tier 1 capital will comprise common equity and redeemable perpetual preference shares. Existing AT1 instruments will be phased out over a seven year period;

- Maintaining the existing Tier 2 capital requirement of 2 per cent. of RWA; and
- Recalibrating RWA for internal rating based banks, such as WNZL, such that aggregate RWA will increase to 90 per cent. of standardised RWA.

Westpac believes WNZL is already strongly capitalised with a Tier 1 capital ratio of 15 per cent. at 30 September 2020 based on the current RBNZ rules. On a pro forma basis (including the new RWA and capital requirements) at 30 September 2020 and assuming a Tier 1 capital ratio of 16-17 per cent., WNZL would require a further NZ\$1.6-2.2 billion of Tier 1 capital to meet the new requirements that are fully effective in 2028.

In response to the impact of COVID-19, and to support credit availability, the RBNZ has delayed the start date of the new capital regime by 12 months to 1 July 2021 and the RBNZ will consider further delays in 2021 if it considers that market conditions warrant it. Banks will be given up to seven years to comply.

#### *RBNZ - Review under section 95 of the Reserve Bank of New Zealand Act 1989*

In June 2019, in response to a review under section 95 of the *Reserve Bank of New Zealand Act 1989* of WNZL's compliance with advanced internal rating based aspects of the RBNZ's 'Capital Adequacy Framework (Internal Models Based Approach)' ("**BS2B**"), WNZL presented the RBNZ with a submission providing an overview of its credit risk rating system and activities undertaken to address compliance issues and enhance risk management practices.

On 30 October 2019, the RBNZ informed WNZL that it had accepted the submission and measures undertaken by WNZL to achieve satisfactory compliance with BS2B, and that WNZL would retain its accreditation to use internal models for credit risk in the calculation of its regulatory capital requirements. With effect from 31 December 2019, the RBNZ removed the requirement imposed on WNZL since 31 December 2017 to maintain minimum regulatory capital ratios that were two percentage points higher than the ratios applying to other locally incorporated banks.

### **Supervision and regulation**

#### *Australia*

Within Australia, Westpac is subject to supervision and regulation by seven principal agencies and bodies: APRA; the RBA; ASIC; the ASX; the Australian Competition and Consumer Commission (the "**ACCC**"); AUSTRAC; and the Office of the Australian Information Commissioner ("**OAIC**").

APRA is the prudential regulator of the Australian financial services industry. As an ADI, Westpac reports prudential information to APRA, including information in relation to capital adequacy, large exposures, credit quality and liquidity.

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.

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 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 of Australia* (Cth) and related legislation to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy.

AUSTRAC oversees the compliance of Australian reporting entities (including Westpac), with the requirements under the *AML/CTF Act* and the *Financial Transaction Reports Act 1988 of Australia* (Cth). These requirements include:

- implementing programmes for identifying and monitoring customers, and for managing the risks of money laundering and terrorism financing;
- reporting suspicious matters, threshold transactions and IFTIs; and
- submitting an annual compliance report.

The OAIC is responsible for the regulation of privacy and information rights, including under the *Privacy Act 1988* (the "**Privacy Act**"). Its functions include handling complaints about the handling of personal information and conducting investigations into potential breaches of the Privacy Act.

### **New Zealand**

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

The FMA and the NZCC are the two primary conduct and enforcement regulators. The FMA and NZCC are responsible for ensuring that markets are fair and transparent and are supported by confident and informed investors and consumers. Regulation of markets and their participants is undertaken through a combination of market supervision, corporate governance and licensing approvals.

In New Zealand, other relevant regulator mandates include those relating to taxation, privacy and foreign affairs and trade.

Banks in New Zealand are also subject to a number of self-regulatory regimes. Examples include Payments NZ, the New Zealand Bankers' Association and the Financial Services Council ("**FSC**"). Examples of industry agreed codes include the New Zealand Bankers' Association's Code of Banking Practice and FSC's Code of Conduct.

### **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 (the “**SEC**”), the U.S. Commodity Futures Trading Commission and the National Futures Association.

## **Anti-money laundering regulation and related requirements**

### ***Australia***

Westpac has a group-wide programme to manage its obligations under the *AML/CTF Act*. Westpac continues to actively engage with the regulator, AUSTRAC, on its activities.

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’s 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 27 of the Issuer’s 2020 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum) 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 and risk management needs of consumers, small businesses, corporate and institutional customers, and competes with a large number of providers across every product and service. Its competitors in Australia and New Zealand include banks (both domestic and global), investment banks, credit unions, building societies, finance companies, mortgage originators, card issuers, buy now pay later firms and other money lenders, fund administration companies, industry funds, insurance companies, online financial services providers and technology companies.

The Westpac Group’s competitive position is determined by many factors including:

- the quality, range, innovation and pricing of products and services;
- digital and technology solutions;
- customer service 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 Westpac Group’s employees.

Digital innovation is also redefining the competitive landscape. This has accelerated through the COVID-19 pandemic, as customers move away from physical outlets to online services.

In Australia and New Zealand competition for deposits and lending remains fierce. Apart from the number of providers and the range of product and service options, slowing demand and a rise in liquidity from monetary stimulus has heightened competitive intensity. While the pandemic has reduced the local focus of some international institutions, digital finance providers have added to competitive



intensity across a range of products and services.

### **Majority Shareholders and Share Capital**

As at 30 September 2020, the number of Westpac ordinary shares in issue was 3,611,684,870. 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*, however, any person who begins or ceases to have a substantial holding of Westpac's shares must notify Westpac within two business days after they become aware of that information. A further notice must be given to Westpac if there is an increase or decrease of 1 per cent. in a person's substantial holding. Copies of these notices must also be given to the ASX. 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 and the name and address of each other person who has a relevant interest in those 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 role of the Board is to provide leadership and strategic guidance for Westpac and its related bodies corporate. The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities are:

- approving, and overseeing management's implementation of, the strategic direction of the Westpac Group, its business plan and significant corporate strategic initiatives;
- assessing and reviewing the performance of the Board and its Board Committees and determining Board size and composition;
- approving the Westpac Board Renewal Policy, Board Tenure Policy and the Westpac Group Remuneration Policy;
- selecting, appointing and determining the terms of appointment of the CEO and Chief Financial Officer ("**CFO**");
- approving individual remuneration levels and adjustments (including forfeiture and clawback) to variable remuneration where appropriate 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;
- approving the appointment of Group Executives, the General Manager, Group Audit and any other person the Board determines 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 and the amount, nature and timing of dividends to be paid;
- considering and approving Westpac's overall risk management framework for managing financial and non-financial risk;
- approving Westpac's Group Risk Management Framework, 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 overseeing the identification of, and steps taken to address any desirable changes to risk culture;
- considering the social, ethical and environmental impact of Westpac's activities, setting standards 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; and
- maintaining an ongoing dialogue with Westpac's external auditor and, where appropriate, principal regulators.

### **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:

**John McFarlane**, MA, MBA. Age 73. Director since February 2020 and Chairman since April 2020. John is a senior figure in global banking and financial services and has 45 years of experience in the sector. He was formerly Chairman of Barclays plc, Aviva plc and FirstGroup plc, and Chairman of The City UK. He was also a Non-executive Director of Westfield Group/Westfield Corporation, The Royal Bank of Scotland Group, Capital Radio plc and was a council member of The London Stock Exchange. John served as Chief Executive Officer of Australia and New Zealand Banking Group Limited ("**ANZ**") from 1997 to 2007, and as Group Executive Director at Standard Chartered. He also held senior positions at Citicorp including as Managing Director of Citicorp Investment Bank Ltd and Head of Citicorp and Citibank in the UK and Ireland. He began his career at Ford Motor Co. John is also a director of Unibail-Rodamco-Westfield SE and Old Oak Holdings Ltd.

**Peter King**, BEc, FCA. Age 50. Director since December 2019. Peter was appointed Westpac Group Chief Executive Officer in April 2020. Peter previously held this role on an acting basis between December 2019 and March 2020. Since joining the Westpac Group in 1994, Peter also held senior finance roles including Chief Financial Officer with responsibility for Westpac's Finance, Tax, Treasury and Investor Relations functions. Prior to this, he was Deputy Chief Financial Officer for three years. He has also held senior positions across the Group including in Group Finance, Business and Consumer Banking, Business and Technology Services, Treasury and Financial Markets. Peter commenced his career at Deloitte Touche Tohmatsu. He has a Bachelor of Economics from Sydney University and completed the Advanced Management Programme at INSEAD. He is a Fellow of the Institute of Chartered Accountants, and a director of Australian Banking Association Incorporated and Institute of International Finance.

**Nerida Caesar**, BCom, MBA, GAICD. Age 56. Director since September 2017. Nerida has over 33 years of broad ranging commercial and business management experience, with particular depth in technology led businesses. Nerida was Group Managing Director and Chief Executive Officer, Australia and New Zealand, of Equifax (formerly the ASX-listed Veda Group Limited) and was also a former director of Genome.One Pty Ltd and Stone and Chalk Limited. Before joining Equifax, Nerida held several senior management roles at Telstra, including Group Managing Director, Enterprise and Government and Group Managing Director, Wholesale. Nerida also held several Executive and senior management positions with IBM within Australia and internationally, including as Vice President of IBM's Intel Server Division for the Asia Pacific region. Nerida is the Chairman of Workplace Giving Australia Limited and a Director of Spark Investment Holdco Pty Ltd. Nerida is a member of the Advisory Board of IXUP Limited and an advisor to Equifax Australia and New Zealand and Carla Zampatti Pty Ltd.

**Alison Deans**, BA, MBA, GAICD. Age 52. 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. She has served as the CEO of eCorp Limited, CEO of Hoyts Cinemas and CEO of eBay, Australia and New Zealand. Most recently, she was CEO of technology-based investment company netus Pty Ltd, which was acquired by Fairfax Media Limited in 2012. Alison was a Director of Insurance Australia Group Limited from February 2013 to October 2017. 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 to McKinsey & Company and Investment Committee member of the CSIRO Innovation Fund (Main Sequence Ventures).

**Craig Dunn**, BCom, FCA. Age 57. Director since June 2015. Craig has more than 20 years' experience in financial services, including as CEO of AMP Limited. He was formerly a director of Financial Literacy Australia Limited, and a Board member of the Australian Japanese Business Cooperation Committee, Jobs for New South Wales, and the New South Wales Government's Financial Services Knowledge Hub. Craig was Chairman of Stone and Chalk Limited and of the Investment and Financial Services Association (now the Financial Services Council). 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 Chairman of the International Standards Technical Committee on Blockchain and Distributed Ledger Technologies (ISO/TC 307). He is also a consultant to King & Wood Mallesons. Craig is currently the Chairman of The Australian Ballet and a director of Telstra Corporation Limited.

**Steven Harker**, BEc (Hons.), LLB. Age 65. Director since March 2019. Steve has over 35 years' experience in investment banking. He was formerly Managing Director and Chief Executive Officer of

Morgan Stanley Australia, and then Vice Chairman until February 2019. Prior to joining Morgan Stanley, he spent 15 years with Barclays de Zoete Wedd (BZW, now Barclays Investment Bank). Steve was Chairman and Director of Australian Financial Markets Association Limited and a Director of Investa Property Group. He also previously served on the Board of the Centre for International Finance and Regulation and was a Guardian of the Future Fund of Australia. Steve is Chairman of the Investment and Executive Committees at Future Now Ventures and is a director of The Banking and Finance Oath Limited, The Hunger Project Australia, ASX Refinitiv Charity Foundation, and New South Wales Golf Club Foundation Limited.

**Peter Marriott**, BEc (Hons.), FCA. Age 63. Director since June 2013. Peter has over 30 years' experience in senior management roles in the finance industry, encompassing international banking, finance and auditing. He joined ANZ in 1993 and was 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 member of Monash University Council and Chairman of the Monash University Council's Resources and Finance Committee. Peter is currently a director of ASX Limited, ASX Clearing Corporation Limited, ASX Settlement Corporation Limited and Austraclear Limited.

**Peter Nash**, BCom, FCA, F Fin. Age 58. Director since March 2018. Peter was formerly a Senior Partner with KPMG, having been admitted to the Australian partnership in 1993. He served as the National Chairman of KPMG Australia and served on KPMG's Global and Regional Boards. His previous positions with KPMG included Regional Head of Audit for Asia Pacific, National Managing Partner for Audit in Australia and head of KPMG Financial Services. Peter has worked in geographically diverse and complex operating environments providing advice on a range of topics including business strategy, risk management, internal controls, business processes and regulatory change. He has also provided financial and commercial advice to many State and Federal Government businesses. 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 ASX Limited, Mirvac Group, Reconciliation Australia Limited and Golf Victoria Limited. He is a Board member of the Koorie Heritage Trust.

**Margaret (Margie) Seale**, BA, FAICD. Age 60. 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 the Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House Inc. Margie was a Director and then Chair of Penguin Random House Australia Pty Limited, and a Director of Ramsay Health Care Limited, Bank of Queensland Limited and the Australian Publishers' Association. She also served on the Boards of Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum, and the Sydney Writers Festival. She is currently a director of Scentre Group Limited and Telstra Corporation Limited.

**Chris Lynch**, BCom, MBA, FCPA. Age 67. Director since September 2020. Chris has significant experience in mineral resources and infrastructure, having spent over 30 years working in these fields globally. Chris was formerly the Global Chief Financial Officer of Rio Tinto Group, based in London, and an Executive Director. Prior to this, he was a Non-executive Director of Rio Tinto Group. Chris was the Chief Executive Officer of Transurban Group, an international toll road developer and manager with interests in Australia and North America from 2008 to 2012. His executive career also included seven years at BHP Billiton where he was Chief Financial Officer and then Executive Director and Group

President – Carbon Steel Materials. Chris spent 20 years with Alcoa Inc. where he held a number of executive positions, including Vice-President and Chief Information Officer based in Pittsburgh, USA and Chief Financial Officer of Alcoa Europe in Switzerland. He was also managing director of KAAL Australia Limited, a joint venture company formed by Alcoa and Kobe Steel. Chris was formerly a Commissioner of the Australian Football League from 2008 until 2014. Chris is currently a Director of Business for Millennium Development Ltd, and Chairman of the National Water Grid Authority Advisory Board.

### ***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 aligns with the guidance provided in the ASXCGC Recommendations and the criteria applied by the New York Stock Exchange ("**NYSE**") and the 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 to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment, who acts in the best interests of Westpac as a whole, rather than the interests of an individual shareholder or other party. 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 or a business or other relationship with Westpac or another Westpac Group member. 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 may not be present during any related boardroom discussions nor vote on the relevant matter, unless the Board resolves otherwise.

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***

Corporate governance is the framework of systems, policies and processes by which Westpac operates, makes decisions and holds people to account. The framework establishes the roles and responsibilities of Westpac's Board and management. It also establishes the systems, policies and processes for monitoring and evaluating Board and management performance and the practices for

corporate reporting, disclosure, remuneration, risk management and engagement of security holders.

Westpac's approach to corporate governance is based on a set of values and behaviours that underpin its day-to-day activities, and are designed to promote transparency, fair dealing and the protection of stakeholder interests. It includes aspiring to the highest standards of corporate governance, which Westpac sees as fundamental to the sustainability of its business and its performance.

In July 2020, Westpac announced the findings of its reassessment of its Culture, Governance and Accountability Programme which was undertaken in response to a request from APRA. The reassessment found that important shortcomings remain in Westpac's culture, governance and accountability frameworks and practices and highlighted that important aspects of Westpac's non-financial risk culture have been 'immature and reactive'.

Westpac is focused on addressing the shortcomings identified by the reassessment, including through CORE. CORE is a comprehensive, Group-wide transformation programme that focuses on oversight of non-financial risk, and on strengthening Westpac's risk culture, risk frameworks and risk management capability. While the Board is responsible for the governance of the CORE programme, oversight of the CORE programme workstreams has been allocated to the Board Legal, Regulatory & Compliance Committee. In addition, the CORE workstream - 'Board Governance of Non-Financial Risk' - is sponsored by the Chairs of the Board Risk Committee and the Board Legal, Regulatory & Compliance Committee.

In addition, Westpac regularly reviews local and global developments in corporate governance to assess their implications and to respond to changes in the operating environment. Westpac also seeks to improve its systems, processes and policies and looks to strengthen its frameworks to reflect changing expectations where appropriate.

Westpac has equity securities quoted on securities exchanges in Australia, New Zealand and the United States.

### **Australia**

The principal listing of Westpac's 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 has followed the ASX Corporate Governance Principles and Recommendations (third edition) ("**ASXCGC Recommendations**") published by the ASX Limited's Corporate Governance Council ("**ASXCGC**") throughout the year. In addition, Westpac has reviewed its relevant governance practices in respect of the fourth edition of the ASX Corporate Governance Principles and Recommendations in anticipation of reporting against them for the 2021 financial year.

Westpac must comply with the *Corporations Act 2001* and *The Banking Act*, including Part IIAA – the BEAR 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 a foreign exempt 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 notes 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, except in certain circumstances, 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 Managing Director and CEO).

Westpac's employee equity plans have been disclosed in the Remuneration Report in Section 10 of the Directors' report in Westpac's 2020 Annual Report (which is incorporated by reference in this Information Memorandum), which is subject to a non-binding shareholder vote at the Annual General Meeting (the "**AGM**") and grants to Westpac's CEO are approved by shareholders. The details of grants under Westpac's equity-based incentive plans have been disclosed in Note 33 of Westpac's 2020 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum).

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 (described above under '*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 & Governance 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 set out in its charter, key responsibilities of the Board Audit Committee are:

- overseeing the integrity of the financial statements and financial reporting systems of Westpac and its related bodies corporate;
- overseeing the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- overseeing the performance of the internal audit function;
- overseeing the integrity of the Westpac Group's corporate reporting, including the Westpac Group's financial reporting and compliance with prudential regulatory reporting and professional accounting requirements; and
- reviewing and approving policies and procedures for the receipt, retention and treatment of information submitted confidentially by employees and third parties about accounting, internal control, compliance, audit or other matters about which an employee has concerns and in conjunction with the Board Legal, Regulatory & Compliance Committee, monitoring employee awareness of these policies and procedures.

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 statements, including significant changes in the Westpac Group's selection or application of accounting principles;
- the processes used to monitor and comply with applicable laws and regulations over financial information, reporting and disclosure; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the Westpac Group's half year and full year financial statements.

In addition, the Board Audit Committee maintains an ongoing dialogue with management, the external auditor and Group Audit, including regarding those matters that are likely to be designated as Critical Audit Matters in the external auditor's report. Critical 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;
- Group Audit and the external auditor concerning their reports regarding significant findings in the conduct of their audits, and oversee that any issues identified are rectified by management in an appropriate and timely way or reported to the Board Risk Committee or Board Legal, Regulatory & Compliance Committee as appropriate (with those committees overseeing management's response to rectifying those issues);
- management and the external auditor concerning the half year and full year financial statements;
- management and the external auditor regarding any correspondence with regulators or government agencies, and any published reports which raise material issues or could impact on matters regarding the Westpac Group's financial statements or accounting policies; and
- the Group General Counsel 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 other members of management being present.

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.

### **Financial knowledge**

The Board Audit Committee comprises four independent, Non-executive Directors and is chaired by Peter Nash.

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 Nash is an 'audit committee financial expert' and independent in accordance with U.S. securities law.

The designation of Mr Nash 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.

### **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 that in all material respects:

- Westpac's financial records have been properly maintained in that they:
  - correctly record and explain its transactions, and financial position and performance;
  - enable true and fair financial statements to be prepared and audited; and
  - 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.

The CEO and CFO have provided such statements for the financial year ended 30 September 2020.

### **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 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 Ewan Barron. Ms Mathis and Mr Barron assumed responsibility for these roles in June 2017 and December 2019, respectively.

The external auditor receives all Board Audit Committee, Board Risk Committee, Board Legal, Regulatory & 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 is required to confirm its independence and compliance with specified independence standards on a semi-annual basis (at half and full year), however in practice it confirms its independence 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' ("**NAS Policy**"). 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 NAS Policy.

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 35 of the Issuer's 2020 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum).

## **Group Audit (internal audit)**

Group Audit is Westpac's internal third line assurance function that provides the Board and Senior Executives with independent and objective evaluation of the adequacy and effectiveness of the Westpac Group's governance, risk management and internal controls.

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 CFO.

Group Audit also has the right to unrestricted and private access to the CEO. Group Audit's responsibilities include regularly reporting to the Board.

## **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 controlled entities are set out in Note 31 of the Issuer's 2020 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum). Westpac Banking Corporation is the ultimate parent of the Westpac Group.

## INFORMATION CONCERNING THE UNDERLYING SECURITIES

### 1. Share Capital

As at 30 September 2020, Westpac had 3,611,684,870 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 Westpac's 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 10 November 2020 was 2,484,486 and for the month of July 2020 was 32,481,895. 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 RBA'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 (*Non-Viability, Conversion and Write-off*) and 6 (*Procedures for Conversion*) of the Terms

and Conditions of the Subordinated Instruments, as set out on pages 90 to 106 (inclusive) 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 depositary, 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, Credit Suisse Securities (Europe)Limited, Daiwa Capital Markets Singapore Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Nomura International plc, RBC Europe Limited, SMBC Nikko Capital Markets Limited, Standard Chartered Bank, The Toronto-Dominion 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 supplemented by way of a supplemental dealership agreement dated 28 June 2019 and a supplemental dealership agreement dated 11 November 2019 (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.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

### 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:

- has not and 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 Union (Markets in Financial Instruments) Regulation, 2017 (as amended)*, including 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 Act 2014 of Ireland (as amended)*, the *Central Bank Acts 1942 - 2019 (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 *Market Abuse Regulation (EU) 596/2014 (as amended)* and any rules and guidance issued by the Central Bank under Section 1370 of the *Companies Act 2014* 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) has been made generally available; or
  - only to qualified investors as defined in the Prospectus Regulation; 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 have RWT-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 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 the Subordinated Instruments may not be circulated or distributed, nor may the Subordinated Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;

- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Subordinated Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of 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,

the securities or securities-based derivatives contracts (each term 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:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “**SFA**” is a reference to the *Securities and Futures Act, Chapter 289 of Singapore* and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

**Notification under Section 309B of the SFA** – Unless otherwise stated in the Pricing Supplement in respect of the Subordinated Instruments, all Subordinated Instruments issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **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, and each further Dealer appointed under the Programme will be required to represent and agree, that it (a) will only offer or sell, directly or indirectly, the Subordinated Instruments in Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) will to the extent necessary, obtain any consent, approval or permission required, if any, for the offer or sale by it of the Subordinated Instruments under the laws and regulations in force in Switzerland.

Only the applicable Pricing Supplement for the offering of the Subordinated Instruments in Switzerland together with this Information Memorandum (including any supplement thereto at the relevant time), which together constitute the prospectus for such Subordinated Instruments within the meaning of the *Swiss Financial Services Act* (as amended (the “**FinSA**”)), may be used in the context of a public offer in Switzerland. Each Dealer has therefore represented and agreed that the relevant Pricing Supplement and this Information Memorandum (including any supplement thereto at the relevant time) shall be furnished to any potential purchaser in Switzerland upon request in such manner and at such times as shall be required by, and is in compliance with, the FinSA.

### **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 and United Kingdom 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 or the United Kingdom. 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 13 October 2020 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. Save as disclosed in Note 27 of the Issuer's 2020 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum), and under '*Risk Factors*' and '*Significant Developments*' above, 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 2020, 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 30 September 2020, 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 significant change in the financial position or the financial performance of the Issuer and its controlled entities taken as a whole.
10. The Issuer's consolidated financial statements for the periods ended 30 September 2020 and 30 September 2019 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 2020 and 30 September 2019 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). The current NSW Accountants Scheme expires on 7 October 2024 unless further extended or replaced.
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 219 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 2020 and 30 September 2019; and
  - (f) 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.

**REGISTERED AND HEAD OFFICE OF THE ISSUER****Westpac Banking Corporation**

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**BNP Paribas**

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**Credit Suisse Securities (Europe) Limited**

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